

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

**April 25, 2006**

Chairperson Sally Byrn convened a regular meeting of the Entrepreneurship Subcommittee of the Board of the Indiana Economic Development Corporation at 9:30 a.m. on Tuesday, April 25, 2006, at the Indiana University Research & Technology Corporation, 351 West 10<sup>th</sup> Street, Indianapolis, Indiana 46202.

MEMBERS PRESENT:           SALLY RUSHMORE BYRN  
                                  CATHY LANGHAM  
                                  DANE A. MILLER  
                                  BRUCE WHITE

MEMBERS ABSENT:           NONE

STAFF PRESENT:            Ryan Asberry  
                                  Bruce Kidd  
                                  Karl Koehler  
                                  Todd Pederson

OTHERS PRESENT:          Jim Eiffert  
                                  Another member of the public

**WELCOME**

The Chair noted that a quorum of the subcommittee was present and that the meeting was being held in compliance with State Open Door Policies.

**APPROVAL OF THE JANUARY 26<sup>TH</sup> AND MARCH 16<sup>TH</sup> MINUTES**

Review of the minutes of the subcommittee's first two meetings was deferred to the next meeting (scheduled for 5/31/06 at 9:30 AM).

**PRESENTATION OF 21<sup>ST</sup> CENTURY RESEARCH & TECHNOLOGY FUND APPLICATIONS**

Mr. Kidd pointed out the overall levels of financial commitments of the 21 Fund to date. He also discussed generally the SBIR matching program.

Three projects were discussed:

**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 summarized the project. Imaginestics, which had been carried over from the previous subcommittee meeting for more information, was discussed and unanimously approved.

A discussion of the objectives of 21 Fund awards ensued, particularly with regard to the early evolution of companies, the roles of entrepreneurs in the creation and management of such companies, and the importance of oversight and management of these awards.

**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 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.

The Nesch, LLC project was summarized by Mr. Kidd. The subcommittee discussed the issue of clawbacks, and the nature of incentives and disincentives in State activities. The sub-committee instructed Mr. Kidd to provide examples of the claw-back language in current agreements. The Nesch, LLC award was approved unanimously.

**PhySci Pharmaceuticals, Inc.**

Indianapolis, IN

Recommended Award: \$2,000,000.00

PhySci Pharmaceuticals, Inc. ("PhySci") is a biopharmaceutical company focused on developing and commercializing novel therapeutics for metabolic diseases. PhySci was founded in 2005 by Richard DiMarchi, August Watanabe and Kent Hawryluk.

Mr. Kidd introduced the project, noting the experience of the group. The subcommittee discussed the 'ratio' of participant and State investments in such a project, and the expectations of the State. The role of the State in managing the risk of such projects was discussed. The PhySci project was approved unanimously.

**DISCUSSION OF ADMINISTRATIVE MATTERS**

Oversight metrics used by the 21 Fund to track progress of projects was discussed. Dr. Koehler summarized the roles of web-based data gathering and staff site visits to awardees.

**ADJOURNMENT**

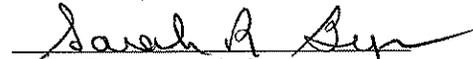
The next meeting of the Entrepreneurship subcommittee of the IEDC Board of Directors was scheduled for May 31, 2006 at 9:30 AM. Chairperson Byrn adjourned the meeting at approximately 11 AM.

Respectfully submitted,



Bruce Kidd  
Bruce Kidd, Director of Entrepreneurship, Indiana Economic Development Corporation

Approved,

  
Sally R. Byrn  
Sally R. Byrn, Chairperson