

MINUTES

**Ann Arbor-Ypsilanti SmartZone
Local Development Finance Authority
Board of Directors**

July 21, 2004

4:00 PM

**Eastern Michigan University
College of Business**

Members Present: Mike Reid, Chris Ballman, Richard King, Mickey Katz-Pek, Jeff Mason, Steve Pierce, Rob Risser,

Absent: John Gawlas

Staff Present: Susan Lackey, WDC

Call to Order: Chair Risser called the meeting to order at 4:05 PM. A quorum was present.

Discussion of 2004/2005 Contracts: The Board discussed contract language, and requested that Chris Ballman work with Susan Lackey to finalize details of the legal elements. Key items to be added, in addition to editing issues, are that payment shall be made upon receipt of the required materials, *not later than the 15th of the month following the end of the quarter*. Additionally, a termination clause was added allowing for termination by either party on 90 days notice without cause.

In discussion of the metrics:

- 1) minor changes were made separating 'clients interviewed' from discussion of the formal accelerator clients,
- 2) companies in the Accelerator program and paid for by the LDFA would be located principally in the Cities of Ann Arbor and Ypsilanti.
- 3) ITZone web site should reference LDFA funding, and include a link to SmartZone url. This url would be the location of the actual content developed under the web site metric.
- 4) Agreements should be executed with resources located in both areas of the SmartZone.

It was moved by Reid, seconded by Pierce, "To submit the contract with changes as discussed to the ITZone for their approval, SmartZone LDFA to execute in turn upon approval by the ITZone." Motion carried unanimously.

Next Meeting Date/Adjournment: The next meeting date will be August 11 for the Retreat. The first half of the meeting will be a general discussion of LDFA goals and objectives, with the Accelerator staff asked to attend the later part of the discussion.

It was moved by Reid, seconded by Katz-Pek, "To adjourn the meeting." Motion carried unanimously.

Respectfully submitted,

Susan A. Lackey, Recording Secretary

MINUTES

Ann Arbor-Ypsilanti SmartZone
Local Development Finance Authority
Board of Directors

August 9, 2004
8:30 AM

Retreat held at home of Mickey Katz-Pek

Members Present: Mike Reid, Chris Ballman, Richard King, Mickey Katz-Pek, , Steve Pierce, Rob Risser, John Gawlas

Absent: Jeff Mason

Staff Present: Susan Lackey, WDC; Chuck Salley, Ann Arbor ITZone, Jennifer Goulet, Ypsilanti DDA

Others Present: Mike Korybolski (prospective member), Roslyn Zator, MEDC

Call to Order: Chair Risser called the meeting to order at 8:30 AM. A quorum was present.

Business: The Board formed itself for informal discussions in Retreat to establish a 2004/2005 agenda. (notes attached.)

Next Meeting Date/Adjournment: LDFA will meet again at the call of the Chair.

It was moved by Reid, seconded by Katz-Pek, "To adjourn the meeting." Motion carried unanimously.

Respectfully submitted,

Susan A. Lackey, Recording Secretary

MINUTES

Ann Arbor-Ypsilanti SmartZone Local Development Finance Authority Board of Directors

November 9, 2004

Members Present: Mike Reid, Chris Ballman, Richard King, Mickey Katz-Pek, Jeff Mason, Rob Risser, John Gawlas, Mike Korybolski, Tom Kinnear

Absent: Steve Pierce

Staff Present: Susan Lackey, WDC; Chuck Salley, Ann Arbor ITZone

Call to Order: Chair Risser called the meeting to order at 7:30 AM. A quorum was present

Swearing in of new members: Mr. Risser introduced new Board members Mike Korybolski and Tom Kinnear. Oaths of office were administered.

Approval of Minutes from Prior Meetings: Minutes from the June 30, July 21, and August 9 meeting were presented. Jeff Mason noted that he was listed as both present and excused at the June 9 meeting, and confirmed that he was present. It was moved by Reid, seconded by Gawlas, "To approve the minutes with the correction." Motion carried unanimously.

Accelerator Contract: The Accelerator contract was presented, as negotiated by Chris Ballman and the attorney for the ITZone. Risser acknowledged the hard work Ballman had contributed in getting this to an agreed upon form. It was moved by Katz-Pek, seconded by Mason, "To approve the Accelerator Agreement as presented, and authorized the Chair to sign." Motion carried unanimously.

WDC Contract: A services contract was presented for secretarial services from the Washtenaw Development Council in the amount of \$4000 to cover staff and out-of-pocket expenditures. Board requested two changes: 1) Steve Pierce be named 'contract administrator' in his role as Treasurer. This avoids confusion with Susan Lackey being both contractor and contract administrator. It was also requested that 'Grantor and Grantee' be replaced with 'LDFA and Contractor' respectively. It was moved by Reid, seconded by Gawlas, "To approve the contract with the WDC as amended, and authorize the Chair to sign." Motion carried unanimously.

Report on Accelerator Status: Salley indicated that the Accelerator had recently completed a successful 'Boot Camp.' He also announced that Kurt Riegger, a local venture capitalist, had joined the ITZone ¾ time as executive director of the Accelerator. Diane Durance has joined the organization as director of membership programs. Salley remains President.

Authorization of 1st Q 2004/2005 Payment: It was moved by Katz-Pek, seconded by Korybolski, "To authorize the payment of the 1st quarter 2004/2005 reimbursement for the Business Accelerator, and direct the Recording Secretary to forward the payment request to the City of Ann Arbor Finance Department for payment." Motion passed unanimously.

Annual Report: Lackey presented the draft of the 2003/2004 Annual Report. Minor edits were suggested. Board members were instructed to provide staff with additional edits by November 11. It was moved by Korybolski, seconded by Gawlas, "To approve the Annual Report with edits, and authorize staff to distribute report to City Councils, State of Michigan and other stakeholders." Motion carried unanimously,

Meeting Schedule: Staff presented a draft meeting schedule for 2004/2005. It was moved by Korybolski, seconded by Gawlas, "To approve the meeting schedule as presented." Motion carried unanimously.

Lackey indicated that several policy and procedural items would need to be discussed over the next few months. These include: 1. nominating officers, discussion of UM TechCentral plan, emerging role of Ypsilanti in SmartZone, MEDC Fund-of-funds, proper promotion of SmartZone and others.

It was moved by Gawlas, seconded by Mason, "To adjourn the meeting at 9:05 AM." Motion carried unanimously.

Respectfully Submitted,
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Susan A. Lackey
Recording Secretary

MINUTES

Ann Arbor-Ypsilanti SmartZone Local Development Finance Authority Board of Directors

February 2, 2005

Members Present: Mike Reid, Chris Ballman, John Gawlas, Tom Kinnear, Steve Pierce

Absent: Richard King

Excused: Mike Korybolski, Mickey Katz-Pek, Rob Risser, Jeff Mason

Staff Present: Susan Lackey, WDC; Chuck Salley, Ann Arbor ITZone; Kurt Riegger, Ann Arbor ITZone

Call to Order: Treasurer Pierce called the meeting to order at 7:45. A quorum was present.

Approval of Minutes of November 9: Ballman noted technical corrections to the Minutes. It was moved by Kinnear, seconded by Gawlas, "To approve the minutes of the November 9 LDFA Meeting as corrected." Motion carried unanimously.

Accelerator Quarterly Report: Chuck Salley introduced Kurt Riegger, who has stepped up his participation in the Accelerator. In the most recent quarter, the Accelerator programs had expenses of \$129,709.51, and revenue of \$155,617.99. The November bootcamp was held, with 12 companies and 29 campers participating. Thirteen additional companies were evaluated as potential clients, with 22 evaluated for bootcamp.

The Board discussed the need for reports to reflect an appropriate level of detail without exposing proprietary information to disclosure. The level of detail provided in the quarterly report was viewed to be appropriate, without running the risk of setting up barriers to participation based on disclosure concerns.

Quarterly Accelerator Reimbursement: Treasurer Pierce presented the request for quarterly reimbursement of \$62,500 to the Board. It was moved by Gawlas, seconded by Ballman, "To approve the LDFA's 2nd quarter reimbursement to the Ann Arbor ITZone for Business Accelerator services in the amount of \$62,500, as agreed upon in the 2004/2005 contract." Motion carried unanimously.

Election of Officers: Due to delays in filling vacancies on the board, election of officers was not held in July in accordance with the by-laws. The board discussed succession of officers, as well as whether or not it was appropriate for elected officials to hold office. It was determined that there were concerns about elected officials holding the office of Chair, and that, generally, officers should move through a progression to Chair. There was also consensus that in a small board of this nature, these conventions should not be codified, since circumstances might dictate other decisions.

Tech-Led Economic Development: Lackey, Kinnear and Riegger led discussion about the University-driven tech-led economic development plan. Among the unsettled questions are funding, governance and coordination between entities. Lackey indicated that the goals of this effort are congruent with the challenges laid out by the LDFA in its retreat in August. She also noted that, alone among the parties to these discussions, the LDFA has an established source of funding from the tax increment.

After some discussion, the Board directed Lackey to draft a letter for the Chair to Marvin Parnes at University of Michigan, asking that an LDFA Board member be included in discussions of this plan as a significant potential funder.

There being no further discussion, the meeting was adjourned at 9:08 AM.

Respectfully Submitted,

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Susan A. Lackey
Recording Secretary

MINUTES

Ann Arbor-Ypsilanti SmartZone
Local Development Finance Authority
Board of Directors

April 7, 2005

Eastern Michigan University
College of Business
Ypsilanti, Michigan

Members Present: Chris Ballman, Mickey Katz-Pek, Richard King, Mike Korybalski, Mike Reid, Rob Risser, Roselyn Zator (sitting in for Jeff Mason)

Members Excused: John Gawlas, Tom Kinnear, Jeff Mason

Staff Present: Tim Robinson, WDC; Chuck Salley, Ann Arbor ITZone; Kurt Riegger, Ann Arbor IT Zone

Others Present: Rick Snyder, Ardesta; Ken Nisbet, Ann Arbor ITZone/UM Office of Technology Transfer

Call to Order: Rob Risser called the meeting to order at 12:15 PM. A quorum was present.

Pierce moved that Tim Robinson be accepted as the Recording Secretary of the Board. Seconded by Katz-Pek. Motion passed unanimously.

Minutes: Minutes of the February 2, 2005 meeting were presented. It was moved by Korybalski, seconded by Pierce "To approve the minutes as amended." Motion passed unanimously.

Quarterly Accelerator Report: Kurt Riegger presented the report. In the most recent quarter, the accelerator programs had expenses of \$136,706, and revenue of \$121,475. During Q1 2005, four companies were actively engaged in acceleration projects. Collaborations were extended with GLEQ, MITC and a regional initiative spearheaded by UM, Washtenaw County and local businesses.

The Accelerator is under spending the LDFA budget by \$20K thru 3 quarters. With four current Accelerator client projects on stream and a full docket of programs for April and May, and the next Boot Camp scheduled for May 12-13, the accelerator anticipates meeting its expense and revenue budget in the remaining quarter. The Accelerator met most 1Q 2005 targets as outlined in the report. No current risks are foreseen for achieving the next quarter plan and it is expected to exceed all annual goals by fiscal year end June 30, 2005.

Quarterly Accelerator Reimbursement: Robinson presented the request for quarterly reimbursement of \$62,500 to the Board. It was moved by Katz-pek, seconded by Korybalski, "To approve the LDFA's 3rd quarter reimbursement to the Ann Arbor IT Zone for Business Accelerator services in the amount of \$62,500, as agreed upon in the 2004/2005 contract." Motion carried unanimously.

Presentation on Tech Central: Rick Snyder, CEO of Ardesta, gave the Board an overview of the Ann Arbor Tech Central project (see attached A2TC Plan). Mr. Snyder explained that this organization's mission is to lead a comprehensive effort that will engage the regional universities, colleges, companies, state and local governments, and entrepreneurial membership organizations in a focused and aggressive approach to innovation and technology-based economic development. The A2TC will be organized around five primary functional areas: Business Acceleration Services, Talent Services, Marketing & Events Group,

Business Outreach Group, and the Start-up Funding Group. Mr. Snyder went on to say that an executive committee has been formed to lead A2TC on an interim basis to carry forward the plan, fund raise, and recruit a president. Currently the executive committee is made up of Robert Guenzel, Washtenaw County Administrator; Fawwaz Ulaby, UM Vice President of Research; and Mr. Snyder.

On behalf of the A2TC, Mr. Snyder requested that that Board permit its next contract with the Ann Arbor IT Zone Business Accelerator be assignable to the A2TC, once A2TC is up and running. Ken Nisbet, Chair of the Ann Arbor IT Zone was in attendance and confirmed that the IT Zone agreed to the eventual assignment of its Business Accelerator contract to A2TC.

Chair Risser and the Board as a whole expressed support of the concept of the A2TC, but did have some reservations. First, the Board was distressed to see that the LDFA funding was assumed as a “given” in the plan since they had not approved or even discussed using LDFA funds for this project. Second, the Board was concerned about the influence that the U of M would have in the organization. Specifically the Board was concerned that the sheer size of the University’s infrastructure could impede the ability of the A2TC to serve the entrepreneurs in an entrepreneur friendly timeframe.

In response, Mr. Snyder apologized for any assumptions the A2TC plan made about LDFA funding. As for the Board’s second reservation, he said that as an entrepreneur himself, he shared that concern. However, since the A2TC was still in the “planning” stage, the University’s exact role in its day to day operations had yet to be determined.

It was moved by Pierce, seconded by Reid, to draft a resolution (for review and approval at the next Board meeting) declaring the Board’s support of the concept of the A2TC. Motion carried unanimously.

It was moved by Reid, seconded by Katz-Pek, to table the last two agenda items until the next Board meeting. Motion carried unanimously.

Next Meeting Date/Adjournment: The next meeting date will be April 25, 12:00 – 2:00 PM, at the Ann Arbor City Hall Sixth floor conference room. It was moved by Pierce, seconded by Ballman, “To adjourn the meeting at 2:00 PM” Motion passed unanimously.

Respectfully submitted,

Tim Robinson, Recording Secretary

Resolution in Support of the Ann Arbor Tech Central Concept

Whereas; In October, 2000, a proposal for SmartZone status on behalf of the cities of Ann Arbor and Ypsilanti was submitted to the Michigan Economic Development Authority, and

Whereas; the Cities of Ann Arbor and Ypsilanti have formed Local Development Finance Authorities for the purpose of funding SmartZone activities with limited special purpose tax increment funding, and

Whereas; The overarching purpose of the Ann Arbor/Ypsilanti SmartZone is to develop local business acceleration services and infrastructure that will help guide entrepreneurs and startup teams through early stage development, and to assist existing small businesses in positioning themselves for growth, and

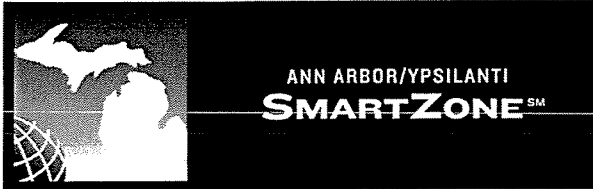
Whereas; Ann Arbor Tech Central has been conceived as an “umbrella” organization to help coordinate five functional areas including: Business Acceleration Services, Talent Services, Marketing & Events, Business Outreach, and Start-up Finding, and

Whereas; Ann Arbor Tech Central’s stakeholders are defined broadly as the region’s universities, businesses, state and local units of government and entrepreneurial-focused membership organizations, and

Whereas; the mission, strategies, and objectives of the Ann Arbor/Ypsilanti SmartZone appear to be a complimentary portion of the mission, strategies and objectives as set forth in draft proposals for the formation of Ann Arbor Tech Central,

It is hereby resolved that the Ann Arbor/Ypsilanti SmartZone Board of Directors enthusiastically supports the concept of Ann Arbor Tech Central and pledges the fullest degree of cooperation and participation to the extent permitted by our bylaws and all applicable legal, statutory, and contractual obligations governing SmartZone and LDFA activities.

April 25, 2005



MEETING SUMMARY
2004/2005 CONTRACT REQUIREMENTS
INITIATION OF BUDGET DISCUSSION FOR 2005/2006

1. We are awaiting confirmation of LDFA values for the next fiscal year, so that we can estimate our revenue for that time. Until these are available, we cannot complete the budget process.
2. We can, however, begin the contracting process for 2005/2006. As my final act, I recommend the following process:
 - a. Set a meeting for early May to meet specifically with the Accelerator. Ask them to provide follow up on their 2004/2005 contract, including the items such as coordination, web presence, etc.
 - b. Following this meeting, schedule a second meeting to determine the following:
 - i. Has adequate progress been made toward 2004/2005 objectives.
 - ii. Are there new/additional deliverables for 2005/2006
 - iii. Do you want to request accounting separation of networking activities from business education/consulting activities
 - iv. How does the LDFA intend to interact with Tech Central
 - c. Prepare a draft scope of work, using the same contract language from 2004/2005. This should definitely reduce the length of time necessary to negotiate a contract.
 - d. Consider the following options:
 - i. Continue funding the ITZone as the business accelerator
or
 - ii. Solicit rfp's from other public and private providers to business accelerator services.
3. Determine whether you wish to continue with the WDC providing administrative services in light of the Tech Central proposal.
 - a. Determine desired scope of services under this agreement

ACCELERATOR DELIVERABLES:

Contract Amount: \$250,000

- 25 entrepreneurial events
 - 2000 attendees
- 2 boot camps
 - 60 people

**1000 Oakbrook Drive
Suite 103
Ann Arbor, MI 48104**

734-761-9317

- 24 companies
- 8 (new) pre-acceleration clients
- 4 (new) acceleration clients
- 2 post-acceleration clients
- \$700,000 early stage financing from all sources
- Tracking system for potential clients and the disposition of same, including referral sources
- Tracking system for long range progress of accelerator companies, including job creation
- Web portal
- Execute appropriate agreements with other resources located in the Ann Arbor/Ypsilanti area to articulate offerings and avoid duplication of services

WDC DELIVERABLES

Contract Amount: \$4000

- Clerical support for Board meetings
- Payment of out of pocket expenses
- Reporting and budgeting
- Annual Report

AGENDA

8:30	Call to Order
8:40	Update on Entrepreneurial Activity
8:55	Role of LDFA
10:00	Metrics for LDFA
11:00	SmartZone Boundaries
12:00	Lunch
12:30	Community/Group/Cooperation/Expectation
1:00	Other LDFA Activities
1:30	Next Steps
2:00	Adjourn

METRICS

Current:

- # Entrepreneurial Events
- # Boot Camp & Attendees
- Companies served by stage
- Job creation over time

Discussed:

- # Companies educated
- # Inquiries and Referrals (agreed upon)
- Success/Failure rate of client companies
- Long term company retention
- Qualitative program evaluation (agreed upon)
- Dollars raised toward sustainability
- Equity pools (seed/angel/investor)
- Incubator clients
- University licenses to local companies
- # IPO's
- # mergers

Discussion:

Web site: Should remain a benefit over time, as opposed to 'one shot' event. Focused on self-education of entrepreneur. Provide links to mentors/other partners (SBTDC, Etc.) Should be a library of resources/reference source. Include data bases, publications, draft term sheets, etc. LDFA should stimulate this to be created; not do itself.

Want to bring federal dollars back to A2/Ypsi companies via grants, procurement, etc. Accelerator not do, but enable. Cause to be done. Coordinate.

‘EXPECTATIONS OF ACCELERATOR

- Web site crediting LDFA
- Tracking system for clients over time
- Partnerships
 - Public/private
 - Between A2 and Ypsi
 - W/EMU
 - W/other SmartZones
- Services delivered outside of IT
 - Via partnerships
 - Via direct funding
- Accelerator should document ‘caused it to happen’ as opposed to ‘did it.’

Discussion: ‘Touch more companies’. More aggressive marketing of accelerator services.

Reach into both Universities for resources; potential

Question: How does accelerator funnel clients?

- *Enters system via: 1) networking event; 2) referral from a partner; 3) general publicity about Accelerator.*
- *1st Step – Due Diligence.*
 - *8 hour evaluation process conducted by a mentor*
 - *1 page evaluation; focus on risk evaluation; provides road map.*
 - *No charge*
 - *6 – 10 ‘companies’ / month*
 - *Many referred out to other partners*
- *2nd Step – Team established*
 - *Resource team including initial mentor, MBA students, consultants, senior (paid by Accelerator) specialists.*
 - *40 hour scope of work based on need. Value approximately \$10,000 - \$20,000; cost to client = 0*
 - *Typically 1/quarter*
- *3rd Step – specific activities*
 - *Reimbursable via cash, equity, etc.*
 - *Performance based – i.e. the Accelerator finds funding; preps client to present; client is funded.*

Question: What is the Accelerator’s conflict of interest policy for those mentors who choose to become more involved with the company? (This common issue in Accelerators,

and with other programs that have 'entrepreneurs in residence.' How does GreenHouse address this?)

ISSUES

- Boundary: Position is that Accelerator is located in district; not all services need to be delivered there; can be delivered at other locations w/in SmartZone (i.e. MITC) w/out changing boundaries at this time. Tabled. *Baseline: day-to-day services delivered in downtown; other services delivered at MITC, other incubators, etc. as long as in the City limits.*
- “Other” Washtenaw County communities: Little desire from communities to participate at this time due to tax capture. Tabled.
- Regional involvement w/Oakland and Detroit. Desired as appropriate. MITC – leverage. Not discussed.

ROLE OF LDFA

Current:

- Fund business accelerator

Future:

- *T' word for life sciences?*
- *Leverage institutional capital*
- *Help small companies build corporate infrastructure; expand beyond Accelerator*

Near Term:

- *Mine surplus property @ UM and from Pfizer (Pfizer arrangement already in place)*
- *Contact mapping (front end) (does anyone remember what this meant?)*
- *Administrative functions*
 - *Evaluation/monitoring*
 - *Cause web site to be established*
 - *Marketing of program*
 - *Organization of Resources*
 - *Roles partners wish to play (WDC to lead initially)*

Resolution in Support of the Ann Arbor Tech Central Concept

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Whereas; The overarching purpose of the Ann Arbor/Ypsilanti SmartZone is to develop local business acceleration services and infrastructure that will help guide entrepreneurs and startup teams through early stage development, and to assist existing small businesses in positioning themselves for growth, and

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It is hereby resolved that the Ann Arbor/Ypsilanti SmartZone Board of Directors supports the concept of Ann Arbor Tech Central.

April 25, 2005

MINUTES

Ann Arbor-Ypsilanti SmartZone Local Development Finance Authority Board of Directors

April 25, 2005

Ann Arbor City Hall, 6th Floor Conference Room
Ann Arbor, Michigan

Members Present: Chris Ballman, John Gawlas, Richard King, Tom Kinnear, Mike Korybalski, Mike Reid, Steve Pierce, Rob Risser, Roselyn Zator(sitting in for Jeff Mason)

Members Excused: Mickey Katz-Pek, Jeff Mason

Staff Present: Tim Robinson, WDC

Others Present:

Call to Order: Rob Risser called the meeting to order at 12:10 PM. A quorum was present.

Minutes: Minutes of the April 7, 2005 meeting were presented. It was moved by Korybalski, seconded by Pierce "To approve the minutes as amended." Motion passed unanimously.

Discussion about Tech Central: The Board reviewed Mr. Reid's draft of a resolution of support for the Ann Arbor Tech Central Project. It was moved by Ballman, seconded by Kinnear "To approve the resolution as amended."

Initiation of 2005 / 2006 Accelerator contract discussion. The Board discussed the IT Zone's and Tech Central's request to make the 2005 - 2006 contract transferable to Tech Central at some point in the future. The Board was not opposed to this idea however; they felt that since Tech Central's plans are not completely developed at this point, it would be inappropriate to consider implications of Tech Central (on our contract requirements) until we have more information on its abilities and goals.

The Board also discussed creating an RFP (once the contract requirements have been finalized) for other organizations to bid on providing accelerator services.

It was moved by Pierce, seconded by Reid, to continue the contract requirement discussion at a May 2005 meeting. Motion carried unanimously.

Next Meeting Date/Adjournment: The next meeting date will be May 24, 8:00 – 10:00 AM, at the Picometrix's office in Ann Arbor. It was moved by Pierce, seconded by Ballman, "To adjourn the meeting at 1:45 PM" Motion passed unanimously.

Respectfully submitted,

Tim Robinson, Recording Secretary

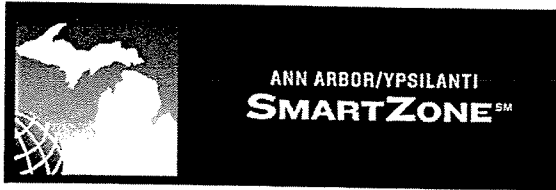
2004-2005 Expected Revenues	
2004 Fund Balance	\$88,659
2005 expected revenues	\$181,313
2005 Total Funds	\$269,972
9/30/04 Payment	-\$62,500
12/31/04 Payment	-\$62,500
3/31/05 Payment	-\$62,500
6/30/05 Payment	-\$66,500
7/1/05 Fund Balance	\$15,972

2004-2005 Actual Revenues	
2004 Fund Balance*	\$68,578
2005 Actual revenues	\$219,227
2005 Total Funds	\$287,805
9/30/04 Payment	-\$62,500
12/31/04 Payment	-\$62,500
3/31/05 Payment	-\$62,500
6/30/05 Payment	-\$66,500
7/1/05 Fund Balance	\$33,805

2005-2006 Expected Revenues	
2005 Fund Balance	\$33,805
2006 Expected revenues*	\$258,316
2006 Total Funds	\$292,121
9/30/05 Payment	\$292,121
12/31/05 Payment	\$292,121
3/31/06 Payment	\$292,121
6/30/06 Payment	\$292,121
7/1/05 Fund Balance	\$292,121

* City of A2 made an error in calculating the 2003-2004 capture. we only collected \$68,578 instead of \$88,659

* total estimated capture is \$344,422, but for budgeting purposes, we use 75% of that number.



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or
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ACCELERATOR DELIVERABLES:

Contract Amount: \$250,000

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- Web portal
- Execute appropriate agreements with other resources located in the Ann Arbor/Ypsilanti area to articulate offerings and avoid duplication of services

WDC DELIVERABLES

Contract Amount: \$4000

- Clerical support for Board meetings
- Payment of out of pocket expenses
- Reporting and budgeting
- Annual Report

SMARTZONESM BUSINESS ACCELERATOR SERVICES AGREEMENT

This SmartZone Business Accelerator Services Agreement (hereinafter referred to as the "Agreement") is entered into as of this ___ day of _____, 2004, between the Ann Arbor/Ypsilanti SmartZone Local Development Finance Authority (hereinafter referred to as the "LDFA"), whose address is 3135 S. State Street, Suite 205, Ann Arbor, MI 48108, and the Ann Arbor ITZone (hereinafter referred to as the "Contractor"), whose address is 330 E. Liberty, Ann Arbor, MI 48104. As used herein, the LDFA and the Contractor are sometimes collectively referred to as the "Parties."

Article I - Purpose

1.1. The purpose of this Agreement is to assist the Contractor in conducting certain activities (hereinafter referred to as the "Project") in support of the Ann Arbor/Ypsilanti SmartZone, as described in the attached Scope of Work, attached hereto as Attachment A and incorporated herein by this reference hereinafter referred to as (the "Scope of Work"). This represents a continuation of services initially detailed in the Michigan Economic Development Corporation SmartZone Business Accelerator Grant ending September 30, 2004.

Article II – Term and Funding

2.1. This contract covers the Project Service Period July 1, 2004 – June 30, 2005 (hereinafter referred to as the "Project Service Term") plus an additional 60 days for provision of the report required by Section 3.3 (collectively hereinafter referred to as the "Contract Term").

2.2. The LDFA hereby commits 45.7% of the total Project costs but not to exceed \$250,000 (hereinafter referred to as the "Grant") to the Contractor towards the Project payable to Contractor in four (4) equal quarterly installments of \$62,500 hereinafter referred to as "Installments", and subject to reconciliation after the end of the fourth calendar quarter during the Project Service Term. If the actual cost of the Project is less than \$547,000, the amount of the Grant shall be reduced to reflect 45.7% of the Project's actual cost and any overpayment by LDFA to Contractor of Grant funds via Installments shall be immediately refunded by Contractor to LDFA.

2.3. Grant funds will only be paid for the Contractor's expenses set forth in the list of budgeted expenses, and which list is attached hereto as Attachment B and incorporated herein by this reference (hereinafter referred to as the "Project Budget"). Such expenses must be incurred during the Project Service Term. Grant funds shall be paid to the Contractor quarterly (based on calendar quarters) in Installments, following the end of the quarter, conditioned upon

LDFA's receipt of Contractor's balance sheet, income statement and cash flow statement and the applicable report required by Section 3.2 for the quarter just ended within 15 days after the end of such quarter.

2.4. The Contractor shall be responsible for any cost overruns. No Grant funds will be payable by the LDFA in respect of any costs additional to the estimated costs of the Grant, unless the written approval of the LDFA has been secured in advance for an increase in the Grant.

2.5. This Grant does not obligate or commit the LDFA to approve requests for additional funds during or beyond the term of this Agreement.

2.6. The Parties acknowledge that the Grant is subject to applicable local, state and federal laws, rules, and policies.

Article III – Scope of Work and Compliance Activities

3.1. The Contractor shall complete the Project in accordance with the Scope of Work, and the specifications identified in the Project Budget.

3.2. During the Contract Term of this Agreement, the Contractor shall provide to the LDFA written quarterly summaries of progress which outline the work accomplished during the applicable quarterly reporting period; work to be accomplished during the subsequent quarterly reporting period, except when reporting on the last quarter of the Project Service Term; problems, real or anticipated, which should be brought to the attention of the Grant Administrator; and notification of any significant deviation from the Scope of Work, as well as all relevant aspects of commercialization, business services, outreach, investments and other information that may be requested by the LDFA.

3.3. The Contractor shall provide a written Final Program Progress Report to the LDFA no later than sixty (60) days after the end of the Project Service Term.

3.4. The LDFA may require the Contractor to produce receipts for cost(s) incurred and/or itemized accounts of expenditure. If the Contractor is required to produce receipts for cost(s) incurred, then this should take the form of receipted invoices. If the Contractor is required to produce an itemized account of expenditure, this should take the form of a printed list of each item of expenditure and the costs incurred, certified as an accurate record by a duly authorized representative of Contractor. The LDFA may, on a sample basis, seek further verification of individual transactions, in the form of a receipted invoice or equivalent evidence for that transaction.

3.5. Contractor shall maintain insurance adequate and reasonable to

support its services under this Agreement, and as may otherwise be required by applicable federal, national, state and local laws and regulations, name LDFA as an additional insured on such policies and provide LDFA a certificate of insurance, evidencing the foregoing upon execution of this Agreement and from time to time as LDFA may request.

3.6.a. "New Inventions" means all ideas, inventions, discoveries and other intellectual property (including, but not limited to, those that are or may be patentable or subject to copyright, trademark or patent protection), and all improvements thereto and compilations and derivative works thereof, that Contractor makes, originates, conceives or reduces to practice (alone or with others) in connection with the Scope of Work or under the MEDC SmartZone Business Accelerator Grant #0264 (including, without limitation, website/web portal design, development and content), but does not include any rights in ideas, inventions, discoveries and improvements or other intellectual property licensed by Contractor from third parties.

3.6b All New Inventions shall be the sole and exclusive property of the LDFA, and Contractor hereby assigns to the LDFA all rights therein, except as may otherwise be expressly agreed to by LDFA in writing. Contractor shall retain an irrevocable, perpetual, non-exclusive, royalty-free, worldwide, license to make, use, import, copy, distribute, modify, perform and display the New Inventions for purposes consistent with the Tax Increment Financing and Development Plan for the Ann Arbor/Ypsilanti SmartZone (the "TIF Plan").

3.6.c. In order that the LDFA may protect its rights in the New Inventions, Contractor agrees to promptly disclose to the LDFA all New Inventions. Contractor will make adequate written records of all New Inventions, which records shall be LDFA's property; and, both during and after termination of Contractor's engagement with LDFA, Contractor will, without charge to LDFA but at LDFA's request and expense, sign all papers, including forms of assignment, and render any other proper assistance necessary or desirable to transfer or record the transfer to LDFA of Contractor's entire right, title and interest in and to the New Inventions, and for LDFA to obtain, maintain, defend and enforce patents, copyrights, trademarks, trade secrets and other protections thereon or with respect thereto (as the case may be) throughout the world.

3.6.d. Contractor grants LDFA an irrevocable, perpetual, non-exclusive, paid-up, royalty-free, worldwide, transferable license to make, use, sell, offer for sale, import, copy, distribute, modify, perform and display any ideas, inventions, discoveries or other intellectual property, and all improvements thereto and compilations and derivative works thereof, owned by Contractor to the extent required by the LDFA to exploit the deliverables or other work product provided as part of the Scope of Work or to fulfill the requirements of the Scope of Work or otherwise for purposes consistent with the TIF Plan.

3.6.e. Contractor hereby represents and warrants to LDFA that any employees performing services under the Scope of Work are obligated under the terms of their employment to transfer all right, title and interest in New Inventions to Contractor and that such employees will have no title, right or interest whether legal or beneficial in any New Inventions. Additionally, if Contractor hires subcontractors to provide services within the Scope of Work and such subcontractors receive a monetary fee for such services (other than non-material stipends), Contractor will ensure that under the terms of engagement of such subcontractors, all intellectual property rights in "Educational Materials" (as hereafter defined) arising out of or relating to the work done by such subcontractors will vest or will be caused to vest in the Contractor, and in turn in LDFA as a New Invention, and that such subcontractors will have no right, title or interest, whether legal or beneficial, in any such intellectual property. "Educational Materials" means training, presentation, educational and/or informational materials, programs, methodologies, formulas, techniques, forms, templates and similar information developed or used for general or broad-based training, education or consulting under the Scope of Work, including without limitation, for (A) training and education related to business practice and (B) milestone activities (1), (2), (4), (5), (6) and (7) under the Scope of Work, and (C) any other work that may be so designated by written amendment to this Agreement or the Scope of Work.

Article IV - Administration

4.1. Grant administrator. The Contractor shall communicate with the following representative or designee of the LDFA in connection with all its obligations under this Agreement.

Ms. Susan Lackey
Recording Secretary
Ann Arbor/Ypsilanti SmartZone Local Development Finance
Authority
3135 S. State, Suite 205
Ann Arbor, MI 48108
Fax: 734-761-9062

Correspondence from the LDFA to the Contractor shall be sent to the address noted in the preamble to this Agreement.

All notices and written communications to Contractor shall be sent to the address noted in the preamble to this agreement, Attention: President, or by fax to (734) 623-8289.

4.2. Contractor shall secure written approval of the Grant Administrator for the following amendments:

- (a) All changes of substance in the Scope of Work, including new activities or alteration of existing approved activities.
- (b) All extensions of time for performance under this Agreement.
- (c) Changes among approved items in the Project Budget, which exceed \$10,000. (Such changes among items shall not be permitted to change the total Project Budget amount without the express written approval of LDFA.)

4.3. Amendment requests made by the Contractor must be submitted in writing to the Grant Administrator by an authorized representative of the Contractor. Approval of amendment requests by the LDFA shall be in writing and signed by the Grant Administrator.

Article V – Breach and Termination

5.1. If the Contractor fails to comply with any provision of this Agreement, the LDFA shall have the option to suspend or restrict Grant payments under this Agreement and shall notify Contractor of the same. Once notice has been sent to Contractor, Contractor agrees that it will not incur any further Project costs under the Scope of Work until notified in writing by the LDFA that the suspension or restriction has been terminated; provided however, that LDFA will allow funding under this Agreement for all necessary and proper Project costs which could not reasonably be avoided during the period of any suspension or restriction.

5.2. The LDFA may terminate this Agreement in whole or in part, at any time, if LDFA determines that Contractor has failed to comply with any provision of this Agreement or has engaged in fraudulent or reckless behavior, or willful misconduct. In such an event, the LDFA shall notify the Contractor of the termination. Should the LDFA terminate this Agreement because of the Contractor's fraud, recklessness, or material misconduct, the Contractor shall return to the LDFA all Grant funds received under this Agreement.

5.3. The LDFA and the Contractor may terminate this Agreement in whole or in part, if both Parties agree in writing that the continuation of the Project would not produce beneficial results commensurate with the further expenditure of funds. In such event, the Parties shall agree upon the conditions of termination, and amend this Agreement accordingly. In no event shall the Contractor incur further Project costs under the Scope of Work after the effective date of such agreement. The LDFA shall not be obligated to pay any further Project costs under the Scope of Work for the terminated portion of this Agreement that are incurred by the Contractor after the effective date of such amendment. The Contractor shall use its best efforts to cancel as many outstanding obligations as possible in the event of termination.

5.4. LDFA may terminate this Agreement at any time effective upon 90 days prior written notice to Contractor.

Article VI – Effective Date and Miscellaneous Provisions

6.1. This Agreement shall be effective as of July 1, 2004.

6.2. Should any portion of this Agreement or the attached exhibits be declared void or unenforceable, the remaining portions shall remain in full force and effect.

6.3. The relationship between the LDFA and the Contractor is that of independent contractors. Neither of the Parties nor their respective agents or employees shall under any circumstances be deemed to be agents, representatives, or partners of the other party and neither of the Parties shall enter into any contract or commitment in the nature or on behalf of the other party.

6.4. This Agreement shall be governed and construed in accordance with the laws of the State of Michigan other than its conflict of laws rules, and the Contractor consents to the exclusive jurisdiction of the state courts and federal courts located in Lansing, Michigan for any controversy or cause arising out of or relating to this Agreement or the breach thereof, whether involving remedies at law or in equity.

6.5. The LDFA and the Contractor agree to perform any further acts to execute and deliver any further documents, which may be reasonably necessary to carry out the provisions of this Agreement.

6.6. The Contractor shall not assign, transfer, convey or otherwise dispose of any duties or rights under this Agreement without the prior specific written consent of the LDFA. Any future successors of the Contractor will be bound by the provisions of this Agreement unless the LDFA otherwise agrees in a specific written consent. The LDFA reserves the right to require the Contractor to replace subcontractors who are found to be unacceptable.

6.7. This Agreement, including its Attachments, sets forth the entire agreement between the Parties and supersedes any and all prior agreements or understandings between them in any way related to the subject matter hereof. It is further understood and agreed that the terms and conditions herein are contractual and are not a mere recital and that there are no other agreements, understandings, contracts, or

representations between the Parties in any way related to the subject matter hereof, except as expressly stated herein.

6.8. The rights and remedies of the LDFA specified in this Agreement shall be in addition to all other rights and remedies available to the LDFA. Nothing contained in this Agreement shall be construed as a waiver of the LDFA's rights unless specifically and expressly agreed to in writing by the LDFA.

6.9. The Contractor shall maintain reasonable records in connection with the work performed pursuant to the Grant, and shall allow access to those records by the LDFA or its authorized representatives.

6.10. Except as provided at Section 5.3. herein, this Agreement may be amended only upon written agreement by LDFA and Contractor.

6.11. This Agreement may be signed in counterpart. The counterparts taken together shall constitute a single agreement.

Signatures on the following page.

Each party hereto represents that it is duly authorized to enter into this Agreement and that its signatory below is duly authorized to sign this Agreement on its behalf.

CONTRACTOR ACCEPTANCE:

Ann Arbor ITZone

Dated: _____

By: _____
Charles Salley, President

LDFA ACCEPTANCE:

Ann Arbor/Ypsilanti SmartZone Local Development Finance Authority

Dated: _____

By: _____
Robin Risser, Chair

ATTACHMENT A – SCOPE OF WORK

Grantee will provide technology based business acceleration activities for the Ann Arbor/Ypsilanti SmartZone. Such activities will be provided in the City of Ann Arbor, with a primary focus on companies located in, or considering location in, the City of Ann Arbor and/or the City of Ypsilanti.

The LDFA Funding will be matched by an equivalent amount of funding that will be generated by Membership, Sponsorship, Event and Services Fees. This combined funding will support continuation of the activities and services provided under the MEDC SmartZone Business Accelerator Grant #0264.

It is anticipated that LDFA dollars will be directed at activities that directly support a network of business acceleration services. Such services include, but are not be limited to, the following: Business plan counseling, preparation for fund solicitation, training and education directly related to business practice, etc.

Milestone:

We project the following measurable milestones of our business acceleration activity:

Fiscal Year (July 2004 – June 2005)

	Goals	Targets
1) Entrepreneurial Education <i>(not including general inform and/or events primarily for networking purposes)Such events may be hosted by the ITZone or other Accelerator partner in cooperation with the Accelerator</i>	50 events total 25 events - entrepreneurial	4,000 total attendees 2000 attendees
2) Business Plan Boot Camp	2 events	60 (2.5 people x 24 companies)
3) Formal Accelerator Clients. (cumulative since Program inception)	Client Companies by Stage: Pre-Acceleration 8 Acceleration 4 Post-Acceleration 2	Note: pre-acceleration And acceleration Companies are new;

<p><i>These companies will be based in the Cities of Ann Arbor or Ypsilanti, housed in the ITZone Incubator, or the proposed MITC Incubator. Appropriate referrals will be made to Washtenaw Development Council to assist in this effort.</i></p>		
<p>4. Assist Accelerator Companies in early stage financing</p>	<p>\$700,000 from various sources</p>	
<p><i>5. Develop and implement a means of tracking number of potential clients interviewed and the disposition of said clients, including referral sources</i></p>		
<p><i>6. Develop and implement a means of tracking long range progress of accelerator companies, including job creation</i></p>		
<p><i>7. Develop a web portal designed to provide access to available resources.</i></p>		
<p><i>8. Formally execute Appropriate agreements With resources located in the region of the Ann Arbor/Ypsilanti SmartZone to articulate offerings and avoid duplication of service.</i></p>		

ATTACHMENT B – BUDGET

	QUARTERLY	ANNUAL
Champion/Exec. Dir.	\$12,500	\$50,000
Education Services Manager	\$12,500	\$50,000
Contract Mentors	\$12,500	\$50,000
Programs	\$12,500	\$50,000
Operating Expenses	\$7,500	\$30,000
Lease	\$5,000	\$20,000
TOTAL	\$62,500	\$250,000

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MINUTES

Ann Arbor-Ypsilanti SmartZone Local Development Finance Authority Board of Directors

May 24, 2005

Picometrix
2925 Boardwalk, Ann Arbor, Michigan

Members Present: Chris Ballman, John Gawlas, Mickey Katz-Pek, Richard King, Tom Kinnear, Mike Korybalski, Mike Reid, Steve Pierce, Rob Risser

Members Excused: Jeff Mason

Staff Present: Tim Robinson, WDC

Others Present:

Call to Order: Rob Risser called the meeting to order at 8:05 AM. A quorum was present.

Minutes: Minutes of the April 25, 2005 meeting were presented and some changes thereto were presented and discussed. It was moved by Gawlas, seconded by Pierce "To approve the minutes as amended." Motion passed unanimously.

Finances: Tim Robinson presented the current financial status of the LDFA. There was good news and bad news. The good news is that our actual 2004-2005 tax capture is \$219,227, which is \$37,914 more than our original estimate of \$181,313. The bad news is that on May 3, 2005 the LDFA received a letter from the Ann Arbor City treasurer stating they had made an error when they calculated the 2003-2004 LDFA tax capture. The capture was \$68,578 instead of the \$88,311 they estimated. This results in a \$19,733 reduction in the LDFA's fund balance. This reduction does not impact the LDFA's ability to meet any of its payables. The fund balance as of March 31, 2005 is \$100,305 with the above adjustments. With only one more expenditure of \$66,500 due during the 2004-2005 fiscal year, the LDFA's fund balance at June 30, 2005 (end of fiscal year) should be \$33,805.

On May 18 the city treasurer informed the LDFA that the estimate for the LDFA's 2005-2006 tax capture would be approximately \$344,422.

Initiation of 2005 / 2006 Accelerator contract discussion. The Board started the discussion by first setting the 2005-2006 budget at approximately \$300,000 for programs and services including, but not limited to the Accelerator contract.

After much discussion the Board agreed that the main focus of LDFA expenditures should be the education and counseling of young "tech" companies and entrepreneurs in the SmartZone Area. The Board also decided that they wanted a Board seat or observation rights at the organization to whom they awarded the accelerator contract. The Board also wanted a very strict and enforceable "Conflict of Interest" statement as to the companies served, signed by such organizations as well as any other

service/product provider that accepts LDFA funds directly or indirectly. The Board also decided that once they have defined the scope of services that they want to provide, they will issue a Request for Proposal (RFP) for those services.

As for the scope of services that the Board desires, they listed some broad categories of services and then asked Ms. Ballman, Mr. Pierce and Mr. Robinson to meet separately and refine the list of services and draft an RFP for review at the next Board meeting.

Scope of services:

- Entrepreneurial education services such as: “business plan” Bootcamp, Post Bootcamp services/mentoring
- Web Portal that provides access to educational material and mentors
- Entrepreneurial financing assistance
- Marketing efforts to attract more entrepreneurs to Accelerator/LDFA services

Next Meeting Date/Adjournment: The next meeting date will be June 28 at 8:00 am, at Ann Arbor DDA Offices. It was moved by Pierce, seconded by King, “To adjourn the meeting at 10:05 AM Motion passed unanimously.

Respectfully submitted,

Tim Robinson, Recording Secretary

Ann Arbor-Ypsilanti SmartZone Business Accelerator

LDFFA Board Meeting
June 28, 2005

Accelerator Clients Active

- LifeSci 1 Medical software engagement Phase II -Ongoing
 - Marketing program, Financials, HR recruiting, product dev methodology
- LifeSci 2 Medical Device– Phase I final; Phase II proposed
 - MUCI funding proposal funded for prototype development
 - Product and Marketing Deliverables in for Phase I
- Tech 1 Enterprise Software - Phase I finishing
 - Legal agreements, marketing materials
 - Business planning – exec summary and positioning
 - Phase I milestones – product brochure, web templates completed
- Tech 2 Manufactured device- Launched
 - Strategic partnering consultant found
 - Product marketing and financial model review underway
- LifeSci 3 medical diagnostic– Launched
 - Legal review; Mgmt talent contracted
- Tech 3 – software
 - Software pricing, distribution and licensing
 - Management team coaching

Accelerator Prospects

- Vision Software Company for Sports
- Vision Software Company for Security
- Biotech with platform for treating rheumatoid arthritis
- Detector for food or pharma spoilage

Educational Activities

- Creating Online content from previous pre Boot Camp sessions:
 - Elevator Pitch
 - Business Feasibility
 - Executive Summary
 - Building Management Team
 - High Impact Marketing
 - Entrepreneurial Leadership
- Building alliances with Cyber-State, MEDC, TechTown, others for Entrepreneurial Education
 - 5 Content and Review Partners committed
 - Proposal for funding partner in development process –looking positive

Business Accelerator Marketing

- Develop marketing collateral and website
 - Brochure done
 - Website as brochure ware ready at www.annarborspark.org
 - Resource Guide – where to go for help beyond the Accelerator
- Leverage existing entrepreneurial education and networking programs such as GLEQ and ZLI, and entrepreneurial focused organizations such as NEF, TiE
- Partner with consultants, management talent and investors to find more early stage companies. One on one meetings to bring the Accelerator concept to partners.
- Leverage incubators/real estate providers to provide critical facilities requirements such as wet-labs and high-speed internet connectivity.

Entrepreneur Boot Camp

- Held June 9 and 10 at MITC; Celebration July 12 at ITZone as part of BBQ
- 11 Companies participated; technologies ranging from software to pharma to portable power and medical imaging
- 35+ Mentors participated
- Very high satisfaction for campers based on Zoomerang
- Using social network software to continue the “intensive networking” after camp.

MTTC Gap Funding

- Approved for \$750K (over the \$500K request) of life science gap funds. Designed to fund 10-15 companies over next 2 years to achieve early milestones:
 - investor due diligence, legal review items, regulatory studies, marketing plans
- Timeline
 - MEDC Review July 20
 - Contracting by Aug 15
 - Launch Sept

SMARTZONE BUSINESS ACCELERATOR SERVICES AGREEMENT

EXTENSION

By and Between

**ANN ARBOR/YPSILANTI SMARTZONE LOCAL DEVELOPMENT FINANCE
AUTHORITY**

And

ANN ARBOR IT ZONE

TERMS

1. This agreement extends the end date of the current contract between the Parties from June 30, 2005 to September 30, 2005.
2. All conditions and specifications are to remain the same for the extension period except as amended below.
 - A. The performance metrics in the original contract shall be pro-rated for the extension period.
 - B. The LDFA shall pay \$62,500 to the Accelerator for services rendered during the extension period.

SIGNATURES

Robin Risser, Chair
Smartzone LDFA

Kurt Reigger, Director
IT Zone Accelerator

Date

Date



Where people and technology connect.

**Ann Arbor Ypsilanti SmartZone
Business Accelerator
Metrics for 2006**

Program Benchmarks

Measurable	2005 Results vs Plan (Actual/Plan)	2006 Annual Goals
Entrepreneurial Education Events and attendees	36/25 Events; 1685/2000 attendees (Data by Qtrs 9/574; 10/285; 6/213 11/613)	30 Entrepreneurial Education Events and 2000 attendees
Web based programs viewed and completed	None	Create 5 educational modules. Have 10 companies take some set of the modules
Intensive Business Planning Sessions ("Boot Camp")	7/0 Pre-Camp events held 2/2 Boot Camps for 23 companies & 75/60 participants	2 Boot Camps 60 participants
Accelerator Clients	13/8 in due diligence 6/4 active in Acceleration; 4/2 Post- Acceleration	(Pre-Acceleration Due Diligence) 20 Acceleration 10 Post-Acceleration 6
Total Companies Reviewed	62/ 50 Companies	50 Companies ---4/month gated by carrying capacity of the region
Capital Raised (all sources)	\$1140/\$700K	\$1,000K
Collaborate to avoid duplication of services	Regional roadmap to resources and web portal to document roadmap	???
Budget and cash match	\$502+June--\$560/\$547K \$??/\$297K in cash match	BA specific expenses and a cash match of 25% of those expenses (Roughly \$350K and \$87.5 in-cash match)

Deleted: 6/17/2005



Where people and technology connect.

Develop and implement a means of tracking number of potential clients interviewed and the disposition of said clients, including referral sources	Hope this is bundled in with the website process and sufficiently disclosed
Develop and implement a means of tracking long range progress of accelerator companies, including job creation	Jointly reported by WDC and Accelerator next report due Aug... How long range are we talking?
Develop a web portal designed to provide access to available resources.	Pilot website available at www.annarboritzone.org/bootcamp.a
Formally execute appropriate agreements with resources located in the region of the AnnArbor/Ypsilanti SmartZone to articulate offerings and avoid duplication of service.	(Chris W/Diane/Tim Robinson) in development Historically this means with Incubators space, service providers?

Deleted: 6/17/2005

2005 - 2006

SMARTZONESM SECRETARIAL/ADMINISTRATIVE SERVICES

This SmartZone Secretarial/Administrative Contract Agreement (hereinafter referred to as the "Agreement") is entered into as of this 28th day of June, 2005, between the Ann Arbor/Ypsilanti SmartZone LDFA (hereinafter referred to as the "LDFA"), and the Washtenaw Development Council(hereinafter referred to as the "Contractor"). As used herein, the LDFA and the Contractor are sometimes collectively referred to as the "Parties."

Article I - Purpose

1.1. The purpose of this Agreement is to assist the LDFA in conducting certain activities (hereinafter referred to as the "Project") in support of the Ann Arbor/Ypsilanti SmartZone, as described in the attached Scope of Work, provided as Attachment A.

Article II – Term and Funding

2.1. This contract covers the period July 1, 2005 – June 30, 2006, and may be renewed.

2.2. The LDFA hereby commits up to \$4000 (hereinafter referred to as the "Contract") to the Contractor towards the Project. If the actual cost of the Project is less than the \$4000, the amount of the Contract shall be reduced to reflect the Project's actual cost.

2.3. Contract funds will only be made available for the Contractor's expenses set forth in the list of budgeted expenses (hereinafter referred to as the "Project Budget"), as approved by the Ann Arbor/Ypsilanti SmartZone LDFA, and which is attached hereto as Attachment B, and incorporated herein by this reference. Such expenses to occur during the term of this Agreement Contract funds shall be made available to the Contractor in a lump sum payment to be made in June, 2006.

2.4. The Contractor shall be responsible for any cost overruns. No Contract funds will be payable by the LDFA in respect of any costs additional to the estimated costs of the Contract, unless the approval of the LDFA has been secured in advance to an increase in the Contract.

2.5. This Contract does not commit the LDFA to approve requests for additional funds during or beyond the term of this Agreement.

2.6. The Parties acknowledge that the Contract is subject to applicable local, state and federal laws, rules, and policies.

Article III – Scope of Work and Compliance Activities

3.2. The Contractor shall complete the Project in accordance with the Scope of Work, which shall be attached hereto as Attachment A and the specifications identified in the Project Budget approved by the Contractor.

3.3. During the term of this Agreement, the Contractor shall provide to the LDFA written quarterly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the Contract Administrator; and notification of any significant deviation from previously agreed upon work plans.

3.4. The LDFA may require the Contractor to produce receipts for cost(s) incurred and/or itemized accounts of expenditure. If the Contractor is required to produce receipts for cost(s) incurred, then this should take the form of receipted invoices. If the Contractor is required to produce an itemized account of expenditure, this should take the form of a printed list of each item of expenditure and the costs incurred, certified as an accurate record by the Contractor or an appropriate representative. The LDFA may, on a sample basis, seek further verification of individual transactions, in the form of a receipted invoice or equivalent evidence for that transaction.

Article IV - Administration

4.1. Contract administrator. The Contractor must communicate with the following representative or designee of the LDFA in connection with all its obligations under this Agreement.

Steve Pierce, Treasurer
Ann Arbor/Ypsilanti SmartZone
1000 Oakbrook Drive, Suite 130
Ann Arbor, MI 48104

Correspondence from the LDFA to the Contractor shall be sent to the address noted in the preamble to this Agreement.

4.2. Contractor shall secure written approval of the Contract Administrator for the following amendments:

- (a) All changes of substance in the Plan with regard to the scope of work, including new activities or alteration of existing approved activities.
- (b) All extensions of time for performance under this Agreement.

4.3. Amendment requests made by the Contractor must be submitted in writing to the Contract Administrator by an authorized representative of the Contractor. Approval of

amendment requests by the Contractor shall be in writing and signed by the Contract Administrator.

Article V – Breach and Termination

5.1. Either the LDFA or the Contractor may terminate this agreement at any time upon 60 days notice. The LDFA shall not be obligated to pay any new obligations incurred by the Contractor after the effective date of termination. The Contractor shall use its best efforts to cancel as many outstanding obligations as possible in the event of termination

Article VI – Effective Date and Miscellaneous Provisions

6.1. This Agreement shall be effective as of July 1, 2005.

6.2. Should any portion of this Agreement or the attached exhibits be declared void or unenforceable, the remaining portions shall remain in full force and effect.

6.3. The relationship between the LDFA and the Contractor is that of independent contractors. Neither of the Parties nor their respective agents and employees shall under any circumstances be deemed to be agents, representatives, partners or joint venturers of the other party and neither of the Parties shall enter into any contract or commitment in the nature or on behalf of the other party.

6.4. This Agreement shall be governed and construed in accordance with the laws of the State of Michigan other than its conflict of laws rules, and the Contractor consents to the exclusive jurisdiction of the state courts and federal courts located in Lansing, Michigan for any controversy or cause arising out of or relating to this Agreement or the breach thereof, whether involving remedies at law or in equity.

6.5. The LDFA and the Contractor agree to perform any further acts to execute and deliver any further documents, which may be reasonably necessary to carry out the provisions of this Agreement.

6.6. The Contractor shall not assign, transfer, convey, subcontract, or otherwise dispose of any duties or rights under this Agreement without the prior specific written consent of the LDFA. Any future successors of the Contractor will be bound by the provisions of this Agreement unless the LDFA otherwise agrees in a specific written consent. The LDFA reserves the right to approve subcontractors for this Agreement and to require the Contractor to replace subcontractors who are found to be unacceptable.

6.7. This Agreement, including its Attachments, sets forth the entire agreement between the Parties and supersedes any and all prior agreements or understandings between them in any way related to the subject matter hereof. It is further understood and agreed that the terms and conditions herein are contractual

and are not a mere recital and that there are no other agreements, understandings, contracts, or representations between the Parties in any way related to the subject matter hereof, except as expressly stated herein.

6.8. The rights and remedies of the Contractor specified in this Agreement shall be in addition to all other rights and remedies available to the Contractor. Nothing contained in this Agreement shall be construed as a waiver of the Contractor's rights unless agreed to in writing by the Contract Administrator.

6.9. The Contractor shall maintain reasonable records in connection with the work performed pursuant to the Contract, and shall allow access to those records by the LDFA or its authorized representative.

6.10. This Agreement may be amended or an alternative form of the Agreement adopted only upon written consent by the LDFA.

6.11. This Agreement may be signed in counterpart. The counterparts taken together shall constitute a single agreement.

The signatories below warrant that they are empowered to enter into this Agreement.

CONTRACTOR ACCEPTANCE:

BY: _____
Robin Risser, Chair
Ann Arbor/Ypsilanti SmartZone LDFA

Dated: _____

CONTRACTOR ACCEPTANCE:

Dated: _____

By: _____
William Milliken, Chair
Washtenaw Development Council

ATTACHMENT A SCOPE OF SERVICE

1. Serve as Recording Secretary
 - a. Post Meeting Notices in accordance with the Open Meetings Act.
 - b. Produce and distribute agendas for meetings
 - c. Keep approved Minutes of all meetings

2. Coordinate financial matters
 - a. Review quarterly requests from Accelerator for completeness
 - b. Forward requests to City of Ann Arbor Finance Department for reimbursement from LDFA funds
 - c. Monitor LDFA fund balances with the Treasurer
 - d. Prepare budgets for approval by LDFA and City of Ann Arbor

3. Undertake to coordinate efforts between various SmartZone partners

ATTACHMENT B BUDGET

Supplies	\$500
Staff and related	\$3500
Total	<u>\$4000</u>

MINUTES

Ann Arbor-Ypsilanti SmartZone Local Development Finance Authority Board of Directors

June 28, 2005

**Ann Arbor Downtown Development Authority
303 Detroit St., Suite 303, Ann Arbor, Michigan**

Members Present: Chris Ballman (by phone), John Gawlas, Mickey Katz-Pek, Tom Kinnear, Michael Korybalski, Jeff Mason, Steve Pierce, Michael Reid

Members Excused: Richard King, Rob Risser

Staff Present: Tim Robinson- WDC, Kurt Riegger- ITZ, Chuck Salley- ITZ

Others Present:

Call to Order: Reid, called the meeting to order at 8:10 AM. A quorum was present.

Consent Agenda: The Minutes of the May 24, 2005 Board meeting and the June 2005 Accelerator Report were presented and discussed. It was moved by Pierce, seconded by Katz-Pek "To approve the minutes and accelerator report as presented" Motion passed unanimously.

Accelerator contract extension discussion. As Reid started to discuss extending the current accelerator contract, Katz-Pek asked why the Accelerator RFP that the Board had asked for at the last meeting was not on the agenda.

At that point Reid said that he believed that the circumstances regarding the Board's desire for an RFP had changed significantly since the last Board meeting and that he would like the Board to discuss those issues. He then said that they had forgotten to approve the agenda and that they should do so before they continued the discussion.

Reid then made a motion to approve the agenda as presented. It was seconded by Michael Korybalski. Motion passed unanimously.

The discussion then continued as Reid answered Katz-Pek's question about the RFP. On June 27, he and fellow Board members; Pierce, Kinnear, Korybalski met with Spark Board members Rick Snyder and Ken Nisbet as well as Accelerator staff Kurt Riegger and Chuck Salley and recording secretary Tim Robinson. This meeting was held to discuss the RFP for the 2005-2006 Accelerator contract, a conflict of interest policy for the Accelerator, LDFA representation on the governing body of the Accelerator and a 90 day extension to the existing Accelerator contract.

Reid went on to explain that the 90 day extension was being considered to prevent a lapse between contracts (and thus client services) as the RFP was being worked on. However, during the June 27 meeting, Rick Snyder informed the LDFA members that the \$750,000 MTTC grant that SPARK just received (to benefit Ann Arbor area start-up/emerging life science companies) requires local participation/matching and that an Accelerator contract under a year in length would not constitute

sufficient local participation and would jeopardize the grant. The LDFA members agreed with Snyder's assessment and decided to ask the Board at the June 28 meeting to forego the RFP process and approve the 2005/2006 contract immediately so as not to jeopardize the State grant. That contract would also include an attached memorandum of understanding (MOU) that gives both parties 90 days to agree on performance metrics of the 2005-2006 contract.

At 9:00 am Chris Ballman, who was attending via telephone conference excused herself and left the meeting.

Also at the June 27 meeting, Rick Snyder agreed that the LDFA should have representation on the governing body of the Accelerator. He said he would ask the SPARK and IT Zone Boards to establish a Board seat for an LDFA member.

Reid further explained that the June 27 meeting was the second meeting of the RFP committee with the Accelerator staff and that he believed that the communication issues that first prompted the LDFA Board to request an RFP had been resolved.

The Board then discussed the items that they wanted the MOU to address. In addition to setting a 90 day deadline on defining the performance metrics, they wanted the following: 1. LDFA representation on the governing board of the Accelerator. And 2, a Conflict of Interest policy that covered the service providers and clients of the Accelerator.

Tom Kinnear then made a motion to approve the existing 2004/2005 Accelerator contract as the 2005/2006 Accelerator contract (with appropriate date changes) with an attached MOU that gives the parties 90 days to define new performance metrics for the 2005/2006 term as well as establishing LDFA representation on the governing body of the Accelerator and a conflict of interest policy for the accelerator. John Gawlas seconded the motion. Motion passed unanimously.

Mickey Katz-Pek made a motion to nominate Mike Korybalski to represent the LDFA on the governing body of the Accelerator. Tom Kinnear seconded the motion. Motion passed unanimously.

Discuss Accelerator Performance Metrics: The Board asked the Recording Secretary to set a date as soon as possible for board members and the Accelerator staff to continue the performance metric discussion.

Discuss WDC administrative contract for 2005/2006: Tim Robinson presented the WDC's secretarial/administrative contract for 2005/2006. Its terms and costs are the same as the 2004/2005 contract. Mickey Katz-Pek made a motion to approve the 2005/2006 secretarial/administrative services contract with the WDC as presented. John Gawlas seconded the motion. Motion passed unanimously.

Next Meeting Date/Adjournment: The next meeting date will be July 21 at 12:00 pm, at Eastern Michigan University- College of Business, Room 201. It was moved by Pierce, seconded by Korybalski, "To adjourn the meeting at 10:05 AM. Motion passed unanimously.

Respectfully submitted,

Tim Robinson, Recording Secretary