

**Minutes**  
**Missouri Technology Corporation**  
**Monday, May 6, 2013**

The regular meeting of the Missouri Technology Corporation (the “MTC”) Board of Directors (the “Board”) was held on Monday, May 6, 2013, beginning at 9:48 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	Absent
Rep. T.J. Berry	Member	Present
Elizabeth Canuteson	Member	Absent
Victoria Gonzalez	Member	Absent
Jason Hall	Member designee-DED	Present
Garry Kemp	Member	Present
David Kerr	Member	Present
Dan Mehan	Vice Chair	Absent
Mike Nichols	Member designee-MU	Absent
Donn Rubin	Member	Absent
Sen. Rob Schaaf	Member	Present
Greg Steinhoff	Member	Present
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
Andrew Smolik	MTC Senior Associate
Dustin Allison	DED Counsel
Tara Dampf	MTC, Manager, Finance and Grant Administration
Tom Litz	Thompson Coburn LLP, MTC Legal Counsel

**WELCOME AND CALL TO ORDER:**

Chair Bannister called the meeting to order at 9:48 a.m. and established a quorum with eight members present, including Chair Bannister, Rep. Berry, Mr. Hall, Mr. Kemp, Mr. Kerr, Sen. Schaaf, Mr. Wetle and Mr. Steinhoff.

**APPROVAL OF MINUTES FROM PRIOR MEETING:**

Chair Bannister asked if there were any comments on the draft minutes of the February 22, 2013 Board meeting, which had been distributed to the Board prior to the meeting. There were no comments. On motion by Mr. Hall, 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 February 22, 2013, as submitted.

## **EXECUTIVE DIRECTOR REPORT:**

Chair Bannister then asked Acting Executive Director Anderson to present the MTC Executive Director report. Director Anderson reported that three IDEA Fund financings closed since the last Board meeting with \$610 thousand disbursed, leveraging \$915 thousand in private capital. Overall, 35 IDEA Fund financings have closed totaling \$10.3 million raising leveraged capital of more than \$51 million. Director Anderson highlighted that MTC had its first two exits from IDEA Fund portfolio company investments. He also highlighted that Missouri remains in the top 20 in Kaufmann Foundation's 2012 Index of Entrepreneurial Activity and is the top state in the Midwest. Director Anderson then reviewed third quarter activities and closed his report by reviewing what activities the MTC staff planned to undertake in the fourth quarter.

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

Mr. Hall highlighted an announcement made at the International Bio Convention that Monsanto is beginning a \$417 million expansion at its St. Louis campus. He also stated that Brewer Science, one of the largest private sector employers in Phelps county, announced a \$20 million expansion in Maries County. Mr. Hall also reported that MOSIRA was invalidated by the Missouri Supreme Court. He further noted that legislation creating an Angel Tax Credit was introduced to the legislature. Finally, Mr. Hall stated that the Board was planning to soon complete a performance review for the MTC Acting Executive Director.

## **EXECUTIVE COMMITTEE REPORT:**

Director Anderson, on behalf of Chair Bannister, reported the Executive Committee met four times during the third quarter. He opened discussion regarding the new form of Participation Agreement for IDEA Fund participants (copies of which had been circulated to the Board) and the idea of including a provision that grants the recipient the right to redeem MTC's interest without its consent.

Director Anderson then asked if there were any comments on the MTC/DED SSBCI Agreement Amendment, which had been distributed to the Board prior to the meeting. There were no comments. On motion by Mr. Kerr, seconded by Rep. Berry, the following resolutions were unanimously approved by those members present:

**RESOLVED**, the Board hereby approves the Amendment to the Agreement Between the Missouri Department of Economic Development and the Missouri Technology Corporation Related to the State Small Business Credit Initiative, in substantially the form presented to this Board; 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 agreement; 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 agreement.

## **AUDIT AND FINANCE COMMITTEE REPORT:**

In the absence of Dr. Baker, Chair Bannister asked Director Anderson to present the Audit and Finance Committee Report. Director Anderson presented the FY2013 Third Quarter Treasurer's Report, which

was distributed to the Board prior to the meeting. After a detailed discussion, on motion by Mr. Steinhoff, seconded by Rep. Berry, the following resolution was unanimously approved by those members present:

**RESOLVED**, the Board hereby approves the Third Quarter FY2013 Treasurer's Report dated May 6, 2013, as submitted.

**CLOSED SESSION:**

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

**RESOLVED**, the Board hereby approves entering Closed Session at 10:46 a.m. pursuant to Section 610.021(1) RSMo, to receive an update on portfolio company compliance.

Rep. Berry	aye	Mr. Wetle	aye
Mr. Hall	aye	Sen. Schaaf	aye
Mr. Kemp	aye	Mr. Steinhoff	aye
Mr. Kerr	aye	Chair Bannister	aye

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

**RESOLVED**, the Board hereby approves exiting Closed Session at 11:15 a.m.

Rep. Berry	aye	Mr. Wetle	aye
Mr. Hall	aye	Sen. Schaaf	aye
Mr. Kemp	aye	Mr. Steinhoff	aye
Mr. Kerr	aye	Chair Bannister	aye

**BOARD ACTIONS:**

After discussion in Closed Session confined to the matter stated above by those present, Chair Bannister reported that no action was taken during the Closed Session. On motion by Chair Bannister, seconded by Rep. Berry, the following resolution was unanimously approved by those members present:

**RESOLVED**, the Board hereby authorizes and directs MTC staff on behalf of MTC to address with regarding PetScreen Inc. its current non-compliance with its obligations under its loan agreement with MTC, and to recommend further action to the MTC Board if PetScreen, Inc. is not in compliance with its obligations under the loan agreement 60 days after notification.

**UPDATE ON POST AWARD PERFORMANCE:**

Mr. Smolik provided an update on post award-performance of the MTC portfolio. He shared that 39 companies have received funds from MTC, producing \$13.9 million in capital deployed. Under the IDEA program, 31 companies have received investments equaling a total of \$10.3 million and leveraging more than \$51 million in private funds. MTC's two exits from its investments in portfolio companies have resulted in 2.6X return on MTC's investments.

**INVESTMENT COMMITTEE REPORT:**

Chair Bannister asked Mr. Kerr to present the Investment Committee report. Mr. Kerr called the Board's attention to the memo from the Investment Committee included in the pre-read meeting materials sent to

the Board prior to the meeting. Mr. Kerr reported the MTC received a total of nine IDEA Fund Seed Capital Co-Investment Round 6 applications, four IDEA Fund Venture Capital Co-Investment Round 6 applications and two IDEA Fund High Tech Industrial Expansion Round 6 applications requesting approximately \$12.2 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 April 5, 2013, the Investment Committee recommended nine applications for funding, subject to further due diligence and the preparation and execution of definitive transaction documents, including seven Seed Capital and two Venture Capital applications. In addition, the Investment Committee reserved funding for one High-Tech Industrial Expansion application, subject to further due diligence. Director Anderson also noted that in addition to the Investment Committee report, all of the underlying application materials were available electronically to MTC Board members prior to the meeting via the ftp access point.

**CLOSED SESSION:**

Chair Bannister then entertained a motion to enter Closed Session.

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

**RESOLVED**, the Board hereby approves entering Closed Session at 11:52 a.m. pursuant to Sections 610.021(1), (12), (14), and (15), RSMo, relating to the Investment Committee IDEA Fund Round 6 application recommendations and to review proposed IDEA Fund transactions.

Rep. Berry	aye	Mr. Wetle	aye
Mr. Hall	aye	Sen. Schaaf	aye
Mr. Kemp	aye	Mr. Steinhoff	aye
Mr. Kerr	aye	Chair Bannister	aye

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

**RESOLVED**, the Board hereby approves exiting Closed Session at 12:13 p.m.

Rep. Berry	aye	Mr. Wetle	aye
Mr. Hall	aye	Sen. Schaaf	aye
Mr. Kemp	aye	Mr. Steinhoff	aye
Mr. Kerr	aye	Chair Bannister	aye

After a detailed discussion confined to the matters stated above by those present, Chair Bannister reported that the Board took no action during the Closed Session.

Director Anderson noted that Chair Bannister had a consulting relationship with the City of Mexico. In that capacity Chair Bannister had met with an applicant that had been recommended for financial assistance by the Investment Committee, regarding site locations in Mexico for the applicant's business. In light of his relationship with the City of Mexico, Chair Bannister exited the meeting before the presentation and recused himself from the discussion on the following application to allow for deliberation by the other directors in his absence regarding SeedCap -2013-06-007 (PennyCress Energy). Following its deliberation and in light of developments that occurred since the Investment Committee's recommendation, the Board took no action on the related application, SeedCap-2013-06-007.

**INVESTMENT COMMITTEE RECOMMENDATIONS:**

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

**RESOLVED**, the Board hereby approves the following Seed Capital Co-Investment Program awards, subject to satisfying the regular program requirements: SeedCap-2013-06-001 (Apse, LLC) in the amount of \$125,000; SeedCap-2013-06-002 (Acera Surgical, Inc.) in the amount of \$250,000; SeedCap-2013-06-003 (Traxsson, LLC) in the amount of \$250,000; SeedCap-2013-06-004 (Euclises Pharmaceuticals, Inc.) in the amount of \$300,000; SeedCap-2013-06-006 (Benson Hill Biosystems, Inc.) in the amount of \$175,000; and SeedCap-2013-06-008 (Adarza Biosystems, Inc.) in the amount of \$200,000; 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 awards.

On motion by Mr. Wetle, seconded by Rep. Berry, the following resolutions were approved by those members present at the meeting:

**RESOLVED**, the Board hereby approves the following Venture Capital Co-Investment Program awards, subject to satisfying the regular program requirements: VCCI-2013-06-002 (ImmunoPhotonics) in the amount of \$400,000 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.

#### **NEW BUSINESS:**

Director Anderson stated the next MTC Board meeting is scheduled for June 28, 2013, in the Kansas City area, with the specific location to be announced.

#### **ADJOURNMENT:**

Having no further business on the agenda, Chair Bannister adjourned the meeting.

**RESOLVED**, the Board hereby adjourned the meeting at 12:20 p.m.

**MEETING ADJOURNED**