Subcontract Agreement between the University of Michigan and Mayaterials Co.

Authorization to enter into Agreement

A statutory conflict of interest situation was identified by DRDA while reviewing the Proposal Approval Form that 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 developed by the committee and agreed to by the parties involved in this plan.

This proposed agreement (Agreement) falls under the State of Michigan Conflict of Interest Statute because Dr. Richard Laine is both an employee of the University and a founder and owner of Mayaterials Co. (“Company”) a for-profit company. 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.

Dr. Richard Laine, Professor of Materials Science and Engineering and Macromolecular Science and Engineering in the College of Engineering, is the founder and owner of a small business called Mayaterials Co. (hereafter, Company), a Michigan corporation. The Company wishes to enter into a subcontract agreement with the University to fund a project in the College of Engineering under the direction of Dr. John Halloran, Professor of Materials Science and Engineering in the College of Engineering. Dr. Laine will not participate in the project in his capacity as a University employee.

The Company develops coating systems and processing methods for the outer skins of aluminum alloys licensed from the University. The Company wishes to subcontract a portion of its Phase II SBIR to the University to assist with the development of new corrosion inhibition coating systems, particularly for military and commercial aircraft frames. The University’s effort will be under the direction of Dr. Halloran.

The terms of the Agreement conform to University policy. The period of performance for the project is twenty-four (24) months and the amount of funding support is $600,000.00. The Agreement allows amendment by mutual
agreement of the parties. University procedures for approval of these changes will be followed and additional review by the Conflict of Interest Review Committee will be done as appropriate.

Impact of the Agreement:

The Agreement will support an effort by Dr. Halloran and the graduate students working in the lab to gain valuable insight into the development of a new corrosion inhibition coating system which is in compliance with EPA regulations created to avoid health and environmental hazards that currently exist.

Recommendation:

This project has been reviewed and approved by the OVPR Conflict of Interest Review Committee and by 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 Mayaterials Co.

Respectfully submitted,

Fawwaz T. Ulaby
Vice President for Research

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