

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

December 18, 2008

ACTION REQUEST

Subject: Collaboration Agreement among the University of Michigan, Fraunhofer-Gesellschaft sur Forderung der angewandten Forschung e.V. and Fraunhofer USA, Inc.

Action Requested: Authorization to enter into Agreement

Preamble:

The Division of Research Development and Administration (DRDA) identified a statutory conflict of interest situation while reviewing the Collaboration Agreement. This then triggered a review by the Office of the Vice President for Research Conflict of Interest Committee/Conflict of Commitment (COI/COC) Manager. A plan for management of the possible risks associated with the conflict of interest was developed and agreed to by the parties involved.

This proposed Agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Mr. Marvin Parnes, Associate Vice President for Research and the Executive Director of DRDA, is an employee of the University of Michigan and a member of the Board of Directors of Fraunhofer USA, 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.

Background:

Mr. Marvin Parnes serves on the Board of Directors of Fraunhofer USA, Inc. without compensation. Fraunhofer-Gesellschaft sur Forderung der angewandten Forschung e.V. and Fraunhofer USA, Inc. (collectively "Fraunhofer") wish to enter into a multi-faceted collaborative relationship with the University to create an alliance in the field of Alternative Energy Technologies for Transportation ("AETT"), with a focus on new systems for transportation, including best manufacturing practice of these new technologies and also to co-fund various projects within this alliance. Mr. Parnes will play no role in the selection of projects under this collaboration, will play no role in the performance of the Agreement, and will recuse himself from any University decision making related to this collaboration.

Agreement Terms:

The University will enter into an Agreement with Fraunhofer that will cover standard procedures for the selection and performance of projects as well as provisions implementing University policies related to intellectual property and publication for the selected projects. The Collaboration Agreement will cover an initial two-year period with a total authorization not to exceed \$1,000,000 each from Fraunhofer and \$1,000,000 from the University. Fraunhofer USA is contributing funding up to \$200,000. 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. The Collaboration Agreement will allow the University and Fraunhofer to engage in projects that each party will conduct under the terms of the Collaboration Agreement.

Impact of the Agreement:

The Collaboration Agreement will establish an important alliance with Fraunhofer that will enable important research to develop alternative energy technologies for transportation to be performed.

Recommendation:

The Office of Vice President for Research's COI/COC Manager will oversee the conflict management consistent with their approved policy implementing Standard Practice Guide 201.65-1, "Conflicts of Interest and Conflicts of Commitment." In light of the disclosure made in this document and our finding that the Collaboration Agreement is negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University entering into this master agreement with Fraunhofer-Gesellschaft sur Forderung der angewandten Forschung e.V. and Fraunhofer USA, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest", with a long horizontal flourish extending to the right.

Stephen R. Forrest  
Vice President for Research

December 2008