

**ILLINOISVENTURES, LLC
BOARD OF MANAGERS
MEETING MINUTES
July 10, 2018
10:00 a.m. – 12:00 p.m. CDT**

**Video Conferencing at:
Illini Room, Illini Center
200 S Wacker Drive, 19th Floor
Chicago, IL 60606**

**Henry Administration Building (HAB), Rm 346
506 S Wright St.
Urbana, IL 61801**

Call to Order

Chair Ed McMillan called the meeting of the IllinoisVENTURES, LLC Board of Managers meeting to order at 10:00 a.m. Suseelan Pookote completed the roll call and it was determined that a quorum of the voting committee member was physically present. Present and participating in the meeting were:

Voting Managers

Ed McMillan (via phone)
Susan Martinis (HAB)
Mitra Dutta (Illini Center)
Nate Hoffmann (HAB)
Mike Tokarz (via phone)
Suseelan Pookote (Illini Center)
Dennis Hesch (via phone)
Anthony DiTommaso (Illini Center)
Mike Liang (via phone)

Non-Voting Managers

Avijit Ghosh (via phone, left at 10:44am)
Nancy Sullivan (Illini Center)
Ed Seidel (via phone)

Other Persons

Mike Bass (HAB)
Collin Richmond (HAB)
Tom Parkinson (HAB)
Pat Flavin (Illini Center)
Daniel Gambrell (HAB)
Christopher Valera (Illini Center)
Kenton Handler (HAB)
Nick McCormick (HAB)

Action Item: Approval of the Minutes of the April 10, 2018 Meeting Minutes (Open Session)

No changes or issues were noted regarding the minutes from the Board of Managers open session meeting on April 10th, 2018. **Chair McMillan accepted a motion from Nate Hoffmann**

to approve the minutes from the April 10th, 2018 Board of Managers open session meeting as presented, seconded by Mitra Dutta, and approved unanimously.

Discussion Item: FY18 Actual vs Plan Budget Overview

Nancy Sullivan reviewed the FY18 Actual vs Plan with the Board. As the University year end books had not been closed out, the comparison was only through May 31, 2018.

Discussion followed the presentation.

Discussion Item: Anticipated FY19 Budget

Ms. Sullivan presented the Board with the three-year operating plan that had been discussed and approved at the October 2017 meeting. Ms. Sullivan then compared the FY19 Anticipated Budget to the FY19 Operating Plan Budget.

Ms. Sullivan pointed out a few differences between the two plans, including: management fee and Proof of Concept program. Other than that, there are not expected to be major changes to the anticipated FY19 budget.

Action Item: FY19 Interim Budget Resolution

Upon a motion by Mike Liang, which was seconded by Mike Tokarz, the Board voted unanimously to approve the following resolution regarding the Interim FY19 budget:

RESOLUTION FOR
MEETING OF Illinois VENTURES, LLC
BOARD OF MANAGERS
July 10, 2018

WHEREAS, Illinois VENTURES' Fiscal Year 2019 ("FY19") began on July 1, 2018;

WHEREAS, the University of Illinois Board of Trustees will not approve a budget for FY19 until its meeting in September, 2018;

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

WHEREAS, the IllinoisVENTURES Board of Managers cannot approve a budget for FY19 until the total amount of FY19 funding from the University is approved;

THEREFORE, BE IT RESOLVED that IllinoisVENTURES shall continue to operate its business under the assumption that its appropriation from the University for FY19 will be the same as it was in Fiscal Year 2018 until the earlier of the next IllinoisVENTURES Board of Managers meeting on October 8, 2018 or a budget for FY19 is approved by the IllinoisVENTURES Board of Managers.

Discussion Item: IllinoisVENTURES Hiring Updates

Ms. Sullivan updated the Board on the progress being made in hiring.

Christopher Valera was promoted into the Operations Coordinator role.

On the Portfolio Management side, the Senior Director and Senior Associate roles both closed at end of June, with interviews being scheduled. Candidates for the Chicago Analyst role have been selected, while the Champaign Analyst will be hired once the Senior Associate is on-boarded.

On the Administrative side, the Comptroller/Director of Operations interviews have occurred, and Ms. Sullivan will be meeting with the finalists in Champaign the following day. Interviews for a Marketing Coordinator were being scheduled. The Administrative Assistant role is in the system. The Finance/Compliance Coordinator will be hired once the Comptroller/Director of Operations is hired.

Once all positions are filled, IllinoisVENTURES will have a team with robust portfolio management capabilities and a strong administrative and support side.

Discussion Item: Updates to Compensation Committee Charter

Ms. Sullivan informed the Board that after the April 10th Compensation Committee Meeting, the Committee recommended that changes be made to their Charter. These changes were approved by the Committee at the May 14th Compensation Committee meeting, to be

presented to the Board for approval. The redlined and clean version of the Charter was provided in the Board Book.

Action Item: Approval of Compensation Committee Charter

Upon a motion by Mitra Dutta, which was seconded by Anthony DiTommaso, the Board voted unanimously to approve the Compensation Committee Charter as presented in the Board book.

Discussion Item: Confirmation of Email Vote on Compensation Committee

Recommendation

On June 13th, the Board unanimously approved the following resolution via an email vote:

RESOLUTION FOR
EMAIL VOTE of IllinoisVENTURES, LLC
BOARD OF MANAGERS
June 7, 2018

WHEREAS, the Strategic Plan for IllinoisVENTURES, agreed to in 2014 by the Board of Trustees of the University of Illinois and the Board of Managers of IllinoisVENTURES, called for key employees of IllinoisVENTURES to be eligible for incentive bonus compensation, and

WHEREAS, the FY18 approved IllinoisVENTURES, LLC budget included bonus compensation, and

WHEREAS, the Compensation Committee of the Board of Managers met on May 14, 2018 and reviewed the performance of the CEO and Managing Director and the Senior Director of IllinoisVENTURES, and

WHEREAS, based on that review, the Compensation Committee has recommended awarding incentive compensation at the level approved in the IllinoisVENTURES FY18 budget which was \$64,000 for the CEO and Managing Director and \$37,000 for the Senior Director, and

WHEREAS, these incentive bonuses will be paid out of Management Fee income that IllinoisVENTURES has earned from Illinois Emerging Technologies Fund,

THEREFORE, BE IT RESOLVED that Board of Managers of IllinoisVENTURES approves the Compensation Committee's recommendations and authorizes the payment of these amounts to the CEO and Managing Director and the Senior Director.

Discussion Item: Finance & Audit Committee Charter

The Finance & Audit Committee Charter was presented. The Finance & Audit Committee had voted that no changes needed to be made to the Charter at the Committee Meeting on April 10th, 2018. The Charter was included in the Board packet in case the Board had any questions.

Discussion Item: Confirmation of Email Vote on ShareThis Investment

Ms. Sullivan reminded the Board that in early May, a request for an email vote regarding portfolio company, ShareThis, was sent to the Board. The vote was to allow IllinoisVENTURES to invest its pro-rata amount of up to \$22,382.17 in a convertible note. The note included a special conversion event under which existing shares of Series A, Series B, and Series C preferred stock would be converted to Series D-1, Series D-2 and Series D-3 preferred stock, respectively for shareholders who participated in the note financing. Had IllinoisVENTURES not participated there would have been a negative impact on the value of its shares.

The Board approved the investment on May 7th, 2018, and the Series A shares held by IllinoisVENTURES have been converted into shares of Series D-1 Preferred Stock.

Discussion Item: Update on Sales of RespireRX Shares

Tom Parkinson informed the Board that IllinoisVENTURES had sold the last of its shares in RespireRx on May 30th, 2018.

Discussion Item: UIC POC Program Update

Ms. Sullivan updated the Board on the UIC Proof of Concept program, which had recently been extended through June 2020 by Chancellor Amiridis.

The Fall 2018 Cycle had kicked off the day before. Applications were to be due on August 15th, finalists to be determined at the start of October, and final presentations with a panel of external reviewers to occur in December.

Ms. Sullivan also presented a table detailing the program outcomes to date.

Action Item: IVMC Bank Account Change

Mr. Parkinson presented a recommendation for a change regarding the IVMC Bank account.

IVMC is the management company for Illinois Emerging Technologies Funds II and III. It is a single member LLC with IllinoisVENTURES, LLC as its Member. IVMC collects management fees from the Funds and distributes those funds to IV as needed. Busey Bank has proposed converting the IVMC Repo account into either an insured cash sweep (ICS) account or a money market account.

After reviewing both options, the Operating Group recommended that the Repo account for IVMC be converted into a money market account at Busey Bank, bearing interest at 1.5%.

Upon a motion by Mike Liang, which was seconded by Mike Tokarz, the Board voted unanimously to approve the recommendation to change the IVMC Busey Bank account.

Discussion Item: Magelli Prize Winner – Vitrix Health

Mr. Parkinson announced that Vitrix Health was chosen as the recipient of the Dr. Paul Magelli Innovation Prize at the Cozad Competition this past April. Vitrix will receive a \$10,000 SAFE investment from IllinoisVENTURES. The company, which also won the Cozad Competition, is prototyping a quicker and less expensive solution for detecting oral cancer. More updates regarding the company will be provided when the investment has closed.

Action Item: Approval of 2019 Board of Managers Meeting Schedule

Upon a motion by Suseelan Pookote, which was seconded by Mitra Dutta, the Board voted unanimously to approve the following schedule for the 2019 Board of Managers meetings:

- January 15, 2019, 10am-12pm CT (Teleconference)
- April 9, 2019, 11am-2pm CT (Chicago, in-person)
- July 16, 2019, 10am-12pm CT (Teleconference)
- October 7, 2019, 1pm-4pm CT (Urbana, in-person)

Motion for Executive Session

Chair McMillan asked for 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 matters pertaining to the sale or purchase of securities, investments or investment contracts and 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.

It was so moved by Mitra Dutta, seconded by Mike Liang and approved unanimously. Chair McMillan adjourned the Open Session at 10:44 am to move into Executive Session.

Open Session Reconvened

The Open Session was reconvened at 12:01 p.m. A roll call was taken and a quorum was present.

Adjournment

Having no other old or new business, the meeting adjourned at 12:02 p.m. as moved by Nate Hoffmann and seconded by Mitra Dutta, the motion having passed unanimously.

Respectfully submitted,

Christopher Valera