Call to Order

Chair Ed McMillan called the teleconference meeting of the IllinoisVentures, LLC Board of Managers to order at 2:04 p.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
Warren Holtsberg
Michael Tokarz
Franklyn Prendergast

Non-voting Managers
Walter K. Knorr
Larry Schook
Nancy Sullivan
Mike Bass

Absent
William Tai
Jeremy Hollis

Other Persons
Wes Curtis
John Regan
Jim Keating

Approval of Minutes of November 25, 2013

Chair McMillan asked if there were any questions or corrections to the November 25, 2013 minutes of the Board of Managers. There being none, Mike Tokarz moved that the minutes be approved as presented. Brendan Fox seconded the motion. The minutes were unanimously approved.
Creation of Regional Proof of Concept Center

Nancy Sullivan presented a proposal for a regional proof of concept (POC) center. Under the proposed plan, IV would establish and manage a Regional POC Program to support technology commercialization from the research institutions within the state of Illinois. Participants would include research institutions such as University of Illinois, University of Chicago, Northwestern University, Southern Illinois University, Northern Illinois University, Argonne and others. The Regional POC Program will provide matching funds to POC projects from research institutions in Illinois. Funding for the program would come from grants from the Illinois Department of Commerce & Economic Opportunity (DCEO)($500,000 to cover matching funds for the first 18-24 months) and the Illinois Science and Technology Coalition (ISTC)($300,000 to support a POC Program Director salary for two years and to create program processes, conduct outreach to research institutions and establish a proposal review committee). IV would provide salary support for a POC program coordinator to assist the POC Program Director as well as other in-kind support for office space, computers, etc. Projects will be eligible for up to a total of $25,000 in matching funds and must be matched 2:1 by the institutions. It is anticipated that applications would be accepted twice yearly and a proposal review committee comprised of local, regional, and national venture capitalists and industry experts will select projects for matching fund awards. IV will provide the administration of the program including establishing the program, conducting outreach to institutions, facilitating POC application submission and review, and management of the matching awards.

A general discussion of the proposed program ensued. Brendan Fox asked if we have talked with other research institutions and what their reactions have been. Nancy Sullivan said that she has talked with other research institutions and they are “on-board and eager” about the program. Mike Tokarz inquired as to the risks to IV and the BOM. Nancy indicated that there
would be no large financial risk to IV because most of the program will be funded with grant monies. The Regional POC Program would be a convening and grant-making organization. There is reputational risk if the program is not successful, but there is also a big upside if it is successful. Walt Knorr asked what would be IV’s contractual agreement with DCEO regarding their match. Nancy indicated that IV would make a straight grant application to DCEO. The DCEO would release all $500,000 at the beginning of the program and IV would report back to DCEO as to how the funds were spent. Walt Knorr said that he wants to be sure that there is no “claw back” provision for the DCEO. Chair McMillan asked about next steps. Nancy Sullivan indicated that she will complete and submit a grant application to DCEO this month. IV will also enter into a Memorandum of Understanding with ISTC. Brendan Fox asked where the Regional POC Center will be located. Nancy indicated that it will be situated within IV’s offices at the HTI Building in Chicago. This location will work well for the program because of the video conferencing capabilities of the site.

Mitra Dutta moved to approve IllinoisVENTURES pursuing the Regional Proof of Concept Center as presented today to the BOM by Nancy Sullivan. The motion was seconded by Mike Tokarz and passed by unanimous vote.

Budget Variance Report

Nancy Sullivan gave a brief overview of the written budget variance report provided to the BOM. There were no questions.

Approval to Retain Services to Support Strategic Planning

Nancy Sullivan provided an overview of the strategic planning needs and potential next steps for IV. She indicated there are three good reasons to complete a strategic planning process at this time:
1) IV approved pursuing a Fund III at its last meeting.
2) The University of Illinois recently completed a policies and procedures audit of IV and indicated that strategic planning is needed.
3) We need to determine what we are doing and what our plan is.

The brainstorming session in last April’s BOM meeting was a good start to developing a strategic plan. Nancy said that she would like to discuss today whether there is a need for a strategic consultant (she believes there is) and if so, discuss who we should consider for that role.

Ed McMillan said that he agrees with the University’s audit recommendation. He supports the strategic planning process and thinks that getting professional help is a good idea. There is a need for the strategic plan because of the audit recommendation and the BOM decision to form a Fund III. In addition, due to the change in IV leadership, the new BOM members and the addition of the Vice Chancellors for Research to the board, now is an excellent time for strategic review and planning.

Mike Tokarz indicated that strategic planning is a specialized area and that we need to obtain a firm that focuses both on early stage and public/private enterprises. IV needs to research who this would be because our organization has a unique construct.

Warren Holtsberg agreed with Ed McMillan and Mike Tokarz. He noted that UI Labs obtained pro bono help and that he will check his notes to see who did that work. Larry Schook said that John Murray has done a lot of pro bono work and that we could reach out to John and his group.

Regarding the Matheson proposal contained in today’s meeting materials, Ed McMillan indicated that Matheson has been involved with the medical group in Chicago. Nancy Sullivan spoke to the issue of timing. She indicated that because of the need to move quickly with establishing a Fund III, we do not want to drag out the strategic planning process too long and lose time and efficiencies. Chair McMillan agreed and said that he would like to decide in the next two to three weeks with whom we are going to move forward as a consultant.
Brendan Fox moved that IV retain the services of a strategic planning consultant at a cost not to exceed $75,000 plus expenses, and that Nancy Sullivan be delegated the authority to decide which consultant to retain, in consultation with the IV Executive Committee if necessary. The motion was seconded by Lesley Millar-Nicholson and passed by unanimous vote.

Human Resources

Chair McMillan reminded everyone that at the November 25, 2013 BOM meeting, the board engaged in a general discussion regarding the search and hiring process. It was noted at that time that IV personnel are actually University employees and that IV utilizes the University’s hiring process in obtaining these employees. At the meeting, the board asked Nancy Sullivan and Wes Curtis to look into whether IV is required to follow the University hiring process and whether IV personnel should be employees of the University.

Subsequent to the November 25, 2013 BOM meeting, Nancy Sullivan and Wes Curtis met with Steve Veazie (Deputy University Counsel), Jami Painter (University Employee Relations and HR) and Kristy Kuzmuk (Senior Director of Research Operation in the Office of Vice President for Research) to discuss these questions. At today’s BOM meeting, Nancy Sullivan summarized her conclusions from that meeting. IV is not required to follow the University hiring process and could, in fact, hire its own people. However, in our current situation there are advantages to IV personnel remaining as University employees. As University employees they are able to participate in the State Universities Retirement System (SURS). Also, IV does not have a person with HR knowledge and expertise for IV to do its own hiring; it would be necessary to either employ someone with that expertise or contract with a professional staffing firm, which can be expensive.
After a brief discussion, it was the general consensus of the board that IV personnel should continue as University employees until such time as the CEO/Managing Director decides to recommend a change to the BOM.

At this point Chair McMillan asked for a motion to move into Executive Session to review and approve Executive Session Minutes and to discuss employee matters. Mike Tokarz made this motion and Warren Holtsberg seconded. The motion passed unanimously and the Board adjourned at 2:58 p.m. to convene in Executive Session.

At 3:19 p.m., the Board of Managers meeting was reconvened by Chair Ed McMillan.

Chair McMillan asked if there was any further new or old business to discuss. Brendan Fox asked that the board be kept in the loop on the progress of the strategic plan. Chair McMillan reminded the group that the upcoming April 11, 2014 meeting will be a face-to-face meeting in Chicago.

There being no other new or old business to discuss at this time, it was moved by Lesley Millar-Nicholson 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 APRIL 11, 2014