

**Life Sciences Discovery Fund
Sample Grant Award Agreement
(Non-Profit)**

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 1551 Eastlake Avenue East, Suite 325, Seattle, WA 98102, and [REDACTED] ("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 promoting life sciences research and development to improve health and health care, foster economic development, and strengthen the competitiveness of the life sciences sector within Washington state;

Grantor intends to sponsor life sciences research and development under the direction of [REDACTED] ("Principal Investigator") and to award Grantee funds not to exceed \$ [REDACTED] to conduct such research and development;

Grantee intends to conduct the sponsored research and development 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 GRANT PERIOD

This Agreement shall be effective on [REDACTED] ("Effective Date"). The activities set forth in the Milestones and Timeline (as defined in Section 2.2) shall be performed during the [REDACTED] month period beginning on the Effective Date and ending [REDACTED] ("Grant Period").

ARTICLE 2. DESCRIPTION OF RESEARCH AND DEVELOPMENT PROJECT

2.1 Proposal. The grant awarded herein provides funding for the research and development project described in the proposal submitted by Grantee to Grantor entitled, [REDACTED], (Grantor reference number LSDF [REDACTED]) ("Proposal"), which is attached to this Agreement as Exhibit A.

2.2 Milestones and Timeline. In performing the project described within the Proposal, Grantee shall use its reasonable best efforts to complete the activities set forth in the milestones and timeline ("Milestones and Timeline") found in

Exhibit B. Grantee shall notify Grantor immediately of any event which reduces or is likely to materially reduce Grantee's ability to undertake the activities set forth in the Milestones and Timeline. Material changes in the Milestones and Timeline require the advance written approval of Grantor.

2.3 Conduct under the Milestones and Timeline. Grantee shall allocate space, monies, personnel and other resources as described within the Proposal to complete the activities set forth in the Milestones and Timeline. Grantee's failure to make such allocations shall be deemed to be a termination of the activities set forth in the Milestones and Timeline by Grantee. Termination of the activities set forth in the Milestones and Timeline by Grantee is grounds for termination of this Agreement. In performing the activities set forth in the Milestones and Timeline, Grantee shall maintain complete and accurate records of such activities, follow commonly accepted standards of workmanship, and comply with all relevant federal, state, or local laws and regulations, and Washington state 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.

2.4 Key Personnel. The activities set forth in the Milestones and Timeline shall be carried out under the direction of the Principal Investigator who shall select and supervise other participants as needed. Key Personnel are those individuals, other than the Principal Investigator, who are essential to performing the activities set forth in the Milestones and Timeline. The Principal Investigator shall be responsible for administering the Grant (as defined in Section 3.1) in accordance with the terms and conditions of this Agreement, supervising the activities set forth in the Milestones and Timeline, 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 expenditures under the Grant. The Principal Investigator shall sign or otherwise authorize all progress reports and requests made pursuant to this Agreement.

In the event that during the Grant Period the Principal Investigator changes his or her employment status with Grantee, relocates outside of Washington, or otherwise is unable to fulfill the role of Principal Investigator, or an individual within the Key Personnel is no longer able to perform his or her responsibilities, Grantee shall notify Grantor in writing 30 days prior to such event, or as soon as practical, and identify in writing an alternate Principal Investigator or Key Personnel member, acceptable to Grantor. Failure by Grantee to have either an approved Principal Investigator or an approved full complement of Key Personnel is grounds for termination of this Agreement.

In the event that during the Grant Period the Principal Investigator or other individuals performing the activities set forth in the Milestones and Timeline: (a) are debarred, declared ineligible, or voluntarily excluded from participation in transactions by any federal department or agency, including, but not limited to the U.S. Food and Drug Administration ("FDA"), or under any federal statute or regulation, including, but not limited to the provisions of the Generic Drug Enforcement Act of 1992, 21 U.S.C.; or (b) are otherwise subject to restrictions or sanctions by any other governmental agency or professional body with respect to the performance of scientific or clinical investigations; or (c) have otherwise been disqualified or suspended from performing activities substantially the same as those set forth in the Milestones and Timeline; Grantee shall immediately notify Grantor in writing. Debarment, ineligibility, exclusion, or other disqualification or suspension of the Principal Investigator or other individuals set to perform the activities set forth in the Milestones and Timeline from actually performing such activities is grounds for termination of this Agreement.

2.5 Control of Milestones and Timeline. Control of the activities set forth in the Milestones and Timeline shall rest with Grantee.

2.6 Subcontractors, Collaborators and Service Providers. For the purposes of this Agreement:

(a) the term "Subcontractor" is defined as an individual or organization that will conduct a portion of the activities set forth in the Milestones and Timeline and will be paid by Grantee from the Grant on a cost reimbursement basis.

(b) the term "Collaborator" is defined as an individual or organization that is key to the design, conduct, and reporting of the activities set forth in the Milestones and Timeline and will not be paid by Grantee from the Grant.

(c) the term "Service Provider" is defined as an individual or organization, including but not limited to, contract research organizations ("CROs"), that will conduct a portion of the activities set forth in the Milestones and Timeline and will be paid by Grantee from the Grant on a fee-for-service basis.

Subject to the terms of this Agreement, Grantee may engage third party Subcontractors, Collaborators and Service Providers in performing the activities set forth in the Milestones and Timeline. Grantee shall be responsible for the performance of all such Subcontractors, Collaborators and Service Providers and for ensuring that their work is consistent with the terms and conditions of this Agreement. Grantee warrants that it shall enter into written agreement(s) with all

such Subcontractors, Collaborators and Service Providers as specified in the Milestones and Timeline. Among other provisions, such agreement(s) shall allow for the allocation of the rights that Grantee and Subcontractors, Collaborators and Service Providers shall have in any intellectual property developed in performing the activities set forth in the Milestones and Timeline and shall identify which of the parties shall be responsible for commercialization of such intellectual property. No privity of contract exists between Grantor and Subcontractors, Collaborators, and Service Providers.

2.7 Title to Equipment and Computers. Title to equipment and computers purchased under the Grant shall be vested in Grantee, on condition that such equipment and computers are used for performance of the activities set forth in the Milestones and Timeline. Failure to keep equipment and computers available for such activities during the Grant Period is grounds for termination of this Agreement. Grantee may make equipment and computers available for use in other research and development activities as long as such use does not interfere with completion of the activities set forth in the Milestones and Timeline.

ARTICLE 3. FUNDING AND PAYMENT

3.1 Funding. Grantor shall award funding to Grantee in an amount not to exceed \$_____ (the "Grant") to complete the activities set forth in the Milestones and Timeline. Grantee shall allocate the Grant according to the budget ("Budget") shown in Exhibit C. Disbursement of funds shall be subject to Grantee's compliance with all terms and conditions set forth in this Agreement. The obligation of Grantor to disburse funds to Grantee under this Article 3 is contingent upon Grantor having sufficient funds and expenditure authorization and authority under state or federal laws, regulations or guidelines to do so, as determined by Grantor.

3.2 Pre-Award Costs. Grantor shall not reimburse Grantee for expenditures made prior to the Effective Date without advance written approval of Grantor.

3.3 Allowable Costs. Costs allowable under the Grant are based on the Budget and shall be consistent with Grantee's policies. Except as may be allowed pursuant to Section 3.2, allowable costs shall include costs incurred by Grantee from the Effective Date, until completion of the activities set forth in the Milestones and Timeline, expiration of the Grant Period, or notice of termination of this Agreement, whichever is earliest; in no event shall allowable costs exceed the Grant.

The following direct costs are allowable: personnel (including wages, benefits, stipends); equipment (where the unit cost of what constitutes an item of

equipment is subject to Grantee's policies, but shall under no circumstances exceed \$5,000); supplies; travel; subcontracts; and other costs as itemized by Grantee and approved by Grantor. Facilities and administration costs are allowable, provided that such costs represent the true and actual costs of performing the activities set forth in the Milestones and Timeline.

Expenditures for the following are not allowable: costs not within the Budget, facilities construction and remodeling costs, meals not associated with approved travel or exceeding the state per diem guidelines, alcoholic beverages, costs associated with patient care beyond those required for performing the activities set forth in the Milestones and Timeline, costs of purchasing, leasing, or maintaining computers not essential for performing the activities set forth in the Milestones and Timeline, costs associated with securing intellectual property protection or rights, market analysis, legal consultation and equipment, or computer purchases in the final year of a multi-year award without prior LSDF approval.

Equipment purchases not specifically listed within the Budget and equipment or computer purchases within the final year of the Grant Period are not allowable without the prior written approval of Grantor.

3.4 Unallocated Costs. In the event that the Budget includes funds for activities whose costs or nature cannot be accurately determined as of the Effective Date, 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 of Grantor for expenditures that are not within the Budget or any changes to the Budget that directly impact the Milestones and Timeline. Such approval shall be requested in writing by Grantee's Authorized Official (as identified in Article 19). Monetary shifts of less than 25% of the amount within a category of the Budget may be made between categories without advance written approval of Grantor.

3.6 Payments. Grantor shall disburse the Grant to Grantee for performing the activities set forth in the Milestones and Timeline 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 Grantee's timely provision of progress reports to Grantor as described in Article 4, and annual financial reports as described in Section 3.7. Invoices shall be electronically submitted by Grantee using Grantor's online submission system, with a signed copy and detailed expenditure documentation sent by mail or other means as

specified in Article 19. Commencing on the Effective Date, invoices shall be submitted for continuous 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 annual period of the Budget only. Invoices shall state the milestone(s) within the Milestones and Timeline against which costs have been incurred during the invoice period, shall itemize all allowable costs according to the categories within the Budget, and shall be signed by Grantee's Authorized Official certifying that all expenditures are directly related to performance of the activities set forth in the Milestones and Timeline and the Budget. Grantor shall reimburse Grantee for all allowable costs incurred until completion of the activities set forth in the Milestones and Timeline, expiration of the Grant Period, or notice of termination of this Agreement, whichever is earliest, insofar as such allowable costs do not exceed the Grant. 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 end of the first annual period within the Budget; subsequent reports shall be due no later than 60 days after the end of each annual period within the Budget thereafter until completion of the activities set forth in the Milestones and Timeline, expiration of the Grant Period, or termination of this Agreement, whichever is earliest. AFRs shall include all expenditures made since the end of the previous annual reporting period. AFRs shall be signed by Grantee's Authorized Official certifying that all expenditures are directly related to performance of the activities set forth in the Milestones and Timeline and the 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.

3.8 Unexpended Funds Within an Annual Budget. Expenditure of any funds remaining at the end of an annual period within the Budget shall require prior written approval of Grantor. Grantee may request that such unexpended funds be re-allocated into one or more subsequent annual periods. Such requests shall be submitted in writing by Grantee's Authorized Official no later than 60 days after the end of the subject annual period and shall include a statement of the balance of funds remaining at end of such period, a justification for the proposed re-allocation, and a revised Budget. If the proposed re-allocation involves a substantive change in the activities set forth in the Milestones and Timeline, Grantee shall submit a revised Milestones and Timeline with the request. The final amount of the unexpended funds shall be determined by Grantor upon Grantee's timely submission of invoices and the applicable AFR. In

the event that Grantor does not approve Grantee's request to re-allocate unexpended funds remaining at the end of an annual period within the Budget, expenditure authority for such funds shall revert to Grantor. [This section to be removed if grant period is one year or less and sub articles renumbered]

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 be submitted in writing by Grantee's Authorized Official at least 60 days prior to the end of the Grant Period and shall include a justification for extension, an estimate of the unexpended funds remaining at the end of the Grant Period, and a revised Budget and Milestones and Timeline. The decision to approve an extension is subject to the sole discretion of Grantor, with such extension granted in a single annual increment.

3.10 Budget Surpluses. Should any unexpended funds remain within the Budget after Grantee has completed the activities set forth in the Milestones and Timeline ("Budget Surplus"), as solely determined by Grantor, Grantee may request that such Budget Surplus be allocated to support new activities. Such new activities shall be consistent with the nature and goals of the Proposal, and authority to spend a Budget Surplus on such activities shall require advance written approval of Grantor. Budget Surplus allocation requests shall be submitted in writing by Grantee's Authorized Official within 60 days of completing the activities set forth in the Milestones and Timeline or 60 days prior to the end of the grant period, whichever is earliest, and shall include a detailed description of the activities to be performed utilizing the Budget Surplus, revised Milestones and Timeline, and a budget and a justification detailing how the Budget Surplus will be allocated. The final amount of such Budget Surplus shall be determined by Grantor upon Grantee's timely submission of invoices, and if applicable, the relevant AFR. 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. In the event that Grantor does not approve Grantee's request to spend a Budget Surplus, expenditure authority for such funds shall revert to Grantor.

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 the Grant ("Budget Supplement"). Grantee may request a Budget Supplement:

3.11.A. when a disruptive event, that could not be foreseen or predicted at the Effective Date threatens completion of the activities set forth in the Milestones and Timeline within the Budget; or

3.11.B. when findings, that were not anticipated within the Proposal, result from performance of the activities set forth in the Milestones and Timeline and promise significant health or economic benefits to Washington state.

Requests for a Budget Supplement shall be submitted in writing by Grantee's Authorized 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 for Reimbursement. Grantee shall submit a final request for reimbursement no later than 60 days after completion of the activities set forth in the Milestones and Timeline, expiration of the Grant Period, or termination of this Agreement, whichever is earliest. Failure to comply with this Section 3.12 may result in Grantor's refusal or inability to reimburse. Grantor shall not make the final payment until the proper invoice, marked "Final," including applicable detailed expenditure documentation, has been approved by Grantor and a report regarding progress on the activities set forth in the Milestones and Timeline has been received and approved by Grantor.

ARTICLE 4. PROGRESS REPORTS

4.1 Format and Schedule. Grantee shall provide to Grantor regular written and oral reports describing Grantee's progress on the activities set forth in the Milestones and Timeline. Grantee shall submit reports to Grantor according to the schedule specified in the Milestones and Timeline. All reports shall be provided by the Principal Investigator and shall detail the activities of Grantee and Grantee's Subcontractors, Collaborators and Service Providers during the period covered by the report. Grantee shall submit a final written progress report to Grantor no later than 60 days after completion of the activities set forth in the Milestones and Timeline, expiration of the Grant Period, or termination of this Agreement, whichever is earliest. Payment of Grantee's invoices shall be predicated on Grantor's receipt and approval of Grantee's progress report for the most recent required period.

4.2 Method of Provision and Content. Written progress reports shall be submitted electronically through Grantor's online progress report system. Grantor reserves the right to periodically change the content of written progress reports and Grantee shall submit such reports using Grantor's most current online template.

Oral progress reports shall be provided to Grantor using the method specified in the Milestones and Timeline. The content of such reports shall generally be the same as that of the written progress reports.

All progress reports shall be of sufficient detail to allow Grantor to assess progress made on completing the activities set forth in the Milestones and Timeline and how such activities contribute to Grantor's mission. 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 complete the activities set forth in the Milestones and Timeline. Such 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)).

Upon the reasonable prior written request of Grantor and prior to expiration of the Grant Period, Grantee shall arrange site visits or in-person briefings at a mutually agreed upon time and place to enable Grantor to assess the impact of the Grant.

4.3 Post-Award Progress Reports. Commencing on the first anniversary of submission of the final written progress report and through the fifth anniversary of submission of such final report, Grantee shall provide Grantor with periodic progress reports regarding Grantee's post-award research and development and commercialization activities related to the Proposal according to a mutually agreeable format and schedule.

ARTICLE 5. ACCOUNTING AND AUDITING

5.1 Accounting. Grantee agrees to maintain books and records documenting the expenditure of the Grant in accordance with generally accepted accounting principles and shall make such books and records available to Grantor and its representatives for review, upon reasonable request, for a period of three years following expiration of the Grant Period. If there are unresolved audit questions at the end of such retention period, Grantee shall further retain such records until the questions are resolved.

5.2 Audits. Grantor reserves the right at reasonable times and during normal business hours to audit Grantee's financial records related to the Grant, or have such records audited, during the Grant Period or for three years thereafter. Grantor shall bear the expenses for such audit unless the audit reveals that funds were spent for purposes unrelated to the activities set forth in the Milestones

and Timeline, as set forth in the Budget, in which case Grantee shall reimburse Grantor for such audit costs. If as a result of an audit Grantor reasonably concludes that funds were spent for purposes unrelated to the Milestones and Timeline, as set forth in the Budget, 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. INTELLECTUAL PROPERTY

6.1 Policies and Management. The Grant supports research and development to enhance competitiveness, improve health and health care and foster 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 activities set forth in the Milestones and Timeline. 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 the Grant, 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, 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 Section 6.2).

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 activities set forth in the Milestones and Timeline. Grantee's office of technology transfer, or equivalent entity, shall electronically report each Invention to Grantor using Grantor's online system within 30 days after such Invention has been disclosed in writing to Grantee. Grantee shall regularly update such Invention report, using Grantor's online system, to provide information regarding the management of such Invention, 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 Section 6.4). 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 report of an Invention to Grantor and subsequent reports shall be provided to Grantor at intervals not to exceed 12 months from

submission of the previous report. Invention reports shall terminate at such time as Grantee reports that all activities related to intellectual property protection and licensing of the Invention have ceased, or 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 as specified under Section 6.4, 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 available to the public on reasonable terms and in a timely basis. If Grantor believes that Inventions are not being made available to the public on reasonable terms and in a timely basis, Grantee shall work with Grantor in good faith to ensure that Inventions become publicly available on reasonable terms and in a timely basis.

6.4 Grant Payback. In the event that Grantee receives financial consideration for selling, 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 Grant), Grantee shall pay to Grantor the sum of \$X,XXX,XXX (equivalent to the Grant). Such payment shall be made in annual installments, at the rate of 20 percent of the Invention Income received by Grantee within the applicable calendar year. Payment to Grantor shall commence at the time of submission of the first 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 paid to Grantor.

Invention Income shall include all financial consideration received by Grantee from selling, licensing, or otherwise transferring rights to an Invention to a third party, including, but not limited to, sales revenue, 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 written 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 written 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.

If an 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, Grantee shall be allowed to deduct payments made to such entities for their portion of Invention Income during the applicable annual period when calculating cumulative Invention Income. Grantee shall provide written documentation of the requirement for and the amount of payments to such entities 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 enforce the compliance of such third party with such diligence requirements and milestones. 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 such 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 payment 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 of the Grant to Grantor by a party shall commence when the cumulative Invention Income received by such party exceeds seven and one half times the portion of the Grant received by that party and the amount of payment due to Grantor shall be limited to the portion of the Grant received by that party.

ARTICLE 7. CONFLICT OF INTEREST

Grantee represents and warrants that it has a financial conflict of interest policy in place applicable to performing the activities set forth in the Milestones and Timeline and that it has taken reasonable steps to inform the Principal Investigator and all personnel performing such activities of the policy and requirements for complying with its terms. In accepting the Grant, Grantee represents that it has advised the Principal Investigator and Grantee's personnel performing the activities set forth in the Milestones and Timeline that they are required to disclose, in accordance with the foregoing policy, any potential financial conflicts of interest associated with their participation in such activities to Grantee and that it 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 shall take reasonable measures to ensure that its Subcontractors performing activities set forth in the Milestones and Timeline are aware of and have agreed to comply with the provisions of this Article.

At execution of this Agreement, Grantee shall provide to Grantor the completed and executed Conflict of Interest Report Form found in Exhibit D regarding any potential financial conflicts of interest associated with personnel performing the activities set forth in the Milestones and Timeline and further attesting to (1) Grantee's receipt of disclosures from such personnel that, at a minimum, confirm understandings of Grantor as stated in Exhibit D, and (2) elimination or mitigation of all disclosed potential conflicts of interest.

In the event that new financial conflicts of interest are disclosed during the course of performing activities set forth in the Milestones and Timeline, 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 D, 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 from performance of the activities set forth in the Milestones and Timeline may be publishable and agree that the persons performing such activities shall be permitted to present the methods and results at symposia and professional meetings and to publish in journals, theses or dissertations, or otherwise, in a manner of their own choosing. Following any such publication, copies shall be submitted by Grantee to Grantor. Grantee

agrees to acknowledge the support of Grantor in all public disclosures related to the activities set forth in the Milestones and Timeline.

ARTICLE 9. REPRESENTATIONS OF GRANTEE AUTHORITY AND STATUS

9.1 In accepting the Grant, Grantee makes the following representations and warranties:

(a) Grantee is an organization exempt from Federal income tax and will notify Grantor immediately of any change or expected change in its status as an organization exempt from Federal income tax.

(b) Grantee has authority to enter into this Agreement and to incur and perform the obligations herein and the signatories to this Agreement are authorized to execute this Agreement on behalf of Grantee.

(c) The Principal Investigator or other individuals performing the activities set forth in the Milestones and Timeline are not currently debarred, declared ineligible, or voluntarily excluded from participation in transactions by any federal department or agency, including, but not limited to the U.S. Food and Drug Administration ("FDA"), or under any federal statute or regulation, including, but not limited to the provisions of the Generic Drug Enforcement Act of 1992, 21 U.S.C.; and are not otherwise currently subject to restrictions or sanctions by any other governmental agency or professional body with respect to the performance of scientific or clinical investigations; and are not currently otherwise disqualified or suspended from performing activities substantially the same as those set forth in the Milestones and Timeline.

(d) To the best of its knowledge, Grantee is not aware that the execution, delivery and performance of this Agreement by Grantee conflicts with any agreement, instrument or understanding, oral or written, to which it is a party or by which it is bound, or violates any law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it.

ARTICLE 10. USE OF HUMAN SUBJECTS AND VERTEBRATE ANIMALS

10.1 Human Subjects. In the event that activities set forth in the Milestones and Timeline involve the use of human subjects, Grantee shall ensure that all performance sites operate under an appropriate Office of Human Research Protections (OHRP)-approved assurance for the protection of human subjects and comply with all Department of Health and Human Services human subjects-related policies and any other applicable laws or regulations. In accepting a Grant involving human subjects use in activities set forth in the Milestones and Timeline, Grantee warrants that, prior to their commencement, such activities

shall be reviewed and approved by the applicable oversight body as compliant with federal, state, and local government regulations to protect the rights, well-being, and personal privacy of human subjects in research. Upon request by Grantor, Grantee shall provide documentation of review and approval by the applicable oversight bodies of all human subjects activities set forth in the Milestones and Timeline.

10.2 Vertebrate Animals. In the event that activities set forth in the Milestones and Timeline involve the use of vertebrate animals, Grantee shall ensure that all performance sites hold Office of Laboratory Animal Welfare (OLAW)-approved assurances. In accepting a Grant involving vertebrate animal use in activities set forth in the Milestones and Timeline, Grantee warrants that, prior to their commencement, such activities shall be reviewed and approved the applicable oversight body as compliant with federal, state, and local government regulations to humanely, efficiently, effectively and legally use live vertebrate animals in research. Upon request by Grantor, Grantee shall provide documentation of review and approval by the applicable oversight bodies of all vertebrate animal activities set forth in the Milestones and Timeline.

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, with Sections 11.1(c) – (o), each referred to herein as a “Grantee Termination Event”:

- (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 activities set forth in the Milestones and Timeline due to modification, change or interpretation of state or federal laws, regulations or guidelines; or
- (c) Grantee’s termination of the activities set forth in the Milestones and Timeline; or
- (d) failure of Grantee to meet the goals set out within the Milestones and Timeline in a timely manner; or
- (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 participants performing the activities set forth in the Milestones and Timeline (a) have been debarred, declared ineligible, or voluntarily excluded from participation in transactions by any federal department or agency, including, but not limited to the U.S. Food and Drug Administration (“FDA”), or

under any federal statute or regulation, including, but not limited to the provisions of the Generic Drug Enforcement Act of 1992, 21 U.S.C.; or (b) have otherwise been subject to restrictions or sanctions by any other governmental agency or professional body with respect to the performance of scientific or clinical investigations; or (c) have otherwise been disqualified or suspended from performing activities substantially the same as those set forth in the Milestones and Timeline; or

- (g) in the case of the replacement of the Principal Investigator or a member of the Key Personnel, failure of Grantee to identify an alternate, 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 federal or state law applicable to the activities set forth in the Milestones and Timeline; or
- (n) failure of Grantee to make equipment purchased or leased with funds disbursed pursuant to this Agreement available for the activities set forth in the Milestones and Timeline; or
- (o) Grantee's breach of any other material term or condition 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 Grantee reports in writing that it has cured each applicable Grantee Termination Event and Grantor has acknowledged that it accepts the cure. Upon notice by Grantor to Grantee of termination under a Grantee Termination Event, no request for reimbursement shall be made hereunder for any expenses incurred by Grantee on or after the date of such notice until such event has been cured, provided that nothing herein shall be construed to release Grantor from any obligation to reimburse Grantee for allowable costs incurred prior to the date of such notice even if reimbursement is not sought until after the date of such notice. In the event that Grantee fails to cure a Grantee Termination Event within the applicable cure period, Grantor shall not be required to reimburse Grantee for expenses incurred by Grantee during such cure period.

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 activities set forth in the Milestones and Timeline prior to the date of notice of termination. In the event of Grantee's termination of this Agreement, Grantor shall be entitled to take title and possession of any equipment valued at greater than \$5,000 purchased under the Grant.

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 Grant 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 the activities set forth in the Milestones and Timeline and the Budget; and
- (c) Upon Grantor's request, Grantee shall transfer title to Grantor for all equipment valued at greater than \$5,000 purchased under the Grant; and
- (d) Grantee shall invoice Grantor for outstanding expenditures and/or any reasonable non-cancellable obligations incurred by Grantee and to which Grantee is entitled reimbursement under the applicable section of this Agreement for activities performed as set forth in the Milestones and Timeline; and
- (e) Grantee shall provide Grantor, in writing, with a final report of the activities performed in attempting to meet the Milestones and Timeline 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 3, Funding and Payment; Article 4, Progress Reports; Article

5, Accounting and Auditing; Article 6, Intellectual Property; Article 8, Presentations and Publications by Grantee; Article 11, Termination; Article 12, Communications and Public Disclosures by Grantor; Article 13, **Responsibility for Loss Indemnification**; Article 14, Failure to Enforce; Article 15, Relationship of the Parties; Article 16, Governing Law; Article 17, Assignment; Article 18, No Oral Modifications; Article 19, Notices; Article 20, Entire Agreement; Article 21, Force Majeure; Article 22, Severability; Article 23, Disputes; and Article 24, No Third Party Beneficiaries.

ARTICLE 12. COMMUNICATIONS AND PUBLIC DISCLOSURES BY GRANTOR

Grantor reserves the right to publicly disseminate information about Grantee's activities as set forth in the Milestones and Timeline. Grantor shall not publicly disclose such information 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 such communications and public disclosures pertaining to the activities set forth in the Milestones and Timeline. 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 (Use for state entities)

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, Collaborators and Service Providers 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 13. INDEMNIFICATION (Use for non-state entities)

To the fullest extent permitted by law, Grantee shall indemnify, defend, and hold harmless Grantor and all officials, agents and employees of Grantor, from and against all claims for injuries or death arising out of or resulting from the performance of the Project under this Agreement.

"Claim," as used in this Agreement, means any financial loss, claim, suit, action, damage or expense, including but not limited to attorney's fees, attributable for bodily injury, sickness, disease, or death, or injury to or destruction of tangible property including loss of use resulting therefrom. Grantee's obligations to indemnify, defend, and hold harmless include any claim by Grantee's agents, employees, representatives, or any sub-contractor or its employees.

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. Grantor may assign this Agreement subject to authorization by statutory amendment or its Board of Trustees. Upon such assignment, Grantor's assignee shall accept all rights and assume all obligations herein.

ARTICLE 18. NO ORAL MODIFICATIONS

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 Manager
Life Sciences Discovery Fund
1551 Eastlake Avenue East, Suite 325
Seattle, WA 98102
Tel: 206-456-9577
Fax: 206-456-9578
Email: grantsadmin@lsdfa.org

Notices to Principal Investigator

Name:
Title:
Organization:
Address:

Tel:
Fax:
Email:

Notices to Grantee: Authorized Official

Name:
Title:
Organization:
Address:

Tel:
Fax:
Email:

Notices to Grantee: 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.

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 third party standing to sue to enforce this Agreement.

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

By:_____

By:_____

Name:

Name: John P. DesRosier

Title:

Title: Executive Director, LSDF

Date:_____

Date:_____

Principal Investigator

I have read and understand the terms of this Agreement.

By:_____

Name:

Title:

Date:_____

Exhibit A: Proposal

Insert any relevant notes concerning proposal corrections or revisions which occurred between final submission and final award by LSDF board of trustees.

Exhibit B: Milestones and Timeline

Attached.

Exhibit C: Budget

Attached.

Exhibit D: Conflict of Interest Report Form

Proposal title:

Principal Investigator:

LSDF reference no.:

The capitalized terms used within this Exhibit D are as defined in the Life Sciences Discovery Fund **Proof of Concept Grant Award Agreement** to which it is appended.

[To be deleted if LSDF brings no understandings forward.] Regarding the activities set forth in the Milestones and Timeline, Grantor has the following understandings that Grantor believes raise the potential for a conflict of interest to exist between the [Tailor as appropriate Principal Investigator's] personal interests and his/her responsibilities to Grantee under this Agreement:

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 the activities set forth in the Milestones and Timeline and that it has taken reasonable steps to inform all Grantee's personnel performing such activities of the policy and requirements for complying with its terms. In accepting the Grant, Grantee represents that it has advised all Grantee's personnel performing the activities set forth in the Milestones and Timeline that they are required to disclose, in accordance with the foregoing policy, any potential financial conflicts of interest associated with their participation in such activities.

In executing this Conflict of Interest Report Form, Grantee further represents that it has taken reasonable measures to ensure that its Subcontractors for performing the activities set forth in the Milestones and Timeline are aware of and have agreed to comply with the provisions of Article 7 of this Agreement.

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

Name: _____ Conflict eliminated Conflict mitigated

Name: _____ Conflict eliminated Conflict mitigated

If no disclosures were made regarding the activities set forth in the Milestones and Timeline please initial below:

___ No financial conflicts of interest associated with the activities set forth in the Milestones and Timeline were disclosed to Grantee.

Attested to by:

Signature: _____

Name: _____

Title: _____

Date: _____