

**MICHIGAN STRATEGIC FUND
FINAL MEETING MINUTES
November 22, 2016**

Members Present

Steve Arwood
Dan Boge
Shelly Edgerton
Larry Koops
Andrew Lockwood (on behalf of Treasurer Khouri)
Terri Jo Umlor
Wayne Wood

Members Absent

Paul Anderson
Jody DePree Vanderwel
Shaun Wilson

Mr. Arwood called the meeting to order at 10:00 am.

Public Comment: Mr. Arwood asked that any attendees wishing to address the Board come forward at this time. No public comment.

Communications: Jennifer Tebedo, MSF Administrator, advised the Board that they received updated documents at the table for the ArcelorMittal Tailored Blanks Americas Corporation agenda item. Mark Morante, MSF Fund Manager, requested a roll call to identify all Board members participating in person and on the phone to confirm a quorum.

A. CONSENT AGENDA

Resolution 2016-218 Approval of Consent Agenda Items

Mr. Arwood asked if there were any questions from the Board regarding the items under the Consent Agenda. There being none, Dan Boge motioned for approval of the following:

Proposed Meeting Minutes – **October 25, 2016**
KTM Industries, Inc. – Loan Settlement – **2016-219**
Heat Transfer International, LLC – Renewable Energy RZ Revocation – **2016-220**
S & K Tool & Die – Tool & Die RZ Revocation – **2016-221**
PCD Carbide Tool Company (DBA Precorp, Inc.) – Tool & Die RZ Revocation – **2016-222**
AueroGen Biosciences – 2016 Loan Restructure – **2016-223**
Recovery Park – 21st CJF Activity Amendment – **2016-224**
Cosworth – MBDP Amendment – **2016-225**
HA Automotive – MBDP Amendment – **2016-226**
Great Lakes Tissue – Loan Subordination Request – **2016-227**
Michigan Supplier Diversification Fund (MSDF) – Request for Public Hearing – **2016-228**

Wayne Wood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

B. BUSINESS INVESTMENT

B1. Entrepreneurship

Fred Molnar, Vice President Entrepreneurship & Innovation, provided the Board with an overview of MSF Entrepreneurship and Innovation programs and led a subsequent discussion. A copy of the presentation is attached.

Resolution 2016-229 University Early Stage Proof of Concept Fund RFP – Award Recommendation

*Denise Graves, University and Service Manager, provided the Board with information regarding this action item. Following brief discussion, Wayne Wood motioned for the approval of Resolution 2016-229. Larry Koops seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.***

Resolution 2016-230 Tech Transfer Talent Network (T3N) – Grant Extension

*Denise Graves, University and Service Manager, provided the Board with information regarding this action item. Following brief discussion, Dan Boge motioned for the approval of Resolution 2016-230. Shelly Edgerton seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.***

Resolution 2016-231 Michigan Corporate Relations Network (MCRN) – Grant Extension

*Denise Graves, University and Service Manager, provided the Board with information regarding this action item. Following brief discussion, Wayne Wood motioned for the approval of Resolution 2016-231. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.***

B2. Business Growth

Resolution 2016-232 Michigan Manufacturing Technology Center (MMTC) – 21st Century Jobs Fund Grant

*Jacob Schroeder, International Trade Development Manager, provided the Board with information regarding this action item. Following brief discussion, Dan Boge motioned for the approval of Resolution 2016-232. Wayne Wood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.***

Resolution 2016-233 American Center for Mobility/Willow Run – Ypsilanti Township/Washtenaw County – Renaissance Zone Designation

*Josh Hundt, Vice President Business Development Projects, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2016-233. Wayne Wood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.***

Resolution 2016-234 ArcelorMittal Tailored Blanks Americas Corporation – Detroit – MBDP Grant

*Marcia Gebarowski, Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Dan Boge motioned for the approval of Resolution 2016-234. Shelly Edgerton seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.***

Resolution 2016-235 Adient US, LLC – Detroit – MBDP Grant

*Jeremy Webb, Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Shelly Edgerton motioned for the approval of Resolution 2016-235. Larry Koops seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.***

Resolution 2016-236 ZFS Ithaca, LLC – Ithaca/Gratiot County – Agricultural Processing Renaissance Zone

*Jeremy Webb, Business Development Project Manager, provided the Board with information regarding this action item. Jamie Clover Adams, Director of the Michigan Department of Agriculture and Rural Development, spoke in support of this project and of Michigan's agriculture industry in general. Following brief discussion, Dan Boge motioned for the approval of Resolution 2016-236. Wayne Wood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.***

Resolution 2016-237 East Jordan Foundry LLC – Warner Township/Antrim County – Alternative SESA Exemption

David Kurtycz, Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Wayne Wood motioned for the approval of Resolution 2016-237. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

C. COMMUNITY VITALITY

Resolution 2016-238 CDBG Infrastructure Capacity Enhancement (ICE) Grants – Funding Round

Christine Whitz, Director CDBG, provided the Board with information regarding this action item. Following brief discussion, Wayne Wood motioned for the approval of Resolution 2016-238. Shelly Edgerton seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2016-239 The Metropolitan Hotel Partners LLC/City of Detroit – MCRP Loan

Brittney Hoszkiw, Community Assistance Team, provided the Board with information regarding this action item. Following brief discussion, Dan Boge motioned for the approval of Resolution 2016-239. Wayne Wood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused**

Mr. Arwood adjourned the meeting at 11:42 am.

Entrepreneurship and Innovation

An **entrepreneur** is an individual who, rather than working as an employee, runs a business and assumes all the risks and rewards of a given business venture, idea, or goods or service offered for sale.



Entrepreneurship and Innovation – Why?

*In the past **25 years**....
Over **90%** of net new jobs created in
private sector
...by new companies that are **<5 years
old***

Sources: (1) Kauffman Foundation Report by Chris Jackson
(2) NBER Working Paper No. 16300 by John Haltiwanger, Ron Jarmin and Javier Miranda

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Three (3) Entry Points and Areas of Entrepreneurial Focus at the MEDC

MEDC Entrepreneurship and Innovation Team

High Tech
Entrepreneurial
Services

University
Programs

SmartZones
(Gatekeepers)

Office of
Technology
Transfer

MEDC Business Development Team

Traditional
(non-high tech)
Entrepreneurial
Services

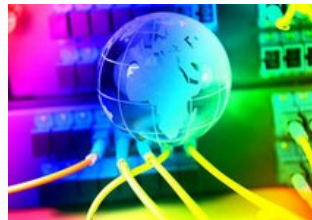
SBDC Core

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Entrepreneurship and Innovation

Focuses on high-tech start-ups:

- Advanced Automotive
- Advanced Manufacturing
- Advanced Materials
- Information Technology
- Agricultural Processing Technology
- Alternative Energy
- Homeland Security and Defense Technology
- Life Sciences
- Other Innovative Technologies



Section 125.2088a of the MSF Act, as amended, and as approved by the MSF Board

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Entrepreneurship and Innovation – What do we do?

Entrepreneurial Services

The MEDC supports the entrepreneur through 3rd party service providers:

- | | |
|---------------------------------|----------------------------------|
| > Business Plan Development | > Market Research |
| > Raising Capital | > Financial Management |
| > Federal Grant Writing Support | > Strategic Planning |
| > Technology Commercialization | > Business Acceleration Services |
| > Business Incubator Space | |
| > Customer Acquisition | |



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Entrepreneurship and Innovation – What do we do?

University Programs

Programs to support the commercialization of technology from the universities into the commercial market by way of startups and/or licenses to industry

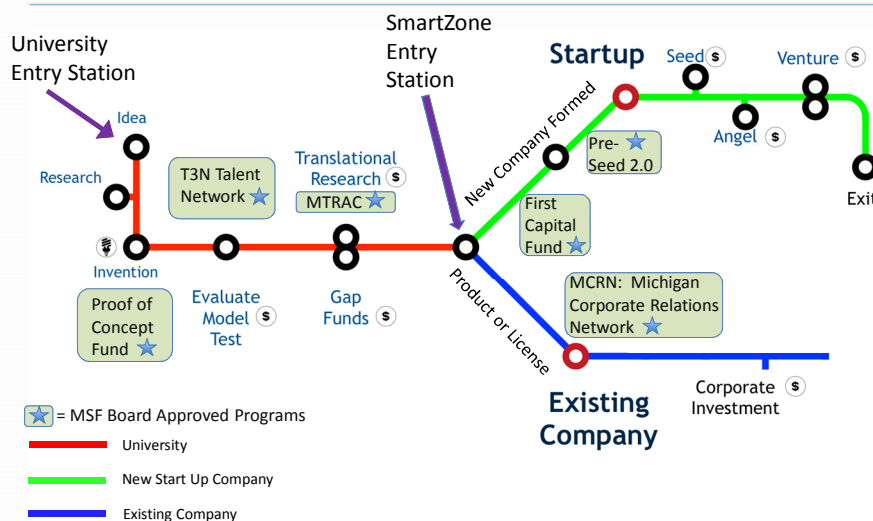
Support ranges from:

- Very Early Stage Proof of Concept Funds
- Funding Opportunities for Commercialization of Research Projects to Industry
- Customer Discovery Training
- Business Mentors
- First Customer Acquisition
- Industry Collaboration



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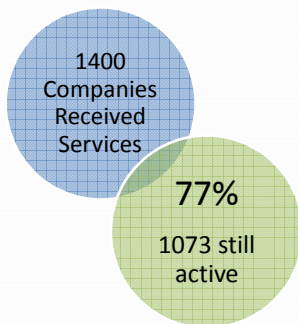
Entrepreneurship and Innovation – “Subway Map”



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Entrepreneurship and Innovation – How are we doing?

According to a recent independent study by Battelle/Techonomy –



11,000 workers in 2014



\$879.5 million

Wages and Benefits

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Entrepreneurship and Innovation – How are we doing?

The *direct effect* of the workers is estimated to generate –



\$3.2 Billion in Output



\$48.4 Million in State and Local Tax Revenue in 2014

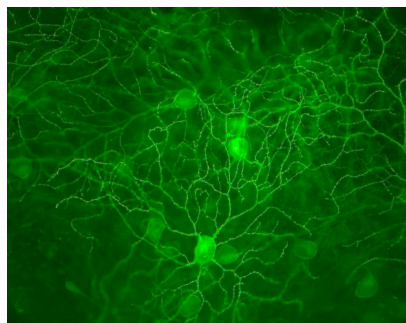


\$6.33 for every \$1.00 of annualized 21st CJF investment

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Entrepreneurship and Innovation – Success Story Example

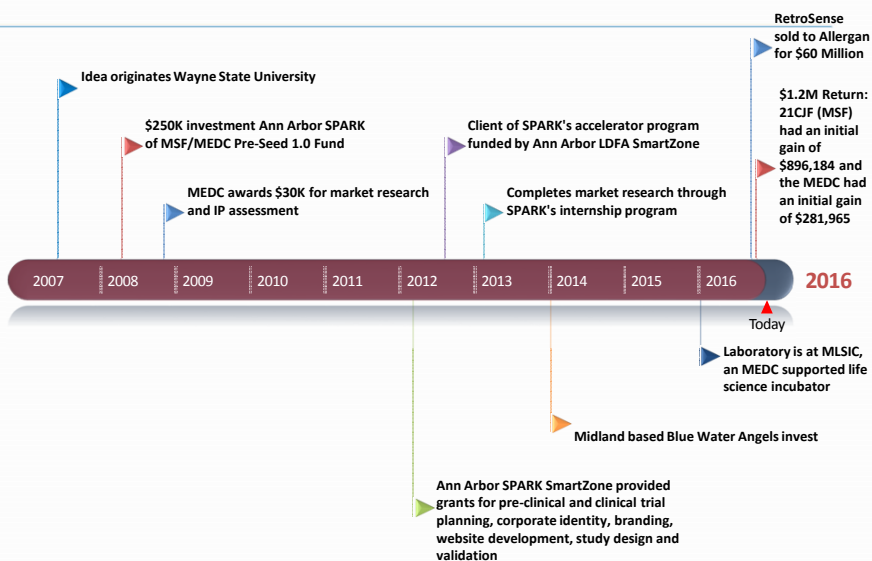
RetroSense: gene therapy to restore vision in patients suffering from blindness due to macular degeneration



Time Frame: Eight Years

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Entrepreneurship and Innovation – RetroSense Success Story Example



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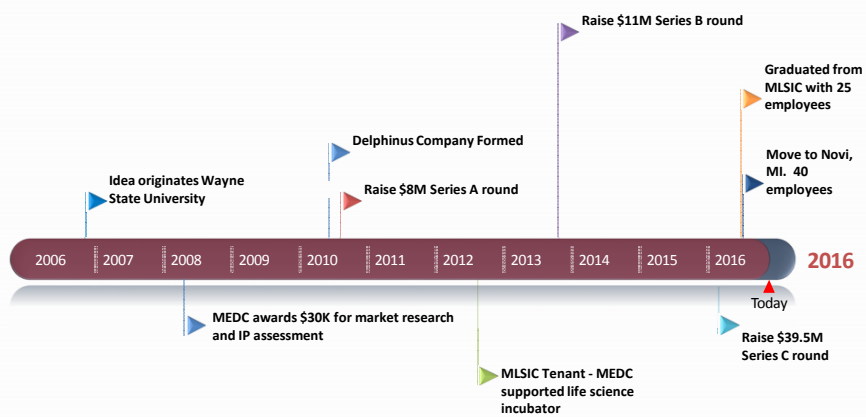
Entrepreneurship and Innovation – Success Story Example

Delphinus: Breast Cancer Detection System Without Radiation



Time Frame: Ten Years

Entrepreneurship and Innovation – Delphinus Success Story Example



Pure Michigan Video <https://www.youtube.com/watch?v=CCqhXzeAS8>

Entrepreneurship and Innovation – Where do you start?

Entrepreneurial Services:

- SmartZones!

<http://www.michiganbusiness.org/cm/files/fact-sheets/mismartzonefactsheet.pdf>

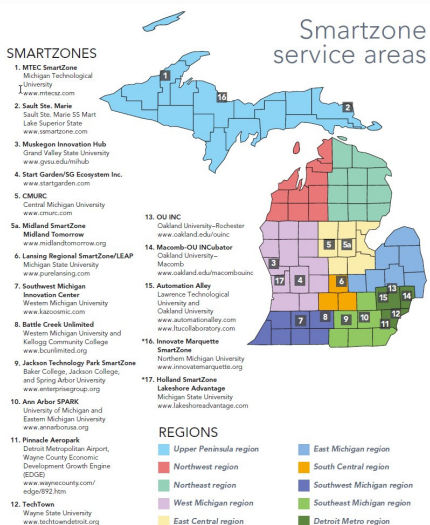
University Services:

- Office of Technology Transfer

Traditional Startup Services:

- SBDC Regional Centers

www.Michiganbusiness.org



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Entrepreneurship and Innovation – SmartZones (17 Across the State)

- SmartZones provide distinct geographical locations where technology-based firms, entrepreneurs and researchers are located regionally.
- SmartZone technology clusters promote resource collaborations between universities, industry, research organizations, government and other community institutions, growing technology-based businesses and jobs.
- New and emerging businesses in SmartZone technology clusters are primarily focused on commercializing ideas, patents and other opportunities surrounding corporate, university or private research institute R&D efforts.



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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

January 22, 2016

Ms. Andrea Robach
Board Relations Liaison
Michigan Strategic Fund Office
300 N. Washington Square
Lansing, MI 48913

Dear Ms. Robach,

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "N.A. Khouri".

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood