

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

MOTION	Newman
SECOND	Maynard
ACTION APPROVED BY THE REGENTS	
NOTE:	MAR 17 2005

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

Action

Requested: Authorization for the University to Enter into a Lease with William C. Martin (University of Michigan Athletic Director William C. Martin, owner)

Background:

The University of Michigan wishes to enter into a lease for property located at 330 East Liberty Street, to be leased from William C. Martin. The space will be utilized as surge space to accommodate displaced Frieze Building occupants during construction.

The proposed lease falls under the State of Michigan Conflict of Interest Statute as William C. Martin is a University employee and would be a party to the lease agreement by virtue of his ownership of the space being leased. However, the Statute allows University employees to participate in such leases, if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the lease to the official body that has power to approve the lease, 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 2/3 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.
 - ii) The terms of the lease, including duration, financial consideration between the parties, facilities or services of the public entity included in the lease, 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.

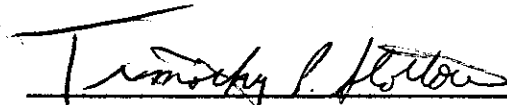
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the lease are the Regents of the University of Michigan and William C. Martin.
- ii) The service to be provided is the lease of a 6,600 gross square foot building at 330 East Liberty Street for sixty-two months, beginning November 1, 2004 through December 31, 2009, at an annual rental rate of \$1.00. The monthly operating expense rate will start at \$3,770.00 per month and increase every January thereafter based upon the Consumer Price Index or a 3% increase, whichever is greater. In addition to the annual operational expense, the tenant improvement construction costs needed to occupy the space are estimated not to exceed \$60,000.
- iii) The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is the owner.

William C. Martin 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 between the University of Michigan and William C. Martin.

Respectfully submitted,



Timothy P. Slotow
Executive Vice President and
Chief Financial Officer

March 2005