

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

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

Action Requested: Authorization for the University to transact with LynxDX (University of Michigan Employees, Yashar Niknafs, Employee and Stockholder; Jeffrey J. Tosoian, Employee and Stockholder; and Arul Chinnaiyan, Scientific Advisory Board Member and Stockholder).

Background:

The University of Michigan Stephen M. Ross School of Business Zell Lurie Commercialization Fund seeks approval to transact with LynxDX for an investment.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Yashar Niknafs is a University employee as Applications Programmer with the Department of Pathology and would be party to the agreement as employee and stockholder of LynxDX, Jeffrey J. Tosoian is a University employee as Clinical Lecturer and Fellow with the Department of Urology and would be party to the agreement as employee and stockholder of LynxDX, and Arul Chinnaiyan is a University employee as Professor with the Department of Pathology and would be party to the agreement as a scientific advisory board member and stockholder of LynxDX.

However, the Statute allows the University to enter into such agreements if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the contract to the official body which has power to approve the purchase, which disclosure shall be a matter of record in its official proceedings.
- b) The purchase is approved by a vote of not less than 2/3 of the full membership of the approving body in open session without the vote of the public servant making the disclosure.
- c) The official body discloses the following summary information in its official minutes:
 - i) The name of each party involved in the contract.
 - ii) The terms of the purchase, including duration, financial consideration between the parties, facilities or services of the public entity included in the purchase, and the nature and degree of assignment of employees of the public entity for fulfillment of the purchase.
 - iii) The nature of any pecuniary interest.

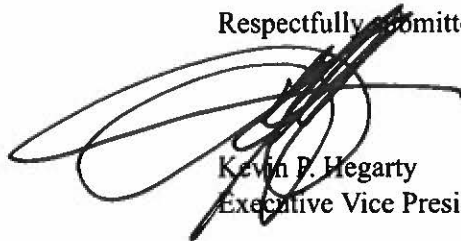
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Zell Lurie Commercialization Fund and LynxDX.
- ii) The agreement is for a one time transaction at a total cost not to exceed \$75,000. LynxDX will be supplying all the necessary resources and personnel to fulfill this contract. The remaining base contract terms and conditions are typical to those used in Procurement Services standard templates for other similar contracts entered into by the Regents.
- iii) The pecuniary interest arises from the fact that University of Michigan employees, Yashar Niknafs is employee and stockholder, Jeffrey J. Tosoian is employee and stockholder, and Arul Chinnaiyan is a scientific advisory board member and stockholder of LynxDX.

Yashar Niknafs, Jeffrey J. Tosoian, and Arul Chinnaiyan have met state law requirements with the disclosure of their pecuniary interest and formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable by the supervisors of Yashar Niknafs, Jeffrey J. Tosoian, and Arul Chinnaiyan, under the Medical School's or OVPR's Conflict of Interest Committee's procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the agreement between the University of Michigan and LynxDX subject to requirements, if any, that the supervisors of Yashar Niknafs, Jeffrey J. Tosoian, and Arul Chinnaiyan or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kevin F. Hegarty", is written over the typed name and title. The signature is stylized with large loops and a long horizontal stroke extending to the right.

Kevin F. Hegarty
Executive Vice President and Chief Financial Officer

February 2020