

BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY

Board Meeting Minutes For the Meeting of July 25, 2013

A meeting of the Ben Franklin Technology Development Authority Board (BFTDA) was held at 10:00 a.m. on July 25, 2013, at TechVentures, Bethlehem, PA.

Board members and designees in attendance:

- DCED Deputy Secretary Carolyn Boser Newhouse
- Tom Balderston
- Austin J. Burke (phone)
- Sheri Collins, Executive Director of BFTDA
- Kenneth E. Davis
- Honorable Andrew E. Dinniman
- Dr. S. Thomas Emerson
- President John A. Fry (phone)
- Honorable John R. Gordner
- Honorable Doyle Heffley
- Brian Kennedy
- Ellen Kight
- Dr. Robert Kumpf
- John Clark for Secretary Kelly P. Logan (phone)
- Robert J. Schena
- Robert McGrath for Secretary Ronald Tomalis (phone)
- Peter Tonia
- Naomi Wyatt (phone)

DCED staff and guests in attendance:

- Marcia Breinich, Webber Associates
- R. Michael Cortez, DCED Senior Advisor to Secretary C. Alan Walker
- Laura Eppler, BFTP - Northeast
- Ryan Glenn, TIO
- Christopher Houston, DCED Office of Chief Counsel
- Susan Kijowski, Innovation Works
- Jennifer Leinbach, TIO
- Carolyn Lengel, TIO
- Cathy Lowe, TIO
- Richard Lunak, Innovation Works
- Chad Paul, BFTP – Northeastern PA
- RoseAnn B. Rosenthal – BFTP Southeastern PA
- John Sider, BFTP-Managing Director for Statewide Initiatives
- Alan Snyder, Lehigh University
- John Vidmar – Ben Franklin Central and Northern PA
- Colton Weber, TIO
- Kathleen Matason, Ben Franklin Central and Northern PA

I. Welcome and Opening Remarks

Carolyn Boser Newhouse, Deputy Secretary for Innovation & Investments, called the meeting to order, welcomed board members and guests, and thanked Chad Paul and his staff for hosting the board meeting at TechVentures.

The Deputy Secretary introduced Dr. Alan Snyder, Lehigh University Vice President of Research, who presented an overview of the university-business ecosystem and the success of student startups.

II. Approval of Minutes

Deputy Secretary Newhouse requested a motion to approve the minutes of the April 4, 2013 board meeting. A motion to approve the minutes was made, seconded and approved by a unanimous vote of the board.

III. BFTDA Executive Director's Report

Sheri Collins, Executive Director, recapped the need to do an audit and stated that DCED is working closely with Legal Counsel and the process for doing so. The Auditor General's office will charge the BFTDA to conduct the audit. It is anticipated that the audit will occur during the last quarter of 2013. Additionally, the board has determined that D & O insurance coverage should be considered; staff is presently working with a Lancaster area broker to source bids for coverage.

IV. Financial Review

Ryan Glenn, DCED's Venture Capital Advisor, Ben Franklin Coordinator, and Assistant Treasurer for this board, presented unaudited financial statements and subsidiary schedules dated May 31, 2013.

The board engaged in discussion of budget-related topics which concluded with a motion, which was seconded and approved, to enact the budget as presented with the exception of KIN, iPart, University Commercialization, PA Angel Network and Venture Capital Investments. Board directed staff to form a working group of the board to address these discretionary funds held by the BFTDA.

A motion to approve the budget with an allocation of \$4.25 Million to each of the four Ben Franklin Technology Partners with the exception of KIN, iPart, University Commercialization, PA Angel Network, and Capital Investments, was made, seconded, and approved by a vote of the Board.

Sheri Collins stated that staff has been researching when contracts were set and their current status to determine why universities have not drawn down funds. When committed funds lapse and remain unused, they are returned for use in other projects.

A board member asked what happens as Innovate PA begins to be rolled out. What is the timing of when credits are sold? Staff responded that the sale process and cash flow plan will be brought to the board once determined. A working group kicks off its first meeting on August 6 to set time frames as well as a strategic plan for moving forward.

The Ben Franklin Technology Partners CEOs: RoseAnn B. Rosenthal, Richard Lunak, Chad Paul, and John Vidmar (on behalf of Steve Brawley) participated in a panel discussion moderated by John Sider. This panel discussion gave the four Ben Franklin Technology Partners the opportunity to highlight various programs in their respective regions and to address ongoing hurdles and opportunities for success in 2013.

V. New Business

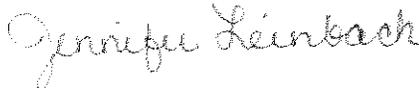
Sheri asked for guidance from the board in relation to a 2006 \$500,000 loan to Idea Foundry to assist technology companies. The current loan balance due is \$800,000 and the loan continues to accrue interest at 8% per annum, thus causing the loan balance to crest at over \$1MM by its due date of 2016. Sheri outlined three approaches which the board discussed at length:

- 1) Permit Idea Foundry to pay a nominal monthly fee until the loan is fully repaid
- 2) Permit staff to negotiate a repayment plan
- 3) Waive the loan and convert to a grant

Chris Houston reviewed the option of negotiating amortized payments for this outstanding investment. The board made a motion, which was seconded and unanimously approved to allow staff to negotiate a mutually agreed upon payment. Any arrangements must be brought before the board and agreed upon before being finalized.

With no further discussion items or questions, a motion was made to adjourn, duly seconded, and approved. Meeting adjourned at 12:49 p.m.

Respectfully submitted,



Jennifer Leinbach, Assistant Secretary
Ben Franklin Technology Development Authority