

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents  
November 15, 2007

ACTION REQUEST

Subject: Master Agreement between the University of Michigan and NeuroNexus Technologies, Inc.

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 two Proposal Approval Forms that then triggered a review by the by the OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was then developed by the Committee and agreed to by the parties involved.

This proposed master agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Daryl R. Kipke is both an employee of the University of Michigan ("University") and a founder, owner, and president of NeuroNexus Technologies, Inc. ("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 of the University of Michigan.

Background:

Dr. Kipke, Associate Professor, Department of Biomedical Engineering, is both an employee of the University and a founder, owner, and president of a company called NeuroNexus Technologies, Inc. The Company wishes to have the University participate in various projects that the Company will support independently, or from grants from federal agencies related to technology licensed or optioned to the Company by the University. The role of Dr. Kipke in each project will be described in a project statement and a conflict of interest management plan will be developed.

Agreement Terms:

The University will enter into a master agreement with the Company that will cover standard procedures for performance of projects as well as provisions implementing University and federal policies related to intellectual property and publication. The master agreement will cover an initial five-year period with a total authorization not to exceed \$500,000. The University will use standard sponsored project accounting procedures to determine the cost of each project. Budgets will be reviewed and approved by authorized representatives of each department and school/college where projects are to be performed.

The Company has supported two projects at the University since its inception, and is ready to support two additional projects starting immediately. The master agreement will allow the University and the Company to specify projects that the University will conduct under the terms of the master agreement. Since research projects are often amended, the master agreement includes provisions for changes in time, amount, and scope of each supported project. University procedures for approval of each project will be followed and additional conflict of interest review will be done on a project by project basis.

Impact of the Agreement:

The master agreement will enable research to be performed in a timely manner to explore and further develop the technology licensed to the Company from the University related to new approaches for treatment of neurological and psychiatric disorders, including Parkinson's Disease, Essential Tremor, and Epilepsy, and neurosurgical interventions and deep brain stimulation. It also provides for ongoing support and collaboration between the Biomedical Engineering Department and a University start-up company.

Recommendation:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee, and a plan will be developed to manage the potential conflict of interest risks associated with each project that will be implemented under the terms of the master agreement prior to the University's acceptance of any individual project. In light of the disclosure made in this document and our finding that the master agreement is negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University entering into this master agreement with NeuroNexus Technologies, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen R Forrest". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Stephen R Forrest  
Vice President for Research

November 2007