

UNIVERSITY CONTRACT TO ENTER INTO A CONTRACT WITH FUNCTIONAL FLUIDICS, LLC, A COMPANY OWNED BY SCHOOL OF MEDICINE FACULTY

Recommendation

The Administration recommends the Board of Governors authorize the President or his designee to contract with Functional Fluidics, LLC to enter into a lease agreement for a Bioflux instrument purchased by the University in February 2012. The equipment was purchased for the department of Pediatrics, and is no longer in use at the University.

Background

Patrick Hines, MD, Ph.D., Assistant Professor, Department of Pediatrics, has developed novel processes and methods to measure whole blood adhesion and thrombus formation in a high throughput, in vitro diagnostic assay based on a microfluidics platform. The technology has been disclosed to University and is described in a disclosure entitled "Process/Method for Risk Assessment, Diagnosis and Therapeutic Monitoring Conditions Predisposing Vascular Obstruction" (WSU 14-1203). The technology was developed with university financial, facility and equipment resources and also by funding provided by the Children's Research Center of Michigan, Children's Hospital of Michigan Foundation and Heart of a Child Foundation.

Functional Fluidics, LLC was founded by Dr. Hines and incorporated in Delaware in 2013. It is the intent of Functional Fluidics to further develop the assay technology and to become the leading contract research organization providing contract and direct service to academia, biotechnology and the pharmaceutical industry for measurement of adhesion and thrombosis. Long term goals are the establishment a certified CLIA (Clinical Laboratory Improvement Amendments) service for clinical diagnostics. Functional Fluidics, LLC executed an exclusive license agreement with the University for the technology on October 24th, 2014.

Michigan Conflict of Interest law requires specific sunshine procedures in order for a University employee, or a company owned by a University employee, to contract directly or indirectly with the University:

(A) The employee must disclose any pecuniary interest in the contract to the Board and the disclosure must be made a matter of record in the Board's proceedings.

(B) The contract must be approved by a vote of not less than two-thirds of the full membership of the Board in open session.

(C) The Board's minutes must report:

(i) The name of each party involved in the contract.

(ii) The terms of the contract, including duration, financial consideration between the parties, facilities or services of the public entity included in the contract, and the nature and degree of assignment of employees of the public entity for fulfillment of the contract.

(iii) The nature of any pecuniary interest.

(i) The parties involved in the contract are Wayne State University and Functional Fluidics, LLC.

(ii) The contract will provide:

(a) Scope: The University will lease a Bioflux instrument purchased in February 2012 to Functional Fluidics.

(b) Duration: The lease will extend from January 1, 2016 through December 31, 2020.

(c) Financial Consideration: The instrument was purchased from Fluxion Biosciences , Inc. at a cost of \$180,603.94. The equipment's fair market value is comparable to its book value of \$86,000. The lease will be for a period of 5 years with annual payments of \$17,200, with a \$1.00 buy-out option at the end of the lease.

(d) Location: Equipment will be transferred from the WSU School of Medicine, 3901 Beaubien, suite 4134, to Functional Fluidics, located at 440 Burroughs Street, Suite 641, Detroit Michigan 48202.

(e) Additional: Functional Fluidics will be required to carry property insurance to protect the University's interest in the equipment.

(iii) Dr. Hines' pecuniary interest consists of the current sole ownership of Functional Fluidics, LLC and he will therefor e have the potential to benefit financially through the lease of the equipment.