



pennsylvania
DEPARTMENT OF COMMUNITY
& ECONOMIC DEVELOPMENT

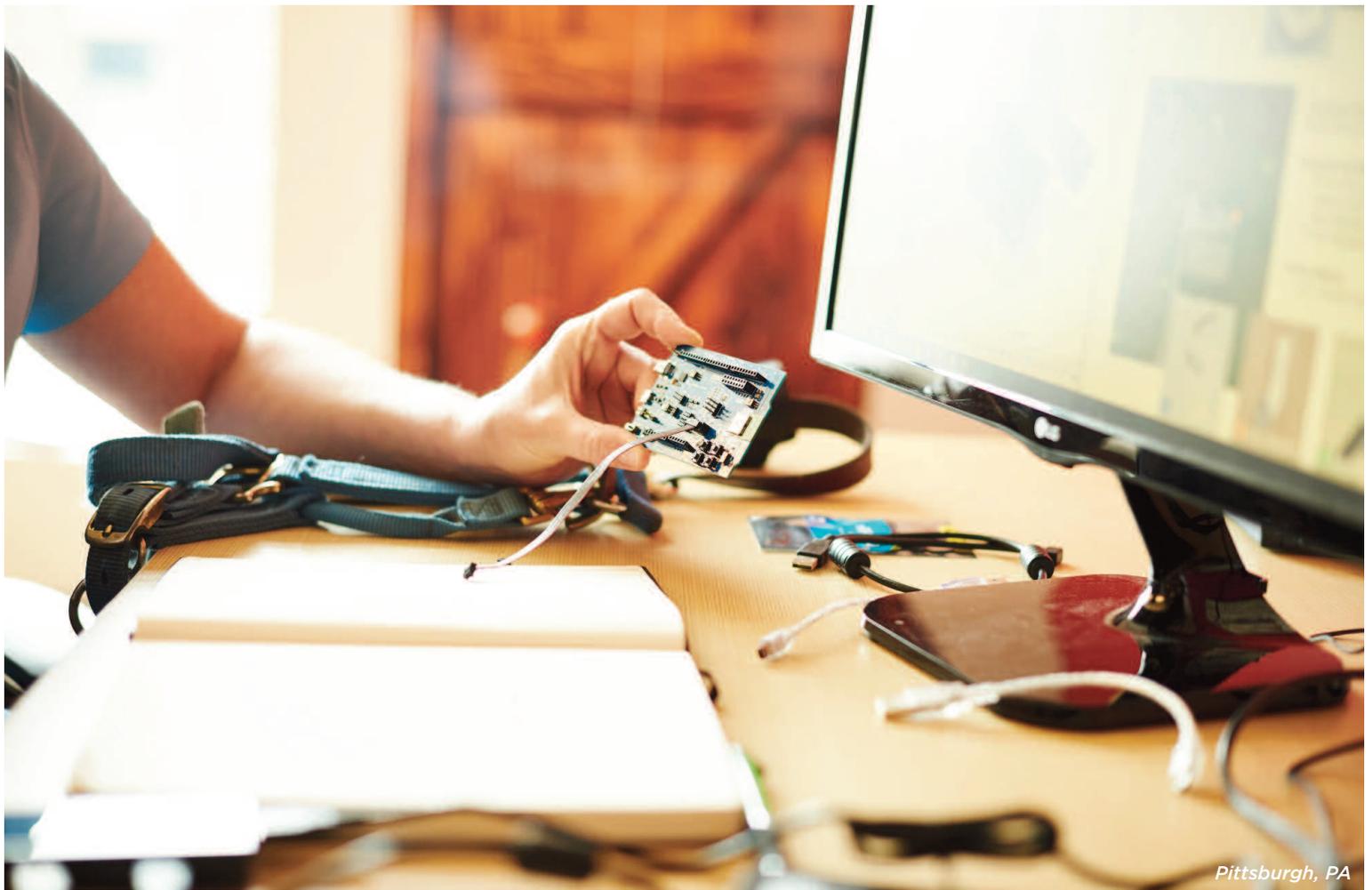
LEGISLATIVE REPORT

≡ BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY ≡

MARCH 2019



Pittsburgh, PA



Pittsburgh, PA

PENNSYLVANIA IS GROWING INTO A TECH TITAN

The Ben Franklin Technology Development Authority (BFTDA), established in 2001, is one of the largest and most widely recognized technology-based economic development programs in the country. The twenty-one member board is tasked with promoting an entrepreneurial business environment, advancing technology innovation, and helping to create a technology-ready workforce.

With a \$14.5 million appropriation, the BFTDA supported the following programs which infuse vital capital into the commonwealth's technology sector:

1. Ben Franklin Technology Partners
2. Venture Investment Program
3. Keystone Innovation Zone Program

By encouraging and coordinating strategic programs and investments, the BFTDA advances the competitiveness of Pennsylvania companies and universities in the global economy.



TECHNOLOGY IS DRIVING PENNSYLVANIA'S ECONOMY

2,041

COMPANIES
ASSISTED

155

NEW COMPANY
FORMATION

2,015

JOBS CREATED

\$79 MILLION

PUBLIC INVESTMENT

11,594

JOBS RETAINED

**BFTDA
IMPACT MEASURES**

\$556 MILLION

PRIVATE INVESTMENT

\$3.5 BILLION

REVENUE EARNED

340

NEW PRODUCTS
COMMERCIALIZED

189

PATENTS AND
SOFTWARE COPYRIGHTS

\$623 MILLION

RDT&E EXPENDITURES

131

NEW INTERNAL
PROCESSES IMPLEMENTED

539

LICENSES GRANTED TO
OTHER PA COMPANIES

BEN FRANKLIN TECHNOLOGY PARTNERS OF CENTRAL AND NORTHERN PA



With three investments and business support services provided by Ben Franklin, **KCF Technologies** developed a wireless sensor monitoring system, SmartDiagnostics®. Protected by 16 patents, KCF's innovation detects small problems before they lead to big failures. The company's customers, which include many premier U.S. manufacturers, use this information to plan for downtime when it's most convenient.

Late last year, KCF announced the intention to expand its headquarters by leasing another nearly 15,000 square feet - in addition to two other existing locations in the downtown State College area. The company, which has been growing at a rate of more than 60% per year, recently celebrated the hiring of its 100th employee and has plans to double the workforce within the next 36 months.

BEN FRANKLIN TECHNOLOGY PARTNERS OF NORTHEASTERN PA



RADIUS Corporation designs and manufactures premium personal care products including eco-friendly toothbrushes, organic toothpastes, dental floss, and accessories. The certified woman-owned company is committed to ongoing R&D to identify innovative and sustainable manufacturing approaches to make everyday products distinctive. Its Source Toothbrush uses replacement head technology with a handle made from recycled dollar bills, paper, and wood, reducing waste by 93%. The company earned two patents for product design in 2017.

Through Ben Franklin's funding and connections, RADIUS received marketing and strategy support, teamed with the Plastics Manufacturing Center at Penn College to address a breakage problem with

toothbrushes, and most recently worked with Lehigh University's Enterprise Systems Center on facility optimization. Since last year, RADIUS increased employment from 30 to 35, and in the past five years, company revenue has increased by 3½ times. The company is in the process of renovating a larger building to respond to burgeoning demand.

INNOVATION WORKS



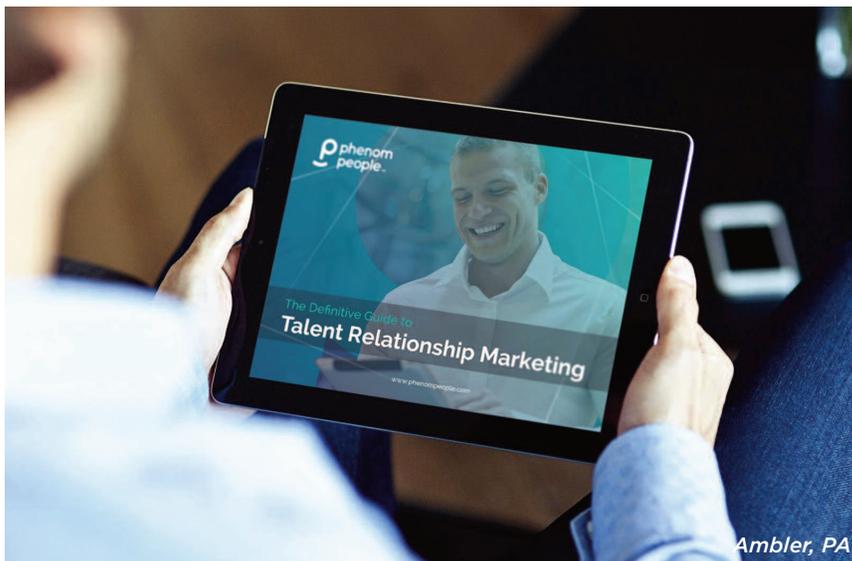
Pittsburgh, PA

Ikos™ improves the rental process for both landlords and renters. Ikos enables managers and landlords of small- to mid-sized properties to post listings, view real-time market data, screen applications, and complete the leasing process.

In 2017, Pittsburgh-based Ikos was founded with assistance and funding from Innovation Works' AlphaLab accelerator. Later, IKOS went on to secure \$125,500 from the IW seed fund and an additional \$950,000 from IW's follow-on fund, Riverfront Ventures. The company has benefited from IW expertise in fundraising, board development, HR, marketing and other operations.

Growing rapidly, Ikos has raised \$2.1 million in follow-on investment and recently received state tax credits of \$46,543 through the KIZ. The company has expanded into six cities and employs over 65 people.

BEN FRANKLIN TECHNOLOGY PARTNERS OF SOUTHEASTERN PA



Ambler, PA

In 2012, Ben Franklin invested \$250,000 in HR tech company **Phenom People**. The Montgomery County-based company, which creates software that helps HR representatives better market positions and manage the hiring process, has since raised \$31 million, most recently closing a \$22 million Series B funding round in 2018.

Ben Franklin's 2012 funding helped Phenom People expand its eight-person team to a staff of 14. The company's Series B funding round has fueled the global expansion of its sales, marketing and product team, enabling its hiring of about 150 people in 2018. The company now employs nearly 300 people worldwide, with Microsoft, Ford, Philips and GM among its clients.

To learn more about each of the Ben Franklin Technology Partners' programs and assistance, please visit dced.pa.gov.



VENTURE INVESTMENT PROGRAM

In addition to the work being done through regional partners, the BFTDA took critical steps forward this year in financing the venture capital community in Pennsylvania.

The Innovate in PA – Venture Investment Program was established in 2013 to address financing needs of technology-oriented businesses located in Pennsylvania. The Department of Community & Economic Development generated revenue for the venture investment program through the sale of \$100 million in insurance premium tax credits. Additionally, the program operates pursuant to the statutory authority of the Ben Franklin Technology Development Authority.

Through the funds acquired from the Innovate in PA program, the BFTDA remitted \$6.5 million to three venture capital firms across the state last year. This critical financing provides Pennsylvania companies with expanded access to vital early-stage capital. The following chart provides an overview of funding the BFTDA made in 2018.



Location: State College, PA

Loan Amount: \$2.5M

Investment Focus: high-technology companies being spawned via research sponsored by Penn State

Typical Initial Investment: \$0.25-1M

Representative PA Companies: Pledge It, Reflexion



Location: Philadelphia, PA

Loan Amount: \$1.5M

Investment Focus: seed stage companies that are cultivated by DreamIt's proprietary accelerator program

Typical Initial Investment: \$1M

Representative PA Companies: Cloudmine, Grassroots Unwired, SnipSnap, Fitly, and Cnverg



Location: Philadelphia, PA

Loan Amount: \$2.5M

Investment Focus: primarily enterprise software companies with a preference for Software-as-a-service business models

Typical Initial Investment: \$0.5-1M

Representative PA Companies: Phenom People, Sidecar, YellowDig, and Identrophy



BFTDA BOARD MEMBERS

Honorable Tom Wolf

Governor
Commonwealth of Pennsylvania

Dennis M. Davin

Secretary
Department of Community & Economic Development

Tom Balderston

Partner
Sustain VC

Honorable Bryan Barbin

Representative
Commonwealth of Pennsylvania

Frederick J. Beste, III

CEO & General Partner
Mid-Atlantic Venture Funds

Austin J. Burke

Retired, President
Greater Scranton Chamber of Commerce

Denise L. Devine

Co-founder
RTM Vital Signs, LLC

Honorable Andrew E. Dinniman

Senator
Commonwealth of Pennsylvania

Juan Garrett

Executive Director
Riverside Center for Innovation

William Generett, Jr., J.D.

Vice President for Community Engagement
Duquesne University

Honorable John R. Gordner

Senator
Commonwealth of Pennsylvania

Honorable Doyle Heffley

Representative
Commonwealth of Pennsylvania

Farnam Jahanian, Ph.D.

President
Carnegie Mellon University

Kailash Kalantri

President
Acclaim Systems

Ellen Kight

Retired, Southwest Regional Director
Department of Community & Economic Development

Kevin Kinross

Principal
The Carey Group
Governor's Representative

Michele Masucci, Ph. D

Vice President for Research
Temple University

Sharon P. Minnich

Secretary
Office of Administration

Brinda Carroll Penyak

Deputy Director
County Commissioners Association of PA

Charles Peters

Managing Member
Altair Holdings, LLC

Pedro Rivera

Secretary
Department of Education

Neil Sharkey, Ph. D

Vice President for Research
Penn State University

Robert J. Schena

Chairman, CEO, & Cofounder
Rajant Corporation

Donald Siegel

International Vice President
International Brotherhood of Electrical Workers,
3rd District

Mike Stubler

Managing Director
Draper Triangle Ventures


BOARD MEETING MINUTES

BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY
Board Meeting Minutes
January 25, 2018

Board members and designees in attendance:

- Tom Balderston
- Representative Bryan Barbin (Phone)
- Fred Beste
- Austin Burke (phone)
- Sheri R. Collins, Deputy Secretary, DCED
- Dennis M. Davin, Secretary, DCED
- Steve Grabicki on behalf Senator Andrew E. Dinniman (phone)
- Mike Stephens on behalf Senator John Gordner
- Jennifer Weeter on behalf Representative Doyle Heffley (phone)
- Kailash Kalantri
- Ellen Kight
- Kevin Kinross (Phone)
- Jennifer Leinbach, BFTDA Executive Director, DCED
- Dr. Michele M. Masucci (phone)
- Sharon Minnich, Secretary, Office of Administration (Phone)
- Brinda Carroll Penyak
- Chuck Peters (Phone)
- Bob Schena (Phone)
- Dr. Neil Sharkey
- Pamela Smith on behalf of Secretary Pedro Rivera, Education (Phone)
- Mike Stubler (Phone)

DCED staff and guests in attendance:

- Steve Brawley, Ben Franklin Technology Partners of Central Northern PA
- Margret Berger Bradly, Ben Franklin Technology Partners of Southeastern PA
- Jonathan Gelnett, DCED
- Ryan Glenn, Ben Franklin Technology Partners
- Christopher Houston, Chief Counsel, DCED
- Nicholeta Karandrikas, DCED
- Rich Lunak, Innovation Works (Phone)
- Scott Nissenbaum, Ben Franklin Technology Partners of Southeastern PA
- Chad Paul, Ben Franklin Technology Partners of Northeastern PA
- Kevin Rowland, Chief Financial Officer, DCED
- RoseAnn Rosenthal, Ben Franklin Technology Partners of Southeastern PA
- Sarah Spishock, DCED

- Janet Stainbrook, Ben Franklin Technology Partners of Northeastern PA
- Diane Sterthous, DCED

- I. Welcome and Opening Remarks – Secretary Davin provide an overview on the House Appropriations Committee hearing with DCED to the Board. The Secretary then called the meeting to order at 10:02 a.m.

Jennifer Leinbach conducted a roll call of the board members.

- II. Approval of July 26, 2017 Meeting Minutes.

Tom Balderston made a motion to approve the minutes as written. Neil Sharkey seconded the motion. Motion carried.

- III. Secretary Davin introduced RoseAnn Rosenthal to conduct her presentation on Economic Impact in Philadelphia with Margret Berger Bradley.

- IV. Diane Sterthous provided a brief overview of the venture capital industry in the United States. Fundraising, while active, has not approached extremes experienced during the dot.com era. Also, average fund sizes have remained reasonable at roughly \$160M, well in excess of Innovate program managers who tend to raise fund sizes of approximately \$50M. Overall, returns for the asset class, while attractive during the past five (5) years have substantially underperformed the more liquid public markets thus contributing to challenging fundraising prospects for venture managers.

- V. Ms. Sterthous updated the Board on the status of the Innovate program. To date, the Board has approved \$25.5M in Venture loans to 12 venture managers. There is approximately \$13M remaining to be awarded. Incremental loan amounts so far have averaged \$2.1M.

Presenting: Rittenhouse GP III, LLC represents a repeat investment for DCED. The manager seeks \$40M to invest in technology enabled services with a special emphasis on healthcare and pharmaceuticals. Rittenhouse will continue to have a working relationship with BF – SEP whereby the GP serves on BF- SEP’s board and is co-located with BF-SEP at the Philadelphia Naval Yard.

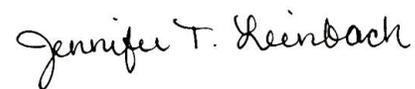
Fred Beste made a motion to approve an investment of \$2MM. Bob Schena seconded the motion. Tom Balderston abstained from the vote. Motion carried.

- VI. Deputy Secretary Collins provided an overview of the board’s Strategy Session held in December 2017. During this discussion Secretary Davin stated

we will be entering into a partnership with Team PA to embark on a study that will evaluate the technology sector across the commonwealth.

- VII. Neil Sharkey made a motion to adjourn. Kailash Kalantri seconded. Motion carried. Meeting adjourned at 11:22 AM.
- VIII. Next meeting will be April 26, 2018 at 10:00 AM at Keystone Building Meeting Center in the Forest Room at 400 North Street, Harrisburg, PA 17120.

Respectfully submitted,



Jennifer T. Leinbach
Executive Director, BFTDA

**SPECIAL SESSION OF THE BEN FRANKLIN TECHNOLOGY
DEVELOPMENT AUTHORITY**

Board Meeting Minutes
February 26, 2018

Board members and designees in attendance:

- Tom Balderston (phone)
- Representative Bryan Barbin
- Austin Burke (phone)
- Sheri R. Collins, Deputy Secretary, DCED (phone)
- Steve Grabicki on behalf Senator Andrew E. Dinniman (phone)
- Phil Dunn on behalf of Senator Gordner (phone)
- Representative Doyle Heffley (phone)
- Kailash Kalantri (phone)
- Jennifer Leinbach, BFTDA Executive Director, DCED
- Dr. Michele M. Masucci (phone)
- Brinda Carroll Penyak (phone)
- Chuck Peters (phone)
- Dr. Neil Sharkey (phone)
- Mike Stubler (phone)

DCED staff and guests in attendance:

- Mike Adams, Chief Counsel, DCED
- Nicholeta Karandrikas, DCED
- John Sider, Ben Franklin Technology Partners (phone)
- Diane Sterthous, DCED

- I. Welcome and roll call of the board members was conducted by Jennifer Leinbach. The meeting was called to order at 12:33 p.m.
- II. Deputy Secretary Collins provided an overview of the opportunity with 1855 Capital in the T Region of the Commonwealth. 1855 Capital is seeking an additional \$500,000 to close their fund on February 28, 2018. This would bring their total investment from the Authority to \$2.5MM.

Presenting: 1855 Capital Fund Partners, LLC

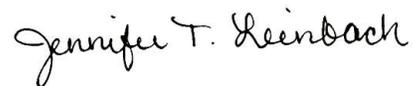
Ms. Sterthous reiterated favorable aspects regarding the 1855 team. She described the group as a first-time fund that would focus on early-stage investments affiliated with Penn State. The team, having raised the required \$10M minimum, is qualified to accept Innovate dollars.

Austin Burke made a motion to increase the capital commitment to 1855 Capital Funds I with an additional \$500,000. Representative Barbin seconded. Chuck Peters and Dr. Neil Sharkey abstained. Motion carried.

Motion to Adjourn was made by Chuck Peters. Tom Balderston seconded. Motion carried. Meeting adjourned at 12:53 p.m.

Next meeting will be April 26, 2018 at 10:00 AM at The Department of Community and Economic Development, 400 North Street, Keystone Building 4th Floor, Harrisburg, PA 17120.

Respectfully submitted,

A handwritten signature in black ink that reads "Jennifer T. Leinbach". The signature is written in a cursive, flowing style.

Jennifer T. Leinbach
Executive Director, BFTDA

BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY

Board Meeting Minutes

April 26, 2018

Board members and designees in attendance:

- Fred Beste (phone)
- Austin Burke (phone)
- Sheri R. Collins, Deputy Secretary, DCED
- Steve Grabicki on behalf Senator Andrew E. Dinniman (phone)
- Mike Stephens on behalf Senator John Gordner
- Representative Doyle Heffley (phone)
- Kailash Kalantri
- Ellen Kight (phone)
- Kevin Kinross (phone)
- Jennifer Leinbach, BFTDA Executive Director, DCED
- Dr. Michele M. Masucci (phone)
- Deputy Secretary John MacMillan on behalf of Secretary Sharon Minnich, OA
- Brinda Carroll Penyak (phone)
- Bob Schena
- Dr. Neil Sharkey
- Pamela Smith on behalf of Secretary Pedro Rivera, Education (phone)
- Donald Siegel (phone)
- Mike Stubler (phone)

DCED staff and guests in attendance:

- Mike Adams, Chief Counsel, DCED
- Steve Brawley, Ben Franklin Technology Partners of Central Northern PA
- Ryan Glenn, Ben Franklin Technology Partners
- Nicholeta Karandrikas, DCED
- Rich Lunak, Innovation Works (Phone)
- Chad Paul, Ben Franklin Technology Partners of Northeastern PA
- Kevin Rowland, Chief Financial Officer, DCED
- Sarah Spishock, DCED
- Janet Stainbrook, Ben Franklin Technology Partners of Northeastern PA
- Diane Sterthous, DCED

- I. Welcome and Opening Remarks – Deputy Secretary Sheri Collins called the meeting to order at 10:03 a.m.

Jennifer Leinbach conducted a roll call of the board members.

II. Approval of January 25, 2018 Meeting Minutes.

Bob Schena made a motion to approve the minutes as written. John MacMillan seconded the motion. Motion carried.

Approval of February 22, 2018 Special Session Meeting Minutes

Bob Schena made a motion to approve the minutes as written. John MacMillan seconded the motion. Motion carried.

III. Financial Report - Kevin Rowland, DCED CFO, provided an overview of financial statements. Additionally, Deputy Secretary Sheri Collins provided an update from the Republican and Democratic House Caucus meetings and reported there were no specific concerns to the Authority's special funds.

IV. Innovate in PA Venture Investment Program

A. Diane Sterthous, Venture Capital Advisor updated the Board on the status of the Innovate program. To date, the Board has approved \$26M in Venture loans to 12 managers. There is approximately \$13M remaining to be awarded. Incremental loan amounts so far have averaged \$2.2M.

Ms. Sterthous pointed out that the time span encompassing Board approval until actual fund closing has been taking roughly nine months. This dynamic has delayed performance reporting until now. In terms of performance, the Innovate portfolio is experiencing good early activity and is currently, in aggregate, marked at slightly above cost, net of fees. Pennsylvania company exposure is also on-target and comparable to historic levels observed in the BFTDA portfolio.

B. Presenting: DreamIt General Partner III, LLC on behalf of DreamIt Fund III, LP

Diane Sterthous introduced a proposal for DreamIt Fund III, LP. This is a repeat opportunity for Innovate, having invested \$3M in DreamIt Fund II, LP. Presenters included Karen Gryga, Steve Welch, and Darren Sandberg. The firm is headquartered in Philadelphia and runs a nationally recognized technology start-up accelerator that serves as a funnel for Fund dealflow. The firm has generated top-quartile returns in both of their prior funds and has returned 90% of invested capital from their initial cluster of annually raised pooled vehicles.

Bob Schena made a motion to approve an investment of \$1.5M. Neil Sharkey seconded the motion. Motion carried.

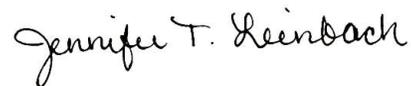
- V. Deputy Secretary Collins has asked the board to revise the BFTDA Venture Investment Guidelines to include a separate set of guidelines for those seeking venture capital. We are taking the old guidelines and refreshing them to look more like the Innovate in PA guidelines to eliminate confusion.

Bob Schena made a motion to approve the guidelines as outlined in the discussion today recognizing if any major edits are made it will be put forth for additional approval. Ellen Kight seconded the motion. Motion carried.

- VI. Strategic Plan - Deputy Secretary Collins provided an update to the strategic plan. We will be focusing on Pennsylvania's innovation community. We don't want to have a study that tells us what we already know but will focus on our future and have Pennsylvania remain relevant and a catalyst for innovation.
- VII. Dr. Neil Sharkey made a motion to adjourn. Bob Schena seconded. Motion carried. Meeting adjourned at 11:39 AM.

Next meeting will be July 26, 2018 at 10:00 AM at Ben Franklin Partners of Southeastern PA located at 4801 South Broad Street, Suite 200, The Navy Yard, Philadelphia, PA 19112.

Respectfully submitted,



Jennifer T. Leinbach
Executive Director, BFTDA

BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY

Board Meeting Minutes

July 26, 2018

Board members and designees in attendance:

- Austin Burke (phone)
- Sheri R. Collins, Deputy Secretary, DCED
- Senator Andrew E. Dinniman
- Senator John Gordner
- Representative Doyle Heffley
- Kailash Kalantri
- Ellen Kight
- Jennifer Leinbach, BFTDA Executive Director, DCED
- Dr. Michele M. Masucci
- Secretary Sharon Minnich, OA (phone)
- Brinda Carroll Penyak
- Chuck Peters (phone)
- Pamela Smith on behalf of Secretary Pedro Rivera, Education
- Mike Stubler

DCED staff and guests in attendance:

- Mike Adams, Chief Counsel, DCED
- Jason Bannon, Ben Franklin Partners of Southeastern PA
- Steve Brawley, Ben Franklin Technology Partners of Central Northern PA
- Ryan Glenn, Ben Franklin Technology Partners
- Mary Keenan, Webber Associates
- Susan Kijowski, Innovation Works
- Joseph Lane, Ben Franklin Technology Partners of Northeastern PA
- Rich Lunak, Innovation Works
- Adare McMillan, Ben Franklin Technology Partners of Southeastern PA
- Scott Nissenbaum, Ben Franklin Technology Partners of Southeastern PA
- Chad Paul, Ben Franklin Technology Partners of Northeastern PA
- RoseAnn Rosenthal, Ben Franklin Technology Partners of Southeastern PA
- Sarah Spishock, DCED
- Janet Stainbrook, Ben Franklin Technology Partners of Northeastern PA
- Diane Sterthous, DCED
- Don Vymazal, Office of Senator Dinniman

- I. Welcome and Opening Remarks – Deputy Secretary Sheri Collins called the meeting to order at 10:01 a.m.

Jennifer Leinbach conducted a roll call of the board members.

- II. Approval of April 26, 2018 Meeting Minutes.

Dr. Michelle Masucci made a motion to approve the minutes as written. Ellen Kight seconded the motion. Motion carried.

- III. Ben Franklin Technology Partners

- A. Ryan Glenn provided an overview of the Ben Franklin Technology Partner (BFTP) network and highlighted the economic impact the BFTP network has on the Commonwealth of Pennsylvania.

- B. CEO Panel Discussion with Steve Brawley, Rich Lunak, Chad Paul, and RoseAnn Rosenthal. The CEO's discussed new industries that are making an impact in their communities, how the needs of entrepreneurs are evolving, and the importance of DCED funding.

- C. Challenge Grant Proposals

Senator Dinniman made a motion to approve the allocation of \$3.5 million to each one of the regional Ben Franklin Technology Partners for a total of \$14 million from FY18-19. Brinda Carroll Penyak seconded the motion. Motion carried.

- IV. Innovate in PA Venture Investment Program

- A. Presenting: SRI Advisors I, LLC on behalf of SRI Capital Fund I, LP. This is a new relationship for DCED and a first-time fund. The manager seeks \$100M to invest in early stage software startups in the US and India. The firm is headquartered in Philadelphia and intends to invest a minimum of 70% in the US.

Mike Stubler made a motion to invest \$2.5 million of which the entire amount will be invested in the United States to SRI Advisors I, LLC. *The motion stipulated that 100% of DCED's commitment would be utilized for PA-based investments.* Representative Heffley seconded the motion. Motion carried.

- B. Venture Investment Panel with Bob Adelson (Osage Partners), Saul Richter (Rittenhouse Ventures) and Brett Topsche (Red & Blue Ventures). The panelists described the current investment environment as one whereby dealflow is plentiful and of high quality. In general, there was

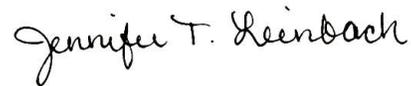
agreement about the continued need for the BFTDA's activity via the Venture Loan program and recommended consideration for a potential Innovate in PA -Phase 2.

- V. Deputy Secretary Sheri Collins announced the resignation of Tom Balderston from the Ben Franklin Technology Development Authority Board, as well as the Ben Franklin Technology Partners of Southeastern PA Board. Nate Lentz, Managing Partner at Osage Ventures, will be joining the BFTDA Board as the BFTP Southeastern PA representative.

- VI. Dr. Michelle Masucci made a motion to adjourn. Mike Stubler seconded. Motion carried. Meeting adjourned at 1:12 PM.

Next meeting will be October 25, 2018 at 10:00 AM at the Keystone Building Meeting Center in the Forest Room at 400 North Street, Harrisburg, PA 17120.

Respectfully submitted,



Jennifer T. Leinbach
Executive Director, BFTDA

BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY
Board Meeting Minutes
October 25, 2018

Board members and designees in attendance:

- Fred Beste (Phone)
- Austin Burke (Phone)
- Deputy Secretary Sheri Collins, DCED
- Denise Devine
- William Generett, Jr. J.D.
- Phil Dunn on behalf of Senator John Gordner
- Steve Grabicki on behalf of Senator Andrew E Dinniman (Phone)
- Kailash Kalantri
- Ellen Kight
- Kevin Kinross
- Jennifer Leinbach, BFTDA Executive Director, DCED
- Dr. Michele M. Masucci
- Secretary Sharon Minnich, OA
- Brinda Carrol Penyak (Phone)
- Chuck Peters
- Bob Schena
- Dr. Neil Sharkey
- Don Siegel (Phone)
- Patty Tamayo, on behalf of Representative Bryan Barbin

DCED staff and guests in attendance:

- Tim Anstine, Deputy Chief Counsel, DCED
- Steve Brawley, Ben Franklin Technology Partners of Central Northern PA
- Leta Karandrikas, DCED
- Mary Keenan, Webber Associates
- Rich Lunak, Ben Franklin Technology Partners Innovation Works (phone)
- Chad Paul, Ben Franklin Technology Partners Northeastern PA
- RoseAnn Rosenthal, Ben Franklin Technology Partners Southeastern PA
- Kevin Rowland, DCED
- Sarah Spishock, DCED
- Diane Sterthous, DCED

I. Welcome and Opening Remarks

Deputy Secretary Sheri Collins called the meeting to order at 10:04 AM.

Jennifer Leinbach conducted a roll call of the board members.

Deputy Secretary Sheri Collins introduced new board members: William Generett, VP of Community Engagement, Duquesne University; Denise Devine, Co-founder of RTM Vital Signs, LLC; and Juan Garrett, Executive Director Riverside Center of Innovation.

II. Approval of July 26, 2018 Meeting Minutes

A. Secretary Sharon Minnich made a motion to approve the minutes as written. Bob Schena seconded the motion. Motion carried.

B. At the January 25, 2018 board meeting the motion was passed to approve the July 26, 2017 meeting minutes when that motion should have stated July 27, 2017. Chuck Peters made a motion to approve the correction of the July 27, 2017 meeting minutes. Ellen Kight seconded that motion. Motion carried.

III. Financial Report

Kevin Rowland, DCED CFO provided an overview of the June 30 year-end financial statements.

IV. Venture Investment Program

Presenting: LifeX Seed GP I, LLC

Diane Sterthous introduced a proposal for LifeX Seed GP I, LLC on behalf LifeX Capital Seed I, LP. This Pittsburgh-based manager seeks to raise \$50M to invest in early stage life science companies. The fund is a newly formed entity being partially sponsored by the University of Pittsburgh. The GP is simultaneously establishing and co-locating with LifeX Labs, an accelerator that will exclusively provide turnkey resources to LifeX Fund investment candidates.

Bob Schena made a motion to approve an investment of \$2 Million. Ellen Kight seconded the motion. Motion carried.

V. Reestablish Venture Investment Committee

Deputy Secretary Sheri Collins expressed gratitude to the Venture Investment Subcommittee, comprised of Fred Beste, Chuck Peters, and former member Tom Balderston. At this time, we would like to reestablish the Venture Investment Committee which would enable us to include nonmembers who have significant expertise in venture capital as appointed by the Chairman, Secretary Dennis Davin.

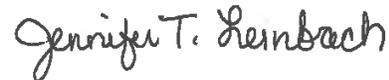
Members who would like to participate on the committee should contact Jennifer Leinbach or Deputy Secretary Sheri Collins.

Kalish Kalantri made a motion to reestablish the Venture Investment Committee. Dr. Michelle Masucci seconded that motion. Motion passed.

- VI. Denise Devine made a motion to adjourn. William Generett seconded. Motion passed. Meeting Adjourned at 11:34 AM.

Next meeting will be January 25, 2019 at 10:00 AM at the Keystone Building Meeting Center in the Forest Room at 400 North Street, Harrisburg, PA 17120.

Respectfully submitted,



Jennifer T. Leinbach
Executive Director, BFTDA



FINANCIAL STATEMENTS

BFTDA FINANCIAL STATEMENT

Ben Franklin Technology Development Authority Fund
Statement of Net Position
As of June 30
(Unaudited)

	2018					Total
	Revolving Venture Capital Loan Account	BFTDA Grant & Administrative Funds	Innovate in PA Fund			
			Ben Franklin Technology Partners	Venture Investment Program	Life Sciences Greenhouses	
ASSETS						
Current Assets:						
Temporary Investments - Note B.....	\$ 18,313,349	\$ 790,247	\$ -	\$ 14,452,098	\$ 11	\$ 33,555,705
Investment Income Receivable.....	-	60,017	-	-	-	60,017
Total Current Assets.....	18,313,349	850,264	-	14,452,098	11	33,615,722
Noncurrent Assets:						
Receivables, net:						
Loans - Note C.....	6,677,952	-	-	24,000,000	-	30,677,952
Total Noncurrent Assets.....	6,677,952	-	-	24,000,000	-	30,677,952
TOTAL ASSETS.....	24,991,301	850,264	-	38,452,098	11	64,293,674
DEFERRED OUTFLOW OF RESOURCES						
OPEB - Note E.....	-	17,000	-	-	-	17,000
Pension - Note F.....	-	107,626	-	-	-	107,626
TOTAL DEFERRED OUTFLOW OF RESOURCES.....	\$ -	\$ 124,626	\$ -	\$ -	\$ -	\$ 124,626
LIABILITIES						
Current Liabilities:						
Accounts Payable and Accrued Liabilities - Note D.....	-	18,107	-	-	-	18,107
Net OPEB Liabilities - Note E.....	-	15,000	-	-	-	15,000
Due To Primary Government.....	-	4,099	-	-	-	4,099
Due To Other Governments.....	-	1,041	-	-	-	1,041
Total Current Liabilities.....	-	38,247	-	-	-	38,247
Noncurrent Liabilities:						
Net OPEB Liabilities - Note E.....	-	981,000	-	-	-	981,000
Net Pension Liabilities - Note F.....	-	740,545	-	-	-	740,545
Total Noncurrent Liabilities.....	-	1,721,545	-	-	-	1,721,545
TOTAL LIABILITIES.....	-	1,759,792	-	-	-	1,759,792
DEFERRED INFLOW OF RESOURCES						
OPEB - Note E.....	-	92,000	-	-	-	92,000
Pension - Note F.....	-	59,205	-	-	-	59,205
TOTAL DEFERRED INFLOW OF RESOURCES.....	\$ -	\$ 151,205	\$ -	\$ -	\$ -	\$ 151,205
NET POSITION - Note G						
Restricted for:						
Economic Development.....	24,991,301	(936,107)	-	38,452,098	11	62,507,303
TOTAL NET POSITION.....	\$ 24,991,301	\$ (936,107)	\$ -	\$ 38,452,098	\$ 11	\$ 62,507,303

BEN FRANKLIN TECHNOLOGY PARTNERS OF CENTRAL AND NORTHERN PA

Operating Budget								
Budget Category	Other Funds		Innovate in PA Funds (IIP)		Use of Challenge Grant Returns		Challenge Grant Funds	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
I. Partner Administration								
A. Personnel			403,025	398,780			403,025	398,780
B. Physical			85,000	62,348			85,000	62,348
C. Operations			85,250	72,961			85,250	72,961
Partner Administration Subtotal	0	0	573,275	534,089	0	0	573,275	534,089
II. Company Investments								
A. Direct	325,000	318,872	1,314,155	1,314,555	1,654,190	981,030	1,531,655	1,314,555
B. Indirect								
Company Investments Subtotal	325,000	318,872	1,314,155	1,314,555	1,654,190	981,030	1,531,655	1,314,555
III. Business and Technical Assistance								
A. Internal Direct Services			462,381	420,702			462,381	420,702
B. External Projects	0	50,000	546,000	447,211			546,000	447,211
Business and Technical Assistance Subtotal	0	50,000	1,008,381	867,913	0	0	1,008,381	867,913
IV. Technology Infrastructure								
A. Internal Direct Services			158,718	139,307			158,718	139,307
#### External Projects			227,971	220,369			227,971	220,369
Technology Infrastructure Subtotal	0	0	386,689	359,676	0	0	386,689	359,676
Set-Aside Funds								
V. (Not Yet Allocated to I through IV)								
A. Current Fiscal Year	12,552		342,500		345,810			0
B. Deferred/Carry-Over From Previous Fiscal Years								
Set-Aside Funds Subtotal	12,552	0	342,500	0	345,810	0	0	0
Grand Totals:	337,552	368,872	3,625,000	3,076,233	2,000,000	981,030	3,500,000	3,076,233

BEN FRANKLIN TECHNOLOGY PARTNERS OF NORTHEASTERN PA

Appendix E3 - Operating Budget

Budget Category	Other Funds		Innovate in PA Funds		Use of Challenge Grant Returns		Challenge Grant Funds		Challenge Grant Over /(Under)		Innovate in PA Funds Over /(Under)	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Dollars	Percentage	Dollars	Percentage
I. Partner Administration												
A. Personnel	\$238,546	\$127,859	\$0				\$501,917	\$640,255				
B. Physical	\$0		\$0				\$132,000	\$144,458				
C. Operations	\$0		\$0				\$275,925	\$252,220				
Partner Administration Subtotal	\$238,546	\$127,859	\$0				\$909,842	\$1,036,933	\$127,091	13.97%	\$0	N/A
II. Company Investments												
A. Direct			\$1,250,000	\$456,308			\$1,250,000	\$456,309				
B. Indirect												
Company Investments Subtotal	\$0		\$1,250,000	\$456,308			\$1,250,000	\$456,309	(\$793,691)	-63.50%	(\$793,692)	-63.50%
III. Business and Technical Assistance												
A. Internal Direct Services	\$0		\$0				\$934,903	\$922,751				
B. External Projects												
Business and Technical Assistance Subtotal	\$0		\$0				\$934,903	\$922,751	(\$12,152)	-1.30%	\$0	
IV. Technology Infrastructure												
A. Internal Direct Services	\$0	\$71,532	\$2,375,000	\$2,464,668			\$405,255	\$379,983				
B. External Projects			\$0	\$0			\$0	\$0				
Technology Infrastructure Subtotal	\$0	\$71,532	\$2,375,000	\$2,464,668	\$0		\$405,255	\$379,983	(\$25,272)	-6.24%	\$89,668	3.78%
V. Set-Aside Funds (Not Yet Allocated to I through IV)												
A. Current Fiscal Year			\$0	\$0			\$0					
B. Deferred/Carry-Over From Previous Fiscal Years												
Set-Aside Funds Subtotal	\$0		\$0				\$0		\$0	N/A	\$0	N/A
Grand Totals:	\$238,546	\$199,391	\$3,625,000	\$2,920,976	\$0		\$3,500,000	\$2,795,976	(\$704,024)	-20.11%	(\$704,024)	-19.42%

INNOVATION WORKS

Operating Budget								
Budget Category	Other Funds		Innovate in PA Grant Funds		Use of Challenge Grant Returns		Challenge Grant Funds	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
I. Partner Administration								
A. Personnel	\$0	\$401,063	\$201,498	\$201,498	\$480,135	\$480,135	\$309,685	\$309,685
B. Physical	\$0	\$100,340	\$45,502	\$45,502	\$92,683	\$92,683	\$55,377	\$55,377
C. Operations	\$0	\$87,790	\$83,896	\$83,896	\$206,166	\$206,166	\$24,738	\$24,738
Partner Administration Subtotal	\$0	\$589,193	\$330,895	\$330,895	\$778,984	\$778,984	\$389,800	\$389,800
II. Company Investments								
A. Direct	\$9,797,640	\$2,485,918	\$2,154,703	\$1,999,703	\$619,575	\$569,575	\$1,535,128	\$1,430,128
B. Indirect	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Company Investments Subtotal	\$9,797,640	\$2,485,918	\$2,154,703	\$1,999,703	\$619,575	\$569,575	\$1,535,128	\$1,430,128
III. Business and Technical Assistance								
A. Internal Direct Services	\$0	\$558,320	\$427,651	\$427,651	\$1,304,017	\$1,304,017	\$559,910	\$559,910
B. External Projects	\$308,577	\$0	\$38,750	\$38,750	\$150,000	\$12,389	\$38,750	\$38,750
Business and Technical Assistance Subtotal	\$308,577	\$558,320	\$466,401	\$466,401	\$1,454,017	\$1,316,406	\$598,660	\$598,660
IV. Technology Infrastructure								
A. Internal Direct Services	\$0	\$877,238	\$535,500	\$535,500	\$220,555	\$220,555	\$863,912	\$863,912
B. External Projects	\$175,000	\$0	\$137,500	\$137,500	\$25,000	\$25,000	\$112,500	\$112,500
Technology Infrastructure Subtotal	\$175,000	\$877,238	\$673,000	\$673,000	\$245,555	\$245,555	\$976,412	\$976,412
V. Set-Aside Funds (Not Yet Allocated to I through IV)								
A. Current Fiscal Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
B. Deferred/Carry-Over From Previous Fiscal Years*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Set-Aside Funds Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Totals:	\$10,281,217	\$4,510,670	\$3,625,000	\$3,470,000	\$3,098,131	\$2,910,519	\$3,500,000	\$3,395,000

BEN FRANKLIN TECHNOLOGY PARTNERS OF SOUTHEASTERN PA

FY 2018 Operating Budget

Budget Category		Other Funds		Use of Challenge Grant Returns (Dev Fund)		Innovate in PA (Actual Includes Prior Yrs)		Challenge Grant Funds (Actual Includes Prior Yrs)	
		Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
I.	Partner Administration								
A.	Personnel			1,865,626	1,721,088				-
B.	Physical								
C.	Operations			956,201	1,090,563				
	Partner Administration Subtotal	-	-	2,821,827	2,811,651				-
II.	Company Investments								
A.	Direct	-	1,505,414	3,300,000	2,485,922	3,572,952	3,092,693	3,444,134	3,016,106
B.	Indirect			625,000	412,114				
	Company Investments Subtotal	-	1,505,414	3,925,000	2,898,035	3,572,952	3,092,693	3,444,134	3,016,106
III.	Business and Technical Assistance								
A.	Internal Direct Services	75,000	47,906	3,368,123	2,812,026				
B.	External Projects								
	Business and Technical Assistance Subtotal	75,000	47,906	3,368,123	2,812,026	-	-	-	-
IV.	Technology Infrastructure								
A.	Internal Direct Services	120,435	166,387	1,612,843	1,027,999	52,048	52,048	55,866	55,866
B.	External Projects			50,000					
	Technology Infrastructure Subtotal	120,435	166,387	1,662,843	1,027,999	52,048	52,048	55,866	55,866
V.	Set-Aside Funds (Not Yet Allocated to I through IV)								
A.	Current Fiscal Year								
B.	Deferred/Carry-Over From Previous Fiscal Years								
	Set-Aside Funds Subtotal	-	-	-	-	-	-	-	-
Grand Totals:		195,435	1,719,708	11,777,793	9,549,711	3,625,000	3,144,741	3,500,000	3,071,972



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