



**MINUTES – SPECIAL BOARD MEETING  
November 14, 2008**

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

**City of Ann Arbor, Guy C. Larcom, Jr. Municipal Building, 5<sup>th</sup> Floor Conference Room  
100 N. Fifth Ave., Ann Arbor, MI**

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**Members Present:** Richard King, Michael Korybalski, Rob Risser, Stephen Rapundalo, Theresa Carroll, Mark Maynard, Darryl Daniels, Lisa Kurek, Roselyn Zator-Ex-officio, Tom Crawford-Ex-officio

**Members Excused:**

**Others Present:** Michael Finney-SPARK, Scott Olson-SPARK, Greg Fronizer-SPARK, Elizabeth Parkinson-SPARK, Skip Simms-SPARK, Kurt Riegger-SPARK, Timothy Marshall-SPARK, Sandi Bird-City of Ann Arbor-Finance, Tina Reed-Ann Arbor News, Nathan Bomey-Ann Arbor Business Review, Mickey Katz-Pek

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**CALL TO ORDER:**

King called the meeting to order at 8:14am. A quorum was present.

**APPROVAL OF THE AGENDA:**

Korybalski moved, seconded by Rapundalo, to approve the Agenda for this meeting in the form presented at this meeting, as amended per discussion. Motion approved unanimously.

**MOTIONS & RESOLUTIONS:**

**1. Minutes of the October 28, 2008 Board Meeting:**

Risser moved, seconded by Korybalski, to approve the Minutes of the October 28, 2008 board meeting in the form presented at this meeting, as amended per discussion. Motion approved unanimously.

**REPORT FROM COMMITTEES:**

**1. Audit Committee:**

The question was called at the October 28, 2008 meeting to confirm the number of votes required to approve a motion when a 6 member quorum is present, and the answer is 5, at all times.

Risser moved, seconded by Rapundalo, in reference to the FY 2008 Agreement between the LDFA and Ann Arbor SPARK, whereby Ann Arbor SPARK owes the LDFA \$23,612.50 for net overbillings relative to the audit findings, subject to the potential adjustment for the \$2,312.50 inadequate documentation for Phase II and Phase III if provided within 30 days. Payment due December 1, 2008. Motion approved unanimously.

Risser moved, seconded by Korybalski to provide for SPARK employees to incur up to 1 hour of Phase I screenings, per new Phase I company, to determine geographic location eligibility for reimbursed services under the FY09 LDFA contract with SPARK. Further, the LDFA should investigate if a modification to the existing SPARK FY09 contract is necessary in order to clarify this geographic eligibility screening of one (1) hour during Phase I. Motion approved unanimously.

### **OTHER BUSINESS:**

#### **1. Nomination of Officer Position – Treasurer**

Korybalski moved, seconded by Risser, to nominate Darryl Daniels as Treasurer. Motion approved unanimously.

#### **2. Committee Appointments – Contract/Budget, Nominating Recommendation, By-laws, Ad-hoc Committee for Re-design of SPARK Reporting Elements, Ad-hoc Committee for Strategic Planning and Audit:**

The Chair made the following committee appointments:

##### Contract/Budget Committee:

Daniels (Chair), Carroll, Risser

##### By-laws Committee:

Carroll (Chair), Daniels, Rapundalo

##### Ad-hoc Committee for Re-design of SPARK Reporting Elements:

Kurek, Maynard, King

##### Ad-hoc Committee for Strategic Planning and Audit:

Risser, Korybalski, Kurek, King

#### **3. Update of Ann Arbor Angels:**

Korybalski reported SPARK is working with the Ann Arbor Angels and a proposal would be forthcoming to the LDFA.

#### **4. Proposed Meetings/Location:**

King requested a conference call meeting, prior to the January meeting, between the LDFA board members and the City of Ann Arbor Attorney's office to discuss the Open Meetings Act. Public meeting notice to be forthcoming.

Carroll moved, seconded by Daniels to move the location of the January LDFA board meeting to the SPARK Central Incubator due to the current City Hall construction with limited parking space. Motion approved (Rapundalo – No).

**5. FY 2009 Budget Reallocation:**

Risser moved, seconded by Maynard to amend the agenda to add item for budget reallocation. Motion approved unanimously.

Risser moved, seconded by Korybalski, to provide funding of \$10,000 for Cantillon Maintenance and to authorize the budget reallocation by reducing the unexpended Cantillon Entrepreneurial Education Series-Maintenance, Enhancement and Operation, budget line item-Development. Motion approved unanimously.

**6. FY 2009 Administrative Agreement between the LDFA and the City of Ann Arbor:**

Korybalski moved, seconded by Maynard to authorize the Chair to review and execute the FY 2009 Administrative Agreement between the LDFA and the City of Ann Arbor, not to exceed \$4,000. Motion approved unanimously.

**7. Executed Copy of Attachment C to the FY 2008 Agreement between the LDFA and Ann Arbor SPARK:**

King noted Attachment C to the Agreement between LDFA and Ann Arbor SPARK, dated July 15, 2008, in the form presented at this meeting, and attached hereto and made a part hereof, reflects the budget increases approved at the June 13, 2008 board meeting.

**8. FY 2008 LDFA Annual Report:**

Postponed until the next meeting.

**REPORT FROM SERVICE PROVIDERS:**

Korybalski moved, seconded by Risser, to accept The Ann Arbor SPARK Business Accelerator Report, Attachment A: Business Accelerator Clients, for the quarter ended September 30, 2008, in the form presented at this meeting and attached hereto and made a part thereof. Motion approved unanimously.

The Chair requested the Budget/Contract Committee to review the Corrective Action Plan report submitted by Ann Arbor SPARK.

**MOTION TO ADJOURN:**

Risser moved, seconded by King, to adjourn the meeting at 9:23am. Motion approved unanimously.

Respectfully Submitted,

Tom Crawford, Recording Secretary

## ATTACHMENT C

(Effective as of July 15, 2008)



By authority of the resolution passed by the LDFA's Board of Directors on July 15, 2008, this ATTACHMENT C amends certain provisions contained in ATTACHMENT A (as amended June 13, 2008 and effective January 15, 2008 by Attachment B) to the Agreement dated September 4, 2007 and effective as of July 1, 2007 by and between the Ann Arbor/Ypsilanti SmartZone Local Development Finance Authority ("LDFA") and Ann Arbor SPARK ("Contractor").

- The language contained in Section 1.1.1 of ATTACHMENT A to the agreement dated September 4, 2007 and effective as of July 1, 2007, as modified by Attachment B, is stricken in its entirety and is replaced with the following:

1.1.1 Phase I. Phase I is defined as Contractor's initial contact and screening phase to understand and assess the business and technology proposition and determine in Contractor's sole discretion if advancement to a Phase II engagement is warranted. This includes but is not limited to: (a) review/screen for general programmatic fit, (b) solicit reviews from advisors/consultants for high level reaction, (c) referral to Phase II or other programs or outside resources. This Phase I normally takes less than two hours per company, and in no event shall the average time spent for all Phase I engagements exceed two (2) hours. The maximum fee shall be \$ 30,188.

- The language contained in Section 1.1.2 of ATTACHMENT A to the agreement dated September 4, 2007 and effective as of July 1, 2007, as modified by Attachment B, is stricken in its entirety and is replaced with the following:

1.1.2 Phase II. Phase II is defined as more in-depth evaluation of prospective client firms to determine if the business is capable and/or ready for substantial Contractor investment for business plan and consulting assistance in Phase III. This includes but is not limited to: (a) Contractor review for qualification of opportunity attractiveness, (b) opportunity and issue assessment, (c) scope of engagement for Phase III, (d) feedback to client from assessment, and (e) identification of criteria required for reconsideration. This Phase II normally takes less than 10 hours of consulting time, and in no event shall the average time spent for all Phase II engagements exceed ten (10) hours. The maximum fee shall be \$ 37,994. Contractor and client for whom Phase II services are performed shall sign an engagement letter acknowledging:

Initial  LDFA Initial  Contractor

- (i) That the engagement is non-exclusive, and Contractor is free to provide similar services to other clients, and client is free to obtain similar services from another provider at client's own expense;
  - (ii) LDFA may audit the services provided to client, any agreement regarding confidentiality notwithstanding; and
  - (iii) Client has been informed of Contractor's conflict of interest policies .
- The language contained in Section 1.1.3 of ATTACHMENT A to the agreement dated September 4, 2007 and effective as of July 1, 2007, as modified by Attachment B, is stricken in its entirety and is replaced with the following:

1.1.3 Phase III. Phase III is defined as substantial Contractor investment for business development to advance client firms beyond the startup phase to the seed stage. This includes but is not limited to: (a) development or refinement of a plan, schedule, and budget for achievement of high value milestone(s), (b) addressing a strategic issue, (c) implementation of a milestone plan, (d) advancing the client on 1-3 strategic fronts, and (e) development of an extended plan at the end of the engagement. This Phase III normally takes less than 40 hours of consulting time per year, and in no event shall the average time spent for all Phase III engagements in the 2007-2008 contract year exceed forty (40) hours. It is further stipulated that the maximum lifetime value of goods and services provided by Contractor to any single client firm eligible for LDFA funded services is \$50,000 and that this limitation shall be liberally applied to include any and all goods and services provided by Contractor to client firms whether or not the source of funding was the LDFA. The calculation of the cumulative value of goods and services shall specifically exclude any grant, donation, outright gift, or award to a client firm under either the State of Michigan 21<sup>st</sup> Century Jobs Fund or the Michigan Innovation Equipment Depot (MIED) programs presently administered by Contractor. Phase III services eligible for reimbursement may include:



- Business plan, operational consulting, and business development assistance;
- Patent, licensing, and intellectual property rights consulting;
- Talent and recruitment assistance;
- Identification and development of bank, angel, venture capital, seed, pre-seed, customer, governmental or private grant funding sources.

The maximum fee shall be \$342,498. Contractor and client for whom Phase III services are performed shall sign an engagement letter acknowledging:

- (i) That the engagement is non-exclusive, and Contractor is free to provide similar services to other clients, and client is free to obtain similar services from another provider at client's own expense;
  - (ii) LDFA may audit the services provided to client, any agreement regarding confidentiality notwithstanding; and
  - (iii) Client has been informed of Contractor's conflict of interest policies.
- The language contained in Section 1.4.4 and 1.4.5 of ATTACHMENT A to the agreement dated September 4, 2007 and effective as of July 1, 2007, as modified by Attachment B, is stricken in its entirety and is replaced with the following:

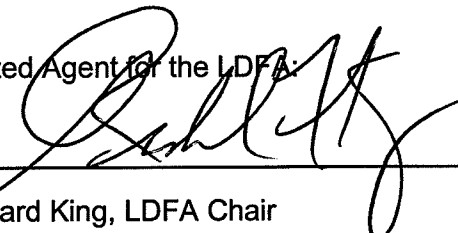
1.4.4 Cantillon Entrepreneurial Education Series. Contractor shall develop, train, coordinate, administer and maintain a list of qualified consultants and mentors that can be assigned to provide assistance to users of Cantillon. The maximum fee shall be \$5,000.

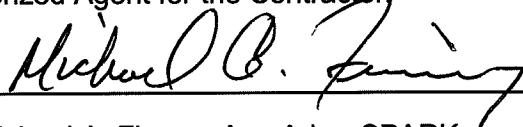
1.4.5 Cantillon Entrepreneurial Education Series. For companies with their principal place of business located in the geographical area serviced by the Ann Arbor/Ypsilanti SmartZone, Contractor may assign a qualified mentor or consultant to assist that company with the utilization of one or more Cantillon modules. The maximum fee shall be \$ 9,320.

Initial  Initial   
LDFA Contractor

The effective date of this ATTACHMENT C shall be July 15, 2008. All other terms, conditions, rights, obligations, and provisions contained in ATTACHMENT A to the Agreement dated September 4, 2007 and effective as of July 1, 2007, as modified by Attachment B, that have not been expressly modified in this ATTACHMENT C shall survive intact.

Agreed to and accepted this 23 day of ~~August~~ <sup>September</sup>, 2008.

Authorized Agent for the LDFA:  
By:   
Richard King, LDFA Chair

Authorized Agent for the Contractor:  
By:   
Michael A. Finney, Ann Arbor SPARK



## ATTACHMENT A: BUSINESS ACCELERATOR CLIENTS

Client	UniqID	Phase I	Phase II	Phase III	Type (Cluster)	Eligibility
Eipon Learning	1896		2.50	95.75	IT	Ann Arbor City
Se Faire	2076		7.00	67.10	IT	Ann Arbor City
Accio Energy	1851		1.50	41.00	Alt Energy	Ann Arbor City
JenCo	228			40.00	Other	SPARK Central
Fitness Motivation Online	1954			40.00	IT	Ann Arbor City
Wizrad	2154			30.00	Life Sci	SPARK Central
Akervall Technologies	1885		2.00	22.00	Life Sci	U-M Faculty
Project Freestyle	2014			20.00	IT	U-M Student
Vortex Hydro	428		1.00	15.30	Alt Energy	U-M Spinout
CRO Newco	2213	2.00	3.50	8.50	Life Sci	Former Pfizer
Switchback CMS	2082		4.00	7.00	IT	Ann Arbor City
Hygieia	1848		1.00	3.75	Life Sci	SPARK Central
ExpressByte	1989	2.00	6.00	2.00	IT	Ann Arbor City
EcoBlade	1984		12.50		Alt Energy	Ann Arbor City
M-Light	2036		4.50		Other	SPARK Central
Vision Interface Technologies	418		3.75		IT	SPARK Central
TheGish	2086		2.50		IT	Ann Arbor City
IAS	748	6.50	2.00		IT	Ann Arbor City
Nudge Them	2134	3.00	2.00		IT	Ann Arbor City
Huckestein Newco	2002	1.00	2.00		Alt Energy	Ann Arbor City
Mobatech	1902		1.50		IT	SPARK Central
Seamarog Therapeutics	2068		1.50		Life Sci	SPARK Central*
Kiyo Networks	2124		1.50		IT	Ann Arbor City
Internz	2145	3.00	1.00		IT	SPARK Central*
Storybridge	2135	2.00	1.00		IT	Ann Arbor City
BioFlow	1906		1.00		Life Sci	SPARK Central
Magnetic Ventures	2138	4.00			IT	N/A Phase I
Kiyo Networks	2141	4.00			IT	N/A Phase I
Softrek	2142	3.50			IT	N/A Phase I
Mototron Spinout	834	3.00			Alt Energy	N/A Phase I
Fifty Sense	2137	2.50			IT	N/A Phase I
The WedLink	2245	2.50			IT	N/A Phase I
Whole Brain Group	1982	2.00			IT	N/A Phase I
uRefer	2118	2.00			IT	N/A Phase I
Vagabondoo	2139	2.00			IT	N/A Phase I
Community Portal	2140	2.00			IT	N/A Phase I
Transducing energy	404	1.50			Alt Energy	N/A Phase I
Amune	1788	1.50			Life Sci	N/A Phase I

MobID	1883	1.50			Homeland Security	N/A Phase I
Michigan Innovators	New	1.50			IT	N/A Phase I
Alphacore Pharma	1487	1.25			Life Sci	N/A Phase I
seeyouthen.com	2069	1.25			IT	N/A Phase I
Lucky Clover	2258	1.25			Other	N/A Phase I
Dataspace	645	1.00			IT	N/A Phase I
Polyergic Informatics	1553	1.00			IT	N/A Phase I
Gabriel Pharmaceuticals	1730	1.00			Life Sci	N/A Phase I
iAreaNet	1831	1.00			IT	N/A Phase I
Pangea Waste Systems	2123	1.00			Alt Energy	N/A Phase I
Windividual Power Systems	2136	1.00			Alt Energy	N/A Phase I
Hammerhead International	2143	1.00			IT	N/A Phase I
Market Monitor HQ	2144	1.00			IT	N/A Phase I
VICS	2146	1.00			IT	N/A Phase I
Cisco Alumni Association	2147	1.00			IT	N/A Phase I
Secure Fabric Networks	2193	1.00			IT	N/A Phase I
C'est Moi	2203	1.00			IT	N/A Phase I
Social Networking Fundraising	2208	1.00			IT	N/A Phase I
Milan Biodiesel spinout	2216	1.00			Alt Energy	N/A Phase I
Fontis Biotechnologies	2228	1.00			Life Sci	N/A Phase I
Go Like the Wind Montessori	2257	1.00			Other	N/A Phase I
SRT Solutions Client	N/A	1.00			IT	N/A Phase I
Bluetronix	new	1.00				N/A Phase I
Non-conv. Hydro elect. Generator	2184	0.50			Alt Energy	N/A Phase I
Nutrinfo.com	2214	0.50			Life Sci	N/A Phase I
Wilfong Newco	N/A	0.50			Other	N/A Phase I
BlueLane Groceries	new	0.50			IT	N/A Phase I
		76.75	65.25	392.40		

\* Pending stmt of work for Ph III