

**THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION**

Approved by the Regents

April 16, 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 QE Tools, LLC (University of Michigan Employees Patrick Hammett and Luis Guzman, Owners and President and Vice President, respectively)

Background:

The University of Michigan College of Engineering Interdisciplinary and Professional Engineering ("InterPro") seeks approval to enter into an agreement to purchase QE Tools, a software add-in tool for use with its Six Sigma Green Belt training programs. QE Tools software provides data analysis tools and problem solving templates specifically used in Six Sigma Green Belt projects. QE Tools, LLC was selected because of the functionality, competitive pricing and support of its software.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Patrick Hammett and Luis Guzman are University employees and would be a party to the contract by virtue of their ownership of QE Tools, LLC and positions as President and Vice President, respectively. 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 College of Engineering Interdisciplinary and Professional Engineering and QE Tools, LLC.
- ii) The agreement is for the purchase of QE Tools add-in software for use with Six Sigma Green Belt online training programs. The cost is \$50 per licensed user, not to exceed a total of \$80,000 through 2012.
- iii) The pecuniary interest arises from the fact that University of Michigan employees Patrick Hammett and Luis Guzman, both Assistant Research Scientists at the University of Michigan Transportation Research Institute, are owners of QE Tools, LLC and President and Vice President, respectively.

Mr. Hammett and Mr. Guzman have met state law requirements with the disclosure of their pecuniary interests 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 QE Tools, 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

April 2009