

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

February 14, 2008

ACTION REQUEST

Subject: Master Agreement between the University of Michigan and ElectroDynamic Applications, Inc.

Action Requested: Authorization to enter into Master Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the Proposal Approval Form that then triggered a review by the OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was then developed by the OVPR Conflict of Interest Review Committee and agreed to by the parties involved.

The proposed master agreement falls under the State of Michigan Conflict of Interest Statute because Professors Alec D. Gallimore and Brian Gilchrist are employees of the University of Michigan ("University") and co-founders and co-owners of ElectroDynamic Applications, Inc. ("ElectroDynamic"). The law permits such an agreement provided it is disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents of the University of Michigan.

Background:

Dr. Alec D. Gallimore, Arthur F. Thurnau Professor, Department of Aerospace Engineering and Dr. Brian E. Gilchrist, Professor and Interim Chair of EECS and Professor of AOSS, are employees of the University and co-founders and co-owners of ElectroDynamic. ElectroDynamic wishes to have the University participate in various projects that ElectroDynamic will support independently or from grants from federal agencies related to technology licensed or optioned to ElectroDynamic by the University. The role of Drs. Gallimore and Gilchrist in each project will be described in a project statement and a conflict of interest management plan.

Agreement Terms:

The University will enter into a master agreement with ElectroDynamic that will cover standard procedures for performance of projects as well as provisions implementing University and federal policies related to intellectual property and publication. The master agreement will cover an initial five-year period with a total authorization not to exceed \$2,000,000. The University will use standard sponsored project accounting procedures to determine the cost of each project.

Budgets will be reviewed and approved by authorized representatives of each department and school/college where projects are to be performed. ElectroDynamic has supported five projects at the University since its inception. The master agreement will allow the University and ElectroDynamic to specify projects that the University will conduct under the terms of the master agreement. Since research projects are often amended, the master agreement includes provisions for changes in time, amount, and scope of each supported project. University procedures for approval of each project will be followed and additional conflict of interest review will be done on a project-by-project basis.

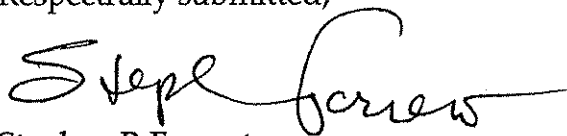
Impact of the Agreement:

The master agreement will enable research to be performed in a timely manner to explore and further develop the technology licensed to ElectroDynamic from the University. It also provides for ongoing support and collaboration between the Departments of Aerospace Engineering, AOSS and EECS, and a University start-up company.

Recommendation:

These matters will be reviewed by the OVPR Conflict of Interest Review Committee, and a plan will be developed to manage the potential conflict of interest risks associated with each project that will be implemented under the terms of the master agreement prior to the University's acceptance of any individual project. In light of the disclosure made in this document and our finding that the master agreement is negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University of Michigan entering into this master agreement with ElectroDynamic Applications, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest". The signature is fluid and cursive, with a long horizontal stroke at the end.

Stephen R Forrest
Vice President for Research

February 2008