

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

July 19, 2007

ACTION REQUEST

Subject: Subcontract between the University of Michigan
and k-Space Associates

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 proposed research project which then triggered a review by OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflicts of interest has been developed by the Committee and agreed to by the parties involved.

This proposed subcontract ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Roy Clarke is both an employee of the University of Michigan ("University") and a partial owner of k-Space Associates. 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. Roy Clarke, Professor, Department of Physics, is a partial owner of a for-profit company called k-Space Associates. k-Space Associates expertise is in the reduction of residual stress in thin-film materials. The Company wishes to support the University's development of a new type of miniaturized nuclear detector based on the cubic form of boron nitride, first produced in thin film form at UM.

Nature of the Agreement:

The University has applied for and received funding from the 21st Century Fund of the Michigan Economic Development Corporation. This proposed project will constitute a subcontract with the Regents of the University of Michigan (UM) for the Company to provide services under the University's grant.

Agreement Terms:

The terms of the proposed Agreement conform to University policy. Dr. Codrin Cionca, Assistant Research Scientist, Department of Physics, will be the Principal Investigator for the project at the University to be conducted over a three-year period at an estimated total cost of \$1,037,772 including indirect cost at 15% (the

rate applicable to the MEDC). The Company will receive a subcontract in the amount of \$ 436,309. Dr. Clarke will only participate in the project in his capacity as a University employee. The Agreement includes provisions allowing extension and modification upon mutual agreement of the parties. 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 enables the University's development of a wearable miniaturized neutron detector for nuclear material tracking and personnel protection.

Recommendation:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee and by the Associate Dean for Research of the College of Literature Science and the Arts. 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 k-Space Associates.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

July 2007