

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Subcontract Agreement between the University of Michigan and Phase Four, Inc.

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 then 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 Dr. JP Sheehan is an employee of the University of Michigan ("University"), and a partial owner of Phase Four, Inc. 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. JP Sheehan, an Assistant Research Scientist and Intermittent Lecturer in the Department of Aerospace Engineering, is a partial owner of a for-profit company called Phase Four, Inc. (the "Company"). The Company wishes to fund a DARPA (prime) project entitled "High Thrust-to-Power Electric Propulsion System For Dynamic Orbits" (ORSP# 15-PAF05299) in the Department of Aerospace Engineering under the direction of Dr. JP Sheehan. The purpose of this project is to develop and test an electric propulsion device for nano- and microsatellites.

Agreement Terms:

The terms of the Agreement conform to University policy. The period of performance for the project is approximately one (1) year. The amount of funding support will not exceed \$400,000. Since research projects are often amended, this agreement includes provisions for changes in time 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. Sheehan to use his expertise and University laboratory, as well as other University resources, to create a device to provide nano- or microsatellites with a significant orbit change.

Recommendations:

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 the University's entering into this Agreement with Phase Four, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'S. Jack Hu', written in a cursive style.

S. Jack Hu
Vice President for Research

February 2016.