

LSDF Grant No.:
Principal Investigator:
Organization:

**Life Sciences Discovery Fund
LSDF 2009 Program Grant Competition
Grant Award Agreement**

This agreement ("Agreement"), is entered into by the Life Sciences Discovery Fund Authority, ("Grantor"), a granting agency of the State of Washington, with offices at 2324 Eastlake Avenue East, Suite 501, Seattle, WA 98102, and _____ ("Grantee"), having an administrative office at address, city, state, zip code;

Grantor is authorized by statute of the state of Washington to make grants for the fundamental government purpose of sponsoring life sciences research to improve health and health care, foster economic development, and strengthen the competitiveness of the life sciences sector within Washington state;

Grantee intends to establish a new program of life sciences research ("Program") under the direction of Grantee's researcher ("Principal Investigator");

Grantee intends to allocate space, monies, personnel and other resources to facilitate the launch and growth of the Program and Grantor desires to assist Grantee in this effort;

Grantor intends to provide funding for certain, but not all, activities within the Program ("Budgeted Activities"), as set forth in Article 2, and has awarded Grantee funds not to exceed \$_____ to conduct the Budgeted Activities;

Grantee intends to conduct the Budgeted Activities in accordance with the grant proposal submitted to Grantor;

NOW, THEREFORE, in consideration of the above and the mutual terms and conditions set forth below, Grantor and Grantee agree as follows:

ARTICLE 1. EFFECTIVE DATE AND AVAILABILITY OF GRANT MONEY

This Agreement shall be effective on the date of signature of the last party to sign ("Effective Date"). Disbursement of funds shall be subject to the conditions set forth in this Agreement.

ARTICLE 2. DESCRIPTION OF BUDGETED ACTIVITIES

2.1 Establishment of the Program. Grantee agrees to use its reasonable best efforts to establish, maintain and advance the Program as described in the proposal entitled, _____, (Grantor ref. _____) ("Proposal"), which is attached to this Agreement as Exhibit A. Such reasonable best efforts shall include allocating space, monies, personnel and other resources to the Program as described within the Proposal and as necessary to launch and facilitate the growth of the Program. Grantee's failure to allocate the resources described within the Proposal to the Program shall be deemed to be a termination of the Program by Grantee. Termination of the Program by Grantee is grounds for termination of this Agreement.

2.2 Conduct of the Budgeted Activities. Grantee shall use reasonable best efforts to conduct the Budgeted Activities in accordance with the Proposal. The Budgeted Activities shall be carried out in accordance with the terms and conditions of this Agreement and with the Budget (as defined in Article 3.1 below) and the work plan described in the Proposal. In performing the Budgeted Activities, Grantee shall adhere to the milestones and timeline ("Milestones and Timeline") set forth in Exhibit B. Substantive changes in the scope or objectives of the Budgeted Activities or the Milestones and Timeline require the advance written approval of Grantor. Commonly accepted standards of workmanship shall be followed. In performing the Program and the Budgeted Activities, Grantee shall comply with all relevant federal, state, or local laws and regulations, and executive orders. Without limiting the general requirement contained herein, Grantee shall comply with all federal and state laws relating to discrimination by employers or in public accommodations, receipt and disbursement of state and federal funds, tax reporting and withholding requirements, workers' compensation, and wage and hour laws.

2.3 Key Personnel. The Budgeted Activities shall be carried out under the direction of the Principal Investigator, identified in the Proposal as _____, who shall select and supervise other participants as needed, and as consistent with the Proposal. The Principal Investigator shall be responsible for leading the Program and the Budgeted Activities, ensuring that the scientific, technical and Milestones and Timeline requirements of this Agreement are met, administering the grant in accordance with the terms and conditions of this Agreement, submitting progress reports to Grantor in a timely manner, overseeing personnel matters and disbursement of grant funds and responding to any inquiries from Grantor related to progress or financial reports or to an audit of grant expenses. The Principal Investigator shall sign or otherwise authorize all progress reports and requests made subject to this Agreement.

In the event that the Principal Investigator changes his or her employment status with the Grantee, relocates outside of Washington, or otherwise is unable

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to fulfill the role of Principal Investigator, Grantee shall notify Grantor in writing within 30 days of such an event and identify in writing an alternate Principal Investigator, acceptable to Grantor, to assume leadership of the Program and the Budgeted Activities. Failure to have an approved Principal Investigator is grounds for termination of this Agreement.

In the event that Principal Investigator or other Program or Budgeted Activities participants are debarred or become subject to debarment under the provisions of the Generic Drug Enforcement Act of 1992, 21 U.S.C. or have otherwise been disqualified or suspended from performing the Program or the Budgeted Activities or otherwise subject to any restrictions or sanctions by the FDA or any other governmental agency or professional body with respect to the performance of scientific or clinical investigations, Grantee shall immediately notify Grantor in writing. Debarment of any participant is grounds for termination of this Agreement.

2.4 Control of Budgeted Activities. Control of the Program and the Budgeted Activities shall rest with Grantee. Subject to the terms of this Agreement, Grantee may engage third party collaborators in the conduct of the Program and the Budgeted Activities.

2.5 Collaborators. In the event that performance of the Budgeted Activities involves third party collaborators of Grantee, Grantee shall be responsible for the performance of such collaborators and for ensuring that the work performed by such collaborators within the Budgeted Activities is consistent with the terms and conditions of this Agreement. Grantee warrants that it shall enter into written agreement(s) with all collaborators involved in the conduct of the Budgeted Activities according to the time set in the Milestones and Timeline. Among other provisions, such agreement(s) shall allow for the allocation of the rights that the Grantee and collaborators shall have in any Inventions (as defined in Article 6.2 below) developed during the course of performing the Budgeted Activities and shall identify which of the parties shall be responsible for commercialization of such Inventions. Grantee's collaborators are listed in Exhibit C.

2.6 Grant Period. The period in which the Budgeted Activities shall be performed ("Grant Period") is _____ months from the Effective Date of this Agreement.

2.7 Title to Equipment and Computers. Title to equipment and computers purchased with funds awarded under this Agreement shall be vested in the Grantee, on condition that such equipment is used for performance of the Program or the Budgeted Activities. Failure to keep equipment and computers available for these purposes is grounds for termination of this Agreement. Grantee may make equipment and computers available for use in other research

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studies as long as such use does not interfere with the work on the Program or the Budgeted Activities.

ARTICLE 3. FUNDING AND PAYMENT

3.1 Funding. Grantor has awarded funding to Grantee in the amount of \$_____. Grantee shall allocate such funding on an annualized basis during the Grant Period to the Budgeted Activities according to the budget ("Budget") shown in Exhibit D. All funding provided to Grantee under this Agreement is contingent upon Grantor having sufficient funds and expenditure authorization to fund the Budgeted Activities, as determined by Grantor.

3.2 Pre-Award Costs. Grantor shall not reimburse Grantee for expenditures made prior to the Effective Date of this Agreement.

3.3 Allowable Costs. Costs allowable under the grant provided herein are based on the Budget and shall be consistent with Grantee's policies. Allowable costs shall include costs incurred by Grantee from the Effective Date, until completion of the Budgeted Activities, expiration of the Grant Period, or termination of the Program, the Budgeted Activities, or this Agreement, whichever is earliest; in no event shall allowable costs exceed the amount of the grant award. Expenditures for the following are not allowable: costs associated with patient care beyond what are required for Budgeted Activities research, and computers not essential for performance of the Budgeted Activities. Facilities and administration ("F&A") support for the Budgeted Activities is allowable. F&A reimbursement is based on the true and actual costs of performing the Budgeted Activities, with such costs expressed as direct costs. The following direct costs for Budgeted Activities are allowable: personnel (including wages, benefits, stipends); equipment (at a unit cost above \$5,000); supplies; travel; subcontracts; and "other" costs as itemized and approved by Grantor. F&A costs incurred by a for-profit subcontractor of Grantee for the Budgeted Activities are not allowable.

3.4 Unallocated Costs. In the event that the Budget includes funds for Budgeted Activities whose costs or nature cannot be accurately determined as of the Effective Date, including but not limited to re-granting activities or recruitment startup packages, Grantee shall not encumber such funds for expenditure without the advance written approval of Grantor. In seeking Grantor's approval, Grantee shall provide a detailed written description of how such funds are to be spent and the time period during which the expenditures are to be made.

3.5 Budget Modifications. Grantee shall seek the advance written approval from Grantor for expenditures that are not within the Budget, expenditures exceeding 125% of the amount within any category of the Budget, or any changes to the Budget that directly impact the nature or design of the Program as set forth in the Proposal. Such requests shall be submitted in writing by

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Grantee's authorized institutional official. Monetary shifts of less than 25% between categories within a given year of the Budget may be made without advance written approval of Grantor.

3.6 Payments. Grantor shall make payments to Grantee for the conduct of the Budgeted Activities on a cost-reimbursement basis upon receipt of invoices submitted to and approved by Grantor. All payments shall be subject to Grantee's timely progress in achieving the goals set forth in the Milestones and Timeline, as determined by Grantor, and to Grantor's receipt of Grantee's semi-annual progress reports as described in Article 4 below. Invoices shall be submitted by the Grantee using Grantor's electronic submission system, with a signed copy sent by mail or other means as specified in Article 19 (Notices) herein. Commencing on the Effective Date of this Agreement, invoices shall be submitted for continuous expenditure periods of not less than 30 days and not greater than 90 days, and shall be submitted no later than 60 days from the end of the invoice period. Invoices shall include expenditures within a single year of the Budget only. Invoices shall state the milestone(s) within the Milestones and Timeline against which costs have been incurred within the invoice period, shall itemize all allowable costs according to the categories within the Budget, and shall be signed by an authorized institutional official certifying that all expenditures are directly related to the Budgeted Activities and Budget. Grantor may require expenditure documentation as part of the reimbursement process, if reasonably necessary to ensure consistency with the Milestones and Timeline and the Budget. Grantor shall pay to Grantee all allowable costs incurred until completion of the Budgeted Activities, expiration of the Grant Period, or termination of the Program, the Budgeted Activities, or this Agreement, whichever is earliest, insofar as those allowable costs do not exceed the amount granted herein. All payments shall be sent to Grantee via electronic funds transfer. Grantee shall complete and send a Direct Deposit Authorization form and signed W-9 form to Grantor for payments to commence.

3.7 Annual Financial Reports. Grantee shall summarize expenditures during each annual period within the Budget in an annual financial report ("AFR") submitted to Grantor. The first AFR shall be due no later than 60 days after the first anniversary of the Effective Date of this Agreement; subsequent reports shall be due no later than 60 days after each yearly anniversary thereafter until completion of the Budgeted Activities, expiration of the Grant Period, or termination of the Program, the Budgeted Activities, or this Agreement, whichever is earliest. AFRs shall include all expenditures made since the end of the previous reporting period. AFRs shall be signed by an authorized institutional official certifying that all expenditures are directly related to the Budgeted Activities and Budget. Grantee's expenditures within the subsequent annual period within the Budget shall not be reimbursed by Grantor until the previous year's AFR has been submitted and approved by Grantor.

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3.8 Unexpended Funds Within an Annual Budget. Should any unexpended funds remain at the end of a year within the Budget, Grantee may request that such unexpended funds be re-allocated into subsequent years within the Budget. Such requests shall be submitted in writing by Grantee's authorized institutional official at least 60 days prior to the end of the then-current period within the Budget and shall include projected expenditures through such period, the projected balance of funds remaining at end of such period, and shall further detail how the unexpended funds are to be re-allocated within the Budget. Authorization to re-allocate unexpended funds is subject to the sole discretion of Grantor. The final amount of the unexpended funds shall be determined by Grantor upon Grantee's timely submission of invoices and the applicable AFR. Revision of the Milestones and Timeline may be required, depending on the nature of the re-allocation.

3.9 No-Cost Extensions. In the event that unexpended funds remain at the end of the Grant Period, and there are remaining milestones to be accomplished within the Milestones and Timeline, Grantee may request an extension of the Grant Period to allow Grantee to accomplish such milestones. Such requests shall include an amended budget and Milestones and Timeline and shall be submitted in writing by Grantee's authorized institutional official. The decision to grant an extension is subject to the sole discretion of the Grantor, with such extension granted in annual increments, for a maximum of two years. At least 75% of the Grant Period shall be completed prior to Grantee requesting a no-cost extension.

3.10 Budget Surpluses. Should any unexpended funds remain within the Budget after Grantee has accomplished all of the milestones within the Milestones and Timeline ("Budget Surplus"), as solely determined by Grantor, Grantee may request that such Budget Surplus be allocated to support new work. Upon advance written approval of Grantor, such new work shall be consistent with the nature and goals of the Program. Budget Surplus allocation requests shall be submitted in writing by Grantee's authorized institutional official during the Grant Period, and shall include a detailed description of the research activities to be performed utilizing the Budget Surplus, a new set of milestones and a timeline for their accomplishment, and shall detail how the Budget Surplus will be allocated within the Budget. The final amount of such Budget Surplus shall be determined by Grantor upon Grantee's timely submission of invoices. Grantor reserves the right to refer Budget Surplus allocation requests for outside expert review, the cost of which shall be deducted from the Budget Surplus.

3.11 Supplemental Funding. During the course of the Grant Period and under certain circumstances as described below, Grantee may request funding in excess of what has been previously authorized under this Agreement ("Budget Supplement"). Grantee may request a Budget Supplement:

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3.11.A. when a disruptive event, that could not be foreseen or predicted at the Effective Date threatens accomplishment of the milestones within the Milestones and Timeline within the Budget; or

3.11.B. when findings, that were not anticipated within the Proposal, result from work within the Budgeted Activities and promise significant health or economic benefits to Washington state.

Requests for a Budget Supplement shall be submitted in writing by Grantee's authorized institutional official within a reasonable time of the occurrence of the precipitating event. Provision of a Budget Supplement is subject to the sole discretion of Grantor and the availability of funds. Grantor reserves the right to refer Budget Supplement requests for outside expert review.

3.12 Final Request(s) for Payment. Grantee shall submit final requests for reimbursement within 60 days of completion of the Budgeted Activities, expiration of the Grant Period, or termination of the Program, the Budgeted Activities, or this Agreement, whichever is earliest. Failure to comply may result in Grantor's refusal or inability to reimburse. Grantor shall not make the final payment until the proper invoice, marked "Final," has been approved by Grantor and the final progress report of the Budgeted Activities has been received and approved by Grantor.

ARTICLE 4. PROGRESS REPORTS

4.1 Submission Schedule. Grantee shall submit written progress reports to Grantor on a semi-annual basis describing Grantee's progress in advancing the Program and performing the Budgeted Activities. All reports shall be submitted by the Principal Investigator and shall detail the activities of Grantee and Grantee's collaborators in the Program and the Budgeted Activities during the period covered by the report. The first progress report shall be due six months after the Effective Date of this Agreement; subsequent reports shall be due at six month intervals thereafter. Grantee shall submit to Grantor a final progress report detailing the outcome of the Budgeted Activities to Grantor within 60 days of the completion of the Budgeted Activities, expiration of the Grant Period, or termination of the Program, the Budgeted Activities, or this Agreement, whichever is earliest. Payment of Grantee's invoices shall be predicated on Grantor's receipt of Grantee's semi-annual progress reports satisfactory to Grantor for the most recent required period.

4.2 Submission Method and Content. Progress reports shall be submitted electronically through Grantor's on line progress report system; a blank template showing the progress report content is attached as Exhibit E. Grantor reserves the right to change the content of progress reports during the Grant Period and Grantee shall make subsequent progress reports according to the template then

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in use by Grantor. Progress reports shall be of sufficient detail to allow Grantor to assess progress made on the Program and the Budgeted Activities and the Milestones and Timeline since the prior report. In the event that a progress report lacks such detail, Grantee shall provide Grantor with additional detail in a timely manner as requested by Grantor. Grantee shall also disclose in writing to Grantor any problems, delays or adverse conditions which may materially affect its ability to meet the objectives of the Budgeted Activities or the Milestones and Timeline. This disclosure shall be accompanied by a statement of the action taken or proposed and any assistance needed from Grantor to resolve the situation. Grantor shall hold all progress reports confidential, subject to the public disclosure laws of the state of Washington (See e.g., RCW 42.56.270(14)).

In addition to progress reports and at the reasonable request of Grantor, during the Grant Period and after expiration of the Grant Period or termination of this Agreement, Grantee may arrange site visits or in-person briefings to enable the Grantor to assess the impact of its funding.

4.3 Post-Award Progress Reports. For a period of up to five years after the expiration of this Agreement, Grantee shall provide Grantor with post-award progress reports regarding the Program and the Budgeted Activities according to a mutually agreeable schedule.

ARTICLE 5. ACCOUNTING AND AUDITING

Grantee shall record the receipt of the grant funds and any Budgeted Activities-related expenditures in such a form as to enable Grantor to verify that the funds were expended for the stated purposes of the grant and in accordance with generally accepted accounting principles. All pertinent records, including, but not limited to, invoices, purchase orders, packing lists, warranties, rebates and worksheets supporting allocations shall be retained in Grantee files for at least three years, or as otherwise required by state and federal law, or as requested by Grantor, after Grantor's final payment to Grantee under this Agreement. If there are unresolved audit questions at the end of the retention period, Grantee shall retain such records until the questions are resolved. Grantor reserves the right at reasonable times and during normal business hours to audit such records, or have them audited, during the term of this Agreement or thereafter. If as a result of an audit Grantor reasonably concludes that funds were spent for purposes not related to approved Budgeted Activities, as set forth in the Budget and subject to this Agreement, Grantor shall be entitled to a refund of such funds, including interest on the amount refunded. Grantee shall return such funds, including any applicable interest, to Grantor within 30 days of Grantor's written demand.

ARTICLE 6. INVENTIONS

6.1 Policies and Management. Grantor's grant awards are intended to support research that enhances competitiveness, improves health and health care and fosters economic development in Washington state. Grantor and Grantee recognize that discoveries and developments having public health, scientific, business, or commercial application or value may be made in the course of performing the Program and the Budgeted Activities. Grantor and Grantee desire that such discoveries and developments be administered in such a manner that they are brought into public use at the earliest possible time. Grantor and Grantee recognize that this may be best accomplished through patenting, copyrighting, trademarking and/or licensing such discoveries and developments. In accepting an award from Grantor, Grantee warrants that it has policies in place regarding ownership and management of intellectual property. Grantee further warrants that it has expertise in management of intellectual property, including evaluating invention disclosures and patenting and licensing, or in the absence of such expertise, that it shall engage individuals or entities, acceptable to Grantor, having such expertise to assist it in managing any Inventions (as defined in Article 6.2 below).

6.2 Invention Reporting. "Invention" is any discovery, material, method, process, product, program, software or use, whether or not patented or patentable or copyrighted or copyrightable, that is conceived or made in the course of performing the Budgeted Activities. All Inventions shall be reported to Grantor by Grantee's office of technology transfer, or equivalent entity, using Grantor's online system within 30 days after their written disclosure to Grantee. Grantee, through its office of technology transfer or equivalent entity, shall make semi-annual Invention reports to Grantor, using Grantor's online system, about the status of such Inventions, including Grantee's activities regarding protection of the Invention as intellectual property, licensing or other transfer of rights regarding the Invention and cumulative receipt of Invention Income (as defined in Article 6.4 below). Grantor shall hold all such Invention reports confidential, subject to the public disclosure laws of the state of Washington (See e.g. RCW 42.56.270(14)). Invention reports shall commence with Grantee's first disclosure of the Invention to Grantor and subsequent reports shall be provided to Grantor at each six month interval thereafter until such time as Grantee reports that all activities related to intellectual property protection and licensing of the Invention have ceased, all licenses to the Invention have terminated and Grantee is no longer receiving Invention Income and has ceased any further licensing or other commercialization activity, or Grantee has paid back to Grantor the grant award as specified under Article 6.4 herein, whichever occurs first.

6.3 Ownership and Disposition. Grantor claims no ownership rights in any Inventions. Grantee agrees to use its reasonable best efforts to make Inventions

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available to the public on reasonable terms and on a timely basis. Grantee further agrees that if Grantor believes that Inventions are not being made available to the public on reasonable terms and on a timely basis, Grantee shall work with Grantor in good faith to ensure that Inventions become publicly available on reasonable terms and on a timely basis.

6.4 Grant Award Payback. In the event that Grantee receives financial consideration for licensing or otherwise transferring rights in an Invention to a third party ("Invention Income"), and the cumulative Invention Income received by Grantee exceeds \$X,XXX,XXX (equivalent to seven and one half times the amount of the grant award provided under this Agreement), Grantee shall pay to Grantor the sum of \$X,XXX,XXX (equivalent to the amount of the grant award provided under this Agreement). Such grant payback shall be made in annual installments, at the rate of 20 percent of the Invention Income received by Grantee within a given calendar year. Such payback to Grantor shall commence with the first semi-annual Invention report after which Grantee's cumulative Invention Income has exceeded \$X,XXX,XXX. Subsequent payments shall be made to Grantor on an annual basis thereafter until the grant has been fully paid back.

Invention Income shall include all financial consideration received by Grantee from licensing or otherwise transferring rights to an Invention to a third party, including, but not limited to, fees, royalties, income received under sublicenses and equity. Invention Income shall not include amounts paid to Grantee by a third party in the form of a research grant.

In calculating "cumulative Invention Income" Grantee shall be allowed to deduct its documentable, unreimbursed, out-of-pocket expenses associated with intellectual property protection and licensing or other transfer of the Invention, including standard, fixed administrative fees supported by Grantee's written policies. Grantee shall provide documentation of such expenses and policies in a timely fashion upon request of Grantor.

In instances where a single licensing agreement or equivalent transfer of rights covers other intellectual property in addition to an Invention, Invention Income shall include only that financial consideration that is attributable to the Invention. In such cases, Grantee shall provide documentation and justification for the distribution of financial consideration between the Invention and such other covered intellectual property in a timely fashion upon request of Grantor.

In instances where the Invention is co-owned by Grantee and one or more other entities and Grantee is contractually required to share a portion of Invention Income with such entities, in calculating cumulative Invention Income, Grantee shall be allowed to deduct cumulative payments made to all such entities for their portion of Invention Income during the applicable annual period. Grantee

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shall provide documentation of the requirement for and the amount of such payments in a timely fashion upon request of Grantor.

6.5 Diligence. In licensing or otherwise transferring an Invention to a third party, Grantee shall include provisions in the license or transfer document obligating such third party to commercialize, or otherwise make available for public use, the Invention in a diligent manner and include appropriate diligence requirements and milestones, and shall monitor performance of such third party. The terms and conditions of this Article 6 shall apply to any third party to whom Grantee has assigned ownership rights to an Invention.

6.6 Jointly Funded Inventions. If any Invention is made with the joint support of Grantor and another funding organization and that other organization has an intellectual property policy that conflicts with Grantee's obligations under this Agreement, Grantor and Grantee shall negotiate in good faith a mutually satisfactory resolution of the conflict.

6.7 Subcontracts. The terms and conditions of this Article 6 shall apply to Grantee's subcontractors under this Agreement, including but not limited to, reporting of Inventions made by such subcontractors to Grantor and payback to Grantor of any subcontract award from Invention Income received by such subcontractors. All agreements between Grantee and its subcontractors shall include a provision specifically requiring that such subcontractors meet the obligations imposed upon Grantee under this Article 6.

In the event that Invention Income is received by Grantee and one or more of its subcontractors or by one or more of its subcontractors only, the obligation for payback by a party shall be limited to the amount of funding received by that party under this Agreement.

ARTICLE 7. CONFLICT OF INTEREST

Grantee represents and warrants that it has a financial conflict of interest policy in place applicable to performing the Budgeted Activities and that Grantee has taken reasonable steps to inform the Principal Investigator and all personnel performing the Budgeted Activities of the policy and requirements for complying with its terms. In accepting this award, Grantee represents that Grantee has advised the Principal Investigator and Grantee's personnel performing the Budgeted Activities that they are required to disclose, in accordance with the foregoing policy, any potential financial conflicts of interest associated with their participation in the Budgeted Activities to Grantee and that Grantee has received such disclosures or received an affirmative statement that there are no conflicts to disclose. Grantee further represents that it has eliminated or mitigated all disclosed financial conflicts consistent with the terms of its policy. Grantee also agrees to take reasonable measures to assure that its

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subcontractors for the Budgeted Activities are aware of and have agreed to comply with the provisions of this Article.

At execution of this Agreement, Grantee shall submit to Grantor the completed and executed statement found in Exhibit F herein of any potential financial conflicts of interest associated with personnel performing the Budgeted Activities; attesting to its receipt of disclosures from such personnel that, at a minimum, confirm understandings of Grantor as stated in Exhibit F; and assuring that all disclosed potential conflicts of interest have been eliminated or mitigated.

In the event that new financial conflicts of interest are disclosed during the course of performing the Budgeted Activities, Grantee shall report such disclosures in writing to Grantor in a timely manner using the procedure specified within this Article 7.

Upon the request of Grantor, Grantee shall provide, in writing, information about any financial conflicts of interest that have been disclosed subject to this Article 7, or that have been identified by Grantor in Exhibit F herein, and about how such disclosed or identified conflicts have been eliminated or mitigated.

ARTICLE 8. PRESENTATIONS AND PUBLICATIONS BY GRANTEE

The parties recognize that the results of the Budgeted Activities may be publishable and agree that the persons performing the Budgeted Activities shall be permitted to present at symposia and professional meetings and to publish in journals, theses or dissertations, or otherwise, in a manner of their own choosing, the methods and results of the Budgeted Activities. Following publication, copies of published papers describing the Budgeted Activities shall be submitted by Grantee to Grantor. Grantee agrees to acknowledge the support of Grantor in all public disclosures of the results of the Budgeted Activities.

ARTICLE 9. REPRESENTATIONS OF GRANTEE AUTHORITY AND STATUS

9.1 Grantee represents and warrants that it is an organization exempt from Federal income tax. Grantee agrees to notify Grantor immediately of any change or expected change in its status as an organization exempt from Federal income tax.

9.2 Grantee represents and warrants that it has authority to enter into this Agreement and to incur and perform the obligations herein and further warrants that the signatories to this Agreement are authorized to execute this Agreement on behalf of Grantee.

ARTICLE 10. USE OF HUMAN SUBJECTS AND VERTEBRATE ANIMALS

10.1 Human Subjects. In the event the Budgeted Activities involve the use of human subjects, Grantee shall ensure that the research site operates under an appropriate Office of Human Research Protections (OHRP)-approved assurance for the protection of human subjects and complies with all Department of Health and Human Services human-subjects-related policies and any other applicable laws or regulations. In accepting an award involving human subjects use within the Budgeted Activities, Grantee warrants that it has a system that complies with federal, state, and local government regulations to protect the rights, well-being, and personal privacy of human subjects in research and that the work to be performed within the Budgeted Activities has been reviewed and approved by the applicable human subjects oversight bodies. Grantee shall provide documentation of review and approval by the applicable oversight bodies of all human subjects work performed within the Budgeted Activities in a timely fashion upon request of Grantor.

10.2 Vertebrate Animals. In the event the Budgeted Activities involve the use of vertebrate animals, Grantee shall ensure that all performance sites hold Office of Laboratory Animal Welfare (OLAW)-approved assurances. In accepting an award involving vertebrate animal use within the Budgeted Activities, Grantee warrants that it has a system that complies with federal, state, and local government regulations to humanely, efficiently, effectively and legally use live vertebrate animals in research and that the work to be performed within the Budgeted Activities has been reviewed and approved by the applicable animal use and care oversight bodies. Grantee shall provide documentation of review and approval by the applicable oversight bodies of all vertebrate animal work performed within the Budgeted Activities in a timely fashion upon request of Grantor.

ARTICLE 11. TERMINATION

11.1 Termination by Grantor. Grantor shall have the right to terminate this Agreement upon the occurrence of any one or more of the following events:

- (a) failure of Grantor to receive sufficient funds or expenditure authorization to meet its payment obligations under this Agreement; or
- (b) Grantor's lack of authority to provide funding for the Budgeted Activities due to modification, change or interpretation of state or federal laws, regulations or guidelines; or
- (c) Grantee's termination of the Program; or
- (d) failure of Grantee to meet the goals set out within the Milestones and Timeline in a timely manner; or

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- (e) failure of Grantee to render progress reports, Invention reports or financial reports to Grantor as required by this Agreement; or
- (f) Principal Investigator or other Program or Budgeted Activities participants have been debarred or have been subject to debarment under the provisions of the Generic Drug Enforcement Act of 1992, 21 U.S.C. or have otherwise been disqualified or suspended from performing the Program or the Budgeted Activities or otherwise subject to any restrictions or sanctions by the FDA or any other governmental agency or professional body with respect to the performance of scientific or clinical investigations; or
- (g) in the case of the replacement of the Principal Investigator, failure of Grantee to identify an alternate Principal Investigator, acceptable to Grantor; or
- (h) the insolvency of Grantee; or
- (i) any assignment by Grantee of substantially all of its assets for the benefit of creditors; or
- (j) the institution of any proceeding by Grantee or a third party under any reorganization, bankruptcy, insolvency, or moratorium law; or
- (k) placement of Grantee's assets in the hands of a trustee or a receiver unless the receivership or trust is dissolved within 30 days thereafter; or
- (l) a change in Grantee's status as an organization exempt from Federal income tax; or
- (m) failure of Grantee to comply with applicable federal or state law; or
- (n) failure of Grantee to make equipment purchased or leased with funds disbursed pursuant to this Agreement available for Program or Budgeted Activities purposes; or
- (o) the breach of any other material term of this Agreement.

11.2 Exercise. Grantor may terminate this Agreement by giving Grantee or Grantee's trustees, receivers, or assigns, 30 days advance written notice. Upon the expiration of such period, this Agreement shall automatically terminate unless the Grantee has cured the breach and Grantor has acknowledged that it accepts the cure. Upon exercise of its right to terminate, Grantor reserves the right to withhold further payments and prohibit Grantee from incurring additional obligations of funds for the Budgeted Activities.

11.3 Termination by Grantee. Grantee may terminate this Agreement at its sole discretion upon two months advance written notice to Grantor. If this Agreement is so terminated, Grantor shall be liable only for payment required under the terms of this Agreement for performance of the Budgeted Activities and any reasonable non-cancellable obligations incurred by Grantee in performance of the Budgeted Activities prior to the effective date of termination. In the event of termination of the Program, or of this Agreement by

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Grantee, Grantor shall be entitled to take title and possession of any equipment valued at greater than \$5,000 purchased by Grantee for the Budgeted Activities with funding provided under this Agreement.

11.4 Effects. Upon termination of this Agreement, Grantor shall have no further obligation to disburse grant funds to Grantee, whether or not the entire amount of award has been disbursed to Grantee, and Grantee's authority to expend previously disbursed grant funds shall end. In the event that this Agreement is terminated for any reason whatsoever, and no later than 60 days after the effective date of termination:

- (a) Grantee shall promptly return any unexpended funds, including interest, to Grantor; and
- (b) Grantee shall refund to Grantor any funds spent for purposes other than approved grant activities as set forth in the Budget; and
- (c) Upon Grantor's request, Grantee shall transfer title to Grantor for all equipment purchased with grant funds; and
- (d) Grantee shall invoice Grantor for outstanding reimbursable expenditures and/or any reasonable non-cancellable obligations incurred by Grantee in the performance of the Budgeted Activities prior to the effective date of termination as applicable; and
- (e) Grantee shall provide Grantor, in writing, with a final report of the Budgeted Activities and a final financial report.

Nothing herein shall be construed to release Grantee from any obligation which matured prior to the effective date of such termination or to waive any rights Grantor may have to recover damages incurred by it as a result of Grantee's breach of the Agreement.

11.5 Survival. All terms and provisions of this Agreement which by their nature are intended to be observed and performed after the expiration or termination of this Agreement shall survive such expiration or termination, and shall continue in full force and effect. Without limiting the generality of the foregoing, the following provisions of this Agreement shall survive any expiration or termination: Article 2, Description of Budgeted Activities; Article 3, Funding and Payment; Article 4, Progress Reports; Article 5, Accounting and Auditing; Article 6, Inventions; Article 8, Presentations and Publications by Grantee; Article 11, Termination; Article 12, Communications and Public Disclosures by Grantor; Article 13, Responsibility for Loss; Article 15, Relationship of the Parties; Article 16, Governing Law; and Article 23, Disputes.

ARTICLE 12. COMMUNICATIONS AND PUBLIC DISCLOSURES BY GRANTOR

Grantor reserves the right to publicly disseminate information about its granting activities, including matter related to the Program and the Budgeted Activities.

LSDF Grant No.:
Principal Investigator:
Organization:

Grantor shall not publicly disclose information about the progress or outcomes of the Program or the Budgeted Activities without the advance approval of the Principal Investigator, such approval not to be unreasonably withheld, if such information has not been previously disclosed to the public. From time to time Grantor may request Grantee or Principal Investigator to assist Grantor with communications and public disclosures pertaining to the Program or the Budgeted Activities. Such assistance provided by Grantee or Principal Investigator shall be at reasonable times and locales and at Grantor's expense.

ARTICLE 13. RESPONSIBILITY FOR LOSS

To the fullest extent permitted by law, each party to this Agreement agrees to indemnify and to hold harmless the other party from damage to persons or property resulting from the negligence on the part of itself, its employees, its agents, its subcontractors, or its officers. Neither party assumes any responsibility to the other party for the consequences of any act or omission of any person, firm or corporation not a party to this Agreement.

ARTICLE 14. FAILURE TO ENFORCE

The failure of Grantor at any time, or for any period of time, to enforce any of the provisions of this Agreement shall not be construed as a waiver of such provisions or as a waiver of the right of Grantor thereafter to enforce each and every such provision.

ARTICLE 15. RELATIONSHIP OF THE PARTIES

The relationship of the parties is that of independent contractors. Nothing herein is intended or shall be construed to establish any agency, partnership, or joint venture. Neither party is authorized or empowered to act as an agent for the other party for any purpose and neither party shall be bound by the acts or conduct of the other party.

ARTICLE 16. GOVERNING LAW

This Agreement shall be governed and construed in accordance with the laws of the state of Washington.

ARTICLE 17. ASSIGNMENT

This Agreement shall not be assigned by Grantee without the advance written consent of Grantor and any attempted assignment shall be null and void.

ARTICLE 18. NO ORAL MODIFICATIONS

LSDF Grant No.:
Principal Investigator:
Organization:

This Agreement may not be changed, modified or amended except by express written agreement of the parties executed by their authorized representatives.

ARTICLE 19. NOTICES

Except as otherwise expressly provided in this Agreement, any communications between the parties hereto or notices to be given hereunder shall be given in writing by personal delivery, electronic transmission using electronic mail or Grantor's online systems, facsimile, or mailing the same, postage prepaid to Grantee or Grantor at the address or number set forth below, or to such other addresses or numbers as either party may indicate pursuant to this section. Any communication or notice so addressed and mailed shall be effective five days after mailing. Any communication or notice delivered by facsimile shall be effective on the day the transmitting machine generates a receipt of the successful transmission, if transmission was during normal business hours of the recipient, or the next business day, if transmission was outside normal business hours of the recipient. Any communication or notice given by personal delivery shall be effective when actually delivered. Communications by Grantee to Grantor using Grantor's online systems as required under this Agreement shall be effective upon Grantee's receipt of confirmation that such communications have been received by Grantor. Communications by electronic mail shall be effective upon the sender's receipt of confirmation from the recipient that such communications have been received.

Notices to Grantor

Grants Administrator
Life Sciences Discovery Fund
2324 Eastlake Avenue East, Suite 501
Seattle, WA 98102
Tel: 206-732-6788
Fax: 206-732-6778
Email: grantsadmin@lsdfa.org

Notices to Principal Investigator

Name:
Title:
Organization:
Address:

Tel:
Fax:
Email:

Notices to Grantee: Authorized Institutional Official

Name:

LSDF Grant No.:
Principal Investigator:
Organization:

Title:
Organization:
Address:

Tel:
Fax:
Email:

Notices to Grantee: Institutional Financial Official

Name:
Title:
Organization:
Address:

Tel:
Fax:
Email:

ARTICLE 20. ENTIRE AGREEMENT

This Agreement and the Exhibits attached hereto express the entire understanding of the parties with reference to the subject matter hereof, and supersede any prior or contemporaneous representations, understandings and agreements, whether oral or written. The parties agree and acknowledge that the rule of construction that ambiguities in a written agreement be construed against its drafter shall not be applicable to this Agreement.

ARTICLE 21. FORCE MAJEURE

Neither Grantor nor Grantee shall be held responsible for delay or default caused by fire, civil unrest, natural causes and war which is beyond, respectively, Grantor's or Grantee's reasonable control. Each party shall, however, make all reasonable efforts to remove or eliminate such cause of delay or default and shall, upon cessation of the cause, diligently pursue performance of its obligations under this Agreement.

ARTICLE 22. SEVERABILITY

The provisions of this Agreement are intended to be severable. If any term or provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the Agreement.

LSDF Grant No.:
Principal Investigator:
Organization:

ARTICLE 23. DISPUTES

The parties agree that, in the event of a dispute between them arising from, concerning, or in any way related to this Agreement, they shall undertake good faith efforts to resolve the matter amicably. The parties agree that neither shall initiate an action in court or an administrative tribunal against the other without giving 30 days notice of its intent, so that the parties may attempt to resolve the issues without resort to litigation.

ARTICLE 24. NO THIRD PARTY BENEFICIARIES

Grantor and Grantee are the only parties to this Agreement and the only parties entitled to enforce its terms. The parties agree that Grantee’s performance under this Agreement is solely for the benefit of Grantor to enable it to accomplish its fundamental governmental purpose. Nothing in this Agreement is intended to give, or shall give, whether directly or indirectly, any benefit or right, greater than that enjoyed by the general public, to third persons.

NOW, THEREFORE, agreement to the terms stated above is indicated by signatures affixed below.

Grantee

Grantor

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: Lee Huntsman
Title: Executive Director, LSDF
Date: _____

Principal Investigator

I have read and understand the terms of this Agreement, and agree to all terms and conditions herein.

By: _____
Name: _____
Title: _____
Date: _____

LSDF Grant No.:
Principal Investigator:
Organization:

Exhibit A: Proposal

(insert any relevant notes concerning proposal corrections or revisions which occurred between final submission in CG and final award by LSDF BOT).

LSDF Grant No.:
Principal Investigator:
Organization:

Exhibit B: Program Milestones and Timeline

Attached.

LSDF Grant No.:
Principal Investigator:
Organization:

Exhibit C: List of Collaborators

These should be organizations with perhaps subcontractors differentiated from non-subcontractors only.

LSDF Grant No.:
Principal Investigator:
Organization:

Exhibit D: Program Budget

Attached.

LSDF Grant No.:
Principal Investigator:
Organization:

Exhibit E: Progress Report Form Content

LSDF gathers data to analyze the impact of its awards and assess return on investment to demonstrate responsible stewardship of funds to the Washington State Legislature, the LSDF Board of Trustees, and the public. LSDF anticipates that the work of its grantees will have a wide variety of impacts – in life sciences competitiveness, health, and the economy – some difficult to measure. To help analyze the impact of its awards, LSDF requires semi-annual progress reports during the term of a grant. Reports are due immediately after each six-month period following commencement of the award.

Attached is the template for submitting progress reports to LSDF via its online progress report system. Unless otherwise indicated, reports shall be made only on LSDF-funded work. Where it is necessary to describe work not funded by LSDF to answer coherently, this shall be indicated.

Unless otherwise indicated, events that have been previously reported (e.g., a new collaboration) should not be reported; any changes or progress in such events should be reported. Do not report personally identifiable health data that may compromise an individual's privacy.

LSDF Grant No.:
Principal Investigator:
Organization:

Exhibit F: Conflict of Interest Report Form

Proposal title:
Principal investigator:
LSDF reference no.:

The capitalized terms used within this Exhibit F are as defined in the Life Sciences Discovery Fund LSDF 2009 Program Grant Competition Grant Award Agreement to which it is appended.

[To be deleted if LSDF brings no understandings forward.] Regarding the Budgeted Activities, Grantor has the following understandings that Grantor believes raise the potential for a conflict of interest to exist between the Principal Investigator's personal interests and his/her responsibilities to Grantee under the Budgeted Activities:

In executing this Conflict of Interest Report Form, Grantee represents and warrants that it has a financial conflict of interest policy in place applicable to performing the Budgeted Activities and that Grantee has taken reasonable steps to inform the Principal Investigator and all personnel performing the Budgeted Activities of the policy and requirements for complying with its terms. In accepting this award, Grantee represents that Grantee has advised the Principal Investigator and Grantee's personnel performing the Budgeted Activities that they are required to disclose, in accordance with the foregoing policy, any potential financial conflicts of interest associated with their participation in the Budgeted Activities to Grantee.

The following individuals have disclosed a financial conflict of interest. Grantee attests that in compliance with its conflict of interest policies it has reviewed all such disclosures and that all disclosed conflicts of interest associated with the Budgeted Activities, including, but not limited to those associated with Grantor's understandings stated above, have been eliminated or mitigated as follows:

Name:	Conflict eliminated <input type="checkbox"/>	Conflict mitigated <input type="checkbox"/>
Name:	Conflict eliminated <input type="checkbox"/>	Conflict mitigated <input type="checkbox"/>

If no disclosures were made regarding the Budgeted Activities, please initial below:

No financial conflicts of interest associated with the Budgeted Activities were disclosed to Grantee.

Attested to by:
Signature: _____

LSDF Grant No.:
Principal Investigator:
Organization:

Name: _____

Title: _____

Date: _____