

**ILLINOIS VENTURES, LLC
BOARD OF MANAGERS
MEETING MINUTES
APRIL 11, 2014**

**HEALTH TECHNOLOGY INCUBATOR
2242 WEST HARRISON, SUITE 201
CHICAGO, IL 60612**

Call to Order

Chair Ed McMillan called the meeting of the Illinois Ventures, LLC Board of Managers to order at 11:05 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
Lesley Millar-Nicholson
Peter Schiffer
Mitra Dutta
Brendan Fox (on speakerphone)
Warren Holtsberg
Michael Tokarz (on speakerphone)
Franklyn Prendergast
Jeremy Hollis

Non-voting Managers

Walter K. Knorr
Larry Schook
Nancy Sullivan
Mike Bass

Absent

William Tai

Other Persons

Wes Curtis	Arun Bhatia	Dave Matheson (Matheson Consulting)
John Regan	Tom Siegel	
Jim Keating	Danielle Seger	
Mike Hoadley		

Approval of Minutes of January 7, 2014

Chair McMillan asked if there were any questions or corrections to the January 7, 2014 minutes of the Board of Managers. There being none, **Franklyn Prendergast moved that the minutes be approved as presented. Warren Holtsberg seconded the motion. The minutes were unanimously approved.**

Approval of Resolution for use of Evergreen Funds

Nancy Sullivan reviewed the resolution regarding the use of Evergreen Funds. Warren Holtsberg commented that this formalizes what we already do and moved that the following resolution be approved. Peter Schiffer seconded the motion.

RESOLUTION FOR USE OF EVERGREEN FUNDS

WHEREAS, The Board of Trustees of the University of Illinois (“University”) formed IllinoisVENTURES, LLC (“IllinoisVENTURES”) to promote development of new companies commercializing University technologies through such activities as assisting the companies in obtaining seed and venture capital funding, recruiting management talent, developing business plans and obtaining necessary business services; and

WHEREAS, IllinoisVENTURES provides business development services and pre-seed investments to select start-up companies funded by IllinoisVENTURES’ budget and may receive a convertible note or equity in those entities; and

WHEREAS, the convertible note or equity received by IllinoisVENTURES from pre-seed investments may return proceeds to IllinoisVENTURES and these proceeds could be used to further the pre-seed investing activities of IllinoisVENTURES;

NOW THEREFORE, IT IS RESOLVED, that Board of Managers of IllinoisVENTURES hereby authorizes proceeds received from investments made by IllinoisVENTURES, with economic development dollars provided by the University through IllinoisVENTURES budget, to become evergreen funds and used for further pre-seed investing.

Notwithstanding the foregoing, the University is the sole member of IllinoisVENTURES and the Operating Agreement between the University and IllinoisVENTURES allows IllinoisVENTURES to make distributions to its sole member. Therefore, from time to time IllinoisVENTURES may make distributions to the sole member, and the aforementioned investment proceeds could be subject to such distributions.

The resolution passed by unanimous vote.

Approval of Resolution regarding OTMs and equity investment exits

Nancy Sullivan reviewed the resolution regarding OTMs and equity investment exits.

Mitra Dutta moved that the following resolution be approved and Mike Tokarz seconded.

RESOLUTION REGARDING OTMs AND EQUITY INVESTMENT EXITS

WHEREAS, one of the missions of the Board of Trustees of the University of Illinois (“University”) is to promote economic development in Illinois through commercialization of technologies developed at the University; and

WHEREAS, the University formed IllinoisVENTURES, LLC (“IllinoisVENTURES”) to promote development of new companies commercializing University technologies through such activities as assisting the companies in obtaining seed and venture capital funding, recruiting management talent, developing business plans and obtaining necessary business services; and

WHEREAS, IllinoisVENTURES provides business development services and pre-seed investments to select start-up companies funded by IllinoisVENTURES’ annual operating budget, and in some cases takes an equity stake, to assist with the formation and initial start-up costs of those companies; and

WHEREAS, IllinoisVENTURES works closely with the University’s Offices of Technology Management (“OTM”) to support new companies; and

WHEREAS, the University is the sole member of IllinoisVENTURES and the Operating Agreement between the University and IllinoisVENTURES allows IllinoisVENTURES to make distributions to its member; and

WHEREAS, IllinoisVENTURES’ Board of Managers unanimously approved on May 9, 2005 a resolution that IllinoisVENTURES would distribute 30 percent of its proceeds from the sale of equity which IllinoisVENTURES holds from the provision of business development services to, and pre-seed investments in, start-up companies commercializing University technologies. Such distributions would be made to the University with the intent of partially offsetting some of the costs of the management of the University’s technologies incurred by the OTM’s; and

WHEREAS, IllinoisVENTURES and the University’s OTMs wish to continue close cooperation promoting their missions to identify and commercialize University technologies, and therefore, the parties wish for the 30 percent distribution to remain with IllinoisVENTURES for pre-seed investments;

NOW THEREFORE, BE IT RESOLVED that IllinoisVENTURES will retain the 30 percent of its proceeds from the sale of equity which IllinoisVENTURES holds from the provision of business development services to, and pre-seed investments in, start-up companies commercializing University technologies and which was previously to be distributed to the University with the intent of partially offsetting some of the costs of the management of the University’s technologies incurred by the OTM’s.

The resolution passed by unanimous vote.

Yearly Meeting Schedule

Nancy Sullivan discussed the yearly meeting schedule with the desired general structure being as follows:

- Spring – in person meeting in Chicago – April or May
- Summer – teleconference
- Fall – in person meeting in Champaign
- Winter- teleconference late January or February

Nancy indicated that exact dates have not been determined yet, pending checking everyone's calendars, but will be forthcoming soon.

Update on Regional POC Grant Program

Nancy Sullivan provided a brief update on the Regional Proof of Concept (POC) Grant Program. Funding for the program will come from two sources: (i) Illinois Science and Technology Coalition (ISTC); and (ii) Illinois Department of Commerce & Economic Opportunity (DCEO). The DCEO grant will go to the University of Illinois and then be sub-awarded to IllinoisVentures. Mike Bass asked that his office be sent a copy of the draft agreement in order that he may review it with University legal.

Nancy Sullivan said that a stakeholder meeting with program supporters and key research institution partners was convened on February 20 this year.

Update on IETF Fund III Planning

Nancy Sullivan provided an update on the planning for IETF Fund III. Warren Holtsberg asked who is serving on the IV Special Committee which will provide guidance in the establishment of the fund. Members are Ed McMillan (Chair), Brendan Fox and Mike Tokarz. Ed McMillan asked when Fund III will be announced. Nancy indicated the announcement will come sometime in the future. The question was raised as to whether the University of Illinois would participate in the fund and Ed McMillan indicated that is the expectation. Another

question was asked concerning whether the Fund's investments would be limited to only University of Illinois investments. Nancy answered that investments would likely not be limited to University of Illinois. Nancy indicated that she estimates greater than 80% of investments had University of Illinois connections.

Review of Budget

Nancy Sullivan distributed the 9-month interim budget report for IllinoisVentures. She noted that revenues are virtually on budget. Regarding expenditures, Chicago/Champaign salaries are under what was budgeted to be spent for the 9-month period, however, this is only due to the timing of departures and new hires; this positive variance is not expected to continue. Warren Holtsberg asked if IV will end the year with a surplus. Nancy indicated she expects the year will end with a surplus and that IV will be able to utilize those dollars the next fiscal year.

At 11:45 a.m., Chair McMillan called for a brief recess for attendees to obtain box lunches. The meeting reconvened at 11:55 a.m.

Strategic Planning Discussion – Dave Matheson

Next, Dave Matheson of Matheson Consulting summarized the current strategic planning process and the progress made to date. He recounted the feedback he has received from interviews with the Board members and other key constituencies. He then led the group in a lengthy and engaged discussion focused primarily on setting a baseline around the mission and values of IllinoisVentures and a framework for moving forward.

Upon the conclusion of Dave Matheson's presentation, Chair McMillan asked for a motion to move into Executive Session to review and approve Executive Session minutes and to discuss confidential financial and proprietary information of companies currently in IV's portfolio and in the pipeline. Franklyn Prendergast made this motion and Lesley Millar-Nicholson seconded. The motion passed unanimously and the Board adjourned at 1:25 p.m. to convene in Executive Session.

At 2:12 p.m., the Board of Managers meeting was reconvened by Chair Ed McMillan.

Consideration of release of Executive Session Minutes

Mike Tokarz moved to not release the following Executive Committee minutes at this time because the need to maintain confidentiality remains:

- August 22, 2012
- July 13, 2013
- November 25, 2013

The motion was seconded by Warren Holtsberg and passed unanimously.

New/Old Business

Chair McMillan asked if there was any further new or old business to discuss. There being none, it was moved by Warren Holtsberg and seconded by Mitra Dutta that the meeting be adjourned. **The motion passed unanimously and the meeting was adjourned at 3:20 p.m.**

Respectfully submitted,

Wes Curtis
Designee for Secretary

MINUTES APPROVED BY BOARD OF MANAGERS ON JULY 30, 2014