



REVENUE AVENUE

A Newsletter from the Office of Business Development Services (OBDS)

January 2011

Director's Note

Happy New Year! The first half of FY'11 has been busy and we continue to see an increase in the total number of revenue contracts received in the first half of each fiscal year for the past five fiscal years.

As a service to UIC departments and units, OBDS has been working in earnest to communicate the impact of the regulations on revenue activities. In this newsletter, the *OBDS Good Business Practice Series* focuses on the topic of arbitration. The article explains why the university prefers litigation to arbitration.

Please join us in congratulating two members of the OBDS team. This past December, in recognition of their hard work and dedication to the University, Rosetta Houston was presented with the UIC WOW Award and Mike was promoted to Assistant Director. Congratulations to Rosetta and Mike!



OBDS' very own, Rosetta Houston was recently presented with the UIC WOW Award. Her exceptional work supporting OBDS staff and the UIC community reflects UIC's core values and customer focus. Congratulations Rosetta!

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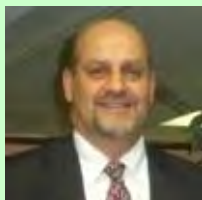
OBDS Good Business Practice Series

ARBITRATION

In dispute resolution, many companies or organizations prefer arbitration to litigation because it is more flexible, private, quicker and less costly than litigation. However, arbitration can be more costly to the University because it is not covered by our self-insurance plan and more over, the Illinois Court of Claims Act does not apply.

Arbitration is adversarial, thus it generally does nothing to create win-win solutions or improve relationships, it often escalates a conflict.

Therefore, as an instrumentality of the State of Illinois, OBDS usually discourages the use of arbitration to resolve disputes. If a company insists, we assist by consulting legal office to draft language to accomplish the business decisions.



Promotion

Mike Hallahan was promoted to Assistant Director of Business Development Services. Mike was previously a Senior Contract Coordinator whose strong work ethic and vast knowledge on business management and contracts contributes to efficiency of OBDS.

Congratulations Mike!

UNRELATED BUSINESS INCOME TAX (UBIT)

The University is subject to Unrelated Business Income Tax ("UBIT") imposed under Internal Revenue Code (IRC) §511 on regular business activities that are not related to the tax-exempt missions of the University; although, an activity may be exempt from UBIT under one of several statutory exceptions. In compliance with this IRS regulation, OBDS will soon begin to request departments/units to complete questionnaire for all projects or activities with a potential for generating unrelated business income. The completed questionnaire will be used to determine whether or not the activity should be included in the University's Exempt Organization Business Income Tax Return (Form 990-T) filed with IRS.

Did You Know?

For every revenue generating contract, the University currently assesses a finance charge of 21% per year (1.75% per month) on any unpaid balance.