

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

**Approved by the Regents
July 19, 2012
Regent Larry Deitch
recused**

ACTION REQUEST

Subject: Regental Action Required Under the State of Michigan Conflict of Interest Statute

Action Requested: Authorization for the University to enter into an agreement with NanoBio Corporation (University of Michigan Employee James R. Baker, Jr., M.D., Owner)

Background:

The University of Michigan Office of the Executive Vice President for Medical Affairs seeks approval to enter into a contract with NanoBio Corporation ("NanoBio") for consulting services in support of efforts to develop the NCRC pharmaceutical manufacturing facility. The agreement commits NanoBio to provide technical expertise in vaccine development, regulatory and clinical study planning in support of a proposal to the federal government.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as James R. Baker, Jr., M.D. is a University employee as Professor in the Department of Internal Medicine and would be party to the contract as Owner of NanoBio.

However, the Statute allows the University to enter into such agreements if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the contract to the official body which has power to approve the purchase, which disclosure shall be a matter of record in its official proceedings.
- b) The purchase is approved by a vote of not less than 2/3 of the full membership of the approving body in open session without the vote of the public servant making the disclosure.
- c) The official body discloses the following summary information in its official minutes:
 - i) The name of each party involved in the contract.
 - ii) The terms of the purchase, including duration, financial consideration between the parties, facilities or services of the public entity included in the purchase, and the nature and degree of assignment of employees of the public entity for fulfillment of the purchase.
 - iii) The nature of any pecuniary interest.

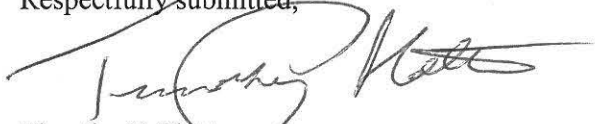
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Office of the Executive Vice President of Medical Affairs and NanoBio.
- ii) The agreement is for consulting services in support of efforts to develop the NCRC pharmaceutical manufacturing facility. The term of the agreement is February 10, 2012, through June 30, 2012, with a value not to exceed \$54,000.
- iii) The pecuniary interest arises from the fact that University of Michigan employee James R. Baker, Jr., M.D. is Owner of NanoBio.

James R. Baker, Jr., M.D. has met state law requirements with the disclosure of his pecuniary interest and formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable under the Medical School's or OVPR's Conflict of Interest Committee's procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the agreement between the University of Michigan and NanoBio subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President
and Chief Financial Officer

July 2012