

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

September 21, 2006

Chairperson Sally Burn convened a regular meeting of the Entrepreneurship Subcommittee of the Board of the Indiana Economic Development Corporation at 9:33 a.m. on Thursday, September 21, 2006, at Langham Future Enterprises, 5335 West 74th Street, Indianapolis, Indiana.

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

MEMBERS ABSENT: BRUCE WHITE

STAFF PRESENT: Bruce Kidd
 Pat Henn
 Karl Koehler
 Tom Skidmore
 Kelly Streepy

OTHERS PRESENT: Scott Naltner, Fort Wayne-Allen County Economic
 Development Alliance

WELCOME

The Chair noted conformance with State Open Door Policies, the presence of a quorum, and the importance of not exposing during discussion confidential information contained in the proposals upon which the recommended awards are based.

APPROVAL OF THE JULY 31ST MINUTES

Ms. Langham moved approval of the minutes of the July 31st meeting of the Entrepreneurship Committee, with Ms. Byrn seconding. The minutes passed unanimously.

PRESENTATION OF 21ST CENTURY RESEARCH & TECHNOLOGY FUND APPLICATIONS

Three projects were discussed:

Optical Vitals, LLC

Indianapolis, IN

Recommended Award: \$590,000.00

Optical Vitals is developing a non-invasive blood pressure monitor that uses light absorption technology and related algorithms developed at Purdue University and licensed through Theron, Inc. This award involves pre-clinical and clinical validation studies. The initial target market is neonatal support.

Mr. Kidd provided a summary of the proposal, noting that the initial target market is neonatology. While recommending approval of an award, Mr. Kidd noted that the IEDC would await the conclusion of the initial trial at Methodist Hospital before concluding an award agreement. The emphasis of the IEDC will be to support the larger clinical trial, which is supported by this initial trial. In addition, the IEDC will agree to provide up to \$590,000 based on Optical Vitals' obtaining private sector funds.

Ms. Byrn asked about the nature of typical contract language. Mr. Kidd summarized the basic characteristics of the agreements between 21 Fund awardees and the IEDC. He emphasized the benefits of time-dependent claw-back language, which protects creation of jobs in Indiana. He noted that agreement language has minimal impact on companies that are successful in Indiana.

Ms. Byrn moved approval of the award with the contingencies outlines by Mr. Kidd. Mr. Miller seconded, and the motion was approved unanimously.

VitaCyte, LLC

Indianapolis, IN

Recommended Award: \$620,000.00

By using highly purified recombinant enzymes, VitaCyte will dissociate and preserve hepatic cells from human tissue. Isolation of functional hepatocytes will permit academic and commercial studies of hepatocyte metabolism and response to drugs. Such cell-based drug studies are likely to accelerate drug toxicology screens and reduce the overall costs of drug discovery.

Mr. Kidd summarized the project, noting that it focuses on hepatocyte isolation and that this project has received peer reviewed support from NIH and a phase I matching award from the 21st Century Fund. VitaCyte's business plan involves creation of product-specific spin-off companies. The IEDC contingency involving updated financial projections has been resolved.

Ms. Byrn asked whether there were any IP issues. None were noted.

Ms. Langham moved approval of the award recommendation. Mr. Miller seconded, and the motion passed unanimously.

Ceramic Interconnect Specialists, LLC (CIS)

West Lafayette, IN

Recommended Award: \$1,075,000.00

This project extends an earlier 21st Century Fund project focused on creation of three-dimensional high-density high-frequency electronic circuits. CIS and Omega Wireless, in collaboration with Purdue University will design and produce prototype satellite radios for testing and commercialization by Delphi. Other military applications of this technology will also be pursued. This project is the first major commercial application of Nexaura Systems' z-axis magnetically-aligned anisotropic conductive epoxy technology (developed with an earlier 21st Century Fund award).

Mr. Kidd summarized the origins of CIS, its relationship to Delphi as one of a number of potential commercialization outlets. The IEDC contingencies noted included: resolution of the initial business focus since the title emphasizes cell phones while the proposal itself emphasizes other applications; and clearer understanding of CIS's capitalization.

Ms. Langham moved approval of the award recommendation including the IEDC contingencies enumerated by Mr. Kidd. Mr. Miller seconded, and the motion was passed unanimously.

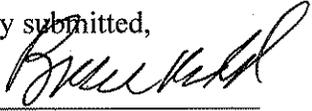
DISCUSSION OF ADMINISTRATIVE MATTERS

Mr. Skidmore introduced Mr. Pat Henn who heads the IEDC's auditing activities. He reported on the 21st Century Fund, while noting that all written materials are still in draft form. He asked for Board member input. The key issues for the 21st Century Fund include: Proposal Tracking, Timing and Monitoring of Award Payments, and Tracking of Reports. In development is an auditing tool to aid in execution of awardee site visits. Mr. Henn noted that the 21st Century Fund has staffing issues vis a vis current time commitments of 21st Century Fund staff. Perhaps an additional person will be needed to help with oversight. Mr. Kidd noted that the IEDC is in the process of considering persons for such a position. Mr. Henn continued by enumerating issues requiring further attention. These include: obtaining more specific financial metrics to provide a more accurate sense of awardee company status; development of SBIR reporting requirements, tracking, etc.; codification of 21st Century Fund policies and procedures. In response to a question from Ms. Byrn about the degree to which institutionalization of processes is necessary, Mr. Skidmore noted that this is primarily a data access issue. Currently, substantial 21st Century Fund staff time is committed to creating post facto reports for various governmental and private sector stakeholders. Mr. Koehler noted that the IEDC/21st Century Fund has recently expanded the SBIR process. Mr. Kidd pointed out that the flow of projects is steady and that these would be brought to the Committee as they meet 21st Century Fund and IEDC requirements.

ADJOURNMENT

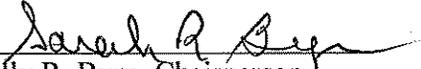
Mr. Kidd thanked the committee. Chairperson Byrn adjourned the meeting at 10:30 a.m.

Respectfully submitted,



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

Approved,



Sally R. Byrn
Sally R. Byrn, Chairperson