Subject: Research Agreement between the University of Michigan and ONL Therapeutics, Inc.

Action Requested: Authorization to enter into 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 and the UMOR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by the Board and Committee and agreed to by the parties involved.

This proposed research agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professors David Zacks, Anna Schwendeman, and Tom Kerppola are employees of the University of Michigan ("University"), and partial owners of ONL Therapeutics, Inc. ("ONL"). 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:

Dr. David Zacks, an Associate Professor in the Department of Ophthalmology and Visual Science in the Medical School, Dr. Anna Schwendeman, a Research Assistant Professor of Pharmacy in the College of Pharmacy, and Dr. Tom Kerppola, a Professor in the Department of Biological Chemistry in the Medical School, are the partial owners of a for-profit company called ONL (the "Company"). The Company wishes to fund a project entitled "Service agreement between ONL Therapeutics and the University of Michigan for testing of ONL compounds in retinal cell apoptosis models" (ORSP #15-PAF07281) in the Department of Ophthalmology and Visual Sciences under the direction of Dr. Cagri Besirli. The purpose of this project is to analyze the effect of ONL compounds, licensed to ONL by the University, which are designed to prevent photoreceptor apoptosis by measuring TUNEL activity in the experimental retinal detachment model.

Agreement Terms:

The terms of the Agreement conform to University policy. The period of performance for the project is approximately six (6) months. The amount of funding support will not exceed $82,419. Since research projects are often amended, this agreement includes a provision for changes in time, amount, and scope. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
Impact of the Agreement

The Agreement will support an effort by Dr. Besirli to use his expertise and University laboratory, as well as other University resources to assess the efficacy of compounds developed at the University and licensed to ONL that are designed to prevent photoreceptor apoptosis.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board and the UMOR Conflict of Interest Review Committee. 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 University's entering into this Agreement with ONL Therapeutics, Inc.

Respectfully submitted,

S. Jack Hu  
Interim Vice President for Research

June 2015