

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

The Economic Policy Committee ("Committee") of the Board of Directors 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 committee members John Mutz, Kip Tom, Bob Koch and Bill Mays. Representing the Corporation were Michael S. Maurer, Nathan J. Feltman, Chad J. Sweeney, Chris Pfaff and Ryan Asberry. James Marcuccilli, a director of the Corporation, also attended the meeting.

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.

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 reviewed and presented for approval the minutes from the previous meeting of the Economic Policy Committee, held on June 8, 2006 in Indianapolis, Indiana. Upon motion duly made and seconded, the minutes from the prior meeting were unanimously adopted.

Mr. Mutz then called upon Chad J. Sweeney, as the Chief Financial Officer of the Corporation to present projects for approval. Mr. Sweeney summarized two 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:

Lowes Home Center:

\$138,500 in Training Assistance from the Skills Enhancement Fund  
\$50,000 in TECH Training Assistance  
\$345,000 in Economic Development for a Growing Economy ("EDGE") Tax Credits  
\$6,789,900 in Hoosier Business Investment ("HBI") Tax Credits

Mr. Mutz opened up the floor for questions on the projects. Following discussion on the project and a general discussion on the wage levels for projects, a motion was made to approve the project. The motion to approve the project was seconded and unanimously approved by all Committee members present.

Medallion Cabinetry, Inc.:

\$149,000 in Training Assistance from the Skills Enhancement Fund  
\$50,000 in TECH Training Assistance

\$10,000 in Economic Development Fund Grant Assistance  
\$85,500 in Infrastructure Assistance  
\$3,100,000 in EDGE Tax Credits  
\$500,000 in HBI Tax Credits

Mr. Mutz opened up the floor for questions on the project. Following discussion on the project, a motion was made to approve the project. The motion to approve the project was seconded and unanimously approved by all Committee members present, except for Mr. Koch. Mr. Koch abstained from voting due to a business relationship that his company has with Medallion Cabinetry.

Mr. Sweeney then presented for consideration an application received by the IEDC for certification of a building in Hartford City, Indiana as an Industrial Recovery Site under I.C. 6-3.1-11. Mr. Sweeney summarized the Industrial Recovery Site Tax Credit program for the committee and noted that the facility subject to the application did meet the threshold requirements. Mr. Sweeney also noted that according to the application the certification was requested to incentivize Petoskey Plastics, a new business looking to move into the facility. This new business is expected to invest approximately \$7.9 million and create up to 48 new jobs, earning an average wage of approximately \$13.75 per hour.

Staff recommended that the Committee approve the application, subject to the following contingencies: (i) the credit be in lieu of any other state incentives for the new manufacturing operation locating in the facility; (ii) the amount of qualified investment be limited to \$1,049,945; and (iii) the credit be contingent upon Petoskey Plastics locating in the facility consistent with its commitment to the State of Indiana.

Mr. Sweeney noted that when taking into account the foregoing contingencies, based on the Corporation's cost-benefit analysis, this project will create a positive fiscal impact for the State of Indiana.

Mr. Mutz opened up the floor for questions on the application. Following brief discussion, a motion was made to approve the application subject to the contingencies outlined by the staff. The motion was seconded and unanimously approved by all Committee members present.

Mr. Mutz then noted that the Committee was to consider a policy issue relating to the Community Revitalization Enhancement District ("CRED") program. Mr. Mutz called on Ryan Asberry to provide background on the CRED program. Mr. Asberry described the history of the CRED program and summarized both the tax recapture provisions and the investment tax credit incentive associated with the program. He also noted the recent expansion of the program, including a geographic expansion and a focus from industrial projects to more of a community development focus.

Mr. Mutz noted that the primary focus of the CRED program is to revitalize depressed areas and often results in the transfer of activity from one area of the state to another and not the creation of new employment or economic value. It was also noted

that as a result of the significant advantages afforded to CRED districts, there was continuing pressure from communities without a CRED district to expand the program. Mr. Asberry noted that the State Budget Agency had previously done an analysis of the fiscal impact of the CRED program in the event every eligible community was granted a district. He noted that the analysis showed the result would have a negative fiscal impact of approximately \$320 million, without taking into account the investment incentive.

Mr. Asberry then summarized the policy that the Corporation recommends to the Committee for approval. He noted that the policy was an attempt to responsibly administer the program. Mr. Asberry noted that the statute allows the Corporation to determine the amount of investment that qualifies for the CRED investment tax credit. He noted that the policy sets forth four criteria that would be used in determining the amount of qualified investment that would be approved, as follows:

1. What is the nature and extent of local financial participation in the project?
2. What return will the state receive as a result of the award (jobs, investment, etc.) and is the return reasonable for the state?
3. Is the award an important part in moving the project forward or will the project happen without state support?
4. What is the condition/need of the area in which the project is taking place?

Mr. Marcuccilli noted that it was important to look at the cost/benefit analysis, but that the Corporation should also consider that there are other quality of life issues that can be impacted by this program, and that those issues should be considered as well. Mr. Maurer agreed with that and stated that the policy will allow staff to consider those issues and administer the program responsibly.

Mr. Mutz stated that he was in favor of the policy and noted that he felt was not good policy to use state tax money to relocate economic activity from one area of the state to another, or to benefit one community over another. The Committee engaged in general discussion regarding the policy and Mr. Mutz then asked if there was a motion for approval of the policy as presented to the Committee for approval.

A motion was made to approve the policy as presented. The motion was seconded and unanimously approved by all Committee members present.

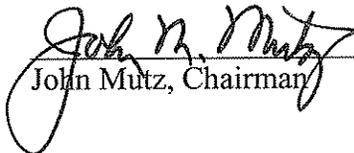
Mr. Maurer then summarized for the Committee a number of issues that have arisen as a result of transitioning to the new policy. He noted that there were pending projects in both Indianapolis and Ft. Wayne that had arguably moved forward in reliance on the old policy for the CRED program. Mr. Maurer noted that the staff proposes to use best efforts to negotiate with these cities to try and reach a mutually agreeable resolution, even if those particular deals do not meet the criteria set forth in the newly adopted policy. The Committee generally discussed the state of the pending projects. The Committee asked that future CRED projects that failed to meet the CRED criteria set forth in the policy be brought to the Committee for consideration.

There being no more business to come before the Committee, Mr. Mutz concluded the public portion of the meeting.

Respectfully submitted,

  
Chad K. Sweeney, Acting Secretary

Approved:

  
John Mutz, Chairman

Attachments:

1. Public Notice of Meeting
2. Meeting Agenda dated September 21, 2006

**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 21, 2006, at 9:30 a.m., at Langham Future Enterprises, 5335 West 74<sup>th</sup> Street, Indianapolis, Indiana.

## **Indiana Economic Development Corporation Economic Policy Committee Meeting**

**September 21, 2006 (9:30 a.m.)**

- I. Welcome
  - Recognition of Quorum
  - Recognition of Compliance with Open Door Law
  - Approval of Minutes from June 8, 2006 Meeting
- II. Consideration of Projects for Approval
- III. Discussion of Community Revitalization Enhancement Districts