

4-5-2003

Center for Technology-Based Business Development

James Ward

Principal Investigator; University of Maine, Orono, jsward@maine.edu

Daniel Dwyer

Co-Principal Investigator; University of Maine, Orono

Kathryn Hunt

Co-Principal Investigator; University of Maine, Orono

Follow this and additional works at: https://digitalcommons.library.umaine.edu/orsp_reports



Part of the [Entrepreneurial and Small Business Operations Commons](#)

Recommended Citation

Ward, James; Dwyer, Daniel; and Hunt, Kathryn, "Center for Technology-Based Business Development" (2003). *University of Maine Office of Research and Sponsored Programs: Grant Reports*. 109.
https://digitalcommons.library.umaine.edu/orsp_reports/109

This Open-Access Report is brought to you for free and open access by DigitalCommons@UMaine. It has been accepted for inclusion in University of Maine Office of Research and Sponsored Programs: Grant Reports by an authorized administrator of DigitalCommons@UMaine. For more information, please contact um.library.technical.services@maine.edu.

Final Report for Period: 07/1998 - 12/2002

Submitted on: 04/05/2003

Principal Investigator: Ward, James S.

Award ID: 9871991

Organization: University of Maine

Title:

Center for Technology-Based Business Development

Project Participants

Senior Personnel

Name: Ward, James

Worked for more than 160 Hours: No

Contribution to Project:

Name: Dwyer, Daniel

Worked for more than 160 Hours: No

Contribution to Project:

Name: Hunt, Kathryn

Worked for more than 160 Hours: Yes

Contribution to Project:

Research Associate - Literature search, benchmarking, survey of best practices in tech transfer, patent policies, incubation practices, faculty/graduate students interest in techtransfer commercialization and spin-off activity.

Post-doc

Graduate Student

Undergraduate Student

Technician, Programmer

Other Participant

Research Experience for Undergraduates

Organizational Partners

Eastern Maine Development Corporation

EMDC is the Small Business Admin. rep for the small busienss development center program. Provides assistance with business development and start-up assistance. In-kind

Bangor Target Development Corporation

Bangor Target will build the facility for incubation with a combination of state funds, lease revenues and private financing. Will partner in the operation of the incubator.

City of orono

City of Orono has contibuted city land in the technology Park for the site of the incubator facility.

Other Collaborators or Contacts

Activities and Findings

Research and Education Activities: (See PDF version submitted by PI at the end of the report)

We have adopted procedures and activities to support the creation of tech-based businesses. The Center is up and running having just complete the first year of full activity. We have two businesses as a full incubator tenants and six 'tenants-in-training'. We are working actively with all on full commercialization issues. We run a full series of weekly/biweekly workshops and seminars that are attended by companies, students and faculty and recently began webcasting the workshops state-wide. We currently have 3 graduate students (1 mba, 1 ms accting, 1 ms new media) and 2 undergraduates in business interning at the center and providing direct service to the companies and other tenants. In addition we have partnered with the University of Maine Law School and have a full-time patent attorney on-site, and with Eastern Maine Development Corporation to have a small business development center councilor on site several days a week.

Findings: (See PDF version submitted by PI at the end of the report)

The experience to date is not that un-expected, the challenges of tech-based business is more the business than the technology. We continue to modify the delivery of busienss advice to specific company needs. We have had great support form local attorneys and accountants who contribute time and effort. Non-traditional education works the best.

Training and Development:

See previous findings. The training of students for tech-based business preparation is best delivered thru non-traditional means, especially for science and engineering students. These students do not have the strucuted time available for class learning but are more interested in seminatr workshop and hands on projects. This challenges the traditional B-school structure and thus we've had lower participation by b-school faculty. A new tech-entrepreneurship b-school faculty meber will begoin and August and is excited by the efforts to date and we anticipate much greater interaction.

Outreach Activities:

The Cneter is part of a state wide network tech-based incubators. The the Univeristy cneter with the most experience and structure we provide our 'products' to the other centers such as policies and procedures, learning modules and gneral grant-writing experience. We regularly provide seminars through-out the state and for the state legislature and tech-based business and development and provide in-put and guidance to other organizations on technology transfer and commercialization. This spring we will host a state-wide tradeshow for tech based businesses as part of our EPSCoR program.

Journal Publications

Books or Other One-time Publications

Web/Internet Site

URL(s):

Description:

Other Specific Products

Contributions

Contributions within Discipline:

Contributions to Other Disciplines:

Contributions to Human Resource Development:

Contributions to Resources for Research and Education:

Contributions Beyond Science and Engineering:

Categories for which nothing is reported:

Any Journal

Any Book

Any Product

Contributions: To Any within Discipline

Contributions: To Any Other Disciplines

Contributions: To Any Human Resource Development

Contributions: To Any Resources for Research and Education

Contributions: To Any Beyond Science and Engineering

March 19, 2001

Dr. Rita V. Rodriguez.
Program Director, EHR/EPSCoR
National Science Foundation
Room 875s
Email: rrodrigu@nsf.gov
Phone: (703) 292-8683
Fax: (703) 292-9047

Ms. Helen L. Hickland
Program Specialist, EPSCoR
National Science Foundation
Room 875s
Email: hhicklan@nsf.gov
Phone: (703) 292-8683
Fax: (703) 292-9047

RE: Status report on NSF EPSCoR Grant 9871991, entitled "*Center for Technology-based Business Development*"

Dear Dr. Rodriguez and Ms. Hickland:

Attached is a report on activities of the above referenced award. While we have made substantial progress in completing the activities specified in our original proposal, several activities, which were to be completed in Year 2, remain at an early, critical stage and are yet to be completed. While the original term of the award has expired I hope that you will consider a no cost extension so that efforts may continue to build on the momentum that efforts to date have built and would greatly benefit from NSF's continued support.

The activities specified in Year 1 of the grant have largely been completed. We conducted a best practices study of intellectual property policies as well as technology transfer, incubation, and business development activities at universities nationwide, with an emphasis on comparative institutions in rural environments. We also completed a survey of University of Maine (UM) faculty to assess technology transfer opportunities and to build awareness of UM's technology transfer / commercialization mission. The results of these initial activities have spawned the following activity

Attached for your information is a report of activity to-date. Included are work product and deliverables identified in the original proposal.

Deliverables from Proposal

A. Creation of an Entrepreneurial Environment

- i. Re-emphasizing the Universities economic development mission
Integrated into the Provost's strategic plan
- ii. Revising and updating technology transfer and industry interaction policies
Draft UMS patent and Copyright Policy attached as a PDF file
- iii. Endorsing, supporting, and rewarding faculty participation in economic development activities.

Faculty are actively being encouraged to be involved in tech transfer and commercialization leading to economic development. New incentives include matching funds for State of Maine seed grants (10,000) in support of R&D leading to product development through the Maine Technology Institute. The newly drafted patent policy is under review by the University of Maine System and the Board of Trustees. Much updated, it includes cash awards for invention disclosures and issued patents and an increase in the royalty sharing formula, consistent with more successful institutions. Return of indirect cost recovery will continue to be important.

In addition DIC is implementing a plan to retain approximately 10% FTE time of certain faculty or professionals as Technology Transfer Associates within colleges/departments or interdisciplinary research units. These people will be trained to be champions of technology transfer and economic development within those units and be frontline contacts for faculty/students. Their technical expertise will be enhanced with basic tech transfer skills. They will create awareness, monitor activity, and participate in education. To date three associates are in place in advanced materials, surface science, and life sciences/biotechnology.

B. Development of improved visible, well-staffed and funded *Technology Transfer Operation*

The benchmarking activity of this award has led to a new organizational structure for technology transfer, commercialization and economic development has been developed for the University of Maine. It includes several new positions.

- i. Technology Manager (search underway)

The position was created after review of similar positions at comparable institutions. The position was advertised nationally with poor results. Additional recruitment resulted in a decent pool. Two quality candidates were offered the position. Both declined to accept different offers. Our position was less competitive in salary and greater responsibility. The

position will be re-evaluated and re-advertised this spring. The initial appointment of this position was to be funded by NSF. A job description is attached.

ii. Business Development and Commercialization Specialist

A second technology transfer position was created. This position would initially focus on the commercialization of technologies from the Advanced Engineered Wood Composites Center, which was created through a previous EPSCoR Award. More hands-on than the technology manager, this position is directed at creating economic impact in Maine, by focusing on commercialization strategy including business planning and attraction of investors. The Chancellor of the University of Maine System in recognition of our economic development mission funded this position. A job description is attached.

iii. Business and Economic Development Liaison

A third position was created and filled. The role of the Business and Economic Development liaison is to building ties with the economic development community and support and interface between companies and the University community. This position is funded in part by departmental funds and membership fees from our Corporate Affiliate Program. A position description is attached.

iv. Funding for Technology Transfer, commercialization and economic development activities

The Vice President of Research has committed \$150,000 per year to support these activities. Funding is from the Maine Economic Improvement Fund established by the Maine Legislature. These funds cover patent, legal, marketing expenses.

v. Technology Transfer Associates

As previously described above, Technology Transfer associates will be the departments eyes and ears in the units with direct contact with faculty and provided the first line of support for these activities.

C. Provision of Business Start-up Assistance focusing on home grown technologies and access to University *Incubation* and *Research Facilities*

i. Survey of faculty and graduate students

In the summer of 1999, we conducted a fairly comprehensive survey of faculty/graduate student interest in technology transfer, commercialization, and economic development interest. A summary of the survey results is attached. The results indicated a strong interest but a need for business assistance and start-up support. The level of interest was used to support the feasibility for the joint venture incubator to be built this spring.

ii. Development of Target Incubator Model and other Incubators models.

Consistent with the objectives of this project we evaluated and benchmarked best practices in University affiliated incubators. This activity led to the principles behind a joint venture between the University of Maine, the City of Orono, and the Bangor Target Development Corporation to create a multi-use facility for UM research, company lease space and incubator start up space. While this project anticipated virtual incubation space on campus. This development accelerated the opportunities for dedicated space. The project was in the initial phases, with the completion of a business and operating plan to support incubation as outlined in this proposal, and a building design when the Maine Legislature approve the Advanced Technology Development Center Program. The legislature approved an appropriation of \$750,000 towards the building for the Target Technology Center. Orono donated the land in the Research Park. The State funds will allow us to have a much better program but also caused delays to the project with a anticipated completion date of September 2001, a full year later than expected. Copies of the business and operating plans are attached. In addition, we have just submitted three additional joint proposals to this program to create aquaculture, composites, and precision manufacturing incubators in the state.

iii. Partnerships with MTI, EPSCOT, SBIR Assistance

All of these activities have included a strong involvement and partnership with the local economic development groups in the state. These include the Eastern Maine Development Corporation, Maine Technology Institute, the Maine MEP, the Maine SBDC, technical colleges, and industry. Other collaborative projects that include the above partners which support the technology transfer, commercialization, and economic development activities of the University of Maine are the Maine SBIR assistance program funded by the Maine Technology Institute and the SBA, and the Maine EPSCOT project funded by NIST. Both projects focus on commercialization strategy and tapping into federal funds to support company formation and growth.

iii. Technical Entrepreneurship Course

Another support mechanism is the creation of educational products to help budding technical entrepreneurs with the business issues critical to success. In partnership with the college of engineering we have created the first credit course in technical entrepreneurship for offer this semester. A syllabus and schedule is attached. A team from the College of Engineering, the College of business and DIC are currently planning for a full curriculum on this topic.

**NSF 9871991 Center for Tech-Based Business Development
Annual Results**

List of Attachments

- 1. UMS Draft Patent Policy**
- 2. UM DIC Organization chart and new positions**
- 3. Survey of Faculty/Researcher/Graduate Student Interest in
Technology Transfer and Commercialization**
- 4. Target Technology Center Business and Operating Plan**
- 5. Technical Entrepreneurship Course Syllabus**

ATTACHMENT 1

DRAFT UNIVERSITY OF MAINE SYSTEM STATEMENT OF POLICY GOVERNING PATENTS AND COPYRIGHTS

I. INTRODUCTION

The University of Maine System is a public institution devoted to teaching, research, service, and other scholarly activities. Its personnel, including faculty, staff, students, fellows, wage-payroll employees, and persons on "visiting" appointments, carry on research and other activities supported by the University from its own resources and/or by contracts or grants with outside sponsors. This document defines and establishes the respective rights, equities and obligations of the University and its scholars and employees to any copyrightable or patentable materials, inventions or discoveries (hereinafter referred to as intellectual property), resulting from their work.

II. PURPOSE

Universities are major sources of knowledge. New knowledge enriches humankind and underlies new products and processes essential to economic competitiveness. In this context, facilitating the process whereby university creative and scholarly works may be put to public use and/or commercial application (i.e. "technology transfer") is an important aspect of the service mission of the Universities that comprise the University of Maine System. In turn, the protection of concepts with commercial potential (inventions or creations) is an essential aspect of the technology transfer process. Without such protection, companies are unlikely to invest the funds required to commercialize new technology.

In recognition of this mission, the University of Maine System has developed the policy herein regarding Intellectual Property Rights. The purpose of this policy on intellectual property is to provide the necessary incentives and protections to encourage the discovery and development of new knowledge, and its application and transfer for the public benefit. In so doing, the University is guided by the following goals:

- (i) To enhance and protect the educational, research and service missions of the Universities that comprise the University of Maine System;
- (ii) To protect the interests of the people of Maine and the Trustees of University of Maine System;
- (iii) To optimize the environment and incentives for research and scholarship, and for the creation of new knowledge within the University of Maine System;
- (iv) To bring the fruits of scholarship into use for the benefit and enjoyment of society as quickly and effectively as possible; and
- (v) To recognize and protect the interests of the public; of individual creators of novel concepts, inventions, and materials; of the University; and of sponsors of research and scholarship.

III. DEFINITIONS

The following definitions apply to the application of this policy:

1. The term “**University**” means the University of Maine System in its entirety or any of its campuses or organizational components.
2. The term "**Intellectual Property**" refers to inventions, copyrightable works, trademarks, and tangible research property. Intellectual Property includes, but is not limited to, that which is protectable by statute or legislation, such as patents, copyrights, trademarks, service marks, trade secrets, integrated circuit masks, and plant variety protection certificates. It also includes, but is not limited to, the physical embodiments of intellectual effort, for example, models, machines, devices, designs, apparatus, instrumentation, circuits, computer programs, visualizations, biological materials, chemicals, other compositions of matter, and plants.
3. The term "**Developer**" includes author, creator, and/or inventor but is not intended to include the University.
4. The term "**Invention**" means a process, method, discovery, device, plant, composition of matter, or other creation that reasonably appears to qualify for protection under the United States patent law (utility patent, plant patent, design patent, certificate of Plant Variety Protection, etc.), whether or not patented at any time under the federal Patent Act as now existing or as hereafter amended or supplemented. An Invention may be the product of a single inventor or a group of inventors who have collaborated on a project.
5. The term “**Copyright**” means an original work of authorship, which has been fixed in any tangible medium of expression, now known or later developed, from which it can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device, such as:
 - Literary works such as books, journal articles, poems, manuals, memoranda, tests, computer programs, instructional material, databases, bibliographies;
 - Musical works including any accompanying words;
 - Dramatic works, including any accompanying music;
 - Pantomimes and choreographic works (if fixed, as in notation or videotape);
 - Pictorial, graphic and sculptural works, including photographs, diagrams, sketches and integrated circuit masks;
 - Motion pictures and other audiovisual works such as videotapes;
 - Sound recordings;
 - Multimedia works such as internet websites, games, and CD-ROMs;
 - Architectural works; and,
 - Any other works determined to be copyrightable under the federal Copyright Act as now existing or hereafter amended or supplemented.

A Copyrightable Work may be the product of a single author or a group of authors who have collaborated on a project.

6. The term “**Trademark**” means all trademarks, service marks, trade names, seals, symbols, designs, slogans, or logotypes associated with intellectual property developed as a result of work conducted by University personnel. The trademarks, service marks, symbols, designs, slogans, seals, and logotypes representing the University of Maine System or a University within the System] and described in Section [XXX - to be supplied by Jake Ward] are not subject to the provisions of this Intellectual Property Policy.

7. The term "**Tangible Research Property**" means perceptible items produced in the course of research including such items as biological materials, engineering drawings, integrated circuit chips, computer databases, prototype devices, circuit diagrams, and equipment. Individual items of Tangible Research Property may be associated with one or more intangible properties, such as Inventions, Copyrightable Works, and Trademarks. An item of Tangible Research Property may be the product of a single creator or a group of individuals who have collaborated on a project.

8. The term "**University Resources**" means any support administered by or through a University, including but not limited to University funds, facilities, equipment or personnel, and funds, facilities, equipment, or personnel provided by governmental, commercial, industrial, or other public or private organizations which are administered or controlled by the University. University Resources are to be used solely for University purposes and not for personal gain or personal commercial advantage, nor for any other non-University purposes. Intellectual Property that is developed with *Significant Use of University Resources* rather than *Incidental Use of University Resources* shall be considered to have been created through use of University Resources. The application and interpretation of the above terms in any particular situation rests with the Intellectual Property Office and its determination shall be final, subject to the review procedures set forth in Section VIII.

Incidental Use of University Resources means that use is customary or usual given the employee's appointment and academic assignments. For example, use of office, computer, photocopier, telephone, office supplies, , library, and other assigned resources in the ordinary support of his or her university educational, scholarly or creative responsibilities is considered to be incidental. University personnel may make such incidental use of university resources and devote office time in carrying out a range of professional activities. Furthermore, the University recognizes that ownership of any intellectual property resulting from such activities rests with the developer(s) along with the rights to any income generated, as long as university resources are used in this incidental (or customary) fashion, and the time involvement of the developer(s) of the intellectual property does not compromise the individual's(s') core responsibilities in teaching, research, and service.

Significant Use of University Resources refers to use of university facilities, equipment, personnel, and an employee's own time that is beyond incidental (or customary) as described above. Significant use of resources occurs when creation of the work or intellectual property in question requires use of university resources beyond those allocated to individuals in support of assigned responsibilities and activities within their respective departments, colleges, or other administrative unit. Such usage may occur as a result of actions of the personnel involved, may occur when specific assignments are given to personnel, or may occur in situations where contracts or other obligations are involved. The university will retain title to all intellectual property that involves significant use of university resources subject to the conditions set forth in Section VI, Principles of Ownership.

The following examples generally define significant use when they are applied, singly or in combination, in support of a revenue-producing work. It is the responsibility of the dean, director, or equivalent supervisor in concert with the University's Intellectual Property Office to evaluate situations and determine whether significant use of resources has occurred. Faculty members or other employees also have an obligation to notify their supervisors promptly when they believe their work will involve more than incidental use. Furthermore, such notification must be accomplished before the execution of an assignment of rights with the University's Intellectual Property Office. When in support of a revenue-producing work, the following are examples of significant use:

- (i) Extended use of time and energy by the developer(s) in creation or promotion of a work that results in a reduction in the levels of teaching, scholarship, or other assigned university activities, and the developer's (s') anticipated instructional load in these areas is at a level significantly lower than normal;
- (ii) Greater than incidental use of university facilities such as laboratories, studios, specialized equipment, production facilities, or specialized computing resources in direct support of development of the work in question;
- (iii) Extraordinary or specifically designated university funds to support - the work's creation, publication, manufacture or production;
- (iv) Direct assignment or commission from the university to undertake a creative project as a part of the developer's regular appointment;
- (v) Significant use of funding from gifts to the university to support creation of the work(s) involved;
- (vi) Production of the works under specific terms of a sponsored research grant or contract;

Such use and support will require negotiation and agreement by the developer(s) and his/her (their) respective supervisors, in consultation with the University's Intellectual Property Office, as to the ultimate management and financial considerations concerning the resulting work as intellectual property. Whenever possible, such use and support will be identified in advance of or during the project, by the developer(s) and his/her (their) respective supervisors.

9. The term "**Intellectual Property Office**" refers to each campus' cognizant administrative unit and members of the faculty retained for the specific purpose of administering the University's Intellectual Property policy as outlined herein. Consistent with current and past practice, the University of Maine's Intellectual Property Office, located in Orono, is available to serve the faculty and administrators at each of the System's campuses on a fee-for-service basis. This does not preclude component institutions from developing additional policies and rules covering the subject matter of this policy or from establishing their own internal administrative procedures, provided they are consistent with this policy and other policies and procedures adopted by the University of Maine System Board of Trustees.

IV. APPLICABILITY

This policy, as amended from time to time, shall be deemed a part of the conditions of employment for every employee of the University, and a part of the conditions of enrollment and attendance at the University by students. It is also the policy of the University that, by participating in a sponsored project and/or by making significant use of University Resources and/or by participating in teaching, research, or service projects, individuals (including non-compensated individuals) accept the principles of ownership of Intellectual Property as stated in this policy, unless an exception is approved in writing by the Intellectual Property Office.

V. AGREEMENTS WITH SPONSORING ORGANIZATIONS

No agreements assigning ownership or rights in Intellectual Property shall be executed directly by individuals covered by this policy with a sponsoring organization without the prior written approval of the President of the University. The University reserves the sole right to make agreements with sponsoring organizations and to include therein such provisions regarding the ownership and disposition of rights in Intellectual Property as it deems to be in the interest of the University and the public.

VI. PRINCIPLES OF OWNERSHIP

Inventions:

An Invention resulting from activities related to an individual's employment responsibilities, with support from University-administered funds, and/or from significant use of University Resources shall be owned by the University.

An Invention unrelated to an individual's employment responsibilities that is developed on his or her own time without University support or with only incidental use of University Resources is owned by the inventor.

Ownership of an Invention developed in the course of or resulting from research supported by a grant or contract with a federal, state, local or foreign government (or an agency thereof), or a not-for-profit or for-profit nongovernmental entity, shall be determined in accordance with the terms of the sponsored grant or contract, or in the absence of such terms, shall be owned by the University.

Copyrightable Works:

It is the policy of the University that all rights in Copyrightable Works shall remain with the author(s) and creator(s) unless:

- (i) The Copyrightable Work is created pursuant to the terms of a University agreement with an external party and the agreement specifies ownership in the resultant works.
- (ii) The Copyrightable Work is created as a "work for hire." That is, the work is created as a specific, written requirement of employment or as a University-assigned duty that is specified in writing, for example, in a written job description or an employment agreement, and/or when the Copyrightable Work is prepared at the University's expense. The term "work for hire" may define the full scope or content of the employee's University employment duties or may be limited to terms applicable to a single Copyrightable Work. Works of faculty are assumed not to be "works of hire" unless agreements with the involved

faculty explicitly designate specific works as such.

- (iii) The Copyrightable Work is specifically commissioned by the University. The term "commissioned work" means a Copyrightable Work that is prepared under a written agreement between the University and the creator when (a) the creator is not a University employee or (b) the creator is a University employee but the Copyrightable Work to be performed falls outside the normal scope of the creator's University employment. Contracts covering commissioned works shall specify that the author shall convey by assignment, if necessary, such rights as are required by the University.
- (iv) In the judgment of the Intellectual Property Office and the cognizant University administrator(s), the author(s) or creator(s) of the Copyrightable Work made more than Incidental Use of University Resources.
- (v) The Copyrightable Work is also patentable and/or is associated with a University Trademark. The University reserves the right to pursue multiple forms of legal protection concomitantly if available. Computer software, for example, can be protected by copyright, patent, and trademark.

These principles shall not be interpreted to limit the University's ability to meet its obligations for deliverables under any contract, grant, or other arrangement with third parties, including sponsored research agreements, license agreements and the like. Copyrightable Works that are subject to sponsored research agreements or other contractual obligations of the University shall be owned by the University, so that the University may satisfy its contractual obligations.

Copyrightable Works not owned by the University are owned by the author(s) or creator(s) who are free to publish them, register the copyright, and to receive any revenues that may result there from. Moreover, in furtherance of the traditional academic principle of full and open exchange of ideas and to support the widest possible dissemination of scholarly works, authors and creators of Copyrightable Works created in furtherance of educational, scholarly or research objectives and the Administration, when it has an ownership interest in such works, are highly encouraged to copyright any and all of their works through use of the University of Maine System Broad Application Copyright License, as set forth in Appendix A.

Specific applications of the University's policy on Copyrightable Works follow:

Instructional Materials and Traditional Works of Scholarship. In accordance with academic tradition, and unless excepted by the Principles of Ownership outlined herein, the University does not claim ownership to instructional materials or traditional works of scholarship, regardless of their form of expression.

Instructional materials include works that are used primarily for the instruction of students. Such works may include, but are not limited to: textbooks; syllabi; study guides; problem sets; and audio, visual and multimedia instructional works.

Traditional works of scholarship are works that reflect research and/or creativity which, within the University, are considered as evidence of professional advancement or accomplishment. Such works may include, but are not limited to: scholarly publications; journal articles; research bulletins; monographs; books; research databases; computer programs; plays, poems, musical compositions and other works of creative or artistic imagination; photographs; audio, visual and multimedia works; circuit diagrams; and architectural and

engineering drawing. Such works may also include works of students created in the course of their education, such as dissertations, papers, and articles and audio, video, and multimedia works.

If an individual subject to this policy retains title to copyright in pedagogical, teaching or course materials, that individual shall assign to the University upon request a limited, royalty-free right to use, duplicate, or distribute the materials for non-profit, educational purposes only within the University. Such an assignment is not required for commercially published textbooks and similar commercially available teaching materials involving only incidental use of university resources in their creation.

Work Created as a Specific Requirement of Employment or as an Assigned University Duty (institutional works and works-for-hire). The University shall retain ownership of Copyrightable Works created as institutional rather than personal efforts; that is, created at the instigation of the University, under the specific direction of the University, for the University's use, by a person acting within the scope of his or her employment or subject to written contract.

Institutional works include Copyrightable Works that are supported by a specific allocation of University funds. Institutional works also include Copyrightable Works whose authorship cannot be attributed to one or a discrete number of authors but rather result from simultaneous or sequential contributions over time by multiple faculty, staff and/or students. For example, software tools and databases developed and improved over time by multiple faculty, staff and/or students where authorship is not appropriately attributed to a single or defined group of authors would constitute an institutional work. However, the mere fact that multiple individuals have contributed to the creation of a Copyrightable Work shall not cause the Copyrightable Work to constitute an institutional work.

Work assigned to programmers is institutional work or "work for hire," as is software developed for University purposes by staff working collaboratively. Brochures, training programs, CD-ROMs, websites, videos, and manuals, which staff members are hired to develop, are other examples of institutional works, or work for hire. The University owns all right, title and interest in such institutional works or works for hire. Employees shall execute any necessary confirmatory assignments to the University to effectuate the University's ownership of such institutional works or works for hire.

Works of Non-Employees. Under copyright law, Copyrightable Works of non-employees such as consultants, independent contractors, etc. generally are owned by the creator and not by the University, unless there is a written agreement to the contrary. As it is the University's policy that it shall retain ownership of such Copyrightable Works, the University will generally require a written agreement from non-employees that ownership of such Copyrightable Works will be assigned to the University. Examples of Copyrightable Works which the University may retain non-employees to prepare include: reports by consultants or subcontractors; computer software; architectural or engineering drawings; illustrations or designs; artistic works; and websites.

Videotaping, Audio Recording, and Related Classroom and Performance Technologies: Courses and Other Creative Works by Faculty. In accordance with academic tradition and in conformance with the Principles of Ownership outlined herein, the university does not claim ownership to recorded lectures, performances and other temporal works created by an individual faculty member or a group of faculty members as a part of their normal duties.

Lectures and Courses. The University shall have the right to redistribute recordings of lectures and courses, but only with the permission of the originating faculty member(s). If a recorded lecture or course is

represented or otherwise distributed with the purpose of generating income for the University, including offering the course for credit, the faculty member(s) who conducted the course shall receive additional salary, release time, or other negotiated compensation consistent with Disposition of Income section contained herein. Faculty members may refuse to allow redistribution of recordings of courses if they believe that the presentation of information contained therein has become dated or inaccurate or that redistribution may interfere with their legitimate personal and professional interests.

The offering, with intent to generate income, by a currently employed faculty member of the same course recordings or an equivalent online course through another university or outside arrangement that would compete with a course offered within the University of Maine System is deemed a conflict of interest and should not be pursued.

As a condition of participating in a class or offering a class, blanket permission is granted by class participants for viewing such materials internal to the University by students for general learning purposes and by the University for general educational, scholarly, research and administrative purposes. Prior to external presentation or distribution of any recording other than during the current regular course offering, permission shall be obtained from anyone who will appear in such recording.

Artistic Performances. The University shall have the right to redistribute recordings of artistic performances by University faculty members and students at University events, but only with the permission of those appearing in the performance. If a recorded performance is represented or otherwise distributed with the purpose of generating income for the University, the author(s) or creator(s) appearing in the performance shall receive additional salary, release time, or other negotiated compensation consistent with the Disposition of Income section contained herein.

Trademarks:

A Trademark may identify an item of Intellectual Property, such as a computer program or plant variety, or it may identify an educational, service, public relations, research, training or athletic program of the University. Consistent with the definition of Trademark outlined herein, any trademarks, service marks, symbols, designs, slogans, seals, and logotypes representing the University of Maine System or a University within the System and described in Section [XXX - supplied by Jake Ward] are not subject to the provisions of this Intellectual Property Policy. For Trademarks that do not fit under this exception, and that are related to an item of Intellectual Property, the University owns all right, title and interest. Income from the licensing of such Trademarks shall belong to the University and be distributed in accordance with the division of income schedule outlined herein.

Tangible Research Property:

The University owns all right, title, and interest in Tangible Research Property related to an individual's employment responsibilities and/or developed with support from University Resources.

In general, Tangible Research Property shall be managed as an Invention with the distribution of income from the licensing and/or commercialization of such Tangible Research Property made in accordance with the distribution of income schedule outlined herein.

VII. DISPOSITION OF INCOME

The Intellectual Property Office acts as the University's agent in managing the fiscal aspects of intellectual property owned by the University. The Office shall distribute intellectual property revenues in a manner consistent with the distribution formula depicted below regardless of whether the University or an external patent or copyright administration firm executes the cognizant license or contract.

The University will be the licensor or contractor for employee copyrights and patents when either a licensee has filed the relevant patent application in the name of the University, or the University has elected to file the patent on its own, or the University has an ownership interest in the Copyrightable Work. A discovery placed in commercial use, but not patented, shall be subject to the same terms, conditions and restrictions with respect to disposition or royalties and income as those prescribed for patentable inventions. Royalty revenues are distributed as follows:

First \$100,000 of cumulative net income

50% of cumulative net income to the developer(s)

15% of cumulative net income to the developer's(s') administrative unit(s) or its equivalent

15% of cumulative net income to the developer's(s') college or its equivalent unit

20% of cumulative net income to the relevant campuses' intellectual property administration

Above \$100,000 of cumulative net income

33.3% of cumulative net income to the developer(s)

33.3% of cumulative net income to the developer's(s') administrative unit(s) or its equivalent

33.3% of cumulative net income to the relevant campuses' intellectual property administration

Cumulative net income is defined as gross royalties and/or other payments, such as option payments, received by the University minus any fees or costs directly attributable to the intellectual property being licensed or sold. Typically these costs include direct patent and/or copyright prosecution, maintenance, and/or infringement litigation costs as well as incentive payments by the University to the developer(s). Indirect University overhead and other University costs normally associated with the operation of a University Intellectual Property Office or other administrative offices shall not be deducted from gross royalties or otherwise allocated to costs or fees associated with the Intellectual Property.

In the disposition of any net income accruing to the University or a component from patents or non-patent discoveries, first consideration shall be given to the promotion of research. The share of royalty revenues devoted to intellectual property administration shall be utilized to support research and other scholarly activities, and a portion of the cost of operating the Intellectual Property Office.

Co-developers share the developer's share in proportions agreed to among themselves. If there is more than one administrative unit or college, then the unit's or college's share shall be distributed as agreed upon at the time of disclosure between/among units or colleges.

University personnel whose intellectual property is licensed to an entity in which they have a proprietary interest (i.e. company officer, founders equity position, stock holdings exceeding 10% of the total issued, etc.) will not receive the developer's share of University royalties derived from said license. However, they will receive the developer's share of royalties from any other licensees.

In the event that the University is unable to either identify a licensee willing to underwrite the cost of the patent prosecution, or justify filing a patent application with University funds, individual campuses may elect to use an outside patent administration firm to evaluate the invention disclosure. In such cases, the cost of obtaining such services shall be subtracted from gross revenue prior to the distribution of cumulative net income.

If the University decides not to file a patent application or to otherwise retain title to intellectual property, then the University's ownership interest shall be released or assigned to the developer(s). In this circumstance, the developer(s) is (are) free to file a patent application or pursue other intellectual property rights at his/her (their) own expense and any royalties received shall be the sole property of the developer(s). However, the University retains a royalty-free, non-exclusive license to use the intellectual property for research or educational purposes only within the University, subject to the limitations described in Section VI.

The University also reserves the right to negotiate other allocation agreements. In cooperative undertakings sponsored by, or involving external sponsors, such as the federal or state government, private industry or other universities, provisions for the control of patents and non-patentable discoveries normally should be consistent with the general policy stated above with respect to the University's share of the discovery and the disposition of the University's share of income. However, it is recognized that in some cases the interests of other organizations will justify modifications of the general policy. In those cases, the provisions with respect to patents and non-patentable discoveries shall appear in a written agreement for the review and approval of the President of the University.

VIII. INTELLECTUAL PROPERTY ADMINISTRATION

The administration of the policies set forth in this document is the responsibility of the Chancellor through the University's Intellectual Property Office.

The Intellectual Property Office provides assistance to University developers relative to the implementation of patent and copyright policies, provides counsel on intellectual property matters, and assists faculty and administrators with conflict-of-interest issues related to technology transfer and entrepreneurial activities. The rights and obligations of developers and the University are described below. Cognizant University administrators have a primary role in monitoring adherence to, and advising personnel on, University policies in these areas. In turn, administrators are encouraged to avail themselves of Intellectual Property Office services, particularly on the more complex issues. To enhance awareness of University policies and procedures, the Intellectual Property Office conducts an ongoing series of information meetings on intellectual property matters, conflict-of-interest, and technology transfer aspects of outside activities.

GENERAL PRACTICES AND PROCEDURES

Inventions:

University personnel who believe they may have developed an invention should immediately notify the cognizant University administrators and the Intellectual Property Office. They will be asked to complete an invention disclosure form by the Intellectual Property Office. The invention disclosure defines the nature of, and provides the basis for a legal claim to, the invention in question. Invention disclosures are evaluated for patentability and market potential by the Intellectual Property Office. A preliminary patent search is generally performed using the computer facilities of the University Libraries. If this process suggests that the invention has significant commercial potential, the following sequence is set in motion. [Note: There is a provision regarding timely notification of sponsors to be inserted above by Jake Ward.]

1) The Intellectual Property Office, in concert with inventors, will attempt to identify companies whose technology interests coincide with the invention in question. Non-enabling disclosures are sent to these companies to inform them of the general nature of the invention, without divulging its essential elements. Upon the expressed interest of a potential licensee, additional detailed information about the invention is released following the execution of an appropriate Confidentiality Agreement.

2) In return for rights to an invention, licensees will be expected to file a patent application at their expense in the name of the University. If an invention requires further research to bring it to the point of commercial utilization, companies will be encouraged to provide the necessary research support as part of either a Research and License Agreement, or an Option Agreement. Where an option is involved, companies are offered an exclusive right to negotiate a license in return for a research commitment and/or appropriate payment.

3) The University (Intellectual Property Office in accord with the cognizant administrators) may, under certain circumstances, elect to apply for a patent concurrent with the search for a licensee. This option is very selectively applied as a consequence of the limited funds available for this purpose, and is restricted to unusually promising inventions in dynamic, highly competitive fields. Where this option is contemplated, the results of the University Libraries preliminary patent search will be submitted to a patent attorney in the appropriate art for a patentability opinion. A decision to proceed will be based on a judgment that the invention is patentable, is not encumbered by other patents, and has sufficient commercial potential to justify patent expense.

4) If, in concert with inventors, the Intellectual Property Office is unable to identify a licensee in a timely fashion, the disclosure may be sent to an external patent administration firm for evaluation. Such firm may thereafter elect to accept the disclosure, file a patent application, and initiate the licensing process.

5) Inventors may petition the University for the assignment of invention rights to them when it a) is consistent with the policies and best interests of the University, b) would advantage the transfer of technology to the private sector, and c) is in accord with the University's obligations to sponsors and other third parties.

For example, should the Intellectual Property Office fail to identify a licensee, and the cognizant external patent administration firm subsequently elects not to accept the invention, inventors may petition the University for the assignment of invention rights to them.

Successful implementation of the foregoing procedure is based on the premise that it is important to have a close working relationship between University inventors and the Intellectual Property Office. The reasons are varied. Inventors' knowledge of their research areas, and of companies active in related technologies, are key elements of the technical and market assessments for an invention, and of the search for licensees. In addition, inventions can serve as powerful catalysts for industrial research support. The search for such support is greatly enhanced by close collaboration between inventors and Intellectual Property Office staff. Finally, the search for licensees willing to underwrite the cost of concept refinement and/or patent prosecution represents a useful "market test" for an invention.

Related Issues:

The commercial exploitation of inventions, in the form of products and processes for business and industry, is a highly competitive enterprise. It is therefore critical that inventors begin the disclosure process as soon as the possibility of an invention becomes evident. Delays give others an opportunity to establish a claim, which may deprive an original inventor of his/her rightful recognition and compensation. Some other considerations follow.

1) In general, it is prudent to delay the oral disclosure or publication of research details that are specific to an invention until such time as the invention has been evaluated and, as appropriate, protected. Such decisions, however, should not be allowed to adversely affect the progress of students toward their degrees. In most cases the omission of information from publications that would compromise a commercial application does not impede the free flow of fundamental knowledge. In particular, inventions in a University setting are usually practical manifestations of an underlying body of fundamental knowledge. As such, one can frequently engage in the free exchange of basic ideas without compromising the practical application. If inventors have questions about the disclosure or publication of research, they are encouraged to discuss the matter with the Intellectual Property Office.

2) Public disclosure of a concept in the open literature (in abstracts and texts of presentations at meetings, and in theses, etc.) generally precludes obtaining patent protection in most foreign countries. In the U.S., one may obtain a patent as long as the application is filed within one year of the date of public disclosure. The impact of the waiving of foreign rights for an invention depends upon the size of U.S. and foreign markets, the relative market shares of foreign and domestic companies in the technology in question, etc.

3) Rights to inventions arising from industrially sponsored research are usually prescribed in a research contract containing a work statement and other terms and conditions of the award. Sponsors generally receive the first option on a license to technology resulting from research that they support. As the contractor for the specified research, the University must ensure that it has not committed rights to technologies to multiple sponsors. In dealing with potential industrial sponsors, faculty investigators should thus be sensitive to this possibility. The consequences of commingling intellectual property rights can be substantial. Until such time as they are resolved, disputes over sponsor rights can limit or eliminate opportunities for additional industrial support for promising research areas. Unfortunately, such disputes can last for years.

4) Federal agencies allow contractors, including universities, to retain ownership of intellectual property arising from research that they sponsor. The government retains non-exclusive rights to such intellectual property for its own purposes. The University has a contractual obligation to inform sponsoring agencies of inventions within two months after they are disclosed to the Intellectual Property Office, to elect to retain title within two years, and to file a patent within one year of election.

5) Members of research consortia are typically given non-exclusive rights to inventions conceived in whole or part with consortium funds. Such arrangements can, unfortunately, seriously compromise the commercial potential of an invention. In particular, the resulting lack of marketplace exclusivity may deter companies from investing in the production facilities and marketing strategies required to commercialize an invention. Faculty concerned about this issue may wish to restrict the use of consortium funds to the support of pre-proprietary research.

6) Consulting contracts sometimes contain provisions which limit the disposition of research results, including intellectual property, in promising research areas. They should be examined to ensure that the

assignment of rights to intellectual property evolving from consulting activities does not conflict with the patent agreement signed by all University employees. In general, faculty may, within the scope of a consulting agreement, assign rights to intellectual property in their fields of expertise where organizations engaging their services have legitimate prior claims to the development(s) in question. Examples include consulting activity leading to the refinement of an existing product or process, or to a development for which background patents or prior art claims exist. In any case, faculty should bring consulting contracts to the attention of cognizant University administrators prior to executing them.

Copyrightable Works:

All persons subject to this policy shall promptly disclose in writing to the University, through the appropriate department head and dean, any Copyrightable Work that, as a work-for-hire or institutional work, is owned by the University as outlined in the Principles of Ownership section (above), including those made under sponsored research or cooperative arrangements. Likewise, if the creation of a Copyrightable Work involved significant use of university resources and there is an intention by the developer(s) to produce revenue external to the university from the work, the developer(s) subject to this policy shall promptly disclose in writing to the Intellectual Property Office and appropriate department head, dean or other academic unit administrator that the University has a potential ownership interest in the work. Further, the developer(s) will assign to the University the copyright in the work to be administered in conformance with the provisions of this University of Maine System Statement of Policy Governing Patents and Copyrights. The report shall constitute a full and complete disclosure of the subject matter of the Copyrightable Work and the identity of all persons participating therein. Such persons shall cooperate with the University, to the best of their ability, in protecting intellectual property rights in the Copyrightable Work, furnish such additional information and execute such documents from time to time as the University may reasonably request. Furthermore, upon request by the University to perfect intellectual property rights, such persons shall warrant that, to the best of their knowledge, the Copyrightable Work does not infringe upon any existing copyright or other legal rights; that work not identified as quotations is the expression or creation of the author; and that necessary permission for quotation and the use of third party works has been obtained.

A person who has any question as to the possible commercial value of particular Copyrightable Works, or as to possible University ownership shall report the relevant facts to the University through the Intellectual Property Office.

The University shall coordinate reporting requirements and other obligations to research sponsors regarding Copyrightable Works developed under a research contract or grant, including but not limited to obligations to the US Government under 37CFR401.

Moreover, the University has sole authority to negotiate with third parties license agreements granting the right to use, develop, or otherwise commercialize Copyrightable Works owned by the University. Any agreement to license or transfer ownership of University-owned Copyrightable Works must be approved in writing by the Intellectual Property Office.

Royalty income received by the University for such Copyrightable Works that are not works-for-hire or institutional works will be distributed in accordance with the Division of Income schedule outlined herein.

Review Procedure:

In the event that the Intellectual Property Office finds that a work has involved significant use of university resources or that the University otherwise has an ownership interest in an intellectual work and the developer(s) contest such finding, the matter shall be put before the University Intellectual Property

Committee for final resolution. The University Intellectual Property Committee shall consist of three members appointed by the Faculty Senate and three members appointed by the University Administration. The physical presence of four members constitutes a quorum and in the event of a tie on any vote of the Committee, the University Provost may break the tie if physically present at the meeting.

IX. RESPONSIBILITIES OF THE PARTIES

Responsibilities of the Inventor or Author:

Responsibility for timely disclosure of Intellectual Property subject to this policy rests with the developer(s) who shall take all reasonable steps, including the execution of assignments where necessary, to permit prompt evaluation of the Intellectual Property and perfection of patent or other rights.

It is the responsibility of the developer(s) to disclose fully to the Intellectual Property Office the circumstances surrounding the Intellectual Property including the names of all those within or outside of the University who participated in its development, the name(s) of any sponsors, and the degree of use of University Resources.

It is the responsibility of the developer(s) to secure any and all consents and/or releases for the use of printed, spoken and/or audio and visual materials that are used in copyrightable work(s) from the originator(s) and/or copyright holders of these materials. These originators may include students, guest speakers, and other contributors.

Employees of the University who believe that they have invented items outside the scope of this policy shall not file, or permit others to file in their name, patent applications without providing at least thirty days notice and a statement of the circumstances of the invention to the University through the Intellectual Property Office. Upon request, additional information as to the nature and circumstances under which the item was developed and a copy of the invention disclosure shall be provided.

Individuals planning to engage in consulting or business activities, and those charged with approving such plans on behalf of the University are responsible for ensuring that any related agreements with external entities are not in conflict with this policy or other commitments involving the University.

Written approval from the University's Intellectual Property Office must be obtained before Tangible Research Property associated with products of University research is transferred to any person or entity for commercial purposes. Tangible Research Property belonging to the University includes, but is not limited to, models, devices, designs, computer programs, cell lines, antibodies, recombinant materials, chemical compounds, compositions, formulations, plant varieties, records concerning inventions or discoveries, and collections.

Responsibilities of the University:

When the University makes a determination to exercise its rights to Intellectual Property, it will promptly make appropriate efforts to protect them legally and with the assistance of the developer(s) it will search out and initiate negotiations with prospective licensees, or purchasers or take other appropriate steps to bring the development into commercial use.

If the University chooses neither to exercise its rights through pursuit of legal protection and commercial development or otherwise, nor to transfer the rights to another party, nor to dedicate the rights to the public, they shall be transferred or waived to the developer(s), if so requested in writing.

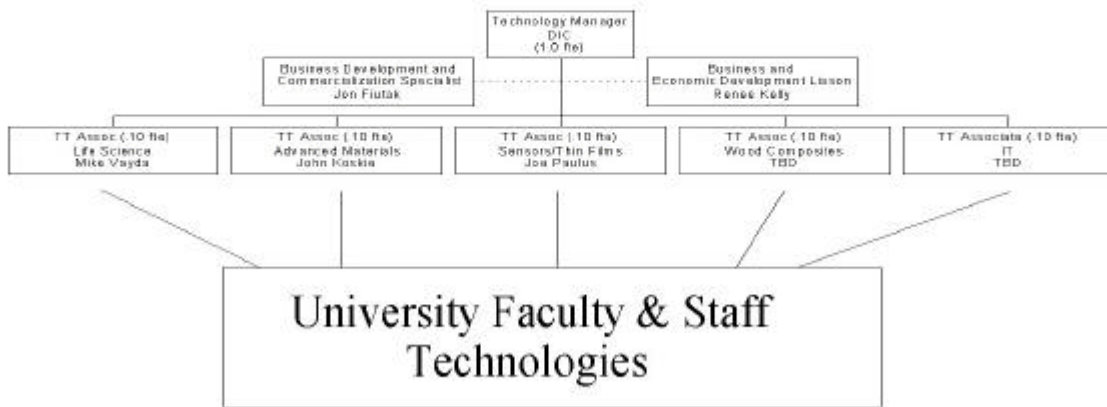
If the University has chosen to protect an item, but does not arrange for its commercial development or dedication to the public within a reasonable time, the developer(s) may make a written request for transfer or waiver of rights from the University's Intellectual Property Office. The Office, in conjunction with the University's cognizant administrators, will either grant the request or will advise the developer(s) of the University's plans for the Intellectual Property. In addition to the retention by the University of a non-transferable, royalty-free license, appropriate conditions agreed to by the developer(s) and the Intellectual Property Office shall be applied to any transfer or waiver, subject to review by the University Intellectual Property Committee in the event of a dispute.

The University shall treat disclosures of Intellectual Property subject to this policy as confidential and shall make reasonable efforts to avoid loss of rights due to lack of appropriate documentation or to improper or premature disclosure or to publication without proper copyright notice, but it will not be liable in regard to any such loss.

All releases, agreements or other instruments intended to be binding on the University shall be signed by a University officer authorized by the Board of Trustees to execute agreements on its behalf.

ATTACHMENT 2

Department of Industrial Cooperation
Technology Transfer, Commercialization and Economic Development Functions
New Organizational Chart



UNIVERSITY OF MAINE

Position Description

TITLE: Technology Manager

DATE: January 2000

DEPT: Department of Industrial Cooperation (DIC)

REPORTS TO: Director, DIC
James S. Ward, IV

PURPOSE: The Technology Manager assists the Director of DIC with the daily management of technology transfer, commercialization and economic development activities.

DUTIES/RESPONSIBILITIES: The Technology Manager is responsible for the planning and administration of technology transfer, commercialization, and economic development activities and projects for DIC. General areas of responsibility include identifying and responding to the technology transfer needs of University of Maine departments, faculty, technical personnel, staff and students, as well as businesses and industries related to the University. The Technology Manager oversees all DIC intellectual property contracts and agreements between outside businesses and agencies and the University of Maine. The Technology Manager also is responsible for monitoring the intellectual property policies of the University of Maine to avoid conflicts of interest or misuse of University resources. Specific duties of the Technology Manager position include:

- Management of the University of Maine's intellectual property portfolio;
- Review of new technology disclosures for commercial potential and patentable subject matter;
- Providing informational seminars regarding technology transfer and commercialization to faculty, students, and staff;
- Management of outside patent counsel and business consultants;
- Assisting in the preparation of budgets for technology transfer operations;
- Industry outreach and implementation of targeted marketing programs;
- Drafting and negotiating confidentiality agreements, patent documents, licensing agreements, and intellectual property clauses in grants and contacts;
- Training and supervising staff associates in the Center for Technology Based Business Development;
- Representing the University of Maine to various federal and state as well as public and private groups in the areas of technology transfer and economic development with an emphasis placed on the University's areas of expertise;
- Developing and writing proposals for continued and special project funding that supports technology transfer, economic development, incubators and

entrepreneurship;

- Monitoring the University of Maine’s intellectual property and technology transfer policies.

KNOWLEDGE AND SKILL QUALIFICATIONS:

- Substantial experience in intellectual property management, marketing and business development (at a Land Grant institution preferred) including work with start-up and spin-off companies
- Ability to establish and maintain effective working relationships with prospects, outside agencies, visitors, and members of the University faculty, staff and administration
- Bachelor’s degree and business or management experience
- Advanced degree preferred in science, engineering, business or law
- Knowledge of the application of basic and applied research to new product development, commercialization and manufacturing
- Knowledge of intellectual property issues, policies, agreements and contracts
- Excellent leadership, communication and presentation skills
- Advanced technical and proposal writing skills, and computer skills
- Familiarity with sponsored programs operation
- Knowledge of Maine-based public and private, business and economic development agencies highly desirable

SUPERVISORY RESPONSIBILITIES: The Technology Manager is responsible for supervising the technology transfer staff employed by DIC, including associated professionals, administrative assistant(s), and graduate/undergraduate students.

Additionally, the Technology Manager oversees and supervises the operations of the Center for Technology Based Business Development, which includes professional staff, an administrative associate and secretary. Graduate and undergraduate students are employed by DIC as projects require and funding allows.

POSITION TYPE: The position is based on an annual appointment; reappointment is conditional upon continued funding.

WORK ENVIRONMENT/DYNAMICS: The Department of Industrial Cooperation manages the intellectual property of the University of Maine, administers research and service contracts with industry, and oversees the University’s technology transfer operations including patents, copyrights, and licenses. DIC also coordinates the University of Maine’s involvement in state economic development activities with emphasis placed on areas directly related to the University’s expertise. Currently, DIC is expanding its operations to include increased activity with technology entrepreneurs, state-based technology incubators, spin-offs and start-ups.

The Technology Manager's office is located on the University of Maine campus (Orono) with a field office to be located in the Orono Technology Park, 2.5 miles from campus. Daily travel between locations and frequent travel throughout the state (normally requiring a driver's license) are required; travel throughout the United States also is required.

WORK SCHEDULE/YEAR: Regular 8:00-5:00 work day, full-time 12 month work year. Some evening and weekend work is required.

SCHEDULE FOR EVALUATION: Every six months for the 12 month probationary period, then annually thereafter.

SALARY: Commensurate with education and experience. (\$55,000 - 65,000)

JOB DESCRIPTION

Title: Business Development and
Commercialization Specialist

Date: Effective September 1, 2000

Dept: Department of Industrial
Cooperation

Reports to: Jake Ward

Purpose: Provide managerial and technical support in the development and commercialization of University of Maine developed technology in the state of Maine working directly with the Department of Industrial Cooperation and the relevant research personnel.

Responsibilities:

- Develop and execute strategies for the integration and commercialization of University of Maine technologies specifically in Maine.
- Prepare and present business plans and commercialization strategies to interested companies, private investors, financial institutions, economic development agencies, state and municipal government.
- Provide technical management and direction for related projects.
- Solicit new technologies from University of Maine faculty and Staff
- Interact with federal, state and local funding agencies regarding support for commercialization and economic development.
- Regular interface with Maine economic development agencies.
- Represent University of Maine at state, national and international meetings.
- Other reasonably related duties as assigned.

Knowledge and Skill Qualifications:

- Proven ability to develop strategies for the commercialization of new products and processes, including: technology evaluation, intellectual property research, market research, business planning, financial planning and financing, manufacturing feasibility and production planning, and marketing and sales.
- Proven ability to interact with management, researchers, engineering consultants, manufacturers, economic development organizations, state and local municipalities.
- Education and research background in one or more of the following fields, forest products, wood science and engineering, or composite materials.
- Proven ability to prepare and complete, business plans, feasibility studies, grant applications, and marketing presentations.
- Ability to work independently and as part of a team. Well-developed organizational

and project management skills. Ability to communicate effectively using oral, written and electronic means.

- Substantial experience in positions related to the development, manufacturing and production of new products or processes is preferred.
- Ability to travel, normally requiring a valid driver's license.

Education Required: MS in Engineering, Sciences, Business or closely related field

Supervisory Responsibilities: Project management including supervision of professional staff, post-doctoral fellows, graduate students, and undergraduate students. Coordinates activities with faculty on specific projects.

Position Type: Full-time position. Initial two-year appointment. Reappointment will be contingent on performance and availability of continued funding.

Evaluation Schedule: Evaluation will occur prior to the first 6 months of employment. Evaluation will occur thereafter as per UMPSA agreement.

Work Schedule: Normal work (or office) hours are Monday through Friday 8:00 am to 4:30 pm however work outside normal hours including nights and weekends may be necessary to complete the requirements of the job.

Salary: \$45,000- \$52,000 commensurate with experience.

TITLE: Economic Development and Business Liaison
DATE: October 2000
DEPT: Department of Industrial Cooperation
REPORTS TO: Director of Industrial Cooperation

PURPOSE: The Economic Development and Outreach Liaison is responsible for promoting partnership opportunities with the business and economic development communities. The Liaison develops marketing materials and information resources related to economic development. The Liaison is responsible for enhancing relationships between businesses and the University of Maine.

ESSENTIAL FUNCTIONS:

1. Develops relationships with state and local government officials and economic developers.
2. Identifies University resources and partnership opportunities that may be of interest to individual businesses and helps businesses access them.
3. Promotes partnership opportunities to businesses and economic developers through the development of print and web-based marketing materials, trade show appearances, and participation in organizations that stimulate business and economic development.
4. Works with faculty and administrators to create new services and resources for businesses and to coordinate existing services. Brings together various groups on campus to improve services for businesses.
5. Works with state and local resources, trade associations, and other organizations to create awareness of University resources within the business community.
6. Provides feedback from businesses to the University community.
7. Represents the University in business organizations and activities.
8. Plans and coordinates a variety of events and conferences for businesses.
9. Recruits and retains businesses with an interest in working with the University as members of CAP.
10. Effectively organizes meetings.
11. Travels throughout the state to meet and work with businesses and economic development organizations.

KNOWLEDGE AND SKILL QUALIFICATIONS

- I. Substantial experience working in and with the private sector.
- II. Ability to develop and maintain effective working relationships with businesspeople, local and state government officials, as well as University faculty, staff and administration.
- III. Substantial experience in marketing programs, services and events. Ability to create web-based and printed marketing materials. Familiarity with graphic design and printing concepts.
- IV. Excellent written and verbal communication skills.

- V. Ability to quickly understand scientific, business and other theoretical concepts to determine their application and relationship to the private sector.
- VI. Ability to think creatively and strategically to develop and implement services for businesses.
- VII. Experience in creating and managing budgets.
- VIII. Extensive knowledge of Maine's business community highly desirable. Knowledge of land-grant institutions also highly desirable.
- IX. Bachelor's degree required in business, economics or closely related field.
- X. Ability to travel, normally requiring a valid driver's license.

SUPERVISORY RESPONSIBILITIES:

Project management including supervision of professional staff, graduate students and undergraduate students. Coordinates activities with faculty on specific projects.

POSITION TYPE:

This position is for three years. Reappointment is contingent upon performance and availability of continued funding.

WORK ENVIRONMENT/DYNAMICS:

The Department of Industrial Cooperation provides comprehensive technology transfer, industrial extension, and economic development functions serving Maine and national businesses, individuals as well as University of Maine faculty, staff and administration. The position requires travel to business and industrial sites throughout the state of Maine and beyond. The Liaison must be able to work independently and as part of a team.

WORK SCHEDULE/YEAR:

This position entails a full-time (at least 40 hours per week), 12 month work year. Some evening and weekend work is required.

SCHEDULE FOR EVALUATION:

Every six months for the 12 month probationary period, then annually thereafter.

SALARY:

Commensurate with education and experience (\$36,000 – \$45,000).

Attachment 3

September 15, 1999

Survey of Faculty/Researcher/Graduate Student Interest in Technology Transfer and Commercialization

by

**Kathryn Hunt, Research Associate
University of Maine
Department of Industrial Cooperation**

Introduction

This report summarizes twenty-two interviews conducted with faculty at the University of Maine in July/August, 1999. The interviews were conducted by staff from the Department of Industrial Cooperation (DIC) in support of NSF Award EPS-9871991. The purpose of the interviews was to gain information faculty/researcher/graduate student awareness interest in technology transfer/commercialization and to determine the feasibility of establishing a technology incubator facility at the Orono Research Park in partnership with Bangor Target Development Corporation and the Town of Orono.

The faculty who participated in the interviews were selected by DIC staff because of their recent involvement with industry. All of the interviews except three, which took place via phone, were conducted in person. Each interviewee was asked to respond to the following questions:

Do you know of students with an interest in starting a company that is based on the research in which they're presently engaged?

Are you currently working with any companies that might have an interest in incubator space near the University?

Do you know of companies with R&D needs where proximity to the University would be helpful to them in terms of getting their needs met?

Have you thought about starting a company?

If a technology incubator facility were to be developed, what types of services would be helpful?

The summary that follows has been broken into two sections — General Findings and Analysis/Conclusions. It is important to note that these interviews are not

representative of University of Maine faculty as a whole; therefore, findings are not reported in terms of percentages. Rather, the information gathered from these interviews provides an initial assessment of faculty support for, interest in, technology commercialization and the potential use of a technology incubator facility with business start-up assistance located in Orono, Maine.

General Findings

Not surprisingly, almost all of the faculty interviewed expressed an interest in developing their technologies for commercial purposes. At the same time, only a handful were considering doing so. The faculty identified below were most active in this consideration:

Brian Frederick, Assistant Professor of Chemistry, and Bob Jackson, Doctoral Candidate, are pursuing the development of a company to commercialize an electron spectrometer. Through LASST, their primary research team recently has been awarded an NSF grant as well as Phase 0 monies from the Maine Science & Technology Foundation to pursue SBIR funds. They also have submitted an STTR proposal. They may need an off-campus facility by January, 2000. They need the immediate assistance of a corporate lawyer and patent attorney.

Rick Eason, Associate Professor of Electrical & Computer Engineering, will be shifting to a three-quarter-time position this fall in order to focus on developing a commercial software application — a data-hiding program. Rick is ambivalent about starting a company and would be more apt to do so if he had a business partner. Over and above office space, Rick's most urgent need is for business-related services.

Mohamad Musavi, Professor of Electrical & Computer Engineering, has developed a software program that may be ready for commercial applications by December, 1999. Mohamad will have a better sense of its commercial potential after testing it in his academic courses this fall. Mohamad also would need business-related services as well as office space.

Andrew Thomas, Associate Research Professor of Oceanography, would like to develop a company that markets marine forecasting data. Andrew would need office space with amenities as well as assistance with market analysis. He also indicated that he may start this company in New Hampshire because he does not view Maine's tax laws favorably.

Neal Pettigrew, Associate Professor of Oceanography, has two commercial interests. One, Neal has an interest in forming a company to market oceanographic instrumentation. He indicated he has one or two graduate students

interested in this as well. Two, Neal is interested in commercializing his work on Autonomous Underwater Vehicles (AUVs). In partnership with Elise and Roy Turner, he has submitted a joint proposal to combine artificial intelligence with AUV technology. They are roughly two years away from patenting their advancements.

Bob Lad, Director of LASST, stated he is working on two projects that have future commercial potential. One, he and Carl Tripp, Associate Professor of Chemistry, are roughly two years away from developing a prototype electro-luminescent display. Two, he and Max Egenhofer, Associate Professor of Spatial Information Science & Engineering, are three to five years away from commercializing their research that combines sensor and information technologies.

There also were faculty who stated they would like to develop or re-start a consulting company. These faculty identified a need for off-campus office space with physical amenities such as a computer and phone as well as access to a shared fax, photocopier, conference room, and clerical support. Some also stated they would need minimal laboratory space for storing “things” and testing/evaluation equipment. For example:

Jill Schoof, Associate Professor of Electrical Engineering Technology, would like to re-start her company — Design for Science & Industry (DSI). This is a company focused on engineering management. Jill would need minimal laboratory facilities.

Darrell Donahue would like to start a company focused on concurrent engineering and customized software. Initially, he would need office space and access to business expertise.

Very few faculty were able to identify current students with an active interest in forming a company based on their graduate research. However, Darrell Donahue indicated he was working with one student who would like to form a company based on his/her current research. He declined to talk in further detail stating a need to remain confidential.

With very few exceptions, faculty were unable to identify existing companies that might have an interest in re-locating in an Orono incubator facility. Several names were provided to DIC staff and in one instance a follow-up contact was made. This contact indicated a desire to talk further about the possibility of establishing a branch office in Orono. His primary operations are located in Sanford, Maine and will remain there.

In terms of services, all of the faculty indicated that if they were to form a company, they would need the basic physical amenities associated with general

office space. Many stated they also would need minimal laboratory facilities for testing and evaluation as well as storage of equipment and products. (In a couple of instances, the need for infrastructure probably exceeded the current proposal for an incubator facility — one faculty stated he would need loading docks and a fork lift.) In addition, almost all of the faculty stated they would need access to business services (e.g., assistance in forming a corporation, tax advice, market analysis, payroll and accounting assistance, etc.).

Finally, roughly half of the faculty interviewed view the University's Intellectual Property policies as a hindrance to entrepreneurial activity and, in some cases, believe the University "actively discourages" such activity.

Analysis/Conclusions

There is significant interest among the faculty interviewed to develop commercial applications of technologies currently under development at the University of Maine.

There is a sizable deficit in practical knowledge about how to start a company. Both faculty and graduating students need access to targeted business services as much as they need physical space. The lack of business "know-how" is a serious barrier to the commercial development of University of Maine technologies.

In general, faculty are supportive of the idea to develop a technology incubator facility. Many believe it could lead to a changed culture among students and faculty in terms of entrepreneurial activity. In particular, several faculty noted that for students who would like to remain in Maine, an incubator facility would provide them with an option that currently does not exist.

The University must update its Intellectual Property policies and clarify the relationship between commercialization activity and promotion, salary, and assignment of rights.

Attachment 4

Target Technology Center
Orono Technology Park
Orono, Maine

Partners: University of Maine, City of Orono, Bangor Target Development, State of Maine, National Science Foundation EPSCoR

Size: 20,000 sqft:

8000 sqft UM R&D – NCGIA EPSCoR, UM Supercluster super computer

8000 sqft Technology Incubator – start-ups spin-offs

2500 sqft Company Lease – Existing Companies

1500 sqft Shared – Conference room, meeting room, kitchen, etc.

Shared Secretarial/Receptionist, office support, video-conferencing, ISP, network etc.

Completion: September 2001



Target Technology Center

The Target Technology Center is a new project that represents a partnership between Bangor Target Area Development Corporation, the town of Orono, the University of Maine and the State of Maine to develop an integrated research, development and technology incubation and commercialization center in the Orono Technology Park.

The 20,000 square foot facility will serve the needs of the Information Technology sector that is growing in and around the University of Maine as well as other UM spin-off companies. There are three primary tenant groups that will occupy the facility: University of Maine researchers, small R&D companies, and new business incubator clients. In addition numerous shared facilities and services will offer the tenants to interact, network and collaborate.

Proposed Tenants

University of Maine

National Center for Geographic Information Analysis (NCGIA)

The UM NCGIA has recently received a NSF EPSCoR grant to expand their operation. This includes the addition of three new faculty, three post doctoral research associates, a business liaison, and several graduate students. The NCGIA will locate approximately 10 r&d personnel in the facility.

Super Cluster Computer Facility

The University of Maine will soon begin the creation of a super-cluster computer facility with funding from the US Army. The super computer facility will represent a research tool that is available to UM researcher and companies. The facility must be secure and capable of doing classified work. As such special construction is necessary for security purposes. Initially the cluster will consist of 130 DEC Alpha machines networked together. The number of nodes will increase to 500 by the end of the second year. The University will house two professionals at the facility to manage and operate the cluster.

Market Tenants

Market tenants refers to existing companies are that have existing relationships with the University of Maine or wish to establish r&d relationships. The companies will pay market rate rents and have the ability to access other shared resources. Three companies have expressed a strong interest for this type of space

BANGOR TARGET AREA DEVELOPMENT CORPORATION

BUSINESS INCUBATOR IMPLEMENTATION PACKAGE

Presented By:

MAINE TECHNOLOGY DEVELOPMENT GROUP

TABLE OF CONTENTS

- I. BUSINESS INCUBATOR OUTLINE
- II. TENANT APPLICATION PACKAGE
- III. TENANT LEASE AGREEMENT
- IV. SERVICES ADDENDUM
- V. PROFESSIONAL SERVICE PROVIDERS
- VI. APPLIED TECHNOLOGY DEVELOPMENT CENTER SYSTEM STATUTE

BANGOR TARGET AREA DEVELOPMENT CORPORATION

BUSINESS INCUBATOR

OUTLINE

I. INTRODUCTION

The Bangor Target Area Development Corporation (“Target”) is receiving a grant from the State of Maine under recently passed legislation creating the Applied Technology Development Center System (the “Statute”) to assist it in establishing a business incubator in Orono, Maine (the “Target Incubator”). The incubator will focus on businesses in the Information Technology field. The Statute mandates the following:

- The incubator is to be governed by its own Board of Directors
- Such Board of Directors will establish standards for the selection of tenants
- The incubator will provide a shared, low-cost space to selected tenants and be designed to be self-sufficient with regard to operational costs and structural maintenance
- Specific business support tailored to each tenant must be provided
- The incubator must have simultaneous broadcast or interactive television capabilities

Within the foregoing required parameters, there are numerous choices to be made in developing and maintaining a business incubator. Set forth below is a recommended incubator model and related agreements, policies and forms. Necessarily, due to the nature of the beast, there is flexibility built into the material presented here allowing the business incubator to adapt to the ever growing and changing needs of its incubation tenants and the emerging economy.

II. OVERVIEW

The rationale of business incubators is to provide relatively low cost space, equipment, administrative and management services to young growing companies that don’t yet have the ability to produce significant revenues or raise large amounts of capital. Some incubators are narrow in scope and provide only low cost real estate and related facilities. Other incubators provide no actual space at all but act as virtual incubators and provide a network of professionals and administrators to help advise young companies. Others provide both facilities and administrative and management services and may also become investors and/or otherwise find capital for their incubating tenants.

The model proposed herein does not anticipate investment by Target in its tenants, but does contemplate (as mandated by the Statute) provision of physical facilities as well as other business, administrative and management services or resources.

The basic elements of the proposed model are:

- Building facilities and infrastructure services
- Tenant recruitment and screening
- Business/administrative/management services
- Personnel/service providers
- Relationship with University of Maine
- Fee arrangements
- Graduation/exit strategies

III. BUILDING FACILITIES AND INFRASTRUCTURE SERVICES

Target plans to construct a 20,000 thousand square foot building on property located in Orono, Maine. For purposes of this model, we will assume that the entire building will be used for incubator space. The building will in part be funded through a State grant pursuant to the Statute. Additional costs will have to be financed through traditional debt structure. Target will be the landlord of the building and will be responsible for maintaining the building and the related infrastructure services described below.

The partial subsidy by the State should allow a rental charge below market price; however, rent will need to be charged sufficient to cover debt service, taxes, utilities, maintenance and other costs relating to the facility and infrastructure services. The actual physical facility should anticipate varied and changing tenant needs:

- Building configuration should be flexible in order to adapt to new tenants and changing needs of existing tenants. The recommended model includes small suites of private offices with common reception area, conference room, copy/fax area, kitchen/coffee facility and storage lockers.
- Plumbing, HVAC, electrical capacity, wiring/cabling and other building infrastructure should be designed with as much built in flexibility as possible to adapt to varying needs and uses.
- Assuming that the focus of the incubator is information technology, expert advice regarding sufficient and proper cabling and other requirements for computer use and Internet access is

imperative.

- Simultaneous broadcast or interactive television capability must be provided.
- The facility should be orderly and efficient, but relatively spartan with movable walls or modular cubicles where appropriate.

In addition to the physical facilities referenced above, the following common facility equipment and services would also be provided to tenants:

- Computer cabling and high speed Internet access (refer above to need for technical advice in this area)
- Pre-wired telephone system adaptable to tenant needs/voice mail service
- Audio visual equipment/interactive television capabilities
- Mail/courier service
- Copy, fax and binding/laminating machines
- Basic furniture for common areas
- Basic kitchen appliances
- Receptionist/secretary during normal business hours and access to additional help on off hours
- Security system
- Janitorial services
- Loading area and adequate parking adjacent to the facility with snow removal
- Access to facilities on a 24/7 basis

Outside technical advice should be sought by the incubator with respect to providing shared servers, computer stations, software and printing options to the incubator tenants. There are both pros and cons (which go beyond the scope of the model proposal) to establishing a network computer system for the incubator as a whole, as opposed to having each tenant on its own system.

IV. TENANT RECRUITMENT AND SCREENING

Note that under the Statute the Board of Directors of the incubator is to establish the standards for selection of tenants, although a “System Director” of the new Applied Technology Development Center System is to be appointed by DECD and is to assist in recruiting efforts.

Recruitment of tenants is possibly the most important element of a successful incubator. The screening process and judgment involved in selecting the tenants for the incubator will ultimately determine whether or not the tenants, and therefore the incubator, are successful. The following procedure is recommended:

- Establishment of a Board of Directors with representative membership, including expertise in business, finance and the relevant technical fields to oversee tenant screening. The Board should also establish a technical review panel with additional specialized technical expertise to assist it in its decision making process.
- Development of a Tenant Application (See Tenant Application Package, infra) designed to provide all basic relevant information regarding tenant status, business plan, product, product development status, prospective market, marketing strategy and financial status.
- Establish an admissions procedure whereby each application is submitted to the Board for preliminary review along with a copy of the prospective tenant’s business plan. Those tenants making it through the preliminary review would then make a formal presentation and supply additional requested and relevant information to the Board. The Board would then have 90 days within which to request additional information from the prospective tenant and seek advice from the technical review panel. At the end of such period the tenant would either be rejected or accepted as a new incubator tenant.
- The following criteria should be used in evaluating new tenants and incorporated in a policy review manual for use by the Board and technical review panel:
 - Strength of the principals and management team of the proposed tenant
 - Review of business plan and financial projections
 - Track record of business, if any
 - Viability of product
 - IP ownership/innovation
 - Existing capital, if any
 - Credit references

- Personal investment and personal references
- Capitalization requirements
- Level of product development/time to market
- Market strategy
- Likelihood of product profitability
- Company's exit strategy
- Competitor research
- Ability to leverage the services offered by the incubator
- Services required of the incubator

V. **BUSINESS/MANAGEMENT SERVICES**

The Statute requires that specific business support tailored to each incubator tenant be provided. With new companies, the business support which they may need can vary dramatically. While some of the services may be provided in-house, it is generally more efficient to provide a number of services through affiliations with outside service providers (see discussion *infra.*) The services which would be offered as available either in-house or through affiliations with or networks of outside service providers should include the following:

- Development/refinement of business plan and financial projections
- Management mentors and advisors
- Assistance in finding and recruiting management and technical personnel
- Assistance with market analysis
- Assistance with marketing plan and implementation of plan
- HR services
- Assistance with finding and/or accessing capital and other funding sources
- Assistant in product development strategies

- IP protection analysis
- Assistance with regulatory issues
- Assistance with or access to low cost accounting/finance/legal services
- Implementation of pricing models and financial controls
- Access to low cost group insurance
- Assistance with relocation following termination of incubator relationship
- Assistance with development of exit strategy

VI. INCUBATOR PERSONNEL/SERVICE PROVIDERS

Proper staffing in an incubator is critical. Because of the goal to achieve low cost facilities and services, the temptation is to understaff an incubator. Unfortunately, understaffing will generally lead to inefficiencies and a failure to deliver the services offered. At a minimum, an incubator the size of the Target Incubator would require a receptionist/secretary and a full time director. The director of the Target Incubator should be an individual with broad based expertise which ideally would include both business and financial experience as well as experience in the area of focused technology for the incubator, *i.e.* information technology. The director will be required to be a jack of all trades and will not only assist the tenants in day-to-day operations, business and administrative advice, but will also serve as the liaison with outside service providers, venture capitalists, and other funding sources.

To the extent that the incubator chooses to provide a majority of the business/administrative services described above on an in-house basis, the incubator will also require additional personnel. However, for the Target Incubator, it is suggested that outside providers be relied upon extensively, as follows:

- Establish close relationships with all state, local and federal resources such as SBA, SBDC, FAME, SCORE and EMDC which can provide business advice, financial planning and/or financial assistance.
- Establish network of Angel Investors and secondary private financing sources to which tenants have access.
- Hold regular seminars drawing in business, financial, legal and other professionals to educate and inform tenants on relevant topics such as intellectual property protection, marketing, product development, business planning, etc.
- Establish relationships with outside accounting firms, law firms, marketing agencies, and others as “preferred service providers” to whom tenants may be directed to seek out necessary

services at reasonable rates.

In general, while the Incubator will provide access to outside agencies and service providers, tenants will be required to negotiate their own arrangements and pay for all required compensation.

VII. RELATIONSHIP WITH UNIVERSITY OF MAINE

The Statute provides that the incubator must establish a relationship with at least one academic institution in the State. Given the geographic location of the Target Incubator as well as the existing relationship with the University of Maine at Orono, it is suggested that a strong relationship be developed between the incubator and the University of Maine pursuant to which the following may be accomplished:

- Recruitment of tenants from the University
- Access to University facilities, such as the library, laboratories and fabricating shops, computer facilities, parking facilities, athletic facilities, printing facilities, and supply stores.
- Access to the University faculty and staff to provide technical expertise and business assistance, including assignment of University interns to assist specific incubator tenants.
- Cooperation between the University and tenants in development of various technologies and mutually beneficial licensing and cross-licensing arrangements.

VIII. FEE ARRANGEMENTS

The range of possible fee arrangements between an incubator and its tenants is very broad. Some incubators charge for the specific square footage leased plus the specific services used by each tenant on a day-to-day basis. Other incubators charge a monthly lump sum which covers the space rendered and unlimited services provided by the incubator. Still others charge some combination of rental/service fees plus take positions in the equity of the company or require royalties. It is unrealistic to believe that one model will fit each tenant situation. Accordingly, this model proposes several different approaches with any particular approach to be applied where most suitable. The following alternatives are suggested:

- Facility rental designed to cover the cost of debt service, maintenance and other facilities equipment and services being provided. Rather than charge for facility use on a per item basis, it is suggested that a net monthly amount be determined and paid in a lump sum to cover use of all facilities and services.
- If substantial in-house services are to be provided by Target, it is not out of the ordinary also to take an equity or royalty position. Whether equity or a royalty is taken is dependent in part upon the nature of the tenant and the perceived timeframe to commercial realization.

- Equity acquired by an incubator generally ranges from one to ten percent with between two percent and five percent being most common. Equity can be in the form of common or preferred stock, convertible debt, warrants or any combination of the foregoing and generally has antidilution protection.
- The equity percentage may be tied to a valuation of the company vis-à-vis the value of the services being provided by the incubator. This, however, can be a very complex model with valuation of emerging business a difficult task. A simpler model is a flat percentage charged to all tenants. For example, the University of Maryland incubator takes a flat one percent of equity of the company for each year of residency in the incubator.
- Because income from equity is deferred and often takes five years or longer to realize, it may be advisable to have an option to require the company to buy back shares at defined stages, such as second stage venture capital.
- Equity generally works best with high growth companies, since cash out most often occurs at a public offering or acquisition which will be earlier rather than later with a high growth company. Slower growth companies may be better suited to royalty arrangements as an alternative to equity. Royalty realization occurs simply on the generation of sales rather than requiring a liquidity event.
- Average royalties are between two and five percent of sales, often negotiated on a case-by-case base with a particular tenant. Royalties are generally deferred, *i.e.* a start-up period of between one to three years is given prior to payments becoming due. Timeframes are often expressed in dollars, *i.e.* royalties will kick in after certain gross sales levels are reached.

The attached Lease Agreement and Services Addendum contain alternative fee arrangement provisions for review and consideration.

IX. EXIT/GRADUATION STRATEGIES

Naturally, every tenant will be different in terms of its maturation and growth. However, it is in the best interest of the incubator to have the incubator in the driver's seat in terms of graduation from the incubator, regardless of the stage of growth at which the tenant company may find itself. Most incubators have set terms after which an incubated company must leave space. Other incubators have milestones which must be reached on an annual or more frequent basis in order for tenants to maintain their occupancy. This model recommends the following:

- Initial two-year lease term
- Establish milestones for progress of Company during initial term. These may be based on product development, sales, attraction of capital and the like.
- Annual extensions granted only after satisfactory review of the company and progress

milestones by the Board and the technical review panel.

- Maximum length of incubator tenancy – five years.

The rationale for the foregoing is that two years should be a reasonable time for most companies to determine whether or not they have growth potential or not. If they do not have growth potential in the eyes of the Board and are not meeting their milestones, then the incubator will want to end the tenancy. If they do have growth potential, but still need assistance from the incubator, it will be in the best interest of the incubator to maintain their tenancy for an additional one to three years. However, after five years it is generally perceived that continued incubation results in diminishing returns.

BANGOR TARGET AREA DEVELOPMENT CORPORATION INCUBATOR

TENANT APPLICATION PACKAGE

[The Elements of This Package are Illustrative. Additional or Different Policies, Services, Tenant Arrangements and Review Guidelines May Be Employed]

BANGOR TARGET AREA DEVELOPMENT CORPORATION INCUBATOR

POLICIES

1. The Bangor Target Area Development Corporation Incubator (“Incubator”) exists to foster and assist new ventures, products and processes in the information technology and other high technology fields and to stimulate economic growth and employment opportunities in the State of Maine. The Incubator will provide (or provide access to) facilities, services and professional expertise to the ventures accepted into the Incubator.
2. New ventures with the purpose of developing a new business or expanding an existing business may apply for occupancy in the Incubator. Generally, an information technology orientation for the business with a “product” development goal will be desired. Product is broadly defined to include anything that generates income beyond the specific time spent in providing the product, as opposed to simple consulting activities.
3. All applications for admission to the Incubator must be accompanied by a complete business plan, including appropriate financial statements and projections. The business plan and application for admission must be approved by the Incubator Board of Directors (the “Board”).
4. The Incubator Director (“Director”) will have the authority to negotiate the specific items required for an occupancy agreement with each potential occupant and may broker operational agreements between an occupant and a third party. The Board must approve all occupancy agreements before enactment.
5. Tenants of the Incubator will be required to produce quarterly progress reports for review by the Incubator director and the Board. Additional updates may be requested by the director.
6. The Incubator will negotiate one- or two-year leases, with an option to renew for an additional year subject to review by and in the sole discretion of the Board. Continued occupancy is contingent on satisfactory progress in accordance with the client’s approved business plan. Progress by each occupant will be reviewed at least quarterly. After a term of three to five years, client businesses will be expected to relocate to regular commercial or industrial space. Maximum tenancy is five years.
7. The Incubator will attempt to provide tenants access to the facilities, facility and expertise resident at the University of Maine at Orono. Use of University of Maine facilities and equipment outside the Incubator by an individual for the purposes of his/her company must have the explicit approval of the person immediately responsible for the faculty and/or equipment, the unit chairman or director and the approval of the dean. Compensation arrangements must be

negotiated with the appropriate responsible individual and be approved by the Dean.

8. The Incubator will attempt to provide access to third-party services in the areas of business, legal, accounting and marketing as well as other applicable professional consulting. Terms of such arrangements are negotiated individually by tenant to suit the needs of its business and the third party. Tenant is responsible for all payment obligations to third parties.

9. The Incubator will conduct or sponsor periodic programs and seminars on subjects useful to tenant businesses which will be available to tenants free of charge.

10. The Incubator will not accept clients who are excessively noisy, dusty or dirty, or whose power requirements or other physical needs cannot be met conveniently through current facilities.

11. Information of a proprietary nature will be kept strictly confidential by the Director and consultants or research personnel brought in at the request of the client.

12. Basic renovations to client spaces will be made by the Incubator according to negotiated arrangements agreed to by the Incubator and the client. Additional client-desired renovations will be funded by the client and must be approved by the Director.

BANGOR TARGET AREA DEVELOPMENT CORPORATION INCUBATOR

ADMISSION INFORMATION

Eligible clients of the Incubator include new or fledgling information technology oriented firms seeking to develop new products and services.

Following is a list of procedures required for admission:

1. Interviews – Initial contact should be made with the Incubator Director (“Director”) so that the potential client can provide information about the new or fledgling business and its needs and the Director can discuss the services and requirements of the Incubator. If the Director believes the applicant business is eligible for admission, additional interviews may be scheduled with the Director. The Director determines whether the prospective client should go forward with preparation of an Application and a business plan. During these interviews, the prospective client normally looks at available space and determines which space would meet the needs of his/her business.
2. Submission of Application and Business Plan – A completed Incubator Application along with a business plan must be submitted in order for the prospective client to gain admission in the Incubator. New businesses are also required to submit financial projections for three years. Fledgling businesses are required to submit financial statements for up to three prior years in which the business has been in operation in addition to three years of projections.
3. Facilities – Prior to acceptance in the Incubator, the prospective client should work with the Director to determine the prospective client’s space and facilities needs and whether they can be accommodated by the Incubator. The Director and the prospective client should agree on any renovations to client space which would be provided by the Incubator and which renovations would be leasehold improvements provided by the tenant.
4. Incubator Services – Prior to acceptance in the Incubator, the prospective client will be expected to contact the Director to discuss those services which the client hopes to use. While it is expected that needs will change over time, Incubator staff wishes to discuss anticipated needs in advance to determine the impacts of additional use on staff.
5. Review by Board of Directors – An initial review of the Application, business plan and financials is conducted by the Incubator Board of Directors (“Board”). Following this review, either the Application will be rejected or the applicant will be invited to make a presentation to and address questions of the Board. Guidelines for such presentation are available from the Director. The applicant’s information may also be reviewed by the Board’s technical advisory

panel. A final decision regarding the admission of a new business is made by the Board within 90 days following the presentation. During such 90 day period, the Board may request additional information and/or interviews.

6. Lease Negotiations – Prior to actual admission in the Incubator, the prospective client must sign a Lease Agreement and Services Addendum negotiated with the Director. It is helpful in this process for the prospective client to have carefully discussed its requirements and to have reached agreement regarding the Lease and Addendum before the Application and business plan are approved by the Board.

BANGOR TARGET AREA DEVELOPMENT CORPORATION INCUBATOR

SUGGESTED PRESENTATION FORMAT

FOR APPLICANTS

Prospective tenants will make a presentation to the Board of Directors of the Bangor Target Area Development Corporation Incubator on a date to be mutually determined. The length of such presentation shall not exceed one hour. The suggested format for the presentation is as follows:

1. FORMATION OF COMPANY

- Form of business (partnership, LLC, S Corp., proprietorship, corporation)
- Who founded business?
- When was it founded?
- Brief overview of principals and their background
- Information regarding outside investors and their interest in the business
- Present management/advisory board composition and description of individuals involved

2. DESCRIPTION OF BUSINESS

- Principal product(s)/service(s) – slides, photos and the like are helpful
- Description of innovative proprietary intellectual property and measures taken to protect such property
- Target market size and geographical distribution
- Time to market
- Prospective clients/customers
- Marketing Plan
- Description of anticipated competition

- Number of employees now and anticipated within 12 months

3. **FINANCIAL HISTORY**

- Income statements for last three (3) years (financial statements should have been submitted with application), if applicable
- Anticipated financing requirements, short term and long term
- Future financial projections for three years (be able to distribute and discuss)

4. **INCUBATOR SERVICES**

- What incubator facilities and services will the business require?
- Explain how the business will be able to leverage the incubator facilities and services
- Anticipated strategy for and time of graduation from Incubator

5. **RISK FACTORS/SPECIAL OPPORTUNITIES**

- Describe special risks factors and opportunities affecting your business/industry

BANGOR TARGET AREA DEVELOPMENT CORPORATION INCUBATOR

SERVICES INFORMATION

The following is a general listing of Incubator services. Not all services listed are available on a regular basis. Services are shared by tenants on a first come, first served basis. Please address specific questions to the Incubator Director. The Incubator expects its clients to select and evaluate third party professional and/or consulting expertise made available through the Incubator and does not assume liability for the results of or following the advice of outside professionals or consultants.

A. BASIC BUSINESS SERVICES

Hours – The Incubator will be accessible by tenants on a 24/7 basis.

Telephone answering – Incubator staff will answer clients' telephones during normal business hours at no charge when the client is not in the building or when clients are in meetings.

Reception service – Clients will be notified of arrival of visitors and visitors will be directed to clients' locations in the building when they check in at the main office.

UPS delivery – The Incubator staff will accept and sign for packages for clients. Acceptance and handling of C.O.D. packages may be arranged on an individual basis.

U.S. Mail delivery – The U.S. Postal System delivers mail once a day to the Incubator. The staff will accept all forms of mail and distribute it to the clients. An in-house mailbox is maintained for clients to pick up/drop off mail. Mail will be deposited at the nearest box at the end of the day. Requests for pick-up and delivery at the main post office can not be honored.

Express mail services – The Incubator will accept express mail deliveries for clients and inform clients of arrival of mail. Clients sending by express mail service must establish their own account with the shipper of their choice.

Secretarial services – The Incubator guarantees each company within the Incubator a minimum of ___ hours per month secretarial services at no charge. Time above each client's ___ hours will depend on time available and will be charged to the client at \$_____ per hour for time above ___ hours. Time can not be accumulated.

Supplies, forms, etc. – Each client will be billed monthly for supplies used by the Incubator to meet the company's needs (xeroxing, printing, labels, etc.). **[or – provide these items at no**

additional cost, i.e. included within monthly rent].

Copying – A copier with enlargement and reduction capabilities is available for clients’ use. Each company will be billed monthly (\$____ a copy) for copies made during the month. This copier is limited to routine copying. Large projects must be handled outside the Incubator [**or – provide copying at no additional cost, i.e. included within monthly rent].**

Fax – A fax machine is available for tenants’ use. Each tenant will be billed monthly (\$____ a page) for faxes sent and received during the month [**or – provide fax at no additional cost, i.e. included within monthly rent].**

Common Areas – A reception area, small conference room, a kitchen facility, and toilet facilities will be shared in common among all tenants on a first come first served basis.

Parking – A small loading area, limited parking and snow removal are provided by the Incubator.

Janitorial services – The Incubator will provide limited janitorial services to client offices and laboratories/production areas by arrangement. Waste cans will be emptied daily and offices cleaned weekly.

Building maintenance – The Incubator will provide for maintenance of the building.

Equipment maintenance – The Incubator will provide maintenance to Incubator owned equipment only.

Security – The Incubator will arrange for appropriate building security; however, security for tenant’s own space and equipment is its responsibility.

B. CONSULTING, PROFESSIONAL SERVICES, ETC.

Business and Technical Consulting – The Incubator will provide access to consultants and outside professionals as well as state, local and federal agencies insofar as is possible. For example, the Director will attempt to contact appropriate business and technical advisors and assistance agencies in the client’s behalf and will attempt to serve as a liaison with such business or technical experts so that this expertise may benefit client companies. However, it is up to clients to reach an understanding with consultants and agencies regarding and to pay compensation, if any, for these services.

University of Maine – The Incubator will serve as a liaison between client firms and the University of Maine at Orono to help clients gain access to University faculty, facilities and equipment insofar as is possible. However, it is up to individual clients to prove that they are capable of handling such facilities and equipment, to obtain formal approval to use such facilities and equipment and to negotiate and pay compensation, if any.

Student Consulting – The Incubator will contact faculty and students of the University in an attempt to involve classrooms and student teams in projects beneficial to client firms (marketing, advertising, graphic design, etc.). However, client companies will be responsible for negotiating and paying compensation for such projects, if required.

Legal and Accounting Services – Local law and accounting firms currently provide services to Incubator clients. The Director will provide tenant access to such firms, however, clients are not required to use these firms and are free to choose their own lawyers and accountants.

Public Relations – The Incubator maintains lists of media and will provide consulting on media relations and promotion. The Director will assist with news releases, public service announcements and other communications products for clients as time allows.

Computer Facilities – [TBD – need IS input for this]

C. FUNDING – The Incubator will use reasonable efforts to provide tenants with access to public and private funding and/or financing services for its business. All funding and financing arrangements are the sole responsibility of tenants.

D. MISCELLANEOUS SERVICES

Insurance - TBD

E. DISCLAIMER – The Incubator makes no representations or warranties, express or implied, to tenants with respect to the services it provides or that such services will result in the success of tenants' businesses.

BANGOR TARGET AREA DEVELOPMENT CORPORATION INCUBATOR

TENANT APPLICATION

I. GENERAL INFORMATION

Name of Business: _____

Business Address: _____

Form of Business (LLC, S Corp. etc.): _____

Name and address of principals/owners of business and ownership interest:

| <u>NAME AND ADDRESS</u> | <u>BUSINESS EXPERIENCE</u> | <u>OWNERSHIP INTEREST</u> |
|-------------------------|--------------------------------|-------------------------------|
|-------------------------|--------------------------------|-------------------------------|

II. COMPANY'S KEY MANAGEMENT:

A. Name: _____
Position In Company: _____
Experience: _____

B. Name: _____
Position In Company: _____
Experience: _____

C. Name: _____
Position In Company: _____
Experience: _____

III. **DATE OF BUSINESS STARTUP:** _____

IV. **BRIEF DESCRIPTION OF YOUR BUSINESS:**

V. **BRIEF SUMMARY OF YOUR MARKET AND MARKET STRATEGY**

VI. **SUMMARIZE YOUR CURRENT AND PROJECTED FINANCIAL INFORMATION AS FOLLOWS:**

| | <u>Current Year</u> | <u>Year One</u> | <u>Year Two</u> | <u>Year Three</u> | <u>Year Four</u> |
|-------------|---------------------|-----------------|-----------------|-------------------|------------------|
| Assets | _____ | _____ | _____ | _____ | _____ |
| Liabilities | _____ | _____ | _____ | _____ | _____ |
| Equity | _____ | _____ | _____ | _____ | _____ |
| Sales | _____ | _____ | _____ | _____ | _____ |
| Net Income | _____ | _____ | _____ | _____ | _____ |

VI. **LIST IN ORDER OF PRIORITY THE FACILITIES/SERVICES AND/OR EXPERTISE YOU ARE LOOKING FOR IN THE TARGET INCUBATOR**

1. _____
2. _____
3. _____

4. _____

5. _____

VII. HOW LONG WOULD YOU ANTICIPATE STAYING IN THE INCUBATOR?

VIII. WHICH OF THE FOLLOWING OUTSIDE SERVICES WILL YOU NEED TO ASSIST YOUR MANAGEMENT TEAM? PLEASE CHECK BELOW.

PLEASE DESCRIBE SERVICE DESIRED

Accounting ___ _____

Legal ___ _____

Financial Consultant ___ _____

Computer Consultant ___ _____

Marketing Consultant ___ _____

Product Consultant ___ _____

Other: _____

IX. APPROXIMATELY HOW MUCH INCUBATOR SPACE WILL YOU NEED?

X. DESCRIBE ANY SPECIAL FACILITY NEEDS WHICH YOU ANTICIPATE SUCH AS EQUIPMENT, CABLING, AIR CONDITIONING, ETC.

XI. ESTIMATED EMPLOYMENT (SPECIFY FULL TIME OR PART TIME):

A. At time of occupancy: _____
One year later: _____

XII. LIST THE INDIVIDUALS WHO SERVE AS YOUR COMPANY'S BOARD OF DIRECTORS, INCLUDING THEIR EXPERIENCE IN YOUR INDUSTRY

1. _____
2. _____
3. _____
4. _____
5. _____

XIII. LIST YOUR TOP THREE COMPETITORS:

1. _____
2. _____
3. _____

XIV. DESCRIBE IN ORDER OF PRIORITY THE THREE KEYS TO SUCCESS OF YOUR PRODUCT/BUSINESS

1. _____
2. _____
3. _____

XV. DESCRIBE IN ORDER OF PRIORITY THE THREE HIGHEST RISKS TO YOUR PRODUCT/BUSINESS

1. _____
2. _____
3. _____

XVI. DESCRIBE THE STAGE OF YOUR PRODUCT DEVELOPMENT AND MILESTONES TO COMPLETION

XVII. DESCRIBE YOUR BUSINESS' PROPRIETARY INTELLECTUAL PROPERTY AND STEPS WHICH HAVE BEEN TAKEN TO PROTECT IT:

XVIII. DESCRIBE CURRENT AND ANTICIPATED FUNDING NEEDS AND ANTICIPATED SOURCES FOR SUCH FUNDING:

XIX. PROVIDE THREE BUSINESS REFERENCES, INCLUDING ADDRESS AND PHONE NUMBER

XX. INCLUDE WITH YOUR COMPLETED APPLICATION:

- A. Complete Business Plan
- B. Financial Statements
 - Balance sheet
 - Income statement
 - Statement of cash flows

Your company's financial statements should cover the following time periods (please note that the financial information we are requesting will also be required by potential lenders/investors.)

- Historical data for the past three years, if applicable
- Monthly financial statements beginning from the month of the company's inception through six months consecutive positive cash flow, if applicable
- Quarterly financial statements for up to the first five years of the company's operations, if applicable
- Financial projections for the next three years

Clearly document and submit with your application the basis of your assumptions/calculations which have been used in preparation of the financial statements.

The assumptions should be derived from and be consistent with the information contained in this Application.

Dated: _____

APPLICANT NAME:

By: _____

Print Name: _____

Title: _____

LEASE/SERVICE AGREEMENT

THIS IS A LEASE/SERVICE AGREEMENT between **BANGOR TARGET AREA DEVELOPMENT CORPORATION**, a Maine not-for-profit corporation, whose principal office is at _____ (the *Lessor*), and the *Tenant* identified as such on Exhibit A hereto attached hereto.

1. WITNESSETH

WHEREAS, Lessor has established the Target Development Incubator (“TDI”) to encourage the development of newly established business organizations by providing resources which will foster that development; and

WHEREAS, Tenant has submitted an application to participate in TDI and a business objective action plan in support of that application; and

WHEREAS, Lessor and TDI upon review of Tenant’s application and supporting documentation has accepted Tenant’s application for participation in TDI, and

WHEREAS, Tenant is desirous of being a TDI tenant subject to the terms and conditions hereof;

NOW THEREFORE, in consideration of the mutual covenants and agreements stated herein, the parties agree as follows:

1. Lease of Premises.

1.1 Premises; Term; Common Areas. **Lessor hereby leases to Tenant and Tenant hereby leases from Lessor, for the *Term* stated in Exhibit A hereto, which will commence on the *Commencement Date* specified in Exhibit A hereto and end on the *Expiration Date* specified in Exhibit A hereto, the *Leased Premises* described in Exhibit A hereto and located in the building located at _____ Orono, Maine _____ (the *Building*). During the Term, Tenant will have the license and right, subject to the provisions of this Lease and any policies and procedures that may be promulgated from time to time by Lessor, to use the common entranceways, reception area, corridors, lavatories, stairways, conference rooms and kitchen facility/break room in the Building and the surrounding grounds and parking lot (collectively, the *Common Areas*) in common and on a cooperative basis with Lessor and other Tenants in the Building.**

1.2 **Renewal.** Tenant may apply for a one-year extension of this Lease by providing a written request for a one-year extension at least sixty (60) days prior to the Expiration Date. Such extension may be granted provided: (1) the Tenant participates in a business review conducted by the TDI Board of Directors, which results in a favorable recommendation from the TDI Board of Directors to extend the Lease, (2) Lessor in its sole discretion concurs with the recommendations of the TDI Board and determines that an extension would be in the best interests of Lessor, TDI, and the Tenant, and (3) there are no existing uncured defaults of the Tenant under this Lease. Tenant shall provide

Lessor with all financial, product, operational, business, marketing and other information as Lessor and TDI may deem necessary to conduct a business review and determine Tenant's eligibility for extending the Term hereof. Tenant may apply for additional successive one-year extensions on the same terms and conditions as the foregoing, provided however that the maximum Term under this Lease including all renewal terms shall be five (5) years. All of the terms and conditions of this Lease shall apply during any renewal or extension period.

1.3 Special Services. In addition to the lease of the Premises, Lessor or TDI will use its reasonable efforts to provide those Special Services set forth in Exhibit B hereto.

2. Rent.

2.1 Basic Rent. Tenant shall pay to Lessor as rent for the Leased Premises for the entire Term the *Basic Rent* specified in Exhibit A hereto, payable in the *Monthly Rent Installments* provided in Exhibit A hereto.

2.2 Common Costs. If so provided in Exhibit A hereto, Tenant shall further pay to Lessor Tenant's share of *Common Costs* as described in Exhibit A hereto. If there is no provision for separate payment of Common Costs, Basic Rent includes an apportionment to Tenant of Common Costs.

2.3 Special Service Charges. In consideration of the Special Services described in Exhibit B hereto, Tenant shall also pay to Lessor those charges described in Exhibit A hereto, if any (collectively, *Special Service Charges*). If there is no provision for separate payment for Special Services, Basic Rent includes an apportionment to Tenant of the cost for such Services.

2.4 Additional Consideration. In consideration of the facilities and services being provided hereunder, Tenant agrees, if requested to do so by Lessor, to execute and deliver to Lessor a Services Addendum in the form of Exhibit C hereto concurrently with execution of this Lease.

2.5 Payments. The first Monthly Rent Installment is payable on the Commencement Date. Each Monthly Rent Installment thereafter is payable in advance on the first day of each calendar month after the Commencement Date. Any separate payment of Common Costs payable by Tenant under this Lease and any Special Service Charges then due are payable monthly when each Monthly Rent Installment is due. All payments shall be made without demand, deduction or offset, in lawful money of the United States of America. All payments received by Lessor will be applied first to Monthly Rent Installments then due, second to any Common Costs then due, and third to Tenant's share of any Special Service Charges then due.

2.6 Delay in Occupancy. If delivery of possession of the Leased Premises is

delayed beyond the Commencement Date for any cause whatsoever, including any delay in completion of tenant fit-out, Lessor will not be liable to Tenant for any damages resulting from such delay, but Tenant's obligation to pay Basic Rent and any Additional Rent and Common Costs will be abated until possession of the Leased Premises is delivered. In such case the Commencement Date will be the date of actual delivery of possession and the Expiration Date will be correspondingly extended and the first and last Monthly Rent Installments and any Additional Rent and Common Cost amounts due will be apportioned accordingly.

2.7 Late Charges. If any payment required to be made by Tenant is not made within 10 days after the date when it is due, Tenant shall pay to Lessor a late payment service fee equal to 5% of the amount of the payment that is late.

2.8 No Estoppel or Accord and Satisfaction. No payment by Tenant or receipt and acceptance by Lessor of a lesser amount than is at any time due from Tenant under this Lease shall be deemed or treated as other than part payment of the full amount then due, nor shall any endorsement or statement on any check or any letter accompanying any check delivered as part payment of an amount then due be deemed an accord and satisfaction. Lessor may accept any such part payment without prejudice to Lessor's right to recover the full balance due or pursue any other remedy available under the law or this Lease.

2.9 Financial Information. Financial Statements, Books and Records. Tenant represents that any financial statements of Tenant previously provided to Lessor have been, and any hereafter provided to Lessor shall be, true, complete and accurate in all material respects and prepared in accordance with generally accepted accounting principles consistently applied. Tenant shall maintain true, complete and accurate books and records of its business and financial affairs, in accordance with sound business practices and generally accepted accounting principles consistently applied, and shall accurately prepare and timely file any federal, state and local income and other tax returns and reports accompanied by full payment of all taxes then owing by Tenant. Tenant shall provide Lessor with Tenant's regular financial statements (at least quarterly) and copies of all Tenant's tax returns promptly when available and otherwise upon Lessor's reasonable request. In addition, Lessor shall have the right to inspect and audit Tenant's books and records and business facilities and operations from time to time upon reasonable prior notice.

3. Security Deposit. Tenant shall deposit with Lessor on or before the Commencement Date the amount of the *Security Deposit* specified in Exhibit A hereto, if any, as security for the full and faithful performance of all agreements of Tenant in this Lease, including the payment

of Basic Rent and Additional Rent and Common Costs, if any. Upon the expiration or earlier termination of this Lease, if Tenant is not then in default under this Lease and has performed all of the agreements of Tenant in this Lease, Lessor will return the Security Deposit. The Security Deposit will not bear interest and may be co-mingled by Lessor with other funds of the Lessor. Tenant may not assign any rights with respect to the Security Deposit or grant a security interest in the Security Deposit to anyone other than Lessor.

4. Utilities and Services.

4.1 Utilities and Other Lessor Provided Building Services. Except as otherwise provided with respect to Tenant's share of Common Costs, if any, and any Special Services Charges as described in Exhibit A, Lessor will furnish at its own cost and expense electricity, natural gas, sewer and water service, reasonably adequate heating and air conditioning, trash pickup (exclusive of removal of Hazardous Substances), normal janitorial services, security for the Building and common areas, maintenance of standard tenant fixtures and finish, and maintenance and repair of Building systems, including telecommunications systems, HVAC systems, piping and security systems (*Lessor Provided Building Services*).

4.2 Cessation of Utilities and Services. Lessor, without notice to Tenant, may cause the discontinuance, interruption or curtailment of any Lessor Provided Building Services whenever any amount payable by Tenant under this Lease is not paid within 30 days after notice from Lessor that such amount is past due. Lessor, after giving at least five days prior notice to Tenant, may cause the interruption or curtailment of any Lessor Provided Building Services whenever repairs, alterations, replacements, or improvements that are necessary or desirable in the reasonable judgment of Lessor. Lessor, without notice to Tenant, may cause the discontinuance, interruption or curtailment of any Lessor Provided Building Services whenever necessary because of accident or emergency. There shall be no diminution or abatement of Basic Rent, Monthly Rent Installments, Additional Rent, Common Costs, or any other amounts due from Tenant to Lessor under this Lease, nor shall any of Tenant's obligations under this Lease be reduced, nor shall Lessor have any liability to Tenant for any such discontinuance, interruption, or curtailment. Except in the case of discontinuance, interruption or curtailment because an amount payable by Tenant under this Lease was not paid within 30 days after notice from Lessor as provided above, Lessor will use all reasonable efforts to restore the affected Lessor Provided Service as soon as reasonably practicable.

5. Use of Leased Premises.

5.1 Permitted Uses. Tenant shall use the Leased Premises only for general office purposes and for the purposes described in Exhibit A hereto and for no other

purpose whatsoever without the prior written consent of Lessor, which may be given or withheld in Lessor's absolute discretion. Tenant shall not interfere with the transmission of heat, air conditioning, electricity, or any other utility or data services through the Leased Premises.

5.2 No Waste, Nuisance or Unlawful Purpose. Tenant shall not commit or allow any waste of the Leased Premises, nor shall Tenant maintain or permit any nuisance on the Leased Premises or use the Leased Premises for any unlawful purpose.

5.3 Compliance with Laws. Tenant shall comply with all laws, ordinances, orders and regulations of any governmental authority which are applicable to its use of the Leased Premises. Without limiting the generality of the foregoing, Tenant shall comply with all applicable federal, state and local laws, ordinances, codes, rules, permits, licensing conditions and regulations (collectively, the *Environmental Requirements*) in its use of the Leased Premises, including those regarding the handling, release and disposal of Hazardous Substances and the care, treatment and disposal of laboratory animals and shall procure, at its expense, any and all licenses, permits, insurance and government approvals necessary to the operation of its business. The term *Hazardous Substance* includes any Hazardous Substance as defined by the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, et seq., including any amendments thereto (*CERCLA*), any Hazardous Chemical as defined in 24 CFR 1910.1450, any substance, waste or other material considered hazardous, dangerous, or toxic under any of the Environmental Requirements, petroleum and petroleum products, and natural gas. The term *release* means any intentional or unintentional spilling, pumping, emitting, emptying, discharging, escaping, leading, dumping, disposing or abandonment of any Hazardous Substance. Tenant shall comply with all Environmental Requirements governing the discharge, release, emission, or disposal of any Hazardous Substance and prescribing methods for or other limitations on storing, handling, or otherwise managing Hazardous Substances, including the then-current versions of the following federal statutes, their state analogs, and the regulations implementing them: the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); CERCLA; the Clean Water Act (33 U.S.C. ¶ 1251 et seq.); the Clean Air Act (42 U.S.C. ¶ 7401 et seq.); and the Toxic Substances Control Act (15 U.S.C. ¶ 2601 et seq.).

5.4 Environmental Matters. Tenant shall take all steps necessary to remedy any violation of any Environmental Requirements by the Tenant, whether or not a citation or other notice of violation has been issued by a governmental authority.

Tenant shall at its own expense promptly contain and remediate any release of Hazardous Substances arising from or related to Tenant's Hazardous Substance activity at the Leased Premises and remediate any resultant damage to property, persons, or the environment. Lessor reserves the right periodically to conduct an environmental and safety inspection of the Leased Premises and areas beyond the

Leased Premises, where necessary, such as the heating, ventilating and air conditioning system and the laboratory exhaust venting system. The scope of such inspection may include, but need not be limited to, having the fume hoods tested and inspected. Tenant shall give prompt written notice to Lessor of any release of any Hazardous Substance at the Leased Premises or into the surrounding environment not made in conformance with the Environmental Requirements, including a description of remediation measures and any resulting damage to persons, property or the environment. Tenant shall upon expiration or earlier termination of this

Lease, surrender the Leased Premises to Lessor free from the presence and contamination of any Hazardous Substance. Following any breach by Tenant of the Environmental Requirements of this Section, or in response to any reasonable safety or environmental concern by Lessor and irrespective of any such breach, Lessor may withdraw its consent to Tenant's Hazardous Substance activity (or any portion thereof) by written notice to Tenant. Tenant shall terminate its Hazardous Substance activity immediately upon notice and remove all Hazardous Substances from the Leased Premises within 15 days from the date of such notice, unless such breach or concern is promptly addressed and corrected by Tenant to Lessor's absolute satisfaction. Tenant shall at its sole cost and expense arrange for the disposal by properly licensed persons of any hazardous waste generated by Tenant in the Building. Tenant shall not dispose of any Hazardous Substances in the sanitary sewer system of the Leased Premises unless the Environmental Requirements permit and Lessor has consented to such method of disposal in writing, having determined in Lessor's absolute discretion that such disposal will not harm the sanitary sewer piping.

5.5 Animals. Tenant shall not, without the prior written consent of Lessor, which may be given or withheld in Lessor's absolute discretion, keep or use any animals on the Leased Premises. If Lessor grants such consent at any time and Tenant keeps or uses animals on the Leased Premises, Tenant shall comply with all applicable requirements of the Animal Welfare Act, 7 U.S.C. ¶ 2131, *et seq.*, as it

may be amended, and all similar federal, state and local laws, codes, ordinances and regulations.

5.6 Insurance Requirements. Tenant shall comply with all requirements and requests of any insurer or underwriter under any property or liability insurance policy maintained by Lessor with respect to the Building and with any requirements of the applicable Board of Fire Underwriters.

5.7 Policies and Procedures. Tenant shall comply with all Policies and Procedures regarding the operation and use of the Leased Premises, the Building, and the Common Areas as may be promulgated by Lessor in writing from time to time (the *Policies and Procedures*).

5.8 Parking. Tenant's employees and visitors may use the common parking area and loading area at the Building on a non-exclusive, as available basis, but if Lessor allocates parking spaces among tenants in the Building, Tenant's employee's and visitors may only use the parking spaces so allocated to Tenant.

6. Alterations and Improvements; Fixtures. **Tenant shall not make any alterations, improvements or other changes to the Leased Premises or install any fixtures in the Leased Premises without the prior written consent of Lessor, which it may withhold or grant in its absolute discretion. If such consent is granted, all of the foregoing shall be at Tenant's sole cost and expense. All alterations, improvements and changes, whether temporary or permanent in character, which are made to the Leased Premises either by Lessor or Tenant, and (unless otherwise provided in Exhibit A) all fixtures installed by Tenant in the Leased Premises, shall, as between Lessor and Tenant, be the sole property of Lessor and shall remain upon and be surrendered with the Leased Premises at the expiration or earlier termination of this Lease without compensation to Tenant. Tenant shall, however, promptly remove any or all of such fixtures if Lessor demands that Tenant do so upon the expiration or earlier termination of this Lease. If Lessor demands such removal, Tenant shall do so promptly and repair all damages to the Leased Premises resulting from such removal, all at Tenant's sole cost and expense. All installation and removal of Tenant's fixtures shall be done in accordance with all applicable laws and ordinances and the rules and regulations of all governmental authorities having jurisdiction.**

7. Maintenance and Repairs

7.1 Lessor. Subject to reasons beyond its control and except as otherwise provided in Paragraph 0, Lessor will, at sole cost and expense, repair and maintain the Leased Premises, the Building and the surrounding grounds during the Term, except for damages caused by Tenant, its agents, employees, visitors, licensees, contractors, or suppliers. The foregoing notwithstanding, Lessor will not be liable to Tenant for any loss or damage to Tenant or its property that result from the performance of such maintenance or repair.

7.2 Tenant. Tenant shall keep the Leased Premises in a clean and sanitary

condition and free from trash, with flammable materials properly stored and vented as required by law. Tenant shall take good care of the Leased Premises and the fixtures, appurtenances and equipment therein and, at its sole cost and expense, make such repairs thereto necessitated by the activities of Tenant's licensees, contractors or suppliers, or by the use of the Leased Premises in a manner contrary to the purposes for which same are leased to Tenant, and as when needed to preserve them in good order and condition, ordinary wear and tear excepted. All damage or injury to the Leased Premises including the floors, walls and ceilings (and to the fixtures, appurtenances, and equipment therein) or to the Building or surrounding grounds, caused by Tenant, its agents, employees, visitors, licensees, contractors, or suppliers, moving, installing or removing furniture equipment or other property into, within, or out of the Leased Premises shall be repaired, restored, or replaced promptly by Tenant at its sole cost and expense. If Tenant fails to make such necessary repairs, restorations and replacements, any cost or expense so incurred by Lessor shall be paid by Tenant to Lessor as additional rent payable with the Monthly Rent Installment next becoming due.

8. **Damage to Leased Premises.** If the Leased Premises are damaged and such damage is not covered by insurance maintained by Lessor, or are destroyed or so damaged as to be rendered wholly unfit for occupancy and the Leased Premises cannot in Lessor's reasonably judgment be repaired or restored within 90 days from the date of such damage or destruction, then this Lease, at the option of Lessor, may be terminated as of the date of such damage. If Lessor elects to terminate this Lease, Tenant shall pay Basic Rent and any Additional Rent and Common Costs apportioned to the date of such damage and shall immediately surrender the Leased Premises to Lessor and Tenant will be relieved from any further liability for Basic Rent and any Additional Rent and Common Costs under this Lease. If this Lease is not terminated, Lessor will repair the damage as promptly as reasonably possible and this Lease shall remain in full force and effect, except that if Tenant cannot use the Leased Premises while such repairs are being made, Basic Rent and any Additional Rent otherwise payable for such period will not accrue during such period. If the Leased Premises are so damaged as not to be rendered wholly unfit for occupancy and such damage is covered by insurance maintained by Lessor and the proceeds payable on such insurance will be sufficient to effect repairs, Lessor will repair the Leased Premises as promptly as reasonably possible after collection of the insurance proceeds, and until the repairs are completed, Basic Rent and any Additional Rent, as apportioned both to such period of repair on a per diem basis and according to the extent that Tenant is unable to use the Leased Premises, will abate.

9. **Eminent Domain/Condemnation.** If the Leased Premises or any substantial part of the Building are taken by under any power of eminent domain or condemnation, this Lease shall terminate immediately upon notice by Lessor or Tenant to the other. Tenant will have no claim or interest in or to any award of damages for such taking, but Tenant may seek a separate award for its damages and expenses as allowed by law.

10. **Lessor's Rights of Access.**

10.1 Construction. Lessor has the right at any time, upon reasonable notice to

Tenant, to enter the Leased Premises in connection with the completion of tenant fit-out in the Leased Premises, the making of repairs to the Building or any Common Area or the construction of any additions or improvements to the Building, the land around the Building or any Common Area, provided that in the exercise of such right Lessor shall not unreasonably interfere with Tenant's use of the Leased Premises.

10.2 Inspections and Emergencies. Lessor has the right to enter the Leased Premises at any reasonable time to make inspections and at any time to act in emergencies.

11. Insurance.

11.1 Commercial Liability. Tenant shall obtain and maintain throughout the Term and pay all premiums for insurance as described in Exhibit A hereto. From time to time upon Lessor's request, Tenant shall furnish to Lessor a certificate satisfactory to Tenant that such insurance is in full force and effect and all premiums due therefor have been paid.

11.2 Workers' Compensation. Tenant shall obtain and maintain throughout the Term and pay all premiums for workers' compensation/employer's liability insurance as may be required by law.

11.3 Policies. All policies of insurance that Tenant is required under this Lease to maintain shall be issued by solvent and reputable insurance companies acceptable to Lessor and authorized to provide insurance in the State of Missouri and shall be in such form as is acceptable to Lessor and which provides that such insurance cannot be cancelled except upon 30 days notice to all insureds.

11.4 Tenant's Property. Tenant acknowledges that any insurance carried by Lessor will not cover loss or damage to any of Tenant's property, including any fixtures installed in the Leased Premises. All of Tenant's property within the Leased Premises shall be at the sole risk of Tenant or those claiming through or under Tenant. Tenant assumes all risks of damage or loss to its property at the Leased Premises, whatever the cause, including Lessor's negligence.

12. Defaults and Remedies.

12.1 Defaults. Each of the following events will constitute a *Default* under this Lease:

- (a) Tenant fails to make a payment to Lessor due under this Lease within 10 days after notice from Lessor to Tenant that such payment was not made when due.
- (b) Tenant fails to fully perform any other agreement or obligation of Tenant under this Lease within 30 days after notice from Lessor to Tenant
- (c) Tenant files or has filed against it a petition for relief under the United States Bankruptcy Code or any analogous state law, or makes a general assignment for the benefit of creditors.
- (d) A receiver or trustee is appointed for, or to take possession of, all or a substantial part of the property of Tenant or Tenant's leasehold interest in the Leased Premises.
- (e) Tenant vacates or abandons the Leased Premises.
- (f) There is an attachment, execution or other judicial seizure of all or a substantial part of the assets of Tenant or Tenant's leasehold interest in the Leased Premises and such attachment, execution or seizure is not discharged within 30 days.
- (g) If Tenant is not an individual, Tenant dissolves or liquidates or substantially ceases to conduct its usual activities.

12.2 Remedies. Upon the occurrence of a Default that is not waived in writing by Lessor:

- (a) Lessor may re-enter and repossess the Leased Premises, in which event this Lease shall terminate without prejudice to the right of Lessor to recover from Tenant all Basic Rent and any Additional Rent and Common Costs then due and unpaid; and Lessor may re-sublet the Leased Premises for the remainder of the Term and recover from Tenant the difference between the rents provided under this Lease and the amount rents obtained by such re-letting, less the costs and expenses reasonably incurred by Lessor in such re-letting. If the rents obtained upon re-subletting exceed the rents provided under this Lease, Lessor will not be required to pay such excess to Tenant.
- (b) Lessor shall be entitled to obtain a judgment against Tenant for any amount then due and unpaid under this Lease, together with all the Basic Rent and Additional and Common Costs, if any, payable by Tenant for the balance of the Term as if they had become immediately due and payable, together with all costs of collection, including attorneys fees.

13. **Non-Waiver.** Acceptance by Lessor of part of any payment due from Tenant shall not constitute an accord and satisfaction or waiver of the right of Lessor to collect the remainder. Failure of either party to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of their rights hereunder. No waiver by either party at any time, express or implied, or any breach of any provision of this or a consent to any subsequent breach of the same or any other provision.

14. **Subordination to Mortgage.** This Lease shall be subject and subordinate at all times to the lien of any mortgage which Lessor or any successor in title may at any time grant. Tenant shall execute and deliver such further instruments subordinating this Lease to the lien of any such mortgage as may be requested or demanded by the mortgagee. Tenant hereby appoints Lessor as the attorney-in-fact

of Tenant with the irrevocable power to execute and deliver any such instrument or instruments on behalf of Tenant. The holder of any mortgage on the Property, either in its capacity as mortgagee, mortgagee in possession, or successor in title, or any purchaser of the Property at a foreclosure sale under any such mortgage, will not be liable or accountable to Tenant for the Security Deposit.

15. **Surrender on Expiration or Earlier Termination.** Tenant shall surrender the Leased Premises to Lessor immediately upon expiration or earlier termination of this Lease, broom clean and in as good condition as existed on the Commencement Date, ordinary wear and tear excepted. Tenant shall at its sole cost and expense remove all property of Tenant within the Leased Premises remove all fixtures which Lessor has demanded that Tenant remove, repair all damages to the Leased Premises caused by such removal and restore the Leased Premises to the condition in which they were prior to the installation of the items so removed. All property of Tenant that is not removed from the Leased Premises as provided in this Paragraph will be deemed to have been abandoned by Tenant and may be retained or disposed of by Lessor without any liability or accountability to Tenant. The obligations of Tenant under this Paragraph shall survive the expiration of earlier termination of the Term.

16. **Holding Over.** If Tenant does not surrender possession of the Leased Premises as required under Paragraph 15, Tenant shall become a Tenant from month to month provided that Tenant pays Basic Rent, Common Costs and Special Services Charges to Lessor in such amounts as Lessor is then charging for space in the Building comparable to the Leased Premises; but until Lessor accepts the tender thereof, Lessor shall continue to be entitled to re-enter or repossess the Leased Premises as provided in Paragraph 12 in the case of a Default, and Tenant shall be liable to Lessor for any loss or damage it may sustain by reason of Tenant's failure to so surrender possession of the Leased Premises.

17. **Assignment and Subletting.** Tenant shall not assign, transfer, mortgage, or encumber this Lease, or sublet the Leased Premises, without obtaining the prior written consent of Lessor, which may be withheld or granted in the absolute discretion of Lessor. The consent by Lessor to any assignment, transfer, or subletting shall not constitute a waiver of any of the agreements of Tenant in this Lease, nor shall the collection or acceptance of rents or other amounts from any such assignee, transferee, or subTenant constitute a waiver of any of the agreements of Tenant in this Lease.

18. **Rights and Remedies Cumulative.** The rights and remedies provided by this Lease are cumulative and in addition to any other rights and remedies provided by law or in equity, and the use of any right or remedy shall not preclude or waive the right the right to use any other remedy.

19. **Notices and Demands.** All notices required or permitted under this Lease shall be deemed to have been given if either personally delivered to Tenant or an officer of Tenant, or deposited in the United States mail, certified or registered with return receipt requested, postage prepaid, addressed to the intended recipient at the address of the intended recipient contained in this Lease, or to such other address as the intended recipient has given notice to the sender as provided in this Paragraph.

20. **Lessor's Right to Remedy Tenant's Breaches.** If Tenant fails to obtain and maintain insurance, or to comply with Environmental Requirements, or otherwise fail to fully perform any of Tenant's agreements in this Lease, Lessor may do so as Tenant's attorney-in-fact, and all costs and expenses incurred or paid by Lessor in connection therewith will be added to the next Monthly Rent Installment and will be due and payable as such, or Lessor may deduct the amount thereof from the Security Deposit. Lessor's rights under this Paragraph are in addition to the other rights of Lessor

under this Lease.

21. **Signs.** Lessor will provide a Tenant name plate on the door to the Leased Premises. Tenant will not have the right to place any other signs in the Building or Common Areas without Lessor's prior written consent, which Lessor may withhold or grant in its absolute discretion.

22. **Limitation on Lessor's Liability.** Tenant's initial occupancy of the Leased Premises shall be deemed an acknowledgment by Tenant that the Leased Premises are then in good and tenantable condition. Lessor shall not be liable to Tenant or Tenant's principals, officers, directors, agents, employees, contractors, invitees or any other occupant of the Leased Premises for any damage to property, injury to any person, death of any person or interruption of Tenant's business caused by resulting from the design or construction of the Leased Premises or the Building or any maintenance, repairs, replacements, additions, alterations, substitutions or installations made to the Leased Premises or the Building, whether or not the result of negligence by Lessor or Lessor's officers, directors, agents, employees or contractors.

23. **Tenant's Indemnity.** Tenant shall indemnify Lessor and its officers, directors, agents, and employees and save them harmless from and defend them against all claims, actions, losses, costs and expenses (including attorneys' and other professional fees), judgments, settlement payments, and, whether or not reduced to final judgment, all liabilities, damages, or fines paid, incurred or suffered by such parties in connection with loss of life, personal injury, infringement of proprietary rights, or damage to property or the environment arising, directly or indirectly, wholly or in part from or relating to any of Tenant's products or services or the sale or distribution thereof, acts or omissions of any kind of Tenant or any of its principals, officers, directors, agents, employees, contractors, or invitees or any other occupant of the Leased Premises, including without limitation acts or omissions that are in violation of any of the provisions of this Lease. and any act or omission involving the use, handling, generation, treatment, storage, disposal, other management or release of any Hazardous Substance, from or to the Leased Premises, whether or not Tenant has acted negligently with respect to such Hazardous Substance. Tenant's obligations and liabilities under this Paragraph shall survive the expiration or earlier termination of this Lease.

24. **Captions of Articles.** The captions of the Paragraphs in this Lease are for the convenient reference only, and the words contained therein shall be in no way held to explain, modify, amplify or aid in the interpretation, construction, or meaning of the provisions of this instrument.

25. **Successors and Assigns.** This Lease binds Tenant and Tenant's heirs, successors and assigns and inures to the benefit of Lessor and its successors and assigns. This lease is not assignable by the Tenant, nor may the Leased Premises be sublet, without the prior written consent of Lessor, which may be granted or withheld in the absolute discretion of Lessor.

26. **Governing Law; No Third Party Rights.** This Lease shall be governed by and construed and interpreted in accordance with the internal laws of the State of Maine applicable to contracts made and to be performed wholly within Maine.

27. **Final Agreement.** This Lease is intended by the parties as a final expression of their agreements with respect to its subject matter and is intended as a complete and exclusive statement of the terms and conditions thereof.

28. Amendments and Waivers. **No amendment to, waiver of or departure from full compliance with any provision of this Lease by Tenant, or consent to any departure by Tenant herefrom, will be effective unless it is in writing and signed by authorized officer of Lessor. Any such waiver or consent will be effective only in the specific instance and for the purpose for which given.**

Executed as of the *Lease Effective Date* specified in Exhibit A hereto.

LESSOR:

BANGOR TARGET AREA DEVELOPMENT
CORPORATION

By _____
Date: _____

TENANT:

By _____
Date: _____

EXHIBIT A

Name of Tenant: _____

Notice Address of Tenant: _____

Description of Leased Premises:

which is further identified as Room(s) _____ in the Building and is approximately delineated on the sketch in the Attachment hereto.

Lease Effective Date: _____

Term: _____

Commencement Date: _____

Expiration Date: _____

Basic Rent: \$ _____

Monthly Rent Installments:

Payable on the Commencement Date: \$ _____

Payable on the first day of each month after the Commencement Date: \$ _____

Payable on the _____ day of the last month of the Term.

Security Deposit: \$ _____ (this amount includes \$ _____ already paid to Lessor as a construction deposit as provided in Lessor's letter to Tenant dated _____)

Common Costs and Tenant's Share: Common Costs include _____

_____ and Tenant's share thereof is _____

Permitted uses of Leased Premises: _____

Insurance required to be maintained by Tenant:

- (1) Commercial General Liability insurance, with Lessor named as additional insured and having the following coverages and limits:
 - (a) Products and Completed Operations: \$2,000,000
 - (b) General Aggregate: \$2,000,000
 - (c) Personal Injury/Advertising Injury Liability: \$1,000,000
 - (d) Per Occurrence: \$1,000,000
 - (e) Fire Legal Liability: \$300,000 (\$1,000,000 if wet lab space is included in the Leased Premises)
 - (f) Medical Payments: \$5000

Special Service Charges: [NOTE – These are optional. Charges for the following services may be included in a monthly lump sum payment.]

A. Tenant phone line usage is expected to be one (1) line per 200 square feet. The following schedule of fees are payable each month as invoiced for the telecommunications products and services used at TDI:

1. Line charge (per each number), i.e.

- a. Direct Inward Dial \$_____/month
- b. Dial Out \$_____/month

2. Telephone equipment (per each)

- a. Basic analog desk set (Lucent model 8102) \$_____/month
- b. Digital desk set \$_____/month
- c. Digital display desk set \$_____/month

3. Data port activation (Ethernet)

- a. Charge per active 10 meg data port \$_____/month/port
 - b. Charge per active 100 meg data port \$_____/month/port
- Network cards are the responsibility of each tenant.

4. Remote dial-up \$_____/month/account

- | | | | |
|----|---|---|------------------------------|
| 5. | Initial hook-up fees: | Telephones: \$_____/phone or line Data ports: \$_____/port | |
| 6. | Long distance charges, freight, deliveries,) express services, etc.) | | |
| 7. | Internet connection and usage) | Actual cost including all applicable taxes and fees | |
| 8. | Any special programming, maintenance work,) systems enhancements, fiber) connections, networking hardware) and software, or expansion of) telecommunications equipment, line) requirements, ports, etc.) | | |
| B. | Copy charges | | \$_____/copy |
| C. | Fax charges Incoming Outgoing | | \$_____/page \$_____/page |
| D. | Secretarial charge over ____ hours per week | \$_____/hour | |
| E. | Supplies [specify] | \$_____ | |
| F. | [OTHER?] | | |

The above fees may be adjusted at any time with notification to Tenant.

Rev. 5/9/00

EXHIBIT B
SPECIAL SERVICES

The following is a general listing of services provided by Lessor or TDI. Not all services listed are available on a regular basis. Lessor reserves the right to modify, add to, reduce or eliminate the following services at any time in Lessor's discretion. Services are shared by Tenants on a first come, first served basis. Lessor expects Tenant to select and evaluate third party professional and/or consulting expertise made available through Lessor or TDI and does not assume liability for the results of or following the advice of outside professionals or consultants.

A. BASIC FACILITY SERVICES AT PREMISES

Hours – The Building will be accessible by tenants on a 24/7 basis.

Telephone answering – TDI staff will answer Tenant's telephones during normal business hours at no charge when Tenant is not in the building or when Tenant is in meetings.

Reception service – Tenant will be notified of arrival of visitors and visitors will be directed to Tenant's space in the Building when they check in at the reception area.

UPS delivery – TDI staff will accept and sign for packages for Tenant. Acceptance and handling of C.O.D. packages may be arranged on an individual basis.

U.S. Mail delivery – The U.S. Postal System delivers mail once a day to the Building. The staff will accept all forms of mail and distribute it to Tenant. An in-house mailbox is maintained for Tenant to pick up/drop off mail. Mail will be deposited at the nearest box at the end of the day. Requests for pick-up and delivery at the main post office can not be honored.

Express mail services – TDI staff will accept express mail deliveries for Tenant and inform Tenant of arrival of mail. If Tenant is sending by express mail service it must establish its own account with the shipper of its choice.

Secretarial services – Lessor will provide Tenant with a minimum of ___ hours per month secretarial services at no charge. Time above each Tenant's ___ hours will depend on time available and will be charged to Tenant at \$_____ per hour for time above ___ hours. Time can not be accumulated.

Supplies, forms, etc. – Lessor will stock basic office supplies at the Building. Tenant will be billed monthly for supplies used to meet the Tenant's needs (xeroxing, printing, labels, etc.). **[or – provide these items at no additional cost, i.e. included within monthly rent].**

Copying – A copier with enlargement and reduction capabilities is available for Tenant's use.

Tenant will be billed monthly (\$___ a copy) for copies made during the month. This copier is limited to routine copying. Large projects must be handled outside the Incubator **[or – provide copying at no additional cost, i.e. included within monthly rent]**.

Fax – A fax machine is available for Tenant’s use. Tenant will be billed monthly (\$___ a page) for faxes sent and received during the month **[or – provide fax at no additional cost, i.e. included within monthly rent]**.

Common Areas – A reception area, small conference room, a kitchen facility, and toilet facilities will be shared in common among all Tenants on a first come first served basis.

Parking – A small loading area, limited parking and snow removal are provided as set forth in the Lease.

Janitorial services – Lessor will provide limited janitorial services to client offices and laboratories/production areas by arrangement. Waste cans will be emptied daily and offices cleaned weekly.

Building maintenance – Lessor will provide for maintenance of the building as set forth in the Lease.

Equipment maintenance – Lessor will provide maintenance to Lessor owned equipment only.

Security – Lessor will arrange for appropriate building security; however, security for Tenant’s own space and equipment is its responsibility.

B. CONSULTING AND PROFESSIONAL SERVICES

Business and Technical Consulting – Lessor or TDI will use reasonable efforts to provide Lease with access to consultants and outside professionals as well as state, local and federal agencies insofar as is possible. For example, TDI staff may attempt to contact appropriate business and technical advisors and assistance agencies on Tenant’s behalf and may attempt to serve as a liaison with such business or technical experts so that this expertise may benefit Tenant. However, it is up to Tenant to reach an understanding with consultants and agencies regarding, and to pay, compensation, if any, for these services.

University of Maine – TDI staff will use reasonable efforts to serve as a liaison between Tenant firms and the University of Maine at Orono to help Tenant gain access to University faculty, facilities and equipment insofar as is possible. However, it is up to Tenant to prove that it is capable of handling such facilities and equipment, to obtain formal approval to use such facilities and equipment from the University and to negotiate and pay compensation, if any.

Student Consulting – TDI staff will use reasonable efforts to contact University faculty and students in an attempt to involve classrooms and student teams in projects beneficial to Tenant

(marketing, advertising, graphic design, etc.). However, Tenant will be responsible for negotiating and paying compensation for such projects, if required.

Legal and Accounting Services – Local law and accounting firms may currently provide services to Building Tenants. TDI staff will use reasonable efforts to provide Tenant access to such firms; however, Tenant is not required to use these firms and is free to choose its own lawyer and accountant.

Public Relations – TDI staff maintains lists of media and will provide consulting on media relations and promotion. TDI staff will assist with news releases, public service announcements and other communications products for Tenant as time allows.

Computer Facilities – [TBD – need IS input for this]

Seminars – Lessor or TDI will use reasonable efforts to sponsor or conduct informational seminars at or near the Building on subject matters which may be helpful to Tenant’s business.

AudioVisual – Lessor will provide (or provide access to) audiovisual equipment and interactive television facilities.

C. FUNDING –Lessor or TDI will use reasonable efforts to provide Tenant with access to public and private funding and/or financing sources for its business. All funding and financing arrangements are the sole responsibility of Tenant.

D. MISCELLANEOUS SERVICES

Group Insurance – [TBD – need insurance expertise]

[Other Services?]

E. DISCLAIMER - Lessor makes no representations or warranties, express or implied, to Tenant with regard to the foregoing services or that such Services will result in or cause Tenant’s business venture to succeed or achieve any specific objectives. Tenant has no duty to comply with or follow any advice or recommendations given by Lessor, and Tenant shall retain full right and authority (subject only to Lessor’s rights as a shareholder of Tenant, if applicable) to conduct its business in accordance with its own judgment. Lessor shall not be restricted by this Agreement from providing consultation, advice and services to other persons or entities engaged in similar or competitive businesses as Tenant’s business. In no instance shall Lessor be deemed to have any fiduciary or other similar duties or obligations to Tenant, nor shall Lessor be deemed to have any implied duties pursuant to this Agreement. Further, all parties acknowledge that none of Lessor or its directors, officers, employees or agents is a person that controls, is controlled by or is under common control with Tenant for any purposes, including without limitation for purposes of the Securities Act of 1933, as amended, and the regulations thereunder. No third party is an intended

beneficiary of this Agreement.

EXHIBIT C
SERVICES ADDENDUM
[if applicable]

SERVICES ADDENDUM

[NOTE – This Services Addendum is an Example of How Target (or a Subcontractor of Target) Could Structure a Royalty or Equity Arrangement. Numerous Alternative Models and Structures Exist and May Be Employed]

SERVICES ADDENDUM

**BANGOR TARGET AREA DEVELOPMENT CORPORATION
[ADDRESS AND PHONE]**

Tenant: _____

Telephone No.: _____
Telecopier No.: _____
E-Mail: _____

Tenant Legal Structure:

State of incorporation: _____
S Election? _____

Equity capitalization:

| <u>Class</u> | <u>Par Value</u> | <u>No. Shs. Authorized</u> | <u>No. Shs. Outstanding</u> | <u>No. Shs. in Treasury or Reserved</u> | <u>No. Shareholders</u> |
|--------------|------------------|----------------------------|-----------------------------|---|-------------------------|
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |

| | <u>Name</u> | <u>No. Shs. Owned*</u> | <u>Class</u> | <u>Percentage**</u> |
|----------------------|-------------|------------------------|--------------|---------------------|
| <u>Shareholders:</u> | _____ | _____ | _____ | _____ |
| | _____ | _____ | _____ | _____ |
| | _____ | _____ | _____ | _____ |
| | _____ | _____ | _____ | _____ |
| | TOTAL | _____ | | _____ |

* Identify to Target in writing any liens, security interests, pledges, charges,

encumbrances, shareholders' Services Addendum or voting trusts.

** Based on number of shares issued and outstanding

Schedules (check all that apply to this transaction and attach):

- _____ 1 Target Portion of Tenant's Revenues
- _____ 2 Target Shares
- _____ 3 Tenant's Revocation of S Election; Target Shares
- _____ 4 Target Option to Sell Target Shares
- _____ 5 Target Right of First Refusal to Participate in Sale
- _____ 6 Termination by Tenant's Purchase of Target Shares

Effective Date: _____

This Services Addendum is entered into and is effective as of the Effective Date indicated above by and among Bangor Target Area Development Corporation, a Maine not-for-profit corporation ("Target") and the Tenant and its Shareholders indicated above.

This Services Addendum consists of this Services Addendum, the Standard Terms and Conditions attached hereto, the Schedules designated above as applicable to this Services Addendum and attached hereto, all of which are hereby incorporated by reference and made a part of this Services Addendum and together constitute one and same Services Addendum among the parties hereto.

Signatures:

IN WITNESS WHEREOF, the parties have duly executed and delivered this Services Addendum by their duly authorized representatives as of the Effective Date indicated above.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

Bangor Target Area
 Development Corporation
 By: _____
 Name: _____
 Title: _____

Tenant: _____
 By: _____
 Name: _____
 Title: _____

Shareholders:

THE STANDARD TERMS AND CONDITIONS ATTACHED HERETO, TOGETHER WITH ANY SCHEDULES AND ADDENDA DESIGNATED HEREIN AS APPLICABLE AND ATTACHED HERETO, ARE A PART OF THIS SERVICES ADDENDUM.

STANDARD TERMS AND CONDITIONS

These Standard Terms and Conditions are a part of the Services Addendum to which they are attached and have been incorporated therein by reference together with any applicable Schedules. Capitalized terms used in these Standard Terms and Conditions and not otherwise defined herein shall have the respective meanings given to such terms in the Services Addendum.

1. Target Services. Target shall provide the services described below in Section 1(a) to Tenant, subject to the disclaimers described below in Section 1(b), as follows:

(a) Services. The parties acknowledge that, on or prior to the date hereof, Target has consulted with Tenant and provided Tenant with good and valuable services, including (among other things) advice as to Tenant's organizational structure, business strategies and business location and has entered into a certain Lease/Services Agreement with Tenant dated _____ (the "Lease"). In addition, during the term of this Services Addendum, Target shall use reasonable efforts to continue to provide certain services to Tenant, as described in the Lease and as Target and Tenant shall mutually determine from time to time, including, without limitation, technical and scientific advice regarding Tenant's product(s), consultation and advice regarding financial and legal matters, marketing, organizational structure and business plan development and implementation, and serving as an information resource regarding financing needs and competing and complimentary businesses and services ("Target Services").

(b) Disclaimers. Target makes no representations or warranties, express or implied, to Tenant or the Shareholders with regard to the Target Services or that the Target Services will result in or cause Tenant's business venture to succeed or achieve any specific objectives. Tenant has no duty to comply with or follow any advice or recommendations given by Target, and Tenant shall retain full right and authority (subject only to Target's rights as a shareholder of Tenant, if applicable) to conduct its business in accordance with its own judgment. Subject to Section 4, Target shall not be restricted by this Services Addendum from providing consultation, advice and services to other persons or entities engaged in similar or competitive businesses as Tenant's business. In no instance shall Target be deemed to have any fiduciary or other similar duties or obligations to Tenant or the Shareholders, nor shall Target be deemed to have any implied duties pursuant to this Services Addendum. Further, all parties acknowledge that none of Target or its directors, officers, employees or agents is a person that controls, is controlled

by or is under common control with Tenant for any purposes, including without limitation for purposes of the Securities Act of 1933, as amended, and the regulations thereunder. No third party is an intended beneficiary of this Services Addendum.

2. Consideration to Target. In consideration of the Target Services provided or to be provided to Tenant pursuant to this Services Addendum, Tenant hereby agrees (i) to pay to Target the amounts required by Schedule 1, if designated on the Services Addendum as applicable to this Services Addendum, and (ii) either (a) to issue to Target the shares of Tenant's capital stock required by Schedule 2, if designated on the Term Sheet as applicable to this Services Addendum, or (b) if Tenant is an S corporation, to revoke its S election on or before the date that is two (2) years after the Effective Date of this Services Addendum and issue to Target the shares of Tenant's capital stock immediately after such revocation required by Schedule 3, if designated on the Services Addendum as applicable to this Services Addendum. In further consideration of the Target Services provided or to be provided to Tenant pursuant to this Services Addendum, Tenant hereby grants to Target the rights set forth in Schedules 4 and 5, if designated on the Term Sheet as applicable to this Services Addendum. All shares of Tenant's capital stock issued to Target pursuant to any provisions of this Services Addendum ("Target Shares") shall be subject to Tenant's rights set forth in Schedule 6, if designated on the Term Sheet as applicable to this Services Addendum.

3. Tenant's Covenants, Representations and Warranties. Tenant hereby covenants with and represents and warrants to Target as follows:

(a) Incorporation. Tenant has been duly incorporated and organized, is validly existing as a corporation under the laws of the state of its incorporation indicated on the Term Sheet (the "Domestic State") and its status is active, and Tenant has the full right, power and authority to own, lease, license and use its properties and assets, to carry on its business as now conducted or contemplated and to enter into, execute, deliver and perform this Services Addendum. If Tenant's Domestic State is not Maine, then Tenant is duly qualified and to conduct business in the State of Maine as a foreign corporation and its status is active.

(b) Authorization. All necessary proceedings and consents, corporate or otherwise, have been duly taken or obtained to authorize the execution, delivery and performance of this Services Addendum by Tenant; no consent, authorization, order, license, certificate or permit of or from, or declaration or filing with, any governmental authority, court or other tribunal is required for Tenant to execute, deliver and perform this Services Addendum; and this Services Addendum has been duly authorized, executed and delivered by Tenant, constitutes the legal, valid and binding obligation of Tenant and is enforceable against Tenant in accordance with its terms.

(c) Execution. The execution, delivery and performance of this Services Addendum by Tenant will not violate, conflict with or result in the breach of or (with or without the giving of notice or the passage of time or both) entitle any party to

terminate or declare a default under any provision of any indenture, loan, Services Addendum or other instrument to which Tenant is a party or by which its properties or assets are bound; and no litigation, arbitration, governmental or other proceeding or investigation is pending or, to Tenant's or the Shareholders' knowledge, threatened with respect to Tenant or its properties, assets or business or that would interfere with Tenant's execution, delivery or performance of this Services Addendum.

(d) Capitalization. The authorized and outstanding capital stock of Tenant (before giving effect to the issuance of any Target Shares pursuant to Schedules 2 or 3, if applicable) is as indicated on the Services Addendum, with the number of shares held in treasury and the number of shares reserved for or subject to issuance pursuant to Services Addendum, option, warrant, conversion, privilege or other similar rights also as indicated on the Services Addendum ; and all the outstanding shares of Tenant's capital stock are validly authorized and issued, fully paid and nonassessable and all such shares (before giving effect to the issuance of any Target Shares pursuant to Schedules 2 or 3, if applicable) are owned of record by the Shareholders.

(e) Target Shares. When any Target Shares are issued to Target pursuant to Schedules 2 or 3, if applicable, (i) such Target Shares will be evidenced by certificates properly completed in Target's name and duly executed and delivered to Target, (ii) such Target Shares will be validly authorized and issued, fully paid and nonassessable, and (iii) the offer, issue and sale of such Target Shares to Target will have been effected in a manner that complies with or is exempt from the registration requirements of the Securities Act of 1933, as amended, and applicable state securities laws and in compliance with the requirements of such exemptions. Tenant shall, upon reasonable request by Target, provide Target with reasonable evidence that the requirements of this Section 3(e) have been satisfied.

(f) Additional Documents. Concurrently with entering into this Services Addendum, Tenant shall provide Target with the following documents: (i) Tenant's certificate or articles of incorporation and all amendments thereto, certified as of a recent date by the secretary of state of the Domestic State as to Target's active status as a corporation in the Domestic State; (ii) if Tenant's Domestic State is not Maine, a certificate as of a recent date by the Secretary of State of Maine as to Tenant's qualification and active status to conduct business in Maine as a foreign corporation; (iii) Tenant's bylaws and all amendments thereto, certified as of the date hereof by Tenant's corporate secretary; (iv) resolutions of Tenant's board of directors approving and authorizing the execution, delivery and performance of this Services Addendum and the transactions contemplated herein, certified as of the date hereof by Tenant's corporate secretary; and (v) a certificate by Tenant's corporate secretary as of the date hereof as to (A) no further amendments to Tenant's certificate or articles of incorporation having been adopted or approved and all required corporate filings with and reports to the secretary of state of the Domestic State having been made, (B) no resolutions for the merger consolidation or dissolution or the sale of all or substantially all of the assets of Tenant having been adopted or approved, and (C) the due election and qualification, incumbency

and genuine signatures of Tenant's officers. Tenant shall use its best efforts to maintain its active status referred to in Clauses (ii) and (iii) of this Section 3(f). (The matters referred to in Clauses (iv), (v) and (vi) may be combined into a single document, the form for which is available from Target.)

(g) No Sale of Assets. For purposes of protecting Target's rights under Schedules 1, 2, 3, 4 and 5, if applicable, Tenant shall not, without Target's prior consent in each instance, sell, transfer, assign, pledge, encumber or otherwise dispose of (or enter into any commitment or Services Addendum for such purpose) all or substantially all of or any substantial portion of Tenant's property or assets (real, personal, tangible, intangible or other type) except for (i) transactions in the ordinary course of Tenant's business, and (ii) liens to secure the purchase price of property or assets at the time acquired by Tenant.

(h) Financial Statements, Books and Records. Any financial statements of Tenant or the Shareholders previously provided to Target have been, and any hereafter provided to Target shall be, true, complete and accurate in all material respects and prepared in accordance with generally accepted accounting principles consistently applied. Tenant shall maintain true, complete and accurate books and records of its business and financial affairs, in accordance with sound business practices and generally accepted accounting principles consistently applied, and shall accurately prepare and timely file any federal, state and local income and other tax returns and reports accompanied by full payment of all taxes then owing by Tenant. Tenant shall provide Target with Tenant's regular financial statements (at least quarterly) and copies of all Tenant's tax returns promptly when available and otherwise upon Target's reasonable request. In addition, Target shall have the right to inspect and audit Tenant's books and records and business facilities and operations from time to time upon reasonable prior notice.

(i) Legal Compliance. Tenant shall at all times comply with all federal, state and local laws, rules, regulations and ordinances applicable to Tenant's properties, assets and business and shall, upon reasonable request by Target, provide Target with reasonable evidence of such compliance.

(j) No Target Duties. Notwithstanding Target's right to inspect, audit and obtain evidence of compliance as set forth in this Services Addendum, Target shall not be responsible for Tenant's compliance with any laws, rules, regulations or ordinances or for advising Tenant as to compliance therewith.

4. Confidentiality and Proprietary Rights. Each party shall, and in the case of Tenant and Target, they shall require their directors, officers, employees and agents to, use their best efforts to keep confidential any information not otherwise generally available to the public that it may receive from the other disclosing party as a result of or in connection with this Services Addendum regarding the business and affairs of the disclosing party and the receiving party shall not use and shall use its best efforts not to disclose or permit any use or disclosure of information that was (A) already known to or

in the possession of the receiving party at the time of receipt from the disclosing party, or (C) obtained by the receiving party from an independent source or otherwise developed independently by the receiving party. Tenant shall retain ownership of, and this Services Addendum shall not grant to Target any license to or other rights with respect to, any patent, trademark, trade name, copyright or other proprietary or confidential information or intellectual property rights owned or licensed by Tenant or relating to any product or service developed or marketed by Tenant.

5. Shareholders' Guaranty. The Shareholders guaranty, acknowledge and represent the following matters:

(a) Guaranty. The Shareholders jointly and severally hereby absolutely and unconditionally guarantee to Target the full and timely payment and performance by Tenant of all Tenant's duties and obligations to Target under this Services Addendum ("Tenant Obligations"). The Shareholders hereby waive notice of acceptance of this guaranty and presentment, demand, protest, notice of protest, notice of default or nonpayment and diligence in enforcing any Tenant Obligations. The Shareholders further waive any right to require that any action be brought first against Tenant or that the Shareholders be joined in any such action, or that Target proceed first against any security now or hereafter held by Target for the payment or performance of any Tenant Obligations. Target may, without notice to the Shareholders, amend, modify, extend or renew the Tenant Obligations or compromise or forebear from enforcing payment or performance of all or any part of the Tenant Obligations without affecting the Shareholders' obligations hereunder. The Shareholders shall reimburse Target, promptly upon request, for any and all fees, costs and expenses (including without limitation reasonable attorneys' fees) incurred in connection with enforcing this Services Addendum, Tenant Obligations or the Shareholders' guaranty thereof.

(b) Acknowledgments and Representations. The Shareholders acknowledge that: (i) the Shareholders will receive a benefit as a result of Target entering into this Services Addendum and providing Target Services to Tenant, (ii) but for the Shareholders' guaranty in Section 5(a), Target would be unwilling to enter into this Services Addendum and provide Target Services to Tenant, and (iii) the Shareholders' guaranty in Section 5(a) is given as an inducement for Target to enter into this Services Addendum and provide Target Services to Tenant. The Shareholders further represent that (A) this Services Addendum has been duly executed and delivered by the Shareholders, constitutes the legal, valid and binding obligations of the Shareholders and is enforceable against the Shareholders in accordance with its terms, and (B) all outstanding shares of Tenant's capital stock (before giving effect to the issuance of any Target Shares pursuant to Schedules 2 and 3, if applicable) are owned by the Shareholders free and clear of all liens, security interests, pledges, charges, encumbrances, shareholders' Services Addendum and voting trusts, except any identified to Target in writing pursuant to the Services Addendum. The Shareholders' guaranty in Section 5(a) shall survive notwithstanding any transfer of their ownership interest in Tenant or other change in their relationship to Tenant.

6. Indemnification. Except to the extent resulting solely from the gross negligence, recklessness, willful or intentional misrepresentation, misconduct or fraud or violation of law by Target, or its directors, officers, employees or agents, Tenant hereby indemnifies and shall defend and hold harmless Target and its directors, officers, employees and agents from and against any and all claims, actions, suits, proceedings, losses, damages, liabilities, costs, fees or expenses, joint or several (including without limitation reasonable attorneys' fees), arising or resulting from or in connection with (i) Target Services, (ii) any breach, default or violation under or with respect to any of Tenant's or the Shareholders' duties, obligations, representations, warranties or covenants contained in this Services Addendum, (iii) any negligence, gross negligence, recklessness, willful or intentional misrepresentation, misconduct or fraud or violation of law by Tenant, its directors, officers, employees or agents or the Shareholders, or (iv) any actual or alleged infringement or misappropriation by Tenant, the Shareholders or any product or service developed or marketed by Tenant of any patent, trademark, trade name, copyright or other proprietary or intellectual property right of any person or entity. Upon notice from Target, Tenant shall defend Target in any claim action, suit or proceeding described above or any threat thereof and shall promptly assume and thereafter diligently prosecute the defense thereof at Tenant's cost and expense, using counsel who shall be subject to Target's approval (which approval may be reasonably withdrawn at any time). Target shall be entitled to engage separate counsel and participate in such defense; provided, that the fees, costs and expenses of such separate counsel shall be paid by Tenant. Tenant shall not settle any such claim, action, suit or proceeding or threat thereof without the prior written consent of Target, which consent may be withheld in Target's sole discretion if such settlement would require the expenditure of funds by Target or admit on behalf of or otherwise attribute to Target any fault or misconduct.

7. Term and Termination.

(a) Term. The term of this Services Addendum shall commence on the Effective Date of this Services Addendum indicated on the Services Addendum and shall continue until such date as (i) Target no longer holds any Target Shares and Schedule 3 is not in effect, and (ii) Target elects to discontinue the service for fee arrangement provided in Schedule 1, if applicable; provided, that this Services Addendum shall also be subject to termination in the manner permitted by Sections 7(b) and 7(c).

(b) Default. If Target or Tenant (the "Defaulting Party") shall commit any breach, default or violation under or with respect to, or otherwise fail to fully and timely perform or comply with, the Defaulting Party's duties, obligations, Services Addendum, then the other parties (a "Nondefaulting Party") shall have the right to give the Defaulting Party notice of such breach, default, violation or other failure (a "Notice of Default") specifying the nature thereof. If the Defaulting Party does not cure such breach, default, violation or other failure to the Nondefaulting Party's reasonable satisfaction within 30 days from the date such Notice of Default is given, then a Nondefaulting Party shall have the right to terminate this Services Addendum effective immediately by giving

the Defaulting Party notice of such termination not more than 15 days after the expiration of such 30 day cure period. For purposes of this Section 7(b), any breach, default or violation by the Shareholders shall be attributed to and constitute a breach, default or violation by Tenant.

(c) Bankruptcy, Insolvency and Change of Control. Subject to the last sentence of this Section 7(c), this Services Addendum shall terminate automatically, without any notice or other action by any party being required, effective upon the occurrence of any of the following with respect to Target or Tenant (the “Terminating Party”): (i) liquidation or dissolution of the Terminating Party or the taking of corporate or other action for the purpose of effecting any of the foregoing, (ii) an assignment for the benefit of the Terminating Party’s creditors, the Terminating Party’s insolvency or inability to pay debts as they mature, the filing by or against the Terminating Party of a petition, or any answer or consent thereto, seeking liquidation, receivership, reorganization or readjustment of the Terminating Party’s property, assets or liabilities under bankruptcy or other insolvency laws, the appointment of a conservator, sequestrator, receiver or trustee for all or substantially all of the Terminating Party’s property or assets or liabilities under bankruptcy or other insolvency laws or the taking of corporate or other action for the purpose of effecting any for the foregoing; (iii) a merger, consolidation or other reorganization of the Terminating Party in which the Terminating Party is not the surviving entity; (iv) the sale or other transfer of all or substantially all of the Terminating Party’s property or assets or the purchase or other acquisition by any person or group of 50 percent or more of the Terminating Party’s outstanding equity interest. Whichever of Target or Tenant is not the Terminating party (the “Nonterminating Parties”) shall have the right to affirm this Services Addendum, in which case it shall remain in full force and effect, by so notifying the Terminating Party within 30 days after the Nonterminating Parties first have actual knowledge of any of the foregoing events.

(d) Survival. For so long as any Target Shares are held by Target, the provisions of Sections 2, 3(e), 3(g), 3(h), 3(i) and 3(j) and Schedules 1, 2, 3, 4 and 5, if applicable, shall survive, notwithstanding any termination of this Services Addendum pursuant to Section 7(b) or 7(c). Further, the provisions of Sections 1(b), 4, 5 and 6, together with any provisions of this Services Addendum affecting the interpretation of any provisions of this Services Addendum that remain in effect and the accrued obligation hereunder of one party to pay any amounts to the other party, shall survive, notwithstanding any termination of this Services Addendum.

8. Miscellaneous.

(a) Interpretation. The Section numbers and headings preceding text have been inserted for convenient reference only and shall not affect the meaning, construction or effect of this Services Addendum. Words in the singular include the plural and words in the plural include the singular. Unless otherwise expressly provided, references to Sections are references to Sections of these Standard Terms and conditions and references to Schedules are references to Schedules applicable to this Services

Addendum. In the event of any conflict between the provisions of the Term Sheet, these Standard Terms and Conditions and any applicable Schedules or Addenda, the conflicting provisions shall be interpreted as controlling in the following priority: (1) any applicable Addenda, (2) any applicable Schedules, (3) the Term Sheet, and (4) these Standard Terms and Conditions.

(b) Entire Services Addendum. This Services Addendum constitutes the entire understanding of the parties with respect to the subject matter hereof. This Services Addendum may be executed in multiple counterparts, all of which together shall constitute one and the same Services Addendum. This Services Addendum may be modified, amended or otherwise altered only in writing signed by all the parties. No party may assign or delegate this Services Addendum or any rights or duties hereunder without the prior written consent of the other parties. This Services Addendum shall be binding, inure to the benefit of and be enforceable by and against the heirs, successors and permitted assigns of each of the parties.

(c) Remedies. The delay or failure in the exercise of any right, remedy or power shall not operate as a waiver thereof, nor shall any single or partial exercise or waiver thereof preclude or limit any other or future exercise thereof. Except as otherwise expressly provided herein, rights and remedies provided herein (including without limitation the rights to terminate this Services Addendum pursuant to Sections 7(b) and 7(c)) are cumulative in addition to any other rights and remedies available herein or at law, in equity or by statute.

(d) Notices. All notices, requests, approvals, consents or other communications required or permitted to be delivered herein shall be in writing and shall be sufficient if delivered personally, forwarded by certified U.S. mail with proper postage prepaid and return receipt requested (or by other prepaid commercial delivery service that documents delivery) or transmitted by telecopier with receipt promptly acknowledged by the receiving party, in each case to the party to which directed at its address indicated on the Term Sheet (with communications to the Shareholders directed to Tenant's address). Unless otherwise expressly provided herein, such communications shall be effective upon delivery to the address of the party to which directed (notwithstanding any acceptance, rejection or acknowledgement of such delivery). Any party may from time to time designate any other address to which such communications shall be sent.

(e) No Joint Venture. No party shall hold itself out as an agent, joint venturer or partner of another party or of any entity controlled directly or indirectly by or affiliate with another party.

(f) Cooperation. Each party shall reasonably cooperate with the others, execute and deliver such further documents and instruments and do such further acts as reasonably necessary to give effect to the intent of the parties expressed herein.

(g) Severability. If any court of competent jurisdiction declares invalid

or unenforceable any provision of this Services Addendum, then such invalidity or unenforceability shall have no effect on the other provisions hereof, which shall remain valid, binding and enforceable and in full force and effect, and such invalid or unenforceable provision shall be construed in a manner to give the maximum valid and enforceable effect to the intent of the parties expressed therein.

(h) Maine Law. This Services Addendum shall be governed by and construed in accordance with the laws of the State of Maine, without regard to its principles of conflicts of laws.

(i) Waiver of Right to Jury Trial. The parties to this Services Addendum do hereby waive any right to a trial by jury, to the extent permitted by law, in any action, proceeding, or counterclaim brought by any party against the other on any matters whatsoever arising out of or in any way connected with this Services Addendum.

SCHEDULE 1

Target's Portion of Tenant's Revenues

This Schedule 1 is a part of the Term Sheet to which it is attached and has been incorporated therein by reference together with the Standard Terms and Conditions, any other applicable Schedules.

Tenant shall pay to Target the greater of (a) the respective percentages of Tenant's Revenues (as defined below) corresponding to the respective amounts of Revenues earned by Tenant in each of its fiscal years (or portion thereof) in accordance with the schedule set forth below, or (b) an annual minimum in the amount set forth below for each such fiscal year (with a minimum of one-fourth thereof payable each quarter), on the following terms and conditions:

1. Payments to Target shall be due and payable within 15 days after the close of each of the first three quarters and within 30 days after the close of the last quarter in Tenant's fiscal year with respect to the Revenues received by Tenant during such quarter.

Any amount not paid when due shall bear interest at the fixed rate of 10% per annum (without compounding) until paid, but without limiting Target's rights under Section 7(b) of the Services Addendum.

2. Each payment shall be accompanied by a statement, signed by Tenant's chief financial officer, setting forth Tenant's calculation of such payment in reasonable detail. All amounts paid hereunder shall be subject to adjustment at the time the payment is due for the last quarter in Tenant's fiscal year based on Tenant's annual financial statements for such year. Tenant's obligation under this Schedule shall begin with the first full quarter that begins on or after the Effective Date of this Services Addendum, but shall be calculated with respect to the Revenues for Tenant's full fiscal year in which such quarter is included.

3. For purposes of this Schedule 1, "Revenues" means Tenant's gross annual revenues, net of returns, rebates and allowances, calculated on the same basis as calculated for Tenant's federal income tax return.

4. Upon any termination of this Schedule 1, amounts payable to Target hereunder with respect to the quarter in which such termination occurs shall be prorated, based on the number of days in such quarter and the number of days thereof through the effective date of termination.

Regular Fee Schedule:

| Target Percentage | Annual Revenues (\$) | |
|----------------------|----------------------|-----------------|
| | More Than | Up to |
| _____ % | \$0 (zero) | \$_____ (_____) |
| _____ % | \$_____ (_____) | \$_____ (_____) |
| _____ % | \$_____ (_____) | \$_____ (_____) |
| _____ % | \$_____ (_____) | \$_____ (_____) |

No percentage paid on revenues in excess of \$_____ (_____)
 Annual Minimum: \$_____ (_____) billed \$_____ (_____) per quarter

Alternative Fee Schedule:

During any period in which Target does not hold any of the capital stock of Tenant pursuant to Schedules 2 or 3, the following schedule shall apply:

| Target Percentage | Annual Revenues (\$) | |
|----------------------|----------------------|-----------------|
| | More Than | Up to |
| _____ % | \$0 (zero) | \$_____ (_____) |
| _____ % | \$_____ (_____) | \$_____ (_____) |
| _____ % | \$_____ (_____) | \$_____ (_____) |
| _____ % | \$_____ (_____) | \$_____ (_____) |

No percentage paid on revenues in excess of \$_____ (_____)
 Annual Minimum: \$_____ (_____) billed \$_____ (_____) per quarter

Initials: _____ Tenant
 _____ Target

SCHEDULE 2

Target Shares

This Schedule 2 is a part of the Services Addendum to which it is attached and has been incorporated therein by reference together with the Standard Terms and Conditions, any other applicable Schedules.

In consideration of the Target Services provided or to be provided to Tenant pursuant to this Services Addendum, within 30 days after the Effective Date of this Services Addendum, Tenant shall issue to Target a number of shares of capital stock of Tenant so that, after giving effect to such issuance, Target shall own the Target Percentage indicated below as to each class of capital stock of Tenant then outstanding or subject to issuance by Tenant pursuant to any Services Addendum, option, warrant, conversion, privilege or other similar rights. In addition, in the event Tenant undertakes to issue any additional shares of capital stock or enter into or grant any Services Addendum, option, warrant, conversion, privilege or other similar rights with respect thereto at any time while holds any shares of Tenant’s capital stock issued pursuant to any provisions of this Services Addendum, and notwithstanding any limitations on preemptive rights contained in Tenant’s capital stock necessary to maintain such Target Percentage ownership of each class of Tenant’s capital stock, on the same terms as Tenant undertakes to issue such additional shares or enter into or grant such rights with respect thereto.

Target Percentage: _____% (_____ percent)

Initials: _____ Tenant
 _____ Target

SCHEDULE 3

Tenant's Revocation of S Election; Target Shares

This Schedule 3 is a part of the Services Addendum to which it is attached and has been incorporated therein by reference together with the Standard Terms and Conditions, any other applicable Schedules.

In consideration of the Target Services provided or to be provided to Tenant pursuant to this Services Addendum, on or before the date that is _____ after the Effective Date of this Services Addendum, the Shareholders shall revoke Tenant's S election, and Tenant shall immediately thereafter issue to Target a number of shares of capital stock of Tenant so that, after giving effect to such issuance, Target shall own the Target Percentage indicated below as to each class of capital stock of Tenant then outstanding or subject to issuance by Tenant pursuant to any Services Addendum, option, warrant, conversion, privilege or other similar rights. Tenant shall not issue any shares of capital stock other than to the Shareholders prior to the revocation of its S election, and the issuance of capital stock to Target unless such additional shareholder agrees to be bound by this Services Addendum. Each of the certificates representing Tenant's capital stock outstanding on the Effective Date of this Services Addendum and thereafter issued before Tenant issues stock to Target shall contain a restrictive legend describing the restrictions on the capital stock imposed by this Schedule 3 (which description may be by reference to this Services Addendum). In addition, in the event Tenant undertakes to issue any additional shares of capital stock or enter into or grant any Services Addendum, option, warrant, conversion, privilege or other similar rights with respect thereto at any time while Target hold any share of Tenant's capital stock issued pursuant to any provisions of this Services Addendum, and notwithstanding any limitations on preemptive rights contained in Tenant's articles of incorporation, Tenant hereby grants to Target the preemptive right to acquire a number of additional shares of Tenant's capital stock necessary to maintain such Target Percentage ownership of each class of Tenant's capital stock, on the same terms as Tenant undertakes to issue such additional shares or enter into or grant such rights with respect thereto.

Target Percentage: _____% (_____ percent)

Initials: _____ Tenant
 _____ Target

SCHEDULE 4

Target's Option to Sell Target Shares

This Schedule 4 is part of the Services Addendum to which it is attached and has been incorporated therein by reference together with the Standard Terms and Conditions, any other applicable Schedules.

In the event Tenant attains the performance goal identified below, Tenant shall promptly notify Target thereof, and Target shall have the option, exercisable in Target's sole discretion then or at any time thereafter, to sell the Target Shares (including any Target Shares transferred pursuant to Section 2) to Tenant on the following terms and conditions:

1. Target shall notify Tenant in writing of the exercise of Target's option hereunder. Tenant shall purchase the Target Shares on a mutually agreeable date not more than 30 days after the date of Target's notice (the "Closing Date").
2. The purchase price for the Target Shares shall be determined using the formula set forth below and shall be payable to Target as follows: one-third in cash on the Closing Date, one-third in each on the first anniversary of the Closing Date and one-third in cash on the second anniversary of the Closing Date.
3. Any portion of the purchase price not paid on the Closing Date shall bear interest from the Closing Date until the date-paid at a fixed rate of interest equal to the prime rate in effect on the business day prior to the Closing Date as published on the Closing Date in the Eastern edition of The Wall Street Journal or such other rate as may be mutually agreeable to the parties. All accrued and unpaid interest shall be paid on each anniversary date of the Closing Date.
4. Target shall have the right to require Tenant to execute and deliver to Target on the Closing Date (A) a promissory note in the amount of any portion of the purchase price not paid on the Closing Date, (B) a pledge Services Addendum pledging all the Target Shares to Target as security for the promissory note, and (C) such other documents and instruments as may be necessary in Target's judgment to perfect and preserve its security interest in the Target Shares so pledged.

Performance Goal: After-tax net earnings exceed _____ Dollars (\$_____) in any one fiscal year.

Purchase Price Formula: Amount equal to the percentage of outstanding Tenant Shares

held by Target at a valuation of _____ (____) times after-tax net earnings.

Initials: _____ Tenant
 _____ Target

SCHEDULE 5

Target's Right of First Refusal to Participate in Sale

This Schedule 5 is a part of the Services Addendum to which it is attached and has been incorporated therein by reference together with the Standard Terms and Conditions, any other applicable Schedules.

In the event Tenant or any Shareholder (the "Seller") receives any offer to purchase that it desires to accept or makes any offer to sell with respect to any shares of Tenant's capital stock (an "Offer"), such Offer must allow the participation rights of Target described below. Target shall have the right to participate in the sale contemplated in the Offer by electing to sell to the proposed purchaser (for the price and upon the terms which such shares are otherwise to be sold) up to the number of shares determined by multiplying the total shares to be purchased by the purchaser pursuant to the Offer, and the denominator of which is the shares owned by the Seller and Target; the Seller shall reduce the number of shares it sells pursuant to such Offer by the number of shares Target elects to sell to the purchaser pursuant to this Paragraph.

The following terms and conditions shall apply with respect to any Offer:

1. Tenant or such Shareholder shall notify Target in writing as to such Offer and the terms thereof, and shall provide Target with a copy of all related documents. Target shall have 30 days after receipt of such notice in which to exercise its right hereunder by giving Tenant or such Shareholder written notice thereof.
2. If Target exercises its right hereunder, then the sale of the Target Shares (or portion thereof) shall be closed in accordance with the terms of such Offer or on such other terms as may be mutually agreeable to Target, Tenant or such Shareholder and the purchaser.
3. If Target exercises its right hereunder, then the sale of the Target Shares (or portion thereof) shall be closed in accordance with the terms of such Offer or on such other terms as may be mutually agreeable to Target, Tenant or such Shareholder and the purchaser.
3. If Target does not exercise its right hereunder, then Tenant or such Shareholder shall be permitted to close the transaction in accordance with the terms of such Offer within a reasonable time thereafter; provided, that any material change in the terms of such Offer or delay in closing the transaction shall be deemed to result in a new Offer that is subject to all the provisions of this Schedule 5.
4. Target shall continue to have the rights hereunder notwithstanding any decision by Target not to exercise its rights hereunder with respect to any prior Offer or to

exercise its rights hereunder only as to a portion of the Target Shares.

5. For purposes of determining whether an “Offer” has been received or made within the meaning of this Schedule 5, the terms “purchase” and “sale” shall include (without limitation) any exchange, pledge or other disposition and any contract or commitment therefor. Further, any Offer must reflect a bona fide, arm’s length transaction that is binding on the offering party (subject only to the restrictions of this Schedule 5).

Initials: _____ Tenant
 _____ Target

SCHEDULE 6

Termination by Tenant's Purchase of Target Shares

This Schedule 6 is a part of the Services Addendum to which it is attached and has been incorporated therein by reference together with the Standard Terms and Conditions, any other applicable Schedules.

Tenant shall have the right, exercisable in Tenant's sole discretion at any time on or before the expiration of the initial term of this Services Addendum indicated on the Term Sheet, to terminate this Services Addendum (including any obligations of Tenant to pay a portion of its Revenues to Target pursuant to Schedule 2, if applicable) and purchase all the Target Shares by paying to Target the early termination price in cash as determined using the formula set forth below; provided, that Tenant shall notify Target of its decision to exercise its right hereunder at least 30 days prior to the date thereof, after which notice Tenant's decision shall be irrevocable.

This Schedule 6 shall terminate upon the expiration of the number of years indicated below after the Effective Date of this Services Addendum.

Early Termination Price Formula: The amount of _____ Dollars (\$ _____) or _____ percent (____%) of the market value of such shares as established by a bona fide third party offer for the Target Shares, whichever is greater.

Expiration: _____ (____) years

Initials: _____ Tenant
 _____ Target

BANGOR TARGET AREA DEVELOPMENT CORPORATION

BUSINESS INCUBATOR

PROFESSIONAL SERVICE PROVIDERS

As referenced above, the incubator's tenant companies need an extensive array of professional services to help them start and grow their businesses. The major services include:

- Accounting
- Legal
- Finance
- Technical
- Business
- HR
- Marketing
- Public Relations
- Insurance

One of the incubator's most important roles is to provide or facilitate access to the specific services that are needed by the tenant companies. Under one model, the incubator itself could hire internal staff who would be responsible for providing these services. However, this is inefficient and undesirable for a number of reasons, not the least of which is cost. It would be very expensive to hire and retain staff with appropriate expertise in all of these various disciplines.

The most common approach used by incubators for delivery of services to tenant companies, and the one that we recommend, is using third party professional service providers. Under this approach, tenant companies enter into direct relationships with professional service providers, which they select themselves. Key features of this model are:

- Incubator pre-screens professional service providers
- Incubator creates portfolio or network of qualified service providers
- Incubator makes recommendations based on the specific needs of the tenant company
- Incubator facilitates access to the service providers, e.g., by making conference rooms available for meetings and presentations, by hosting informal networking events, etc.
- Tenant company interviews and selects its own service providers
- Tenant company enters into direct relationship with its service providers

Under this model, the incubator grooms informal relationships with various professional service providers; and ordinarily there is no formal agreement between the incubator and the service providers.

This approach is recommended for several reasons:

- Avoids putting the incubator in the middle, between the tenant company and the service provider
- Giving tenant company the freedom to choose improves likelihood of a successful match between the tenant company and the service provider
- Values existing, established relationships
- Minimizes potential conflict of interest issues.

Implementing the above approach is straightforward. In building a portfolio of recommended professional service providers, the incubator should pre-screen providers to ensure that (1) the services are of high quality, and (2) the service provider has the appropriate skill sets that are needed by the tenant companies. The incubator should recommend those providers whose services, rates and terms best match the specific needs of the tenant companies.

Attached is a sample outreach letter that can be used by the incubator to identify professional service providers that are interested in becoming part of the network. As part of the pre-screening process, the incubator should develop an application to be completed by service providers which asks for general and specific information about the provider and its services, including the following:

- Name, address, website, number of employees, and contact information
- Background and history of the firm
- Description of the types of services offered and areas of specialization, if any
- Representative clients of the firm, as well as client references

A sample application is attached for reference. The information gathered from the service provider applications of course will need to be maintained and updated on a regular basis.

Under this approach for delivery of services, the incubator also can pre-negotiate discounts or other alternative billing arrangements, such as partial fee deferral or equity component (i.e., reserving right to convert (or invest) service fees into equity in the tenant company) with the various service providers included in the network. For example, the Center for Emerging Technologies, located in St. Louis, Missouri, has negotiated with one of the major accounting firms the following arrangement: the firm charges the tenant one half of its normal billing rate; in exchange the tenant agrees to use the firm for a minimum number of years (e.g., two years) and also tenant agrees to make up the difference to the firm upon occurrence of a liquidation event (such as successful round of VC funding, IPO, sale, merger, etc.).

Finally, the incubator should consider leasing space to service providers. This has worked well for a number of established, successful technology incubators. At the Madison Gas Electric Innovation Center affiliated with the University of Wisconsin – Madison, for example, Venture Investors, an early stage VC firm, leases space in the Center at full cost; its presence on site offers tenant companies access to strategic business advice and a network of professionals. Venture Investors also manages the operation of the Center for a fee. Similarly, at the North Carolina State Entrepreneurial Development Center, two local law firms have established satellite offices in the incubator.

In addition to creating a network of professional service providers, the incubator should leverage the resources of existing public and private organizations to the maximum extent possible. The organizations listed below, as well as other similar organizations, have resources that are available who can provide general business counseling and support to tenant companies and who can also assist companies with business planning, marketing and finance issues.

- Small Business Administration
- Finance Authority of Maine

- Service Corps of Retired Executives
- Eastern Maine Development Center
- Coastal Enterprises, Inc.
- Market Development Center
- Maine International Trade Center
- Maine Center for Women, Work, and Community
- Maine Department of Economic Development
- Maine Science and Technology Foundation
- Small Business Development Center

Attached is a sample Participation Agreement that may be used by the incubator if it wishes to enter into a formal relationship with any of the organizations above or other similar organizations. Under the Agreement the participating organization agrees to provide one-to-one start-up assistance, marketing assistance and business counseling for the incubator's tenant companies. It also specifies the amount of time to be donated by the participating organization to assist in operation of the incubator and the amount of dedicated hours for participation in workshops and seminars. [Note: the attached Agreement is modeled upon the one that is in place between the Resource Hub (City of Portland) and its various participating organizations.]

Sample Outreach Letter

Dear _____:

Bangor Target Area Development Corporation (“Target”), a Maine not-for-profit corporation, has recently established the Target Development Incubator (“TDI”) whose mission is to encourage the development of newly established business organizations by providing resources which will foster that development.

One of Target’s major responsibilities is to provide access to an extensive array of professional services that are needed by TDI’s tenant companies as they start and grow their businesses. Such services include: accounting, legal, finance, technical, business, HR, marketing, public relations and insurance. To this end, Target has begun creating a network of qualified professional service providers who are interested in working with TDI’s tenant companies.

Through an application process, Target will pre-screen interested service providers to ensure that (1) the services are of the highest quality, and (2) that the service provider has the appropriate skill sets that are needed by the tenant companies. Target will recommend those providers whose services, rates and terms best match the specific needs of the tenant companies. The tenant companies themselves will select service providers, with whom they will enter into direct relationships.

If your firm is interested in joining this network of service providers, please complete the attached application and return it to me. If you have any questions about Target, the TDI and this program, please do not hesitate to contact me.

Thank you.

PROFESSIONAL SERVICE PROVIDER APPLICATION

COMPANY INFORMATION:

Company Name: _____

Street Address: _____

City, State, Zip Code: _____

Web Site: _____

Company Headquarters, if not the same as above:

Company Name: _____

Street Address: _____

City, State, Zip Code: _____

Other Locations: _____

Type of Office: Sole Office _____ Branch Office _____

Company Start Date: _____ Number of Employees: _____

COMPANY CONTACT INFORMATION:

Please enter the appropriate contact information for your organization.

Name: _____

Title: _____

E-mail _____

Phone: _____ Fax: _____

COMPANY CONTACT INFORMATION (continued):

Name: _____

Title: _____

E-mail _____

Phone: _____ Fax: _____

YOUR PRODUCTS AND SERVICES:

Please provide a description of the services offered and areas of specialization, if any (750 words max):

Representative Clients: _____

CLIENT REFERENCES:

Company: _____

Contact Name: _____

Phone: _____ Fax: _____

Brief Project Description: _____

Company: _____

Contact Name: _____

Phone: _____ Fax: _____

Brief Project Description: _____

ADDITIONAL COMMENTS:

Dated: _____

APPLICANT NAME:

By: _____

Print Name: _____

Title: _____

PARTICIPATION AGREEMENT FOR TARGET DEVELOPMENT INCUBATOR

THIS AGREEMENT is made this ___ day of _____, 2000 by and __ between the Bangor Target Area Development Corporation, a Maine not-for-profit corporation, whose principal office is located at _____ (hereinafter "TARGET") and _____ a _____ with offices located at _____, (hereinafter "PARTICIPANT").

WHEREAS, TARGET has established the Target Development Incubator ("TDI") to encourage the development of newly established business organizations by providing resources which will foster that development;

WHEREAS, TARGET wishes to provide the TDI's tenant companies with access to business counseling and support services, including start-up and finance assistance, marketing assistance, and business planning.

WHEREAS, TARGET seeks participation from PARTICIPANT in the provision of such services to TDI's tenant companies; and

WHEREAS, PARTICIPANT agrees to support the activities of TARGET as described herein;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereby agree as follows:

1. TARGET Responsibilities.

TARGET shall make available to PARTICIPANT at designated times certain common area space at TDI's premises located at _____ for the purpose of conducting meetings, seminars and other educational functions for TDI's tenant companies. PARTICIPANT'S use of TDI's premises shall be subject to room availability and to prior approval of TARGET. TARGET shall be responsible for all day-to-day operations of TDI including the budget for the incubator, the scheduling of activities and the recruitment of tenant companies.

2. Ownership of Assets.

All personal property, fixtures, furniture, equipment and materials located at or in the premises of TDI are and shall remain the property of TARGET or TDI's tenant companies.

3. Marketing of the Incubator.

TARGET shall be the sole spokesperson for and shall be solely responsible for organizing the marketing of TDI.

4. PARTICIPANT Responsibilities.

PARTICIPANT agrees to support the activities of TDI and to provide one-to-one start-up assistance, marketing assistance and business counseling to TDI's tenant companies. In addition, PARTICIPANT agrees to donate _____ hours per week to support the operation of the incubator either in scheduled appointments, dedicated hours or participation in workshops and seminars. PARTICIPANT shall also display informational material describing the assistance and resources it can provide.

PARTICIPANT agrees to assume complete responsibility for compliance with the requirements of the Immigration Reform and Control Act of 1986, as amended, and with all federal, state, and local laws, rules and regulations, for all personnel employed by PARTICIPANT to perform services for TARGET and the TDI's tenant companies hereunder. PARTICIPANT agrees to pay all wages, federal and state taxes, occupational license taxes, and any other payment or benefit, including Workers' Compensation, which employers are normally obligated to pay on behalf of their own employees. PARTICIPANT hereby agrees to indemnify and hold TARGET harmless for the payment or provision thereof.

5. Hours of Operation.

The initial hours of operation of the incubator shall be as follows:

| | | |
|-----------|------------|--------------|
| Monday | 10:00 a.m. | - 6:00 p.m. |
| Tuesday | 10:00 a.m. | - 6:00 p.m. |
| Wednesday | 10:00 a.m. | - 10:00 p.m. |
| Thursday | 10:00 a.m. | - 6:00 p.m. |
| Friday | 10:00 a.m. | - 6:00 p.m. |
| Saturday | 8:00 a.m. | - 12:00 p.m. |

These hours are subject to change at the discretion of TARGET.

6. No Partnership or Joint Venture.

In furnishing services hereunder, PARTICIPANT shall be acting as an independent contractor in relation to TARGET. Neither party shall have the right to obligate or bind the other in any manner whatsoever and nothing contained herein shall give, or is intended to give, any rights of any kind to any third person. Neither PARTICIPANT nor any personnel employed by or affiliated with PARTICIPANT for the benefit of TARGET shall be considered as having employee status at TARGET.

7. Confidentiality.

PARTICIPANT acknowledges that during the course of this Agreement it may become aware of confidential, proprietary information belonging to TARGET and/or TDI's tenant companies. PARTICIPANT agrees: (a) not to use this information for its own purposes; (b) not to disclose this information to any third party without the prior written consent of TARGET; and (c) to return to TARGET, upon termination of this Agreement or earlier at TARGET's request, any confidential documents or other materials provided to it.

8. Approval of Fees.

Any fee charged by PARTICIPANT to TDI's tenant companies for services provided by PARTICIPANT shall be approved by TARGET, which approval shall not be unreasonably withheld. PARTICIPANT understands that the goal of the incubator is to have PARTICIPANT provide services to tenant companies at no cost.

9. Facility Use Fees.

TARGET shall provide use of the TDI facility to PARTICIPANT for use in performing its services at no charge for the first twelve (12) months of this AGREEMENT. In the event that this AGREEMENT is renewed after the initial twelve (12) month period, fees, if any, for the continued use of the incubator shall be negotiated between the parties.

10. Insurance.

PARTICIPANT shall provide TARGET with a Certificate of Insurance evidencing general liability coverage in an amount of not less than Three Hundred Thousand Dollars (\$300,000) per occurrence for bodily injury and property damage, **naming TARGET as an additional insured.**

11. Indemnification.

To the fullest extent permitted by law, PARTICIPANT shall defend, indemnify and hold harmless TARGET, its agents, directors, officers and employees, from and against all claims, damages, losses, and expenses, just or unjust, including, but not limited to, the costs of defense and attorney's fees arising out of or resulting from the performance of this AGREEMENT, provided that any such claims, damage, loss or expense (1) is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property, including the loss of use therefrom, and (2) is caused in whole or in part by any negligent act or omission of the PARTICIPANT, anyone directly or indirectly employed by it, or anyone for whose act it may be liable.

12. Term.

The initial term of this Agreement shall be twelve (12) months from its date of execution. This AGREEMENT shall thereafter renew automatically for twelve (12) month periods unless terminated by either party pursuant to the terms of this AGREEMENT.

13. Termination.

Either party may terminate this Agreement upon ninety (90) day written notice to the other party. **PARTICIPANT** agrees not to exercise this right of termination during the first twelve (12) months of this AGREEMENT.

Failure to comply with any term or condition of this Agreement shall entitle TARGET to give PARTICIPANT notice requiring it to rectify or cure such default. If such default has not been rectified or cured within fifteen (15) days after receipt of notice, TARGET shall be entitled, in addition to any other rights it may have under this Agreement or otherwise by law, to terminate this Agreement by notice to take effect immediately. The right of TARGET to terminate hereunder shall not be affected in any way by its waiver or failure to act with respect to any previous default.

14. Contacts.

TARGET contact person and address for the purpose of this AGREEMENT is:

PARTICIPANT contact person and address for the purpose of this AGREEMENT is:

15. General

This Agreement is conditioned upon PARTICIPANT'S continuing satisfactory performance of the services herein in a safe, professional manner, in compliance with OSHA standards and accepted practices, and in accordance with the terms of this Agreement.

This Agreement constitutes the entire Agreement between the parties and may not be amended except upon a writing signed by each of the parties.

PARTICIPANT may not assign this Agreement or any of its rights and obligations hereunder, without the prior approval of TARGET.

In the event that any provision, or portion thereof, of this Agreement is held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions or portions thereof shall not be affected.

This Agreement shall be governed by the laws of the State of Maine.

IN WITNESS WHEREOF, the parties have caused this AGREEMENT to be signed theday and date first written above.

WITNESS

**BANGOR TARGET AREA
DEVELOPMENT CORPORATION**

By: _____

Its: _____

WITNESS

PARTICIPANT

By: _____

Its: _____

Attachment 5

University of Maine Technical Entrepreneurship Credit Course Syllabus/Schedule

GEE 398 Selected Topics, Technical Entrepreneurship

Spring 2001 Course Information

Class meets: Tuesday and Thursday

Time: 5:00-6:15 pm

Location: TBA

Instructor

Steven C. Adam

Office: 108 Barrows Hall

Phone: 582-2262

steven.adam@umit.maine.edu

Office hours Tuesday and Thursday 3:30-4:50

Teaching Assistant

Kimberly Bryant

Office: 221 East Annex

Phone: 581-2329

kimberly.bryant@umit.maine.edu

This is a survey course on Entrepreneurship and business development, with additional emphasis on technology and new product commercialization. The course will provide a broad overview of the subjects that are important to individuals who wish to start their own business or commercially develop a new technology. This course is not intended to take the place of any existing business, finance or management course. Hopefully, the topics covered in this class will generate enough excitement and interest in the students that they will consider taking additional business courses or pursuing an MBA.

The subjects covered will primarily deal with business, finance and management issues that will help students understand the impact their decisions will have on the success of a company. This course is intended to allow students the opportunity to evaluate a career as an entrepreneur.

You will then study the skills and resources that enable entrepreneurs to improve their likelihood of success. You will look at innovation management as part of this process. In addition, you will learn and practice teamwork skills. Finally, you will create a plan of action for your career.

Intended Outcomes

- 1) You will be able to make an informed decision prior to undertaking an entrepreneurial endeavor.**
- 2) You will acquire the basic skills needed to start a business by writing a business and financial plan for a new company.**
- 3) You will learn the basic skills of working as part of a group, group development, sales, negotiation, and dealing with risk and uncertainty.**
- 4) You will understand both the positive and negative aspects of starting your own business by listening to the experiences of entrepreneurs and business development professionals.**

Teaching Approach

Learning how to start a business or commercially develop a new technology is generally more art than science. Therefore, this course is designed to be experience intensive, as opposed to memory intensive. There will be only one exam (the Final) which will require that you memorize any information. However, there will be numerous opportunities for you to demonstrate your familiarity with the course material through written projects and by analyzing "real-world" examples.

The first class each week will be taught in either a lecture or study-group format. The class will make extensive use of case studies, role-playing, workshops and other interactive learning techniques.

One of the classes each week (Thursday) will be a seminar. You will have the opportunity to hear from entrepreneurs and business development professionals in order to learn from their experiences of having "been there" and "done that."

Text Books

**The 12-Hour MBA Program
by Milo Sobel**

· Inspired by both the accelerated learning techniques of the US military's Officer Candidate School and reports by MBA alumni that less than 10% of the MBA curriculum is actually useful, this short, easy-to-follow handbook distills the essence of the MBA course of study and passes it along in an understandable way. Includes information on career paths.

The Business Planning Guide: Creating a Plan for Success in Your Own Business
By David H. Bangs

· Forbes named "The Business Planning Guide" as its favorite, most useful small business book. In this new edition, small business owners can ramp up their technical savvy on the business planning front, complete with information on using the Internet as a business planning tool.

Assignments & Exams

Grades will be based on three papers, homework, and class participation as follows:

Attendance: *See below

Seminar Notebook 30%

Entrepreneur Interview 10%

Business Plan: 30% (15% Instructor, 15% Student)

Business Plan Review 15%

Final Exam: 15%

Attendance

This course is will move very rapidly through many different subject areas. Therefore, attendance in class is extremely important. Students are only allowed one unexcused absence. Each absence after this will subtract 5 points from the course total. Excused absences will be at the instructor's discretion and will generally only be approved for medical or in cases of extreme personal circumstances (family illness or death).

Seminar Notebook

Half of this class is built around learning from the experiences of entrepreneurs and business development professionals. Students are required to keep a notebook of "lessons learned" from the seminars. The seminars should be a very interactive forum with opportunities for students to gather information relevant to their specific concerns. Therefore, each entry in the seminar notebook should be started prior to the seminar with a list of questions and/or the expectations that the student has of the presenter.

Grading Criteria:

- 1) Did the student prepare any questions for the seminar speaker?**
- 2) Did the student write a short summary of the speakers presentation?**
- 3) Did the speaker sufficiently address the students concerns?**
- 4) Where there any "lessons-learned" from the experiences of the speaker?**
- 5) What point(s) were of particular interest?**

Entrepreneur Interview

Interview an entrepreneur, not a relative, and write a paper that covers the following areas:

- 1) Why did they start their business?**
- 2) How did they fund the start-up of their business?**
- 3) What training and experience did they have before beginning their business?**
- 4) Were there any unexpected problems in starting or operating their business?**
- 5) What kind of work-life do they experience? (What tasks do they do on a typical day?)**
- 6) How did the reality of starting and running a business match with their expectations?**
- 7) What beliefs do they have regarding success and failure of a business?**
- 8) What would they have done differently if they were starting over again now?**

Grading Criteria:

- 1) Did the student talk to someone in enough depth to get good information?**
- 2) Were they able to pull together the information into clear conclusions about major issues?**
- 3) Was the writing organized, concise, and grammatically correct?**
- 4) Was the subject someone who will be useful for the student in the future?**
- 5) What lessons can be learned from the experiences of the subject?**

There is not set limit on the length of the paper in terms of pages...just be sure to discuss all the topics mentioned above fully.

Business Plan

Write a business plan for a new business. Students may work on this project individually or in teams of up to three individuals. The plan should be designed to finance and manage the business within the next three years.

If students choose to work in teams, they must assign roles and responsibilities among members that include: general management, marketing, finance, production

(operations) and product development. Team projects are expected to reflect a greater degree of detail than an individual plan.

Major segments of the plan will include: The Executive Summary that provides a capsule review of the essence of the plan. The Marketing Plan which specifies the product, the consumer, the market arena, and how they are unified. The Operations Plan which specifies how the organization will be structured and the key factors in producing the product. The Financial Plan which will include cash flow and balance sheet proformas for the next eight quarters with a review of the key factors. Additionally, the final plan should be directed toward either: 1. A bank for loan (debt) financing. Or, 2. An investor for equity financing. The Contingency Plan will show what can go wrong and what you will do to deal with the issue.

Assumptions on key information that is not available with reasonable effort may be negotiated with the instructor. The objective of the project is not to complete a workable plan Rather, this project is intended to teach the process and levels of expectation required from developing a business plan,

Grading Criteria:

- 1) Does the concept of the business make basic sense?
- 2) Is there a well-defined product, consumer, and method for delivering the product?
- 3) Do the financial projections make sense and tie back to the plan?
- 4) Do the company organization and the individual roles fit with the business concept?
- 5) Is the executive summary effective at presenting the necessary information?
- 6) Did the plan effectively "sell" the concept and execution of the business?

Business Plan Review

It is important that students not only be able to write a good business plan, but also be able to recognize the strengths and weaknesses present in someone else's business plan. Half of the overall grade on the business plans will be based on a peer evaluation. The review should be written as though the student evaluator were a funding source examining the business.

Grading Criteria:

- 1) Did the student adequately identify the plan's strengths and weaknesses?
- 2) Did the student provide helpful, constructive feedback?
- 3) Adequate explanation as to why the student did (or did not) hypothetically agree to fund the business?

42

42

42