

**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 CubeWorks, Inc. (University of Michigan Employees David Blaauw, Dennis Sylvester, David Wentzloff, Prabal Dutta, ZhiYoong Foo, Gyouho Kim, Seok Hyeon Jeong, Yejoong Kim, Stockholders).

Background:

The University of Michigan Department of Electrical Engineering and Computer Science seeks approval to transact with CubeWorks, Inc. (CubeWorks) for a Multi-Level-Mask (MLM) fabrication run with Taiwan Semiconductor Manufacturing Company (TSMC) in 180 or 90nm technology. CubeWorks was selected as they are the only supplier providing silicon access to the TSMC process that allows both thick and thin top metal to be fabricated on the same MLM fabrication run.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as David Blaauw, Professor, Dennis Sylvester, Professor, David Wentzloff, Professor, Prabal Dutta, Associate Professor, ZhiYoong Foo, Research Scientist, Gyouho Kim, Research Scientist, Seok Hyeon Jeong, Research Scientist, Yejoong Kim, Research Scientist are University employees each with the Department of Engineering and Computer Science and would be parties to the contract as Stockholders of CubeWorks.

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 Electrical Engineering and Computer Science and CubeWorks.
- ii) The agreement is for a one time purchase at a total cost not to exceed \$50,586. 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, David Blaauw, Dennis Sylvester, David Wentzloff, Prabal Dutta, ZhiYoong Foo, Gyouho Kim, Seok Hyeon Jeong, and Yejoong Kim are Stockholders of CubeWorks.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as David Blaauw, Professor, Dennis Sylvester, Professor, David Wentzloff, Professor, Prabal Dutta, Associate Professor are University employees with the Department of Engineering and Computer Science and would be parties to the contract as Stockholder of CubeWorks; Gyouho Kim, Research Scientist, Seok Hyeon Jeong, Research Scientist, Yejoong Kim, Research Scientist are University employees with the Department of Engineering and Computer Science and would be parties to the contract as Stockholder and Employee of CubeWorks; ZhiYoong Foo, Research Scientist is a University employee with the Department of Engineering and Computer Science and would be party to the contract as Stockholder, Director and Employee of CubeWorks.

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 David Blaauw, Dennis Sylvester, David Wentzloff, Prabal Dutta, ZhiYoong Foo, Gyouho Kim, Seok Hyeon Jeong and Yejoong Kim or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,

A handwritten signature in black 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

February 2019