

**Minutes**  
**Missouri Technology Corporation**  
**Friday, October 26, 2012**

The regular meeting of the Missouri Technology Corporation (the “MTC”) Board of Directors (the “Board”) was held on Friday, October 26, 2012, beginning at 10:10 a.m. The meeting was held at the Center for Emerging Technologies located at 4041 Forest Park Avenue, St. Louis, Missouri.

The following members of the Board were present or absent:

Joe Bannister	Chair	Present
Jim Baker	Secretary-Treasurer	Present (by telephone; exited at 12:19 p.m.)
Rep. T.J. Berry	Member	Present (by telephone; exited at 12:17 p.m.)
Elizabeth Canuteson	Member	Present
Victoria Gonzalez	Member	Absent
Jason Hall	Member designee-DED	Present
Garry Kemp	Member	Present
David Kerr	Member	Present
Dan Mehan	Vice Chair	Present (by telephone; exited at 11:49 a.m.)
Mike Nichols	Member designee-MU	Present (by telephone; exited at 12:15 p.m.)
Donn Rubin	Member	Present
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
Stacey Hirst	MTC Director of Operations
Andrew Smolik	MTC Senior Associate
Tom Litz	Thompson Coburn LLP, MTC Legal Counsel

Guests present:

Ed Bayhem, ExplorBioVentures  
Heather Beaven, Center for Emerging Technologies  
Charlie Bolten, BioGenerator (joined during lunch)  
Dan Broderick, Global Agtech Innovators Network (joined during lunch)  
Dr. Richard Dorshow, MediBeacon (joined during lunch)  
Chris Dunn, Senate Staff  
Barb Enneking, Center for Emerging Technologies  
Eric Gulve, BioGenerator (joined during lunch)  
Steve Hanley, MediBeacon (joined during lunch)  
Bruce Hemming, Microbe Inotech Labs, Inc.  
Ben Johnson, BioStl (joined during lunch)  
Dana Marshall, BacterioScan (joined during lunch)  
Jeff Mental, AHM Financial Group  
Nick Rallo, AHM Financial Group  
Chad Stiening, Kypha, Inc. (joined during lunch)  
Terry Stern, MediBeacon, Inc. (joined during lunch)  
Mike Sullivan, CORTEX

## **WELCOME AND CALL TO ORDER:**

Chair Bannister called the meeting to order at 10:10 a.m. and established a quorum with nine members present, including Chair Bannister, Ms. Canuteson, Mr. Hall, Mr. Kemp, Mr. Kerr, Mr. Rubin, Sen. Schaaf, Mr. Steinhoff, and Mr. Wetle and four members participating by telephone, including Dr. Baker, Rep. Berry, Mr. Mehan, and Dr. Nichols.

Ms. Enneking, Vice President for Enterprise Development for the Center for Emerging Technologies welcomed the Board and other participants and provided a briefing on the mission and accomplishments of CET.

There was some discussion regarding the scarcity of institutional venture capital in Missouri to support development of local technology businesses and the importance of local resources, including the MTC, to attract private investment to the region and state.

Chair Bannister introduced Representative T.J. Berry as the newest member of the MTC Board, who was appointed by Speaker of the House Timothy Jones. Rep. Berry stated he has been an entrepreneur all of his life, has been a mentor for the FASTrac program, and was looking forward to serving as a member of the MTC Board.

Mr. Mike Sullivan, Vice President of Real Estate & Financial Operations of CORTEX then provided an update on the CORTEX development.

## **APPROVAL OF MINUTES FROM PRIOR MEETING:**

Chair Bannister asked if there were any comments on the draft minutes of the July 9, 2012 Board meeting, which had been distributed to the Board prior to the meeting. On motion by Mr. Kerr, seconded by Mr. Rubin, 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 9, 2012, as submitted.

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

Mr. Hall reported that Missouri's unemployment rate had fallen to 6.9 percent in September, which is almost one full point below the U.S. average of 7.8 percent. For this month, Missouri was the third largest job-creating state in the U.S. behind only Texas and Florida. Mr. Hall noted three positive trends: job growth in the advanced manufacturing sector; the increase in Missouri exports which set a record in 2011 and totaled \$14.1 billion and is on target to increase by 6% in 2012; and improvement in entrepreneurial rankings. In 2008, the Kauffman Entrepreneurial index ranked Missouri 49<sup>th</sup> out of 50 states for entrepreneurial activity; however, in 2012 Missouri moved-up considerably, ranking 6<sup>th</sup> in the nation. CNN Money also ranked Missouri as the 6<sup>th</sup> most entrepreneurial state in the U.S. Mr. Hall further congratulated the MTC Board members on their hard work and dedication and thanked the MTC on behalf of Governor Nixon and the Department of Economic Development for MTC's accomplishments over the past few years.

## **EXECUTIVE DIRECTOR REPORT:**

Chair Bannister then asked Director Anderson to present the MTC Executive Director report. Director Anderson reported that six IDEA fund financings closed since the last Board meeting with \$460,000 disbursed, leveraging \$800,000 in private capital. Overall, 26 IDEA fund financings closed totaling \$7.6 million with leveraged capital in excess of \$19 million. Director Anderson then provided an update on the program compliance and impact tracking forms required of program participants. He further stated the MTC staff currently track loan repayments using a manual system. As MTC's loan portfolio continues to increase the MTC expects to transition to a loan portfolio management software system in the 2<sup>nd</sup> quarter. The MTC will offer automatic payment options to MTC borrowers and will establish new monthly exception reports as a new

improvement on the monthly financial reports. Director Anderson closed his report by reviewing what activities the MTC staff planned to undertake over the next quarter.

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

Chair Bannister then presented a draft of the 2012 MTC Annual Report, which was distributed to the Board prior to the meeting. Director Anderson reminded the Board that under current law the MTC Annual Report must be submitted to the Governor and General Assembly by November 1, 2012. While, the MOSIRA bill passed by the General Assembly in 2011 requires a calendar year annual report, the draft report presented to the Board fulfills the current statutory obligation. Director Anderson stated the brochure-style annual report similar to the 2010 report would be completed early next year and include information through year-end 2012. Following a brief discussion, on motion by Mr. Steinhoff, seconded by Mr. Wetle, the following resolution was unanimously approved by those members present:

**RESOLVED**, the Board hereby approves the draft 2012 MTC Annual Report, in substantially the form presented to this Board; and

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

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

Chair Bannister then asked Dr. Baker to present the Audit and Finance Committee Report. Dr. Baker presented the FY2013 First Quarter Treasurer's Report, which was distributed to the Board prior to the meeting. After a detailed discussion, on motion by Mr. Kemp, seconded by Ms. Canuteson, the following resolution was unanimously approved by those members present:

**RESOLVED**, the Board hereby approves the First Quarter FY2013 Treasurer's Report dated October 19, 2012, as presented.

#### **UPDATE ON RENEWAL OF DIRECTORS AND OFFICERS INSURANCE:**

Chair Bannister asked Nick Rallo and Jeff Mental to provide an update on the status of the Directors' and Officers' Insurance renewal for 2013. Mr. Rallo stated the current policy extends to December 23, 2012 and they are currently soliciting competitive bids from carriers which should be completed in two to three weeks. Following a discussion by the Board, Mr. Rallo stated he would provide several options with claim limits of \$3 million, \$5 million and \$10 million. Chair Bannister recused himself from the vote on the issue. After discussion and on motion by Ms. Canuteson, seconded by Mr. Steinhoff, the following resolutions were unanimously approved by those non-recused members present:

**RESOLVED**, the Board hereby authorizes the MTC Executive Committee on behalf of the MTC Board to renew MTC's Directors' & Officers' Insurance with Allied World National Assurance or such other carrier through broker AHM Financial for an annual premium not to exceed \$10,000; and

**FURTHER RESOLVED**, the Board hereby authorizes the MTC Executive Committee the full power and authority on behalf of the MTC Board to complete any remaining due diligence and to review, negotiate, and approve any and all applications, policies, agreements, documents, or instruments as may be required or desirable in connection with, or in furtherance of, the foregoing resolution.

#### **DRAFT TRAVEL POLICY:**

Chair Bannister asked Director Anderson and Mr. Smolik to review the draft travel policy, which was distributed to the Board prior to the meeting. Director Anderson noted that given the relatively small staff, limited amount of travel undertaken, and the high level of interaction with the Board, Board oversight of travel

has worked sufficiently. However, staff felt that it would be a good improvement going forward to have a formal travel policy in place that was tailored to MTC's specific needs and duties. After discussion, on motion by Ms. Canuteson, seconded by Mr. Kerr, the following resolution was unanimously approved by those members present:

**RESOLVED**, the Board hereby approves the MTC Travel Policy recommended by the Audit and Finance Committee, as submitted.

**CLOSED SESSION:**

All guests exited the room with the exception of Mr. Dunn, staff member for Senator Schaaf.

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

**RESOLVED**, the Board hereby approves entering Closed Session at 11:57 a.m. pursuant to Sections 610.021(1) and (17) RSMo, to receive an update on the state and federal MTC audits.

Dr. Baker	aye	Dr. Nichols	aye
Rep. Berry	aye	Mr. Rubin	aye
Ms. Canuteson	aye	Sen. Schaaf	aye
Mr. Hall	aye	Mr. Steinhoff	aye
Mr. Kemp	aye	Mr. Wetle	aye
Mr. Kerr	aye	Chair Bannister	aye
Mr. Mehan	absent		

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

**RESOLVED**, the Board hereby approves exiting Closed Session at 12:18 p.m.

Dr. Baker	aye	Dr. Nichols	absent
Rep. Berry	absent	Mr. Rubin	aye
Ms. Canuteson	aye	Sen. Schaaf	aye
Mr. Hall	aye	Mr. Steinhoff	aye
Mr. Kemp	aye	Mr. Wetle	aye
Mr. Kerr	aye	Chair Bannister	aye
Mr. Mehan	absent		

**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.

**PRESENTATIONS BY CLIENTS OF CET, UPDATE ON BIOGENERATOR, AND UPDATE ON AG INNOVATION SHOWCASE/GAIN:**

Presentations were made to the Board during the lunch session by representatives of BacterioScan, MediBeacon, Kypha, BioGenerator, and GAIN.

**INVESTMENT COMMITTEE REPORT:**

Chair Bannister asked Mr. Steinhoff to present the Investment Committee report.

Mr. Steinhoff called the Board's attention to the memo from the Investment Committee included in the Board packet distributed prior to the meeting. Mr. Steinhoff reported the MTC received a total of 41 IDEA Fund Round 4 applications requesting approximately \$21 million. The applications were evaluated in accordance with MTC's Investment Guidelines. Eleven applications advanced to the Investment Committee for further consideration. Following a day of presentations and in-person applicant interviews on September 28, 2012, the Investment Committee recommended ten applications for funding, subject to further due diligence and final transaction documents, including: one High-Tech Industrial Expansion ("HTIE), three Venture Capital Co-Investment ("VCCI"), and six Seed Capital Co-Investment ("SeedCap") applications. The Investment Committee agreed to reserve funds for a possible financing requested by an additional VCCI application, contingent on further due diligence by the Investment Committee. 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.

All guests exited the room with the exception of Mr. Dunn, staff member for Senator Schaaf.

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

**RESOLVED**, the Board hereby approves entering Closed Session at 1:30 p.m. pursuant to Sections 610.021(1), (12), (14), and (15), RSMo, relating to the Investment Committee IDEA Fund Round 4 application recommendations and to review a proposed IDEA Fund Transaction.

Dr. Baker	absent	Dr. Nichols	absent
Rep. Berry	absent	Mr. Rubin	aye
Ms. Canuteson	aye	Sen. Schaaf	aye
Mr. Hall	aye	Mr. Steinhoff	aye
Mr. Kemp	aye	Mr. Wetle	aye
Mr. Kerr	aye	Chair Bannister	aye
Mr. Mehan	absent		

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

**RESOLVED**, the Board hereby approves exiting Closed Session at 2:15 p.m.

Dr. Baker	absent	Dr. Nichols	absent
Rep. Berry	absent	Mr. Rubin	aye
Ms. Canuteson	aye	Sen. Schaaf	aye
Mr. Hall	aye	Mr. Steinhoff	aye
Mr. Kemp	aye	Mr. Wetle	aye
Mr. Kerr	aye	Chair Bannister	aye
Mr. Mehan	absent		

After a detailed discussion confined to the matters stated above by those present, Chair Bannister reported that Mr. Rubin recused himself from the discussion on the following applications, and exited the room prior to the discussions regarding the following: SEED-2012-04-011, SEED-2012-04-014, SEED-2012-04-021, VCCI-2012-04-002, VCCI-2012-04-008, and VCCI-2012-04-011.

## **INVESTMENT COMMITTEE RECOMMENDATIONS:**

On motion by Mr. Hall, seconded by Mr. Kemp, 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 regular program requirements: SEED-2012-04-024 in the amount of \$375,000; SEED-2012-04-021 in the amount of \$200,000; SEED-2012-04-006 in the amount of \$100,000; SEED-2012-04-014 in the amount of \$250,000; SEED-2012-04-016 in the amount of \$250,000; and SEED-2012-04-011 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 Board Chairperson on behalf of the MTC to execute and deliver all documents relating to such awards.

On motion by Ms. Canuteson, seconded by Chair Bannister, the following resolutions were approved by those non-recused 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-2012-04-011 in the amount of \$800,000; VCCI-2012-04-002 in the amount of \$400,000; and VCCI-2012-04-005 in the amount of \$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 awards; and

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

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

**RESOLVED**, the Board hereby approves an award in the amount of \$225,000 for HTIE 2012-04-001, subject to satisfying the ordinary program contingencies: 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 Board Chairperson on behalf of the MTC to execute and deliver all documents relating to such award.

## **PROPOSED IDEA FUND TRANSACTION:**

On motion by Mr. Rubin, seconded by Mr. Kemp, the following resolutions were unanimously approved by those members present at the meeting:

**RESOLVED**, the Board hereby approves the conversion of the convertible note payable to the MTC by Spogen Biotech, Inc. dba Elemental Enzymes (“Spogen”) into equity of Spogen; 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 conversion; and

**FURTHER RESOLVED**, the Board hereby authorizes the MTC Board Chairperson on behalf of MTC to execute and deliver all documents relating to such conversion.

**TECH44 CORRIDOR INITIATIVE GRANT AGREEMENT:**

Chair Bannister then asked Director Anderson to review the Tech44 Corridor Initiative draft grant agreement, which was distributed to the Board prior to the meeting. Director Anderson reviewed the grant agreement and stated the purpose of the initiative is to promote regional economic development in communities along the I-44 corridor and to brand the region as a center of excellence in advanced materials and manufacturing similar to the world renowned Animal Health Corridor in Kansas City. After a brief discussion, on motion by Mr. Wetle, seconded by Chair Bannister, the following resolutions were unanimously approved by those members present:

**RESOLVED**, the Board hereby approves the Grant Agreement to the I-44 Advanced Technology Corridor d/b/a Tech44 in the amount of \$75,000, 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 grant; 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 grant.

**NEW BUSINESS:**

Mr. Hall stated the St. Joseph Innovation Center has started a search for a new Executive Director following the resignation of Dr. Gary Clapp, who took a position with a start-up company in Kansas.

Director Anderson stated the next MTC Board meeting is scheduled for January 28, 2013, to be held in Jefferson City.

**ADJOURNMENT:**

Having no further business on the agenda, on motion by Mr. Steinhoff, seconded by Mr. Wetle, the following resolution was unanimously approved:

**RESOLVED**, the Board hereby adjourns the meeting at 2:36 p.m.

**MEETING ADJOURNED**