SECTION 1
EXECUTIVE SUMMARY
Our Mission
The mission of the Ben Franklin Technology Development Authority (BFTDA) is to strategically support programs and investments which create a continuum of financial and technical services to advance the creation, growth, and global competitiveness of Pennsylvania’s technology companies and universities.

Overview
The Department of Community and Economic Development is pleased to submit the 2015 Legislative Report on the activities of the Ben Franklin Technology Development Authority (BFTDA). Governor Wolf’s ‘Jobs that Pay’ initiative focuses on creating a business climate that supports PA’s technology industry. The governor has emphasized state support for technology innovation and strives to create an environment that fosters entrepreneurship and creative development. The BFTDA’s strategic investments in Pennsylvania’s technology-based companies and in the advancement of new technologies over the past year epitomize the governor’s initiatives.

Recognized nationally and internationally as a model for technology-based economic development, the BFTDA receives an annual appropriation from the PA General Assembly. A core function of the BFTDA is to ensure that the variety of technology-based economic development organizations and initiatives throughout the state are working collaboratively to fully leverage the wealth of research, capital sources, and support services available to build a comprehensive infrastructure that supports company growth.

The BFTDA received an appropriation of $14.5 million for FY 2014-15, bringing the Ben Franklin Technology Development Authority’s cumulative commitment to the technology sector to nearly $514 million. Chart 1 shows the BFTDA’s annual appropriations, and Chart 2 details the BFTDA’s distribution of funds to its core programs since FY 2005-06.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Appropriations</th>
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</thead>
<tbody>
<tr>
<td>FY2005-06</td>
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<tr>
<td>FY2006-07</td>
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</tr>
<tr>
<td>FY2014-15</td>
<td>$0</td>
</tr>
</tbody>
</table>
### Core Programs

In 2015, the BFTDA approved $3.5 million for each of the four Ben Franklin Technology Partners (BFTP) to encourage investments that advance the competitiveness of Pennsylvania companies in the global economy. The BFTPs play a leadership role in building the state’s technology economy, strengthening regional economies, and creating and retaining high-wage, high-skill jobs.

With four regional offices strategically located across Pennsylvania, the BFTPs provide critical seed and risk capital to start and grow technology firms throughout the state. An investment made by the BFTPs is respected as a key endorsement for client companies, allowing them to attract follow-on investment from other sources, including venture capital.

Another key program that assists new startup businesses administered by the BFTDA is the Keystone Innovation Zone (KIZ) Tax Credit program. Cumulatively, over 1,600 applicants received the KIZ tax credit — totaling more than $121.7 million in tax credits awarded since 2006.

Due to a lack of funds made available to the BFTDA, a number of previously funded core programs, such as the Innovation Grant program and the Keystone Innovation Network program, are not currently being financially supported. The Office of Technology & Innovation continues to provide technical assistance to our KIZ Coordinators, academic partners, and economic development partners across the state.

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**CHART 2**

**BFTDA PROGRAM FUNDING BY FISCAL YEAR**

<table>
<thead>
<tr>
<th>FY</th>
<th>Ben Franklin Technology Partners</th>
<th>Keystone Innovation Zone Program</th>
<th>Technology Development Grant Program</th>
<th>Venture Investment Program</th>
<th>Innovation Grant Program</th>
<th>Keystone Innovation Network Program*</th>
<th>University Research Commercialization Grant Program</th>
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<tr>
<td>2005-06</td>
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<td>$15,000,000</td>
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<tr>
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<tr>
<td>2007-08</td>
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<td>2009-10</td>
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<td>$0</td>
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<tr>
<td>2013-14</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>2014-15</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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</tr>
</tbody>
</table>

*The Keystone Innovation Network Program was created in 2012, consolidating the Innovation Grant and Keystone Innovation Zone Programs.*
Impact for Fiscal Year 2014-15
The BFTDA is a powerful economic development tool that has a proven ability to leverage both private growth capital and federal resources for the purpose of making Pennsylvania a leader in the job-creating industries of the future. The following highlights the BFTDA programs’ impact during FY 2014-15:

- The four regional BFTPs leveraged more than $447.7 million in matching and follow-on funding, creating 1,103 jobs and retaining 1,224 jobs. Fifty-nine new companies were launched through the support of the BFTPs, with an additional 1,125 businesses being assisted.

- The Keystone Innovation Zone Tax Credit Program, awarded $17.9 million in tax credits to 239 companies. This investment by the state resulted in 863 jobs created and 2,212 retained jobs. For more information regarding the economic impact of the KIZ program, please visit dced.pa.gov/kiz.

- The Venture Investment Program, administered through the BFTDA, provides investment in venture capital partnerships investing in early-stage PA technology companies. The BFTDA’s strategic investments through this program led to 1,210 jobs created and an additional 2,460 retained jobs. Additionally, the venture investment program assisted 176 companies in FY 2014-15.

Cumulative Impact Since 2005
The Office of Technology & Innovation’s portfolio of programs operated and administered by the BFTDA have been successful at equipping our partners to compete here in Pennsylvania, throughout our nation, and globally.

Strengthening Economic Growth through Job Creation and Retention
Since 2005, BFTDA programs have been responsible for creating more than 25,000 new jobs in Pennsylvania while retaining more than 32,400 additional jobs. Chart 3 details the overall job creation and retention by fiscal year.

In FY 2009-10, the BFTDA saw a significant decrease in their annual appropriation from the PA General Assembly. For the last five years, DCED has observed the jobs created and retained figures decline proportionally. Though funding has stabilized, demand for BFTDA programs continues to increase. The Authority cannot adequately support the needs of the technology industry, causing economic growth outcomes to decrease. Chart 4 illustrates the correlation between the BFTDA’s budget and job creation and retention.

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“The KIZ tax credit program was a huge part of the early success of WebpageFX. As a fast-growing startup, you are trying to innovate quickly, and the tax credit helped us to invest in key areas of the company. A lot of the investment decisions that startups make early on have a huge impact throughout the life of the company, and we were fortunate to partner with KIZ during that key early stage of WebpageFX.”

– William Craig, President of WebpageFX

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1 The figures contained in the impact section are calculated on a fiscal year basis and cannot be used as a direct comparison to the figures in the overview section, which are calculated by calendar year.
**CHART 3**
TOTAL JOBS CREATED AND RETAINED

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Jobs Created</th>
<th>Jobs Retained</th>
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<tr>
<td>FY2005-06</td>
<td>6,000</td>
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<td>FY2006-07</td>
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<tr>
<td>FY2014-15</td>
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</tr>
</tbody>
</table>

**CHART 4**
TOTAL JOBS CREATED AND RETAINED VS. BUDGET

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<thead>
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<th>Fiscal Year</th>
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<td>FY2013-14</td>
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</tr>
<tr>
<td>FY2014-15</td>
<td></td>
</tr>
</tbody>
</table>
Accelerating New Company Formation
Since 2005, more than 1,800 new companies have formed due to support from BFTDA programs. New company formation is achieved primarily through direct investments by the Ben Franklin Technology Partners (BFTP). Capital investments made by the four regional BFTP's accounted for the formation of 59 new companies in 2014.

Assisting Businesses
Since 2005, over 32,000 Pennsylvania-based businesses have been assisted by BFTDA programs.

Supporting Innovation
BFTDA programs have helped Pennsylvania businesses secure patents and create/develop other non-patented Intellectual Property (IP) (i.e., new, copyright-protected processes that enhance their efficiency and productivity). Since 2005, more than 2,100 new patents have been issued, and more than 2,600 non-patented IPs have been created and/or developed for projects funded through BFTDA programs.
Driving Innovation into the Marketplace
BFTDA’s programs have been a driving force in getting new technology products into the marketplace.

INNOVATION WORKS
Identified Technologies’ drones fly above construction sites to map features, capture data, and analyze complex information needed for continuous job site monitoring and fast, informed decision-making. Identified Technologies grew out of research at the University of Pennsylvania originally intended for military use. In 2013, founder Dick Zhang moved to Pittsburgh to start his company as part of the first class of AlphaLab Gear, known for and investing in and providing assistance to companies developing hardware, robotics, and other products.

During the accelerator program, the company grew with Dick as the sole employee to eight full-time employees and a number of interns—many of them students or graduates of nearby Carnegie Mellon University. After the accelerator program, Dick’s team moved down the street into an old warehouse owned by a contact made at AlphaLab Gear. They turned the dilapidated warehouse into an office and testing facility. Now at 15 employees and growing, Identified Technologies has dozens of customers across the country in multiple industries, and has been a competition finalist or winner of numerous regional, national, and global awards. Identified Technologies has raised over $3.5 million in venture capital from Pittsburgh’s Birchmere Ventures, a connection made during AlphaLab Gear, and other investors.
<table>
<thead>
<tr>
<th>Description</th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
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<td><strong>Cash Balance, Beginning:</strong></td>
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<td>(10,783)</td>
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<td>Restricted - Innovate in PA</td>
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<td><strong>Receipts:</strong></td>
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<td>Transfer in from General Fund</td>
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<td>$ 14,500</td>
<td>$ 14,500</td>
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<tr>
<td>Transfer in from Commonwealth</td>
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<td>-</td>
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<td>Restricted - Innovate in PA Tax Credit Sale Proceeds</td>
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<tr>
<td>Restricted - Innovate in PA Loan Principal and Interest Repayments</td>
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<td>Restricted - Loan Principal and Interest Repayments</td>
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<td>Interest Income on Escrow</td>
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<td>1,763</td>
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<td>Interest and Dividend Income</td>
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<td>51</td>
<td>28</td>
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<td>Other</td>
<td>41</td>
<td>31</td>
<td>20</td>
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<tr>
<td><strong>Total Receipts</strong></td>
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<td>16,345</td>
<td>17,727</td>
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<td><strong>Total Funds Available</strong></td>
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<td>Community and Economic Development</td>
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<td>Restricted - Innovate in PA</td>
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<td><strong>Total Disbursements</strong></td>
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<td>(21,656)</td>
<td>(16,154)</td>
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<td>$ 8,416</td>
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<td>17,233</td>
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<tr>
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<td>Budget Category</td>
<td>Other Funds</td>
<td>Use of AEDP Returns</td>
<td>AEDP Funds</td>
</tr>
<tr>
<td>-------------------------------------</td>
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</tr>
<tr>
<td></td>
<td>Budgeted</td>
<td>Actual</td>
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<td>I. Management &amp; Administration</td>
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<tr>
<td>A. Personnel</td>
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<td>B. Physical</td>
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<td>Management &amp; Administration Total</td>
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<td>II. Company Investments</td>
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<td>B. Indirect</td>
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<td>III. Business &amp; Technical Assistance</td>
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<td>A. Internal Direct Services</td>
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<td>B. External Projects</td>
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<td>Business &amp; Technical Assistance Total</td>
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<td>IV. Technology Infrastructure</td>
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<tr>
<td>A. Internal Direct Services</td>
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<tr>
<td>B. External Projects</td>
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<td>Technology Infrastructure Total</td>
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<td>V. Set Aside Funds</td>
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</tr>
<tr>
<td>(Not Yet Allocated to I through IV)</td>
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<tr>
<td>A. Current Fiscal Year</td>
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<tr>
<td>B. Deferred/Carry-over from Previous Fiscal Year</td>
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<tr>
<td>Set Aside Funds Total</td>
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<tr>
<td>Grand Totals:</td>
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<td>51,753</td>
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Ben Franklin Technology Partners of Central & Northern PA
FY 2014-15 Operating Budget
## Ben Franklin Technology Partners of Northeastern PA
### FY 2014-15 Operating Budget

### Budget Category

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<thead>
<tr>
<th>Budget Category</th>
<th>Other Funds</th>
<th>Use of AEDP Returns</th>
<th>AEDP Funds</th>
<th>Use of Challenge Grant Returns</th>
<th>Challenge Grant Funds</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted</td>
<td>Actual</td>
<td>Budgeted</td>
<td>Actual</td>
<td>Budgeted</td>
</tr>
</tbody>
</table>

### I. Partner Administration

- **A. Personnel**
  - Budgeted: $704,454
  - Actual: $676,296
  - Use of AEDP Returns: $0
  - AEDP Funds: $0
  - Use of Challenge Grant Returns: $0
  - Challenge Grant Funds: $0

- **B. Physical**
  - Budgeted: $80,963
  - Actual: $83,468
  - Use of AEDP Returns: $0
  - AEDP Funds: $0
  - Use of Challenge Grant Returns: $0
  - Challenge Grant Funds: $0

- **C. Operations**
  - Budgeted: $246,775
  - Actual: $228,363
  - Use of AEDP Returns: $0
  - AEDP Funds: $0
  - Use of Challenge Grant Returns: $0
  - Challenge Grant Funds: $0

**Partner Administration Subtotal**
- $1,032,192
- $988,127
- $0
- $0
- $0
- $0

### II. Company Investments

- **A. Direct**
  - Budgeted: $0
  - Actual: $0
  - Use of AEDP Returns: $0
  - AEDP Funds: $0
  - Use of Challenge Grant Returns: $0
  - Challenge Grant Funds: $998,100

- **B. Indirect**
  - Budgeted: $0
  - Actual: $0
  - Use of AEDP Returns: $0
  - AEDP Funds: $0
  - Use of Challenge Grant Returns: $0
  - Challenge Grant Funds: $0

**Company Investments Subtotal**
- $0
- $0
- $0
- $0
- $0
- $998,100

### III. Business and Technical Assistance

- **A. Internal Direct Services**
  - Budgeted: $0
  - Actual: $0
  - Use of AEDP Returns: $0
  - AEDP Funds: $0
  - Use of Challenge Grant Returns: $0
  - Challenge Grant Funds: $797,833

- **B. External Projects**
  - Budgeted: $0
  - Actual: $0
  - Use of AEDP Returns: $0
  - AEDP Funds: $0
  - Use of Challenge Grant Returns: $0
  - Challenge Grant Funds: $0

**Business and Technical Assistance Subtotal**
- $0
- $0
- $0
- $0
- $0
- $797,833

### IV. Technology Infrastructure

- **A. Internal Direct Services**
  - Budgeted: $909,536
  - Actual: $882,524
  - Use of AEDP Returns: $0
  - AEDP Funds: $0
  - Use of Challenge Grant Returns: $0
  - Challenge Grant Funds: $1,704,067

- **B. External Projects**
  - Budgeted: $0
  - Actual: $0
  - Use of AEDP Returns: $0
  - AEDP Funds: $0
  - Use of Challenge Grant Returns: $0
  - Challenge Grant Funds: $0

**Technology Infrastructure Subtotal**
- $909,536
- $882,524
- $0
- $0
- $0
- $1,704,067

### V. Set-Aside Funds

(Not Yet Allocated to I through IV)

- **A. Current Fiscal Year**
  - Budgeted: $0
  - Actual: $0
  - Use of AEDP Returns: $0
  - AEDP Funds: $0
  - Use of Challenge Grant Returns: $0
  - Challenge Grant Funds: $0

- **B. Deferred/Carry-Over From Previous Fiscal Years**
  - Budgeted: $0
  - Actual: $0
  - Use of AEDP Returns: $0
  - AEDP Funds: $0
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**Set-Aside Funds Subtotal**
- $0
- $0
- $0
- $0
- $0
- $0

**Grand Totals:**
- $1,941,728
- $1,870,651
- $0
- $0
- $0
- $0
- $3,500,000
- $2,990,444
**Ben Franklin Technology Partners of Southeastern PA**

**FY 2014-15 Operating Budget**

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### Innovation Works
#### FY 2014-15 Operating Budget

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Ben Franklin Technology Development Authority Board Membership

January 1, 2015

Honorable Dennis M. Davin, Chairman
Secretary, Department of Community and Economic Development
400 North Street, 4th Floor
Harrisburg, PA 17120

Tom Balderston
Balderston Capital, LLC
SustainVC, LLC
G.P. of Patient Capital
Collaborative Funds
330 King of Prussia Road
Radnor, PA 19087

Frederick J. Beste, III
President
Mid-Atlantic Venture Funds
116 Research Drive
Bethlehem, PA 18015

Kenneth E. Davis
Senior Director
Duane Morris Government Affairs
30 South 17th Street
Philadelphia, PA 19103-4196

Pedro Rivera, Secretary
Department of Education
333 Market Street
Harristown 2, 10th Floor
Harrisburg, PA 17126

John A Fry
President
Drexel University
3141 Chestnut Street
Philadelphia, PA 19104

Honorable Bryan Barbin
PA House of Representatives
4 East Wing
P.O. Box 202071
Harrisburg, PA 17120

Honorable Andrew E. Dinniman
Senate of Pennsylvania
Senate Box 203019 – Room 183
Harrisburg, PA 17120

S. Thomas Emerson, Ph.D.
Carnegie Mellon University
CMU-Q, SMC 1070
5032 Forbes Avenue
Pittsburgh, PA 15213-3890

Honorable John R. Gordner
Senate of Pennsylvania
351 Main Capitol
Harrisburg, PA 17120

Austin J. Burke
Consultant
Greater Scranton Chamber of Commerce
222 Mulberry Street
P. O. Box 431
Scranton, PA 18501

Honorable Doyle Heffley
PA House of Representatives
423 Irvis Office Building
PO Box 202122
Harrisburg, PA 17120-2122

Honorable Andrew E. Dinniman
Senate of Pennsylvania
Senate Box 203019 – Room 183
Harrisburg, PA 17120

Honorable John R. Gordner
Senate of Pennsylvania
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Honorable John R. Gordner
Senate of Pennsylvania
351 Main Capitol
Harrisburg, PA 17120

Brian Kennedy
V Pres. for Strategic Services and Government Relations
Pittsburgh Technology Council
200 Technology Drive
Pittsburgh, PA 15219
Ellen Kite
Community Development Representative
100 Rawlins Run Road
Pittsburgh, PA 15238

Michele M. Masucci, Ph.D.
Vice Provost for Research
Temple University
401 Conwell Hall
1801 N. Broad Street
Philadelphia, PA 19122

Sharon Minnich, Secretary
Office of Administration
207 Finance Building
Harrisburg, PA 17120

Robert J. Schena, Chairman
Rajant Corporation
400 East King Street
Malvern, PA 19355

Naomi Wyatt
Director of Legal and Governmental Affairs
Camden Coalition of Healthcare Providers
808 Market Street, 2nd Floor
Camden, NJ 08102

Robert Kumpf, Ph.D.
Chief Operating Officer
Plextronics
2180 William Pitt Way
Pittsburgh, PA 15238

Charles J. Peters
Managing Member
Altair Holdings LLC
1001 State St., Suite 307
Erie, PA 16501

Peter Tonia
Coordinator of Benefits
Carpenters Benefit Funds
1811 Spring Garden Street
Philadelphia, PA 19130
SECTION 4
BFTDA BOARD MEETING MINUTES
A meeting of the Ben Franklin Technology Development Authority board (BFTDA) was held in the Pennsylvania State Capitol Building, Senate Majority Caucus Room at 10:00 a.m. on January 29, 2015.

Board members and designees in attendance:

- Dennis Davin, Acting Secretary, DCED
- Tom Balderston
- Honorable Bryan Barbin
- Fredrick J. Beste, III
- Austin J. Burke
- Sheri R. Collins, Executive Director of BFTDA
- Phil Dunn for Senator John R. Gordner
- Dr. S. Thomas Emerson, Carnegie Mellon University (phone)
- President John A. Fry, Drexel University (phone)
- Dale Hamby for Acting Secretary Pedro Rivera, Department of Education
- Representative Doyle Heffley (phone)
- Martin Indars for Senator Andrew E. Dinniman
- Brian Kennedy
- Ellen Kight
- Dr. Robert J. Kumpf (phone)
- Dr. Michele M. Masucci, Temple University
- Sharon Minnich, Secretary, Office of Administration
- Charles J. Peters
- Robert J. Schena
- Peter Tonia (phone)

DCED staff and guests in attendance:

- Hugh Allen, University of Pennsylvania
- Steve Brawley, Ben Franklin Technology Partners Central and Northern PA
- Vito G. Gallo, Lehigh University
- Eric Hagarty, Special Assistant to the Acting Secretary of DCED
- Paul M. Hallacher, Pennsylvania State University (retired)
- Christopher Houston, DCED Office of Chief Counsel
• Nicholeta Karandrikas, DCED TIO
• Mary Keenan, Webber Associates
• Jennifer Leinbach, DCED TIO
• Tim McNulty, Carnegie Mellon University
• Carolyn Boser Newhouse, DCED Deputy Secretary, Office of Innovation & Investment
• Chad Paul, Ben Franklin Technology Partners Northeastern PA
• Marc Rigas, University of Pennsylvania
• RoseAnn Rosenthal, Ben Franklin Technology Partners Southeastern PA
• Mike Shorr, Executive Assistant to the Secretary of DCED
• Janet Stainbrook, Ben Franklin Technology Partners Northeastern PA
• John Sider, Ben Franklin Technology Partners
• Diane Sterthous, DCED TIO
• Mary Webber, Webber Associates
• Colton Weber, DCED TIO

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 shared his many years of economic development experience as the prior Director of Allegheny County Department of Economic Development. Since 2004, Davin indicated he had spearheaded the agency responsible for managing and promoting economic and residential development in the county. He further stated that he served on the board of the Greater Oakland Keystone Innovation Zone, one of the two Zones in the Pittsburgh region. Additionally, Secretary Davin addressed the “Gift Band” policy and its impact on this Board. He stated that he and others are reviewing the details to determine what the policy affects and what it does not. Chief Counsel Chris Houston stated that guidance will be provided to board members as all are under the Governor’s Code of Conduct.

II. Approval of July 2014 Meeting Minutes

Austin Burke made a motion to approve the minutes as written. Chuck Peters seconded the motion. Motion carried.

III. Election of Officers

The By-laws of the BFTDA state that the Board shall elect a Secretary and a Treasurer at the first meeting of each calendar year. In addition, the Board may also appoint an Assistant Secretary and an Assistant Treasurer, neither of whom is required to be a board member.
Bob Schena nominated Senator Andrew Dinniman for the office of Secretary. No further nominations were made. Chuck Peters made a motion to elect Senator Dinniman as Secretary. Tom Balderston seconded the motion. Motion carried. Martin Indars (participating on behalf of Senator Dinniman) abstained.

Tom Balderston nominated Brian Kennedy for the office of Treasurer. No further nominations were made. Ellen Kight made a motion to elect Brian Kennedy as Treasurer. Representative Bryan Barbin seconded the motion. Motion carried. Brian Kennedy abstained.

Staff recommended that the Board consider Jennifer Leinbach to serve as Assistant Secretary and for Diane Sterthous to serve as Assistant Treasurer.

Fred Beste made a motion to appoint Jennifer Leinbach to serve as Assistant Secretary. Michele Masucci seconded the motion. Motion carried.

Tom Balderston made a motion to appoint Diane Sterthous to serve as Assistant Treasurer. Ellen Kight seconded the motion. Motion carried.

IV. Presentation: Pennsylvania Manufacturing Innovation Program

Tim McNulty, Associate Vice President for Government Relations, (on behalf of Carnegie Mellon University, Drexel University, Pennsylvania State University, Lehigh University, Temple University, University of Pennsylvania, and University of Pittsburgh), presented “Building an Unprecedented Collaboration among Pennsylvania’s Research Universities to Spark Innovation and Job Creation in Manufacturing” for informational purposes only.

A period of question and answered followed as summarized below:

Secretary Davin: Do you see existing programs as able to help continue, or what needs to be developed?

Tim McNulty: First, we do not want to take money away from others. We seek flexibility in building the initiative and believe that existing programs could be used.

Paul Hallacher: The seven research institutions’ budgets exceed $30 Billion of which $3.2 Billion is allocated to research. The institutions have been meeting for three years thinking and sharing ideas and believe that this may warrant a new significant initiative at the state level. D2PA appears to map this initiative.

John Fry: Seconded that comment. This should be in the $5 million range. It is unusual to get all seven working together for three years. He personally has briefed Governor Wolf on a high level during the transition. This is a great moment.
Fred Beste: I have been on this board for ten years and have a history of funding innovation. I do not support any expenditure of funds from the BFTDA until restored at previous funding level.

Tom Balderston: How will research feed into the pipeline? How will IP be handled? Are you prepared to do things differently?

Tim McNulty: Committee will handle multi-university projects with a preset-agreed common IP. Faculty can participate without locking down company to have to forge agreements with all seven universities. Benchmark IP approach for engaging industry based upon what all seven are doing.

Marc Rigas: We will create a template on how we can evolve IP Policy; changing platform to work through these issues. As University Demonstration Partnership members they can test new ideas.

Austin Burke: Do you have targeted metrics per different funding levels? Can you provide a geographical outreach to all parts of the commonwealth?

Tim McNulty: Yes, and we can share those metrics with this group. Other regions will be covered.

Brian Kennedy: Has seen Pittsburgh leverage the talent base of universities and how it attracts companies such as Google, Disney and Apple. How will this initiative educate/access small and medium size manufacturers with fellowships?

Tim McNulty: How to reach SME's is a discussion and role with the IRC's. Small firms will participate in the seed project funded through D2PA. SME's need development work with the IRC's prior to engaging with academic institutions, as well as the Ben Franklin Centers.

Chuck Peters: How does this work operationally? What frequency are you meeting and how are you operating?

Tim McNulty: Every Friday there is a conference call. Participants included the vice presidents of research, faculty advisors, and staff in Harrisburg. Discussion includes follow-on funding opportunities through Federal programs. The apparatus to pursue federal grants is not yet created.

Sheri Collins: Will there be a single point of contact for companies? And will this initiative be complimentary or duplicative of other programs such as PennTAP and the Learning Factory?
Paul Hallacher: The Learning Factory engages teams of engineering students to work with companies for a semester. Most of these companies are larger national or international. This new initiative fills a gap in the continuum – high science engineering at discovery level that will drive to companies.

Representative Barbin: I am confused how we avoid overlap. We have an existing way to put students into incubators. He suggested that the schematic should be changed to work through the Ben Franklin Technology Partners to reduce costs.

Tim McNulty: Innovation Works is hardwired and provides more fundamental technology to companies. We view our initiative as up stream of invention that the Ben’s are involved.

V. BFTDA Executive Director’s Report

Sheri Collins thanked Phil Dunn from Senator Gordner’s office for arranging the meeting room.

Note that the Board materials you received contain an ethics forms that must be completed. If you have any questions, Chris Houston from the Chief Counsel office will be able to answer.

We are pleased to announce a new member of the Technology Investment Office – Diane Sterthous. Diane has thirty years’ experience in the venture capital industry sector and was previously at SERS and Glenmede Trust where she conducted due diligence on the Commonwealth Financing Authority’s venture capital investment program, as well as the Tobacco Settlement Investment Board’s private equity investment program. Diane will be directly engaged in the deployment of the Innovate in PA venture capital funds.

Innovate in PA update – lawsuit against the commonwealth has been resolved and the sale of the tax credits is moving forward. Atex Petros, out of Texas, will sell the tax credits on behalf of the Department.

Ellen Kight asked about the time frame for Innovate.

Sheri responded that application for intent is due to Atex Petros on March 1. Formal close will between May 1 and June 30 after completion of the necessary compliance checks with the Department of Revenue and the Insurance Department.

Payments will be made in six installments with the first at the time of closing. Funds will then be deployed to the legislatively-defined programs. The rate will be pleasing.

Sheri thanked Fred Beste and Tom Balderston for their work on developing the Venture Investment Guidelines in conjunction with Diane Sterthous.
Sheri stated that this is an excellent time to make changes to the Venture Investment Program.

Bob Schena: What will the rate be?

Sheri responded that she cannot disclose anticipated rates as it could impact the market; however, the rate will be very pleasing.

Sheri welcomed Dr. Michele Masucci to the board.

Brian Kennedy applauded the Ben’s for operating with a delay of additional funding.

Tom Balderston: With the current low funding to BFTDA, the timing of Innovate funds is important. Money is needed to pump back into economic development.

Secretary Davin: Let’s keep the board informed of the time-frame and keep members in the loop by communicating with members before meetings, if possible. If anyone has questions, please work through Sheri.

VI. New Business – none

VII. Old Business – none

Next meeting will be Tuesday, April 14, 2015. Note that included in the board materials is a calendar of future board meetings.

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
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 Starynski, 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. Ateix 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 BTDA 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, BTDA
A meeting of the Ben Franklin Technology Development Authority Board (BFTDA) was held at Innovation Works’ AlphaLab, Pittsburgh, PA at 10:00 a.m. on July 23, 2015.

Board members and designees in attendance:

- Tom Balderston (phone)
- Representative Bryan Barbin
- Sheri R. Collins, Deputy Secretary, DCED
- Steve Grabicki for Senator Andrew E. Dinniman (phone)
- Dr. S. Thomas Emerson, Carnegie Mellon University
- President John A. Fry, Drexel University (phone)
- Senator John R. Gordan
- Representative Doyle Heffley
- Brian Kennedy
- Ellen Kight
- Robert J. Kumpf (phone)
- Jennifer Leinbach, BFTDA Executive Director, DCED
- Dr. Michele M. Masucci, Temple University (phone)
- Charles J. Peters
- Robert Schena
- Peter Tonia (phone)

DCED staff and guests in attendance:

- Steve Brawley, Ben Franklin Technology Partners Central and Northern PA
- Chuck Brandt, Innovation Works
- Jill Busch, DCED Office of General Counsel (phone)
- Ryan Glenn, Director of Statewide Initiatives, Ben Franklin Technology Partners
- Jay Katarincic, Draper Triangle
- Joe Lane, Ben Franklin Technology Partners Northeastern PA
- Rich Lunak, Innovation Works
- Kathy Matason, Ben Franklin Technology Partners Central and Northern PA
- Adare McMillian, Ben Franklin Technology Partners Southeastern PA
- Chad Paul, Ben Franklin Technology Partners Northeastern PA
- RoseAnn Rosenthal, Ben Franklin Technology Partners Southeastern PA
- Bob Starzynski, Innovation Works
- Diane Sterthous, DCED TIO
• Mike Stubler, Draper Triangle
• Neil Weaver, Executive Deputy Secretary, DCED

I. Welcome & Opening Remarks

On behalf of DCED Secretary Dennis Davin, DCED Deputy Secretary Sheri Collins served as Chair and called the meeting to order at 10:06 A.M.

BFTDA Executive Director Jennifer Leinbach conducted a roll call of board members.

II. Approval of the April 14, 2015 Meeting Minutes

Tom Emerson made a motion to approve the minutes as written. Ellen Kight seconded the motion. Motion carried.

III. Approval of Program Guidelines

Deputy Secretary Collins stated that staff has worked diligently the last several months on the development of various program guidelines including the guidelines for the four regional Ben Franklin Technology Partners’ Challenge Grant, as well as the guidelines for Innovate in PA. The Innovation in PA program falls under the direction of this authority and therefore requires that the authority approve any and all program guidelines including those for the three Life Sciences Greenhouses (LSG).

Collins reported that staff used the existing Challenge Grant guidelines and those presently used by the Life Sciences Greenhouses to develop the guidelines for the Innovate in PA program. The Challenge Grant guidelines, based on discussions with Ryan Glenn, were modified to remove some onerous reporting requirements implemented by the Department several years ago, while the LSG guidelines essentially mirror what exists presently. All program guidelines must be submitted to the commonwealth’s Comptroller’s Office for review and approval.

The approvals today are to grant the authority to staff to implement all program guidelines, including the Challenge Grant guidelines and the Innovate in PA guidelines for both the Ben Franklin Technology Partners and the LSGs. By granting staff the ability to implement guidelines in this manner, staff is able to move swiftly with the deployment of capital once the FY 15-16 budget is approved and to begin deploying Innovate in PA funds upon approval of those program guidelines presently under review at the Comptroller’s Office.

Tom Emerson made a motion to grant authority to staff to move forward with the implementation and deployment of the guidelines once approved by the Comptroller’s office. Representative Barbin seconded the motion. Motion carried.
Chair noted that any approval today for Challenge Grants is contingent upon the passing the 2014-2015 State Budget at $14.5MM, as requested in the Governor’s Budget.

IV. Presentation of the Ben Franklin Technology Partners

Ryan Glenn, Director of Statewide Initiatives presented an overview of the accomplishments and impacts in 2014 followed by a panel discussion with the CEOs of the four regional partners.

Tom Emerson made a motion to approve and deploy $3.5 million of the Fiscal Year 15-16 Budget contingent upon passing of the Governor’s Budget to each one of the four Ben Franklin Technology Partners. Representative Barbin seconded the motion. Motion carried.

Tom Emerson made a motion to deploy immediately upon the completion of the Innovate in PA program guidelines as discussed earlier; the first tranche as well as the second payment due January 20, 2016 to the Ben Franklin Partners and the Life Sciences Greenhouses. Bob Schena seconded the motion. Motion carried.

V. Innovate in PA – Venture Investment Program: Draper Triangle III

Diane Sterthous, Venture Capital Advisor, who worked with the Venture Investment subcommittee comprised of Fred Beste and Tom Balderston, presented an overview of the report included in the board materials for the consideration of a $1 million investment of Innovate in PA funds in Draper Triangle III.

Deputy Secretary Collins noted that the total amount of funds available to the Venture Investment Program as a result of the sale of $100MM of Insurance Premium Tax Credits is approximately $38.4MM. Staff will continue to present new opportunities to the BFTTDA over the coming months, years.

Chuck Peters made a motion to invest $1 million as recommended by the subcommittee to Draper Triangle. Representative Barbin seconded the motion. Motion carried.

VI. New Business – no new business

VII. Old Business – no old business

Tom Emerson made a motion to adjourn, which was seconded by Bob Schena. Motion carried. Meeting adjourned 11:54 A.M.

Respectfully submitted,

Jennifer T. Leinbach
Executive Director, BFTDA
A meeting of the Ben Franklin Technology Development Authority board (BFTDA) was held in the Pennsylvania State Capitol Building, Senate Majority Caucus Room at 10:00 a.m. on October 22, 2015.

Board members and designees in attendance:

- Dennis M. Davin, Secretary, DCED
- Tom Balderston
- Representative Bryan Barbin
- Frederick J. Beste III
- Austin J. Burke
- Sheri R. Collins, Deputy Secretary, DCED
- Steve Grabicki for Senator Andrew E. Dinniman (phone)
- Dr. S. Thomas Emerson, Carnegie Mellon University (phone)
- President John A. Fry, Drexel University
- Phil Dunn for Senator John R. Gordner
- Representative Doyle Heffley
- Brian Kennedy (phone)
- Ellen Kight (phone)
- Robert J. Kumpf (phone)
- Jennifer Leinbach, BFTDA Executive Director, DCED
- Dr. Michele M. Masucci, Temple University
- Secretary Sharon Minnich
- Charles J. Peters (phone)
- Steve Latanishen for Secretary Pedro Rivera
- Robert Schena (phone)
- Peter Tonia

DCED staff and guests in attendance:

- Steve Brawley, Ben Franklin Technology Partners Central and Northern PA
- Matthew Garber
- Ryan Glenn, Director of Statewide Initiatives, Ben Franklin Technology Partners
- Nicholeta Karandrikas, DCED
- Mary Keenan, Webber Associates
- Kris Kurjeka, DCED
- Joe Lane, Ben Franklin Technology Partners Northeastern PA
• Rich Lunak, Innovation Works
• Art McNulty, Chief Counsel, DCED
• RoseAnn Rosenthal, Ben Franklin Technology Partners Southeastern PA
• Janet Stainbrook, Ben Franklin Technology Partners Northeastern PA
• Diane Sterhous, DCED
• Robert Thomson, Ben Franklin Technology Partners Northeastern PA
• Colton Weber, DCED

I. Welcome & Opening Remarks

DCED Secretary Dennis Davin called the meeting to order at 10:02 A.M.

BFTDA Executive Director Jennifer Leinbach conducted a roll call of board members.

Secretary Davin asked Chief Counsel to clarify a few housekeeping items.

Chief Counsel clarified the need to achieve and maintain quorum for voting purposes at the board meetings. Additionally, board materials sent prior to the board meeting to the board members are to be kept confidential and will be marked as such going forward.

Secretary Davin advised the board that all future board materials will be sent electronically unless otherwise requested by the particular member. Hard copies of agendas and minutes will still be available for public attendees at the board meeting.

II. Approval of the July 23, 2015 Meeting Minutes

Brian Kennedy requested that the minutes reflect his abstention on the motion to approve an investment in Draper Triangle III.

Representative Barbin made a motion to approve the minutes as written. Secretary Minnich seconded the motion. Motion carried.

III. Ratify Actions of July 23, 2015 Board Meeting

Chuck Peters made a motion to approve the ratification of the July 23, 2015 Board Meeting. Secretary Minnich seconded the motion. Motion carried.

IV. Innovate in PA Venture Investment Program

Secretary Davin reminded the Board that funding for the Venture Investment Program was sourced from the sale of insurance premium tax credits and mentioned that the designated amount of $38,4MM would be deployed over roughly three fiscal years. The Secretary thanked Fred Beste and Tom Balderston for all of their help and support as members of the Venture Investment Program Subcommittee. The
Secretary then introduced Diane Sterthous and asked her to give a brief overview of the manager invitees. Ms. Sterthous summarized the five presenter groups as managers who already have venture loans with the PA-DCED, either via the BFTDA or the Commonwealth Finance Authority. According to Ms. Sterthous, all of the funds under consideration were raising less than $100M; maintain offices in Pennsylvania; and several had been raising capital for over a year. Proposed loan amounts ranged from $1.5-$4M and were predicated on the subcommittee’s perception of the given venture manager’s effectiveness in terms of identifying and assisting PA-based start-up companies, as well as, on the likelihood that the manager would be able to repay the Commonwealth’s loan.

Secretary Davin requested that Ms. Sterthous invite the presenter groups in to the meeting, one-by-one, and informed the Board that he would make a motion for each venture fund at the conclusion of all five presentations.

**Rittenhouse Venture**
Diane Sterthous pointed out that Rittenhouse is raising a relatively small fund, all the companies in their prior portfolio are PA-based, they provide a useful follow-on financing tool for Ben Franklin of SEPA and the partners have generated attractive returns historically.

Fred Beste made a motion to approve an investment of $2.5MM to Rittenhouse Ventures. Secretary Minnich seconded the motion. Tom Balderston abstained. Motion carried.

**Birchmere Ventures**
Diane Sterthous indicated that although Birchmere’s more recent funds have been challenged from a return standpoint, the group is one of the few Pittsburgh-based survivors of the dot-com era and that this fund represents a return to earlier strategies that proved successful for this team.

Tom Balderston made a motion to approve an investment of $1.5MM to Birchmere Ventures. Dr. Masucci seconded the motion. Brian Kennedy abstained. Motion carried.

**DreamIT Ventures**
Diane Sterthous highlighted the fact that DreamIt’s approach is very labor intensive and highly competitive from a fee standpoint. They are one of the few firms in the region that executes on the incubator approach and as such, is able to attract entrepreneurs from distant geographies.

Representative Barbin made a motion to approve an investment of $3MM to DreamIT Ventures. Fred Beste seconded the motion. President Fry and Dr. Masucci abstained. Motion carried.

**Originate Ventures**
Diane Sterthous favorably commented on Glen Bressner’s 30-year track record as a solid and capable investor in the Lehigh Valley area. She mentioned that Originate is
in early days of raising their fund, and that the team is in process of recruiting an additional partner to be announced in the near future.

Austin Burke made a motion to approve an investment of $4MM (or 10% of aggregate commitments) to Originate Ventures contingent upon the fund identifying a third partner given the departure of Mike Gaussling. Tom Balderston seconded the motion. Fred Beste abstained. Motion carried.

**Osage Ventures**
Diane Sterthous stressed Osage’s highly-defined strategy of investing in small, revenue generating enterprise software companies. Returns for the team have been attractive both on an absolute and relative basis. The lead partner, Robert Adelson, leads several efforts at the firm in addition to the Ventures team.

Tom Balderston made a motion to approve an investment of $2.5MM to Osage Ventures. Representative Barbin seconded the motion. Motion carried.

**V.** Next meeting will be Tuesday, January 26, 2016 at Harrisburg University of Science and Technology. Note that included in the board materials is a calendar of future board meetings.

Tom Balderston made a motion to adjourn, which was seconded by Representative Barbin. Motion carried. Meeting adjourned 11:59 A.M.

Respectfully submitted,

Jennifer T. Leinbach
Executive Director, BFTDA
SECTION 5
BFTDA PORTFOLIO
# BFTDA Project Portfolio

**FY 2014-2015**

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Please note that the Final Reports for the BFTPs can be found online at: dced.pa.gov/BFTDA