

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

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

Action

Requested: Authorization for the University of Michigan to Enter into a License Agreement with a Venture Accelerator Firm Located at the North Campus Research Complex

Background:

The University of Michigan wishes to enter into a license agreement for space in the North Campus Research Complex Venture Accelerator located at 1600 Huron Parkway, Ann Arbor, Michigan, with the company listed in the attached spreadsheet. The space will be utilized as space for research and business operations. The company has an opportunity to expand its operations per the parameters outlined in the spreadsheet to include additional laboratory or office space.

The proposed license falls under the State of Michigan conflict of interest statute as those named for the company in the attached spreadsheet are University of Michigan employees and party to the license by virtue of their share of the ownership of the licensee company, membership on licensee company board of directors, or acting as an officer in the licensee company. However, the statute allows university employees to participate in such license agreements if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the license agreement to the official body that has power to approve the license agreement, which disclosure shall be a matter of record in its official proceedings.
- b) The license agreement is approved by a vote of not less than two-thirds of the full membership of the approving body in open session without the vote of the public servant making the disclosure.
- c) The official body discloses the following summary information in its official minutes:
 - i) The name of each party involved in the license agreement.
 - ii) The terms of the license agreement, including duration, financial consideration between the parties, facilities or services of the public entity included in the license agreement, and the nature and degree of assignment of employees of the public entity for fulfillment of the license agreement.
 - iii) The nature of any pecuniary interest.

The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the license agreement are the Regents of the University of Michigan and the company listed in the attached spreadsheet.
- ii) The service to be provided is the license of space in the North Campus Research Complex Venture Accelerator located at 1600 Huron Parkway, Ann Arbor, Michigan with access to common area space within the building. The license durations including all options for renewal are outlined in the spreadsheet. The license will use the standard University of Michigan Venture Accelerator license template. The licensee company will pay the rates as stipulated in the attached spreadsheet for the current term and option years as indicated. The licensee company will be responsible for providing monthly updates concerning its business progress to the University of Michigan's Office of Technology Transfer, and will have access to Office of Technology Transfer personnel for advice concerning obtaining technology assessment, business consulting, technical assistance, capital raising, or other business services.
- iii) The pecuniary interest arises from the fact that the individuals listed are University of Michigan employees and owners and/or officers of the licensee company.

All have met state law requirements with the disclosure of their pecuniary interest and formal appointment arrangements with the University of Michigan.

We recommend that the Board of Regents approve the license agreement between the University of Michigan and the venture accelerator company listed in the attached spreadsheet, subject to the requirements, if any, of a conflict management plan required by the respective employees' supervisor, and any requirements imposed by the conflict of interest committees of the Medical School or the Office of Research.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

MONTHLY LICENSE FEE SCHEDULE

LICENSE AREA CURRENT TERM

COMPANY	UM EMPLOYEES	TERM	MONTHLY LICENSE FEE SCHEDULE							LICENSE AREA CURRENT TERM							MONTHLY FEE CURRENT TERM	SECURITY DEPOSIT
			OFFICE	LAB	1/2 LAB	1/4 LAB	BENCH IN SHARED LAB	CUBICLE W/LAB OR OFFICE	CUBICLE WO/LAB OR OFFICE	OFFICE	LAB	1/2 LAB	1/4 LAB	BENCH IN SHARED LAB	CUBICLE W/LAB OR OFFICE	CUBICLE WO/LAB OR OFFICE		
NewHaptics Corp	Brent Gillespie	April 1, 2019 - March 31, 2020	\$410	\$2,950	\$1,475	\$738	\$990	\$200	\$205	0	0	0	0	1	1	0	\$1,190	\$0
	Sile O'Modhrain	Renewal Option:																
	Alex Russomanno	April 1, 2020 - March 31, 2021	\$430	\$3,050	\$1,525	\$763	\$1,020	\$210	\$215									
		April 1, 2021 - March 31, 2022	\$450	\$3,150	\$1,575	\$788	\$1,050	\$220	\$225									

NOTES:

1. Renewal Options will be exercised only if acceptable to all parties and will be executed via amendment.
2. All Licensees have the option to license units up to the following maximums: Eight (8) offices; Eight (8) cubicles; Three (3) labs.