

Board Meeting
May 22, 2008

ESTABLISH UNIVERSITY RELATED ORGANIZATION
FOR RESEARCH PROGRAMS IN SINGAPORE, URBANA

Action: Approve Establishment of University Related Organization for Research Programs in Singapore, Urbana

Funding: Grant Funds and Institutional Funds Operating Budget

The purpose of this item is to establish a University Related Organization (URO) to qualify for and implement a research program funded by a Singapore government agency. The Agency for Science, Technology, and Research (A*STAR) is proposing major (estimated \$50.0 million) funding and collaboration opportunities for the College of Engineering, Urbana, which will advance current research initiatives of its faculty. The proposed Human Sixth Sense project, for example, will focus on interactive digital media. The Chancellor at Urbana believes this to be a high-profile opportunity to enhance research funding for the University, and provide opportunities for collaborative research with scientists in Singapore.

The proposed A*STAR grant is conditioned upon funds being granted directly to a Singapore entity. Much of the research would be conducted in Singapore. Because of the complexities of doing business overseas, the international law firm of Baker & McKenzie, LLP, was retained to advise the University on the appropriate

organizational model and best practices for doing business in Singapore. Baker & McKenzie has an office in Singapore and has advised that it is essential for international businesses to comply with local laws and regulations for on-going overseas business and operations. Further, they have advised that two entities be established: an Illinois limited liability company to oversee international research programs of the University of Illinois, and a subsidiary company in Singapore to direct business activities to be conducted in Singapore. This structure will limit the University's potential liability and not subject the University's assets to Singapore court jurisdiction. Based on this advice, it is recommended that a limited liability company entitled "UI Singapore Research, LLC," be formed in Illinois. UI Singapore Research, LLC, would be responsible for overseeing the Singapore research program. UI Singapore Research, LLC, also would be authorized to establish and supervise a subsidiary company in Singapore to receive the A*STAR grant funds and to contract with the University of Illinois for services of faculty, staff, and other resources.

As a URO, UI Singapore Research, LLC, will comply with State of Illinois Legislative Audit Commission Guidelines and negotiate contracts with companies to account for all spending. All financial activities would be subject to annual audits. The Board of Managers of UI Singapore Research, LLC, would consist solely of the duly constituted members of the Board of Trustees of the University of Illinois. The Board of Trustees will also be the sole member of the LLC.

In order to carry out the purposes and commence operations of UI Singapore Research, LLC, a service and management contract will be negotiated between

the University and the LLC. This service and management contract will define the responsibilities of the LLC for the operation of the research program, including formation of the subsidiary company. It is contemplated that the initial meeting of the LLC will occur in July to approve the A*STAR agreement and form the subsidiary company to operate the Singapore research program.

The President of the University recommends that the Comptroller of the Board and Secretary of the Board be delegated authority to execute the necessary documents to establish UI Singapore Research, LLC; to enter into a services and management agreement with the University; and to execute other documents as may be necessary to carry out the functions and fulfill the purposes of UI Singapore Research, LLC.

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.