

January 27, 2016

TO: Members of the Board of Trustees

FR: Scott A. Jordan 
Executive Vice President for Administration and Chief Financial Officer

Richard F. Orr
Vice President and General Counsel 

RE: Exercise of the University's Ownership Rights

RECOMMENDATION

The University administration recommends that the Board of Trustees approve the resolutions below (a) confirming the President's authority to exercise the University's rights of ownership in any corporation or other business entity in which the University has an ownership interest; and (b) authorizing the President to sub-delegate such authority, but only to one or more of her direct reports.

BACKGROUND

University Ownership. The University holds ownership interests in business entities for a variety of reasons. For example, a donor may gift stock in a private business to the University, rather than to the Foundation; that stock may or may not be publicly traded. When faculty produce inventions, the intellectual property rights belong to University and the University may sell or license the invention to a company which seeks to develop the invention into a commercial product. Sometimes the University obtains stock or other ownership rights in connection with the sale or license of such invention.

In addition to these existing examples, the University is in the process of expanding its support for technology commercialization programs that promote the University's research enterprise and other economic development initiatives. UConn recently became the sole owner of The University of Connecticut Research and Development Corporation ("UConn R&D") when the UConn Foundation transferred ownership of UConn R&D to the University. UConn R&D is a for-profit corporation that holds investments in approximately thirty commercial companies. Those companies use technology and processes developed by faculty and staff of the University.

Presidential Authority. As a sole or partial owner of these business entities, the University has certain ownership rights. The significance of those rights varies greatly. An owner's rights are significant when the University is the sole shareholder, as in the case of UConn R&D. Those rights are much less significant when the University owns only a few shares of a publicly traded company.

Historically, the President has had the ability to exercise the University's ownership rights, consistent with University governance. As provided in the By-laws, the Board's responsibilities include managing investments, but the functions of the Board of Trustees are legislative and not executive. By-Laws Article I. The President is the chief executive of the University, responsible for the operation of the University, and is given the authority required to carry out that function. By-Laws Article II. Accordingly, the President is responsible for exercising the ownership rights of the University in businesses or other investments in which the University has an ownership interest. The exercise of such rights may include matters concerning the election of directors and other significant company decisions, like the sale or dissolution of a company, among others.

Delegation. The resolutions below formalize the authority of the University's President to exercise the ownership rights of the University and authorize the President to delegate such authority to one or more of the President's direct reports. If so delegated, such University official is not authorized to further delegate such authority. This delegation is independent of, and unrelated to, the delegation by the Board of Trustees to a member of its Finance Committee to execute documents in connection with the sale of UConn 2000 bonds.¹

PROPOSED RESOLUTION

RESOLVED, that the University's President shall have all authority necessary to exercise, on behalf of the University, the University's rights of ownership in any corporation or other business entity in which the University has an ownership interest;

RESOLVED, that the University's President is hereby authorized to re-delegate the authority described in the preceding resolution to a University official who reports directly to the President. Any such re-delegation is subject to the following limitations:

- a. The delegated authority may not be further re-delegated by such official to any other person; and
- b. The delegated authority terminates automatically upon such official's change in position or separation from the University;

and

¹ See "Delegation of Authorized Officer For Sale Purposes for UConn 2000 General Obligation and Special Obligation Bonds" (January 29, 2014) delegating this authority to Trustee Shari G. Cantor pursuant to Connecticut General Statutes Section 10a-109g(a)(1).

RESOLVED, that the University's President and duly delegated University officials are hereby further authorized to execute, deliver and perform, in the name of and on behalf of the University, such certificates, instruments, documents and agreements as each of them may deem necessary, useful or required in furtherance of the foregoing resolutions.