

**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 NeuroNexus
Technologies, Inc. (University of Michigan Employee, Daryl Kipke, Owner)

Background:

The University of Michigan Psychology Department seeks approval to purchase electrodes from NeuroNexus Technologies Inc. and to enter into a 3 year product purchase agreement to purchase neurophysiological recording devices. NeuroNexus Technologies, Inc. was selected because they are the only supplier who manufactures this specific device which satisfies their obligations through multiple funded grants from the National Institutes of Health. The 3 year agreement is proposed from September 16, 2011 through September 15, 2014.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Daryl Kipke is a University of Michigan employee as Professor of Biomedical Engineering and would be party to the agreement as Owner and Director of NeuroNexus Technologies, Inc.

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 NeuroNexus Technologies, Inc.
- ii) The agreement is to purchase electrodes totaling \$4,290 and to enter into a 3 year product purchase agreement beginning September 16, 2011. The contract value of \$25,000 per year is not to exceed \$75,000.
- iii) The pecuniary interest arises from the fact that Daryl Kipke, University of Michigan employee, is Owner and Director of NeuroNexus Technologies, Inc.

Daryl Kipke 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 NeuroNexus Technologies, Inc. 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

September 2011