

LOAN COMMITTEE
of Connecticut Innovations, Incorporated
Minutes – Regular Meeting
Monday, May 20, 2013

A regular meeting of the **Loan Committee of Connecticut Innovations, Incorporated** (the “Loan Committee”) was held on May 20, 2013, at the office of Connecticut Innovations, Inc., 865 Brook Street, Rocky Hill, CT.

1. Call to Order: Michael Cantor, Chairperson of the Loan Committee, called the meeting to order at 8:31 a.m. Loan Committee members present: Michael Cantor; Richard Mulready; John Olsen (by phone); David Siegel (by phone); and Catherine Smith, Commissioner, Department of Economic & Community Development (by phone).

Absent: Stephen Nocera

Staff present: Kevin Crowley, Claire Leonardi, Peter Longo, Ted Murphy, Sandra Rizza, Deb Santy, and Linda Wieleba.

2. Approval of Minutes:

Mr. Cantor asked the Loan Committee members to consider the minutes of the April 22, 2013 meeting.

Upon a motion made by Mr. Mulready, seconded by Mr. Siegel, the Loan Committee members voted unanimously in favor of adopting the minutes of the April 22, 2013 meeting as presented.

3. Items for Action:

SMALL BUSINESS INNOVATION PROGRAM

Ms. Santy reviewed the recommendations for funding under the Small Business Innovation Technology Talent Bridge Program for the following companies to provide interns for students:

- 1) ModaCrete, Inc., Middletown
- 2) Orthozon Technologies, Stamford
- 3) Cobalt Therapeutics, LLC, New Haven
- 4) MZ Diagnostics, New Haven
- 5) Proton OnSite, Wallingford
- 6) Nutmeg Consulting, Hartford
- 7) Carlyle Johnson Machine Company, LLC, Bolton

Ms. Santy mentioned that the funding amounts are higher because they factor in students working full time in the summer and staying on during vacations. She explained how Connecticut's Talent Bridge Program is unique from programs in other states.

Upon a motion made by Mr. Mulready, seconded by Mr. Siegel, the Loan Committee members voted in favor of approving the resolutions for the following companies for funding under the Technology Talent Bridge Program:

- 1) ModaCrete, Inc., Middletown
- 2) Orthozon Technologies, Stamford
- 3) Cobalt Therapeutics, LLC, New Haven
- 4) MZ Diagnostics, New Haven
- 5) Proton OnSite, Wallingford
- 6) Nutmeg Consulting, Hartford
- 7) Carlyle Johnson Machine Company, LLC, Bolton

RESOLVED:

(1) that financing is approved under the Technology Talent Bridge Program of the Small Business Innovation Program for ModaCrete, Inc., Middletown, CT in an amount not to exceed SIXTEEN THOUSAND FIVE HUNDRED DOLLARS (\$16,500) for the purpose of hiring interns; and

(2) that Claire Leonardi, Chief Executive Officer and Executive Director; Peter Longo, Executive Vice President and Chief Investment Officer; Phil Siuta, Senior Vice President and Chief Financial Officer; and George Bellas, Vice President of Finance and Administration ("Authorized Officers") are authorized to execute and deliver for and on behalf of CI such agreements and related documents to cause such financing to be effected, which documents shall (a) be executed by CI no later than June 30, 2013; and (b) contain such terms and conditions as the Authorized Officers shall deem to be in the best interests of CI, including terms and conditions relating to the matters described in Section 6 of the Regulations, the Authorized Officer's approval thereof as hereby authorized to be conclusively evidenced by the execution and delivery of the agreements; and

(3) that the Authorized Officers be and hereby are severally authorized and empowered to do any and all acts and execute and deliver any and all other documents as they shall deem necessary and desirable to effectuate the above mentioned agreements.

RESOLVED:

(1) that financing is approved under the Technology Talent Bridge Program of the Small Business Innovation Program for Orthozon Technologies, Stamford, CT in an amount not to exceed NINE THOUSAND SIX HUNDRED DOLLARS (\$9,600) for the purpose of hiring interns; and

(2) that Claire Leonardi, Chief Executive Officer and Executive Director; Peter Longo, Executive Vice President and Chief Investment Officer; Phil Siuta, Senior Vice President and Chief Financial Officer; and George Bellas, Vice President of Finance and Administration (“Authorized Officers”) are authorized to execute and deliver for and on behalf of CI such agreements and related documents to cause such financing to be effected, which documents shall (a) be executed by CI no later than June 30, 2013; and (b) contain such terms and conditions as the Authorized Officers shall deem to be in the best interests of CI, including terms and conditions relating to the matters described in Section 6 of the Regulations, the Authorized Officer’s approval thereof as hereby authorized to be conclusively evidenced by the execution and delivery of the agreements; and

(3) that the Authorized Officers be and hereby are severally authorized and empowered to do any and all acts and execute and deliver any and all other documents as they shall deem necessary and desirable to effectuate the above mentioned agreements.

RESOLVED:

(1) that financing is approved under the Technology Talent Bridge Program of the Small Business Innovation Program for Cobalt Therapeutics, LLC, New Haven, CT in an amount not to exceed TWENTY-TWO THOUSAND DOLLARS (\$22,000) for the purpose of hiring interns; and

(2) that Claire Leonardi, Chief Executive Officer and Executive Director; Peter Longo, Executive Vice President and Chief Investment Officer; Phil Siuta, Senior Vice President and Chief Financial Officer; and George Bellas, Vice President of Finance and Administration (“Authorized Officers”) are authorized to execute and deliver for and on behalf of CI such agreements and related documents to cause such financing to be effected, which documents shall (a) be executed by CI no later than June 30, 2013; and (b) contain such terms and conditions as the Authorized Officers shall deem to be in the best interests of CI, including terms and conditions relating to the matters described in Section 6 of the Regulations, the Authorized Officer’s approval thereof as hereby authorized to be conclusively evidenced by the execution and delivery of the agreements; and

(3) that the Authorized Officers be and hereby are severally authorized and empowered to do any and all acts and execute and deliver any and all other documents as they shall deem necessary and desirable to effectuate the above mentioned agreements.

RESOLVED:

(1) that financing is approved under the Technology Talent Bridge Program of the Small Business Innovation Program for MZ Diagnostics, New Haven, CT in an amount not to exceed FIFTEEN THOUSAND TWO-HUNDRED FIFTY DOLLARS (\$15,250) for the purpose of hiring interns; and

(2) that Claire Leonardi, Chief Executive Officer and Executive Director; Peter Longo, Executive Vice President and Chief Investment Officer; Phil Siuta, Senior Vice President and Chief Financial Officer; and George Bellas, Vice President of Finance and Administration (“Authorized Officers”) are authorized to execute and deliver for and on behalf of CI such agreements and related documents to cause such financing to be effected, which documents shall (a) be executed by CI no later than June 30, 2013; and (b) contain such terms and conditions as the Authorized Officers shall deem to be in the best interests of CI, including terms and conditions relating to the matters described in Section 6 of the Regulations, the Authorized Officer’s approval thereof as hereby authorized to be conclusively evidenced by the execution and delivery of the agreements; and

(3) that the Authorized Officers be and hereby are severally authorized and empowered to do any and all acts and execute and deliver any and all other documents as they shall deem necessary and desirable to effectuate the above mentioned agreements.

RESOLVED:

(1) that financing is approved under the Technology Talent Bridge Program of the Small Business Innovation Program for Proton OnSite, Wallingford, CT in an amount not to exceed FIFTEEN THOUSAND SIX HUNDRED DOLLARS (\$15,600) for the purpose of hiring interns; and

(2) that Claire Leonardi, Chief Executive Officer and Executive Director; Peter Longo, Executive Vice President and Chief Investment Officer; Phil Siuta, Senior Vice President and Chief Financial Officer; and George Bellas, Vice President of Finance and Administration (“Authorized Officers”) are authorized to execute and deliver for and on behalf of CI such agreements and related documents to cause such financing to be effected, which documents shall (a) be executed by CI no later than June 30, 2013; and (b)

contain such terms and conditions as the Authorized Officers shall deem to be in the best interests of CI, including terms and conditions relating to the matters described in Section 6 of the Regulations, the Authorized Officer's approval thereof as hereby authorized to be conclusively evidenced by the execution and delivery of the agreements; and

(3) that the Authorized Officers be and hereby are severally authorized and empowered to do any and all acts and execute and deliver any and all other documents as they shall deem necessary and desirable to effectuate the above mentioned agreements.

RESOLVED:

(1) that financing is approved under the Technology Talent Bridge Program of the Small Business Innovation Program for Nutmeg Consulting, Hartford, CT in an amount not to exceed TWELVE THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$12,750) for the purpose of hiring interns; and

(2) that Claire Leonardi, Chief Executive Officer and Executive Director; Peter Longo, Executive Vice President and Chief Investment Officer; Phil Siuta, Senior Vice President and Chief Financial Officer; and George Bellas, Vice President of Finance and Administration ("Authorized Officers") are authorized to execute and deliver for and on behalf of CI such agreements and related documents to cause such financing to be effected, which documents shall (a) be executed by CI no later than June 30, 2013; and (b) contain such terms and conditions as the Authorized Officers shall deem to be in the best interests of CI, including terms and conditions relating to the matters described in Section 6 of the Regulations, the Authorized Officer's approval thereof as hereby authorized to be conclusively evidenced by the execution and delivery of the agreements; and

(3) that the Authorized Officers be and hereby are severally authorized and empowered to do any and all acts and execute and deliver any and all other documents as they shall deem necessary and desirable to effectuate the above mentioned agreements.

RESOLVED:

(1) that financing is approved under the Technology Talent Bridge Program of the Small Business Innovation Program for Carlyle Johnson Machine Company, LLC, Bolton, CT in an amount not to exceed SEVEN THOUSAND EIGHT HUNDRED DOLLARS (\$7,800) for the purpose of hiring interns; and

(2) that Claire Leonardi, Chief Executive Officer and Executive Director; Peter Longo, Executive Vice President and Chief Investment Officer; Phil Siuta, Senior Vice President and Chief Financial Officer; and George Bellas, Vice President of Finance and Administration (“Authorized Officers”) are authorized to execute and deliver for and on behalf of CI such agreements and related documents to cause such financing to be effected, which documents shall (a) be executed by CI no later than June 30, 2013; and (b) contain such terms and conditions as the Authorized Officers shall deem to be in the best interests of CI, including terms and conditions relating to the matters described in Section 6 of the Regulations, the Authorized Officer’s approval thereof as hereby authorized to be conclusively evidenced by the execution and delivery of the agreements; and

(3) that the Authorized Officers be and hereby are severally authorized and empowered to do any and all acts and execute and deliver any and all other documents as they shall deem necessary and desirable to effectuate the above mentioned agreements.

Ms. Santy mentioned that there are approximately 10 applications under the Technology Talent Bridge Program in the immediate pipeline that have not yet been finalized but need to be approved before the June 24, 2013 meeting so that interns can start working as soon as possible. She explained that the proposals are being reviewed by an outside reviewer. Ms. Leonardi mentioned that CI recently received legislative approval for staff to approve certain loans up to \$150,000. However, a process for making the approvals will be brought to the Loan Committee for consideration. The Loan Committee members discussed various options for proceeding.

Upon a motion made by Mr. Mulready, seconded by Mr. Siegel, the Loan Committee members voted unanimously in favor of delegating authority to the Chair of the Loan Committee to approve the Technology Talent Bridge loans currently in the pipeline that receive satisfactory scores before the June 24, 2013 Loan Committee meeting to allow the interns to start working as soon as possible.

Ms. Santy explained the Innovation Challenge pilot which encourages partnerships between big companies, small companies and universities. She noted that out of the 7 applications received under the pilot program, 5 were reviewed and 3 chosen to receive funding. Ms. Santy reviewed the partnerships for the companies recommended for funding which include: Inertech, Danbury; Agrifuels, East Hartford; and Owlstone, Norwalk. Each of the smaller companies is aligned with a university and a larger company. The Loan Committee members asked staff to include the names of the companies and universities that

will be working together in future. Staff answered questions about the metrics that will be used to measure success under the program.

Upon a motion made by Mr. Mulready, seconded by Mr. Siegel, the Loan Committee members voted unanimously in favor of adopting the following resolutions regarding funding under the Innovation Challenge (Mr. Cantor noted a potential conflict of interest and abstained from the vote on the resolutions for Agrifuels, East Hartford; and Owlstone, Norwalk):

RESOLVED:

(1) that financing is approved under the Innovation Challenge Program of the Small Business Innovation Program for Inertech, LLC, Danbury, CT in an amount not to exceed ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000); and

(2) that Claire Leonardi, Chief Executive Officer and Executive Director; Peter Longo, Executive Vice President and Chief Investment Officer; Phil Siuta, Senior Vice President and Chief Financial Officer; and George Bellas, Vice President of Finance and Administration (“Authorized Officers”) are authorized to execute and deliver for and on behalf of CI such agreements and related documents to cause such financing to be effected, which documents shall (a) be executed by CI no later than June 30, 2013; and (b) contain such terms and conditions as the Authorized Officers shall deem to be in the best interests of CI, including terms and conditions relating to the matters described in Section 6 of the Regulations, the Authorized Officer’s approval thereof as hereby authorized to be conclusively evidenced by the execution and delivery of the agreements; and

(3) that the Authorized Officers be and hereby are severally authorized and empowered to do any and all acts and execute and deliver any and all other documents as they shall deem necessary and desirable to effectuate the above mentioned agreements.

RESOLVED:

(1) that financing is approved under the Innovation Challenge Program of the Small Business Innovation Program for Agrifuels, LLC, East Hartford, CT in an amount not to exceed ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000); and

(2) that Claire Leonardi, Chief Executive Officer and Executive Director; Peter Longo, Executive Vice President and Chief Investment Officer; Phil Siuta, Senior Vice President and Chief Financial Officer; and George Bellas,

Vice President of Finance and Administration (“Authorized Officers”) are authorized to execute and deliver for and on behalf of CI such agreements and related documents to cause such financing to be effected, which documents shall (a) be executed by CI no later than June 30, 2013; and (b) contain such terms and conditions as the Authorized Officers shall deem to be in the best interests of CI, including terms and conditions relating to the matters described in Section 6 of the Regulations, the Authorized Officer’s approval thereof as hereby authorized to be conclusively evidenced by the execution and delivery of the agreements; and

(3) that the Authorized Officers be and hereby are severally authorized and empowered to do any and all acts and execute and deliver any and all other documents as they shall deem necessary and desirable to effectuate the above mentioned agreements.

RESOLVED:

(1) that financing is approved under the Innovation Challenge Program of the Small Business Innovation Program for Owlstone, Norwalk, CT in an amount not to exceed ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000); and

(2) that Claire Leonardi, Chief Executive Officer and Executive Director; Peter Longo, Executive Vice President and Chief Investment Officer; Phil Siuta, Senior Vice President and Chief Financial Officer; and George Bellas, Vice President of Finance and Administration (“Authorized Officers”) are authorized to execute and deliver for and on behalf of CI such agreements and related documents to cause such financing to be effected, which documents shall (a) be executed by CI no later than June 30, 2013; and (b) contain such terms and conditions as the Authorized Officers shall deem to be in the best interests of CI, including terms and conditions relating to the matters described in Section 6 of the Regulations, the Authorized Officer’s approval thereof as hereby authorized to be conclusively evidenced by the execution and delivery of the agreements; and

(3) that the Authorized Officers be and hereby are severally authorized and empowered to do any and all acts and execute and deliver any and all other documents as they shall deem necessary and desirable to effectuate the above mentioned agreements.

Ms. Santy discussed the recommended SBIR Acceleration and Commercialization funding for Applied Behavioral Research, New Haven, CT.

Upon a motion made by Mr. Mulready, seconded by Mr. Siegel, the Loan Committee members voted unanimously in favor of approving the following resolution regarding funding under the SBIR Acceleration and Commercialization Program for Applied Behavioral Research, New Haven, CT:

RESOLVED:

(1) that financing is approved under the SBIR Acceleration and Commercialization Program for Applied Behavioral Research, New Haven, CT in an amount not to exceed FIFTEEN THOUSAND DOLLARS (\$15,000); and

(2) that Claire Leonardi, Chief Executive Officer and Executive Director; Peter Longo, Executive Vice President and Chief Investment Officer; Phil Siuta, Senior Vice President and Chief Financial Officer; and George Bellas, Vice President of Finance and Administration (“Authorized Officers”) are authorized to execute and deliver for and on behalf of CI such agreements and related documents to cause such financing to be effected, which documents shall (a) be executed by CI no later than June 30, 2013; and (b) contain such terms and conditions as the Authorized Officers shall deem to be in the best interests of CI, including terms and conditions relating to the matters described in Section 6 of the Regulations, the Authorized Officer’s approval thereof as hereby authorized to be conclusively evidenced by the execution and delivery of the agreements; and

(3) that the Authorized Officers be and hereby are severally authorized and empowered to do any and all acts and execute and deliver any and all other documents as they shall deem necessary and desirable to effectuate the above mentioned agreements.

CONNECTICUT GROWTH FUND

- Approval of a Loan Participation in an Amount Not to Exceed \$400,000 for the Benefit of Brownstone Exploration and Discovery Park LLC, Portland, CT

Ms. Rizza reviewed the recommendation for a CI loan participation in an amount not to exceed \$400,000 for the benefit of Brownstone Exploration and Discovery Park, LLC, Portland, CT. She described the proposed expansion of a seasonal

summer-based operation to a winter-based model by redeveloping a former ski resort. She reviewed the background and experience of the management. Ms. Rizza discussed the proposed loan structure. Questions arose regarding the term of the lease compared with the term of the mortgage. Ms. Rizza noted that there have been discussions with the town about extending the lease. A discussion ensued on the proposed staffing for the expanded operation and some concern was expressed with the small number of full-time employees who do not receive benefits and the large number of part-time employees who do not receive benefits. Questions arose as to whether the entity may get penalized as a result of new healthcare laws. Staff was asked to check with the company about the staffing and healthcare issues. There was some discussion about balancing investments made to create “good” jobs in Connecticut while also making investments that promote economic development. After further discussion, there was general consensus that this type of investment helps to make Connecticut a better place to live and attract and retain young people in the state.

The Loan Committee members asked questions about sufficient water supply and equipment in the event winters are warm and snow has to be made. Questions were also asked about the company’s ability to financially withstand mild winters. Staff responded to all of the questions and forwarded for distribution to the Loan Committee members. The Loan Committee members discussed the assets, collateral, security and guarantees in the transaction.

Upon a motion duly made by Mr. Mulready, seconded by Mr. Olsen, the Loan Committee members voted unanimously in favor of approving the following resolution regarding participation in a loan for the benefit of Brownstone Exploration and Discovery Park LLC, Portland, CT.

RESOLVED:

(1) that Connecticut Innovations, Inc. (“CI”) approves a direct loan under the Connecticut Growth Fund for Brownstone Exploration and Discovery Park, LLC, Portland, CT in an not to exceed FOUR HUNDRED THOUSAND DOLLARS (\$400,000); and

(2) that Claire Leonardi, Chief Executive Officer and Executive Director; Peter Longo, Executive Vice President and Chief Investment Officer; Phil Siuta, Senior Vice President and Chief Financial Officer; and George Bellas, Vice President of Finance and Administration (“Authorized Officers”) are authorized to execute and deliver for and on behalf of CI such agreements and related documents to cause such loan to be effected, which documents shall (a) be executed by CI no later than August 31, 2013; and (b) contain such terms and conditions as the Authorized Officers shall deem to be in the best interests of CI, including terms and conditions

relating to the matters described in Section 6 of the Regulations, the Authorized Officer's approval thereof as hereby authorized to be conclusively evidenced by the execution and delivery of the agreements; and

(3) that the Authorized Officers be and hereby are severally authorized and empowered to do any and all acts and execute and deliver any and all other documents as they shall deem necessary and desirable to effectuate the above mentioned agreements.

4. **Other Business:**

There was no other business.

5. **Adjournment:**

There being no further business to discuss, the meeting was adjourned at 9:24 a.m.

Respectfully submitted,

Michael Cantor, Esq.,
Chairman of Loan Committee