

MINUTES OF THE MEETING OF THE  
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE  
INDIANA ECONOMIC DEVELOPMENT CORPORATION  
April 29, 2015

The Audit Committee ("Committee") of the Board of Directors of the Indiana Economic Development Corporation (the "Corporation") met on April 29, 2015 at Star Bank, Indianapolis, Indiana. Present at the meeting were Committee members James Marcuccilli and Joel Gorelick. Representing the Corporation were Mark Pishon and Lee Robinson.

Mr. 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 December 9, 2014, at Project Lead the Way, Indianapolis, Indiana. Upon a motion duly made and seconded, the minutes from the prior meeting were unanimously adopted.

Mr. Pishon discussed portfolio management at Elevate Ventures (EV) and noted that annual reviews should transition to occur at least quarterly so as to be in line with the quarterly reports that EV has its companies submit.

Mr. Pishon went on to discuss that based upon the quarterly reports filed with EV by its Companies, that the IEDC produced a *Quarterly Stress Report* (QSR) for Q1 2015. The QSR focused on revenue growth, equity position, additional financing obtained and change in cash balance in determining whether a company should be placed on a "watch list". Mr. Pishon remarked that a company placed on the watch list was deemed to be an investment of concern. Mr. Pishon received positive feedback from the Committee regarding the implementation of the QSR.

Mr. Gorelick asked about the services that Crowe Horwath provides to EV. Mr. Pishon explained that Crowe prepares a EVs quarterly report, and that these reports are available to the Committee. Mr. Gorelick further questioned when the determination is made to downgrade a company from the watch list to "impaired". Mr. Pishon stated that the watch list is intended to serve as a management tool which communicates to EV that a company may need more assistance. Mr. Marcuccilli asked if every company in the EV portfolio is reviewed quarterly, which Mr. Pishon confirmed. He also noted that the QSR represents about 10% of the entire EV portfolio, which is well ahead of most investment expectations and is positive.

Mr. Gorelick asked about IEDC involvement in EV's portfolio management. Mr. Pishon noted that the IEDC has an employee who spends at least one (1) day each week at the EV office participating in portfolio review. Mr. Gorelick asked how EV places a value on intellectual property, and Mr. Pishon replied that the value of intellectual property can only be clearly determined when a company is liquidated. Mr. Gorelick then asked if there is a reserve that each

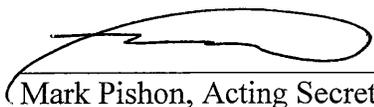
company in the portfolio is required to maintain, and Mr. Pishon confirmed that there is a reserve requirement. Mr. Marcuccilli stated that he believes that the format of the QSR is adequate but would like to see some methodology established in the event a company liquidates.

Mr. Pishon informed the Committee that Katz Sapper & Miller (KSM) has provided the IEDC with an engagement letter to perform the 2015 audit. Mr. Marcuccilli requested a copy of the engagement letter from Mr. Pishon for further execution.

The Committee reviewed the financial statements of the Indiana Economic Development Foundation (IEDF). Mr. Pishon stated that the incoming director intends to increase funding levels. Mr. Gorelick, and Mr. Pishon discussed the net income figure and the effect of IEDF-sponsored travel on net income. Mr. Pishon stated that the Governor's upcoming trip to China has been paid out of fiscal year 2015 dollars, and the cost of the trip will appear in cost of goods sold calculation. There was then a discussion regarding the budget for foreign travel and further improvements suggested by Mr. Marcuccilli.

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,

  
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Mark Pishon, Acting Secretary

Approved:

  
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James Marcuccilli, Chairman

Attachments:

1. Meeting Agenda dated April 29, 2015

**Indiana Economic Development Corporation**  
**Audit Committee Meeting**  
**Public Session Agenda**  
**April 29, 2015 (1:00 p.m. – 2:30 p.m.)**

- 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 reports related to Elevate Ventures Portfolio Management.
  
- III. Execute Katz, Sapper, & Miller Engagement Letter and Acceptances of Services for 2015 Annual Audit.
  
- IV. Review IED Foundation Financial Reports.

**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).

