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 enter into an agreement with Arbor Medical Innovations, LLC (University of Michigan Employees Dr. Steven E. Harte and Dr. Grant H. Kruger, Partners)

Background:

The University of Michigan Department of Anesthesiology seeks approval to purchase from Arbor Medical Innovations, LLC ("Arbor Medical") for a custom built MRI-compatible pressure delivery system. Arbor Medical was selected because of expertise and familiarity with the existing system and there is no other company that produces a similar system.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Dr. Steven E. Harte is a University employee as Assistant Research Scientist with the Department of Anesthesiology and Dr. Grant H. Kruger is an Assistant Research Scientist/Research Investigator in Mechanical Engineering and Anesthesiology and both would be party to the contract as Partners of Arbor Medical.

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 Department of Anesthesiology and Arbor Medical.

ii) The agreement is to build an MRI-compatible pressure delivery system at an approximate cost of $17,500.

iii) The pecuniary interest arises from the fact that University of Michigan employees Dr. Steven Harte and Dr. Grant Kruger are Partners at Arbor Medical.

Dr. Steven Harte and Dr. Grant Kruger have met state law requirements with the disclosure of their 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 Arbor Medical 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

February 2014