

MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE
INDIANA ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 21, 2006

The Board of Directors ("Board") of the Indiana Economic Development Corporation (the "Corporation") met on September 21, 2006 at Langham Future Enterprises ("Langham"), 5335 West 74th Street, Indianapolis, Indiana. Present at the meeting were directors Mitchell E. Daniels, Jr., James Marcuccilli, John Mutz, Tim Solso, Cathy Langham, Kip Tom, Dane Miller, Bob Koch, Bill Mays and Sarah R. Byrn. Bruce White and Mac McCormick were absent due to conflicts. Representing the Corporation were Michael S. Maurer, Nathan J. Feltman, Chad J. Sweeney, Stephen Akard and Ryan Asberry.

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 thanked Board member Cathy Langham for hosting the meeting. Ms. Langham made welcoming remarks and then asked an employee of Langham to make a presentation regarding the company.

Following the presentation, Governor Daniels 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 asked the executive staff of the Corporation to provide the Board with a report of activity since the prior Board meeting. Corporation President and Secretary of Commerce Mickey Maurer provided the Board with an update on the Corporation's deal activity level. He advised the Board that for 2006 the Corporation had surpassed its 2005 record numbers for commitments for new job creation and capital investment. Mr. Maurer noted that the Corporation's pipeline of projects remains strong. He also gave a brief summary of significant projects completed since the last meeting of the Board, including Rolls Royce and Honda.

Corporation Vice President Nathan J. Feltman then provided the Board with an update on the Corporation's outside sales efforts, including recent trips to Chicago, New York and Atlanta. Mr. Feltman also summarized industry initiatives being pursued by the Corporation, including insurance, logistics and banking. Chad J. Sweeney, the Chief Financial Officer and Counsel of the Corporation, then provided the Board with a

summary of the background and roles of new Corporation employees that had commenced employment since the last meeting of the Board.

Stephen Akard, the Corporation's Director of International Development, then made a presentation to the Board regarding the Corporation's trade mission to Japan and South Korea. He also provided a summary of the U.S. Japan Midwest Conference, which was hosted in Indianapolis on September 10 - 12. Mr. Akard noted that the conference was the largest U.S. Japan Midwest Conference in history and was regarded as a great success. Finally, Mr. Akard provided the Board with a summary of the IEDC's international offices, including a description of the IEDC's review and realignment of its international efforts.

Governor Daniels thanked Steve for his presentation and then made reference to the strategic plan implementation summary that was included in the Board materials provided in advance of the meeting. Governor Daniels called on Mr. Feltman to summarize those materials. Mr. Feltman updated the Board on the progress in implementing the plan and noted that several initiatives would be pursued in the next session of the General Assembly.

Governor Daniels then called on Leslie Wagner, a program manager in the Corporation's central office to provide a summary of a "loss" from the prior quarter. Ms. Wagner provided the Board with a summary presentation of the GSI Commerce ("GSI") project. Ms. Wagner summarized GSI's business and generally described the project, including a summary of GSI's major customers. She noted that the project involved a capital investment of approximately \$57 million in order to establish a new distribution facility. The project was expected to involve the creation of more than 500 new full-time jobs. Ms. Wagner noted that GSI initially identified 28 sites, which was narrowed to 3 finalist sites, two of which were in Indiana. Ms. Wagner then summarized the incentive offer made by the Corporation in support of the project. Ms. Wagner noted that the decision was driven by the availability of a building in Kentucky that suited GSI's needs and the familiarity of management with the Kentucky market. Finally, Ms. Wagner noted that GSI is anticipating additional growth and that she had been informed that Indiana would be considered for those opportunities.

Governor Daniels thanked Leslie for her presentation and called upon Jeremy Sowders, a project manager from the Corporation's central office, to provide a summary of a "win" from the prior quarter. Mr. Sowders provided the Board with a summary presentation of the Nestle project. Mr. Sowders provided a summary of Nestle's business operations and described the proposed project. Mr. Sowders noted that after an extensive site search, the final selection came down to Anderson, Indiana or Lima, Ohio. He noted that the project involved a capital investment of approximately \$340 million and the creation of approximately 341 new jobs, earning an average wage of \$18.84 an hour. He also summarized the issues that were identified as important in the company's site selection process. Mr. Sowders summarized the negotiation process and identified the deciding factors that resulted in Indiana winning the project.

Governor Daniels then called on Sally Byrn to provide a report of the Entrepreneurship Committee. Ms. Byrn provided the Board with a brief update on the consideration and approval of grants under the 21st Century Research & Technology Fund since the last meeting of the Board. She noted that the Corporation has now awarded 28 grants from the 21st Century Fund, excluding SBIR/STTR matching grants. She also noted that Pat Henn attended the meeting and provided the committee with an update on the internal review process that has been undertaken and the new review procedures that were being implemented.

Mr. Mutz, as the chairman of the Economic Policy Committee, then provided a report of the committee's activities since the last Board meeting. Mr. Mutz first noted that he, along with members of the Corporation staff, had participated in an analysis of Indiana's tax climate. Mr. Mutz provided a brief summary of the preliminary findings from that analysis. He noted that specific recommendations for tax reform would be presented to the Board for consideration at a later date. Mr. Mutz informed the Board that IEDC staff had presented three projects to the committee for approval, Lowe's Home Center, Medallion Cabinetry and Petoskey Plastics, all of which were approved by the committee.

Mr. Mutz noted that the committee also discussed the management and administration of the Community Revitalization Enhancement District ("CREeD") program. Mr. Mutz stated that the CREeD program has the potential to be a significant drain on state resources and that the staff of the Corporation had presented a new CREeD policy to the committee for consideration. Mr. Mutz then called on Ryan Asberry, the Corporation's Director of Research, to summarize the history of the CREeD program. Mr. Asberry noted that the program has expanded considerably from its initial objective. Mr. Asberry briefly described the CREeD program, including its recapture and capital investment components. The Board generally discussed the potential cost of the CREeD program to the State of Indiana and the effectiveness of the program. Mr. Mutz noted that the committee did adopt the policy proposed by the staff and then summarized the criteria that would be considered going forward when evaluating projects locating in a CREeD.

Governor Daniels then called on Jim Marcuccilli, as the chairman of the Audit Committee, to provide a report of the committee's activities since the last Board meeting. Mr. Marcuccilli noted that the committee reviewed the State Board of Accounts audit report from the Department of Commerce. Mr. Marcucilli stated that the committee asked IEDC staff to prepare a request for proposal to conduct an internal controls review to supplement the State Board of Accounts audit process and to ensure that the Corporation has an adequate system of internal controls.

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 Michael S. Maurer, Nathan J. Feltman, Chad J. Sweeney and Ryan Asberry, each of the Corporation.

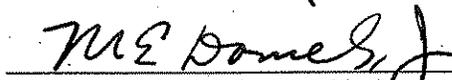
The subject matter of discussion during the Executive Session related to the matters specified in the public notice, i.e., consideration of confidential pending incentive requests made to the State of Indiana (confidential proposals in progress) and discussion of records classified as confidential by 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 21, 2006

**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 21, 2006, at 10:30 a.m., at Langham Future Enterprises, 5335 West 74th Street, Indianapolis, Indiana.

In addition, the Board of Directors of the Indiana Economic Development Corporation will hold an executive session on September 21, 2006, at 11:30 a.m. at Langham Future Enterprises, 5335 West 74th Street, Indianapolis, 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 21, 2006 (10:30 a.m.)

- I. Welcome
 - Recognition of Quorum
 - Recognition of Compliance with Open Door Law
 - Approval of Minutes from June 15, 2006 Meeting
- II. IEDC Executive Report
- III. Strategic Plan Implementation Update and Discussion
- IV. Report and Analysis of recent Win / Loss
- V. Committee Reports
 - Entrepreneurship Committee
 - Economic Policy Committee
 - Audit 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).