

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

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 Sherm's Musical
Instrument Repair (University of Michigan Employee Joseph Neil Wright,
Owner)

Background:

The University of Michigan-Flint Department of Music in the College of Arts and Sciences seeks approval to make payments to Sherm's Musical Instrument Repair ("Sherm's") to provide repair services for various musical instruments. Sherm's was selected based on proximity, reliability, quality of repair and no delivery fees.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Joseph Neil Wright is a University employee and would be a party to the contract as the owner of Sherm's. 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:

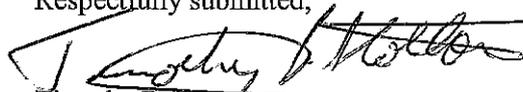
- i) The parties involved in the agreement for payment are the Regents of the University of Michigan, Flint Department of Music and Sherm's.

- ii) The payments are for musical instrument repair through 2015 at \$35 per hour not to exceed a total of 100 hours or \$3,500.
- iii) The pecuniary interest arises from the fact that Joseph Neil Wright, University of Michigan-Flint employee as a Lecturer II in Music, is the owner of Sherm's.

Joseph Neil Wright 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 payments between the University of Michigan and Sherm's subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Timothy P. Slotow
Executive Vice President
and Chief Financial Officer

September 2010