

LDFA





Annual Report FY 2012

Michigan's SmartZonesSM

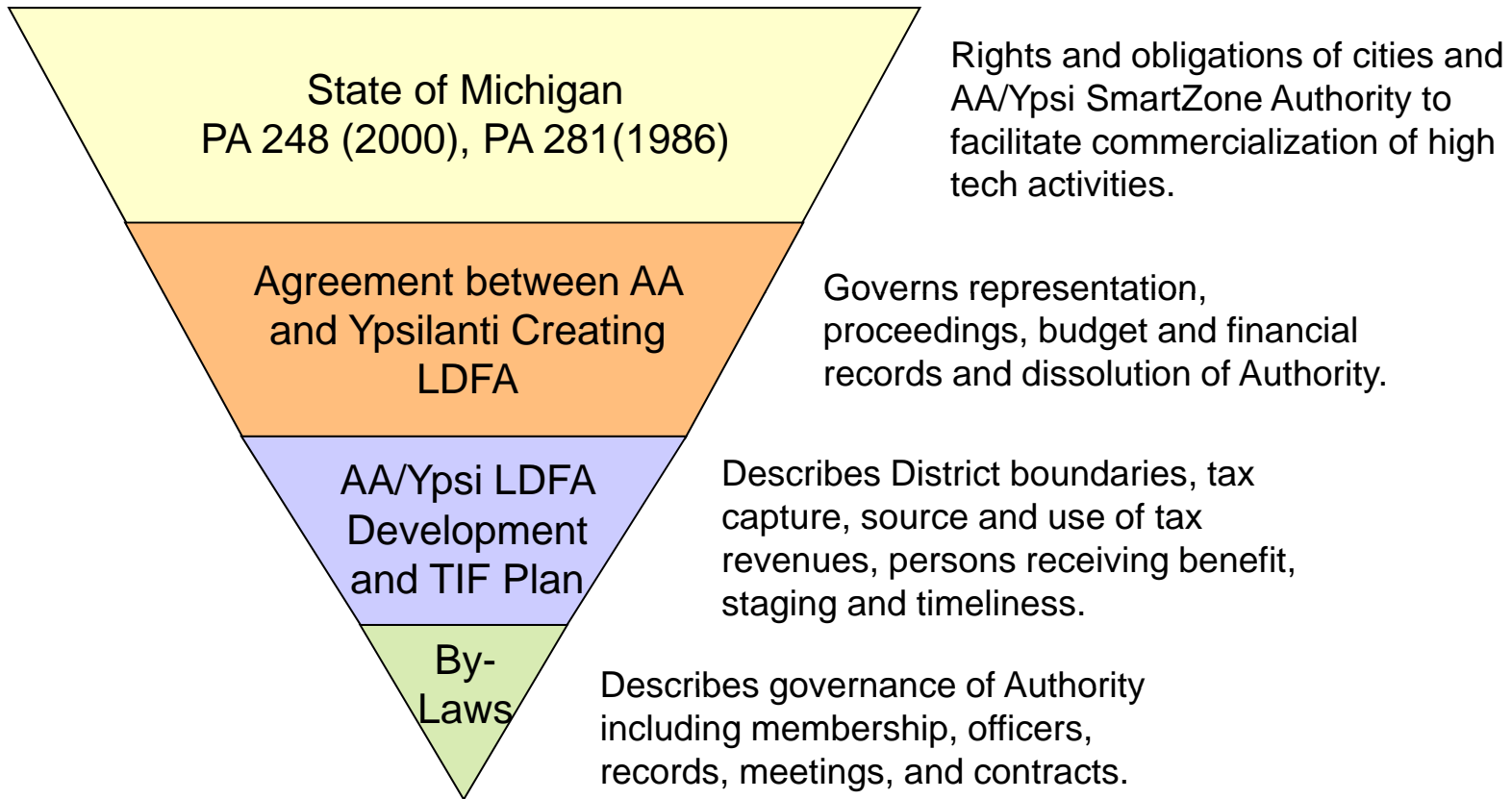


- Created by PA 248 (2000)
- Specially created “technology parks” designed to spur growth of technology-related or research-oriented businesses and employment opportunities
- Provide services to facilitate commercialization of technologies emerging from Michigan universities and private companies

Ann Arbor/Ypsilanti SmartZoneSM

- Received SmartZoneSM 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 SmartZoneSM adopted in November, 2002
 - TIF Boundaries – essentially the existing DDA boundaries in each city
 - Financing mechanism – allows “capture” of the incremental taxes for reinvestment within 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
 - STATE funds distributed locally.
 - Funding distribution – LDFA funds used exclusively in the community in which they are generated
- LDFA Duration: 2003-2018

LDFA: Legal Authority



LDFA: Board Members

- Board (9 members = 6 Ann Arbor + 3 Ypsilanti)

- Dick Beedon (Entrepreneur, Investor) – CHAIR
 - Theresa Carroll (Attorney)
 - Stephen Rapundalo (Bio-Industry Assoc., CEO) – VICE CHAIR
 - Eric Jacobson (Entrepreneur, CFO) - TREASURER
 - Christopher Taylor (Council Member)
 - Ned Staebler (Wayne State University, Executive)
 - Vince Chmielewski (Entrepreneur)
 - 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*
 - Paula Sorrell (MEDC) – *ex officio*
- City of Ann Arbor
- City of Ypsilanti

SmartZonesSM: 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; 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

LDFA: Contracted Services by SPARK

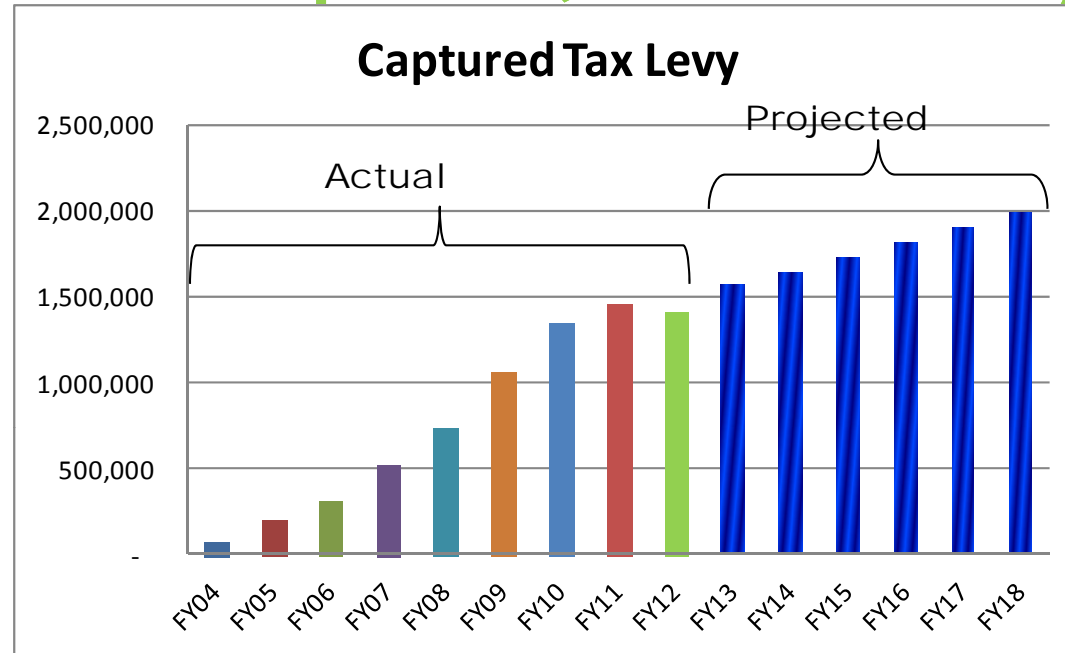
- Business accelerator services
- Incubator space for 14 start-up tenants and “location” for virtual companies (SPARK Central, 330 E. Liberty)
 - Subsidized leases
 - Administrative support; internet services
 - Utilities and property taxes; insurance; maintenance
- Accounting services to support agreement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

LDFA: 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
- Microloans for working capital and expenses related to attracting customers, product partners, and investors.
- Education –
 - Entrepreneurs Boot Camp
 - Business networking events

LDFA: Tax Capture (Actual & Projected)



	PROJECTED											
	FY 2013		FY 2014		FY 2015		FY 2016		FY 2017		FY 2018	
Base Taxable Value	248,052,105		248,052,105		248,052,105		248,052,105		248,052,105		248,052,105	
Taxable Value	401,411,274	4%	409,439,499	2%	417,628,289	2%	425,980,855	2%	434,500,472	2%	443,190,482	2%
Captured Taxable Value	153,359,169		161,387,394		169,576,184		177,928,750		186,448,367		195,138,377	
PRE (Homestead) Taxable Value	30,542,724	20%	32,141,610	20%	33,772,474	20%	35,435,956	20%	37,132,707	20%	38,863,393	20%
Non-PRE Taxable Value	122,816,445	80%	129,245,784	80%	135,803,710	80%	142,492,795	80%	149,315,661	80%	156,274,984	80%
PRE (Homestead) Captured Tax Levy	91,628		96,425		101,317		106,308		111,398		116,590	
Non-PRE Captured Tax Levy	1,471,918		1,548,972		1,627,567		1,707,733		1,789,503		1,872,909	
Total Captured Tax Levy	1,563,546		1,645,397		1,728,884		1,814,041		1,900,902		1,989,499	

LDFA: FY2012 Financials

	FY 2011	FY 2012	
	Actual	Budget	Actual
REVENUES			
Tax Revenue	\$ 1,475,504	\$1,545,181	\$ 1,437,146
Investment Income	14,723	12,357	14,576
Total Revenue	\$ 1,490,227	\$1,626,288	\$ 1,451,722
EXPENDITURES			
Business Accelerator Support Services	575,616	870,000	763,361
Micro Loan	400,000	343,750	275,000
Angel Investment Group Support	12,490	30,000	-
Business Networking Events	30,885	30,000	25,748
Entrepreneur Education	52,681	80,000	60,129
Cantillon Web Based Education	2,400	5,000	-
SPARK Central Incubator Operating Exp	154,773	168,000	164,672
SPARK Indirect Services:			
SPARK Accounting	52,770	63,191	63,191
Marketing	71,940	68,250	65,180
City of Ann Arbor Legal & Admin Support	32,529	50,000	39,338
Total Operating Expenditures	\$ 1,386,084	\$1,708,191	\$ 1,456,619
Net Increase/(Decrease)	\$ 104,143	\$ (81,903)	\$ (4,897)
RESERVES:			
Beginning Fund Balance	\$ 477,949	\$ 582,092	\$ 582,092
Surplus (deficit)	104,143	(81,903)	(4,897)
Ending Fund Balance	\$ 582,092	\$ 500,189	\$ 577,195

LDFA: FY2012 Metrics

- 62 companies rec'd Business Accelerator services
 - 162 retained jobs → 221 current FTEs = 59 new jobs
- 14 companies utilized Entrepreneurial Boot Camp
 - 28 retained jobs → 35 current FTEs = 7 new jobs
- 41 companies were incubator tenants
 - 15 companies seated tenants, 3 graduated and stayed in the city
 - 83 retained jobs → 127 current FTEs = 44 new jobs
- 6 companies received loans totaling \$182,461
 - 22 retained jobs → 29 current FTEs = 7 new jobs
- 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
 - Capital development
 - Determine priorities for future LDFA funds
 - Grow culture of entrepreneurship
 - Capital Infrastructure Needs