

ACTION REQUEST

Subject: Subcontract Agreement between the University of Michigan and Direxus Corporation

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 Professor Ilya Kolmanovsky is an employee of the University of Michigan (“University”), and a partial owner of Direxus Corporation. 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. Ilya Kolmanovsky, a Professor of Aerospace Engineering in the College of Engineering, is the partial owner of a for-profit company called Direxus Corporation (the “Company”). The Company wishes to fund a National Science Foundation (prime) STTR Phase I project entitled “Positioning Algorithm Based on Set Membership Estimation for Enhanced In-Door Wi-Fi Localization and Consumer Location Services” (ORSP# 14-PAF07071) in the Department of Aerospace Engineering under the direction of Dr. Kolmanovsky. The purpose of this project is to improve position estimates and fuse together different stationary and mobile sensor readings to enhance estimation accuracy of in-door sensors.

Agreement Terms:

The terms of the Agreement conform to University policy. The period of performance for the project is approximately twelve (12) months. The amount of funding support will not exceed \$75,000. Since research projects are often amended, this agreement includes provisions for changes in time, amount, and scope. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

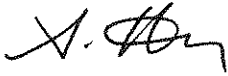
Impact of the Agreement

The Agreement will support an effort by Dr. Kolmanovsky to use his expertise and University laboratory, as well as other University resources, to develop an indoor localization technique based on a “Set Membership Estimation” algorithm.

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 Direxus Corporation.

Respectfully submitted,



S. Jack Hu  
Interim Vice President for Research

July 2014