

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Approved by the Regents

September 20, 2007

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

Action

Requested: Authorization for the University to Enter into a First Amendment to a Lease Agreement with 1250 N. Main LLC (University of Michigan Intermittent Lecturer Peter T. Allen, member of 1250 N. Main LLC)

Background:

The University of Michigan wishes to enter into a two-year lease agreement renewal with 1250 N. Main LLC for 14,000 square feet of space at 1250 North Main Street, Ann Arbor, Michigan. The space is utilized as faculty studios for the School of Art and Design.

The proposed lease amendment falls under the State of Michigan Conflict of Interest Statute as Peter T. Allen is a University employee and would be a party to the lease agreement by virtue of his position as member of 1250 N. Main 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 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.

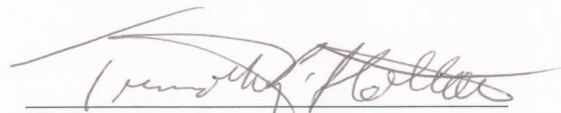
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the lease agreement are the Regents of the University of Michigan and 1250 N. Main LLC.
- ii) The service to be provided is a lease agreement of 14,000 square feet in a building at 1250 North Main Street, Ann Arbor, Michigan for two years, beginning on July 16, 2007 through July 15, 2009, at a monthly rate of \$18,083.33 for the first year of the term, and \$18,666.67 for the second year of the term. Tenant will be responsible for all operating expenses of the building.
- iii) The pecuniary interest arises from the fact that Peter T. Allen, a University of Michigan employee, is a member of 1250 N. Main LLC.

Peter T. Allen 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 agreement between the University of Michigan and 1250 N. Main LLC.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

September 2007