

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

EXH	MOTION <i>W. C. Martin</i>
	SECOND <i>Taylor</i>
	ACTION APPROVED BY THE REGENTS
NOTE: SEP 15 2005	

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

Action

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

Background:

The University of Michigan wishes to enter into a lease agreement for approximately 4,000 square feet of space located at 555 South Forest Avenue (also known as 1301 South University Avenue), Ann Arbor, Michigan, to be leased from William C. Martin. The space will be utilized as surge space to accommodate the University of Michigan Museum of Art gallery and gift shop during construction.

The proposed lease 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 lease agreement by virtue of his ownership of the property. 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 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 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 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.

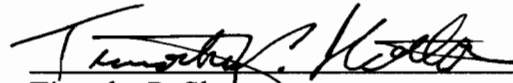
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the lease agreement are the Regents of the University of Michigan and William C. Martin.
- ii) The service to be provided is the execution of a lease agreement for approximately 4,000 square feet in a building at 555 South Forest Avenue (also known as 1301 South University Avenue), Ann Arbor, Michigan, for thirty-three months, beginning October 1, 2005 through June 30, 2008. The monthly rental rate is \$3,667 commencing October 1, 2005 through March 31, 2006 and \$7,333 per month for the remainder of the term. Tenant will be responsible for gas and electric usage plus janitorial service. Tenant will also be responsible for improvements to the space that will not exceed \$50,000.
- iii) The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is the owner of the property being leased.

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 agreement between the University of Michigan and William C. Martin.

Respectfully submitted,

  
Timothy P. Slotow  
Executive Vice President and  
Chief Financial Officer

September 2005