

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

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

Action Requested: Approval of Amendment to 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 which 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 was then developed and approved by the Board and agreed to by the parties involved.

This proposed amendment to the master agreement (“Agreement”) falls under the State of Michigan Conflict of Interest Statute because Professor Yuqing (Eugene) Chen is 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 Board of Regents (“Regents”) of the University of Michigan and approved in advance by a 2/3 vote.

Background:

Yuqing (Eugene) Chen, MD, PhD, a Professor in the Departments of Internal Medicine – Cardiology and Cardiovascular Medicine, is the partial owner of a for-profit company called Diapin Therapeutics, LLC (the “Company”). The Company was formed 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 Request. The original Master Agreement was approved at the Regents’ meeting on March 21, 2013. The Company wishes to continue supporting 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 will be described in a project statement for each project and shall be subject to an approved conflict of interest management plan.

Agreement Terms:

The University will amend the active 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 amendment will extend the end date of the Master Agreement to July 31, 2019 with the period of performance extension of an additional two (2) years. The amount of funding for \$1,000,000 approved under the Master Agreement will not increase. The University will use standard sponsored project accounting procedures to determine the cost of each project under this Agreement. Budgets will be reviewed and approved by authorized representatives of the applicable department(s) and school(s)/college(s) where projects will be performed. The Agreement will allow the

University and the Company to specify projects that the University will conduct under the terms of the Agreement. Since sponsored projects are often amended, the Agreement will include provisions for changes in the time and scope of each supported project. University procedures for approval of each project will be followed and additional conflict of interest review will be done on a project-by-project basis.

Impact of the Agreement:

The Master Agreement amendment 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 this disclosure and our finding that the Agreement will be negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University entering into this Agreement with Diapin Therapeutics, LLC.

Respectfully submitted,



S. Jack Hu
Vice President for Research

December 2017