i-GATE Joint Board Meeting
Joint Board Meeting Minutes
August 2, 2012

1. CALL TO ORDER – Development Corporation Chairman Tom Hall welcomed attendees to the Joint Boards Meeting and the meeting was called to order at 1:07pm at the i-GATE NEST Commercialization Center, 7693 Longard Road, Livermore, California.

1.1 ROLL CALL – Present

Development Corporation**:** Bjornulf White, Bryan Gillette (phone), Buck Koonce, Dale Kaye, John Mahoney, Marshall Kamena, Sblend Sblendorio, Ro Khanna, Susan Dell'Osso (phone), Tom Hall.

NEST**:** Bjornulf White, Marshall Kamena, Hal La Flash (phone), Jim Caldwell, Shail Khiyara (phone), Jeff Wolf.

Staff and Municipal Partners present**:** Brandon Cardwell, Jim Ott, Mayor Jennifer Hosterman, Mayor John Marchand, Joni Patillo, Marc Roberts, Nelson Fialho, Mayor Newell Arnerich, Mayor Tim Sbranti.

Excused Absences: Bob Carling, Bruce Balfour, Camille Bibeau, Doug Rotman, Joe Calabrigo, Karen Engel, Rick Lazansky, Rob White, Woody Clark.

Late Arrivals: Steve Pinkerton joined at 1:10pm (phone), John Mahoney arrived at 1:14pm, Sblend Sblendorio arrived at 1:15pm, Ro Khanna arrived at 1:33pm, Jim Caldwell joined at 2:00pm (phone).

2. MINUTES APPROVAL – The motion was made by Mayor John Marchand, seconded by Mayor Tim Sbranti, and approved for the meeting minutes from the Joint Boards Meeting held on May 3, 2012.

3. CITIZENS FORUM

Development Corporation Chairman Hall provided the opportunity for any citizen to speak on an item that was not listed on the agenda and closed the item at 1:12pm since there were no speaker cards filled out for comment.

4. REPORT FROM STAFF

4.01 BROWN ACT TRAINING SCHEDULE

Recommendation: Staff recommends that ALL board members must participate in one (1) Brown Act Training Session that will be ordered on multiple dates from late August to early September.

Mayor Newell Arnerich asked if those elected are required to attend the training. Brandon Cardwell answered saying those that have received Brown Act training as elected officials are not required to participate in the training.

4.02 UPDATE: CLIENT RECRUITMENT

Staff provided an update on the client/tenancy process, which included a few new prospects. Mayor Jennifer Hosterman asked how the prospective client VIRES heard about i-GATE. Brandon Cardwell answered stating is was with a referral by a new partner, Kairos Society.

Mayor Newell Arnerich asked what is the common denominator that is attracting potential clients to NEST, and what are the funding sources that attract potential clients. Brandon Cardwell answered by stating being in close proximity with both National Labs (Lawrence Livermore National Laboratory and Sandia Nation Laboratories, CA). Also, clients (current and future) have expressed interest in NEST because of the strong connectivity to government. Dev. Corp. Chairman Hall also answered that adding an internal funding source would serve as a differentiating factor.

4.03 UPDATE: PROGRAMS & ACTIVITIES

Please view PowerPoint presentation on the website at www.igateihub.org under Archives.

4.04 UPDATE: FURTURE NEST FACILITY AT LVOC

Please view PowerPoint presentation on the website at www.igateihub.org under Archives.

Mayor Hosterman commented that over time, she would like to see more facilities branch-out to the rest of the Tri-Valley.

Mayor Marchand stated that moving i-GATE to the LVOC will create more interface with Lab staff by having a more readily accessible space.

Board Member Koonce reiterated that the LVOC is federal land with tight restrictions. However, the connection that the Lab and i-GATE have is attractive to the Federal Government because i-GATE is a non-profit, multi-interest organization.

Mayor Sbranti reaffirmed the move of the of the i-GATE NEST facility to the LVOC as a great move forward, because this is what they advocate for every year in Washington D.C.

4.05 UPDATE: FINANCIAL REPORT

Please view all supporting documents on the website at www.igateihub.org under Archives.

CFO Jim Ott noted that since our last board meeting, we've ended our first full fiscal year as of June 30. Because i-GATE is comprised of two separate corporations—the Development Corporation and NEST—we prepare two sets of financial statements, which were provided for board review. He will soon be submitting these to our CPA to prepare tax returns. He also noted that it can be confusing looking at these two sets of financial statements to get an overall picture of our financial status. An easy way to think about our two corporations is that NEST is the programmatic side of our organization, so it primarily generates the revenues, and since the Development Corporation pays for facility expenses such as rent and overhead, it generates the bulk of expenses. This is reflected in the fact that NEST made a profit for FY 2012 of $37,204, and the Development Corporation experienced a loss of $101,732. From a consolidated perspective, when we offset the loss with the NEST profit, our organization showed a net loss of approximately $64,500 on total revenues of $210,000. Thanks to the generosity of the City of Livermore, we have a credit line that has allowed us to draw funds to cover rent and some

utilities expenses. Our largest expense is the rental of the commercialization center, which is approximately $100,000 per year. Our revenue comes from municipal and corporate donations and grants, as well as some tenant and affiliate fees.

Jim then reviewed a set of projections provided for review, noting that the projections are essentially the same document the board received at the last board meeting, though updated with fiscal year-end numbers and some revised expenses now that we have more information to help us look to the future. Jim stated that he did not change any of the significant projected corporate donations that were presented at the last board meeting. He said that later in the meeting when the board considers the CEO search, a budget that reflects only our known revenue commitments and recurring expenses would be reviewed so that we can see what funds we can count on to hire a CEO.

5. CONSENT CALENDAR

There were no items to report.

6. MATTERS FOR CONSIDERATION

6.01 GOVERNANCE COMMITTEE

Please view the supporting document titled Governance Committee Memo on the website at www.igateihub.org under Archives.

RECOMMENDATION: Staff recommends that the NEST Board ratify the suggested Governance Committee structure and composition.

Board Member Mahoney asked why a Governance Committee is being created for NEST and not for the Development Corporation. NEST Chairman Khiyara responded that there is a pressing need to create this committee for the NEST Board in order to move forward with adding pending board members.

Board Member Jim Caldwell joined the discussion at 2:00pm.

The NEST Board voted for the following: amend the motion, appoint the 5 individuals selected to be a part of the Governance Committee meeting scheduled for August 7th and to report back to ask the NEST Board to approve the recommendations of structure. The five (5) individuals include: NEST Chairman Shail Khiyara, Board Member Jim Caldwell, Board Member Jeff Wolf, Board Member Doug Rotman, and Mayor John Marchand.

The motion was made by Mayor Arnerich, seconded by Mayor Sbranti, and approved by the NEST Board.

Dev. Corp. Chairman Hall called for a 5 minute break at 2:05pm. The meeting reconvened at 2:10pm.

6.02 APPROVAL OF THE NEW BOARD MEMBER NOMINATIONS

RECOMMENDATION: It is recommended that the NEST Board accept the nomination of Rameet Kohli for a two-year Board term to expire in November 2014.

Mayor Sbranti is in full support of adding Rameet Kohli to the NEST Board and believes he will be a great asset.

The motion was made by Board Member Marshall Kamena, seconded by Mayor Sbranti, and approved by the NEST Board.

6.03 CEO SEARCH

Please view the supporting documents on the website at www.igateihub.org under Archives.

RECOMMENDATION: It is recommended that the NEST Board and Development Corporation Board discuss and determine the search parameters and potential salary (including revenue sources) for a CEO to lead both organizations. Options might include: (1) Reduced salary with escalators, (2) Interim position, (3) Part-time.

Board Member Gillette gave a brief overview of the job description and noted that approval is dependent upon proposed requirements to perform the CEO search.

Dev. Corp. Chairman Hall added that the job description was developed through discussions with Brandon Cardwell, CEO White, Bruce Balfour, Board Member Mahoney. To fill-in some of the holes, they also looked at the structure set-up by other incubators and FibroGen. They've also had conversations with potential people for the position.

After looking over the financial statement, Mayor Arnerich asked how i-GATE is going to pay a new staff member when there is already a significant debt. City Manager Roberts commented that outreach to industry is a key skill needed by the prospective CEO. This will be executed with oversight by the Boards. Mayor Marchand confirmed this and also reiterated that with this skill, the financial burden will not rest solely on the Municipal Partners. Dev. Corp. Chairman Hall also commented that the prospective new CEO will most likely not receive more than $6K to $7K per month.

Mayor Arnerich advised that one of the primary tasks of the new CEO will be to raise capital. Dev. Corp. Chairman Hall responded that they will search for someone with deep industry connections to obtain capital.

NEST Chairman Khiyara recommended looking into ways to get operational efficiencies in place before bringing on a CEO, so that he/she can be successful. Dev. Corp. Chairman Hall responded that he and Board Member Mahoney will be meeting with the landlord to renegotiate the current lease/terms to lower costs. Brandon Cardwell also noted that staff is looking into $5,000 to $10,000 in sponsorships to take some of the pressure off the operational costs. Board Member Mahoney responded that sustainable money needs to be raised in parallel with searching for a CEO and to fill-in the gaps so the new CEO can be successful.

Dev. Corp. Chairman Hall indicated that a value proposition needs to be created.

Mayor Sbranti indicated that the revenue development needs to be specific in the job description. Dev. Corp. Chairman Hall confirmed.

Board Member Kaye reaffirmed that fundraising is key for hiring a new CEO. Board Member Koonce responded that tenancy has increased by connections. Funds need to be raised so the R&D space can be built out.

Board Member Caldwell and NEST Chairman Khiyara left the meeting at 2:40pm.

Board Member Khanna asked if a strategic plan has been created to raise funds and if the prospective CEO can find those funds in a short amount of time.

Board Member Kaye asked if the value proposition had been created or defined. NEST Chairman Khiyara responded that it has not. Mayor Arnerich indicated that the value proposition is a secondary issue and can be addressed after deciding to move forward with the original recommendation. Board Member Wolf responded that we can control the balance sheet. The incentive plan is the daily driver.

Mayor Hosterman indicated that she is more supportive of the i-GATE initiative now than in the past. However, she is responsible to the Council and Community of Pleasanton so she needs a better understanding of what is required from the cities to back the payment of the new CEO. Dev. Corp. Chairman Hall indicated to look at it from and ROI perspective. Brandon Cardwell also indicated that i-GATE will not need to return to the cities for additional funds based on the current budget provided. Mayor Marchand also reiterated that the City of Livermore has made a regional investment and has asked other cities to do the same.

The motion to initiate a search for a new CEO was made by Dev. Corp. Chairman Hall, seconded by Mayor Sbranti, and approved by both Dev. Corp. and NEST Boards.

7. MATTERS INITIATED

Board Member Woody Clark was unable to attend the meeting, but he submitted several suggestions for continued engagement of i-GATE, which were read by CFO Jim Ott. Essentially, the suggestions were to stay abreast of CEC and CPUC projects for which we might apply, doing the same as the federal level with the U.S. DOD and DOE, and identify and contact international companies and organizations with whom we could partner.

8. ADJOURNMENT

Dev. Corp. Chairman Hall adjourned the meeting at 3:06pm with a reminder about the next Joint Boards Meeting on November 1, 2012 from 1:00pm-3:00pm at the i-GATE NEST Commercialization Center, 7693 Longard Road, Livermore, California.