

MINUTES OF MEETING OF RIO TECH FUND BOARD OF DIRECTORS

Conference Room, VIDA

1715 East Pike, Weslaco, Texas

11:30 A.M. Wednesday, July 15, 2009

Board Members Participating:

EvaJean Radle, Re/Max RGV, McAllen, Board President
Carlos Marin, Ambiotec Brownsville
Pablo Rhi-Perez, Ph.D., Professor of Marketing at the University of Texas at Brownsville
Brian Godinez, Godinez Communications, McAllen
Sophia Hernandez, Office of Judge J.D. Salinas
Gregg McCumber, Burton, McCumber & Cortez L.L.P., Brownsville
Sam O. Olivarez, Barrera's Supply Co., Inc. Mission

Board Members Absent:

Roger Creery, Laredo Economic Development Corp., Laredo
Hector Ramos, South Texas Monitoring Systems, McAllen

Staff Participating:

Fernando González, Rio Tech Fund Executive Director
Samantha Garcia, Rio Tech Fund Director of Investment Services

Guest Participating:

Leo Ramirez, attended by conference call.

Quorum was met with the above listed Board Members Participating in attendance, all were physically present as well as Fernando González.

Welcome, Introductions, Opening Remarks

Eva-Jean Radle called meeting to order at 11:40 p.m.

First Action Item: Consider and Approve Minutes of Board Meeting of March 12, 2009

Motion to Approve: Brian Godinez
Second Motion: Sam O. Olivarez
Carried: Unanimously

Second Action Item: Approval of Sophia Hernandez of the Office of J.D. Salinas, Hidalgo County Judge.

Motion to Approve: Brian Godinez
Second Motion: Gregg McCumber
Carried: Unanimously

EDCO Venture Presentation

By Guest Participant, Leo Ramirez.

Ramirez first presented a summary EDCO Ventures history and mission: bridging the income gap in economically depressed regions. Their focus has shifted to the border region which is in need of some high revenue companies, where equity sharing with employees is more common. Ramirez addressed also the issue of brain drain – intelligent, educated people leaving the Rio Grande Valley to other regions for opportunities. Ramirez added that they are focused on instilling an entrepreneurship philosophy in local community. Ramirez then covered what services EDCO Ventures provides to entrepreneurs, home grown companies, and other emerging business fill the gaps in their board, business plan, etc. EDCO Ventures takes an active roll in the organizations board and will act on the behalf of the company and helps guide them in decision making. EDCO also takes a small equity stake - 2 1/2 – 2% to cover overhead expenses.

Ramirez discusses a partnership with the Rio Tech Fund helping organizations find capital sources locally. Ramirez also presented on how EDCO Ventures will work on creating a Community Development Fund – injected money from banks, EDC, etc. to provide a source of VC funding for emerging businesses.

Sophia Hernandez asked about relationships with local University and Colleges. Discussed the incubators, and the influence of nano-technology on our community and the number of patents coming out of the local universities.

Fernando González asked about what the Rio Tech Funds involvement with a Community Development Fund would be. Leo discussed that we would be a source of potential entrepreneurs and serve as a referral source.

Carlos Marin asked about macro issue of increasing the competitive environment within the RGV. Ramirez discussed not wanting to duplicate the efforts of the local EDCs. EDCO is the only venture group focused on economically underdeveloped areas such as the Rio Grande Valley.

Brian Godinez asked about any focus on later stage companies. Ramirez discussed that the majority of organizations they have been working with are early stage. Later stage companies haven't been able to guarantee job creation in the region.

Brian Godinez also asked about how involved EDCO gets with the organizations they fund. Ramirez went into more specific detail of entrepreneurial services, assisting with everything from marketing to sitting on boards as an advisor. Ramirez also discussed on the relationship with emerging organization and working out the right time to disengage with a company, in the past the thought would be at capital infusion. EDCO Ventures has found that capital infusion doesn't mean that they are successful/ready for EDCO to cut ties.

Continued discussion after Ramirez off the call, about smaller local companies they are involved with. González discussed this as another funding offering for the organizations we are working with.

González also discussed the advantages of EDCO's services such as: headhunting for CEO/CFO positions to fill the gaps in organizations. EDCOventures.com. Discussion about where they were located, any intention to move to the RGV

Pablo Rhi-Perez brought up the need for a strategic collaboration to exist between the EDCs and the manufacturing industry. Hernandez brought up the point that the EDCs have been working on it as well as the universities. Sam O. Olivarez questioned whether it was the Rio Tech Fund's place to get involved, would it be reinventing the wheel.

Hernandez discussed visiting the Rapid Response Incubator as a Board to get a better feel for what they are doing.

Godinez discussed that what is missing in the RGV was a private investment or and Angel Network.

Hernandez discussed being happy to be the Rio Tech Fund's liaison with the EDC's.

Financial Update

Brownsville disbursed 1st quarter contribution of \$50,000 – VIDA gets 5%. González discussed the State match. González to approach McAllen soon for further contributions.

Godinez asked about Hernandez's office. Hernandez's said all budget is earmarked for marketing right now. Hernandez looking at the County to see how they might be able to help with funding in the future.

VIDA Contract & Bylaws modification

New version of bylaws to be voted on by signed unanimous consent independently of the meeting. Kanteck firm working on the language of the contract.

Hernandez recommended insurance for the directors to protect the directors. González will follow up on director insurance.

Applicant Status Updates:

González gave a brief update on the ScanTech and Photon8 organizations.

Terrabon asked to return to present. They have revised all their documentation for a second presentation at the ETF committee.

Angel Investment Group

Marin discussed the conference and the efforts needed to increase the competitiveness of the Valley as a region. Fernando also discussed the conference offered by CTAN.

Samantha Garcia gave update on conference and discussion with Mike Bartlet.

ETF Committee opening.

González summarized the requirements and time commitment for serving

Board Meeting Dates

Future Board Meetings now tentatively scheduled the second Wednesdays after first column on the ETF deadlines and presentation dates table. All members in agreement.

Adjourned at 1:15pm.

Notes recorded by:

Samantha Garcia
Fernando González