

**THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION**

Approved by the Regents  
May 19, 2006

ACTION REQUEST

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

Action Requested: Authorization for the University to Process a Payment for LaRu Machine Quilting & Embroidery, LLC (University of Michigan Employee Laurie Rau, Co-Owner)

Background:

The University of Michigan's UMHS Environmental Services Department wishes to pay for custom T-shirts purchased from LaRu Machine Quilting & Embroidery, LLC. Laurie Rau, Co-owner of LaRu Machine Quilting & Embroidery, LLC, is a University of Michigan employee. LaRu Machine Quilting & Embroidery, LLC was chosen because of their competitive pricing, the quality of their product, and their ability to meet time constraints.

The proposed payment falls under the State of Michigan Conflict of Interest Statute as Laurie Rau is a University employee and would be party to the contract by virtue of her status as co-owner of LaRu Machine Quilting & Embroidery, LLC. 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.

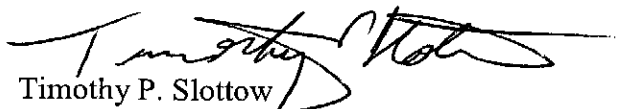
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its UMHS Environmental Services Department, and LaRu Machine Quilting & Embroidery, LLC.
- ii) The product provided is custom T-shirts, for a total dollar amount of \$6,010.25.
- iii) The pecuniary interest arises from the fact that Laurie Rau, a University of Michigan employee, is co-owner of LaRu Machine Quilting & Embroidery, LLC.

Laurie Rau has met state law requirements with the disclosure of her pecuniary interest, and her 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 LaRu Machine Quilting & Embroidery, 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, 2006