

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Taza Aya LLC

Action Requested: Approval of Option Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement that then triggered a review by the UMOR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Committee and agreed to by the parties involved in this plan.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Herek L. Clack and Mr. Michael A. Drake are both employees of the University of Michigan ("University") and partial owners of Taza Aya LLC. 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:

Dr. Herek L. Clack, a Research Associate Professor in the Department of Civil and Environmental Engineering, and Mr. Michael A. Drake, Senior Director of Research Relations in the College of Engineering, are the partial owners of a for-profit company called Taza Aya LLC (the "Company"). The Company was formed recently to commercialize technology capable of destroying airborne chemical contaminants and biological agents and desires to option from the University of Michigan the University's rights associated with the following technologies:

UM OTT File No. 6170, entitled: "Electro-Hydrodynamically Enhanced Bioaerosol Inactivation" (Inventors: Herek L. Clack, Krista R. Wigginton).

UM OTT File No. 6520, entitled: "Electro-Hydrodynamically Enhanced Destruction of Chemical Air Contaminants and Airborne Inactivation of Biological Agents" (Inventors: Herek L. Clack, Krista R. Wigginton).

The Office of Technology Transfer selected the Company as a University partner and negotiated the terms of the proposed Agreement in accordance with University policy and its accepted licensing principles.

Parties to the Agreement:

The Regents of the University of Michigan and Taza Aya LLC

Agreement Terms Include:

Agreement terms include granting the Company an option to further evaluate the subject technologies and, upon meeting specific milestones, the ability to negotiate an exclusive license with the right to grant sublicenses. The Company will pay an option fee to the University.

The University will retain ownership of the optioned technologies and may continue to further develop them and use them internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreement. Standard disclaimers of warranties and indemnification apply, and the Agreement may be amended by consent of the parties, such as adding related technology. University procedures for approval of these changes will be followed and additional conflict of interest reviews will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Clack and Mr. Drake arise from their ownership interest in Taza Aya LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents related to UM OTT File Nos. 6170 and 6520 for all fields of use. Taza Aya LLC will obtain use and evaluation rights to the above listed University technologies.

Recommendations:

This matter has been reviewed and approved by the UMOR Conflict of Interest Review Committee. 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 Agreement between the University and Taza Aya LLC.

Respectfully submitted,



S. Jack Hu
Interim Vice President for Research

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