

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents
June 17, 2010

ACTION REQUEST

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

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the proposed agreement. This then triggered a review by the OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflicts of interest will be developed and approved by the OVPR Conflict of Interest Review Committee and agreed to by the parties involved.

This proposed Master Agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Alan R. Saltiel is both an employee of the University of Michigan ("University") and a partial owner of Vega Therapeutics, 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. Saltiel, a Professor and the Director of the Life Sciences Institute, is the partial owner of a for-profit company called Vega Therapeutics, Inc. (the "Company"). The Company was formed recently to commercialize methods for the treatment of insulin resistance, diabetes and obesity. It has obtained an option from the University of Michigan to the University's rights associated with the relevant technology pursuant to a previous Regental Action. The Company wishes to support research projects and desires to use facilities of the University 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 a 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 \$2,000,000. 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 review by the OVPR Conflict of Interest Review Committee will be done on a project-by-project basis.

Impact of the Agreement:

The Master Agreement will facilitate research that will assist the University and 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 have been reviewed by the OVPR Conflict of Interest Review Committee, 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 acceptance of any individual project. In light of the disclosure made in this document and our finding that the Master Agreement is negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University entering into this Master Agreement with Vega Therapeutics, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest", with a long horizontal flourish extending to the right.

Stephen R. Forrest
Vice President for Research

June 2010