

**STRATEGIC ECONOMIC INVESTMENT AND COMMERCIALIZATION BOARD  
MAY 14, 2009**

**ADOPTED MEETING MINUTES**

A meeting of the Strategic Economic Investment and Commercialization Board (SEIC) Board was held on Thursday, May 14, 2009 at the Michigan Economic Development Corporation (MEDC), 300 North Washington Square, Lansing, Michigan.

**MEMBERS PRESENT:** David Baumgarten; Mary Campbell; David Cole; Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); Keith Cooley; John Dunn; Robert Kleine; Glenn Mroz; Jerry “Jay” Noren; Lynnette Rhodes; Kenneth Rogers; Lou Anna Simon; Dennis Wend

**MEMBERS ABSENT:** John Brown; Mary Sue Coleman; Michael Jandernoa; David Baker Lewis; Michael Rao; George Vande Woude

**CALL TO ORDER:** Treasurer Kleine called the meeting to order at 10:32 a.m.

**MOTION TO APPOINT TREASURER KLEINE TEMPORARY CHAIR:** Mr. Cooley motioned approval of appointing Treasurer Kleine Temporary Chair of the (SEIC) Board. Mr. Cole seconded the motion. The motion carried unanimously – 13 ayes; 0 nays; 0 recused; 6 absent

**APPROVAL OF MINUTES:** Treasurer Kleine asked for a motion to approve the March 25, 2009 meeting minutes. Mr. Rogers motioned approval of the minutes. Mr. Cole seconded the motion. The motion carried unanimously – 13 ayes; 0 nays; 0 recused; 6 absent

**PUBLIC COMMENT:** Treasurer Kleine opened the floor for public comment. There was no public comment.

**COMMUNICATION ITEM:** Nathan Ohle, MEDC Board Relations Liaison, advised the Board that letters of recusal had been received from seven Board members for various items on the agenda. He continued by stating that because of the number of recusals, Agenda Items D1, D3 and D7 would not be able to be passed due to a lack of quorum, and thus would be pushed to next month’s meeting. *President Simon asked if there was a procedure to help these projects continue their work and to rectify this problem in the future. Ned Staebler, MEDC Vice President of Program Administration, informed the Board that the MEDC was looking into whether new legislation might be able to address the problem this summer.*

**AWARDEE UPDATE:**

**Resolution 2009-024: Center for Automotive Research Time Extension**

**[Recused:** David Cole]

*Leslie Smith, MEDC 21<sup>st</sup> Century Jobs Competition Manager, provided background information on the company and this project. Ms. Smith also noted that there were letters of support for the request from both (CAR) and the University of Michigan-Dearborn.*

On January 22, 2007 the SEIC granted \$3,149,755 to the Center for Automotive Research (CAR) for their Connected Vehicle Proving Center, (CVPC). To date, the CVPC has successfully collected the full value of in-kind contributions committed by industry and others in the proposal to MEDC – contributions valued at more than \$3.5M – and will continue to attract additional contributions. With the sharp collapse of the automotive industry in October/November of 2008, the last six months brought a significant unexpected change to the environment in which the CVPC operates. While the CVPC finds itself challenged by change, the progress made so far with the resources, personnel, expertise, and assets allows the center to take advantage of what is positive in these changes, to adjust the CVPC plan and to possibly increase its

achievements over the initial targets. The suggested mid-course correction in the CVPC plan is coming at an opportune time.

**Recommendation:** MEDC staff recommends the approval of the amendments to the Grant to incorporate the assignment to the University of Michigan-Dearborn, change of host location and the changes to the milestones and payment schedule.

**Board Discussion:** Treasurer Kleine asked the Board if there were any questions. Being none, **Mr. Rogers made a motion for approval of Resolution 2009-024. Ms. Corbin seconded the motion.** The motion carried unanimously – 12 ayes; 0 nays; 1 recused; 6 absent

[Returned: David Cole]

[Recused: John Dunn]

#### **Resolution 2009-025: Western Michigan University Time Extension**

*Leslie Smith, provided background information for this project.*

On September 6, 2006 the SEIC Board granted \$874,418.00 to Western Michigan University to research Printed Radio Frequency Identification (RFID) Tags on Packaging Materials. As of today, the balance on this grant is \$69,953.00. To date, the Principal Investigator completed all milestones as scheduled except the last which she is working towards meeting. The Principal Investigator grew her collaborative partnerships from four companies to six companies. In the course of the research, the Principal Investigator discovered that the solvent system for the semiconductor functional ink was incompatible with the currently available commercial flexographic plates. This discovery required the Principal Investigator to seek alternative materials and contemplate changes to the printing scheme being considered for this final run.

**Recommendation:** MEDC Staff recommends approval of the request to extend the term of the Grant and amend the milestones.

**Board Discussion:** Treasurer Kleine asked the Board if there were any questions. Being none, **Mr. Baumgarten made a motion for approval of Resolution 2009-025. Mr. Cooley seconded the motion.** The motion carried unanimously – 12 ayes; 0 nays; 1 recused; 6 absent

[Returned: John Dunn]

#### **Resolution 2009-026: Clifford Development Final Disbursement**

*Leslie Smith provided background information on the company and this project.*

Clifford Development, LLC (Clifford) was awarded a 21<sup>st</sup> Century Jobs Fund award in 2006 for \$3.511 million to accelerate commercialization of the Williams International FJ44 engine in a modernization program for currently owned business jets. The funds have been used to increase the performance while reducing fuel consumption for the FJ44 engine on a Cessna Citation. The FAA has provided Clifford with Supplemental Type Certification (STC) allowing for the marketing and sale of retrofitting the FJ44 on Cessna Citations. Clifford has filed a final progress report and certifies that all milestones set forth in the original loan agreement (as revised on April 15, 2008) are completed. The Company requests that a final disbursement of \$26,000 be made. MEDC Portfolio Management staff has verified the completion of all milestones.

**Recommendation:** MEDC staff recommends the SEIC Board approve Clifford Development, LLC's final progress report and authorize the disbursement of the remaining balance of \$26,000.

**Board Discussion:** Treasurer Kleine asked the Board if there were any questions. Being none, **President Simon made a motion for approval of Resolution 2009-026. President Dunn seconded the motion.** The motion carried unanimously – 13 ayes; 0 nays; 0 recused; 6 absent

#### **Resolution 2009-027: Integrated Sensing Systems Final Disbursement**

*Leslie Smith provided background information on the company and this project.*

Integrated Sensing Systems, Inc. (ISSYS) is harnessing the power of microelectromechanical systems (MEMS) for medical and scientific sensing applications. ISSYS designs and develops products that

provide the highest accuracy, fit the smallest sizes, and have unmatched biocompatibility and corrosion resistance. In the last two years ISSYS has succeeded in taking prototype MEMS density sensor parts and launching them into production for the fuel cell industry. These sensors have been sold around the world for Direct Methanol Fuel Cells (DMFC). The model FC6 was launched in 2007, and in 2008 ISSYS produced and sold more than 500 units. ISSYS has completed all of its milestones. The completion of the final milestone was confirmed by conducting an on-site visit.

*Ned Staebler spoke about how ISSYS had recently received a large investment from a strategic investor. He said this is good news creating one-hundred plus jobs.*

**Recommendation:** MEDC staff recommends that the SEIC Board approve the final loan disbursement to Integrated Sensing Systems in the amount of \$78,000.

**Board Discussion:** Treasurer Kleine asked the Board if there were any questions. Being none, **Mr. Wend made a motion for approval of Resolution 2009-027. Dr. Cole seconded the motion.** The motion carried unanimously – 13 ayes; 0 nays; 0 recused; 6 absent

#### **Resolution 2009-028: Polytorx Final Disbursement**

*Leslie Smith provided background information on the company and this project.*

Polytorx, LLC (“Polytorx”) produces a toothpick-sized, piece of twisted wire, called Helix, developed at the University of Michigan in 1997 then licensed and commercialized by Polytorx. With its screw-like shape, Helix works by locking into concrete like a corkscrew in a cork and even very low dosages of Helix result in dramatic performance improvements for all uses of concrete. Helix is now used in thousands of applications and sold in 20 countries. Polytorx has completed all of its milestones ahead of schedule. The completion of the final milestone was confirmed by conducting an on-site visit including a tour of the manufacturing facility. Also reviewed were the company’s most recent progress reports as well as the audited Polytorx financial statement for 2008.

**Recommendation:** MEDC staff recommends that the SEIC Board approve the final loan disbursement to Polytorx in the amount of \$10,000.

**Board Discussion:** Treasurer Kleine asked the Board if there were any questions. Being none, **President Dunn made a motion for approval of Resolution 2009-028. Mr. Baumgarten seconded the motion.** The motion carried unanimously – 13 ayes; 0 nays; 0 recused; 6 absent

[Recused: Jay Noren and Keith Cooley]

#### **Resolution 2009-029: TechTown Final Disbursement**

*Leslie Smith provided background information on the company and this project.*

On September 6, 2006 the SEIC granted \$776,676 to TechTown for a comprehensive economic development program. TechTown completed all milestones in compliance with the Grant, submitted a Final Disbursement Report, and requests its final disbursement.

**Recommendation:** MEDC staff recommends that the SEIC Board approve the final disbursement to TechTown in the amount of \$194,169.00.

**Board Discussion:** Treasurer Kleine asked the Board if there were any questions. Being none, **Mr. Rogers made a motion for approval of Resolution 2009-029. Ms. Corbin seconded the motion.** The motion carried unanimously – 11 ayes; 0 nays; 2 recused; 6 absent

[Returned: Jay Noren and Keith Cooley]

#### **DISCUSSION:**

*Dr. Cole asked about what effect the State budget would have on the SEIC Board. Treasurer Kleine said he was not certain what effects the budget cuts would have on the SEIC Board going forward. He added that this was the first in a series of budget cuts to come. Ms. Corbin spoke about Michigan’s high unemployment rate, and how the unemployment rate is measured differently than when we measured it in previous decades. She added that if we measured unemployment the same way we do today in previous decades, then some of the rates in previous decades would have been 20%. Dr. Cole spoke about how*

*most people do not realize the auto industry is in a recession but that there are some good things going on in the industry.*

*Mr. Wend asked about finding funds for the companies that had been removed from the agenda. Mr. Staebler assured the Board that the MEDC is performing all of the due diligence to find ways to keep those projects going. He added that the MEDC is exploring all possibilities.*

**ADJOURNED:**

Being no more discussion, Treasurer Kleine adjourned the meeting at 10:51 a.m.