

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

October 23, 2008

ACTION REQUEST

Subject: Research Agreements between the University of Michigan and Lycera, Inc.

Action Requested: Approval of Research Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the proposed research agreements that then triggered a review by the OVPR Conflict of Interest Review Committee and the Medical School Conflict of Interest Board. The Committees will develop a plan for management of the possible risks associated with the conflicts of interest.

The proposed research agreements ("Agreements") fall under the State of Michigan Conflict of Interest Statute because Professors Gary Glick, Anthony Opirari and James Ferrara are all employees of the University of Michigan ("University") and partial owners of Lycera, Inc. The law permits such Agreements provided they are disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents of the University of Michigan.

Background:

Dr. Gary Glick, a Professor in Chemistry, Dr. Anthony Opirari, Associate Professor of Obstetrics and Gynecology and Dr. James Ferrara, Professor of Internal Medicine and Pediatrics and Communicable Diseases are partial owners of a for-profit company called Lycera, Inc. ("Company"). The Company was formed to commercialize benzodiazepene compounds for a variety of therapeutic applications. The Company wishes to support research projects related to the inventions made by Drs. Glick and Opirari. A technology license has been disclosed under separate Regental Action.

Nature of the Agreement and Project:

The Company has received a license from the University that relates to the subject of the research projects. The proposed projects involve pre-clinical studies of Bz-423 to treat graft versus host disease and studies of small molecules that interact with novel targets.

Agreement Terms:

The terms of the proposed agreement will conform to University policy. Dr. Ferrara will direct one of the projects over an initial twelve-month period at an estimated cost of \$217,704. Dr. Glick will direct the other project over a thirty-six month period at an estimated cost of \$463,500. These agreements will include a provision allowing extension and modification of the projects upon mutual agreement of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

The projects do not involve human subjects.

Impact of the Agreement:

These projects will provide further information that will assist the University in developing certain assay techniques and will help the Company in developing compounds, obtaining regulatory approvals, and commercializing novel cytotoxic molecules as therapeutic agents.

Recommendation:

These matters will be reviewed and approved by the OVPR Conflict of Interest Review Committee or the Medical School Conflict of Interest Board before the University accepts the Agreements. In light of the disclosure made in this document and our finding that the Agreements will be negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into these Agreements with Lycera, Inc.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

October 2008