

**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 enter into a contract with CubeWorks, Inc.  
(University of Michigan Employees David Blaauw, Zhi Yoong Foo, and Dennis  
Sylvester, Partial Owners).

Background:

The University of Michigan (University) College of Engineering through its Electrical Engineering and Computer Science department seeks approval to enter into a contract with Cubeworks, Inc. for the purpose of research activities.

The proposed contract falls under the State of Michigan Conflict of Interest Statute because David Blaauw, Professor of Electrical Engineering and Computer Science; ZhiYoong Foo, Engineer in Research of Electrical Engineering and Computer Science; Dennis Sylvester, Associate Chair and Professor of Electrical Engineering and Computer Science are employees of the University and partial owners of Cubeworks, Inc.

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 contract, which disclosure shall be a matter of record in its official proceedings.
- b) The contract 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 contract, 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 contract.
  - 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 Engineering through its Electrical Engineering and Computer Science department, and Cubeworks, Inc.
- ii) The contract is for Cubeworks, Inc. to provide sponsored research collaboration under a sponsored project from the University of Texas at Austin titled “Millimeter Scale Down-hole Sensors”. The performance period is anticipated to be October 1, 2020 through February 28, 2021, and is estimated not to exceed \$90,092. The terms of the contract will comply with appropriate University requirements. Since projects are often amended, the contract will include provisions for changes in time, amount, and scope.
- iii) The pecuniary interest arises from the fact that University of Michigan Employees David Blaauw, ZhiYoong Foo, and Dennis Sylvester are partial owners of Cubework, Inc.

David Blaauw, ZhiYoong Foo, and Dennis Sylvester have met state law requirements with the disclosure of their pecuniary interest and formal appointment arrangements with the University. Requirements, if any, that may be applicable by the supervisors of David Blaauw, ZhiYoong Foo, and Dennis Sylvester or UMOR’s Conflict of Interest Committee’s procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the University enter into a contract with Cubeworks Inc., subject to requirements, if any, that the supervisors of David Blaauw, ZhiYoong Foo, and Dennis Sylvester or UMOR’s Conflict of Interest Committee may impose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kevin P. Hegarty", with a large, stylized flourish at the end.

Kevin P. Hegarty  
Executive Vice President and Chief Financial Officer

September 2020