

THE UNIVERSITY OF MICHIGAN

Approved by the Regents  
March 18, 2010

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Subcontract Agreement between the University of Michigan and Arbor Photonics, Inc.

Action Requested: Authorization to enter into Agreement

Preamble:

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

This proposed subcontract agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Almantas Galvanauskas is both an employee of the University of Michigan ("University") and a part owner and member of the Board of Directors of Arbor Photonics, Inc. 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. Almantas Galvanauskas, Professor of Electrical Engineering and Computer Science, College of Engineering, is a co-owner with stock and stock options, and member of the Board of Directors of Arbor Photonics, Inc. ("Company"). Dr. Galvanauskas, as the Principal Investigator at the University, will be responsible for the overall financial and scientific oversight of the portion of the work to be subcontracted to the University.

Nature of the Agreement:

The Company has submitted a proposal for a contract under the Air Force Office of Scientific Research (AFOSR). The Company would like to subcontract a portion of the work under this contract to the University. The University's conduct of this particular work will be under the direction of Dr. Galvanauskas as Principal Investigator.

Agreement Terms:

A total subcontract of \$121,045 is anticipated to cover a period of twelve months. The terms of the proposed Agreement will conform to University policy. In the event of an amendment, University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Impact of the Agreement:

The Agreement will enable the University to participate in important research efforts to explore novel spectral combining schemes to short cut current technological limitations and enable very high power fiber laser systems.

Pecuniary Interest:

The pecuniary interest of Dr. Almantas Galvanauskas arises from being part owner and member of the Board of Directors of Arbor Photonics, Inc.

Recommendation:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee. In light of this disclosure and our finding that the agreement conforms to standard University practices, I recommend that the Board of Regents approve of the University entering into this Agreement with Arbor Photonics, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest". The signature is fluid and cursive, with a large initial "S" and "F".

Stephen R. Forrest  
Vice President for Research

March 2010