

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

Approved by the  
Regents  
February 20, 2014

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 agreement with a Venture Accelerator firm located at the North Campus Research Complex

Background:

The University of Michigan wishes to enter into a lease agreement for space in the North Campus Research Complex Venture Accelerator located at 1600 Huron Parkway, Ann Arbor, Michigan, with the company listed in the attached spreadsheet. The space will be utilized as office and laboratory space for research and business operations. The company has an opportunity to expand its operations per the parameters outlined in the spreadsheet to include additional laboratory space or office space.

The proposed lease falls under the State of Michigan conflict of interest statute as those named for the company on the attached spreadsheet are University of Michigan employees and party to the lease by virtue of their share of the ownership of each company, membership on tenant board of directors, or acting as an officer in the tenant company. However, the statute allows university employees to participate in such lease agreements if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the lease agreement to the official body that has power to approve the lease agreement, which disclosure shall be a matter of record in its official proceedings.
- b) The lease 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 agreement.
  - ii) The terms of the lease agreement, including duration, financial consideration between the parties, facilities or services of the public entity included in the lease agreement, and the nature and degree of assignment of employees of the public entity for fulfillment of the lease agreement.
  - iii) The nature of any pecuniary interest.

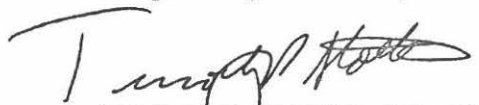
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the lease agreement are the Regents of the University of Michigan and the company listed on the attached spreadsheet.
- ii) The service to be provided is the lease of space in the North Campus Research Complex Venture Accelerator located at 1600 Huron Parkway, Ann Arbor, Michigan, with access to common area space within the building. The lease durations including all options for renewal are outlined in the spreadsheet. The lease will use the standard University of Michigan Venture Accelerator lease template. Tenants will pay the rates as stipulated in the attached spreadsheet for the current term and option years as indicated. The company will be responsible for providing monthly updates concerning their 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 the individuals listed for the company are University of Michigan employees and owners and/or officers of each respective company.

All have met state law requirements with the disclosure of their pecuniary interest and formal appointment arrangements with the University of Michigan.

We recommend that the Board of Regents approve the lease agreements between the University of Michigan and the attached venture accelerator company, subject to the requirements, if any, of a conflict management plan required by the respective employees' 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

MONTHLY RENT SCHEDULE

UNITS RENTED CURRENT TERM

COMPANY	U-M EMPLOYEES	TERM	MONTHLY RENT SCHEDULE			UNITS RENTED CURRENT TERM			MONTHLY RENT CURRENT TERM	SECURITY DEPOSIT				
			OFFICE	LAB	1/2 LAB	OFFICE	LAB	1/2 LAB						
Optimal Process Technologies LLC	Tae Hyung Kim S. Jack Hu	March 1, 2014 - February 28, 2015	\$300	\$2,450		CUBICLE W/LAB OR OFFICE	CUBICLE WO/LAB OR OFFICE	OFFICE	LAB	1/2 LAB	CUBICLE W/LAB OR OFFICE	CUBICLE WO/LAB OR OFFICE	\$3,000	\$3,000
		<b>Renewal Option:</b>												
		March 1, 2015 - February 28, 2016	\$325	\$2,550		\$145	\$170							
		March 1, 2016 - February 28, 2017	\$350	\$2,650		\$160	\$185							

NOTES:

1. Renewal Options will be exercised only if acceptable to all parties and will be executed via amendment.
2. All tenants have the option to lease units up to the following maximums: Eight (8) offices; Eight (8) cubicles; Three (3) labs.