

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents

June 18, 2009

ACTION REQUEST

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

Action

Requested: Authorization for the University of Michigan to Enter into a Lease Amendment Agreement with Traverwood III, LLC (University of Michigan Athletic Director William C. Martin, member)

Background:

The University of Michigan wishes to enter into a lease amendment agreement for 27,443 square feet of property located at 2025 Traverwood, Ann Arbor, Michigan, to be leased from Traverwood III, LLC. The space will be utilized as research and office space for: Ann Arbor Meals on Wheels (office and logistics for distribution of meals prepared by the University of Michigan Health System Patient Food and Nutrition Service to home-bound seniors), Geriatric Mobility Lab (dry lab research on mobility and aging), Nicotine Research Center (dry lab research into effects of smoking on physiologic systems), Psychiatry (administration offices), Community Health (administration offices), Gender Program (administration offices), and Interpreter Services (administration offices).

The proposed lease amendment agreement falls under the State of Michigan Conflict of Interest Statute as William C. Martin is a University of Michigan employee and would be a party to the lease amendment agreement by virtue of his membership of Traverwood III, LLC. 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 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 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 lease amendment agreement.
 - ii) The terms of the lease amendment agreement, 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 agreement are the Regents of the University of Michigan and Traverwood III, LLC.
- ii) The service to be provided is the lease amendment of 27,443 square feet in a building at 2025 Traverwood, Ann Arbor, Michigan for two years, beginning July 1, 2009 through June 30, 2011, at a monthly rate of \$52,599.00. Tenant will be responsible for gas, electric, water and sewer usage plus janitorial service. Tenant will be responsible for a portion of the operating expenses of the building.
- iii) The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is member of Traverwood III, 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 Board of Regents approve the lease amendment agreement between the University of Michigan and Traverwood III, LLC.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

June 2009