ACTION REQUEST

Subject: Research Agreement between the University of Michigan and Vortex Hydro Energy, 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 any conflicts of interest was then developed by the Committee and agreed to by the parties involved.

The proposed agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Bernitsas is both an employee of the University of Michigan ("University") and is an owner of Vortex Hydro Energy, LLC (VHE). 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. Bernitsas, a Professor of Naval Architecture and Marine Engineering in the College of Engineering, is an owner of VHE (the "Company"). The Company wishes to fund a project in the College of Engineering under the direction of Dr. Zalek, a Professor in Naval Architecture and Marine Engineering in the College of Engineering. Dr. Zalek has no financial or management interest in VHE. The purpose of this project is to support VHE in testing the energy absorbing oscillatory cylinder system and associated power transfer system in the University of Michigan Marine Hydrodynamics Laboratories (UM MHL) towing tank. UM MHL personnel will provide technical and material support for the testing including equipment set-up, operating the towing tank carriage and provide underwater video data collection support.

Agreement Terms:

The terms of the Agreement will conform to University policy. The period of performance for the project is approximately 2 weeks. The amount of funding support will not exceed $19,120.00.

Impact of the Agreement

This Agreement will allow VHE to test experimental hydrodynamic testing of a transversely oscillating cylinder system. Dr. Zalek's lab contains the required equipment for evaluating and documenting the characteristics of the cylinder with respect to carriage forward speed.
Recommendation:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee. In light of the disclosure 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 VHE.

Respectfully submitted,

Stephen R. Forrest
Vice President for Research

September 2012