

**STRATEGIC ECONOMIC INVESTMENT AND COMMERCIALIZATION BOARD**  
**July 14, 2010**

**ADOPTED MEETING MINUTES**

A meeting of the Strategic Economic Investment and Commercialization Board (SEIC) Board was held on Wednesday, July 14, 2010 at the Michigan Economic Development Corporation (MEDC), 300 North Washington Square, Lansing, Michigan.

**MEMBERS PRESENT:** David Baumgarten; John Brown; Mary Campbell; Mary Sue Coleman (via telephone); Keith Cooley; Susan Corbin (acting on behalf of Stanley “Skip” Pruss); Eric Gilbertson (via telephone); Michael Jandernoa; Jerry “Jay” Noren (via telephone); Robert Kleine; Lynnette Rhodes; Kenneth Rogers; Lou Anna Simon; and Dennis Wend.

**MEMBERS ABSENT:** David Cole; John Dunn; Glenn Mroz; and George Vande Woude.

**CALL TO ORDER:** Mr. Jandernoa called the meeting to order at 10:13 a.m.

**APPROVAL OF MINUTES:** Mr. Jandernoa asked for a motion to approve the April 7, 2010 meeting minutes. **Mr. Brown motioned approval of the minutes. Mr. Cooley seconded the motion.** The motion carried unanimously – 14 ayes; 0 nays; 0 recused; 4 absent

**COMMUNICATION ITEM:** Nathan Ohle, MEDC Board Relations Liaison, indicated that recusal letters had been received from Mary Sue Coleman, Jay Noren, Ken Rogers, and Lou Anna Simon for items on the agenda.

**2010 AWARDEE UPDATES:**

[**RECUSED:** Ken Rogers]

**Resolution 2010-008: ElectroJet, Inc. Final Disbursement**

*Carsten Hohnke, MEDC Sector Portfolio Manager, provided information for the action.*

Mr. Hohnke indicated that ElectroJet, Inc. received a 2006 21st Century Jobs Fund award totaling \$962,600 to commercialize a small engine fuel injection technology to reduce emissions and improve engine performance. ElectroJet has completed all milestones in compliance with the Loan Agreement, submitted a Final Report, and requested that the MEDC recommends its final disbursement request for \$10,000.

**Recommendation:** MEDC Staff recommends that the SEIC Board approve the final disbursement of \$10,000.

**Board Discussion:** Mr. Jandernoa asked the Board if there were any questions. Being none, **Mr. Brown made a motion for approval of Resolution 2010-008. Ms. Campbell seconded the motion.** The motion carried unanimously – 13 ayes; 0 nays; 1 recused; 4 absent

[**RETURNED:** Ken Rogers]

[**RECUSED:** Lou Anna Simon]

**Resolution 2010-009: Michigan State University (MSU) Final Disbursement**

*Carsten Hohnke provided information for the action.*

Mr. Hohnke indicated that MSU received a 2006 21st Century Jobs Fund award totaling \$329,725 to develop cost-effective materials to help manufacture nanoclays for the automotive industry. MSU has completed all milestones in compliance with the Grant Agreement, submitted a Final Report, and requested that the MEDC recommends its final disbursement request for \$25,000.

**Recommendation:** MEDC Staff recommends that the SEIC Board approve the final disbursement of \$25,000.

**Board Discussion:** Mr. Jandernoa asked the Board if there were any questions. Being none, **Ms. Campbell made a motion for approval of Resolution 2010-009. Mr. Cooley seconded the motion.** The motion carried unanimously – 13 ayes; 0 nays; 1 recused; 4 absent

**Resolution 2010-010: MI-SBTDC Final Disbursement**

*Carsten Hohnke provided information for the action.*

Mr. Hohnke indicated that MI-SBTDC received a 2006 21st Century Jobs Fund award totaling \$2,000,000 to grow its Technology Program and build capacity and capability. MI-SBTDC has completed all milestones in compliance with the Grant Agreement, submitted a Final Report, and requested that the MEDC recommends its final disbursement request for \$90,171.

**Recommendation:** MEDC Staff recommends that the SEIC Board approve the final disbursement of \$90,171.

**Board Discussion:** Mr. Jandernoa asked the Board if there were any questions. Being none, **Mr. Kleine made a motion for approval of Resolution 2010-010. Mr. Wend seconded the motion.** The motion carried unanimously – 13 ayes; 0 nays; 1 recused; 4 absent

[RETURNED: Lou Anna Simon]

[RECUSED: Mary Sue Coleman]

**Resolution 2010-011: University of Michigan (UM) Final Disbursement**

*Carsten Hohnke provided information for the action.*

Mr. Hohnke indicated that UM received a 2006 21st Century Jobs Fund award totaling \$2,000,000 to develop process control technology for sheet metal stamping to enhance efficiency and provide sustainable competitive advantage to the manufacturing technology in Michigan. UM has completed all milestones in compliance with the Grant Agreement, submitted a Final Report, and requested that the MEDC recommends its final disbursement request for \$39,500.

**Recommendation:** MEDC Staff recommends that the SEIC Board approve the final disbursement of \$39,500.

**Board Discussion:** Mr. Jandernoa asked the Board if there were any questions. Being none, **Mr. Brown made a motion for approval of Resolution 2010-011. Ms. Campbell seconded the motion.** The motion carried unanimously – 13 ayes; 0 nays; 1 recused; 4 absent

[Mary Sue Coleman has not returned]

[RECUSED: Jay Noren]

**Resolution 2010-012: Wayne State University (WSU) Final Disbursement**

*Carsten Hohnke provided information for the action.*

Mr. Hohnke indicated that WSU received a 2006 21st Century Jobs Fund award totaling \$700,841 for optoelectronic and biomedical applications. WSU has completed all milestones in compliance with the Grant Agreement, submitted a Final Report, and requested that the MEDC recommends its final disbursement request for \$56,067.

**Recommendation:** MEDC Staff recommends that the SEIC Board approve the final disbursement of \$56,067.

**Board Discussion:** Mr. Jandernoa asked the Board if there were any questions. Being none, **Mr. Baumgarten made a motion for approval of Resolution 2010-012. Mr. Wend seconded the motion.** The motion carried unanimously – 12 ayes; 0 nays; 1 recused; 5 absent

[Mary Sue Coleman and Jay Noren have not returned]

**Resolution 2010-013: Western Michigan University (WMU) Final Disbursement**

*Carsten Hohnke provided information for the action.*

Mr. Hohnke indicated that WMU received a 2006 21st Century Jobs Fund award totaling \$874,418 to use printing as a high speed deposition process to produce low cost RFID tags. WMU has completed all milestones in compliance with the Grant Agreement, submitted a Final Report, and requested that the MEDC recommends its final disbursement request for \$68,688.75.

**Recommendation:** MEDC Staff recommends that the SEIC Board approve the final disbursement of \$68,688.75.

**Board Discussion:** Mr. Jandernoa asked the Board if there were any questions. Being none, **Mr. Cooley made a motion for approval of Resolution 2010-013. Mr. Wend seconded the motion.** The motion carried unanimously – 12 ayes; 0 nays; 0 recused; 6 absent

*Dr. Simon asked what portion of the 2006 funds have been fully disbursed. Leslie Smith, MEDC Business Acceleration Director, indicated that roughly 90% of the funds from the 2006 competition have been disbursed, and that the board should expect to see the remaining come forward in the near future.*

[RETURNED: Mary Sue Coleman; Jay Noren]

**2010 COMPETITION UPDATE – ACCELERATOR FUND RFP:**

**Resolution 2010-014: Accelerator Fund Process**

*Paul Brown, MEDC Capital Markets Development Director provided information for the action and introduced guest presenter Tom Porter, Trillium Ventures.*

Mr. Brown indicated that staff had received 13 applications in response to the Accelerator Fund RFP that had previously been released by the SEIC Board. Mr. Brown indicated that Trillium Ventures pulled together a panel to review all 13 proposals to determine if they met the criteria outlined in the RFP, using a meets a minimum standard or does not meet a minimum standard approach. Mr. Porter then outlined a presentation that detailed the entire process that Trillium Ventures had gone through, and the outcomes of that process. Mr. Porter indicated that the peer review panel had gone through the RFP to outline proposed scoring criteria for the competition, taking information directly from the RFP and statute to pull together a robust scoring criteria for the board's review. Mr. Porter indicated that based on that criteria, the peer review panel had done a yes/no on each of the outlined criteria to make a recommendation to the board on which proposals met all of those criteria. Mr. Porter stated that the peer review panel had taken great care to analyze each proposal and determine whether a proposal truly met all four mandated criteria. Mr. Porter then outlined the recommendation of the peer review panel for those proposals that met all four of the criteria and thus would be recommended to move on to the interview phase. Mr. Porter indicated that the responses to the RFP were varied, and offered a great deal of hope to the State of Michigan that there are potential investors out there with the ability to succeed in Michigan.

*Ms. Campbell asked if the Board would be making votes without actually knowing the name of the proposals they were voting on. Mr. Brown indicated that this particular vote would be on the process, and not require individual votes, but that when it came time to make the actual awards, that the Board would vote based on proposal number, not name.*

*Dr. Simon asked why the Board would not be able to vote when the material was already in front of them. Mr. Brown indicated that full scoring sheets of each proposal would be made available, but only with proposal numbers attached, not names. Dr. Simon responded that it appeared that the Board had all of the information in front of them in order to make a final decision and make the awards, and that it did not make sense to not have a final vote when it appeared that the work was already complete. Dr. Coleman asked if it was a legal issue that stood in the way of voting on award recipients.. Sante Perrelli, Assistant Attorney General, indicated that, because the Board was unable to meet in May and June, the Board had not yet approved the scoring criteria. Thus, he said that if the board were to simply make awards, there were legal concerns about compliance with the Open Meetings Act. He also commented that the Board*

cannot delegate its authority to the MEDC or peer review agency.. Mr. Perrelli indicated that it was his recommendation that the Board approve the peer reviewer scoring process. He also indicated that the Board could proceed with identifying proposals that failed to meet the RFP requirements, based on recommendations from the peer reviewer. Mr. Wend asked if the Board could instead just vote on the scoring criteria and then vote at its next meeting on the remaining questions. Mr. Perrelli indicated that the Board could choose to do that.

Ms. Campbell indicated that she believed that the reason that the Board did not approve the scoring sheets at the previous meeting was that the Board wanted to allow Trillium to take a look at the scoring criteria and make a determination on what was best for scoring each proposal. Mr. Perrelli indicated that he did not believe that was accurate. Dr. Simon indicated that she agreed with Ms. Campbell and that it was her understanding that the Board did not vote on the scoring criteria so that the “experts” hired to review the applications could properly score them with the use of the RFP.

Mr. Kleine asked what would happen if the Board did not approve anything at this meeting. Mr. John Brown asked if staff felt comfortable that the proposals identified were strong proposals. Mr. Jandernoa indicated that Trillium had done very good work and that all of the applicants being proposed to move forward were strong.

Mr. Wend indicated that he was uncomfortable eliminating seven proposals without more information on why they did not meet the criteria. Mr. Wend indicated that he was comfortable moving forward with the process, but that he would like to see additional information before make a decision on which proposals should move on to the interview round. Ms. Campbell indicated that the Board hired the peer reviewers for their expertise, and that the Board should use that expertise in determining which proposals should move forward.

Mr. Wend asked if any of the proposals being recommended for elimination had a higher leverage amount than those that were moving on. Mr. Porter indicated that yes, some of the proposals being recommended for elimination had a higher leverage number than others, but that the peer reviewers did not just look at leverage ability, but several categories that were outlined in the RFP. Ms. Campbell asked if all 13 proposals had met the match requirements outlined in the RFP. Mr. Porter responded that each of the 13 proposals had met the match requirements.

Mr. John Brown asked why the criteria had not been voted on during the last Board meeting. Mr. Perrelli indicated that his understanding was that the Board wanted the peer reviewers and Subcommittee to take a look at the scoring criteria, and come back with recommendations. Mr. Perrelli indicated that with two meetings being cancelled, the scoring criteria and process was never brought back to the Board for approval, and thus would need to be approved now. Dr. Simon responded that she disagreed with Mr. Perrelli, and that the Board had wanted the peer reviewers to use the RFP that had been approved to draft and implement a scoring criteria, and that because the scoring criteria used by the peer reviewer was reflective of the RFP, it should not have to be approved. Moreover, since the peer reviewer had already completed its review, there was no reason not to move forward. Mr. Perrelli indicated that the safest course to follow was to have the Board approve the criteria and have the recommendations reviewed in light of the approved criteria. He indicated that at the next meeting, the peer reviewer could produce a full report of the panels recommendations for consideration by the Board.

**Recommendation:** MEDC Staff recommends that the SEIC Board approve the Review Process conducted by Trillium Ventures and its peer review panel.

**Board Discussion:** Mr. Jandernoa asked the Board if there were any questions. Being none, **Mr. Cooley made a motion for approval of Resolution 2010-014. Mr. Kleine seconded the motion.** The motion carried unanimously – 11 ayes; 1 nays; 0 recused; 2 abstained; 4 absent

**Resolution 2010-015: Accelerator Fund Process**

*Paul Brown provided information for the action.*

Mr. Brown indicated that the peer review panel conducted an initial review of the proposals based on minimum criteria as outlined in the legislation and RFP. Mr. Brown indicated that based on the criteria, the peer review panel made a “meets the minimum requirements” or “does not meet the minimum requirements” conclusion that lead the panel’s recommendation on each proposal.

*Mr. Wend asked why the Board did not have more information on the amount of money leveraged by each proposal, and asked additional questions. Mr. Wend indicated that those proposals that are able to show that they have a large amount of leveraged dollars usually indicates that they have experience in the other areas outlined in the scoring criteria. Mr. Porter discussed how the panel viewed the various sources of matching funds, as well as how the panel viewed the other criteria set out in the RFP to determine which proposals truly met the requirements of the RFP. Mr. Porter stated that the panel took all four of the legislatively mandated criteria and used them to analyze each of the 13 proposals to ensure that each proposal met all four of the criteria, and recommended those that met each of the criteria be moved on to the interview phase. Mr. Porter indicated that the peer review panel included members with years of experience in the investing world, and that they looked at all aspects of the scoring criteria to make determinations on which proposals would be the most successful. Ms. Campbell indicated that the board had chosen Trillium because of their expertise, and that she felt that they had used the four criteria outlined in the RFP to accurately assess which proposals might be successful. Mr. Jandernoa asked if there were any other questions from the board on the process that Trillium used to analyze the 13 proposals submitted for review.*

**Recommendation:** MEDC Staff recommends that the SEIC Board approve the elimination of these seven Accelerator Fund proposals from the interview phase of the competition.

**Board Discussion:** Mr. Jandernoa asked the Board if there were any questions. Being none, **Ms. Campbell made a motion for approval of Resolution 2010-015. Mr. Kleine seconded the motion.** The motion carried unanimously – 13 ayes; 1 nays; 0 recused; 4 absent

*Ms. Campbell asked that staff ensure that they have all materials for the next meeting well in advance of the meeting so that the Board could make the best educated decision on the awards.*

**PUBLIC COMMENT:** Mr. Jandernoa asked if there were any additional discussion items. There was none.

**ADJOURNED:** Being no further discussion, Mr. Jandernoa adjourned the meeting at 11:17 a.m.