

SUBMITTED BY: STEPHEN M. LANIER, PH.D., VICE PRESIDENT FOR RESEARCH

**UNIVERSITY CONTRACT FOR RESEARCH AND
SERVICES FROM SERAPH BIOSCIENCES, LLC
A COMPANY OWNED BY A SCHOOL OF MEDICINE FACULTY**

RECOMMENDATION

The Administration recommends that the Board of Governors authorize the President or his designee to increase the contract award for research and laboratory services from Seraph Biosciences, LLC. The Board of Governors has already entered into a contract with Seraph Biosciences, LLC in 2016. The contract will be prototype fabrication and validation of a Raman spectroscopy system for the detection and identification of an array of pathogens, toxins, chemicals and pathogenic moieties.

BACKGROUND

Medical Engineering Partners, LLC (MEP), which was registered in the State of Michigan in 2011, is a biomedical device and future technologies company specializing in applied smart sensor innovation, bioengineering, prototyping and early commercialization. Seraph Biosciences, LLC is a subsidiary of MEP and was registered in Michigan in 2014. Greg Auner, Ph.D., Strauss Endowed Chair in the Department of Surgery and Biomedical Engineering in the School of Medicine and Charles Shanley, M.D., professor of surgery in the School of Medicine, are shareholders of both MEP and Seraph Biosciences. Additionally, Donald Weaver, M.D., chair of surgery in Wayne State's School of Medicine, and J. Edson Pontes, M.D., professor of surgery in Wayne State's School of Medicine, are on the advisory board of MEP.

Wayne State University executed an exclusive license agreement with Seraph Biosciences, on July 2, 2015 for commercialization of the intellectual property encompassing the technology entitled "Hand Held Micro-Raman Based Detection Instrument and Method of Detection" (WSU 14-1215) of which Drs. Auner, Shanley, together with Dr. Brusatori and Mr. David Sant , current employees of WSU were named inventors. The terms of the license agreement were presented and approved by the Board of Governors on June 27, 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.

If the Board approves this Recommendation, the minutes will report as follows:

The Board of Governors authorized the President, or his designee, to enter into an agreement to increase the current contract from \$300,000 to \$975,000 in research services for Seraph Biosciences.

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

(ii) The contract will provide:

(a) Scope: Fabrication of prototype devices for beta testing and validation of diagnostic algorithm for the real time detection of strain specific pathogens as well as toxin and chemical detection.

(b) Duration: The original contract will be extended from the original twelve months to a duration of thirty months.

(c) Financial Consideration: The amount of the contract will not exceed \$975,000 which includes indirect costs at a rate of 26%.

(d) University Facilities to be utilized: The research will be performed in the Smart Sensors and Integrated Microsystems Laboratories in the Engineering Development Center at Wayne State University.

(e) Employees Assigned to the Services: Sally Yurgelevic, M.S.; Changhe Huang, Ph.D.; Michelle Brusatori, Ph.D.; Barbara House, M.A.; Gregory Auner, Ph.D.; and Mr. David Sant, B.S.

(iii) Dr. Auner's pecuniary interest consists of a current interest of approximately 12% ownership in each of Medical Engineering Partners (MEP) which has a majority ownership in Seraph Biosciences and he will therefore have the potential to financially benefit from the commercial success of the companies.