

ADVISORY COMMITTEE
of the Connecticut Bioscience Innovation Fund
Minutes – Regular Meeting
Thursday, March 31, 2016

A regular meeting of the **Connecticut Bioscience Innovation Fund** (“the Bioscience Fund”) **Advisory Committee** (the “Committee”) was held on March 31, 2016, at the office of Connecticut Innovations, 865 Brook Street, Rocky Hill, CT.

Call to Order: Noting the presence of a quorum, Matthew McCooe, Chief Executive Officer Connecticut Innovations, and Chairperson of the Advisory Committee, called the meeting to order at 1:04 p.m.

Committee members present: Matt McCooe; Marc Lalande, Ph.D. (by phone); Edmund Pezalla, M.D.; Peter Farina, Ph.D.; William LaRochelle, Ph.D.; Charles Lee, Ph.D. (by phone); Catherine Smith (joined the meeting at 2:10 p.m.); Joseph Kaliko (by phone); Alan Mendelson; Carolyn Slayman, Ph.D.

Other Attendees: David Wurzer (CI); Ariel Drew (CI); Whitney Harris Brown, Ph.D. (CI, by phone); Pauline Murphy (CI); Daniel Wagner (CI); Patrick O’Neill (CI, by phone); Philip Siuta (CI, joined the meeting at 3:00 p.m.).

Mr. McCooe informed the Committee that Ellie Tandler has resigned from the Bioscience Advisory Committee.

Approval of Minutes

Mr. McCooe asked the Advisory Committee members to consider the minutes from the February 3, 2016 meeting.

Mr. Kaliko requested clarification to a discussion that was included in the February minutes regarding the proposed legislative changes. Mr. Kaliko stated that he felt a formal motion for approval should have been taken in regards to the proposed legislative revisions. A discussion ensued.

Upon a motion made by Dr. Farina, seconded by Dr. LaRochelle, the Advisory Committee members voted in favor of adopting the minutes from the February 3, 2016 meeting as presented. VOTE: 7-1-1-0 (In favor: Lalande, Pezalla, McCooe, Slayman, Farina, LaRochelle, Lee; Not in favor: Kaliko; Abstained: Mendelson).

Quarter 1 2016 Funding Opportunity

- 546 – Shoreline Biome

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Dr. Lee was recused from the meeting.

Mr. Wurzer stated that Dr. LaRoche will recuse himself from the discussion surrounding the company prospect.

Mr. O'Neill introduced the company and provided an overview of the proposed research, progress to date and the current development status, as well as the assembled team. He discussed what the requested funds would be used towards, and stated that the terms of the award would be similar to CI's pre-seed terms.

Dr. LaRoche was recused from the meeting.

Dr. Slayman questioned if the proposed genome sequencing technology differentiates between toxins. There was general agreement from the Committee that it was a scientific concern. A discussion ensued regarding assay detection methods, and appropriate company milestones. Mr. O'Neill stated that the Bioscience award would consist of two funding tranches; each in the amount of \$250,000.

Upon a motion made by Mr. Mendelson, seconded by Dr. Farina, the Advisory Committee members voted in favor of approving application 546, Shoreline Biome, an investment in the amount of \$500,000; the second funding tranche in the amount of \$250,000 is contingent upon the company's ability to demonstrate certain milestones with regard to the company's sequencing detection as discussed by the Committee. VOTE: 7-0-0-2 (In favor: Lalande, Pezalla, McCooe, Slayman, Farina, Kaliko, Mendelson; Recused: Lee, LaRoche).

- 563 – University of Connecticut (Srivastava)

Dr. Lee and Dr. LaRoche rejoined the meeting. Dr. Lalande was recused from the meeting.

Dr. Brown introduced the proposed research and project. She reviewed the risks and benefits of the project, as well as the team and proposed milestones. A discussion ensued regarding clinical trials as well as the current lack of business expertise within the assembled team. Dr. Farina stated that an opportunity exists to increase bioscience activity outside of the university environment, and that a business individual is necessary in order to reach clinical trials successfully.

Upon a motion made by Dr. LaRoche seconded by Dr. Farina, the Advisory Committee members voted in favor of approving application 563, University of Connecticut (Srivastava), a repayable grant in the amount of \$500,000; contingent upon the recruitment of an external business consultant prior to the start of clinical trials. VOTE: 8-0-0-1 (In favor: Pezalla, McCooe, Slayman, Farina, Kaliko, Mendelson, Lee, LaRoche, Recused: Lalande).

Bioscience Process Revisions Update/Proposed Legislative Revisions

Dr. Lalande rejoined the meeting.

Dr. Pezalla left the meeting at 2:00 p.m.

Ms. Murphy provided a Bioscience procedural update to the Committee since the February meeting. She stated that the majority of process revisions pertain to company applications. A discussion ensued on the proposed peer review process. Concern was expressed regarding the potential of removing the quantitative scoring from the peer review of applications. There was general agreement from the Committee that applications must require appropriate reviewers, and include some aspect of a scientific and commercial score. Ms. Murphy stated that the proposed peer review process will be updated per the Committee's discussion, and some aspect of quantitative scoring and recommendations will remain. Final process revisions will be brought forward to the Committee for approval at the next scheduled meeting.

Ms. Smith joined the meeting at 2:10 p.m.

Ms. Murphy discussed the current Bioscience operating procedures, and the proposed changes to be made throughout the document. A discussion ensued. There was consensus from the Committee that the proposed revisions may be incorporated into the operating procedures. Ms. Murphy stated that a final draft document will be presented to the Committee for approval at the next meeting, prior to public posting in the CT Law Journal.

A lengthy discussion ensued regarding the proposed legislative changes. Mr. Kaliko expressed concern over the legislative revisions cited in bill 401; including (i) all returns on the Bioscience Fund accrue back to Connecticut Innovations instead of the fund, (ii) revisions to the definition of early-stage business and (iii) dollars that are not funded to research should be given back to state legislators. The Committee discussed the concerns, as well as the enabling legislation and the proposed changes to the legislation as written in bill 401, in detail.

Mr. Mendelson proposed that the principle of an investment be returned to the Bioscience Fund, while the returns of the investment go back to Connecticut Innovations. Mr. Kaliko stated that if total returns accrue to Connecticut Innovations, and not the Bioscience Fund, then dollars need to be reinvested into bioscience-specific deals. A discussion ensued.

Mr. McCooe asked for a vote of Committee members that the principle of an investment be returned to the Bioscience Fund, and the returns to go to Connecticut Innovations. VOTE: 8-0-0 (In favor: McCooe, Slayman, Farina, Kaliko, Mendelson, Lee, LaRochelle, Lalande). Mr. McCooe stated that the

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revisions as stated in the above motion will be taken forward to the proposed legislation.

Mr. McCooe asked for a vote of Committee members on any returns, in excess of principle, going back to Connecticut Innovations to be specifically reinvested towards bioscience targeted projects. VOTE: 1-7-0-0 (In favor: Kaliko; Not in favor: McCooe, Slayman, Farina, Mendelson, Lee, LaRochelle, Lalande). Those not in favor of the above motion agreed that Connecticut Innovations should reinvest return dollars to whatever investments are appropriate at the time of funding.

A lengthy discussion ensued regarding the enabling legislative definition of early stage businesses, as well as the proposed revised definition. The Committee voiced concern over the potential of restrictive language to applicants. Dr. Lalande expressed that the proposed definition was a good compromise, and stated that the intent of the fund should be to fund innovative science.

Dr. Lalande left the meeting at 3:00 p.m.

Mr. McCooe asked for a vote of Committee members accepting the revised definition of early stage business, as written in bill 401 ("...an early-stage business is a business that has yet to achieve annual commercial revenues in excess of two million dollars"). VOTE: 7-0-0-0 (In favor: McCooe, Slayman, Farina, Kaliko, Mendelson, Lee, LaRochelle).

A discussion ensued regarding the proposed legislative change to allow Bioscience funds to be allocated to a fund-of-funds structure. Mr. McCooe stated that the potential ability for the Bioscience Fund to invest in other funds would be limited; the fund-of-funds strategy would be case-by-case, and a maximum funding amount would be set by the Committee with all dollars invested in the state of Connecticut.

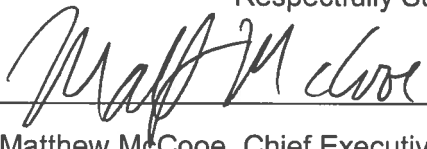
Mr. Wurzer stated that the incubator discussion, as listed on the agenda, will be deferred until the next scheduled Committee meeting.

Adjournment

Upon a motion made by Mr. Mendelson, seconded by Mr. Smith, the Advisory Committee members voted in favor of adjourning the meeting at 3:10 p.m. VOTE 7-0-0-0 (In favor: McCooe, Slayman, Farina, Kaliko, Mendelson, Lee, LaRochelle).

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Respectfully Submitted,



Matthew McCooe, Chief Executive Officer
Connecticut Innovations