

**ILLINOISVENTURES, LLC
BOARD OF MANAGERS
MEETING MINUTES
January 10, 2017
10:00 a.m. – 12:00 p.m. CDT**

VIA TELECONFERENCE

Call to Order

Chair Ed McMillan called the meeting of the IllinoisVentures, LLC Board of Managers to order at 10:00 a.m. Secretary Designee Karen Higgins completed the roll call and it was determined that a quorum of the voting managers was present on the call. Present on the call and participating in the meeting were:

Voting Managers

Ed McMillan
Brendan Fox
Peter Schiffer
Mitra Dutta
Nate Hoffmann
Michael Tokarz
Suseellan Pookote
Dennis Hesch

Non-voting Managers

Walter Knorr
Mike Bass
Nancy Sullivan
Ed Seidel

Absent

Michael Liang

Other Persons

Karen Higgins	Christopher Valera
Tom Parkinson	Jon Gavieta
Chase Bonhag	Anthony DiTommaso
Kristy Kuzmuk	

Action Item: Approval of October 11, 2016 Meeting Minutes (Open Session)

Before accepting a motion to approve the meeting minutes from the Board of Managers meeting on October 11, 2016, Chair McMillan noted a correction for the record that Ed Seidel was incorrectly listed as a voting manager and made the correction that he is a non-voting manager. No other changes or corrections were noted with respect to the October 11, 2016 meeting. **Mr. Fox moved to approve the minutes from the October 11, 2016 meeting which was seconded by Mr. Pookote and approved unanimously.**

Action Item: Written Action Approval of Selling Shares of INI Power

Tom Parkinson presented a resolution to ratify the Board's approval for the company INI Power, Inc. to repurchase all of the 219,701 common shares held by IllinoisVentures for the purchase price of \$0.30 per share ("Tender Offer"). IllinoisVentures received the Tender Offer from INI Power, Inc. on November 2, 2016 which expired on December 15, 2016. The Board voted to approve the Tender Offer by email on December 1, 2016. Peter Schiffer moved that the following resolution be approved. The motion was seconded by Mitra Dutta and passed by unanimous vote.

Resolution

WHEREAS, on November 2, 2016 IllinoisVENTURES received notice of a Tender Offer from INI Power, Inc. to repurchase all of the 219,701 common shares that IllinoisVENTURES held in that company for \$0.30 per share;

WHEREAS, the Tender Offer had a deadline for acceptance of December 16, 2016, which was before the next scheduled quarterly meeting of the IllinoisVENTURES Board of Managers;

WHEREAS, the IllinoisVENTURES Operating Group thoroughly evaluated the INI Power, Inc. and the Tender Offer and recommended that the Board of Managers approve the acceptance of the Tender Offer;

WHEREAS, on December 1, 2016, IllinoisVENTURES proposed a resolution and requested in writing via an email to all the Board of Managers, including a majority of the Board of Managers, to take action to approve the Tender Offer;

WHEREAS, each voting member of the Board of Managers individually responded with his or her vote to the IllinoisVENTURES CEO;

WHEREAS, the majority of the voting members of the IllinoisVENTURES Board of Managers voted unanimously to accept the Tender Offer as follows:

Brendan Fox - voted YES on 12/1/16
Dennis Hesch – voted YES on 12/2/16
Ed McMillan – voted YES on 12/1/16
Mitra Dutta – voted YES on 12/2/16
Mike Liang – voted YES on 12/1/16
Nate Hoffmann – voted YES on 12/5/16
Peter Schiffer – voted YES on 12/1/16
Suseelan Pookote – voted YES on 12/2/16
Mike Tokarz – voted YES on 12/6/16

WHEREAS, the IllinoisVENTURES Operating Group notified INI Power, Inc. of its acceptance of the Tender Offer on December 7, 2016; and

WHEREAS, it is appropriate for the Board of Managers to ratify this action at its next regularly scheduled meeting on January 10, 2017;

THEREFORE BE IT RESOLVED that IllinoisVENTURES Board of Managers ratifies the unanimous votes of its members to accept the INI Power, Inc. Tender Offer and the actions taken by the IllinoisVENTURES Operating Group to complete this transaction.

Action Item: Interim FY17 Budget Resolution

Nancy Sullivan presented a resolution to delay approving a budget for Fiscal Year (FY) 2017 until the total amount of appropriations from the state for FY2017 is approved and to continue operating IllinoisVentures at 80% of the FY2015 budget until the earlier of the next IllinoisVENTURES Board of Managers meeting on April 4, 2017 or a budget for FY2017 is approved by the IllinoisVentures Board of Managers. **Brendan Fox moved that the following budget resolution be approved. The motion was seconded by Mitra Dutta and passed by unanimous vote.**

RESOLUTION FOR
MEETING OF IllinoisVENTURES, LLC
BOARD OF MANAGERS
January 10, 2017

WHEREAS, at the October 11, 2016 Board of Managers Meeting, the IllinoisVENTURES Board of Managers approved a motion to operate IllinoisVENTURES under the assumption that its appropriation from the University for Fiscal Year 2017 (“FY17”) will be 80% of the budgeted appropriation for Fiscal Year 2015 (“FY15”) until the earlier of the next IllinoisVENTURES Board of Managers meeting on January 10, 2017 or a budget for FY17 is approved by the IllinoisVENTURES Board of Managers;

WHEREAS, the State of Illinois (the “State”) has not yet approved a budget for FY17, which covers the period of July 1, 2016 through June 30, 2017;

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 FY17 until the total amount of FY17 funding from the State is approved;

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

WHEREAS, the Illinois VENTURES Board of Managers will not approve a budget for FY17 until the total amount of FY17 funding from the University is approved;

THEREFORE, BE IT RESOLVED that Illinois VENTURES continue to operate its business under the assumption that its appropriation from the University will be 80% of the budgeted appropriation for FY15 until the earlier of the next Illinois VENTURES Board of Managers meeting on April 4, 2017 or a budget for FY17 is approved by the Illinois VENTURES Board of Managers.

Discussion Item: FY Actual vs. Budget Overview

Nancy Sullivan presented the Actual vs. Budget overview for Fiscal Year ending June 30, 2017. Ms. Sullivan noted that Illinois Ventures is currently operating below budget, approximately 55% of the budgeted appropriation for Fiscal Year 2015, and is maintaining costs as judiciously as possible. She commented that the Proof of Concept (POC) deficit is a matter of timing and that \$382,000 is reserved in a deficit account for salaries. The final budget numbers will not be available until approximately January 17, 2017, which will be based on calendar year-end rather than fiscal year-end. Chair McMillan thanked Ms. Sullivan and the rest of the Illinois Ventures team for managing the company with quality service despite the limited funding. There were no other comments or questions for this discussion item.

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

Nancy Sullivan presented an update on the University of Illinois at Chicago ("UIC") Chancellor's Innovation Proof of Concept Fund ("POC Program"). For Phase 1 of the POC Program, 24 competitive applications across the UIC campus were received. The 24 applications were narrowed down to 9 finalists with one of those finalists dropping out. There are 3 applicants moving forward to Phase II of the POC Program. Ms. Sullivan briefly presented on the POC Program dashboard as documented in the Board packet (Tab 6, beginning on page 3). Ms. Sullivan commented that some of the lead principal investigators have left UIC making the POC Program a little challenging. There were no comments or questions regarding this discussion item.

Discussion Item: IllinoisVentures Seed Investment Selection Criteria

Tom Parkinson presented the recommended changes to the IllinoisVentures investment scoring model used in evaluating future investment opportunities. Based on the recommendation discussed at the Board of Managers October 11, 2016 meeting, the proposed changes include an assessment on the quality of intellectual property (“IP”) as part of the scoring methodology. Mr. Parkinson noted the challenges in assessing the quality of IP and that IllinoisVentures does not invest in University startups until an IP license is executed. Mr. Parkinson presented the criteria to determine the scoring for the quality of IP. The highest score is assigned to IP protected by a non-provisional patent with strong claims and international coverage, with declining scores primarily based on the strength of patent coverage. The revised scoring model was applied to a few companies in which IllinoisVentures recently invested. No questions were presented.

Discussion Item: Economic Development Metrics Update

Ms. Sullivan discussed an update on the economic development metrics regarding IllinoisVentures and the Illinois Emerging Technology Funds (“IETF”) I and II portfolio companies. Ms. Sullivan discussed gathering the data twice a year for IllinoisVentures to create a database of metrics. A total of 76 portfolio companies were reviewed. The discussion included a review of the Board packet materials showing the spread and concentration of third party co-investment dollars with 60% of the portfolio companies raising third party co-investment dollars. The Board packet included a breakdown of direct investment dollars and third party co-investment dollars in connection with companies that have a “University Affiliation” (i.e., University IP, University employee or students, or part of the University ecosystem). In addition, Ms. Sullivan discussed the breakdown of third party co-investment dollars and direct investment dollars in the various industry segments. She also noted the importance of IllinoisVentures’ mission to invest in Illinois companies and companies with a University Affiliation. Ms. Sullivan emphasized the economic impact on Illinois through

IllinoisVentures investments and follow-on third party co-investment dollars in the cumulative amount of 1 billion dollars. Mr. Tokarz noted the importance of the third party co-investments being directly invested in these companies following IllinoisVentures initial investment decisions.

Discussion Item: IllinoisVentures Strategic Plan Update

Nancy Sullivan presented an update on the progress towards the Strategic Plan which was originally presented to the Board on July 30, 2014. IllinoisVentures has been tracking observations from the Strategic Plan including the importance of IllinoisVentures investing in University companies derived from a strong University technology pipeline, and the major success of IllinoisVentures accomplishing its economic development mission in that every dollar invested by IllinoisVentures attracted approximately \$21 of additional funding to advance the company's development. Ms Sullivan also presented a review of the Strategic Plan key findings including the importance of maintaining the double bottom-line mission to support the economic ecosystem and successfully invest in companies; raising a transition fund (IETF III); and hiring additional FTEs. While Ms. Sullivan presented significant progress towards the Strategic Plan key findings, she noted that IllinoisVentures is currently operating on a lean staff and lean resources but is managing well in light of such constraints. There has been a surge in investment activity and IllinoisVentures currently has a nice pipeline. Ms. Sullivan expressed the importance of the Board to reaffirm its commitment towards the Strategic Plan and noted future goals of: (1) raising IETF IV to allow for flexibility in later stage investments, (2) working with the University President to raise \$100M towards an "innovation corridor", and (3) working closer with Carle Foundation and seeking out other partnership opportunities.

Motion for Executive Session.

Chair McMillan made a motion to move into Executive Session to: (i) discuss and approve Executive Session minutes of the last meeting; (ii) discuss business, marketing and

other confidential financial information and strategies pertaining to IETF Fund III which, if disclosed, would cause competitive harm; and (iii) discuss confidential financial and proprietary information of companies currently in IllinoisVentures's portfolio, managed by IllinoisVentures, or in its pipeline which, if disclosed, would cause competitive harm.

Chair McMillan adjourned the Open Session meeting at 10:49 a.m. to move into Executive Session upon motion by Mr. Hoffmann and seconded by Mr. Schiffer and passing unanimously.

Open Session Reconvened:

The Open Session meeting was reconvened by Chair McMillan at 11:58 a.m. A roll call was taken and a quorum was present on the call.

Chair McMillan noted that no investment decisions were necessary to make. Mr. Parkinson noted an update on the stock management strategy.

Update on stock management strategy:

Mr. Parkinson updated the Board that IllinoisVentures was able to transfer its NantKwest shares in the new TD Ameritrade account previously approved by the Board. However, TD Ameritrade will not accept IV's RespireRx stock holdings to trade and IllinoisVentures will need to find a new brokerage firm to trade the RespireRx stock. Mr. Parkinson noted that the stock value has recently gone up.

Having no other old or new business, the meeting adjourned at 12:02 p.m. as moved by Mr. Pookote and seconded by Peter Schiffer having passed unanimously.

Respectfully submitted,

Karen Higgins
Designee for Secretary

Approved by IV Board of Managers on April 4, 2017