

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents

January 18, 2007

ACTION REQUEST

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 C-3 Partners (University of Michigan Athletic Director William C. Martin, partner)

Background:

The University of Michigan and C-3 Partners signed a lease in October 2002 for five departments to lease space at 517-535 W. William. Two of the departments have returned to campus, leaving some of this space vacant. The University of Michigan wishes to enter into a sixty-six month lease agreement with C-3 Partners for the vacated space. Michigan Radio and Michigan Marketing and Design will occupy the space.

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 position as partner of C-3 Partners. 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.

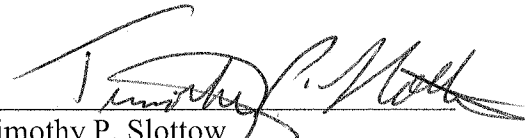
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the lease agreement are the Regents of the University of Michigan and C-3 Partners.
- ii) The service to be provided is the lease of 21,432 square feet in a building at 517-535 West William Street, for 66 months. Rent commences on issuance of a certificate of occupancy, at a monthly rate of: \$28,844.00 for the first thirty months; \$29,709.00 for months 31 through 42; \$30,600.00 for months 43 through 54; and \$31,518.00 for months 55 through 66. The Tenant will be responsible for gas and electric usage. In addition, approximately \$75,000 of leasehold improvements will be needed, to be constructed by the landlord and reimbursed by the University.
- iii) The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is a partner of C-3 Partners.

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 Regents approve the lease agreement between the University of Michigan and C-3 Partners.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

January 2007