



**BlueWater Angels, LLC** is a network of more than 30 high net-worth, successful individuals and organizations interested in investing private capital in promising companies.

In addition to the money that **BWA** members bring to any deal, equally important is the group's vast business and technical expertise along with valuable industry connections that assist portfolio companies accelerate growth and increase the probability of success.

While return on investment (ROI) is the primary goal for **BWA**, members also recognize the value of supporting the entrepreneurial community for the economic benefit of the mid Michigan region and the state.

**BlueWater Angels** will consider investments in promising start-ups and early stage companies, as well as established firms that may need capital to exploit a growth opportunity or that are experiencing temporary distress. Applicants that meet the following criteria are more likely to be considered for investment by BlueWater Angels:

- **Michigan-based** companies are preferred
- Companies that are **scalable** and in a technology sector
- Companies with an **experienced management team** and evidence of sweat equity
- Entrepreneurs with a **referral from a BWA member** or another angel group
- Companies seeking investment of **\$1 million or less** from BWA

Companies that meet the above criteria are preferred and should apply for consideration for investment by BlueWater Angels.

---

The following is a list of the **Frequently Asked Questions (FAQ)** that may help potential members better understand various aspects regarding BlueWater Angels.

### **Q1: What is Angel Investing?**

A1: Angel investors have proven themselves to be an integral part of the capital market, particularly for funding start-up companies and providing the seed-stage financing of businesses. The term "angel" refers to high-net worth individuals, or "accredited investors," who typically invest in and support start-up companies in their early stages of growth. In the financial world today, angel investors are a critical and essential part of a healthy economy, particularly for the establishment and growth of early-stage companies. Experts estimate that, on a cumulative basis, the level of investments made by angels over the last 30 years has been double that of investments made by venture capitalists.\*\**According to statistics published by the National Venture Capital Association and the Center for Venture Research, University of New Hampshire*



**Q2: How is BlueWater Angels structured?**

A2: BlueWater Angels is a For-Profit Limited Liability Corporation (LLC). A board of directors has been elected by the members and provides the direction for the group. All members are invited and encouraged to attend Board of Directors meetings. **Members are responsible for making their own decision to invest** or not. BlueWater Angels is NOT a “fund” where an investment board determine if an investment will be made on behalf of other investors.

**Q3: How is BlueWater Angels administered?**

A3: The BlueWater Angels Board of Directors has selected the MidMichigan Innovation Center (MMIC) to perform the administrative function for BlueWater Angels, including recruitment and management of members, marketing and public relations, event management, initial screening of members, etc.

**Q4: How will investment opportunities be evaluated?**

A4: MMIC and BWA members have adopted best practices from the Angel Capital Association and other angel groups to make deal evaluation as simple and efficient as possible. The criteria above will be the initial guidelines, but each deal is evaluated on its own merit.

All BWA members have access to a confidential and secure website customized for BlueWater Angels by Angelsoft, the top provider of deal flow software - <http://www.angelsoft.net/>. These web-based tools are available to review documentation associated with potential deals, evaluate, score and rank each deal, and communicate concerns and/or comments with other members via e-mail and the BlueWater Angels private website.

Ultimately it is the decision of the screening committee, comprised of active BWA members, that gets a company invited to present to the full membership at a dinner/deal meeting. Once the company has presented, if there is interest from the membership, a BWA member will be selected to “champion” the deal and coordinate subsequent communications with the entrepreneur and coordinate negotiation of investment terms, due diligence, communications with BWA membership, and closing of deal. MMIC staff will also assist throughout this process.

**Q5: As a member of BlueWater Angels, what is my expected level of participation?**

A5: The level of involvement by individual members is left to each member’s discretion.

- Typical angel investment groups see 1/3rd of members actively involved in all aspects of the group, attending all meetings, helping screen potential deals, involved in due diligence, post-investment support, etc.
- Another 1/3rd of the membership is occasionally involved.
- The remaining 1/3rd are rarely involved, relying heavily on the opinions of more active members when making investment decisions.

**Q6: What is the minimum annual investment commitment required of members?**

A6: Members are required to pay \$2,300 annual dues and are *expected* to invest \$25,000 annually, contingent upon high-quality investment opportunities being made available to the group. Members will make individual investment decisions and *will not be required* to make an investment if not interested in the investment opportunities presented to the group.



**Q7 What will my annual membership dues be used for?**

A7: BlueWater Angels' membership dues will be used to offset administrative expenses for operating the organization. Such expenses include administration time to manage deal flow, educational seminars with a professional moderator, holding screening committee meetings, communications, other related administrative expenses, legal fees, etc.

**Q8: What do I get as a member of BlueWater Angels?**

A8: BlueWater Angel members will have numerous benefits, including:

- Access to pre-screened investment opportunities
- Participation with a larger group of sophisticated investors to evaluate investment opportunities
- Potential networking and possibly co-investment with other angel group members
- Access to best practices in angel investing and other educational opportunities
- Membership in the Angel Capital Association (<http://www.angelcapitalassociation.org>) and discounts at ACA events.
- Opportunities to participate in the due diligence process for those companies in which you are interested in investing
- All members will receive BlueWater Angels business cards to share with other potential members and/or promising entrepreneurs that may be interested in applying to BWA for investment.
- Names and contact information for all BWA members.
- Your annual membership dues includes your meals at dinner/deal reviews and registration fees for BWA sponsored events, including the annual meeting.
- Annual BWA membership dues includes the opportunity for a spouse or business partner (must be an accredited investor) to participate in BWA activities as a BWA member. However, to help cover expenses, 2<sup>nd</sup> members will be required to pay registration fees for dinners and/or events.

**Q9: Who are some of the BlueWater Angels members?**

A9: While the full membership is kept confidential between members, the Board of Directors has agreed to have their names published. The 2009 BlueWater Angels Board of Directors includes:

- Ken Kousky – President and Chairman of the Board
- Paul Murray – Treasurer
- John Bartos – Secretary
- John Billinghamire – Director (Co-Chair Deal Flow Committee)
- John Strobel – Director (Co-Chair Deal Flow Committee)
- James Plonka – Director
- Ken Van Der Wende – Director
- Ted Skinner – Ex-Officio Board Member (Chairman of Screening Committee)



---

For accredited investors (defined on following page) interested in becoming a member of the BlueWater Angels, 2009 annual membership dues is **\$2,300**.

- **Checks should be made payable to the BlueWater Angels, LLC.**
- A detailed document outlining membership benefits and responsibilities will be drafted following the legal formation of Blue Water Angels.
- Payment of dues will demonstrate your willingness to **invest a minimum of \$25,000 annually**, provided high-quality deals are made available to the group.
- Membership dues/commitments allow BlueWater Angels to determine the range of investments that can be made annually. Example: if there are 20 members committing to invest \$25,000 each, then the Blue Water Angels can inform the entrepreneurial community that the group is capable of making up to \$500,000 in annual investments.
- Please share this information with other accredited investors that may have an interest in becoming a member of the BlueWater Angels

If you are an accredited investor and would like to become a member of BlueWater Angels, **please print and complete the following questionnaire and “Confirmation of Accredited Investor Status” form**, which will remain confidential and securely filed at MMIC. **Please include a check of \$2,300** for inaugural dues and mail all three pages to:

Brent Case  
BlueWater Angels, LLC  
c/o MidMichigan Innovation Center  
4520 E. Ashman Rd., Suite M  
Midland, MI 48642



---

**Membership Application:** Please answer the following questions regarding your interest in membership with the BlueWater Angels. Your answers will be used to help manage the group, possibly provide assistance or contacts to entrepreneurs and/or portfolio of invested companies.

Name: \_\_\_\_\_

1. Name of BWA Member sponsoring your application to become a member: \_\_\_\_\_
2. Are you an accredited investor? (Review attached document for guidelines)  
 Yes  
 No
3. If beyond the \$25,000 minimum annual investment expected of each member, what level of investment would you be prepared to make annually?  
\_\_\_\_\_ (Please indicate dollar amount if beyond \$25,000)
4. What County is your primary residence located? \_\_\_\_\_
5. Are you interested in assisting MMIC staff with preliminary screening of potential deals?  
 Yes  
 No
6. Would you like to be contacted regarding various opportunities to sponsor the BlueWater Angels dinner/deal reviews or related events?  
 Yes  
 No
7. Do you have any potential deals that you would be willing to share with other members of the Blue Water Angels?  
 Yes  
 No
8. Please list your area of expertise and/or interest (i.e. advanced materials, mergers and acquisitions, selling into Department of Defense, etc.):



### Confirmation of Accredited Investor Status

\_\_\_\_\_  
Name of Individual or Organization

\_\_\_\_\_  
Social Security, Tax Identification, Passport Number

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip

\_\_\_\_\_  
(Area Code) Telephone

\_\_\_\_\_  
Fax

\_\_\_\_\_  
Email address

The undersigned hereby confirms that (s)he or the organization that (s)he represents is an accredited investor as defined in Rule 501 of the Securities Act of 1933 and requests that a copy of the disclosure statement for BlueWater Angel's to be forwarded to the above address. The undersigned, or the organization that the undersigned represents is an accredited investor because (s)he/it is (please indicate):

\_\_\_\_\_ a bank, insurance company, registered investment company, business development company, or small business investment company;

\_\_\_\_\_ an employee benefit plan, within the meaning of the Employee Retirement Income Security Act, if a bank, insurance company, or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of \$5 million;

\_\_\_\_\_ a charitable organization, corporation, or partnership with assets exceeding \$5 million;

\_\_\_\_\_ a director, executive officer, or general partner of the company selling the securities;

\_\_\_\_\_ a business in which all the equity owners are accredited investors;

\_\_\_\_\_ a natural person who has individual net worth, or joint net worth with the person's spouse, that exceeds \$1 million at the time of the purchase;

\_\_\_\_\_ a natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year; or

\_\_\_\_\_ a trust with assets in excess of \$5 million, not formed to acquire the securities offered, whose purchases a sophisticated person makes.

Signature \_\_\_\_\_

Date \_\_\_\_\_

**Information in this document is CONFIDENTIAL and will be stored in a secure location.**

4520 Ashman Road | Suite M. | Midland | MI | 48642 | (989)839-2334 | [www.bluewaterangels.com](http://www.bluewaterangels.com)