

ACTION REQUEST

Subject: Research Agreement between the University of Michigan and Biotectix, LLC

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the proposed agreement which then triggered a review by the OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflicts of interest will be developed by the Committee.

This proposed research agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor David Martin, Dr. Sarah Richardson-Burns, and Mr. Jeffrey Hendricks are both employees of the University of Michigan ("University") and are also partial owners of Biotectix, LLC. 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. David Martin, a Professor in Materials Science and Engineering, Macromolecular Science and Engineering, and Biomedical Engineering, Dr. Sarah Richardson-Burns, a post-doctoral student, and Mr. Jeffrey Hendricks, a Ph.D. student, are partial owners of a for-profit company called Biotectix, LLC. Biotectix, LLC was formed recently to commercialize biocompatible, biologically-integrated 3-dimensional macromolecular electrode networks and desires to use facilities of the University for projects that will be described from time to time related to research and development of the technology.

Nature of the Agreement:

This proposed contract will be a basic research agreement between the Company and the Regents of the University of Michigan (UM) that allows the Company and the University to mutually define projects from time to time that will be conducted by University employees.

Agreement Terms:

The terms of the proposed master Agreement conform to University policy and will be for a 5 year period. The agreement anticipates that additional related

projects will be described and added to the work statement from time to time subject to review and approval of the relevant conflict of interest committee. The initial project will be directed by Dr. Yahoash Raphael of the Department of Otolaryngology over a 12 month period at an estimated cost of \$220,215. Provisions in the research agreement are consistent with University policy.

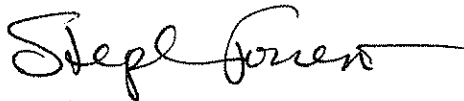
Impact of the Agreement:

The agreement enables follow-on research to be performed promoting biocompatible, biologically-integrated 3-dimensional macromolecular electrode networks for various clinical uses. It also provides for collaboration between the University and a Michigan start-up company.

Recommendation:

This initial project was approved by the Associate Dean for Research of the Medical School. A plan for management of the conflicts of interest described herein will be developed by the relevant Conflict of Interest Review Committee prior to agreement by the University to perform any research project described by the parties. 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's entering into this Agreement with Biotectix, LLC.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

January 2007