

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

September 8, 2015

The Chairperson, John Thompson, convened a meeting of the Entrepreneurship Committee (the "Committee") of the Board of Directors of the Indiana Economic Development Corporation (the "IEDC") at 10:30 a.m. on Tuesday, September 8, 2015, at Parkview Field, 1301 Ewing Street, Fort Wayne, IN 46802.

COMMITTEE MEMBERS PRESENT: John Thompson
Angela Braly (via phone)
Rick Johnson

COMMITTEE MEMBERS ABSENT: None

STAFF PRESENT: Chris Cotterill
Matt Tuohy

OTHERS PRESENT: Chris LaMothe
Ting Gootee
Phil Lodato
Eric Doden
John Urbahns

WELCOME

The Chairperson John Thompson called the meeting to order, recognized the presence of a quorum, and noted conformance with the State Open Door laws and the importance of not exposing confidential information contained in the proposals upon which the recommended investments are based.

APPROVAL OF THE JULY 15, 2015 MEETING MINUTES

Mr. Johnson moved for approval of the minutes of the July 15, 2015 meeting of the Committee; Ms. Braly seconded; and the motion passed unanimously.

GENERAL MATTERS

Chris LaMothe, Chief Executive Officer of Elevate Ventures, provided updates regarding Elevate Ventures' strategic planning and programs under management.

Matt Tuohy, 21 Fund Program Manager of the IEDC, presented updates to the 21 Fund Investment Policy (the "Policy"). Key considerations included increase in total investment amount per company, further clarification of investment criteria and investment merit assessment, and direct inclusion of

conflict of interest rules and limitations – *Mr. Johnson moved for approval of the Policy; Ms. Braly seconded; and the motion passed unanimously.*

ADJOURNMENT

Chairperson Thompson thanked the Committee, and adjourned the meeting at 10:48 p.m.

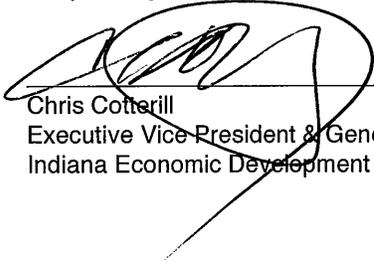
EXECUTIVE SESSION

The Chairperson called an executive session of the meeting to order, and the executive session was held to discuss confidential pending incentive requests made to the State of Indiana by industrial or commercial prospects (confidential proposals in progress) and discussion of records and circumstances classified as confidential by state or federal statute, IC 5-14-1.5-6.1(b)(4) and (7). No subject matter was discussed in the executive session other than the subject matter specified in the public notice.

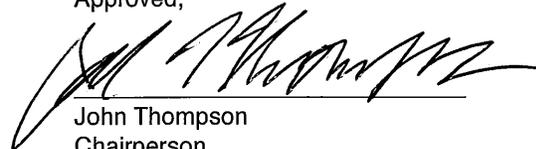
Attachments:

1. Public meeting notice of the September 8, 2015 Board meeting
2. The meeting agenda dated September 8, 2015

Respectfully Submitted,


Chris Cotterill
Executive Vice President & General Counsel
Indiana Economic Development Corporation

Approved,


John Thompson
Chairperson

INDIANA 21ST CENTURY RESEARCH & TECHNOLOGY FUND (“21 FUND”) Investment Policy

BACKGROUND

The 21 Fund was created by the Indiana General Assembly in 1999 to stimulate the transfer of research and technology into marketable products, diversify Indiana’s economy by focusing investment in high technology industry clusters, and encourage an environment of innovation and cooperation among universities and businesses.

In 2010, the IEDC recognized the need for a non-governmental, professional partner staffed to market, develop, foster, target, evaluate, service, investigate, track, and ultimately produce those innovation clusters, and high-wage jobs. In November 2010, the IEDC entered into a partnership with Elevate Ventures as a private and independent service and investment firm. Elevate Ventures manages the 21 Fund through its subsidiary Elevate Advisors. Elevate Ventures is not expected to operate in the same way as a governmental agency.

Elevate Ventures aims to stimulate statewide, technology-based economic development by spearheading the building of a vibrant entrepreneurial ecosystem at the community level and by actively inducing participation of angel and institutional investors through sharing of deal flows and due diligence.

On May 16, 2011, the IEDC was awarded \$34,339,074 of Small Business Jobs Act of 2010 funding, of which \$32,839,074 was purposed for venture capital programs, commonly known as State Small Business Credit Initiative (SSBCI) funds. The IEDC and Elevate Ventures deploy these funds separately from the state appropriation to the 21 Fund. The desired use of these federal funds strategically insulates direct 21 Fund investment risk as initial seed capital and boosts direct private investment.

PURPOSE

The purpose of the 21 FUND Investment Policy is to provide framework around common metrics to qualify or disqualify potential investments and protect taxpayers. The policy fosters and promotes the development of high-growth companies within the State of Indiana as a means of stimulating high-rate commercial growth trajectories, compounding investment capital, and producing high-paying jobs in the private sector.

TYPE OF INVESTMENT

Elevate Advisors, in partnership with the IEDC, will make 21 Fund investments, pursuant to substantially the same structure and on substantially the same terms as private, co-investment capital when applicable in the form of convertible debt instruments, equity, grants, or loans.

INVESTMENT CRITERIA

The terms of any investments made by the 21 Fund shall be made pursuant to the following Investment Criteria.

BUSINESS TERMS

1. Total investments by the 21 Fund in any one business entity shall not exceed four million dollars (\$4,000,000), unless special approval is received from Elevate Advisors and the IEDC Board of Directors.
2. Each 21 Fund investment shall be made on substantially similar terms as the qualified private co-investment defined as investment made by professional institutional investors. Elevate Advisors may consider co-investment from accredited individual investors if such investors can demonstrate pre-existing connection with the venture capital community and are likely to help entice institutional investment in the future.
3. The private co-investment must be in the form of qualified investment capital as set forth below, which relates to a total financing or capital raise equal to or less than ten million dollars (\$10,000,000), at a pre-money valuation of no more than fifty million dollars (\$50,000,000), unless special approval is received from Elevate Advisors and the IEDC. For the purposes of these investment criteria, qualified investment capital shall mean debt or equity capital from a non-governmental source that is provided to a qualified business.
4. Each 21 Fund investment must substantially meet general capital, performance benchmarks, and goals set forth by Elevate Advisors.
5. The Investee shall be required to provide proof the investment performance metrics, data, and goals set forth by Elevate Advisors have been met.

Indiana Link

6. Each 21 Fund investment shall be made into a qualified business as set forth below that has 500 or fewer employees and that:
 - Has its headquarters in the State of Indiana or has committed to, or is in the process of, initiating, expanding and/or consolidating operations in the State of Indiana
 - Is primarily focused on commercialization of research and development, technology transfer, the application of new technology, or is determined by Elevate Advisors to have significant potential to:
 - Bring substantial capital into Indiana
 - Create jobs or
 - Diversify the business base of Indiana
 - Generate eventual financial returns to the 21 Fund
 - Has, or will have, at least fifty percent (50%) of its employees residing in Indiana, or seventy-five percent (75%) of its assets located in Indiana
 - Has had average annual revenues less than fifty million dollars (\$50,000,000) in its two (2) most recent fiscal years and
 - Is not engaged in a business involving real estate, real estate development, insurance, professional services provided by an accountant or a lawyer or a physician, retail sales (except when the primary purpose of the business is the development or support of electronic commerce using the internet), or oil and gas exploration
7. The Investee's investment criteria may not prohibit investments in Indiana's distressed regions,

as defined by the United States Economic Development Administration guidelines.

Investment Merit

8. The investment has been evaluated by Elevate Advisors and the IEDC to meet or exceed the following qualitative and quantitative criteria:
- Team – strong team with complementary skills or prior startup venture experiences, demonstrated coachability, and commitment to high-growth venture
 - Market - addressable market size over \$500 million; clear and sustainable competitive advantages such as technical superiority, speed of execution, partnerships, and a business and revenue model that is realistic, repeatable, and scalable
 - Product – well articulated and accepted value proposition, demonstrated technical scalability, and development product roadmap based on customer feedback. While no technology invention is required, application of technology is usually desired as part of product or solution offering
 - Customer – identified target customers and decision-makers with desirable attributes based on sales cycle, stickiness and upsell potential, through either direct or indirect sales approaches, with revenue generating companies demonstrating compelling customer references
 - Return – reasonable market-driven investment terms with a capital structure appropriate for institutional investment with no significant business or financial liabilities and value-added strategic or financial co-investment partners strongly preferred
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Lead Investor

9. It is anticipated that Elevate Advisors may take lead investor roles in structuring investment terms, including financial, corporate governance and other applicable operational requirements, through 21 Fund investments. The investment may start with a ratio of private investment to 21 Fund investment of no more than 1:1 and has a reasonable expectation, when considering follow-on investments, to result in a higher ratio of awarded funds to new private, non-governmental capital from the time of the investment.
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Limitations

10. No 21 Fund investment will finance, in whole or in part, any business activities prohibited by regulations promulgated by the State of Indiana.
11. Each 21 Fund investment shall meet any other criteria and follow program best practices adopted by the Entrepreneurship Committee of the Board of Directors of the Indiana Economic Development Corporation (the “Entrepreneurship Committee”) from time to time.

PROHIBITED USE OF FUNDS

21 Fund is prohibited from making investments:

- To finance a non-business purpose
- To refinance existing debt where the lender is in a position to sustain a loss and the investment would take over that loss through financing
- To effect a partial change of business ownership or a change that will not benefit the business
- To permit the reimbursement of funds owed to any owner, including any equity injection or injection of capital for the business' continuance
- To repay delinquent state or federal withholding taxes or other funds that should be held in trust or escrow and
- To fund employee stock options (ESOPs)

INELIGIBLE RECIPIENTS

The following are NOT eligible for investments: educational institutions, nonprofit organizations principally affiliated with educational institutions, units of local government, other state agencies, commercial lenders, utilities, industries, Native American tribes or public entities.

Additionally, in accordance with federal regulations, 21 Fund is prohibited from investing in or lending to the following ineligible businesses:

- Real estate investment firms, when the real property will be held for investment purposes, as opposed to loans to otherwise eligible small business concerns for the purpose of occupying the real estate being acquired
- Firms involved in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil and dealing in commodities futures, when not part of the regular activities of the business
- Firms involved in lending activities, such as banks, finance companies, factors, leasing companies, insurance companies (but excluding agents of insurance companies), and any other firm whose stock in trade is money
- Pyramid sales plans, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants
- Firms engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted (included in these activities is the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution)
- Gambling activities, including any business whose principal activity is gambling. While this precludes loans to racetracks, casinos, and similar enterprises, the rule does not restrict loans to otherwise eligible businesses which obtain less than one-third of their annual gross income from either the sale of official state lottery tickets under a state license, or legal gambling activities licensed and supervised by a state authority
- Charitable, religious, or other nonprofit or eleemosynary institutions, government-owned corporations, consumer and marketing cooperatives, and churches and organizations promoting religious objectives

The 21 Fund is also prohibited from utilizing allocated funding to (i) unduly influence or attempt to influence any agency, elected official, officer or employee of a state or local government in connection with the making, awarding, extension, continuation, renewal, amendment, or modification of any state or local government contract, grant, loan or cooperative agreement as such terms are defined in 31 U.S.C. Section 1352, or (ii) pay any costs incurred in connection with any defense against any claim or appeal of the United States Government, any agency or instrumentality thereof (including Treasury), or the State of Indiana.

CONFLICT OF INTEREST RULES AND LIMITATIONS

Elevate Ventures, as part of its professional services contract with the IEDC, shall provide a conflict of interest review and be alert for situations where those involved in or with control over its investment decisions have a personal financial interest in companies that receive capital from 21 Fund. These “conflict of interest” situations must be avoided to maintain the 21 Fund’s integrity, both real and perceived.

In order for Elevate Ventures to meet its expectations with respect to conflicts of interest to the satisfaction of the IEDC, the following requirements and limitations apply to Elevate Ventures’ directors, executive officers and employees with respect to the utilization of 21 Fund dollars:

- In accordance with the Confidentiality and Conflict of Interest Policy of Elevate Ventures, Inc., as amended and in effect as of March 19, 2014, and as may be further amended subsequent hereto with the written consent of the IEDC (the “Policy”), in no event shall Elevate Ventures recommend, negotiate and/or complete any transaction or arrangement in which an “Interested Person” (or his or her “Immediate Family” or an “Interested Business”) has any “Financial Interest” with the foregoing defined terms have the meanings assigned to them in the Policy.
- Disclosure and/or recusal of the conflicted Elevate Ventures personnel is not a sufficient action to resolve any actual or potential conflict of interest in connection with consideration of, or a vote on, entering into a transaction or arrangement using funds provided by the 21 Fund in instances where there is a conflict of interest identified under the Policy.
- Accepting a role as a director, executive officer or employee of Elevate Ventures does not require any such person to divest financial interests in a company resulting from previous employment or personal investment activity, however, once a person becomes a director, executive officer or employee, any company in which the individual has a “Financial Interest” is prohibited from receiving an investment from the 21 Fund.
- Elevate Ventures identifies potential conflicts of interest by having all of its directors, executive officers and employees make self-disclosures of their “Financial Interests” and additionally, during due diligence, Elevate Ventures will review the capitalization table of potential investment targets to determine the existence of any conflicts of interest.
- Elevate Ventures must also be sensitive to perceived conflicts of interest in addition to the requirements and limitations applicable to actual or potential conflicts of interest as described above.

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- The Elevate Ventures Chief Compliance Officer is responsible for determining the existence of any conflicts of interest and for managing any such conflicts per the Policy, with the Elevate Ventures Board of Directors and the IEDC.
 - The IEDC conducts a similar disclosure and review process for its senior management team and Board of Directors and disclosure and/or recusal of the conflicted IEDC personnel or IEDC Board Members, pursuant to the Indiana Code of Ethics.
 - Any potential changes to the 21 Fund Conflict of Interest Policy will be approved by the Entrepreneurship Committee of the IEDC Board of Directors.



**NOTICE OF A MEETING OF THE
ENTREPRENEURSHIP COMMITTEE
OF THE BOARD OF DIRECTORS OF
THE INDIANA ECONOMIC DEVELOPMENT CORPORATION**

AND

**NOTICE OF EXECUTIVE SESSION OF THE ENTREPRENEURSHIP COMMITTEE OF THE
BOARD OF DIRECTORS OF THE INDIANA ECONOMIC DEVELOPMENT CORPORATION**

Notice is hereby given that the Entrepreneurship Committee of the Board of Directors of the Indiana Economic Development Corporation will hold a public meeting on Tuesday, September 8, 2015, commencing at 10:30a.m. Eastern Time at Parkview Field, 1301 Ewing St, Fort Wayne, IN 46802.

Prior thereto, the Entrepreneurship Committee of the Indiana Economic Development Corporation will hold an executive session on Tuesday, September 8, 2015, commencing at 9:30a.m. Eastern Time at Parkview Field, 1301 Ewing St, Fort Wayne, IN 46802, for consideration of confidential pending incentive requests made to the State of Indiana by industrial or commercial prospects (confidential proposals in progress) and discussion of records or circumstances classified as confidential by state or federal statute, IC. 5-14-1.5-6.1(b)(4) and (7).



**Indiana Economic Development Corporation
Entrepreneurship Committee Meeting
Public Session Agenda
September 8, 2015 (10:30a.m. - 11:00a.m.)**

- I. Call to Order – Chairperson John Thompson
 - Recognition of a quorum
 - Recognition of staff and of executive and public session procedures
 - Reminder to avoid discussion of proprietary IP in the forum

- II. Approval of July 15, 2015 Minutes – Chairperson John Thompson

- III. Program Management
 - Elevate Ventures Update
 - 21 Fund Investment Policy

- IV. Adjournment – Public Session

**Executive Session
(9:30a.m. - 10:30a.m.)**

An executive session is called for consideration of pending incentive requests made to the State of Indiana by industrial or commercial prospects (confidential proposals in progress) and discussion of records and circumstances classified as confidential by state and federal statute, IC. 5-14-1.5-6.1(b)(4) and (7).