

ACTION REQUEST

Subject: Subcontract Agreement between the University of Michigan and ISSYS, Inc.

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research, Development and Administration while reviewing the Proposal Approval Form which then triggered a review by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by the Board and agreed to by the parties involved.

The proposed agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Khalil Najafi is both an employee of the University of Michigan ("University") and the owner of ISSYS, 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 of the University of Michigan.

Background:

Dr. Najafi, a Professor in the Department of Electrical Engineering and Computer Science in the College of Engineering, is also the owner of a for-profit company called ISSYS, Inc. ("Company"). The Company desires to engage Dr. Martin Bocks in the Department of Pediatric Cardiology to provide various research services, including echocardiograms in animal studies of a novel micro-implant device to monitor intracardiac pressure in congenital heart patients in study funded by the National Institutes of Health. Dr. Bocks also serves as a consultant to ISSYS on unrelated matters.

Nature of the Agreement:

The Company wishes to enter into a subcontract agreement with the University to enable Dr. Bocks to provide such services to the Company.

Agreement Terms:

The terms of the proposed Agreement will conform to University policy. The period of performance for the project is three (3) years and the amount of funding support is \$403,439.

Impact of the Agreement:

The Agreement will support personnel in the Medical School to use their expertise to provide services to the Company that will advance the development of an important novel micro-implant heart monitor device. The ability to measure ambulatory pulmonary artery pressures in patients with functional single ventricle heart conditions could have a tremendous impact on these patients' short and long-term morbidity and mortality

Recommendation:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. In light of the disclosure made in this document and our finding that the agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into this Agreement with ISSYS, Inc.

Respectfully submitted,

A handwritten signature in cursive script that reads "Stephen R. Forrest". The signature is written in black ink and is positioned above the printed name and title.

Stephen R. Forrest  
Vice President for Research

December 2011