

**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 Ann Arbor Symphony Orchestra (University of Michigan Employee, David Gier and Daniel Washington, Board Members).

Background:

The University of Michigan School of Music, Theatre & Dance (SMTD) seeks approval to transact with the Ann Arbor Symphony Orchestra for side-by-side performances with the School of Music, Theatre & Dance (SMTD) Doctor of Musical Arts students as part of its curriculum requirements.

The proposed contract falls under the State of Michigan Conflict of Interest Statute, as the University employs David Gier and Daniel Washington. David Gier is the Dean of Students at the School of Music, Theatre & Dance (SMTD), and Daniel Washington is the Professor of Voice at the School of Music, Theatre & Dance (SMTD). David Gier and Daniel Washington are board members of the Ann Arbor Symphony Orchestra. The decision to utilize the COI supplier was based on the fact that no other professional orchestras exist in Ann Arbor, Michigan. The conflicted employee, David Gier, was part of the decision-making process by authorizing the funding for this project as a matter of course, approving the Piano Department budget when consulted by Eli Salembier, the CFO. The budget line was set in place before the arrival of David Gier. The conflicted employee, Daniel Washington, was not part of the decision-making process.

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.

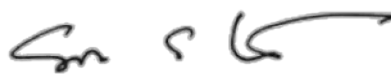
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its School of Music, Theatre & Dance (SMTD) and Ann Arbor Symphony Orchestra.
- ii) The contract is for a duration of five years at a total cost not to exceed \$300,000. Ann Arbor Symphony Orchestra will supply all the necessary resources and personnel to fulfill this contract. The remaining base contract terms and conditions are typical of those used in Procurement Services standard templates for other similar contracts entered into by the Regents.
- iii) The pecuniary interest arises from University of Michigan employees David Gier and Daniel Washington's membership on the board of the Ann Arbor Symphony Orchestra.

David Gier and Daniel Washington have met state law requirements with the disclosure of their pecuniary interest and formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable by the supervisor of David Gier and Daniel Washington 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 contract between the University of Michigan and Ann Arbor Symphony Orchestra subject to requirements, if any, that the supervisor of David Gier and Daniel Washington or the Medical School's or OVP's Conflict of Interest Committee may impose.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and Chief Financial Officer

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