

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

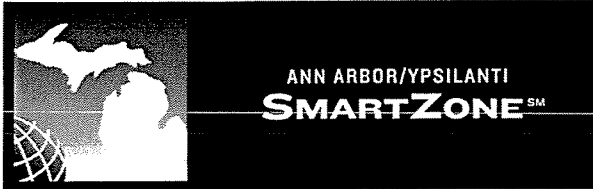
Whereas; Ann Arbor Tech Central has been conceived as an “umbrella” organization to help coordinate five functional areas including: Business Acceleration Services, Talent Services, Marketing & Events, Business Outreach, and Start-up Finding, and

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:

- *'I' 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

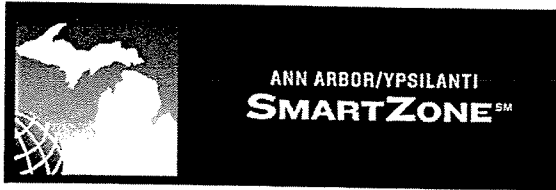
2004-2005 Expected Revenues	
2004 Fund Balance	\$88,659
2005 expected revenues	\$181,313
2005 Total Funds	\$269,972
9/30/04 Payment	-\$62,500
12/31/04 Payment	-\$62,500
3/31/05 Payment	-\$62,500
6/30/05 Payment	-\$66,500
7/1/05 Fund Balance	\$15,972

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

