

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

Ann Arbor-Ypsilanti SmartZone Local Development Finance Authority

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

Members Present: Michael Korybalski, Michael Reid, Richard King, Stephen Rapundalo, Theresa Carroll, Lisa Kurek, Roselyn Zator-Ex-officio, Tom Crawford-Ex-officio

Members Excused: Rob Risser, Darryl Daniels

Others Present: Mickey Katz-Pek, Scott Olson-SPARK, Greg Fronizer-SPARK, Elizabeth Parkinson-SPARK, Sandi Bird-City of Ann Arbor-Finance

CALL TO ORDER:

Korybalski called the meeting to order at 8:03am. A quorum was present.

APPROVAL OF THE AGENDA:

Reid moved, seconded by Rapundalo, to approve the Agenda for this meeting with amendments in the form presented at this meeting. Motion approved unanimously.

MOTIONS & RESOLUTIONS:

1. Minutes of the June 10, 2008 Board Meeting:

Reid moved, seconded by Rapundalo, to approve the Minutes of the June 10, 2008 board meeting in the form presented at this meeting. Motion approved unanimously.

LDFA CHAIR'S REPORT:

Korybalski recognized Mickey Katz-Pek for her years of service on the LDFA Board and thanked her for her commitment/efforts, particularly in the past year, as the LDFA Board Chair.

Korbalski recognized Tom Kinnear for his years of service on the LDFA Board and thanked him for his role in leading the Contract Committee this past year.

It was also noted Jonnie Bryant resigned as a member of the LDFA board, effective July 5, 2008.

REPORTS FROM SERVICE PROVIDERS:

1. Ann Arbor SPARK: Business Accelerator Status Report – 4th Quarter:

Reid moved, seconded by King, to postpone until the next meeting. Motion approved unanimously.

Rapundalo moved, seconded by King to adopt a policy requiring agenda items & presentation materials to be received by board members at least 3 business days prior to a scheduled meeting. Motion approved unanimously.

Reid moved, seconded by Rapundalo to provide Ann Arbor SPARK notice of the untimely submission of their 4th Quarter Business Accelerator Status Report, as it was not in technical compliance of the Attachment A to the Agreement between LDFA and Ann Arbor SPARK, dated July 1, 2007, Section 3. Payment of Fees for Direct Services, "Contractor shall submit to the LDFA Board a written report within 10 business days following the end of the fiscal quarter.....". Motion approved unanimously.

LDFA TREASURER'S REPORT:

1. LDFA Financial Report – 4th Quarter Ended June 30, 2008:

Reid moved, seconded by King, to postpone until the next meeting. Motion approved unanimously.

ELECTION OF OFFICERS:

Chair:

Reid moved, seconded by Rapundalo, to nominate Richard King as Chair to serve a one year term. Motion approved unanimously.

Vice Chair:

Reid moved, seconded by Rapundalo, to nominate Mike Korybalski as Vice Chair to serve a one year term. Motion approved unanimously.

Treasurer:

Rapundalo moved, seconded by King, to nominate Mike Reid as Treasurer to serve a one year term. Motion approved unanimously.

Ex-officios and Recording Secretary

King moved, seconded by Rapundalo to approve Roselyn Zator as an Ex-officio member of the board and Tom Crawford as Recording Secretary for FY 2009. Motion approved unanimously.

APPROVAL OF THE FY 2009 BOARD MEETING SCHEDULE:

Rapundalo moved, seconded by Carroll, to approve the FY 2009 Board meeting schedule in the form presented at this meeting, as amended per discussion, and attached hereto and made a part hereof. Motion approved unanimously.

REPORTS FROM COMMITTEES:

1. Update of FY 2009 LDFA Contract Committee:

Reid informed the LDFA Board that under the leadership of former board member and Contract Committee Chair Tom Kinnear, a contract between the LDFA and Ann Arbor SPARK for FY 2009 had been successfully negotiated and executed. A copy of this contract is attached hereto and made a part hereof this meeting.

Reid further noted Attachment B to the Agreement between LDFA and Ann Arbor SPARK, dated January 15, 2008, in the form presented at this meeting, and attached hereto and made a part hereof, reflects the budget increase for Business Accelerator services approved at the January 15, 2008 board meeting.

2. Update of FY 2009 LDFA Audit Committee:

Reid moved, seconded by Rapundalo, to approve the recommendation of the audit committee to accept the proposal submitted by Abraham & Gaffney, PC and proceed with a compliance audit of the FY 2008 Ann Arbor SPARK Business Accelerator Services. Motion approved unanimously.

3. Update of FY 2009 LDFA Nominating Recommendation Committee:

Rapundalo requested a notice to be provided to the City of Ypsilanti regarding the vacant position, formerly held by Jonnie Bryant.

OTHER BUSINESS:

1. Committee Appointment:

The Board unanimously agreed to postpone until the next meeting.

2. Ann Arbor SPARK FY 2009 Marketing & Public Relations Plan:

The Board unanimously agreed to postpone until the next meeting.

3. Ann Arbor SPARK FY 2009 Entrepreneurial Education Plan:

The Board unanimously agreed to postpone until the next meeting.

4. LDFA FY 2008 Budget:

Korybalski recognized Scott Olson to speak on behalf of Ann Arbor SPARK. Olson requested the LDFA Board consider offering a motion to accept and approve a marketing plan document as required by the terms of the FY 2009 contract between the LDFA and Ann Arbor SPARK. The discussion closed for lack of a motion.

Secondly, Olson requested the LDFA Board consider a offering a motion to accept and approve an entrepreneurial education plan document as required by the terms of the FY 2009 contract between the LDFA and Ann Arbor SPARK. The discussion closed for lack of a motion.

Finally, Olson informed the LDFA Board that SPARK had exceeded the maximum number of billable hours authorized for Phase I and Phase III Business Accelerator services in the FY 2008 contract and requested the LDFA Board consider offering a motion to approve a retroactive budget reallocation of \$17,850 to fund reimbursement to Ann Arbor SPARK for Phase I and Phase III Business Accelerator cost overruns.

King moved, seconded by Korybalski, to provide additional funding of \$17,850 for Phase III Business Accelerator Services, to authorize the proportionate reallocation of the net unexpended Phase II contract amounts for Phase I and Phase III services, to fund the additional line item cost overruns by reducing the Cantillon Entrepreneurial Education budget line item, and to authorize the officers to execute and deliver an amendment to the FY 2008 Agreement between LDFA and Ann Arbor SPARK, Amendment C, to reflect the adjustment in the Contract amounts and carry out the purpose and intent of this resolution.

Reid requested a roll call vote:

King – Yes	Carroll – Yes
Korybalski – Yes	Reid - No
Kurek – Yes	Rapundalo - No

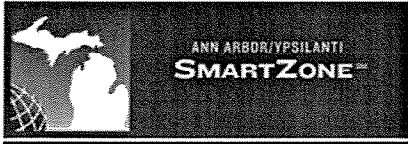
Motion carried 4-2.

MOTION TO ADJOURN:

King moved, seconded by Reid, to adjourn the meeting at 9:43am. Motion approved unanimously.

Respectfully Submitted,

Tom Crawford, Recording Secretary



PUBLIC MEETING NOTICE

Ann Arbor-Ypsilanti SmartZone Local Development Finance Authority

Location:

City of Ann Arbor
Guy C. Larcom Building, 2nd Floor Council Workroom
100 N. Fifth Avenue
Ann Arbor, Michigan 48104
(734) 994-2730

FY 2009 Meeting Schedule:

September 23, 2008	8:15am – 10:15am
October 28, 2008	8:15am – 10:15am
January 27, 2009	8:15am – 10:15am
March 17, 2009	8:15am – 10:15am
April 28, 2009	8:15am – 10:15am
June 16, 2009	8:15am – 10:15am
July 28, 2009	8:15am – 10:15am

Persons with disabilities are encouraged to participate. Accommodations, including sign language interpreters, may be arranged by contacting the City Clerk's Office by telephone at 994-2725 or by written request addressed to the City Clerk's Office, 100 N. Fifth Ave., Ann Arbor, MI 48104, at least 24 hours in advance.

ATTACHMENT B

(Effective as of January 15, 2008)

By authority of the resolution passed by the LDFA's Board of Directors on January 15, 2008, this ATTACHMENT B amends certain provisions contained in ATTACHMENT A 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 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 \$ 24,719.

- **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 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 \$ 45,375. Contractor and client for whom Phase II 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 1.1.3 of ATTACHMENT A to the agreement dated September 4, 2007 and effective as of July 1, 2007 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; examples include the State of Michigan 21st 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 \$329,906. Contractor and client for whom Phase III services are performed shall sign an engagement letter acknowledging:

Initial  Initial 
LDFA 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 effective date of this ATTACHMENT B shall be January 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 that have not been expressly modified in this ATTACHMENT B shall survive intact.

Agreed to and accepted this 13 day of June, 2008.

Authorized Agent for the LDFA:

By: Thomas Kinneer

Thomas Kinneer, LDFA Contract Committee Chair

Authorized Agent(s) for Contractor:

By: Michael A. Finney

Michael A. Finney