

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Regental Action Under the State of Michigan Conflict of Interest Statute

Action Requested: Authorize Execution of Investment Agreements for the Monroe-Brown Seed Fund for MDI Therapeutics, Inc.

Preamble:

In April 2016, the Board of Regents approved the Monroe-Brown Seed Fund and its guidelines. The purpose of the Monroe-Brown Seed Fund is to provide seed and pre-seed capital to biomedical start-up companies based on underlying technologies from the University of Michigan's College of Engineering and Medical School.

The proposed investment agreements (the "Agreements") fall under the State of Michigan Conflict of Interest Statute because the listed Interested Individual(s) is/are both an employee of the University of Michigan ("University") and a partial owner of MDI Therapeutics, Inc., f/k/a MedigenixBio (the "Company"). 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:

Based on recommendations from the Monroe-Brown Seed Fund Investment Advisory Board (IAB) and Program Manager, and in accordance with approved operational procedures and protocols, the Monroe-Brown Seed Fund is seeking approval to invest seed capital in an amount not to exceed \$300,000 in the following startup:

MDI Therapeutics, Inc., founded in 2017, and headquartered in Novi, MI, is therapeutics company focused using creating novel PAI-1 pathway inhibitors for the treatment of systemic scleroderma and idiopathic pulmonary fibrosis (IPF) . The Company was formed to commercialize the novel molecules developed at the University.

Interested Individual(s): □

Daniel Lawrence, Ph.D. □ has an appointment at the University of Michigan as the Frederick G L Huetwell Collegiate Professor of Basic Research in Cardiovascular Medicine, Professor of Internal Medicine, and Professor of Molecular and Integrative Physiology.

Enming (Joseph) Su, Ph.D. □ has an appointment at the University of Michigan as an Associate Research Scientist in the Department of Internal Medicine.

Pecuniary Interest:

The pecuniary interests of Drs. Dan Lawrence and Joseph Su arise from their ownership interest in the Company.

Parties to the Agreement:

The Regents of University of Michigan and MDI Therapeutics, Inc.

Agreement Terms Include:

The Monroe-Brown Seed Fund will execute applicable standard agreements for venture capital investing. The University will receive future equity in the Company, along with the right to purchase more equity.

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. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Recommendations:

We believe state law requirements have been met with the disclosure of the pecuniary interest and formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable by the supervisors or designated conflict managers under the Conflict of Interest Policy at the applicable school, college or administrative unit within the University must be analyzed and managed in addition to the foregoing approval process.

I recommend that the Board of Regents authorize execution of agreements between the University of Michigan and MDI Therapeutics, Inc., as set forth above.

Respectfully submitted,



Dr. Marschall S. Runge
Executive Vice President for Medical Affairs

[February 1, 2018]