

THE UNIVERSITY OF MICHIGAN

Approved by the Regents
September 17, 2009

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Master Agreement between the University of Michigan and Nico Technologies, Inc.

Action Requested: Authorization to enter into Master Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the current proposed project. This then triggered a review by the OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflicts of interest will be developed by the Committee and agreed to by the parties involved.

This proposed Master Agreement falls under the State of Michigan Conflict of Interest Statute because Dr. Nicholas Kotov is an employee of the University of Michigan ("University") and is both a part owner and on the Board of Directors of Nico Technologies, Inc. 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 at the University of Michigan.

Background:

Dr. Nicholas Kotov is a Professor of Chemical Engineering, Biomedical Engineering and Materials Science and Engineering in the College of Engineering and is a part owner and member of the Board of Directors of Nico Technologies, Inc. ("Company"). The Company has had various previously approved agreements with the University including subcontracts to and from the University under federal grants. The Company wishes to have the University participate in various projects that the Company will support independently or from grants from federal agencies related to artificial organ technology. The role of Dr. Kotov in each project will be described in a separate project statement and a conflict of interest management plan.

Agreement Terms:

The University will enter into a Master Agreement with the Nico Technologies 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 Company has supported sixteen projects at the University since its inception. 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 conflict of interest review will be done 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 by the OVPR Conflict of Interest Review Committee, and a plan will 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 Nico Technologies, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest". The signature is fluid and cursive, with the first name "Stephen" being the most prominent.

Stephen R. Forrest
Vice President for Research

September 2009