ACTION REQUEST

Subject: Amendment to Option Agreement between the University of Michigan and Cardiavent, Inc.

Action Requested: Approval of Amendment to Option Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement that then triggered a review by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Board and agreed to by the parties involved in this plan.

This proposed option agreement amendment ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Robert Simpson is both an employee of the University of Michigan ("University") and a partial owner of Cardiavent, Inc. 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. Simpson, a Professor of Pharmacology in the Medical School, is a partial owner of a for-profit company called Cardiavent, Inc. (the "Company"). The Company was formed to commercialize a therapeutic Vitamin D analogue and entered into an option agreement in early 2012 for several technologies. The Company now desires to add to its existing option agreement the University’s rights associated with the following technology:

UM OTT File No. 5383, entitled: "CARD-024 Amelioration of Intestinal Fibrosis and Use for Treatment of Crohn's Disease" (Peter Higgins, Laura Johnson and Robert Simpson)

Parties to the Agreement:

The Regents of the University of Michigan and Cardiavent, Inc.

Agreement Terms:

Agreement terms include granting the Company an exclusive option to the above technology. The Company will pay an option fee and reimburse patent costs incurred during the term of the option agreement. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreement. Standard disclaimers of warranties and indemnification apply, and the Agreement may be
amended by consent of the parties, such as adding related technology. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Simpson arise from his ownership interest in Cardiavent, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an amendment to the existing exclusive option agreement for patent applications related to UM OTT File No. 5383 for all fields of use.

Cardiavent, Inc. will obtain an option for use and commercialization rights to the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. In light of this disclosure and our finding that the Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve the Amendment to the Option Agreement between the University and Cardiavent, Inc.

Respectfully submitted,

Stephen R. Forrest
Vice President for Research

February 2013