

**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 contract with Initium AI Inc. (University of Michigan Employee, Rada Mihalcea, stockholder & co-founder).

Background:

The University of Michigan-Flint College of Innovation and Technology seeks approval to contract with Initium AI Inc. for purchase of the Enterprise Plan Service.

The proposed contract falls under the State of Michigan Conflict of Interest Statute as Rada Mihalcea is employed by the University as a Janice M Jenkins Collegiate Professor of Computer Science and Engineering and Professor of Electrical Engineering and Computer Science with the College of Engineering and would be a party to the contract as a stockholder and co-founder of Initium AI Inc.

However, the Statute allows the university to enter into such contracts 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.

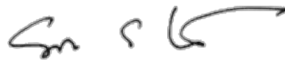
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its College of Innovation and Technology and Initium AI Inc.
- ii) The contract is for purchase of the Enterprise Plan Service for 12 months with a renewable option at a total cost not to exceed \$12,000 for 20 seats, with additional seats available at a prorated cost per the contract. Initium AI Inc. will supply the necessary resources and personnel to fulfill this contract.
- iii) The pecuniary interest arises from the fact that University of Michigan employee, Rada Mihalcea, is a stockholder & co-founder of Initium AI Inc.

Rada Mihalcea has met state law requirements with the disclosure of her pecuniary interest and formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable by the supervisor of Rada Mihalcea under the College of Innovation and Technology or OVPR's Conflict of Interest Committee's procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the contract between the University of Michigan and Initium AI Inc. subject to requirements, if any, that the supervisor of Rada Mihalcea or the College of Innovation and Technology or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and Chief Financial Officer

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