

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

November 20, 2008

ACTION REQUEST

Subject: Subcontract Agreement between the University of Michigan and Compendia Biosciences, Inc.

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Contract Administration while reviewing the Request for a Subcontract received from the Department of Pathology that then triggered a review by the Medical School Conflict of Interest Board ("Board"). A plan for management of the possible risks was then developed by this Board and agreed to by the parties involved.

This proposed subcontract ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Drs. Arul Chinnaiyan and Daniel Rhodes are employees of the University of Michigan and co-founders with equity in Compendia Biosciences, Inc. ("Compendia"). 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. Arul Chinnaiyan, Professor of Pathology and Urology and Director of the Michigan Center for Translational Pathology, is a Co-Founder with equity in Compendia. Dr. Daniel Rhodes, Research Investigator in the Department of Pathology, is a Co-Founder, Chief Executive Officer and consultant to Compendia. The University wishes to provide a subcontract to Compendia to allow their participation in a continuing project sponsored by National Institutes of Health under the direction of Dr. Roger Wiggins, Professor of Internal Medicine and Director of the George O'Brien Renal Center. Dr. Wiggins has no financial or management interests in Compendia.

Parties to the Agreement:

The Regents of the University of Michigan and Compendia Biosciences, Inc.

Pecuniary Interest:

The pecuniary interest of Drs. Rhodes and Chinnaiyan arises from their ownership interests in Compendia Biosciences, Inc.

Agreement Terms:

This agreement is subject to the development and Board approval of a plan for management of the possible risks associated with the conflict of interest. The terms of the subcontract with Compendia will conform to University and Federal policies. Under the project, a total subcontract of \$39,325 is anticipated to cover the period September 1, 2008 through July 31, 2009. The University's standard subcontracting provisions will apply. Since research agreements are often amended, the subcontract will include provisions for changes in time, amount, and scope of research. 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 subcontract will permit the participation of Compendia and, therefore, will allow the University to meet the goals and objectives approved by NIH. It also provides for ongoing support and collaboration between the Medical School and a University start-up company.

Recommendation:

This matter will be reviewed and approved by the Medical School Conflict of Interest Board prior to the University's entering into this Agreement. In light of this disclosure and our finding that the subcontract will conform to standard University practices, I recommend that the Board of Regents approve of the University entering into this agreement with Compendia Biosciences, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Stephen R. Forrest  
Vice President for Research

November 2008