

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Approval of a Vendor with a Potential Conflict of Interest
Date: June 10, 2002

Recommended Action:

Approve Aurora Bioscience-Vertex to the University of Iowa's list of approved vendors with a potential conflict of interest.

Executive Summary:

Vendors at the Regent institutions with a potential conflict of interest are required by statute to be approved by the Board.

Aurora Bioscience-Vertex

Nature of Business:

Aurora Biosciences-Vertex (ABV) has developed compound screening technology that is needed for a research project headed by Professor E. Peter Greenberg. The University reports that ABV is the only vendor performing the screening technology at this time.

E. Peter Greenberg, Ph.D., was the Chief Scientific Officer and co-founder of Quorum Sciences, Inc. (QSI). QSI was a tenant in the University of Iowa's Technology Innovation Center. QSI was acquired by Aurora Biosciences in October 2000. Aurora Biosciences is a subsidiary of Vertex Pharmaceuticals Incorporated (VPI), a global biotechnology that designs, develops and commercializes small molecule drugs that address significant markets with major medical needs. VPI is a large corporation with stock traded on the NASDAQ.

Employee Relationship:

E. Peter Greenberg, who is a consultant for and a minor stockholder (less than .01%) in Aurora Bioscience-Vertex (ABV) is a professor in the Department of Microbiology.

Professor Greenberg has been awarded a research grant from the Defense Advanced Research Projects Ag (DARPA), which is the central research and development organization for the Federal Department of Defense.

Professor Greenberg's research requires the screening technology developed and licensed by Aurora Biosciences.

Purchasing Authority:

The University reports that if the compound screening technology available only from ABV is not available, the grant will have to be turned down.

The University reports that since ABV developed this screening technology and has licensed the required intellectual property from the University of Iowa, it is the only company that is in a position to carry out this work in the period required to receive the DARPA grant.

Background:

Requirements

The Iowa Code:

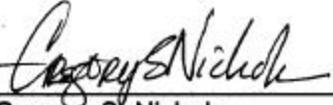
- Does not alleviate the requirement for institutions to obtain competitive bids and provide public notice [§68B.3].
- Prohibits an official or employee of a regulatory agency from selling, either directly or indirectly, goods or services to the agency of which the individual is an official or employee, except when certain conditions are met [§68B.4].
- Requires all regulatory agencies to adopt rules specifying the method by which employees may obtain agency consent for exception [§68B.4(4)].

The Regent Policy Manual:

- Precludes individuals with potential conflicts from being directly involved in the purchasing decisions or authorizing of any such contracts making material changes to such contracts [§10.09.A].
 - Requires Board authorization when a single purchase from a conflict of interest vendor (Regent employee) exceeds \$1,000 or a fiscal year's cumulative purchases exceed \$2,000 [§10.09.B].
 - Requires that a summary of institutional expenditures with approved conflict of interest vendors will be included in the annual purchasing report presented to the Board in November [§10.09.E].
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Andrea L. Anania

Approved: 

Gregory S. Nichols