

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
May 15, 2008

ACTION REQUEST

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

Action
Requested: Authorization for the University to make Payment to Roundabout LLC
(University of Michigan Employee Young-Shik David Chung, Partner)

Background:

The University of Michigan College of Literature, Science, and the Arts (LSA) Development, Marketing, and Communications seeks approval to make payment to Roundabout LLC for five limited edition art prints. These prints were given to distinguished alumni in Korea during a delegation visit during the summer of 2007. The artwork was selected based on discounted pricing, as well as the U-M affiliation and Korean ancestry of the artist.

The proposed payment falls under the State of Michigan Conflict of Interest Statute as Young-Shik David Chung is a University employee and would be a party to the contract as partner of Roundabout LLC. 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 LSA Development, Marketing and Communications Department and Roundabout LLC.
- ii) The payment is for five custom framed limited edition 30" by 20" art prints for a total of \$8,000.
- iii) The pecuniary interest arises from the fact that Young-Shik David Chung, a University of Michigan employee as Associate Professor of Art and Design, is partner of Roundabout LLC.

Young-Shik David Chung 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 payment between the University of Michigan and Roundabout LLC 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

May 2008