

MINUTES OF THE JOINT MEETING OF THE BOARD OF DIRECTORS OF THE INDIANA
ECONOMIC DEVELOPMENT CORPORATION AND THE INDIANA ECONOMIC
DEVELOPMENT FOUNDATION, INC.

December 11, 2013

The Board of Directors ("Board") of the Indiana Economic Development Corporation (the "Corporation") and the Indiana Economic Development Foundation, Inc. ("Foundation"), met on December 11, 2013 at Indigo BioSystems, 7820 Innovation Blvd., Indianapolis, Indiana. Present at the meeting were directors Michael R. Pence, Kip Tom, Bob Koch, Bob Taylor, John Thompson, Angela Braly, Jim Schellinger, Jim Marcuccilli, Dane Miller, Joel Gorelick, John Mutz, and Rick Johnson. Also in attendance were Victor P. Smith, Eric R. Doden, and Chad A. Pittman.

Governor Pence thanked AIT Laboratories and Indigo Biosystems for hosting today's meeting. The Governor called upon Dr. Mike Evans (AIT Laboratories) and Raul Zavaleta (Indigo Biosystems) to give an overview of AIT Laboratories and Indigo BioSystems.

Governor Pence welcomed the newest board member, Joel Gorelick. Until earlier this year, Joel served as President and Chief Administrative Officer of Northwest Indiana BanCorp and its subsidiary Peoples Bank SB. Prior to his banking career, Joel served in the United States Marine Corps.

Governor Pence recognized that a sufficient number of the members of the Board were present to constitute a quorum. Governor Pence 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 Pence then reviewed and presented for approval the minutes from the previous Board meeting on October 1, 2013. Upon motion duly made and seconded, the minutes from the prior meeting were unanimously adopted.

Governor Pence then called upon John Thompson to provide the Entrepreneurship Committee Report. Mr. Thompson reported on the 2013 fourth quarter 21 Fund Summary. He reported the Angel Fund has 24 investment commitments, representing 100% increase from 2012 and the 21 Fund has 6 investment commitments of \$5.6M and resulting private co-investment of \$9.0M. Mr. Thompson also reported on 2013 Liquidation events. The first Angel Fund exit, Jade Beauty returned 2.3 times capitol within 18 month period of investment. Partech, a 21 Fund Company - partial asset sale to a publicly traded company, and returned 1.1 times the capitol within 14 months of investment. Compendium (acquired by Oracle) returned 1.5 times the capitol within 10 months, including a previous 21 Fund Grant. Mr Thompson reported that for the 2014 Program, the SSBIC had approved two Fund Managers under an RFP and staff has been authorized to proceed with investment qualifications and structure negotiation. SBIR committee has approved the re-start of the Small Business Technology Matching Program. This program is to entice more federal dollars to companies in Indiana, creating jobs and growing businesses.

Governor Pence then called upon John Mutz to provide the Policy Committee report. Mr. Mutz reported that Project Future will create 910 jobs with an hourly rate of above average for the local area. This project is accompanied by \$6.5M Economic Development for a Growing

Economy (EDGE) Credit, \$500,000 training grant and \$2M infrastructure grant. Project Wellness will create 549 jobs in the Indianapolis area utilizing \$4.8M EDGE Credit and \$200,000 training grant. Project Future and Project Wellness have been approved by the Committee. Mr. Mutz brought before the full board the project with Uniseal. Bob Koch is a principal in Uniseal. In compliance with the rules of conflict of interest, Bob left the board meeting during the discussion of the project. Eric Shields reported that Uniseal is receiving \$3.5M in investments and an \$880,000 Industrial Recovery Tax Credit to provide new manufacturing space. Discussion about the project followed. Upon motion duly made and seconded, the Uniseal transaction was unanimously approved. Mr. Mutz also reported on a new piece of legislation on the new logistics tax credit. The amendment to the HBITC would enhance infrastructure for logistics activity, increasing tax incentives to up to 25%. This will be administered by the IEDC and takes effect January 1, 2014. Mr. Mutz reported that more discussion is required prior to its implementation.

Governor Pence called upon Jim Marcuccilli to provide the Audit Committee Report. Mr. Marcuccilli reported that the 2012 audit of the State Board of Accounts of the Foundation and Corporation did not have any considerable materials. The audit completed by Katz, Sapper and Miller through June 2013 moved IEDC from cash to accrual basis, setting up new accounts. He also reported that following the KPMG review of Elevate Ventures, the committee recommends engaging another independent CPA firm to take findings and begin implementation. There were recommendations to use best practices and such needs to be implemented. IEDC is now utilizing the Sponel Group to implement all recommendations of KPMG. The Sponel Group will follow-up February 2014 regarding status of providing more information. Governor Pence followed up with some of the findings of the report. Discussion among the board members followed. Mark Pishon (CFO, IEDC) reported additional information on the transition to the accrual basis to follow the new regulations of GASB accounting standards.

Governor Pence then asked the executive staff of the Corporation to provide the Board with a report of activity since the prior Board meeting. Chad Pittman introduced Dagney Faulk from the Center for Business and Economic Research at Ball State University. Ms. Faulk reported on the reports that they completed for the IEDC: The first report was A Study of the Efficiency, Effectiveness, and Regional Equity of the IEDC. This report compared programs, incentives and activities performed by IEDC with similar agencies in competing states. It also analyzed effects of economic development spending on job creation and business investment measures. The report examined the geographic distribution of IEDC projects in Indiana. Recommendations from the finding in this report are: continued evaluation of the scope of the public-private partnership, continued review of performance-related data, review geography of regional IEDC offices, create an advisory/ombudsman function, continue to improve website offerings, allocate assistance for EB-5 applications, increase economic policy focus in state through the Secretary of Commerce, and review areas of expenditures. The second report was An Analysis of State and Local Tax Incentives in Indiana. This report examined the type, scale and effectiveness of state and local economic development incentives. Recommendations from the findings in this report are: promote creation of Regional Development Authorities covering all counties, continue with EDGE as currently designed, monitor HBI and SEF, and review of state-enabling legislation on local tax abatement.

Eric Doden, President of the IEDC reported on the IEDC Good to Great Plan which includes three parts: Hunting Strategy, Product Development, and Attraction of Talent. Mr. Doden reported on the progress of the MidCap strategy. To date we have met with 33 mayors, 94 companies, 38 roundtables, visited 53 counties and 25,000 miles. Mr. Doden reported that 21 of the 94 companies are considering acquisition as a means of growth. He reported that 14 companies are actively pursuing acquisitions. Secretary Smith reported on the Indiana brand and our efforts in marketing which include print, digital and some non-traditional. Mr. Doden reported on the IndyXpat Initiative which is a talent recruitment and retention initiative. He also reported on the IndyXtern Initiative which is a "summer in the city" immersive internship program for where college students work for the summer at some of the top tech companies in Indianapolis. In the area of product development, Mr. Doden reported on the Indiana Mega Sites and Spec Buildings. Secretary Smith reported on our product development of the transportation corridor linking River Ridge Commerce Center and the Port of Indiana in Jeffersonville.

Kent Anderson (Director – International Business Development at IEDC) reported on 2013 International project results. He reported that the international projects are 12% of all IEDC project; and are 30% of all IEDC new capital investment. Mr. Anderson reported that overseas trips in 2013 included Turkey, 2 trips to Germany and Japan, and Italy. He reported that the IEDC Japan office is moving from Nagoya to Tokyo and the UK office closed in September. There are three new team members for the international department: Rick Pease, Special Advisor to Asia, Paul Roland, Senior Project Manager and Counsel; and Jacopo Tozzi, Northern Italy Project Manager.

Mr. Doden reported that the Corporation has closed 251 competitive economic development projects year-to-date. These projects have resulted in commitments to create 20,676 new jobs with investment of \$2.51B of private capital. Job projections per project are 83; and projected investment per project is \$10,093,749. The average wage per project is \$21.62; and conditional incentives per job are \$9,116. Victor Smith provided a report on the project win. He reported on Pratt Pater in Valparaiso. This is a paper and packing company that will construct a 100 percent recycled paper facility adjacent to its existing box-making plant. This project is projected to create 137 new jobs; and \$260M capital investment. Secretary Smith also reported on Newegg as a project win. This is a California-based electronics focused e-retailer. The project is projected to create 150 new jobs with \$20M capital investment. Mr. Doden reported on a MidCap win of ASH Brokerage in Fort Wayne. ASH plans to construct a new multi-story headquarters in downtown Fort Wayne. The projected jobs are 115; and \$19.6M capital investment. Another MidCap win was ADKEV in Monticello. This company is an injection and insert molding manufacturer. The projected new jobs are 60; and capital investment of \$11M. Charlie Sparks (Vice President, IEDC) reported on the project loss of Project Giant in Fishers. This was an attraction project for a data center with 10 jobs and \$30M in capital investment. The key driver for the decision to eliminate Indiana is the state's sales tax on the purchase of information technology equipment. Mr. Sparks reported that sales tax is a significant impediment for data center projects considering Indiana. Steve Akard (Vice President & General Counsel – IEDC) reported on IEDC's compliance reported. He reported that we have pursued 40 companies in 2013 for a total of \$3,967,012. Secretary Smith reported on Indiana's rankings. Indiana is best in the Midwest and 10th nationally for lowest taxes in the

Midwest by the Tax Foundation. Indiana is one of eleven states with top bond rating from all three major credit rating agencies.

There being no more business to come before the Board at the public meeting, Governor Pence 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 Pence. Present other than members of the Board were Victor P. Smith, Eric R. Doden and Chad A. Pittman, each of the Corporation.

Respectfully submitted,



Chad A. Pittman, Acting Secretary

Approved:


Michael R. Pence, Chairman

Attachments:

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1. Public Notice of Meeting
 2. Meeting Agenda dated December 11, 2013



**NOTICE OF A JOINT MEETING OF THE BOARD OF DIRECTORS OF
THE INDIANA ECONOMIC DEVELOPMENT CORPORATION AND
THE INDIANA ECONOMIC DEVELOPMENT FOUNDATION, INC.**

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 and of the Indiana Economic Development Foundation, Inc. will hold a public meeting on December 11, 2013 at 3:00 p.m., at Indigo Biosystems, 7820 Innovation Blvd., Indianapolis, Indiana.

In addition, the Board of Directors of the Indiana Economic Development Corporation will hold an executive session on December 11, 2013 at 4:15 p.m. at Indigo Biosystems, 7820 Innovation Blvd., Indianapolis, Indiana for consideration of confidential pending incentive requests made to the State of Indiana by industrial or commercial prospects (confidential proposals in progress) and discussion of records classified as confidential by state or federal statute, IC. 5-14-1.5-6.1(b)(2)(B),(4) and (7).

**Joint Meeting of the Board of Directors of the Indiana Economic Development Corporation
and the Indiana Economic Development Foundation, Inc.**

December 11, 2013 (3:00 p.m.)

**Indigo Biosystems
7820 Innovation Blvd.
Indianapolis, IN 46278**

- I. Welcome Board Members and Guests
 - Recognition of Quorum
 - Recognition of Compliance with Open Door Law
 - Approval of Minutes from October 1, 2013 Meeting

- II. Committee Reports
 - Entrepreneurship Committee Report
 - Policy Committee Report
 - Audit Committee Report

- III. IEDC Executive Report

EXECUTIVE SESSION

Consideration of confidential pending incentive requests made to the State of Indiana by industrial or commercial prospects (confidential proposals in progress) and discussion of records classified as confidential by state or federal statute, IC. 5-14-1.5-6.1(b)(2)(B),(4) and (7).
