

**ILLINOISVENTURES, LLC
BOARD OF MANAGERS
MEETING MINUTES
OCTOBER 13, 2015**

**ILLINI CENTER
ORANGE & BLUE ROOM
200 S. WACKER DRIVE, CHICAGO, IL**

Call to Order

Chair Ed McMillan called the meeting of the IllinoisVentures, LLC Board of Managers to order at 9:04 a.m. Secretary Designee Wes Curtis completed the roll call and it was determined that a quorum of the voting managers was present. Present and participating in the meeting were:

Voting Managers

Ed McMillan
Brendan Fox (via phone)
Michael Tokarz (via phone)
Peter Schiffer
Mitra Dutta
Lesley Millar-Nicholson
Wade Green

Non-voting Managers

Walter Knorr
Larry Schook
Mike Bass
Nancy Sullivan

Absent

William P. Tai
Franklin Predergast

Other Persons

Jeremy Hollis	Angela McFarland
Arun Bhatia	Christopher Valera
Kevin Berliner	Kapila Vigas
Wes Curtis	Libby Green
Tamira Davis	Chantene Stephens

Action Item: Approval of Minutes

Chair McMillan asked if there were any questions or corrections regarding the July 14, 2015 minutes of the Board of Managers. **Mitra Dutta moved that the minutes be approved. Peter Schiffer seconded the motion which passed unanimously.**

Information Item: Written Action Approval of Budget Resolution

Angela McFarland reviewed the budget resolution which was previously approved by written action of the Board of Managers on July 23 & 24, 2015. The following is the resolution and the record of approvals:

Resolution

WHEREAS, the State of Illinois (the “State”) has not approved a budget for Fiscal Year 2016 (“FY16”) which covers the period of July 1, 2015 through June 30, 2016;

WHEREAS, one source of funding for the University of Illinois (the “University”) is an appropriation from the State;

WHEREAS, the University of Illinois Board of Trustees will not approve a budget for FY16 until the total amount of FY16 funding from the State is approved;

WHEREAS, one source of funding for IllinoisVENTURES is an appropriation from the University;

WHEREAS, the IllinoisVENTURES Board of Managers will not approve a budget for FY16 until the total amount of FY16 funding from the University is approved;

WHEREAS, IllinoisVENTURES needs to continue to operate into FY16 without a budget;

THEREFORE BE IT RESOLVED that IllinoisVENTURES will continue to operate its business consistent with its Fiscal Year 2015 Approved Budget until the earlier of the date the University’s FY16 State appropriation is determined or September 30, 2015.

APPROVED by the written action of the following Managers via email:

- **Mitra Dutta on 7/24/2015**
- **Brendan Fox on 7/23/2015**
- **Wade Green on 7/24/2015**
- **Ed McMillan on 7/22/2015**
- **Lesley Millar-Nicholson on 7/23/2015**
- **Peter Schiffer on 7/23/2015**
- **Mike Tokarz on 7/23/2015**

Information Item: Written Action Approval of Agrible Investment

Nancy Sullivan reviewed the Agrible Investment resolution which was previously approved by written action of the Board of Managers during the period August 21, 2015 through September 2, 2015. The following is the resolution and the record of approvals:

Resolution

WHEREAS, the IllinoisVENTURES Board of Managers approved an investment of \$100,000 in Agrible, Inc. at the July 14, 2015 Board of Managers Meeting;

WHEREAS, new information on the investment in Agrible, Inc. was obtained by the IllinoisVENTURES, LLC Operating Group and communicated to the Board of Managers subsequent to the July 14, 2015 Board of Managers Meeting;

WHEREAS, IllinoisVENTURES would like to reconfirm the IllinoisVENTURES Board of Managers' approval of the investment of \$100,000 in Agrible, Inc. for Series A preferred stock based on the new information communicated to the Board of Managers;

THEREFORE BE IT RESOLVED that IllinoisVENTURES Board of Managers reconfirms its approval of a \$100,000 investment in Agrible, Inc. for Series A Preferred Stock.

APPROVED by the written action of the following Managers via email:

- **Mitra Dutta on 8/26/2015**
- **Brendan Fox on 8/23/2015**
- **Wade Green on 8/24/2015**
- **Warren Holtsberg on 8/21/2015**
- **Ed McMillan on 8/21/2015**
- **Lesley Millar-Nicholson on 8/21/2015**
- **Peter Schiffer on 8/21/2015**
- **Bill Tai on 9/2/2015**
- **Mike Tokarz on 8/21/2015**

Information Item: Written Action Approval of Clearstream Transaction

Nancy Sullivan reviewed the Clearstream transaction resolution which was previously approved by written action of the Board of Managers on September 28 & 29, 2015. The following is the resolution and the record of approvals:

Resolution

RESOLVED, that Nancy Sullivan, as Managing Principal of the General Partner of the Partnership, be and she hereby is authorized on behalf of the General Partner and the Partnership to accept, sell and convey, assign, transfer, exchange or otherwise dispose of all or any shares, stocks, bonds, debentures, debenture stock and other securities of any description (“*Securities*”) of Clearstream.TV Inc. and its successors now or hereafter registered in the name of the Partnership or held or owned by the Partnership; and

FURTHER RESOLVED, that Nancy Sullivan, as Managing Principal, of the General Partner of the Partnership be and she hereby is authorized on behalf of the General Partner and the Partnership, to sign and execute on behalf of the General Partner and the Partnership, all and any instruments, including instruments of acceptance and transfer, and other documents whenever necessary or proper to effectuate the management and disposition of the Securities of Clearstream.TV Inc. and its successors with full power to appoint any attorney or attorneys with full power of substitution therein, and that any and all instruments, including instruments of acceptance and transfer and other documents in connection therewith heretofore signed and executed on behalf of the General Partner or the Partnership in accordance with the authority set out above are hereby ratified and confirmed.

APPROVED by the written action of the following Managers via email:

- **Brendan Fox on 9/29/2015**
- **Wade Green on 9/28/2015**
- **Ed McMillan on 9/28/2015**
- **Leslie Millar-Nicholson on 9/28/2015**
- **Franklyn Prendergast on 9/28/2015**
- **Peter Schiffer on 9/29/2015**
- **Bill Tai on 9/29/2015**
- **Mike Tokarz on 9/28/2015**

Discussion Item: Changes to Board of Managers

Chair McMillan informed everyone that Warren Holtsberg resigned from the Board of Managers effective September 9, 2015 due to his new involvement on the UI Labs board. Mr. McMillan indicated that it was bittersweet to accept Warren's resignation as he has been involved with IllinoisVentures since its inception 15 years ago. However, Mr. Holtsberg will remain active on the IETF I and IETF II boards.

Dr. Michael Liang will be presented for appointment to the IllinoisVentures Board of Managers at the upcoming November meeting of the Board of Trustees of the University of Illinois. Dr. Liang has been a venture capitalist for the past 13 years, with the last ten years at Baird Capital leading its healthcare investment strategy. Before Baird Capital, Dr. Liang was with Advent Venture Partners based in London, UK, and prior to that, he served in an operating role as the Director of Research & Development at Cortek, a spinal orthopedics company.

Action Item: Resolution for Warren Holtsberg

Mitra Dutta moved that the following resolution for Warren Holtsberg be approved.

Her motion was seconded by Mike Tokarz and passed by unanimous vote.

Resolution for Warren Holtsberg

The Board of Managers of IllinoisVENTURES, LLC sincerely appreciates the dedicated leadership and outstanding professional service of Warren Holtsberg, as an inaugural member of the Board of Managers of IllinoisVENTURES, LLC.

IllinoisVENTURES, LLC was created in 2000 by the University of Illinois to serve faculty, staff, and students and to help fulfill the University's obligation to promote the growth and development of Illinois' high-technology economy by providing world-class support for startup companies commercializing University technologies and fulfillment of the University's fourth mission of economic development.

Mr. Holtsberg shared this vision and accepted the challenge to create a new approach for the development of University-based technology startups. His commitment to excellence propelled IllinoisVENTURES, LLC to the forefront of university commercialization efforts nationally and IllinoisVENTURES, LLC to a premier seed and early-stage technology investment firm that reflects the University's preeminence in research, education, and public service. Mr. Holtsberg's outstanding, dedicated, business, investment, and venture capital leadership from 2000 to 2015 was essential for the development of IllinoisVENTURES, LLC for the effective commercialization of University-based technologies.

The members of the Board of Managers gratefully acknowledge the loyalty and dedicated leadership and service of Warren Holtsberg to Illinois VENTURES, LLC and direct that this resolution become part of the official public record incorporated into the minutes of today's meeting.

Discussion Item: Team Update

Nancy Sullivan announced two new appointments. Jeremy Hollis has assumed the position of "Part-time Visiting Principal and Senior Director." He will be a part-time replacement for John Regan's role, helping to develop the IV pipeline and providing support to IETF II portfolio companies. In addition, Kapila Vigas has assumed a temporary role supporting the proof of concept program. She will be leading proof of concept (POC) efforts on the Chicago campus. Combining the leadership of the Chicago campus POC accelerator, Kapila already works with the Chancellor's Innovation Fund. She will work closely with OTM to grow the ecosystem.

Nancy Sullivan is currently recruiting for the following two positions: "Principal/Senior Director" and "Visiting Associate/Senior Associate." The Principal/Senior Director will be the replacement for Tom Siegel's role. He or she will be headquartered on the UIUC campus and deeply engaged in IEFT III. The Visiting Associate/Senior Associate position will also be based at the UIUC campus. This person will be a key team member for helping build and grow faculty relationships. He or she will also be deeply engaged with the IV portfolio and will support developing the IV pipeline.

Following up on the positions discussed last April, Nancy Sullivan provided the following hiring recap:

- CFO/Operating Officer – May, 2015 – HIRED (Angela McFarland)
- Visiting Associate/Senior Associate – May, 2015 – CURRENTLY RECRUITING
- Marketing person – by end of summer, 2015 – ON HOLD

- Administrator – by end of summer, 2015 – ON HOLD

Discussion Item: FY 2015 Budget Overview

Angela McFarland reviewed the June 20, 2015 fiscal year end cash basis financial statement of IV. The year ended with funding sources exceeding funding uses by almost \$2.5 million. This was attributable in part to lower than budgeted personnel expenditures (due to position vacancies) and legal fees (due to the first close of IETF III not having occurred yet).

Discussion Item: State Budget Update

Walter Knorr gave a detailed update on the current State of Illinois budget situation. There continues to be an impasse in the State government with no FY 2016 budget passed yet and no appropriation made to the University of Illinois. The prospect for a resolution before calendar year end 2015 is not good.

Discussion Item: FY 2016 Budget Overview

Angela McFarland gave an overview of three possible FY 2016 budget scenarios based upon the following assumptions regarding the University appropriation: (i) no reduction in appropriation; (ii) 10% reduction in appropriation; and (iii) 20% reduction in appropriation. The first scenario would result in a positive cash flow of approximately \$211,000 and the second scenario would result in basically a break-even year. However, in order for the third scenario to result in a positive cash flow, delays would have to occur in planned hiring.

Action Item: Interim FY 2016 Budget

Lesley Millar-Nicholson made a motion to operate IllinoisVENTURES at 80% of the FY 2015 budget until the earlier of the next IllinoisVENTURES Board of Managers meeting on February 9, 2016 or a FY 2016 budget is approved by the IllinoisVENTURES Board of Managers. The motion was seconded by Mike Tokarz and passed by a unanimous vote.

Discussion Item: CIF POC Program Update

Kapila Vigés gave an update on the Chancellor's Innovation Fund (CIF) Proof of Concept (POC) Program at the Chicago campus. Ms. Vigés provided a comprehensive review of the data since the program's inception in 2012 which included awards made prior to the formation of the CIF. Through the spring of 2015, there have been 36 awardees out of a total of 272 proposals submitted, which constitutes a 13% award rate. Total funding awarded has been \$2,304,302. There have been ten projects completed and four startups launched. Ms. Vigés concluded her presentation by reviewing the POC dashboard.

Discussion Item: Illinois POC Program

Lesley Millar-Nicholson presented data on the Illinois Proof of Concept (I-POC) Program at the Urbana-Champaign campus. Since 2009, I-POC (combined with prior ad hoc programs) has resulted in \$1,082,000 in campus proof of concept funding for 26 projects. This has led to the formation of nine start-up companies. The I-POC Program has been able to leverage \$49 million in venture and angel funding. The program has also resulted in \$1.875 million in government SBIR/STTR funding.

Lesley has been able to obtain funding from University of Illinois colleges and institutes in the amount of \$250,000 which was matched dollar-for-dollar by Peter Schiffer's office for a total of \$500,000. These funds have been fully utilized.

Chair McMillan thanked Kapila Vigés and Lesley Millar-Nicholson for their presentations and emphasized that proof of concept work is a critical piece of our process.

Discussion Item: Logo & Website Project Update

Jeremy Hollis gave an update on IV's logo and website project which started last summer. One of the goals is to develop a new logo that provides a "refresh" to the Illinois VENTURES brand and visual identity. IV has engaged IDEA BOOTH, LLC to help in developing the logo.

Jeremy also gave a brief update regarding the website project. The website redesign is focused on creating a new website that better tells the story of Illinois VENTURES and what it does.

Executive Session

Peter Schiffer made a motion to move into Executive Session to: (i) discuss and approve Executive Session minutes of the last meeting; (ii) discuss and review previous Executive Session minutes for potential release; (iii) discuss business, marketing and other confidential financial information , strategies and proposals pertaining to the establishment of IETF Fund III which, if disclosed, would cause competitive harm; (iv) discuss confidential financial and proprietary information of companies currently in IV's portfolio, managed by IV, or in its pipeline which, if disclosed, would cause competitive harm. The motion was seconded by Mitra Dutta and passed unanimously.

Chair McMillan adjourned the Open Session meeting at 10:37 a.m. to move into Executive Session.

Reconvene

The Open Session meeting was reconvened by Chair McMillan at 11:55 a.m.

Action Item: Executive Meeting Minutes Review

Mitra Dutta moved not to release the prior Executive Session minutes reviewed today in Executive Session because they contain information which is still confidential. The motion was seconded by Lesley Millar-Nicholson and passed by unanimous vote.

Action Item: Resolution for Approval of IETF III Agreements

Mike Tokarz moved for adoption of the following resolution regarding the IETF III legal documents. The motion was seconded by Lesley Millar-Nicholson.

Resolution

WHEREAS, the IllinoisVENTURES Board of Managers (“Board”) approved the execution of the IETF III Limited Partner Agreement, the Private Placement Memorandum and the Subscription Agreement (collectively, “Agreements”) through a written action of the Board forwarded on February 10th and approved on February 12, 2015; and

WHEREAS, the Agreements approved for execution have since been revised and additional documents including the Limited Liability Company Agreement of IllinoisVENTURES GP III, LLC, the Limited Liability Company Agreement IllinoisVENTURES III, LLC, the Amended and Restated Limited Liability Company Agreement of IllinoisVENTURES Management Company, LLC and the Management Agreement by and between IllinoisVENTURES GP III, LLC for itself and on behalf of Illinois Emerging Technologies Fund III, LP and IllinoisVENTURES Management Company, LLC (collectively, “Additional Agreements”), have been created for the formation of Illinois Emerging Technologies Fund III, LP (“IETF III”) and associated entities; and

WHEREAS, the Board received updated versions of the Agreements detailing the changes to the Agreements approved on February 12, 2015 as well as the Additional Agreements in the October 13, 2015 board materials; and

WHEREAS, the updated versions of the Agreements and the Additional Agreements provided in the October 13, 2015 board materials may change immaterially prior to final execution, including but not limited to naming an additional Principal in the documents; and

WHEREAS, supplementary documents, beyond the Agreements and Additional Agreements reviewed by the Board, may be required to form IETF III and associated entities to move forward on a first close; and

WHEREAS, the Board has reviewed the updated Agreements and the Additional Agreements in the October 13, 2015 board materials and understands that further immaterial changes may occur and that supplementary documents may be required to form IETF III and associated entities and to move forward on a first close;

NOW THEREFORE, BE IT RESOLVED that the Board approves:

- The CEO and Managing Director making immaterial changes to the Agreements and Additional Agreements required to form IETF III and the associated entities required to move forward on a first close without bringing the Agreements or Additional Agreements back to the Board for further approval;
- The execution of the updated Agreements and Additional Agreements;
- The CEO and Managing Director obtaining all necessary signatures to execute supplementary documents, beyond the Agreements and Additional Agreements, required

to move forward on a first close without bringing the supplementary documents to the Board for approval.

The question was asked regarding what “immaterial changes” means in the resolution. Nancy Sullivan indicated it is intended to mean “non-substantive changes.” **The resolution was then approved by unanimous vote.**

New/Old Business

Regarding old business, Nancy Sullivan reported that the “Invest Midwest” conference will not be coming to Chicago in the near-term.

Adjournment

There being no further new or old business to discuss, **Peter Schiffer moved for adjournment and Mitra Dutta seconded. The motion passed unanimously and the meeting was adjourned at 12:01 p.m.**

Respectfully submitted,

Wes Curtis
Designee for Secretary

Approved on January 9, 2015
by Illinois VENTURES Board of Managers