

## BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY

### Board Meeting Minutes

April 14, 2015

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A meeting of the Ben Franklin Technology Development Authority Board (BFTDA) was held in the Department of Environmental Protection – South Central Office, Main Lobby Conference Room at 10:00 a.m. on April 14, 2015.

#### Board members and designees in attendance:

- Dennis Davin, Acting Secretary, DCED
- Tom Balderston
- Honorable Bryan Barbin
- Fredrick J. Beste, III
- Austin J. Burke (phone)
- Sheri R. Collins, Acting Deputy Secretary, DCED
- Kenneth E. Davis
- Steve Grabicki for Senator Andrew E. Dinniman
- Dr. S. Thomas Emerson, Carnegie Mellon University (phone)
- President John A. Fry, Drexel University (phone)
- Phil Dunn for Senator John R. Gordner (phone)
- Representative Doyle Heffley (phone)
- Brian Kennedy
- Ellen Kight
- Dr. Michele M. Masucci, Temple University (phone)
- Sharon Minnich, Secretary, Office of Administration (phone)
- Charles J. Peters
- Peter Tonia (phone)

#### DCED staff and guests in attendance:

- Michelle Griffith-Aresco
- Nicholeta Karandrikas, DCED TIO
- Mary Keenan, Webber Associates
- Lynn Langer, PA Department of Environmental Protection
- Jennifer Leinbach, DCED TIO
- Rich Lunak, Innovation Works
- Adare McMillian, Ben Franklin Technology Partners Southeastern PA
- Art McNulty, DCED Office of Chief Counsel

- Chad Paul, Ben Franklin Technology Partners Northeastern PA
- Bob Starsynski, Innovation Works
- Janet Stainbrook, Ben Franklin Technology Partners Northeastern PA
- John Sider, Ben Franklin Technology Partners
- Diane Sterthous, DCED TIO
- Mary Webber, Webber Associates

I. Welcome & Opening Remarks

DCED Acting Secretary Dennis Davin called the meeting to order at 10:04 A.M.

BFTDA Executive Director Sheri Collins conducted a roll call of board members.

Secretary Davin greeted the members and thanked the Department of Environmental Protection for their hospitality. He announced the following DCED staff appointments:

- Neil Weaver – Acting Executive Deputy Secretary
- Sheri Collins – Acting Deputy Secretary, Technology and Innovation
- Art McNulty – Chief Counsel
- Chris Houston –transferred to the State Employees’ Retirement System

Lynn Langer, Regional Director Southeastern PA Department of Environmental Protection shared the unique green aspects and technology of the facility which was built on a brownfield site in 1998.

II. Approval of the January 29, 2015 Meeting Minutes

Ellen Kight made a motion to approve the minutes as written. Rep. Barbin seconded the motion. Motion carried.

III. BFTDA Executive Director’s Report

Acting Deputy Secretary Collins thanked the board for their support over the years, stating that she looks forward to what the future holds.

Update on Innovate in PA:

Sale of tax credits is very close to completion. Atex Petros, consultant hired to sell the tax credits, developed purchase documents with guidance and input from three nationally recognized insurance companies. Next step is to complete subscription agreements to signify their intent to purchase tax credits and at what rate. We anticipate the close date to be between May 1 and July 1. Purchase agreements must be approved by the Office of General Counsel and the Office of Attorney General. Three companies will account for about \$70 million of the \$100 million.

The remaining 30% will be subscribed for by other insurance companies and perhaps by Pennsylvania domiciled insurance companies which have been included in our outreach.

At the July board meeting, the guidelines for the Ben Franklin Partners and Greenhouses will be approved and that we will be ready to move forward with the deployment of capital to the programs. No substantive changes are anticipated to be made to the existing guidelines but there will be minor tweaks such as reporting due dates and the elimination of certain requirements including the need to e-mail and submit hard copies of the same materials to staff. We are trying to eliminate or lighten up on some of the onerous and expensive reporting requirements.

Contingent on when the closing occurs there may be a need for a special meeting of this board before the scheduled July 23 meeting to avoid delaying the infusion of capital that is needed for our partner programs. If needed, the special meeting would be by telephone. The Ben Franklin partners would make a presentation to outline how they would utilize the Innovate in PA fund and as well as the Challenge Grant allocation.

The Greenhouses will be a new group coming before this Board. The Innovate in PA legislation states that the Greenhouses must have guidelines and that funds are set up under this Board; therefore it is important and necessary that the Greenhouses present how they will utilize Innovate in PA dollars.

Lastly, the main focus for today is a discussion of the Venture Capital Investment Guidelines. Diane Sterthous has taken the lead on the development of the proposed guidelines. Note that the Social Impact piece of the guidelines is not included. The black lined document was developed in discussions with both Tom Balderston and Fred Beste, whom we thank for their participation.

#### IV. New Business

##### Innovate in PA Guidelines – Diane Sterthous

Ms. Sterthous noted that staff sourced wording for the newly drafted document from the BFTDA Venture Investment Program Guidelines dated calendar year 2008. To this end, the substantial revisions were reviewed:

- Language describing the DCED's venture engagement in the form of a loan was re-positioned and detailed at the beginning of the document.
- The new guidelines will require that applicants have the intent and capability to invest in PA-based early stage technology and growth companies, however, prospective venture sponsors need not maintain an office presence in PA and

need not leverage PA investment company dollars with private capital on a 3:1 ratio;

- The BTDA loan money shall not represent more than 20% of total commitment capital of the venture fund or sponsor pooled vehicle under consideration.
- Applicants must agree to pay an origination fee of 1% based on the BFTDA loan amount.

In addition to this overview, the Sample Loan Term Sheet and reporting requirements in Appendix C were also discussed. At the recommendation of Tom Balderston and by agreement of the Board, an additional reporting requirement was added to the Appendix pertaining to Socially Responsible Investments.

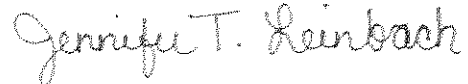
V. Old Business

There is no Old Business to report.

Next meeting will be Thursday, July 23, 2015 in Pittsburgh, PA and hosted by Innovation Works.

Michele Masucci made a motion to adjourn, which was seconded by Tom Balderston. Motion carried. Meeting adjourned 11:13 A.M.

Respectfully submitted,



Jennifer T. Leinbach  
Assistant Secretary, BFTDA