

ADVISORY COMMITTEE
of the Connecticut Bioscience Innovations Fund
Minutes – Regular Meeting
Wednesday, September 3, 2014

A regular meeting of the **Advisory Committee of the Connecticut Bioscience Innovation Fund** (the “Advisory Committee”) was held on September 3, 2014, at the office of the Connecticut Innovations, 865 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, Ph.D., Steven Hanks, M.D. (by phone), Marc Lalande, Ph.D., Charles Lee, Ph.D., Claire Leonardi, Alan Mendelson, Carolyn Slayman, Ph.D., Eleanor Tandler, Catherine Smith, Joseph Kaliko, J.D.

Member Absent: Bill LaRochelle, Ph.D., Edmund Pezalla, M.D.

Staff present: Jeremy Crisp, Ph.D., (CI), Margaret Cartiera, Ph.D., (CI), Ariel Drew (CI), Glendowlyn Thames (CI), Leslie Larson (CI), Christopher Baisden (CI), Karla Lindquist (DECD)

Ms. Leonardi welcomed the Committee and thanked everyone for participating in the meeting.

Approval of Minutes

Ms. Leonardi asked the Advisory Committee members to consider the minutes from the July 16th, 2014 meeting.

MOTION: Upon a motion made by Dr. Lee, seconded by Dr. Slayman, the Advisory Committee members voted in favor of adopting the minutes from the July 16, 2014 meeting as presented. VOTE: 10-0-0 (In favor: Farina, Hanks, Lalande, Lee, Leonardi, Mendelson, Slayman, Tandler, Smith, Kaliko). **MOTION PASSED.**

Waves 1, 2 and 3 Overview

Dr. Crisp provided status updates for Waves 1, 2 and 3 applications. He gave a recap of the July meeting’s Wave 1 funding decisions. Dr. Crisp discussed that Wave 2 applications are currently in the peer review process. The next task is to collate the science and business diligence results and prepare recommendations and supporting documents for October’s Committee meeting. He stated that Wave 3 applications are currently being submitted.

A question arose regarding what the CI BioInnovation Team is doing to encourage high quality applications. Dr. Crisp stated that the Team is working with CI's marketing department, securing television and radio promotional slots, as well as tapping into social media. Ms. Smith asked what communication has been had with University networks. Dr. Crisp discussed the communication the BioInnovation Team has had with the universities. Suggestions were provided on additional communication and networking opportunities.

Dr. Lalande asked if it is possible to see how many times the application has been downloaded from the CBIF website, versus how many applications have been submitted. The BioInnovation Team will consult with the marketing department regarding these statistics.

Status of Wave 1 Applications: Fund

Dr. Crisp provided an update on Wave 1 applications; he discussed the status of each of the four applications that were awarded funding. Mr. Kaliko asked for detail regarding royalty-bearing grants. A discussion ensued on the ROI to the Fund and sustainability.

Status of Wave 2 Applications: Resubmit

Dr. Crisp provided a status update on each of the five Wave 1 applications that were invited to resubmit. He discussed the timeline for resubmission review, and the associated AAAS review. He discussed that certain resubmission applications will be ready for review by the Committee at the October meeting.

CaroGen Proposed Scope Reduction

Dr. Crisp discussed the CaroGen application that was reviewed by the Committee in July and reviewed the funding conditions that were set at that time. He discussed the current status of the application and the supplemental information that CaroGen had provided to the Committee, which included a reduced project scope.

Ms. Tandler asked what other investment opportunities CaroGen has received funds from to date. and if the revised project scope with associated milestones will be enough to get the company to the next stage. A discussion ensued regarding Carogen's fundraising efforts, the stage of the company, and the original project versus the newly proposed project.

The Committee discussed that it was important to better understand feedback Carogen has received from external investors and others (e.g., NIH, NSF). Ms. Leonardi stated that the requested feedback provided by CaroGen will be shared with the Committee before the October meeting. There was general consensus

that project funded milestones may need to be revised once supporting materials are received and reviewed.

MOTION: Upon a motion made by Mr. Kaliko, seconded by Ms. Tandler, the Advisory Committee members voted in favor of accepting the proposed reduced scope application in the full amount requested of \$500,000, subject to the receipt and evaluation of the required information prior to tranche of the first \$150,000. The remaining \$350,000 will be tranced according to milestones, which may be subject to revision based on the information received prior to the first tranche. VOTE: 8-0-2 (In favor: Farina, Hanks, Lee, Leonardi, Mendelson, Tandler, Smith, Kaliko; Recused: Slayman, Lalande). **MOTION PASSED.**

Lessons Learned from Wave 1

Ms. Leonardi discussed the first wave of applications, the learning points, and how the application process might be improved. Dr. Crisp reviewed several topics and the action items under consideration to improve the process and communication with various stakeholders.

Dr. Crisp discussed the in-depth science and business diligence process. Dr. Slayman asked what feedback and guidance is provided to applicants. Dr. Cartiera explained that the scientific AAAS review is provided to each applicant who submits a full application. She stated that the Fund staff has received positive feedback from the applicants; namely, applicants have found the AAAS information helpful to them in improving their project and technology.

A discussion ensued regarding patent review, IP protection and Freedom to Operate (FTO) strategies. There was general agreement that applicants to the Fund should have both an IP strategy and a FTO strategy. Ms. Leonardi asked the Committee members to give some thought to what the operating strategy may consist of.

Dr. Crisp discussed the current four month application process timeline, versus the perceived review time. He suggested a learning point be to publicly issue application wave deadlines; making the process more transparent and creating applicant awareness. There was general agreement from the Committee members that a 3-4 month review by CBIF is reasonable, especially given standard NIH/NSF grant review periods and the typical venture fund diligence process timeline.

Dr. Crisp also reviewed the resubmission process relative to the application process timeline. In an effort to bring more complete applications to the Committee for review, and shorten the process timeline, Dr. Crisp suggested for the BioInnovation team to address identified concerns raised during the due

diligence prior to bringing the funding recommendations to the Committee. A discussion ensued.

Dr. Crisp discussed University versus spin-out company applicants; in cases where there is a relationship between the academic collaborator and the company. In certain cases there is question as to who the appropriate applicant should be. He discussed that initial diligence at the beginning of the CBIF process would provide guidance to the applicant as a way to improve efficiency. A discussion ensued regarding guidelines and considerations that could be provided to the applicant. The BioInnovation Team will draft guidelines for review.

Advisory Committee Members as ‘Public Officials’

Ms. Leonardi introduced Glendowyn Thames—current CI Ethics and Compliance Officer and Ethics Liaison—and Christopher Baisden—future CI Ethics and Compliance Officer and Ethics Liaison. Ms. Thames discussed the objectives of the ethics presentation. She stated that due to recent legislative amendments, the CBIF Advisory Committee members are now deemed ‘Public Officials’. She discussed the requirements associated with being defined as a Public Official; including that Committee members must file a Statement of Financial Interest (SFI) with the CT State Office of Ethics, and must participate in Annual Ethics Training.

Ms. Thames reviewed the SFI policies, and the information that is included within the form. Questions and discussion ensued. Ms. Leonardi stated that an informative meeting may be scheduled with a State Office of Ethics representative, should any Committee member have additional questions or concerns.

Strategic Projects Update

Product Development Company

Dr. Cartiera recapped the concept that was previously discussed with the Committee — a for-profit Product Development Company (PDC) which is proposed to have a focus in medical devices. She provided a progress update and discussed next steps.

Bioinformatics Center of Excellence

Dr. Crisp provided a recap of the Bioinformatics Center of Excellence project happenings, discussed the vision of the biocompute facility, and reviewed the facility’s potential business model. He reviewed the project’s next steps.

Other Business

Dr. Lee inquired about exploring the topic of investing in neuroscience in Connecticut. Dr. Cartiera stated interest has been shown in that area, and

that a further discussion is slated to take place with the Committee in future months.

Ms. Leonardi asked the Committee their thoughts regarding CBIF potentially providing follow-on funding to applicants. She stated that part of the spirit of CBIF is to “fund where other funding may not be likely”. A discussion ensued. Ms. Tandler suggested a maximum funding amount that may be requested as follow-on. She suggested that if the applicant’s original milestones are reached, the applicant should reapply at the appropriate time for possible follow-on funding. Ms. Tandler stated that requiring the applicant to reapply will ensure the application is still within the spirit and requirements of the Fund. A general agreement was reached by the Committee members to provide follow-on funding; the applicant may reapply for a maximum of \$500,000 of follow-on funding, once original project milestones have been successfully completed.

Ms. Leonardi asked the Committee for their thoughts on the legislative requirement that a company eligible for CBIF funding must be in operation no more than three years. A discussion ensued. There was general agreement to attempt a legislation change, however further discussion by the Committee would be required to frame a specific change.

Next Meeting: The next meeting will be held on October 15, 2014.

Adjournment:

MOTION: Upon a motion made by Mr. Mendelson, seconded by Ms. Tandler, the Advisory Committee members voted unanimously in favor of adjourning the meeting at 12:15 p.m. VOTE: 10-0-0 (In favor: Farina, Hanks, Lalande, Lee, Leonardi, Mendelson, Slayman, Tandler, Smith, Kaliko). **MOTION PASSED.**