

Sunset Public Hearing Questions and Answers for
Tennessee Technology Development Corporation
(Launch Tennessee)

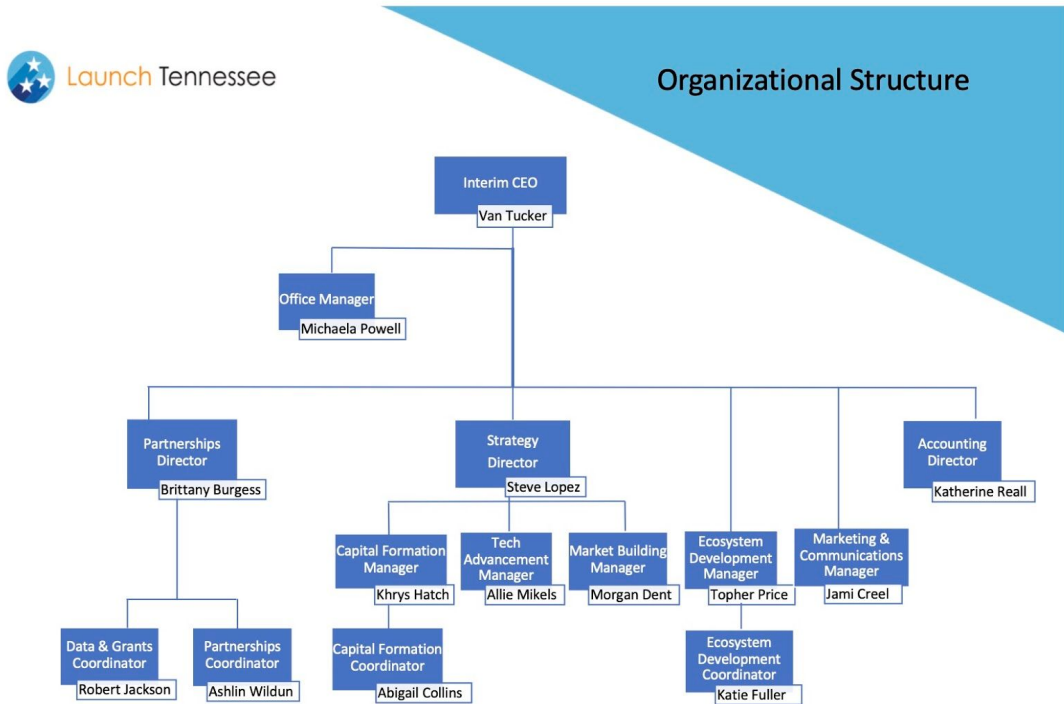
Created by Section 4-14-301, *Tennessee Code Annotated*
(Sunset termination June 2021)

Enabling Statute, Purpose, and Rules and Regulations

1. Please provide a brief introduction to the Tennessee Technology Development Corporation, including information about its purpose, statutory duties, staff, and administrative attachment.

Tennessee Technology Development Corporation dba Launch Tennessee is a private not-for-profit corporation with the purpose of empowering Tennessee’s entrepreneur ecosystem. Partnering with Entrepreneur Centers in seven regions, four statewide industry mentor networks, and Bunker Labs (supporting veteran entrepreneurs statewide), LaunchTN facilitates collaboration among entrepreneurs, innovators, researchers, ecosystem builders, the private sector, capital sources, institutions, and government.

Section 4-14-305 outlines LaunchTN’s statutory functions, which are discussed in detail along with LaunchTN’s activities and accomplishments in Question 12. Our current staff and responsibilities include:



2. Has the Commissioner of Economic and Community Development promulgated rules and regulations to accomplish the purposes of the corporation as authorized by Section 4-14-309, Tennessee Code Annotated? If so, please list/cite.

The TNECD website links to LaunchTN’s website, which provides public access to our [charter and by-laws](#).

Organization

3. Provide a list of current members of the board of directors and the members of the executive committee. Please describe how membership complies with Section 4-14-303, Tennessee Code Annotated. Who appoints members?

Launch Tennessee Board of Director Terms						
Board Member	Appointer	Region	Sector	Renewal Term Expiration	Race	Notes
Rep. Susan Lynn	Governor	M	Public	6/30/25	White	
Julia Polk	Governor	M	Private	6/30/22	White	Executive
Thomas Zacharia	Governor	E	Public	6/30/23	White	
Brian DeBusk	Governor	E	Private	6/30/20	White	Resigned. Waiting on Gov appointment
Denny Wayne Robinson	Governor	E	Public	6/30/23	White	Municipal league rec'd to Governor
Dawn Patrick	Governor	M	Private	6/30/23	White	Audit
Stacey Patterson	Speaker of the House	E	Public	6/30/25	White	
Rep. Patsy Hazlewood	Speaker of the House	SE	Public	6/30/24	White	Audit
David Waddell	Speaker of the House	W	Private	6/30/25	White	
Richard Smith	Speaker of the House	W	Private	6/30/23	White	
Senator Bo Watson	Speaker of the Senate	E	Public	6/30/23	White	
Hash Hashemian	Speaker of the Senate	M	Private	6/30/25	Non-white	
Steve Crawford	Speaker of the Senate	E	Private	6/30/24	White	Waiting on reappointment letter
Brian Noland	Speaker of the Senate	E	Public	6/30/21	White	
Shawn Ginter	Launch Tennessee BoD	M	Private	6/30/22	White	
Calvin Anderson	Launch Tennessee BoD	W	Private	6/30/25	Black	
Kristina Montague	Launch Tennessee BoD	E	Private	6/30/25	White	
Alan Bentley	Launch Tennessee BoD	M	Private	6/30/23	White	
Marci Harris	Launch Tennessee BoD	OOS	Private	6/30/24	White	
Frank Williamson	Launch Tennessee BoD	SE	Private	6/30/24	White	Executive, Audit
Bruce Doeg	Launch Tennessee BoD	M	Private	6/30/26	White	Vice Chair, Executive
A.J. Bahou	Launch Tennessee BoD	M	Private	6/30/23	White	Secretary/Treasurer, Executive, Audit
Bob Rolfe	Ex-Officio	N/A	N/A	N/A	White	Chair, Executive
Tom Ballard	Emeritus	N/A	N/A	N/A	White	

4. Are there any vacancies on the board of directors? If so, what steps have been taken to fill the vacancies?

There is one vacancy on the board due to the inability of Dr. Brian DeBusk to sit for reappointment by the Governor. The Governor’s office is reviewing potential candidates for appointment.

5. How many times did the board of directors and the executive committee meet in fiscal years 2019 and 2020, and how many members were present at each meeting? Were there any meetings in 2019 or 2020 in which the board of directors or the executive committee failed to achieve a quorum?

There were no meetings which failed to achieve a quorum.

FY 2019 Board Dates

Date	Number Present
7/19/2018	13
10/9/2018	14
1/16/2019	18
4/18/2019	12

FY 2019 Exec Cmt Dates

Date	Number Present
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FY 2020 Board Dates

Date	Number Present
7/18/2019	12
10/17/2019	12
1/16/2020	14
4/16/2020	15
5/28/2020	16
6/18/2020	15

FY 2020 Exec Cmt Dates

Date	Number Present
1/2/2020	5
4/2/2020	5

6. Do the number of meetings of the board and the executive committee comply with Section 4-14-303(i), Tennessee Code Annotated, which limits the number of times the board and the executive committee can meet in a calendar year?

Yes. In 2019, the board met 4 times, and in 2020, the board met 6 times. In 2019, there were no executive committee meetings, and in 2020, the executive committee met two times.

7. What per diem or travel reimbursement do members of the board of directors and the executive committee receive? How much was paid to board members during fiscal years 2019 and 2020?

February 19, 2020 reimbursement to Denny Wayne Robinson \$259.51 for hotel expense for January 16, 2020 board meeting in Nashville.

Financial Information

8. What were the Tennessee Technology Development Corporation's revenues and expenditures for fiscal years 2019 and 2020?

Please see **Attachment A - Operating Statements for FYE2019 and FYE2020**

9. Does the Department of Economic and Community Development compile and submit the budget for the Tennessee Technology Development Corporation?

TNECD compiles and submits LaunchTN's budget in conjunction with their annual budget.

10. Does the Department of Economic and Community Development provide administrative support to assist the board of directors and the executive committee (e.g., staff to take meeting minutes, provide travel reimbursements, schedule meetings, etc.)?

A representative from TNECD staff provides any necessary administrative support for the LTN board of directors, executive committee, and staff.

Sunshine Law, Public Meetings, and Conflict of Interest Policies

11. Is the Tennessee Technology Development Corporation subject to Sunshine law requirements (Section 8-44-101 et seq., Tennessee Code Annotated) for public notice of meetings, prompt and full recording of minutes, and public access to minutes? If so, what procedures does the board have for informing the public of meetings and making minutes available to the public?

Annual board meeting dates are established at the beginning of each fiscal year for quarterly board meetings, which are published on our website, as well as the public notice bulletin board inside the Cordell Hull building in Nashville. Minutes of each board meeting are recorded, approved by the board of directors, and are available to the public upon request.

12. Does the corporation have policies in place to address potential conflicts of interest by board members, staff, or other related parties?

Please see **Attachment B, Conflict of Interest Policy**. Each board and staff member are required to sign COI Disclosure and Policy Acknowledgement on an annual basis.

Reports, Major Accomplishments, and Proposed Legislative Changes

13. Section 4-14-304(5), Tennessee Code Annotated, requires the corporation to submit an annual report to the Governor and the General Assembly and to hold a public meeting to receive comments regarding the report. Please attach copies of the last two annual reports and provide information about any public meetings held. For example, when and where were the public meetings held and how was notice of the annual public hearing given? What record is kept of the public comments received at the public meetings?

Out last two annual reports are linked here:

2018 Annual Report and 2019 Annual Report

Public meetings are held annually in April, are posted on our website and on the public notice bulletin board inside the Cordell Hull building in Nashville. In FY19, our public meeting was on April 24, 2019; 8th floor, Room D; Cordell Hull building at 2:00 p.m. and in FY20, due to pandemic restrictions, we were unable to hold our public meeting for FY20. There were no public comments in FY19. Public comments are recorded, and are available to the public upon request.

14. Please describe the nature and extent of the corporation's activities and any major accomplishments of the past two years. Specifically, describe actions taken by the corporation to address each function detailed in Section 4-14-305, Tennessee Code Annotated.

LaunchTN's major accomplishments are detailed below and organized into three strategic focus areas accompanied by the seven functions in the Section 4-14-305 Tennessee Code Annotated that they address. The three strategic areas are Advanced Commercialization of Research & Innovation, Capital Formation, and Entrepreneurial Infrastructure and Culture.

Advanced Commercialization of Research & Innovation - 2,6

LaunchTN has a robust toolkit to support bringing scientific research to market through engagement with institutions and private corporations from across the state. Below we detailed resources provided including funding, curriculum, convening and mentorship that supports functions 2 and 6.

(2) Promote or direct activities aimed at driving innovation and entrepreneurship in pursuit of economic growth in the state's key business sectors;

(6) Foster cooperative and collaborative associations between universities, research organizations, corporations, and individuals that will enhance technology transfer opportunities and lead to the creation of new products, services, and jobs in Tennessee.

Mentor Networks

The LaunchTN Mentor Networks initiative is designed to help early-stage companies based in Tennessee develop a compelling commercialization strategy and prepare for funding and growth. Developed in 2015, the initiative supports companies in the life science and advanced energy industries through partnerships with Life Science Tennessee and the Tennessee Advanced Energy Business Council. The Networks engage experts from across Tennessee's research institutions, big corporations, and industry organizations to act as mentors guiding companies through the program to achieve custom milestones during the program

To date, current and alumni companies have raised over \$14m in private capital and won over \$17m in grants. There have been 31 participants in the last two years with 8 startups completing the program.

In FY20, LaunchTN received a sizable grant from the U.S. Economic Development Administration (EDA) to support both the enhancement of the existing **life science** and **advanced energy** Mentor Networks and the expansion of the Networks into two additional industries - **agriculture** and **automotive**. Partners for these two additional Networks will be onboarded in FY21 and LaunchTN has already engaged leaders in the industry from the state including Eastman Chemical, The University of Tennessee Research Foundation, The University of Tennessee Agricultural Institute and TennSmart.

Commercialization Workshops

LaunchTN partners with universities, research institutions, and others across the state to present the commercialization resources and opportunities available to researchers; including extensive sessions about SBIR/STTR grant opportunities led by experienced consultants and past grant recipients.

In the past two years, we have facilitated 24 workshops (in-person and virtual) with over 500 attendees.

Commercialization Microgrants

To complement the mentorship and workshops, LaunchTN provides small grants (up to \$6K) to companies applying to SBIR/STTR so that they can engage the expertise of a seasoned grant writing consultant. This substantially increases their odds of winning the award, while allowing the founder to remain focused on developing their technology.

Since the beginning of LaunchTN's microgrant initiative in 2018, 51 microgrants have been awarded to Tennessee companies, with a win rate for those companies at 50% - more than double the national average of less than 20% across all federal agencies.

With these efforts, we have seen a steady increase in both the number and dollar amount of SBIR/STTR awards, impacting a 38.5% increase in the number of SBIR/STTR awards to Tennessee companies from 2018-2019.

Capital Resources - 3, 4, 5

LaunchTN has tested and developed a capital stack to support companies' ability to scale locally, growing their technology and team capabilities. The goal is to eliminate financial barriers for all founders with a promising new business idea or solution addressing functions 3, 4 and 5.

- (3) Identify, develop, and administer funding or services crucial for early-stage business growth and development, including public or private funding or services, grants, loans, or equity;**
- (4) Develop and administer capital programs that will strengthen the state's investing climate;**
- (5) Lead or support efforts to increase the amount of early-stage capital available for investment in small businesses**

Investor Relations

LaunchTN's Investor Relations Strategy is to increase the availability of capital by proactively engaging investors across Tennessee, the U.S., and Internationally. We do this by convening investors, attending conferences and networking events around the country, and seeking out opportunities to position Tennessee as a thought leader in innovation. We use those tactics to connect with investors and help them navigate to opportunities to engage and invest in Tennessee.

Highlights from FY19 & FY20:

- 200+ investors at 36|86 over the last two years
- Facilitated 400+ meetings between investors and entrepreneurs at 36|86
- Hosted a Tennessee Opportunity Zone Investors Luncheon for accredited investors, featuring national speakers 6 regional events promoting 36|86 to investors and entrepreneurs in Louisville, Knoxville, Memphis, Chattanooga, and Nashville
- Attended and/or participated as a speaker at over 13 conferences and venture related events across the country.

INCITE

Created in 2011 using \$28.8M of federal funding awarded under the State Small Business Credit Initiative, the INCITE Fund, administered by LaunchTN, matched a portion of investments in Tennessee-based companies. As of 2018, all \$28.8M has been invested, leveraging \$87.8M in private capital. The portfolio currently has 19 active companies. To date, the INCITE fund has attracted an additional \$95 million in follow-on capital, for a total of more than \$200 million invested in Tennessee companies. In 2018-19, these companies raised more than \$22 million in additional investment and grants and employed more than 450 people in a variety of job classes and industries.

Returns from these investments are now fueling the next wave of economic growth through the Impact Fund.

The Impact Fund

Launch Tennessee established the Impact Fund in 2017 to invest in scalable, innovative Tennessee-based startups. The Fund has been seeded by returns on investments from the LaunchTN-managed INCITE Fund., The Fund matches private investment at varying ratios designed to support development of a diverse network of founders.

Launched in FY20 with \$5.4M AUM, The Impact Fund provides in-demand capital solutions for scalable early-stage companies. By creating a continuum of capital resources for Tennessee startups, we promote financial opportunity for all citizens.

Angel Tax Credit

As noted by the Kauffman Foundation, once a startup founder has used the majority of their own resources to fund a company, a timely investment from an Angel Investor “makes a critical difference to the success of the firm.” In 2017 the Tennessee General Assembly implemented the Angel Tax Credit, which awarded investors a non-refundable tax credit worth up to 33% of their qualifying investments to be used against their Hall Income tax liability. As the administrator of the Angel Tax Credit program, Launch Tennessee has been tasked with evaluating companies seeking to be enrolled in the program, as well as, evaluating applications for the credit submitted by Angel Investors. These evaluations consisted of ensuring that applications from companies and investors met the requirements set by the law.

The results since inception (tax year 2017):

- 96 companies applied to be included in the program
- 90 companies were deemed eligible for qualified investments
- 29 companies received ATC qualified investments
- 90% of companies who received ATC investment are still in business
- \$4 million of investments were made by new investors (had not made an angel investment in the 2+ years prior to the investment)
- 170 applications from investors were submitted for the Angel Tax Credit
- 115 applications for the ATC were approved

In summary, approved applications for the ATC represented approximately \$8.6 million in investments across 29 companies, for which approximately \$2.5 million of Angel Tax Credit was granted.

SBIR/STTR Matching Fund

LaunchTN helps innovators commercialize their technology by providing matching grants to TN-based companies receiving federal R&D grants. The Fund serves to accelerate commercialization/tech transfer by supplementing the SBIR/STTR grant (which funds R&D) with money that can be used for other business purposes (business development, website development, sales/marketing, hiring additional employees, etc.).

The SBIR Matching Fund launched in FY18 and has awarded \$6 million to 52 companies, leveraging almost \$24 million in federal dollars and resulting directly in 67 new hires. Half (50%) of these companies have underserved (female, minority, and/or veteran) representation in their executive leadership; and the average salary across all companies is more than \$67K.

In a June 2020 survey of all Matching Fund recipients to date, 60% of companies had gone on to raise private capital, and 58% have since generated revenue.

Entrepreneurial Infrastructure & Culture - 1; 7

A crucial element of the network is accessible infrastructure providing a clear path for entrepreneurs to access resources such as curriculum, mentorship, connectivity, and vetted partners to bring their idea to market. LaunchTN supports a statewide network of partners and resources through funding and strategic support addressing function one and seven.

(1) Support entrepreneur centers or small business support groups committed to providing business and technical assistance to current and aspiring entrepreneurs across the state.

(7) Promote entrepreneurship in Tennessee by building awareness of activities, programs, and small business outcomes with media across the state, region, and country.

Network Partners

Launch Tennessee empowers a high-functioning network of resources focused on core priorities that support Tennessee's entrepreneurial ecosystem. Through our network of Entrepreneurs Centers and partner organizations across the state, LaunchTN fosters collaboration among entrepreneurs, the private sector, capital sources, institutions, and government to offer entrepreneurs what they need to succeed and stay in Tennessee to build companies and create jobs.

The Network Partners act as boots on the ground entrepreneurial support in their communities, essentially serving as the front door for entrepreneurship. With 7 entrepreneur centers in Memphis, Jackson, Nashville, Tri-Cities, Knoxville, Cookeville, and Chattanooga, their work is augmented by 4 industry mentor networks (Life Science Tennessee, Tennessee Advanced Energy Business Council, AgLaunch, and TENNSmart) and Bunker Labs, an organization supporting veteran entrepreneurs statewide.

In FY19, our Network Partner startups raised \$96.3 million in outside capital (investment from outside the NP organization) which enabled them to add 146 jobs. The Network Partners hosted a total of 651 events throughout the year, engaging 2,225 entrepreneurs and startups.

In FY20 our Network Partners reported a total of \$3.3 million of their own funds invested in 61 TN startups, along with 192 startups reaching an outside funding event. Approximately 60% of those startups represented diversity with respect to demographics and geography. Our Network Partners worked with 100+ corporations or institutions to facilitate market access connections with 70 Tennessee startups. Network Partner programs (including accelerators, coding camps, high school entrepreneurship courses) graduated over 8,000 participants and resulted in 36 new jobs added. Altogether, the Network Partners hosted 498 events throughout the year which drew 23,000+ participants (including to virtual events) and their programming covered 61 of the 95 Tennessee counties.

Virtual Entrepreneurship Program

In 2020, we launched the Virtual Entrepreneurship Program, an educational course available on-line, aimed at supporting entrepreneurs in areas outside of our Network Partner service areas. The course provides 18+ hours of video content developed by our educational partner, The Entrepreneurial Mind. We have also hosted free topical webinars (including discussion and time for Q&A) as well as provided free office hours with the instructor. Our first cohort enrolled 45 entrepreneurs representing 18 Tennessee counties.

Bundled Initiative

In partnership with startup *ItsBundled*, the Bundled Initiative helps to provide technical assistance to companies focused on a variety of verticals including but not limited to marketing, sales, finance, strategy, legal, and technology development. Bundled directly helps a startup accomplish its next milestone(s) at hand, and investment dollars to serve both the startups and service providers. Not only does this assist startups with achieving milestones for their business, but it also provides statewide visibility for Tennessee startup service providers outside their respective regions and discounted service rates to our startup community. The startups are nominated for selection by their respective regional Entrepreneur Center or Mentor Network. Typically, these businesses are past the idea/beta stage and have demonstrated market fit and an established customer base.

Since its inception in 2019, Bundled has served 16 startups and generated over \$32,000 in savings from negotiated discounts on behalf of startups. From investor relation packages, marketing and website rebrands, to legal assistance and tech development,

Workforce Development

Workforce development is a crucial part of our strategy to support the growth and attraction of innovative technology firms in Tennessee. Our initiatives support both educating talent and connecting the job seekers with companies hiring to create a marketable pool that draws and retains new businesses to our state.

Internship program

Over the past two years, LaunchTN has greatly expanded its summer internship program providing affordable seasonal talent to Tennessee startups and exposing college and university students to the Tennessee innovation ecosystem. LaunchTN provides 60% of the intern stipend amount, recruits, screens,

and matches student applicants with the startups, and handles all onboarding, payroll, and administrative functions of the program.

In FY19, we were able to match 32 interns with 22 host companies across the state. The intern cohort included 20% minority students, 64% female students, and 41% from out of state schools. The student engagement with their startup host continued with a 60% retention rate at the end of the program (students who would continue to work for their startup). In FY20, we placed 52 interns with 36 host companies representing East, Middle, and West Tennessee, a 63% increase year over year. Our cohort was represented by 38% minority students, 58% female students, 54% out of state students.

Job board

In 2019, LaunchTN launched a Startup Job Board, the centralized go-to for anyone looking to work for a startup in Tennessee. The job board features 96 Tennessee-based startups from across the state and averages 150+ active postings at any given time. Over the last 16 months, the site has drawn over 4,000 unique users.

36|86 Festival

For five days in August, entrepreneurs, investors, and ecosystem builders come to Tennessee for 36|86 Entrepreneurship Festival, one of the largest events for innovators in the Southeast. Hosted in Downtown Nashville the event features top-tier speakers, innovative programming, and investor:entrepreneur matchmaking. The 36|86 Festival is Tennessee's most important branding opportunity for entrepreneurship, innovation, and investment; a prime occasion to shine a spotlight on our entire state's diverse entrepreneurial community and thriving innovation economy. It's a chance for investors to meet founders, for entrepreneurs to mingle with like-minded business people, and for policymakers and thought leaders to share insights, guidance, and lessons learned.

Over the last two years the festival has drawn to Tennessee over 1,200 attendees each year, from 33+ states, with over 200 investors actively seeking investment opportunities.

15. What steps have been taken to protect the confidentiality of records containing trade secrets or commercial or financial information as required by Section 4-14-308, Tennessee Code Annotated?

During its normal course of business, Launch Tennessee will collect and review various commercial and financial documentation and materials as part of the due diligence process for companies seeking investment capital. The information collected by Launch Tennessee as part of the due diligence process is stored digitally and is not made available to the public; only internal personnel and investment committee members responsible for making investment decisions have access to the corporate documents and information.

In addition to ensuring confidentiality of records containing trade secrets and commercial financial information is protected through strict, well-defined business processes and policies, Launch Tennessee stores all digital files and records on a secure IT network. Specifically, Launch Tennessee utilizes Google's G-Suite platform for non-profits which provides secure access for all Launch Tennessee employees. The Launch Tennessee network is capable of logging and auditing all system activity including, logins, groups, administrative tasks, and file storage. The G-Suite platform uses 256-bit secure encryption (HTTPS), and all network activity is logged and stored for six months. In terms of technical specifications, the G-Suite platform is audited and certified by the following third parties: ISO 27001, ISO 27017, ISO 27018, SOC 2 and FedRAMP.

16. Describe any items related to the corporation that need legislative attention and your proposed legislative changes.

The current version of our bylaws and charter posted on our website does not reflect amendments and legislative changes affected in 2009 and 2018. After legal review, the Executive Committee of the LaunchTN board has recommended approval of Amended and Restated Bylaws and Charter that reflect these changes, to be approved by the full board of directors at our next meeting in October, 2020.

Further, after legal review, we would like to propose the following legislative changes to our bylaws:

Suggested revision of Section 5.1 of the TTDC Bylaws:

Meetings of Board and Committees. The Board shall hold an annual meeting each year at such time and place set by the Board. By resolution, the Board may establish a date or dates on which regular meetings of the Board or any committee shall be held between annual meetings. Special meetings of the Board may be called at any time by the Chair, the President, the Secretary or any two (2) Directors, provided that the Board shall not meet more often than eight (8) times in a calendar year. A committee of the Board may meet on the dates established by the Board, or, if none, on the date set at its previous meetings or when earlier called by its chair or by a majority of its members, provided that the Executive Committee shall not meet more than four (4) times in a calendar year.

Suggested revision of Section 5.8 of the TTDC Bylaws:

Virtual Meetings. Participation by members of the Board or any committee designated by the Board in any meeting of the Board or committee shall be permitted by means of telephone conference, videoconference, webinar or other means of which all persons participating in the meeting can hear each other and observe any presentations or materials provided in real-time display. Notice of any meeting by virtual conference shall be in accordance with paragraph 5.3. Such notice shall state that the meeting will be conducted virtually. Participation in such a virtual meeting pursuant to this paragraph 5.8 shall constitute presence in person at such meeting for purposes of quorum requirements and voting and for all other purposes not prohibited by applicable state law. The Directors shall be promptly furnished a copy of the minutes of any meeting held under this paragraph.

17. Should the Joint Government Operations Committee recommend an extension of the sunset date for the Tennessee Technology Development Corporation? To what extent and in what ways would the absence of the corporation affect the public health, safety, or welfare?

Yes. Since its inception, TTDC dba LaunchTN has built a unique state-wide network that empowers 12 network partners through seven entrepreneur centers, 4 industry mentor networks and Bunker Labs to make Tennessee the most start-up friendly state in the nation. The impact of LaunchTN has resulted in a more cohesive, collaborative environment for entrepreneurs, innovators, researchers, ecosystem builders, the private sector, capital sources, institutions, and government. One of the few states in the nation to coordinate resources on a state-wide basis, LaunchTN sets Tennessee apart as a state where entrepreneurship and innovation are valued as key economic development tools. In summary, our impact has been significant:

Advanced Commercialization of Research & Innovation

- Over \$14 million in private capital, over \$17 million in grants through Mentor Networks
- 24 workshops with over 500 participants
- 51 consulting microgrant awards with a 50% win rate; more than twice the national average of 20%
- 38.15% increase in SBIR/STTR awards to TN companies from 2018 to 2019.

Capital Formation

- Proactively convened and recruited investors, raised Tennessee's entrepreneurial ecosystem profile through national and international conferences, and positioned LaunchTN as a resource to efficiently navigate investment opportunities throughout the state, a unique attribute. Over 200 investors convened and over 400 meetings between investors and start-ups facilitated at 36|86, our annual conference.
- The \$28.8 million Incite Fund, fully invested, attracted and leveraged an additional \$182 million invested in Tennessee companies, employing more than 450 people in a variety of industries.
- In FY20, seeded by \$5.4 million in returns from the Incite Fund, the Impact Fund provides in-demand capital solutions for scalable early-stage companies. To date, we have invested \$2.1 million in 16 Tennessee companies.
- Angel Tax Credit, administered by LaunchTN, represented \$8.6 million in investments in 26 companies, for which approximately \$2.5 million of ATC was granted.
- Launched in FY18, SBIR/STTR Matching Grant program has awarded \$6 million to 52 companies,

leveraging almost \$24 million in federal dollars and resulting directly in 67 new hires. Half (50%) of these companies have underserved (female, minority, and/or veteran) representation in their executive leadership; and the average salary across all companies is more than \$67,000. To date, 60% of companies have gone on to raise private capital, and 58% have generated revenue.

Entrepreneurial Infrastructure and Culture

- With 12 Network Partners (7 Entrepreneur Centers and 5 state-wide industry Mentor Networks), we are one of the few states in the nation that coordinates resources on a state-wide basis. The culture of collaboration and connection of state-wide resources provides efficiencies and effectiveness for entrepreneurs, investors, the private sector, institutions, and government that makes Tennessee the most start-up friendly state in the nation.
- Over the last two years, through LaunchTN's Network Partners, Tennessee's entrepreneurial ecosystem has assisted over 4,000 startups, produced over 400 jobs and attracted over \$135 Million in outside capital investment.
- The Virtual Entrepreneur Program, an online course, provided assistance for 45 entrepreneurs in 18 counties that did not have convenient access to one of our Network Partners.
- Bundled served 16 start-ups and generated over \$32,000 in savings from negotiated discounts on behalf of start-ups.
- Over the last two years, our annual 36|86 Festival has drawn over 1,200 attendees from over 33 states, becoming the premier entrepreneur:investor conference in the Southeast.
- Intern Program, FY19=32 interns, 22 companies, 60% retention rate. FY20=52 interns, 36 companies, representing a 63% increase YOY.
- Job board attracted over 4,000 unique visitors reviewing an average of 150 active positions with an overage of 96 Tennessee based start-ups.

18. Please identify the appropriate agency representative or representatives possessing substantial knowledge and understanding of the responses provided to the sunset review questions.

Van Tucker, Interim CEO

19. Please identify the appropriate agency representative or representatives who will respond to the questions at the scheduled sunset hearing.

Van Tucker, Interim CEO

20. Please provide the office address, telephone number, and email address of the agency representative or representatives who will respond to the questions at the scheduled sunset hearing.

Van Tucker, Interim CEO, LaunchTN, 90 Oceanside Drive, Nashville, TN 37204 van@launchtn.org, 615-483-0876

ATTACHMENT A
FYE 2019 and FYE 2020 Operating Statements

STATEMENT OF OPERATIONS		STATEMENT OF OPERATIONS	
FOR THE PERIOD ENDED JUNE 30, 2019		FOR THE PERIOD ENDED JUNE 30, 2020	
REVENUE		REVENUE	
Government Contracts and Grants	\$5,517,108	Government Contracts and Grants	\$7,243,334
Federal Grants	\$553,698	Federal Grants	\$550,914
Sponsorship and Program	42,500	Sponsorship and Program	68,257
36186	352,116	36186	245,446
Interest / Management Fee / Other	0	Interest / Management Fee / Other	217,982
Total Revenue	6,465,422	Total Revenue	8,325,933
EXPENDITURES		EXPENDITURES	
Network Partners	1,677,999	Network Partners	1,751,875
SBIR Match	1,500,000	SBIR Match	3,000,000
Grant Consulting	94,576	Grant Consulting	128,830
Strategic Initiatives	482,476	Strategic Initiatives	679,516
36186	445,828	36186	512,072
Other SG&A	537,652	Other SG&A	410,584
Salaries & Benefits	1,405,615	Salaries & Benefits	1,660,552
Total Expenditures	6,144,146	Total Expenditures	8,143,429
NET REVENUES (EXPENDITURES)	\$321,276	NET REVENUES (EXPENDITURES)	\$182,504

ATTACHMENT B
Conflict of Interest Policy and COI Disclosure and Acknowledgement

TTDC CONFLICTS OF INTEREST POLICY

ADOPTED BY TTDC BOARD OF DIRECTORS JANUARY 22, 2009

I. Purpose

Tennessee Technology Development Corporation (TTDC, or “corporation”) strives to maintain the highest ethical standards in all policies, procedures, and programs. In furtherance of these obligations, TTDC has adopted this Conflict-of-Interest and Duality-of-Interest Policy applicable to its directors, officers and staff.

The purpose of this conflict-of-interest policy is to safeguard the corporation from the institutional or personal interests of TTDC directors, officers, and staff interfering with the performance of their duties to TTDC, and to ensure that there is no personal, professional, or political gain at the expense of TTDC. This policy is not designed to eliminate relationships and activities that may create a duality of interest, but to require the disclosure of any conflicts of interest and the recusal of any interested party in a decision relating thereto.

II. Definitions

1. Interested Person

Any director (member of the board of directors), officer, member of a committee with board-delegated powers, or employee who has a direct or indirect financial interest (as defined in Section 2) or duality of interest (as defined in Section 3), is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family

- a. An ownership or investment interest in any entity with which the corporation has a transaction or arrangement, or
- b. A compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

3. Duality of Interest

A duality of interest exists when a trustee, officer, committee member, or employee of the corporation is affiliated

with an organization seeking to request a grant from the corporation. Such affiliation exists if the person is a director, trustee, officer, or employee of the organization, or has an unofficial role such as significant donor, volunteer, advocate, or advisor.

III. Procedures

1. Duty To Disclose and Recuse

In connection with any actual or possible conflict of interest or duality of interest, an interested person must disclose the existence of his or her financial interest or affiliation and all material facts to the trustees and members of committees with board-delegated powers considering the proposed transaction or arrangement. The disclosure should be made either when the interest becomes a matter of board or committee action or as part of a periodic procedure to be established by the board.

If a member of the governing body or any committee thereof has a financial interest conflicting with the interest of the corporation in any manner (such as whether to enter into a contract with such individual or with an organization with which such individual is associated), then the individual must bring the conflict to the attention of the other members and refrain from deliberating or voting in any decision with respect to the matter.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he or she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures For Addressing the Interest

- a. An interested person may make a presentation at the board or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement resulting in the conflict of interest or duality of interest.
- b. The chair of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the board or committee shall determine whether the corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested trustees whether the transaction or arrangement is in the corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. Violations of the Policy

- a. If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interests or duality of interest, it shall inform the member of the basis of such belief and afford the member an opportunity to explain the alleged failure to

disclose.

- b. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest or duality of interest, it shall take appropriate disciplinary and corrective action.

IV. Records of Proceedings

The minutes of the board and all committees with board-delegated powers shall contain

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest or duality of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest or duality of interest was present, and the board's or committee's decision as to whether a conflict of interest or duality of interest in fact existed.
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

V. Compensation Committee

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

VI. Annual Statements

Each trustee, officer, member of a committee with board-delegated powers, and employee shall annually sign a statement that affirms that such person

- a. Has received a copy of the conflict-of-interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands that the corporation is a private non-profit public benefit corporation and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

ANNUAL CONFLICT-OF-INTEREST DISCLOSURE STATEMENT

The undersigned acknowledges receipt of a copy of the Conflicts of Interest Policy of the Tennessee Technology Development Corporation d/b/a Launch Tennessee (“Launch Tennessee”), adopted by Launch Tennessee's board of directors on January 22, 2009, as supplemented by the Conflict of Interest Policy for the SSBCI Incite Fund, implemented by the Tennessee Department of Economic and Community Development effective September 1, 2014 (collectively, the “Policy”). I have read and understand the Policy, and I understand that Launch Tennessee is a private non-profit public benefit corporation that must engage primarily in activities that accomplish one or more of its tax-exempt purposes in order to maintain its federal tax exemption.

By my signature affixed below, I acknowledge my agreement to comply with the spirit and intent of the Policy, and I agree to report to the chief executive officer of Launch Tennessee any possible conflicts (other than those stated below) that may develop before completion of the next annual statement.

_____ I am not aware of any current conflict of interest.

_____ I do or may have a conflict of interest in the following area(s):

SIGNATURE: _____

PRINTED NAME: _____ DATE: _____