

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 Sundberg-Ferar, Inc. (University of Michigan Employee, Jeff DeBoer, Stockholder and Owner)

Background:

The University of Michigan Dearborn Electrical and Computer Engineering Department seeks approval to transact with Sundberg-Ferar, Inc. ("Sundberg") for the design and fabrication of a humanoid robot.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Jeff DeBoer is a University employee as LEO Intermittent Lecturer with the Stamps School of Art & Design and would be party to the contract as Stockholder and Owner of Sundberg.

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 Dearborn Electrical and Computer Engineering Department and Sundberg.
- ii) The agreement is for a one-time purchase of a humanoid robot with an initial project meeting, and design and fabrication work for a total cost of \$30,000. Sundberg 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, Jeff DeBoer, is a Stockholder, and Owner of Sundberg.

Jeff DeBoer 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 Jeff DeBoer 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 Sundberg subject to requirements, if any, that the supervisor of Jeff DeBoer 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 F. Hegarty', is written over a horizontal line. The signature is stylized and somewhat scribbled.

Kevin F. Hegarty
Executive Vice President
and Chief Financial Officer

May 2018