

**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 Enter into a Purchasing Contract with QETools (University of Michigan Employee Patrick Hammett, Co-Owner and President)

Background:

The University of Michigan's Center for Professional Development of the College of Engineering wishes to enter into a contract with QETools to provide software for use in its Six Sigma Green Belt programs. Patrick Hammett, an Assistant Research Scientist, is the Co-Owner and President of QETools. QETools was chosen to provide this product because it offers functionality not currently available elsewhere in the software market.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as Patrick Hammett is a University employee and would be a party to the contract by virtue of his Co-Ownership and Presidency of QETools. 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.

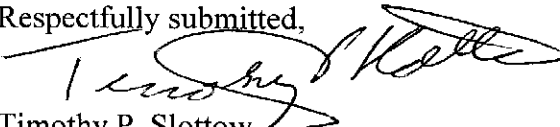
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Center for Professional Development of the College of Engineering, and QETools.
- ii) The product to be provided is software, to be purchased over a 2-year period beginning August 1, 2006, for a total dollar amount of \$75,000.00.
- iii) The pecuniary interest arises from the fact that Patrick Hammett, a University of Michigan employee, is the Co-Owner and President of QETools.

Patrick Hammett 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 QETools, 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