

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

Approved by the Regents

June 16, 2006

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

Action

Requested: Authorization for the University to Enter into a Lease Amendment Agreement with Milcom, Inc. (University of Michigan Employee, Dr. Robert C. Arends, owner).

Background:

The University of Michigan wishes to renew for an additional 36 months an existing lease agreement for space located at 320 W. Commerce Road, Milford, Michigan, to be leased from Milcom, Inc. The space will continue to be utilized as a medical practice space for the Department of Ophthalmology and Visual Sciences.

The proposed lease amendment falls under the State of Michigan Conflict of Interest Statute as Robert C. Arends is a University employee and will be a party to the lease amendment by virtue of his ownership of Milcom, Inc. However, the Statute allows University employees to participate in such 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 will be the Regents of the University of Michigan and Milcom, Inc.
- ii) The service to be provided is the renewal of a lease agreement for 2,523 square feet of space in a building at 320 W. Commerce Road, Milford, Michigan for thirty-six months, beginning February 1, 2006 through January 31, 2009, at a monthly rental rate of \$4,968.72 for the first year. Annual rent will increase by 3% for the remainder of the term. Tenant will be responsible for gas, water, sewer and electric usage.
- iii) The pecuniary interest arises from the fact that Robert C. Arends, a University of Michigan employee, is the owner of Milcom, Inc.

Robert C. Arends 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 agreement between the University of Michigan and Milcom, Inc.

Respectfully submitted,

  
Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

June 2006