

**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 purchase from Numed Technologies, Inc.
(University of Michigan Employee, Robert Hower, Partner)

Background:

The University of Michigan Environmental Health Sciences Department seeks approval to enter into an agreement with Numed Technologies, Inc. ("Numed") for lithographic mask design and fabrication services for an engineered micro gas sampling device that is being pursued to support the aims of an awarded research grant from the Office of the Director of National Intelligence. Numed was selected as they are the only supplier that offers the required services and their knowledge of the University of Michigan Lurie Nanofabrication Facility tools and processes are critical to successfully building these devices and meeting the strict deadlines of the project.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Robert Hower is a University employee as Lead Research Engineer with the College of Engineering and would be party to the contract as a Partner of Numed.

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 College of Engineering, and Numed.
- ii) The agreement is for a lithographic mask design service for an engineered micro gas sampling device at a total cost not to exceed \$74,460. Numed 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, Robert Hower, is a Partner of Numed.

Robert Hower 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 Robert Hower 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 Numed subject to requirements, if any, that the supervisor of Robert Hower or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Kevin P. Hegarty", is written over the typed name and title.

Kevin P. Hegarty
Executive Vice President
and Chief Financial Officer

May 2017