

**MINUTES OF THE REGULAR MEETING
OF THE ENTREPRENEURSHIP COMMITTEE
OF THE BOARD OF THE INDIANA
ECONOMIC DEVELOPMENT CORPORATION**

March 16, 2006

Mr. Dane A. Miller convened a regular meeting of the Entrepreneurship Subcommittee of the Board of the Indiana Economic Development Corporation at 9:30 a.m. on Thursday, March 16, 2006, at the Regional Economic Growth Center, 300 East Main Street, Fort Wayne.

MEMBERS PRESENT: CATHY LANGHAM
DANE A. MILLER
BRUCE WHITE

BY PHONE: SALLY RUSHMORE BYRN

MEMBERS ABSENT: NONE

STAFF PRESENT: Nathan Feltman
Bruce Kidd
Karl Koehler
Michael S. Maurer
Kelly Streepy

OTHERS PRESENT: Numerous members of the public

WELCOME

In the absence of Ms. Byrn, Mr. Miller served as Chair. Chairman Miller noted conformance with State Open Door Policies. Mr. Kidd reminded the committee of the importance of not exposing during discussion any confidential information contained in the proposals upon which the recommended awards are based.

PRESENTATION OF 21ST CENTURY RESEARCH & TECHNOLOGY FUND APPLICATIONS

Mr. Kidd introduced the meeting by noting that the nine projects to be considered for awards at this meeting are innovative, potentially market-changing, and will create jobs.

Matrix Global Partners, Inc.
Carmel, IN
Recommended award: \$1,200,000.00

Matrix Global Partners, Inc. has developed its Meridian software to help large retail organizations manage their software/network infrastructure, permitting centralized control of critical information flows. Matrix intends to market and support the use of Meridian.

Mr. Kidd summarized the project. There was further discussion of the service the Matrix software provides and the funds committed thus far from other sources.

Mr. White moved to approve a \$1,200,000.00 award to Matrix; Ms. Langham seconded the motion. The motion was passed with none opposed but the Board noted that these new funds should not be used to return capital to those who have invested so far.

Prosolia, Inc.

Indianapolis, IN

Recommended award: \$2,000,000.00

Prosolia, Inc. was established in 2003 to commercialize technology arising from the laboratory of Dr. Graham Cooks, Aston Laboratories of Mass Spectrometry at Purdue University, West Lafayette. Prosolia's mission is to develop and market revolutionary analytical and preparative chemistry tools that will enhance and expand the use of mass spectrometers.

Dr. Koehler summarized the technology, noting that funding this project supports development of prototypes and their testing. During the ensuing discussion it was noted that Dr. Pete Kissinger is now overseeing Prosolia, and that Dr. Graham Cooks, the creator of this technology, has a strong track record in applied research. The Board also discussed Prosolia's previous award (for development of an ion soft-landing device), the expected time to commercialization, and sources of previous funding for this project.

These questions stimulated a brief discussion of how best to summarize key business development questions for Board members. Mr. Maurer and Mr. Feltman pointed out that a new fact sheet was under development, and would be used as soon as possible.

Ms. Langham moved to approve a \$2,000,000.00 award to Prosolia; Mr. Miller seconded the motion. The motion was passed with none opposed.

Purdue University (Partnerships for Innovation Match)

West Lafayette, IN

Recommended award: \$300,000.00

This award is based on previous 21st Century Fund commitments to provide matching funds for the National Science Foundation's Partnerships for Innovation (PFI) program. Dr. Shin, at Purdue University, won this award and so the match is obligatory.

Mr. White moved to approve a \$300,000.00 award to Purdue; Mr. Miller seconded the motion. The motion was passed with none opposed but the Board noted that it would not provide PFI matches automatically in the future.

Quadraspec, Inc.

West Lafayette, IN

Recommended award: \$933,333.00

Mr. Kidd summarized the project and noted that he and other senior IEDC staff members met with Quadraspec's head, Chad Barden, and were impressed with his clear business development plans. He further noted that 21 Fund support was aimed at development of Quadraspec's initial veterinary product, which should provide revenues sufficient to support eventual FDA approvals for human use.

Mr. White moved to approve a \$933,333.00 award to Quadraspec; Ms. Langham seconded the motion. The motion was passed with none opposed.

Nesch, LLC

Crown Point, IN

Recommended Award: \$1,996,000.00

Nesch LLC is developing deployable instrumentation for a revolutionary x-ray imaging technique, diffraction enhanced imaging (DEI). DEI was discovered and patented by Illinois Institute of Technology (IIT), who has granted Nesch LLC an exclusive license to DEI technology. DEI is an x-ray imaging technique in which very tiny deflections in a highly parallel x-ray beam can be detected through the use of crystal optics. These deflections occur when the beam goes through materials of different densities, such as a tumor within healthy tissue. Thus, DEI provides a means for soft tissue x-ray imaging, which has always been a very significant problem for conventional radiography.

This discussion was deferred to the next meeting because of unresolved time-line issues.

Imaginestics, LLC

West Lafayette, IN

Recommended Award: \$500,000.00

Imaginestics, LLC develops advanced shape recognition and classification software products and couples them to a variety of aspects of the manufacturing process. In sum, these products help design, identify, and plan the manufacturing of complex parts.

Mr. Kidd described the technology. While noting the significance of the SBIR Phase II award upon which this project is built, the Board discussion centered on concern that this company stay in Indiana. Further discussion of this project was deferred to the next meeting pending staff discussions with Imaginestics to more clearly define the business development strategy.

Brogan Pharmaceuticals

Crown Point, IN

Recommended Award: \$519,000.00

Brogan Pharmaceuticals is dedicated to the development of diagnostic and therapeutic radiopharmaceuticals for use in rare diseases. Four initial products or chemical entities are in various stages of development or under licensing discussions at this time. Brogan's goal is to elucidate opportunities that will enable the diagnosis and treatment of rare diseases that will be designated as Orphan Drugs.

Mr. Kidd summarized the project, and the Orphan Drug process was explained. This was described as an award contingent on other commitments to Brogan.

Mr. White moved to approve a \$519,000.00 award to Brogan; Mr. Miller seconded the motion. The motion was approved: 3 yea, 1 abstention (Byrn).

Arxan Technologies, Inc.

West Lafayette, IN

Recommended Award: \$1,944,096.00

Arxan Technologies, Inc. was formed in 2001 to commercialize cutting edge anti-tamper technology first developed at Purdue University and licensed exclusively to Arxan Technologies, Inc. Since 2001, the West Lafayette/Purdue offices have expanded, with some significant help from the 21st Century Fund. Today, the US military considers Arxan and the team built in Indiana among the best in the world for protecting critical intellectual property. Arxan proposes to undertake two key development initiatives to continue expanding in the rapidly growing Anti-Tamper (AT) domain, and further establish Indiana as the world's leader in developing and commercializing AT technologies.

Mr. Kidd introduced the project, noting that this high skill company was moving its West coast operations back to Indiana.

Ms. Langham moved to approve a \$1,944,096.00 award to Arxan; Mr. Miller seconded the motion. The motion was passed with none opposed.

2k Corporation

Lafayette, IN

Recommended Award: \$400,000.00

2K Corporation proposes to demonstrate the effectiveness of its vehicle borne explosives detection system to the ARMY. The demonstration will take place at a military installation to allow the use of real IED materials in testing to experimentally confirm simulations that show the ability to detect amounts of 150kg or greater and keep the average scan to one minute. Lab simulations show the ability of the system to detect explosive amounts of 150kg or greater and keep the average scan time to one minute.

Continued research and testing will provide electronic "fingerprints" of different explosive materials which will allow the system to be optimized to differentiate non-threatening vehicles from threatening vehicles with maximum accuracy and minimum detection time. Car bombs using IEDs have become a preferred choice for terrorists due to their abundance and cost effectiveness, and are responsible for over 2,000 deaths in the last year.

Mr. Kidd introduced the project, noting that this will be a joint venture between 2K and Raytheon, the Pentagon, and DARPA.

Mr. Miller moved to approve a \$400,000.00 award to 2k, contingent on DARPA funding of \$1 million; Ms. Langham seconded the motion. The motion was passed with none opposed.

DISCUSSION OF ADMINISTRATIVE MATTERS

The IEDC sought Board approval of agreement changes for 2 previous 21 Fund awards:

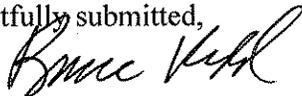
- The transfer of an award from DTE Energy to IPower, and
- The transfer of an award from Industrial Composites, Inc. to Advanced Process Technologies.

Mr. White moved to approve these agreement changes; Mr. Miller seconded the motion. The motion was passed with none opposed.

ADJOURNMENT

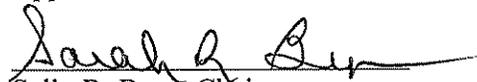
The next meeting of the Entrepreneurship subcommittee of the IEDC Board of Directors was scheduled for April 25, 2006 at 9:30 AM. Chairman Miller adjourned the meeting at approximately 10 AM.

Respectfully submitted,



Bruce Kidd, Director of Entrepreneurship, Indiana Economic Development Corporation

Approved,


Sally R. Byrn, Chairperson