

**STRATEGIC ECONOMIC INVESTMENT AND COMMERCIALIZATION BOARD
JULY 15, 2009**

ADOPTED MEETING MINUTES

A meeting of the Strategic Economic Investment and Commercialization Board (SEIC) Board was held on Wednesday, July 15, 2009 at the Michigan Economic Development Corporation (MEDC), 300 North Washington Square, Lansing, Michigan.

MEMBERS PRESENT: David Baumgarten; John Brown; Mary Sue Coleman; Keith Cooley (by telephone); John Dunn (by telephone); Michael Jandernoa; Jerry “Jay” Noren (by telephone); Robert Kleine; Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); Lynnette Rhodes; Kenneth Rogers; Lou Anna Simon; Dennis Wend (by telephone); George Vande Woude

MEMBERS ABSENT: Mary Campbell; David Cole; David Baker Lewis; Glenn Mroz; Michael Rao

CALL TO ORDER: Mr. Jandernoa called the meeting to order at 10:06 a.m.

MOTION TO APPOINT TREASURER KLEINE CHAIR: Mr. Brown made a motion to appoint Treasurer Kleine Chair of the (SEIC) Board for Agenda Item D-5. Mr. Rogers seconded the motion. The motion carried unanimously – 14 ayes; 0 nays; 0 recused; 5 absent

APPROVAL OF MINUTES: Mr. Jandernoa asked for a motion to approve the May 14, 2009 meeting minutes. Treasurer Kleine motioned approval of the minutes. President Simon seconded the motion. The motion carried unanimously – 14 ayes; 0 nays; 0 recused; 5 absent

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

COMMUNICATION ITEM: Nathan Ohle, MEDC Board Relations Liaison, advised the Board that agenda items D-2 and D-4 had been pulled from the agenda and thus would be pushed to next month’s meeting. Mr. Ohle reviewed recusal letters he had received from President Simon, Mr. Jandernoa, and Ms. Coleman for items on the agenda.

[Lou Anna Simon Recused]

AWARDEE UPDATE:

Resolution 2009-030: MSU Push-Pull Investment

Leslie Smith, MEDC 21st Century Jobs Competition Manager, presented information for the action item.

Through the 21 CJF Program, Michigan State University (MSU) was granted \$750,781 to work with Midland Tomorrow to promote technology transfer, technology mining, commercialization, and start-up development by using and coordinating the resources at MSU, in the Midland area, as well as, across the State. In addition to the referenced grant, a \$300,000 Pre-Seed Fund was established through which MSU performs due diligence and recommends to the Strategic Economic Investment and Commercialization (“SEIC”) Board companies that should receive loans in an amount up to \$50,000 for commercialization activities. The SEIC Board enters into a straight loan agreement with these companies. The loan provides for a two-year grace period during which interest accrues at a rate of 6%, thereafter, the loan is repaid during years three and four. Previously, the SEIC Board approved three loans for this program. The fund has a \$150,000 balance remaining to invest. MSU is recommending a fourth loan in the amount of \$50,000 from the fund be made to Inventure Enterprises, Inc. Inventure Enterprises specializes in

background checks for Federal and State Government contractors, international students and potential corporate employees.

Recommendation: MEDC staff recommends that the SEIC Board approve the loan to Inventure Enterprises, Inc under the terms as outlined above.

Board Discussion: Mr. Jandernoa asked the Board if there were any questions. Being none, **Treasurer Kleine made a motion for approval of Resolution 2009-030. Mr. Rogers seconded the motion.** The motion carried unanimously – 13 ayes; 0 nays; 1 recused; 5 absent

[Lou Anna Simon Returned]

Resolution 2009-031: Approval of Final Disbursement for Adaptive Materials Inc.

Leslie Smith presented information for the action item.

Adaptive Materials, Inc. (AMI) is a recognized world leader in the design and development of portable fuel cell technology. AMI is the first company to develop, demonstrate, and deliver a portable, fuel flexible Solid Oxygen Fuel Cell System. AMI systems have been sent for testing and evaluation at Navy's Crane Warfare Center and the Air Force Research Laboratory. Furthermore, a development effort with the Marine Corps Warfighting Laboratory has resulted in live fire demonstrations of AMI fuel cell systems powering advanced sniper detection systems. AMI's SOFC technology offers a significant advantage over other systems since propane can be used as the fuel source. This eliminates one of the greatest challenges in commercializing fuel cell technologies -- the transportation and storage of hydrogen. This advantage places AMI's technology at the forefront of alternative energy solutions.

Recommendation: MEDC staff recommends that the SEIC Board approve the final disbursement of \$201,695.00.

Board Discussion: Mr. Jandernoa spoke about this being the kind of investment Michigan is looking for and asked if there were any questions. Being none, **President Coleman made a motion for approval of Resolution 2009-031. Mr. Brown seconded the motion.** The motion carried unanimously – 14 ayes; 0 nays; 0 recused; 5 absent

[Mary Sue Coleman, Michael Jandernoa and Lou Anna Simon Recused]

Resolution 2009-032: Approval of Final Disbursement to Michigan Venture Capital Association

Leslie Smith presented information for the action item.

On September 6, 2006 the SEIC granted \$2,100,000.00 to Michigan Venture Capital Association ("MVCA") under the terms and conditions of a Grant Agreement "Venture Upstart Program." The main purpose of the grant is to develop the "Venture Upstart Program" with the following objectives: (1) to provide abundant and accessible venture capital in Michigan; (2) abundant and accessible entrepreneurial executive talent in Michigan,(3) more successful venture capital-backed companies in Michigan, and (4) incent more successful venture capital funds in Michigan that invest nationally and in Michigan. MVCA thoughtfully utilized the grant to enhance and implement the Venture Upstart Initiative by implementing three programs successfully: (1) Entrepreneur in Residence (EIR) / CEO Placement. MVCA provided seven awards and three CEO placements; (2) Fund Development: three awards were given to first time funds; (3) Research: MVCA collaborated with Michigan State University and Michigan venture capital firms to publish the Venture Capital Research Report in June of 2008.

Recommendation: MEDC staff recommends that the SEIC Board approve the final disbursement of \$65,000.00.

Board Discussion: Mr. Jandernoa asked the Board if there were any questions. Being none, **Mr. Brown made a motion for approval of Resolution 2009-032. Mr. Rogers seconded the motion.** The motion carried unanimously – 11 ayes; 0 nays; 3 recused; 5 absent

[Mr. Jandernoa, President Coleman, and President Simon returned]

PRESENTATIONS:

Compendia Bioscience, Inc.

Leslie Smith, provided information for the following presentation and introduced guest presenter John Freshley, Chief Business Officer, Compendia Bioscience, Inc.

Mr. Freshley discussed Compendia Bioscience Inc.'s (Compendia) initial funding through a [grant/loan] from AnnArbor SPARK, followed by a 21st Century Jobs Fund award. Mr. Freshley indicated that although Compendia has grown at rate of 300% over the past three years, management realizes this is not sustainable over the long-term. Mr. Freshley stated that the company is successfully achieving its goal of penetrating small and medium size company markets for their product. Mr. Freshley thanked the Board for their time and their support through the 21st Century award.

Mr. Jandernoa thanked Mr. Freshley for helping the Board to better understand the company. Mr. Jandernoa asked what kind of affects the global market has on Compendia. Mr. Freshley answered saying Compendia has been relatively unaffected—perhaps slower growth. Mr. Freshley explained that since cancer cases continue to increase the environment is ideal for Compendia's products and services. Mr. Brown asked if Compendia was going public. Mr. Freshley answered and said that Compendia has not focused on going public but is in a proof of concept stage—partnering vs. going public. Dr. Vande Woude spoke as a fellow cancer researcher saying the service provided by the company is very valuable and asked what Compendia's direction was. Mr. Freshley answered saying that getting approval for their product clinically is different than market interest and that they were focused on gaining market share. Dr. Coleman asked whether there would be a focus outside of prostate data. Mr. Freshley answered that they were looking to grow outside of a focus on prostate but stated that the real question is whether the company is going outside of cancer. Treasurer Kleine asked how many employees Compendia has. Mr. Freshley answered, approximately 25. Mr. Jandernoa asked if Compendia felt they had the professionals they needed or if they needed help finding partners in Michigan. Mr. Freshley answered saying that they have had no problem attracting talent. Mr. Freshley stated that Compendia was not hampered in Michigan and concluded by saying Compendia would not be here except for the assistance provided by 21st Century Jobs Fund.

Genetics Squared, Inc.

Leslie Smith, provided information for the following presentation and introduced guest presenter Bill Worzel, Co-Founder, Genetics Squared, Inc.

Mr. Worzel commented about Genetics Squared, Inc. (G²). This company uses genetic data to increase the accuracy of treatment options for patients. Mr. Worzel gave the example of chemotherapy, which has severe effects on a person. That same patient could walk in and be screened with predictive data by G². All of information, gender, ethnicity, age, height, weight, blood type, etc. is available for better prediction of what kind of treatment is best for that patient. Mr. Worzel also talked about how the G² tests will help reduce health care related costs by \$650 million per year. Mr. Worzel spoke about the cost of the G² test and how two more tests were under development to help improve patients, clinicians, and physician's ability to make sound treatment decisions. Mr. Worzel thanked the Board for their previous support.

Mr. Vande Woude asked if colon cancer testing is synergistic with the G² test. Mr. Worzel explained that the G² test covers everything that existing tests for colon cancer cover and more. Mr. Jandernoa asked how G² was raising more money. Mr. Worzel talked about a very deep pocketed patient "Super-Angel." Mr. Jandernoa commended G² for finding another route for funding and for their hard work..

OTHER BUSINESS AND DISCUSSION:

Leslie Smith introduced guest presenter: Lisa Kurek, Managing Partner, Biotechnology Business Consultants.

Ms. Kurek commented that Michigan was listed as the best place for a young entrepreneur in 2009. Ms. Kurek spoke about the entrepreneurial ecosystem in Michigan stating that there was \$50 million available in federal money but that she likened the entrepreneurs to a batters in baseball—if we have more batters we'll get more hits and if we have better coaches we'll increase our hit percentage. Ms. Kurek pleaded with the Board to contact their friends and colleagues to ensure the continuation of the successful SBIR and STTR programs. Ms. Kurek emphasized that these are successful programs. Mr. Jandernoa said we need jobs and asked why the program was facing opposition. Ms. Kurek said that the issues are changes in the eligibility of organizations, not the overall success of the program.

ADJOURNED:

The discussion concluded and Mr. Jandernoa adjourned the meeting at 11:29 a.m.