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 transact with Astronautical Development, LLC (University of Michigan Employee, James W. Cutler, Owner).

Background:

The University of Michigan Department of Aerospace Engineering seeks approval to transact with Astronautical Development, LLC for 1 Lithium-2 UHF/VHF Radio. Astronautical Development, LLC was selected as this radio will be part of the hardware that will go onboard small satellites known as “CubeSats” that will allow them to communicate with ground stations at the University of Michigan. This order supports a research program within the lab in the Department of Aerospace Engineering to build prototype and flight versions of a satellite called MARIO.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as James W. Cutler is a University employee as Assistant Professor in the Department of Aerospace Engineering and would be a party to the agreement as Owner of Astronautical Development, LLC.

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 Aerospace Engineering and Astronautical Development, LLC.

ii) The agreement is for a one time purchase at a total cost not to exceed $3,000. Astronautical Development, LLC will be supplying all the necessary resources and personnel to fulfill this contract. The remaining base contract terms and conditions are typical to those used in Procurement Services standard templates for other similar contracts entered into by the Regents.

iii) The pecuniary interest arises from the fact that University of Michigan employee, James W. Cutler, is Owner of Astronautical Development, LLC.

James W. Cutler 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 by the supervisor of James W. Cutler, 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 Astronautical Development, LLC subject to requirements, if any, that the supervisor of James W. Cutler or the Medical School’s or OVPR’s Conflict of Interest Committee may impose.

Respectfully submitted,

Kevin P. Hegarty  
Executive Vice President and Chief Financial Officer

February 2019