

Tenant Selection Policy

I. Tenant Company Selection Guidelines

Basic Criteria

- High-quality management (or willingness to enhance)
- Strong science/technology (enabling, uniqueness, patentability, freedom to operate)
- Viable business model
- Industry uniqueness
- Operates in a legal and ethical manner, including the establishment of necessary legal actions including company formation and protection of intellectual property via patents, trade secrets, copyrights, trademarks, or otherwise.
- Is willing to participate fully in the incubation/acceleration program by sharing pertinent business information with SMIC staff and service providers, including financial data, sales figures, number of employees, amount of investment, company milestone progress, and other items.
- The company's fit into the Accelerator will also be taken into consideration.

General Guidelines

Retail business will not be considered.

Businesses currently located in other facilities in Kalamazoo County who would propose only to continue their existing business as is, will not be accepted.

Businesses that compete exclusively in the local market with other similar local businesses not in the Innovation Center will not be accepted.

There may be special considerations that would indicate that it would be advantageous to the purpose of the Innovation Center to consider waiving one or more of these guidelines. Should this occur, the Innovation Center Managing Directors would review the special considerations and resolve the issue.

Specific Guidelines

Business must create jobs and have a growth plan to further increase the number of local jobs during time in the Innovation Center Program.

The product or service of the prospective business should be on the up-slope or crest of the market life cycle.

The business strategy should indicate high growth potential.

The business must maintain procedures to produce profit and loss statements and balance sheets monthly and provide copies to the Innovation Center CEO on a quarterly basis, along with other required business data.

Required Materials to submit for Consideration

For step 1, the following items are required:

- Completed SMIC application form
- Business Plan with Executive Summary

For Step 2, the following items will be required:

- Issued patents for technology of the business
- Patents for technology licensed by the company
- Articles of Incorporation & Bylaws
- Resume of all company founders
- List of Board members, including addresses and telephone numbers
- Ownership List including names, addresses, and percentage of ownership
- Copy of financial statements for 12-month period
(if not available, then personal banking records and a banking reference)
- Projected Milestones to be accomplished in next 12-month period
(List of 3-8 items such as: submit 2 SBIR grant proposals; raise \$X in private equity; complete initial tox testing on lead compound; begin Phase II clinical trials; hire 2 research scientists; etc.)

Admission Process

Step 1: Review of Application & Business Plan. Is the plan complete? Has the company performed adequate market research? Is the company beyond the idea stage? Are the financial projections reasonable?

Step 2: Due Diligence Phase. Meeting with the company principal(s). Review the company's technology, management team, industry climate, and competitive elements. Examine financial stability of the company—does it have enough cash to meet anticipated needs for at least six months? Help principal(s) identify deficiencies in his or her plan and assign tasks to address any deficiencies.

Step 3: Review SMIC Expectations & Requirements with Applicant.

Review client services agreement, affiliate program, lease document, and mentoring program. Determine applicant's willingness to take and follow advice.

Step 4: Follow-up Meeting(s) with Principal(s). Continuation of Due Diligence Phase (see step 2). Address deficiencies identified in previous meetings.

Step 5: Determine if Applicant Meets SMIC Admission Criteria.

- High-quality management (or willingness to enhance)
 - SMIC can help build a complete managerial team, but a core group of dedicated people is desirable.
- Strong science/technology (enabling, uniqueness, patentability, freedom to operate)
 - Emphasis of technical review will be on the feasibility and scientific merit of the technology, whether it is innovative, the compatibility of the R&D program with the overall purpose of the SMIC, and whether there is good potential for a collaborative relationship with local colleges and universities.
- Viable business model

- Focus of the business plan review will be on the potential for commercialization, the status of the company's financing, and its financial ability to meet its obligations under the agreement(s) with the SMIC.
- Industry uniqueness
 - The SMIC is in the business of assisting commercial enterprises, not conducting pure research and development. The SMIC accepts companies with the potential to create substantial revenue and/or job growth in five to seven years.
- Operates in a legal and ethical manner, including the establishment of necessary legal actions including company formation and protection of intellectual property via patents, trade secrets, copyrights, trademarks, or otherwise.
 - All required documentation must be readily available, including articles of incorporation, by-laws, proof of worker's comp insurance, proof of general liability insurance, etc. The SMIC prefers companies that either possess or are developing some form of proprietary technology.
- Is willing to participate fully in the incubation/acceleration program by sharing pertinent business information with SMIC staff and service providers, including financial data, sales figures, number of employees, amount of investment, company milestone progress, patent protection position, and other items.
 - The SMIC is not merely a facility that houses companies at below-market rates, but rather a team of professionals and a network of industry experts dedicated to the success of the ventures entering the SMIC. The SMIC recruits only companies that possess a real need for the services provided by the incubator/accelerator and a demonstrable receptiveness to the input available from the SMIC.
- The company's fit into the Accelerator will also be taken into consideration.
 - Is there opportunity for collaboration with existing client companies? Is there suitable current and future space within the SMIC?

Step 6: Schedule Meeting with Admissions Committee. Notify SMIC staff that applicant meets admission criteria. Schedule an Admission Committee Meeting. SMIC staff will provide copies of the company's application and business plan to the Admissions Committee at least two days prior to the meeting.

Step 7: Attend Admission Committee Meeting. Applicant will make a ten-minute presentation

II. Tenant Acceptance

If accepted as a SMIC tenant, client will provide the SMIC with the following prior to occupancy:

- Signed Lease
- Signed Services Agreement (Exhibit C in the Lease document)
- Proof of Insurance
- One month's rent as security deposit

- List of all chemicals to be used in laboratory space and copies of all MSDS sheets. This list must be updated annually and whenever new chemicals are being considered

An Affiliate Member is defined as a SMIC client that pays a fee for services but does not lease physical space in the SMIC. If accepted as an Affiliate Member, the client will provide the SMIC with the following prior to accessing services:

- Signed Affiliate Program Services Agreement
- First quarterly payment for services

III. Tenant Retention Guidelines

Tenants must meet at least quarterly with Innovation Center business counselors and/or CEO to set goals and objectives to grow the business. The business must show continued efforts to meet milestones and action plans.

IV. Tenant Termination

Tenants may be terminated from the Innovation Center Program for:

- Non-payment of rent and/or services fees
- Violations of lease and/or services agreements
- Failure to provide regular updated company information, including quarterly financials
- Failure to meet growth objectives and milestones

V. Tenant Graduation

Tenants may be graduated from the Innovation Center Program if SMIC management determines the company has met two or more of the following conditions:

- Business completes 5 years in Innovation Center Program
- Space requirements of the business exceed incubator capacity
- Tenant's lack of need for or use of shared services or management assistance
- Tenant's ability to afford commercial building rates

A tenant that achieves graduation criteria prior to the end of a lease ending date may be allowed to terminate said lease early and without penalty at the discretion of the SMIC management.

All McCracken Hall tenants are limited to a period of not more than three years. After three years, a McCracken Hall tenant must move to the Southwest Michigan Innovation Center or move to other facilities in the community. The only exception to this policy is if SMIC management acknowledges that there is no suitable space in either the SMIC or the community at large. In these cases, tenants will be placed on a waiting list for the SMIC and will be granted priority admission ahead of newly applying companies, and will be granted 6-month extensions on their McCracken Hall leases that will expire upon suitable space being found at the SMIC or in the community.

VI. Services Provided

General Services

- Reception services
- Networking luncheons
- Postal address with local mailbox
- Use of conference rooms & vending area/lunchroom
- Access to shared equipment (as available), e.g.,
 - Digital camera
 - Lap top computer
 - LCD projector
 - Fax machine
 - Color printer
 - Photocopier
 - Paper shredder
 - TV/VCR
- Access to shared scientific equipment
 - Autoclave
 - Deionized water supply
 - Glassware washer
 - Ice machine

Physical Services

- Access to leased space 24 hours per day, 7 days per week
- Security
- Janitorial/Routine Maintenance
- Loading Dock/Freight Elevator

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