

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Michigan Biomedical Venture Fund

Action Requested: Approval of the Updated Michigan Biomedical Venture Fund Guidelines

Background and Summary:

Established in April 2016, Michigan Biomedical Venture Fund ("MBVF"), formerly known as the Monroe-Brown 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 MBVF is to provide necessary seed and pre-seed capital to nascent biomedical start-up companies, primarily based on underlying technologies from U-M to support commercialization of their research in the most impactful way possible. MBVF provides an additional tool in the overall research support armamentarium to help fill a gap in the biomedical innovation life cycle.

Since its inception, MBVF has contributed to the U-M startup ecosystem through its investments in new biomedical technologies. Technologies typically fall into, but are not limited to, the domains of therapeutics, devices, diagnostics, health IT and digital health. MBVF was initially funded by a \$3 million gift from the Monroe-Brown Family Foundation. To further scale the impact of MBVF to a larger network of startups and entrepreneurs, the scope was expanded to include biomedical startups with broader ties to U-M.

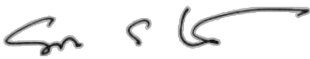
This program supports U-M's leadership position in biomedical research and technology and benefits the broader local entrepreneurial ecosystem by providing incentives to attract and retain world-class research talent.

Guidelines:

- 1) MBVF shall be managed by the MBVF Fund Manager, under the direction of leadership representatives from both the Medical School and the College of Engineering.
- 2) Applications for consideration for MBVF funding must be submitted using the MBVF Investment Application form.
- 3) MBVF's Deal Flow Council ("DFC") will recommend start-ups to consider for MBVF investment throughout the calendar year. The DFC will include members from U-M with knowledge of startup activities, and members from external groups with domain expertise who may be deeply involved in translational/start-up programs.
- 4) MBVF shall invest in start-ups:
 - a) Created on the basis of intellectual property licensed from U-M or with a viable path to such licensing.
 - b) Based on biomedical technologies with strategic alignment to U-M. This includes companies founded or led by alumni or faculty, and those with potential for research collaborations, enhancement of U-M's network of co-investors, or other meaningful partnerships.
 - i) Capital deployed to startups within this criteria shall be limited to a maximum of 30% of the fund's total assets under management, unless otherwise determined by the Investment Advisory Board.
 - c) Exhibiting the following additional selection criteria for consideration for investment, including, without limitation:
 - i) Demonstrated technology proof-of-concept and early market validation.
 - ii) A strong value proposition for its product backed up by customer insights.
 - iii) A feasible commercialization path.

- 5) The amount and form of MBVF investments shall be determined based on market conditions and resources of the MBVF, as well as the type of technology under consideration. Follow-on investments may be made, with the total MBVF investment in a single company limited to the greater of \$600,000, or 10% of the total MBVF fund size.
- 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 MBVF program before the first University investment.
- 7) An Investment Advisory Board ("IAB") will serve in an advisory capacity to the MBVF Fund 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 at least five members from external groups with domain expertise, including venture capitalists, investors in healthcare and biotech, and experienced startup and industry leaders. The university's Chief Investment Officer will appoint one representative to the IAB. The other IAB members will not be employees of the university.
- 8) The MBVF Fund Manager will make investment decisions for MBVF with input from the IAB and shall be entitled to execute investment documents entered into in accordance with a delegation from the Executive Vice President and Chief Financial Officer. The MBVF Fund Manager shall produce an annual report regarding MBVF investment activities and review all investments annually with the IAB.
- 9) The MBVF program may be terminated at any time by the joint written action of (a) the Dean of the Medical School, (b) the Dean of the College of Engineering, and (c) the Executive Vice President and Chief Financial Officer.

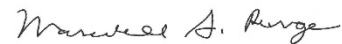
Respectfully submitted,



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