

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

October 23, 2008

ACTION REQUEST

Subject: Research Agreement between the University of Michigan and Vortex Hydro Energy, LLC

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 agreement that 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 then developed and approved by the Committee and agreed to by the parties involved.

This proposed research agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Michael Bernitsas is an employee of the University of Michigan ("University") and an owner, CEO and CTO of Vortex. 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. Michael Bernitsas occupies the dual role of Professor of Naval Architecture and Marine Engineering in the College of Engineering and an owner in Vortex Hydro Energy, LLC ("Vortex"). Dr. Armin Troesch is the Chair of the Department of Naval Architecture and Marine Engineering and a Professor of Naval Architecture and Marine Engineering. The Company wishes to fund a project in the College of Engineering under the direction of Dr. Troesch.

Nature of the Agreement:

The proposed project will involve "Harvesting Hydrokinetic Energy Using Vortex Induced Vibration and Fish Biomimetics." Vortex wishes to fund the University of Michigan to enable Dr. Troesch to assist in the performance of the research.

Agreement Terms:

The terms of the proposed agreement conform to University policy regarding publication and intellectual property. Prof. Troesch will direct the Phase I STTR over an initial one-year period at an estimated cost of \$60,322. The contract includes a provision allowing extension and modification of the project 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.

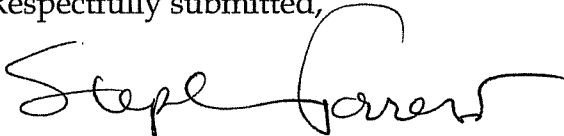
Impact of the Agreement:

This study will support an effort by Dr. Troesch to help harvest hydrokinetic energy of marine currents in an environmentally sustainable way.

Recommendation:

This matter was reviewed and approved by the OVPR Conflict of Interest Review Committee and by the Dean for the College of Engineering. 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 Vortex Hydro Energy, LLC.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Stephen R. Forrest  
Vice President for Research

October 2008