

MINUTES OF THE MEETING OF
THE ENTREPRENEURSHIP COMMITTEE OF
THE BOARD OF DIRECTORS OF
THE INDIANA ECONOMIC DEVELOPMENT CORPORATION
June 2, 2016

The Entrepreneurship Committee (the "Committee") of the Board of Directors (the "Board") of the Indiana Economic Development Corporation (the "Corporation") met on June 2, 2016, at Hillenbrand, Inc., One Batesville Blvd., Batesville, Indiana 47006. Present at the public meeting were committee members Angela Braly, Dominic Grote, and John Thompson. Representing the Corporation were Steve Akard, Sarah Kamhi, Mark Pishon, Lee Robinson, and Matt Tuohy. Additionally, present were Chris LaMothe, Phil Lodato, and Rosanne Burge of Elevate Ventures.

Chairman Thompson called the meeting to order, recognized the presence of a quorum, and noted conformance with the Indiana Open Door Law and the importance of not disclosing confidential information contained in the proposals upon which the recommended investments are based.

Chairman Thompson then presented for approval the minutes from the previous meeting of the Committee, held on March 29, 2016, at the Indianapolis International Airport, 7800 Col. H. Weir Cook Memorial Drive, Indianapolis, Indiana 46241. Upon a motion duly made and seconded, the minutes from the prior meeting were unanimously approved.

Staff of Elevate Ventures presented the following 21st Century Research & Technology Fund ("21 Fund") projects to the Committee for consideration. Chris LaMothe, Chief Executive Officer of Elevate Ventures, noted that the applicants submitted the information and documentation required under the 21 Fund's investment policy and procedures, that the projects conform to the 21 Fund's goals and objectives, and that the staff of the Corporation and of Elevate Ventures have recommended the projects to the Committee for approval.

Rosanne Burge, Senior Partner of Elevate Ventures, summarized the proposed investment in Indianapolis-based Healthiest Employer LLC DBA Springbuk, which offers health analytics software for mid-to-large size employers. The platform unifies disparate data sources, including medical claims, pharmacy, biometric/lab and payroll, into a decision dashboard. The predictive modeling engine allows employers to identify future costs, engage at-risk employees on a 1:1 basis, and measure their heart rate and wellness. Mr. Grote moved for approval of up to \$500,000.00 investment based upon the company raising at least \$2 million in co-investment and meeting other pre-determined contingent requirements to the satisfaction of the Corporation and Elevate Ventures. The motion was seconded and then unanimously approved.

Mr. LaMothe then summarized the proposed investment in Warsaw-based Nextremity Solutions, Inc., which is a foot and ankle surgical implant company. The company has entered into partnerships with a number of leading foot and ankle surgeons and surgeon groups to generate innovative and clinically appealing product ideas. The company has four products that are currently generating revenue, and is in the process of developing a larger product portfolio. Ms. Braly moved for approval of a \$2 million investment in the company, or such lesser amount as deemed appropriate by Elevate Ventures in its discretion, for the purchase of a new class of the

company's preferred stock based upon (1) the company raising private capital at a minimum dollar-for-dollar co-investment amount and (2) the successful negotiation of acceptable investment terms, which shall include without limitation the following:

- (a) The creation of (1) pari passu liquidation preferences among all of the company's preferred stockholders and (2) voting rights among the company's preferred stockholders, to the reasonable satisfaction of Elevate Ventures, in relation to a sale of the company's equity securities and/or the creation or issuance of new equity securities, in each case with the goal of being to put the company in an advantageous position to attract additional capital in the future to support its continued growth;
- (b) Tranche two of the investment would be tied to the company's achievement of such other revenue and other target milestones as agreed to by Elevate Ventures and the company; and,
- (c) The agreement by the company and/or its stockholders, as applicable, to amend and/or restate the company's Certificate of Incorporation, Voting Agreement, Investors' Rights Agreement, and Right of First Refusal and Co-Sale Agreement to reflect the above-described terms.

The motion was seconded and then unanimously approved.

Phil Lodato, General Counsel and Chief Compliance Officer of Elevate Ventures, summarized Indianapolis-based PharmacoPhotonics, Inc. DBA Fast BioMedical, which is a clinical-stage company focusing on development and commercialization of a method and a device for rapid measurement of Glomerular Filtration Rate for evaluation of acute and chronic kidney problems as well as blood volume for other indications. Mr. Grote moved for approval of up to \$500,000.00 investment based upon the company raising at least \$3.5 million in co-investment and meeting other pre-determined contingent requirements to the satisfaction of the Corporation and Elevate Ventures. The motion was seconded and then unanimously approved.

Mr. LaMothe then provided a brief update on investment programs and partnership discussions that are underway with key communities around the state. Mr. LaMothe described the framework of a potential \$1 million targeted investment fund to support Indiana Coworking Passport members, as memorialized in a non-binding Memorandum of Understanding between Elevate Ventures and Launch Indiana. Thereafter, Mr. Lodato presented a summary of the Elevate Purdue Foundry Fund and the SBIR/STTR Phase I matching fund program from January through May of 2016. Five new first tier Black awards were approved for start-ups at \$20,000.00 per company and three Gold awards at \$60,000.00 per company from the Purdue Foundry Fund.

Matt Tuohy, 21 Fund Program Manager of the Corporation, recommended approval of up to \$1 million from the 21 Fund for the SBIR/STTR Phase I matching fund program. Since July 1, 2015, nine Indiana companies were awarded \$1.8 million in federal dollars for Phase I matching grants totaling \$450,000.00. Mr. Tuohy then presented further recommended changes to the SBIR/STTR matching program, including the Committee's review of active matching SBIR/STTR programs for renewal once a year for the subsequent fiscal year commencing Fiscal Year 2017.

The Committee's review would include approval of the coming fiscal year's annual budget, any technical changes, and provide for modification of the SBIR/STTR matching program at that time for matching amounts, award type, annual budget, and other specific criteria. Mr. Tuohy explained that the Committee must approve any payment to the Office of Small Business & Entrepreneurship ("OSBE") for SBIR/STTR matching program assistance and review services for the subsequent fiscal year commencing Fiscal Year 2017 and that no other compensation would be approved or paid by the Corporation to OSBE. Ms. Braly moved for approval of the allocation and the modifications to the SBIR/STTR matching program description (attached). The motion was seconded and unanimously approved.

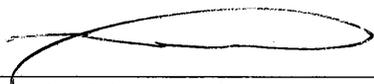
Mr. Tuohy also presented one Indiana Seed Fund Co-Investment Program qualified manager candidate, Cambridge Ventures, L.P., contingent upon the Seed Fund Review Committee's final approval. Ms. Braly moved for approval of the candidate. The motion was seconded and then unanimously approved.

Chairman Thompson thanked the Committee and adjourned the meeting.

Executive Session

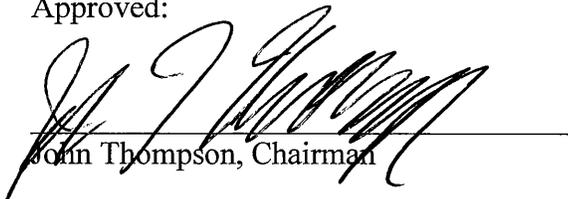
Prior to the public session, the Committee held an executive session at the same location to consider confidential pending incentive requests made to the State of Indiana by industrial or commercial prospects and to discuss records classified as confidential by state or federal statute. See Indiana Code § 5-14-1.5-6.1(b)(4) and (7). Present at the executive session were committee members Angela Braly, Dominic Grote, and John Thompson. Representing the Corporation were Mark Pishon, Lee Robinson, and Matt Tuohy. Additionally, present were Chris LaMothe, Phil Lodato, and Rosanne Burge of Elevate Ventures. No subject matter was discussed in the executive session other than the subject matter specified in the public notice.

Respectfully submitted,



Mark Pishon, Acting Secretary

Approved:



John Thompson, Chairman

Attachments:

1. Public meeting notice dated June 2, 2016
2. Public session agenda dated June 2, 2016
3. SBIR/STTR Matching Program, revised June 2, 2016



**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 Thursday, June 2, 2016 at 10:30 a.m. (EDT), at Hillenbrand, Inc., One Batesville Blvd., Batesville, Indiana 47006.

Prior thereto, the Entrepreneurship Committee of the Indiana Economic Development Corporation will hold an executive session on Thursday, June 2, 2016 at 9:30 a.m. (EDT), at Hillenbrand, Inc., One Batesville Blvd., Batesville, Indiana 47006 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 classified as confidential by state or federal statute, Indiana Code §§ 5-14-1.5-6.1(b)(4) and (7).



**PUBLIC SESSION AGENDA OF
THE ENTREPRENEURSHIP COMMITTEE OF
THE BOARD OF DIRECTORS OF
THE INDIANA ECONOMIC DEVELOPMENT CORPORATION**

**Thursday, June 2, 2016 at 10:30 a.m. (EDT)
Hillenbrand, Inc.
One Batesville Blvd.
Batesville, Indiana 47006**

- I. Welcome
 - a. Recognition of Quorum
 - b. Recognition of Compliance with Indiana Open Door Law
 - c. Reminder to protect confidential financial information and intellectual property from disclosure

- II. Approval of Minutes from the March 29, 2016 Entrepreneurship Committee Meeting

- III. 21st Century Research & Technology Fund Investment Recommendations
 - a. Healthiest Employer
 - b. Nextremity
 - c. Fast BioMedical

- IV. Program Management Updates
 - a. Elevate Ventures Update
 - b. Elevate Purdue Foundry Fund Summary
 - c. SBIR/STTR Phase I Matching Summary

EXECUTIVE SESSION

An executive session is called at 9:30 a.m. 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 classified as confidential by state or federal statute, Indiana Code §§ 5-14-1.5-6.1(b)(4) and (7).

SBIR/STTR Matching Program

The IEDC Entrepreneurship Committee will review active matching SBIR/STTR Programs for renewal once a year for the subsequent fiscal year. The review includes approval of the coming fiscal year's annual budget which is drawn from the 21 Century and Technology Fund and any other technical changes.

The IEDC Entrepreneurship Committee may modify the SBIR/STTR Program at that time for matching amounts, the award type, the Annual Budget, and any specific criteria.

The IEDC Entrepreneurship Committee considers the FY 2016 1:0.50 matching to SBIR/STTR Phase I projects to be an effective program when coupled with activities coordinating education, assistance, and investment strategy. The Entrepreneurship Committee recommends the continuation of the program in FY 2017 with the following modifications.

Effective July 1, 2016 any matching SBIR/STTR Phase One awards shall receive funding until June 30, 2017.

The maximum spending cap for the matching portion of the program's annual budget shall be set at \$1,000,000 for fiscal year 2017. Recipients are limited to \$50,000 per award and \$150,000 maximum disbursement per company, including affiliates.

The IEDC Entrepreneurship Committee approves the payment to OSBE of up to \$250,000 for SBIR/STTR Assistance and up to \$50,000 for review in fiscal year 2017. No other compensation is approved.

Stage	Entity	Activities	Annual Budget
Phase 0	OSBE	<ul style="list-style-type: none"> -- Handle company in-take and initial SBIR/STTR education -- Help companies search/select SBIR/STTR topics and agencies to pursue -- Indiana companies may receive up to \$5,000 in proposal writing or market research assistance from OSBE staff or contracted experts (2 times per SBIR/STTR agency) -- Indiana companies may receive up to \$500 in expert proposal review services 	Assistance up to \$250,000 total Review up to \$50,000 total
Phase 1	EV/IEDC	<ul style="list-style-type: none"> -- EV/IEDC provides Phase 1 proposals with a support letter committing \$0.50 towards every federal dollar awarded (max. \$50,000 per award; max. \$150,000 per company) -- EV starts assessing companies for future investment considerations 	Matching Up to a total \$1,000,000 Per Annum
Total SBIR/STT Program Annual Budget			Up to \$1,300,000
Phase 2 or 3	EV/IEDC	No Match for SBIR/STTR awards Phase II awardees may apply to IANF or ISFH Late-Stage Phase II awardees may apply to the 21Fund	

IEDC – Indiana Economic development Corporation
 EV – Elevate Ventures
 OBSE – Office of Small Business & Entrepreneurship
 Revised 6.2.16

SBIR/STTR Matching Program

Summary of Proposed Revisions

The IEDC Entrepreneurship Committee will review the SBIR/STTR Matching Program annually prior to each fiscal year to consider any modifications and the continuation of the program.

The Total Annual Budget was reduced by \$1.7 million consisting of:

The Annual Budget for the match has been reduced from \$2.5 million to \$1 million based on previous activity; and,

The Annual Budget for Education, Outreach, and Industry Engagement of \$200,000 was eliminated due to this set aside has never been utilized.