

**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 Innovation LLC (University of Michigan Employees Dr. Steven Harte, Ph.D. and Dr. Grant Kruger, Ph.D. are members of Arbor Medical Innovation LLC).

Background:

The University of Michigan Family Practice Department seeks approval to enter into an agreement with Arbor Medical Innovation LLC for 10 customized Acuwand prototype devices, labor, development and testing. The Acuwand is a customized device for collecting data of fatigue, sleep disturbances and other quality of life indicators to improve the quality of life of ovarian cancer patients.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Dr. Steven Harte, Ph.D. and Dr. Grant Kruger, Ph.D. are University employees as Associate Research Scientist and Assistant Research Scientist in the Internal Medicine/Anesthesiology Departments and Mechanical Engineering Department respectively and would be party to the agreement as Board Members of Arbor Medical Innovation LLC.

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 Family Practice Department and Arbor Medical Innovation LLC.
- ii) The agreement is for 10 customized Acuwand prototype devices, labor, development and testing, purchased over 3 years for \$45,400. Arbor Medical Innovation LLC will be supplying all the necessary resources and personnel to fulfill this contract. The remaining base contract terms and conditions are typical to those used in Procurement Services standard templates for other similar contracts entered into by the Regents.
- iii) The pecuniary interest arises from the fact that University of Michigan employee, Dr. Steven Harte, Ph.D. and Dr. Grant Kruger, Ph.D. are members of Arbor Medical Innovation.

Dr. Steven Harte, Ph.D. and Dr. Grant Kruger, Ph.D. 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 by the supervisor of Dr. Steven Harte, Ph.D. and Dr. Grant Kruger, Ph.D. , 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 Innovation subject to requirements, if any, that the supervisor of Dr. Steven Harte, Ph.D. and Dr. Grant Kruger, Ph.D. or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kevin P. Hegarty', is written over the typed name and title. The signature is stylized with large loops and a horizontal line extending to the left.

Kevin P. Hegarty
Executive Vice President and Chief Financial Officer

October 2018