

## RESOLUTION TO AUTHORIZE THE SALE OR LICENSE OF CANTILLON

Whereas, the Smartzone LDFA (LDFA) engaged a subcontractor to develop an online educational tool (Cantillon) for entrepreneurs to accelerate their growth in various key operational areas when starting a company;

Whereas, the LDFA's investment in Cantillon was approximately \$170,000 over 5 years;

Whereas, the LDFA board established a subcommittee to evaluate future investment in Cantillon;

Whereas, while over 500 entrepreneurs, including 250-300 boot camp attendees, have registered to use Cantillon, activity reports provided to the Cantillon Committee by the provider did not show evidence that more than a small percentage made substantive use of it;

Whereas, it was apparent that the subset of users that received the most value were University of Michigan students who used Cantillon as part of a business and finance class and through a venture capital club;

Whereas, while these University of Michigan students technically fall within the TIF district and are therefore eligible users, it is the opinion of the Cantillon Committee that it is not the intention of the LDFA to fund programs utilized primarily by university students;

Whereas, Ann Arbor SPARK Business Accelerator staff indicated that it was difficult to convince the primary target companies of the Business Accelerator to use Cantillon, and the Business Accelerator Director indicated that losing access to Cantillon would not negatively impact the Business Accelerator's ability to serve entrepreneurs;

Whereas, the depreciation period on a software/digital asset is typically less than 5 years and the LDFA has received benefit from its use;

Whereas, the subcommittee determined that it would be in the best interest of the LDFA to license and/or sell the Cantillon intellectual property to other entities to maximize the use of the product;

Whereas, the subcommittee oversaw the issuance of an RFP for the sale / license of the product;

Whereas, there were no responders to the RFP;

Whereas, a third party, the contractor hired by the LDFA to help develop the existing product, believes there may be a market for the product if additional investment is put into it and it is marketed outside the LDFA;

Whereas, the LDFA subcommittee already determined it is not in the best interest of the LDFA to further invest in this product and there were no responders to the RFP to purchase or license it;

Whereas, the LDFA is now left with two options: a) to shut it down with no future revenues, expenses or potential benefits to local entrepreneurs; or b) negotiate an agreement with the Party that could may provide future revenue to the LDFA at no additional cost, while also providing potential benefits to the local entrepreneurs;

RESOLVED, That the Board authorizes and directs the Cantillon subcommittee to negotiate the license and/or sale of Cantillon to such third party (Party) on such terms and conditions as the Cantillon subcommittee deems reasonable and in the best interest of the LDFA, which terms and conditions shall include the following terms and conditions which the LDFA board has determined provide LDFA the ability to leverage the investment made to date while retaining appropriate rights that benefit current and future entrepreneurs in the LDFA region:

1. Party will bear all responsibility and costs for content maintenance and end-user support.
2. For such period as the subcommittee determines to be reasonable (the Period), Party will have the right to market Cantillon outside of the LDFA region and will retain all course fees and service revenue generated from users outside of the LDFA region.
3. For the Period, LDFA will retain the right to market and provide Cantillon to entrepreneurs in the LDFA region at no cost to LDFA.
4. On or before expiration of the Period, upon payment of a lump sum of not less than \$25,000 by Party to LDFA, LDFA will transfer its ownership interest in Cantillon to Party.
5. If upon expiration the Period, Party has not made the lump sum payment to LDFA, all Party's rights in Cantillon shall terminate.

RESOLVED, That the Board authorizes and directs the subcommittee to take such actions necessary to complete the license and/or sale of Cantillon, including but not limited to, the execution and delivery by the Chair of the subcommittee of all instruments and documents which are necessary or appropriate in connection with the license and/or sale.