

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

ACTION REQUEST

EXH	MOTION <i>Newman</i>
	SECOND <i>Maynard</i>
	ACTION APPROVED BY THE REGENTS
NOTE: SEP 15 2005	

Subject: Subcontract Agreement between the University of Michigan and Opteos, 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 which then triggered a review by the OVPF Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was then developed by the committee and agreed to by the parties involved in this agreement.

This proposed research agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Drs. John Whitaker and Kamal Sarabandi are both employees of the University of Michigan ("University") and owners of Opteos 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.

Background:

Dr. John Whitaker, Research Scientist and Adjunct Professor in the Department of Electrical Engineering and Computer Science ("EECS"), is 24% equity interest owner and Board of Director's member of a small business located in Ann Arbor called Opteos, Inc. ("Company"). In addition, Dr. Kamil Sarabandi, Professor in EECS, is co-founder and co-owner of EMAG Technologies, which owns 50% of Company. The Company desires to enter into a subcontract ("Agreement") to fund a Small Business Technology Transfer (STTR) Phase II of an AFOSR funded project for work to be conducted by Dr. Theodore Norris, Professor in EECS.

Nature of the Agreement:

The Company has applied for and received an award from the Air Force Office of Scientific Research under the STTR Program for the purpose of supporting research Phase II entitled "Interrogation of Microwave-Pulse Characteristics with a Continuous Wave Laser." The Company wishes to enter into an Agreement with the University to enable Dr. Norris to assist in the performance of this funded research. Dr. Whitaker will not participate in the project in his capacity as a University employee.

Agreement Terms:

The total subcontract to the University will be \$225,000 for the period September 1, 2005 through August 31, 2006. Since research agreements are often amended, the Agreement includes provisions for changes in time, amount, and scope. University procedures for approval of these changes will be followed and additional review by the Conflict of Interest Committee will be done as appropriate.

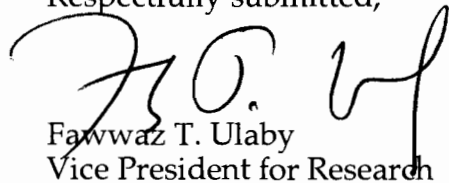
Impact of the Agreement:

The Agreement will support the effort by Dr. Norris to concentrate on the feasibility of developing a novel magneto-optic probe configuration for the purposes of performing near-field magnetic-field sensing in microwave and mixed analog/digital circuits with a continuous wave laser.

Recommendation:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee. 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 Opteos, Inc.

Respectfully submitted,


Fawwaz T. Ulaby
Vice President for Research

September 2005