

THE UNIVERSITY OF MICHIGAN

Approved by the Regents

REGENTS COMMUNICATION

April 15, 2010

ACTION REQUEST

Subject: Subcontract Agreement between the University of Michigan and Arbor Photonics, Inc.

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by 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 conflicts of interest was developed and approved by the OVPR Conflict of Interest Review Committee and agreed to by the parties involved.

This proposed subcontract agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Almantas Galvanauskas is both an employee of the University of Michigan ("University") and part owner and member of the Board of Directors of Arbor Photonics, Inc. 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. Almantas Galvanauskas, Professor of Electrical Engineering and Computer Science, College of Engineering, is a co-owner with stock and stock options, and member of the Board of Directors of Arbor Photonics, Inc. ("Company"). Dr. Galvanauskas, as the Principal Investigator at the University, will be responsible for the overall financial and scientific oversight of the portion of the work to be subcontracted to the University.

Nature of the Agreement:

This project, in collaboration with the Company, is to allow the Company personnel with unique skills to have access to and use existing experimental setups and equipment at the University, along with University personnel who will learn from this expertise, to systematically characterize optical properties of Chirally-Coupled-Core (CCC) fiber samples previously fabricated by and owned by the University. The goal is to address manufacturability issues related to the fibers and move them closer to commercialization. The University's conduct of

this particular work will be under the direction of Dr. Galvanauskas as Principal Investigator.

Agreement Terms:

Under the project, a total contract of \$ 7,081 is anticipated to cover a period of eight months. The terms of the proposed Agreement will conform to University policy. In the event of an amendment, 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 enable the University to move CCC fibers, in which it has a proprietary interest, closer to commercialization, while giving University personnel access to a greater understanding of the technologies related to those fibers.

Pecuniary Interest:

The pecuniary interest of Dr. Almantas Galvanauskas arises from being part owner and member of the Board of Directors of Arbor Photonics, Inc.

Recommendation:

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 conforms to standard University practices, I recommend that the Board of Regents approve of the University entering into this Agreement with Arbor Photonics, Inc.

Respectfully submitted,



Stephen R. Forrest  
Vice President for Research

April 2010