

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

**Approved by the
Regents
November 20, 2014**

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 Prehab Technologies, LLC (University of Michigan Employees Dr. Stewart Wang, Dr. Michael Englesbe, Mr. William Palazzo, Ms. June Sullivan, and Mr. Nick Wang, Partial Owners)

Background:

The University of Michigan Department of Surgery seeks approval to enter into an agreement with Prehab Technologies, LLC ("Prehab") to develop the *Michigan Surgical & Health Optimization Program* ("MSHOP") risk assessment and rehab program tracker.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Dr. Stewart Wang is a University employee as Endowed Professor of Burn Surgery and Professor of Surgery in the Department of Surgery, Dr. Michael Englesbe is a University employee as Associate Professor of Surgery in the Department of Surgery, Ms. June Sullivan is a University employee as Administrative Manager Associate in the Department of Surgery, Mr. Nick Wang is a University employee as Research Lab Specialist Associate in the Department of Surgery and Mr. William Palazzo is a University employee as Physician Assistant Lead in the Department of Surgery and are Partial Owners of Prehab.

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.

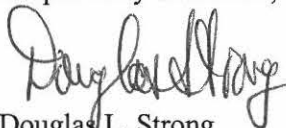
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Department of Surgery and Prehab.
- ii) The initial agreement is estimated to cover a period of ten (10) months with an option to extend the agreement an additional twenty-four (24) months in twelve (12) month increments and having a not-to-exceed cost of \$350,000.
- iii) The pecuniary interest arises from the fact that University of Michigan employees, Dr. Stewart Wang, Dr. Michael Englesbe, Ms. June Sullivan, Mr. Nick Wang and Mr. William Palazzo are Partial Owners of Prehab.

Dr. Stewart Wang, Dr. Michael Englesbe, Ms. June Sullivan, Mr. Nick Wang and Mr. William Palazzo have met state law requirements with the disclosure of their 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 Prehab subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Douglas L. Strong
Interim Executive Vice President
and Chief Financial Officer

November 2014