

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

Approved by the Regents

September 22, 2006

ACTION REQUEST

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

Action

Requested: Authorization for the University to Approve a Payment for Equilibrium (University of Michigan Employee Michael Udow, President)

Background:

The University of Michigan's University Bands wishes to receive approval to make a payment to Equilibrium. The department wishes to make this payment for University of Michigan Symphony Band CDs. Michael Udow, a University of Michigan Employee, is the President of Equilibrium. Equilibrium was chosen to provide this product because their agreement with University Bands allows the University to continue to hold the copyright and the CDs produced are sold to the University at cost.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as Michael Udow is a University employee and would be a party to the contract by virtue of his Sole-Ownership of Equilibrium. However, the Statute allows University employees to participate in such purchases, 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 University Bands, and Equilibrium.
- ii) The product provided was University Symphony Band CDs for a total dollar amount of \$480.00.
- iii) The pecuniary interest arises from the fact that Michael Udow, a University of Michigan employee, is a Member of the Board of Trustees of Equilibrium.

Michael Udow has met state law requirements with the disclosure of his pecuniary interest, and his 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 contract between the University of Michigan and Equilibrium, 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 & Chief Financial Officer

September 2006