

THE UNIVERSITY OF MICHIGAN	EXH	MOTION Brandon
REGENTS COMMUNICATION		SECOND McGowan
<u>ACTION REQUEST</u>		ACTION APPROVED BY THE REGENTS
	NOTE: Richard Recused	MAR 17 2005
<u>Subject:</u>	Subcontract Agreement between the University of Michigan and Innovative Biotherapies, Inc.	

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by DRDA while reviewing the Proposal Approval Form that then triggered a review by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflicts of interest was developed and approved by the Medical School Conflict of Interest Board and agreed to by the parties involved in this project.

This proposed agreement (Agreement) falls under the State of Michigan Conflict of Interest Statute because Dr. H. David Humes is both an employee of the University and a founder, owner, director and officer of Innovative Biotherapies, Inc. (InnoBio), a for-profit 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.

Background:

Dr. Humes, Professor of Internal Medicine, Division of Nephrology, is both an employee of the University (70% appointment) and a founder, owner, director and officer of InnoBio. InnoBio is negotiating an option to a license to commercialize University technology developed in part by Dr. Humes and now wishes to have the University participate as a subcontractor under an InnoBio Small Business Technology Transfer grant related to that technology. Dr. David L. Brown, Assistant Professor of Plastic Surgery, will serve as the Principal Investigator on the subcontract at the University. Dr. Humes will serve as Principal Investigator for InnoBio on its grant from DOD, and Dr. Humes will not participate in this project in his capacity as a University employee.

Nature of the Project:

The Company has applied for and received funding from the U.S. Department of Defense (DOD). This proposed project will constitute a subcontract to the University to provide services under the InnoBio's grant.

Agreement Terms:

The terms of the Agreement conform to University policy. The project at the University is to be conducted over an initial twenty month period at an

estimated total cost of \$345,741 including indirect cost at the University's negotiated federal indirect cost rate. Since research agreements are often amended, the Agreement includes provisions for changes in time, amount, and scope. University procedures for approval of these changes will be followed and additional review by the Medical School Conflict of Interest Board will be done as appropriate.

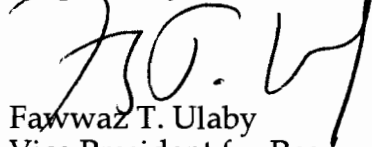
Impact of the Agreement:

The Agreement enables research to be performed to characterize a hemofilter comprised of a dense array of slit pores with dimensions similar to those predicted for a glomerular slit diaphragm. The proposed research plan applies a new technology, the bioartificial kidney, to the engineering of therapy related to renal failure. It also provides for ongoing support and collaboration between the Medical School and a University start-up company.

Recommendation:

This project and associated management plan was approved by the Senior Associate Dean for Research of the Medical School and the Medical School Conflict of Interest Board. 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 entering into this Agreement with Innovative Biotherapies, Inc.

Respectfully submitted,



Fawwaz T. Ulaby
Vice President for Research

March 2005