

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents

ACTION REQUEST

October 23, 2008

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 Wright Medical
Technology, Inc. (University of Michigan Employee Dr. J. David Blaha,
Consultant and Stockholder)

Background:

The University of Michigan Health System Operating Rooms and Department of Orthopaedic Surgery seek approval to enter into a contract with Wright Medical Technology for the purchase of hip and knee implant systems. Wright Medical Technology was selected because of the quality of the implants, their effectiveness and discounted cost.

The proposed contract falls under the State of Michigan Conflict of Interest Statute as Dr. J. David Blaha is a University employee and would be a party to the contract as a consultant and stockholder of 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 Hospital Operating Rooms and Wright Medical Technology.
- ii) The contract is to purchase knee and hip implant systems from July 1, 2008 through June 30, 2011 for a total not to exceed \$5,000,000.
- iii) The pecuniary interest arises from the fact that Dr. J. David Blaha, University of Michigan employee as Clinical Professor in the Department of Orthopaedic Surgery is a consultant for and stockholder of Wright Medical Technology.

Dr. J. David Blaha 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 payment 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,



Timothy P. Slottow
Executive Vice President
and Chief Financial Officer

October 2008