

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION  
ACTION REQUEST

Approved by the Regents  
May 19, 2011

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 and Animal Services Agreement with Lycera Corporation (University of Michigan North Campus Research Complex Executive Director David Canter, Professor Jamie Ferrara, Professor Gary Glick, and Associate Professor Anthony Opipari, partial owners of Lycera Corporation)

Background:

The University of Michigan wishes to enter into a lease agreement for laboratory and office space at the North Campus Research Complex, located at 2800 Plymouth Road, Ann Arbor, Michigan, to be leased to Lycera Corporation. The space will be utilized as laboratory and office space for research and business operations for Lycera Corporation. In addition, the University of Michigan will enter into an animal services agreement to provide Tenant with certain services to support Tenant's animal research at the North Campus Research Complex, including the regulatory oversight, housing and care of rodents and the purchase of rodents.

The proposed lease and animal services agreement fall under the State of Michigan conflict of interest statute as North Campus Research Complex Executive Director David Canter, Professor Jamie Ferrara, Professor Gary Glick, and Associate Professor Anthony Opipari are University of Michigan employees and indirectly are party to the lease and animal services agreement by virtue of their partial ownership of Lycera Corporation. However, the statute allows university employees to participate in such agreements, if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the agreement to the official body that has power to approve the agreement, which disclosure shall be a matter of record in its official proceedings.
- b) The 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 agreement.
  - ii) The terms of the 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 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 both the lease and the animal services agreement are the Regents of the University of Michigan and Lycera Corporation.
- ii) The service to be provided is the lease of 14,134 gross square feet of laboratory and office space in Building 26 at the North Campus Research Complex, located at 2800 Plymouth Road, Ann Arbor, Michigan, for three years. The lease will begin during the summer of 2011. Tenant will pay a monthly rate of \$42,083.33, with annual increases of 3 percent. The lease is a full service gross lease with all costs covered by monthly rent.

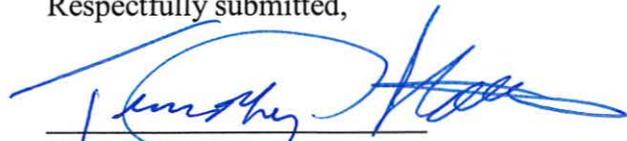
The service to be provided under the animal services agreement are regulatory oversight of Tenant research protocols utilizing research animals at the North Campus Research Complex; housing and care of research rodents and the purchase of research rodents. The animal services will begin during the summer of 2011 and will be limited to the term of the lease. Tenant will pay standard rate(s) for these services (see rates for Unit for Laboratory Animal Medicine (ULAM) services for non-university entities) that is non-negotiable and not to exceed a total annual value of \$500,000, billable in monthly installments.

- iii) The pecuniary interest in the lease and animal services agreement arise from the fact that North Campus Research Complex Executive Director David Canter, Professor Jamie Ferrara, Professor Gary Glick, and Associate Professor Anthony Opirari, University of Michigan employees, are owners of an equity interest in Lycera Corporation. David Canter does not manage lease or service agreements with private companies at the North Campus Research Complex.

David Canter, Jamie Ferrara, Gary Glick, and Anthony Opirari have met state law requirements with the disclosure of their pecuniary interest and their formal appointment arrangements with the University of Michigan.

We recommend that the Board of Regents approve the lease agreement between the University of Michigan and Lycera Corporation, 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