THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject:  Option Agreement between the University of Michigan and Attercor, Inc.

Action Requested:  Approval of Option Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement 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 was then developed and approved by this Board and agreed to by the parties involved in this plan.

This proposed option agreement (“Agreement”) falls under the State of Michigan Conflict of Interest Statute because Professors Gary Hammer and Thomas Kerppola are both employees of the University of Michigan (“University”) and have interests in Attercor, Inc. Dr. Hammer is a founder and equity holder. Dr. Kerppola's spouse is a founder and equity holder. 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. Gary Hammer, the Millie Schembechler Professor of Adrenal Cancer, Professor of Internal Medicine, Professor of Molecular and Integrative Physiology, Director of the Center for Organogenesis, and Professor of Cell and Developmental Biology, and the spouse of Dr. Thomas Kerppola, Professor of Biological Chemistry, are the partial owners of a for-profit company called Attercor, Inc. (the “Company”). The Company was formed recently to commercialize a therapeutic for adrenal cancer and related disorders and desires to option from the University of Michigan the University's rights associated with the following technology:

UM OTT File No. 5104, entitled: “Methods and Compositions for the Treatment of Adrenal Disorders” (Gary Hammer and Thomas Kerppola)

The Office of Technology Transfer selected the Company as a University partner and negotiated the terms of the proposed Agreement in accordance with University policy and its accepted licensing principles.

Parties to the Agreement:

The Regents of the University of Michigan and Attercor, Inc.
Agreement Terms Include:

Agreement terms include granting the Company an option to negotiate for an exclusive license with the right to grant sublicenses. The Company will pay a royalty on sales and reimburse patent costs. The University may receive equity in the Company, along with the right to purchase more equity. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreement. Standard disclaimers of warranties and indemnification apply, and the Agreement may be amended by consent of the parties, such as adding related technology. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Hammer arise from his ownership interest in Atterocor, Inc. and Dr. Kerppola’s arise from his spouse’s ownership interest in Atterocor, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option to obtain a worldwide exclusive license agreement for patents related to UM OTT File No. 5104 in all fields of use.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. In light of this disclosure and our finding that the Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve the Option Agreement between the University and Atterocor, Inc.

Respectfully submitted,

Stephen R. Forrest
Vice President for Research

March 2012