

ACTION REQUEST

Subject: Subcontract Agreement between the University of Michigan and Civionics, LLC

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Research and Sponsored Projects while reviewing the Proposal Approval Form 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 was 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 Professor Jerome Lynch is an employee of the University of Michigan ("University") and a partial owner of Civionics, LLC. 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. Jerome Lynch, a Professor of Civil and Environmental Engineering in the College of Engineering, is the partial owner of a for-profit company called Civionics, LLC (the "Company"). The University wishes to enter into a subcontract agreement with the Company for the proposal submitted to the Department of Transportation titled: "Health Assessment and Risk Mitigation of Railroad Networks exposed to Natural Hazards using Commercial Remote Sensing and Spatial Information Technologies," (ORSP# 14-PAF05121), in the Department of Civil and Environmental Engineering under the direction of Dr. Lynch. The purpose of this project is to develop a structural health monitoring system for railroad bridges. Under the subcontract, the Company will assist in the implementation of wireless sensor networks on railroad bridges in addition to performing market research for technology commercialization as required by the Department of Transportation.

Agreement Terms:

The terms of the proposed Agreement conform to University policy. The period of performance for the project is approximately two (2) years. The amount of funding support will not exceed \$656,406 with a total subcontract of approximately \$26,300. Since research projects are often amended, this agreement includes provisions for changes in time, amount, and scope. 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 support an effort by Dr. Lynch to use his expertise and University laboratory, as well as other University resources to enable the University to develop a commercially viable remote structural health monitoring system for the domestic railroad industry.

Recommendation:

This matter has been reviewed and approved by the UMOR Conflict of Interest Review Committee. In light of this disclosure 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 Civionics, LLC.

Respectfully submitted,



S. Jack Hu  
Interim Vice President for Research

September 2014