

CITY OF ANN ARBOR METRICS, JANUARY 1, 2016 – JUNE 30, 2016

Ann Arbor SPARK's Business Development mission: Maximize job creation and capital investment by growing the region's GDP through the retention and expansion of established driving industry companies that sell goods and services outside the Ann Arbor region, and through the targeted attraction domestically and internationally of similar companies that could succeed in our region.

Ann Arbor SPARK's Business Development Metrics in the City of Ann Arbor:

1. Companies assisted (*for more information see page 5 of this report*)
 - a. Number of retention visits: **35**
 - b. Number of attraction prospect site visits: **8**
 - c. Number of responses to attraction prospect or site consultant requests for proposals: **12**
2. Jobs (*for more information see page 3 of this report*)
 - a. Projected to be created: **445 over the next three years¹**
 - b. Actual jobs created: **18 in the first 6 mos.**
 - c. Jobs projected to be retained: **350**
 - d. Actual jobs retained: **350**
3. Investment (*for more information see page 4 of this report*)
 - a. Taxable value of new private investment: **\$4,117,500**
 - b. Total value of private investment: **\$8,235,000**
4. Number and value of investments leveraged through and including federal and state grants and incentives, foundations and other sources that assisted businesses or organizations: **Two State of Michigan incentives totaling up to \$3,000,000**
5. Number of facilitations, advocacy initiatives, and communication efforts by SPARK to address economic development needs and concerns: **see Appendix**
6. Number of start-up businesses assisted (exclusive of LDFA): **0²**
7. Status of the Economic Health advisory group convened by SPARK to further collaboration and alignment of economic development goals in the City and region:
Washtenaw County Commission approved a new "Economic Development Coordinating Committee" on October 7th, 2015.
In December, the County Commission approved the appointment of seventeen community leaders to the Coordinating Committee including SPARK CEO Paul Krutko who is representing the Eastern Leaders Group. Conan Smith is the chair of the Coordinating Committee and Amanda Evans is also an appointed member. Brett Lenart is the principal County staff to the Committee. The Committee began meeting on a

¹ The jobs are projected to be added over the next three years, we will update these numbers as we interact with the companies and determine progress.

² All businesses that are start-ups in the region are assisted by the Business Accelerator division of Ann Arbor SPARK, funded through the LDFA.

monthly basis on the first Friday of the month beginning in January 2016 and has established a topic agenda for discussion at each meeting.

Given the leadership transition at City of Ann Arbor (city administrator) and at Washtenaw County (county administrator), and that several of the members of the Economic Health Advisory Group are actively involved in the County's Economic Development Committee, it is recommended by SPARK that a meeting be organized between the new Ann Arbor City Administrator upon appointment, the new County Administrator upon appointment, Councilmember Briere and County Commissioner Conan Smith to discuss the possibility of aligning these efforts around the common goals of supporting activities to advance the economic health of the City of Ann Arbor and the region.

Ann Arbor SPARK Metrics - Jobs

When companies apply for Local or State incentives they fill out applications that require both job creation and investment estimates. SPARK considers these projects a success after it is publicly announced, or when the proper approval process has taken place for the incentive sought by the company. SPARK's jobs and investments numbers are based on these project announcements provided by the companies.

SPARK acts as project manager for both the communities it supports and the companies it serves. Our project management efforts can be fairly simple, such as conducting data analysis that a company may use in its business planning, or as complex as full project management for significant company expansions. This would include everything from:

- Connecting them to proper resources
- Working with the site selection community to help determine a location for a project
- Fully managing the tax incentive paperwork and the process it may require
- Creating communication plans
- Travelling to company locations outside of the state
- Making presentations to key public and private decision makers

SPARK supports a company directly or it supports the consultants the company utilizes during its expansion. Whatever role SPARK might play, we capture jobs and investments for projects that we have played an active role in helping a company make a decision to move forward. SPARK celebrates all projects that may have an impact on our region. We do not count jobs and investments where SPARK was not directly involved.

Companies assisted during this semi-annual contract period

Companies assisted 1/1/16 to 6/30/16					
Specific Projects (Unique ID#):	Projected New Jobs (2016-2018)	Actual new jobs (1/1/16 to 6/30/16)	Projected retained jobs	Actual retained jobs 6/30/16	Current FTE (As of last contact) 6/30/16
4507	297	-	154	154	154
7869	20	-	145	145	145
7748*	1	1	0	0	1
6926	75	-	51	51	51
1838	50	15	0	0	15
7341*	2	2	0	0	2
Total	445	18	350	350	368

Companies assisted during previous contract periods:

Companies assisted 7/1/14 to 12/31/15					
Specific Projects (Unique ID#):	Projected New Jobs (2014-2017)	Actual new jobs (7/1/14 to 6/30/16)	Projected retained jobs	Actual retained jobs 6/30/16	Current FTE (As of last contact) 6/30/16
513	0	15	60	60	75
704	0	0	175	175	175
794	20	20	180	180	200
993	50	0	60	60	60
1717	9	5	10	10	15
3279	1	0	12	11	11
4506	25	30	20	20	50
5091	5	0	11	0	0
5510*	35	42	0	0	42
6289	80	33	45	45	78
6523	8	8	2	2	10
7098	5	7	13	13	20
7162	1	1	1	1	2
7152*	85	15	NA	NA	15
7184*	12	8	NA	NA	8
7511*	6	6	0	0	6
7612*	7	8	NA	NA	8
7656*	1	1	NA	NA	1
7662*	1	1	NA	NA	1
7687*	2	2	NA	NA	2
7728*	1	7	NA	NA	1
Total	354	209	589	577	780

*Attraction projects, company new to the area.

Ann Arbor SPARK Metrics – Investment

Investments are recorded based on publically available information of capital expenditures on real property, leasehold improvements, and furniture and fixtures. Companies may make additional capital investments that we are not aware of, or they may use alternative methods such as leasing equipment to acquire assets for growth opportunities. Recent changes to property tax law that allow for personal property exemptions make it less likely that a company would record all investment dollars at the time of an expansion or attraction project.

Companies assisted 1/1/16 to 6/30/16			
Specific Projects (Unique ID#):	Projected New Investment	Taxable value	Incentives
4507	2,485,000	1,242,500	2,500,000
7869	NA		
7748*	NA		
6926	5,750,000	2,875,000	500,000
1838	NA		
7341*	NA		
Total	\$8,235,000	\$4,117,500	\$3,000,000

Ann Arbor SPARK retention visit program

Ann Arbor SPARK’s Business Development team identifies companies for our retention program based on the following criteria:

- 1) Top employers with 200+ employees, or top IT employers with 50+ employees
- 2) All SPARK successes for the previous two years
- 3) All firms from the previous year retention program with indicators of rapid growth (hiring, increased sales)
- 4) Firms with large infusion of capital or grant funding in the previous two years
- 5) Companies that were sold, or that are new to Ann Arbor
- 6) Companies that are having difficulty finding employees
- 7) Business Accelerator companies that have achieved sales or staff levels that graduate them to Business Development companies

Companies visited January 1, 2016 – June 30, 2016			
Company Name	Current FTE range* (as of retention visit)	Company Name	Current FTE range* (as of retention visit)
ANSYS, Inc.	75	Longbow Advantage	3
Arbor Networks	145	Lyonscg AA	39
ArborMetrix	35	Magnetic	85
Atomic Object	15	Manistee Group LLC	5
Berghof Systems	1	Menlo Innovations LLC	13
BitBrew	1	MSC	40
Carnis USA	10	NetWorks Group	22
Centric Learning	3	NewFoundry	17
Coyote Logistics	78	Online Tech Corp.	62
Deepfield Networks	50	Pinkerton	30
Enlighten	75	RightBrain Networks, LLC	22
ESCRYPT	10	SkySpecs, Inc.	10
Expedia	11	SRI Technology Group	35
HookLogic	62	Subaru Research and Development, Inc.	33
Human Element, Inc.	20	TD Ameritrade	51
Inmatech, Inc.	7	The Whole Brain Group, LLC	12
Ithaka	145	Zomedica Pharmaceuticals Inc.	8
Karmaba Security	5		
Total: companies: 35		Total FTE as of visit: 1,235	

*as company names are listed explicitly, the exact FTE is proprietary

Retention visit highlights:

Between January and June 2016, SPARK held retention visits with 35 companies in the City of Ann Arbor. These companies ranged in size from one to 145 employees. As shown in the chart below, 66% of companies are looking to expand. Talent and finding space continue to be areas where companies are in need of assistance. **333 jobs** were posted on SPARK’s job portal by **119 Ann Arbor companies** during Jan1, 2016 to June 30, 2016.

Retention visits highlights include:

- After meeting with **Olark**, SPARK was asked to provide assistance to area tech companies and arts organizations to help them market MittenSTART. This two-day conference, held in May 2016, promoted tech and arts culture in the City of Ann Arbor. SPARK will be working with the group on a job fair/talent mixer as well as marketing efforts.
- **Llamosoft** secured over \$50 million in Series B financing and SPARK worked with them to help promote talent mixer series throughout the Summer.
- SPARK assisted **Danlaw** in opening an Ann Arbor office for their subsidiary, **BitBrew**. SPARK acted as the welcome wagon, connecting BitBrew to marketing opportunities around their opening, and with key introductions in the mobility industry. BitBrew is currently hiring for 5 full time high tech roles for their Main Street office.
- SPARK connected both **Ithaka** and **HookLogic** to local media promotion opportunities. Ithaka to WDIV, and HookLogic to Michigan Radio. In addition, HookLogic asked SPARK to provide assistance with talent recruitment promoting an upcoming event. SPARK also provided assistance with specific initiatives to help with talent recruitment.

Economic Indicators from Retention Visits (1/1/2016 to 6/30/2016)		
Over the next 12 months the companies we visited project that they will:	Out of the 35 City of Ann Arbor companies visited:	Percent:
Increase Employees	24	66%
Invest New Capital beyond maintenance	11	30%
Projected new sales growth	23	64%
Launch a new product/technology	10	28%
Have difficulty finding employees	11	30%

Ann Arbor SPARK Attraction prospect activity

When SPARK is contacted by the MEDC, consultants, individual firms, external referrals, and/or site selectors regarding attraction prospects and possible location requests we:

- Respond with local area information: Demographics, industry sector information, university graduates, other info
- Respond to site requests by searching for buildings, space, and vacant land based on site requirement, using site databases, broker blasts, and our knowledge of local real estate
- Set up site visits with listing brokers and accompany company representatives on the site tour

- Make introductions to local municipality officials to discuss the project and possible tax abatement
- Work closely with MEDC on state incentives
- Connect the attraction prospect with university, banks, attorneys, and other contacts to assist with integration into the business community

Between **January 1, 2016 and June 30, 2016**, SPARK responded to **12 attraction prospect requests** and facilitated **8 attraction prospect site visits**.

Attraction project highlights:

- Ann Arbor SPARK conducted a site visit for a financial technology firm from the Eastern U.S. considering Ann Arbor as a knowledge center for the company. Discussions centered on the ability to access key talent in the region for their company as well as real estate options. As part of the site visit, SPARK spent two full days touring the City of Ann Arbor and setting up over 10 meetings with area companies. The company's feedback to SPARK was as follows:
 - *"As noted during our call, Ann Arbor made a very favorable impression on the Project Team. Indeed, Ann Arbor has all of the native attributes considered instrumental for the project's success, including extraordinarily robust pipelines of talent, a vibrant IT ecosystem, a strong corporate community, and an attractive cost structure. Moreover, U of M was seen for what it is; an exceptional asset that contributes to the community in innumerable ways beyond the provision of large numbers of talented graduates. The one factor that was concerning to the Project Team was the perceived ability to receive "buy-in" for relocation to Ann Arbor from targeted managers, particularly those presently at international office locations. It is important to note that these conclusions were not based on a broad assessment of the livability of Ann Arbor but based on the predilections of a small number of senior employees. I'd like to take this opportunity to thank you and the entire Ann Arbor SPARK team for your assistance on Project Carbon. The many meetings you arranged were outstanding, replete with candid discussions on the labor market, business community, and market norms and conventions on talent attraction and retention. Please extend our gratitude to all of the company representatives, academic officials and staffing professionals who so generously provided invaluable information to the Project Team. Ann Arbor's many merits were on display during these meetings, as well as the lively discussions of the group dinner, which validated the Project Team's selection of Ann Arbor to the short list and was greatly edifying to me as a location strategy consultant. "*

Facilitations, advocacy initiatives, and communication efforts by SPARK to address economic development needs and concerns:

- Ann Arbor SPARK leads the [Greater Ann Arbor Region](#) initiative, a six county economic development effort that is focused on regional opportunities, and leveraging our region's combined assets to pitch opportunities for national and international projects. These efforts include specific marketing materials and social media channels. Our efforts have resulted in the region's ability to respond to new project opportunities.
- In February 2015, Ann Arbor SPARK envisioned [Tech Trek](#), an annual community event where downtown tech companies opened their doors to the public to share their workplace, creations, opportunities, and culture in a family-friendly manner. Building on the success of Tech Trek 2015, the scope of Tech Trek has grown significantly. Many companies and community organizations approached us to become involved in a variety of ways. The number of participating companies ballooned from 25 to 66 (many of whom sought out SPARK for inclusion). 1,800 people registered for Tech Trek 2016, with 1,300 ultimately attending. With the increased size and complexity of the event, new measures were taken to maintain and improve the experience of the trekkers, such as the development [Tech Trek app](#), which was developed in collaboration with Ann Arbor software firm Arbormoon.
- Ann Arbor SPARK held its Annual Meeting at the Marriott Eagle Crest on May 16, 2016. UM President Mark Schlissel was the keynote speaker, and the focus was on the synergy between the university, and the business community, between start-ups and existing businesses, and the talent connected to this region.
- Ann Arbor SPARK organized a legislative outreach to our local legislators in order to emphasize the importance of economic development, and of committing resources to support economic development in this region. This meeting was held at SPARK Central in the first quarter of 2016.
- Connections beyond Ann Arbor: Ann Arbor is an internationally recognized city; the following activities undertaken by SPARK increase its visibility and presence worldwide.
 - Ann Arbor SPARK represented the Ann Arbor Region at a variety of site selection events. In the second quarter of 2016, SPARK attended [Consultant Connect](#) in Chicago and heard from site selectors on national and regional trends. The Ann Arbor region is viewed favorably for the most part, though the site selectors noted a general "gun-shy" attitude toward building new product in southeast Michigan. The event allowed SPARK to position Ann Arbor as an innovation hub with access to talent

from the entire region; an important message that often gets lost in raw unemployment data.

- Silicon Valley outreach for Ann Arbor was conducted by SPARK at [ITS America](#) in June 2016. The event allowed SPARK to connect with Silicon Valley companies working with connected vehicles and mobility technology who are considering Ann Arbor as a relocation or expansion opportunity.
 - In May 2016, SPARK hosted the [Mayor of Tübingen, Germany](#) (a sister city to Ann Arbor), hosting a luncheon at SPARK Central open to the public and showcasing 50 years of friendship between the two cities.
 - Ann Arbor SPARK hosted international delegations from France and Belarus at SPARK Central in the second quarter of 2016. The delegation from France was made up of French companies in the connected car and mobility industries, and the Belarussian delegation primarily consisted of young entrepreneurs. Each group received a tailored presentation on “Why Ann Arbor?” advocating the advantages of the region for international business expansion.
 - In June 2015, the Chair of the International Association of Science Parks ([IASP](#)) toured Ann Arbor with SPARK CEO Paul Krutko, visiting the North Campus Research Complex, MCity, and a sample of downtown technology companies (a mini Tech Trek).
 - The increasing importance of Connected Vehicles and Mobility is seen in the activities above. Ann Arbor is a leader in Mobility technology, which is a message that SPARK is carrying both nationally and internationally through relationships with local companies, local government, and the University of Michigan.
- Press releases:
 - **Duo Security**, with locations in Michigan, California, London, and Austin, plans to expand its existing operations in Ann Arbor, growing its team of sales, engineering, security and product development professionals. Duo Security established its Ann Arbor technology facility in 2009. Citing the flourishing technology environment, attractive business climate, and highly qualified talent pool, the company chose to invest in its Ann Arbor headquarter operations over competing sites in technology heavy-hitters like Silicon Valley. The project is expected to generate nearly \$2.5 million in total investment and support the creation of up to [300 direct Michigan jobs](#) over the next three years. Michigan Strategic Fund approved a [\\$2.5 million Michigan Business Development Program](#) performance-based grant. Ann Arbor SPARK provided direct support to Duo in working with the state on its application for incentives. Going forward, SPARK will assist with talent recruitment and attraction.

- **Toyota** will establish its third TRI facility in the U.S. The new facility will be located in Ann Arbor, near the University of Michigan (U-M) campus where it will fund research in artificial intelligence, robotics and materials science. Joining the TRI facility established last January in Palo Alto working with Stanford (TRI-PAL), and in Cambridge working with MIT (TRI-CAM), TRI-ANN is scheduled to open in June and target a staff of approximately 50.
- **ThinkTech, Inc.** (a technology subsidiary of TD Ameritrade) is growing the technology infrastructure behind its business and will open a new high-tech financial services operation to develop stock trading software in the city of Ann Arbor. TD Ameritrade's technology office will occupy the McKinley Towne Centre in a space formerly occupied by Google, which is moving to a new facility in Ann Arbor. The project will generate up to \$5.75 million in total capital investment and create 75 new jobs, resulting in a \$500,000 Michigan Business Development Program performance-based grant. Michigan was chosen over competing sites in New Jersey, Nebraska and Illinois.