

ACTION REQUEST

Subject: Subcontract Agreement between the University of Michigan and HIPERNAP 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 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 the Committee and agreed to by the parties involved.

This proposed agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professors Shorya Awtar is an employee of the University of Michigan ("University"), and a partial owner of HIPERNAP 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. Awtar, an Associate Professor in the Department of Mechanical Engineering is a partial owner of a for-profit company called HIPERNAP LLC (the "Company"). The Company wishes to fund a NSF (prime) SBIR Phase II project entitled "Next Generation Nanopositioning Systems for High Throughput Industrial Meteorology and Inspection" (ORSP# 14-PAF04420) in the Department of Mechanical Engineering under the direction of Dr. Awtar. The purpose of this project is to develop a novel ultra-high precision motion system to meet increasingly demanding integrated circuit quality and throughput requirements needed in semiconductor device manufacturing. Using novel, patented, and proprietary bearing architectures, electromagnetic actuator technology, thermal management, and control schemes, the Company's goal for the motion system is to enable an unprecedented combination of travel range, speed, precision, and payload substantially increasing defect inspection and review speed.

Agreement Terms:

The terms of the Agreement conform to University policy. The period of performance for the project is approximately twenty-four (24) months. The amount of funding support will not exceed \$191,957. Since research projects are often amended, these agreements include provisions for changes in time, amount, and scope of each supported project. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

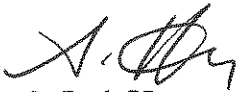
Impact of the Agreement

The Agreement will support an effort by Dr. Awtar to use his expertise in the area of precision engineering and nanomanufacturing and University laboratory, as well as other University resources to support and advance the goals of the project.

Recommendations:

This matter has been reviewed and approved by the OVPR 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 HIPERNAP LLC.

Respectfully submitted,



S. Jack Hu  
Interim Vice President for Research

March 2014