

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Master Agreement between the University of Michigan and Diapin Therapeutics, LLC

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 that 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 will be developed and approved by this Board and agreed to by the parties involved.

This proposed master agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Yuqing (Eugene) Chen is both an employee of the University of Michigan ("University") and a partial owner of Diapin Therapeutics, LLC. The law permits such an Agreement provided it is disclosed to the executive officers and approved by a 2/3 vote of the Regents of the University of Michigan.

Background:

Dr. Yuqing (Eugene) Chen, a Professor of Cardiovascular Medicine and Internal Medicine, Medical School, is a partial owner of a for-profit company called Diapin Therapeutics, LLC (the "Company"). The Company was formed recently to commercialize peptide-based therapies for the treatment of type 2 diabetes and has licensed relevant technologies from the University as disclosed in a previous Regental Action. The Company wishes to support research projects at the University and desires to use facilities of the University for projects related to research and development of these technologies. The role of Dr. Chen in each project will be described in a project statement and shall be subject to an approved conflict of interest management plan.

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 \$1,000,000. The University will use standard sponsored project accounting procedures to determine the cost of each project under this Master Agreement. 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 Medical School Conflict of Interest Board 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 technology in peptide-based therapies for type 2 diabetes. 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 the disclosure made in this document and our finding that the Master Agreement will be negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University entering into this Master Agreement with Diapin Therapeutics, LLC.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

March 2013