



**L DFA Board Meeting**  
October 25, 2011  
8:15 am to 10:15 am  
City of Ann Arbor  
301 E. Huron Street Ann Arbor, MI 48104

# Agenda

- I. Call to Order**
- II. Public Comment**  
Public comment shall be allowed at all meetings. An individual may speak for up to three (3) minutes on any item listed on the Agenda. The Chair may extend an individual's speaking time in his/her discretion. Public comment on non-agenda items may be limited in the Chair's discretion.
- III. Approval of the Agenda**
- IV. Approval of the Minutes of the September 20, 2011 Regular Board Meeting**
- V. Election of L DFA Treasurer**
- VI. Annual Appointment of Board Committees**
- VII. L DFA Chair's Report**
- VIII. L DFA Treasurer's Report**
  - a. L DFA Financial Report – 1<sup>st</sup> quarter FY 2012
- IX. Reports from Service Providers**
  - a. Acceptance of SPARK Report – 1<sup>st</sup> quarter FY 2012
- X. Other Business**
  - a. Vote to approve revised by-laws
  - b. Cantillon update
- XI. Motion to Adjourn**



**MINUTES – REGULAR BOARD MEETING  
September 20, 2011**

**Ann Arbor-Ypsilanti Smart Zone Local Development Finance Authority**

**Downtown Development Authority  
150 S. Fifth Avenue, Suite 301, Ann Arbor, MI 48104**

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**Members Present:** Richard Beedon, Vince Chmielewski, Mark Maynard, Stephen Rapundalo, Phil Tepley, Skip Simms-Accelerator Ex-officio, Paula Sorrell-MEDC Ex-officio

**Members Excused:** Lisa Kurek, Theresa Carroll, Tom Crawford – Ex-officio

**Others Present:** Ken Bogan-City of Ann Arbor-Finance, Valerie Christofferson-SPARK, Lori Emerson-SPARK, Greg Fronizer-SPARK, Bill Mayer-SPARK

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**CALL TO ORDER:**

Rapundalo called the meeting to order at 8:20 am. A quorum was present.

**PUBLIC COMMENT:**

There was no public comment.

**APPROVAL OF THE AGENDA:**

Maynard moved, seconded by Tepley, to approve the Agenda for this meeting in the form presented at this meeting. Motion approved unanimously.

**MOTIONS & RESOLUTIONS:**

**Minutes of the June 14, 2011 Regular Board Meeting:**

Beedon moved, seconded by Maynard, to approve the Minutes of the June 14, 2011 regular board meeting in the form presented at this meeting. Motion approved unanimously.

**Election of LDFA Officers:**

Chair: Maynard moved, seconded by Tepley, to elect Beedon as the Chair. Motion approved unanimously.

Vice Chair: Beedon moved, seconded by Maynard, to elect Rapundalo as the Vice Chair. Motion approved unanimously.

Treasurer: There was no member present interested in filling this position. The position will remain temporarily vacant, until the next Board meeting.

**Annual Appointment of Board Committees:**

Tabled until the next Board meeting.

DRAFT

**Approval of the FY 2012 meeting schedule:**

Tepley moved, seconded by Maynard to approve the meeting schedule as presented. Motion approved unanimously. The meeting schedule is attached to these minutes.

**LDFA CHAIR'S REPORT:**

Rapundalo stated that he would work with the new Chair Beedon to present the FY 2011 Annual LDFA Report to the Ann Arbor City Council in October.

A draft copy of the revised by-laws were presented to the Board for review. The revised by-laws will be voted on at the LDFA's October meeting.

**LDFA TREASURER'S REPORT:**

Bogan, in the absense of the Treasurer presented the LDFA Financial Report for the 4<sup>th</sup> quarter of FY 2011.

**REPORTS FROM SERVICE PROVIDERS:**

- a. The 4<sup>th</sup> quarter SPARK report was skipped, as the next agenda item was for the FY 2011 annual report.
- b. Simms presented the SPARK Annual Report for FY 2011.
- c. Tepley moved, seconded by Maynard to approve the request to pay SPARK for the FY 2011 contract overage of \$14,266.10. Motion approved unanimously.
- d. Simms presented information about the new Phase IV program being implemented this fiscal year.
- e. The Microloan portfolio update was skipped, in the interest of time.
- f. Mayer presented information about the Business Accelerator survey.
- g. Simms provided an update on the proposed modified fall Boot Camp. Due to lack of willing participants, the fall Boot Camp has been cancelled.

**OTHER BUSINESS:**

- a. Cantillon – Maynard updated the Board with the status of RFP responses.

**MOTION TO ADJOURN:**

Rapundalo moved, seconded by Tepley, to adjourn the meeting at 9:50 am. Motion approved unanimously.

Respectfully Submitted,

Ken Bogan, for Recording Secretary Tom Crawford

**Ann Arbor/Ypsilanti SmartZone LDFA  
Board of Directors - Committee Positions  
FY 2012**

<b>Member</b>	<b>Audit</b>	<b>Cantillon</b>	<b>Budget/ Contract</b>	<b>Metrics</b>
Theresa Carroll			X	
Lisa Kurek		X		X
Richard Beedon		X		X
Stephen Rapundalo	X		X	
Ned Staebler (vacant)				
Mark Maynard		XX		XX
Phil Tepley		X	X	X
Vince Chmielewski				
Tom Crawford	X	X		X
Skip Simms			X	X
Paula Sorrell				X

Note:  
XX Chair  
X Member



# **FINANCIAL SUMMARY**

**as of September 30, 2011**

Smart Zone LDFA  
**DELIVERABLES**  
as of September 30, 2011

	<u>ACTUAL</u> Q1	<u>FORECAST</u> Q2	<u>FORECAST</u> Q3	<u>FORECAST</u> Q4	<u>Full Year</u>
<b>Phase II (Due Diligence)</b>					
<u>Number of Clients (external to SPARK)</u>					
Actual/Forecast	4.00	5.00	5.00	5.00	19.00
Budget/Proposed	5.00	5.00	5.00	5.00	20.00
Actual Over/(Under) Target	(1.00)	-	-	-	(1.00)
<u>Hours per Client (Avg) (external to SPARK)</u>					
Actual/Forecast	8.50	20.00	20.00	20.00	17.5789474
Budget/Proposed	5.00	5.00	5.00	5.00	5.00
Actual Over/(Under) Target	3.50	15.00	15.00	15.00	12.58
Memo: Total Phase II Hours	<b>34.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>334.00</b>
<b>Phase III (Intensive Service)</b>					
<u>Number of Client Engagements</u>					
Actual/Forecast	18.00	15.00	15.00	15.00	63.00
Budget/Proposed	15.00	15.00	15.00	15.00	60.00
Actual Over/(Under) Target	3.00	-	-	-	3.00
<u>Hours per Client Engagement (Avg)</u>					
Actual/Forecast	34.45	65.00	65.00	65.00	56.27
Budget/Proposed	65.00	65.00	65.00	65.00	65.00
Actual Over/(Under) Target	(30.55)	-	-	-	(8.73)
Memo: Total Phase III Hours	<b>620.10</b>	<b>975.00</b>	<b>975.00</b>	<b>975.00</b>	<b>3,545.10</b>

Smart Zone LDFA  
**FY 2011 FINANCIAL SUMMARY**  
as of September 30, 2011

						<b>BUDGET</b>	
	<u>ACTUAL</u> Q1	<u>FORECAST</u> Q2	<u>FORECAST</u> Q3	<u>FORECAST</u> Q4	Full Year	Amount	Forecast (Over)/Under Budget
<b><u>INCOME STATEMENT</u></b>							
<b>Revenues:</b>							
Tax Revenue	\$ 821,624	\$ 241,186	\$ 241,186	\$ 241,186	\$ 1,545,181	\$ 1,545,181	\$ -
Miscellaneous	-	-	-	-	-	-	\$ -
Microloan Repayments	-	22,917	22,917	22,917	68,750	68,750	\$ -
Investment Income	3,357	4,022	3,583	2,614	13,577	12,357	\$ 1,220
<b>Total Revenues</b>	<b>\$ 824,981</b>	<b>\$ 268,125</b>	<b>\$ 267,686</b>	<b>\$ 266,716</b>	<b>\$ 1,627,508</b>	<b>\$ 1,626,288</b>	<b>\$ 1,220</b>
<b>Expenditures:</b>							
<b><u>Contracted Services</u></b>							
SPARK BA Direct Staffing	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 300,000	\$ 300,000	\$ -
Phase II (Due Diligence)	3,400	10,000	10,000	10,000	33,400	50,000	\$ 16,600
Phase III (Intensive Service)	62,002	97,500	97,500	97,500	354,502	400,000	\$ 45,498
Phase IV (Accelerating Opportunities)	-	40,000	40,000	40,000	120,000	120,000	\$ -
Micro Loan Program for Entrepreneurs	137,500	-	137,500	-	275,000	275,000	\$ -
Micro Loan Reuse of Repaid Loans	-	22,917	22,917	22,917	68,750	68,750	\$ -
Angel Investment Group Support	-	10,000	10,000	10,000	30,000	30,000	\$ -
Business Networking Events	5,390	8,203	8,203	8,203	30,000	30,000	\$ -
Entrepreneurial Education	8,326	10,558	10,558	10,558	40,000	40,000	\$ -
Entrepreneurs Bootcamp	4,000	12,000	12,000	12,000	40,000	40,000	\$ -
Cantillon Web Based Education	-	1,667	1,667	1,667	5,000	5,000	\$ -
<b>Total Contracted Services</b>	<b>295,618</b>	<b>287,845</b>	<b>425,345</b>	<b>287,845</b>	<b>1,296,652</b>	<b>\$ 1,358,750</b>	<b>\$ 62,098</b>
<b><u>SPARK Indirect Services</u></b>							
SPARK Central Business Incubator	38,835	43,055	43,055	43,055	168,000	\$ 168,000	\$ -
SPARK Accounting	15,798	15,798	15,798	15,798	63,191	63,191	\$ -
SPARK Marketing	11,612	18,879	18,879	18,879	68,250	68,250	\$ -
	<b>66,244</b>	<b>77,732</b>	<b>77,732</b>	<b>77,732</b>	<b>299,441</b>	<b>\$ 299,441</b>	<b>\$ -</b>
<b><u>City of Ann Arbor Services</u></b>							
Legal & Admin. Support	472	16,509	16,509	16,509	50,000	50,000	\$ -
<b>Total Expenditures</b>	<b>\$ 362,335</b>	<b>\$ 382,086</b>	<b>\$ 519,586</b>	<b>\$ 382,086</b>	<b>\$ 1,646,093</b>	<b>\$ 1,708,191</b>	<b>\$ 62,098</b>
<b>Net Increase/Decrease</b>	<b>\$ 462,647</b>	<b>\$ (113,962)</b>	<b>\$ (251,900)</b>	<b>\$ (115,370)</b>	<b>\$ (18,585)</b>	<b>\$ (81,903)</b>	<b>\$ (60,878)</b>
<b>Memo:</b>							
Fund Balance (6/30/2011)	\$ 582,092						
Fund Balance - Operations (Qtr End)	\$ 1,044,739	\$ 930,777	\$ 678,877	\$ 563,507	\$ 563,507	\$ 500,189	

Category	Detail	Fiscal Year			Measureable		
		Incurred	Year	Billed	Unit Descrip.	Number	\$ Amount
		Qtr		Qtr			
SPARK BA Direct Staffing	July 11	1	2012	1	Direct Staff	1.00	\$ 25,000.00
Phase II (Due Diligence)	July 11	1	2012	1	Hours	14.00	\$ 1,400.00
Phase III (Intensive Service)	July 11	1	2012	1	Hours	226.44	\$ 22,644.00
Angel Investment Group Support	July 11	1	2012	1		1.00	\$ -
SPARK Central Business Incubato	July 11	1	2012	1	Facility Exp	1.00	\$ 10,962.69
Business Networking Events	July 11	1	2012	1	Events	1.00	\$ 1,222.12
SPARK Accounting	July 11	1	2012	1	Accting Svc	1.00	\$ 5,265.92
SPARK Marketing	July 11	1	2012	1	Marketing	1.00	\$ 4,121.46
Entrepreneurial Education	July 11	1	2012	1	Events	1.00	\$ 2,052.95
Legal & Admin. Support	July 11	1	2012	1	Legal for Cantillon	1.00	\$ 255.00
SPARK BA Direct Staffing	Aug 11	1	2012	1	Direct Staff	1.00	\$ 25,000.00
Phase II (Due Diligence)	Aug 11	1	2012	1	Hours	10.00	\$ 1,000.00
Phase III (Intensive Service)	Aug 11	1	2012	1	Hours	267.52	\$ 26,752.00
Angel Investment Group Support	Aug 11	1	2012	1		1.00	\$ -
SPARK Central Business Incubato	Aug 11	1	2012	1	Facility Exp	1.00	\$ 13,691.88
Business Networking Events	Aug 11	1	2012	1	Events	1.00	\$ 2,421.27
SPARK Accounting	Aug 11	1	2012	1	Accting Svc	1.00	\$ 5,265.92
SPARK Marketing	Aug 11	1	2012	1	Marketing	1.00	\$ 2,424.75
Entrepreneurial Education	Aug 11	1	2012	1	Events	1.00	\$ 2,042.95
Legal & Admin. Support	Aug 11	1	2012	1	Legal for Cantillon	1.00	\$ 75.00
SPARK BA Direct Staffing	Sept 11	1	2012	2	Direct Staff	1.00	\$ 25,000.00
Phase II (Due Diligence)	Sept 11	1	2012	2	Hours	10.00	\$ 1,000.00
Phase III (Intensive Service)	Sept 11	1	2012	2	Hours	126.06	\$ 12,606.00
Angel Investment Group Support	Sept 11	1	2012	2		1.00	\$ -
SPARK Central Business Incubato	Sept 11	1	2012	2	Facility Exp	1.00	\$ 14,180.01
Business Networking Events	Sept 11	1	2012	2	Events	1.00	\$ 1,747.02
SPARK Accounting	Sept 11	1	2012	2	Accting Svc	1.00	\$ 5,265.92
SPARK Marketing	Sept 11	1	2012	2	Marketing	1.00	\$ 5,065.75
Entrepreneurial Education	Sept 11	1	2012	2	Events	1.00	\$ 4,230.00
Entrepreneurs Bootcamp	Sept 11	1	2012	2	matching funds	1.00	\$ 4,000.00
Micro Loan Program for Entrepren	Sept 11	1	2012	2	first tranch	1.00	\$ 137,500.00



Ann Arbor-Ypsilanti Smart Zone  
Local Development Finance Authority  
Ann Arbor SPARK  
Quarterly Report  
July 1, 2011 – September 30, 2011

**Work Accomplished**

**Number and identity of companies in each phase, plus relevant aspects of commercialization**

**35 Phase I companies were referred to other service providers due to location or not meeting business type criteria. 20 were located outside the Ann Arbor City limits.**

**The following companies were in Phase II Due Diligence this quarter but have not reached Phase III**

Uniq ID	Opportunity Description	Account Description
4236	Business Planning	An online personal and professional networking site for physicians
659	Funding and business assistance	Software for computational biology
2166	Business Plan	Technology to detect Static Electricity buildup and potential discharge
4167*	Accounting Setup	An intubation device that is easy-to-use and improves first-pass success rates for inexperienced practitioners
4174	IP Work	Creator of a conducting polymer
3914	Business Planning	Advanced Planning and Scheduling solutions for Healthcare Facilities
2316	Marketing Plan	Vacuum and hermetic packaging of MEMS using solder.
2316	Scale Up strategic work	Vacuum and hermetic packaging of MEMS using solder.
4076	Business Planning	Ophthalmic pharmaceuticals for vision loss due to photoreceptor cell death
4406	Legal, Strategic Assistance	“Recommender System” (RS) for websites built with Drupal Content Management System
297	Sales & Growth Planning	Software to help foreign nationals reduce their accent and English speakers to understand foreign accents.
4383	Business Assistance	New material for cooling and power generation applications
4341	Customer Engagement	Fleet management software
4210	Sales Workshop	Supply chain software development company
338	Marketing and Sales assistance	Information and news aggregator and filter
3645*	Business Planning	Mass Spec results data improvement for the purpose of discovering diagnostic biomarkers
4210	Phase 2 Due Diligence	Supply chain software development company

<b>4012</b>	Phase 2 re-assessment of business model	Software helps companies build pro formas.
<b>3627</b>	New Business Inquiry - Marketing assistance	Conference management solution
<b>2002</b>	Assist in developing packet for strategic partner or investor pitch	Recharging system for electric vehicle
<b>3009</b>	Scope of work determination for next engagement	Fully integrated green building company.
<b>2159*</b>	Business plan and financial model development for funding	Online healthcare portal for consumers

\*Denotes University of Michigan technology

### The following companies received Phase III level support

23 companies received business accelerator engagements this quarter vs. 10 last year. These companies currently have 81.1 FTEs (Full Time Equivalent)

Uniq ID	Opportunity Description	Account Description	BA Contract Amt	BA Expenditures
<b>3645*</b>	Market Validation	IROA, in the application of metabolomics for the purpose of discovering diagnostics biomarkers	\$4,000	\$4,000
<b>3995</b>	Development Work	3D Vision System	\$10,000	\$3,000
<b>4141</b>	Design work	Creator of online portal to connect care consumers and care providers	\$6,700	\$6,700
<b>2880</b>	Sales Assistance	Serves therapists who are independently practicing with a software as a service (SaaS) platform to manage patient information.	\$15,000	\$15,000
<b>1282*</b>	IP work	Spectral analysis for red blood cells	\$2,000	\$2,000
<b>4354</b>	Regulatory Assistance	A medical device firm that provides foam dressing kits that are used in negative pressure wound therapy.	\$6,500	\$6,500
<b>3502*</b>	Design and integration work	Developer of onsite alternative energy, anaerobic digestion of food waste to energy	\$4,000	\$4,000
<b>4067</b>	Legal Assistance	JEE software application	\$1,000	\$1,000
<b>3105*</b>	Assist with fundraising efforts	Picoammeters, electrical test and measurement instrumentation	\$10,000	\$10,000
<b>793*</b>	Establish their accounting system	Interactive educational for K-12, college, professional	\$1,000	\$1,000
<b>4354</b>	Market Map	A medical device firm that provides foam dressing kits that are used in negative pressure wound therapy.	\$3,200	\$3,200
<b>3614*</b>	Sales Video	Next generation Electronic Health Records solution SaaS model.	\$3,650	\$2,831

2539	Financial Model, competitive Analysis	Hospital bed communication tablet	\$5,000	\$5,000
4141	Seeking general business assistance	Creator of online portal to connect care consumers and care providers	\$3,300	\$3,300
3074*	Spec Mobile App	A system to provide modern hospitals with a modern communications solution.	\$3,000	-
3074*	Financial Modeling	A system to provide modern hospitals with a modern communications solution.	\$2,000	\$775
4052	Strategic Planning	Creator of App for the Apple store dealing with children with disabilities	\$2,000	\$800
3010*	Marketing plan	Faster and more effective Integrated Circuit (IC) design quality control software.	\$6,500	\$5,772
4167*	Legal Work	An intubation device that is easy-to-use and improves first-pass success rates for inexperienced practitioners	\$750	-
2969*	Accounting System setup	Point of sale software and hardware for coffee shops	\$3,500	-
3006	Business Planning	Simulation applications for real-world activities	\$10,000	\$9,583
3502*	Design and Technical work	Developer of onsite alternative energy, anaerobic digestion of food waste to energy	\$2,000	\$2,000
3614*	Customer Introductions and strategy work	Next generation Electronic Health Records solution SaaS model.	\$5,000	-
4111*	Financial Model and Pricing Strategy	Youth Risk Assessment tool	\$2,350	-
4111*	Go to Market Strategy	Youth Risk Assessment tool	\$4,000	-
3502*	Sterling Engine feasibility	Developer of onsite alternative energy, anaerobic digestion of food waste to energy	\$2,000	-
4167*	Design Work	An intubation device (the SmartAirway) that is easy-to-use and improves first-pass success rates for inexperienced practitioners	\$8,400	\$3,865
793*	Business Plan and Strategic Planning	Interactive classroom software and tools to increase student learning.	\$9,000	\$8,000
2539	Competitive Mapping	Hospital bed communication tablet	\$8,000	\$4,000
3454	Legal work	Health device for the prevention of Sexually Transmitted Infections that otherwise are transmitted by oral sex	\$2,000	\$2,000
481	Business plan and financial assistance	Vortal for graphic arts purchasers	\$10,000	-
1465	Market research	Self-Structuring Antenna for wireless applications	\$18,000	\$2,300
3577	Sales and Marketing Process Development	State-of-the-art protein mass spectrometry service provider	\$20,000	\$14,247
<b>Total</b>			<b>\$193,850.00</b>	<b>\$16,547.00</b>

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**No companies received Phase IV level support this quarter.**

We have created the Advisory Committee to review all applicants for Phase IV assistance and guidelines for assistance. Two companies are being considered for assistance in Q2.

**Microloans**

Akervall Technologies repaid their \$15,000 loan with interest 9 months early. They used the funds to ramp up manufacturing to meet potential demand. Sales of the company’s unique dental device exceeded expectations. One new job was created in 2011 with more employees needed as sales continue to grow.

One new loan was closed this period. A company developing a therapy for treatment of bone-related conditions was loaned \$28,000 to complete a ‘dose finding’ study to confirm that the drug profile in small animals is the same for large animals and primates.

One loan was approved for \$45,000 and closed in Q2 and one other company loan application for \$25,000 was under review at the end of the quarter.

Number of Loans to Date	Total Value of Loans to Date	Loans Written Off to Date	Value of Loans Written Off	Loans Paid to Date	Loan Amount Repaid to Date – Including Interest	Current FTE Jobs	Retained FTE Jobs
22	\$664,000	3	\$77,700	2	\$34,495	66	53

**SPARK Central Incubator**

Total number of Full Tenants (those in a cubicle with secure space and full privileges) totaled 8 companies with 13 seats during this quarter. Tenants are charged a license fee per seat, or person(s) using the space.

Uniq ID	Account Description	Incubator Start Date	Incubator Exit Date	Incubator Seats
4243	Website for building construction project, repair and supply bids.	7/18/2011	1/18/2012	1
2610	Online management system for automotive incentives	2/1/2011	12/31/2011	1
2159*	Online healthcare portal for consumers	6/1/2009	12/31/2011	1
4141	Creator of online portal to connect care consumers and care providers	5/1/2011	11/1/2011	1
3010*	Faster and more effective Integrated Circuit (IC) design quality control software.	1/1/2010	8/31/2011	2
438*	Ultra low power semi-conductor chips	10/6/2009	12/31/2011	2
3221	Provider of advanced software solutions for sewer modeling to municipalities and engineering consultants	12/1/2010	12/31/2011	1
3616	Gasoline systems	8/8/2010	9/14/2011	4
<b>8 Companies</b>			<b>Total Seats</b>	<b>13</b>

\*Denotes University of Michigan

**Virtual Tenants**

Uniq ID	Account Description	Virtual Start Date	Virtual End Date
3418	Children's financial learning program	7/1/2010	12/31/2011
2945	Energy monitoring technology for residential applications	7/1/2010	8/1/2012
1282*	Spectral analysis for red blood cells	7/1/2010	12/31/2011
2156	Vision-assisted robot guidance applications	7/1/2010	12/31/2011
2550	Patent advisor	7/1/2010	12/31/2011
2634	Web based applications for Chambers of Commerce	2/1/2011	2/1/2012
2966	World class enterprise level internet e-commerce solutions for small to medium sized businesses	7/26/2010	12/31/2011
2821	A firmware application for collecting/analyzing multiple patient parameters in an ICU in real time	9/1/2010	12/31/2011
2854	Michigan State Incubator Association	6/7/2011	12/7/2011
271	Risk management- IT security, etc.	7/1/2010	12/31/2011
2790	Software that will provide needed healthcare quality management business solutions for hospitals using SaaS	7/1/2010	9/30/2011
4227	Engineering srvc, including advanced FEA, CAD, and high-end design solutions	5/13/2011	6/12/2012
3645*	IROA, in the application of metabolomics for the purpose of discovering diagnostics biomarkers	4/1/2011	12/31/2011
2539	Hospital bed communication tablet	11/1/2010	12/31/2011
3914	Advanced Planning and Scheduling (APS) solutions (adapted from manufacturing) will improve the utilization of doctors, nurses, beds and equipment.	2/1/2011	12/31/2011
3360	Managed services provider for healthcare providers	10/1/2011	9/30/2012
4349	Consultant firm focusing on Chinese relations	10/1/2011	9/30/2012
3010*	Faster and more effective Integrated Circuit (IC) design quality control software.	9/1/2011	2/29/2012
338	CI for the middle-market, news portal for suppliers - KM Solution	7/1/2010	12/31/2011
4346*	The e-commerce Company specializing in furniture and appliances.	9/1/2011	9/30/2011
<b>Total = 20</b>			

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## Hosted Networking and Educational Events

Event Name	Date	Place of Event	Approx # of attendees		Purpose of Event
			Entrepreneurs	Total Attendees	
Ann Arbor OpenCoffee	7/12/11, 8/9/11, 9/13/11	SPARK - Central	40	71	<u>Description:</u> This is a networking event for entrepreneurs, investors and those who work with technology & innovation businesses, particularly in IT, cleantech and life sciences.
BioArbor	9/14/2011	SPARK - Central	30	72	<u>Description:</u> BioArbor hosts educational networking events for the life sciences industry in the greater Ann Arbor area.
1 BioArbor event was webcast during Q1. 10 live online views and 78 archived views.					
Business Accelerator Consultants Meeting	7/15/11, 8/19/11, 9/16/11	SPARK - Central	14	53	<u>Description:</u> Monthly Business Accelerator meeting to update consultants on SPARK and review projects.
Business Law and Order	9/19/11	SPARK - Central	9	19	<u>Description:</u> Business Law & Order Series will give entrepreneurs insight into some of the most important legal issues they must consider during business formation.
1 Business Law and Order event was webcast during Q1. 7 live online views and 52 archived views.					
Business Law and Order Committee Lunch	7/26/11	SPARK - Central	0	6	<u>Description:</u> Committee meeting to review the past year and initiate plans for next year's programs.
CFO Roundtable	9/15/11	SPARK - Central	5	19	<u>Description:</u> The CFO Roundtable is a monthly opportunity for Washtenaw area CFOs and other top financial representatives within an organization to network, interact, and learn from their peers as well as from interesting speakers.
Hot Shots: Career Connections	7/26/11, 8/30/11, 9/27/11	Melange, Arbor Brewing Company, Sava's	8	158	<u>Description:</u> Hot Shots is an event for talent seeking opportunities for themselves.
Marketing Roundtable	9/13/11	SPARK - Central	3	27	<u>Description:</u> The Marketing Roundtable is a ten-session monthly series featuring regional marketing professionals who will discuss practical and cost-effective innovation marketing.
1 Marketing Roundtable event was webcast during Q1. 15 live online views and 52 archived views.					
MEF	7/4/11, 8/4/11, 9/8/11	SPARK - Central	33	135	<u>Description:</u> This is a monthly panel discussion and networking event to facilitate collaboration and networking among practitioners, policy makers, investors and professionals.

3 Michigan Energy Forum events were webcast during Q1. 13 live online views and 286 archived views.

NEF	9/15/11	SPARK - Central	27	53	Description: A panel of experts will discuss the steps entrepreneurs need to take when structuring a deal to grow their company utilizing someone else's money. Terminology will be explained, along with examples and Q&A
Entrepreneur Education: 1 Marketing Roundtable event was webcast during Q1. 17 live online views and 59 archived views.					
Marketing Roundtable Summer Workshop (EE)	7/12/11, 8/9/11	SPARK – Central	25	61	Description: The committee members sit one-on-one with the entrepreneurs helping them with strategic planning when it comes to the marketing help they need.
		Total	311	1173	

**Sponsored Events**

Event Name	Date	Place of Event	Approx # of attendees		Purpose of Event
Entrepalooza - Lunch and Learn	August 26, 2011	Ann Arbor, MI	250	300	Educating student entrepreneurs
1000 Pitches	August 31, 2011	Ann Arbor, MI	400	450	To expose students to entrepreneurship and to support student ventures.

**Significant Deviation from Scope of Work**

**Business Services**

The traditional Fall Boot Camp program for early stage companies did not take place. The Spring Boot Camp will be held in March 2012.

Ann Arbor SPARK is in the process of creating an invitation only program (Accelerating Your Sales) that will provide senior management teams from funded companies opportunity for intense work on a plan to grow revenue and attract the attention of the marketplace and future funders. Targeting January 2012 for launch of program.

**LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE  
CITY OF ANN ARBOR AND CITY OF YPSILANTI**

**BY-LAWS**

Preamble

The By-laws of the ~~Ann Arbor – Ypsilanti SmartZone~~ Local Development Finance Authority of ~~the City of Ann Arbor and City of Ypsilanti~~ are supported by the Agreement between the Cities of Ann Arbor and Ypsilanti, executed June 17 and 18, 2002, and intended to establish the Local Development Finance Authority jointly between the two communities.<sup>1</sup>

**Comment [mjf1]:** The Agreement between the City of Ann Arbor and City of Ypsilanti specifically names the Authority as stated. For consistency between the Agreement and the By-laws, amendments to the Preamble and Article I as indicated are recommended as administrative amendments.

Article I - Name

The name of this authority ~~when created is the Local Development Finance Authority of the City of Ann Arbor and City of Ypsilanti ("the Authority" or "LDFA"). For business purposes it shall be referred to as~~ the ~~Ann Arbor – Ypsilanti SmartZone~~ Local Development Finance Authority.

Article II – Principal Office

The principal office of the ~~Ann Arbor – Ypsilanti SmartZone~~ Local Development Finance Authority shall be that of the government offices of the City of Ann Arbor, currently located at Guy C. Larcom, Jr. Municipal Building, ~~100 N. Fifth Avenue 301 E. Huron Street~~, Ann Arbor, Michigan 48104.<sup>2</sup>

**Comment [mjf2]:** With the construction of the new Justice Center, the address for the City has changed to 301 E. Huron Street. Recommended administrative amendment.

Article III – Purpose

Public Act 281 of 1986, as amended by Public Act 248 of 2000 provides for the designation of "SmartZones" by the Michigan Economic Development Corporation, for the creation of "certified technology parks" within these SmartZones, and for the funding of these SmartZones through the creation of Local Development Finance Authorities. These Zones and the accompanying certified technology parks are established to promote the economic growth of specific areas within the community.

Article IV – Members and Terms

Section 1. Number of Members: The Board of the LDFA shall consist of nine voting members appointed in the following manner: The City of Ann Arbor shall appoint six (6) members. ~~One of the City of Ann Arbor appointments shall be a Council member;~~ ~~†~~The City of Ypsilanti shall appoint three (3) members.

**Comment [mjf3]:** Amendments to Article IV(1), (2), (3) and (4) proposed by Ann Arbor City Council

<sup>1</sup> Original By-laws approved LDFA (with attorney recommendations) 12/18/2002; City of Ann Arbor 1/21/2003; City of Ypsilanti 1/21/2003

<sup>2</sup> Amended LDFA Board 4/17/2007; City of Ann Arbor 5/21/2007 (R-193-5-07); City of Ypsilanti 5/15/2007



Section 2. Terms of Members: Excepting the initial terms, which shall be staggered, all appointments shall be four years, except that the City of Ann Arbor Council member shall be appointed to a 4-year term subject to annual confirmation consistent with the process for appointment of Council members to authorities, boards and commissions, which appointment shall cease if he/she ceases to be a member of the City of Ann Arbor City Council. Before assuming the duties of office, a member shall qualify by taking and subscribing to the constitutional oath of office.

Section 3. Reappointment of Members: ~~Except for initial appointments to the Board, no member shall serve more than one complete (4 year) term.~~ Members shall serve until the appointment of their successor,<sup>3</sup> except that the City of Ann Arbor Council member shall serve at the pleasure of the City of Ann Arbor Council and shall be appointed or removed consistent with the process for appointment of Council members to authorities, boards and commissions. The Board shall notify the appropriate unit of government at least 60 days prior to the expiration of the member's term.<sup>4</sup>

Section 4. Removal of Members: Except the City of Ann Arbor Council member, who serves at the pleasure of the City of Ann Arbor Council, ~~subject to notice and an opportunity to be heard, all other~~ members of the Board may be removed by the governing body appointing the member before the expiration of his or her term for cause. A finding of cause shall be made by the Board for unexcused absences, failure to report a conflict of interest or other action as deemed detrimental to the efficient and honest operations of the LDFA. Such finding and the documentation, if applicable, shall be reported to the appropriate governing body for its action. The governing body shall provide notice and opportunity to be heard to the member subject to removal. Notice of its decision will be forwarded to the LDFA Board. A finding of cause may be made by the governing body appointing the member for ineligibility for City appointed office as well as the finding stated above. Removal of a member is subject to review by the Circuit Court.

Section 5. Ex-officio Members: The Board may from time-to-time appoint such ex-officio members as may be appropriate. Such ex-officio members will include a representative of the Michigan Economic Development Corporation or its successor organization. Ex-officio members shall be non-voting members of the Board.

Section 6. Vacancies: An appointment to fill a vacancy shall be made in the same manner as the original appointment. An appointment to fill an unexpired term shall be for the unexpired portion of the term only.

#### Article V – Officers

<sup>3</sup> Amended LDFA Board 4/17/2007; City of Ann Arbor 5/21/2007 (R-193-5-07); City of Ypsilanti 5/15/2007

<sup>4</sup> Amendment confirmed LDFA Board 2/12/2008; City of Ann Arbor 3/17/2008 (R-08-108); City of Ypsilanti 5/08/2008

Section 1. Officers: The officers of the Board shall be a Chair, a Vice Chair, a Treasurer and a Recording Secretary. All officers shall be member of the Board, with the exception of the Recording Secretary who need not be a member of the Board.

Section 2. Removal of Officers. An officer may be removed by the Board whenever in its judgment the best interest of the Board will be served.

Section 3. Chair. The Chair shall preside at all meetings of the Board and shall discharge the duties as a presiding officer.

Section 4. Vice Chair. In the absence of the Chair or in the event of inability to serve as Chair, the Vice Chair shall perform the duties of the Chair and when so acting, shall have all the powers and be subject to all restrictions of the Chair.

Section 5. Treasurer. The Treasurer shall prepare for submittal to each city an annual budget reflective of the tax increment revenues to be captured in that community. An annual audit will be made each year as part of the regular City audit.

Section 6. Recording Secretary. The Recording Secretary or a designee shall attend all meetings of the Board and record all votes and the minutes of all proceedings in a book to be kept for that purpose. The Recording Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors and shall perform such other duties as may be prescribed by the Board. The Recording Secretary shall, when authorized by the Board, attest by signature to actions of the Board.

Section 7. Delegation of Duties of Officers. In the absence of any officer of the corporation, the Authority may delegate the powers and duties of any officer to any director provided a majority of the Authority then in office concurs therein.

Section 8. Election of Officers. Nominations shall be made from the floor at the Annual Meeting ~~in July~~. The term of office shall be for one year and begin at the close of the annual meeting at which they are elected. No member shall hold more than one office at a time. No member shall hold the same office for longer than two terms.

#### Article VI - Meetings

Section 1. Annual Meeting. An annual meeting shall be held the first regular meeting in July at a time and place to be set by the Board, ~~or such other date as by may be established by the Board~~. Election of officers shall occur at the annual meeting. If the election of officers does not occur at the annual meeting, the Board shall cause the election to be held at a regular or special meeting of the Board within 90 days of the Annual Meeting.

**Comment [mjf4]:** Recommended administrative amendment to provide flexibility to the Board to set its annual meeting schedule.

Section 2. Regular Meetings. Regular meetings of the Board shall be held at a time and place to be set by the Board. At least six regular meetings per year shall be held. The Board records shall be open to the public.

Section 3. Special Meetings. Special meetings of the Board may be called by the Chair, the Vice Chair in the absence of the Chair, or by any three Authority members by giving 24 hours notice of the meeting, stating the purpose of the meeting and by posting a notice not less than 18 hours prior to the meeting in the lobby of the City Halls of Ann Arbor and Ypsilanti.

Section 4. Notice of Meetings. All meetings shall be preceded by public notice posted 18 hours prior to the meeting in accordance with Act 267 of the Public Acts of 1976 as amended.

Section 5. Agenda. The recording secretary shall prepare the agendas for all meetings and send them to the Board members at least 24 hours prior to the meeting. Any member of the Board may request any item to be placed on the agenda.

Section 6. Minutes. The recording secretary shall prepare the minutes of each meeting. Upon approval by the Board, the minutes shall be furnished to the governing bodies of Ann Arbor and Ypsilanti in a timely manner. On a quarterly basis, these minutes shall be accompanied by a written progress report of activities undertaken by the LDFA.

Section 7. Quorum and Voting. A majority of the members of the Board in office shall constitute a quorum for the transaction of business, provided at least one member appointed by each community is present. A vote of five members shall constitute the action of the Board unless the vote of a larger number is required by statute, or elsewhere in these By-laws. In the event that effective membership is reduced because of a conflict of interest, a majority of the remaining members eligible to vote shall constitute the action of the Board. In no event shall less than five affirmative votes constitute action of the Board.

Section 8. Rules of Order. Robert's Rules of Order will govern the conduct of all meetings unless otherwise determined by the Board.

Section 9. Open and Closed Meetings. All regular and special meetings of the Board shall be open to the public. Closed meetings of the Board may be called for purposes listed in the Open Meetings Act 267 of the Public Acts of 1976 as amended if approved by the Authority.

Section 10. Conflict of Interest. A director who has a conflict of interest in any manner before the Board shall disclose that interest prior to the Board taking any action with respect to the matter. This disclosure shall become part of the record of the Board's official proceedings. Any member making such disclosure shall then refrain from participating in the Board's decision-making process relative to such matters. Conflict of interest shall include, but not be limited to, direct personal or professional benefit to the Board member or an entity in which the Board member serves as an officer, shareholder, or holds another financial interest.

#### Article VII - Board Committees and Advisory Committees

Section 1. Board Committees. The Board, by resolution, may designate and appoint one or more committees to advise the Board. Committee members shall be members of the Board. The Chair of the Board shall appoint the members and select the Chair of the Board committees. The committees may be terminated by vote of the Board. At the annual meeting, the committees will be evaluated and reappointed or dissolved. A majority of the committee

will constitute a quorum. A majority of the members present at the meeting at which a quorum is present shall be the action of the committee. All Board committees shall be bound by the conflict of interest policy articulated in Article VI, Section 10 (above).

Section 2. Advisory Committees. The Board may, by resolution, authorize the establishment of advisory committees to the Board. All recommendations of Advisory Committees shall be brought before the full Board for approval before execution. Such recommendations are non-binding on the Board.

Section 3. Advisory Committee Conflicts of Interest. An advisory committee member who has a conflict of interest in any manner under discussion shall disclose that interest prior to discussion of this item. This disclosure shall become part of the record of the committee's official proceedings; however it shall not disqualify a committee member from discussion of such issue.

#### Article VIII – Contracts and Funds.

Section 1. Grants and Contracts. The Board may authorize an agent or agents of the Authority to enter into any grant or contract or execute and deliver any instrument on behalf of the Authority within the limits authorized by Public Act 281. The authorization may be general or confined to specific instances.

Section 2. Funds. The Chair of the Authority shall sign all orders for the payment of money issued in the name of the Authority. One other member of the Board may be authorized to execute documents in the absence of the Chair. All funds of the Authority shall be placed in such banks, trust companies, or other depositories as selected by the Cities of Ann Arbor and Ypsilanti.

#### Article IX – Books and Records

Section 1. Books and Records. The Authority shall keep correct and complete records of books and accounts and minutes of the meetings. The records shall be kept at the principal office of the Authority, which will have a record of the names and addresses of the members of the Authority. All books and records of the Authority shall be open to the public. An annual audit by an independent certified public accountant will be conducted. Said audit will be conducted by the City of Ann Arbor until such time as tax increment revenue is contributed by the City of Ypsilanti.

Section 2. Budget. The Treasurer shall annually cause to be prepared a budget, in accordance with the SmartZone plan and LDFA Agreements. No portion of the budget attributable to tax increment financing will become effective until approved by the community in which the revenue is generated. In no event shall revenues generated in one community be used for activities undertaken in another.

Section 3. Fiscal Year The fiscal year of the Authority shall begin on the first day of July and end on the last day of June of each year.

Article X – Raising of Funds

Section 1. Tax Increment Financing When the Authority determines that it is necessary for the achievement of the purposes of Act 281 of 1986, as amended, the Authority shall prepare and submit a tax increment financing plan to the City Councils of Ann Arbor and Ypsilanti. The plan shall include a development plan as required by the law, a detailed explanation of the tax increment procedure, the duration of the program and shall be in compliance with the Act. The plan shall contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located. The plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the Authority shall be clearly stated in the tax increment financing plan. Any overlapping Authorities in effect at the time of the development of this plan shall be considered senior to this Authority.

Section 2. Other Grants The Authority may apply for, request and accept any other grants as may be awarded from time to time, in so far as these grants and gifts are intended to further the purpose of the Authority.

Article XI – District Boundaries

The Authority shall exercise its powers within the area of the Ann Arbor – Ypsilanti SmartZone Tax Increment Financing District ~~(“Authority District”) as described in Attachment 1.~~ The governing body of the municipalities may alter or amend the boundaries of the ~~development Authority~~ District to include or exclude lands from the purview of the Authority pursuant to the same requirements ~~prescribed~~ for adopting the ~~ordinance resolution~~ creating the Authority.

**Comment [mjf5]:** “Attachment 1” has not been historically attached. Recommend removal of language and separate publication of the Authority District Map.

**Comment [mjf6]:** Alteration of the boundaries of the authority district must conform to the procedures established by statute; which procedure requires a resolution not ordinance be adopted.

Article XII - Indemnification

Section 1. Personal Liability. A Director of the Authority shall not be personally liable to the Authority or members of the Authority for monetary damages for breach of the director’s fiduciary duty. Directors of the Authority shall not be personally liable to third parties or persons for monetary damages for breach of the director’s fiduciary duty.

This provision does not eliminate or limit the liability of a director for any of the following:

- ~~1-~~ A. A breach of the director’s duty of loyalty to the Authority;
- ~~2-~~ B. Acts or omissions not in good faith that involve intentional misconduct or in knowing violation of the law;
- ~~3-~~ C. A transaction from which a director received an improper personal benefit.

**Comment [mjf7]:** Numbering change consistent with rest of document.

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Section 2. Indemnification. A claim for monetary damages for breach of a director’s duty to any person other than the Authority or its members shall not be brought or maintained against a director. Such claim shall be brought or maintained instead against the Authority.

A. The Authority shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal, including all appeals, other than an action by or in the right of the Authority, by reason of the fact that the person is or was a director, officer, employee, or agent of the Authority, or is or was serving at the request of the Authority as a director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses including attorneys’ fees, judgments, fines, and amounts paid and settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Authority, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or on a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the Authority, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

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B. The Authority shall indemnify an person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit, including all appeals, by or in the right of the Authority to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee, or agent of the Authority, or is or was serving at the request of the Authority as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including attorneys’ fees, actually and reasonably incurred by the person in connection with the defense or settlement of the action or suit, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Authority.

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C. To the extent that a director, trustee, officer, employee, or agent has been successful on the merits or otherwise in defense of any action, suit, or proceeding, or in the defense of any claim, issue, or matter in that action, suit or proceeding covered under this Bylaw, he or she shall be indemnified against expenses, including attorneys’ fees, actually and reasonably incurred by him or her in connection with the action, suit, or proceeding and in any action brought to enforce the mandatory indemnification provided in this Bylaw.

- D. Unless ordered by a court, any indemnification made shall be made by the Authority as authorized in the specific case on a determination that indemnification is proper in the circumstances. The determination shall be made by a majority vote of a quorum consisting of directors not a party to the action, suit or proceeding. If a quorum is not obtainable, then the determination shall be made by a majority of a committee of directors not party in the action, suit, or proceeding, or otherwise as allowed by law.
- E. Expenses of each person seeking indemnification under this Bylaw may be paid by the Authority as the expenses are incurred in advance of the final disposition of the action, suit, or proceeding, as authorized by the Board of Directors.
- F. The indemnification provided by the Article shall not be deemed exclusive and shall be in addition to any other rights to which those seeking indemnification may be entitled as a matter of law, or under Articles, these Bylaws or any agreement or vote of shareholders, any insurance purchased by the Authority or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding that office, and shall continue as to a person who has ceased to be a director, trustee, officer, employee, or agent, and shall inure to the benefit of the heirs, executors, and administrators of that person.
- G. The Authority may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Authority, or is or was serving at the request of the Authority as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against him or her and incurred by him or her in that capacity, or arising out of his or her status in that capacity, whether or not the corporation would have the power to indemnify him or her against liability under the provisions of the Article or the laws of the State of Michigan.
- H. It is the intention of the Authority and of these Bylaws to provide at least the maximum amount of protection for directors allowed by the laws of the State of Michigan.
- I. The rights to indemnification and advancement of expenses under this Bylaw shall be a contract right.

#### Article XIII - Amendment of By-Laws

These By-Laws may be amended at any regular meeting of the Board by a majority vote, provided that the amendment has been submitted in writing at the previous regular meeting. Any amendment approved by the Board shall be consistent with this Article, to the extent

required by the terms of the SmartZone Development Agreement and TIF Plan, and all applicable statutes, resolutions and agreements of the member municipalities. Amendments to the By-Laws, after approval by the Board, shall be provided to member municipalities, and unless objected to by at least one of the governing bodies of the member municipalities within thirty (30) days of the receipt by the Clerk of the governing body of the proposed amendment shall become effective.<sup>5</sup>

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<sup>5</sup> Amended LDFA Board 4/17/2007; City of Ann Arbor 5/27/2007 (R-193-5-2007; City of Ypsilanti 5/15/2007