

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

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

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

Action Requested: Approve Execution of Investment Agreements Under the MINTS Program for Atterocor Inc., CytoPherx, Inc., NanoBio Corporation, and Tissue Regeneration Systems, Inc.

Background

In December 2011, the Board of Regents approved guidelines for the MINTS ("Michigan Investment in New Technology Startup") program.

The proposed investment agreements (the "Agreements") fall under the State of Michigan Conflict of Interest Statute because the listed Interested Individuals are both employees of the University and have a sufficient pecuniary interest in the Agreements as partial owners of the company or members of the company board. The law permits such an agreement provided it is disclosed to, and approved in advance by a 2/3 vote of, the Board of Regents.

The parties to the Agreements include the University and each of the entities listed below. The University will receive an equity interest in each entity in return for its investments.

No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreements.

Under MINTS, the University will co-invest in a financing round together with at least one Qualifying Venture Capital Investment Firm. Agreements standard for venture capital investing will be executed.

The Investment Office is seeking approval of Agreements for a cumulative total of \$2.5 million per company in potential investments through one or more rounds of financing subject to the MINTS investment guidelines for each of the following companies:

Atterocor, Inc., founded in 2012 and headquartered in Ann Arbor, MI, is an orphan drug company focused on the development of therapies for adrenal disorders.

Interested Individual:

Professor Gary D. Hammer, M.D., Ph.D., Department of Internal Medicine

CytoPherx, Inc., founded in 2007 and headquartered in Ann Arbor, MI, is a medical device company focused on the treatment of inflammation-based diseases and conditions using a selective cytopheresis system.

Interested Individual:

Professor H. David Humes, M.D., Department of Internal Medicine

NanoBio Corporation, founded in 2000 and headquartered in Ann Arbor, MI, is a biopharmaceutical company focused on development of products for the prevention and treatment of infectious diseases, using novel nanoemulsion droplets.

Interested Individual:

Professor James R. Baker, Jr., M.D., Michigan Nanotechnology Institute for Medicine and the Biological Sciences

Tissue Regeneration Systems, Inc., founded in 2007 and headquartered in Ann Arbor, MI, is a life sciences company focused on development of integrated structural and surface-modified bioresorbable implants for complex, load-bearing skeletal reconstruction applications.

Interested Individuals:

Professor Stephen E. Feinberg, D.D.S., M.S., Ph.D., Oral/Maxillofacial Surgery

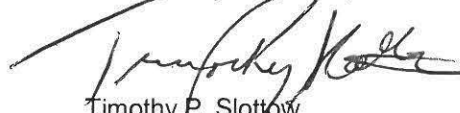
Professor Scott J. Hollister, Ph.D., Department of Biomedical Engineering, Department of Mechanical Engineering

Associate Professor Frank La Marca, M.D., Neurological Surgery, Department of Biomedical Engineering

We believe state law requirements have been met with the disclosure of the pecuniary interest and formal appointment arrangements with the University of Michigan.

We recommend that the Board of Regents approve execution of the Agreements between the University of Michigan and each of Atterocor Inc., CytoPherx, Inc., NanoBio Corporation, and Tissue Regeneration Systems, Inc., as set forth above.

Respectfully submitted,



Timothy P. Slotow
Executive Vice President and
Chief Financial Officer

July 2012