

REPORT OF ACTION BY THE EXECUTIVE COMMITTEE

The following actions have been taken by the Executive Committee since the last meeting of the Board. These actions are now reported to the Board as a whole.

Delegate Authority to Reduce Student Fees for Academic Year 2020-2021

(1) In accordance with the University of Illinois Act, the Board of Trustees of the University of Illinois (the “Board”) approves annually tuition rates and student fees to be assessed at each university to support auxiliary operations, student programs and activities, and student health services. At its previous meetings, the Board approved, upon the advice and recommendation of the president and the chancellors/vice presidents at each university, student fee levels for each university for Academic Year 2020-2021.

In light of the ongoing COVID-19 pandemic, increased flexibility regarding the application or temporary modification of student fees may be necessary. To provide the universities with the necessary flexibility to respond to these unprecedented and unanticipated events in a timely manner, the president recommends delegating authority to the chancellors/vice presidents of each university to reduce fees as needed during the course of the semester.

By virtue of this action, the Board delegates to the chancellors/vice presidents the ability to reduce student fees approved in its 2020 actions, provided that, in the opinion of the president of the University, any such modification directly supports the University’s efforts to address challenges arising from COVID-19. The comptroller and

vice president for academic affairs shall act to facilitate such fee modifications and will report promptly such transactions to the Board.

This temporary delegated authority shall apply only to fees assessed for Academic Year 2020-2021 and shall expire on May 15, 2021, unless expressly extended by the Board of Trustees or the Executive Committee of the Board.

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 executive vice president and vice president for academic affairs, as well as the vice president/chief financial officer and comptroller, concur in these recommendations.

On motion of Ms. Holmes, seconded by Mr. Cepeda, this recommendation was approved by the following vote: Aye, Mr. Cepeda, Mr. Edwards, Ms. Holmes; No, none.

Establish University-Related Organization to Promote Adoption
and Use of COVID-19 Testing and Tracing Program

(2) The purpose of this item is to establish a University-Related Organization (URO) known as “Shield T3” to facilitate the adoption and use of targeting, testing, tracing and related procedures regarding COVID-19 developed by researchers at the University of Illinois at Urbana-Champaign. The program offers a powerful

operating model for the fight against the COVID-19 pandemic. Originally designed for use on the Urbana-Champaign campus, the program has broader applicability and the potential to benefit communities more widely.

At the heart of the program is a low-cost, sensitive and specific, non-invasive, saliva-based test that can be administered easily. The innovative testing method also allows rapid notification of test results in a matter of three to four hours (compared to three to four days for nasopharyngeal tests). The rapid turnaround time means that isolation, if needed, can occur early enough to limit secondary transmission, and contact tracing can be far more effective than with conventional tests. Saliva-based testing is being adopted successfully by many states, universities, cities, and sporting leagues. The program complements the saliva-based testing process with modeling capabilities that allow for the targeting of the testing to appropriate segments of the population and an app-based information technology platform to target tests, transmit results, and facilitate contact tracing. Recognizing the potential of the program to benefit communities beyond the University of Illinois (University), the University is launching many efforts, including the formation of this URO, to facilitate wider adoption and use.

Because of the complexities of doing business in the burgeoning area of COVID-19 testing and the related corporate, governance, intellectual property and

implementation issues, the University administration has determined that the establishment of a URO is essential to facilitate effective and efficient dissemination of testing efforts. This URO is not intended to supplant existing University operations such as the Office of Technology Management (OTM) or research and development efforts currently underway or yet to be realized at universities within the system. Rather, the URO is intended to complement other initiatives to disseminate the testing program being undertaken by the University and will provide critical support to and interface with potential users in the broader marketplace. Its primary focus will be on applications outside the State of Illinois.

The establishment of a URO by the University has historical precedence but is not a frequent occurrence. Accordingly, in support of this effort, the University retained the law firm of Faegre Drinker Biddle & Reath LLP (Faegre Drinker) to provide advice on potential organizational models and best practices. Faegre Drinker has advised that structuring this URO as a limited liability company (LLC) will limit the University's potential liability and provide for an efficient operating model. A URO will confer several advantages, including allowing a nimble team of experienced individuals employed by the University and others to focus on developing and implementing the program outside the State. As a URO, Shield T3 can negotiate and enter into contracts in

a streamlined and efficient manner. At the same time, the ultimate authority and oversight of Shield T3 will remain with the Board of Trustees of the University of Illinois (UI Board).

As a URO, Shield T3 will comply fully with State of Illinois Legislative Audit Commission Guidelines (LAC Guidelines), which were adopted in 1982 and amended in 1997, and any other applicable regulatory requirements.

The Board of Managers of Shield T3 will consist of nine voting members nominated (where appropriate) and duly appointed by the UI Board as follows: a voting member of the UI Board; two nominees of the Urbana-Champaign chancellor; a nominee of the Chicago chancellor; the vice president for economic development and innovation, *ex officio*; the executive director of Discovery Partners Institute, *ex officio*; one nominee of the president who is a member of the University community; and two nominees of the president who are not employed by the University. Other nonvoting members of the board of managers may be designated by the board of managers to serve in an advisory capacity. Terms for each manager, except for *ex officio* members and the UI Board member, shall be limited to three years. Managers may serve two full consecutive terms and then may be reappointed after a one-year period.

The UI Board will be the sole member of Shield T3 and will possess and exercise such other reserve powers as provided in attendant corporate organizational documents, including but not limited to Shield T3 Articles of Organization, Operating Agreement and a Services and Management Agreement between the University and Shield T3. Such reserve powers to the UI Board will include appointing voting members of the Shield T3 Board of Managers, approval of amendments to the Articles of Organization and Operating Agreement, incurrence of long-term debt and approval of the sale of substantially all of the assets of Shield T3, among others.

In order to carry out the purposes and commence operations of Shield T3, a service and management contract will be negotiated between the University and Shield T3. This service and management contract will define the responsibilities of Shield T3 in regard to the development and implementation of the organization's business objectives, including issues relating to intellectual property, licensing, technology commercialization, and the like. It is contemplated that the initial meeting of Shield T3 will occur promptly.

Accordingly, the president of the University recommends that the Comptroller of the Board be delegated authority by the UI Board to take the following actions:

1. Execute the necessary documents to establish Shield T3 as a limited liability company, with all membership units to be owned by the University;
2. Enter into a Services and Management Agreement between the University and Shield T3;
3. Enter into such agreements as may be necessary and appropriate to make operating personnel available to Shield T3; and,
4. Execute any and all other documents and take any other actions as may be necessary to establish and organize Shield T3 and to allow it to carry out its functions and purposes as set forth herein.

Further, the Board hereby appoints as voting members of the board of managers of Shield T3 the following individuals; where a manager is indicated as “*ex officio*,” the person serving in the office indicated, and not the individual, shall serve as the manager:

- One voting member of the UI Board: Donald J. Edwards, chairman, University of Illinois Board of Trustees
- Two nominees of the Urbana-Champaign Chancellor: Andreas Cangellaris, provost, University of Illinois at Urbana-Champaign; and Susan A. Martinis, vice chancellor for research and innovation, University of Illinois at Urbana-Champaign
- A nominee of the Chicago chancellor: Wayne Giles, dean, School of Public Health, University of Illinois at Chicago
- The vice president for economic development and innovation, *ex officio*: currently Joseph “Jay” Walsh, interim vice president for economic development and innovation
- The executive director of Discovery Partners Institute, *ex officio*: currently William C. Jackson, interim executive director, Discovery Partners Institute
- Nominee of the president who is a member of the University community: Paul J. Hergenrother, Kenneth L. Rinehart Jr. Endowed

Chair in Natural Products Chemistry, University of Illinois at Urbana-Champaign

- Two nominees of the president who are outside the University: Michael T. Tokarz, chairman, Tokarz Group Advisers and alumnus, University of Illinois at Urbana-Champaign; and a second nominee to be determined

The president has discussed this proposed URO with other University leaders, who agree that this is an outstanding opportunity to benefit communities in Illinois and nationwide.

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.

On motion of Ms. Holmes, seconded by Mr. Cepeda, these recommendations were approved by the following vote: Aye, Mr. Cepeda, Mr. Edwards, Ms. Holmes; No, none.