

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents
December 17, 2009

ACTION REQUEST

Subject: Proposed 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 the 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 agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Dr. 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. ("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 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 a member of the Board of Directors of Arbor Photonics, Inc., a for-profit corporation located in Ann Arbor. 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 subcontract to the University.

Nature of the Agreement:

The Company has submitted a proposal for a small Phase I contract under a proposal to the National Science Foundation under the SBIR program. The Company would like to subcontract a portion of the work under this contract to the University. The University's conduct of this particular work will be under the direction of Dr. Galvanauskas as Principle Investigator.

Agreement Terms:

The terms of the Agreement will conform to University policy. Under the project, a total subcontract of \$ 8,670.00 is anticipated to cover up to 320 hours of a doctoral student's effort over the period of three months of the prime contract between the NSF and the Company. In the event of an amendment, the Agreement will provide for changes in time, amount, and scope of the 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 enable the University to participate in important research efforts to develop robust single mode amplified lasers.

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 was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve the subcontract agreement between the University and Arbor Photonics, Inc.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

December 2009