

**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 Kempke Engineering LLC
(University of Michigan Employee, Benjamin Kempke, Owner)

Background:

The University of Michigan Electrical Engineering and Computer Science Department seeks approval to enter into a Product Purchase Agreement with Kempke Engineering, LLC (“Kempke”) for board-building services, printed circuit board building (with integration of UM research) and the integration of off-the-shelf commercial board design for the CUPPS Project (Cognitive Ultra-Low Power Sensor System).

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Benjamin Kempke is a University employee as a Graduate Student Research Assistant with the Electrical Engineering and Computer Science Department and would be party to the agreement as Owner of Kempke.

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.

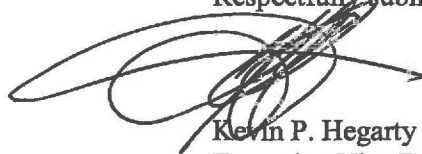
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Electrical Engineering and Computer Science Department and Kempke.
- ii) The agreement is for custom design, build and testing of printed circuit boards for the CUPSS Project for a total cost of \$36,849.87 through April, 2017.
- iii) The pecuniary interest arises from the fact that University of Michigan employee, Benjamin Kempke, is the Owner of Kempke.

Benjamin Kempke 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 Kempke subject to requirements, if any, that either 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', with a large, sweeping flourish extending to the right.

Kevin P. Hegarty
Executive Vice President
and Chief Financial Officer

April 2016