

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

Approved by the Regents
April 15, 2010

ACTION REQUEST

Subject: Regental Action Required Under the State of Michigan
Conflict of Interest Statute

Action Requested: Authorization for the University to make Payments to and enter into an Agreement with Equilibrium Ltd. (University of Michigan Employee Michael W. Udow, President)

Background:

The University of Michigan School of Music, Theatre & Dance ("SMTD") seeks approval to make payments to and enter into an agreement with Equilibrium Ltd. ("Equilibrium") for various services related to distribution of CDs. Equilibrium was selected because the agreement allows the University of Michigan to hold the copyrights and to purchase the produced CDs at cost.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as Michael W. Udow is a University employee and would be a party to the contract as the President of Equilibrium. However, the Statute allows the University to enter into such contracts if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the contract to the official body which has power to approve the purchase, which disclosure shall be a matter of record in its official proceedings.
- b) The purchase is approved by a vote of not less than 2/3 of the full membership of the approving body in open session without the vote of the public servant making the disclosure.
- c) The official body discloses the following summary information in its official minutes:
 - i) The name of each party involved in the contract.
 - ii) The terms of the purchase, including duration, financial consideration between the parties, facilities or services of the public entity included in the purchase, and the nature and degree of assignment of employees of the public entity for fulfillment of the purchase.
 - iii) The nature of any pecuniary interest.

The following information is provided in compliance with the statutory requirements contained in Section (c) above:

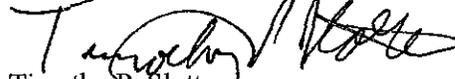
- i) The parties involved in the agreement are the Regents of the University of Michigan, SMTD and Equilibrium.

- ii) The payments and agreement are for various services related to distribution of CDs through May 31, 2014, not to exceed a total cost of \$29,390.
- iii) The pecuniary interest arises from the fact that Michael W. Udow, a University employee as Professor and Head of the Percussion Department in the School of Music, is the President of Equilibrium.

Mr. Udow has met state law requirements with the disclosure of his pecuniary interest and formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable under the Medical School's or OVPR's Conflict of Interest Committee's procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the agreement between the University of Michigan and Equilibrium subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President
and Chief Financial Officer

April 2010