

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

The Economic Policy Committee ("Committee") of the Board of Directors 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. Initially present at the meeting were committee members John Mutz, Kip Tom and Bob Koch. Bill Mays joined the meeting in progress. Representing the Corporation were Patricia R. Miller, Michael S. Maurer, Nathan J. Feltman, Chad J. Sweeney and Ryan Asberry.

John Mutz, as chairman of the Committee, called the meeting to order. Mr. Mutz noted that a sufficient number of the members of the Committee were present to constitute a quorum. He noted that Mr. Mays would be arriving late.

Mr. Mutz 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. Mutz then called upon Chad J. Sweeney, as the Chief Financial Officer of the Corporation to present projects for approval. Mr. Sweeney summarized several economic development projects for consideration and approval by the Committee. The following incentives for each of the projects were recommended to the Committee for approval:

Taconic Farms:

\$4,353,000 in Hoosier Business Investment ("HBITC") Tax Credits

Martinrea Industries, Inc. d/b/a Icon Metal Forming:

\$3,500,000 in Economic Development for a Growing Economy Tax Credits

Webb Wheel Products, Inc.:

\$7,072,724 in HBI Tax Credits

Hilex Poly Company, LLC:

\$4,342,500 in HBI Tax Credits

Courier Kendallville, Inc.:

\$7,080,000 in HBI Tax Credits

Tenneco Automotive Operating Company, Inc.:

\$4,941,426 in HBI Tax Credits

Following the presentation of the projects, Mr. Mutz opened up the floor for questions. There being none, a motion was made to approve each of the projects. The motion was seconded and unanimously approved by all Committee members present.

Mr. Mutz then briefly introduced the remaining agenda items and suggested that the issue of urban enterprise zones be discussed first. At this point, Mr. Mays joined the meeting.

Mr. Mutz then provided the Committee with a summary of the history of urban enterprise zones in Indiana. Mr. Mutz noted that the responsibility for overseeing the urban enterprise zone program has been assigned to the Board of Directors of the Corporation. He also noted that we have come to a time when the statutorily-defined time periods of some zones are expiring. Mr. Mutz asked the staff of the IEDC to comment on any evidence we have regarding the impact of enterprise zones.

The 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.

Mr. Mutz then asked the staff to provide its recommendation of the policy to be considered by the Committee. Nathan J. Feltman, Executive Vice President and General Counsel, noted that it was the staff's understanding that the statutory intent was for enterprise zones to have a term not to exceed twenty years, with an initial ten year designation and two five year renewal terms. He stated that it was the staff's recommendation that enterprise zones not be designated for a period in excess of this term.

Mr. Mutz then posed this recommendation to the Committee for approval. Mr. Mutz noted that this policy would not effect the five enterprise zones that had already been re-designated for a period extending beyond twenty years. Mickey Maurer, President of the Corporation, noted that the Corporation would continue to support

existing enterprise zones and would review any renewal applications consistent with any policy adopted by the Committee and the Board of Directors.

A motion was made for the Committee to recommend to the Board of Directors a policy to limit the term of enterprise zones to a twenty (20) year period, with the approval of any renewal applications during such twenty (20) year period to be subject to the review and approval of the staff of the Corporation. The motion was seconded and unanimously approved by the Committee.

Mr. Mutz then introduced the specific issue relating to the Gary Urban Enterprise Zone ("GUEZ"). Mr. Mutz recognized several representatives of the GUEZ in attendance and asked that each stand and indicate their names and relationship to the GUEZ. Mr. Mutz noted the existence of an audit conducted with respect to issues relating to the administration of the GUEZ by the Gary Urban Enterprise Association. Mr. Feltman noted that the Corporation was notified that the final report was paid for and available but that the Corporation had not yet received a copy. Mr. Maurer then noted that the GUEZ had been in existence for a period exceeding twenty (20) years and that the continuation of the GUEZ be evaluated in light of the policy just adopted by the Committee.

Mr. Mutz noted the existence of a temporary designation of the enterprise zone. Mr. Feltman informed the Committee that the GUEZ had been temporarily re-designated, but that such re-designation had expired in advance of the Committee's meeting. Mr. Mutz recommended that the designation not be extended any further and that the Committee empower the staff to do those things necessary to wind-up the existence of the GUEZ. A motion was made to this effect and seconded. The motion was unanimously approved by the Committee.

Mr. Mutz then introduced the issue of providing economic development incentives to retail operations. He noted that historically the State of Indiana had not provided such incentives to retail projects. The staff of the IEDC summarized for the Committee the type of projects that may warrant an exception to this project. Specifically, "destination" or "attraction" retail projects that may present the opportunity to capture a significant amount of out-of-state spending. After discussion, the Committee concurred that the Corporation would not generally offer or support state incentives for a retail project. However, the Committee agreed that the Corporation may consider offering or recommending state incentives with respect to projects that are expected to have a significant positive fiscal impact to the State of Indiana through the attraction of spending from outside Indiana and/or the attraction of spin-off or support enterprises that would not occur in the absence of the project.

Mr. Mutz then introduced the final agenda topic relating to the provision of economic development incentives to non-profit entities. Mr. Mutz summarized the staff position on this subject. Specifically, Mr. Mutz noted that some non-profit entities are establishing for-profit subsidiaries and that those entities would be available for consideration for traditional economic incentives. However, traditional non-profit

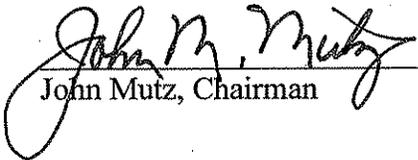
entities, including health care providers would not be eligible for incentives. Mr. Mutz noted that he would make a report to the Board of this and the other resolutions adopted by the Committee.

Having no further business, Mr. Mutz 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,


Chad J. Sweeney, Acting Secretary

Approved:


John Mutz, Chairman

Attachments:

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

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

Notice is hereby given that the Economic Policy Committee of the Board of Directors of the Indiana Economic Development Corporation will hold a public meeting on September 22, 2005, at 9:30 a.m., at the Radisson Hotel Star Plaza, 800 East 81st Street, Merrillville, Indiana.

Indiana Economic Development Corporation Economic Policy Committee Meeting

September 22, 2005 (9:30 a.m.)

- I. Welcome
 - Recognition of Quorum
 - Recognition of Compliance with Open Door Law
- II. Consideration of Projects for Approval
- III. Discussion of Policy with Regard to Retail and Non-Profit Projects
- IV. Discussion of Urban Enterprise Zones