

Board Meeting
May 21, 2009

AMEND OPERATING AGREEMENT OF THE UNIVERSITY OF ILLINOIS
RESEARCH PARK, LLC, TO CHANGE COMPOSITION OF THE BOARD OF
MANAGERS; APPOINT MEMBERS TO THE BOARD OF MANAGERS

Action: Amend Operating Agreement of the University of Illinois Research Park, LLC, to Change Composition of the Board of Managers; Appoint Members to the Board of Managers

Funding: No New Funding Required

At its meetings on March 2, 2000, and April 13, 2000, the Board of Trustees authorized formation of the University of Illinois Research Park, LLC (LLC), as a University-Related Organization to assist the University in developing and operating research parks in Champaign, in Chicago, and in DuPage County. The LLC is governed by an Operating Agreement, which defines the composition and responsibilities of the Board of Managers.

At its September 11, 2003, meeting, the Board of Trustees approved amendments to the Operating Agreement of the LLC to create the current five-member Board of Managers: one Board of Trustees representative (the Chair of the Technology and Economic Development Committee or designee) appointed in the same manner as appointments to the Board of Trustees' committees; the vice chancellor for research of the Urbana campus; the vice chancellor for research of the Chicago campus; a business leader nominated by the chancellor of the Urbana campus; and a business leader

nominated by the chancellor of the Chicago campus in consultation with the Illinois Medical District Commission.

The President recommends that the current Board of Managers composition be modified to expand the private sector representation to provide more diverse business expertise on the board. It is recommended that Article 5.2 and Article 5.7 of the Operating Agreement be revised as shown below. Proposed new text is underlined and proposed deleted text is lined-through:

5.2 **COMPOSITION OF THE BOARD OF MANAGERS.** The permanent Board of Managers shall consist of ~~five (5)~~ ten (10) individuals, six of whom shall be voting members, who shall serve for the terms specified in Section 5.7. The Board of Managers shall include:

(1) ~~The Chair (or designee) of the Technology and Economic Development Committee of the Board of Trustees of the University of Illinois, appointed in the same manner as appointments to Board of Trustees' committees; Three members of the Board of Trustees of the University of Illinois, appointed annually in the same manner as appointments of the Chairs and Vice Chairs of Board of Trustees' standing committees;~~

(2) The Vice Chancellor for Research for the University's Urbana-Champaign campus and the Vice Chancellor for Research for the University's Chicago campus, *ex officio*, without vote;

(3) The University Vice President for Technology and Economic Development, *ex officio*, without vote;

(4) The Comptroller of the Board of Trustees, *ex officio*, without vote; and

~~(3) A business leader nominated by the Chancellor of the University's Urbana-Champaign campus in consultation with the Research and Technology Transfer Council (or successor entity) of the University's Urbana-Champaign campus; and~~

~~(4) A business leader nominated by the Chancellor of the University's Chicago campus in consultation with the Illinois Medical District Commission.~~

(5) Three business leaders, nominated by the University President in consultation with the Chancellors for Urbana and Chicago, and approved by the Board of Trustees.

5.7. **TERM.** ~~The representative of the Research and Technology Transfer Council (or successor entity) of the University of Illinois at Urbana-Champaign and the representative of the Chicago Technology Park or the Illinois Medical District Commission shall have three (3) year staggered terms. Each Manager shall serve for his~~

or her term and until a successor is appointed, or until such individual resigns, is removed as a Manager or the Company dissolves, whichever occurs first. The Managers who are appointed to the “business leader” positions on the board shall have three year staggered terms as specified at the time of their appointment, and shall thereafter continue to serve until a successor is appointed, or until such individual resigns, is removed as a Manager or the Company dissolves, whichever occurs first.

It should be noted that the Operating Agreement currently provides that the following University administrators serve as *ex officio*, nonvoting officers of the Company: Vice President for Technology and Economic Development (unless otherwise decided by the Board of Managers) is the Director; University Counsel or designee is the Secretary; and the Comptroller or designee is the Treasurer.

In addition, given the above-described changes it is recommended that Article 5.1 of the Operating Agreement be revised as follows:

5.1 **MANAGEMENT.** Except where the approval of the Member is expressly required by this Agreement or by nonwaivable provisions of the Act, the Managers shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business.

The Company shall execute an agreement with the Member which will indicate the service, management and fiscal obligations of the parties. The Vice President for Technology and Economic Development will serve as principal officer for the Member and will be responsible for providing administrative support for the Company and its Board of Managers and for the oversight of the performance of the obligations of the Member as specified in the Services and Management Agreement. ~~The Vice Chancellor for Research for the University's Urbana-Champaign campus and for the University's Chicago campus will be responsible for the performance of the obligations of the Member as specified in the Services and Management Agreement.~~

Finally, it is recommended that the following individuals be appointed to the Board of Managers for the terms indicated: Patrick F. Daly (continuing member, for one year), Roderick Johnson (for two years), and Rick L. Stephens (for three years).

Patrick F. Daly is the founder and CEO of The Daly Group LLC, a Chicago based group of companies focused on real estate development, brokerage and construction management services, responsible for over \$1 billion of commercial and retail projects in 26 states. A native of Chicago, Mr. Daly has served continuously since 1985 as vice chairman of the Metropolitan Pier and Exposition Authority. Mr. Daly is a member of the Board of Directors of the U.S. Committee for UNICEF/Chicago, and the USO of Illinois. He is also a trustee of the Chicago Academy of Sciences. He is chairman of the Chancellor's Corporate Advisory Board for the University of Illinois at Chicago, is a director emeritus of the Board of Directors of the University of Illinois Foundation, and has served as president and chairman of the University of Illinois Alumni Association. He received the 2002 Chicago Area Entrepreneurship Hall of Fame Award. A licensed architect, Mr. Daly received a bachelor of science in Architecture and a bachelor of arts in Architectural History from the University of Illinois at Chicago.

Roderick Johnson has been a Partner of The Pivotal Factor since early 2007. From 1999 to 2006 he was a director of Bio-logic Systems Corp. (BLSC) and served as its president and chief operating officer until its sale to Natus Medical. In 1994, with the Continental Illinois Venture Corporation (CIVC), a private equity firm, Johnson founded the NeuroCare Group, which acquired and integrated several neurosurgical equipment and disposable supply companies selling products globally. He served as NeuroCare Group's Chairman, President and Chief Executive Officer until 1999 when it was sold to Integra LifeSciences. His other assignments include 12 years in planning and international finance positions in Baxter's corporate headquarters in Illinois and its UK subsidiary. He holds an MBA from Tulane University, a BSEE from the University of Houston, and is a CPA.

Rick L. Stephens is Chairman of the Board of Horizon Hobby, Inc., of Champaign, Illinois. Horizon Hobby is an international developer, marketer, and distributor of radio control hobby products, model trains, and a wide range of educational, toy, and other hobby products. The company employs over 650 people and has facilities in Champaign; Ontario, California; Harlow, England; and Hamburg, Germany. Stephens has served on the Board of Directors of several corporate and nonprofit organizations including National City Bank, National Retail Hobby Stores Association, and the Carle Foundation Hospital.

The Board of Trustees 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.