

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 amend the previous Regents Action Request approved on September 19, 2019 to enter into a contract with CubeWorks, Inc. (University of Michigan Employees Dennis Sylvester, ZhiYoong Foo, Prabal Dutta, and Gyouho Kim are partial owners and/or employees of CubeWorks, Inc.)

Background:

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

The proposed contract falls under the State of Michigan Conflict of Interest Statute because Dennis Sylvester, Associate Chair and Professor of Electrical Engineering and Computer Science; ZhiYoong Foo, Engineer in Research in the Electrical Engineering and Computer Science department; Prabal Dutta, Adjunct Associate Professor of Electrical Engineering and Computer Science; and Gyouho Kim, Research Fellow in the Electrical Engineering and Computer Science department are employees of the University and are partial owners and/or employees of CubeWorks, 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 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.

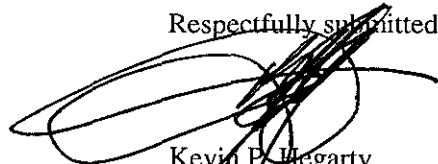
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- 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 support the development and delivery of a new mm-scale battery technology, lead the power delivery component of the overall project, and deliver final prototype units. The performance period is anticipated to be February 18, 2019 through August 31, 2020, and estimated to not exceed \$100,000.00. The terms of the proposed contract will comply with appropriate University requirements. Since research projects are often amended, this proposed contract will include a provision for changes in time, amount, and scope.
- iii) The pecuniary interest arises from the fact that in addition to David Blaauw (approved by the Regents September 19, 2019), University employees Dennis Sylvester, ZhiYoong Foo, Prabal Dutta, and Gyouho Kim are also partial owners and/or employees of CubeWorks, Inc.

The University employees listed above 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 supervisor of these University employees under the OVPR's Conflict of Interest Committee's procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the University to enter into a contract with CubeWorks, Inc., subject to requirements, if any, that the supervisor of the University employees or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kevin P. Hegarty', is written over the typed name and title.

Kevin P. Hegarty
Executive Vice President
and Chief Financial Officer

October 2019