

MINUTES

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

January 8, 2003

**12:00 Noon
Eastern Michigan University
College of Business
Dean's Conference Room**

Members Present: Earl Potter, John Gawlas, Chris Ballman, Chris Easthope, Steve Pierce, Maria Thompson

Members Excused: Mickey Katz-Pek, Mike Reid; Matt Dugener

Members Absent: Rob Risser,

Staff Present: Susan Lackey – WDC, Jennifer Goulet – Ypsilanti DDA, Chuck Salley – IT Zone

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

Public Comment: There was no public comment. Chair Potter asked Salley for comments at this time. He indicated the quarterly report was in draft form, and would be forwarded to the board.

Minutes: Lackey noted that Easthope was listed as absent in the Minutes, but was, in fact, in attendance. It was moved by Thompson, seconded by Ballman, "To approve the Minutes of the December 18 Board meeting as amended." Motion carried. Those members not present at the 12/18 meeting abstained.

Swearing of Members: Lackey distributed an oath of office for the members, indicating the statutory requirements that LDFA members be sworn to office. She requested that Board members sign the Oath and return it to her.

Discussion of Goals: Potter initiated a further discussion of organizational goals. Lackey had emailed several lengthy MEDC reports on key technologies to the Board members. A great deal of discussion ensued about the relative balance of research and development vs. manufacturing. Could the Ann Arbor/Ypsilanti area be attractive to both? Would the wages on the manufacturing side support Washtenaw County's cost of living? Do we have the capabilities to attract the manufacturing operations, or are our core competencies more around the R&D and Headquarters/sales operations? What does this mean in terms of tax base and job generation? What role does Ann Arbor/Ypsilanti play in the regional economy? Is it possible that our role is in R&D, while the manufacturing is done elsewhere in the region?

What is the SmartZone's role in this? How does this relate to the WDC and other economic development efforts?

Work items:

- 1) Develop a survey for emerging technology companies in the county. Do they anticipate growing here? Moving into manufacturing? What impedes their growth?
- 2) Quantify wages for technology manufacturing in Washtenaw County and elsewhere. Are we competitive?
- 3) January 22 meeting: presentation on WDC economic development strategy as a point of departure to understand SmartZone role.

Next Meeting: The next meeting of the LDFA is scheduled for January 22 at 5:00 PM at the Ann Arbor DDA. The major item of business will be a presentation on the WDC's economic development strategy and its relationship to the SmartZone.

It was moved by Pierce, seconded by Easthope: "To adjourn the meeting at 1:20 PM". Motion carried unanimously.

Respectfully submitted,

Susan A. Lackey, Recording Secretary

MINUTES

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

January 22, 2003

**5:00 PM
Ann Arbor Downtown Development Authority
303 Detroit St.
Suite 303
Ann Arbor, MI**

Members Present: Earl Potter, John Gawlas, Mike Reid, Rob Risser, Chris Ballman, Steve Pierce
(via conference call)

Members Excused: Mickey Katz-Pek, Matt Dugener

Members Absent: Maria Thompson, Chris Easthope

Staff Present: Susan Lackey – WDC, Jennifer Goulet – Ypsilanti DDA, Chuck Salley – IT Zone

Call to Order: Earl Potter called the meeting to order at 5:10 PM. A quorum was present.

Public Comment: There was no public comment.

Minutes: Minutes of the January 8 Meeting were presented. It was noted that Risser and Reid were not present at the January 8 meeting, and in that event were unable to take action on the approval of the Minutes. The By-laws of the LDFA require five affirmative votes on all action, and with the abstention of Reid and Risser, five affirmative votes are not available to approve the Minutes. Therefore the Minutes are tabled until the February meeting.

Survey Committee Request: The Board had discussed the potential for surveying emerging businesses in the County to discuss their impediments to growth, etc. Potter asked for volunteers to work with Lackey and Salley in developing this survey. Risser and Potter volunteered to work with staff in this effort.

1. Work item: Lackey will coordinate a meeting time to develop a draft survey.

WDC Presentation: In an effort to understand the role of the SmartZone in the broader economic development strategy of the community, Lackey presented an outline of the WDC's strategic plan, focusing on high paid, high skilled, technology-based industries.

1. Work item: Lackey was asked to work with public relations consultant Larry Eiler to develop an 'elevator pitch' for the SmartZone, that would help to differentiate it from the ITZone and the WDC.

Further Discussion of Goals: Potter and Risser proposed the following schedule for timing and discussion:

- Use the next several months to have targeted discussions on Life Sciences, Information Technology, and MEMS and our interests in these areas.
- Lead up to a June, daylong discussion that would culminate the goal setting process.
- Develop a 'parking lot' of issues as we reach agreement, so that existing ground is not covered repeatedly in these discussions as they emerge over time.
- The order in which the technology areas will be approached are:
 - February – Life Sciences
 - March – Information Technology
 - April – MEMS
 - May – Other issues that may arise

Other Business: Reid noted that the budget revision requested of the MEDC by the Accelerator included a significant shift from 'salary' to 'contract services.' Because of the size of the shift, the LDFA should have the opportunity to review and approve the budget change. Salley indicated he would be prepared to explain this at the next meeting, and would proactively seek support in the future. The timing of quarterly reporting to the MEDC was also discussed, and in the future timing will be such that quarterly reports are available for the LDFA meeting prior to their submittal to the MEDC.

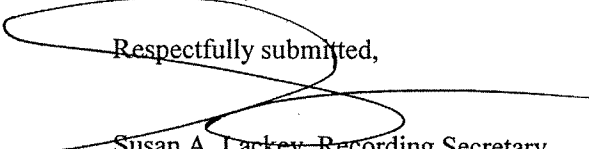
Next Meeting: The next meeting of the LDFA is scheduled for February 6, 2003 at 7:30 AM in the Dean's Conference Room, EMU. The topics will be:

- Accelerator Budget Review
- Discussion of Life Sciences Industry in Michigan.

Lackey noted that it would be preferable to reschedule the April meeting, as this conflicts with the state SmartZone conference.

It was moved by Reid, seconded by Ballman: "To adjourn the meeting at 6:40 PM". Motion carried unanimously.

Respectfully submitted,


Susan A. Lackey, Recording Secretary

MINUTES

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

March 5, 2003

**12:00 – 1:30 pm
Ann Arbor Downtown Development Authority
303 Detroit St.
Suite 303
Ann Arbor, MI**

Members Present: Earl Potter, John Gawlas, Mike Reid, Rob Risser, Chris Ballman, Steve Pierce

Members Excused: Mickey Katz-Pek, Chris Easthope, Matt Dugener

Members Absent: Maria Thompson

Staff Present: Susan Lackey – WDC, Jennifer Goulet – Ypsilanti DDA, Chuck Salley – IT Zone

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

Public Comment: There was no public comment.

Minutes: Minutes of the January 8 and January 22 meetings were presented. Members discussed the challenges of a small board, and the policy previously followed of allowing only those individuals present at a meeting to vote on the approval of the Minutes. Minutes are circulated in advance of the meeting those who cannot be in attendance at a subsequent meeting can make corrections prior to the meeting where the minutes are to be adopted. Therefore, the sense of the Board was that it was not necessary for those not present at a previous meeting to abstain from voting on the Minutes.

It was moved by Pierce, seconded by Ballman, “To approve the Minutes of January 8, 2003 as presented”. Motion carried without dissent.

It was moved by Risser, seconded by Gawlas, “To approve the Minutes of January 22, 2003 as presented.” Motion carried without dissent.

Accelerator Budget: Lackey reviewed the reallocation of line items requested by the Accelerator. This reallocation moved some costs from salaries to contracted services, for one quarter only, in order to accommodate the challenges of setting up a payroll system.

The Board indicated that they had not seen a full budget for the Accelerator, which tracked revenues and expenditures in traditional categories, and demonstrated the application of local match. Lackey indicated she would share this concern with Salley, and arrange for it to be provided with the Accelerator’s quarterly reports.

It was moved by Risser, seconded by Pierce, “To acknowledge the variance from budget requested by the Accelerator in their quarterly funding request to the MEDC.” Motion carried without dissent.

Continued Discussion of Life Sciences: Lackey presented information on the life sciences industry, specifically in Washtenaw County.

Board members reviewed both company information and wage information. The typical life sciences company in Washtenaw County is young (under five years) and employs approximately 20 individuals. They have not yet begun to manufacturer, except at the most elementary stages.

Wages for those companies that do manufacturer in Michigan (principally Pharmacia in Kalamazoo) appear to be somewhat lower than the average wage paid by all employers in Washtenaw County. This raises questions regarding the feasibility of manufacturing operations in the area. This, in turn, raises questions regarding the definition of 'here'. Is the Ann Arbor area to be the R&D center, while other parts of the region concentrate on manufacturing? What are the implications of 'exporting' the manufacturing, either to other communities in Michigan, out of state, or off shore?

Lackey also distributed the MEDC's life science strategy and tactics, and requested that the Board respond with their reactions to the priorities that the SmartZone should place on these tactics locally. This will become part of the larger discussion of vision and priorities to take place in June.

Other Business: It was moved by Reid, seconded by Pierce, "To send a letter to Governor Granholm expressing the LDFA's concern with the decision to move the Michigan Broadband Development Authority from Ann Arbor to Lansing." Motion passed without dissent. Potter instructed Lackey and Reid to circulate a draft.

Next Meeting: The next meeting of the LDFA is scheduled for April 2 at 7:30 AM in the Dean's Conference Room, EMU. The topics will be:

- Accelerator Quarterly Review
- Discussion of IT Industry in Michigan.

It was moved by Risser, seconded by Ballman: "To adjourn the meeting at 1:35 PM". Motion carried without dissent.

Respectfully submitted,

Susan A. Lackey, Recording Secretary

MINUTES

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

April 2, 2003

7:30 – 9:00 AM
Dean's Conference Room
Eastern Michigan University
Ypsilanti, MI

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

Members Excused: Chris Easthope

Members Absent: Maria Thompson, Matt Dugener

Staff Present: Susan Lackey – WDC, Jennifer Goulet – Ypsilanti DDA, Chuck Salley – IT Zone

Public Present: Larry Eiler, Eiler Communications; Ken Nisbet, UM

Call to Order: Earl Potter called the meeting to order at 7:35 AM. A quorum was present.

Public Comment: Mr. Nisbet and Mr. Eiler introduced themselves.

Minutes: Minutes of the March 5 meeting were presented. It was moved by Risser, seconded by Gawlas, "To approve the Minutes of the March 5, 2003 meeting as presented." Motion carried without dissent.

Accelerator Budget: Chuck Salley reviewed the Accelerator Budget in detail, including the relationship between the ITZone and the Accelerator.

Request for Advance: It was moved by Risser, seconded by Reid, to authorize the City of Ann Arbor to release the MEDC's most recent quarterly Advance to the Accelerator. Motion carried without dissent.

June Retreat: The June retreat was discussed, with Potter asking members to provide their input to Susan.

IT Industry Analysis: Lackey distributed the IT industry analysis. 'Data processing' and 'software' were the two most often cited categories. There was a significant amount of overlap with other industries, particularly automotive and, to a lesser extent, life sciences. The average company employs about 35 individuals, up from 25 four years ago. Over 50% of the companies are located in the City of Ann Arbor, with the largest employers located in Scio Township.

Next Meeting: The next meeting of the LDFA is scheduled for May 7 at 12:00 noon, at the Ann Arbor DDA.

It was moved by Reid, seconded by Risser: "To adjourn the meeting at 9:20 AM". Motion carried without dissent.

Respectfully submitted,

Susan A. Lackey, Recording Secretary

MINUTES

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

June 4, 2003

**7:30 – 9:00 AM
Washtenaw Development Council
Conference Room
3135 S. State
Ann Arbor, MI**

Members Present: Earl Potter, John Gawlas, Mike Reid, Chris Ballman, Steve Pierce, Mickey Katz-Pek

Members Excused: Chris Easthope; Maria Thompson; Rob Risser

Members Absent: Matt Dugener

Staff Present: Susan Lackey – WDC, Chuck Salley – IT Zone

Call to Order: Earl Potter called the meeting to order at 7:45 AM. A quorum was present.

Minutes: Minutes of the April meeting were presented. It was moved by Gawlas, seconded by Pierce, "To approve the Minutes of the April 2003 meeting as presented." Motion carried without dissent.

Nominating Committee: It was moved by Pierce, seconded by Ballman, "To appoint a nominating committee consisting of John Gawlas, Mickey Katz-Pek and Mike Reid to put forth a slate of officers in accordance with the bylaws, said nominating committee to report to the full board after current vacancies have been filled by the Councils." Motion carried without dissent.

2003 – 2004 Schedule: The 2003/2004 meeting schedule was distributed. It was noted that the dates for Ypsilanti meetings would have to be shifted one day (to Thursday's) in order to accommodate the Ypsilanti DDA schedule. This change was made. It was also noted that the July meeting would be held July 11, from 7:30 – 2:00 as a 'retreat' for planning. It was moved by Reid, seconded by Gawlas, "To approve and publish the 2003 – 2004 LDFA Meeting Schedule." Motion carried without dissent. (See attached)

Discussion of Annual Report: Lackey reviewed the draft of the 2002 – 2003 Annual Report of the SmartZone. A number of questions were raised about definitions and how success was defined in the report. It was determined after some discussion that the Annual Report would be held until after the July retreat, allowing those discussions to be incorporated into the report.

Discussion of Retreat Goals: Discussion ensued regarding goals for the upcoming retreat (see attached.) Board members indicated that it would be important to have a memorandum of understanding at the end of the day that would serve as a reference document for discussions of success and definitions of activities in subsequent years. Lackey indicated that she would share this information with the facilitator, Kerry Laycock.

Advance Request: Mike Reid requested that the board formally authorize submittal of the Accelerator request to the MEDC, and authorize the City of Ann Arbor to forward this Advance to the Accelerator upon its receipt. It was moved by Reid, seconded by Katz-Pek, "To authorize submittal of the next quarter's request to the MEDC, and its distribution from the City of Ann Arbor to the Accelerator upon its receipt." Motion approved without dissent.

It was moved by Potter, seconded by Reid: "To adjourn the meeting at 9:00 AM". Motion carried without dissent.

Respectfully submitted,

Susan A. Lackey, Recording Secretary

MEETING SCHEDULE

ANN ARBOR/YPSILANTI SMARTZONE 2003 – 2004

July 11	Retreat (location TBD)	7:30 – 2:00
August 6	Ann Arbor	7:30 – 9:00
September 3	Ypsilanti	12:00 – 1:30
October 1	Ann Arbor	7:30 – 9:00
November 5	Ypsilanti	12:00 – 1:30
December 3	Ann Arbor	7:30 – 9:00
January 7	Ypsilanti	12:00 – 1:30
February 4	Ann Arbor	7:30 – 9:00
March 3	Ypsilanti	12:00 – 1:30
April 7	Ann Arbor	7:30 – 9:00
May 5	Ypsilanti	12:00 – 1:30
June 2	Ann Arbor	7:30 – 9:00

RETREAT ISSUES

Desired Outcome: A memorandum that codifies the issues so that we need not revisit them repeatedly.

1. Confirm/modify elevator pitch
2. Identify role of SmartZone in economic development
 - a. Establish entrepreneurial companies
 - b. Retain entrepreneurial companies
 - c. Attract new companies

 - d. How does this relate to WDC, Chambers and others?
3. Education
 - a. What is success
 - b. How do we define it and in what timeframe
 - c. Who do we educate and how?
4. Geography
 - a. What is appropriate within the two cities
 - b. Outside the two cities
 - c. Phasing and timing?
5. Definition of outcomes
 - a. What is a 'job'
 - b. Are we concerned about salaries paid
 - c. How about investment?