

**STRATEGIC ECONOMIC INVESTMENT AND COMMERCIALIZATION BOARD  
FEBRUARY 10, 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 February 10, 2009.

**MEMBERS PRESENT:** David Cole; Keith Cooley; Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); John Dunn; Robert Kleine; Michael Rao; Lynnette Rhodes; Ken Rogers; Lou Anna Simon; George Vande Woude; Dennis Wend; Glenn Mroz (via phone)

**MEMBERS ABSENT:** Dave Baumgarten; John Brown; Mary Campbell; Mary Sue Coleman; Michael Jandernoa; David Baker Lewis; Jay Noren

**CALL TO ORDER:** The meeting was called to order at 10:08 a.m. by Dr. Rao, who also welcomed Keith Cooley, Chief Executive Officer of NextEnergy, back to the Board.

**APPROVAL OF MINUTES:** Dr. Rao asked if there were any questions or comments regarding the minutes from the January 23, 2009 meeting. Being none, **Treasurer Kleine motioned to approve the minutes as presented. Dr. Cole seconded the motion.** The motion was approved unanimously – 12 ayes; 0 nays; 0 recused; 7 absent

**PUBLIC COMMENT:** Dr. Rao opened the floor for public comment. No public comment.

**COMMUNICATION:** Nathan Ohle, MEDC Board Relations Liaison, advised the Board that letters had been received from Lou Anna Simon, Keith Cooley, and Ken Rogers recusing themselves from items on the agenda.

**AWARDEE UPDATE:**

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

**Resolution 2009-008: University of Michigan Dearborn – One Year Time Extension**

In September 2006, the Regents of the University of Michigan received a basic research grant in the amount of \$285,100. The grant was to fund a research partnership with Ford Motor Company, with the main objective being to develop machine learning algorithms to research advanced vehicle power controller in both conventional vehicle (Ford Taurus) and in Hybrid Electrical Vehicle, HEV (Ford Escape). The testing on the conventional vehicle is completed, but not the HEV. In addition, all of the first and second set of Key Milestones as well as the first two portions of the third set of Key Milestones required under the grant agreement have been completed, The HEV was delayed by one year due to Ford’s delivery schedule. Given the above delay from Ford Motor Company to deliver the HEV, U of M is requesting that the SEIC Board approve: 1) Amending the ending date of the grant to December 17, 2009; 2) Amending the milestone completion dates for the remainder of Key Milestone 3 to March 31, 2009; and 3) Amending the milestone completion dates for Key Milestone 4 (Sections 4.1 and 4.2) to December 17, 2009. These extensions will allow for the completion of the HEV testing and further development of a commercialization plan.

**Board Discussion:** Dr. Rao asked if there were any questions from the Board. Being none, **Dr. Simon motioned approval of Resolution 2009-008. Mr. Cooley seconded the motion.** The motion was approved unanimously – 12 ayes; 0 nays; 0 recused; 7 absent

**[Recused:** Lou Anna Simon]

**Resolution 2009-009: AFID Therapeutics – Final Disbursement**

*Ned Staebler provided background information on the following action.*

AFID Therapeutics, Inc. (AFID) is an East Lansing-based company dedicated to the “improvement of chemical strategies and resources” for three areas of application: drug development, advanced biomaterials, and developing new compounds. The company is in its second year of revenue with contracts from service and sales to global pharmaceutical and chemistry industries. AFID has filed a final progress report and certifies that all milestones set forth in the original loan agreement are completed. MEDC Staff recommends the SEIC Board approve AFID’s final progress report and authorize the disbursement of the remaining balance of \$133,258.

**Board Discussion:** Dr. Rao asked if there were any questions from the Board. Being none, **Dr. Dunn motioned approval of Resolution 2009-009. Dr. Cole seconded the motion.** The motion was approved unanimously – 11 ayes; 0 nays; 1 recused; 7 absent

**[Returned:** Lou Anna Simon]

**21<sup>st</sup> CENTURY JOBS FUND COMPETITION:**

Mr. Staebler provided a brief update on the competition and the status of the remaining awardees going through the due-diligence process.

**[Recused:** Keith Cooley; Ken Rogers]

**Resolution 2009-010: Hybra-Drive Systems, LLC Change of Company Name to Limo-Reid, Inc.**

*Ned Staebler provided background information on the following action.*

Hybra-Drive Systems, LLC (HDS) was approved at the October 8, 2008 SEIC Board Meeting to receive funding of \$3,352,704 from the 21<sup>st</sup> Century Jobs Fund Competition. During the due diligence process, the Venture Capital matching funds coming from Ridgewood Capital and Khosla Ventures required that the Company change from a Limited Liability Company to a Delaware C Corporation. The new entity will be Limo-Reid, Inc. This change was required to allow the Company to better support the tax structure of a more sophisticated organization. Regardless of the change in the structure to the Delaware C Corporation, the name of HDS would have changed. The current name, “Hybra-Drive Systems”, is similar to another company with a different, but related product. The concern is that bringing the HDS technology to market under the current name might have resulted in confusion to the customers. In order to request approval for Limo-Reid, Inc to be the successor in interest by merger to HDS, we have confirmed that the loan is still going to the same entity. Limo-Reid is a wholly-owned subsidiary of HDS into which HDS will be merged. The change to the Delaware C Corporation and new name are structural and not substantive. The company will remain HDS with a new name and some new investors.

**Board Discussion:** Dr. Rao asked if there were any questions from the Board. Being none, **Dr. Simon motioned approval of Resolution 2009-010. Dr. Mroz seconded the motion.** The motion was approved unanimously – 10 ayes; 0 nays; 2 recused; 7 absent

**[Returned:** Keith Cooley; Ken Rogers]

**[Recused/Left for Remainder of Meeting:** Lou Anna Simon]

**Resolution 2009-011: Approval of Peer Reviewer – Pre-Seed Fund Competition**

*Ned Staebler provided background information on the following action.*

On January 8, 2009, the Department of Management and Budget (DMB) delegated to the MSF Board contract issuance authority to enter into a contract with an independent peer review agency selected by the Commercialization Board to review grant proposals responsive to the RFP for the Pre-Seed Activities so long as the total cost of the contract is less than \$25,000 and the process used by the MSF Board to procure these services is conducted in the manner approved by DMB to ensure the State a fair and reasonable price as provided in MCL 18.1261(f). Subsequent to DMB’s delegation of contract issuance

authority mentioned above, the MEDC staff followed the procedure and policy approved by DMB. As a result of its search, MEDC staff determined that James H. Lynch. is the most qualified to perform the review of the grant proposals responsive to the RFP for the Pre-Seed Activities and, therefore, recommends that the SEIC Board select James H. Lynch to be the peer review agent for the review of proposals submitted in response to the RFP for the Pre-Seed Activities and subsequently recommend the selection to the MSF Board to enter into a contract with James H. Lynch in an amount less than \$25,000. **Board Discussion:** Dr. Rao asked if there were any questions from the Board. Being none, **Ms. Rhodes motioned approval of Resolution 2009-011. Mr. Cooley seconded the motion.** The motion was approved unanimously – 11 ayes; 0 nays; 1 recused; 7 absent

**OTHER BUSINESS:** Dr. Rao opened the floor for any additional business to be addressed. There was no additional business.

**ADJOURNMENT:** Being no more discussion, **Mr. Cooley made a motion to adjourn the February 10, 2009 SEIC Board Meeting. Treasurer Kleine seconded the motion.** The motion was approved unanimously – 11 ayes; 0 nays; 0 recused; 8 absent. The meeting was adjourned at 10:20 a.m.

I certify that these minutes reflect the actions taken by the Strategic Economic Investment and Commercialization Board at the February 10, 2009 meeting.

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Dr. Michael Rao  
SEIC Board Secretary