Agenda Item 2

Strategies for Increasing Access to Early Stage Capital
TOPIC: Strategies for Increasing Access to Early Stage (information item)

COMMITTEE: Economic Development and Technology Commercialization

DATE OF COMMITTEE MEETING: September 12, 2013

SUMMARY: The Committee will be updated on strategies being considered at UM Ventures to increase access to seed or early stage capital for USM-facilitated start-ups. This type of funding is critical to cover negative cash flow in the early stages of new business creation.

ALTERNATIVE(S): This item is for information purposes.

FISCAL IMPACT: This item is for information purposes.

CHANCELLOR’S RECOMMENDATION: This item is for information purposes.

COMMITTEE RECOMMENDATION: DATE:

BOARD ACTION: DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-2783
Below-Market Investments

Higher Risk

Grant Funding
Equity (Common and preferred)
Bank Loans

Lower Risk

Bank Loans
Convertible Debt
Public Equity
Private Equity (common and preferred)

Market-rate Investments

Lower Risk

Fixed Income

Higher Risk

Purdue University
U of Chicago Innovation Fund

MTech’s Impact Seed Fund
Himan CEOs Alumni Fund
Dingman Center’s Smith E-Fund
Maryland Innovation Initiative

UT Horizon Fund
NYU Innovation Fund
University of Illinois - Chancellor’s Innovation Fund
Colorado State University
Ohio State University
Invest Maryland

Illinois Ventures
Osage Partners
University of Minnesota
1. In order better to protect and administer University intellectual property and to enhance its commercialization, an institution may adopt a program to invest in new Maryland businesses being set up to license and commercialize intellectual property owned in whole or in part by that institution. Investments will be used to acquire equity in the businesses.

2. Program investments shall be made in accordance with guidelines approved by the President or designee. The fund source for investments must be resources for economic development activities provided to an institution through the State and USM or other resources approved by the President and Chancellor. Investment income under the program shall not be considered as revenue from licenses of intellectual property.

3. An annual report on the guidelines, investments, progress of technology commercialization by supported Maryland businesses, income from investments, and use of that income shall be provided by each President to the Chancellor. The Chancellor shall report that information to the Board of Regents at least annually.