

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Regental Action Required Under the State of Michigan Conflict of Interest Statute

Action

Requested: Authorization for the University of Michigan to enter into a License Agreement with Fourth State LLC. (University of Michigan Employees, Roxanne Walker, Graduate Student Research Assistant, Nuclear Engineering & Radiological Sciences and John Foster, Professor, Nuclear Engineering & Radiological Sciences, partial owners of Fourth State LLC)

Background:

The University of Michigan seeks approval to transact with Fourth State LLC for a license agreement for use of laboratory space located at Engineering Research Building 2. The space will be utilized by Fourth State LLC for purpose of running experiments in the License Area during the Term related to a United States Department of Agriculture Small Business Technology Transfer (“USDA STTR”) program to demonstrate a plasma water reactor scale-up architecture, which converts the existing batch-mode reactor into a continuous flow treatment process, with PFAS as the target contaminant.

The proposed lease agreement falls under the State of Michigan conflict of interest statute as Roxanne Walker and John Foster are University of Michigan employees and would be a party to the license agreement by virtue of their being partial owners of Fourth State LLC. However, the statute allows university employees to participate in such license agreements, if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the license agreement to the official body that has power to approve the license agreement, which disclosure shall be a matter of record in its official proceedings.
- b) The license agreement is approved by a vote of not less than two-thirds of the full membership of the approving body in open session without the vote of the public servant making the disclosure.
- c) The official body discloses the following summary information in its official minutes:
 - i) The name of each party involved in the license agreement.
 - ii) The terms of the license agreement, including duration, financial consideration between the parties, facilities or services of the public entity included in the license agreement, and the nature and degree of assignment of employees of the public entity for fulfillment of the license agreement.
 - iii) The nature of any pecuniary interest.

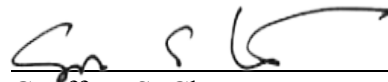
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the license agreement are the Regents of the University of Michigan and Fourth State LLC.
- ii) The service to be provided is the licensed use of approximately 308 square feet of laboratory space in Engineering Research Building 2, for up to ten (10) hours per week, two (2) weeks per month, during a term beginning November 1, 2023 through February 29, 2024, for a flat fee of \$4,500.00. Fourth State LLC will be responsible for handling and removal of its laboratory waste.
- iii) The pecuniary interest arises from the fact that Roxanne Walker and John Foster, University of Michigan employees, are partial owners of Fourth State LLC Energy, Inc.

Roxanne Walker and John Foster have met state law requirements with the disclosure of their pecuniary interest and their formal appointment arrangements with the University of Michigan.

We recommend that the Board of Regents approve the license agreement between the University of Michigan and Fourth State LLC, subject to the requirements, if any, of a conflict management plan required by the respective employees' supervisor, and any requirements imposed by the conflict of interest committee of Michigan Engineering.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

October 2023