

Small Cap Boards – Realities and Strategies for Capital Structuring

January 2017

The presentation will begin shortly.

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WITH YOU TODAY



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LEARNING OBJECTIVES



- Identify common issues with respect to capital structuring and various organizational growth cycle needs
- Define role of the board and the management team in capital raising and corporate finance oversight
- Describe strategies that management and the board may apply when faced with conflicting perspectives of stakeholders

AGENDA

- Board Composition, Responsibility & Strategy
- What's Market?
- Cost of Capital Drivers
- Absolute Do's & Don'ts!
- Q&A
- Resources

BOARD COMPOSITION, RESPONSIBILITY & STRATEGY

- Backgrounds
- Expertise
- Experience
- Tools
- Strategies
- Use of 3rd Parties
- Preparedness

WHAT'S MARKET?

Drivers of "market":

- Timing
- Comparables pitfalls

Sources of Information:

- Historical deal data
- Proxy pitfalls
- Sources for information

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COST OF CAPITAL DRIVERS

- Float
- Trading Volume and Links to the Cost of Capital
- Liquidity
- Risk
- Track Record of Use
- Discounts/Premiums

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ABSOLUTE DO'S & DON'TS



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RESOURCES



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RESOURCES FOR CONSIDERATION

- [The Perfect Corporate Board: A Handbook for Mastering the Unique Challenges of Small-Cap Companies](#)
- [Every Small-Cap Makes At Least 4 Of These 10 Critical Financing Mistakes](#), *Growth Capital Investor*, March 1, 2016
- [The Board's Role in Avoiding Common Post-Financing Mistakes](#), *Directorship*, Nov/Dec 2014
- [Investor Meetings: When Board Deference Can Be Fatal](#), *Directorship*, July/August 2014
- [A Big Reason Small-Caps Undertake Bad Financings: Board Composition](#), *Corporate Governance*, February 5, 2014
- [Trading Volume: The Unsung Enterprise Risk of Small-Cap Companies](#), *Directorship*, Jan/Feb 2013

For these and more, refer to: <http://thirdcreekadvisors.com/press-room/>

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- Boards as Catalysts for Intrapreneurship and Innovation - February 7, 2016
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Recent Archived Webinars:

- Quarterly Technical Update - January 2017
- What's on the Minds of Boards - November 2016
- Board Collaboration: Leveraging Communication Tools and Technology - October 2016
- Financial Instruments Update - Credit Losses and Recognition & Measurement - September 2016
- Navigating the Rising Tide of Cybersecurity Regulation - How Is Your Board Preparing? - July 2016
- Quarterly Technical Update (Q2 2016) - July 2016
- FASB Makes Good on Simplifying GAAP for Stock Options and Tax Effects in ASU 2016-09 - June 2016
- M&A Execution: Planning with Post-Integration in Mind - May 2016
- The New Lease Accounting Standard - May 2016
- How is Your Board Positioned to Respond to Illegal Acts? - May 2016
- Board Diagnostics and Enhancing Your Governance Practices - April 2016
- Quarterly Technical Update (Q1 2016) - April 2016
- Managing Risk: Elevation of Cybersecurity to the Boardroom - February 2016
- The Board's Role in Emerging Practices in Risk Management - January 2016



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BDO BOARD GOVERNANCE – PUBLICATIONS

www.bdo.com/resource-centers/governance

- 2016 Audit Committee Round Up
- SEC Year in Review: Significant 2016 Developments
- Accounting Year in Review 2016
- Audit Committee Alert: Emphasis and Focus on Controls
- BDO 600 Executive Compensation - CEO and CFO Pay Practices
- SEC Requests Comments on Management, Certain Security Holders, and Corporate Governance Disclosure Requirements
- BDO Knows Cybersecurity Alert
- BDO Revenue Recognition Practice Aids
- Topic 606, Revenue from Contracts with Customers
- BDO's Approach to Audit Quality
- SEC Proposes to Eliminate Outdated and Redundant Disclosure Requirements
- 2016 IPO Halftime Report
- SEC Proposes Amendments to Smaller Reporting Company Definition
- SEC Adopts Rules Requiring Resource Extraction Issuers to Disclose Payments to Governments
- PCAOB Issues Staff Guidance for Audit Firms Filing the New Form AP
- CAQ Questions on Non-GAAP Measures - A Tool for Audit Committees
- PCAOB Reproposes Standard to Enhance the Auditor's Report for Critical Audit Matters
- SEC Updates C&DIs on Non-GAAP Financial Measures

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EVALUATION

We continually try and improve our programming and appreciate constructive feedback.

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Thank you in advance for your participation!



CONCLUSION

THANK YOU FOR YOUR PARTICIPATION!

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PRESENTER BIOS



BIOGRAPHY



Adam Epstein

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Mr. Epstein is an advisor to CEOs and boards of pre-IPO and small-cap companies through his firm, Third Creek Advisors, LLC. He speaks monthly at corporate governance and investor conferences, and has given more than 70 keynote speeches since 2012.

Adam is a key contributor to Nasdaq's new *Amplify* small-cap content initiative, and a distinguished National Association of Corporate Directors Board Leadership Fellow and faculty member. He is the small-cap contributing editor for *Directorship* magazine, author of *The Perfect Corporate Board: A Handbook for Mastering the Unique Challenges of Small-Cap Companies* (McGraw Hill, 2012), and contributing author to *The Handbook of Board Governance: A Comprehensive Guide for Public, Private and Not for Profit Board Members* (Wiley, 2016). In April 2015, *The Perfect Corporate Board* was the #2 ranked corporate governance book on Amazon.com, and, in June 2016, *The Handbook of Board Governance* was the #1 "New Release" in corporate governance on Amazon.com.

Prior to founding Third Creek, Adam co-founded and was a principal of Enable Capital Management, LLC. During his tenure, Enable's special situation hedge funds invested in more than 500 small-cap financings. Adam has been featured in *The Wall Street Journal*, *Bloomberg Businessweek* and on CNN Presents.

He earned a Juris Doctor from Boston University, and a Bachelor of Arts, *cum laude*, from Vassar College.



BIOGRAPHY



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Frank Placenti serves as the chair of Squire Patton Boggs's US corporate finance and governance practice, and is nationally recognized for his work in corporate governance and mergers and acquisitions. Frank has more than 30 years' experience in mergers and acquisitions, corporate governance, securities law, antitakeover and shareholder relations issues. He has represented public companies, broker/dealers and private equity firms and their portfolio companies with mergers and acquisitions, capital formation, securities and corporate law, regulatory compliance, anti-takeover matters and shareholder engagement and activism. Frank has assisted clients, special committees and audit committees in managing internal investigations, as well as with US Securities and Exchange Commission and stock exchange investigatory matters. Frank serves as the Founding President and Trustee of the American College of Governance Counsel and as a Vice Chair of the Corporate Governance Committee of the American Bar Association.

Frank has been listed in *Best Lawyers in America* since 2006, *Chambers USA* since 2003 and is a multi-year member of the *Lawdragon 500*, an acknowledgment given to the top 500 lawyers in America. The 2013 International Global Law Experts Awards recognized him as the Corporate Governance Lawyer of the Year in Arizona. He is recommended in Arizona for corporate matters and mergers and acquisitions by *PLC Which lawyer? Yearbook* since 2009 and is listed in the *PLC Cross-Border Mergers and Acquisitions Handbook*. Each year since 2007, Frank has been selected by his peers to appear in *Southwest Super Lawyers*, a distinction awarded to the top 5% of lawyers in the region.

Frank has served as the Lead Director for a Nasdaq listed publicly-traded health care company and as Lead Director for a private company based in Charlotte, NC that serves the restaurant and hospitality industries. He currently serves on the Board of a privately held, private equity-based company headquartered in New York serving major financial institutions.

He is a member of Greater Phoenix Leadership and formerly served as the Chair of the Board of Directors of the Boys and Girls Clubs of Metropolitan Phoenix, as Chair of the Phoenix Chamber of Commerce and as Chair of the Phoenix Children's Hospital Foundation and a member of that hospital's Board of Directors. He also served as a member of the Boards of Directors of the Herberger Theater Company and the Arizona Science Center.

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Bob Snape is President of BDO Capital Advisors, LLC, a Financial Industry Regulatory Authority (FINRA) /Securities Investor Protection Corporation (SIPC) member firm, and has over 24 years of investment banking experience. Bob has successfully executed over 125 middle-market financial advisory engagements representing over \$8 billion of aggregate transaction value for a variety of clients, including family-owned businesses, Fortune 500 corporations and leading private equity firms. He has executed deals across most major industries and has particular knowledge of the industrial, healthcare, and consumer and retail sectors.

Bob has experience in leveraged recapitalizations, corporate divestitures, go-private transactions, management buy-outs and exclusive sales. In addition, he has completed cross-border transactions, private placements and fairness opinions on behalf of his clients and provided strategic advice on dividend policy and share repurchases.

He is a member of the following organizations:

- Association for Corporate Growth
- FINRA
- General Securities Principal and Representative (Series 24, 79 & 7)

He earned a M.B.A. and B.A. from Boston University

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