

Minutes
Missouri Technology Corporation
Thursday, October 26, 2017

The regular meeting of the Missouri Technology Corporation (the “MTC”) Board of Directors (the “Board”) was held on Thursday, October 26, 2017, beginning at 10:15 a.m. The meeting was held at the Helix Center, 1100 Corporate Square Drive, St. Louis, MO 63132.

Members present or absent:

| | | |
|-------------------|--------|-------------------|
| Jason Hall | Chair | Present |
| Mike O’Connell | Member | Present |
| Donn Rubin | Member | Present |
| Dr. Dedric Carter | Member | Present |
| Mike Wetle | Member | Present |
| Erv Switzer | Member | Present |
| Lisa Nichols | Member | Present |
| TJ Berry | Member | Present |
| Rob Dixon | Member | Present via phone |

Staff and Outside Legal Counsel present:

| | |
|---------------|--|
| Bill Anderson | MTC Executive Director |
| Dan Kaemmerer | MTC staff |
| Amy Steinman | MTC staff |
| Bill Vega | MTC staff |
| Dawn Overbey | DED staff |
| Tom Litz | Thompson Coburn LLP, MTC Legal Counsel |

WELCOME AND CALL TO ORDER:

Chair Hall called the meeting to order at 10:15 a.m. Quorum was established with nine members present. Sheila Sweeney, CEO of the St. Louis Economic Development Partnership welcomed the Board members to the Helix Center and talked about the 39 North innovation district. Chair Hall then welcomed Lisa Nichols, founder and CEO of Technology Partners; and Rob Dixon, DED Acting Director, as the two newest MTC Board members.

APPROVAL OF MINUTES:

Chair Hall asked if there were any comments on the draft minutes of the July 6, 2017, Board meeting, which had been distributed to the Board prior to the meeting. There were no comments. On motion by Mr. Wetle, seconded by Mr. Berry, the following resolution was unanimously approved by those members present:

RESOLVED, the Board hereby approves the minutes of the regular Board meeting held on July 6, 2017, as submitted.

EXECUTIVE DIRECTOR REPORT:

Chair Hall asked Director Anderson to present the MTC Executive Director report. Director Anderson reported that nine IDEA Fund transactions closed since the preceding Board meeting totaling \$1.9 million disbursed alongside more than \$2.6 million in leveraged private capital. Overall, 164 MTC investments have closed, totaling \$39 million in direct investment by the MTC and over \$450 million in leveraged capital. Director Anderson stated that the MTC staff will continue to work to complete Board-approved applications for financial assistance. Director Anderson then noted that Confluence Life Sciences, a prior MTC award recipient, was acquired by Aclaris Therapeutics. Director Anderson then reviewed current first quarter activities and closed his report by reviewing activities that the MTC staff planned to

undertake in the second quarter, including a November 15, 2017, deadline for an IDEA funding cycle. Chair Hall gave an overview of the two main MTC programs and highlighted the significance of the Confluence acquisition for the new Board members. Mr. Rubin explained how Confluence fit as a part BioGenerator's technology commercialization initiative. Chair Hall also noted Gainsight, a software firm with 100 employees in St. Louis, recently was recognized for its technology business. Gainsight received an IDEA Fund investment from the MTC in 2012 and the MTC received a positive return on its investment in 2013.

ECONOMIC DEVELOPMENT REPORT:

Director Dixon advised that his main areas of focus have been: items contained in the report issued by the Governor's Innovation Task Force; existing business in the State and a strategic approach to best support communities; workforce development and talent; and general organizational management (Occupational Health Index). He stated that he looked forward to working with the other Board members.

EXECUTIVE COMMITTEE REPORT:

Chair Hall reported that the Executive Committee met once during the first quarter on September 20, 2017. The Executive Committee approved transaction documents for four pending IDEA Fund investments and a request for a budget modification for the Beef Cattle Research and Commercialization Grant to the Missouri Agricultural Foundation.

BOARD GOVERNANCE MATTERS:

Chair Hall stated that it was appropriate at this meeting for the Board to consider certain corporate governance matters. Chair Hall made a motion to nominate Dr. Carter as Vice Chair to the Board. Dr. Carter accepted the nomination and gave a short background about himself. Following Mr. Wetle second of the motion, the following resolution was unanimously approved by those members present:

Vice-Chair

RESOLVED, the Board hereby approves the appointment of Dr. Dedric Carter as Vice Chairman of the MTC Board.

On motion by Chair Hall, seconded by Dr. Carter, the following resolution was unanimously approved by those members present:

Secretary/Treasurer

RESOLVED, the Board hereby approves the appointment of Dr. Jim Baker as Secretary/Treasurer of the MTC Board.

On motion by Chair Hall, seconded by Mr. Rubin, the following resolution was unanimously approved:

Signatory

RESOLVED, the Board hereby approves the appointment of Dr. Dedric Carter and Dr. Jim Baker as additional signatories to the MTC's bank account.

Chair Hall then reviewed the new Committee assignments. On motion by Mr. Berry, seconded by Mr. O'Connell, the following resolution was unanimously approved:

MTC Committee Rosters

RESOLVED, the Board hereby approves the MTC Committee rosters, as presented.

MTC ANNUAL REPORT:

Director Anderson reviewed the draft of the 2017 Annual Report. He advised that the Innovation Center in Maryville will no longer be participating due to its inability to satisfy the matching funding requirement. Mr. Rubin stated he found the IDEA Funds charts in this year's report particularly helpful.

After discussion and on motion by Mr. O’Connell, seconded by Mrs. Nichols, the following resolutions were unanimously approved:

RESOLVED, the Board hereby approves the draft 2017 MTC Annual Report in substantially the form presented; and

FURTHER RESOLVED, the Board hereby authorizes the Executive Director to revise the presented draft in such manner as he deems advisable in the best interest of the MTC and to submit the finalized report for submission to the General Assembly.

AUDIT AND FINANCE COMMITTEE REPORT:

Chair Hall asked Director Anderson to present the Audit and Finance Committee report. Director Anderson presented the First Quarter FY2018 Treasurer’s Report, which had been distributed to the Board prior to the meeting.

TREASURER’S REPORT:

On motion by Chair Hall, seconded by Mr. Berry, the following resolution was unanimously approved by those members present:

RESOLVED, the Board hereby approves the 1st Quarter FY2018 Treasurer’s Report dated October 26, 2017, as submitted.

MTC POLICY REVIEW:

Mr. Litz reviewed the MTC policies, which had been included in the meeting materials. MTC’s practice is for the Board to review MTC’s policies annual to assess whether any changes are advisable. The Board members confirmed their review and no changes were proposed. Annual acknowledgements were circulated for signature.

INVESTMENT COMMITTEE REPORT:

Chair Hall called on Director Anderson to present the Investment Committee report. Director Anderson provided an overview of the Investment Committee’s activities for the first quarter. He called the Board’s attention to the Investment Committee report which was distributed to the Board prior to the meeting. Director Anderson reported the MTC received 23 MOBEC applications, requesting more than \$6 million in financial assistance. The MTC staff evaluated the applications in accordance with its customary practice applying the MTC’s Investment Guidelines. Thirteen applications received during the first quarter advanced to the Investment Committee for further consideration. The applicants gave presentations and the Investment Committee conducted in-person applicant interviews on October 19, 2017. The Investment Committee recommended twelve applications for total funding of more than \$2.7 million, subject to further due diligence and the preparation and execution of definitive transaction documents.

CLOSED SESSION:

On motion by Chair Hall, seconded by Mr. Wetle, the following resolution was approved by the following roll call vote:

RESOLVED, the Board hereby approves entering Closed Session at 11:35 a.m. pursuant to Sections 610.021 (1), (12), (14) and (15) RSMo.

| | | | |
|-------------------|-----|--------------|-----|
| Jason Hall | aye | Mike Wetle | aye |
| Mike O’Connell | aye | Erv Switzer | aye |
| Donn Rubin | aye | Lisa Nichols | aye |
| Dr. Dedric Carter | aye | TJ Berry | aye |
| Rob Dixon | aye | | |

On motion by Chair Hall, seconded by Mr. Wetle, the following resolution was approved by the following roll call vote:

RESOLVED, the Board hereby approves exiting Closed Session at 12:21 p.m.

| | | | |
|-------------------|-----|--------------|-----|
| Jason Hall | aye | Mike Wetle | aye |
| Mike O'Connell | aye | Erv Switzer | aye |
| Donn Rubin | aye | Lisa Nichols | aye |
| Dr. Dedric Carter | aye | TJ Berry | aye |
| Rob Dixon | aye | | |

Chair Hall reported that the Board took no action in the Closed Session after a discussion confined to the matters stated above. The Board continued its discussion in Open Session.

INVESTMENT COMMITTEE RECOMMENDATIONS:

On motion by Mr. Wetle, seconded by Mr. Berry, the following resolutions were unanimously approved by those non-recused members present (Mr. Rubin recused from the vote on MOBEC 2017-23-002 and MOBEC 2017-23-021 due to his status as an executive officer of BioGenerator and his membership on the CORTEX Board of Directors, Dr. Carter recused from the vote on MOBEC 2017-23-002, MOBEC 2017-23-006 and MOBEC 2017-23-021 due to Washington University's relationship with BioGenerator and his memberships on the CORTEX Board of Directors and the Arch Grant Competition Committee and Mrs. Nichols recused from the vote on MOBEC 2017-23-007 due to her relationship with Brazen St. Louis as a technology partner, although these Board members had no material financial interests in the matters acted on by the Board):

MOBEC

RESOLVED, the Board hereby approves the following Missouri Building Entrepreneurial Capacity Program applications, subject to satisfaction of ordinary program conditions and other conditions as noted: MOBEC-2017-23-001 (ITEN) in the amount of up to \$200,000; MOBEC-2017-23-002 (Center For Emerging Technologies) in the amount of \$75,000, contingent upon a financial viability plan satisfactory to the MTC; MOBEC-2017-23-006 (Arch Grants) in the amount of up to \$500,000; MOBEC-2017-23-007 (Brazen St. Louis) in the amount of \$65,000; MOBEC-2017-23-008 (T-Rex) in the amount of \$200,000; MOBEC-2017-23-009 (UMKC) in the amount of up to \$500,000; MOBEC-2017-23-010 (St. Louis Venture Works) in the amount of \$300,000; MOBEC-2017-23-012 (Marquette Tech District Foundation) in the amount of up to \$200,000; MOBEC-2017-23-017 (Small Business Synergy Corporation) in the amount of up to \$100,000; MOBEC-2017-23-019 (Curators of the University of Missouri-Missouri S&T) in the amount of up to \$100,000; MOBEC-2017-23-021 (BioGenerator) in the amount of up to \$250,000; and MOBEC-2017-23-023 (LaunchKC) in the amount of \$250,000;

FURTHER RESOLVED, the Board hereby delegates to the MTC Executive Committee full power and authority on behalf of the MTC to complete any remaining due diligence and to negotiate, amend, and approve any and all agreements, documents or instruments and to take such other actions as may be required or desirable in connection with, or in furtherance of such awards; and

FURTHER RESOLVED, the Board hereby authorizes the MTC Executive Director on behalf of the MTC to execute and deliver all documents relating to such awards.

IDEA FUND RESCISSIONS:

Director Anderson advised that the MTC's procedure is for the staff to contact those applicants that had received Board-approved awards outstanding for one year or longer and which had not completed the funding process or withdrawn their applications to inquire if such applicants still plan on completing the award process. If an applicant does not confirm its intention to complete the process, the Board considers

whether to rescind the award and release the reserved funding released for future applications under MTC programs.

On motion by Mr. Wetle, seconded by Mr. Switzer, the following resolution was unanimously approved by those members present:

Rescission of IDEA Fund Approvals

RESOLVED, the Board hereby rescinds its prior approvals to the applications for financial assistance under the IDEA Funds program: CoFactor Genomics Inc. (VCCI 2015-14-006) in the amount of \$450,000 adopted at its meeting held April 24, 2015; SafeTrek Inc. (SEED 2016-18-007) in the amount of \$300,000 adopted at its meeting held April 22, 2016; and Observable Networks (VCCI 2016-21-032) in the amount of \$300,000 adopted at its meeting held January 26, 2017, and, accordingly, the reservation of funds for such proposed financing and all prior authorizations related to such applications submitted for such proposed financing hereby is revoked and the reserved funds shall be available for other use under the IDEA Funds program.

Emerald Automotive Modification

Director Anderson discussed a modification request on a secured loan provided to Emerald Automotive in 2011, in partnership with the City of Hazelwood. The terms of the loan were amended in 2014 to accommodate an acquisition of Emerald Automotive by Geely, Ltd. Emerald now is requesting a further modification to the loan terms in light of its participation in a Federal government contract procurement which, if successful, would be the economic catalyst for Emerald to build a new production facility. After discussion, it was decided that the Board members will be invited to participate on the Executive Committee call to vote on the modification.

GOVERNOR’S INNOVATION TASK FORCE REPORT:

Director Anderson advised that the Governor’s Innovation Task Force report has been issued and was distributed with the Board materials. He asked Mr. Dixon to discuss the report. Mr. Dixon asked for general ideas from the Board. Chair Hall expressed appreciation that innovation appeared to be a priority for the Governor as evidenced by the early attention paid to innovation through the Task Force. Mr. Rubin, Dr. Carter and Mrs. Nichols served on the Task Force steering committee. Mrs. Nichols stated that she was impressed with the process and thought the report was rich in content. Dr. Carter remarked that the work of the Task Force is a good starting point but there is still a lot of work to be done on determining the path forward. Mr. Rubin stated that there is a lot of focus on where are we now and the status quo, but he thinks the report provides a good reference. Mr. Dixon clarified some questions regarding the Missouri Innovation Fund proposal contained in the report and its goal to provide stable funding over a long period of time. Mr. Dixon stated that the Innovation Fund proposal will require new legislation to be implemented. There will be ongoing discussions regarding the various pros and cons with every approach identified in the report. Mr. Berry raised a concern regarding the constitutionality of the approach that contemplated funding by the State’s issuance of government bonds. He also believes that unless there is a tax credit reform, any of the tax credit options will not advance through the legislature. Mrs. Nichols asked if entrepreneurs have one comprehensive place to go online for assistance. Director Anderson suggested MoSourceLink as a potential option. Mr. Berry suggested the innovation centers in various communities serve in this capacity. Chair Hall stated he would like to see a pitch competition such as a Governor’s Cup, where the MTC could provide some funding to support. Discussion was held, with several in favor of this idea.

ADJOURNMENT:

Having no further business on the agenda, and on motion by Dr. Carter, seconded by Mr. Wetle, the meeting adjourned at 2:05 p.m.

MEETING ADJOURNED