

INTERNAL AGREEMENT

THIS AGREEMENT entered into this 28th day of June, 1996, by and between the UNIVERSITY OF HAWAII, hereinafter called the "UNIVERSITY", and THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII, hereinafter called the "CORPORATION".

RECITALS

A. The CORPORATION was established by Act 209, Session Laws of Hawaii 1965 (codified in Chapter 307, Hawaii Revised Statutes) to provide the UNIVERSITY and other state agencies with an expeditious managerial environment, which is necessary to function in the highly competitive research environment and the quest for research funding support from the federal government and private industry, by granting to the CORPORATION administrative flexibility in the conduct of research projects.

B. The objects for which the CORPORATION is organized, as stated in Section 307-1, Hawaii Revised Statutes, are "to promote all educational, scientific and literary pursuits by encouraging, initiating, aiding, developing, and conducting scientific investigations and research in the physical, biological and social sciences, and humanities, and all other branches of learning by encouraging and aiding in the education and training of persons for the conduct of such investigations, research and study, by the furnishing of means, methods, and agencies by which such investigations, research and study may be conducted, by assisting in the dissemination of knowledge by establishing, aiding and maintaining professorships, or other staff positions, fellowships, scholarships, publications, lectures, by other means to make the benefits of investigations, research, and study available to the public; and by any and all other acts reasonably designed to promote the above purposes in the interest of promoting the general welfare of the people of the State". In order to carry out these statutory purposes and objectives, the CORPORATION was granted statutory authority which provides it with administrative flexibility in hiring its personnel, in procuring goods and services, and in handling and disbursing moneys by being excepted from the following state laws:

- (a) Sections 36-27 and 36-30, Hawaii Revised Statutes, relating to special fund reimbursements to the state general fund;
- (b) Chapter 103D and section 103-42, Hawaii Revised Statutes, relating to advertising for bids and purchases to be made in Hawaii whenever public moneys are expended;
- (c) Chapter 76, Hawaii Revised Statutes, relating to civil service;
- (d) Chapter 77, Hawaii Revised Statutes, relating to compensation; and
- (e) Section 78-1, Hawaii Revised Statutes, relating to public employment.

The CORPORATION was also granted broad authority pursuant to Section 307-3, Hawaii Revised Statutes, to coordinate the CORPORATION's activities with the work of state agencies for the purpose of relating research work to the economic development of the State of Hawaii, to promote and stimulate cooperative research activities, and to do any and all acts reasonably necessary to carry out the objects and purposes of the CORPORATION and the UNIVERSITY.

C. The CORPORATION is a public instrumentality and body corporate, under the control and general management of a Board of Directors that consists of five members appointed by the Governor of the State of Hawaii and five members of the UNIVERSITY's Board of Regents selected by the Board of Regents.

D. The CORPORATION is a part of the UNIVERSITY for administrative purposes as provided for in Section 26-35, Hawaii Revised Statutes, and the administrative supervision of the CORPORATION by the UNIVERSITY shall be in the manner expressly set forth in Section 26-35, Hawaii Revised Statutes.

E. The CORPORATION has been conducting such of its affairs as are of mutual concern to the UNIVERSITY and the CORPORATION in a manner consistent with the applicable provisions in Section 26-35, Hawaii Revised Statutes, as well as UNIVERSITY policies that have been communicated by the UNIVERSITY to the CORPORATION from time to time.

F. To fulfill the CORPORATION's statutory mandate, the UNIVERSITY and CORPORATION have been utilizing the CORPORATION's administrative flexibility to perform the UNIVERSITY's externally-sponsored investigation, research, and training contracts and grants pursuant to the terms of the following agreements: (1) Internal Agreement dated June 12, 1973, as amended by Amendment No. 1 dated October 4, 1974, Amendment No. 2 dated November 15, 1979, Amendment No. 3 dated July 1, 1980, Amendment No. 4 dated July 1, 1981, and (2) [Master] Agreement dated January 18, 1978. The UNIVERSITY and the CORPORATION desire to continue to utilize the CORPORATION's administrative flexibility to perform the UNIVERSITY's externally-sponsored investigation, research, and training contracts and grants, that may be appropriately assigned to the CORPORATION by the UNIVERSITY and which are to be administered in accordance with UNIVERSITY policies and procedures. This Agreement shall replace the aforesaid Internal Agreement, as amended, as well as the aforesaid [Master] Agreement.

G. The UNIVERSITY has requested, and the CORPORATION desires to provide the UNIVERSITY, the utilization of the CORPORATION's administrative flexibility to procure goods and services for the externally-sponsored investigation, research, and training projects and grants, and the provision, by hire or other means, of technical and support personnel as may be required by the UNIVERSITY to fulfill the terms and conditions of such research and training awards.

AGREEMENT

The Parties agree as follows to a mutually acceptable set of relationships, responsibilities, and procedures.

ARTICLE I Definitions

- 1.1 "Agreement" shall mean this Internal Agreement and as made effective on the date provided herein.
- 1.2 "Board of Directors" shall mean the Board of Directors of The Research Corporation of the University of Hawaii, State of Hawaii.
- 1.3 "Board of Regents" shall mean the Board of Regents of the University of Hawaii, State of Hawaii.
- 1.4 "Contract or grant" shall mean any contract, grant, cooperative agreement, or other agreement between the UNIVERSITY and an extramural sponsoring agency relating to an investigation, research, education, or training project..
- 1.5 "Core administrative position" shall mean a personnel position filled by an employee who is under the direction, supervision, and control of the Executive Director of the CORPORATION.
- 1.6 "CORPORATION" shall mean The Research Corporation of the University of Hawaii, State of Hawaii.
- 1.7 "Corporation President" shall mean the President of the University of Hawaii when acting as the President of the CORPORATION pursuant to the mandate of Section 307-5, Hawaii Revised Statutes, and the CORPORATION's Bylaws, as adopted by the CORPORATION's Board of Directors.
- 1.8 "Extramurally-sponsored research or training award" shall mean financial assistance provided by an extramural sponsoring agency in the form of a grant, contract, lease, cooperative agreement, or other agreement that supports, stimulates, promotes, or accomplishes a cooperative research project or activity, or the research or training purposes stated in an award document.
- 1.9 "Extramural sponsoring agency" shall mean an agency or organization that is not under the jurisdiction

of the UNIVERSITY and shall include, but not be limited to, agencies of the Federal Government, State Governments, local governments, foreign nations, and private agencies, both for profit and not for profit.

1.10 "Fiscal Year" or "FY" shall mean the period from July 1st through June 30th of each year.

1.11 "FMIS" shall mean the Financial Management Information System, which is the financial accounting and reporting system of the UNIVERSITY.

1.12 "Indirect cost rate" shall mean that rate which is negotiated by the UNIVERSITY with the appropriate federal administrative contracting officer, and used to allocate the CORPORATION's indirect costs to each sponsored project or activity, specialized revolving accounts/funds, and specialized service facilities.

1.13 "Indirect costs" shall mean those costs that are incurred for common or joint objectives, and cannot be identified readily and specifically with a particular sponsored project or instructional activity or any other institutional activity.

1.14 "Modified Total Direct Costs" or "MTDC" shall mean those direct costs incurred by the CORPORATION and consisting of salaries and wages, fringe benefits, materials and supplies, services, travel, subgrants and subcontracts up to \$25,000 each but excluding equipment costs as defined in OMB Circular A-21, as amended, trainees' tuition, stipends and allowances, and charges from specialized service facilities.

1.15 "Practice" shall mean any written or customary policy or procedure previously adopted by the CORPORATION or UNIVERSITY.

1.16 "Principal Investigator" shall mean the UNIVERSITY employee who is officially designated by the UNIVERSITY to be the project manager for a particular sponsored project or activity, including any research or training project, and delegated the primary discretionary responsibility for the day-to-day and overall operational management of the project or activity, including the fulfillment of the scope and work plan of the research or training award.

1.17 "Project position" shall mean a personnel position of an employee employed by the CORPORATION and under the direction, supervision, and control of the designated Principal Investigator pursuant to a contract that will also pay or fund the employee's wages or salary.

1.18 "Recharge center" shall mean a UNIVERSITY facility providing institutional services on an ongoing basis primarily to projects or activities that are supported by an extramurally-sponsored research or training award.

1.19 "Revolving fund accounts" shall mean the revolving accounts that are established by the CORPORATION for the purpose of supporting a UNIVERSITY's specialized service activity, recharge center, or other sales or service activity that are of a self-sustaining and income-generating nature and which are maintained within the CORPORATION's special fund in accordance with the authorization of Section 307-9, Hawaii Revised Statutes.

1.20 "Service fee" shall mean the fee paid by the UNIVERSITY to reimburse the CORPORATION for administrative costs and expenses incurred by the CORPORATION in providing specialized administrative services to the UNIVERSITY.

1.21 "Specialized Service Facility" or "SSF" shall mean a UNIVERSITY facility providing institutional services on an ongoing basis to projects or activities that are primarily supported by an extramurally-sponsored research or training award and the project or activity involves the use of highly complex or specialized facilities with revenues exceeding \$250,000 per year.

1.22 "Sponsor" shall mean a private, federal, or non-federal agency or organization that provides financial

assistance in the form of a grant, contract, award or other agreement to support or stimulate a research or training activity.

1.23 "Subcontract" shall mean an award made by the CORPORATION to a vendor for the performance of a substantial portion of the scope of work for a project or activity.

1.24 "Subgrant" shall mean an award made by the CORPORATION to a subrecipient, usually another institution, for the performance of a substantial portion of the scope of work for a project or activity.

1.25 "UNIVERSITY" shall mean the University of Hawaii, State of Hawaii.

1.26 "University President" shall mean the President of the University of Hawaii when acting as the President of the University of Hawaii and as the executive officer of the Board of Regents.

1.27 "Work" shall mean the effort or activity directed toward the production or accomplishment of the research or training project goal.

1.28 "Working capital" shall mean the funds that are available for the CORPORATION to cover estimated disbursements of funds to be made by the CORPORATION on behalf of the UNIVERSITY for a given period.

ARTICLE II

Appropriate Undertakings and Services to be Provided by the CORPORATION to the UNIVERSITY

2.1. As directed by the UNIVERSITY, the CORPORATION shall provide certain specialized administrative services for UNIVERSITY research or training projects. These administrative services shall include, but not be limited to, the procurement of goods and services and the provision, by hire or otherwise, of technical and support personnel such as, but not limited to, consultants, instrument makers, technicians, drafters, or research aides.

2.2. If requested by the UNIVERSITY, the CORPORATION shall also provide research services, new ventures services, and scientific or economic development services, which are designed to achieve the statutory purposes for which the CORPORATION was established.

2.3. All UNIVERSITY requests for administrative services, as noted in sections 2.1 and 2.2 above, shall be made pursuant to law and as further provided by University Administrative Procedure (APM) A8.930, as amended, which specifies the criteria and administrative procedure through which services of the CORPORATION can be requested by the UNIVERSITY. Notwithstanding any provision to the contrary, the CORPORATION reserves the right to deny any request for services if acceptance of such request would be contrary to the purposes or objectives of the CORPORATION under Chapter 307, Hawaii Revised Statutes.

2.4 The UNIVERSITY shall not request services of the CORPORATION for UNIVERSITY activities or programs that are not within the statutory purposes of the CORPORATION, and which would allow the UNIVERSITY to evade competitive bidding and other statutory requirements for UNIVERSITY programs or activities that were not intended to be exempted under Chapter 307, Hawaii Revised Statutes, and as provided in the Recitals previously stated herein.

ARTICLE III

Processing of Proposals

3.1 Research or training proposals prepared by UNIVERSITY staff members shall be reviewed, approved,

and forwarded to a Sponsor in accordance with the UNIVERSITY's established practices, policies and procedures.

3.2 Copies of proposals of possible interest to the CORPORATION may, in the discretion of the University President or designee, be forwarded to the CORPORATION.

3.3 Any communication with a potential Sponsor shall follow existing UNIVERSITY practice or procedure. If desired, the UNIVERSITY may request the advice or assistance of the CORPORATION.

ARTICLE IV Responsibilities of the University

4.1 The UNIVERSITY shall be solely and directly responsible for fulfilling the terms and conditions of the extramurally-sponsored research or training awards and for assuring compliance with all sponsor requirements, including, but not limited to compliance with applicable laws and regulations. The CORPORATION's sole responsibility shall be limited to furnishing the administrative services set forth in Article V of this Agreement.

4.2 The UNIVERSITY shall make the necessary funds available to the CORPORATION, as provided in Article VI of this Agreement.

4.3 The UNIVERSITY, through the officially-designated Principal Investigator, shall be solely responsible for the supervision of the research or training projects and the projects' work and that the work being performed is directly related to the extramurally-sponsored research or training.

4.4 The UNIVERSITY shall designate from time to time, in a written communication to the CORPORATION by the University President or designee, the persons or offices authorized to bind and obligate the UNIVERSITY, as required in Article V of this Agreement.

ARTICLE V Responsibilities of the CORPORATION

5.1 All commitments and disbursements of project funds, subcontracts, or subgrants made by the CORPORATION on behalf of the UNIVERSITY shall be authorized by the UNIVERSITY's officially authorized representative and as designated pursuant to paragraph 4.4.

5.2 The UNIVERSITY's FMIS shall be the book of original entry, and the CORPORATION shall record in the UNIVERSITY's FMIS all commitments and disbursements of project funds made by the CORPORATION on behalf of the UNIVERSITY.

5.3 The CORPORATION shall not make any disbursement of project funds without the prior written approval of an authorized representative of the UNIVERSITY. If the CORPORATION determines, in good faith and in its reasoned judgment, that the UNIVERSITY representative's authorization does not properly fall within the scope, policy, or terms and conditions of the applicable extramurally-sponsored research or training award, the CORPORATION shall notify either the UNIVERSITY's Senior Vice President for Research or Director of Research Services for appropriate action.

5.4 If the extramurally-sponsored research or training award requires the prior approval of the Sponsor before any specific expenditure may be made, the CORPORATION shall, if requested by the UNIVERSITY, assist the UNIVERSITY in preparing the appropriate request to the Sponsor.

5.5 The CORPORATION shall provide to the UNIVERSITY fiscal and administrative services that are

related to the procurement of goods and services and the hiring of personnel required by the UNIVERSITY's research or training projects, including any financial information on expenditures made by the CORPORATION on behalf of the UNIVERSITY that may be used by the UNIVERSITY for reporting to and billing of Sponsors. The CORPORATION shall not provide project auditing services.

5.6 If an expenditure was made by the CORPORATION on behalf of the UNIVERSITY for a project or activity and was not authorized by the UNIVERSITY through an authorized UNIVERSITY representative, and such expenditure was subsequently determined by the Sponsor to be improper, the CORPORATION shall pay to the UNIVERSITY the amount of any loss in reimbursement of funds resulting directly therefrom.

5.7 If an expenditure was made by the CORPORATION on behalf of the UNIVERSITY for a project or activity and was authorized by the UNIVERSITY through an authorized UNIVERSITY representative, and such expenditure was subsequently determined by the Sponsor to be improper, the UNIVERSITY shall reimburse the CORPORATION regardless of whether the UNIVERSITY is in turn reimbursed.

ARTICLE VI
UNIVERSITY's Payment for the CORPORATION's Administrative Services
on Behalf of the UNIVERSITY

6.1 The UNIVERSITY agrees to reimburse the CORPORATION for the administrative expenses incurred by the CORPORATION in providing specialized administrative services to projects of the UNIVERSITY in accordance with Schedule A, Schedule B, and Schedule C provided below.

6.2. Schedule A: The following Schedule A shall apply to all extramurally-sponsored research and training awards:

- a. 5% of the first \$20,000,000 of MTDC;
- b. 4% of the MTDC between \$20,000,001 and \$50,000,000;
- c. 3% of the MTDC between \$50,000,001 and \$100,000,000; and
- d. 2% of any MTDC above \$100,000,000.

For the FY 1996-97, and until the CORPORATION is operational on FMIS, the Schedule above shall be based on expenditures for projects service ordered to the CORPORATION, and further, that for FY 1996-97, and FY 1997-98, reimbursements under this Schedule shall not exceed 90% of the management fee paid by the UNIVERSITY to the CORPORATION for FY 1995-96.

This Schedule shall be renegotiated on the first to occur of: (A) when the CORPORATION shall have accumulated a reserve that is equivalent to either: 1) the previous year's budget, or 2) \$2.6 million, or (B) July 1, 1999.

6.3 Schedule B: The following shall apply to (a) all UNIVERSITY revolving fund accounts serviced by the CORPORATION, including SSFs, recharge centers, and other sales or service activity, and (b) all internally-funded projects, including those funded from general, special, or trust funds.

- a. The CORPORATION shall recover its administrative expenses by charging each individual project or activity its indirect costs based on negotiated indirect cost rates that have been received from the appropriate federal administrative contracting officer, if applicable.

- b. For all other projects, the equivalent of the above rates, subject to further adjustment or modification by prior mutual agreement in writing by the parties.

Any provision contained in this Agreement to the contrary notwithstanding, any modified total direct costs for accounts covered in Schedule B shall be excluded from Schedule A accounts.

6.4 Schedule C: If the UNIVERSITY requests the services of the CORPORATION other than those services provided in Schedules A and B above, the UNIVERSITY shall reimburse the CORPORATION for all direct expenses incurred in providing such services.

6.5 If the CORPORATION executes a direct agreement with a non-UNIVERSITY entity, the CORPORATION may enter into an agreement with the UNIVERSITY for use of UNIVERSITY facilities with the UNIVERSITY's personnel in the performance of those direct agreements. In those cases, the CORPORATION shall reimburse the indirect costs of the UNIVERSITY at the highest federally-approved rate that is applicable, subject to adjustment by mutual agreement. The CORPORATION shall obtain the UNIVERSITY's prior approval when entering into a direct agreement that would obligate the CORPORATION to supply services that will be supplied in turn by the UNIVERSITY.

6.6 The reimbursements for administrative expenses incurred by the CORPORATION in providing services to the UNIVERSITY, as specified in Sections 6.2 and 6.4 above, shall be made on a quarterly basis in advance on an estimated basis.

6.7 Within one hundred twenty (120) days following the close of each fiscal year, for Schedule A purposes the CORPORATION shall submit to the UNIVERSITY an annual accounting report in a format that is mutually agreed upon, which report shall include the following: (a) the actual costs of the UNIVERSITY's projects as specified in section 6.2 of this Agreement on a total direct cost and modified total direct costs bases, (b) the actual administrative costs of the CORPORATION, and (c) a computation of any required adjustment of the estimated advances for the fiscal year. This annual accounting report (which is independent of the A-133 audit report) shall be certified by an independent certified public accountant.

ARTICLE VII

Working Capital; Reimbursement

The University shall provide a non-interest bearing working capital advance to the CORPORATION in an amount determined by mutual agreement of the CORPORATION and the UNIVERSITY that shall be used by the CORPORATION as working capital for UNIVERSITY projects or activities. Reimbursements for payments made by the CORPORATION on behalf of the UNIVERSITY shall be made on a weekly basis, based upon the actual expenditures of the preceding one-week period; provided, however, that until such data is available, the reimbursements shall be made on a mutually-agreed basis.

ARTICLE VIII

Personnel

8.1 The UNIVERSITY may request the CORPORATION to hire or provide the services of technical and support personnel for UNIVERSITY research and training projects.

8.2 Any technical and support personnel requested by the UNIVERSITY and hired by the CORPORATION pursuant to paragraph 8.1 shall be employees of the CORPORATION and their terms and conditions of employment shall be governed by the practice, policies or procedures of the CORPORATION.

8.3 The CORPORATION shall keep account of all personnel costs and shall maintain records of such expenditures for the UNIVERSITY. The UNIVERSITY shall reimburse the CORPORATION for all such expenditures together with the reimbursement required under Article VII of this Agreement.

ARTICLE IX
Equipment Purchases and Inventory

9.1 If the UNIVERSITY determines that a specific equipment is required to support a research or training project or activity of the UNIVERSITY, and upon the request of the duly authorized UNIVERSITY representative, the CORPORATION may procure the requested items of equipment utilizing its best efforts to obtain the equipment on the terms desired by the UNIVERSITY.

9.2 Upon acquisition and receipt of the equipment, the control and custody of such equipment shall vest immediately with the UNIVERSITY. To assist the UNIVERSITY in adequately accounting for such equipment, the CORPORATION shall make its records available to the UNIVERSITY.

9.3 The UNIVERSITY may request the CORPORATION procure and take title to specific equipment to be leased to the UNIVERSITY. The terms and conditions of any such lease shall be negotiated on a case-by-case basis.

ARTICLE X
Revolving Fund Accounts

10.1 The UNIVERSITY may request, and the CORPORATION shall establish, separate revolving fund accounts for specialized service facilities, recharge centers, and other research and training projects that have a sales and service component; provided, however, that the revolving fund account must support the research and training activities of the UNIVERSITY and are within the scope of the statutory purposes for which the CORPORATION was established by the Legislature.

10.2 The UNIVERSITY shall maintain fiscal control and authority over the revolving fund accounts and shall be responsible for all financial obligations of the account, except for the expenditures that are not authorized by the UNIVERSITY through the individuals designated under section 4.4 of this Agreement. If requested, the CORPORATION within available resources, shall provide assistance to the UNIVERSITY in carrying out its responsibilities.

10.3 The CORPORATION shall maintain financial records for each revolving fund account in FMIS and shall provide a report on each account to the UNIVERSITY's designated representative who is responsible for the account.

10.4 To allow the CORPORATION to recover its administrative costs, the CORPORATION may assess each revolving fund account a fee pursuant to Section 6.3 of this Agreement.

Article XI
Intellectual Property

11.1 The UNIVERSITY may request and the CORPORATION may accept responsibility for the exploitation and maintenance of intellectual property rights.

11.2 If the CORPORATION accepts the UNIVERSITY's request, then the CORPORATION shall vigorously prosecute the exploitation of the intellectual property and shall remit any license fee received for such intellectual

property to the UNIVERSITY on a quarterly basis; provided, however, that the CORPORATION may retain a negotiated fixed fee or percentage fee to reimburse the CORPORATION for the expense of administering such intellectual property.

11.3 Subject to the requirements of Section 307-8, Hawaii Revised Statutes, no summary, report, map, chart, graph, table, or other document or discovery, invention or development produced in whole or in part under this Agreement shall be the subject of an application for copyright or patent by or on behalf of the CORPORATION, its officers, its agents, its employees, or its subcontractors without the prior written authorization from the UNIVERSITY.

ARTICLE XII
Other UNIVERSITY Projects

12.1 The UNIVERSITY may assign the administration of other research or training projects that may be intramurally funded to the CORPORATION; provided, however, that the administration of those projects is within the statutory purposes for which the CORPORATION was established. These projects may include such activities as the animal colony or other centralized research and training support activities. The CORPORATION may recover its costs through overhead charges pursuant to Section 6.3.

ARTICLE XIII
Non-UNIVERSITY Projects

13.1 The UNIVERSITY acknowledges that the CORPORATION may provide services to organizations that are not part of the UNIVERSITY. If the CORPORATION provides services to non-UNIVERSITY projects, the following requirements shall apply:

(a) The CORPORATION shall keep separate accounts for the non-UNIVERSITY projects and shall ensure that the UNIVERSITY is not charged for the costs of servicing such projects.

(b) The CORPORATION shall not enter into an agreement to provide administrative services to a non-UNIVERSITY organization that requires the utilization of UNIVERSITY personnel or facilities without the prior approval of the UNIVERSITY.

(c) When the CORPORATION is a prime contractor or grantee, the CORPORATION shall reimburse the UNIVERSITY for all the UNIVERSITY's costs in connection with the utilization by the CORPORATION of UNIVERSITY personnel or facilities. Such reimbursement shall include all the UNIVERSITY's direct costs as well as any indirect costs as set forth in Section 6.5.

ARTICLE XIV
Facilities

14.1 The UNIVERSITY shall provide administrative facilities to the CORPORATION at no cost; provided, however, that:

(a) The CORPORATION shall reimburse the UNIVERSITY for the costs of that portion of the facilities used for serving non-UNIVERSITY related activities;

(b) The CORPORATION shall accept the facilities "as is" and shall restore the facilities to its original condition upon vacating the facilities; and

(c) Any extraordinary costs, excluding normal common area maintenance costs, associated with the facilities shall be borne by the CORPORATION.

(d) The UNIVERSITY shall provide parking to the CORPORATION personnel in core administrative positions on the same basis as regular UNIVERSITY employees.

ARTICLE XV
Miscellaneous

15.1 CONFLICT OF INTERESTS. By statutory mandate, the University President also serves as the Corporation President and five members of the UNIVERSITY's Board of Regents serve as members of the CORPORATION's Board of Directors. If the dual loyalties and dual fiduciary duties create a conflict of interest in the administration of this Agreement, the conflict shall be resolved in the manner set forth in the CORPORATION's Bylaws, as adopted by the CORPORATION's Board of Directors.

15.2 INSPECTIONS.

(a) At all reasonable times, the CORPORATION shall permit an authorized representative of the UNIVERSITY to inspect, audit, and make copies of all books, records, summaries, reports, charts, graphs, tables, recommendations, and other documents and materials, as available, produced in whole or in part under this Agreement.

(b) At all reasonable times, the UNIVERSITY shall permit an authorized representative of the CORPORATION to inspect, audit, and make copies of all books, records, summaries, reports, charts, graphs, tables, recommendations, and other documents and materials, as available, produced in whole or in part under all projects covered by this Agreement.

15.3 DISPUTES. Any dispute concerning a matter or acts arising under this Agreement, which is not disposed of by mutual agreement by the parties within thirty (30) days, shall be decided by the Attorney General of the State of Hawaii or the Attorney General's designee, who shall reduce his/her decision to writing. Such decision shall be final and conclusive. Pending final decision on a matter in dispute, the CORPORATION and UNIVERSITY shall proceed diligently with the performance of their respective responsibilities under this Agreement in accordance with the requests of the other party.

15.4 ENTIRE AGREEMENT. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes any and all prior understandings and agreements, oral and written, relating hereto. Any modification of this Agreement must be in accord with the following paragraph on "Amendment".

15.5 AMENDMENT. This Agreement may be amended at any time only by written mutual agreement of the parties hereto.

15.6 TERMINATION OF THIS AGREEMENT. This Agreement shall be valid until terminated without cause by either party giving the other party written notice, specifying the effective date of the termination, at least 60 days prior to the effective date of the termination.

15.7 NOTICES. All notices and amendments to this Agreement shall be in writing and sent by mail, by hand delivery, or by facsimile telecopier with a copy to be mailed or hand delivered, and addressed as follows:

To UNIVERSITY at: University of Hawaii
Office of the President
Attention: Director, Office of Research Services
Telephone: 956-7800
Telecopier: 956-9081

To CORPORATION at: The Research Corporation of the University of Hawaii
2800 Woodlawn Drive, Suite 200
Honolulu, HI 96822
Attention: Executive Director
Telephone: 988-8311
Telecopier: 988-8319

Any such address, contact person, telephone number, or telecopier number may be changed from time to time by serving notice to the other party as above provided. Service of such notice shall be deemed complete on the day of actual delivery or at the expiration of the second day after the date of any mailing, whichever is earlier.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

UNIVERSITY OF HAWAII

By /s/ Joseph F. Blanco
Its Chairperson, Board of Regents

THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII

By /s/ Lee A. Ohigashi
Its Chairperson, Board of Directors

APPROVED IN FORM AND CONTENT:

By /s/ Kenneth P. Mortimer
President, University of Hawaii and Chancellor, University of Hawaii at Manoa
and President, The Research Corporation of the University of Hawaii