

**STRATEGIC ECONOMIC INVESTMENT AND COMMERCIALIZATION BOARD
JANUARY 23, 2009 MEETING**

ADOPTED MEETING MINUTES

A meeting of the Strategic Economic Investment and Commercialization (SEIC) Board was held at the Michigan Economic Development Corporation (MEDC), 300 N. Washington Square, Lansing, Michigan, on January 23, 2009.

MEMBERS PRESENT: Dave Baumgarten; Mary Campbell; David Cole; Mary Sue Coleman; Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); Jim Croce; Michael Jandernoa; Robert Kleine; Lynnette Rhodes; George Vande Woude; Dennis Wend; John Brown (via phone); Glenn Mroz (via phone); Jay Noren (via phone); Michael Rao (via phone)

MEMBERS ABSENT: John Dunn; David Baker Lewis; Ken Rogers; Lou Anna Simon

CALL TO ORDER: The meeting was called to order at 10:08 a.m. by Chairman Michael Jandernoa.

APPOINTMENT OF TEMPORARY CHAIR: Dr. Coleman motioned to appoint Treasurer Kleine as Temporary Chair in Michael Jandernoa’s absence for the January 23, 2009 SEIC Board Meeting. Dr. Vande Woude seconded the motion. The motion carried unanimously – 13 ayes; 0 nays; 0 recused; 6 absent

APPROVAL OF MINUTES: Mr. Jandernoa asked if there were any questions or comments regarding the minutes from the December 9, 2008 meeting. Being none, Ms. Campbell motioned to approve the minutes as presented. Treasurer Kleine seconded the motion. The motion was approved unanimously – 13 ayes; 0 nays; 0 recused; 6 absent

PUBLIC COMMENT: Mr. Jandernoa opened the floor for public comment. There was no public comment.

COMMUNICATION: Nathan Ohle, MEDC Board Relations Liaison, advised the Board that letters had been received from Mary Campbell, Mary Sue Coleman, Michael Jandernoa and George Vande Woude recusing themselves from items on the agenda.

[David Cole joined the meeting in person.]

AWARDEE UPDATE:

Ned Staebler, MEDC Vice President of Program Administration, provided background information on the following two actions.

[Recused: George Vande Woude]

Resolution 2009-001: Final Disbursement – Genetics Squared

Genetics Squared was founded in 2001 in Ann Arbor. The company has partnered with clinical research organizations, pharmaceutical and biotechnology companies, research and development institutes, and academic centers to advance the reality of personalized medicine. Genetics Squared had developed a colorectal cancer recurrence test that is 80% accurate in preliminary testing, the current available testing technology has a 6% accuracy rate. The Company has complied with the terms in its proposal, which was approved by the Commercialization Board. MEDC staff recommends that the SEIC Board approve the final loan disbursement to Genetics Squared in the amount of \$127,999.

Board Discussion: Mr. Jandernoa asked if there were any questions from the Board. Being none, **Ms. Campbell motioned approval of Resolution 2009-001. Mr. Wend seconded the motion.** The motion was approved unanimously – 13 ayes; 0 nays; 1 recused; 5 absent

[Returned: George Vande Woude]

Resolution 2009-002: Battle Creek Unlimited (BCU) Amendment

BCU oversees the Battle Creek SmartZone and received this grant to develop a Technology Business Accelerator that would identify promising start-up technology concepts through strategic outreach activities, and nurture these technologies and subsequent start-up companies. Though they have accomplished many of their milestones, a few are left to be completed. The milestone that proposed to develop businesses on site requires adjustment. Also, the Managing Director was not hired until three months after the grant was awarded. This caused a time delay as well as a change in the budget, which requires amending of that milestone. MEDC staff recommends that the SEIC Board approve the grant be extended through June 30, 2009.

Board Discussion: Mr. Jandernoa asked if there were any questions from the Board. Being none, **Dr. Coleman motioned approval of Resolution 2009-002. Treasurer Kleine seconded the motion.** The motion was approved unanimously – 14 ayes; 0 nays; 0 recused; 5 absent

[Glenn Mroz joined the meeting by phone.]

21st CENTURY JOBS FUND COMPETITION:

Ned Staebler provided background information on the following five actions.

On October 8, 2008 the SEIC Board selected the 17 highest scoring applicants to the 2008 21st Century Jobs Fund Commercialization Business Plan competition, totaling \$26.7 million in loans to for-profit companies. MEDC staff engaged these 17 companies in conducting due diligence and negotiating milestones under the SEIC Board's direction that all financial matches were to be confirmed and loans were to be executed by January 8, 2009 or are otherwise subject to rescission. The Due Diligence Subcommittee, consisting of Chairman Michael Jandernoa, Mary Campbell, and Treasurer Robert Kleine has been working with staff throughout the process. *Discussion ensued about the cause for these companies not making it through the process being the loss of their matching funds, and also the status of the remaining six companies in the process, two of which are being acted on today – one as a withdrawal and one as a rescission.*

[Recused: Mary Sue Coleman]

Resolution 2009-003: Request for Loan Award Withdrawal – Avidimer Therapeutics, Inc.

Mr. Staebler explained that due to a loss of their matching funds, Avidimer has decided to withdraw from the competition and MEDC staff recommends Board approval.

Board Discussion: Mr. Jandernoa asked if there were any questions from the Board. Being none, **Mr. Baumgarten motioned approval of Resolution 2009-003. Treasurer Kleine seconded the motion.** The motion was approved unanimously – 14 ayes; 0 nays; 1 recused; 4 absent

[Recused: Mary Sue Coleman; Michael Jandernoa]

[Robert Kleine assumed the role of Temporary Chairperson]

Resolution 2009-004: Rescission of Loan Award – Accuri Cytometers

Mr. Staebler explained that as part of the competition process, the Board had previously approved two different loan templates to allow options for the awardee companies in various stages of development versus the 'one size fits all' loan. In light of this, Accuri Cytometers made it through the due diligence process and proceeded to the negotiations phase of finalizing their award. Unfortunately, Accuri was not

able to come to agreement on the terms of the program. Therefore, MEDC staff recommends that the Board approve rescinding the loan award for this company.

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Croce motioned approval of Resolution 2009-004. Mr. Wend seconded the motion.** The motion was approved unanimously – 13 ayes; 0 nays; 2 recused; 4 absent

[Returned: Mary Sue Coleman; Michael Jandernoa]

[Michael Jandernoa reassumed the role of Chairperson]

Ned Staebler proceeded to provide background information on the following two actions.

Mr. Staebler continued that with the previous two companies now removed from the competition, as part of the process, the next two highest scoring proposals now move up and begin the due diligence process. MEDC staff recommends approval of these two companies. *Discussion ensued regarding the scores and the next highest scores after these two should any of the other four remaining proposals have to be withdrawn from the competition. Information was shared with the Board that the next score was 76 with which four companies were tied. Discussion continued as to how this would be handled – awarding a much smaller amount to all four versus reviewing the four companies, possibly having them come present to the Board, and narrowing it down further to allow for a higher award amount. Discussion then ensued about researching how this has been handled in past competitions and also the due diligence process involved.*

Nathan Ohle explained to the Board that they would be voting on the proposal number, not the actual company name.

Resolution 2009-005: Fisher Coachworks (Proposal #930)

Board Discussion: Mr. Jandernoa asked if there were any questions from the Board. Being none, **Treasurer Kleine motioned approval of Resolution 2009-005. Dr. Cole seconded the motion.** The motion was approved unanimously – 15 ayes; 0 nays; 0 recused; 4 absent

[Recused: Mary Campbell; Mary Sue Coleman]

Resolution 2009-006: Incept BioSystems (Proposal #945)

Board Discussion: Mr. Jandernoa asked if there were any questions from the Board. Being none, **Treasurer Kleine motioned approval of Resolution 2009-006. Mr. Baumgarten seconded the motion.** The motion was approved unanimously – 13 ayes; 0 nays; 2 recused; 4 absent

[Returned: Mary Campbell; Mary Sue Coleman]

Mr. Ohle then informed the Board that the companies they had just approved were Fisher Coachworks and Incept BioSystems. At this point, Mr. Jandernoa determined that he had a conflict of interest with Incept BioSystems and suggested that another vote take place with him recusing himself.

[Recused: Mary Campbell; Mary Sue Coleman; Michael Jandernoa]

[Robert Kleine assumed the role of Temporary Chairperson]

Board Discussion: Treasurer Kleine asked if there were any questions from the Board. Being none, **Ms. Corbin motioned to rescind the previous vote for Resolution 2009-006 and also for the approval of Resolution 2009-006. Mr. Wend seconded the motion.** The motion was approved unanimously – 12 ayes; 0 nays; 3 recused; 4 absent

[Returned: Mary Campbell; Mary Sue Coleman; Michael Jandernoa]

[Michael Jandernoa reassumed the role of Chairperson]

Resolution 2009-007: Approval of the Pre-Seed Fund Request for Proposals (RFP)

Ned Staebler provided background information on the following action.

Mr. Staebler explained that the Board needed to provide final approval of the RFP for the Pre-Seed Fund Competition, but that before it could be finalized they needed to agree on what type of match would be required – either 1:1 or ½:1 with preference given to proposals having higher match amounts. *Discussion ensued and it was agreed that the ½:1 match option was the preference of the Board.* Additionally, Mr. Staebler explained that because there was a small delay in the search for a peer reviewer for the competition, two changes to the competition timeline were being proposed: 1) The current Proposal Submission Deadline is February 20. Since other dates are being pushed back, this date could be moved back a week to February 27; and 2) The current Award Announcement date is March 11. To allow for the date changes, this needs to be rescheduled to March 31.

Board Discussion: Mr. Jandernoa asked if there were any questions from the Board. *Discussion ensued about the updated timeline proposals and everyone was asked to double check their calendars to ensure that they would be able to participate in the February 10 so that there would be no more changes in the timeline.* Being no more discussion, **Mr. Wend motioned approval of Resolution 2009-007 with the following amendments: Require a ½:1 match with preference being given to applicants having a higher match ratio; Amend the proposed competition timeline to reflect a Proposal Submission deadline date of February 27, 2009 instead of February 20, 2009 and an Award Announcement date of by March 31, 2009 instead of March 11, 2009.** **Dr. Cole seconded the motion.** The motion was approved unanimously – 15 ayes; 0 nays; 0 recused; 4 absent

21st Century Jobs Fund Informational Presentations: Leslie Smith, MEDC 21st Century Jobs Fund Manager, addressed the Board explaining that representatives from two 21st Century Jobs Fund companies from previous competitions would be sharing presentations to emphasize the importance of the awarded money and explain a little about their company and where the company is currently.

Eurofins AVTech Laboratories – Received funding through the Michigan Life Sciences Corridor (MLSC): *William Pfund, Director of Business Development shared a short presentation.*

Ms. Smith also noted that Eurofins paid back their full loan amount plus an additional \$70,000 in interest.

Discussion ensued amongst the Board members about the possibility of seeing marketing efforts/opportunities to advertise these companies across the country to network with other similar companies and also to let other states see what technologies are becoming available in Michigan.

Pixel Velocity – Received funding through the Michigan Life Sciences Corridor (MLSC), Michigan Tech Tri-Corridor (MTTC) and is also an awardee in the current competition round of funding: *Eric Sieczka, Chief Executive Officer shared a short presentation.*

OTHER BUSINESS: Mr. Jandernoa opened the floor for any additional business to be addressed. There was no additional business.

ADJOURNMENT: Being no more discussion, the meeting was adjourned at 11:36 a.m.

I certify that these minutes reflect the actions taken by the Strategic Economic Investment and Commercialization Board at the January 23, 2009 meeting.

Dr. Michael Rao
SEIC Board Secretary