

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

December 18, 2008

ACTION REQUEST

Subject: Subcontract Agreement between the University of Michigan and Michigan Engineering Services, LLC

Action Requested: Authorization to enter into the Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the proposed research agreement that 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 then developed and approved 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 Dr. Nickolas Vlahopoulos is both an employee of the University of Michigan and an owner of Michigan Engineering Services, LLC. 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. Nickolas Vlahopoulos, is a Professor of Naval Architecture and Marine Engineering in the College of Engineering and an owner and officer of a small business called Michigan Engineering Services, LLC ("Company"). The Company desires to fund a project in the College of Engineering.

Nature of the Agreement:

The Company has applied for and received an award from the Department of the Navy under the Small Business Technology Transfer (STTR) Program for Phase 2 of the Project entitled "N06-T016 Advanced System of Systems Design Capabilities." The Company wishes to enter into a subcontract with the University to enable Dr. David Singer, Associate Professor in the Department of Naval Architecture and Marine Engineering to assist in the performance of the project. Dr. Vlahopoulos will play no role in the University's performance of this project.

Agreement Terms:

The terms of the Agreement conform to University policy. The period of performance for the Project is six (6) months and the amount of funding support is \$150,000. The Agreement may be amended to fund Options 1 and 2 of the Proposal resulting in potential additional funding in the amount of \$750,000 for a potential total award of \$900,000. 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 for Project will enable continuation of an effort by Dr. Singer to utilize his expertise to assist in the development of a computational tool to assist naval engineers in making timely and cost efficient decisions when designing a shipping system of multiple assets which must interact and operate jointly. An Agreement to support Dr. Singer's efforts for Phase 1 of the project was reviewed by the Office of the Vice President for Research Conflict of Interest Review Committee and approved by the Regents in October 2006.

Recommendation:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee and by the Office of the Associate Dean for Research at the College of Engineering. 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 Michigan Engineering Services, LLC.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

December 2008