

ACTION REQUEST

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

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Research and Sponsored Projects while reviewing the Proposal Approval Form which then triggered a review by the UMOR Conflict of Interest Review Committee. A plan for management of the possible risks associated with any conflict of interest was developed and approved by the Committee and agreed to by the parties involved.

The proposed agreement (“Agreement”) falls under the State of Michigan Conflict of Interest Statute because Professor Hao Chen is an employee of the University of Michigan (“University”), and is an officer and a partial owner of Biocrede, Inc. The law permits such an Agreement provided it is disclosed to the Board of Regents (“Regents”) of the University of Michigan and approved in advance by a 2/3 vote.

Background:

Dr. Chen, a Research Investigator in the Department of Biomedical Engineering, College of Engineering, is an officer and a partial owner of a for-profit company called Biocrede, Inc. (the “Company”). The Company wishes to fund an NIH (prime) SBIR Phase I project entitled: “Advanced xeno-free and chemically defined media and synthetic substrate for all human pluripotent stem cell cultures,” (ORSP# 14-PAF03096) in the Department of Biologic and Materials Sciences and Division of Prosthodontics, School of Dentistry, under the direction of Dr. Paul Krebsbach. Dr. Krebsbach has no financial or management interest in the Company. The purpose of this project is to support the Company in developing a new, low cost, off-the-shelf, xenogenic-free and chemically defined cell culture system comprised of a proprietary media and a proprietary coating formulation.

Agreement Terms:

The terms of the Agreement conform to University policy. The period of performance for the project is approximately six (6) months. The amount of funding support from Company will not exceed \$67,000. Since research projects are often amended, these agreements include provisions for changes in time, amount, and scope of each supported project. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Impact of the Agreement

The Agreement will support an effort by Dr. Krebsbach to use his expertise and University laboratory, as well as other University resources to further study and develop a xenogeneic-free and chemically defined incubation system that will enable large-scale production of undifferentiated human embryonic stem cells and human induced pluripotent stem cells.

Recommendation:

This matter has been reviewed and approved by the UMOR Conflict of Interest Review Committee. 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 of the University's entering into this Agreement with Biocrede, Inc.

Respectfully submitted,



S. Jack Hu
Interim Vice President for Research

February 2014