THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents February 19, 2015

ACTION REQUEST

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

Action Requested: Authorization to renew Master Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Research and Sponsored Projects while reviewing the Proposal Approval Forms which then triggered a review by the UMOR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest will be developed and approved by the Committee and agreed to by the parties involved.

This proposed agreement ("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 partial owners of ElectroDynamic Applications, Inc. ("EDA"). The law permits such an Agreement provided it is disclosed to the Board of Regents ("Regents") of the University of Michigan and approved in advance by a 2/3 vote.

Background:

Dr. Gallimore, a Professor and Associate Dean for Academic Affairs in the Department of Aerospace Engineering, and Dr. Gilchrist, a Professor in the Deparments of Electrical Engineering and Computer Science, and Atmospheric, Oceanic, and Space Sciences, are co-founders and co-owners of EDA (the "Company"). The Company was formed in 1999 to commercialize plasma-based technology and technologies for space and other severe environments as disclosed in a previous Regental Action Request to enter into a Master Research Roundtable Agreement. The Company wishes to continue to support research projects at the University and desires to use facilities of the University for projects related to research and development of these technologies. The role of Dr. Galimore and Dr. Gilchrist will be described in a project statement for each project and shall be subject to an approved conflict of interest management plan.

Agreement Terms:

The University will enter into an Agreement with the Company 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 Agreement will cover an initial five-year period, with a total authorization not to exceed $3,000,000. The University will use standard sponsored project accounting procedures to determine the cost of each project under this Agreement. Budgets will be reviewed and approved by authorized representatives of the applicable department(s) and school(s)/college(s) where projects will be performed. The Agreement will allow the University and the Company to specify projects that the

University will conduct under the terms of the Agreement. Since sponsored projects are often amended, the Agreement will include provisions for changes in the 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 renewed Master Agreement will continue to facilitate research and testing that will assist the University in developing and commercializing plasma-based technology and technologies for space and other severe environments. It also provides for ongoing support and collaboration between the University and a University of Michigan start-up company.

Recommendations:

These matters will be reviewed and approved by the UMOR 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 renewed Master Agreement prior to the University's approval of any individual project. In light of this disclosure and our finding that the Agreement will be negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University entering into this Agreement and any amendments thereto with ElectroDynamic Applications, Inc.

Respectfully submitted,

S. Jack Hu
Interim Vice President for Research

February 2015