

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

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

Action

Requested: Authorization for the University of Michigan to transact with University of Michigan Credit Union, a Michigan corporation (University of Michigan Employees, Earl Bell and Paul Kirsch, Officers of the University of Michigan Credit Union)

Background:

The University of Michigan seeks approval to transact with the University of Michigan Credit Union ("UMCU") for a lease agreement for UMCU use of office space on the University of Michigan–Dearborn campus. The space will be utilized for conducting and carrying on the business of a credit union serving the university community.

The proposed lease agreement falls under the State of Michigan conflict of interest statute as Earl Bell and Paul Kirsch are University of Michigan employees and party to the lease agreements by virtue of their acting as officers of UMCU. However, the statute allows university employees to participate in such lease agreements, if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the lease agreement to the official body that has power to approve the lease agreement, 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 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 agreement.
 - ii) The terms of the lease 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 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 agreement are the Regents of the University of Michigan and University of Michigan Credit Union, a Michigan corporation.

ii) The service to be provided is the lease of the following:

352 square feet in the Dearborn University Center for 3-years, beginning January 1, 2023 through December 31, 2025, at an annual rate of \$7,800.00 during the period of January 1, 2023 through December 31, 2023, and at an annual rate of \$8,190.00 during the period of January 1, 2024 through December 31, 2025. Tenant will be responsible for janitorial service. Tenant shall have an option to extend the term of the lease for an additional 2-years at a rental rate to be mutually agreed upon in good faith.

iii) The pecuniary interest arises from the fact that Earl Bell and Paul Kirsch, University of Michigan employees, are Officers of University of Michigan Credit Union.

Earl Bell and Paul Kirsch 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 agreements between the University of Michigan and University of Michigan Credit Union, 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 Stephen M. Ross School of Business or the Taubman College of Architecture and Urban Planning.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

September 2022