

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents  
September 17, 2009

ACTION REQUEST

Subject: Master Research Agreement between the University of Michigan and Lycera, 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 the proposed agreement. This then triggered a review by the OVPR Conflict of Interest Review Committee and/or the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflicts of interest will be developed by the Committee and/or Board and agreed to by the parties involved.

This proposed master research agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professors Gary Glick, Anthony Opipari and James Ferrara are all employees of the University and partial owners of Lycera. 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. Gary Glick, a Professor in Biological Chemistry, Dr. Anthony Opipari, Associate Professor of Obstetrics and Gynecology, and Dr. James Ferrara, Professor of Internal Medicine and Pediatrics and Communicable Diseases are partial owners of a for-profit company called Lycera ("Company"). The Company was formed to commercialize benzodiazepene compounds for a variety of therapeutic applications. The Company wishes to support research projects and desires to use facilities of the University for projects that will be described from time to time related to research and development of these technologies. The role of Drs. Glick, Opipari and Ferrari in each project will be described in a project statement and a conflict of interest management plan. A technology license has been disclosed under separate Regental Action Request.

Agreement Terms:

The University will enter into a master research 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 \$1,000,000. 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 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 review by the OVPR Conflict of Interest Review Committee and/or Medical School Conflict of Interest Board will be done on a project-by-project basis.

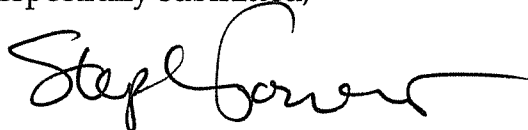
Impact of the Agreement:

The master research agreement will facilitate research that will provide further information that will assist the University in developing certain assay techniques and will help the Company in developing compounds, obtaining regulatory approvals, and commercializing novel cytotoxic molecules as therapeutic agents. It also provides for ongoing support and collaboration between the University and a start-up company.

Recommendation:

These matters will be reviewed and approved by the OVPR Conflict of Interest Review Committee and/or Medical School Conflict of Interest Board, 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 Agreement prior to the University acceptance of any individual project. In light of the disclosure made in this document and our finding that the Agreements will be negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into this Master Research Agreement with Lycera, Inc.

Respectfully submitted,



Stephen R. Forrest  
Vice President for Research

September 2009