

**ILLINOISVENTURES, LLC
BOARD OF MANAGERS
MEETING MINUTES
April 12, 2016**

**MATTER Classroom
222 W. Merchandise Mart Plaza, #1230
Chicago, IL 60654**

Call to Order

Chair Ed McMillan called the meeting of the IllinoisVentures, LLC Board of Managers to order at 11:02 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 (phone)
Michael Tokarz (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
Michael Liang

Other Persons

Jeremy Hollis
Tom Parkinson
Chase Bonhag
Angela McFarland
Wes Curtis

Action Item: Approval of Minutes

Chair McMillan asked if there were any questions or corrections regarding the February 9, 2016 minutes of the Board of Managers. **Mike Tokarz moved that the minutes be approved. Peter Schiffer seconded the motion which passed unanimously.**

Ed McMillan announced that Lesley Millar-Nicholson will be leaving the University of Illinois July 10, 2016 to become the Director of the Technology Licensing Office at MIT. He recognized Lesley's outstanding contributions to the University of Illinois and IllinoisVentures. Chair McMillan thanked Lesley for her years of dedicated service and wished her well in her new endeavor.

Discussion Item: New Team Member and Searches in Progress

Nancy Sullivan welcomed Tom Parkinson to the IllinoisVentures team as Senior Director at the UIUC campus. Tom comes to IllinoisVentures with more than 30 years of experience investing in and advising high-tech start-up companies in Illinois and the Midwest. Nancy also gave the following update on searches in progress:

- Visiting Project Coordinator / Analyst
 - Open position. Offer to candidate declined. Actively recruiting
- Visiting Associate / Senior Associate
 - Open position at UIC campus. Actively recruiting

Action Item: Interim FY16 Budget Resolution

Angela McFarland presented a resolution to extend the temporary budget until the next Board of Managers meeting on July 19, 2016. **Brendan Fox moved that the following budget resolution be approved. The motion was seconded by Mike Tokarz and passed by unanimous vote.**

Resolution

WHEREAS, at the February 9, 2016 Board of Managers Meeting, the IllinoisVENTURES Board of Managers approved a motion to operate IllinoisVENTURES at 80% of the Fiscal Year 2015 ("FY15") budget until the earlier of the next IllinoisVENTURES Board of Managers meeting on April 12, 2016 or a Fiscal Year 2016 ("FY16") budget is approved by the IllinoisVENTURES Board of Managers;

WHEREAS, the State of Illinois (the "State") has still not approved a budget for 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;

THEREFORE BE IT RESOLVED that IllinoisVENTURES continue to operate its business at 80% of the FY15 budget until the earlier of the next IllinoisVENTURES Board of Managers meeting on July 19, 2016 or a FY16 budget is approved by the IllinoisVENTURES Board of Managers.

Discussion Item: FY16 Actual vs. Budget Overview

Angela McFarland reviewed the actual versus budgeted cash operating statement for IllinoisVentures, LLC for the first nine months of fiscal year 2016. FY16 is budgeted at 80% of the FY15 budget. At the end of nine months of FY16, IllinoisVentures is well under budget with sources less uses totaling \$2.7 million compared to the budgeted amount of \$1.5 million for the period.

Peter Schiffer asked what the impact on the budget would be if the State of Illinois made no appropriation to the University of Illinois. Nancy Sullivan responded that IllinoisVentures is fortunate in that: (i) it derives income from management fees; (ii) this year, IllinoisVentures has been conservative on hiring; and (iii) there have been significant carry-forward balances.

Brendan Fox inquired about the impact on the next fiscal year's budget. Nancy advised that with the anticipated carry-forward amount and conservative spending, IllinoisVentures should have enough resources to operate for 18 months.

Discussion Item: Chancellor's Innovation Fund – Proof of Concept Program Update

Kapila Vigas was not in attendance due to illness. Nancy Sullivan gave a brief overview of the materials that were provided to the Board regarding the recent activities of the Proof of Concept Program and highlighted four new projects selected for Phase I funding.

Action Item: Student Prize Proposal

Tom Parkinson presented a proposal to establish IllinoisVentures prizes in support of student new venture competitions at UIUC and UIC. The goal of the proposal is to increase IllinoisVentures' visibility and engagement. The proposal was well received by the Board with one concern being that the program not be an administrative burden on IllinoisVentures staff. Mr. Parkinson indicated that that the administrative oversight would be no different than what management is currently doing for investments. He also informed the Board that he expects to make just one prize award for each student new venture competition. **Upon completion of the discussion, Peter Schiffer moved that the following resolution be approved. Lesley Millar-Nicholson seconded the motion which passed by unanimous vote.**

Resolution

WHEREAS, the mission of IllinoisVENTURES includes supporting the commercialization of technologies and innovations developed by faculty and students at the University of Illinois at Urbana-Champaign and the University of Illinois at Chicago, and

WHEREAS, established business plan competitions and startup accelerator programs at both campuses provide opportunities for students working to commercialize their own ideas as well as university-owned technologies, and

Board of Managers ("Board") of IllinoisVENTURES has the opportunity to encourage participation in these competitions and accelerator programs and to reward some of their strongest and most promising teams by offering financing to support their continued growth and development,

THEREFORE, BE IT RESOLVED that the IV Board of Managers authorizes the establishment of a pool of up to \$30,000 per fiscal year to be used as prize money in the form of investment capital for teams that are participating in these competitions and accelerator programs. The recipients of these awards are to be selected by the management of IllinoisVENTURES.

Discussion Item: New Logo and Website Preview

Jeremy Hollis presented the new IllinoisVentures logo and website which will launch by the end of this month. Nancy Sullivan indicated that it is important that the launch occur soon because we are actively reaching out to investors for the IETF III fund. Jeremy highlighted a

number of aspects of the new website including a feature which will allow the public to access meeting information (schedule, agendas, minutes) and give Board members access to meeting materials through a login process. A discussion ensued regarding the need for the website to adequately explain the relationship between IllinoisVentures and the University of Illinois. Jeremy indicated that it is a challenge to succinctly articulate the relationship without getting bogged down in too much detail. At the end of the discussion, Nancy Sullivan promised that 15 minutes will be set aside at the next Board meeting for the IllinoisVentures team to present its further thoughts and suggestions regarding explaining the University/IV relationship. Peter Schiffer advised that the website summary be kept brief (one page at most).

Motion to move into Executive Session

Mitra Dutta 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 and strategies pertaining to IETF Fund III which, if disclosed, would cause competitive harm; and (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 Brendan Fox and passed unanimously.

Chair McMillan adjourned the Open Session meeting at 12:03 p.m. to move into Executive Session. He indicated that there would be a 10 minute break to get lunch boxes before commencement of the Executive Session.

Reconvene

The Open Session meeting was reconvened by Chair McMillan at 1:58 p.m.

Action Item: Executive Meeting Minutes Review

Based upon a review of the prior IllinoisVentures Executive Session minutes during Executive Session, Mike Tokarz moved that the Executive Session minutes that have not already been previously released to the public, continue to not be released due to the fact that the need for confidentiality still exists. The motion was seconded by Brendan Fox and passed by unanimous vote.

Action Item: Approve Investment in NETenergy

Mitra Dutta moved that IllinoisVentures invest \$150,000 in NETenergy for seed funding contingent upon the company successfully raising at least an additional \$300,000 from other investors for a total of \$500,000 series seed round. The motion was seconded by Peter Schiffer and passed by unanimous vote.

Adjournment

There being no further new or old business to discuss, Mike Tokarz moved for adjournment and Mitra Dutta seconded. The motion passed unanimously and the meeting was adjourned at 2:01 p.m.

Respectfully submitted,

Wes Curtis
Designee for Secretary

Approved by Board of Managers July 19, 2016