

**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 Cube Works, Inc. (University of Michigan Employees Dennis Sylvester, David Blaauw, David Wentzloff, Prabal Dutta, Zhiyoong Foo, Partial Owners, Partners, and Stockholders)

Background:

The University of Michigan Electrical Engineering and Computer Science Department seeks approval to transact with CubeWorks, Inc. ("CubeWorks") for two types of silicon aggregator services. 1.) Multi-Project-Wafer fabrication run with Taiwan Semiconductor Manufacturing Company ("TSMC") in 10 or 90mm technology and 2.) Multi-Level-Mask fabrication run with TSMC in 180 or 90 technology. CubeWorks was selected as they are the only supplier providing silicon access to the TSMC process which allows both thick and thin top metal to be fabricated on the same fabrication run in one purchased block area.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Dennis Sylvester, Professor; David Blaauw, Professor; David Wentzloff, Associate Professor; Prabal Dutta, Associate Professor; and Zhiyoong Foo, Research Scientist are University employees each with the College of Engineering and would be parties to the contract as Partial Owners, Partners, and Stockholders of Cube Works.

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.

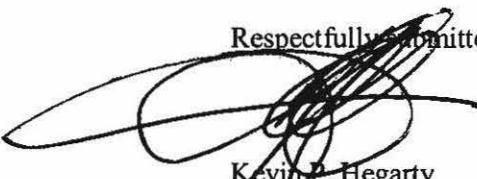
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Electrical Engineering and Computer Science Department and CubeWorks.
- ii) The agreement is for two types of silicon aggregator services at a total cost of \$78,936. CubeWorks 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 employees Dennis Sylvester, David Blaauw, David Wentzloff, Prabal Dutta, and Zhiyoong Foo are Partial Owners, Partners, and Stockholders of CubeWorks.

Dennis Sylvester, David Blaauw, David Wentzloff, Prabal Dutta, and Zhiyoong Foo 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 Dennis Sylvester, David Blaauw, David Wentzloff, Prabal Dutta, and Zhiyoong Foo, 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 CubeWorks subject to requirements, if any, that the supervisors of Dennis Sylvester, David Blaauw, David Wentzloff, Prabal Dutta, and Zhiyoong Foo 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

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