

**MICHIGAN STATE
UNIVERSITY**

October 10, 2011

MEMORANDUM

To: Trustee Policy Committee
From: Kim A. Wilcox, Provost
Re: Approval of Contract Terms: *Technova Corporation*

Recommendation:

BE IT RESOLVED that the Trustee Policy Committee recommends to the Board of Trustees that it approve the execution of a research contract with *Technova Corporation*, consistent with earlier public notice given at a Board meeting and with the "Research Contract Term Sheet" now presented to the Board for inclusion in its minutes.

Background:

In compliance with State law, public notice of the University's intent to negotiate contracts with *Technova Corporation*, a Michigan corporation based in Okemos, Michigan, was given at the Board of Trustees' meeting on September 13, 2002. The terms of a research contract are now being presented for approval.

Dr. Parviz Soroushian, a Professor in the Department of Civil and Environmental Engineering, and his family own or have options to buy an ownership interest of more than 1% of the company. Dr. Soroushian is also the president of *Technova Corporation*.

The attached "Research Contract Term Sheet" summarizes the agreement that MSU has negotiated with *Technova Corporation*.

Cc: Trustee Finance Committee
President Lou Anna K. Simon
Vice President Fred Poston
Vice President J. Ian Gray
Vice President Robert A. Noto
Secretary Bill Beekman
Dr. Terry May
Deputy General Counsel Kristine Zayko
Assistant General Counsel Lee Bollinger



**OFFICE OF THE
PROVOST**

Michigan State University
430 Administration Building
East Lansing, MI 48824-1046

517-355-6550
Fax: 517-355-9601
provost.msu.edu

RESEARCH CONTRACT TERM SHEET

Party: Technova Corporation

Contracts: Sponsored research agreement
“Development of an Inexpensive, Rapid and Highly Sensitive Perchlorate Nanobiosensor”

Term: From the effective date of the agreement to April 15, 2015

Payment Terms: \$100,000

Services Provided: By MSU to Technova: Research and development of an inexpensive, rapid and highly sensitive perchlorate nanobiosensor

By Technova to MSU: none

Use of University Facilities/Personnel:
Use of MSU facilities/personnel by Technova provided at prevailing rates for industrial research

Organization Type: Incorporated Michigan-based small business

Personnel Interest: Dr. Parviz Soroushian, a Professor in the Department of Civil and Environmental Engineering, and his family own or have options to buy an ownership interest of more than 1% of the company. Dr. Soroushian is also the president of Technova Corporation.

October 10, 2011

MEMORANDUM

To: Trustee Policy Committee
From: Kim A. Wilcox, Provost
Re: Approval of Contract Terms: *BoroPharm, Inc.*

Recommendation:

BE IT RESOLVED that the Trustee Policy Committee recommends to the Board of Trustees that it approve the execution of a contract with *BoroPharm, Inc.*, consistent with earlier public notice given at a Board meeting and with the "Contract Term Sheet" now presented to the Board for inclusion in its minutes.

Background:

In compliance with State law, public notice of the University's intent to negotiate contracts with *SM-Chem, LLC*, a Michigan limited liability company then based in DeWitt, Michigan, was given at the Board of Trustees' meeting on June 17, 2005. On June 5, 2006, *SM-Chem, LLC*, was renamed *BoroPharm, LLC*. On January 22, 2008, the membership interests of *BoroPharm, LLC*, were merged into *BoroPharm, Inc.*, a Delaware corporation based in Novi, Michigan.

BoroPharm, Inc. wishes to obtain chemical pilot plant production services from the MSU Bioeconomy Institute in Holland, MI. The terms of a contract are now being presented for approval.

Dr. Robert E. Maleczka, Professor and Chairperson in the Department of Chemistry, and Dr. Milton R. Smith, Associate Professor in the Department of Chemistry, and their immediate families, each own or have an option to buy an ownership interest of more than 1% of the company. Drs. Maleczka and Smith are also officers of *BoroPharm, Inc.*

The attached "Contract Term Sheet" summarizes the agreement that MSU has negotiated with *BoroPharm, Inc.*

Cc: Trustee Finance Committee
President Lou Anna K. Simon
Vice President Fred Poston
Vice President J. Ian Gray
Vice President Robert A. Noto
Secretary Bill Beekman



**OFFICE OF THE
PROVOST**

Michigan State University
430 Administration Building
East Lansing, MI 48824-1046

517-355-6550
Fax: 517-355-9601
provost.msu.edu

Dr. Terry May
Deputy General Counsel Kristine Zayko
Assistant General Counsel Lee Bollinger

CONTRACT TERM SHEET

Party: BoroPharm, Inc.

Project Description: Use of pilot plant infrastructure plus operational and analytical staff at the MSU facility in Holland, MI for production of chemicals.

Term: Two years, unless terminated at an earlier date at the discretion of either party.

Contractual Terms: BoroPharm, Inc., will be charged by project for mutually agreed supplies, personnel services, and equipment use as specified on the attached standard rate sheet, with total expenses under the contract not to exceed \$200,000 during the Term. BoroPharm, Inc. is responsible for arranging and paying for all raw materials, for the shipping of all products, and for disposal of all wastes generated. The company is responsible for complying with all applicable laws and regulations, as well as all MSU policies, and for cooperating fully with the MSU Office of Radiation, Chemical, and Biological Safety. The company assumes all risks of failed production runs not resulting from demonstrable MSU error or negligence. No intellectual property rights of either party are modified under this agreement.

Services Provided: By MSU, to BoroPharm, Inc.:
Pilot plant scale-up of chemical syntheses, with associated analytical services, as ordered.
By BoroPharm, Inc., to MSU:
None under contemplated agreement.

Use of University Facilities/Personnel:
MSU personnel will execute the pilot plant synthesis runs in the MSU facility in Holland, MI, and provide any agreed supplemental analytical services.

Organization Type: BoroPharm, Inc., is a Delaware corporation with offices in Novi, MI.

Personnel Interest: Dr. Robert Maleczka, Professor and Chairperson in the Department of Chemistry, and Dr. Milton Smith, Associate Professor in the Department of Chemistry, and their immediate families, each own or have an option to buy an ownership

interest of more than 1% of the company. Drs. Maleczka and Smith are also officers of BoroPharm, Inc.

MSU Bioeconomy Institute -- Pilot Plant Rates
 October 5, 2011 -- MSU reserves the right to modify rates at any time.

Infrastructure						
Primary reactor used in single reactor train [where a train may include up to 3 reactors: a primary or still, plus a receiver and/or a charging tank]	Vacuum Tray Dryer (no additional processing steps)	200 L glass-lined	400 L glass-lined; 120 L High Temperature Still	800 L glass-lined or stainless; or any volume Hastelloy, including low temperature reactor	2000 L glass-lined	4000 L glass-lined
First day in consecutive plant work period	\$474	\$2,208	\$2,944	\$3,680	\$4,416	\$5,152
Each additional consecutive plant work day, including filtering, centrifugation, drying, milling, etc. [*15% discount applies to this case for the eleventh and subsequent consecutive work days.]	\$316	\$735	\$980	\$1,225	\$1,470*	\$1,715*

Personnel		
	Mon-Friday Prime Shift; hourly rate up to 10 hrs per day	All other time worked;
Plant operator	\$46.00	\$69.00
Shift supervisor, service manager, or analytical chemist	\$67.00	\$100.00
Senior personnel (including EHS officer, chief engineer, or operations director)	\$120.00	\$180.00

Other	
	MSU mark-ups of mutually agreed charges for optional supplies and services provided by MSU
Raw materials (if not privately arranged)	26%
Waste disposal (if not privately arranged)	26%
Pilot plant consumables	26%
Consulting engineers	26%
Other expenses, absent separate agreement	26%