

Mutz: . . . operated the license grants, leased the space and owned the equipment and got a fee for each transaction and then a percentage of the fee went to the county organization and then a percentage of those fees went to the state organizations and that was the patronage system for the party that was in power. Then, the second thing was what's called the two percent club, now 2 percent club means that each person who got a job in state or local government, was expected -- excepting a few merit type jobs to give two percent of their regular paycheck, and it was actually taken out of the paycheck and given to the local party. And then a percent of that went to the state party; in the same system is the license grant system. Now, that was how we financed politics in those days. There were other contributions but that was overwhelmingly the way the party was financed and organized. The situation that we found with H. Dale Brown was that he was more interested in perpetuating his hold on the patronage system than he was in being successful and we saw a bright new day for Indianapolis, so we wanted to make this community different and so the motivation we had was to get control of the patronage system and the party organization, not for the sake of the power or the money but rather so we could elect people to office as it would really make a difference, that's what we worked on.

Scarpino: You talked about a bright new day and making a difference, what was the vision, what were the clients on the horizon that you saw that?

Mutz: Okay, well, its kind of an interesting series of events that evolved during that time period. One of the early events that we were entered in was the creation of a major urban university; our thesis was that you cannot have a great city without a great urban university in that city. We had couple of private schools in Indianapolis but fairly small in size and Indiana and Purdue Universities had extensions here, but no major presence. And so, our vision was to create the University of Indianapolis, a separate new higher education institution, and how we introduced bills in the legislature once we got elected so forth, to do this. Now, those were always defeated by the heavy influence of the alumni of Purdue and Indiana

University who were urged to oppose this sort of thing. The University is a pretty good at lobbying the legislature too. And so, we never got that bill passed, but we did convince the university system, they better do something about the educational needs of Indianapolis, and out of that came, this campus that we are sitting on right now. It came in the creation of IUPUI, the actual designation of this quarter of downtown as the university corner, it was the agreed upon arrangement that the ground in this area would be set aside for university purposes and year by year we set aside a little money in the legislature and since I was a budgeter, I was made sure it was in there, to buy ground whenever it became available. We didn't use eminent domain particularly to do this; we didn't need to. Properties became available we bought them and of course today, you look at here at our campus that serves, I don't know what the certain -- at the moment 25000 students.

Scarpino: Actually about 28.

Mutz: 28, whatever it is, evolving into some residential campus although small by comparison, to the community students, so that was one the visions. The second vision that we had was unified government for Marion County, and this is an idea that was hatched at a dinner held in John Burkhart's, home, presented that dinner -- I'll do my best to list them, were Dick Lugar, Keith Bulen, Ted Lampkin,, Larry Borst, John Walls who was then Deputy Mayor of the City of Indianapolis, Brooks Servoss who was President of the County Council and Tom Hasberg who was the President of the City Council and me. And we were there to talk about the urban university, but this issue wasn't even on the agenda and John and Artiff ???spelling??, that was his wife of that time, served a nice dinner at their elegant home and we had a glass of wine or two, and after dinner we started talking about what we wanted to see happen in Indianapolis and I can't tell you whose idea it was, but we all came down on the idea of unified government.

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Now, in those days we called it Metropolitan Government, Metropolitan Government ends up with bad names, so we stopped using that. Bart claims to have coined the term Unigov, I don't know whether that's true or not, but I'm willing to give him that credit and that's where we started the whole process of the Unigov thing. So we decided well, let's see if we can get a bunch of lawyers to donate their time to help draft a bill and it became a monumental drafting job because -- now, I want to say to you that the idea of unified government was presented before that in other forms, you know a unified effort at park planning for the whole county that is a Marion County Park District and all that sort of thing. But this idea was one which was a grand scheme, it included schools in its original vision, which later we took out because we didn't think we think we could get it passed and all that sort of thing, it was compromise as we went along. But one of the great experiences of my lifetime was to participate in the drafting and passage of that particular piece of legislation. At the same time that we said Indianapolis needs a place to meet, a place to convene, and so we built the convention center, the first phase of the convention center. And I remember that everybody said well, you know who is going to get the benefit of this? We need to have some private sector participation. And so, the bill required that two million dollars be raised from the private sector. Well back then, two million dollars is a lot of money, today we raise that kind of money every week here in Indianapolis for one thing or another. But I remember very well, everyone said can you get that done, well of course we did get it done, we built the Convention Center and you know the story of expansion and so forth.

Scarpino: So, approximately, when was that done?

Mutz: Well, that would be the -- let me look at my -- let's see, I sponsored that piece of legislation in '69.

Scarpino: And Unigov was a year or two before that?

Mutz: Well, Unigov we actually passed in '69 and then put in effect in the election held in '71. We had elections around an odd number of years, yeah. So these are

examples of visions we want to accomplish. Now, the other thing that happened about this time was that Dick Lugar had spent some time with Mr. Lilly and Mr. Lilly was near the end of his life and he came to Dick one day and he said, I think we need to start investing some of our endowment funds in Indianapolis. We've put money all over the world -- Africa, all kinds of places, but this is the community where we started or we made it. And so he said, what do you have as an example of something that we could do. Well, Dick suggested the renovation of the city market that was the first Lilly Endowment grant to downtown redevelopment. This was followed by the bricking of the Circle and all of these things then turned out to be, what we got to be calling the public- private partnership. Here we talk about it so much that it becomes happening but in the case of the Circle it was one- third, one-third, one-third. One- third from state government which was my job to get and put it in the budget at the state level, and one-third came from private sector contributions, and the third came from the city of Indianapolis, on that particular case. So, that kind of partnership arrangement evolved under a lot of projects and of course that we can name all kinds of things that came a long way, later including the Circle Center Mall and the sports agenda, the amateur sport's agenda.

Scarpino: White River State Park?

Mutz: Yes.

Scarpino: What was the -- was there an over all vision that held that together, what people wanted the city to be like, 20 or 30 years in future?

Mutz: Well, that vision came from the city committee later, that the politicians at that point, we were thinking in terms of unified government, urban university, the Convention Center and of course not too long after that a major basketball arena, which was Market Square Arena...

(00:10:08)

Scarpino: Which has since come and gone.

Mutz: Yeah, gone and been replaced. So, those were part of the vision but the vision that was kind of spelled out with an organized structure was from the City Committee.

Scarpino: And we also talk about that in pre-interview, and you mentioned that, that was James Morris who really brought that committee together.

Mutz: Yeah.

Scarpino: Could you say for the record what the purpose of the City Committee was?

Mutz: Well, for the record I guess I'll tell you, the City Committee was a group of young men, there were no women, regrettably, who came together with a desire to build a better city. So, that's why I know the staff.

Scarpino: So, this would have included, Republicans and Democrats – A more diverse group than the...

Mutz: Exactly. It was not a political issue. It was a bipartisan -- as I said it included people like Ted Baume ???spelling?? who is now a Supreme Court Justice, who was a legislator a long time ago on the democratic ticket, included Bill Crawford, Herb Simon and then a lot of us on the Republican side. It was not an effort that was based on the political process.

Scarpino: What was Morris's role?

Mutz: Well, Jim was able to bring the influence of Lilly Endowment to the table, and that was substantial and important. And I would have to say without any doubt, he did this only with a tremendous complete approval of Tom Lake who was the Board Chairman. Having been President of Lilly Endowment, I can tell you that nothing happened there that Tom Lake didn't agree to and approve. He ran a very tight ship. That's not to criticize Jim because a lot of this visioning was Jim. But Tom Lake affirmatively said we should get involved and try to make this happen.

Scarpino: One of the things you mentioned earlier when we talked in the pre-interview was that Morris was able to use the power of the Endowment to convene around an issue. Could you talk a little bit about that, what that entails?

Mutz: Well, what I mean by that of course is that, one of the great influential powers of foundations in my opinion is to the power to convene. Now, it's to call the meeting, get the right people around the table, those people who can make things happen. And in my experience, well I use to laugh, like I told you this at Lilly Endowment, whenever I called the meeting, everybody always came. I mean they were afraid they might miss something, but the point I'm making is that Jim affectively used the endowment's influence to bring together diverse elements of the community, to bring in expertise from outside of Indianapolis. That's one of the things I found when I was President at the Endowment. We were deeply into affordable housing at that time and I found in reading national publications and so forth there were several organizations that were quite influential in changing the housing stock in a number of urban areas. They were not active in Indianapolis. So, I said, well lets get these folks in Indianapolis, and one of them is called LISC, L-I-S-C and they are probably the major lender in the affordable housing at field. So of course, when Lilly Endowment calls on the phone; LISC comes running. They came to Indianapolis, see what we wanted them to do and obviously they wanted us to support them financially, but much more important than the money, were their ideas, their experience, their knowledge about how to do these things. And so that's what I mean by being able -- bring the right people around the table.

Scarpino: Do you think that, that's a significant power in the world of philanthropy, the power to convene?

Mutz: I think it is 'The' most significant. It's a form of leadership, more important than the money.

Scarpino: So, that would be then quality of James Morris as a leader, did he recognize that, the importance of the power to convene acted upon him?

Mutz: Yes

Scarpino: Any other comments on Morris as a leader?

Mutz: Well, Jim is one of these guys who -- when you meet him and talk to him, you do not get a lot of energy from him sometimes but he is one of the people that doggedly keeps after the goal. One of the things I remember working with him on was the, construction of the Tennis Stadium where the National Tennis Tournament is held, now we call it the RCA . . .

(00:15:16)

Scarpino: . . .here on the IUPUI campus?

Mutz: . . . Yeah it's on the IUPUI campus here. And this again was one of these deals that was built with joint participation. There was a bond issue from the city and private contributions and so forth. And our member, it seemed like we could never get all of those private money raised, we were trying to raise about four million dollars and I was involved in that effort. Okay and his dogged determination finally got that done. Now that's an unusual sort of circumstances because Lilly Endowment normally doesn't raise money for anything.

Scarpino: At some point in the future, I'm going to talk with Mr. Morris about leadership like I'm talking to you now. If you had chance to do that, what would you ask him? What qualities of James Morris as a leader would you want to probe, explore?

Mutz: Well, I think methodology; Jim operates a kind of 'close to the vest.' There's a few 'Bulen-esque' characteristics there. And I think methodology is something I'd ask him. You might say to me, how did you convince Tom Lake to do this, or did Tom Lake convince you to do this? You might ask him questions like, how did you get so many diverse political personalities to work together? I think I know some of the things he'll tell you, but those are things I'd probably ask. I'd also ask him the question of where did you get your ideas? Where did they spring from?

Because I have to believe that none of us has a monopoly on ideas, and I know mine don't all come from me, I've -- get ideas from other people, I enlarge them, enhance them, change them and so forth.

Scarpino: Would you say that Morris had a -- was it Lake had a mentor relationship with James Morris?

Mutz: At one time.

Scarpino: One time. What was the nature of that relationship as you saw it?

Mutz: Well, I don't know because at the time that was going on, I wasn't there and it was a very -- Lilly Endowment is a very private place. They still have to sign on their building to this day.

Scarpino: And I actually understand there was a relationship with -- at a later point soured and then they went their separate ways.

Mutz: That's exactly right.

Scarpino: How you are people selected for City Committee? Who did the picking?

Mutz: We all did. We'd suggest people and talk about it and so forth more.

Scarpino: And were you involved?

Mutz: Oh yeah.

Scarpino: Anybody in particularly you recommended that they came on the committee and you felt they really lived up to the expectations?

Mutz: You know it's so hard for me to remember who suggested which person and so forth. I did suggest women from time to time and they were not well received and I think that's unfortunate but we'll let that pass.

Scarpino: And the overall goal of the City Committee was really to shape the future of Indianapolis.

Mutz: Exactly.

Scarpino: So, there were certain projects they had in mind some of which overlapped with the Bulen network but can you kindly list those projects so we have them all on one place.

Mutz: Well, I think that really there were four major areas of interest. One is the amateur sports nexus as an economic development tool. Two, would be an interest in the arts and its importance to a metropolitan area. Third would be an emphasis on agriculture, food, and nutrition, which we saw as a natural adjunct to Indiana's background and history, and fourth, education. Now some of these got more attention than others. For example, on the education thing; we were then aware of what was going to be a terrible problem in Indianapolis and that was the deterioration of the intercity school system. It wasn't as apparent then as it obviously, later became. And we were trying to -- well, how you cure this? What do we do about this?

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Well, several of the ideas we had were to run specialized magnet schools on this campus. We wanted to convince IUPUI, you ought to run a great school and a high school here for exceptional students or for students in unusual specialties. We talked, obviously the university complex was part of this and it was developing all this time. You know this campus here, it didn't happen all in a year, it was gradually added year by year and from time to time, we would dream up an idea, for example the IUPUI Conference Center. Okay, now that's again one of these unusual joint ventures in which Lilly Endowment played a role, private sector played a role by building the hotel. So, those are examples of things -- where outside forces were influencing investment in various things. Now from time to time, there was criticism of some of this saying well, these people weren't elected to anything, who gave them permission to make all these big decisions? And of course the answer to that is, when there is a vacuum and there are active leaders it will fill that vacuum I think that's what . . .

Scarpino: . . . I mean there was an article or two in the *Star* that sort of talked about the community and federal Government.

Mutz: Sure, yeah, that's right. Yeah, they implied the evil someplace in there. I never detected any evil of member City Committee. The one thing you haven't mentioned and I haven't said much about was the City Committee also ended up later providing the leadership for these various projects. And an example would be Ted Bowman who had been the chairman of the -- I want to say, The Pan-American Games, I want to make sure I get that right, but there are a number of people who obviously...

Scarpino: . . . That would've included the games in Pan Am Plaza?

Mutz: Yes, yeah. Because that was a case where Michael Browning took the lead on the Pan Am Plaza, but the organization, the volunteers, the games and so forth, somebody had to do that and it was all done by the volunteers -- it's amazing.

Scarpino: As you were driving around the city today, and look around the city and think about it. Do you think that the vision that the committee had -- it's, come to pass in a way that you call successful?

Mutz: Yes, I really would -- sometimes it takes an outsider to recognize that during the NCAA finals that were just held here in Indianapolis, we had guests who stayed at our home from Boston. And the woman in the couple was a classmate of mine at Broad Ripple High School who had not lived in Indianapolis since college days. And her husband was the political reporter for the *Boston Globe*, and I took them on the tour of downtown Indianapolis, not just downtown, I took them to the Speedway and to the Children's Museum and all that stuff you know. And I told them the same story, I've been telling you, may be in a little different form, but the same general story. And of course, the woman in this couple, she says, it's just amazing. She said, I can't believe, this is not the same city that I lived in; you know it's the city that Bill Hudnet used to

refer to as a cornfield with lights, Indiana-no-where, and all that kind of stuff. Yeah, I think we succeeded. Did we succeed on every score? No, we did solve the education problem. The artistic thing we made a lot of progress on, what I look at the four parts of downtown Indianapolis -- we do have some remarkable things going on there from the Wacker Theatre to the Athenaeum, to the so-called Theatre District on Massachusetts Avenue, the Circle Center Mall, all that stuff, re-vitalize downtown. So, yeah I think we succeed, but to say that we -- it was an imperfect kind of thing.

Scarpino: I'm going to -- in the time we have left, I want to ask you some of the questions, standard questions off the list that we gave you ahead of time, and you've had a chance to look at these, but I wanted to -- I pulled the wrong list out of here, pause this tape recorder, I always have to embarrass myself, go ahead and do this. As you look at -- think about yourself as a leader in your long career as a leader who, who helped you along the way?

Mutz: Well, I think I've mentioned the mentors along the way -- Wayne Paulsen certainly did, his son Stan Paulsen did. And I want to tell you a little bit more about that one thing. Wayne and Stan were the people who made it possible for me to run for the legislature and still have a decent job. You know we have this part time legislature in Indiana and had they not been very understanding people -- most employers are not going to let you run off for 90 days and sit in the General Assembly. They tolerated that. That was -- that has a tremendous help in my career. In fact, I think today one of the problems we have is, unless you have independent wealth or some very unusual familial relationship, it's pretty hard to do this.

Scarpino: I was thinking, we are going to ask you later, how do you managed keep those balls in the air.

Mutz: Yeah. So, those are people who helped the long way. Very clearly in my political career, Keith Bulen, Mike McDaniels, then my campaign manager, there are

probably scores of others I can name but those are samples.

Scarpino: But would you say that having a mentor matters overall played an important role in your development as a leader.

Mutz: There is no question.

Scarpino: Have you mentored other people?

Mutz: I think I have. Yes.

Scarpino: Can you give me some examples?

Mutz: Yeah, well I'll give you one, quick one; because it's a recent one is, Cathy Langham, and she is the CEO of the Langham Logistics here in Indianapolis. I think I've played that role with her. I played it with others along the way, including those into politics, some successfully, some not so successfully. See, I have a lot of trouble getting young people to take my advice. But one of my pieces of advice about politics is: before you commit your entire life to politics and some people want to do that, thank goodness there're still some who do, make yourself a little money; get a nest egg that you can fall back on, in case things don't work out the way you want them to. And I really believe that is a sound way to go about it. Most of these young people are so imbued with excitement of the process they don't want to do that and so they don't accept my advice. But, I mean do you want some other examples of people I've worked with, I can ...

Scarpino: Yeah, if you can give us one or two other examples that would be nice.

Mutz: Okay, well I started mentoring originally at Northwestern, with younger people in the fraternity who were interested in student government at Northwestern and one young man, whose name was Bill Cox, who was a freshman when I was a junior in Northwestern. And I had been member of the student governing board and the class president and all that stuff, and he -- yes he, kind of came to me and I responded, I would call that a mentoring relationship,

because he wanted to do, some of the same things, just kind of an early way to remember that.

Along the way, I guess I've to say that in the business world, at Synergy, I had a series of people who I worked with there, in a mentoring relationship. One of them and I can't think of her name right this minute who was a former school teacher, who worked for us and I developed a program in which we would create a task force of individuals from different activities within utility to solve a particular problem. For example, how could we handle -- handle customer's complaints faster? I mean that kind of stuff, and this woman turned out to be an absolute find, she was very good at putting these things together, facilitating the meetings, conversations, and so forth. That was a mentoring relationship. At Lilly Endowment, Cathy Minks, Cathy Minks was the Assistant Controller or Controller I guess of Lilly Endowment.

(00:30:10)

And I said, Cathy, for your true potential to be reached, you're going to have to go to some place out, it's not going to happen here. Now, back in those days, nobody left Lilly Endowment, it was like leaving the church or something you know. And so, she thought a lot about it, finally did leave. She became a Senior Vice-President of Anthem. A number of other things happened to her after that, I won't get into the reasons why I thought she needed to move on, I didn't think her talent would ever be fully recognized there, that's a mentoring relationship.

Scarpino: We've talked off and on about networks and, I am wondering if you think that networks play a role in the development of successful leader?

Mutz: Well I guess, from my own personal experience, I've got to say, they did in my case. I don't know that that's a generalization that I can make. I mean, one of the things that Keith Bulen always use to say to me is, John now, for this project, see I was Dick Lugar's, Volunteer Director when he ran for his second term of Mayor.

Scarpino: Volunteer Campaign Director,?

Mutz: That's right, and I supervised the whole army of volunteers and, Keith said to me, he said, John what you want to do? As he says, recruit a group of 25, and he always said men, but wouldn't have to be men who were or excited about politics, who'd like to make a difference and so forth. And get them loyal to you, that's how he did it in essence. Well, that's a network. And so, that was a way that the North Side Political Action Club, that's mentioned in here, some place in my background. That was a network that I created, because I couldn't find a way to get active in politics through the Dale Brown organization. And we recruited some 120 people into that thing who volunteered and worked in elections back in those days.

Scarpino: So, those days would have been in the '60s?

Mutz: Yeah. So I mean, yes, there is no question about the fact that building networks, made a difference in my career.

Scarpino: How would you characterize your, I guess your idea or your concept of leadership? What is the essence of leadership?

Mutz: Well, I think if you want to change the world, there's two things you have to deal with. One is ideas and relationships and maybe relationship is another way of saying, networks. Maybe that's what you're referring to, but it seems to me that those are the two things that really can change the world. A really, compelling idea and building the relationships necessary to make it real. Now I think that's what leadership is about.

Scarpino: I am going to ask you, your question that you actually raised about some one else, earlier in an interview and that relates to 50% of what you talk and that's ideas and what was the source of your ideas? Where did you find the ideas that you built your leadership upon?

Mutz: Okay. Well, I found them by reading, by comparing other people's ideas, enhancing them, building on them. That's really a hard question to answer because,

it's -- but many of the best ideas come from the people that you recruit. And the question for the leader is, will he or she listen? I guess we ought to add to this, these characteristics of a leader is the ability to listen, not just talk all the time and, yeah I found some of my best ideas from the people that I have worked with.

Scarpino: Where would you put the ability to communicate and inspire, on your list of, qualities of leadership?

Mutz: Well as you know, I had in the earlier list, 5-6 names its right up there near the top.

(00:35:02)

See, I think we give energy to each other off on a -- maybe a Jungian kick, here to some extent, but I do believe that people can give energy to other people. I see it in gatherings of people; I sense it when I am with other people. So, I guess I would have to say that; part of this business of motivating people is through communicating your energy level to somebody else.

Scarpino: Let me see if we can frame this in a way that, that's clear. I would imagine that to some degree or another, most human beings have ideas, they have relationships to one degree or another, they listen and communicate and so on . . .

Mutz: . . . Yeah . . .

Scarpino: . . . But, what is in your opinion that makes certain individuals use these things in ways that makes them stand out as leaders, what really distinguishes an effective leader?

Mutz: Well, I would start with authenticity. I would follow that with a certain kind of charisma and then the third thing I would add is intelligence.

Scarpino: I am going to ask you one of our standard questions out of order here.

Mutz: Okay.

Scarpino: The reason I am saying that for the record is, that when people look at these questions, but...

Mutz: Yeah.

Scarpino: So, getting at what you said about leaders and what distinguishes effective leadership and the qualities of leadership. Do you think leaders are born, or made?

Mutz: I think you can learn to be a leader and I think it's a learned talent. But the motivation to learn it is, it has to be there, so maybe that's innate, I don't know, we are into the argument here about the effect of environment on people and so forth. I don't, I know that leaders can be trained, can learn.

Scarpino: What has worked particularly well for you, we've talked about your concept of leadership and your style of leadership, what has worked particularly well for you in terms of your concept and style of leadership?

Mutz: Well, I would say that -- let me give you an example of what I would say, a leadership situation. When I became Lieutenant Governor in 1981, the state was falling into a deep recession, a fearful recession, much worse than the most recent one we've had, and people were scared. For the first time they were recognizing the impact of foreign competition in a whole variety of fields -- electronics and automobiles, they were seeing high inflation, they were seeing high unemployment rates, and high interest rates. And. I was the Director of Commerce that's my job as the Lieutenant Governor. And so, one of the questions is, what you do? The national economy was not vital; it was not dynamic. Indiana's economy was even worse and so the question then for me was, do I walk in place and not do much, hope things change or do I go out and find some way to give these local communities hope? And I decided that was the right thing to do. Then my staff and I looked at the situation in Indiana and what we found out was, that in Indiana, there were only six communities in the whole state that had an organized Economic Development Program, only six.

Scarpino: Can I be bold enough to interrupt you and ask you if you remember what those six were . . .

Mutz: . . . Oh, I can't tell you all, I can name a few of it. Indianapolis had one, Columbus Indiana had one; Fort Wayne had one, beyond that I can't name them.

Scarpino: But that's a pretty limited list?

Mutz: Very limited list, yeah. Now, when I say organizing Economic Developed Program, I mean where they had an official who had that responsibility and had a budget and all that kind of stuff. For years the Chambers of Commerce had tried to promote industry but that's a different matter. Well, so I what I decided to do as Lieutenant Governor was, to get every community in Indiana that have it's own Economic Development Program. And we would suggest that they commit to a public private partnership just like the ones we had here in Indianapolis, that's something I learned before. So, it would be funded by local government at a private sector and may be by the philanthropic sector in the local community, that they get enough money for a small budget and have a small staff and that they even do an inventory of the community as to what are the pluses and minuses of this community? What kind of a selling tool or selling program would you put in place if you had a client or a possibility? And, so what I did, I went around the State meeting in community after community saying; build yourself a Local Economic Development Program. Now, those things are now called LEDO's -- L-E-D-O, Local Economic Development Organizations. And we have over a hundred of it in Indiana now, I don't know the exact number, but they have a State Association and all that kind of stuff. And I guess what I would say about that is, that in my mind is an example of taking a situation, trying to figure out how can you give people hope? Was built around that concept, I remember Brian Bosworth saying to me, 'John, as a practical matter, there isn't a hell of a lot we can do about this right now.' And I'd said, Yeah, but is there something these people can do to help themselves? And this is how we came up with that you know? So, that's an example seems to be of a leadership plan in such situations like that.

Scarpino: Do you think that at least in the political arena the ability of a leader to inspire people to believe that there's hope for the future is a mark of an effective leader?

Mutz: Well it often is.

Scarpino: Yeah.

Mutz: You see at the same time I was doing that, then I got the legislature to pass all these Economic Development Incentive Programs that we've still have in place, and people were so afraid of the economic consequences of this recession that, it was preferably easy to get the legislature to pass most of these things.

Scarpino: And among those were?

Mutz: Well, these are tax abatements, grants for training workers for new jobs, infrastructure grants to local government, loan guarantee funds of one kind or another of it, there is probably 30 or 40 of them now. Tax increment, financing tips, we have in a new program now called Edge, and Edge is where you are able to produce additional benefit to the company based on the amount of income tax that the employees who works there will pay. So anyway, those are the kind of incentives I am talking about.

Scarpino: We've been talking about your concept and style of leadership and I asked you the question, what worked well for you, what did not work so well?

Mutz: Okay, well I can handle this on two levels, parallel to the effort I just described there, was then a decision back at the state level, well what kind of industry are we going to go after to fill in the deficit? And we concluded that the best opportunity in the short run were Japanese investments. Now, from my view point I would do this again, but it didn't pan out the way I had expected to, in the sense that we were quite successful in getting Japanese investments in Indiana, over 60 during my tenure as Lieutenant Governor and I guess over a 100 up now. But I had, I did not realize at the time what a negative this might be from a political standpoint and that of course related to the

xenophobia of Hoosiers about foreigners and about Japanese who had been our opponent in the Second World War, etc. I mean, part of this argument led into was well, the Japanese didn't win the war but they are going to take us over now economically. Well, I -- so you said, something didn't work well, I think that the Japanese investment worked very well, the 40,000 plus jobs we've got today, I think everybody's pretty darn glad we've got them. But the part of it that didn't work so well was, the political nature of how that was have used against me?

Scarpino: Did that play out when you ran for Governor?

(00:45:02)

Mutz: Yes, it did. My opponent ran lots and lots of television commercials criticizing that approach and particularly criticizing the investment we made in the Suburu Isuzu plant investment in Lafayette.

Scarpino: Is that the one that's on the edge of Lafayette, which is on the interstate highway.

Mutz: Yes, it's the one that is just recently announced that a new line of Toyota cars will be built there, that's right, yeah. I guess what I am saying to you is that the consequences of that on one hand they work pretty well, from a political stand point they did not work so well. That's an example; I think another example might be going back to the business world for a second. One of the things that I think, at least back in the early days of my business experience, I had trouble with, was knowing when the right time to sell your business was. And the hamburger business is one of those businesses which I could have made a lot more money on it, had I sold portions of it or all of it a lot sooner than I did. That's an example, I think of a judgment that in retrospect could have been better.

Scarpino: So you sold it in 1980, am I remembering that right?

Mutz: And I sold primarily so I could run for Lieutenant Governor.

Scarpino: Yeah, I was actually going to ask you that question, I noticed that day, I asked if you divested yourself of the things so you could run for the Governor.

Mutz: Well, mainly because my business partners were willing to let me serve in a legislature but now I am going to become a full time politician, that doesn't work. So, yeah I had to make a change.

Scarpino: How are you doing on time?

Mutz: I am fine.

Scarpino: Okay. I have one more -- two more questions that I am going to ask you, could take ten minutes or so...

Mutz: That's fine, lets go ahead.

Scarpino: And again these are off the same question list that we've provided you in advance, and its our ability -- the reason that we have these questions embedded in all the interviews is so that, after we've done 20 to 30 of these, then we have 20 or 30 angles of vision on the same question. And the question is was there an event or crisis or crises that helped forge your leadership? Are there defining moments that help forge your leadership?

Mutz: Defining moments? Well...

Scarpino: The term we used in the question were vendor crisis but...

Mutz: Yeah. Well yes, I guess there have to be some of those. I told you I was in the home building business for a while and that was a defining moment because we lost a lot of our money. And one of the questions you have to decide is to give up, go back and get a regular job or do you try to do something else. I eventually decided to try to do something else. That was a defining moment in my business career. Just have to understand that everything you do isn't going to work and that one didn't. I guess another one would be the decision that I -- I didn't make the decision but it was in the gubernatorial election in 1988, where a newspaper reporter from Northern part of the state and I can't

think of which city, questioned Evan Bayh's residence requirement or the residential requirement of the constitution, and Bob Orr felt this was significant enough that it ought to be decided and litigated. I think in retrospect I would have been better off to have said, Bob, don't get into this, which I think he probably would have done. And let me call in a carpet bagger during the campaign. Somebody who never lived here and et cetera, et cetera, instead it made him into a bigger celebrity than he already was, the dramatic pictures of him going to court and walking out and all the rest of it, to determine whether he was eligible to run for office or not. Yeah, in retrospect that was a turning point in that campaign. I think that event plus the xenophobia of the Japanese plus the third thing which is always an election issue and that's time for a change.

(00:50:02)

When I ran for Governor, the Republican Party had controlled the Government's office for 20 years and so that was a typical kind of campaign approach. I don't think Evan ever said, its time for change, he said, John's been a great public servant but now we can do better, which was a good line.

Scarpino: But that's what he was implying.

Mutz: Of course, that's the way you said it, that's right. Well, at any rate, those are significant moments in my career. I would have to say that the moment that Tom Lake called me and said, John will you come out and talked to me about being President of Lilly Endowment, that was a turning point because I had lost the election, was not sure what I was going to do, I had arranged the bank loan for another business venture and that gave me an opportunity to kind of get my financial house in order. See, when I was in public office, I had both kids in private colleges. I made \$50,000 a year as Lieutenant Governor and my son and daughter both went to Northwestern -- they were a year apart. Then they went to Stanford, Yale, University of Chicago and Dartmouth, during all that time period. I mean I had to literally change my standard of living during that time period. I don't

regret it, it's the best legacy that I think any parent can give their children other than their personal time. I guess the point I make there is that, when I lost the election, I didn't have any money either, I was in a situation in which I had spent all my savings on the college education for my children and so the Lilly Endowment opportunity as I said helped me get my income to a level that was much more desirable, gave me opportunity to save some money to make some investments and then the other thing it did was, it gave me a platform to do some other things. I doubt if I would I have been asked to be a board member of PSI, had I not been President of Lilly Endowment. I doubt if I would I have been asked to be a board member of Merchants National Bank, had I not...

Scarpino: . . .that's Public Service Indiana for the record . . .

Mutz: Yeah. I doubt if I would I have been a board member of Conseco. You can argue about the desirability of that but anyway that's a historic fact. And there's a bunch of other things that happened during that time period. I think Lilly Endowment was the platform for which I got the opportunities.

Scarpino: So post election it really did play a federal role in what's happened in your career and your life since then.

Mutz: No question, no question. I guess I have to say that while I was there -- being on the PSI or Public Service Indiana board then gave me exposure to that board and then they asked me to become President of the company when the merger took place between Cincinnati Gas and Electric and Public Service Indiana forming Synergy. Now, that was an opportunity because from a financial rewarding standpoint the utility position was even better than Lilly Endowment. And gave me an opportunity to build my investment portfolio and so forth and it gave me opportunity to be an investor in new business ventures which is something that really has been an intriguing part of my life. And so, that was a pivotal moment too. I remembered Jim Roger said to me one day, 'John I want to come up to your office and talk to you.' Now, he is the CEO of PSI, so he comes up to see me at Lilly

Endowment headquarters and he says, 'John I want you to be President of the PSI' -- well, that's what he said, he said, I want you to consider being President of PSI, ones the merger is complete. And I said, well I've to think about that. See most people would have said, John you'd be nuts to leave Lilly Endowment, why would you do that?

Scarpino: Of course you'd already given someone else advice to think about when; it was time to move on?

Mutz: Exactly, exactly and I knew I had done about all I could do at Lilly Endowment at that point because the same kind of difficulties that Jim Morris had with Tom Lake, I began to have too. He was not an easy man to work for.

(00:55.06)

Scarpino: Would you feel comfortable giving us a thumbnail sketch of the general kinds of difficulties?

Mutz: I don't know whether Jim would be comfortable but I could be little more comfortable I guess in saying this, Tom took very personally -- well let's go back in history. Tom Lake and Dick Wood were the candidates to become CEO of Eli Lilly and Co. and Mr. Lilly was to make the choice. Mr. Lilly was still alive, he was in his 80's I guess, and he chose Dick Wood and the alternate prize was being head at Lilly Endowment. Now, Tom Lake took this quite seriously, he had enormous respect for Mr. Lilly and he had respect for the way Mr. Lilly ran his life, almost an anonymous donor, a behind the scenes practitioner and all that sort of thing. And Tom was always concerned that people like me or, Jim Morris, or Dick Ristine, all three of us came out of politics in way or another, would use Lily Endowment to further our personal ambitions and goals. I mean I think can state that pretty simply. He was worried that anybody who worked there would do that. And so he zealously guarded against that sort of thing happened. One of the things he got very upset about with me was that, the press still called me all the time for comments on this or that in some form, and my relationship with press has always been very open, I always respond to them, always answer their

questions and he got very irritated when I would end up in the paper, talking about something like that and he also did not want me to use and Lilly Endowment's implied power in the political process. Even though he didn't have any trouble at all in using it in terms of rebuilding the center of any Indianapolis, so I don't know how you balance those things out. As I said earlier, Tom Lake was a risk taker, even though he appeared to be the opposite and this city owes him an enormous debt in terms of what's happened here. But as I say he was not an easy man to work for. Now the other thing is that I had difficulty working on that, he was an authoritarian kind of guy and I found it difficult to exist in an environment where certain things were allowed and certain things weren't in terms of conversation. The women on my staff; particularly were affected by this. Women manage in a different way than men do. I mean in general, that's not -- you know it's a generality, but for example women like to gather around the table and try out ideas on each other, what do you think of this, what about this idea, etc. Now, at Lilly Endowment back in those days, if you had an idea you better be prepared to defend it to the end, when you got in one of those meetings. And that kind of atmosphere and environment, didn't work very well. I felt it's time for creativity and a number of other things. He from time to time would be a micro manager rather than picture person. I mean he'd look at the expense accounts of individual people out there at the Endowment and so forth.

He had every right to do that; I am not suggesting he didn't. But at sometime or another, my view of people was, unless I had reason to disbelieve them or feel they were taking advantage of me, I assumed they were doing the right thing. He had a kind of different view; it's my job to monitor. I am here to guard the reputation of Mr. Lilly, that's really where he came down, all the time and I got to give them a lot of credit for that. I mean, that was the mission that he was handed by Mr. Lilly, apparently. Although Mr. Lilly himself was not that kind of a manager, he was a much different big picture kind of person, unlike his brother who was the micro manager, the bean picker, I mean the bean counter and so forth. I am telling you a

lot about them, almost intimate details about this relationship, and I don't know how far Jim would be willing to talk to you about it.

Scarpino: I think – I know -- what I am trying to get in here and what I hope, I'll be able to get out of over the course of several years and what are some of the qualities, that distinguished leadership and among us I think the relationships and mentoring relationships and I mean obviously Mr. Lake in his own way was an effective leader. I mean no ...

Mutz: Oh, no question.

Scarpino: I mean he had a different style than you did.

(00:60:18)

Mutz: That's exactly right . . .

Scarpino: So, there's not one cookie cutter style for an effective leader.

Mutz: Yeah, that's absolutely right.

Scarpino: And I think when I am most interested in is the way you contrasted his view of working with people and motivating people with yours, rather than trying to dig dirt, which I am really not interested in, so . . .

Mutz: Yeah. No, I mean as I said, Tom left a lasting impression on me and I'm going to tell you where it is. It is in the area of what I would call ethical behavior in the corporate and philanthropic world. He had a very strong feeling about that and I mean it may have been out of fear, I am not sure what all are the reasons he had, but he had it. He didn't want anything negative to ever fall on the company or in Endowment. The kind of things that have happened at Lilly since he died, I think would probably cause him to turn over his right. I doubt that he could imagine the company advertising and reptile dysfunction drug. I would think, he would find that very difficult to imagine.

Scarpino: Even though, the drug itself must be extraordinarily profitable.

Mutz: Oh my gosh! Of course it's profitable but that's not my point. He didn't think pharmaceutical companies should advertise.

Scarpino: Oh I see.

Mutz: At all. See, this is to go back and see he was a pharmacist by original training and -- no, he had a very strong sense of what was proper and what wasn't and this fellow Madison -- I guess his name is, the one that did the histories on the Lilly families.

Scarpino: James Madison.

Mutz: James Madison, yeah, he was offended by some of the stuff in those books and I would have to tell you, I thought those were some of the most gentle handling of difficult situations I have seen. There is no family in the world that didn't have a little problem.

Scarpino: As long as you said it first time, I am not leaving a witness; I've read those books. I agree with you (laughter).

Mutz: Well, I've read it too, because that's one of the things that we all did at the Endowment, we did lot of reading there. On the other hand, Tom was one of the people, who taught me to read more. He says, 'John, it's not wrong for you to sit at your desk and read a book.' He said, 'That may be the most important thing you read during the day, more important than the reports and the expense reports and all the rest of stuff, you have to sign.' Tom left a lasting impression on me, and the other thing is now that I am responsible for Lumina Foundation, the morality and the system we use to run that place has been tremendously influenced by my experience at Lilly Endowment. One of the reasons they asked me to be Board Chairman was that, I had that experience. And I guess I -- one of the first things I did was, I went to Tom Lofton who was now Chairman of Lilly Endowment, and I said Tom, you've got the best grants management system available. You developed it, in fact I developed it when I was there with PEW Charitable Trust and with another Foundation. I said, 'I would love to have this, for this

New Foundation that I am responsible for.' He said, you can have it, well, we'll give you the software, so he did.

Scarpino: So, he basically allowed you to use their system in the Lumina Foundation.

Mutz: That's right!

Scarpino: I want to ask a question, you should know the answer too, and then I am going to thank you for sitting with us for the second time but, where is the headquarters of Lumina?

Mutz: What is it?

Scarpino: Yes, the headquarters.

Mutz: It's in the old LS Ayres building, 301, South Meridian.

Scarpino: I mean I know I can look at up in the phone book, but then it wouldn't be in here.

Mutz: Yeah, no the Lumina Foundation -- see what happened was, that facility was renovated by a USA Group, which was the predecessor to Lumina Foundation. We have a good part of the seventh floor and then we use conference center facilities on the 8th floor that we share with Eli Lilly and some other tenants there.

Scarpino: I am going to talk more about Lumina Foundation with you later, but for now, I would like to thank you very much for sitting with us the second time, and talking for almost two and half hours and...

Mutz: All right!

Host ...and I'll look forward to visiting with you next week, and I hope you have a very nice Easter weekend.

Mutz: Well, thanks....

Total Duration: (65) Minutes