

**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 transact with Sherm's Instrument Repair (University of Michigan Employee, Joseph Wright, Owner)

Background:

The University of Michigan-Flint Music Department seeks approval to extend the previous Regental approved purchase from Sherm's Instrument Repair ("Sherm's"). The previous approval was for services to repair musical instruments. Sherm's was selected based on their proximity, reliability, quality of repairs, and absence of delivery costs. The department is requesting to extend services through 2018.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Joseph Wright is a University employee as Lecturer II in the University of Michigan-Flint Music Department and would be party to the agreement as Owner of Sherm's.

However, the Statute allows the University to enter into such agreements 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.

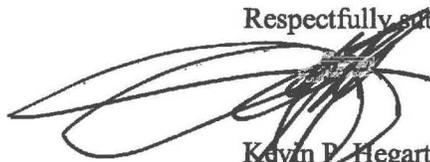
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Flint Music Department and Sherm's.
- ii) The agreement is for musical instrument repair and maintenance services through 2018 at an annual cost of \$5,000 and a total cost not to exceed \$15,000. Sherm's will be supplying all the necessary resources and personnel to fulfill this contract. The remaining base contract terms and conditions are typical to those used in Procurement Services standard templates for other similar contracts entered into by the Regents.
- iii) The pecuniary interest arises from the fact that University of Michigan employee, Joseph Wright, would be party to the agreement as Owner of Sherm's.

Joseph 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 by the supervisor of Joseph Wright 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 Sherm's subject to requirements, if any, that the supervisor of Joseph Wright or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President
and Chief Financial Officer

October 2016