
The Massachusetts Life Sciences Center



MLSC Accelerator Loan Program

Launch November 2011

Background

The Massachusetts Life Sciences Initiative – Major Objectives

State investments in the life sciences “Super Cluster” to:

- **Promote economic development**
- **Support the Commonwealth’s world-class academic medical centers, research institutions, universities and industry leaders**
- **Promote a highly skilled and educated workforce**
- **Create an industry-friendly environment**
- **Strengthen and protect Massachusetts’ global leadership position in the Life Sciences**
- **Support the development of treatments, therapies and cures**

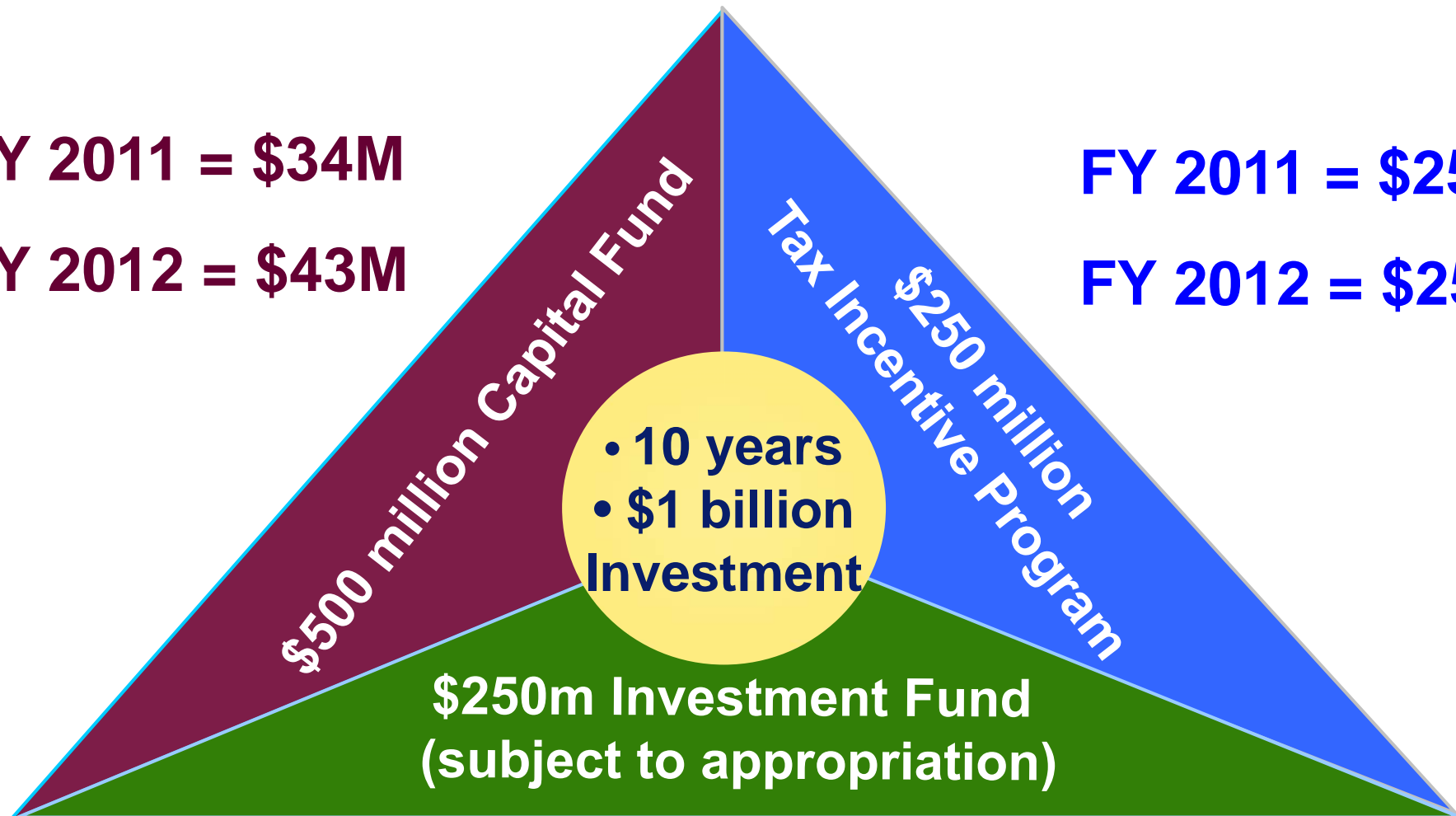
Life Sciences Initiative Investment Tools

FY 2011 = \$34M

FY 2012 = \$43M

FY 2011 = \$25M

FY 2012 = \$25M



FY 2011 = \$10M

FY 2012 = \$10M

MLSC Accelerator Loan Program At-a-Glance

- 5-Year Loan
- \$100-\$750K target range per company
- 10% Interest rate
- Unsecured, Subordinated
- Warrant Coverage of 4%
- Payable on financing event of at least \$5M
- Applicants have raised less than \$7.5M in equity financing
- Preference for matching other sources of capital – At risk capital at 100% supplemented by public/ private grants (up to 1/3 of total loan amount)
- Life science sectors as defined by the statute: device/diagnostics, biotech, pharmaceuticals, bioinformatics, etc.
- Board Observer Rights
- Adherence to MLSC reporting requirements

MLSC Accelerator Loan Program – Eligibility Criteria

Applicants must be a Life Sciences Company, as defined per 2008 statute, with a presence in MA; does not matter where incorporated but must be registered to do business in MA

Companies are not eligible to apply to this Program if:

- **Have received a prior award under the Center’s Accelerator Loan Program or Small Business Matching Grant Program**
- **Have raised \$7.5 million or more in total equity financing***
- **Are majority owned (greater than 50%) by a parent company that is an operating or holding company and**
 - Have raised \$7.5 million or more in total equity financing, or
 - Have received \$7.5 million or more in debt/equity financing from your parent, or
 - Have raised/received \$7.5 million or more from a combination of the prior 2 bullets.
- **Are majority owned (greater than 50%) by a parent that is an investment company, investment partnership, or investment fund and have received \$7.5 million or more in financing from your parent**

*NOTE: An applicant company that reaches the \$7.5 million threshold prior to the closing and funding of the loan will become ineligible for an award under the program.

MLSC Accelerator Loan Program – Eligible Loan Amount (maximum loan = \$750,000)

“At risk” capital defined as:

- **Invested equity (cash for equity)**
- **Debt**
- **Convertible debt into equity**

What is not considered as “at risk” capital:

- **Like kind exchanges**
- **Grants Advance licensing/royalty payments**
- **Revenues**
- **Vendor lines of credit**
- **Vendor payables incurred in the normal course of business**

MLSC Accelerator Loan Program – Eligible Loan Amount (continued)

- “At risk” capital may be supplemented with awarded grants.
- An applicant may count grant amounts toward the requested level of funding. However, the grant matching amount may not exceed **1/3 of the TOTAL AMOUNT of funding requested.**

Examples:

- Example 1: Applicant that has raised \$750,000 in at-risk financing is eligible for a \$750,000 loan.
- Example 2: Applicant that has raised no at-risk financing and been awarded \$750,000 in grants is not eligible for any loan.
- Example 3: Applicant that has raised \$300,000 in at-risk financing and been awarded \$200,000 in grants is eligible for a \$450,000 loan (i.e., \$300,000 at-risk + \$150,000 = \$450,000).
- Example 4: Applicant that has raised \$300,000 in at-risk financing and been awarded \$100,000 in grants is eligible for a \$400,000 loan.

MLSC Accelerator Loan Program Application

- **Online submissions only – paper submissions not accepted**
- **Certification**
 - Identifying information (name, address, etc.)
 - Statutory
 - Projected revenue in MA over next 5 years
 - Plan to achieve revenue goals
 - Estimated number of full time MA employees over next 5 years with projected average salaries
 - Taxable income generated by these employees
 - Method to achieve diverse workforce
 - Agreement with bank participating in Capital Access Program, if applicable
 - Documentation for project certified by Economic Assistance Coordinating Council
 - Good corporate actor
 - Certificate of good standing – both Secretary of State and Department of Revenue

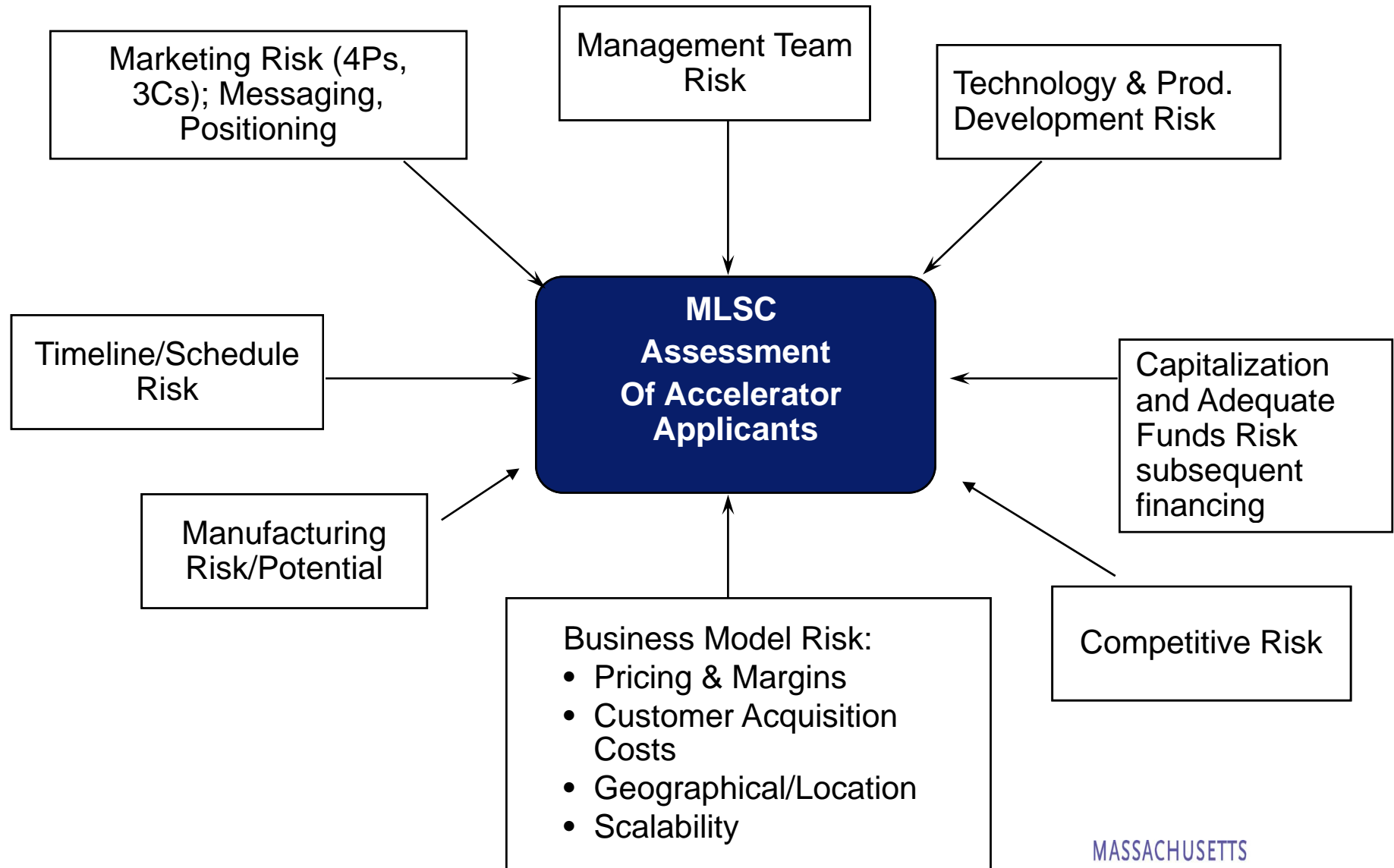
Business Plan

**Narrative form in PDF. No more than 15 pages in total.
11 pt. font.**

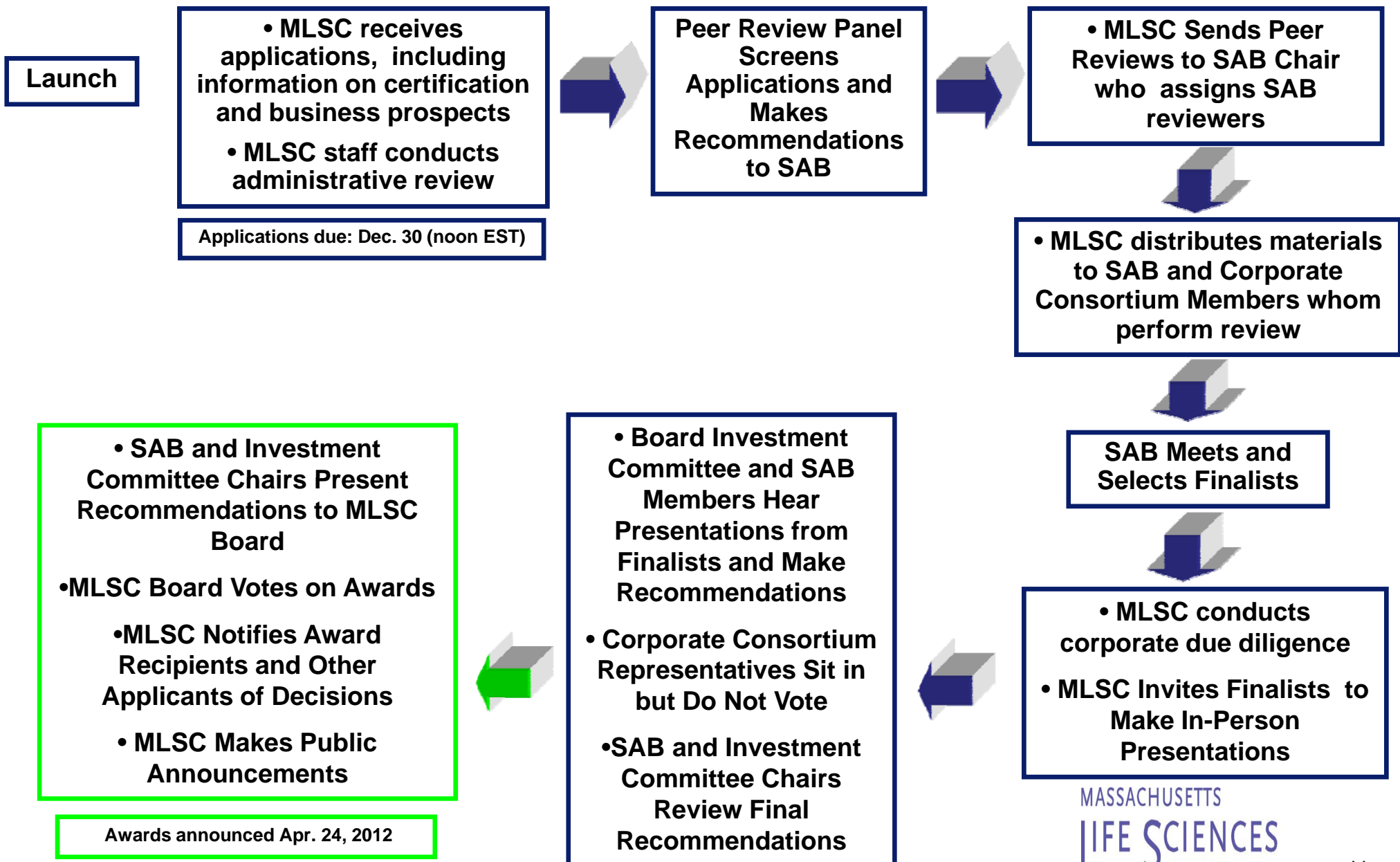
Outline:

- **Executive Summary (1-2 pages)**
- **Science/Technology/ Product/Service/Industry (1-2 pages)**
- **Opportunity**
- **Market Analysis**
- **Competition**
- **Clinical/Regulatory Pathway**
- **Outlook/Benchmarks/Development Plans (1-2 pages)**
- **Management Team (no more than 1 page)**
- **Financials**
- **Work Plan for use of MLSC Funds**

MLSC Accelerator Loan Program: Evaluation Criteria



MLSC Accelerator Loan Program – Implementation Plan (duration ~6 months)



Leveraged Impact – Corporate Consortium Program

The Center continues to leverage the public tax dollars that we invest by attracting matching dollars from the private and non-profit sectors.

- Johnson & Johnson was the inaugural member in our Corporate Consortium Program
- In 2010, sanofi-aventis became the second member of the program



Johnson & Johnson

sanofi aventis

Because health matters

J&J and sanofi-aventis each committed a minimum of \$250,000 per year for two years to match investments made by the Center in early-stage companies.

MLSC Corporate Consortium Program

Program Highlights

- **MLSC conducts sourcing, due diligence and administrative review**
- **Applications are assessed via Peer review, SAB review and presentations by finalists**
 - Consortium members lend expertise
- **Consortium members are able to see all applications sourced by the Center via a secure web portal**
- **Consortium members observe the SAB review meeting as well as the in-person presentations by finalists**
- **Final investment decisions are made by MLSC's Board of Directors**
- **Consortium members can pursue discussions with other applicants of interest that are not funded by the MLSC**
- **Applicant may exclude application from being reviewed by consortium members**

Information Sessions

Date (2011)	Host and Location	Time
Nov. 17 th	MLSC Session at: 1100 Winter Street, Center entrance, Waltham	9:30 to 11 am
Nov. 29 th	MBI/WPI Session at: Gateway Park, 60 Prescott St., Worcester	9:30 to 11 am
Nov. 30 th	MassBIO Session at: MassBIO, One Cambridge Center, Cambridge	9:30 to 11 am
Dec. 7 th	Salem State University Session at: Enterprise Center, 121 Loring Ave, Salem	9:30 to 11 am
Dec. 9 th	University of Massachusetts, Dartmouth Session at: ATMC, 151 Martine St, Fall River	9:30 to 11 am
Dec. 12 th	MLSC Session at: 1100 Winter Street, Center entrance, Waltham	9:30 to 11 am

Email questions to:
Accelerator@Masslifesciences.com

Other Programs for Small Businesses

Small Business Matching Grant Program Overview

- **Small Business Matching Grant (SBMG) program— launched in 2010 — matches federal small business grant funding for early-stage life sciences companies**
- **Grantees must have received an SBIR/STTR Phase II, post Phase II, or equivalent award(s) from federal agencies within the last ten years**
 - Program grants will match federal SBIR /STTR grants on a dollar for dollar basis, up to \$500K
- **Grants to support life sciences companies that have developed new commercialization-ready technologies to increase production and create manufacturing jobs in the Commonwealth**
- **In May of 2011, the Center awarded \$500,000 in grants to four companies**

Internship Challenge Program

Background:

- In January 2009, the Center launched its Internship Challenge, a workforce development program focused on enhancing the talent pipeline for Massachusetts life sciences companies
- The program creates internship opportunities across the state at small companies that otherwise would not have the means to host interns

How the program works:

- College students submit their application online via the Center's website and host companies review applications, interview, and hire candidates
- The Center reimburses companies (with 100 or fewer employees) for stipends paid to their interns -- **up to \$15 per hour for up to 12 weeks**
- To date, the Center has paid \$3.8 million in stipends under this program
- In fall 2011, the Center began offering the Internship Challenge Program during the academic year

Keeping in Touch

www.masslifesciences.com

- News updates
- Program Information
- Application portal

Life Sciences Center Email List

- 3,000 recipients
- Quarterly E-Newsletter
- Sign up today!

Portfolio Companies: Examples

MLSC Accelerator Loan Portfolio Update – 2009 Awardees

Good Start Genetics (Cambridge, \$500,000)

- 2010: First company to repay its Accelerator loan after raising \$18 million in private financing
- 2011: Leases a 15,000-square-foot facility in Cambridge, moves from incubator space at the Boston University Photonics Center
 - 25 employees; plans for 35 by mid-2012.
 - Projects Q4 2011 launch of pre-pregnancy screening service for genetic diseases



InVivo Therapeutics (Cambridge, \$500,000)

- 2010: Second company to repay its Accelerator loan after raising \$13 million in private financing
- 2011: Announces a strategic collaboration with the University of Miami's "Project to Cure Paralysis" to combine their therapeutic approaches and develop novel treatments for spinal cord injuries

MLSC Accelerator Loan Portfolio Update – 2010 Awardees

Aura Medsystems

(Duxbury, \$750,000)

- 2010: Receives **\$244,500 in tax credits** through the federal Therapeutic Discovery Tax Credit Program for their their project involving light-activated Soft Tissue Repair (laSTR)

4s3 Biosciences

(Medford, \$660,000)

- 2010: Receives **\$244,500 in tax credits** through the federal Therapeutic Discovery Tax Credit Program for their project involving Myotonic Dystrophy Type 1.

Avaxia Biologics

(Wayland, \$375,000)

- 2011: Awarded a **\$2.9 million contract from the Biomedical Advanced Research and Development Authority (BARDA)** to explore treatments for GI damage following radiation exposure
- 2011: Wins a **\$145,000 Phase I SBIR grant from NIH** to develop a new orally-administered antibody therapeutic for celiac disease (potential for additional \$1M if results are promising)