

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents

September 20, 2007

ACTION REQUEST

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

Action Requested: Authorization for the University to Enter into a Contract with NeuroNexus Technologies (University of Michigan Employees Daryl Kipke and Jamille Hetke, CEO and Director of Research respectively)

Background:

The University of Michigan's Department of Biomedical Engineering wishes to receive approval to enter into a contract with and make payment to NeuroNexus Technologies for the purchase of multi-channel recording probes. NeuroNexus Technologies was selected to provide these probes because they are the only supplier who manufactures this specific device which satisfies their research needs due to the specific configuration of the probes.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as Daryl Kipke and Jamille Hetke are University employees and are parties to the purchase by virtue of their positions as CEO and Director of Research, respectively, for NeuroNexus Technologies. However, the Statute allows the University to enter into such contracts 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:

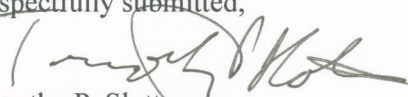
- i) The parties to the contract are the Regents of the University of Michigan and its Department of Biomedical Engineering and NeuroNexus Technologies.

- ii) The products provided are multi-channel recording probes. The cost is \$310,726.00 for probes to be purchased over a two year period.
- iii) The pecuniary interest arises from the fact that Daryl Kipke and Jamille Hetke, University of Michigan employees, are CEO and Director of Research, respectively, of NeuroNexus Technologies.

Daryl Kipke and Jamille Hetke have met state law requirements with the disclosure of their pecuniary interest, and their 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 payment between the University of Michigan and NeuroNexus Technologies, 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 2007