

**SUBMITTED BY:                   STEPHEN M. LANIER, PH.D., VICE PRESIDENT FOR RESEARCH**

**UNIVERSITY SUBCONTRACT FOR LABORATORY SERVICES FROM  
A COMPANY OWNED BY A SCHOOL OF MEDICINE FACULTY**

**RECOMMENDATION**

The Administration recommends that the Board of Governors authorize the President or his designee to contract with Reproductive Stress 3M, a Michigan C-Corporation. The contract will be to perform research and laboratory services related to the development and validation of stem cell technology for assessing the developmental toxicity of drugs and compounds.

**BACKGROUND**

Elisabeth Puschek, M.D., MS, professor, Department of Obstetrics and Gynecology and Dan Rappolee, Ph.D., associate professor in the Department of Obstetrics and Gynecology, have developed technology related to a high throughput embryonic toxicology assay. The technology has been disclosed to the university in Tech ID-1057; 14-1243 and 15-1279 and is embodied in patent application PCT/US2015/044701, "Systems and Methods to Detect Cell Stress and Uses Thereof" and nationalized in the United States and Europe (the "Technology").

Reproductive Stress 3M, Inc., incorporated in Michigan in 2013, was founded to develop and commercialize high throughput screening assays for compound toxicity using proprietary stress biomarkers. Drs. Puschek and Rappolee are cofounders and majority shareholders of the company which is located 2727 Second Ave, Suite 4105, and Detroit, Michigan. Wayne State has executed an Option to License the Technology to Reproductive Stress 3M which was approved by the WSU Board of Governors on June 22, 2018.

Reproductive Stress 3M, Inc. is the anticipated recipient of a Phase I Small Business Technology Transfer (STTR) grant from the National Institute of Child Health and Human Development of the National Institutes of Health, "Stress Forces huESC Differentiation; Confirmation as an Accurate DevTox High Throughput Screen." The grant includes a subcontract for services to Wayne State University.

Michigan Conflict of Interest law requires specific sunshine procedures in order for a university employee, or a company owned by a university employee, to contract directly or indirectly with the university:

- (A) The employee must disclose any pecuniary interest in the contract to the Board and the disclosure must be made a matter of record in the Board's proceedings.
- (B) The contract must be approved by a vote of not less than two-thirds of the full membership of the Board in open session.

- (C) The Board's minutes must report:
  - (i) The name of each party involved in the contract.
  - (ii) The terms of the contract, including duration, financial consideration between the parties, facilities or services of the public entity included in the contract, and the nature and degree of assignment of employees of the public entity for fulfillment of the contract.
  - (iii) The nature of any pecuniary interest.

If the Board approves this Recommendation, the minutes will report as follows:

The Board of Governors authorized the President, or his designee, to enter into a contract with Reproductive Stress 3M, Inc.

- (i) The parties involved in the contract are Wayne State University and Reproductive Stress 3M, Inc.
- (ii) The contract will provide that:
  - (a) Scope: The contract will provide funding for the ongoing development, improvement and validation of hESCs assays as predictors of toxicity of new drugs and compounds.
  - (b) Duration: The contract will be for twelve months with a proposed start date of July 1, 2020.
  - (c) Financial Consideration: The amount of the contract is for \$135,000 which includes indirect costs at a rate of 54%
  - (d) University Facilities to be utilized: University facilities to be utilized for the laboratory research include Dr. Rappolee's laboratory in the Department of Obstetrics and Gynecology, CS Mott Center, 275 East Hancock St, Detroit, MI. The contract also provides for Fee for Services from the Wayne State Applied Genomics Technology Center.
  - (e) New employees will be specifically recruited to perform the work as required by the contract.

Drs. Pushek and Rappolee are family members and their pecuniary interest consists of a current majority (60% and 40%, respectively) ownership of Reproductive Stress 3M,

Inc. They will each and collectively therefore have the potential to financially benefit from the commercial success of the company. Drs. Puschek and Rappolee have each filed a Financial Conflict of Interest with the Office of Research Integrity.