

BOARD OF DIRECTORS
of Connecticut Innovations, Incorporated
Minutes – Regular Meeting
Monday, March 25, 2013

A regular meeting of the **Board of Directors of Connecticut Innovations, Incorporated** (the “Board”) was held on March 25, 2013 at the Office of Connecticut Innovations, Inc., 865 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Noting the presence of a quorum, Catherine Smith called the regular Board meeting to order at 9:30 a.m. Participating: Karen Buffkin representing the Office of Policy and Management (by phone); Mun Choi (by phone); Gail Coppage, Board of Regents of Higher Education; Daniel Esty, Vice Chair of the CEFIA Board and Commissioner of the Department of Energy and Environmental Protection; Alan Greene (by phone); Joseph Kaliko; Richard Mulready; Stephen Nocera; John Olsen; Paul Pescatello (by phone); Rafael Santiago; Christine Shaw representing Denise Nappier, State Treasurer; David Siegel; Catherine Smith, Chairperson of CI and Commissioner of the Department of Economic and Community Development; and Christopher Swift (by phone).

Staff Attending: George Bellas, Kevin Crowley, Lori Granato, Joseph Harpie, Amy Hourigan, Suzanne Kaswan, Claire Leonardi, Peter Longo, Shelly Mondo, Pauline Murphy, Antonio Roberto, Deb Santy, Philip Siuta, Linda Wieleba, and Dave Wurzer.

Others Attending: Tony Berry, GlobalStrategyGroup; Kip Bergstrom, DECD; and Casey Pickett, DECD.

2. **Approval of Minutes:**

Ms. Smith asked the Board of Directors to consider the minutes from the January 28, 2013 meeting.

A request was made and there was no objection to add Mr. Kaliko to the list of attendees at the meeting.

Upon a motion made by Mr. Santiago, seconded by Ms. Coppage, the Board members voted in favor of adopting the minutes from the January 28, 2013 meeting as amended. (Ms. Buffkin, Mr. Choi and Mr. Esty were not present for the vote).

3. Committee Reports:

Finance, Operations and Compensation Committee (“Finance Committee”)—Mr. Swift reported on the activities of the Finance Committee since the last Board meeting. He noted that the Finance Committee met on March 18 and reviewed the financial statements and forecast for the next six months and year. Some suggestions were provided at the Finance Committee meeting relating to cash flow needs and sources.

Audit, Compliance & Governance Committee (“Audit Committee”)—There was no Audit Committee meeting since the last Board meeting and therefore no report.

Eli Whitney Investment Committee (“Investment Committee”)—Mr. Santiago noted the significant investment activity in the last quarter and year and a half. Mr. Longo reported on the details of the investment transactions from the last two meetings and noted that CI approved approximately \$2,900,000 for 10 companies which is expected to leverage approximately \$4,200,000 in other additional funds.

Loan Committee—Mr. Cantor mentioned that the Loan Committee met twice since the last Board meeting. Mr. Harpie reviewed the loans approved by the Loan Committee during the last two meetings. Year to date loan approvals are approximately \$8,100,000, and there is a pipeline of approximately \$19,700,000. Mr. Harpie mentioned as a result of the loans, approximately 236 jobs have been retained and 65 jobs have been created for a total of 301 jobs with a job to dollar ratio of \$27,000 per job.

4. Business Update:

Venture—Mr. Longo reviewed the venture activities year to date and in comparison with the same reporting period for fiscal year 2012. He reviewed the venture activities, pending closings, total exits and pipeline of activities. Mr. Longo mentioned that CI’s portfolio companies have helped to create 851 jobs. A discussion ensued on the types of companies in the pipeline and it was noted that a majority of the companies in the pipeline are information technology companies. Questions arose as to whether the Board should consider more outreach activities to encourage funding for bioscience/medical technology companies and clean technology companies. Ms. Leonardi explained some of the efforts by staff to increase activity in bioscience and clean technology companies. A suggestion was made to also include advanced manufacturing companies. A discussion ensued on the significant drop in the venture capital funding in Connecticut. Mr. Longo described some of staff’s efforts to attract and increase venture capital participation in Connecticut. Staff was asked to provide information on venture capital participation in the region versus Connecticut. The Board requested that these issues be discussed further at the Board retreat.

Loans—Mr. Harpie reviewed the list of loans that closed between July 1, 2012 and February 28, 2013, and he described the status of each of the loans. He discussed the approved loans, closings pending, closed loans, funded loans and loans closed but not yet funded. Mr. Harpie reviewed the number of jobs created and retained as a result of the loans. The Board asked staff for information related to the skill sets for the jobs created/retained.

Small Business Innovation—Ms. Santy provided an update on the three major Small Business Innovation funding initiatives—1) Innovation Challenge, 2) SBIR Acceleration and Commercialization and 3) Technology Talent Bridge. With respect to the Innovation Challenge, Ms. Santy mentioned that staff is in the process of reviewing the responses to the latest round of applications and will report back after completion of the review. Ms. Leonardi talked about some of the lessons learned from the pilot program, and it was noted that changes may be recommended as a result of the lessons learned. Ms. Leonardi indicated that it is likely that there will be more inquiries with more marketing and public relations. Ms. Santy and Ms. Leonardi noted the importance of state funding to leverage additional federal funding. The Board requested a breakdown of the types of companies that are being recruited under the Technology Talent Bridge program.

Jackson Labs—Mr. Suita reported on the progress of Jackson Labs. He summarized that everything is proceeding on schedule and within budget.

Innovation Ecosystem—Kip Bergstrom provided an update on the Innovation Ecosystem. He reviewed the local elements for each of the hubs which are located in Stamford, New Haven, Hartford and Eastern Connecticut. Mr. Bergstrom noted that connecting the hubs to each other is a critical element. He discussed the statewide elements currently running, and Mr. Pickett reviewed the primary uses of funding for the hubs. Mr. Bergstrom described the activities, intake, assessment and assistance provided through March 11, 2013. The Board asked staff to provide more details about the hubs. Mr. Bergstrom talked about the service providers and vouchers approved. A discussion ensued on the lack of sufficient funding in the State from capital providers and the need to reach out more consistently and build relationships.

5. CEO Report:

CI/CDA Merger—Ms. Leonardi provided an update on the merger noting that there was a slight delay with the renovations, but it is hopeful that the former CDA employees will be moving to CI by the end of April. A majority of the human resources, financial statements and information technology issues have been consolidated.

Legislation—Ms. Leonardi reported on proposed legislation affecting CI, including a bill to authorize CI's staff to approve certain routine transactions under a specified funding level and a Connecticut Bioscience Innovation Bill.

6. Financial Update:

Mr. Siuta provided an update on CI's financial statements and noted that the Finance Committee reviewed the financial statements in detail. He reviewed the income statement for July 1, 2012 through June 30, 2013, including the revenues, program activity, investment activity and cash flow. Mr. Siuta noted that in general, CI is close to budget projections. The Board discussed CI's cash position and uses of cash and the need to have sufficient cash on hand to meet future obligations. The Board noted the importance of understanding the costs of running each of the programs and asked for a breakout of the expenses to help determine the effectiveness of the programs for Connecticut's economy, raising additional capital and job creation. The Board expressed interest in finding out the jobs per dollar of CI funding. Staff answered questions about reserves against loan losses.

7. Action Items:

Systems Development Contract Extension (Concursive)

Ms. Santy reviewed the request for approval of an additional \$50,000 in funding for Concursive Corporation for a total expenditure of \$200,000 through June 30, 2013. The Board expressed an interest in learning more the program.

**Upon a motion made by Mr. Mulready, seconded by Mr. Kaliko,
the Board voted unanimously in favor of adopting the
following resolution regarding the sole source agreement with
Concursive Corporation:**

RESOLVED:

The CI Board authorizes staff to amend the current sole source agreement with Concursive Corporation to increase the total amount to be expended under the agreement to \$200,000 from \$150,000 through June 30, 2013.

UCONN Proposal/Battelle Contract

Ms. Santy discussed the request for approval of a sole source contract with Battelle Technology Partnership for consulting services. In response to a question, Ms. Santy explained that the contract will be between CI and Battelle. However, the University of Connecticut will be paying \$250,000 under the contract. Ms. Santy explained that since the amount is more than the \$150,000

maximum sole source contract limit, Board approval is needed. Staff explained the rationale for not issuing a Request for Proposals. The Board suggested that the resolution be modified to indicate the payment from the University of Connecticut.

Upon a motion made by Ms. Coppage, seconded by Mr. Mulready, the Board voted in favor of adopting the following resolution regarding the sole source agreement with Battelle Technology Partnership Practice (Mr. Choi abstained from the vote):

RESOLVED:

The CI Board authorizes staff to enter into a sole source agreement with Battelle Technology Partnership Practice in an amount to exceed \$150,000, which will be paid by the University of Connecticut for consulting services in support a partnership between Connecticut Innovations, Inc. and the University of Connecticut to advance technology-based economic development in the State of Connecticut.

Appointment of Assistant Secretary to CI:

Ms. Leonardi explained the request to appoint Philip Siuta as Assistant Secretary of CI.

Upon a motion made by Mr. Mulready, seconded by Mr. Esty, the Board voted unanimously in favor of adopting the following resolution regarding the appointment of an Assistant Secretary to CI:

RESOLVED:

That Philip B. Siuta be and hereby is appointed to the position of Assistant Secretary of Connecticut Innovations, Incorporated (the "Corporation"), in addition to his appointed position as Senior Vice President and Chief Financial Officer of the Corporation, and that in addition to the authority conferred upon him as Senior Vice President and Chief Financial Officer, as Assistant Secretary of the Corporation he shall have the authority on behalf of the Corporation to attest to the seal of the Corporation, if any, maintain a record of the votes and the minutes of meetings of the Board of Directors of the Corporation and of Committees of the Board, certify as to the accuracy and completeness of such records and minutes and of the enabling legislation, Bylaws, Operating Procedures, resolutions of the Board and such Committees and other organizational documents or records of corporate proceedings of the Corporation, and to execute, deliver such other instruments and documents and

take such other actions as are necessary or convenient in connection with the discharge of the customary functions of a corporate secretary.

Final Approval of Operating Procedures:

Ms. Leonardi explained that the proposed changes to CI's Operating Procedures were previously reviewed by the Board and published in the Connecticut Law Journal. The 30 day public comment period expires on April 5. Staff recommends approval of the final amended Operating Procedures, subject to there not being any public comments. In response to a question, staff indicated that if public comments are received on or before April 5, the Board will be notified and a special meeting may be held, if necessary, to reconsider the amended Operating Procedures.

Upon a motion made by Mr. Olsen, seconded by Mr. Santiago, the Board voted unanimously in favor of adopting the following resolution regarding the adoption of amended Operating Procedures, subject to there being no public comments on or before April 5, 2013:

RESOLVED:

That the CI Board hereby adopts the amended Operating Procedures which become shall effective following the end of the public comment period on April 5, 2013.

Committee Appointments:

Ms. Leonardi asked that the Board consider the following committee appointments

- Joseph Kaliko, Finance, Operations and Compensation Committee
- Christine Shaw, Audit, Compliance and Governance Committee
- Gail Coppage, Eli Whitney Advisory Committee and Eli Whitney Investment Committee
- Pat Murphy, Valuation Committee

Upon a motion made by Mr. Olsen, seconded by Ms. Coppage, the Board voted unanimously in favor of approving the following committee appointments:

- Joseph Kaliko, Finance, Operations and Compensation Committee
 - Christine Shaw, Audit, Compliance and Governance Committee
 - Gail Coppage, Eli Whitney Advisory Committee and Eli Whitney Investment Committee
 - Pat Murphy, Valuation Committee
-

Resolution Authorizing the CEO and EVP to Transfer and/or Assign XL Center Contracts:

Mr. Roberto explained the Connecticut Development Authority's involvement and interest in the Hartford Civic Center (the "Civic Center") and the recommendation to transfer and/or assign contracts related to the Civic Center. He discussed the proposed terms and conditions of the transaction. The Board questioned whether the transaction was acceptable with the Office of Policy and Management, and Ms. Buffkin confirmed that it was acceptable. Staff indicated that the transaction is also in line with the needs of the Capital Region Development Authority.

Upon a motion made by Mr. Mulready, seconded by Ms. Coppage, the Board voted unanimously in favor of approving the following resolution regarding the Hartford Civic Center:

WHEREAS, the Connecticut Development Authority ("CDA") is the "Tenant" under an Amended and Restated Indenture of Lease with the City of Hartford, as "Landlord", dated as of October 19, 2001, as amended by that certain First Amendment to Amended and Restated Indenture of Lease dated as of June 30, 2004 (the "City Lease"), relating to the premises commonly referred to as the "Hartford Civic Center" and known currently as the "XL Center" (the "Civic Center");

WHEREAS, CDA's interest in the Civic Center and the operation thereof is subject to a Declaration of Cross-Easements and Construction, Operating and Maintenance Agreement dated as of June 30, 2004 (the "Declaration") by and among Northland Two Pillars, LLC, CDA and the City of Hartford;

WHEREAS, in order to provide for the management and operation of the Civic Center, CDA entered into a Sublease and Operating Agreement dated as of June 1, 2007, as amended (the "Operating Agreement") with AEG Management CT, LLC (f/k/a Northland AEG LLC);

WHEREAS, as used in the resolutions which follow, the City Lease, the Declaration, the Operating Agreement and each other existing contract or agreement to which CDA is a party relating to the lease, occupancy, use or operation of the Civic Center are referred to together as the "Civic Center Agreements";

WHEREAS, Connecticut Innovations, Incorporated (“CI”) is the statutory successor to CDA, including with respect to the rights and obligations of CDA under the Civic Center Agreements;

WHEREAS, the City Lease is to expire August 31, 2013, and CI has elected not to extend the term thereof;

WHEREAS, the Operating Agreement terminates August 30, 2013;

WHEREAS, Public Act No. 12-147 renamed the Capital City Economic Development Authority as the Capital Region Development Authority (“CRDA”) and empowered CRDA to operate the Civic Center in connection with an overall initiative by the State to consolidate and coordinate the operation and promotion of the Civic Center, the Connecticut Convention Center and Rentschler Field;

WHEREAS, for such purposes it is expected that, upon expiration or earlier termination of the City Lease, the City of Hartford will enter into a new or amended and restated lease, license agreement or other instrument of transfer of the Civic Center with the State, CRDA or another public instrumentality of the State; and

WHEREAS, in furtherance of the foregoing, it may be necessary for CI to do one or more of the following things: (i) assign one or more of the Civic Center Agreements to the State, CRDA or another public instrumentality of the State; (ii) enter into agreements regarding the early termination of one or more of the Civic Center Agreements; (iii) surrender and turn over possession of the Civic Center to the State, CRDA or another public instrumentality of the State; and (iv) execute other documents and agreements or take other actions in order to facilitate the foregoing and the transfer of CI’s interests in and responsibility for the Civic Center and its operations to the State, CRDA or another public instrumentality of the State;

NOW, THEREFORE, BE IT RESOLVED THAT

Each of Claire Leonardi, Chief Executive Officer, and Antonio Roberto, Executive Vice President, is hereby authorized, acting on behalf of CI to execute and deliver such documents and agreements, and take such other actions, as in the judgment of such officer are necessary or appropriate to accomplish the foregoing; provided, however, that no such document, agreement or action shall increase or extend the obligations of CI beyond that currently provided for in or arising pursuant to the terms of the Civic Center Agreements or applicable law without further approval of the CI Board of Directors.

Systems Development—Innovation Ecosystem (Vendor Change):

Mr. Bergstrom and Mr. Pickett described the request and rationale to remove the vendor specificity from the approval of the Innovation Ecosystem Software budget. The Board questioned the value of the funds already spent to Concursive, and Mr. Bergstrom explained some of the lessons learned and the value going forward.

Upon a motion made by Mr. Olsen, seconded by Mr. Kaliko, the Board voted in favor of removing the vendor specificity from the approval of the Innovation Ecosystem Software Budget (Mr. Choi was not present for the vote).

Addition to Agenda—SugarCRM

Ms. Leonardi asked the Board to consider adding to the agenda approval of the retention of SugarCRM as a software vendor for the Innovation Ecosystem Software.

Upon a motion made by Mr. Olsen, seconded by Mr. Santiago, the Board voted in favor of adding to the agenda a discussion and consideration of a contract with SugarCRM for the Innovation Ecosystem Software (Mr. Choi was not present for the vote).

Ms. Leonardi discussed the reasons for the expeditious consideration. She described the bidding process and the recommendation to enter into a three year contract with SugarCRM. The Board expressed some concern with not having sufficient time to fully review the contract. There was general consensus to consider approving the contract, subject to final review and approval by the Chair and/or Vice Chair of CI. It was noted that the funding for the contract is within the existing budget approved for the program.

Upon a motion made by Mr. Esty, seconded by Mr. Mulready, the Board voted in favor of authorizing the Chief Executive Officer to enter into a three-year contract with SugarCRM in order to take advantage of a discount, subject to final review and approval of the contract by the Chair and/or Vice Chair of CI.

8. Special Report—Public Relations and Marketing Strategy:

Ms. Hourigan provided an update on marketing and communication efforts. She reviewed CI's marketing and communication objectives. Ms. Hourigan reviewed the research-based approach. She explained that research audiences were asked how familiar and favorable they felt stakeholders were with CI, and she

reviewed the results of the survey. Ms. Hourigan noted that access to capital was the first or second most valued among all audiences, and collaboration with banks and venture capitals was the second highest valued type of support overall. She reviewed the key areas asked about and some of the differences with the results between employees and other audiences. Ms. Hourigan explained that after reviewing the research, the team built consensus around certain target audiences, and she reviewed those target audiences and the services that can be provided to the target audiences. She discussed some marketing and opportunities for CI and some of the accomplishments made to date. Ms. Hourigan reviewed the next steps in the process, and Mr. Berry talked about the public relations strategy. The Board was asked to consider various messaging options. It was suggested that a special meeting or conference call will be held within the next several weeks to discuss the messaging options.

9. Other Business: There was no other business to discuss.

10. Adjournment: Upon a motion made by Mr. Mulready, seconded by Ms. Coppage, the Board voted in favor of adjourning the March 25, 2013 meeting at 12:25 p.m.

Respectfully submitted,

Catherine Smith
Chairperson of CI