

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 Sectra, Inc. (University of Michigan Employees, Kenneth Buckwalter, MD and Ulysses Balis, MD, Advisory Board Members).

Background:

The University of Michigan Department of Pathology seeks approval to enter into an agreement with Sectra, Inc. for a Digital Pathology Case Management System.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Kenneth Buckwalter, MD is a University employee as Associate Chief Medical Information Officer with the Department of Radiology and would be party to the contract as an advisory board member of Sectra, Inc., and Ulysses G.J. Balis, MD is a University employee as Professor and Director of Pathology Informatics with the Department of Pathology and would be party to the contract as an advisory board member of Sectra, 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 its Department of Pathology and Sectra, Inc.
- ii) The agreement is for a duration of five years at a total cost not to exceed \$5,000,000. Sectra, Inc. will be supplying all the necessary resources and personnel to fulfill this contract. The remaining base contract terms and conditions will be tailored to meet the particular needs of this contract and will be approved by Procurement Services after advice from the Office of General Counsel.
- iii) The pecuniary interest arises from the fact that University of Michigan employees, Kenneth Buckwalter, MD and Ulysses Balis, MD, are advisory board members of Sectra, Inc.

Kenneth Buckwalter, MD and Ulysses Balis, MD 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 by the supervisors of Kenneth Buckwalter, MD and Ulysses Balis, MD, 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 Sectra, Inc. subject to requirements, if any, that the supervisors of Kenneth Buckwalter, MD and Ulysses Balis, MD or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and Chief Financial Officer

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