

February 26, 2013

Members of the Board of Trustees  
University of Illinois

Office of the Chancellor (MC 102)  
601 South Morgan Street, 2833 UH  
Chicago, Illinois 60607-7128

VIA: President Robert Easter

The University of Illinois at Chicago is creating the Chancellor's Innovation Fund (CIF), a hybrid equity investment and proof of concept (POC) grant making fund designed to facilitate the development and commercialization of technologies originated or developed by faculty, staff and/or students of UIC. The CIF will establish UIC as a leader in technology acceleration, enhance the institution's competitiveness and position UIC as an important partner to external stakeholders.

An important mission of the CIF will be to facilitate the transformation of discoveries and technologies originating at UIC, into useful products and services that benefit society. One well-documented challenge to technology commercialization is the early stage funding "gap" that exists for many new discoveries. The CIF, which will be managed by IllinoisVENTURES, LLC (IV) will support both POC awards associated with UIC discoveries and seed investments into UIC related startups.

Discoveries resulting from basic research conducted at universities typically need further development to reach important milestones that are critical to commercial development. Many novel and innovative university-based technologies fail to reach these milestones that bridge the gap (also known as the "valley of death") between research and commercialization. This gap cannot be bridged by traditional sources of research funding because the funds are typically limited to basic research. The Chancellor's Innovation Fund will bridge this gap. It is anticipated that the fund will provide \$2 million in funding per year for five years through the reinvestment of funds from the successful commercialization of intellectual property. The award mix between POC and seed funding will be driven by available opportunities for investment. Proceeds from fund investments will be reinvested into the CIF to further support UIC technology development.

IllinoisVENTURES, LLC is an Illinois limited liability company created for the purpose of promoting new companies to commercialize university technologies, including the provision of financial and other resources. IV has significant infrastructure and expertise in evaluating proposals for commercialization as well as making strategic investments. Based on these strengths, IV is the best vehicle by which UIC can meet its objectives of furthering technology commercialization.

This proposal is in accordance with the existing Services and Management Agreement with IV and has been vetted with the appropriate university officers and carries the endorsement of the President.

Sincerely,



Paula Allen-Meares  
Chancellor of the University of Illinois at Chicago  
Vice President of the University of Illinois  
John Corbally Presidential Professor

c: Susan Kies