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AGREEMENT NO. _____

between

THE UNIVERSITY OF VIRGIN ISLANDS
and

THE UNIVERSITY OF PUERTO RICO AT MAYAGUEZ

THIS AGREEMENT is entered into by and between The University of the Virgin Islands (hereinafter referred to as the "Sponsor") , and The University of Puerto Rico at Mayaguez, a non-profit, educational institution having powers under the laws of the Commonwealth of Puerto Rico (hereinafter referred to as the "University").

WITNESSETH:

WHEREAS, the effort contemplated by this Agreement is of mutual interest and benefit to the University and to the Sponsor, will further instructional and/or research objectives of the University in a manner consistent with its status as a non-profit, tax-exempt, educational institution, and may derive benefits for both the Sponsor and the University through inventions, improvements, and/or discoveries;

NOW THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties here agree to the following:

1. Definitions.

- 1.1. "Project" shall mean the work funded under this Agreement as described in Exhibit A hereof.
- 1.2. "Intellectual Property" shall mean individually and collectively all inventions, improvements and/or discoveries, including deliverable software, if any, which are conceived and first reduced to practice in the performance of the Project.
- 1.3. "Sponsor Intellectual Property" shall mean Intellectual Property conceived and first reduced to practice solely by one or more employees of the Sponsor.
- 1.4. "University Intellectual Property" shall mean Intellectual Property conceived and first reduced to practice solely by one or more employees of the University.
- 1.5. "Jointly Owned Intellectual Property" shall mean Intellectual Property conceived and first reduced to practice jointly by one or more employees of the University and by one or more employees of the Sponsor.

2. Work. The University agrees to use reasonable efforts to perform the Project

3. Key Personnel. The following individuals are identified as key personnel for the performance of the Project:

P.I. name: Walter F. Silva

If for any reason the Principal Investigator or any other key personnel become unable to continue the Project, the University and Sponsor shall attempt to agree upon a successor. If the parties are unable to agree upon a successor, this Agreement shall be terminated in accordance with Article 11, Termination for Convenience.

4. Period of Performance. The period of performance of this Agreement will be **August 15, 2005 through February 28, 2006**.

5.1 The University agrees on the performance of the tasks established by the proposal for the Project titled "*Selection of Sediment Transport Functions for St. Thomas Island Guts*" which is incorporated herein as Exhibit A.

5. Reports

6.1 A final report setting forth the accomplishments and significant findings shall be submitted by February 28, 2006.

7. Costs and Payments

7.1 It is agreed to and understood by the parties that the University shall be reimbursed for all costs incurred in connection with the Project up to the amount of **\$21,972** established in the budget presented in Exhibit A.

7.2 The Sponsor shall not be liable for any payment in excess of the Project Cost unless this Agreement is modified in writing. Within sixty (60) days after the termination of this Agreement the University shall submit a final financial report setting forth costs incurred.

7.3 All checks shall be made payable to University of Puerto Rico and sent to the address specified in Article 18, Notices.

7.4 The University of Puerto Rico Research and Development Center will submit a detailed expenditure of funds report and the corresponding invoice to the Sponsor every three months after the beginning of the project. A progress report will be submitted by the University every three months.

8. Equipment

Title to any equipment purchased or manufactured in the performance of the Project shall vest in the University.

9. Publications

9.1 The Sponsor recognizes that under University policy, the University shall have the right, at its discretion, to release information or to publish any material resulting from the Project. The University shall furnish the Sponsor with a copy of any proposed publication fifteen (15) days in advance of the proposed publication date.

9.2 The Sponsor will be given full credit and acknowledgment for the support provided to the University in any publication resulting from the Project.

10. Intellectual Property

10.1 All rights and title to University Intellectual Property shall vest in the University

10.2 All rights and title to Sponsor Intellectual Property shall vest in the Sponsor

10.3 All rights and title Jointly Owned Intellectual Property shall vest jointly in the University and in the Sponsor.

11 . Termination for Convenience. This Agreement may be terminated at any time by either party giving the other party at least sixty (60) days written notice of termination. In the event of termination, the University will be reimbursed for all expenses incurred and non-cancelable commitments entered in accordance with the terms of this Agreement prior to the date of termination. In no event shall the liability of the Sponsor exceed the Project Cost.

12 Independent Contractor.

12.1 In the performance of the Project the University shall be deemed to be and shall be an independent contractor and, as such, the University shall not be entitled to any benefits applicable to employees of the Sponsor.

12.2 Neither party is authorized or empowered to act as an agent for the other for any purpose and shall not on behalf of the other enter into any contract, warranty, or representation as to any matter. Neither shall be bound by the acts or conduct of the other.

13 Insurance

13.1 The University warrants and represents that the University has adequate liability insurance, such protection being applicable to officers, employees, and agents while acting within the scope of their employment by the University, and that the University has no liability protection for any other person.

13.2 Each party hereby assumes any and all risks of personal injury and property damage attributable to the negligent acts of that party and the officers, employees and, agents thereof.

14 Force Majeure. The University shall not be liable for any failure to perform as required by this Agreement to the extent such failure to perform is reasonably beyond the University's control, or by reason of any of the following: labor disturbances or labor disputes of any kind, accidents, failure of any governmental approval required for full performance, civil disorders or commotions, acts of aggression, floods, earthquakes, acts of God, energy or other conservation measures, explosion, failure of utilities, mechanical breakdowns, material shortages, disease or other such occurrences.

15 Assignments. This Agreement shall not be assigned by either party without the prior written consent of the other party.

16 Agreement Modification. Any agreement to change the terms of this Agreement in any way shall be valid only if the change is made in writing and approved by mutual agreement of authorized representatives of the parties hereto.

17 Notices. Notices, invoices, communications and payment hereunder shall be deemed made if given by registered or certified envelope, postage prepaid and addressed to the party to receive such notice, invoice, or communication at the address given below or such other address as may hereafter be designated by notice in writing.

If to the Sponsor:

Contractual Dr. Henry H. Smith
and Technical: Vice-Provost, Research and Public Service
University of the Virgin Islands
St. Thomas, Virgin Islands
Phone: (340) 693-1062
Email: hsmith@uvi.edu

If to the University:

Contractual: Dr. Jorge I. Velez Arocho
Chancellor
University of Puerto Rico
Mayaguez Campus
Mayaguez, Puerto Rico 00681

Technical: Dr. Walter F. Silva-Araya
Associate Director
Puerto Rico Water Resources Research Center
University of Puerto Rico
College of Engineering, P.O. Box 9040
Mayaguez, Puerto Rico 00681-9040

Phone: (787) 833-0300
E-Mail: wsilva@uprm.edu or prwreri@uprm.edu

Payment:

Research and Development Center
University of Puerto Rico
Mayaguez Campus
Mayaguez, P.R. 00680

19. Special Provisions.

Arbitration. If a dispute arising out of this Agreement cannot be settled through negotiation, the parties agree to submit such dispute to arbitration under the Commercial Arbitration Rules of the American Arbitration Association, to abide by any award rendered by the arbitrator and that a judgment of the court having jurisdiction may be entered upon the award.

Indemnification. University agrees to indemnify Sponsor for liability for personal injury of property damage caused by negligent acts or omissions of the University, its officers, agents or employees in the performance of the Project; provided that, as a condition precedent to indemnification, the Sponsor shall a) promptly notify University of any claim or cause of action subject to indemnification hereunder and any occurrence which may give rise to such claim or cause of action, b) afford University the opportunity to defend any such claim or cause of action, and c) cooperate fully with University in such defense.

Proprietary of Confidential Data. The University's acceptance and use of any proprietary or confidential data which may be supplied by the Sponsor during the course of the Project is subject to the following:

The data must be marked or designated in writing as proprietary or confidential to the Sponsor.

The University retains the right to refuse to accept any such data which it does not consider to be essential to the completion of the Project or which it believes to be improperly designated.

Where the University does accept such data as proprietary or confidential, it agrees to use the same degree of care to protect the Sponsor's proprietary or confidential data as it would to safeguard confidential or proprietary data of the University. The University shall be bound to protect the Sponsor's proprietary or confidential data from disclosure in accordance with this provision unless such data has already been published or publicly disclosed by the Sponsor or a third party or is required to be disclosed by a court of law.

Confidential oral disclosures must be disclosed as confidential in writing within thirty (30) days of oral disclosure.

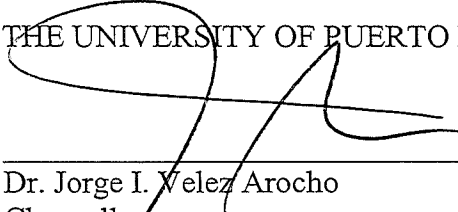
20. Survivability: The obligations set forth in Articles 9 and 10 shall survive the expiration or termination of this Agreement.

This Agreement and Exhibit A is the complete agreement of the Sponsor and the University and supersedes all prior understandings regarding the Project.

IN WITNESS WHEREOF, the parties have caused these presents to be executed in duplicate on the dates indicated below.

THE UNIVERSITY OF PUERTO RICO

THE UNIVERSITY OF THE VIRGIN ISLAND



Dr. Jorge I. Velez Arocho
Chancellor
University of Puerto Rico at Mayaguez
Mayaguez, Puerto Rico

Dr. LaVerne E. Ragster
President
University of the Virgin Islands
St. Thomas, U.S. Virgin Islands

Date

August 4, 2002

Date