



November 1, 2014

The Honorable Jeremiah W. (Jay) Nixon
Governor of the State of Missouri
State Capitol, Room 216
Jefferson City, MO 65101

The Honorable Tom Dempsey
President Pro-Tem of the Missouri Senate
State Capitol, Room 326
Jefferson City, MO 65101

The Honorable Timothy Jones
Speaker of the Missouri House of Representatives
State Capitol, Room 308
Jefferson City, MO 65101

Dear Governor Nixon, President Pro-Tem Dempsey, and Speaker Jones:

Pursuant to Section 348.256 (6), I write to provide the annual report for the Missouri Technology Corporation ("MTC") which is enclosed. The MTC is a public-private partnership created by the Missouri General Assembly to promote entrepreneurship and foster the growth of new and emerging high-tech companies. MTC focuses on 21st Century bioscience industries that build on Missouri's rich history in agriculture.

As you know, the MTC is a not-for-profit corporation under Missouri law and remains in good standing. It is governed by a 15-member board of directors appointed by Missouri's Governor, Speaker of the House, and President Pro Tem of the Senate. The President of the University of Missouri System and the Director of the Department of Economic Development are *ex officio* members of the board.

Please do not hesitate to contact me if you have any questions.

Best regards,

A handwritten signature in black ink that reads "Joseph G. Bannister". The signature is written in a cursive, flowing style.

Joseph G. Bannister
Chair

JGB:sh

cc: MTC Board of Directors (electronic copy)

2014 Annual Report



November 1, 2014

Respectfully Submitted by:
Joseph G. Bannister
Chairperson

William H. Anderson
Acting Executive Director



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Missouri Technology Corporation Corporate Identity

Vision Statement

Our vision is to transform Missouri through the power of entrepreneurship by serving as a catalyst for technology-based innovation to achieve sustainable economic growth.

Mission Statement

Our mission is to provide leadership and make strategic investments that help entrepreneurs create and grow technology-based Missouri businesses. MTC focuses on 21st Century bioscience industries that build on Missouri's rich history in agriculture.

Values Statement

In carrying out its mission, our board and staff are guided by core values.

1. **Integrity** – Honesty and candor are the foundation on which MTC builds long-term, trusting relationships with stakeholders.
2. **Transparency** – MTC is committed to openness in its operations and active communication with stakeholders.
3. **Accountability** – MTC recognizes that it holds a position of public trust and is the steward of public funds. MTC makes informed decisions, takes responsibility for its actions, and tracks the outcomes of its investments.
4. **Independence** – The governance, policies, programs, and funding decisions of MTC are nonpartisan and merit-based.
5. **Collaboration** – Meaningful partnerships can produce game-changing results for Missouri. MTC is committed to actively collaborating with strategic partners.

Missouri Technology Corporation Board of Directors

Jim Baker, Ph.D.
Vice President for Research and
Economic Development
Missouri State University
Springfield, Missouri

Mr. Joseph G. Bannister
Principal
JGB Advisors, LLC
St. Louis, Missouri

The Honorable T.J. Berry
Missouri House of Representatives
Kearney, Missouri

Ms. Elizabeth Canuteson
Director
AT & T External Affairs
Liberty, MO

Mr. Mike Downing
Director
Missouri Department of Economic
Development
Jefferson City, Missouri

Delegate for President of University of
Missouri
Henry C. (Hank) Foley, Ph.D.
Executive Vice President for Academic Affairs,
Research and Economic Development
University of Missouri System
Columbia, Missouri

Ms. Nicole Galloway
Boone County Treasurer
Columbia, Missouri

MTC Staff:

Bill Anderson, Acting Executive Director
Dan Kaemmerer, Associate
Laura Weiler, Accountant
Tori Benson, Economic Development
Incentive Specialist
Dawn Overbey, Executive Assistant

Mr. Garry Kemp
Retired Executive
Lee's Summit, Missouri

Mr. David Kerr
Retired Executive
Ballwin, Missouri

Mr. Daniel P. Mehan
President and CEO
Missouri Chamber of Commerce & Industry
Jefferson City, Missouri

Mr. Donn Rubin
President & CEO
BioSTL
St. Louis, Missouri

The Honorable Ryan Silvey
Missouri Senate
Kansas City, Missouri

Mr. Gregory A. Steinhoff
Veterans United
Columbia, Missouri

Mr. Michael D. Wetle
Independent Consultant
St. Louis, Missouri

1 Vacancy

**MISSOURI TECHNOLOGY CORPORATION
COMMITTEE LISTS**

The Executive Committee and Audit Committee are established by Articles VI and VII respectively per the by-laws approved in May 2008. Standing or Special Committees may be appointed per Article VIII.

The Chair for each committee appears in **bold** letters.

MTC Officers:

Joe Bannister – Chair

Dan Mehan – Vice Chair

Jim Baker – Treasurer/Secretary

Committees	Members
Executive Committee	Joe Bannister , Dan Mehan, Jim Baker, Garry Kemp, and Mike Downing
Audit Committee *also handles conflict of interest issues	Jim Baker , Joe Bannister, Elizabeth Canuteson, Nicole Galloway
Investment Committee	David Kerr , Mike Wetle, Joe Bannister, Rep. T.J. Berry, Nicole Galloway

MTC Areas of Focus

Animal Health – products and services related to the health and nutrition of companion and livestock animals including but not limited to animal feed, comparative health, diagnostics, human food supply, veterinary drug development and delivery, and veterinary science

Applied Engineering – the use of engineering to develop innovative product and service solutions for technological issues including but not limited to advanced manufacturing, advanced materials, clean energy generation and storage, creative content, digital and convergence media, and information technology

Biomedical Science – products and services related to human health including but not limited to biomaterials, diagnostics, drug development and delivery, information technology related to human health, medical devices, and pharmaceutical manufacturing

Defense and Homeland Security – products and services related to national defense and national security including but not limited to development, assembly, maintenance and modification of military equipment, homeland defense-related solutions, and related suppliers

Plant Science – products and services related to plants and plant-derived materials including agricultural yield enhancement, biofuels, food, fiber, plant-derived chemicals, and value-added agriculture technology products

Missouri Technology Corporation Program Summary

MTC works to achieve its mission of growing Missouri's innovation-led economy through two distinct strategies; investing in the infrastructure of Missouri's entrepreneurial ecosystem to support entrepreneurs and investing in Missouri's high-tech, early-stage small businesses through capital formation assistance. Infrastructure investments are made through the state innovation center program and the Missouri Building Entrepreneurial Capacity (MOBEC) Program. MTC invests in Missouri entrepreneurs through the Missouri Innovation, Development, and Entrepreneurial Advancement (IDEA) Funds program.

Innovation Center Program

MTC oversees the state's network of ten innovation centers across the state. Innovation centers provide specialized assistance to early-stage innovative entrepreneurs and small businesses including: technology development and commercialization, business planning development and capital formation and fundraising.

Missouri Building Entrepreneurial Capacity (MOBEC) Program

Supporting entrepreneurs and fostering innovation is critically important to build an ecosystem that enables entrepreneurs to create jobs and spur economic growth. It is for this reason that the Missouri Building Entrepreneurial Capacity grant program (MOBEC) is a cornerstone of MTC's investment strategy. Through MOBEC, MTC makes strategic investments in the form of grants to public and private non-profit Missouri research institutions as well as entrepreneurial support organizations and initiatives that expand the support system for entrepreneurs that are commercializing new technologies or that enhance the capacity of Missouri to grow its innovation economy. The grants are also available to enhance the capacity of Missouri research institutions to attract competitive federal and private research funding and centers and improve research and commercialization efforts in the targeted high-tech industry cluster, with the goal of creating sustainable, high-paying, private sector jobs.

MOBEC projects across the state include the launch and expansion of initiatives aimed at mentoring and advising tech entrepreneurs, the build out of laboratory space to help further develop new technologies and support of the commercialization of new medical devices.

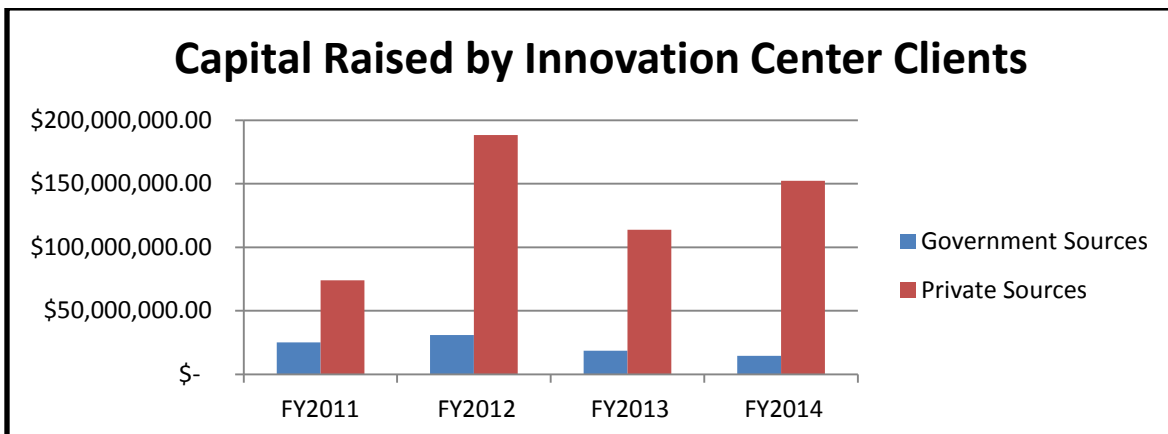
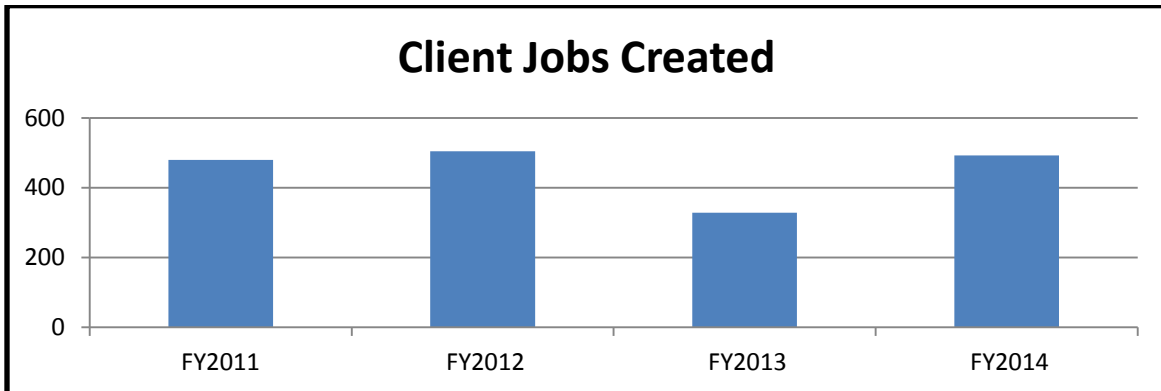
Missouri IDEA Funds

The Missouri IDEA (Innovation, Development, and Entrepreneurship Advancement) Funds promote the formation and growth of businesses that engage in the transfer of science and technology into job creation. The funds provide financing to eligible businesses through four components that correspond to the four stages of growth for investment-grade, high-growth enterprises: (1) TechLaunch, pre-seed stage financing; (2) Seed Capital Co-Investment Program, seed stage financing; (3) Venture Capital Co-Investment Program, venture stage financing; and (4) High-tech Industrial Expansion Program, expansion stage debt. Funding decisions are made on a quarterly basis through a multi-tiered, competitive application process.

Innovation Centers

The Missouri Innovation Center program is a major statewide resource for commercializing Missouri research discoveries and innovations. Innovation centers are the “boots on the ground” that assist Missouri entrepreneurs with creating and growing new high-tech, high-growth businesses. Innovation centers provide the specialized business counseling and hands-on business development and finance assistance needed to take a technology from the lab or garage into a thriving business that creates high-paying jobs. Innovation centers may also operate physical incubators that provide laboratories and office space at affordable rates. The commercialization process may include establishing proof of concept, securing seed investment, prototype development, and strategic partnerships. The process requires special expertise and can be both lengthy and complex.

Missouri Enterprise, based in Rolla, serves as the innovation center focused on advanced manufacturing, which includes operating the Manufacturing Extension Partnership program (“MEP”). The MEP program provides Missouri-based, small- and medium-sized manufacturers with technical engineering assistance to increase productivity, obtain necessary quality certifications for exporting Missouri-made products, and assisting manufacturers with the implementation of growth strategies. Small Missouri manufacturers face increased pressures in a global economy to remain cost competitive with foreign-produced goods made in countries such as China. Accordingly, MEP helps manufacturers of traditional products like cabinets or pipes use technology to grow and compete, and also assists high-tech startups with creating new manufacturing jobs in Missouri.



**Data self-reported by each innovation center and aggregated by MTC staff*

IDEA Funds

The Missouri IDEA (Innovation, Development, and Entrepreneurship Advancement) Funds promote the formation and growth of businesses that engage in the transfer of science and technology into job creation. The funds provide financing to eligible businesses through four components that correspond to the four stages of growth for investment-grade high growth businesses: (1) pre-seed capital stage financing; (2) seed capital stage financing; (3) venture capital stage financing; and (4) expansion-stage debt.

TechLaunch

The Missouri TechLaunch program is designed to help high-tech entrepreneurs overcome the initial financing challenges of launching new start-ups, leveraging discoveries and talent within Missouri. This pre-seed funding is awarded to entrepreneurial start-ups for intellectual property development and evaluation, including in-depth analysis of market potential, conducting competitive analysis, establishing proof of concept of a scientific discovery, prototype design and development, and related activities.

Seed Capital Co-Investment Fund

High-tech start-ups that succeed in proving a concept and launching a business need access to seed capital to position the company for venture capital financing. MTC's Seed Capital Co-Investment program (SeedCap) is designed to accelerate private investment in Missouri-based start-up companies and to increase the overall investment impact of that third-party investment. Through this program, MTC awards seed capital funds that match other capital investments. The seed capital may be used by the start-up company for advanced intellectual property development and evaluation, including in-depth analysis of market potential, conducting competitive analysis, advanced proof of concept work for a scientific discovery, advanced prototype design and development, research and development needed to attract venture capital financing, hiring key personnel, and related activities.

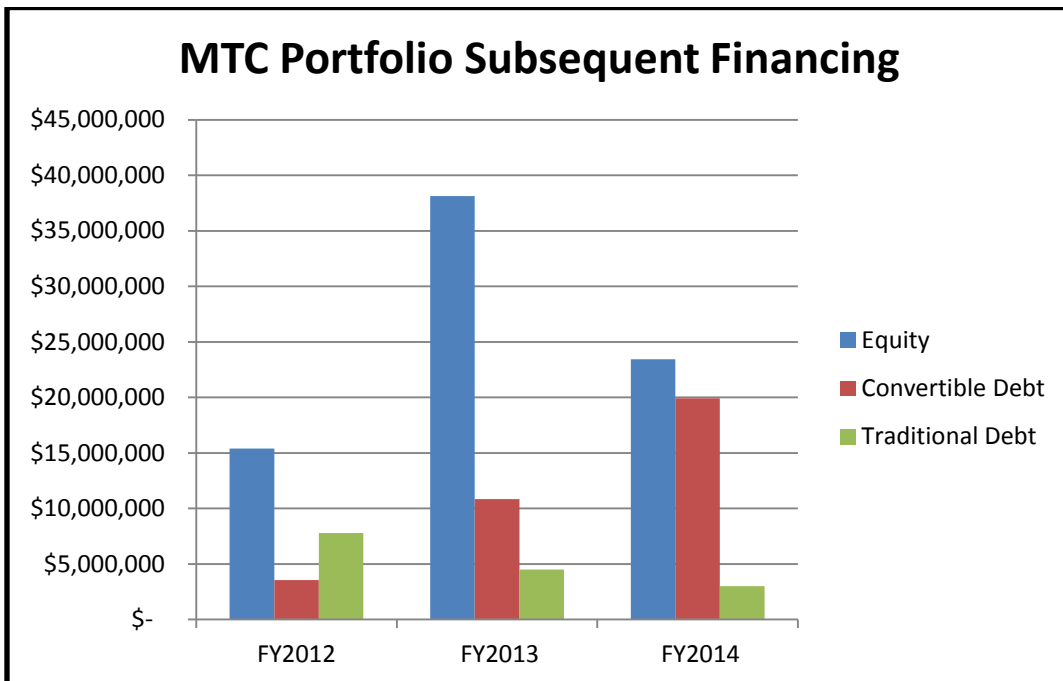
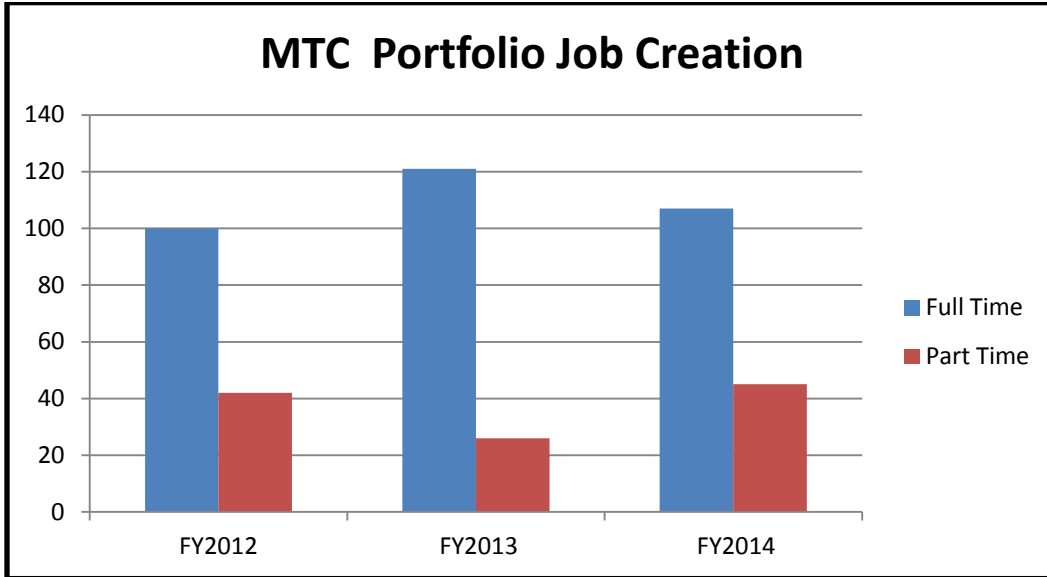
Venture Capital Co-Investment Fund

High-tech start-ups that succeed in achieving critical commercialization milestones with seed capital financing need access to venture capital to grow, add new employees, and penetrate the marketplace. MTC's Venture Capital Co-Investment program (VCCI) is designed to accelerate private venture capital investment in Missouri-based start-up companies and to increase the overall investment impact of that third-party investment. Through this program, MTC awards venture capital funds that match other capital investments and may be used by the start-up company for advanced intellectual property development and evaluation, including in-depth analysis of market potential, conducting competitive analysis, advanced prototype design and development, research and development needed to attract additional venture capital or capital markets financing, hiring key personnel, and related activities.

High-Tech Industrial Expansion Fund

MTC supports industrial expansion efforts in Missouri that result in significant capital investment and high-paying jobs in its areas of focus to support communities throughout the State by adding "strength to Missouri muscle" and accelerate our ability to attract private capital and create innovation hubs that foster entrepreneurship. Through the High-Tech Industrial Expansion (HTIE) program, MTC makes investments that can be used to purchase equipment, facilitate construction, and hire key personnel.

MTC Portfolio Economic Impact



Missouri Technology Corporation Investment Review Process

The Missouri Technology Corporation makes strategic investments to promote entrepreneurship and foster innovation in Missouri. Following a benchmarking analysis of programs and best practices from other states as well as consideration of Missouri's unique strengths, MTC developed clearly defined programs with articulated goals, eligibility standards, and evaluation criteria. These highly competitive, application-based programs are subject to a thorough 9-step investment review process that reflects MTC's core values of integrity, transparency, accountability, independence, and collaboration.

Step 1 – Review Program Guidelines and Investment Review Process

Prospective applicants should carefully review MTC's program guidelines and investment review process to determine which program, if any, is an appropriate fit for the prospective applicant's economic development project.

Step 2 – Application Submission

Prospective applicants should complete the appropriate MTC program application and submit it to MTC in accordance with the deadline established for the current funding period. Late applications will not be accepted. It is the duty of the prospective applicant to contact MTC staff in a timely manner to answer any questions or other concerns. The MTC Board of Directors has adopted a robust conflicts of interest policy, which will be strictly adhered for all submissions.

Step 3 – Preliminary Application Assessment

All timely applications will be reviewed by MTC staff to determine whether each is complete and conforms to the program requirements. Applicants will be notified of submissions rejected at this stage and the applicant may resubmit a new application in a future funding period.

Step 4 – Comparative Scoring and Due Diligence

All conforming applications from Step 3 will be thoroughly reviewed and assessed using a standard scorecard for the program. The scorecards can be accessed on MTC's website. Each submission will be reviewed by three reviewers from MTC and/or the Missouri Department of Economic Development. At this stage, the reviewers will conduct any due diligence appropriate under the circumstances, including an assessment of third-party information that may be helpful to fully analyze the submission.

A composite score for each submission will be calculated based on the scorecards of the individual reviewers. The top-scoring submissions will be forwarded to MTC's chartered Investment Committee. The number of top-scoring submissions forwarded to the Investment Committee will vary by funding period and such information can be obtained from MTC.

Step 5 – MTC Investment Committee Review

The MTC Investment Committee is a chartered committee of the MTC Board of Directors that is charged with assisting the Board by evaluating potential investment opportunities. The MTC Investment Committee will review each proposal forwarded to it from Step 4 along with the composite score the proposal received.

Each applicant that advances to Step 5 will be invited to present the proposal to the MTC Investment Committee so that the MTC Investment Committee can ask questions and develop a deeper understanding of the proposal under consideration.

The MTC Investment Committee will use its best judgment under the circumstances to make one of the following recommendations to the full MTC Board of Directors on each proposal it receives: (i) recommend funding the proposal as submitted; (ii) recommend funding the proposal subject to certain modifications or completion of additional due diligence; or (iii) recommend no funding for the proposal.

Step 6 – MTC Board of Directors Review

Each of the proposals considered by the MTC Investment Committee will be considered at a meeting of the MTC Board of Directors along with the MTC Investment Committee's recommendation and any additional evaluation or modification made to the proposal under consideration. The MTC Board of Directors will use its best judgment under the circumstances to take one of the following actions on each proposal it considers: (i) approve funding the proposal as submitted; (ii) approve funding the proposal subject to certain modifications or completion of additional due diligence; or (iii) deny funding for the proposal. Under exigent and competitive circumstances, the MTC Board of Directors reserves the right to directly consider any proposal if the Board determines that doing so is in the best interest of the State of Missouri.

Step 7 – Legal Documentation and Other Actions

The MTC Board of Directors will ordinarily delegate its authority to the MTC Executive Committee to complete legal documentation and other actions necessary under the circumstances for each approved or conditionally approved project. When feasible under the circumstances, funding will be based on the approved project achieving certain key milestones.

Step 8 – Compliance and Monitoring

The MTC staff will closely monitor all of MTC's investments to insure compliance with the legal terms and conditions set forth in the agreements between MTC and the awardee.

Step 9 – Post-Award Reporting

Funded proposals will be tracked for a 10-year period to determine the economic impact of the project. The MTC staff will assist the MTC Investment Committee in tracking these outcomes and aggregating the economic impact of MTC's investments.

MISSOURI TECHNOLOGY CORPORATION
Balance Sheet
As of June 30, 2014

	Total
ASSETS	
Current Assets	
Bank Accounts	
Central Bank Checking	15,450,028.10
Total Bank Accounts	\$ 15,450,028.10
Other current assets	
Total Other current assets-Notes Receivable	\$ 7,955,192.87
Total Current Assets	\$ 23,405,220.97
Fixed Assets	
Office Equipment	21,197.74
Accumulated Depreciation	-17,161.84
Total Office Equipment	\$ 4,035.90
Total Fixed Assets	\$ 4,035.90
Other Assets	
Total Other Assets-Program Investments	\$ 12,107,071.41
TOTAL ASSETS	\$ 35,516,328.28
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	0.00
Total Accounts Payable	\$ 0.00
Other Current Liabilities	
Total Current Liabilities	\$ 0.00
Total Liabilities	\$ 0.00
Equity	
Opening Bal Equity	0.00
Restricted Net Assets	29,032,570.79
Retained Earnings	0.00
Unrestricted Net Assets	284,502.34
Net Income	6,199,255.15
Total Equity	\$ 35,516,328.28
TOTAL LIABILITIES AND EQUITY	\$ 35,516,328.28

MISSOURI TECHNOLOGY CORPORATION
Profit and Loss
July 2013 - June 2014

	Total
Income	
Administrative Income	433,580.88
Program Income	9,258,533.01
Total Contributions Income	\$ 9,692,113.89
Discounts given	40.00
Total Income	\$ 9,692,153.89
Expenses	
Administrative Services/Cost Allocation	5,506.14
Bank Service Charges	99.00
Conference - Expense	25.00
Depreciation Expense	2,155.00
Insurance	9,000.00
Meetings	1,348.25
Miscellaneous	1,186.53
Office Supplies	216.16
Payroll Tax	2,642.68
Postage and Delivery	1,348.61
Printing and Reproduction	2,049.37
Professional Services	
Accounting	60,207.21
Legal Fees	260,731.56
Total Professional Services	\$ 320,938.77
Program Expense	3,681,368.97
Telecommunications	3,359.70
Travel & Ent	
Meals	129.71
Travel	11,136.35
Total Travel & Ent	\$ 11,266.06
Wages	137,797.65
Total Expenses	\$ 4,180,307.89
Net Operating Income	\$ 5,511,846.00
Other Income	
Interest Income - Administrative	119,314.46
Interest Income - Program	383,092.74
Other Income	13.00
Realized Gain (Loss) on Investment	106,936.46
Unrealized Gain(Loss) on Investment	78,052.49
Total Other Income	\$ 687,409.15
Net Other Income	\$ 687,409.15
Net Income	\$ 6,199,255.15