

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

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

Action Requested: Authorization for the University to purchase from A2 Laboratory (University of Michigan Employee Airton Arruda, Founder and CEO)

Background:

The University of Michigan School of Dentistry seeks approval to purchase from A2 Laboratory in a two-step process. The first step would be to issue a no-charge purchase order with A2 Laboratory to secure (5) prototype dental appliances for evaluation by the School of Dentistry. If after a trial period the prototypes compete in quality with the current aligners, the second step would involve purchasing a two year supply of appliances. This new dental appliance design is used for simple dental cases where teeth have shifted after braces or where teeth had only slightly shifted originally.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Airton Arruda is a University employee as Adjunct Clinical Assistant Professor in Orthodontics and Pediatric Dentistry in the School of Dentistry and would be party to the agreement is Founder and CEO of A2 Laboratory.

However, the Statute allows the University to enter into such agreements 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 School of Dentistry and A2 Laboratory.
- ii) The agreement is to first issue a no-charge purchase order with A2 Laboratory to secure (5) sample dental appliances for evaluation by the School of Dentistry. If after a trial period the prototypes compete in quality with the current aligners, the second step would involve purchasing a two year supply of the appliances for a total of \$20,000.
- iii) The pecuniary interest arises from the fact that University of Michigan employee, Airton Arruda is Founder and CEO of A2 Laboratory.

Airton Arruda 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 A2 Laboratory 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

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