

MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF THE  
INDIANA ECONOMIC DEVELOPMENT CORPORATION  
SEPTEMBER 22, 2005

The Board of Directors ("Board") of the Indiana Economic Development Corporation (the "Corporation") met on September 22, 2005 at the Radisson Hotel Star Plaza, 800 East 81st Street, Merrillville, Indiana. Present at the meeting were directors Mitchell E. Daniels, Jr., Bob Koch, Cathy Langham, James Marcuccilli, Bill Mays, John Mutz, Tim Solso, Kip Tom, Dane Miller, and Sarah R. Byrn. John Hillenbrand was absent due to a conflict. Representing the Corporation were Patricia R. Miller, Michael S. Maurer, Nathan J. Feltman, Chad J. Sweeney, Ryan Asberry, Steve Akard and Leigh Durbin. Also present was Harry L. Gonso, Chief of Staff to Governor Daniels and Phil Genetos in his role as outside counsel to the Corporation.

Following brief opening remarks, Governor Daniels, as chairman of the Board, called the meeting to order.

Governor Daniels recognized that a sufficient number of the members of the Board were present to constitute a quorum. Governor Daniels also recognized that the meeting of the Board was being held in full compliance with the open door laws of the State of Indiana and noted that all postings and other related requirements were observed.

Governor Daniels then reviewed and presented for approval the minutes from the previous Board meeting. Upon motion duly made and seconded, the minutes from the prior meeting were unanimously adopted.

Governor Daniels then recognized the executive staff of the Corporation and asked that they provide the Board with a report of activity since the prior board meeting. Indiana Secretary of Commerce and IEDC Chief Executive Officer Patricia Miller provided a report on the progress of the Corporation on various organizational matters and initiatives. In addition, Secretary Miller gave a brief summary of the following competitive projects that were completed by the Corporation during the preceding quarter: Hawk Precision Components Group, Four Seasons Housing and Centennial Wireless. Secretary Miller also provided the Board with an update on the Corporation's staffing changes and strategic initiatives.

Corporation President Mickey Maurer then provided the Board with an update on the Corporation's deal activity level. He noted that the Corporation is continuing to exceed 2004 deal activity levels. He noted that the Corporation has closed 94 competitive projects year to date and 37 competitive projects in the preceding quarter. He noted that this was twice as many projects as were closed in 2003 and surpasses the prior year total of 90. Mr. Maurer noted that the projects closed year to date involve the commitment to create over 11,000 new jobs, the retention of over 13,000 existing jobs and the commitment of up to \$2 billion in private investment. He added that in securing

these projects, the Corporation had committed state incentives totaling approximately \$120 million, consisting of grants and tax credits. Mr. Maurer also noted that the Corporation is currently managing 28 active projects and tracking hundreds of other leads. Mr. Maurer provided a summary of the cost – benefit analysis being undertaken by the Corporation in evaluating projects, and provided a summary of the statistics for the projects completed in the prior quarter and the average payback period for those deals. Finally, Mr. Maurer updated the Board on the Corporation's proposed SBIR initiative and the 21<sup>st</sup> Century Research & Technology Fund.

Nate Feltman then provided the Board with an update on the Corporation's efforts to date in formulating a strategic economic development plan for the State of Indiana.

Governor Daniels then called on Steve Akard of the Corporation to provide a brief overview of the trade mission to Taiwan and Japan. Mr. Akard provided a summary of the activities undertaken during the mission and background on the members of the delegation. Governor Daniels thanked Steve and called on the members of the Board to think about what other locations may make sense for future missions.

Governor Daniels then called on Leigh Durbin to provide a presentation regarding a successful project from the prior quarter. Ms. Durbin provided the Board with a summary presentation of the MedVentures project, including a description of the company's business, a project timeline and the key aspects of the IEDC offer.

Governor Daniels thanked Leigh for her presentation and called upon John Mutz to provide an update from the Economic Policy Committee. Mr. Mutz then called upon the IEDC staff to provide a summary of the six projects previously approved by the Policy Committee. Chad Sweeney provided a brief summary of the following projects: Taconic Farms; Martinrea Industries, Inc. d/b/a Icon Metal Forming; Webb Wheel Products, Inc.; Hilex Poly Company, LLC; Courier Kendallville, Inc.; and Tenneco Automotive Operating Company, Inc. Upon recommendation of the Policy Committee, and upon motion duly made, the Board unanimously approved these projects.

Mr. Mutz then introduced the subject of enterprise zones generally. Mr. Mutz provided the Board with a summary of the history of urban enterprise zones in Indiana and their intended purpose. Mr. Mutz noted that the responsibility for overseeing the urban enterprise zone program has been assigned to the Board. He noted that the enterprise zone program in Indiana was created as an experiment for economic development in the early 1980's. He also noted that we have come to a time when the statutorily-defined time periods of some zones are expiring. He noted that the IEDC staff recommended a policy that zones should not last beyond their statutorily allowed 20 year period. Mr. Mutz recommended to the Board that this policy be adopted. He noted that the prior administration had re-designated five zones beyond the twenty year period and that the status of these zones would not be revoked under the recommendation proposed, but that no other zones would be extended beyond a twenty year period.

Mr. Mutz then proposed a resolution that twenty years be the limit for enterprise zone designations, with the exception of the five enterprise zones previously re-designated.

Mr. Solso asked what the impacts of this decision would be. Mr. Mutz described that the tax advantages in the zones would cease for zone businesses. Mr. Solso then asked about the performance of the enterprise zone program to make certain that there were no unintended consequences resulting from the Board's decision. Mr. Mutz called upon IEDC staff to provide a summary of enterprise zone performance. IEDC staff presented the following from a report commissioned by the Department of Commerce in 2001 to study the effectiveness of the enterprise zone program during the period from 1995 to 1999: (i) only 1/3 of businesses located in an enterprise zone participated in the enterprise zone program during the subject time period; (ii) aggregate net employment in the enterprise zones decreased by 12,000 over the subject time period; (iii) wages for participating zone businesses decreased over 10% during the subject time period; (iv) there was a disparity in businesses claiming the credits, with 14% of the participating businesses claiming 86% of the total incentives; and (v) zone residents represented only 5% of total employment in the enterprise zones.

There was a general discussion of the usefulness of the enterprise zone program, the intent of the enterprise zone program and the incentives available to companies locating within a zone. Following this discussion, upon motion duly made and seconded, the Board unanimously adopted the resolution that twenty years be the limit for enterprise zone designations, with the exception of the five enterprise zones previously re-designated.

Mr. Mutz then introduced for consideration the specific issue of the Gary Enterprise Zone. He noted the existence of allegations made regarding the administration of the Gary Enterprise Zone. Mr. Mutz noted the existence of a temporary re-designation of the Gary Enterprise Zone and asked IEDC staff to comment on the current status of the investigation into its affairs. Mr. Feltman noted that the final report had been issued but that the Corporation had not yet received a copy. Mr. Mutz then recommended to the Board that consistent with the policy just adopted, that the staff of the Corporation be empowered to take such steps as are necessary to assist in winding-up the affairs of the Gary Enterprise Zone. Governor Daniels then confirmed that it was the expectation that the final report would be consistent in material respects with the preliminary report previously discussed with the Board. Following discussion on the matter, upon motion duly made and seconded, the Board unanimously adopted the resolution that the Gary Enterprise Zone temporary designation will be allowed to lapse and that the staff of the Corporation be empowered to take such steps as are necessary to assist in winding-up the affairs of the Gary Enterprise Zone.

Mr. Mutz then summarized for the Board the policy determinations made by the Policy Committee with respect to providing incentives to not-for-profit entities and retail operations. Mr. White noted that he was not convinced that state incentives would be

effective in attracting a retail establishment and that we should proceed cautiously in that respect. The Board engaged in general discussion regarding the topic.

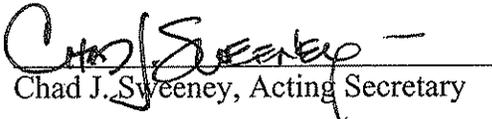
It was noted that the next meeting of the Board would be held on December 8<sup>th</sup> in West Lafayette. There being no more business to come before the Board at the public meeting, Governor Daniels concluded the public portion of the meeting, thanked all of the visitors for attending and excused the visitors and members of the media so that the Executive Session could be called to order.

### Executive Session

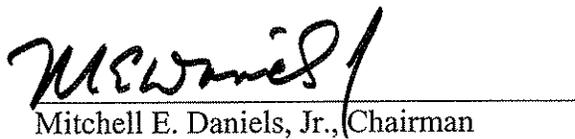
The Executive Session was called to order by Governor Daniels. Present other than members of the Board were Patricia R. Miller, Michael S. Maurer, Nathan J. Feltman, Chad J. Sweeney, and Ryan Asberry, each of the Corporation. Also present was Philip Genetos, in his role as outside counsel to the Corporation; Harry L. Gonso, Chief of Staff to the Governor; Jim Wheeler and Thomas P. Miller, each with Thomas P. Miller and Associates; and Pete Howard with Turning Point Associates.

The subject matter of discussion during the Executive Session related to the matters specified in the public notice, i.e., consideration of confidential pending incentive requests made to the State of Indiana (confidential proposals in progress) and discussion of records classified as confidential by state or federal statute, IC. 5-14-1.5-6.1(b). No other subject matter was discussed during the Executive Session.

Respectfully submitted,

  
Chad J. Sweeney, Acting Secretary

Approved:

  
Mitchell E. Daniels, Jr., Chairman

Attachments:

1. Public Notice of Meeting
2. Meeting Agenda dated September 22, 2005

**NOTICE OF A MEETING OF THE BOARD OF DIRECTORS OF  
THE INDIANA ECONOMIC DEVELOPMENT CORPORATION**

**AND**

**NOTICE OF EXECUTIVE SESSION OF  
THE BOARD OF DIRECTORS OF  
THE INDIANA ECONOMIC DEVELOPMENT CORPORATION**

Notice is hereby given that the Board of Directors of the Indiana Economic Development Corporation will hold a public meeting on September 22, 2005, at 10:00 a.m., at the Radisson Hotel Star Plaza, 800 East 81<sup>st</sup> Street, Merrillville, Indiana.

In addition, the Board of Directors of the Indiana Economic Development Corporation will hold an executive session on September 22, 2005, at the conclusion of the public meeting, which is anticipated to be at 11:00 a.m., at the Radisson Hotel Star Plaza, 800 East 81<sup>st</sup> Street, Merrillville, Indiana., for consideration of confidential pending incentive requests made to the State of Indiana (confidential proposals in progress) and discussion of records classified as confidential by state or federal statute, IC. 5-14-1.5-6.1(b).

## **Indiana Economic Development Corporation Board of Directors Meeting**

**September 22, 2005 (10:00 a.m.)**

- I. Welcome
  - Recognition of Quorum
  - Recognition of Compliance with Open Door Law
  - Approval of Minutes from June 30, 2005 Meeting
- II. IEDC Executive Report
- III. Report on Asia Trade Mission
- IV. Report and Analysis of recent Win / Loss
- V. Report of the Economic Policy Committee
- VI. Place and Time of Next IEDC Board Meeting

### **EXECUTIVE SESSION**

Consideration of confidential pending incentive requests made to the State of Indiana (confidential proposals in progress) and discussion of records classified as confidential by state or federal statute, IC. 5-14-1.5-6.1(b).