

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
July 17, 2014

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 an Amended Lease Agreement with Lycera Corporation

Background:

The University of Michigan wishes to enter into an amendment to extend the original lease agreement with Lycera Corporation for 14,500 gross square feet of property in the North Campus Research Complex located at 2800 Plymouth Road, Ann Arbor, Michigan. The space will be utilized as office and laboratory space for research and business operations.

The proposed lease amendment falls under the State of Michigan conflict of interest statute as North Campus Research Complex Executive Director David Canter, Professor Gary Glick, and Associate Professor Anthony Opipari are University of Michigan employees and party to the lease by virtue of their partial ownership, membership on tenant board of directors, or acting as an officer in the Lycera Corporation. 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.

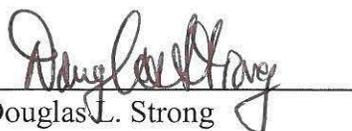
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the lease agreement are the Regents of the University of Michigan and the Lycera Corporation.
- ii) The service to be provided is the lease of 14,500 gross square feet of laboratory and office space in Building 26 at the North Campus Research Complex, located at 2800 Plymouth Road, Ann Arbor, Michigan, for an additional two years with options to renew for three additional one year terms. The amended lease will begin on October 1, 2014. The monthly rent is \$48,119.00 with annual increases of 3 percent. The lease is a full service gross lease with all costs covered by the monthly rent.
- iii) The pecuniary interest arises from the fact that North Campus Research Complex Executive Director David Canter, Professor Gary Glick, and Associate Professor Anthony Opipari are University of Michigan employees and owners and/or officers of the Lycera Corporation.

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 amendment between the University of Michigan and the Lycera Corporation, 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 Research.

Respectfully submitted,



Douglas L. Strong
Interim Executive Vice President and
Chief Financial Officer

July 2014