



Client Manual

Services & Facilities

Rev. 11/11

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Vision and Mission

Our Vision

To be a catalyst in the transformation of Puerto Rico's economy by accelerating the creation and transfer of technology in knowledge-intensive industries.

Our Mission

To stimulate a success environment where scientists, inventors and entrepreneurs can transform their technology-based research findings into successful business ventures

Overview

Business incubators are non-profit entities that provide a range of business services in a nurturing and supportive environment. Business incubators differ from other commercial property and serviced offices by specifically targeting start-up and emerging businesses and play an important role in the developmental and growth phase of a client's business life cycle.

Business incubators aim to reduce business failure by assisting business in the critical early stages, **giving firms "breathing room" to learn from mistakes** that might otherwise be fatal to the business. VITEC2 assists this process by providing clients with a number of on-site **'value-added' business development services**, such as:

- Provision of business diagnostic assessments by formal Business Development Reviews to help pinpoint and correct specific weaknesses in clients' business management and track the business development progress;
- Formal and informal business assistance and counseling from qualified Business Coaches including support for the individual person;
- Pro-active encouragement of interaction, networking and synergies between and amongst all on-site business owners, staff and outside business associations;
- Introductory subsidized access to professional business consultants;
- Matching clients with successful business mentors;
- Provision of related business seminars, workshops, interactive brainstorming sessions and product/service presentations;
- Subsidized access to sponsored business training courses and programs;
- Analysis of core aspects of business management competencies to help develop entrepreneurial skills.

All the above services are provided with a view to link clients with professional business services and consultants in the local region that lead to on-going commercial and business building relationships. VITEC2 also assists new businesses by **minimizing start-up overhead** costs thereby preserving scarce working capital that can be better employed developing initial sales, clients and customers.

VITEC2 also differs from general office space by requiring clients to **"promote" from the incubator** when they reach a point in their business development where they will be viable outside the incubator (on average 2-3 years). The emphasis on "promotion" is reinforced by a

policy of implementing promoted rental increases as the business grows, to encourage businesses to seek accommodation options in more conventional commercial premises.

VITEC2 fosters a **culture of entrepreneurship** and helps the development of skills to identify, assess and implement business opportunities, diversification and product development. The ultimate goal of VITEC2 is to develop suitable jobs, encourage technology development and innovation. As a non-profit operation, VITEC2 reinvests surplus revenue into developing further business assistance projects.

Accommodation Services & Facilities

Client Accommodation Options

VITEC2 offers appropriately-sized individual work space of varying sizes and degrees of services.

a) Virtual Services

VITEC2 offers home-based, mobile, field, and trade businesses all the advantages of a professional serviced office without the additional accommodation costs. For a description of service offering and fees, please refer to Appendix 1. All ‘virtual’ clients must phone VITEC2 or personally collect messages, mail, goods, faxes, e-mails unless redirection has been arranged.

b) Full Tenant Services

- **Leased Space**

VITEC2 offers 6-month “lease” terms to help clients cope with the uncertainty of establishing new business ventures. Lease contracts are renewable every 6 months, with various payment options. Clients have full responsibility of the leased space.

- **Service Agreements:**

VITEC2 offers the opportunity of beginning your operations on a common space. That is, VITEC2 has the authority to assign you a specific space for the commencing of operations and maintaining control of the space. VITEC2 will assign a space depending on operations of the client’s business, ranging from a cubicle space to a full individual office.

c) Landing Site

VITEC2 offers “lease” terms with a minimum of 6 months for establishing business. Lease contracts are renewable at least every 6 months with various payment options.

Upon contract signing, all clients (Virtual, Full and Landing) will benefit from the following offers provided by VITEC2:

Administration:

- facilities account establishment
- Program photocopy access
- Program fax access
- Pigeon hole allocation
- Client business description list update

Office/ Cubicle Preparation:

- Cleaning/maintenance check
- Electricity supply/lighting
- Phone/ internet
 - Installation of one phone line/connect phone
 - Internet access (limited to incidental use)
 - Phone account details established
 - PABX answering service programming
 - Client phone list update
- Keys
 - Office (where applicable)
 - premises
 - other
- Signage
 - office door (where applicable)
 - directory board update
- Induction Tour of VITEC2
 - outline VITEC2 procedures
 - familiarization of services and facilities
 - introduction to other clients

Accommodation Standards

Minimum guaranteed standards for office/ cubicle space are the following:

- Room environment: clean and non-hazardous
- Electricity: one double power-point per code standards
- Lights: full set of working bulbs guaranteed for first 3 months of tenancy
- Security: doors with external locks, windows with internal latches
- Phones: first phone line/service connected through VITEC2 PABX is at VITEC2 cost. Additional phone lines/services installed in offices are at quoted cost.
- Keys: one set of security keys for each business principal to access the building entrances and one set of keys for each office. Security keys can only be copied by VITEC2 staff and can be ordered through reception (at client's cost).
- Access control badges: One badge supplied per F/T employee. Badge replacement cost is \$20.00.

Additional furnishing, fittings, finishes fixtures and renovations

Clients must pay all up-front costs of any additional furnishings, fittings, finishes, fixtures and renovations required and approved by VITEC2, including:

- Light control window blinds, curtains, awnings, pergolas, etc.
- Security screens, additional locks, etc.
- Light fittings replaced
- Carpets repaired/ replaced/ installed
- Walls removed/ moved/ repaired
- Renovations e.g.: additional doors, shelving, partitioning, etc.

Renovations, Modifications, Improvements made by Clients

Clients may renovate their rooms to their own requirements if they abide by the following:

- Except with VITEC2's written consent, clients will not make any structural alterations nor add or remove fixtures nor interfere with any electrical installations on the premises.
- The client understands that VITEC2 is simply assigning or renting the floor space therefore any fixed/permanent modifications and improvements (e.g. partitions/ carpets/ shelving, etc.) made or undertaken must be made at the client's own expense and will become assets of VITEC2 and must remain on site when the Service or Lease Agreement expires. VITEC2 shall have the option to purchase such leasehold improvements at 33% of the total cost, if it is in the best interest of VITEC2 and its clients.
- The client understands that it is responsible to meet, at its cost, all Occupational Health and Safety regulations applicable pertaining to the use given to the assigned or leased space or any improvements or changes they make or undertake to their Lease Area.
- VITEC2 makes no representation about the acceptability of the premises for client compliance with Occupational Health and Safety requirements and such compliance is the client's responsibility.
- Clients accept the Lease Area in current condition at the time of signing a Lease Agreement.

Parking

Clients have access to parking space as described on lease contract. Vitec2 is not responsible for any accidents or lost items left in any vehicle.

Timeframe expectations

Timeframe expectations regarding VITEC2's responsibility for installation of services and the coordination and completion of repairs, modifications and renovations should be referred to the Managing Director for clarification.

Access to Building

Clients have access to the building 24 hours a day, seven days a week, 365 days a year (unless client sets limitations to its employees). Access control system has to be programmed according to tenant specifications to restrict employee entrance to facilities.

Adjustment of Accommodation

VITEC2 can flexibly adjust (increase or decrease) accommodation needs at with prior written notice to suit clients business growth fluctuations (including from virtual to real tenancy), and depending on space availability.

Client Promotion

In consent with the philosophy of business incubation, clients are referred to the stated VITEC2 Client Entry and Exit Policies regarding criteria for entry, terms of occupancy and 'promotion' determinations.

Personal Belongings

Clients are requested to store all personal belongings in their assigned area unless alternative arrangements have been made with VITEC2 management.

Dangerous Goods

Dangerous goods of any kind are not allowed on VITEC2 premises.

After Hours Security

Clients using the building outside of normal business hours are responsible for security when entering and leaving the building (i.e. all external doors and windows after 6 p.m. on weekdays and at all times on the weekends). If you have clients visiting VITEC2 after business hours, please meet your visitors at the front door and lock external doors behind you. DO NOT leave doors propped open after hours!

Keys

Clients are issued with one set of security keys for each business principal to access the building entrances and one set of keys for each office. Building entrance keys are security keys and can only be copied by VITEC2 staff. Additional keys can be ordered through reception (at your cost). Loss of keys is to be reported to VITEC2 within 24 hours. Clients are responsible for any costs arising from the loss of any security keys that result in the need to replace locks to all entrances and your office and of replacement keys for all entrance key holders.

Smoking

Smoking is strictly prohibited in ALL VITEC2 areas, including its premises.

Payment Accounts

The payment of VITEC2 accounts are due the first day of each new month unless otherwise specified on invoice. These include usage, on-demand, and specialized charges as shown in Appendix 1.

Financial Difficulty

Clients who are experiencing financial difficulty in their business that's likely to affect due payment of VITEC2 accounts, are encouraged to speak to VITEC2 Managing Director as soon as the problem is anticipated (i.e. before the account is due!).

Interest Charges on Overdue Accounts

Interest is charged on all outstanding accounts at 1.5% per month.

Reception Services & Facilities

Receptionist

The VITEC2 reception telephone is staffed during business hours by a VITEC2 receptionist/administrative assistant.

Reception Services

Reception Services are provided between 8:30 a.m. and 5:00 p.m., Monday to Friday (excluding public holidays) for the collective clients accommodated at VITEC2. Services include:

- Phone answering / forwarding and message taking
- After hours message taking (if your phones are part of VITEC2 PABX system) on VITEC2's answering machine.
- Client and public paging service
- Reception waiting and display area
- Client greeting and direction
- Receipt and dispatch of client goods
- Daily receipt and dispatch of clients mail
- Photocopy/fax equipment trouble-shooting
- Meeting/Conference Room bookings
- Kitchen/Toilet supply and housekeeping needs reporting
- Building maintenance problems/needs reporting

Pigeon Hole

Each client is allocated a pigeon hole for correspondence, located adjacent to the reception area. We advise you to check this on a daily basis as your mail, faxes, memos, notices and other items are placed in these boxes as they arrive. Arrival of faxes will be notified via phone or message light.

Mail

The mail is usually delivered to VITEC2 by midday, although times may vary. Mail is sorted and placed in your pigeon hole on arrival. Outgoing mail should be placed in the mail tray by 5 p.m. to catch the next day's mail dispatch. Please ensure outgoing mail is properly addressed and stamped. Please note that VITEC2 staff do not take bulk mail so if you are doing a mail out which consists of over 50 to 100 envelopes this will have to be taken to the post office by the client.

Goods Handling

Goods Receipt:

Receptionist will accept and sign delivery dockets for goods and parcels delivered to reception. You will be notified either by phone or message light when goods arrive. Please notify reception staff if you are expecting urgent deliveries. Goods must be picked up on the day of delivery, as VITEC2 will not be responsible for goods left overnight.

Goods Dispatch:

Outgoing parcels and deliveries can be left with receptionist to pass on to couriers (on the day of dispatch). Clients must notify the courier of the pick up arrangements and fill in all appropriate paperwork prior to courier pick up. Receptionist will not handle money or payments of any kind for goods receipt/dispatch or move goods to clients' offices.

Client Leave

If you are leaving the building (even briefly), please notify the receptionist.

Account/Tenancy Management

Clients are encouraged to direct any VITEC2 account or tenancy management queries, issues or problems to the VITEC2 staff. They will organize resources and contact you to attend the matter.

Reception No's

We remind clients that VITEC2 receptionist will NOT conduct business on your behalf, i.e. VITEC2 staff cannot be responsible for:

- Dealing with your clients on specific matters or details relating to your business.
- Screening calls to select particular incoming calls for transfer to your office while taking messages for others.
- Making phone calls on your behalf.
- Taking sales orders or complex instructions over the phone.
- Presenting samples of products or services of your business to customers.

Reception Phone Answering and Message Taking

VITEC2 “phone answering and message taking service” is only available when:

- your office is unattended
- you are otherwise unable to personally answer your phone, for example if you are:
 - * In a meeting
 - * On another call
 - * Engaged in a “hands-on” activity that you can't leave immediately

Informing Reception of Whereabouts

In the above instances, please let the receptionist know:

- when you are diverting your calls
- how long and why you will be unavailable

This will enable us to reliably inform your callers of your subsequent availability and confidently answer inquiries regarding return calls.

Phone Diversion No-No's

Clients are requested NOT to leave their phones on permanent diversion to reception while in their office.

Reception Answering Your Calls

VITEC2 receptionist will answer your calls or unattended or diverted calls and:

- note the callers name
- note the business organization or contact name
- note the return number or contact address
- take a brief message regarding the purpose of the call (and place it in the reception message carousel)

Unanswered Calls and Line Busy

Unanswered calls and ‘line busy’ are normally programmed to automatically divert to receptionist. VITEC2 receptionist will answer these calls and take a message in these instances.

Call Forwarding

If you are out of VITEC2, VITEC2 receptionist (at your request) diverts incoming calls to your mobile or alternate outside numbers. If you are going to leave the building, you can program your own office phone to divert incoming calls to your mobile or another outside number (e.g. home). VITEC2 can also program diversions from the central reception. (Note that the costs of diverted calls are charged to your account).

After Hours Phone Answering and Message Taking

An answering machine will answer all calls (on VITEC2 PABX system) after hours from diverted or unanswered client phones. VITEC2 staff checks messages first thing each morning and notify clients of messages.

Ancillary Accommodation Services & Facilities

Access to Electricity Supply

Clients may have reasonable access to the electricity source available in your Leased Area provided that you may only use the electricity for the business conducted by you within the premises. Temporary access to power outlets outside your leased area can be arranged with VITEC2 management.

Electricity Supply (Metered Sites) – Fee Structure

Area electrical consumption will be individually measured and billed directly to client on monthly basis as per current utility rates. Electricity for common areas is included in the monthly lease fee.

Connection and Installation of Electricity Services and Metering

The client is to pay all costs for connection and installation of electricity services and metering where required. These facilities are to remain the property of VITEC2.

Energy Conservation

In the interests of conservation of energy we encourage clients to turn off the lights and appliances in your office or workplace when you are out. If you have been working outside business hours please ensure only official security lights are left on as you leave the premises.

Meeting and Conference Rooms

These facilities are available to all VITEC2 clients. Bookings can be made at reception and are limited by size and first-come-first-serve basis.

Meeting and Conference Rooms

Full Clients

- Full and anchor tenants have use of Board Rooms and facilities at no cost for up to a total of 20 hours per month. Booking of Board Rooms must be done in advanced prior to date of use with the receptionist.

Virtual Clients

- Virtual clients have use of Board Rooms and facilities at no cost for up to a total of 12 hours per month (if account is up to date). Booking of Board Rooms must be done in advanced prior to date of use with the receptionist.
- Use of these facilities beyond allocated hours will be billed at the rate of \$10.00 per additional hour.
- Special Notes:
 - Hours are non-cumulative from one month to the next
 - Hours are non-transferable from one client to another
 - Rooms must be booked and will be locked when not in use
 - Clients must collect a key from receptionist to access the Board Rooms
 - Clients must provide their own tea and coffee supplies for their meetings/workshops, etc.

Audio Visual Presentation Equipment

These facilities are usually associated with the main conference rooms; however they are available for use in your leased area within reason. Bookings can be made at reception. The following communication equipment is available at no charge:

- Electronic Projector
- Transparency Projector
- Whiteboard and Markers

Kitchen and Associated Facilities and Supplies

Tea, coffee, sugar and milk (a limited daily supply) and the kitchen facilities (e.g. the microwave ovens and fridges) are provided for VITEC2 principal clients only. (Clients staff and customers can access these facilities within reason). Cleanliness of the communal kitchen is each client's responsibility.

Car Parking

Car parking is included in the lease agreement and fee. Please park only in designated areas.

Climate Control Services

Each area has an HVAC unit supplied.

Waste Disposal

Facilities are available for non-industrial waste removal and recycling of quality paper, cardboard, glass and plastics. Clients are encouraged to recycle and to use the facilities appropriately.

Toilets & Bathroom Facilities

Please be aware of cleanliness in these areas.

Phone Books

Copies of most phone books in Puerto Rico are kept at reception. Please promptly replace any books you remove to your rooms.

Local Newspaper

VITEC2 provides daily periodicals for clients to peruse. Please do not remove them or tear out items unless you first ask VITEC2 staff.

Business Magazine and Book Reference Library

VITEC2 provides selected business magazines for clients to peruse. Please do not remove them or tear out items unless you first ask VITEC2 staff.

Incidental Office Equipment

All VITEC2 clients will provide and be responsible for their own incidental office equipment (guillotine, paper shredder, etc.).

Signage

Each client business is provided with one sign on the client directory in reception and a doorplate sign for their leased area. Extra signs can be arranged at cost. No signs are to be placed on external VITEC2 building structures.

Cleaning of Common Areas

Cleaning of all common areas within the premises is organized by management. Clients are responsible for cleaning their own leased area; however, VITEC2 can arrange cleaning of client's offices when requested (a separate cleaning charge will be billed). We encourage all clients to keep common areas and the grounds clean and tidy.

Building Services Management

VITEC2's staff is responsible for organizing and supervising building services and facilities upkeep, repairs and maintenance.

Building Repairs and Maintenance

If you notice any problems, faults or hazardous situations, please refer these to VITEC2 staff who will log the notification and organize the appropriate work. Tasks for attention are prioritized and where possible will be rectified ASAP. When problems directly affect clients, they will be notified of the action to be taken and the timeframe considerations to rectify the problem. Modifications and refurbishment work is subject to VITEC2 approval and individual arrangements.

Building Insurances

VITEC2 covers costs of building insurance. Clients are required to obtain general liability insurance endorsing VITEC2 and PRTEC. Note: Clients must take out public liability insurance for a minimum of \$1 million and other insurance required by law for you and any person employed by you or using the premises, the leased area and the common areas under your supervision, authority or invitation.

Fire Protection

VITEC2 maintains fire protection equipment and systems. Fire equipment locations are placarded throughout building. Clients should familiarize themselves of these locations and exits.

Pest Control

Clients are encouraged to notify VITEC2 staff of any insect or vermin problems. VITEC2 policy is to provide traps as appropriate or engage the services of qualified exterminators. VITEC2 discourages the use of toxic products for this purpose.

Gardening and Grounds Maintenance

Garden and grounds are maintained on an as required basis, organized by VITEC2 staff.

Building Intelligence & Emergency Systems

Power circuitry, water utilities, key/lock systems, exit/evacuation systems/facilities, etc. are overseen by VITEC2 staff.

4. User Pays Services & Facilities

VITEC2 Communication Services

Clients are provided with access to telecommunication services through VITEC2 PABX. If you require any assistance programming your phone please talk to the VITEC2 staff. The charges will be billed monthly as per utility services and rates.

Independent Phone Services

Clients wishing to install independent services (e.g. direct lines or their own PABX) rather than use VITEC2's PABX system will be subject to the following policies:

- An "infrastructure rental" will be levied to clients using VITEC2 telecommunications infrastructure past the point that telecom providers connect their line to the building's telecommunications main distribution panel.
- All work on VITEC2's telecommunications infrastructure is to be carried out by VITEC2's preferred installer. No independent installer is to work past the main distribution panel without VITEC2's written consent. This will ensure wiring consistency.

Facsimile Services

The fax machine is located near the conference room.

Sending a fax: Instructions are displayed adjacent to the fax machine

Receiving a fax: VITEC2's fax number is: 787-834-5898

When giving this number out please remind your clients to clearly mark faxes with your name. Incoming faxes are placed in your pigeon hole and the message light is activated on your phone. Faxes are recorded for monthly invoicing. After a reasonable amount of faxes Vitec2 will charge \$0.25 per incoming/outgoing page (plus telecom charges). Unidentified faxes will be placed in the folder next to the fax machine- check it regularly.

Photocopier Services

The main photocopier is located near the conference room. If you are not sure how to use it, ask a staff member of VITEC2 to assist you.

The copier works by inserting a PIN number, which is provided when you sign your Lease Agreement). To use the photocopier, you must provide your own paper. You must check with VITEC2 staff that the paper used meets the specifications for the machine. Use only approved transparencies in the machine.

IT Equipment (Computers, Printers, etc.)

VITEC2 staff can organize bookings in advance as per the following fees based on availability:

- Personal Computer Use
 - \$10.00 per hour
- Laser Printing
 - \$0.10 per page
- Color Laser Printing
 - \$0.50 per page
- IT Support and/or Service
 - \$100.00 per hour

Stationery Supplies

VITEC2 clients must stock their own supplies of stationery, envelopes, postage stamps, etc.

Clerical Support Services

VITEC2 staff can arrange for the following services and fees:

- Secretarial Services \$15 per hour (minimum charge - \$15.00)
- Word Processing \$20 per hour (minimum charge - \$20.00)

Entry & Exit Policies

CLIENT ENTRY POLICY

VITEC2 provides accommodation, business support and development services for people in the process of establishing or starting businesses who meet the following criteria.

1. Demonstration of Position

Applicants must demonstrate they are one of the following:

- * A new business
- * In the process of establishing a business
- * Undertaking pre business research or development, or testing an idea
- * A business moving from a home
- * Re-establishing an existing business

2. Viability

Applicants must demonstrate the potential for financial viability of the proposed or existing business within a reasonable time frame (less than 3 years, for example, although this may vary).

3. Need for Assistance

Applicants must demonstrate they need our assistance. This may be:

- A shortage of skills or capital
- To reduce the risk.

4. Priorities

Preference will be given to businesses that show one or more of the following:

- a) Have a high tech product, service or process improvement in the Communications and Information Technology (C&IT) area
- b) Have high employment potential
- c) Have high growth potential
- d) Export products or services
- e) Replace imported products or services
- f) Provide new products/ services, or existing products/services in a novel manner
- g) Satisfy un-met needs in the community
- h) Introduce new skills to the region
- i) Provide opportunities for people disadvantaged in the labor market

5. Independence

Businesses must be independently controlled. Branch offices of existing businesses will, as a rule, be excluded.

6. Internal Compatibility

Businesses should not directly and adversely compete. Opportunities for inter-trading, joint marketing and development of synergies are to be encouraged.

7. Legal Compliance

Businesses must comply with relevant legislation, especially in relation to noise and waste.

9. Environmental and Social Impact

Businesses that engage in activities that are socially undesirable or detrimental to the environment are not eligible.

10. Applicants

Applicants may be those who are working from home, or who have not commenced their business, or they may be an existing business experiencing difficulty that can benefit from our services or who may want to test out an idea.

11. Decision Making

Decisions regarding admission and any particular conditions will be made by the VITEC2 Client Evaluation Committee. If this panel considers it necessary, decisions can be referred to the Board of Advisors of VITEC2.

12. Entrance Policy Specifics

VITEC2 will admit clients that can truly benefit from the value-added services provided by VITEC2 and avoid the trap of providing only low cost space. Clients should have a product or service that can be brought to market within one to four years; have the technical capacity to complete the product; and have a willingness to work with, and benefit from, the coaching

services and resources network provided through VITEC2. The primary place of business for the client will be located at VITEC2 and the business shall be in the start-up phase of development.

Other factors that will influence selection are:

- Reputation, integrity and commitment of business owner
- Future growth and employment potential of the business
- Evidence of adequate capitalization
- Ability to pay operating expenses
- Willingness to work within VITEC2's guidelines
- Plans to stay in Puerto Rico after promotion
- Compatibility with other VITEC2 clients

To ensure that VITEC2 receives the right candidates it will follow an admissions process based on best practices. Below are the main points of the VITEC2 entrance policy.

13. Selection Rationale

All client selections are driven by the incubator's mission and objectives:

- Increase the rate of new business formation
- Increase the survival & success rates of new ventures
- Help them grow faster and more efficiently
- Fulfill prospective clients' resource needs

14. Selection Criteria

VITEC2 clients must meet the following minimum requirements:

- Client must be a new or emerging business that fits incubator focus
- Client must have a technically complete feasibility study or business plan
- Client must have adequate financing in place for minimum six (6) months rent and utilities (See Client Business Plan Evaluation Form)

The same client will be graded on the following requirements:

- Probability of Success
 - Client demonstrates managerial and technical competence
 - Client demonstrates sales revenue achievability
- Economic Benefits
 - Client demonstrates it will produce significant number of quality jobs
- Compatibility
 - Client demonstrates it needs incubator services
 - Client demonstrates it "fits" with other incubator tenants

15. Selection Process

Every VITEC2 client candidates will go through the following steps:

Step 1: Questionnaire and interview with the Managing Director

Step 2: Submit application and research findings and/or business plan

Step 3: Review and rating by Client Evaluation Committee

Step 4: Approval by VITEC2 Board of Advisors

16. Rejection Policy

If the application is denied, the candidate has thirty (30) calendar days to refute the Client Evaluation Committee's decision. If the application is denied a second time, the applicant must wait one (1) year to resubmit the application. This will avoid costly revision delays in the application process.

17. Equity Positions

Start-up companies incubated at VITEC2 are generally encouraged to allocate to VITEC2 between a 2% and 10% ownership in the start-up company, depending on the client's stage of development. The ownership interest may be in the form of corporate stock, warrants, fixed income instruments or equivalent, and will be negotiated by the Managing Director on a case-by-case basis. This allocation represents compensation for the in-kind support (both tangible and intangible) client's have and will receive in the formation of their enterprise. This ownership will normally be allocated before the admission of the company to VITEC2 and may be subject to dilution as a result of future fund raising by the company.

18. Seed Funds

Clients are encouraged to solicit capital investment from Seed Funds when available. For further details, please contact the Managing Director.

ANCHOR TENANT POLICY

An Anchor Tenant is one admitted for reasons other than business incubation (i.e. not a targeted business for incubation purposes).

1. Entry Criteria

Clauses 1-3 of the Client Entry Policy would not be applied to an Anchor Tenant. The other clauses would apply as well as any criteria specific to anchor tenants.

The reasons for admission may be financial or to provide particular services to clients or to improve occupancy levels.

2. Prioritization

As a general rule, Anchor Tenants should not take preference over incubator business clients unless there is a particular reason to do so.

3. Eligible Anchor Tenants

1. Non-Profit Community Organizations
2. Existing Businesses
 - * Only with the approval of VITEC2 Board of Advisors
 - * Only for a limited time
 - * Only when occupancy is below 90%

CLIENT EXIT POLICY

VITEC2 helps businesses become established and profitable. Accordingly, client businesses should move from VITEC2 when they are established and profitable.

1. Term of Occupancy

VITEC2 clients shall remain for a period not exceeding 3 years. Client may present formal written request for additional time which must be approved by VITEC2 Managing Director.

2. Determination of When a Business is Established and Profitable

VITEC2 management and advisors, working with the client, will be responsible for reaching a joint decision regarding the establishment of the business.

This will take into account turnover and profitability and the impact on the business of moving (for example, if moving were to have a long term [1-2 year] adverse effect on the business, over and above the cost of moving, then the indication is that the business may not be sufficiently established).

They will then determine a period for promotion and help with the process of finding suitable accommodation. It is understood that moving out is not something that can occur overnight – time for planning and finding suitable accommodation should be allowed and the type of business needs be taken into account.

3. Promoted Rental Policy

On commencing tenancy, the standard rental schedule as determined from time to time by the organization will apply to all clients as shown in Appendix 1.

4. Exit and Promotion Policy Specifics

As important as a clear entrance policy, VITEC2 has a well-defined exit or promotion policy. Ask the Managing Director for specific policy requirements.

5. Promotion Rationale

Similar to the entrance policy, all client promotions are driven by the incubator's mission and objectives:

- Increase the rate of new business formation
- Increase the survival & success rates of new ventures
- Help them grow faster and more efficiently

6. Criteria for Promotion

The VITEC2 Promotion Policy states the required criteria for Client evaluation and promotion process.

The Client shall also accelerate becoming a candidate for promotion after achieving one or more of the following benchmarks:

- Client has **experienced significant revenue growth and/or profitability** allowing client to continue its operation without further assistance from VITEC2.
- Tenant client's **need for rental space** equals or exceed 2,500 square feet.
- Client is **acquired by another company**.
- Client, if a corporation, makes a **public offering** of its stock.

7. Criteria for Continuation (reviewed on a 6-month basis)

Client shall be a candidate for continuation if the following criteria are met:

- **Innovative, technology-based product or service.** Examples of acceptable businesses include software, computer, or peripheral hardware, telecommunications, Internet or web-based products or concepts, multimedia, or any other technology-related products or services. VITEC2 does not accept business models that consist primarily of government contracting and prefers companies that either possess or are developing some form of proprietary technology.
- **The beginning of a sound management and/or product development team.** VITEC2 can help clients build complete managerial teams, but a core group of dedicated and technically capable individuals is desirable.
- **Sufficient capital.** VITEC2 prefers that the company possess sufficient capital, through personal or other seed funding avenues, to carry forward the proposed business plan for at least a six-month period.
- **A product which is less than 18 months from market.** VITEC2 is in the business of assisting commercial enterprises.
- **Realistic business plan** projecting significant revenues and/or employment of local citizens within the first five years of operation.
- **A desire to leverage the services offered by VITEC2.** VITEC2 is not merely a facility which houses companies at below-market rates, but rather a group of professionals and a network of industry experts dedicated to the success of the ventures entering the incubator. VITEC2 recruits only companies that possess a real need for the services provided by the incubator and are willing to accept and act on the counsel and direction provided by VITEC2.

8. Criteria for Discontinuation in VITEC2 Program

Client shall be a candidate to discontinue incubation in VITEC2 Program if one or more of the following conditions exist:

- The **controlling ownership interest** in client has changed since its admission in VITEC2's incubator program.
- **50% or more of the client's revenues** (in the last 12 months or projected for the current year) are derived from consulting services by client.
- Client has been in VITEC2's **incubator program for more than three years.**
- **Client fails to meet any of the criteria** in 1 or 2 above.
- **Client not meeting contractual obligations, including rent payment.**

9. Promotion Process

To guarantee an efficient promotion process, the following steps are taken:

- President conducts biannual tenant review meetings
- Tenants provide yearly financial and job reports
- 6 month review of client business plan with updates as requested
- Managing Director is constantly aware of each tenant's progress
- Only tenants that successfully promote into the community are considered "promoted" and receive Promotion Certificate and Ceremony

Appendix 1

Service Offering and Fees

Virtual Tenant	\$150.00 per month
Full Tenant	\$9.00 per sf/yr
Landing site Tenant	\$12.00 per sf/yr