

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

Approved by the Regents

December 13, 2007

ACTION REQUEST

Subject: Regental Action Required Under the State of Michigan  
Contracting with Governmental Employees Statute (MCLA 15.321 et seq.)

Action

Requested: Authorization for the University to Amend a Sublease Agreement with Parke, Davis & Company as the Subtenant and Traverwood II LLC as the Landlord (University of Michigan Athletic Director, William C. Martin, a member of Traverwood II LLC)

Background:

The University of Michigan wishes to amend a sublease agreement, dated June 26, 2007, for 7,512 square feet of property located at 2900 Huron Parkway, Ann Arbor, Michigan, subleased from Parke, Davis & Company, to increase the space to 22,425 square feet. The space will continue to be utilized as office/wet lab space for the Department of Pathology.

The proposed amended sublease 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 sublease agreement by virtue of his membership of Traverwood II LLC. However, the Statute allows University employees to participate in such amended sublease agreements, if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the amended sublease agreement to the official body that has power to approve the amended sublease agreement, which disclosure shall be a matter of record in its official proceedings.
- b) The amended sublease 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 amended sublease agreement.
  - ii) The terms of the amended sublease agreement, including duration, financial consideration between the parties, facilities or services of the public entity included in the amended sublease agreement, and the nature and degree of assignment of employees of the public entity for fulfillment of the amended sublease 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 amended sublease agreement are the Regents of the University of Michigan, Parke, Davis & Company, and Traverwood II LLC.
- ii) The service to be provided is an amendment of the sublease from Parke, Davis & Company that increases space from 7,512 square feet to 22,425 square feet in a building at 2900 Huron Parkway, Ann Arbor, Michigan for three years, beginning January 1, 2008 through December 30, 2010, at a monthly rate of \$37,399.83 for the first year, \$38,708.83 for the second year and \$40,063.67 for the third year. Subtenant (the University of Michigan) is responsible for gas and electric usage and all other operating expenses, currently estimated at \$12,000.00 per month. In addition, approximately \$1,927,000 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 member of Traverwood II 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 amended sublease agreement between the University of Michigan and Parke, Davis & Company.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

December 2007