Approved by the Executive Committee

July 19, 2024

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 Executive Committee Meeting

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Approve Establishment of University-Related Organization for Quantum Science Facilities and Delegate Authority to the President

**Action:** Approve Establishment of University-Related Organization for Quantum Science Facilities and Delegate Authority to the President

**Funding:** Institutional Funds Operating Budget

The purpose of this item is to approve establishment of a University-Related Organization to operate and manage the Quantum Science Facilities, as described below, and to make certain delegations of authority to the president.

Illinois has established itself as a leader in quantum computing and microelectronics. The State of Illinois recently approved $500 million to support quantum and microelectronics research and development in Illinois. Illinois is uniquely positioned over the next seven years to help the federal government achieve the goals of the federal CHIPS and Science Act. Recognizing the University of Illinois Urbana-Champaign’s breadth and depth of leadership in the quantum and microelectronics fields, the University will collaborate with partners within the state and nationally, including other Illinois universities, economic development groups, and national labs located in Illinois to lead the Quantum Science Facilities.

A planned Illinois Quantum and Microelectronics Park (the “Quantum Science Facilities”) will be considered for location in the Chicago area and will serve as a quantum computing proving ground. In support of the creation and operation of the Quantum Sciences Facilities, the chancellor of the University of Illinois Urbana-Champaign, and vice president, University of Illinois System, with the concurrence and support of the president, proposes that the Board of Trustees of the University of Illinois (UI Board) establish a University-Related Organization (URO) and that the president of the University of Illinois System be delegated the authority to take certain actions related to the formation of the URO. To do so, the University may need to engage with partners inside and outside of the University, negotiate certain agreements, and appropriately document its actions.

The URO will have a Board of Managers composed of individuals from the University of Illinois System and other partners in the Quantum Science Facilities. The proposed slate of managers will be generated in close collaboration with external partners, including the Office of the Governor, Illinois higher education peers, and members of the private and public sectors. The Board of Trustees will approve the full slate of managers at a future meeting.

The UI Board will be the sole member of the LLC and will possess and exercise such other reserved powers as provided in attendant corporate organizational documents, including, but not limited to the LLC Articles of Organization, Operating Agreement, and a Services and Management Agreement between the University and the LLC. Such reserve powers to the UI Board will include appointing voting members to the LLC 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 the LLC, among others. Consistent with other UROs, an Operating Agreement and Services and Management Agreement will be negotiated and executed between the University and the LLC.

As a URO, the LLC will comply with applicable State of Illinois Legislative Audit Commission Guidelines (LAC Guidelines), which were adopted in 1982 and amended in 1997, 2020, and 2023, and other applicable regulatory requirements.

The president of the University of Illinois System and the chancellor of the University of Illinois Urbana-Champaign and vice president, University of Illinois System, are committed to providing leadership on the Quantum Science Facilities and to cooperate with Governor Pritzker and other involved parties to demonstrate sustained commitment to the Quantum Science Facilities project. Accordingly, the chancellor recommends that the UI Board delegate authority to the president of the University of Illinois System, to take the following actions:

1. Negotiate the terms of the University of Illinois’s role as the operator and manager of the Quantum Science Facilities with other partners and parties involved in the Quantum Science Facilities.
2. Research and prepare a summary of financial information and projections related to the Quantum Science Facilities, using outside resources as necessary.
3. Identify members of the Board of Managers to be brought before the UI Board for approval.
4. Prepare and execute the necessary documentation to establish the URO to support the Quantum Science Facilities, bringing contractual agreements and other items to the UI Board for approval when required.
5. Engage professionals, such as outside legal counsel and financial advisors, to advise on various aspects of the project.
6. Work with internal and external stakeholders in the Quantum Science Facilities as necessary and advisable.

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 chancellor of the University of Illinois Urbana-Champaign, and vice president, University of Illinois System recommends approval, and the president of the University of Illinois System concurs.