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 a Purchasing Contract with Wright Medical Technology (University of Michigan Employee Dr. J. David Blaha, Stockholder)

Background:

The University of Michigan Medical School’s Department of Orthopaedic Surgery wishes to enter into a purchasing contract for hip and knee implant systems. Wright Medical Technology was chosen because of the quality of the implants, their effectiveness, and their competitive cost. The decision to use Wright Medical Technology implant systems was made by the Operating Room Committee.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as Dr. J. David Blaha is a University employee and is a party to the purchase by virtue of his position as a Stockholder in Wright Medical Technology. 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 Medical School’s Department of Orthopaedic Surgery and Wright Medical Technology.

ii) The goods provided are knee and hip implant systems. The systems are to be provided for the period beginning August 1, 2005 and ending July 31, 2008, for a total dollar amount of $5,000,000.00.

iii) The pecuniary interest arises from the fact that Dr. J. David Blaha, a University of Michigan employee, is a Stockholder in Wright Medical Technology.

Dr. J. David Blaha has met state law requirements with the disclosure of his pecuniary interest, and his 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 contract between the University of Michigan and Wright Medical Technology, subject to requirements, if any, that either the Medical School’s or OVPR’s Conflict of Interest Committee may impose.

Respectfully submitted,

[Signature]

Timothy P. Slottow
Executive Vice President and Chief Financial Officer

July, 2005