

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 an agreement with Cube Works, Inc. (University of Michigan Employees Dennis Sylvester, David Blaauw, David Wentzloff, Prabal Dutta, Zhiyoong Foo, Partial Owners, Partners and Stockholders)

Background:

The University of Michigan Department of Electrical Engineering and Computer Science seeks approval to purchase design and prototype services from Cube Works, Inc. ("Cube Works") which entails the design and testing of boards using MBUS Protocol. Cube Works is very familiar with MBUS at the board level and can integrate MBUS chips with other commercial off-the-shelf components.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Dennis Sylvester, David Blaauw, David Wentzloff, Prabal Dutta and Zhiyoong Foo are University employees as Professor, Professor, Associate Professor, Associate Professor, Research Scientist with the College of Engineering respectively, and would be parties to the contract as Partial Owners, Partners and Stockholders of Cube Works.

However, the Statute allows the University to enter into such agreements 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 Department of Electrical Engineering and Computer Science and Cube Works.
- ii) The agreement is for the supply of design and prototype services from December 18, 2015 through June 30, 2016 at a total cost not to exceed \$75,000.
- iii) The pecuniary interest arises from the fact that University of Michigan employees Dennis Sylvester, David Blaauw, David Wentzloff, Prabal Dutta and Zhiyoong Foo are Partial Owners, Partners and Stockholders of Cube Works.

Dennis Sylvester, David Blaauw, David Wentzloff, Prabal Dutta and Zhiyoong Foo 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 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 Cube Works subject to requirements, if any, that either the Medical School's 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

December 2015