

**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, Inc. (University of Michigan Employees: Yashar Niknafs, Co-Founder, Employee, and Stockholder; Arul Chinnaiyan, Chair of Scientific Advisory Board, Co-Founder, and Stockholder; Jeff Tosoian, Co-Founder, Employee, and Stockholder; and Javed Siddiqui, Laboratory Clinical Consultant of LynxDx, Inc.).

Background:

The University of Michigan University Health Service seeks approval to extend and increase the dollar amount of an agreement with LynxDx, Inc. for COVID-19 diagnostic, saliva-based, surveillance testing services.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Yashar Niknafs is a University employee as a Bioinformatics/Computational Biologist with the Department of Pathology and would be party to the contract as co-founder, employee, and stockholder of LynxDx, Inc., Arul Chinnaiyan is a University employee as a Professor with the Department of Pathology and would be party to the contract as chair of scientific advisory board, co-founder, and stockholder of LynxDx, Inc., Jeff Tosoian is a University employee as a Clinical Lecturer with the Department of Urology and would be party to the contract as co-founder, employee, and stockholder of LynxDx, Inc., and Javed Siddiqui is a University employee as a Technical Director with the Center for Translational Pathology and would be party to the contract as a laboratory clinical consultant of LynxDx, Inc.

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 University Health Service and LynxDx, Inc.
- ii) The value of the agreement for one year will be increased by \$18,000,000 to a new total cost not to exceed \$27,000,000 which is anticipated to cover testing requirements through December 31, 2021. LynxDx, Inc. 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 co-founder, employee, and stockholder, Arul Chinnaiyan is chair of scientific advisory board, co-founder, and stockholder, Jeff Tosoian is co-founder, employee, and stockholder, and Javed Siddiqui is a laboratory clinical consultant of LynxDx, Inc.

Yashar Niknafs, Arul Chinnaiyan, Jeff Tosoian, and Javed Siddiqui 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, Arul Chinnaiyan, Jeff Tosoian, and Javed Siddiqui, 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, Inc., subject to requirements, if any, that the supervisors of Yashar Niknafs, Arul Chinnaiyan, Jeff Tosoian, and Javed Siddiqui or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Brian Smith

Interim Executive Vice President and Chief Financial Officer

May 2021