

**MICHIGAN STRATEGIC FUND  
APPROVED MEETING MINUTES  
August 25, 2020**

**Members joined remotely**

Britany L. Affolter-Caine  
Ronald W. Beebe  
Mark Burton  
Jeff Donofrio  
Paul Gentilozzi  
September Hargrove  
Michael B. Kapp (on behalf of Director Ajegba)  
Andrew Lockwood (on behalf of Treasurer Eubanks)  
Charles P. Rothstein  
Susan Tellier  
Cindy Warner

**I. CALL TO ORDER**

Mr. Burton called the meeting to order at 10:02 a.m. The meeting was held virtually via Microsoft Teams due to the COVID-19 pandemic. He noted the agenda format has been updated and a description has been added for items under consideration to be more transparent.

**II. PUBLIC COMMENTS**

Mr. Burton introduced Katelyn Wilcox, MSF Board Liaison, who explained the process for members of the public to participate; there were no public comments.

**III. COMMUNICATIONS**

Katelyn Wilcox advised Board members that there is a revised resolution for the Vandenberg Center redevelopment project, which was shared electronically with them prior to the meeting. She also advised Board members that comments were received from several stakeholders in support of the Michigan Small Business Development Center request to shift funds from the Emerging Technology Fund (ETF) to the Business Accelerator Fund (BAF); the comments were shared electronically with Board members and are attached to the minutes.

**IV. CONSENT AGENDA**

**Resolution 2020-096 Approval of Consent Agenda Items**

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

- a. Proposed Meeting Minutes – July 28, 2020
- b. International Trade Small Business Services Agreements: No-Cost Contract Extension – **2020-097**
- c. International Trade Foreign Office: No-Cost Contract Extension – **2020-098**
- d. Michigan Manufacturing Technology Center Support Services: No-Cost Contract Extension – **2020-099**
- e. Third and Grand LLC: Michigan Community Revitalization Program Loan Participation Amendment – **2020-100**

Susan Tellier seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner;  
Nays: None; Recused: None

*Paul Gentilozzi joined the call at 10:22 a.m.; September Hargrove left the call briefly and rejoined at 10:28 a.m.; and Jeff Donofrio joined the call at 10:30 a.m.*

**V. BUSINESS INVESTMENT**

**a. Resolution 2020-101 Detroit Manufacturing Systems, LLC: Jobs Ready Michigan Program Grant**

*Jibran Ahmed, Business Development Project Manager, provided the Board with information regarding this action item. The action involves approval of a \$1,500,000 Jobs Ready Michigan Program performance-based grant. The project is expected to result in the creation of 225 new jobs and a capital investment of up to \$31,900,000 in the City of Detroit.* Following discussion, Ronald W. Beebe motioned for the approval of Resolution 2020-101. Charles P. Rothstein seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

**b. Resolutions 2020-102 & 2020-103 Clearcover Inc.: Michigan Business Development Program Grant and Jobs Ready Michigan Program Grant**

*Jibran Ahmed, Business Development Project Manager, provided the Board with information regarding these action items. The actions involve approval of a \$3,500,000 Michigan Business Development Program performance-based grant and a \$400,000 Jobs Ready Michigan Program performance-based grant. The project is expected to result in the creation of up to 303 new jobs and a capital investment of up to \$5,000,000 in the City of Detroit.* Following discussion, Michael B. Kapp motioned for the approval of Resolution 2020-102. Charles P. Rothstein seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Andrew Lockwood then motioned for the approval of Resolution 2020-103. Cindy Warner seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

**c. Resolution 2020-104 Porter Hills Presbyterian Village, Inc.: Bond Authorizing**

*Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. The action involves adoption of a resolution to authorize refunding bonds not to exceed \$20,000,000.* Following discussion, Ronald W. Beebe motioned for the approval of Resolution 2020-104. September Hargrove seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

**d. Resolution 2020-105 Michigan Small Business Development Center: Transfer of Funds**

*Maggie McCammon, Portfolio Manager, provided the Board with information regarding this action item. The action involves transferring \$700,000 from the Emerging Technology Fund (ETF) program to the Business Accelerator Fund (BAF) program to meet changed economic needs. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2020-105. Susan Tellier seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused*

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

**VI. COMMUNITY VITALITY**

**a. Resolution 2020-106 City of Grand Rapids Brownfield Redevelopment Authority: Brownfield Act 381 Work Plan (Vandenberg Center Redevelopment Project)**

*Dana Kollewehr, Community Assistance Team Specialist, provided the Board with information regarding this action item. The action involves approval of state tax capture for Act 381 eligible activities capped at \$4,431,657 to support a redevelopment project in the City of Grand Rapids. The project is expected to result in total capital investment of \$134,713,558. Following discussion, Andrew Lockwood motioned for the approval of Resolution 2020-106. Cindy Warner seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.*

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

**b. Resolution 2020-107 City of Detroit Brownfield Redevelopment Authority: Brownfield Act 381 Work Plan (Royal Palm Detroit Redevelopment Project)**

*Dominic Romano, Community Assistance Team Specialist, provided the Board with information regarding this action item. The action involves approval of state tax capture for Act 381 eligible activities capped at \$2,521,176 to support a redevelopment project in the City of Detroit. The project is expected to result in total capital investment of \$50,314,900. Following discussion, Jeff Donofrio motioned for the approval of Resolution 2020-107. Andrew Lockwood seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.*

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

**c. Resolutions 2020-108 & 2020-109 City of Detroit Brownfield Redevelopment Authority / Life is a Dreamtroit, LLC: Brownfield Act 381 Work Plan and Michigan Community Revitalization Program Direct Loan (Life is a Dreamtroit Development Project)**

*Dominic Romano, Community Assistance Team Specialist, provided the Board with information regarding these action items. The actions involve approval of state tax capture for Act 381 eligible activities capped at \$1,264,729 and two Michigan Community Revitalization Program performance-based direct loans totaling up to \$2,493,900 to support a development project in the City of Detroit. The project is expected to result in total capital investment of \$19,759,028. Following discussion, Andrew Lockwood motioned for the approval of Resolution 2020-108. Michael B. Kapp seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.*

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Jeff Donofrio then motioned for the approval of Resolution 2020-109. Cindy Warner seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Mr. Burton adjourned the meeting at 12:04 p.m.



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

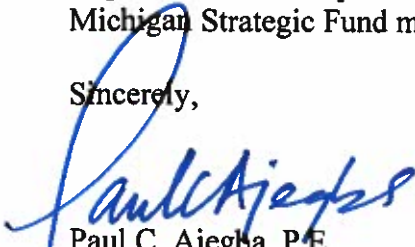
February 3, 2020

Ms. Rhonda Bishop  
Board Relations Liaison  
Michigan Strategic Fund Office  
300 N. Washington Square  
Lansing, Michigan 48913

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,



Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

## **COMMENTS FROM STAKEHOLDERS SUPPORTING SBDC REQUEST TO SHIFT FUNDS FROM EMERGING TECHNOLOGIES FUND (ETF) TO BUSINESS ACCELERATOR FUND (BAF)**

### **Frank Urban, Director, Venture Creation – Life Science, Spartan Innovations:**

“Our immediate needs are with the BAF as most of our SBIR/STTR applications would likely receive funding next year and not this year. Also, getting that early support from BAF is more critical for our companies. We need to get the business, strategy, IP, financial and development plans established first and then go after the funding to execute those plans using SBIR/STTR dollars, not the other way around. Thus, not having access to BAF can actually hinder or delay our SBIR/STTR efforts. I would be happy to discuss further with anyone that has questions/concerns. Thank you for your continued support and commitments to our startup programs!”

*(see page 2 for Spartan Innovations pipeline of BAF companies)*

### **Michael Psarouthakis Director - UM Tech Transfer Venture Center:**

“While ETF has benefitted several University of Michigan spinouts over the years, I do support the SBDC’s request to shift funds from ETF to BAF. I’ve reviewed the numbers with SBDC and am confident that even after the shift, there will be sufficient ETF funding available for all eligible SBIR/STTR recipients in 2020. Furthermore, BAF is an important program that serves the same niche of early stage tech companies. For example, Asalyxa Bio recently received BAF support to help commercialize University of Michigan technology that will treat COVID-19 patients with acute respiratory distress.”

### **Kris Bergman, Managing Partner, BBC Entrepreneurial Training and Consulting:**

“BBCetc is supporting the request to shift funds from ETF to BAF. 2020 has been a most unusual and unpredictable year for SBIR/STTR funding. The largest funding agencies, DoD, NIH and NSF were forced to change their focus mid budget year to the COVID-19 pandemic. That shift has required resources that would normally focus on SBIR/STTR funding and management. Federal agencies have been slow to process and award pending applications. The result is lower than normal ETF awards made. While the Michigan SBIR/STTR Assistance program has a large pipeline of companies applying for funding in 2020 the majority will not receive funding notices until 2021. Having reviewed the ETF budget with Phil, it is clear that, due to the circumstances, there will be a substantial surplus of dollars this budget year. The BAF program is an important program that provides great value to the entrepreneurial community and the funds for the program are fully committed. Moving funds from ETF to BAF will support small businesses to further advance technology development.”

### **J. Kevin McCurren, Commercialization Program Director, Gateway Grand Rapids Michigan State University:**

“The BAF is critical to the entrepreneur ecosystem and our ability to help early stage companies for several reasons:

1. Companies that are in their earliest stages often cannot raise outside funds because they are too early in their development for an investor. An early stage investor (I have been member of the Grand Angels for 10+ years) generally judges an early stage investment on growth prospects, protection from competitors, traction, business model and management team. We often use BAF funds to overcome weaknesses. This includes filing IP, creating first sales, proving their business model or hiring a temporary CEO.
2. The second reason that the BAF is critical is that it drives early stage companies to the SmartZones and their resources when they are in their earliest stages. When they are in an early stage, the SmartZones can lay out a capital strategy and development plans when the company is young, avoiding critical, company ending mistakes. We also develop a relationship early in their development which lasts till the company is self-sustaining.”

**Bill Mayer, Vice President, Entrepreneur Services, Ann Arbor SPARK:**

“What is really amazing about this special program is that it works outside of the regular maximums by which companies are normally bound. This additional flexibility and focus on our local companies working to be part of the solution to this pandemic is part of why we exist as economic developers. Thank you for creating this program and if it is re-funded we will be submitting seven more applications under the category two {advanced technology} Covid-19 related innovations.”

**SPARTAN INNOVATIONS BAF PIPELINE**

If funds are reallocated from ETF to BAF, Spartan Innovations, in partnership with LEAP plans to submit BAF proposals for the following companies

- Fibrosis: \$35k
- IASO: \$15k
- Nimble Acoustics: \$15k
- Vertexer: \$15k
- AZ Solutions: \$15k
- GEL Studios: \$40k
- MAID3: \$15k
- Tarn BioSciences: \$15k
- Lansing BioSciences: \$15k