CITY OF ANN ARBOR, MICHIGAN

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June 25, 2008

RFP # 709
DUE: Monday, July 14, 2008, 2:00 P.M.

ADDENDUM NO. 1

ANN ARBOR-YPSILANTI SMARTZONE LDFA
Request for Proposal # 709: Audit of the Ann Arbor SPARK Business Accelerator Services

Please be advised of the following correction to RFP #709.

The attached text of RFP #709 replaces in its entirety the release of RFP #709 issued June 19, 2008.

YOU MUST INCLUDE THE EXECUTED COPY OF THIS DOCUMENT WITHIN YOUR PROPOSAL SUBMISSION ON THE DUE DATE.

I/we have reviewed Addendum No. 1 to RFP #709, dated June 25, 2008, and will include any responses to this Addendum No. 1 within my proposal.

_____
Acknowledged By: (Authorized Signature)

_____
Printed Name

_____
Company

_____
Date

PROPOSAL

FOR

AUDIT OF THE ANN ARBOR SPARK BUSINESS ACCELERATOR SERVICES RFP-709

BY

ANN ARBOR-YPSILANTI SMARTZONE LDFA

Re: Request for a Proposal to Perform an Audit of the Ann Arbor SPARK Business Accelerator Services, as of June 30, 2008.

To Whom It May Concern:

The Ann Arbor-Ypsilanti SmartZone LDFA ("LDFA") is sending your firm a Request for Proposal (RFP) to perform an Audit of the Ann Arbor SPARK Business Accelerator Services as of June 30, 2008.

The LDFA is seeking an independent auditor for this engagement, and thus proposals from qualified bidders to perform the audit. Attachments critical to the engagement are enclosed. Attachment 1 identifies the authority and required scope items of the review. Attachment 2 provides guidelines to respondents for the engagement and the proposal. Attachment 3 is a specimen of LDFA's professional services contract, terms and conditions of service and insurance requirements. There is no expressed or implied obligation for the LDFA to reimburse firms for any expenses incurred in preparing a proposal in response to this request.

To be considered, an Original Technical Proposal in a sealed envelope and a Fee Proposal in a separate sealed envelope must be **received no later that 2:00pm on Monday, July 14, 2008**. Proposals should be addressed to:

City of Ann Arbor
Dee Lumpkin, Procurement Assistant
100 N. Fifth Ave
Ann Arbor, MI 48107

The Proposal envelope should be marked with the name of the submitting firm and "RFP No. 709: Audit of the Ann Arbor SPARK Business Accelerator Services". The Fee Proposal envelope should be marked with the name of the submitting firm and "Fee Proposal – Audit of the Ann Arbor SPARK Business Accelerator Services". The LDFA reserves the right to reject any or all proposals submitted.

During the evaluation process, the LDFA reserves the right, where it may serve the LDFA's best interest, to request additional information or clarifications from respondents, or to allow corrections of errors or omissions. At the discretion of the LDFA, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The LDFA reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the LDFA and the firm selected.

ATTACHMENT 1

STATEMENT OF SCOPE AND PURPOSE

General Scope of the Engagement

Introduction and Overview

The Ann Arbor-Ypsilanti SmartZone LDFA ("LDFA") seeks proposals for an audit of the Ann Arbor SPARK Business Accelerator Services as of June 30, 2008. As part of discharging the obligation of the appointed directors to a public body, the LDFA board has expressed interest in retaining qualified consultants to perform an audit of Ann Arbor SPARK's internal financial and operating controls as they relate to the administration of the FY 2007-08 Contract between the LDFA and Ann Arbor SPARK.

Background

In 2001, the Michigan Economic Development Corporation (MEDC) created eleven separate SmartZones throughout the state, including Ann Arbor-Ypsilanti, for the purpose of highlighting Michigan's unique technology business opportunities and promoting job creation. The foundational documents for the Ann Arbor-Ypsilanti SmartZone included 1.) An initial SmartZone application to the MEDC, 2.) A Tax Increment Financing plan, and 3.) A Municipal Cooperation Agreement between the cities of Ann Arbor and Ypsilanti, and maintain a primary focus on developing and sustaining local "Business Accelerators" and "Business Incubators" as the vehicles through which services to emerging technology driven businesses are delivered.

The governing body, known as the Ann Arbor-Ypsilanti SmartZone Local Development Finance Authority (LDFA) consists of a nine-member board of directors of which six members are appointed by the Ann Arbor City Council and the Ypsilanti City Council appoints three members. The LDFA operates under a set of bylaws approved by the Ann Arbor and Ypsilanti City Councils. . The City of Ann Arbor provides administrative support services to the LDFA and serves as its Registered Agent.

The LDFA provides local financing for the Ann Arbor-Ypsilanti SmartZone through a tax capture mechanism within a specific district. The geographic boundaries for the Ann Arbor-Ypsilanti SmartZone LDFA was defined as the combined DDAs of the two respective cities, and under the tax capture formula, tax levies eligible for capture include only those for which a prior claim had not been established by either DDA. The SmartZone captures up to one-half of the school operating and state education taxes within the Ann Arbor portion of the district, and is based on the increase in taxable value due to new development and appreciation above the base year of 2002. Presently, TIF revenue is generated only within the geographic boundaries of the Ann Arbor DDA.

Through contracts with qualified service providers, the Ann Arbor-Ypsilanti SmartZone LDFA funded Business Accelerator activities to work with emerging technology based businesses, identifying those that have the greatest potential for commercialization, rapid growth, and ultimately the ability to promote job development within the SmartZone district. The Business Accelerator provides entrepreneurs and their emerging technology businesses with educational and networking services, assistance in market definition, business plan development, and exploring financing alternatives.

Objectives and Scope of Work

Specifically, the LDFA is interested in securing an independent evaluation of the Ann Arbor SPARK Business Accelerator Services (LDFA's contractor):

1) Adequacy of internal control procedures that cover all key elements of the contract;

2) Ability to keep adequate records and produce accurate, complete, and useful reports as they relate to fulfilling Ann Arbor SPARK's contractual obligations to the LDFA;

3) Monitoring processes to ensure internal control procedures are effective;

4) Procedures to check for defects in billing/reporting requirements or instances of contract non-compliance, with documentation of appropriate and corrective action where necessary;

5) Regular review protocols for individual processes and the internal control system itself for effectiveness.

Conditions of the Engagement

The firm's partner leading this engagement shall be licensed and have performed municipal and not-for-profit audit engagements for at least 10 years. The partner should also provide at least three (3) municipal or not-for-profit client references of comparable scope work.

ATTACHMENT 2

ENGAGEMENT ACTIVITIES AND PROPOSAL GUIDELINES

1. Timetable

Respondents must be prepared to commit sufficient personnel and effort in order to complete the valuation **no later than 60 days** from the date the selected firm is notified.

2. Ann Arbor-Ypsilanti SmartZone LDFA's Use of Respondent's Proposals and Work

During the evaluation process, the Ann Arbor-Ypsilanti SmartZone LDFA ("LDFA") reserves the right, where it may serve the LDFA's best interest, to request additional information or clarifications from respondents, or to allow corrections of errors or omissions. At the discretion of the LDFA, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The LDFA reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the LDFA and the firm selected.

Implementation plans, software programs, and other system applications developed or purchased by the firm in connection with this engagement shall be available for use by the LDFA at no additional cost for an unlimited time after the completion of this engagement.

3. LDFA and Ann Arbor SPARK Staff Participation

The City of Ann Arbor personnel providing administrative support to the LDFA and Ann Arbor SPARK employees, in accordance with the terms of their contract with the LDFA, will make available to the selected firm any additional data requested. The City of Ann Arbor and Ann Arbor SPARK is aware of and understands the need to provide assistance to the selected firm and will make every attempt to expedite necessary data requests to the selected firm to meet its response deadlines.

4. Reporting Procedures

The selected firm and designated personnel of the City of Ann Arbor and Ann Arbor SPARK will meet as necessary, as determined by the LDFA, or upon request of the selected firm, to provide data or discuss the progress of the engagement.

5. Access to Information Sources

The selected firm will have access to the official books and records of the Ann Arbor SPARK.

6. Final Report

The LDFA shall receive 20 copies of the audit and an electronic version of the body of each report in Adobe Acrobat format. The final reports shall be considered public documents and shall be made available for public inspection and distribution.

7. Work Products

The selected firm's work products shall be considered public documents and shall be made available for public inspection and distribution as required.

8. Work Papers

At the conclusion of the engagement, the selected firm shall make copies of significant work papers and source documents available to the LDFA, if so requested.

9. Payment

The selected firm may submit monthly invoices to the LDFA or a final invoice at time of completion. It will be necessary to submit supporting documents such as detailed time sheets, expense reports, and vouchers for lodging and transportation, to the LDFA. Invoices must separately indicate (1) professional service fees, (2) travel and lodging, and (3) all other costs.

For professional service fees, invoices must identify the individuals for whom services are being billed, the number of hours being billed, detail of the activities worked on, the hourly billing rates, and the total fees.

10. Evaluation of Proposals

A. Professional Qualifications-20 points

1. State the full name and address of your organization and, if applicable, the branch office or other subordinate element that will perform, or assist in performing, the work hereunder. Indicate whether it operates as an individual, partnership, or corporation. If as a corporation, include whether it is qualified to do business.

2. Include the name of executive and professional personnel by skill and qualification that will be employed in the work. Show where these personnel will be physically located during the time they are engaged in the work. Indicate which of these individuals you consider key to the successful completion of the project. Identify individuals who will do the work on this project by name and title (i.e. partner who will be responsible for the audit and his/her team). Resumes or qualifications are required for proposed project personnel.

3. State history of the firm, in terms of length of existence, types of services provided, etc. Identify the technical details, which make the firm qualified for this work.

B. Past involvement with Similar Projects - 30 points

1. The written proposal must include a list and description of specific experiences in this area and the ability to complete similar projects within the budgeted amounts.

C. Proposed Work Plan - 30 points

1. A detailed work plan is to be presented which lists all tasks determined to be necessary to accomplish the work of this project. The work plan shall define resources needed for each task (title and person hours) and your staff person completing the project task. In addition, the work plan shall include a time line schedule depicting the sequence and duration of tasks showing how the work will be organized and executed.

2. The work plan shall be sufficiently detailed and clear to identify the progress milestones, i.e. when project elements, measures, and deliverables are to be completed. Additional project elements suggested by the respondent are to be included in the work plan and identified as respondent suggested elements.

3. Include any other information that you believe to be pertinent but not specifically asked for elsewhere.

4. Also include in the work plan proposed steps, if any, to expedite completion of the project. This will be given due consideration during evaluation of proposals.

D. Fee Proposal - 20 points

1. Fee quotations shall be submitted in a separate sealed envelope as part of the proposal. Fee quotations are to include the names, title, hourly rates, overhead factors, and any other details by which the overall and project element costs have been derived. The fee quotation is to relate in detail to each item of the proposed work plan. The Firm selected to be interviewed shall be capable of justifying the details of the fee proposal relative to personnel costs, overhead, how the overhead rate is derived, material and time.

2. The fee proposed must include the total estimated cost for the project when it is 100% complete. This total may be adjusted after negotiations with the LDFA and prior to signing a formal contract, if justified. A sample of the required LDFA professional servicest agreement form is included as Attachment 3 of this RFP.

3. Fee proposals will only be opened for the formal interview, at which time the proposed fees will also be discussed.

Proposal Evaluation

1. Members of the Selection Committee will evaluate each proposal by the above-described criteria and point system (A through D) to select the firms to be interviewed. The LDFA reserves the right to not consider any proposal, which it determines to be unresponsive and deficient in any of the information, requested for evaluation. A proposal with all the requested information does not guarantee the proposing firm to be a candidate for an interview. The Committee may contact references to verify material submitted by the respondents. The LDFA will determine whether the final scope of the project to be negotiated will be entirely as described in this RFP, a portion of the scope, or a revised scope.

2. The Committee will schedule interviews with the selected firms. The selected firms will be given the opportunity to discuss in more detail their qualifications, past experience, and proposed work plan. The interview shall consist of a presentation of approximately thirty (30) minutes by the respondent, including the person who would be the manager on this Contract, followed by approximately thirty (30)

minutes of questions and answers. Audiovisual aids may be used during the oral interviews. The oral interviews may be recorded on tape by the Evaluation Team.

3. The firm will be re-evaluated by the above criteria (A through D) after the interview. After evaluation of the fee proposals, further negotiation with the selected candidate firm will be pursued leading to a recommendation to LDFA Council for the award of a contract.

4. Selection Committee evaluating the proposals:

   Michael Reid, LDFA Board Member
   Stephen Rapundalo, LDFA Board Member
   Jonnie Bryant, LDFA Board Member
   Rob Risser, LDFA Board Member
   Tom Crawford, Chief Financial Officer, City of Ann Arbor

Authorized Negotiator

Include the name and phone number of persons(s) in your organization authorized to negotiate the Scope of Work with the LDFA.

Appendices

Appendix A (Legal Status of Respondent) as outlined in Attachment 3 must be completed and returned with the proposal. These elements should be included as attachments to the proposal submission.

ATTACHMENT 3

AGREEMENT BETWEEN

AND
ANN ARBOR-YPSILANTI SMARTZONE LDFA
FOR
PROFESSIONAL SERVICES

The Ann Arbor-Ypsilanti SmartZone LDFA, a Michigan Authority, having its offices at 100 North Fifth Avenue, Ann Arbor, Michigan 48104 ("LDFA"), and
_____, ("Firm")
a _____, with its address at:_____
(Partnership, Sole Proprietorship, or Corporation) (State where organized)
_____, agree as follows:

The Firm agrees to provide professional services to the LDFA under the following terms and conditions:

I. DEFINITIONS

Project means: "Audit of the Ann Arbor SPARK Business Accelerator Services, as of June 30, 2008"

Contract Admiistrator means _____
.

LDFA means the Ann Arbor-Ypsilanti SmartZone LDFA, its Board and officers

II. DURATION

This agreement shall become effective on _____, 200_, and shall remain in effect until satisfactory completion of the Services specified above unless terminated as provided for in this agreement.

III. SERVICES

A. The Firm agrees to provide professional audit services ("Services") in connection with the Project. The LDFA retains the right to make changes to the quantities of service within the general scope of the agreement at any time by a written order. If the changes add to or deduct from the extent of the services, the contract sum shall be adjusted accordingly. All such changes shall be executed under the conditions of the original agreement.

B. Quality of Services under this agreement shall be of the level of professional quality performed by experts regularly rendering this type of service. Determination of acceptable quality shall be made solely by the Contract Administrator.

C. The Firmt shall perform its Services for the Project in compliance with all statutory, regulatory and contractual requirements now or hereafter in effect as may be applicable to the rights and obligations set forth in the Agreement.

IV. COMPENSATION OF FIRM

A. The Firm shall be paid In the manner set forth in Exhibit B. Payment shall be made monthly, unless another payment term is specified in Exhibit B, following receipt of invoices submitted by the Firm and approved by the LDFA .

B. The Firm will be compensated for Services performed in addition to the Services described in Section III, only when those additional Services have received prior written approval of the LDFA . Compensation will be on the basis of the hourly rate specified in Exhibit B.

C. The Firm shall keep complete records of time spent and materials used on the Project so that the LDFA may verify invoices submitted by the Consultant. Such records shall be made available to the LDFA upon request and submitted in summary form with each invoice.

V. INSURANCE/INDEMNIFICATION

A. The Firm shall procure and maintain during the life of this Contract, such insurance policies, including those set forth below, as will protect itself from all claims for bodily injuries, death or property damage which may arise under this Contract; whether the acts were made by the Firm or by any subcontractor or anyone employed by them directly or indirectly. The following insurance policies are required:

1. Professional liability insurance protecting the Consultant and its employees in an amount not less than $1,000,000.

2. Worker's Compensation Insurance in accordance with all applicable state and federal statutes. Further, Employers Liability Coverage shall be obtained in the following minimum amounts:

Bodily Injury by Accident -	$500,000 each accident
Bodily Injury by Disease -	$500,000 each employee
Bodily Injury by Disease -	$500,000 each policy limit

3. Commercial General Liability Insurance equivalent to, as a minimum, Insurance Services Office form CG 00 01 07 98. The LDFA shall be an additional insured. There shall be no added exclusions or limiting endorsements including, but not limited to: Products and Completed Operations, Explosion, Collapse and Underground coverage or Pollution. Further, the following minimum limits of liability are required:

$1,000,000	Each occurrence as respect Bodily Injury Liability or Property Damage Liability, or both combined.
$2,000,000	Per Job General Aggregate
$1,000,000	Personal and Advertising Injury

4. Motor Vehicle Liability Insurance, including Michigan No-Fault Coverages, equivalent to, as a minimum, Insurance Services Office form CA 00 01 07 97. The LDFA shall be an additional insured. There shall be no added exclusions or limiting endorsements. Coverage shall include all owned vehicles, all non-owned vehicles and all hired vehicles. Further, the limits of liability shall be $1,000,000 for each occurrence as respects Bodily Injury Liability or Property Damage Liability, or both combined.

5. Umbrella/Excess Liability Insurance shall be provided to apply excess of the Commercial General Liability, Employers Liability and the Motor Vehicle coverage enumerated above, for each occurrence and for aggregate in the amount of $1,000,000.

B Insurance required under V.A.3 and V.A.4 of this Contract shall be considered primary as respects any other valid or collectible insurance that the LDFA may possess, including any self-insured retentions the LDFA may have; and any other insurance the LDFA does possess shall be considered excess insurance only and shall not be required to contribute with this insurance. Further, the Firm agrees to waive any right of recovery by its insurer against the LDFA.

C. In the case of all Contracts involving on-site work, the Firm shall provide to the LDFA before the commencement of any work under this Contract documentation demonstrating it has obtained the above mentioned policies. Documentation must provide and demonstrate an unconditional 30 day written notice of cancellation in favor of the LDFA. Further, the documentation must explicitly state the following: (a) the policy number; name of insurance company; name and address of the agent or authorized representative; name and address of insured; project name; policy expiration date; and specific coverage amounts; (b) any deductibles or self-insured retentions which shall be approved by the LDFA, in its sole discretion; (c) that the policy conforms to the requirements specified. An original certificate of insurance may be provided as an initial indication of the required insurance, provided that no later than 21 calendar days after commencement of any work the Consultant supplies a copy of the endorsements required on the policies. Upon request, the Consultant shall provide within 30 days a copy of the policy(ies) to the LDFA. If any of the above coverages expire by their terms during the term of this Contract, the Consultant shall deliver proof of renewal and/or new policies to the LDFA at least ten days prior to the expiration date.

D. Any insurance provider of Firm shall be admitted and authorized to do business in the State of Michigan and shall carry and maintain a minimum rating assigned by A.M. Best & Company's Key Rating Guide of "A-" Overall and a minimum Financial Size Category of "V". Insurance policies and certificates issued by non-admitted insurance companies are not acceptable unless approved in writing by the LDFA.

E. To the fullest extent permitted by law, for any loss not covered by insurance under this contract, the Firm shall indemnify, defend and hold the LDFA, its officers, employees and agents harmless from all suits, claims, judgments and expenses including attorney's fees resulting or alleged to result, to its proportionate extent, from any negligent, grossly negligent, reckless and/or intentional wrongful or tortious acts or omissions by the Firm or its employees and agents occurring in the performance of this agreement.

VI. WARRANTIES BY THE FIRM

A. The Firm warrants that the quality of its Services under this agreement shall conform to the level of professional quality performed by experts regularly rendering this type of service.

B. The Firm warrants that it has all the skills, experience, and professional licenses necessary to perform the Services it is to provide pursuant to this agreement.

C. The Firm warrants that it has available, or will engage, at its own expense, sufficient trained employees to provide the Services specified in this agreement.

VII. TERMINATION OF AGREEMENT

A. This agreement may be terminated by either party without further notice in the case of a breach of this agreement by the other party, if the breaching party has not corrected the breach within 15 days after notice of the breach.

B. The LDFA may terminate this agreement if it decides not to proceed with the Project by notice pursuant to Article XI. If the Project is terminated for reasons other than the breach of the agreement by the Firm, the Firm shall be compensated for reasonable time spent and reasonable quantities of materials used prior to notification of termination.

VIII. OBLIGATIONS OF THE LDFA

A. The LDFA agrees to give the Firm records access to the as required to perform the necessary Services under this agreement.

B. The LDFA shall notify the Firm of any defects in the Services of which the LDFA has actual notice.

IX. ASSIGNMENT

A. The Firm shall not subcontract or assign any portion of the Services without prior written consent from the LDFA. Notwithstanding any consent by the LDFA to any assignment, Firm shall at all times remain bound to all warranties, certifications, indemnifications, promises and performances, however described, as are required of it under the Agreement unless specifically released from the requirement, in writing, by the LDFA.

B. The Firm shall retain the right to pledge payment(s) due and payable under this agreement to third parties.

X.NOTICE

All notices and submissions required under this agreement shall be by personal delivery or by first-class mail, postage prepaid, to the address stated in this agreement or such other address as either party may designate by prior written notice to the other. Notice shall be considered delivered under this agreement when personally delivered to the LDFA or placed in the U.S. mail, postage prepaid to the LDFA.

XI. CHOICE OF LAW

This agreement shall be construed, governed, and enforced in accordance with the laws of the State of Michigan. By executing this agreement, the Firm and the LDFA agree to venue in a court of appropriate jurisdiction sitting within Washtenaw County for purposes of any action arising under this agreement.

XII. CONFLICT OF INTEREST

Firm certifies it has no financial interest in the Services to be provided under this agreement other than the compensation specified herein. Firm further certifies that it presently has no personal or financial interest, and shall not acquire any such interest, direct or indirect, which would conflict in any manner with its performance of the Services under this agreement.

XIII. SEVERABILITY OF PROVISIONS

Whenever possible, each provision of this agreement will be interpreted in a manner as to be effective and valid under applicable law. However, if any provision of this agreement or the application of any provision to any party or circumstance will be prohibited by or invalid under applicable law, that provision will be ineffective to the extent of the prohibition or invalidity without invalidating the remainder of the provisions of this agreement or the application of the provision to other parties and circumstances.

XIV. OWNERSHIP OF DOCUMENTS

Upon completion or termination of this agreement, all documents prepared by the Firm, including tracings, drawings, estimates, specifications, field notes, investigations, studies and reports shall become the property of, and, at the option of the LDFA, be delivered to, the LDFA. The LDFA acknowledges that the documents are prepared only for the Project. Prior to completion of the contracted Services the LDAF shall have a recognized proprietary interest in the work product of the Firm.

XV. EXTENT OF AGREEMENT

Upon completion or termination of this agreement, all documents prepared by the Firm, including tracings, drawings, estimates, specifications, field notes, investigations, studies and reports shall become the property of, and, at the option of the LDFA, be delivered to, the LDFA. The LDFA acknowledges that the documents are prepared only for the Project. Prior to completion of the contracted Services the LDAF shall have a recognized proprietary interest in the work product of the Firm.

This agreement represents the entire understanding between the LDFA and the Firm and it supersedes all prior representations or agreements whether written or oral. Neither party has relied on any prior representations, of any kind or nature, in entering into this agreement. This agreement may be altered, amended or modified only by written amendment signed by the Firm and the LDFA.

FOR FIRM	**FOR THE SMARTZONE LDFA**
By_____	By_____
Its:	SmartZone LDFA Chair

APPENDIX A
LEGAL STATUS OF RESPONDENT

(The respondent shall fill out the appropriate form and strike out the other two.)

* A corporation organized and doing business under the laws of the state of

_____, for whom _____

bearing the office title of _____, whose signature is affixed to this proposal,

is authorized to execute contracts.

* A partnership, list all members and the street and mailing address of each:

Also identify the County and State where partnership papers are filed:

County of _____, State of

* An individual, whose signature with address, is affixed to this proposal: