

# LDFA



## Annual Report FY 2011

# Michigan's SmartZones<sup>SM</sup>



- Created by PA 248 (2000)
- Specially created “technology parks” designed to spur growth of technology-related or research-oriented businesses and employment opportunities
- Provide services to facilitate commercialization of technologies emerging from Michigan universities and private companies

# SmartZones<sup>SM</sup>: Acceleration and Incubation

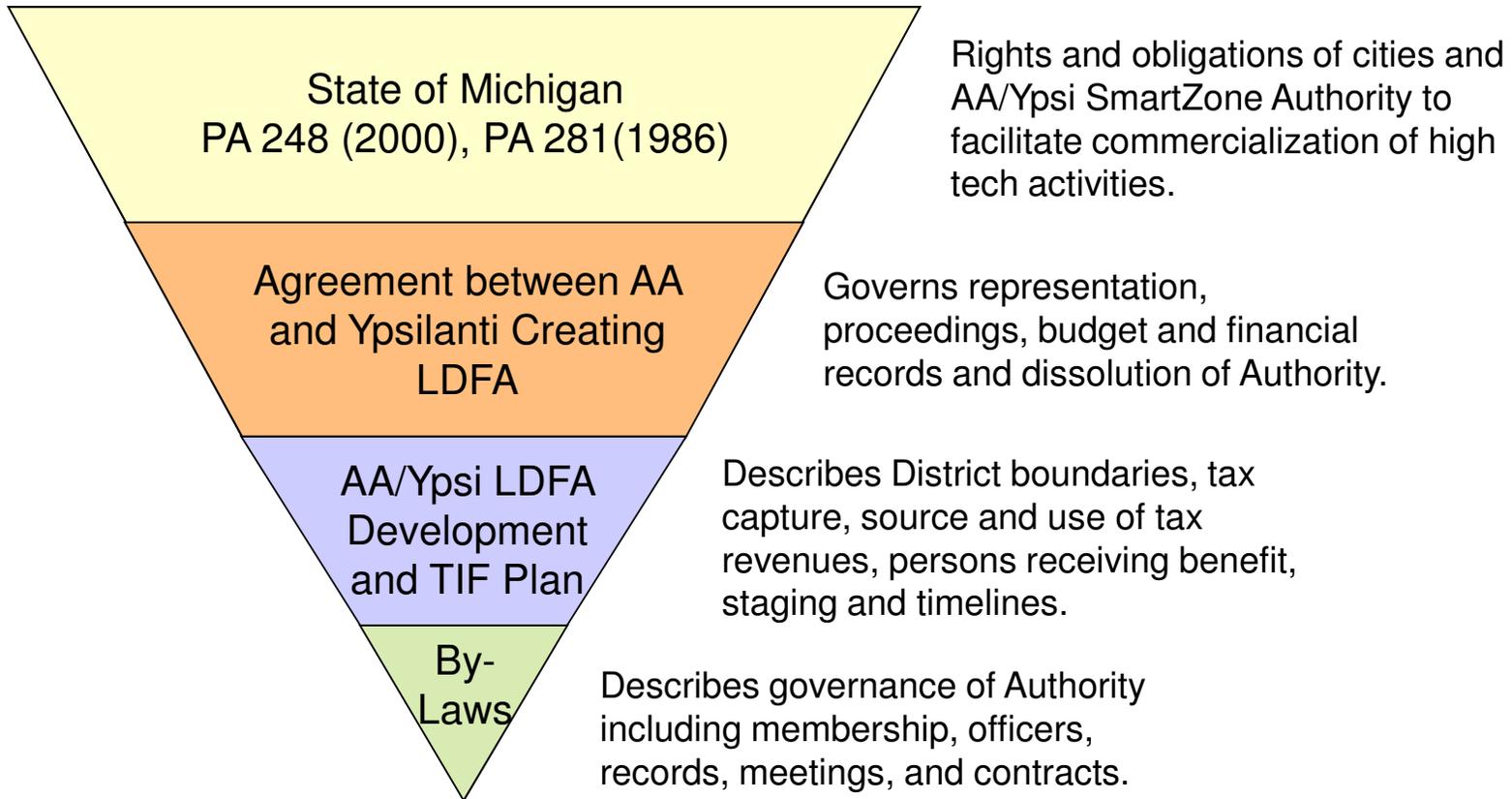
Business accelerator services include, but not limited to:

- ❑ Networking events
- ❑ Entrepreneurial training
- ❑ Business feasibility and planning
- ❑ Technology assessments and protection support
- ❑ SBIR/STTR assistance and training; grant writing
- ❑ Management and talent recruitment
- ❑ Incubator and business accelerator space w/ shared services
- ❑ Product development support
- ❑ Business and executive management mentoring
- ❑ Venture capital and angel investor preparation and introductions
- ❑ Micro-loan program

# Ann Arbor/Ypsilanti SmartZone<sup>SM</sup>

- Received SmartZone<sup>SM</sup> status on April 11, 2001
- Adoption of resolutions (AA and Ypsi) creating LDFA in June, 2002
- Appointment of LDFA Board
- LDFA Plan for AA/Ypsi SmartZone<sup>SM</sup> adopted in November, 2002
  - TIF Boundaries – essentially the existing DDA boundaries in each city
  - Financing mechanism – allows “capture” of the **incremental** taxes for reinvestment with the boundaries of the authority
    - Ann Arbor  Ypsilanti 
    - Capture of DDA increment takes precedence over the LDFA
    - LDFA does not capture AAPS debt service nor enhancement millage in AA – AAPS remains whole with school property tax redistribution
  - Funding distribution – LDFA funds used **exclusively** in the community in which they are generated
- LDFA Duration: 2003-2018

# LDFA: Legal Authority



# LDFFA: Board Members

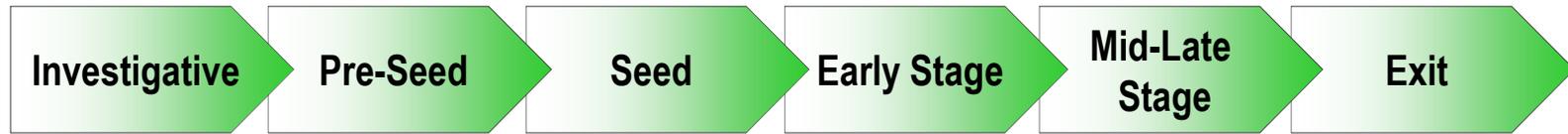
- Board (9 members = 6 Ann Arbor + 3 Ypsilanti)
    - **Dick Beedon** (Entrepreneur, Investor) – VICE-CHAIR
    - **Theresa Carroll** (Attorney)
    - **Mike Korybalski** (Entrepreneur, Investor)
    - **Lisa Kurek** (Commercialization Consultant)
    - **Stephen Rapundalo** (Council Member) - CHAIR
    - **Vacant**
    - **Darryl Daniels** (Entrepreneur) - TREASURER
    - **Mark Maynard** (UM Technology Transfer Office)
    - **Phil Tepley** (SBTDC)
    - Tom Crawford (City of Ann Arbor) - *ex officio* - RECORDING SECRETARY
    - Skip Simms (AA Spark) – *ex officio*
    - Ned Staebler (MEDC) – *ex officio*
- } City of Ann Arbor
- } City of Ypsilanti

# LDFFA: Contracted Services by SPARK

- Business accelerator services
- Incubator space for 14 start-up tenants and “location” for virtual companies (SPARK Central, 330 E. Liberty)
  - Subsidized leases
  - Administrative support; internet services
  - Utilities and property taxes; insurance; maintenance
  - Advertising and promotion
- Accounting services to support agreement
- Marketing services plan that addresses public relations, collateral materials and internet initiatives that support LDFFA funded programs and objectives

Eligibility: Ann Arbor physical address or “virtual” tenant of SPARK Central

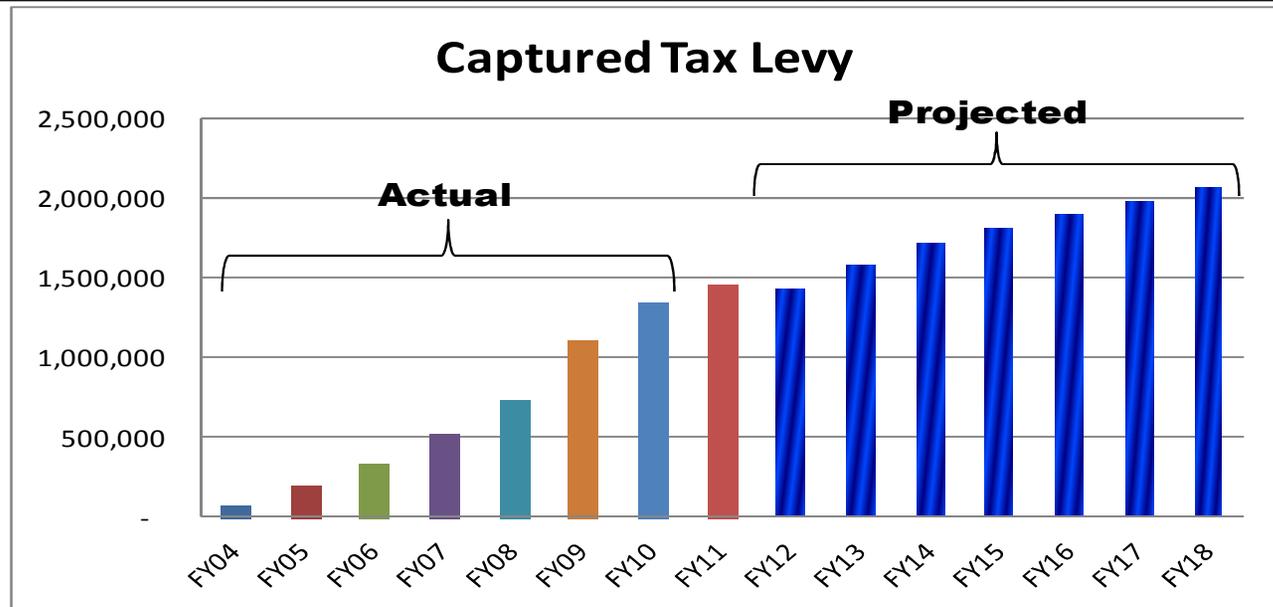
# LDFAs: Business Accelerator Services



- Phase I – initial contact and screening of business/technology proposition for programmatic fit, review by advisors/consultants and referral to Phase II services
- Phase II – in-depth evaluation of prospective client to determine capability of business for consulting help in Phase III; 50% outsourced to qualified subcontractors
- Phase III – substantial involvement to advance firms beyond start-up phase to seed stage; addressing strategic issues, development of business plan/schedule/budget, implementation of milestone plan; 100% outsourced to qualified subcontractors
- Education –
  - Entrepreneurs Boot Camp
  - Business networking events
  - Cantillon Entrepreneurial Education Series – e-learning and training

# LDFA: Tax Capture (Actual & Projected)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Base Taxable Value	248,052,105	248,052,105	248,052,105	248,052,105	248,052,105	248,052,105	248,052,105
Taxable Value	268,549,336	280,359,588	299,774,702	324,354,314	356,708,659	382,137,545	394,177,063
Captured Taxable Value	20,497,231	32,307,483	51,722,597	76,302,209	108,656,554	134,085,440	146,124,958
PRE (Homestead) Taxable Value	5,117,832	8,174,889	10,555,824	20,671,707	26,962,637	28,879,737	30,692,153
Non-PRE Taxable Value	15,379,399	24,132,594	41,166,773	55,630,502	81,693,917	105,205,703	115,432,805
PRE (Homestead) Captured Tax Levy	15,353	24,525	31,667	62,015	80,888	86,639	92,076
Non-PRE Captured Tax Levy	184,345	289,265	493,446	666,715	979,077	1,260,859	1,383,428
<b>Total Captured Tax Levy</b>	<b>199,699</b>	<b>313,790</b>	<b>525,113</b>	<b>728,730</b>	<b>1,059,965</b>	<b>1,347,498</b>	<b>1,475,504</b>



# L DFA: FY2011 Financials

	FY 2010	FY 2011	
	Actual	Budget	Actual
<b>REVENUES</b>			
Tax Revenue	\$ 1,347,498	\$1,400,000	\$ 1,475,504
Miscellaneous Revenue	-	-	-
Investment Income	10,012	7,335	14,723
<b>Total Revenue</b>	<b>\$ 1,357,510</b>	<b>\$1,407,335</b>	<b>\$ 1,490,227</b>
<b>EXPENDITURES</b>			
<b>Business Accelerator Support Services</b>	<b>661,948</b>	<b>587,400</b>	<b>575,616</b>
<b>Micro Loan</b>	<b>275,000</b>	<b>400,000</b>	<b>400,000</b>
<b>Angel Investment Group Support</b>	<b>24,987</b>	<b>20,000</b>	<b>12,490</b>
<b>Business Networking Events</b>	<b>23,060</b>	<b>30,000</b>	<b>30,885</b>
<b>Entrepreneur Education</b>	<b>52,000</b>	<b>66,000</b>	<b>52,681</b>
<b>Cantillon Web Based Education</b>	<b>27,925</b>	<b>5,000</b>	<b>2,400</b>
<b>SPARK Central Incubator Operating Exp</b>	<b>137,950</b>	<b>160,000</b>	<b>154,773</b>
<b>SPARK Indirect Services:</b>			
SPARK Accounting	53,120	61,350	52,770
Marketing	65,000	65,000	71,940
<b>City of Ann Arbor Legal &amp; Admin Support</b>	<b>28,146</b>	<b>50,000</b>	<b>32,529</b>
<b>Total Operating Expenditures</b>	<b>\$ 1,349,136</b>	<b>\$1,444,750</b>	<b>\$ 1,386,084</b>
<b>Net Increase/(Decrease)</b>	<b>\$ 8,374</b>	<b>\$ (37,415)</b>	<b>\$ 104,143</b>
<b>RESERVES:</b>			
Beginning Fund Balance	\$ 469,575	\$ 477,949	\$ 477,949
Surplus (deficit)	8,374	(37,415)	104,143
<b>Ending Fund Balance</b>	<b>\$ 477,949</b>	<b>\$ 440,534</b>	<b>\$ 582,092</b>

# LDFA: FY2011 Metrics

- 43 companies rec'd Business Accelerator services
  - 93 retained jobs → 118 current FTEs = 25 new jobs
- 27 companies utilized Entrepreneurial Boot Camp
  - 68 retained jobs → 70 current FTEs = 2 new jobs
- 47 companies were incubator tenants
  - 15 companies seated tenants, 2 graduated and stayed in the city
  - 92 retained jobs → 148 current FTEs = 56 new jobs
- 9 companies received loans totaling \$317,000
- 111 educational programs and events hosted
  - 3,864 attendees (1,175 entrepreneurs)

# LDFA: Planning for the Future

- LDFA – strategic priorities for business growth
  - Analyze effectiveness
    - Establish Metrics Subcommittee – finalize new metrics
    - Demonstrate ROI on tax \$\$\$ - e.g. past 5 yrs rolling performance
    - Contract performance audit
  - Capital development
    - Micro-loan fund
    - Enhanced interactions between entrepreneurs and angel investors
  - Determine priorities for future LDFA funds
    - Cantillon
  - Grow culture of entrepreneurship
    - Enhanced marketing and promotion
    - Encourage non-AA businesses to locate here
    - Facilitate interactions between technologists and entrepreneurs
  - Capital Infrastructure Needs
    - Support for community-wide technology infrastructure needs and improvements