

MINUTES OF THE MEETING OF THE
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE
INDIANA ECONOMIC DEVELOPMENT CORPORATION
June 26, 2014

The Audit Committee ("Committee") of the Board of Directors of the Indiana Economic Development Corporation (the "Corporation") met on June 26, 2014, at The Ford Center, Evansville, Indiana. Present at the meeting were committee members James Marcuccilli and Joel Gorelick. Representing the Corporation were Mark Pishon and Lee Robinson.

James Marcuccilli, chairman of the Committee, called the meeting to order. Mr. Marcuccilli noted that a sufficient number of the members of the Committee were present to constitute a quorum.

Mr. Marcuccilli also recognized that the meeting of the Committee was being held in full compliance with the open door and open records laws of the State of Indiana and noted that all postings and other related requirements were observed.

Mr. Marcuccilli then reviewed and presented for approval the minutes from the previous meeting of the Committee, held on April 24, 2014, at the offices of Star Bank, Inc., Indianapolis, Indiana. Upon motion duly made and seconded, the minutes from the prior meeting were unanimously adopted.

Mr. Pishon discussed the Audit Report (Report) prepared by the Office of the Inspector General (OIG) Department of the Treasury (Treasury). Mr. Pishon stated that the Corporation's response to the report went beyond the recommendations stated in the *Operational Analysis Review* and *Assessment of Responses to KPMG Findings* prepared by Sponsel CPA Group, LLC (Sponsel), and that the Corporation implemented those recommendations prior to the OIG's final Report. Mr. Pishon further stated that a letter from the Treasury is forthcoming which would detail any future actions. Mr. Pishon informed the Committee that the Corporation adopted Sponsel's "zero tolerance" policy, and that going forward, if there is any conflict of interest in any one investment scenario, the investment will not be made. Mr. Marcuccilli and Mr. Gorelick expressed concern that the new conflict of interest policy may be overreaching, but they understand the need to eliminate any appearance of impropriety.

Mr. Pishon discussed the need for a procedure to address a company's request for an extension of time to respond to an offer made by the Indiana Angel Network Fund, LLC (IANF). The Committee agreed that a formal procedure needs to be in place.

Mr. Pishon discussed the Indiana Economic Development Foundation (the "Foundation") balance sheet and income statement. Messrs. Marcuccilli and Gorelick agreed that the Foundation appeared to be on solid financial footing. Mr. Pishon informed the Committee that the Foundation purchased two (2), \$150,000, 90-day CDs.

Mr. Pishon discussed the upcoming audit to be conducted by Katz Sapper & Miller. He also noted that this audit will be the last year of A133 program related to the SBDC as it will be a Lieutenant Governor's office program beginning July 1, 2014. Mr. Pishon also noted that the State Board of Accounts (SBA) will engage the Foundation at some point and the SBA has charged other units a \$10,000 fee.

Having no further business, Mr. Marcuccilli asked for a motion to adjourn the meeting of the Committee. Such a motion was made and seconded and upon unanimous vote the Committee meeting was adjourned.

Respectfully submitted,



Mark Pishon, Acting Secretary

Approved:



James Marcuccilli, Chairman

Attachments:

1. Meeting Agenda dated June 26, 2014

Indiana Economic Development Corporation
Audit Committee Meeting
Public Session Agenda
June 26, 2014 (9:00 a.m. – 10:00 a.m. CST)

- I. Welcome
 - a. Introductions
 - b. Recognition of Quorum
 - c. Recognition of Compliance with Open Door Law
 - d. Approval of Minutes from Prior Meetings

- II. Review OIG Report related to Elevate Ventures SSBCI Investments

- III. Adopt IEDC 21 Fund Extension (IAFN) Approval Procedure

- IV. Review IED Foundation Financial Reports

- V. Examine IED Foundation banking policy in regards to FDIC

- VI. Discuss Annual Audit schedule by KSM

Executive Session
(None)

An executive session is called for consideration of pending incentive requests made to the State of Indiana by industrial or commercial prospects (confidential proposals in progress) and discussions of records and circumstances classified as confidential by state and federal statute, IC. 5-14-1.5-6.1(b)(4) and (7).

