

VALUATION COMMITTEE
of Connecticut Innovations, Incorporated
Minutes – Special Meeting
Friday, September 5, 2014

A special meeting of the **Valuation Committee of Connecticut Innovations, Incorporated** (the “Committee”) was held on September 5, 2014, at the office of Connecticut Innovations, Inc., 865 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Katherine Vick, Chairperson of the Committee, called the meeting to order at 10:05 a.m. Present: James Jordan (by phone), Frank Morse (by phone), Patrick Murphy (by phone), Raghav Nandagopal (by phone), and Katherine Vick (by phone).

Others Attending: John Schuyler and William Sawicki of Marcum LLP

Staff Attending: Heidi Bieber, Matthew Bloom, Kevin Crowley, Stepheni Harpin, Claire Leonardi, Peter Longo, Lillian Mu, Pauline Murphy, Patrick O’Neill, Douglas Roth, Hil Scott, Phil Siuta, Matthew Storeygard, Russ Tweeddale, Dan Wagner, Michael Wisniewski, David Wurzer, and Mark Zhu.

2. **Approval of Minutes:**

Ms. Vick asked the Committee members to consider the minutes of the June 18, 2014 meetings.

Upon a motion made by Mr. Morse and seconded by Mr. Murphy, the Valuation Committee members voted unanimously in favor of accepting the minutes of the June 18, 2014 meeting as presented.

3. **Review of 6/30/14 CI Ventures Valuation Follow-Up Companies:**

- **Axerion, Inc.** – Continue with previous recommendation; make change to ownership percentages on page 1
- **Axiomx, Inc.** – Continue with previous recommendation; no changes recommended
- **CMD Bioscience** – Raising money – no change in recommendation from previous meeting
- **Continuity Control** – Closed on investment, no change in valuation recommended
- **EMME** – No change in status, current cash position discussed, no change to valuation recommended
- **Environmental Energy Services, Inc.** – No change in valuation recommended
- **EpiEp, Inc.** – Recommend change to 25% reserve
- **etouches, Inc.** – Recommended change due to final fundraising closed; valuation consistent with price per share of recent fundraising round

- **iDevices, LLC** – Change recommended due to increase in pre-money valuation stemming from the new investment. Noting potential conflicts of interest Mr. Morse recused himself from any discussion on iDevices, LLC
- **Innovatient Solutions, Inc.** – Change in valuation is recommended due to additional investment, but valuation reserve remains at 25% - no change in reserve percentage
- **Intelligent Clearing Networks (ICN)** – No change to valuation recommended
- **Logicbroker** – Anticipated investment was incorrect, actual investment was \$450k, valuation was changed to reflect actual investment amount
- **Oil Purification Systems** – No change to valuation recommended
- **Remote Reality** – Change was recommended to reflect change in cash position (shortfall that was not known at June meeting); recommended a 50% reserve
- **SchoolChapters, Inc.** – Change in final valuation due to actual consideration received of \$200,569 on June 30, 2014.
- **Skystream Markets** – Change in recommendation to reflect the recapitalization transaction; recommended 100% reserve as CI's position went from 22% in preferred stock to approximately 4.7% in common. Will carry at \$1 as company is still active.
- **Zadspace** – Recommended a 100% reserve on investment balance based on cash position.
- **Public Securities** – Recommend carrying at – June 30th closing price per share
 - Achillion Pharmaceuticals, Inc.
 - Cara Therapeutics, Inc.
 - Nxt-ID, Inc.
 - Power Secure
- **Post-n-Track** – Minor corrections to Security Position Report, but no change in valuation
- **Sustainable Real Estate Solutions** - Minor corrections to Security Position Report, but no change in valuation
- **Other Investments** – Clean-up and write-off non-performing companies. Wrote-off companies that were out of business at fiscal year–end June 30, 2015
- **Pre-Seed/TechStart**– Minor changes due to new funding and accrued interest and conversion to other funds
- **Venture Mezzanine Debt** – Follow up adjustment made for additional principal repayment

The Valuation Committee asked questions regarding Rib-X (Melinta Therapeutics) and why we are not writing off investment instead of just reserving 100%. It was explained that the Company is still active and CI still continues to hold an equity stake in the Company.

It was requested that in the future the Valuation procedures be presented on a one-pager so they are easier to identify reasoning. A question was also asked as to whether anyone looks at the “other investments” to determine if there is value. A discussion ensued and the process for reviewing the other investments category was outlined.

A question was asked as to whether anyone looked at other companies in portfolio not in the requested follow-ups to determine if there were follow changes to be made. Staff indicated that the CIO and deal managers recently looked again at all of the portfolio companies and determined there were no other changes to the valuation recommendations as presented.

4. **Other Business:**

- Discussed committee input to new approaches on presentation of the valuation materials
- Timing of 2015 Review
- The Valuation Committee has been invited to the Eli Whitney Advisory/ Investment Mini-Retreat on November 6, 2014

5. **Comments:**

- Efficient follow-up review – great job
- Summary memo categories worked well, allowed committee to focus on issues

6. **Proposed Timing for FY2015 Valuation Process:**

- April 27, 2015 – Organization Meeting
- Mailing Valuation information mid- to late- August
- Would like to have meeting in September. Suggested dates to look at are September 2, 3, 9, 10 or 11 of 2015 – Ms. Bieber will contact committee members to solidify the meeting date
- Committee invited to provide any input on streamlining the process for next year.

7. **Adjournment:** Upon a motion made by Mr. Morse and seconded by Mr. Murphy, the Valuation Committee members voted to adjourn the September 5, 2014 meeting at 10:55 a.m.

Respectfully submitted,



Katherine Vick
Chairperson of the Valuation
Committee