

**STRATEGIC ECONOMIC INVESTMENT AND COMMERCIALIZATION BOARD  
MARCH 25, 2009 MEETING**

**ADOPTED MEETING MINUTES**

A meeting of the Strategic Economic Investment and Commercialization (SEIC) Board was held at the Lansing Community College – West Campus Location, 5708 Cornerstone Drive, Lansing, Michigan, on March 25, 2009.

**MEMBERS PRESENT:** David Baumgarten; David Cole; Keith Cooley; John Dunn (via phone); Michael Jandernoa; Robert Kleine; Glenn Mroz (via phone); Jerry “Jay” Noren (via phone); Lynnette Rhodes; Ken Rogers; Lou Anna Simon; Karen Towne (acting on behalf of Stanley “Skip” Pruss, authorization attached); George Vande Woude; and Dennis Wend (via phone).

**MEMBERS ABSENT:** John Brown; Mary Campbell; Mary Sue Coleman; David Baker Lewis; Michael Rao.

**CALL TO ORDER:** The meeting was called to order at 10:21 a.m. Mr. Cooley moved to appoint Treasurer Kleine as Temporary Chair for Agenda Item E1. Mr. Rogers seconded the motion, motion carried.

**APPROVAL OF MINUTES:** Mr. Jandernoa asked if there were any questions or comments regarding the minutes from the February 10, 2009 meeting. Being none, **Treasurer Kleine motioned to approve the minutes as presented. Dr. Cole seconded the motion.** The motion was approved unanimously – 14 ayes; 0 nays; 0 recused; 5 absent

**PUBLIC COMMENT:** Mr. Jandernoa opened the floor for public comment. Thomas Collett from Meditrina Pharmaceuticals spoke (John Dunn, Jay Noren, Karen Towne and George Vande Woude recused themselves during discussion) asking for a “lifeline”; a partial award to protect intellectual property and drug supply. He stated that the company is still gaining steam, and that 4.6 million people in Michigan currently use its product. The company is asking for 1 – 1.5 years to live with a partial award. Jack Leuder from Western Michigan University spoke as well. He stated that it is a solid project for so many reasons. When the award criteria changed for the competition, he was in full support of the proposed changes. Because of the current market, the company has been adversely affected in its capital raise, and is hoping that the Board will consider partially funding the project. Fred Reinhart from Wayne State University then spoke in support of Meditrina. His stated that Meditrina has done a fantastic job, invested heavily in studies, is a very well run organization and has taken a strong and defensible stance in women’s health and endometriosis. There was no more public comment.

**COMMUNICATION:** Nathan Ohle, MEDC Board Liaison, advised the Board that letters had been received from President Simon, President Mroz, President Noren, President Dunn, Mr. Cooley, Ms. Towne, Mr. Vande Woude, and Mr. Rogers recusing themselves from items on the agenda.

**AWARDEE UPDATE:**

[Recused: Lou Anna Simon]

**Resolution 2009-012: MSU Push-Pull Investment**

*Leslie Smith, MEDC 21st Century Jobs Competition Manager, provided background information on the following action.*

In 2006, MSU was awarded \$300,000 to set up a Pre-Seed Fund through which MSU performs due diligence and recommends to the SEIC Board which companies should receive the loans of up to \$50,000. MSU is supporting a third loan from the fund to Bio-Nano Power, LLC which is a biomedical nanotechnology company founded in 2008. MEDC recommends the SEIC Board approves the final disbursement.

**Board Discussion:** Mr. Jandernoa asked if there were any questions from the Board. Being none, **Mr. Rogers motioned approval of Resolution 2009-012. Dr. Cole seconded the motion.** The motion was approved – 13 ayes; 0 nays; 1 recused; 5 absent

[Returned: Lou Anna Simon]

**Resolution 2009-013: SBTDC/GVSU Time Extension**

*Leslie Smith provided background information on the following action.*

All milestones for this project have been accomplished; these milestones were met while \$90,171 remains in their budget. The company is requesting a time extension to December 31, 2009 to complete the following two new milestones: (i) provide continuous funding to the Technology Road mapping (\$50,000); and (ii) to provide continuous funding for the SBIR/STTR assistance (\$40,171). MEDC recommends the SEIC Board approve the time extension.

**Board Discussion:** Mr. Jandernoa asked if there were any questions from the Board. Being none, **Ms. Rhodes motioned approval of Resolution 2009-013. Mr. Rogers seconded the motion.** The motion was approved unanimously – 14 ayes; 0 nays; 0 recused; 5 absent

[Recused: Lou Anna Simon]

**Resolution 2009-014: Fraunhofer USA, Inc. Final Disbursement**

*Leslie Smith provided background information on the following action.*

Fraunhofer has successfully completed all of its milestones in compliance with the grant, has submitted a Final Report, and requests its final disbursement in the amount of \$50,000. MEDC recommends the SEIC Board approve the final disbursement.

**Board Discussion:** Mr. Jandernoa asked if there were any questions from the Board. Being none, **Dr. Cole motioned approval of Resolution 2009-014. Mr. Cooley seconded the motion.** The motion was approved unanimously – 13 ayes; 0 nays; 1 recused; 5 absent

**Resolution 2009-015: Fraunhofer USA, Inc. Final Disbursement**

*Leslie Smith provided background information on the following action.*

Fraunhofer has successfully completed all of its milestones in compliance with the grant, has submitted a Final Report, and requests its final disbursement in the amount of \$87,526. MEDC recommends the SEIC Board approve the final disbursement.

**Board Discussion:** Mr. Jandernoa asked if there were any questions from the Board. Being none, **Mr. Baumgarten motioned approval of Resolution 2009-015. Mr. Rogers seconded the motion.** The motion was approved unanimously – 13 ayes; 0 nays; 1 recused; 5 absent

[Returned: Lou Anna Simon]

[Recused: John Dunn]

**Resolution 2009-016: SMIC Final Disbursement**

*Leslie Smith provided background information on the following action.*

SMIC has successfully completed all of its milestones in compliance with the grant, has submitted a Final Report, and requests its final disbursement in the amount of \$25,000. MEDC recommends the SEIC Board approve the final disbursement.

**Board Discussion:** Mr. Jandernoa asked if there were any questions from the Board. Being none, **Dr. Cole motioned approval of Resolution 2009-016. Mr. Cooley seconded the motion.** The motion was approved unanimously – 13 ayes; 0 nays; 1 recused; 5 absent

[Returned: John Dunn]

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

*Leslie Smith provided background information on the following action.*

Ms. Smith provided a brief update on the competition and the status of the remaining awardees proceeding through the due-diligence process.

[Recused: Karen Towne, Jay Noren, George Vande Woude and John Dunn]

**Resolution 2009-017: Competitive Edge Technology Loan Rescinded**

Meditrina Pharmaceuticals, Inc. has not been able to meet the criteria relating to match. Thus far it has not been able to confirm the match it outlined in its proposal, meaning that it does not meet all of the necessary requirements set forth in the award. Mr. Thomas Collett, CEO of Meditrina presented a spreadsheet that detailed the company's expenditures and asked that the Board consider awarding a smaller portion of the overall award. *Mr. Jandernoa said that the Due Diligence Subcommittee had reviewed this situation and concluded that Meditrina did not have the matching funds, and thus were not compliant with the requirements necessary to receive the award. Ms. Rhodes commented that it is really unfortunate circumstances and asked if there was any allegation of inequitable treatment in regards to the deadline. Mr. Collett responded that the company did not feel that way at all and commended the MEDC staff for its willingness to help in any way possible. Mr. Cooley stated that the situation is difficult but that the Board has to maintain the requirements of the awards and must maintain that sense of integrity. Mr. Jandernoa said that they really have no other alternative to offer. Dr. Cole asked what the legal steps were required if an applicant had failed to meet award requirements. Mr. Sante Perrelli from the Attorney General's Office responded that the Board would need to act to rescind the award.*

**Board Discussion:** Mr. Jandernoa asked if there were any questions from the Board. Being none, **Mr. Cooley motioned approval of Resolution 2009-017. Dr. Cole seconded the motion.** The motion was approved unanimously 10 ayes; 0 nays; 4 recused; 5 absent

[Returned: Karen Towne, Jay Noren, George Vande Woude and John Dunn]

**Resolution 2009-018: Process for Currently Remaining Allocation Funds for the Competitive Edge Technology Loans**

*Leslie Smith provided background information on the following five actions.*

With the rescission of the Meditrina award, there is now enough money to move down the list and award the next four companies who are tied at the same score. The Board will need to approve the process of moving down the list, and then hold votes for each of the four companies that will be awarded.

**Board Discussion:** Mr. Jandernoa asked if there were any questions from the Board. Being none, **Dr. Simon motioned approval of Resolution 2009-018. Mr. Cooley seconded the motion.** The motion was approved unanimously – 14 ayes; 0 nays; 0 recused; 5 absent

[Recused: Karen Towne, George Vande Woude and John Dunn]

**Resolution 2009-019: Proposal Recommendation for the Competitive Edge Technology Loans (NephRx, Inc.)**

**Board Discussion:** Mr. Jandernoa asked if there were any questions from the Board. Being none, **Dr. Simon motioned approval of Resolution 2009-019. Mr. Cooley seconded the motion.** The motion was approved unanimously – 11 ayes; 0 nays; 3 recused; 5 absent

[Returned: Karen Towne, George Vande Woude and John Dunn]

[Recused: John Dunn and Mike Jandernoa]

[Treasurer Kleine takes over as Temporary Chair]

**Resolution 2009-020: Proposal Recommendation for the Competitive Edge Technology Loans (Venomix, Inc.)**

**Board Discussion:** Mr. Kleine asked if there were any questions from the Board. Being none, **Dr. Cole motioned approval of Resolution 2009-020. Ms. Rhodes seconded the motion.** The motion was approved unanimously – 12 ayes; 0 nays; 2 recused; 5 absent

[Returned: John Dunn and Mike Jandernoa]

[Recused: Keith Cooley and Ken Rogers]

[Mike Jandernoa takes over as Chair]

**Resolution 2009-021: Proposal Recommendation for the Competitive Edge Technology Loans (Danotek Motion Technologies)**

**Board Discussion:** Mr. Jandernoa asked if there were any questions from the Board. Being none, **Dr. Simon motioned approval of Resolution 2009-021. Ms. Rhodes seconded the motion.** The motion was approved unanimously – 12 ayes; 0 nays; 2 recused; 5 absent

[Returned: Keith Cooley and Ken Rogers]

[Recused: Glenn Mroz]

**Resolution 2009-022: Proposal Recommendation for the Competitive Edge Technology Loans (FTF, LLC)**

**Board Discussion:** Mr. Jandernoa asked if there were any questions from the Board. Being none, **Dr. Cole motioned approval of Resolution 2009-022. Dr. Simon seconded the motion.** The motion was approved unanimously – 13 ayes; 0 nays; 1 recused; 5 absent

[Returned: Glenn Mroz]

[Recused: Ken Rogers and Lou Anna Simon]

**Resolution 2009-023: Pre-Seed Fund Grant Approval for Ann Arbor SPARK**

*Leslie Smith provided background information on the following action.*

As a result of the RFP the SEIC Board released seeking proposals for a Pre-Seed Fund, the Board received 1 proposal (submitted by Ann Arbor SPARK) seeking the grant. James H. Lynch conducted a review of the SPARK Proposal for compliance with all criteria and weighting factors required by the Act and developed by the Board and scored and ranked the SPARK Proposal accordingly. Mr. Lynch recommends that the Board award the Pre-Seed Fund grant to Ann Arbor SPARK.

**Board Discussion:** Mr. Jandernoa asked if there were any questions from the Board. Being none, **Dr. VandeWoude motioned approval of Resolution 2009-023. Mr. Cooley seconded the motion.** The motion was approved unanimously – 12 ayes; 0 nays; 2 recused; 5 absent

[Returned: Ken Rogers]

[Lou Anna Simon left for the remainder of the meeting]

**OTHER BUSINESS:** Mr. Jandernoa opened the floor for any additional business to be addressed. Leslie Smith introduced Michelle Crumm, a 2006 Award winner was there to speak and do a presentation on behalf of Adaptive Materials.

Ms. Crumm gave a PowerPoint presentation that outlined the company and how the 2006 award had helped them to continue to grow and prosper.

*Mr. Rogers said that he has visited the Adaptive Material plant and recommended that every Board member take the opportunity to visit Adaptive's facilities.*

*Dr. Cole stated that the State needs to create a strategy to focus on where the future can take us, and using recently retired people as an untapped resource. Ms. Rhodes stated that Michigan has the assets and needs to work together and do it. Dr. Cole also asked about the stimulus funds and how the Board could help. Leslie Smith replied that the MEDC is working on trying to get additional and has a group dedicated to Economic Stimulus money and how we can continue to try to obtain funding. We are working hard on behalf of the State of Michigan.*

*Mr. Jandernoa announced that the April 8, 2009 meeting has been cancelled. The May 14, 2009 meeting will proceed as scheduled; and the Board will plan to hold meetings every other month after May until further notice.*

**ADJOURNMENT:** Being no more discussion, **Ms. Rhodes made a motion to adjourn the March 25, 2009 SEIC Board Meeting. Mr. Cooley seconded the motion.** The motion was approved unanimously – 13 ayes; 0 nays; 0 recused; 6 absent. The meeting was adjourned at 11:47 a.m.

I certify that these minutes reflect the actions taken by the Strategic Economic Investment and Commercialization Board at the March 25, 2009 meeting.

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Dr. Michael Rao  
SEIC Board Secretary