

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

July 27, 2006

Chairperson Sally R. Byrn convened a regular meeting of the Entrepreneurship Committee of the Board of the Indiana Economic Development Corporation at 9:00 a.m. on Thursday, July 27, 2006, at One North Capitol, Suite 700, Indianapolis, IN 46201.

MEMBERS PRESENT: SALLY R. BYRN
 CATHY LANGHAM
 BRUCE WHITE

MEMBERS ABSENT: DANE A. MILLER

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

OTHERS PRESENT: Jess McCarter, Sagebit
 Benjamin Mishkin, Sagebit

WELCOME

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

APPROVAL OF THE MAY 31ST MINUTES

Ms. Langham motioned that the minutes of the May 31st meeting of the Entrepreneurship Committee be approved. Mr. White seconded that motion. The motion was approved with none opposed.

PRESENTATION OF 21ST CENTURY RESEARCH & TECHNOLOGY FUND APPLICATIONS

Mr. Kidd noted that IEDC staff had decided to withdraw the JSG proposal from consideration during this meeting to allow time for further exploration of IP issues, principally freedom to operate.

Four projects were discussed:

Sentelligence, Inc.

Indianapolis, IN

Recommended Award: \$400,000.00 (\$400,000.00 requested)

Sentelligence, Inc. (founded in 2001) has developed an optical sensor platform capable of providing real time diagnostic information for various applications. Initial application (and focus of this project): a urea sensor for diesel engines used in the European commercial transportation market to meet the Euro IV emission requirements aimed at reducing NOx emissions. Sentelligence is requesting \$400,000 to develop and test commercial prototypes of their urea sensor.

Mr. Kidd summarized the project. He noted that this project has previously been tabled because the location of current sensor production is occurring outside Indiana. Sentelligence, Inc. provided a convincing argument about its growth in Indiana and the merits of sensor manufacturing vs. outsourcing. It is clear that the company's R&D jobs are now and will be developed in Indiana. IEDC exploration of the strength of 'market pull' for the sensor, and its likely use in the US was discussed. Mr. Koehler summarized the market aspects based on input from a major diesel manufacturer. Mr. Maurer asked for approval of the Sentelligence project subject to IEDC staff's further consideration of the market potential of the sensor. Mr. White asked about the capitalization of Sentelligence.

Mr. White motioned to approve a \$400,000.00 award to Sentelligence, Inc. subject to IEDC staff further evaluation of comments received from the diesel manufacturer regarding the project and subject to inclusion in the award agreement clawback language requiring that post-2009 production of the urea sensor be moved to Indiana. Ms. Langham seconded the motion and it was approved with none opposed.

MedTG, LLC

Brazil, IN

Recommended Award: \$350,000.00 (\$350,000.00 requested)

MedTG's product represents a dramatic change to disposable intravenous (IV) devices for fluid delivery, blood sampling and patient monitoring for the inpatient and emergency medical environment. The product will improve the hospital patient experience, free up medical staffing demands, increase the efficiency of fluid extraction and fluid delivery, and provide real-time access to patient conditions from blood monitoring for physician and caregiver. The project will develop the initial operational Sensor-IV (Patent Number 6,758,835 or Published Application Number 20030208154) prototype for limited animal testing leading to the next stage design for the "FDA 510K" micro-injection molded prototype production.

Mr. Kidd summarized the project. He described IEDC assessment of 'market pull' for such a device, including its potential relationship to Cook and the scale of jobs creation.

Ms. Byrn noted that the technical and management group was strong. Mr. Maurer discussed the possibility of incorporating matching funding language in this award. It was argued that matching from the venture community would aid development of MedTG's business infrastructure.

Mr. White motioned to approve an award of \$350,000.00 to MedTG, LLC, subject to the conditions that: 1) MedTG is required to secure matching funds for the award, and 2) manufacturing of the device is to occur in Indiana. Chairperson Byrn seconded the motion and it was approved with none opposed.

Morris Innovative Research, Inc.

Bloomington, IN

Recommended Award: \$1,040,647.00 (\$1,040,647.00 requested)

The FISH™ device is a new approach to vascular closure that utilizes a sleeve of Extra Cellular Matrix (ECM) tissue, pre-mounted on a sheath introducer, to serve as the closure mechanism. Morris Innovative Research believes this new technology can solve many of the complications associated with vascular closure by placing the patch in the vessel wall of the access site at the beginning of the procedure. Unlike current commercially-available vascular hemostasis technologies, this approach allows initial cellular bonding of the matrix to take place while the interventional or diagnostic procedure is being performed, thereby reducing time to hemostasis and ambulation. No closure device on the market, nor (to our knowledge) in development approaches vascular closure from the beginning of the procedure by pre-mounting a bio-tissue in an introducer sheath. Since the closure device is placed at the beginning of the procedure, once the procedure has been completed and the sheath is removed, only simple steps to close off the vessel are required: compression of the tabbed suture and clipping of the sutures close to the skin level.

Mr. Kidd summarized the 'FISH' project, and its financial structure, and noted that the budget primarily supports essential clinical trials. Mr. Koehler summarized 'user' feedback obtained from a local cardiologist. Mr. White discussed capitalization, manufacturing, and shareholder issues. Ms. Byrn noted the importance of supporting this type of risky and exciting product development.

Chairperson Byrn motioned to approve an award of \$1,040,647.00 to Morris Innovative Resesarch, Inc. Ms. Langham seconded the motion and it was approved with none opposed.

SITES, LLC

Columbia City, IN

Recommended Award: \$2,000,000.00 (\$2,000,000.00 requested)

This proposal describes a new technique for producing bone and soft tissue ingrowth materials (scaffolds), applicable to a wide variety of medical products (initially orthopaedic implants). It builds on earlier work performed by Dr. Steven Schmid at the

University of Notre Dame. The proposal includes research efforts needed to develop an experimental and theoretical understanding of the new material and its method of manufacture. Production of passive and active scaffolds, their pre-clinical evaluation and a commercialization strategy is presented. These materials can also serve as a matrix for dental implants, as well as for soft tissue, ligaments, and sports medicine applications. Thus, the long-term impact of this new technology is potentially enormous, ultimately affecting literally every form of orthopedic, dental, spinal, and sports medicine implant.

Mr. Kidd summarized the reconsideration of the project, and its current status. Based on Site's thoughtful response to IEDC questions about the nature of the innovations involved in the project, the involvement of Notre Dame, and the clearly devoted management team, this project has been reconsidered, and is now recommended for an award. Mr. Koehler described the innovative nature of the scaffold structures proposed and their future use for therapeutics. The financing of this project was discussed at length.

Mr. White motioned to approve an award of \$1,000,000.00 to be disbursed as follows: SITES, LLC will receive a payment of \$350,000 upon execution of the agreement. The IEDC will then match dollar for dollar (in increments of \$250,000 or more) matching funds that SITES receives up to a total project amount of \$1,000,000.00. Ms. Langham seconded the motion and it was approved with none opposed.

DISCUSSION OF ADMINISTRATIVE MATTERS

The IEDC and the 21st Century Fund's auditing processes were briefly discussed. The involvement of Crowe Chizek was seen as a positive. Mr. Maurer noted that the IEDC has hired an auditor to develop and implement appropriate oversight processes.

A request by APT, formerly Industrial Composites, Inc., for a final \$200,000 payment of an award made to ICI was discussed by the Board. A consensus was reached that a new proposal was warranted in such a case.

The Board briefly discussed the nature of matching funding requirements for 21st Century Fund awards. Mr. Koehler pointed out that there is a statutory requirement for such matching, but that the 21st Century Fund and the IEDC have seen that such matches exist by examination of company capitalization activities and by the balance between total project costs and requests for 21st Century Fund funds. Mr. White noted that the 21st Century Fund must strike a balance between technology innovation and company supporting infrastructure in order to identify projects most likely to succeed.

The next meeting will be on September 21, 2006 in Indianapolis

ADJOURNMENT

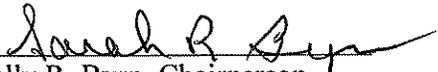
Chairperson Byrn adjourned the meeting at approximately 10:25 AM.

Respectfully submitted,



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

Approved,


Sally R. Byrn
Sally R. Byrn, Chairperson