

**ILLINOIS VENTURES, LLC
BOARD OF MANAGERS
MEETING MINUTES
October 10, 2023
11:04 a.m. – 1:58 p.m. CDT**

**I Hotel and Illinois Conference Center
Graduate Boardroom
1900 S 1st St
Champaign, IL 61820**

Call to Order

Chair Mike Tokarz called the meeting to order at 11:04 a.m. CDT and asked Christopher Valera to take attendance. Mr. Valera took the roll call and confirmed that there was a quorum of voting members physically present. Present and participating were:

Voting Members

Mike Tokarz
Ed McMillan
Dennis Hesch
Guy Padbury
Sarah Phalen (joined at 11:15 a.m.)
Debbie Paul
Todd Lillibridge
Jeff Brown
Susan Martinis
Nate Hoffmann

Non-Voting Members

Jay Walsh
Paul Ellinger
Nancy Sullivan

Others Present

Tom Parkinson
Nancy Harvey
Paul Magelli, Jr.
Mark O'Connor
Christopher Valera
Andrea Schneider

Voting Member – Via Zoom

Joanna Groden

Voting Members – Absent

Suseelan Pookote

Discussion Item: Report from the Compensation Committee

Compensation Committee Chair Todd Lillibridge informed the Board that the Compensation Committee met on September 12, 2023 and reviewed the FY24 Incentive Compensation Goals & Metrics and the FY23 Committee activity for self-assessment. Approved

during the meeting were the open and executive session minutes from the September 13, 2022 meeting, a recommendation to continue to withhold executive session minutes not released to date, and the FY24 Incentive Compensation goals/metrics and incentive compensation targets.

Discussion Item: Report from the Finance and Audit Committee

Nancy Sullivan, on behalf of Committee Chair Mike Tokarz, informed the Board that the Finance and Audit Committee met on September 21, 2023 and reviewed the FY23 year-end actual vs. budget financial report, FY23 audit process, the ongoing finance and audit committee charter, and the FY23 committee activity for self-assessment. The Committee also approved the open and executive session minutes from the June 21, 2023 meeting, and approved releasing the September 12, 2023 executive session minutes.

Discussion Item: FY24 Operating Budget

Ms. Sullivan reviewed the FY24 Operating Budget, reminding the Board that the FY24 Appropriation was set at the FY23 Appropriation amount plus a 4% merit-based salary program authorized by the Office of the Vice President and Chief Financial Officer.

Ms. Sullivan made two important notes regarding the budget as presented.

1. The FY24 Budget does not include any provision for supporting the potential strategic venture fund. When the strategic fund is ready to be launched, any potential updates to the FY24 Budget will be brought to the Board.
2. At the last meeting, it was reported that Illinois Ventures was contemplating transferring certain reserve funds into the Evergreen Fund to support continued investments now that the University's MOU and Evergreen funding provision has

expired. After speaking with the University CFO, it was decided to postpone transferring any reserve funds until the FY25 budget process.

The Board of Trustees approved the University budget during their September Meeting, Illinois Ventures sought approval of its own budget during a roll call agenda during the meeting.

Discussion regarding the proposed FY24 budget occurred.

Discussion Item: FY24 Actual vs Budget

Dr. Harvey reviewed with the Board the financials through August 31, 2023 and highlighted total operational fund sources and expenses, noting the main reasons for any variances. In addition, Ms. Harvey reviewed an investment that occurred subsequent to the last Board meeting.

Discussion Item: Increasing Evergreen Investment Threshold

Ms. Sullivan began a discussion regarding Illinois Ventures' investment threshold. The organization has maintained an operating practice of investing up to \$150,000 total across both initial and follow-on investment in a company. Due to increasing Seed and Series A round sizes and to allow Illinois Ventures to remain competitive and continue to assist University startups, the Operating Group is proposing to increase the operating threshold to \$300,000 total across both initial and follow-on investments.

Discussion regarding the investment threshold increase occurred.

Discussion Item: Economic Impact Update

Mr. Valera provided the Board with an update on Illinois Ventures' economic impact through the end of FY23. Mr. Valera started by explaining that across the venture capital landscape there have been challenges caused by rising interest rates and fallout experienced from bank failures. This has resulted in a slowdown of venture capital activity globally. Companies in Illinois Ventures portfolio experienced some of these same slowdowns.

During FY23, total third party investments increased by \$57.1M, the lowest year-over-year increase since tracking began in 2016. With only a slight increase in third party investments, plus minimal follow-on investing, Illinois Ventures maintained a consistent investment leverage of \$46 of third party investments for every one dollar invested by Illinois Ventures.

Discussion regarding the economic impact data occurred.

Discussion Item: Update on INVENT Venture Capital Program

Dr. Harvey provided the Board with an update on the DCEO's venture capital program, INVENT. Illinois Ventures had originally anticipated that an RFP would be released and had been navigating the State purchasing systems to be able to reply in a timely fashion. In light of recent updates from the DCEO, Illinois Ventures now believes that DCEO is standing up the program with internal resources and has put on hold any further registration with the State.

Discussion regarding the program occurred.

Discussion Item: Ongoing Board Education – Conflicts of Interest

The Board's annual training session was on conflict of interest. The training was provided by Ms. Schneider (Assistant Campus Legal Counsel) from University Counsel. The

training reviewed the conflict of interest policy, who it covers, prohibited conduct under the policy, compliance and reporting obligations, and enforcement. Specific discussion related to board member's involvement in Illini Angels occurred. Board members who have invested in a company through Illini Angels are asked to abstain from voting on any investment proposals related to the same company brought forth by Illinois Ventures.

Executive Session

Chair Tokarz invited a motion to move into executive session to: (i) discuss and approve executive session minutes of the last meetings; (ii) review approved executive session minutes for potential release; (iii) discuss investment, business, marketing and other confidential financial information and strategies pertaining to the Strategic Venture Fund and Illini Angels 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 Illinois Ventures' portfolio, managed by Illinois Ventures, or in its pipeline which, if disclosed, would cause competitive harm. In addition, only the members and officers of Illinois Ventures and others who are directly involved in the matter which is the basis for the closed meeting attended.

This was so moved by Mr. Lillibridge, seconded by Dr. Martinis, and approved unanimously.

Chair Tokarz suspended the meeting at 12:16 a.m. CDT to move into executive session.

Reconvene/Roll call

Open session was reconvened at 1:49 p.m. CDT. Mr. Valera took attendance and confirmed that there was a quorum present.

Action Item: Roll Call Agenda

A motion was made to approve:

- 1. The Open Session Minutes of the July 11, 2023 Meeting of the Illinois Ventures, LLC Board of Managers;**
- 2. The FY24 Budget as described earlier in the meeting;**
- 3. Increasing Illinois Ventures' investment threshold to \$300,000 total across both initial and follow-on investments in a company;**
- 4. To continue to withhold executive session minutes that have not been released to date; and**
- 5. A \$150,000 investment in Cadenza Bio via a convertible note**

This was so moved by Mr. Tokarz, seconded by Dr. Martinis, and approved unanimously via a roll call vote.

Action Item: Approval of Resolution of Appreciation and Thanks

Ms. Sullivan informed the Board that after 14 years of service to Illinois Ventures, Mr. McMillan would be stepping down, bringing an end to his 28 years of service to the University. Ms. Sullivan thanked Mr. McMillan for all he has done for the Organization. To honor his commitment to Illinois Ventures, a motion to approve a resolution of appreciation was made by Dr. Martinis, seconded by Mr. Hoffmann and approved unanimously. The resolution reads as follows:

RESOLUTION FOR EDWARD L. MCMILLAN

WHEREAS, in recognition of his dedicated leadership and service to Illinois Ventures, the University of Illinois System, and the hundreds of faculty, student, and alumni entrepreneurs who have launched innovative new ventures over the past fourteen years, the Board of Managers of Illinois Ventures, LLC wishes to extend its heartfelt gratitude to its esteemed board member and former longstanding Chair, Edward L. McMillan, as well as its best wishes for his retirement.

WHEREAS, Ed joined the Illinois Ventures Board of Managers in 2009 and assumed the role of Chair in 2013. His leadership of Illinois Ventures during an important strategic planning process resulted in the establishment of Illinois Emerging Technologies Fund III, a collaboration between the University System and the Carle Foundation to provide venture financing for technology and life-sciences focused ventures with connections to the University.

WHEREAS, most recently, his belief in the power of the University's alumni network to advise, mentor and financially support University-related ventures led to the successful launch of Illini Angels, an alumni network which is already emerging as an important source of early-stage funding for faculty and alumni ventures.

WHEREAS, Ed's leadership has been vital in enabling Illinois Ventures portfolio companies to garner more than \$2.5 billion in funding from third party investors, a rate of more than 45 dollars for every dollar invested directly by Illinois Ventures. This success has contributed to the University of Illinois emerging as one of the nation's leading public universities for new venture startups and venture capital fundraising.

WHEREAS, Ed's many years of service to the University have also included roles as Chairman of the University of Illinois Board of Trustees, Chairman of the University of Illinois Research Park Board of Managers, and Chairman of the University of Illinois Alumni Association.

THEREFORE, BE IT RESOLVED that the members of the Illinois Ventures Board of Managers salute Edward L. McMillan for his dedication, his leadership, and his distinguished service to the University of Illinois on the event of his retirement from the Board of Managers. This resolution is hereby incorporated into the official public record and shall form an integral part of the minutes of today's meeting.

Mr. McMillan shared a few words to show his appreciation and speak on his time as a member of the Board of Managers. Members of the Board also shared their appreciation for Mr. McMillan and his dedication to the University.

Public Comment

The Board allows for a public comment session during each meeting. The Secretary received no requests for this meeting.

Adjourn

There being no new or old business, a motion to adjourn the meeting of the Illinois Ventures, LLC Board of Managers was made by Mr. Lillibridge, seconded by Dr. Brown, and approved unanimously.

The meeting was adjourned at 1:58 p.m. CDT.

Respectfully submitted,

Christopher Valera

On behalf of Suseelan Pookote, Board Secretary