

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

Approved by the Regents

September 18, 2008

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 First Properties Associates Limited Partnership (University of Michigan Athletic Director William C. Martin, partner)

Background:

The University of Michigan seeks to amend the lease agreement for the 63,920 square feet of property located at 2301 Commonwealth Boulevard, Ann Arbor, Michigan, leased from First Properties Associates Limited Partnership. The space will continue to be utilized as office space for Health System faculty and staff. The amendment to the lease is for leasehold improvements to renovate approximately 4,750 square feet for the Department of Urology, to be constructed by the landlord and reimbursed by the University.

The proposed lease amendment agreement 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 amended lease agreement by virtue of his partnership of First Properties Associates Limited Partnership. However, the statute allows University employees to participate in such agreements and amendments, if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the lease agreement or amendment to the official body that has power to approve the lease agreement or amendment, which disclosure shall be a matter of record in its official proceedings.
- b) The lease agreement or amendment is approved by a vote of not less than 2/3 of the full membership of the approving body in an 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 or amendment
  - ii) The terms of the lease agreement or amendment, including duration, financial consideration between the parties, facilities or services of the public entity included in the lease agreement or amendment, and the nature and degree of assignment of employees of the public entity for fulfillment of the lease agreement or amendment.
  - iii) The nature of any pecuniary interest.

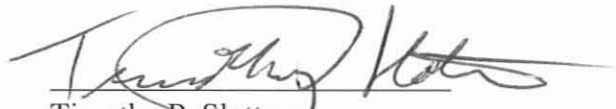
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the lease amendment are the Regents of the University of Michigan and First Properties Associates Limited Partnership.
- ii) The service to be provided is the lease of 63,920 square feet in a building at 2301 Commonwealth Boulevard, Ann Arbor, Michigan, for three years, beginning July 1, 2008 through June 30, 2011, at a monthly rate of \$101,207 for the first year, \$105,202 for the second year, and \$109,197 for the third year. Tenant will be responsible for gas and electric usage plus janitorial service. Approximately \$77,350 of leasehold improvements will be needed, to be constructed by the landlord and reimbursed by the University.
- iii) The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee is a partner of First Properties Associates Limited Partnership.

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 First Properties Associates Limited Partnership.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

September 2008