

ACTION REQUEST

Subject: Subcontract Agreement between the University of Michigan and Nico Technologies Corporation

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 Proposal Approval Form. This 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 and approved by this Committee and agreed to by the parties involved.

The proposed agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Dr. Nicholas Kotov is both an employee of the University of Michigan and a partial owner and a Board of Director of Nico Technologies Corporation. 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. Nicholas Kotov is an Associate Professor of Chemical Engineering, Biomedical Engineering, and Materials Science and Engineering in the College of Engineering and a partial owner and a Board of Director of a for-profit company called Nico Technologies Corporation ("Company"). The Company desires to fund a project in the College of Engineering / Chemical Engineering.

Nature of the Agreement:

The Company has received an award from the Office of Naval Research under the Small Business Technology Transfer (STTR) Program for the purpose of developing new ultra-strong, lightweight plastic materials. The Company wishes to enter into a subcontract with the University to enable Dr. Kotov to assist in the performance of this funded research.

Agreement Terms:

The terms of the Agreement conform to University policy. The period of performance for the project is nine (9) months and the amount of funding support is \$37,740. 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. Kotov and a graduate student research assistant to use his expertise and his University of Michigan laboratory, as well as other University resources to create plastic materials incorporating carbon nanotubes into ultrastrong lightweight composites that can be used in bulletproofing, aircraft and other such applications.

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 Nico Technologies Corporation.

Respectfully submitted,



Stephen R. Forrest  
Vice President for Research

February 2009