

**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 transact with Arbor Medical Innovations, LLC (University of Michigan Employees, Grant Kruger, Steven Harte, Partial Owners)

Background:

The University of Michigan Biomedical Engineering Department seeks approval to transact with Arbor Medical Innovations, LLC to purchase two (2) Multimodal Automated Sensory Testing (MAST) devices used to test pressure pain sensitivity in clinical research subjects participating in IRB-approved sensory threshold testing.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Grant Kruger is a University employee as Assistant Research Scientist with the Department of Mechanical Engineering and Steven Harte is a University employee as Assistant Research Scientist with the Department of Internal Medicine-Anesthesiology, and would be parties to the contract as Partial Owners 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.

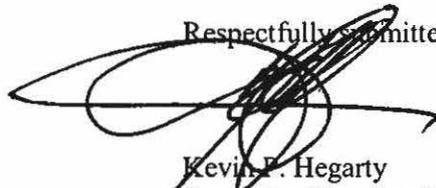
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Biomedical Engineering Department and Arbor Medical Innovations, LLC.
- ii) The agreement is for a one-time purchase of two (2) MAST devices, accompanying software, and accessories for a total of \$17,448. Arbor Medical Innovations, 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 employees, Grant Kruger and Steven Harte are Partial Owners of Arbor Medical Innovations, LLC.

Grant Kruger and Steven Harte have 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 by the supervisors of Grant Kruger and Steven Harte 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 Innovations, LLC subject to requirements, if any, that the supervisors of Grant Kruger and Steven Harte 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 below.

Kevin P. Hegarty  
Executive Vice President  
and Chief Financial Officer

May 2018