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
S & K Tool & Die – Tool & Die RZ Revocation – 2016-221
PCD Carbide Tool Company (DBA Precorp, Inc.) – Tool & Die RZ Revocation – 2016-222
AuerdoGen 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) SeedStage Financing Report by Cleo Jackson (2) MEDC Working Paper No. 13060 by Arno Heitshusen, Dan Jerrin and Javier Iturralde

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

<table>
<thead>
<tr>
<th>MEDC Entrepreneurship and Innovation Team</th>
<th>MEDC Business Development Team</th>
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<tbody>
<tr>
<td>High Tech Entrepreneurial Services</td>
<td>Traditional (non-high tech) Entrepreneurial Services</td>
</tr>
<tr>
<td>University Programs</td>
<td>SBDC Core</td>
</tr>
</tbody>
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SmartZones (Gatekeepers)                   Office of Technology Transfer
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

Entrepreneurship and Innovation – What do we do?

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

- Business Plan Development
- Raising Capital
- Federal Grant Writing Support
- Technology Commercialization
- Business Incubator Space
- Customer Acquisition

- Market Research
- Financial Management
- Strategic Planning
- Business Acceleration Services

Entrepreneurial Services
Entrepreneurship and Innovation – What do we do?

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

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

Entrepreneurship and Innovation – “Subway Map”

= MSF Board Approved Programs

University
Entry Station

SmartZone
Entry Station

Start-up
Seed $ Venture $ Exit

Existing
Company

Corporate $ Investment

University

New Start Up Company

Existing Company

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION
Entrepreneurship and Innovation – How are we doing?

According to a recent independent study by Battelle/Techonomy –

- 1400 Companies Received Services
- 11,000 workers in 2014
- 77% 1073 still active
- $879.5 million Wages and Benefits

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

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION
RetroSense: gene therapy to restore vision in patients suffering from blindness due to macular degeneration.

Time Frame: Eight Years

Idea originates Wayne State University

$230K investment Ann Arbor SPARK of MSF/MECD Pre-Seed 1.0 Fund

MEDC awards $30K for market research and IP assessment

Client of SPARK’s accelerator program funded by Ann Arbor LDFA SmartZone

Completes market research through SPARK’s internship program

$1.2M Return: 21CF (MSF) had an initial gain of $896,184 and the MEDC had an initial gain of $281,965

Ann Arbor SPARK SmartZone provided grants for pre-clinical and clinical trial planning, corporate identity, branding, website development, study design and validation

Labotatory is at MLSIC, an MEDC supported life science incubator

Midland based Blue Water Angels invest
Entrepreneurship and Innovation – Success Story Example

**Delphinus**: Breast Cancer Detection System Without Radiation

Time Frame: Ten Years

Pure Michigan Video  [https://www.youtube.com/watch?v=CCqhJXzeAS8](https://www.youtube.com/watch?v=CCqhJXzeAS8)
Entrepreneurship and Innovation – Where do you start?

**Entrepreneurial Services:**
- SmartZones!

**University Services:**
- Office of Technology Transfer

**Traditional Startup Services:**
- SBDC Regional Centers

[www.Michiganbusiness.org](http://www.Michiganbusiness.org)

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.

[www.Michiganbusiness.org](http://www.Michiganbusiness.org)
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,

[Signature]

N.A. Khouri  
State Treasurer

Cc: Andrew Lockwood