

Approved by the Board of Trustees
May 16, 2019

Board Meeting
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AMEND “SERVICES AND MANAGEMENT AGREEMENT” AND “OPERATING AGREEMENT” BETWEEN THE UNIVERSITY AND THE UNIVERSITY OF ILLINOIS RESEARCH PARK, LLC, AND APPOINT MEMBERS TO THE UNIVERSITY OF ILLINOIS RESEARCH PARK BOARD OF MANAGERS

Action: Amend “Services and Management Agreement” and the “Operating Agreement” between the University and the University of Illinois Research Park, LLC, and Appoint Members to the University of Illinois Research Park Board of Managers

Funding: No New Funding Required

In January 2000, the Board of Trustees authorized the formation of the University of Illinois Research Park, LLC (UIRP) as a University-related organization to assist the University in developing and operating research parks in support of its economic development mission. The UIRP is a limited liability company (LLC) governed by an Operating Agreement (revised January 18, 2018) and a Services and Management Agreement (revised November 8, 2012). The Board of Trustees is responsible for defining the obligations of the parties relative to the operation and management of the UIRP as set forth by the terms and conditions of those agreements.

In March 2017, the Vice President for Economic Development and Innovation appointed a Research Park working group to assess the governance structure and scope of activities of the UIRP. After several meetings and consulting with various individuals about the history and purpose of the UIRP, the group recommended limiting

the scope of the LLC to the Research Park at the University of Illinois at Urbana-Champaign (Urbana-Champaign). At the October 1, 2018, meeting of the UIRP Board of Managers, President Killeen and Chancellor Jones endorsed the transfer of oversight of the UIRP to Urbana-Champaign and the UIRP Board of Managers concurred. To effectuate the recommended change in governance and scope of the UIRP, the Services and Management Agreement and Operating Agreement would need to be revised as follows.

The Services and Management Agreement sets forth the duties and responsibilities of the LLC and the University in establishing and managing the UIRP. The Agreement should be revised to reflect the change in scope of the UIRP to focus solely on the Research Park at Urbana-Champaign. The Vice Chancellor for Research at Urbana-Champaign will serve as the principal officer for the University in interacting with the LLC and shall be responsible for primary oversight of the performance of the obligations of the University as stated in the Agreement. The Director of the UIRP shall be responsible for day-to-day administrative support of the LLC, with oversight from the Board of Managers in consultation with the principal officer.

The Operating Agreement sets forth the duties and responsibilities of the UIRP Board of Managers, which is responsible for the day-to-day operations of the UIRP. The composition of the Board of Managers should be revised to reflect the transfer of oversight of the UIRP to Urbana-Champaign. The Vice Chancellor for Research at Urbana-Champaign, along with faculty representatives from Urbana-Champaign and business leaders with appropriate expertise, will continue to serve as

voting members. A representative of the University of Illinois System will be added as a voting member. The Vice President/Chief Financial Officer and Comptroller and/or his or her designee, and a senior administrator for Urbana-Champaign who leads capital planning shall serve as non-voting Managers. Currently, Managers do not serve a specified term and continue to serve until his/her resignation or removal. Terms for each Manager appointed as a designated representative of the faculty of Urbana-Champaign and the business leaders shall be limited to three years. Managers may serve two full consecutive terms and then may be re-appointed after a one-year leave of absence.

Under the terms of the revised Operating Agreement, the Board of Trustees will continue to serve as the sole member of the LLC, and shall continue to possess certain reserve powers, such as determining the composition of the Board of Managers. In accordance with the proposed amendments to the Operating Agreement, the Board of Managers will include at least two representatives of the faculty at Urbana-Champaign, subject to approval by the Board of Trustees. Chancellor Robert Jones, upon the recommendation of the Vice Chancellor for Research and in consultation with the Vice President for Economic Development and Innovation, has nominated to the UIRP Board of Managers Dean Jeffrey R. Brown and Dean Kimberlee K. Kidwell to fill the vacancies in the faculty representation and Scott Rose and Wilbur Milhouse to fill the vacancies in the business leader representation. Biographies for the business leader nominees as well as the full composition and terms of the proposed Board of Managers are attached to this board item and are hereby incorporated by reference. If approved, the proposed Board of Managers will go into effect immediately and the new Board of Managers will be

convened for the June 3, 2019, Board of Managers meeting, while the transition from the University to Urbana-Champaign, if approved, would not occur until July 1, 2019.

The UIRP Board of Managers reviewed and approved the proposed revisions to the Services and Management Agreement at their December 11, 2018, meeting, and reviewed and approved the proposed revisions to the Operating Agreement at their February 4, 2019, meeting. The Vice President for Economic Development and Innovation, having conferred with University Counsel, recommends that the Board of Trustees approve the amended Operating Agreement and the amended Services and Management Agreement to align the terms and conditions of the agreements with the proposed changes to limit the UIRP to oversight of the Research Park at Urbana-Champaign as described above. Red-lined and clean versions of the agreements reflecting the proposed amendments to the currently operable agreements are attached to this item and are hereby incorporated by reference.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

The President of the University concurs with this recommendation.