

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

Approved by the Regents
July 21, 2011

ACTION REQUEST

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

Action
Requested: Authorization for the University to Subsidize an Internship at Sakti3, Inc.
(University of Michigan employee, Ann Marie Sastry, CEO and Stockholder)

Background:

The University of Michigan Zell Lurie Institute for Entrepreneurial Studies at the Ross School of Business (ZLI) seeks approval to subsidize a Marcel Gani Internship (MGI) at Sakti3. Sakti3 is developing an advanced solid-state rechargeable lithium-ion battery technology for electric drivetrain vehicles. The MGI program provides matching funds to assist small businesses in paying the salaries for MBA student interns. ZLI selected Sakti3 for participation in the MGI program based on specialized criteria such as need and quality of internship opportunity.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Ann Marie Sastry is a University employee as Professor of Biomedical, Materials Science and Mechanical Engineering at the College of Engineering and would be party to the agreement as CEO and stockholder of Sakti3, 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.

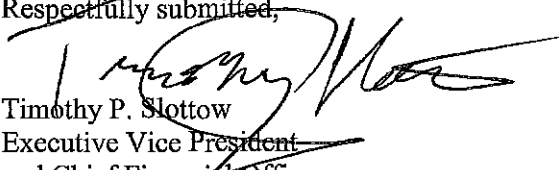
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan, Zell Lurie Institute for Entrepreneurial Studies at the Ross School of Business and Sakti 3, Inc.
- ii) The agreement is to subsidize 50% of the total salary of \$14,400 for a 12-week internship paid directly by Sakti3 to MBA student, Jongeon Lee.
- iii) The pecuniary interest arises from the fact that Ann Marie Sastry is a University of Michigan employee as Professor of Biomedical, Materials Science and Mechanical Engineering and is CEO and stockholder of Sakti3, Inc.

Ann Marie Sastry 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 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 Sakti3, Inc. subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President
and Chief Financial Officer

June 2011