

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS
MEETING OF THE
EDUCATIONAL POLICY COMMITTEE
August 29, 2003**

EDUCATIONAL POLICY COMMITTEE

Thursday, August 29, 2003

1:30 - 3:30 p.m.

Lower East Oval Room, The Rotunda

Committee Members:

Don R. Pippin, Chair	Terence P. Ross
Susan Y. Dorsey	E. Darracott Vaughan, Jr., M.D.
Lewis F. Payne	John O. Wynne
John R.M. Rodney	Gordon F. Rainey, Jr., Ex Officio

AGENDA

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UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: August 29, 2003

COMMITTEE: Educational Policy

AGENDA ITEM: I.A. Conflict of Interest Exemption
(Medical Predictive Science
Corporation)

BACKGROUND: The University of Virginia is negotiating sponsored research contracts with Medical Predictive Science Corporation (MPSC), a Virginia biotechnology company created in 2002 for the development and commercialization of computational diagnostic informatics products. Technology developed at the University of Virginia has been licensed to MPSC by the University of Virginia Patent Foundation.

DISCUSSION: Two University faculty members, Pamela M. Griffin, M.D., and Randall J. Moorman, M.D., own in excess of three percent of the equity in the company. Under the Virginia Conflict of Interests Act, the University's contracting with MPSC, would place Drs. Griffin and Moorman in violation of the Act, unless the Board of Visitors approves the conflict created by their equity interest. State law grants such approval authority to the Board in the case of sponsored research, in order to allow research furthering the public interest.

Virginia law and University of Virginia policy will require Drs. Griffin and Moorman to file annual disclosure statements of their economic interests in the company. Drs. Griffin and Moorman will not be involved in the University's negotiation, approval, or procurement of contract terms with MPSC. The Senior Associate Dean for Research, School of Medicine, heads a University oversight team responsible for managing and overseeing the research, including independently supervising, evaluating, and making personnel decisions to ensure that the continuing best interests of the University are served. As an additional precaution, the Senior Associate Dean for Research will report at least each quarter to the Vice President and Dean of the School of Medicine on the progress of sponsored research activity and the utilization of University resources.

ACTION REQUIRED: Approval by the Educational Policy Committee and by the Board of Visitors

CONFLICT OF INTEREST EXEMPTION (MEDICAL PREDICTIVE SCIENCE CORPORATION)

WHEREAS, the University of Virginia wishes to enter into sponsored research contracts with Medical Predictive Science Corporation (MPSC), for developing systems for heart rate variability measurement and analysis; and

WHEREAS, Pamela M. Griffin, M.D., and Randall J. Moorman, M.D., have disclosed in advance their equity interests of eight percent each, in the Medical Predictive Science Corporation; and

WHEREAS, the University's entry into research agreements with Medical Predictive Science Corporation would thereby expose Drs. Griffin and Moorman to violation of the Virginia Conflict of Interests Act unless approved by the Board as permitted by §2.2-3106(C) (7) of the Code of Virginia;

RESOLVED that the conflict of interest of Pamela M. Griffin, M.D., and Randall J. Moorman, M.D., is approved by the Board of Visitors in order to permit the University to enter into agreements with Medical Predictive Science Corporation, for research funding for the development of systems for heart rate variability measurement and monitoring; provided, as specified by the law, Drs. Griffin and Moorman file the required annual disclosure statement of personal interests in Medical Predictive Science Corporation, the University files the required annual report concerning the contracts with the Secretary of the Commonwealth, and the relevant department chair vigilantly oversees application of University resources in the best interests of the University and in accordance with policy.

UNIVERSITY OF VIRGINIA
FISCAL IMPACT STATEMENT

PROJECT/PROPOSED BOARD OF VISITORS ACTION: Approval to enter into sponsored research contracts with Medical Predictive Science Corporation (MPSC).

DESCRIPTION: The School of Medicine is negotiating sponsored research contracts with Medical Predictive Science Corporation, a Virginia biotechnology start-up company created in 2002. The founding members of Medical Predictive Science Corporation include two University of Virginia faculty members. The proposed contract involves approximately \$240,000 in direct costs, payable over two years.

The faculty members involved each own eight percent of the equity in the company. Under the Virginia Conflict of Interests Act, the University may enter into research contracts with Medical Predictive Science Corporation without placing these faculty members in violation of the Act, if the Board of Visitors approves the conflict created by their ownership in excess of three percent.

The research contracts would help fund research to develop software tools which should permit early diagnosis of neonatal systemic inflammatory response syndrome and other forms of pediatric, neonatal, and fetal distress. The results of this research and development could have great potential for patient treatment.

FISCAL IMPACT: The University has the potential to realize income from successful commercialization of this technology through patent royalties. As this venture is speculative in nature, a future value of these earnings is difficult to forecast and may, in fact, be nonexistent; however, the University enjoys minimal exposure to unforeseen costs unless it fails to fulfill or ensure proper administrative oversight of these arrangements as prescribed in the resolution.

This arrangement also promotes additional research and development efforts as well as hoped for advances in the science consistent with the University's mission.

CONCLUSION: It is recommended that the Board of Visitors permit the University to negotiate and enter into the proposed contracts with Medical Predictive Science Corporation.

RECOMMEND APPROVAL OF BOARD ACTION:

Leonard W. Sandridge
August 29, 2003

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

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AGENDA ITEM: I.B. Conflict of Interest Exemption
(JKM Technologies, LLC)

BACKGROUND: The University of Virginia is negotiating sponsored research contracts with JKM Technologies, LLC, (JKM), a Virginia biotechnology company created in 2002.

DISCUSSION: A University faculty member, D. Casey Kerrigan, M.D., owns in excess of three percent of the equity in the company. Under the Virginia Conflict of Interests Act, the University's contracting with JKM Technologies, LLC, would place Dr. Kerrigan in violation of the Act, unless the Board of Visitors approves the conflict created by their equity interest. State law grants such approval authority to the Board in the case of sponsored research, in order to allow research furthering the public interest.

Virginia law and University of Virginia policy will require Dr. Kerrigan to file annual disclosure statements of her economic interests in the company. Dr. Kerrigan will not be involved in the University's negotiation, approval, or procurement of contract terms with JKM Technologies, LLC. The Senior Associate Dean for Research, School of Medicine, heads a University oversight team responsible for managing and overseeing the research, including independently supervising, evaluating, and making personnel decisions to ensure that the continuing best interests of the University are served. As an additional precaution, the Senior Associate Dean for Research will report at least each quarter to the Vice President and Dean of the School of Medicine on the progress of sponsored research activity and the utilization of University resources.

ACTION REQUIRED: Approval by the Educational Policy Committee and by the Board of Visitors

CONFLICT OF INTEREST EXEMPTION (JKM Technologies, LLC)

WHEREAS, the University of Virginia wishes to enter into sponsored research contracts with JKM Technologies, LLC, to test the biomechanical and physiological effects of several shoe prototypes; and

WHEREAS, D. Casey Kerrigan, M.D., has disclosed in advance her equity interests of 100 percent, in JKM Technologies, LLC; and

WHEREAS, the University's entry into research agreements with JKM Technologies, LLC, would expose Dr. Kerrigan to violation of the Virginia Conflict of Interests Act unless approved by the Board as permitted by §2.2-3106(C)(7) of the Code of Virginia;

RESOLVED that the conflict of interest of D. Casey Kerrigan, M.D., is approved by the Board of Visitors in order to permit the University to enter into agreements with JKM Technologies, LLC, for research funding for the testing of the biomechanical and physiological effects of several shoe prototypes; provided, as specified by the law, Dr. Kerrigan files the required annual disclosure statement of personal interests in JKM Technologies, LLC, the University files the required annual report concerning the contracts with the Secretary of the Commonwealth, and the relevant department chair vigilantly oversees application of University resources in the best interests of the University and in accordance with policy.

UNIVERSITY OF VIRGINIA
FISCAL IMPACT STATEMENT

PROJECT/PROPOSED BOARD OF VISITORS ACTION: Approval to enter into sponsored research contracts with JKM Technologies, LLC.

DESCRIPTION: The School of Medicine is negotiating sponsored research contracts with JKM Technologies, LLC, a Virginia biotechnology start-up company created in 2002. The founder of JKM Technologies, LLC, is a University of Virginia faculty member. It is anticipated that a series of individual contracts may be required to complete the research arrangement, each totaling approximately \$15,000.

The faculty member owns 100 percent of the equity in the company. Under the Virginia Conflict of Interests Act, the University may enter into research contracts with JKM Technologies, LLC, without placing the faculty member in violation of the Act, if the Board of Visitors approves the conflict created by their ownership in excess of three percent.

The research contracts would help fund research to test the biomechanical and physiological effects of shoe prototypes. The results of this research and development could have great potential for patient treatment relevant to the development and progression of lower extremity osteoarthritis and other musculoskeletal injuries.

FISCAL IMPACT: Fiscal impact is negligible. The University enjoys minimal exposure to unforeseen costs unless it fails to fulfill or ensure proper administrative oversight of these arrangements as prescribed in the resolution.

This arrangement also promotes additional research and development efforts as well as hoped for advances in the science consistent with the University's mission.

CONCLUSION: It is recommended that the Board of Visitors permit the University to negotiate and enter into the proposed contracts with JKM Technologies, LLC.

RECOMMEND APPROVAL OF BOARD ACTION:

Leonard W. Sandridge
August 29, 2003

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: August 29, 2003

COMMITTEE: Educational Policy

AGENDA ITEM: II. Delegation of Approval Authority
to the President with Regard
to Employee Personal Interests in
Contracts for Research and Development
or Commercialization of Intellectual
Property

BACKGROUND: Recent legislative change authorizes the Board of Visitors to delegate to the University President responsibility for approving personal interests of employees in University research and development contracts and contracts for commercialization of intellectual property. The Educational Policy Committee will discuss the merits of such a delegation and possible recommendation to the Board of Visitors.

DISCUSSION: The Provost will describe current University process and policy leading to approval by the Board of Visitors, so as to enable consideration of a possible delegation to the University President. A delegation is permitted by law but not required. The pertinent provisions of state law (Va. Code 2.2-3106) follow permitting Board approval of an employee's conflicting personal interests in research and development contracts and contracts commercializing University intellectual property, with the last paragraph being the recent change authorizing a presidential delegation.

C. 7. Subject to approval by the relevant board of visitors, an employee's personal interest in a contract for research and development or commercialization of intellectual property between a public institution of higher education in Virginia... and a business in which the employee has a personal interest;...

E. The board of visitors may delegate the authority granted under subdivision C 7 to the president of the institution. If the board elects to delegate such authority, the board shall include this delegation of authority in the formal policy required by clause (iii) of subdivision C 7.

In those instances where the board has delegated such authority, on or before December 1, of each year, the president of the relevant institution shall file a report with the relevant board of visitors disclosing each open contract entered into subject to this provision, the names of the parties to each contract, the date each contract was executed and its term, the subject of each contractual arrangement, the nature of the conflict of interest, the institution's... employee responsible for administering each contract, the details of the institution's... commitment or investment of resources or finances for each contract, the details of how revenues are to be dispersed, and any other information requested by the board of visitors.

ACTION REQUIRED: Approval by the Educational Policy Committee and by the Board of Visitors

DELEGATION OF APPROVAL AUTHORITY TO THE PRESIDENT WITH REGARD TO EMPLOYEE PERSONAL INTERESTS IN CONTRACTS FOR RESEARCH AND DEVELOPMENT OR COMMERCIALIZATION OF INTELLECTUAL PROPERTY

WHEREAS, Virginia Code § 2.2-3106 was recently amended to allow delegation to the President the authority to approve a waiver of the Virginia Conflict of Interests Act (the "Act") related to a contract for research and development or commercialization of intellectual property between the University and a business in which a University employee has a personal interest; and

WHEREAS, Virginia Code § 2.2-3106(E) requires that any such delegation be made a part of the University's policy, mandated by Virginia Code § 2.2-3106(C) (7) (iii), governing the waiver of such conflicts; and

WHEREAS, the Board wishes to delegate such authority to the President of the University;

RESOLVED that the President of the University pursuant to Virginia Code § 2.2-3106(E), is delegated the authority to approve waivers of the Virginia Conflict of Interests Act as it applies to contracts for research and development or commercialization of intellectual property between the University and a business in which a University employee has a personal interest. In evaluating requests for waivers and exercising the authority granted hereunder, the President shall comply with the Act and the University's policy on Conflict of Interests. This delegation shall be effective until revoked by the Board. The University Comptroller shall revise the policy as necessary to incorporate (i) this delegation of authority to the President and (ii) the requirements imposed by Virginia Code § 2.2-3106(E) in the event of such delegation.

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AGENDA ITEM: III.A. Vice President's Remarks

ACTION REQUIRED: None

DISCUSSION: The Vice President and Provost will use this portion of the Educational Policy Committee meeting to inform the Committee of recent events of which the Board should be made aware.

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AGENDA ITEM: III.B. Enhancement of Research Programs
at the University

ACTION REQUIRED: None

DISCUSSION: The Vice President and Provost will lead a discussion on the enhancement of research programs at the University of Virginia.

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AGENDA ITEM: III.C. Role and Planned Agenda of the
Committee

ACTION REQUIRED: None

DISCUSSION: The Chair of the Educational Policy Committee will lead a discussion on the role and planned agenda of the Committee.