

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

Approved by the Regents  
June 16, 2006

ACTION REQUEST

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

Action

Requested: Authorization for the University to Enter into a Lease Amendment Agreement with 520 East Liberty LLC (University of Michigan Athletic Director William C. Martin, owner).

Background:

The University of Michigan wishes to renew for an additional 36 months an existing lease agreement for space located at Suite 310, 520 E. Liberty Street, Ann Arbor, Michigan, to be leased from 520 East Liberty LLC. The space will continue to be utilized as office space for the Department of Surgery.

The proposed lease amendment falls under the State of Michigan Conflict of Interest Statute as William C. Martin is a University employee and will be a party to the lease amendment agreement by virtue of his ownership of 520 East Liberty LLC. 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 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 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 amendment agreement.
  - ii) The terms of the lease amendment, 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.

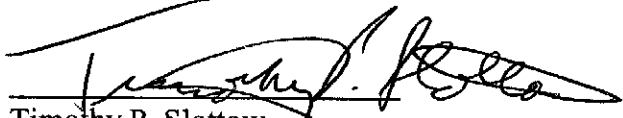
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the lease amendment will be the Regents of the University of Michigan and 520 East Liberty LLC.
- ii) The service to be provided is the renewal of a lease agreement for 2,736 square feet of space in a building at 520 East Liberty Street, Suite 310, Ann Arbor, Michigan for thirty-six months, beginning May 1, 2006 through April 30, 2009, at a monthly rental rate of \$4,560.00 for the first year, \$4,651.00 monthly for the second year, and \$4,744.00 per month for the remainder of the term. The Tenant will be responsible for gas and electric usage. In addition, the Tenant will be responsible for the costs in excess of \$10,000.00 to replace the carpet and repaint in the space.
- iii) The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is the owner of 520 East Liberty LLC.

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 Regents approve the lease amendment agreement between the University of Michigan and 520 East Liberty LLC.

Respectfully submitted,

  
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Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

June 2006