

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents  
December 17, 2009

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Fusion Coolant Systems Incorporated

Action Requested: Approval of Option Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement. This then triggered a review by the OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was developed and approved by this Committee and agreed to by the parties involved.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Steven Skerlos is an employee of the University of Michigan ("University") and an owner of Fusion Coolant Systems Incorporated ("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. Steven Skerlos, an Associate Professor in Mechanical Engineering, College of Engineering, is an owner of a for-profit company called Fusion Coolant Systems Incorporated. The Company was formed to commercialize methods and systems for cooling manufacturing casting and tooling systems, and desires to option the following technology from the University:

UM File No. 3024, entitled: "Metal Working Lubricant Formulations Based on Supercritical Carbon Dioxide" (Skerlos, Andres Clarens, Kim Hayes)

Parties to the Agreement:

The Regents of the University of Michigan and Fusion Coolant Systems Incorporated.

Option Terms:

Terms include giving the Company an exclusive option to the technology. The Company will pay patent costs during the term of the option. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional review by the Conflict of Interest Review Committee will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Skerlos arise from his ownership interest in Fusion Coolant Systems Incorporated. For this specific file, Dr. Skerlos is an inventor and will be considered for any share of revenue received by the University.

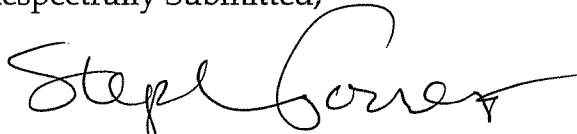
Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents related to UM OTT File Number 3024 for all fields of use. The Company will obtain evaluation rights to the above listed University technologies.

Recommendations:

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 Option Agreement between the University and Fusion Coolant Systems Incorporated.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

December 2009