

THE UNIVERSITY OF MICHIGAN EXH

REGENTS COMMUNICATION

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APPROVED BY THE REGENTS

DEC 15 2005

ACTION REQUEST

Subject: Research Agreement between the University of Michigan and Powerix Technologies, LLC

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by DRDA while reviewing the Proposal Approval Form which 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 committee and agreed to by the parties involved in this agreement.

This proposed research agreement falls under the State of Michigan Conflict of Interest Statute because Professor Jun Ni and Professor Werner Dahm are both employees of the University of Michigan ("University") and partial owners and members of the Board of Directors of Powerix Technologies, LLC. 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:

Drs. Jun Ni, Professor of Mechanical Engineering, and Werner Dahm, Professor of Aerospace Engineering, are partial owners and sit on the Board of Directors for a small business called Powerix Technologies, LLC located in Ann Arbor ("Company"). The Company desires to enter into a research agreement ("Agreement") to fund a project in the College of Engineering under the supervision and direction Dr. James Driscoll, Professor of Aerospace Engineering, as Principal Investigator with Dr. Dahm as a co-Investigator. Dr. Dahm will only participate in this project as an employee of the University.

Nature of the Agreement:

The Company has applied for and received an award from the Department of Defense for the purpose of supporting research entitled "Research on Combustor Development for an Advanced Compression-Expansion Free Internal Reaction Engine (ACE-FIRE)." The Company wishes to enter into an Agreement with the University to enable Drs. Driscoll and Dahm to assist in the performance of this funded research.

Agreement Terms:

The total subcontract to the University will be \$670,560.00 for the period September 1, 2005 through August 31, 2007. Since research agreements are often amended, the Agreement includes provisions for changes in time, amount, and scope. University procedures for approval of these changes will be followed and additional review by the Conflict of Interest Committee will be done as appropriate. The subcontract terms are consistent with University policies and Regental bylaws.

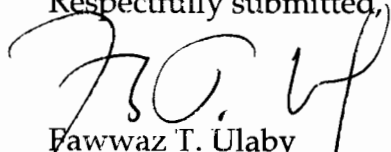
Impact of the Agreement:

The Agreement will support the effort by Drs. Driscoll and Dahm to continue research, design and creation on Combustor development for an Advanced Compression-Expansion Free Internal Reaction Engine.

Recommendation:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee. In light of the disclosure made in this document and our finding that the Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into this Agreement with Powerix Technologies, LLC.

Respectfully submitted,

  
Fawwaz T. Ulaby  
Vice President for Research

December 2005