

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 Cutler, Owner)

Background:

The University of Michigan Aerospace Engineering Department seeks approval to enter into a Product Purchase Agreement with Astronautical Development, LLC ("Astronautical") for Li-1 transceiver radios and related custom products for use in University satellite projects. These products are needed for prototype, engineering development units and flight units for the GRIFEX In-Flight Performance Experiment and the M-Cubed Satellite. These CubeSats (miniaturized satellites for space research) require UHF band transceivers to communicate with the University ground station and amateur ground stations around the world. There is an immediate requirement for 5 transceiver radios with a need to purchase additional radios from March, 2013 through August, 2014.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as James Cutler is a University employee as an Associate Professor of Aerospace Engineering in the College of Engineering and would be a party to the contract as a Partner with Astronautical.

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.

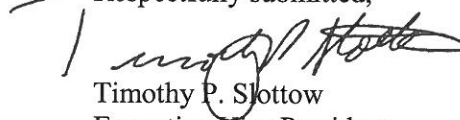
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Aerospace Engineering Department and Astronautical.
- ii) The agreement is for Li-1 transceiver radios and related custom products not to exceed a total cost of \$50,000. The term of the agreement is from March, 2013 through August, 2014.
- iii) The pecuniary interest arises from the fact that University of Michigan employee, James Cutler, is a Partner with Astronautical.

James 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 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 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

March 2013