

**Minutes**  
**Missouri Technology Corporation**  
**Friday January 31, 2014**

The regular meeting of the Missouri Technology Corporation (the “MTC”) Board of Directors (the “Board”) was held on Friday, January 31, 2014, beginning at 10:16 a.m. The meeting was held at the Harry S Truman Building, Room 500, 301 West High Street, Jefferson City, Missouri.

The following members of the Board were present or absent:

Joe Bannister	Chair	Present
Jim Baker	Secretary-Treasurer	Present
Rep. T.J. Berry	Member	Absent
Elizabeth Canuteson	Member	Absent
Mike Downing	Member designee-DED	Present
Hank Foley	Member designee-MU	Absent
Nicole Galloway	Member	Present
Victoria Gonzalez	Member	Absent
Garry Kemp	Member	Present
David Kerr	Member	Present
Dan Mehan	Vice Chair	Absent
Donn Rubin	Member	Present (by telephone)
Sen. Ryan Silvey	Member	Absent
Mike Wetle	Member	Present

Honorary (Non-Voting) Members of the Board present or absent:

Colonel Williams	Honorary member-FLW	Absent
Ray Tait	Honorary member-RAM	Absent
Nasser Arshadi	Honorary member-RAM	Absent

Staff and Outside Legal Counsel present:

Bill Anderson	MTC Acting Executive Director
Tara Dampf	MTC Manager, Finance and Grant Administration
Dan Kaemmerer	MTC Associate
Tom Litz	Thompson Coburn LLP, MTC Legal Counsel

Guests present:

Steve Wyatt	University of Missouri, Vice Provost for Economic Development
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**WELCOME AND CALL TO ORDER:**

Chair Bannister called the meeting to order at 10:16 a.m. and established a quorum with eight members present, including Chair Bannister, Dr. Baker, Mr. Downing, Ms. Galloway, Mr. Kemp, Mr. Kerr, Mr. Rubin, and Mr. Wetle.

**APPROVAL OF MINUTES FROM PRIOR MEETING:**

Chair Bannister asked if there were any comments on the draft minutes of the October 25, 2013 Board meeting, which had been distributed to the Board prior to the meeting. There were no comments. On motion by Mr. Downing, seconded by Mr. Wetle, the following resolution was unanimously approved by those members present:

**RESOLVED**, the Board hereby approves the minutes of the regular Board meeting held on October 25,

2013, as submitted.

Chair Bannister asked if there were any comments on the draft minutes of the October 25, 2013 annual public hearing, which had been distributed to the Board prior to the meeting. There were no comments. On motion by Mr. Downing, seconded by Mr. Wetle, the following resolution was unanimously approved by those members present:

**RESOLVED**, the Board hereby approves the minutes of the MTC annual public hearing held on October 25, 2013, as submitted.

#### **EXECUTIVE DIRECTOR REPORT:**

Chair Bannister then asked Director Anderson to present the MTC Executive Director report. Director Anderson reported that seven IDEA Fund financings closed since the last Board meeting with \$1.8 million disbursed, leveraging \$2.5 million in private capital. Overall, 47 IDEA Fund financings have closed totaling \$14.7 million leveraging private capital of nearly \$90 million. Director Anderson gave an update on current legislative and budget activities. He stated that Governor Nixon proposed a \$2 million increase in appropriation for MTC and then reviewed three bills with impact to MTC which included: the MTC Contribution Tax Credit Bill, HB 1583; the Angel Tax Credit bills, HBs 1310 and 1236; and Regional Startup Grants bill, HB 1495. Director Anderson then stated that Media Convergence Group (Newsy) had been acquired by E.W. Scripps for \$35 million which resulted in a return for MTC of three times its initial investment. He stated that all jobs at Newsy will remain in Columbia, MO. Director Anderson then reviewed second quarter activities and closed his report by reviewing activities the MTC staff planned to undertake in the third quarter.

#### **DEPARTMENT OF ECONOMIC DEVELOPMENT REPORT:**

Chair Bannister then asked Mr. Downing to present the Department of Economic Development report. Mr. Downing reported that December's unemployment rate in Missouri was 5.9 percent and he believes that the rate could be below 5.0 percent by the end of 2014. He stated that the challenge to improving the unemployment and underemployment problem is finding a way to improve training for workers and those seeking work. Mr. Downing then stated that two companies recently announced locating in Kansas City. He said that Aviation Technical Services plans on creating 500 jobs in three to five years and Cerner Corporation plans to create 15,000 jobs in ten years. Mr. Downing also mentioned that Ford and General Motors are increasing employment for their Missouri production facilities.

#### **EXECUTIVE COMMITTEE REPORT:**

Chair Bannister reported the Executive Committee met five times during the second quarter. He reviewed a new fee schedule proposed for legal services provided by Thompson Coburn LLP in 2014. He stated that no other fee increases had been requested since the initial engagement letter with Thompson Coburn, LLP dated August 27, 2010. Director Anderson noted that the fee increase currently requested continues to reflect discounted rates. After discussion and on motion by Mr. Downing, seconded by Mr. Kerr, the following resolution was unanimously approved by those members present:

**RESOLVED**, the Board hereby approves the 2014 Fee Schedule for legal services provided by Thompson Coburn LLP as presented, pursuant to the August 27, 2010 engagement letter by and between each of Thompson Coburn LLP and Missouri Technology Corporation.

Chair Bannister then reviewed a proposed engagement letter for alternative legal counsel provided by Lewis, Rice & Fingersh, L.C. He reminded that Executive Committee members that the MTC utilizes the services of Lewis, Rice & Fingersh, L.C. in cases which Thompson Coburn L.L.P. cannot provide services due to a conflict under applicable rules of professional responsibility. After discussion and on

motion by Mr. Kemp, seconded by Mr. Wetle, the following resolution was unanimously approved by those members participating:

**RESOLVED**, the Board hereby approves the 2014 engagement letter for legal services provided by Lewis Rice and Fingersh L.C. as presented.

**REVIEW OF SBTDC CONTRACT:**

Director Anderson then reviewed a new contract among the MTC, The Department of Economic Development and the Curators of the University of Missouri for oversight of funds provided to the University to grow early stage businesses and provide management assistance and access to capital for existing small businesses and Missouri entrepreneurs. He stated that the contract deliverables will be carried out by the University's small business and technology development center (SBTDC) program. He also stated that the funding for the contract will be provided by the Department of Economic Development and the role of the MTC would be to provide oversight and compliance monitoring of the contract deliverables.

In light of his relationship with the SBTDC program through Missouri State University, Dr. Baker recused himself from the discussion and voting on the above contract and, in light of his role as an Advisory Board member to the SBTDC program, Mr. Downing also recused himself from the discussion and voting on the above contract.

After a discussion, on motion by Ms. Galloway, seconded by Mr. Kerr, the following resolutions were unanimously approved by those members present:

**RESOLVED**, the Board hereby approves the General Agreement among the Department of Economic Development, the Curators of the University of Missouri and the MTC in substantially the form presented; and

**FURTHER RESOLVED**, the Board authorizes the MTC Acting Executive Director to further negotiate, execute, and deliver the General Agreement on behalf of the MTC, to include such provisions as the MTC Acting Executive Director shall approve, such approval to be evidenced by his execution thereof on behalf of the MTC.

**AUDIT AND FINANCE COMMITTEE REPORT:**

Chair Bannister then asked Dr. Baker to present the Audit and Finance Committee Report. Dr. Baker reported the Audit Committee met once during the second quarter and then presented the FY2014 Second Quarter Treasurer's Report, which was distributed to the Board prior to the meeting. Ms. Galloway pointed out an error in the balance sheet as it was submitted and requested that the report be revised and redistributed to the Board. After a detailed discussion, on motion by Mr. Kerr, seconded by Mr. Downing, the following resolution was unanimously approved by those members present:

**RESOLVED**, the Board hereby approves the 2nd Quarter FY2014 Treasurer's Report dated January 31, 2014, as corrected.

**INVESTMENT COMMITTEE REPORT:**

Chair Bannister then asked Mr. Kerr to present the Investment Committee report. Mr. Kerr called the Board's attention to the Investment Committee report which was distributed to the Board prior to the meeting. Mr. Kerr reported the MTC received a total of nine IDEA fund TechLaunch Round 9 applications requesting approximately \$790,000 in total, one IDEA fund High-Tech Industrial Expansion ("HITE") Round 9 application requesting \$760,000, and 13 Missouri Building Entrepreneurial Capacity

("MOBEC") Round 9 applications requesting approximately \$3.3 million in total. The applications were evaluated in accordance with MTC's Investment Guidelines. Fourteen applications advanced to the Investment Committee for further consideration. Following a day of presentations and in-person applicant interviews on December 8, 2013, the Investment Committee recommended 13 applications for funding, subject to further due diligence and the preparation and execution of definitive transaction documents, including one HTIE, five TechLaunch and seven MOBEC applications. Two Seed Capital Co-Investment applications from a previous application cycle were also recommended by the Investment Committee. Mr. Kerr then explained the Investment Review process for the newer members of the Board and invited all members to sit in on a future Investment Committee meeting to observe the process.

**CLOSED SESSION:**

On motion by Dr. Baker, seconded by Mr. Kerr, the following resolution was approved by the following roll call vote:

**RESOLVED**, the Board hereby approves entering into Closed Session at 11:15 a.m. pursuant to Sections 610.021 (1), (12), (14) and (15), RSMo, to review Investment Committee recommendations for potential project investments.

Dr. Baker	aye	Mr. Kerr	aye
Mr. Downing	aye	Mr. Rubin	aye
Ms. Galloway	aye	Mr. Wetle	aye
Mr. Kemp	aye	Chair Bannister	aye

On motion by Dr. Baker, seconded by Mr. Kerr, the following resolution was approved by the following roll call vote:

**RESOLVED**, the Board hereby approves exiting Closed Session at 12:16 p.m.

Dr. Baker	aye	Mr. Kerr	aye
Mr. Downing	aye	Mr. Rubin	aye
Ms. Galloway	aye	Mr. Wetle	aye
Mr. Kemp	aye	Chair Bannister	aye

**BOARD ACTIONS:**

After a detailed discussion confined to the matters stated above by those present, Chair Bannister reported that the Board took no action during Closed Session. He further stated that the following recusals were made by Board members with a potential conflict of interest: Mr. Rubin, in light of his relationships with BioGenerator and the Center for Emerging Technologies, exited the meeting and recused himself from the discussion on applications TL-2013-09-007, TL-2013-09-009, MOBEC- 2013-09-005, SEED-2013-08-007, and SEED-2013-08-008; and Dr. Baker, in light of his relationship with Mercy Research and Development, exited the meeting and recused himself from the discussion on application MOBEC-2013-09-009. Mr. Wyatt, who was attending the meeting in place of Dr. Foley, acknowledged to hearing confidential information and being held to the same confidentiality requirements as the Board members. In light of his relationship with the University of Missouri System, he exited the meeting and recused himself from the discussion on applications MOBEC-2013-09-001, MOBEC-2013-09-004 and MOBEC-2013-09-011. Chair Bannister, in light of a potential business relationship with the Technology Entrepreneur Center, exited the meeting and recused himself from the discussion on application MOBEC-2013-09-007. Chair Bannister stated that the potential conflict did not arise until after the December 8, 2013 Investment Committee meeting when he was approached by the applicant on January 23, 2014 to apply for the Executive Director position with the organization.

## **INVESTMENT COMMITTEE RECOMMENDATIONS:**

On motion by Mr. Kerr, seconded by Mr. Downing, the following resolutions were approved by those members present at the meeting:

**RESOLVED**, the Board hereby approves the following High-Tech Industrial Expansion Program award, subject to satisfying the ordinary program conditions: HTIE-2013-09-001 (Global Velocity) in the amount of up to \$250,000; and

**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 award; and

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

On motion by Mr. Kerr, seconded by Dr. Baker, the following resolutions were approved by those non-recused members present at the meeting:

**RESOLVED**, the Board hereby approves the following TechLaunch Program awards, subject to satisfying the ordinary program conditions: TL-2013-09-001 (Ionic Transport Assays, Inc) in the amount of \$80,000; TL-2013-09-003 (Zorrilla Research LLC) in the amount of \$75,000; TL-2013-09-005 (Somametric Incorporated) in the amount of \$45,000; TL-2013-09-007 (NOVAfix, LLC) in the amount of \$100,000; and TL-2013-09-009 (MagBiosense) in the amount of \$100,000; and

**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 Acting Executive Director on behalf of the MTC to execute and deliver all documents relating to such award.

On motion by Mr. Kerr, seconded by Mr. Wetle, the following resolutions were approved by those non-recused members present at the meeting:

**RESOLVED**, the Board hereby approves the following Seed Capital Co-Investment Program awards, subject to satisfying the ordinary program conditions: SEED-2013-08-007 (Arvegenix) in the amount of up to \$250,000 subject to resolution of the applicant's pending litigation; and SEED-2013-08-008 (PulmoCADx) in the amount of up to \$150,000 subject to an enhanced matching funds requirement of 2:1; and

**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 Acting Executive Director on behalf of the MTC to execute and deliver all documents relating to such awards.

On motion by Mr. Wetle, seconded by Mr. Kerr, the following resolutions were approved by those non-recused members present at the meeting:

**RESOLVED**, the Board hereby approves the following Missouri Building Entrepreneurial Capacity Program awards, subject to satisfying the ordinary program conditions: MOBEC-2013-09-001 (UMKC Innovation Center) in the amount of \$112,530; MOBEC-2013-09-003 (ITEN) in the amount of \$200,000; MOBEC-2013-09-005 (Center for Emerging Technologies) in the amount of \$75,000; MOBEC-2013-09-007 (Technology Entrepreneur Center) in the amount of \$100,000; MOBEC-2013-09-009 (Mercy Research and Development) in the amount of \$100,000; MOBEC-2013-09-011 (Regional Economic Development, Inc.) in the amount of \$75,000; and MOBEC-2013-09-013 (Missouri Innovation Center, Inc.) in the amount of \$75,000; and

**FURTHER RESOLVED**, the Board hereby approves the Missouri Building Entrepreneurial Capacity Program grant agreements to UMKC Innovation Center, IT Entrepreneur Network, Center for Emerging Technologies, Technology Entrepreneur Center, Mercy Research and Development, Regional Economic Development, Inc., and Missouri Innovation Center, Inc. in substantially the forms presented; and

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

On motion by Dr. Baker, seconded by Mr. Kemp, the following resolution was unanimously approved by those members present:

**RESOLVED**, the Board hereby authorizes and directs Bill Anderson as the Lenders Representative to execute amendments to the financing documents entered into in connection with the MTC's previous loan to Emerald Automotive, LLC pursuant to its extension request dated December 17, 2013, substantially in the forms presented, with such changes or amendments as the Lenders Representative shall deem advisable on behalf of MTC, to include such provisions as the MTC Acting Executive Director shall approve, such approval to be evidenced by his execution thereof on behalf of the MTC, where applicable, the other lender.

#### **REVIEW FY2014 INNOVATION CENTER PERFORMANCE ALLOCATIONS:**

Director Anderson then reviewed the FY2014 Innovation Center performance based proposals and recommended allocations, which were distributed to the Board prior to the meeting. He stated that the base performance allocations were fifty percent of each innovation center's base contract and adjusted based on achievement of prior year benchmarks and overall impact to the statewide program.

In light of his relationship with the Center for Emerging Technologies, Mr. Rubin, exited the meeting and recused himself from the discussion regarding Innovation Center funding and, in light of his relationship with the MSU/Springfield Innovation Center, Dr. Baker also exited the meeting and recused himself from the discussion regarding Innovation Center funding.

After a discussion, on motion by Ms. Galloway, seconded by Mr. Wetle, the following resolutions were unanimously approved by those members present:

**RESOLVED**, the Board hereby approves the following FY2014 Innovation Center Performance Allocations: Missouri Enterprise in the amount of \$212,696; Center for Emerging Technologies in the amount of \$206,704; Missouri Innovation Center in the amount of \$121,788; Newman Business Center in the amount of \$15,402; Brush Creek Enterprise Center in the amount of \$104,198; MSU/Springfield Innovation, Inc. in the amount of \$41,718; MO Rural Enterprise and Innovation in the amount of \$36,749; Institute for Industrial and Applied Life Sciences in the amount of \$10,208; and Missouri Research Corporation in the amount of \$4,734; and

**FURTHER RESOLVED**, the Board hereby delegates to the MTC Acting Executive Director full power and authority on behalf of the MTC 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 Acting Executive Director on behalf of the MTC to execute and deliver all documents relating to such awards.

**ADJOURNMENT:**

Having no further business on the agenda and noting the lack a quorum, Chair Bannister adjourned the meeting.

**RESOLVED**, the Board hereby adjourned the meeting at 1:28 p.m.

**MEETING ADJOURNED**