

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

Approved by the Regents  
January 19, 2012

ACTION REQUEST

Subject: Regental Action Required Under the State of Michigan Conflict of Interest Statute

Action

Requested: Authorization for the University of Michigan to Enter into a Lease Amendment Agreement with Edington Associates LLC (University of Michigan Professor Dee Edington, partial owner of Edington Associates LLC)

Background:

The University of Michigan wishes to enter into a lease amendment agreement for office space in the North Campus Research Complex start-up accelerator space, located at 1600 Huron Parkway, 2<sup>nd</sup> Floor, Ann Arbor, Michigan, to be leased to Edington Associates LLC. The space will be utilized as office space for research and business operations for Edington Associates LLC. The parties have entered into a relationship agreement defining the relationship between the University of Michigan and Edington Associates LLC at the accelerator.

The proposed lease amendment agreement falls under the State of Michigan conflict of interest statute as Dee Edington is a University of Michigan employee and indirectly a party to the lease amendment agreement by virtue of his partial ownership of Edington Associates LLC. However, the statute allows university employees to participate in such lease amendment agreements if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the lease amendment agreement to the official body that has power to approve the lease amendment agreement, which disclosure shall be a matter of record in its official proceedings.
- b) The lease amendment agreement is approved by a vote of not less than two-thirds of the full membership of the approving body in open session without the vote of the public servant making the disclosure.
- c) The official body discloses the following summary information in its official minutes:
  - i) The name of each party involved in the lease amendment agreement.
  - ii) The terms of the lease amendment agreement, including duration, financial consideration between the parties, facilities or services of the public entity included in the lease amendment agreement, and the nature and degree of assignment of employees of the public entity for fulfillment of the lease amendment agreement.
  - iii) The nature of any pecuniary interest.

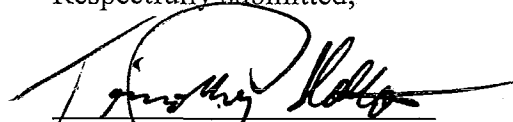
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the lease amendment agreement are the Regents of the University of Michigan and Edington Associates LLC.
- ii) The service to be provided is the lease of office space in the North Campus Research Complex start-up accelerator space on the second floor of Building 520, located at 1600 Huron Parkway, Ann Arbor, Michigan, for twelve months. The lease amendment agreement will begin in January 2012 and will use the standard University of Michigan accelerator lease template. Tenant will pay the standard accelerator rates of: \$200 per month for each office (maximum of 6); and \$65 per month for each cubicle (maximum of 8). Edington Associates LLC will be responsible for providing monthly updates concerning its business progress to the University of Michigan-Office of Technology Transfer, and will have access to Office of Technology Transfer personnel for advice concerning obtaining technology assessment, business consulting, technical assistance, capital raising, or other business services.
- iii) The pecuniary interest arises from the fact that Dee Edington, University of Michigan employee, owns an equity interest in Edington Associates LLC.

Dee Edington has met state law requirements with the disclosure of his pecuniary interest and his formal appointment arrangements with the University of Michigan.

We recommend that the Board of Regents approve the lease amendment agreement between the University of Michigan and Edington Associates LLC, subject to the requirements, if any, of a conflict management plan required by the respective employee's supervisor, and any requirements imposed by the conflict of interest committees of the Medical School or the Office of the Vice President for Research.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

January 2012