

White

Deitch

APPROVED BY THE REGENTS

MAY 19 2005

ACTION REQUEST

Subject: Subcontract Agreement between the University of Michigan and NeuroNexus

Action Requested: Authorization to enter into an Agreement

Preamble:

A conflict of interest situation was identified by DRDA while reviewing the Proposal Approval Form which then triggered a review by the OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was developed by the committee and agreed to by the parties involved in this project.

This proposed Agreement falls under the State of Michigan Conflict of Interest Statute because Dr. Daryl Kipke, Dr. David J. Anderson and Ms. Jamille Hetke are Co-Founders of NeuroNexus and employees of the University. Dr. Kipke is also Acting President of NeuroNexus. 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:

NeuroNexus anticipates receiving an award from the National Institutes of Health (NIH) for the project "Deep Brain Microelectrode Array for Functional Neurosurgery." The Company wishes to provide a subcontract to the University to enable the University to conduct animal studies. Dr. Kipke, Professor of Biomedical Engineering, will serve as the Principal Investigator on the UM project and Dr. David Anderson, Professor of Biomedical Engineering, Electrical Engineering and Computer Science and Otorhinolaryngology, will serve as the Principal Investigator for NeuroNexus. Dr. Kipke will only participate in this project in his capacity as a University employee and Dr. Anderson will not participate in this project as a University employee.

Nature of the Agreement:

The proposed research for NIH includes a subcontract from NeuroNexus to the University to support the necessary animal studies.

Agreement Terms:

It is anticipated that the normal contract terms and conditions will be set forth in the award from NIH to NeuroNexus. The project at the University is anticipated to cover the period November 1, 2005 through April 30, 2006. The University's standard subcontract provisions will apply to the University's part of the project. Since research agreements are often amended, the subcontract will include provisions for changes in time, amount, and scope of the research. University procedures for approval of these changes will be followed and additional review by the Conflict of Interest Review Committee will be done as appropriate.

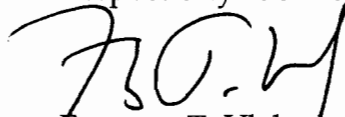
Impact of the Agreement:

The subcontract from NeuroNexus will allow the University of Michigan to advance the development of technology licensed by the University to NeuroNexus.

Recommendation:

This project has been reviewed and approved by the OVPR Conflict of Interest Review Committee. In light of this disclosure and our finding that the agreement conforms to standard University practices, I recommend that the Board of Regents approve of the University's entering into this Agreement with NeuroNexus.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'F. Ulaby', written over the printed name.

Fawwaz T. Ulaby  
Vice President for Research

May 2005