

# The University of Michigan Regents Communication

## Request for Action

### **Subject: Regental Action Required Under the State of Michigan Conflict of Interest Statute**

**Action Requested: Authorization for the University to enter into an agreement with Heat2Power Inc. (University of Michigan Employees Andrej Lenert, Stephen Forrest, and Trystan Elliott, partial owners, officers of the Board of Directors, employees, CEO, president, and/or consultants.)**

#### **Background:**

The University of Michigan Department of Aerospace Engineering seeks approval to enter into an agreement with Heat2Power Inc. for the purpose of collaboration under a sponsored project.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Andrej Lenert, Associate Professor with the Department of Chemical Engineering, Stephen Forrest, Professor with the Department of Electrical Engineering and Computer Science, and Trystan Elliott, Engineer with the Department of Electrical Engineering and Computer Science, are employees of the University and would be party to the agreement as partial owners, officers of the Board of Directors, employees, CEO, president, and/or consultants at Heat2Power Inc.

However, the Statute allows the university to enter into such agreements if the following conditions are met:

- 1) 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.
- 2) 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.
- 3) The official body discloses the following summary information in its official minutes:
  - a) The name of each party involved in the contract.
  - b) 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.
  - c) The nature of any pecuniary interest.

The following information is provided in compliance with the statutory requirements contained in Section (3) above:

- a) The parties to the agreement are the Regents of the University of Michigan and its Department of Aerospace Engineering and Heat2Power Inc.
- b) The agreement is for the purpose of collaboration under a sponsored project funded by the Department of Defense titled "Space Power and Propulsion for Agility, Responsiveness, and Resilience (SPAR)." The agreement is for a duration of four years at a total cost not to exceed \$636,000. Heat2Power Inc. will be supplying all the necessary resources and personnel to fulfill this agreement. The remaining base agreement terms and conditions will comply with appropriate University requirements and are typical for other similar agreements entered into by the Regents. Since projects are often amended, the agreement will include provisions for changes in time, amount and scope.
- c) The pecuniary interest arises from the fact that University of Michigan Employees Andrej Lenert, Stephen Forrest, and Trystan Elliott are partial owners, officers of the Board of Directors, employees, CEO, president, and/or consultants at Heat2Power Inc.

Andrej Lenert, Stephen Forrest, and Trystan Elliott 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 Andrej Lenert, Stephen Forrest, and Trystan Elliott 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 Heat2Power Inc. subject to requirements, if any, that the supervisors of Andrej Lenert, Stephen Forrest, and Trystan Elliott or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



**Robert A. Hewlett III**  
Interim Executive Vice President  
and Chief Financial Officer

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