

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 ONL Therapeutics.

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 ONL Therapeutics (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:

ONL Therapeutics, Inc., founded in 2014, and headquartered in Ann Arbor, MI, is a biopharmaceutical company focused on the development of treatments for serious, vision-threatening retinal diseases, including retinal detachment and both the wet and dry forms of age-related macular degeneration (the "Company"). The Company was formed to commercialize inhibitors of Fas-mediated cell death to protect vision of patients with retinal disease.

Interested Individual(s):

Dr. David Zacks, M.D., Ph.D. has an appointment at the University of Michigan Medical School as a Professor of Ophthalmology and Visual Sciences.

Pecuniary Interest:

The pecuniary interests of Dr. Zacks arise from his relationship with the Company.

Parties to the Agreement:

The Regents of University of Michigan and ONL Therapeutics

Agreement Terms Include:

The Monroe-Brown Seed Fund will execute applicable standard agreements for venture capital investing. The University will receive 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 ONL Therapeutics, Inc., as set forth above.

Respectfully submitted,



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

1st of May 2017