

**ILLINOISVENTURES, LLC
BOARD OF MANAGERS
MEETING MINUTES
October 3, 2018
11:00 a.m. – 2:00 p.m. CDT**

**Gies College of Business, Dean's Conference Room
515 E Gregory Drive, Room 2017
Urbana, IL 61801**

Call to Order

Chair Ed McMillan called the meeting of the IllinoisVENTURES, LLC Board of Managers to order at 11:03 a.m. Suseelan Pookote completed the roll call and it was determined that a quorum of the voting managers was physically present. Present and participating in the meeting were:

Voting Managers

Ed McMillan
Susan Martinis (arrived at 11:20 a.m.)
Nate Hoffmann
Mike Tokarz (via phone)
Suseelan Pookote
Dennis Hesch (arrived at 11:07 a.m.)
Anthony DiTommaso
Mike Liang (via phone)

Voting Managers – Absent

Joanna Groden

Non-Voting Managers

Avijit Ghosh
Nancy Sullivan
Ed Seidel

Other Persons

Mike Bass
Collin Richmond (via phone)
Tom Parkinson
Pat Flavin
Daniel Gambrell
Christopher Valera
Sarah Schram
Sam Patel
Marty Burke (arrived at 11:33 a.m.)

Discussion Item: FY18 Actual Year End vs Plan Budget Overview

Nancy Sullivan led a discussion of the year-end financials vs. budget for fiscal year 2018. Ms. Sullivan went through each section of the financials with the Board, which included uses of funds, information on restricted funding, and investment dollars.

Regarding uses of funding, Ms. Sullivan pointed out that line item amounts had not been exceeded for the year, with the exception of audit, which was only slightly above what was budgeted.

On restricted funds, we had expected to fund a greater amount through the Proof of Concept program, however, Ms. Sullivan pointed out that this only occurred because the committee only chooses to fund the strongest projects. Evergreen Proceeds were higher than expected due to exits that occurred in FY18.

Investments were less than expected for FY18. Ms. Sullivan hopes that FY19 will see more investments coming out of the Evergreen Fund.

Discussion regarding the finances followed.

Action Item: Approve Minutes of the July 10th, 2018 Meeting of the Illinois VENTURES, LLC Board of Managers

Originally set as the second agenda item, this vote was skipped at first due to a quorum not being present when the meeting was initially called to order. After the arrival of Dennis Hesch, a physically present quorum was reached.

No changes or connected were noted regarding the minutes of the July 10, 2018 meeting of the Illinois VENTURES, LLC Board of Managers.

A motion from Nate Hoffmann was made to approve the minutes of the open session of the July 10, 2018 meeting of the Illinois VENTURES, LLC Board of Managers. The motion was seconded by Suseelan Pookote, and approved unanimously.

Action Item: Approval of the FY2019 Budget or Approval of Interim FY2019 Budget

Resolution

At the time that the packets were sent out, the Board of Trustees of the University of Illinois had not approved the University budget, so two alternative recommendations were made. The first recommendation, to be used if the Board of Trustees did not approve the University budget in time for the meeting, was 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 January 15, 2018 or a budget for FY19 is approved by the IllinoisVENTURES Board of Managers. The second recommendation, to be used if the Board of Trustees approved the University budget, that the Board of Managers approves the budget for IllinoisVENTURES for FY19 that was included in their packet.

The Board of Trustees has approved the University budget during their September 27, 2018 meeting. The Audit & Finance Committee had reviewed the budget prior to this meeting.

A motion to approve the following resolution regarding the budget, which was included in the Board of Managers Open Session Packet, was put forth by Dennis Hesch, seconded by Suseelan Pookote, and approved unanimously. The resolution read as follows:

RESOLUTION FOR
MEETING OF IllinoisVENTURES, LLC
BOARD OF MANAGERS
October 3, 2018

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

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

WHEREAS, the University of Illinois Board of Trustees has recently approved a budget for FY19, which includes funding for IllinoisVENTURES in an amount that is consistent with the

anticipated FY19 budget that was reviewed by the IllinoisVENTURES Board of Managers at its meeting on July 10, 2018;

THEREFORE, BE IT RESOLVED that IllinoisVENTURES Board of Managers approves the budget for IllinoisVENTURES for FY19 that is attached to this Resolution as Exhibit A.

Discussion Item: Update on IllinoisVENTURES Audit

Ms. Sullivan gave the board a quick update on the Audit. IllinoisVENTURES expected that the audit would be finalized in the coming weeks. There was a difference in post-employment benefits, but there was no expectation that they would have an impact on the audit. If there was a major impact, it would be brought up to the Board. Once finalized, the audit report will be sent to the Board.

Discussion Item: IllinoisVENTURES Hiring Update

Ms. Sullivan informed the Board that a candidate had been chosen for the role of Senior Director. The individual hired into the role would start at the end of October. She also introduced the Board to Sam Patel, who would be starting in the role of Assistant Director of Finance & Compliance the following week, and Sarah Schram, who had recently joined the Chicago office in the Analyst role.

It was noted that the team has been hard at work on filling the remaining opening positions, and that this is an exciting time for IllinoisVENTURES.

Discussion Item: UIC POC Program Update

Sarah Schram gave the Board an update on the Chancellor's Innovation Fund Proof of Concept Program. The current Fall 2018 cycle is ongoing, with 28 new Phase I applications being reviewed by an internal committee. Three recipients of Phase I grants from the Fall 2017

cycle will be applying for Phase II grants. The Internal Review Committee was set to choose finalists the following day. Awardee selection with the External Review Committee was being scheduled for the last week in November. Both committees included a mix of new and returning members. The new members were brought in to increase areas of expertise to match the applicant pool.

In addition, Ms. Schram provided updates on two companies (Dystrogen Therapeutics and TTC Oncology) that have spun out from previous POC grants.

Discussion regarding the program followed.

Discussion Item: Economic Impact Update

Ms. Sullivan led a discussion regarding the economic impact reporting on IllinoisVENTURES portfolio companies. IllinoisVENTURES measures two forms of impact: Third Party Investment and Employment. This data is requested from portfolio companies annually at the end of the fiscal year. In addition to using company provided data, numbers are cross-checked against executed investment and legal documents, public databases, and from press releases and financial websites.

One parameter had been changed since the last update had been completed. Regarding University Affiliation, University Alumni was updated to include C-Level executives that were University Alum at any point. Historically, University Alumni were only counted if they had graduated within 5 years of initial investment. This was changed due to the length of time it takes to become a C-Level executive.

As of June 30, 2018, IllinoisVENTURES portfolio companies have raised \$1.4B in third-party investments and employed more than 560 individuals. IllinoisVENTURES, since

inception, has invested over \$52M in 89 companies. This equates to IllinoisVENTURES portfolio companies raising an additional \$28 for every \$1 that is invested by IllinoisVENTURES.

Discussion regarding the economic impact data followed.

Discussion Item: Presentation – Dr. Marty Burke

Tom Parkinson introduced Dr. Martin Burke to the Board. Dr. Burke is a professor in the Department of Chemistry at the University of Illinois at Urbana-Champaign. Dr. Burke was invited to discuss the Medical Maker Lab, a fabrication lab network at UIUC comprised of maker spaces across the entire campus. Dr. Burke is currently working with the Carle Illinois College of Medicine and the Medical Maker Lab to coordinate a Medical Maker event in 2019, through which community members can propose new projects and compete for access to the Lab.

Following the presentation on the Medical Maker Lab, Dr. Burke took questions from Board members.

Discussion Item: University Resolutions Concerning Rules for Meetings Conducted by IllinoisVENTURES, LLC / Working Lunch

Collin Richmond from University Counsel led a discussion regarding rules for meetings conducted by IllinoisVENTURES. Mr. Richmond reminded the Board that IllinoisVENTURES has been voluntarily complying with the Open Meetings Act (OMA) since 2002. Recently, there has been some development and increased oversight on OMA which has required IllinoisVENTURES and University Counsel to relook at IllinoisVENTURES' compliance. This

issue was discussed with the Executive Committee at the end of September. During the meeting, it was agreed to work with University Counsel to implement recommendations for continuing compliance

Discussion regarding the resolution from University Counsel followed.

Motion for Executive Session

Chair McMillan accepted 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; 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' portfolio, managed by IllinoisVENTURES, or in its pipeline, which, if disclosed, would cause competitive harm.

It was so moved by Susan Martinis, seconded by Tony DiTommaso, and approved unanimously. Chair McMillan adjourned the Open Session at 12:25 p.m.

Open Session Reconvened

The Open Session was reconvened at 1:59 p.m. A roll call was taken and a quorum was present.

Action Item: Consideration of Executive Session Minutes for Potential Release

Upon a motion from Nate Hoffmann, which was seconded by Susan Martinis, the Board unanimously voted not to release executive session minutes from previous meetings because the minutes contained confidential information.

Action Item: Approval of Investments

Chair McMillan accepted a motion from Tony DiTommaso to approve a \$65,000 follow-on investment in Mesh++. The motion was seconded by Mike Tokarz and approved unanimously.

Chair McMillan accepted a motion from Suseelan Pookote to approve a \$110,000 follow-on investment in Sfunga Therapeutics. The motion was seconded by Dennis Hesch and approved unanimously.

Adjournment

Having no other old or new business, the meeting was adjourned at 2:02 p.m., as moved by Nate Hoffmann, seconded by Mike Tokarz, and approved unanimously.