

Term Sheets, Negotiations, Contracts & Deal Structure

Networking on Grapevine and Zoom Webinar Tuesday, Feb 2 starting at 5:30 PM (ET)

PANEL SPEAKERS



Julie Gionfriddo,
Director,
Advisory
Services FML



James Wilkie,
CEO of Lowell
Therapeutics, Inc.



Attorney Michael
Mahoney



Attorney Justin
Nesbit



Matthew A.
Karlyn

MODERATOR & ORGANIZERS



William Mansfield, Patent Attorney,
Secretary Of Boston ENET



Kristin King, MBA, Vice President,
Corporate Development &
Strategy, Defibtech, LLC



Dave Hall, Founder & CEO , DLH
Technology, Advisors Startup
Strategy & Venture Capital
Consulting

**REGISTRATION FOR THIS EVENT WILL CLOSE AT
3:00 PM (EDT) ON FEBRUARY 2, 2021**





Julie Gionfriddo

- Director of Advisory Services for Fiondella, Milone & LaSaracina in Glastonbury, CT. Provides advisory services to funds and companies in the VC and growth capital space.
- Previously a Principal at Apple Tree Partners, an NYC healthcare venture capital fund, and just prior was a Vice President in the secondary private equity group at Landmark Partners.
- Founding member of the Trinity College Women's Leadership Council, the President of the Women's Association of Venture and Equity; Board member of Launc[H]artford and RevMedica. She holds both a BA and an MA in Economics from Trinity College.

Julie Gionfriddo – Investor / Advisor

Ready to raise capital? Make sure you have the following ready for the conversation and follow-up due diligence process: entity, pitch deck, financials & projections (detail & support), market landscape, term sheet

- **Arriving at terms**

- Market terms, Lead Investor, Counsel
- Identifying valuation inflection points and timing so the terms make sense
- Target founder ownership in current round and future trajectory based opportunity and terms

- **Understanding your financial instrument and how it works**

- Framework for note conversion, ownership, timeframe
- Valuation, pre-money for equity conversion, planning the seed round and beyond
- Identifying projected valuation inflection points and timing
- Target founder ownership at each stage

- **Tools**

- Entity planning for tax treatment
- Credits & incentives, federal & state (R&D, Angel, etc.)
- Non-dilutive funding
- Advisors, board



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Justin Nesbit

- Partner at Gesmer Updegrove LLP in Boston, MA
- 22 years of experience representing emerging and established companies with many aspects of their legal and business affairs.
- Negotiated and closed many financing rounds, from SAFEs and convertible notes to preferred stock financings.
- Negotiated and closed many M&A transactions.
- Still enjoy every day I get to help entrepreneurs grow their businesses.

Michael Mahoney



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- Associate at Gesmer Updegrove LLP in Boston
- Former business owner with 4 years of experience representing start-ups as well as emerging and established companies on a wide variety of corporate matters.
- Closed a number of private placement debt and equity financing rounds.
- Assisted on a number of M&A transactions.

Term Sheets – Key Points

1. **Get your advisors involved early** – Obtain advice from qualified advisors with experience in early-stage financings prior to signing the Term Sheet.
2. **Raise what you need** – Do an honest assessment of the \$\$\$ needed to hit the next set of key milestones / metrics to set up for subsequent financings rounds.
3. **Don't “give away the farm”** – Know your options for raising capital at an early stage without overly-diluting your ownership.
4. **Upside to Convertible Instruments** – No need for an agreed upon valuation, and the Company remains under your control.
5. **Downside to Early Stage Preferred Stock Financings** – In addition to requiring an agreed upon valuation, you likely will need to grant Board seat(s) and agree to a host of restrictions on your control of the Company.



James Wilkie

- CEO, of Lowell Therapeutics, Inc.
- 33 years of experience in the life science industry developing both drugs and devices. CEO of Lowell Therapeutics, Inc., which is developing products for critically ill patients. Member of the Kyoto Life Science Advisory Board.
- Jim was COO of Pluromed, Inc. (sold to Sanofi) - 6x return to seed investors and a 4.7x return to Series A shareholders. Various positions of increasing responsibility at MedChem Products, Inc. (sold to C.R. Bard). Spun-off certain technology and co-founded Surgical Sealants, Inc.
- Holds 4 issued patents and several pending applications. Jim received his B.S. in Engineering from the University of Massachusetts.

Wilkie's Take



Term	Wilkie's Take
Amount of Financing	Make sure you can get to a milestone that changes the value, preferably, or at least allows you to raise more money. Does it work?
Type of Security	Preferred stock. Investor's money, your time.
Price	In a seed round, you may need to set the value. Provide a company value and a share price: 1,000,000 shares @ \$2.50 = \$2.5 post money valuation. Do not over-value.
Option Pool	5-10%. You can increase it later.
Cap Table	Make it straight forward, avoid complex structure.
Closing	In a seed round, you will need to drive the date. But you'll need some (3) investors "in" before you set the date. You'll be herding cats.
Board of Directors	Make sure they add value complementary to yours.
Liquidation Preference	1x, yes! I want my money back first!
Antidilution	I'm not a fan. Some may push – but resist. They can buy more in the next round.
Dividends	I'm not a fan.
Information Rights	Of course. Customary financials. Add confidentiality.

Matt Karlyn



- Partner at the Boston, MA office of Morrison & Foerster LLP.
- 23 years of experience in working with companies in the healthcare, pharmaceutical, medical device, and technology industries on a wide range of commercial life sciences, licensing, and technology transactions.
- His clients range from Fortune 100 companies to start-ups, and he regularly advises companies on matters involving IP commercialization, complex collaboration transactions, licensing initiatives, subscription-based economics, and business transactions related to the procurement, development, commercialization, and use of technology and life sciences products.
- B.A from Union College, a J.D. from Temple University, and a M.B.A. from the University of Chicago

Matt's Take – Common Mistakes

Non-Binding

- Subject to due diligence and execution of definitive transaction documents.
- Confidentiality and exclusivity provisions may be binding.

Diligence: Employee Matters

- Proprietary information and invention assignment agreements.
- Non-solicitation and non-compete agreements.

Failing to Obtain Good Title to IP

- The company must own its IP assets

Failing to Properly License Technology Protected by Others

- The company must obtain rights to use patented or copyrighted material of others.

Failing to Protect Trade Secrets

- The company must protect its trade secrets.

Questions for the panel?

Thank you attendees and panelists!

Link to Grapevine Networking:



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