

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 Lease Agreements with Venture Accelerator firms located at the North Campus Research Complex

Background:

The University of Michigan wishes to enter into lease agreements for space in the North Campus Research Complex Venture Accelerator located at 1600 Huron Parkway, Ann Arbor, Michigan, with the companies listed in the attached spreadsheet. The space will be utilized initially as office space for research and business operations for each respective company. The companies have an opportunity to expand their operations per the parameters outlined in the spreadsheet to include laboratory space or additional office space. The companies have separately entered into an agreement defining the relationship between the University of Michigan and the tenants.

The proposed leases fall under the State of Michigan conflict of interest statute as those named for each respective company on the attached spreadsheet are University of Michigan employees and party to the lease by virtue of their share of the ownership of each respective company, membership on respective tenant board of directors, or acting as an officer in the tenant company. 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 agreements are the Regents of the University of Michigan and the companies listed on the attached spreadsheet.
- ii) The service to be provided is the lease of space in the North Campus Research Complex Venture Accelerator located at 1600 Huron Parkway, Ann Arbor, Michigan, with access to common area space within the building. The lease durations including all options for renewal are outlined in the spreadsheet. The leases will use the standard University of Michigan Venture Accelerator lease template. Tenants will pay the rates as stipulated in the attached spreadsheet for the current term and option years as indicated. All companies will be responsible for providing monthly updates concerning their business progress to the University of Michigan Office of Technology Transfer, and will have access to Office of Technology Transfer personnel for advice concerning obtaining technology assessment, business consulting, technical assistance, capital raising, or other business services.
- iii) The pecuniary interest arises from the fact that the individuals listed for each company are University of Michigan employees and owners and/or officers of each respective company.

All have met state law requirements with the disclosure of their pecuniary interest and formal appointment arrangements with the University of Michigan.

We recommend that the Board of Regents approve the lease agreements between the University of Michigan and the attached venture accelerator companies, 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 Medical School or the Office of the Vice President for Research.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

COMPANY	UM EMPLOYEES	TERM	MONTHLY RENT SCHEDULE					UNITS RENTED CURRENT TERM					MONTHLY RENT CURRENT TERM	SECURITY DEPOSIT	
			OFFICE	LAB	1/2 LAB	CUBICLE	CUBICLE	OFFICE	LAB	1/2 LAB	CUBICLE	CUBICLE			
						W/LAB	WO/LAB				W/LAB	WO/LAB			
					OR				OR						
Arbor Ultrasound Technologies, LLC	William Weitzel	August 1, 2013 - July 31, 2014	\$300	\$2,450		\$125	\$150	1	0	0	0	0	\$300	\$300	
		Renewal Option:													
		August 1, 2014 - July 31, 2015	\$325	\$2,550		\$145	\$170								
		August 1, 2015 - July 31, 2016	\$350	\$2,650		\$160	\$185								
HiperNap, LLC	Shorya Awtar	July 19, 2013 - July 18, 2014	\$300	\$2,450		\$125	\$150	1	0	0	0	0	\$300	\$300	
		Renewal Option:													
		July 19, 2014 - July 18, 2015	\$325	\$2,550		\$145	\$170								
		July 19, 2015 - July 18, 2016	\$350	\$2,650		\$160	\$185								

NOTES:

1. Renewal Options will be exercised only if acceptable to all parties and will be executed via amendment.
2. All tenants have the option to lease units up to the following maximums: Eight (8) offices; Eight (8) cubicles; Three (3) labs.