

**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 to transact with Intero Biosystems Inc. (University of Michigan Employee, Madeline Eiken, Owner; Charlie Childs, Stockholder; Jason Spence, Co-founder, Chief Scientific Officer, Stockholder)

Background:

The University of Michigan Zell Lurie Institute seeks approval to transact with Intero Biosystems Inc. for the Eugene Applebaum Dare to Dream grant program and the Pinkert Healthcare Accelerator program.

The proposed contract falls under the State of Michigan Conflict of Interest Statute as Madeline Eiken is employed by the University as a Graduate Student Research Assistant with Biomedical Engineering and would be party to the contract as the owner of Intero Biosystems Inc.; Charlie Childs is employed by the University as a Postdoctoral Research Fellow with the Department of Internal Medicine and would be party to the contract as a stockholder of Intero Biosystems Inc.; Jason Spence is employed by the University as a Professor with the Department of Internal Medicine and would be party to the contract as co-founder, chief scientific officer and stockholder of Intero Biosystems Inc.

However, the Statute allows the University to enter into such contracts if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the contract to the official body which has power to approve the purchase, which disclosure shall be a matter of record in its official proceedings.
- b) The purchase is approved by a vote of not less than 2/3 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 contract.
 - ii) The terms of the purchase, including duration, financial consideration between the parties, facilities or services of the public entity included in the purchase,

and the nature and degree of assignment of employees of the public entity for fulfillment of the purchase.

- iii) The nature of any pecuniary interest.

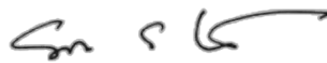
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Zell Lurie Institute and Intero Biosystems Inc.
- ii) The contract is for the Eugene Applebaum Dare to Dream grant program and the Pinkert Healthcare Accelerator program for the duration of one year with a total cost of \$16,500. Intero Biosystems Inc. will be supplying all the necessary resources and personnel to fulfill this contract. The remaining base contract terms and conditions are typical of those used in Procurement Services standard templates for other similar contracts entered into by the Regents.
- iii) The pecuniary interest arises from the fact that University of Michigan employee, Madeline Eiken, is the owner; Charlie Childs is a stockholder; Jason Spence is co-founder, chief scientific officer, and stockholder of Intero Biosystems Inc.

Madeline Eiken, Charlie Childs, and Jason Spence have met state law requirements with the disclosure of their pecuniary interest and formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable by the supervisors of Madeline Eiken, Charlie Childs, and Jason Spence under the Medical School's or OVPR's Conflict of Interest Committee's procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the contract between the University of Michigan and Intero Biosystems Inc. subject to requirements, if any, that the supervisor of Madeline Eiken, Charlie Childs, and Jason Spence or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and Chief Financial Officer

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