Approved by the Board of Trustees

July 22, 2021

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 Board Meeting

 July 22, 2021

AUTHORIZE FORMATION OF WHOLLY FOREIGN OWNED ENTERPRISE

TO PROMOTE UNIVERSITY OUTREACH AND ACTIVITES IN SHANGHAI, CHINA

**Action Action:** Authorize Formation of Wholly Foreign Owned Enterprise to Promote

 University Outreach and Activities in Shanghai, China

**Funding:** Institutional Funds

 This action item authorizes the university-related organization known as Illinois Global Gateway, L.L.C. to form a wholly foreign owned enterprise (WFOE) and to establish a physical presence in Shanghai, China, for the purpose of expanding outreach to alumni and colleagues of the University of Illinois and providing other permitted educational activities and services.

 In 2013, the University of Illinois Urbana-Champaign established a small office in Shanghai with a limited staff in conjunction with the State of Illinois Department of Commerce and Economic Opportunity and the U.S. Department of Commerce for the purpose of promoting alumni relations and opportunities for educational and research exchanges. China continues to present opportunities for the university to expand its alumni reach via chapters in various regions of China, to promote the university’s brand, and to participate in China-based academic associations; however, China law and licensing requirements constrain the university’s ability to take advantage of these opportunities for meaningful engagements. A WFOE would be able to hire employees, lease office space and engage in certain activities that cannot be accomplished by the university under the current arrangement with the state and federal agencies. In anticipation of the University of Illinois extending its physical presence into strategic locations around the world, such as China, the Board in January 2021 expanded the business scope of Illinois Global Gateway, L.L.C., enabling the company to form subsidiaries, subject to Board approval and identification of necessary funding. Illinois Global Gateway, L.L.C. (formerly UI Singapore Research L.L.C.) is already the parent company of Illinois at Singapore Pte. Ltd., the university’s research operation in Singapore.

 The law firm of Baker McKenzie, which has an office in Shanghai, has provided preliminary legal advice and will continue to advise Illinois Global Gateway, L.L.C. on the formation of the WFOE.

 The WFOE, the University and Illinois Global Gateway, L.L.C. would enter into an arms-length services and management agreement outlining each party’s respective rights and obligations regarding the China operation.

 It is therefore recommended that the Board of Trustees authorize Illinois Global Gateways, L.L.C. to form a WFOE in Shanghai, China, in accordance with the laws of China, which shall include determining a suitable name, business scope, registered capital and total investment, and appointing the initial legal representative, board of directors and supervisor(s).

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

 The President of the University concurs.