

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

Approved by the Regents
December 17, 2009

ACTION REQUEST

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

Action Requested: Authorization for the University to enter into an Agreement with McCreadie Group, Inc. (University of Michigan Employee Scott R. McCreadie, Director)

Background:

The University of Michigan Health System's Department of Pharmacy Services ("Pharmacy") seeks approval to enter into an agreement with McCreadie Group, Inc. ("McCreadie") for annual software support and maintenance. McCreadie provides Pharmacy with WebIDS, a web-based proprietary software for the management of an Investigational Drug Service. This technology was commercialized by U-M Technology Transfer in 2005. McCreadie was selected because they are uniquely qualified to provide software support for this proprietary application.

The proposed payment falls under the State of Michigan Conflict of Interest Statute as Scott R. McCreadie is a University employee and would be a party to the contract as Director of McCreadie. 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.

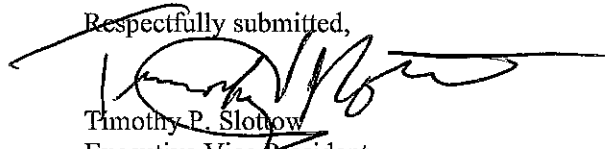
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties involved in the agreement are the Regents of the University of Michigan and its Health System's Department of Pharmacy Services and McCreadie Group, Inc.
- ii) The agreement is to provide software support for WebIDS for 5 years through 2014, not to exceed a total of \$77,000. The first year of software support is \$14,500. Contract increases are limited to the lesser of CPI or 3%.
- iii) The pecuniary interest arises from the fact that Scott R. McCreadie is a University of Michigan employee as Staff Associate in Pharmacy and is Director of McCreadie.

Mr. McCreadie 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 agreement between the University of Michigan and McCreadie subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Timothy P. Slotow
Executive Vice President
and Chief Financial Officer

December 2009