

**ILLINOISVENTURES, LLC
BOARD OF MANAGERS
MEETING MINUTES
APRIL 14, 2015**

**1871 (IMSA Classroom)
222 Merchandise Mart
Chicago, IL 60654**

Call to Order

Chair Ed McMillan called the meeting of the Illinois Ventures, LLC Board of Managers to order at 11:08 a.m. and welcomed all attendees. 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 teleconference meeting were:

Voting Managers

Ed McMillan
Brendan Fox
Warren Holtsberg
Franklyn Prendergast (left at 1:28 p.m.)
Michael Tokarz (via phone)
Peter Schiffer
Mitra Dutta
Lesley Millar-Nicholson
Wade Green

Non-voting Managers

Larry Schook
Nancy Sullivan

Absent

William P. Tai
Walter Knorr
Mike Bass

Other Persons

Jeremy Hollis	Mark Harris (Illinois Science & Technology Coalition)
Tom Siegel	Max Dulberger (Illinois State Treasurer Office)
Arun Bhatia	Adam Tilton (Rithmio)
Kevin Berliner	Andrew Cittadine (Diagnostic Photonics)
Wes Curtis	Seungpyo Hong (Capio)(University of Illinois)
Heidi Rockwood	Melbs LeMieux (Capio)
Libby Green	

Approval of BOM Minutes of February 10, 2015

Chair McMillan asked if there were any questions or corrections to the February 10, 2015 minutes of the Board of Managers. There was one correction: Larry Schook was incorrectly listed as an "Other Person" in attendance. Wes Curtis will correct the minutes to list Dr. Schook

as a “Non-Voting Manager” in attendance. **Subject to the correction being made, Warren Holtsberg moved that the minutes be approved. Mike Tokarz seconded the motion which passed unanimously.**

FY 2015 Budget Overview

Nancy Sullivan presented the FY 2015 actual versus budget comparison of the sources and uses statement for the nine month period ending March 31, 2015. She indicated that IllinoisVentures is in good financial shape and noted that while IETF III formation and legal expenses are presently below budget, the managers can expect these line items to increase in the final quarter. Nancy also commented there is still a current need to add staff and to do more investing. There were no questions following the presentation.

Information Item: Written Action Approvals of 2/11/15 and 2/12/15

It was noted that the following resolutions were approved by the written action of the following managers via email on February 11, 2015 and February 12, 2015:

- Mitra Dutta
- Peter Schiffer
- Ed McMillan
- Mike Tokarz
- Warren Holtsberg
- Brendan Fox
- Lesley Millar-Nicholson

Resolution #1

WHEREAS, the Board of Managers (the "Board") of IllinoisVENTURES, LLC ("Ventures") met telephonically on February 10, 2015; and

WHEREAS, Tom Siegel presented data and information to the Board pertaining to and seeking approval for a \$75,000 follow on investment into Tiesta Tea, Inc.;

NOW THEREFORE, IT IS RESOLVED, that: the Board authorizes IllinoisVENTURES' management team to invest \$75,000 into Tiesta Tea.

Resolution #2

WHEREAS, the Board of Managers (the "Board") of IllinoisVENTURES, LLC ("Ventures") met telephonically on February 10, 2015; and

WHEREAS, Arun Bhatia presented data and information to the Board pertaining to and seeking approval for a \$50,000 convertible note investment into Photonicare, Inc.;

NOW THEREFORE, IT IS RESOLVED, that: the Board authorizes IllinoisVENTURES' management team to invest \$50,000 into Photonicare.

Resolution #3

WHEREAS, the Board of Managers (the "Board") of IllinoisVENTURES, LLC ("Ventures") met telephonically on February 10, 2015; and

WHEREAS, Nancy Sullivan presented information relating to an investment model for IETF III and a summary of principal terms for IETF III; and

WHEREAS the Board received copies of IETF III formation documents including the Limited Partner Agreement, the Private Placement Memorandum and the Subscription Agreement for review and approval; and

WHEREAS, the Fund III Special Committee met on January 20, 2015 and is recommending the approval of the Limited Partner Agreement, the Private Placement Memorandum and the Subscription Agreement;

NOW THEREFORE, IT IS RESOLVED, that: the Board approves the IETF III Limited Partner Agreement, the Private Placement Memorandum and the Subscription Agreement for execution.

POC Portfolio Update

Jeremy Hollis presented an update on the Proof of Concept (POC) Portfolio starting with the status of grant applications. He noted that IllinoisVentures was not successful in obtaining the i6 EDA grant. Also, the State of Illinois has suspended the Regional POC grant, although there is a chance for reinstatement; it is hoped that the funding matter will be resolved in time for the summer.

The UIC Chancellor Innovation Fund (CIF) POC Program had a total of 129 proposals submitted, from which there were 37 finalists and 22 awardees. Total funding awarded was \$1,523,331 and seven UIC colleges were among the awardees. The College of Medicine was strongly represented in the group. In terms of technology represented, LS-Drug was the single

largest group. Mr. Hollis also presented a new dashboard report for the UIC CIF POC Program which showed project timetables.

Franklyn Prendergast asked Nancy Sullivan how she reviews the proposals. Nancy indicated that the first stage of review is with individuals engaged in the technology field and the second stage consists of formal presentations. Nancy added that she will inform the IV board when future POC presentations are to occur.

Peter Schiffer inquired as to the total number of startups that came out of the POC program. Jeremy Hollis responded that out of the first two rounds, two of ten companies are now startups.

Illinois Science Technology Coalition

Mark Harris, President of the Illinois Science and Technology Coalition (ISTC), gave a presentation on the mission and history of the ISTC which was authorized by state statute in 1989 as Illinois' technology advisor. The organization serves as a convener, catalyst and champion for Illinois' research, science and technology communities. ISTC members represent leaders in the state's innovation ecosystem and include major Illinois research universities, federal labs, Fortune 500 corporations and civic organizations. The ISTC team is located in 1871, Chicago's entrepreneurial hub for digital startups. Work at the ISTC is supported in part by the Illinois Department of Commerce & Economic Opportunity.

Illinois Ventures Seed Investment Selection Criteria

Tom Siegel and Arun Bhatia spoke on the criteria for IV seed investment selection and asked the managers for their feedback regarding the following criteria:

- University Affiliation. Are the founders of the company faculty, students or part of the University ecosystem?
- University Intellectual Property. Is University intellectual property involved?

- Use of Seed Funds. Will the seed funds be used to advance the technology, hire management, etc.?
- Investment Syndicate. Are there co-investors or other money coming into the company?
- Return Horizon. How long until an exit?
- Return Expectation. How large of an exit?
- Pre-money Valuation. What is the valuation of the company prior to IV seed investment?

Warren Holtsberg suggested that “experience set and level of maturation of individuals” be an additional criteria. Dr. Schiffer agreed.

Ed McMillan recommended that each category be weighted.

Lesley Miller-Nicholson believes the first bullet point needs to be broken out into two bullet points (faculty/students and UI eco system).

Franklyn Prendergast inquired as to whether there are projects from outside the University of Illinois. Nancy Sullivan responded that there are such projects.

Chair McMillan complimented Tom and Arun on their criteria analysis and, although it may need further refinement, said this is a great start.

At 12:05 p.m., the meeting was recessed for lunch and a tour of “MATTER,” the non-profit health care technology incubator.

At 12:25 p.m., the meeting was reconvened. Franklyn Prendergast made a motion to move into Executive Session to: (i) discuss and approve Executive Session minutes of the last meeting; (ii) review prior meetings Exec Session minutes for possible publication; (iii) discuss confidential financial and proprietary information of companies currently in IV’s portfolio and in its pipeline which, if disclosed, would cause competitive harm; (iv) discuss an employee matter; and (v) to 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. The motion was seconded by Brendan Fox and passed unanimously.

The Open Session meeting reconvened at 1:29 p.m.

Approval to commence IETF III Fundraising

Warren Holtsberg made a motion to commence IETF III fundraising. Mitra Dutta seconded the motion which passed unanimously.

Approval of Principal Services Agreement

Lesley Millar-Nicholson moved that the Principal Services Agreement with John Regan be approved. The motion was seconded by Mitra Dutta and passed unanimously.

Company Presentation: Capiro Biosciences

Dr. Seungpyo Hong and Dr. Melbs LeMieux spoke about their company Capiro Biosciences and its development of the “UiChip,” a medical device that detects circulating tumor cells (CTCs). CTCs are cells that escape from solid tumors and travel through the blood to other parts of the body and can be responsible for the metastasis of cancer cells. Brendan Fox asked who regulates this device. Dr. LeMieux indicated that the Food and Drug Administration has the regulatory responsibility.

IllinoisVentures Strategic Plan Review

Nancy Sullivan reviewed the five key findings from the IV strategic planning process:

- **Key Finding 1:** Maintain “double bottom-line” mission:
 - Provide support to facilitate commercialization of research-derived technologies and enhance the attractiveness of University of Illinois to top faculty.
 - Provide attractive returns on investment.
- **Key Finding 2:** In support of the double bottom-line mission, enhance certain activities along the venture capital value chain:
 - Engagement and counseling services for prospective and existing portfolio companies.

- Marketing and networking efforts at a syndicate and corporate level.
- Key Finding 3: Raise a transition Fund III that allows time to realize progress from Funds I & II, and demonstrate success from Fund III investments.
- Key Finding 4: IllinoisVentures operations require ongoing support from the University:
 - Approximately \$1.5 to \$2.5 million for services provided under the current management agreement.
 - Approximately \$1.25 million for seed investments, which is offset in part by returns from IV pre-seed investments.
- Key Finding 5: Additional FTE resources required for portfolio company support, syndicate networking and marketing.

Peter Schiffer inquired about the timing for filling key personnel positions. Nancy Sullivan indicated her expectations are the following:

- CFO/Operating Officer – by May, 2015.
- Senior Associate – by May, 2015.
- Marketing person – by end of summer, 2015.
- Administrator – by end of summer, 2015.

InvestMidwest Update

As a follow up to a matter discussed in the previous Board of Managers meeting, Nancy Sullivan indicated that she is still exploring the possibility of State of Illinois funding for the Spring 2016 InvestMidwest Forum so that it may be located in Chicago next spring. She reported that \$15,000 of the needed \$50,000 has been committed so far from other sources. Nancy said that we will know by May 1, 2015 whether the State of Illinois will provide a funding commitment.

New/Old Business

There being no further new or old business to discuss, **Brendan Fox moved for adjournment and Peter Schiffer seconded. The motion passed unanimously and the meeting was adjourned at 2:04 p.m.**

Respectfully submitted,

Wes Curtis
Designee for Secretary