

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

**Approved by the
Regents
November 20, 2014**

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 increase the total of the previous Regent approved purchase from Sherm's Instrument Repair ("Sherm's"). The approval was for services to repair musical instruments. Sherm's was selected based on proximity, reliability, quality of repairs and no delivery costs. The department is requesting an increase to the total cost of the previous approved amount which is required to complete services through 2015.

The proposed services falls under the State of Michigan Conflict of Interest Statute as Joseph Wright is a University employee as Lecturer II with University of Michigan-Flint Music, College of Arts and Sciences Department and would be a party to the vendor services 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.

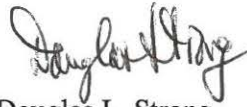
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- 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 an increase of \$1,500 to the total cost of the previous approved amount of \$3,500 through 2015, for a new total not to exceed \$5,000.
- iii) The pecuniary interest arises from the fact that University of Michigan employee, Joseph Wright, is the 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 under the Medical School's or OVP'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 either the Medical School's or OVP's Conflict of Interest Committee may impose.

Respectfully submitted,



Douglas L. Strong
Interim Executive Vice President
and Chief Financial Officer

November 2014