



MICHIGAN STATE UNIVERSITY
BOARD OF TRUSTEES
Executive Action Summary

Audit, Risk and Compliance-Attachment 2a

APPROVED
OCTOBER 27, 2023
BOARD OF TRUSTEES
MICHIGAN STATE UNIVERSITY

Committee Name: Audit, Risk, and Compliance (ARC)

Date: October 27, 2023

Agenda Item: Dr. Qi Hua Fan: Option Agreement between Michigan State University (MSU) and Scion

Plasma, LLC

Information

Review

Action

Resolution:

BE IT RESOLVED, that the Board of Trustees (BOT) of Michigan State University hereby approves an Option agreement with Scion Plasma, LLC, consistent with earlier public notice and with an Option Agreement Term Sheet now presented to the BOT for inclusion in its minutes.

Recommendation:

The Trustee Committee on Audit, Risk, and Compliance recommends that the Board of Trustees authorize a contract between MSU and Scion Plasma, a Michigan Limited Liability Company, in which MSU Associate Professor, Dr. Qi Hua Fan holds a financial interest.

Prior Action by BOT:

The faculty member’s conflict management plan was approved at the February 10, 2023 BOT meeting.

Responsible Officers:

Douglas A. Gage, Vice President of Research, and Innovation

Summary:

Scion Plasma, LLC is an MSU spin-off entity currently working to obtain a Field Limited Exclusive Option agreement. MSU intends to option field limited patent rights for Electro-Active Deionization Methods.

- Term: Execution until completion of awarded Small Business Technology Transfer (STTR) grant

Background Information:

The terms of an Option Agreement are now presented for BOT approval. MSU intends to option field limited patent rights for Electro-Active Deionization Methods. The field of use is for deionization treatment of production water. Scion Plasma, LLC, is an MSU spin-off company partly owned by Dr. Fan’s spouse. The company has received a Department of Energy (DOE) grant (3/2020-10/2022) to develop plasma source technology for solar manufacturing. Dr. Fan served as a consultant for Scion Plasma, LLC on the DOE grant to help the company commercialize plasma technology. His equity and income interests in the company are in the range of \$25,000 to \$100,000 a year.

The attached Option Agreement Term Sheet summarizes the agreement that MSU has negotiated with Scion Plasm, LLC.

Source of Funds:

Cash payment for the option fee.

Resource Impact:

Not applicable.

OPTION AGREEMENT TERM SHEET

Party: Scion Plasma, LLC

Project Description: Field Limited Exclusive Option Agreement.

Term: Execution until completion of awarded STTR grant.

Financial Terms: Cash payment of option fee.

Services Provided: By MSU to company: none.

By company to MSU: none.

The parties may add or remove technologies under the agreement, including improvements generated under a separate sponsored research agreement, provided the change does not affect the financial consideration of the parties or the nature or extent of any pecuniary interest of MSU personnel.

Use of University

Facilities/Personnel: None.

Organization Type and Domicile: LLC, Michigan Corporation

Personnel Interest: Dr. Qi Hua Fan, MSU Professor in the College of Engineering, currently has an ownership interest of more than 1% in the company. Additionally, Dr. Fan's spouse owns the company.