

**Subchapter D Application Process
Commercialization Awards
Texas Emerging Technology Fund**

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CIC Day Guidelines - Topics

- **Perspective**
- **Responsibilities**
- **Management presentation and Guidelines**
- **Management presentation applicant outcomes**
- **Committee deliberations**
- **Additional notes**

These processes were developed by working subcommittees and instituted by agreement of the Texas Emerging Technology Fund Committee.

Commercialization Awards - Perspective

Thank you all for your service to Texas!

- ETF participants are supporting Texas' public policy to foster innovation & commercialization
- Awards are the taxpayers' money including the money of the applicants
- Applicants and RCICs are partners not supplicants
- The goal is to support good companies that may not be able to raise capital in the public markets to bridge them to when they can raise money and thrive
- A key objective is to build capacity in the regions and to build strength at the RCICs

Commercialization Awards - Responsibilities

The Committee

- Evaluate applicants against the legislative criteria
- Forward sound deals to the Leadership
- Leave political decisions to the Leadership

The Regional Centers (RCICs)

- Evaluate applicants against the legislative criteria
- Forward sound deals to the Committee
- Act as stewards, not advocates

Texas Life Science Center (TLSC)

- Provide advice, council and support to the RCICs
- Key focus is scientific and competitive issues

Colleges, Universities, investors and EDOs also play key roles

Commercialization Awards - Presentations

Applicant Day Presentations

- Brief CIC Introduction of the Company – (5 minutes)
 - Brief TLSC report if TLSC was involved in the review
 - Brief report by representative of the RCIC
- Presentations by companies and discussion
 - Management team presentations (20 minutes)
 - Dialogue between management team and Committee members (15 minutes)
- Committee Deliberation – private discussion (15 minutes)
- Committee Feedback to Company and CIC (5 minutes)
- Committee Finalizes Decision if needed (5 minutes)

Commercialization Awards - Guidelines

The presentation and following Q&A is for the management team and Committee members

- Presentations should follow the **standard format** provided by the Governor's office
- We suggest that both the CEO and CFO participate (if early stage, than top point persons for the company)
- CIC members are observers during the presentation and following discussion – they should not participate

Advisors, partners, potential customers are not to attend. Also, CIC members with a financial or other vested interest in one of the proposals should not attend.

Commercialization Awards - Options

On Application Day, Committee Members may

- Forward an application to the full Committee
- Decline an application by unanimous vote
- Put an pre-seed application on the Committee's *Consent Agenda* by unanimous vote

Pre-seed deals have these characteristics

- Requesting \$250,000 or less
- Have raised no more than \$500,000

Pre-seed deals that win awards have the balance of \$1 million set aside for future investment when justified and when milestones are achieved.

Commercialization Awards - Deliberations

Committee Deliberations at the Committee Meetings

- Consent agenda pre-seed deals may be fast-tracked
- All other deals are presented for discussion
 - A Committee member from the application presentation day will provide an objective initial report
 - The Committee will discuss the application
 - The management team may be telephoned for clarification
 - In some cases at the Application Presentation Day, the Committee members may invite management to make a brief presentation
- Guided by the Chair, the group tries to reach consensus
- Lacking consensus, the majority decides

The Committee leaves the room speaking with one voice

Commercialization Awards – Additional notes

Committee members, CIC members and TLSC members with a financial or other vested interest in one of the applicants or in a competitor to one of the applicants should recuse themselves from all proceedings relating to that applicant.

These processes and guidelines were developed over two years and changes may introduce unintended consequences. Work with these processes for at least two more rounds before changing them dramatically.

ETF applicants and award winners are great investments and the role of VCs and investors is critical to Texas' for the success of this program!

The ETF Experience – A personal note

Thanks to the Leadership for their trust.

Thanks to Phil, Mark, Alan, Michael and everyone from the Governor's office for their dedication and support.

Thanks to the RCICs for their incredible hard work in conditions of ambiguity and uncertainty.

Thanks to the Fund 1 Committee members who have shared this experience and from whom I learned so much.

Thanks to the Fund 2 Committee members for agreeing to carry on this important work. Have a great ride!

Thanks to all for your personal commitment to making Texas a center for technology entrepreneurship and commercialization.