

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents
February 16, 2012

ACTION REQUEST

Subject: Master Agreement between the University of Michigan and OcuSciences, Inc.

Action Requested: Authorization to enter into Master Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the Proposal Approval Form that then triggered a review by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflict of interest will be developed by the Board and agreed to by the parties involved.

This proposed Master Agreement falls under the State of Michigan Conflict of Interest Statute because Professors Victor Elner and Howard Petty are both employees of the University of Michigan ("University") and partial owners and officers of OcuSciences, Inc. The law permits such an Agreement provided it is disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents of the University of Michigan.

Background:

Dr. Howard Petty, a professor of Ophthalmology and Visual Sciences and a professor of Microbiology and Immunology, and Dr. Victor Elner, a professor of Ophthalmology and Visual Sciences and a professor of Pathology, are the partial owners and officers of a for-profit company called OcuSciences, Inc. (the "Company"). The Company was formed to commercialize certain devices and methods for discovering and developing new drugs and has licensed relevant technologies from the University as disclosed in a previous Regental Action. The Company wishes to support research projects and desires to use facilities of the University for projects that will be described from time to time related to research and development of these technologies. The roles of the above-referenced University employees in each project will be described in a project statement and approved conflict of interest management plans.

Agreement Terms:

The University will enter into a Master Agreement with the Company that will cover standard procedures for performance of projects as well as provisions implementing University and federal policies related to intellectual property and publication. The Master Agreement will cover an initial five-year period with a total authorization not to exceed \$1,000,000. The University will use standard sponsored project accounting procedures to determine the cost of each project. Budgets will be reviewed and approved by authorized representatives of each department and school/college

where projects are to be performed. The Master Agreement will allow the University and the Company to specify projects that the University will conduct under the terms of the master agreement. Since sponsored projects are often amended, the Master Agreement includes provisions for changes in time, amount, and scope of each supported project. University procedures for approval of each project will be followed and additional conflict of interest review will be done on a project-by-project basis.

Impact of the Agreement:

The Master Agreement will facilitate research that will assist the University in developing and commercializing the technologies for medical applications. It also provides for ongoing support and collaboration between the University and a start-up company.

Recommendation:

These matters will be reviewed and approved by the Medical School Conflict of Interest Board and a plan will be developed to manage the potential conflict of interest risks associated with each project that will be implemented under the terms of the Master Agreement prior to the University's approval of any individual project. In light of the disclosure made in this document and our finding that the Master Agreement will be negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into this Master Agreement with OcuSciences, Inc.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

February 2012