

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Master Agreement between the University of Michigan and Arbor Ultrasound Technologies, LLC

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 that then triggered a review by the OVPR Conflict of Interest Review Committee and the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflicts of interest will be developed and approved by the OVPR Conflict of Interest Review Committee and/or the Medical School Conflict of Interest Board and agreed to by the parties involved.

This proposed master agreement falls under the State of Michigan Conflict of Interest Statute because Professor William F. Weitzel is both an employee of the University of Michigan ("University") and partial owner of Arbor Ultrasound Technologies, LLC and Professor Grant Kruger is both an employee of the University of Michigan and the Vice President of Research and Development at Arbor Ultrasound Technologies, LLC. 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.

Background:

Dr. William F. Weitzel, a Professor of Internal Medicine in the Medical School, is the partial owner of a for-profit company called Arbor Ultrasound Technologies, LLC (the "Company"). Dr. Grant Kruger, a Research Investigator and Intermittent Lecturer of Mechanical Engineering in the College of Engineering, is the Vice President of Research and Development at Arbor Ultrasound Technologies, LLC. The Company was formed to commercialize medical devices based on the use of ultrasound for dialysis vascular access monitoring and desires to support research at the University of Michigan related to that technology. The Company wishes to have the University participate in various projects that the Company will support independently or from grants from federal agencies. The roles of the above-referenced University employees in each project will be described in a project statement and in approved conflict of interest management plans.

Agreement Terms:

The University will enter into a Master 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 sponsored 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 conflict of interest review will be done by the Conflict of Interest Review Committees on a project-by-project basis.

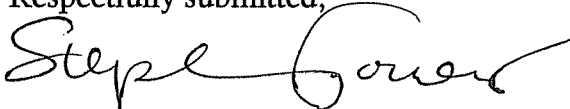
Impact of the Agreement:

The Master Agreement will enable research to be performed in a timely manner to explore and further develop novel materials, their applications and related technologies. It also provides for ongoing support and collaboration between the University and a University start-up company.

Recommendation:

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Stephen R. Forrest".

Stephen R Forrest  
Vice President for Research

November 2012