

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 Silicium Energy Inc. (University of Michigan Assistant Professor Akram Boukai, partial owner of Silicium Energy Inc.)

Background:

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

The proposed lease amendment agreement falls under the State of Michigan conflict of interest statute as Akram Boukai is a University of Michigan employee and indirectly a party to the lease amendment agreement by virtue of his partial ownership of Silicium Energy Inc. 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.

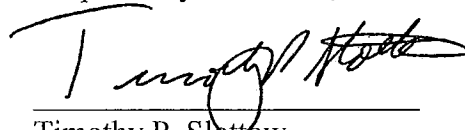
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the lease amendment agreement are the Regents of the University of Michigan and Silicium Energy Inc.
- ii) The service to be provided is the lease of laboratory and 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 June 2012 and will use the standard University of Michigan accelerator lease template. Tenant will pay the standard accelerator rates of: \$2150 per month for each half bay of laboratory space (maximum of 2); \$225 per month for each office (maximum of 4); and \$80 per cubicle (maximum of 4). Silicium Energy Inc. 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 Akram Boukai, a University of Michigan employee, is an owner of an equity interest in Silicium Energy Inc.

Akram Boukai 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 agreement between the University of Michigan and Silicium Energy Inc., 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

May 2012