

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Approval of Vendors with a Potential Conflict of Interest  
**Date:** July 7, 2000

**Recommended Action:**

Approve the following additions to the respective university's lists of approved vendors with a potential conflict of interest:

- University of Iowa – Sticks on Stilts, Inc. and Medical Imaging Applications;
- Iowa State University – David Hein; and
- University of Northern Iowa – Calista and Christopher Horan dba C & C Cleaning.

**Executive Summary:**

Vendors at the Regent institutions with a potential conflict of interest are required by statute to be approved by the Board.

The University of Iowa requests that Sticks on Stilts, Inc., an acoustical ceiling installer, and Medical Imaging Applications, an industrial-quality research software and integrated and customized software/hardware systems, be added to its approved vendor list. The University indicates that the identified employees associated with these companies, JoEllen Jepson and Milan Sonka, respectively, will not be involved in the decision making process for acquiring the products or services.

Iowa State University requests to add David Hein, who provides agricultural services such as planting, drilling, and other field work, to its approved vendor list. ISU states that the associated employee, Mrs. Kathy Hein, will not participate in any evaluation or award decision relative to the services provided by David Hein.

The University of Northern Iowa requests that Calista and Christopher Horan, doing business as C & C Cleaning, be included on its list of approved vendors with a conflict of interest. UNI affirms that its employee, Christopher Horan, will not participate in any evaluation or award decision for purchases and in no way will influence departments in placing orders.

A summary of institutional expenditures with approved conflict of interest vendors is included in the annual purchasing report presented to the Board in November.

**Background:**

Iowa Code §68B.4 prohibits an official or employee of a regulatory agency from selling, either directly or indirectly, goods or services to the agency of which the individual is an official or employee, except when certain conditions are met. The Iowa Code requires all regulatory agencies to adopt rules specifying the method by which employees may obtain agency consent for exception.

The Board's adopted rules are incorporated in the Board of Regents Procedural Guide §10.09. Board authorization is required when a single purchase from a conflict of interest vendor (Regent employee) exceeds \$1,000 or a fiscal year's cumulative purchases exceed \$2,000.

The Board's authorization of a vendor with a potential conflict of interest does not alleviate the requirement to obtain competitive bids and provide public notice, as prescribed in Iowa Code §68B.3.

Board rules preclude individuals with potential conflicts from being directly involved in the decisions to purchase, or from authorizing any such contracts, as well as making material changes to such contracts.

**Analysis:**

UNIVERSITY OF IOWA

The University of Iowa wishes to add Sticks on Stilts, Inc., which is owned by Jeff and JoEllen Jepson, to its list of approved vendors with a potential conflict of interest. Sticks on Stilts, Inc., located in Wayland, Iowa, installs acoustical ceilings.

JoEllen Jepson, the President of Sticks on Stilts, Inc., is employed half-time at the University of Iowa College of Dentistry in the Department of Oral Pathology, Radiology, and Medicine. She states that her job responsibilities at SUI involve handling patient billings, medical claims, and insurance checks and that she is not involved, in any way, with the construction processes at the University. Her husband is the only permanent employee of Sticks on Stilts, Inc.

The University indicates that JoEllen Jepson does not come into contact with the construction process.

The University of Iowa wishes to add Medical Imaging Applications to its list of approved vendors with a potential conflict of interest. Medical Imaging Applications is a general partnership company that provides customized software/hardware systems to support cutting edge research in the areas of clinical studies. Specifically, Medical Imaging Applications wants to supply an integrated and customized Brachial Analysis System for acquisition, storage, and analysis of brachial ultrasound image sequences. Because of small demand, high development costs, and the need for highly specialized customization, large medical imaging companies do not provide these products and services.

Milan Sonka, a partner in Medical Imaging Applications, is a Professor of Electrical and Computer Engineering at the University of Iowa. He states that development of such a system is not part of his responsibilities as a faculty member of the University. He further disclosed that he does not have any funded research relationship or common grants with the requestor (Department of Internal Medicine in the College of Medicine).

The University indicates that Milan Sonka is not involved in the decision making process for acquiring these products and services and is not a member of the potential customer departments.

#### IOWA STATE UNIVERSITY

Iowa State University wishes to add David Hein to its list of approved vendors with a potential conflict of interest. David Hein provides agricultural services such as planting, drilling, and other field work.

Kathy Hein, his wife, is employed by the University Book Store. The University states that Mrs. Hein will not participate in any evaluation or award decision relative to the services provided by David Hein

#### UNIVERSITY OF NORTHERN IOWA

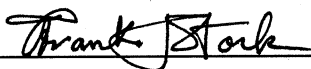
The University of Northern Iowa requests to add Calista and Christopher Horan, dba C & C Cleaning, to the University's list of approved vendors with a potential conflict of interest. C & C Cleaning provides janitorial services.

Calista and Christopher Horan own C & C Cleaning. Christopher is employed as a Waste Reduction Specialist at the Iowa Waste Reduction Center at the University of Northern Iowa. His UNI job responsibilities include providing on-site technical assistance to Iowa small businesses and conducting presentations at training programs and workshops.

C & C Cleaning is proposing to perform janitorial services for the Iowa Training Opportunity Program (ITOP), which is a federally funded grant program at UNI leasing space in the Cedar Falls Industrial Park. The Director of ITOP has stated that ITOP has no affiliation or working arrangement of any kind with the Iowa Waste Reduction Center. C & C Cleaning was the low bidder on the ITOP request for proposal for janitorial services.

The University affirms that Mr. Horan will not participate in any evaluation or award decisions for purchases and in no way will he influence departments in placing orders.

  
Pamela M. Elliott

Approved:   
Frank J. Stork