

**UNIVERSITY CONTRACT TO LICENSE TECHNOLOGY TO
A COMPANY OWNED BY
SCHOOL OF MEDICINE FACULTY**

RECOMMENDATION

The Administration recommends the Board of Governors authorize the President or his designee to contract with Ray Therapeutics, Inc., to enter into an Option for an Exclusive License for the commercialization of the intellectual property related to OptoGenetic Therapeutics for Vision Restoration.

BACKGROUND

Zhuo-Hua Pan, Ph.D., professor of Ophthalmology, Visual and Anatomical Sciences in Wayne State's School of Medicine, has developed certain patented technologies related to gene therapy for vision restoration in patients in with retinal degeneration. The technology encompasses the targeted delivery to the retina of gene and protein variants of Channelrhodopsin as described in WSU Tech ID 10-994, "AAV Mediated Subcellular Targeting of Heterologous Rhodopsins in Retinal Ganglion;" Tech ID 12-1086, Channelrhodopsin-2 mutants with improved light sensitivity to low light intensity for vision restoration;" and Tech 14-1223, "An Optimized mGLuR6 promoter for targeted expression of transgenes in retinal bipolar cell." In addition, Dr. Pan and co-inventors Gary Abrams, M.D., professor of Ophthalmology, Visual and Anatomical Sciences in Wayne State's School of Medicine, Tushar Ganjawala and Qi Lu have described additional optogenetic technologies in Tech ID, 16-1371, "Channelrhodopsin variant and its mutants with improved light sensitivity."

Ray Therapeutics was founded in 2021 by Sean Ainsworth, Cam Gallagher, Dr. Peter Francis, Paul Bresge, Dr. Abrams and Dr. Pan to develop and commercialize the optogenetic technology. The founders of the company have more than 150 years of combined experience in leading early and clinical stage biotechnology companies and have a track record of success in raising capital, advancing products to the clinic and successful company exits.

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 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 contract with Ray Therapeutics, Inc. in which Drs. Zhuo-Hua Pan and Gary Abrams, Wayne State University employees, hold an equity position, to grant the company an Option to an exclusive license to the University's ownership interest in the intellectual property.

- (i) The parties involved in the contract are Wayne State University and Ray Therapeutics, Inc.
- (ii) The contract will include the following provisions:
 - (a) Scope: Exclusive, worldwide license with the right to grant sublicenses;
 - (b) Field of Use: production of medical devices for cardiac monitoring, respiratory monitoring, or cardiac and respiratory monitoring;
 - (c) Duration for the life of any patents on the University's licensed intellectual property or ten years following the first commercial sale of products utilizing the University's licensed intellectual property, whichever is later;
 - (d) Other terms:
 - (1) License issue fee of \$5,000;
 - (2) Anticipated Wayne State University-owned equity in Licensee;
 - (3) Licensee to reimburse past and future patent expenses;
 - (4) 2.5% Royalty on net revenue for licensed products covered by patent; 1.5% Royalty on net revenue for licensed products not covered by patent;
 - (5) Percentage of Sublicense fees of at least 10%;
 - (6) License Maintenance Fees and Milestone Fees;
 - (e) No University facilities or services of the University are included in the contract; and
 - (f) No University employees are assigned in connection with the contract.
- (iii) Dr. Zhuo-Hua Pan, professor of Ophthalmology, Visual and Anatomical Sciences, has pecuniary interest of 10% ownership of Ray Therapeutics and Dr. Gary Abrams, professor of Ophthalmology, Visual and Anatomical Sciences, has pecuniary interest of 5% ownership of Ray Therapeutics prior to recent new private investment. The university employees will therefore have the potential to financially benefit from the commercial success of the company, including the commercialization of the University's intellectual property described above.