

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

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

Action Requested: Authorization to enter into Master Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Research and Sponsored Projects while reviewing the Proposal Approval Form which 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 the Board and agreed to by the parties involved.

This proposed agreement (“Agreement”) falls under the State of Michigan Conflict of Interest Statute because Professors Yuqing (Eugene) Chen and Jie Xu are employees of the University of Michigan (“University”), and partial owners of ATGC, Inc. The law permits such an Agreement provided it is disclosed to the Board of Regents (“Regents”) of the University of Michigan and approved in advance by a 2/3 vote.

Background:

Yuqing Chen, MD, PhD, a Professor in the Department of Internal Medicine – Cardiovascular Medicine, and Jie Xu, PhD, a Research Assistant Professor in the Department of Internal Medicine – Cardiology, are partial owners of a for-profit company called ATGC, Inc. (the “Company”). The Company was formed recently to commercialize the rabbit platform for drug discoveries from the University as disclosed in a previous Regental Action Request. The Company wishes to have the University participate in various projects that the Company will support independently or from grants from federal agencies related to research and the development of these technologies. The roles of Drs. Chen and Xu will be described in a project statement for each project and shall be subject to an approved conflict of interest management plan.

Agreement Terms:

The University will enter into an 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 Agreement will cover an initial five (5) year period, with a total authorization not to exceed \$1,500,000. The University will use standard sponsored project accounting

procedures to determine the cost of each project under this Agreement. Budgets will be reviewed and approved by authorized representatives of the applicable department(s) and school(s)/college(s) where projects will be performed. The Agreement will allow the University and the Company to specify projects that the University will conduct under the terms of the Agreement. Since sponsored projects are often amended, the Agreement will include provisions for changes in the time 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 and testing that will assist the University in developing and commercializing rabbit models for immunotherapy studies. It also provides for ongoing support and collaboration between the University and a University of Michigan start-up company.

Recommendations:

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 this disclosure and our finding that the Agreement will be negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University entering into this Agreement with ATGC, Inc.

Respectfully submitted,



S. Jack Hu
Vice President for Research

May 2018