



**MINUTES – REGULAR BOARD MEETING  
April 15, 2008**

**Ann Arbor-Ypsilanti SmartZone Local Development Finance Authority**

**City of Ann Arbor, Guy C. Larcom, Jr. Municipal Building, 2<sup>nd</sup> Floor Council Workroom  
100 N. Fifth Ave., Ann Arbor, MI**

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**Members Present:** Mickey Katz-Pek (8:18am), Michael Reid, Rob Risser, Richard King, Darryl Daniels, Jonnie Bryant, Stephen Rapundalo, Roselyn Zator-Ex-officio

**Members Excused:** Tom Kinnear, Michael Korybalski, Tom Crawford-Ex-officio

**Others Present:** Mike Finney-SPARK, Scott Olson-SPARK, Greg Fronizer-SPARK, Kurt Riegger-SPARK, Sandi Bird-City of Ann Arbor-Finance, Tina Reed-Ann Arbor News

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**CALL TO ORDER:**

Risser called the meeting to order at 8:00am. A quorum was present.

**APPROVAL OF THE AGENDA:**

Reid moved, seconded by King, to approve the Agenda for this meeting with amendments in the form presented and attached hereto and made a part hereof. Motion approved unanimously.

**MOTIONS & RESOLUTIONS:**

**1. Minutes of the March 11, 2008 Board Meeting:**

Reid moved, seconded by Bryant, to approve the Minutes of the March 11, 2008 board meeting in the form presented at this meeting. Risser abstained due to absence at last meeting. Motion approved unanimously.

**LDFA TREASURER'S REPORT:**

**1. LDFA Financial Report – 3rd Quarter Ended March 31, 2008:**

Reid moved, seconded by King, to approve the LDFA financial report for the third quarter ended March 31, 2008 in the form presented at this meeting and attached hereto and made a part hereof. After discussion and consideration of the report, motion approved unanimously.

Risser requested a report on the history of LDFA cash balances and interest earned/charged for the next meeting. Rapundalo requested clarification on the LDFA's ability to ever borrow from

the City's pooled cash fund in the absence of both a specific resolution from the LDFA Board and specific authorization from the Ann Arbor City Council.

Reid recommended that a brief addendum to Attachment A of the Agreement between the LDFA and Ann Arbor SPARK dated September 4, 2007 be executed by both parties to reflect the modifications to Sections 1.1.1, 1.1.2, and 1.1.3 that were approved at the January 15, 2008 LDFA Board meeting.

Reid noted that the March 31, 2008 financial statements did not clearly reflect the balance owed to the LDFA by SPARK or any installments paid throughout the quarter in association with the \$75,000 loan to SPARK. It was requested that future LDFA financial reports disclose the sources and uses of cash to help clarify periodic changes to accounts payable or receivable.

### **REPORTS FROM SERVICE PROVIDERS:**

#### **1. Ann Arbor SPARK: Business Accelerator Status Report – 3rd Quarter:**

Scott Olson of SPARK gave a verbal presentation highlighting 3<sup>rd</sup> Quarter contract performance. On a voice vote, formal action to accept SPARK's 3<sup>rd</sup> Quarter report was postponed to the next meeting to allow for completion of all required elements of the quarterly report..

#### **2. Monitoring and Tracking of Business Accelerator Clients:**

Katz-Pek requested an update from SPARK on progress made toward implementing the Salesforce.com software as it relates to monitoring and tracking Business Accelerator clients, documenting eligibility to receive services, and how these internal control systems tie back to contract performance metrics and invoices submitted to the LDFA.

Scott Olson gave an overview of the processes, procedures and applications used by SPARK to track Business Accelerator clients. He disclosed that the internal control system used to document contract compliance relies upon multiple legacy applications in addition to Salesforce.com. Because these applications frequently resist sharing helpful data, there have been occasions where the ability to monitor and comply with all elements of the contract has been sub-optimal. SPARK CFO Greg Fronizer assured the LDFA that SPARK is aware of these deficiencies and is committed to detecting and correcting data gaps prior to the end of the current contract year.

Katz-Pek recommended SPARK provide the LDFA board with an update on progress and modifications to these systems in each of the remaining meetings this year.

### **REPORTS FROM COMMITTEES:**

#### **1. Update of FY 2009 LDFA Budget Committee:**

Postponed to next meeting - Special Meeting April 29, 2008, public notice to be provided.

#### **2. Update of FY 2009 LDFA Contract Committee:**

Next Contract Committee meeting scheduled for April 19, 2008.

**1. Update of FY 2009 LDFA Nominating Recommendation Committee:**

Reid moved, seconded by Bryant, to forward two applications presented by King to the City of Ann Arbor Council. Motion approved unanimously.

Rapundalo requested to also forward a notice of FY 2009 LDFA Board vacancies to the City of Ann Arbor Council.

Daniels excused at 9:42am

**OTHER BUSINESS:**

**1. Conflict of Interest Policy:**

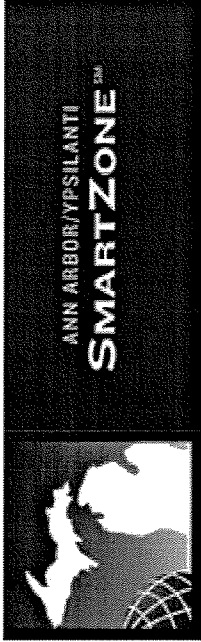
Postponed to next meeting.

**MOTION TO ADJOURN:**

King moved, seconded by Reid, to adjourn the meeting at 10:12am. Motion approved unanimously.

Respectfully Submitted,

Sandi Bird, Recording Secretary for Tom Crawford



# **FINANCIAL SUMMARY**

as of March 31, 2008

Smart Zone LDFA  
**DELIVERABLES**  
as of March 31, 2008

		<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>FORECAST</u>	<u>Full Year</u>
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	
<b>Phase I (Screenings)</b>	\$125/hr					
<u>Number of Clients</u>						
Actual/Forecast		58	33	30	40	161
Budget/Proposed		30	30	30	30	120
Actual Over/(Under) Target		28	3	-	10	41
<u>Hours per Client (Avg)</u>						
Actual/Forecast		1.1	1.2	1.3	1.2	1.2
Budget/Proposed		2.0	2.0	2.0	2.0	2.0
Actual Over/(Under) Target		(0.9)	(0.8)	(0.7)	(0.8)	(0.8)
<b>Phase II (Due Diligence)</b>	\$125/hr					
<u>Number of Clients</u>						
Actual/Forecast		43	15	26	30	114
Budget/Proposed		18	18	18	18	72
Actual Over/(Under) Target		25	(3)	8	12	42
<u>Hours per Client (Avg)</u>						
Actual/Forecast		2.3	1.6	2.0	4.0	2.5
Budget/Proposed		10.0	10.0	10.0	10.0	10.0
Actual Over/(Under) Target		(7.7)	(8.4)	(8.0)	(6.0)	(7.5)
<b>Phase III (Intensive Advising)</b>	\$125/hr					
<u>Number of New Clients</u>						
Actual/Forecast		37	35	40	35	147
Budget/Proposed		8	8	8	8	33
Actual Over/(Under) Target		29	27	32	27	114
<u>Hours per Client (Avg)</u>						
Actual/Forecast		27.3	6.8	8.8	20.0	15.7
Budget/Proposed		40.0	40.0	40.0	40.0	40.0
Actual Over/(Under) Target		(12.7)	(33.2)	(31.2)	(20.0)	(24.3)
Memo: Total Hours		1,010	235	352	700	2,298
<b>Bus. Network Events-Sponsorships</b>						
<u>Number of Events</u>	\$500/event					
Actual/Forecast		13	16	14	7	50
Target Maximum		20	20	20	20	50
Actual Over/(Under) Target		(7)	(4)	(6)	(13)	-

Category	Detail	Fiscal Year		Billed		Measureable		\$ Amount
		Incurred		Qtr		Unit Descrip.		
		Qtr	Year	Qtr	Year	Number	Number	
Legal & Admin. Support	July 07	1	2008	1	2008	1.00	Legal	\$ (171.20)
Phase I (Screenings)	July 07	1	2008	1	2008	15.75	Hours	\$ (1,968.75)
Phase II (Due Diligence)	July 07	1	2008	1	2008	6.25	Hours	\$ (781.25)
Phase III (Intensive Advising)	July 07	1	2008	1	2008	250.25	Hours	\$ (31,281.25)
Phase I (Screenings)	Aug. 07	1	2008	1	2008	16.25	Hours	\$ (2,031.25)
Phase II (Due Diligence)	Aug. 07	1	2008	1	2008	54.00	Hours	\$ (6,750.00)
Phase III (Intensive Advising)	Aug. 07	1	2008	1	2008	258.75	Hours	\$ (32,343.75)
Legal & Admin. Support	Sept 07	1	2008	1	2008	1.00	Legal	\$ (406.80)
Phase I (Screenings)	Sept 07	1	2008	1	2008	31.00	Hours	\$ (3,875.00)
Phase II (Due Diligence)	Sept 07	1	2008	2	2008	37.25	Hours	\$ (4,656.25)
Phase III (Intensive Advising)	Sept 07	1	2008	2	2008	500.10	Hours	\$ (62,512.50)
Boot Camp	Sept 07	1	2008	2	2008	1.00	Sessions	\$ (10,000.00)
Tuition Matching	Sept 07	1	2008	2	2008	1.00	Sessions	\$ (10,000.00)
Collaboration Networking	Sept 07	1	2008	2	2008	1.00	Ptr Referrals	\$ (15,000.00)
Cantillon Entrepreneurial Educ	Sept 07	1	2008	2	2008	1.00	Consult	\$ (1,250.00)
Phase I (Screenings)	Oct. 07	2	2008	2	2008	19.00	Hours	\$ (2,375.00)
Phase II (Due Diligence)	Oct. 07	2	2008	2	2008	10.75	Hours	\$ (1,343.75)
Phase III (Intensive Advising)	Oct. 07	2	2008	2	2008	39.75	Hours	\$ (4,968.75)
Phase I (Screenings)	Nov. 07	2	2008	2	2008	2.25	Hours	\$ (281.25)
Phase II (Due Diligence)	Nov. 07	2	2008	2	2008	3.00	Hours	\$ (375.00)
Phase III (Intensive Advising)	Nov. 07	2	2008	2	2008	124.67	Hours	\$ (15,583.75)
Bus. Network Events-Sponsors	Sept 07	1	2008	2	2008	13.00	Events	\$ (6,500.00)
Business Incubator	Oct. 07	2	2008	2	2008	1.00	Facility Exp	\$ (11,889.02)
Business Incubator	Nov. 07	2	2008	2	2008	1.00	Facility Exp	\$ (11,275.45)
Legal & Admin. Support	Oct. 07	2	2008	2	2008	1.00	Legal	\$ (110.60)
Phase I (Screenings)	Dec. 07	2	2008	2	2008	17.50	Hours	\$ (2,187.50)
Phase II (Due Diligence)	Dec. 07	2	2008	2	2008	11.75	Hours	\$ (1,468.75)
Phase III (Intensive Advising)	Dec. 07	2	2008	2	2008	71.00	Hours	\$ (8,875.00)
Business Incubator	Dec. 07	2	2008	2	2008	1.00	Facility Exp	\$ (12,133.78)
Bus. Network Events-Sponsors	Dec. 07	2	2008	2	2008	15.00	Events	\$ (7,500.00)
Collaboration Networking	Dec. 07	2	2008	2	2008	1.00	Ptr Referrals	\$ (15,000.00)
Phase I (Screenings)	Jan 08	3	2008	3	2008	7.75	Hours	\$ (968.75)
Phase II (Due Diligence)	Jan 08	3	2008	3	2008	13.00	Hours	\$ (1,625.00)
Phase III (Intensive Advising)	Jan 08	3	2008	3	2008	63.25	Hours	\$ (7,906.25)
Business Incubator	Jan 08	3	2008	3	2008	1.00	Facility Exp	\$ (26,649.23)
Marketing - P/R, Print, Website	Jan 08	3	2008	3	2008	1.00	PR Svcs	\$ (34,104.00)
Cantillon Entrepreneurial Educ	Jan 08	3	2008	3	2008	1.00	Modules	\$ (12,000.00)
Phase I (Screenings)	Feb 08	3	2008	3	2008	17.75	Hours	\$ (2,218.75)
Phase II (Due Diligence)	Feb 08	3	2008	3	2008	4.00	Hours	\$ (500.00)
Phase III (Intensive Advising)	Feb 08	3	2008	3	2008	217.50	Hours	\$ (27,187.50)
Business Incubator	Feb 08	3	2008	3	2008	1.00	Facility Exp	\$ (21,457.34)
Marketing - P/R, Print, Website	Feb 08	3	2008	3	2008	1.00	PR Svcs	\$ (6,100.00)

Category	Detail	Fiscal Year		Billed		Measureable		\$ Amount
		Incurr	Year	Qtr	Year	Unit Descrip.	Number	
Phase I (Screenings)	March 08	3	2008	4	4	Hours	14.25	\$ (1,781.25)
Phase II (Due Diligence)	March 08	3	2008	4	4	Hours	34.00	\$ (4,250.00)

SmartZone LDFA  
**FY 2008 FINANCIAL SUMMARY**  
as of March 31, 2008

VARIANCE  
Explanation

	ACTUALS				FORECAST		BUDGET	
	Q1	Q2	Q3	Q4	Full Year	Amount	Forecast (Over)/Under Budget	
<b>INCOME STATEMENT</b>								
<b>Revenues:</b>								
Tax Revenue	\$ 431,534	\$ 182,365	\$ 113,961	\$ 1,601	\$ 729,461	\$ 770,000	\$ (40,539)	
Investment Income	4,376	3,000	2,000	1,000	10,376	-	10,376	
<b>Total Revenues</b>	<b>\$ 435,909</b>	<b>\$ 185,365</b>	<b>\$ 115,961</b>	<b>\$ 2,601</b>	<b>\$ 739,837</b>	<b>\$ 770,000</b>	<b>\$ (30,163)</b>	
<b>Expenditures:</b>								
<b>Contracted Services</b>								
Phase I (Screenings)	(7,875)	(4,844)	(4,969)	(6,000)	(23,688)	(24,719)	1,032	
Phase II (Due Diligence)	(12,188)	(3,188)	(6,375)	(15,000)	(36,750)	(45,375)	8,625	
Phase III (Intensive Advising)	(126,138)	(29,428)	(44,031)	(87,500)	(287,096)	(329,906)	42,810	
Collaboration Networking	(15,000)	(15,000)	(15,000)	(15,000)	(60,000)	(60,000)	-	
Boot Camp	(10,000)	-	(10,000)	-	(20,000)	(20,000)	-	
Tuition Matching	(10,000)	-	-	(10,000)	(20,000)	(20,000)	-	
Bus. Network Events-Sponsorships	(6,500)	(7,500)	(7,000)	(4,000)	(25,000)	(25,000)	-	
<b>Total Contracted Services</b>	<b>\$ (187,700)</b>	<b>\$ (59,959)</b>	<b>\$ (87,375)</b>	<b>\$ (137,500)</b>	<b>\$ (472,534)</b>	<b>\$ (525,000)</b>	<b>\$ 52,466</b>	
<b>Other Projected Services</b>								
Centillon Entrepreneurial Education	(1,250)	-	(12,000)	\$ (41,875)	(55,125)	(85,000)	\$ 29,875	
Marketing - P/R, Print, Websites	-	-	(48,304)	(20,500)	(68,804)	(70,500)	1,696	
Business Incubator	-	(35,298)	(100,149)	(85,193)	(220,640)	(250,580)	29,940	
Legal & Admin. Support	(578)	(111)	-	(5,100)	(5,678)	(10,000)	4,322	
Best Practice Consulting	-	-	-	-	-	(9,000)	9,000	
Other Contingency	-	-	-	-	-	(116,920)	116,920	
<b>Total Other Projected Services</b>	<b>\$ (1,828)</b>	<b>\$ (35,409)</b>	<b>\$ (160,453)</b>	<b>\$ (152,668)</b>	<b>\$ (350,247)</b>	<b>\$ (542,000)</b>	<b>\$ 191,753</b>	
<b>Total Expenditures</b>	<b>\$ (189,528)</b>	<b>\$ (95,368)</b>	<b>\$ (247,828)</b>	<b>\$ (290,168)</b>	<b>\$ (822,781)</b>	<b>\$ (1,067,000)</b>	<b>\$ 244,219</b>	
<b>Net Increase/Decrease</b>	<b>\$ 246,381</b>	<b>\$ 89,998</b>	<b>\$ (131,867)</b>	<b>\$ (287,567)</b>	<b>\$ (82,944)</b>	<b>\$ (297,000)</b>	<b>\$ 214,056</b>	
Memo:								
Fund Balance (6/30/2007)	\$ 288,589							
Fund Balance (Qtr End)	\$ 534,970	\$ 624,968	\$ 493,101	\$ 205,534				

Delayed opening and lower than projected expense.

Use of Fund Balance



Smart Zone LDFA  
**Loan Payment**  
as of March 31, 2008

Principal:	\$75,000.00
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<u>Date</u>	<u>Received</u>
12/14/2007	\$ 10,714.29
1/15/2008	\$ 10,714.29
2/15/2008	\$ 10,714.29
3/4/2008	\$ 10,714.29