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ADVISORY COMMITTEE
of the Connecticut Bioscience Innovations Fund
Minutes –Special Meeting
Thursday, December 5, 2013

A special meeting of the **Advisory Committee of the Connecticut Bioscience Innovation Fund** (the “Advisory Committee”) was held on December 5, 2013, at the office of the Connecticut Energy Finance and Investment Authority, 845 Brook Street, Rocky Hill, CT.

Call to Order: Claire Leonardi, Chairperson of the Advisory Committee, noting the presence of a quorum, called the meeting to order at 10:10 a.m. Advisory Committee members present: Peter Farina; Steve Hanks; Joseph Kaliko; Marc Lalande; Claire Leonardi; Bill LaRoche; Alan Mendelson; Edmund Pezalla; Carolyn Slayman; and Catherine Smith.

Members Absent: Charles Lee; Diana Lejardi, and Eleanor Tandler.

Staff present: George Bellas, Margaret Cartiera, Jeremy Crisp, Lori Granato, Leslie Larson, Claire Leonardi, and Gwendolyn Thames.

Others present: Scott Murphy, Shipman & Goodwin

Introductions

Ms. Leonardi welcomed and thanked everyone for participating. The Advisory Committee members and staff introduced themselves. Ms. Leonardi mentioned that all appointments have been made with the exception of a designee from the Department of Public Health to replace Diana Lejardi. She encouraged the members to provide input and guidance to the Bioscience staff. Mr. Crisp introduced the staff team and noted that Margaret Cartiera is the Director of Bioscience Initiatives and Ariel Drew was recently hired as the administrator for the team.

Approval of Minutes

Ms. Leonardi asked the Advisory Committee members to consider the minutes from the September 25, 2013 meeting.

Upon a motion made by Mr. Kaliko, seconded by Dr. Slayman, the Advisory Committee members voted unanimously in favor of adopting the minutes from the September 25, 2013 meeting as presented.

Approval of Future Meeting Calendar

The Advisory Committee members reviewed the calendar of future meetings.

Upon a motion made by Dr. Pezalla, seconded by Mr. Kaliko, the Advisory Committee members voted unanimously in favor of approving the calendar of meeting dates proposed for the Connecticut Bioscience Innovation Fund up to and including July 15, 2015.

Approval of Bylaws of the Connecticut Bioscience Innovation Advisory Committee

The Advisory Committee members reviewed the proposed Bylaws. In response to a question, Attorney Murphy noted that Bylaws are not required by law. He explained that the proposed Bylaws lay out the conduct of affairs for the Advisory Committee and CI's role as administrator. Attorney Murphy stated that the Bylaws do not include a framework for subcommittees but mentioned that the Bylaws could be amended when and if subcommittees are established. In response to a question, he indicated that the Bioscience staff are CI employees.

Upon a motion made by Ms. Smith, seconded by Dr. Pezalla, the Advisory Committee members voted unanimously in favor of approving the Bylaws of the Connecticut Bioscience Innovation Fund as presented.

Approval of Guidelines and Terms of the Financial Assistance (Procedures) of the Connecticut Bioscience Innovation Advisory Committee

The Advisory Committee members discussed the proposed Guidelines and Terms of the Financial Assistance. Some concern was expressed that the priorities of the fund are not clearly identified in the document. Staff explained the rationale for not being specific during the initial solicitation of applications. Ms. Leonardi indicated that the application process could become more focused in subsequent rounds if desired. She mentioned that the application will provide more specific details for applicants. The Advisory Committee members asked for a copy of the application before Requests for Proposals are released. Mr. Crisp discussed the application review and approval process. A discussion ensued on the maximum amount that can be requested by an applicant, and concern was expressed that the amount is too low. Staff explained the rationale for imposing some cap as a guidance. After discussion about an appropriate amount, there was general agreement with a "soft cap" of \$500,000.

In response to a question, Ms. Leonardi stated that the amount of funds available for the first year is unclear at this time. The State Bond Commission is scheduled to vote on funding in January. A discussion ensued on the risks

associated with the early stage types of investments and how to minimize the risks.

A concern was expressed with the timing of the consideration of an application recommended by staff to the Advisory Committee. There was general agreement to change the language in Section VI to be less restrictive and provide more flexibility about the timing of the submission to the Advisory Committee.

A discussion ensued on the language requiring applicants to maintain a principal place of business in the State of Connecticut. Some concern was expressed that this language may be too restrictive for all situations. Attorney Murphy reviewed the statutory provisions relating to companies having a "Connecticut Presence" and CI's more restrictive requirement of having a "principal" place of business in the State of Connecticut. Attorney Murphy indicated that paragraph 4 on page 8 can be revised to be less restrictive while staying within the constraints of the statutes.

There was a discussion about royalties resulting from successes of funds provided from the Advisory Committee for grant awardees. Mr. Crisp indicated that there will be agreements with specific language about intellectual property and royalties from successes as a result of grant funding provided to applicants. There was general agreement that the language should be standard for all applicants rather than negotiating each deal.

Dr. Crisp reviewed the commercial review process by CI and the independent scientific review process. In response to a question, Ms. Leonardi noted that the scientific review process is different than the peer review process performed for the Stem Cell Research Advisory Committee. Several Advisory Committee members indicated the importance of the review process including some kind of face to face interview. The Advisory Committee members indicated that the application process should not be too onerous and not much emphasis should be placed on a formal business plan.

The following is a summary of changes that will be made to the Guidelines and Terms of the Financial Assistance:

- Section III (e), line 3, change the amount so that the target or "soft cap" is \$500,000 rather than a maximum of \$350,000.
- Section VI (c), line 4, delete the words "that is at least 60 days."
- Section VII, paragraph 4 on page 8, revise to delete the word "principal," or revise language to be less restrictive.

Upon a motion made by Ms. Smith, seconded by Mr. Mendelson, the Advisory Committee members voted unanimously in favor of approving the Guidelines and Terms of the Finance Assistance (Procedures) of the Connecticut Bioscience Innovation Fund with the changes discussed above.

There being no objection, the order of the agenda was changed.

Code of Ethics Applicable to the Advisory Committee

Attorney Murphy provided an overview of the *Guide to the Code of Ethics for Public Official and State Employees* published by the Office of State Ethics. He explained some ambiguity in the language and a lack of definitive decision as to whether the Code applies to all Advisory Committee members. However, Attorney Murphy recommended that all Advisory Committee members be considered Public Officials and subject to the requirements of the Code of Ethics. Attorney Murphy reviewed the rules for accepting gifts, including food and beverage. He spoke about conflicts of interest and potential conflicts of interest. Attorney Murphy explained the post-state employment (revolving door) prohibitions and bans. He discussed the statements of financial interest and indicated that in their specific role as Advisory Committee members, members were not required to file financial statements of interest.

Approval of Interim Operating Plan and Budget of the Connecticut Bioscience Innovation Fund

Ms. Leonardi presented the proposed interim operating plan and budget. In response to a question, Ms. Leonardi and Mr. Bellas explained the reason for the temporary deficit which is made good in later years. There was a discussion about the administrative costs to start the fund and the loan from CI to cover some of the costs. The Advisory Committee members requested that staff clearly show the loan from CI that will be repaid over the lifetime of the Fund and that, subject to this loan, the administrative costs will remain within 5 percent of the annual allocation over the life of the fund.

Upon a motion made by Mr. Kaliko, seconded by Dr. Pezalla, the Advisory Committee members voted unanimously in favor of approving the interim operating plan and budget of the Connecticut Bioscience Innovation Fund, as amended to better characterize the loan of funds from CI that will be repaid over time and to show that, subject to this loan, administrative costs will be within 5 percent of the annual allocation over the life of the fund.

Strategic Project: Bioinformatics Center of Excellence for Connecticut

Dr. Crisp noted that this was a topic of discussion at the August 22, 2013 Thought Leaders meeting. He then went on to discuss the model adopted in Massachusetts through formation of the Massachusetts Green High Performance Computing Center (MGHPCC). He asked the Advisory Committee members whether this is something that staff should pursue with others as a strategic investment or infrastructure project for Connecticut. Ms. Leonardi stated that if this is something the Advisory Committee is interested in investing in, staff will find out more details. Ms. Leonardi, Dr. Lalande and Dr. LaRoche emphasized the benefits of having such a center in Connecticut. After discussion about the opportunity, there was general agreement that staff should continue to explore and be involved with the project but to also look at potential funding gaps and other options to attract and retain talent in Connecticut.

Strategic Project: Product Development Company for Connecticut

Dr. Cartiera reviewed the potential strategic investment in a product development company. She spoke about the preliminary meetings held and the different product development company models which exist. Ms. Leonardi and Dr. Cartiera described how a product development company can help solve some of the issues that universities experience with trying to move an idea or concept to commercialization. After a discussion about a potential strategic product development company in Connecticut, there was general agreement to have staff develop the idea further and talk with the universities to see if it would be useful. A suggestion was made to try to benchmark the costs of developing a product development company versus having a CRO do the work. Another suggestion was made to have a theme that differs from others. For the next meeting staff will have more information, including a theme/focus area.

Other Business: There was no other business to discuss.

Adjournment:

The meeting was adjourned at 12:48 p.m.

Respectfully submitted,

Claire Leonardi
Chairperson of the Advisory
Committee