



**TEMPLE HEALTH AND BIOSCIENCE
ECONOMIC DEVELOPMENT DISTRICT
BOARD OF DIRECTORS MEETING
WEDNESDAY, July 26th, 2017**

Minutes from the Board of Directors Meeting held on Wednesday, June 28th, 2017

The Temple Health and Bioscience Economic Development District Board of Directors conducted their regularly scheduled board meeting on Wednesday, June 28th, 2017, 5:00 pm in the Main Conference Room of the Temple Health and Bioscience District Facility located at 1802 South 1st Street, Temple, Texas.

Members Present:

Thomas Baird, Chair
Michael Norman, Vice Chair
Doug Streater, Secretary/Treasurer
Gregg Strasburger
John Kiella
Brian Reinhardt

Members Absent:

Wendell Williams

The agenda for this meeting was posted on the bulletin board of the Temple Health and Bioscience Economic Development District Facility in compliance with the Open Meetings Law.

The following is a summary of the proceedings of this meeting. It is not intended to be a verbatim translation.

SiMMo3D Update.

Mr. Dodson stated that SiMMo3D has over \$9,000 in sales to date in 2017. Average cost of goods is currently 25% with the goal to decrease the percentage. With current and new contracts the hope is to finish out 2017 with \$40,000 in sales. Since the last update SiMMo3D has increased their customer count from three to eight customers. One customer, Southwest Research Institute, has increased from one department to two departments that are currently working with SiMMo3D. The Department of Orthopedics and Department of



Neurosurgery from Baylor Scott & White are also customers. Integra Life Sciences and Zimmer Biomed are large implant companies that SiMMo3D is in the process of doing business with as well. Tevito and WashSense (start-up companies) are also customers. SiMMo3D has expanded its services to include biomedical implants. SiMMo3D and Integra are in discussions to produce two hundred units of biomedical implants using the Connex3 printer. Mr. Quinn stated that the seed funding would enable SiMMo3D to further enhance their biomedical implant business as well as hire an intern to help with these bulk orders. In addition, the money will be used for marketing and branding. Ms. Annable recommended that the Board Members go to SiMMo3D's website and look at the animated cartoon that describes the company. Mr. Baird asked Mr. Quinn what the projected sales would be for 2018 and 2019. Mr. Quinn stated he did not bring the projections with him, however, they are planning on doing a round of funding with angel investors starting in Q1 2018. Mr. Quinn estimates \$250,000 in sales for 2018 once they establish SiMMo3D in the biomedical market. Mr. Streater asked whether the current printer can handle large scale-ups. Mr. Dodson responded that the Connex3 has the capabilities to print forty of the fingers that were displayed at one time. For an average order of two or three hundred units the turnaround time would be one to two weeks.

1. Meet the 2017 Summer Interns.

Brittany Bass is from Temple, Texas and a junior at Texas A&M. Ms. Bass is majoring in Biological Science. She is working with Dr. Dostal (VA) on heart failure of Alzheimer's Patients.

Mary-Catherine Clark is from Temple, Texas and a sophomore at Texas A&M. Ms. Clark is majoring in Molecular and Cell Biology. She is working with Dr. Glaser (VA) on Liver Fibrosis.

Erin DiFranco is from Long Island, New York and she is a senior at Villanova. Ms. DiFranco is majoring in Biology. It is her fourth summer doing research. Ms. DiFranco is working with Dr. DeMorrow (VA) on hepatic encephalopathy.

Srishti Mathur (not at the board meeting) attends UT Dallas and is majoring in Neuroscience and Biology.

Javier Zaragoza (not at the board meeting) is a senior at UMHB and is majoring in Exercise Physiology. He is working with Dr. Shapiro (MRB) on a mouse model of epilepsy.

Lars Kuslich (Graduate Intern, not at the board meeting) is in the Texas A&M Masters of Engineering and Regulatory Certificate Program. This internship is his last requirement prior to receiving his Master's Degree in BME. Lars will be interning with Dr. Dostal (VA) in two to three weeks.



2. Approve the minutes of the May 24th, 2017 board meeting.

Motion by Mr. Kiella, second by Mr. Strasburger to approve the minutes from the May 24th, 2017 board meeting. Motion carried unanimously.

3. Approve the financial report for the eight-month period ending May, 31st 2017.

Mr. Streater gave a brief overview of the financial report. There are total assets of \$6,253,413 with the bulk representing \$4,146,420 in cash and deposit accounts. THBD also has a property tax receivable of \$33,827 and a \$108,560 Note Receivable. There are Fixed Assets of \$1,950,329 and total current liabilities of \$10,337 with the majority being Accrued Vacation and Sick leave and Customer Security Deposits. This yields a net equity of \$6,253,413. On the Profit and Loss Budget versus actual, THBD has collected \$1,003,067 in Property Tax Revenue. Including Lab and Rental Income the total revenue is \$1,058,426. Total Expenses were \$475,752 (well under what was budgeted) with Ordinary Income of \$582,674. In addition, there was interest income of \$15,889, yielding a net income of \$598,456. THBD has collected 99.0% of the Property Tax owed. There were no outgoing payments in the check register that were unexpected. Mr. Streater pointed out that the two checks made out to Temple College Foundation (\$20,000 and \$2,000) were approved previously by the board

Motion by Mr. Streater, second by Mr. Reinhardt to approve the financial report for the eighth-month period ending May 31st, 2017. Motion carried unanimously.

4. Consider approval of the THBD Vacation Policy.

Vacation policy is as follows:

- First two years - ten days paid vacation.
- Year three and beyond – fifteen days paid vacation.
- Vacation days are assigned at the start of the fiscal year.
- Up to five unused vacation days can be carried over to the next fiscal year.
- Employees can be paid for up to twenty unused vacation days.

Motion by Mr. Streater, second by Mr. Strasburger to approve the THBD Vacation Policy. Motion carried unanimously.

5. Consider approval of the THBD Sick Leave policy.



Sick Leave Policy is as follows:

Each employee receives ten days of sick leave per fiscal year. Allotment of sick leave days are assigned at the beginning of the fiscal year. A maximum of five sick leave days can carry over from one fiscal year to another. Employee may receive compensation for no more than forty unused sick leave days.

Motion by Mr. Kiella, second by Mr. Streater to approve the THBD Sick Leave Policy. Motion carried unanimously.

6. Consider appointing a THBD Interim Executive Director with signature authority on bank account, invoice approval up to \$4,999, and compensation.

Ms. Annable will be the Interim Executive Director with signature authority up to \$4,999 on the bank account. Invoices will be approved by Mr. Baird or Mr. Williams. Mr. Reinhardt will receive the bank statements monthly and Ms. Seger (Accountant) will reconcile the bank statements. Ms. Annable will be given an additional \$1,500.00 per month salary increase.

Motion by Mr. Strasburger, second by Mr. Reinhardt to approve Ms. Annable as Interim Executive Director with signature authority on bank account and compensation. Motion carried unanimously.

7. Consider authorizing the posting of a job description for an additional THBD staff employee.

Ms. Annable requested to table this item until the next board meeting.

8. Consider sponsorship of the Joseph E. and Martha E. Kutscher annual Digestive Disease Research Center Symposium, October 4-6, 2017 not to exceed \$6,000.

Mr. Baird noted that we have sponsored this event in the past and the organizers need the funds prior to the event, therefore a prepayment is required.



Motion by Mr. Kiella, second by Mr. Streater to approve the sponsorship of the Joseph E. and Martha E. Kutscher annual Digestive Disease Research Center Symposium. Motion carried unanimously.

9. Consider authorizing seed funding not to exceed \$25,000 each for THBD tenant companies.

Mr. Hart stated that this seed funding will provide impetus for success of THBD's tenant companies. WashSense should be getting outside funding by September, 2017 and wants to rent additional offices in October, 2017 at THBD. WashSense has already hired an Administrative Director who will be relocating to Temple where she will use one of the offices at THBD. Mr. Hart stated that WashSense's installs were completed successfully. Neurofront Technology is continuing human trials which will then lead them to commercialization of the product. Ms. Annable stated that the overriding theme from all of the companies is that they are ready to start hiring Temple employees. Mr. Hart noted that two of the three companies are already generating income and that is amazing at this early stage. Mr. Baird stated that this will be a philosophical decision from the board based on Mr. Hart and Ms. Annable's recommendation that this seed funding would help jump start these tenant companies. Mr. Baird noted that giving seed money is contrary to what is done individually by the board members in business but Mr. Baird recognizes that to promote start-ups this money is necessary to help them succeed. Mr. Norman wanted to know what the mechanism of payment is, for example, does THBD pay the new employee for each of these companies? Mr. Hart responded by saying that THBD will issue the tenant companies a check for \$25,000. THBD would be funding the tenant's plans and trusting the tenant companies to adhere to these plans. Mr. Strasburger wanted to know how much THBD has already given the companies. Ms. Annable stated that during the 2015-2016 FY THBD gave each company \$20,000 in seed funding. In addition, WashSense received a \$108,000 loan in September 2016. Mr. Kiella stated that he philosophically agrees with Mr. Baird. Mr. Kiella questioned why is it the same amount of money requested from each tenant company? Ms. Annable stated that \$75,000 was left in THBD's budget for the year, therefore Mr. Hart and Ms. Annable divided \$75,000 by three tenants and came up with \$25,000 per company. Mr. Strasburger wants the board to address how often and how much THBD will award to tenant companies in the future. Mr. Strasburger is concerned that THBD could be perceived as an angel investor. Mr. Streater wants to make sure that when the checks are issued to the companies it is understood that this is a onetime event, not a yearly seed funding. Mr. Kiella stressed again that he is in favor of giving the tenants seed funding but not in



favor of dividing the budget line item by three to arrive at the dollar amount. Mr. Kiella wants THBD to come up with a more sophisticated system of allotting monies. Mr. Baird would like to schedule a workshop in the future to discuss the procedure for giving seed funding. In addition, this workshop would address the findings from Ms. Polumbo. Mr. Strasburger voiced a concern over the fact that WashSense asked for more money. Ms. Annable told the board that WashSense did not intend to submit a proposal for funding. When Ms. Annable sent out the email to the tenant companies to ask for the one page proposals, WashSense did not respond. Ms. Annable had to call WashSense to say that WashSense was also included in this round of funding.

Motion by Mr. Streater, second by Mr. Reinhardt to approve authorizing seed funding not to exceed \$25,000 each for THBD tenant companies. Motion carried unanimously.

10. Consider authorizing final compensation for Executive Director, Jack Hart.

Mr. Hart will remain on the payroll as a consultant for THBD until August 15th, 2017. Mr. Hart will receive \$15,000 to be paid in 3 installments. In August, 2017 another discussion will be initiated to determine if Mr. Hart should remain as a consultant and what the compensation would be.

Motion by Mr. Strasburger, second by Mr. Streater to approve authorizing final compensation for Executive Director, Jack Hart. Motion carried unanimously.

11. Consider a professional services contract not to exceed \$10,000 for Carol Polumbo to provide legal opinion on various matters pertaining to the Temple Health & Bioscience District.

Mr. Baird stated that as THBD goes to the next phase of development it is important to make sure that everything that proceeds in the future is according to the Texas Legislation, to the law, and the Texas Constitution. Ms. Polumbo has done work for the District in the past as well as the City of Temple. As THBD moves ahead with TMED and works closely with its Partners it is imperative that money be put to good use within legal parameters to benefit the Citizens of Temple.

Motion by Mr. Kiella, second by Mr. Norman to approve a professional services contract not to exceed \$10,000 for Carol Polumbo to provide legal opinion on various matters pertaining to the Temple Health & Bioscience District. Motion carried unanimously.



12. Consider authorization to file the preliminary FY 2017-2018 budget for the Bioscience District and schedule public hearings on the proposed budget for July 26, 2017 and August 23, 2017 regular meetings at 5:00 p.m.

Mr. Baird will not be present at the July 26th, 2017 meeting. Mr. Norman will act as Chairman for that meeting. Mr. Kiella has a conflict on July 26th as well. Ms. Polumbo will be asked whether a board member can call into the meeting to vote. It is imperative that there be a quorum for that meeting since it will be a public meeting on the budget. Mr. Baird stressed that once the FY 2017-2018 budget is approved it cannot be increased. Monies can be moved around within the budget and the budget can be reduced. Mr. Hart stated that all the board is approving is the actual budget of \$1,139,350 and that the tax base will change again before the final budget is approved.

Motion by Mr. Streater, second by Mr. Strasburger to approve authorization to file the preliminary FY 2017-2018 budget for the Bioscience District and schedule public hearings on the proposed budget for July 26, 2017 and August 23, 2017 regular meetings at 5:00 pm. Motion carried unanimously.

13. Receive activity report from Jack Hart, Executive Director

Mr. Hart gave an update on the prospective new tenant for THBD. Kerem Uygurmen at Inventram in Turkey (the investor) has initiated the process to establish InventramUS Corporation in the United States. This process should be completed in early July, 2017. Then Inventram will initiate the creation of TXEX, LLC which will be the Temple company. TXEX, LLC is now looking at an August, 2017 move-in. Ms. Annable described one of the medical devices that Dr. Cakmak has invented. Mr. Hart mentioned that Dr. Cakmak has neurological devices and Mr. Hart expects there to be synergy between Dr. Cakmak and Dr. Huang.

Ms. Annable attended the Bio International Convention June 19-22, 2017 in San Diego, California with TEDC employees Charley Ayres and Elizabeth Carlton. TEDC was there to support THBD. Ms. Annable stated that there were more than 16,000 attendees at the convention. THBD had 33 appointments scheduled with 25 appointments actually completed. Ms. Annable met with Start-up Companies, Small Business Association, National Institute of Health, University Tech Transfer Agents, as well as numerous State Economic Development Delegates. Four Start-up companies want to visit THBD with one Start-up company (an all women owned company from India) even making an appointment (July 12, 2017) to visit THBD before leaving the booth.



The Office and Laboratory Income Spreadsheet was presented. It is an increase of \$4,509 from last month. A total of \$28,650 has been collected from Lease Funds. The Stratasys 3-D Printer has generated a revenue of \$9,168, the Leica Microscope generated \$5,617, and the Instron has generated an income of \$2,600, generating a total of \$46,035 total revenue for FY 2017. This is money that has been deposited into the THBD checking account. Ms. Annable stated that one of the researchers started to use the Nanostring this month. The payments generated from the Nanostring will not be reflected as income since the payments come off of the grant. Mr. Baird wanted to know if the assay panel kits for the Nanostring have been ordered by the researchers. Ms. Annable responded that the kits have been ordered.

There being no further business, Mr. Baird adjourned the meeting at approximately 6:00pm.

Transcribed by:
Tami Annable, THBD Interim Executive Director