

BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY

Board Meeting Minutes

January 26, 2017

Board members and designees in attendance:

- Tom Balderston
- Representative Bryan Barbin
- Fred Beste
- Austin Burke
- Sheri R. Collins, Deputy Secretary, DCED
- Senator Andrew E. Dinniman (phone)
- Phil Dunn on behalf of Senator John R. Gordner
- Jennifer Weeter on behalf of Representative Doyle Heffley (phone)
- Dr. Farnam Jahanian (phone)
- Kailash Kalantri
- Ellen Kight (phone)
- Kevin Kinross
- John MacMillan on behalf of Secretary Sharon Minnich
- Jennifer Leinbach, BFTDA Executive Director, DCED
- Dr. Michele M. Masucci (phone)
- Charles J. Peters
- Bob Schena
- Don Siegel (phone)
- Dr. Neil Sharkey
- Mike Stubler

DCED staff and guests in attendance:

- Steve Brawley, Ben Franklin Technology Partners of Central and Northern PA
- Ryan Glenn, Ben Franklin Technology Partners
- Nicholeta Karandrikas, DCED
- Art McNulty, Chief Counsel, DCED
- Chad Paul, Ben Franklin Technology Partners of Northeastern PA
- Kevin Rowland, Chief Financial Officer, DCED
- John Sider, Ben Franklin Technology Partners
- Sarah Spishock, DCED
- Diane Sterthous, DCED
- Mary Keenan, Webber & Associates

- I. I. Welcome and Opening Remarks – Deputy Secretary Sheri Collins called the meeting to order at approximately 10:00 a.m. and welcomed the new member, Kevin Kinross to the Board.

Jennifer Leinbach conducted a roll call of the board members.

- II. Approval of the July 28, 2016 Meeting Minutes.

Austin Burke made a motion to approve the minutes as written. Bob Schena seconded the motion. Motion carried.

- III. Innovate in PA Venture Investment Program – Diane Sterthous updated the Board on the status of Originate Growth GP, LLC. Back in October 2015, the Board had approved a \$4M loan to this GP predicated on two criteria, 1) the GP’s ability to raise at least \$40M and 2) the GP’s recruitment of a suitable replacement for Originate’s departing co-founder. Ms. Sterthous notified the Board that these requirements were fulfilled and found to satisfactory to the Subcommittee. In recognition of internal organizational changes, the GP has officially changed the name of the firm to Activate Ventures. No motion was required.

Presenting: 1855 Capital Fund Partners, LLC – Ms. Sterthous introduced the 1885 team. She described the group as a first time fund that would focus on early-stage investments affiliated with Penn State. The team is targeting a \$10M fundraise and will be co-located with Ben Franklin Central PA (“BFCP”) in State College.

Bob Schena made a motion to approve an investment of \$2MM. Kailash Kalantri seconded the motion. Austin Burke, Dr. Neil Sharkey and Charles Peters recused themselves. Motion carried.

Diane Sterthous reported on venture performance. Industry-wide venture benchmarks were shared with the Board. In addition a chart detailing BFTDA manager performance indicated that BFTDA’s managers have performance above average 39% of the time. Individual manager progress was also included. This data showed that Venture Investment Program overall is valued at slightly above cost.

- IV. Financial Report – Kevin Rowland presented a Financial Statement as of December 31, 2016 and a projection of cash flows for the next five years.

Sheri Collins reported we have really made a concerted effort to right side the ship so that we can grow that funding again. The funding we have at this point in BFTDA is very scarce, and yet we know that the work they do is very critical to advance our technology companies in Pennsylvania.

With Secretary Davin’s support, I would like to suggest to the board we hold a retreat. We need to sit down and strategically talk about what the future of BFTDA looks like and are there other sources of capital we could tap into.

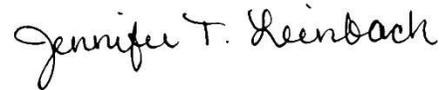
I think it is a critical time for us to have good discussions and open dialog, and we hope to have good board participation. I would like to identify and see if we can grow the state of the fund. Our department has a Department of Defense program, I don't see why as a collective, we can't look into the federal funding and other potential opportunities. We also want to make sure we are coordinating with our partners to make sure we are not going after the same source of funding. We must have open communication during this time and from here forward.

I am hopeful that we will have this retreat prior to the passing of the budget.

Tom Balderston made a motion to adjourn. Bob Schena seconded. Motion carried. Meeting adjourned at 11:40 a.m.

Next meeting will be April 27 at 10:00 AM at Harrisburg University of Science & Technology, 326 Market Street, Harrisburg PA 17101.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jennifer T. Leinbach".

Jennifer T. Leinbach
Executive Director, BFTDA