

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

November 1, 2007

Chairperson Sally Byrn convened a regular meeting of the Entrepreneurship Committee of the Board of the Indiana Economic Development Corporation at 9:38 a.m. on Thursday, November 1, 2007, at the Indiana Economic Development Corporation, One North Capitol, Indianapolis, Indiana.

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

STAFF PRESENT: Nate Feltman
Bruce Kidd
Karl Koehler
David Gard
Ryan Asberry
Linda Peterson-Roe

WELCOME

The Chair called the meeting to order, recognized the presence of a quorum, noted conformance with State Open Door Policies, and confirmed no members of the public were present.

APPROVAL OF THE OCTOBER 4, 2007 MEETING MINUTES

Mr. Miller moved approval of the minutes of the October 4, 2007 meeting of the Entrepreneurship Subcommittee of the Board, with Ms. Langham seconding. The minutes were unanimously approved.

PRESENTATION OF 21ST CENTURY RESEARCH & TECHNOLOGY FUND APPLICATIONS

Mr. Kidd presented three recommended projects to the Committee for consideration:

OBS Medical, LLC (Oxford BioSignals)

Carmel, Indiana

Applicant's Request: \$2,963,634

Recommended Award: \$2,000,000

Mr. Kidd introduced the award. OBS Medical seeks support from the 21st Century Fund for further development and commercialization of BioQT, an ECG (electrocardiogram) analysis system for evaluating drug safety. Bio QT addresses the characterization of long QT syndrome (a disturbance of the heart's electrical system that can cause sudden, racing heart rates) through use of a Hidden Markov Model (a statistical model that determines the hidden parameters from the observable parameters) for ECG segmentation. BioQT addresses early drug, problem drug, FDA, pre-clinical and clinical drug studies for both human and veterinary applications. Use of BioQT will significantly increase the power and effectiveness of clinical trials, thus reducing costs while increasing accuracy.

Mr. Kidd noted that OBS Medical's experienced leadership team was highly qualified from both a business management and technical perspective. Mr. Feltman explained that the intellectual property for this project originated at Oxford University and that the IEDC was instrumental in bringing OBS Medical to Indiana from the UK earlier this year. Mr. Feltman also emphasized the strength and depth of technical expertise associated with this project. Mr. Kidd noted that the FDA requirement to measure cardiac interactions as a part of real time monitoring in clinical drug trials underlined the market need for this product. Mr. Kidd noted that BioQT already had significant financial commitments from other investors that would match the IEDC investment. Mr. Kidd described the 91 jobs that would be created by the award as being high skill, high wage jobs. He added that without IEDC support, the BioQT project would move back to the UK for development and commercialization.

Ms. Byrn opened the floor for questions on the project. Ms. Langham requested a more detailed description of the product which Dr. Koehler provided. Mr. White questioned how the ROI for the 21 Fund awards were measured. Mr. Feltman explained that the return on a 21 Fund award was measured over 7 to 10 years, as compared to a two to seven year ROI for a large corporation which had been awarded traditional IEDC business development incentives. Mr. White requested clarification on the investment policy for the Entrepreneurship Committee. Mr. Feltman responded that the policy had not changed and that the 21 Fund award addresses the seed capital funding gap that exists in Indiana. He added that the 21 Fund helps to create and retain high wage, highly skilled technical jobs in Indiana. Mr. Feltman also noted that the 21 Fund is investing in projects that are closer to the marketplace and have strong commercialization potential.

Mr. White moved for approval of a \$2,000,000.00 award. Mr. Miller seconded, and the motion passed unanimously.

Merrick Healthcare Solutions, LLC

Crown Point, Indiana

Applicant's Request: \$2,000,000

Recommended Award: \$2,000,000

Mr. White announced that he would abstain from participating in the review of this award because he serves on the board of Merrick Ventures, the holding company of Merrick Healthcare Solutions.

Mr. Kidd presented an overview of the project. Merrick Healthcare Solutions (MHS) seeks 21st Century Fund support to develop and commercialize a multi-vendor interface ("middleware") for a range of radio frequency identification (RFID) devices and frequencies to establish centralized asset monitoring and asset tracking services for capital equipment. MHS intends to develop, deploy, host, monitor and manage hospital asset optimization, loss prevention, system integration and security solutions for tagged and networked "smart" medical appliances. Through its integrated RFID-based solution, MHS plans to supply health care providers with an efficient IT resource that enables them to more effectively serve their patients, care givers, stakeholders, benefit providers, and regulators.

Mr. Kidd described Michael Ferro, the Chairman of MHS, as an extremely successful business executive who has become frustrated with the political and business environment in Chicago. In his meetings with Mr. Kidd and Mr. Feltman, Mr. Ferro stated his strong desire to work with the IEDC and create businesses in Indiana. MHS is his first Indiana company and will develop and commercialize the platform RFID technology that will ultimately lead to the creation of additional companies in Indiana. The jobs created by this award will be located in northwest Indiana.

Mr. Feltman noted that the MHS has an offer from the state of Illinois to locate the company in an existing building at no cost but Mr. Ferro has already begun negotiations with Purdue to lease space and ultimately build near the Purdue Technology Center in Crown Point. Mr. Ferro has commented to Mr. Feltman that he feels that there is a strong financial advantage to locating his companies in Indiana.

Mr. White described Michael Ferro as extraordinarily talented with a well documented track record of success. Mr. White also commented on the strong relationships that Mr. Ferro has with other high profile, successful individuals and venture capitalists. Ms. Langham requested that Mr. White clarify his investment in MHS. Mr. White responded that he was an investor in the holding company Merrick Ventures and did not hold shares of MHS directly. He added that Mr. Ferro owns 100% of the shares of MHS and has made significant personal investment in the company.

Ms. Byrn opened the floor for questions on the project. Mr. Miller and Ms. Langham posed specific questions about the technology and Dr. Koehler addressed them. Ms. Byrn commented that this was a significant opportunity to move businesses currently located in the Chicago area to Indiana. She added that it was important to move swiftly, clearly identify the strengths that Indiana has to offer and demonstrate that the state is easy to do business with.

Ms. Byrn moved for approval of a \$2,000,000.00 award. Mr. Miller seconded, and the motion passed unanimously with Mr. White abstaining.

FlowCo, Inc.

Indianapolis, IN

Applicant's Request: \$2,000,000

Recommended Award: \$2,000,000

Mr. Kidd introduced the award. FlowCo, Inc. (Dr. Ghassan Kassab, IU School of Medicine) requests support from the 21st Century Fund to develop an impedance catheter system that enables accurate measurement of vessel cross-sectional area. While the impedance technology, on which the company is founded, provides a future platform for the development of next generation medical devices that aid in the diagnosis and treatment of flow pathologies, the company's initial focus is the peripheral vascular market of interventional cardiology (treatment of patients with disease of the heart, blood vessels, or coronary artery disease). As such, FlowCo proposes (1) development of the diagnostic catheter and associated reader console, and (2) validation of the device and method in a human clinical study leading to a 510(k) submission. The human study, building on preclinical work that established efficacy of the technology in swine, will compare FlowCo's technology that enables impedance-based measurement of vessel cross-sectional area with Intravascular Ultrasound (IVUS), the leading medical technology currently in use. FlowCo asserts that use of its resulting impedance catheter will be faster (3-5 minutes vs. 15-25 minutes) and simpler (quantitative data vs. qualitative data) than IVUS and can be used in conjunction with normal catheter placement procedures.

Mr. Kidd noted that there was strong market need for this product. He also commented on the innovative talent and business management strength of the applicants. Mr. Kidd recommended that the IEDC investment be staged dependent upon the company's ability to obtain matching capital to fund Phase I of the development of the project. Upon successful completion of Phase I, venture capital will fund the development of a second product which will incorporate what was developed and tested in Phase I.

Mr. Feltman commented that he and the 21 Fund staff have met with the applicants multiple times and support this award. He added that staged investment by the IEDC reduces our risk. Mr. Kidd noted that there are 70 jobs projected as a result of this award, which doesn't include indirect jobs created at supplier locations.

Ms. Byrn opened the floor for questions on the project. Mr. White asked where the jobs would be created. Mr. Kidd responded that Dr. Kassab intends to manufacture the product in Indiana. Mr. Feltman added that because of the number of patents that Dr. Kassab currently holds that this could be the first of a huge pipeline of medical devices that would be manufactured in Indiana.

Ms. Langham asked the cost of the clinical trial that this award would support and Mr. Kidd responded that it was \$3.1 million. Mr. Feltman acknowledged that there were risks but the 21 Fund was providing capital for projects too early for venture capitalists. It was noted that BioCrossroads has committed \$250,000 to the project. Mr. Feltman recommended an initial award payment of \$500,000 with staged investment of IEDC funds contingent upon FlowCo obtaining matching funds from other sources.

Mr. White expressed concern about the number of projected jobs. Ms. Byrn commented that the paradigm has shifted to fewer, high paying jobs in high technology companies as compared to manufacturing and other industries. Mr. Feltman added that the 21 Fund was supporting exceptional talent and future growth opportunities. Ms. Byrn again noted the importance of "being easy to do business with" and cited Cook as an example.

Mr. White moved for approval of a \$2,000,000.00 award. Mr. Miller seconded, and the motion passed unanimously.

DISCUSSION OF OTHER MATTERS

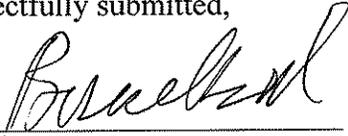
Mr. Kidd provided an overview of Entrepreneurship Week (November 5-9) and described the activities that would take place during that week. He discussed Indiana Entrepreneurship & Innovation Day, co-sponsored by the IEDC and TechPoint on November 8, and provided a schedule and description of the events for that day.

Mr. Feltman discussed how the IEDC was expanding its marketing campaign to encourage businesses to relocate to Indiana.

ADJOURNMENT

Mr. Kidd thanked the committee. Chairperson Byrn adjourned the meeting at 10:40 a.m.

Respectfully submitted,



Bruce Kidd, Director of Entrepreneurship, Indiana Economic Development Corporation

Approved,



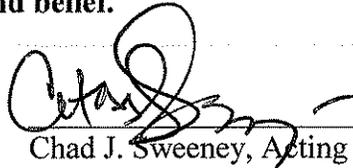
Sally R. Byrn, Chairperson

VERIFIED STATEMENT

I, the undersigned Acting Secretary, hereby certify as follows:

At least forty-eight (48) hours (excluding Saturdays, Sundays and legal holidays) before the start of the aforementioned meeting, I (i) posted or had posted at the principal office of the Indiana Economic Development Corporation ("Corporation") public notice of the date, time and place of said meeting and (ii) delivered or had delivered a copy of said notice by electronic mail, facsimile or regular mail to all news media that requested, in writing, such notices by January 1 of this year, all in accordance with Indiana Code § 5-14-1.5-5, and to the extent applicable, Indiana Code § 5-14-1.5-6.1(d). To the extent that the meeting body utilized an agenda for a public meeting, a copy was posted at the entrance to the location of that meeting prior to its commencement.

I affirm, under the penalties of perjury, that the foregoing statements are true and accurate, to the best of my knowledge and belief.

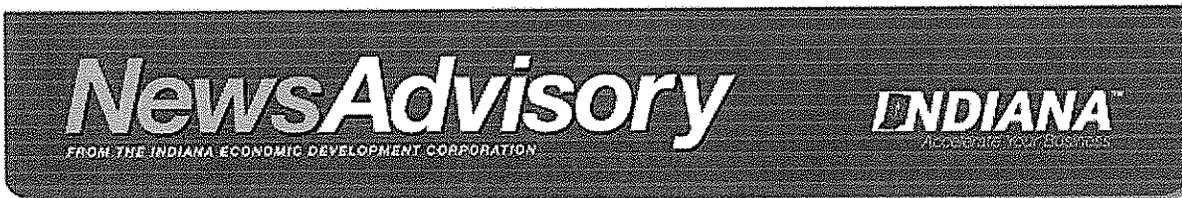

Chad J. Sweeney, Acting Secretary



**Indiana Economic Development Corporation Entrepreneurship Committee Meeting
November 1, 2007 (9:30-11:00 a.m.)**

- I. Call to Order – Chairperson Sally Byrn
 - a. Recognition of a Quorum
 - b. Recognition of Compliance with Open Door Law
 - c. Reminder to avoid discussion of proprietary IP in the forum
- II. Approval of October 4, 2007 Minutes – Chairperson Sally Byrn
- III. Presentation of 21st Century Research & Technology Fund Applications – Bruce Kidd
 - a. BioQT
 - b. Merrick Healthcare Solutions, LLC
 - c. FlowCo, Inc.
- IV. Discussion of Administrative Matters – Bruce Kidd
 - a. Update on Indiana Entrepreneurship Week
- V. Adjournment – Chairperson Sally Byrn

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MEDIA ADVISORY - Oct. 30, 2007

Entrepreneurship Committee to Hold Meeting Thursday in Indianapolis

Notice is hereby given that the Entrepreneurship Committee of the Board of Directors of the Indiana Economic Development Corporation will hold a public meeting at 9:30 a.m., Nov. 1, 2007, at the Indiana Economic Development Corporation, One North Capitol, Suite 700, Indianapolis, Indiana.

-30-

For more information, contact Mitch Frazier at 317.232.8873 or MFrazier@iedc.in.gov.



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