

ACTION REQUEST

Subject: Amendment to Subcontract Agreement between the University of Michigan and JV Biolabs, LLC

Action Requested: Authorization to enter into an 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 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 the Board and agreed to by the parties involved.

This proposed agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor James Varani is an employee of the University of Michigan ("University"), and a partial owner and Chief Scientific Officer of JV Biolabs, LLC ("JVB"). 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:

James Varani, PhD, a Professor of Microbiology and Immunology, Department of Pathology, Medical School, is the partial owner and Chief Scientific Officer of a for-profit company called JVB (the "Company"). The Company wishes to continue funding a Merck (prime) project, previously approved by the Regents, entitled "Proposal to Evaluate Two Compounds for Activity in Cell Culture and Organ Culture" (ORSP# 15-PAF01232) in the Pathology Department under the direction of Dr. Varani. The purpose of this project is to support the Company in evaluating compounds for ability to modulate psoriatic skin features in human skin organ cultures. UM personnel will provide technical and material support for the evaluation.

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 will not exceed \$30,000. Since research projects are often amended, this agreement includes a provision for changes in time, amount, and scope. 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. Varani to use his expertise and University laboratory, as well as other University resources to evaluate the testing of

compounds on organ cultures of biopsies using technologies and methods published by Dr. Varani in 1998.

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 University's entering into this Agreement with JV Biolabs, LLC.

Respectfully submitted,



S. Jack Hu  
Interim Vice President for Research

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