

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

REQUEST FOR ACTION

**Subject:** Monroe-Brown Seed Fund

**Action Requested:** Approval of the Monroe-Brown Seed Fund and Guidelines

**Background:**

The Monroe-Brown Seed Fund (the "M-B Seed Fund") is a collaborative effort between the U-M Medical School's Fast Forward Medical Innovation program ("FFMI"), a unit of the U-M Medical School Office of Research, and the Center for Entrepreneurship at the College of Engineering ("CFE").

The goal of the M-B Seed Fund is to provide necessary seed and pre-seed capital to nascent U-M biomedical start-up companies based on underlying technologies from both the College of Engineering and Medical School to support commercialization of their research in the most impactful way possible. The M-B Seed Fund provides an additional tool in the overall research support armamentarium to help fill a gap in the U-M biomedical innovation life cycle.

The M-B Seed Fund will make investments in U-M biomedical start-up companies that involve both College of Engineering and Medical School joint technologies; technologies could fall into the domains of therapeutics, devices, diagnostics and/or health IT and digital health. The M-B Seed Fund initially will be funded by a \$3 million lead naming gift from the Monroe-Brown Family Foundation, with a goal to grow the fund to \$40 million through additional gifts.

This program supports U-M's leadership position in biomedical research and technology and benefits the broader local entrepreneurial ecosystem by providing incentives to attract and retain world-class research talent.

**Guidelines:**

1. The M-B Seed Fund shall be managed by the M-B Seed Fund Program Manager ("M-B Program Manager"), under the direction of the Managing Director of FFMI and the Executive Director of the CFE.
2. Applications for consideration for M-B Seed Fund funding must be submitted in writing using the standard M-B Seed Fund Investment Application form.
3. Applications for the M-B Seed Fund will be reviewed by a Deal Flow Council ("DFC") on a rolling basis throughout the calendar year. The DFC will review applications as well as recommend U-M start-ups to consider for M-B Seed Fund investment. The DFC will consist of up to nine members, and include members from U-M with knowledge of startup activities, members from external groups with domain expertise and who may be deeply involved in U-M translational/start-up programs and existing advisory boards, and members from the M-B Seed Fund donors. The DFC will not make investments on behalf of the M-B Seed Fund.
4. The M-B Seed Fund shall only invest in start-ups created on the basis of intellectual property licensed through the Office of Technology Transfer or have a viable path to such licensing. Additional selection criteria for consideration for investment include:
  - a) Demonstrated technology proof-of-concept and early market validation.
  - b) A strong value proposition for its product backed up by customer insights.
  - c) A feasible commercialization path.
  - d) At least one scientific co-founder devoting significant effort to the venture's success.
  - e) A reasonable likelihood of follow-on funding and/or a successful exit within 12-18 months of M-B Seed Fund investment.

5. The amount and form of M-B Seed Fund investments shall be determined based on market conditions and resources of the M-B Seed Fund, as well as the type of technology under consideration. Investment amounts will therefore vary; however, the amounts would generally be limited to the following maximums:

Therapeutics:	\$250,000
Devices:	\$200,000
Diagnostics:	\$125,000
Health IT and Digital Health:	\$ 75,000

6. On a company by company basis, the University will submit Action Requests seeking approval, up to a fixed dollar amount, under the State of Michigan Conflicts of Interest Statute for current and possible future investments under the M-B Seed Fund program before the first University investment.
7. An Investment Advisory Board ("IAB") will serve in an advisory capacity to the M-B Program Manager for investment decisions and funding allocations and provide domain expertise and structuring advice in addition to reviewing all investments annually. The IAB will consist of up to seven members, including members from external groups with domain expertise, including successful venture capitalists and other investors in healthcare and biotech. IAB members will not have specific ties to existing U-M funding programs and will be operationally independent from the DFC. The University's Chief Investment Officer will also appoint one representative to the IAB.
8. The M-B Program Manager will make investment decisions for the M-B Seed Fund with input from the IAB. The M-B Program Manager shall produce an annual report regarding the M-B Seed Fund investment activities and review all investments annually with the IAB along with the Managing Director of FFMI, and the Executive Director of the CFE.
9. The M-B Seed Fund program may be terminated at any time by the joint written action of (i) Executive Vice President for Medical Affairs and Dean of the Medical School, (ii) the Dean of the College of Engineering, and (iii) the Executive Vice President and Chief Financial Officer.

Respectfully submitted,



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Executive Vice President and  
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April 2016