

**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 transact with CubeWorks, Inc. (University of Michigan Employees, David Blaauw, Consultant and Stockholder; Dennis Sylvester, David Wentzloff, Hun-Seok Kim, Stockholders; Seok Hyeon Jeong, Gyouho Kim, Yejoong Kim, ZhiYoong Foo, Mark Adam Davis, Employees, and Stockholders; Gordon Carichner, Employee).

Background:

The University of Michigan Department of Electrical Engineering and Computer Science seeks approval to transact with CubeWorks, Inc. for chip fabrication services to accomplish phase 2 tasks.

The University of Michigan College of Literature, Science, and the Arts Psychology Department seeks approval to transact with CubeWorks, Inc. for implantable wireless temperature sensors.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as David Blaauw, is a University employee as Professor with the Department of Electrical Engineering and Computer Science and would be party to the contract as consultant and stockholder of Cubeworks, Inc.; Dennis Sylvester, Professor, and David Wentzloff, Professor, are University employees with the Department of Electrical & Computer Engineering and would be parties to the contract as stockholders of CubeWorks, Inc.; Hun-Seok Kim, is a University employee as Associate Professor with the Department of Electrical Engineering and Computer Science and would be party to the contract as stockholder of CubeWorks, Inc.; Seok Hyeon Jeong, Assistant Research Scientist, Gyouho Kim, Assistant Research Scientist, Yejoong Kim, Senior Research Engineer, ZhiYoong Foo, Senior Research Engineer, and Mark Adam Davis, Software Engineer Intermediate, are University employees with the Department of Electrical Engineering and Computer Science and would be parties to the contract as employees and stockholders of CubeWorks, Inc.; and Gordon Carichner is a University employee as Senior Research Engineer with the Department of Electrical Engineering and Computer Science and would be party to the contract as employee of CubeWorks, Inc.

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 the 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 both the Regents of the University of Michigan and its Department of Psychology and CubeWorks, Inc. and the Regents of the University of Michigan and its Department of Electrical Engineering and Computer Science and CubeWorks, Inc.
- ii) The agreement is for one-time purchases at a total cost not to exceed \$52,085.50. CubeWorks Inc. will be supplying all the necessary resources and personnel to fulfill the contracts. The remaining base contract terms and conditions are typical of those used in Procurement Services standard templates for other similar contracts entered into by the Regents.
- iii) The pecuniary interest arises from the fact that University of Michigan employee David Blaauw is a stockholder and consultant; Dennis Sylvester, David Wentzloff, and Hun-Seok Kim are stockholders; Seok Hyeon Jeong, Gyouho Kim, Yejoong Kim, ZhiYoong Foo, and Mark Adam Davis are employees and stockholders; and Gordon Caricher is an employee of CubeWorks, Inc.

David Blaauw, Dennis Sylvester, David Wentzloff, Hun-Seok Kim, Seok Hyeon Jeong, Gyouho Kim, Yejoong Kim, ZhiYoong Foo, Mark Adam Davis, and Gordon Carichner 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 David Blaauw, Dennis Sylvester, David Wentzloff, Hun-Seok Kim, Seokhyeon Jeong, Gyouho Kim, Yejoong Kim, ZhiYoong Foo, Mark Adam Davis, and Gordon Carichner, 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 CubeWorks, Inc. subject to requirements, if any, that the supervisor of David Blaauw, Dennis Sylvester, David Wentzloff, Hun-Seok Kim, Seokhyeon Jeong, Gyouho Kim, Yejoong Kim, ZhiYoong Foo, Mark Adam Davis, and Gordon Carichner or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and Chief Financial Officer

March 2024