

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
July 19, 2007

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 Sixth Amendment to the Lease Agreement with 520 East Liberty LLC (University of Michigan Athletic Director William C. Martin, member of 520 East Liberty LLC)

Background:

The University of Michigan and 520 East Liberty LLC signed a lease in August 1987 for 4,272 square feet of space at 520 East Liberty Street, Ann Arbor, Michigan, to provide office space for the Department of Budget and Planning. The fifth lease amendment in April 2002 extended the lease for five years. The University of Michigan now wishes to enter into a twenty-six month lease extension with 520 East Liberty LLC for this space.

The proposed lease amendment 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 lease amendment by virtue of his position as member of 520 East Liberty LLC. However, the statute allows University employees to participate in such leases, if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the lease amendment to the official body that has power to approve the lease amendment, which disclosure shall be a matter of record in its official proceedings.
- b) The 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.
 - 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, and the nature and degree of assignment of employees of the public entity for fulfillment of the lease 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 520 East Liberty LLC.
- ii) The service to be provided is a lease extension for 4,272 square feet of space at 520 East Liberty Street, Ann Arbor, Michigan, for twenty-six months. The term of the lease will be July 1, 2007 through August 30, 2009, at the monthly rental rate of: \$9,094.00 for months 1 through 12; \$9,413.00 for months 13 through 24; and \$9,742.00 for months 25 through 26. Tenant is responsible for gas and electric usage.
- iii) The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is a member 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 between the University of Michigan and 520 East Liberty LLC.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

July 2007