

LDFA





Annual Report FY 2013

Michigan's SmartZonesSM

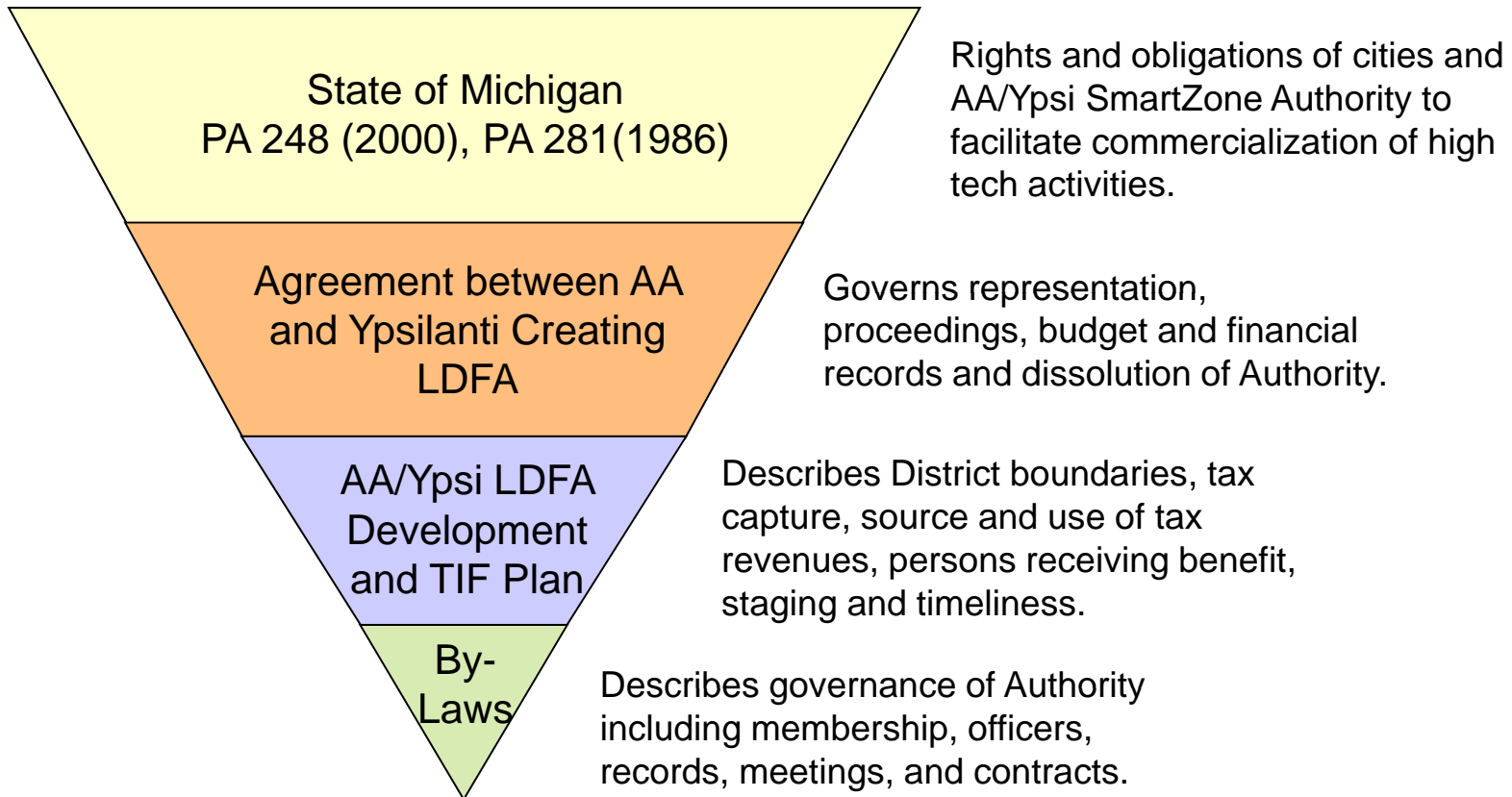


- Created by PA 248 (2000)
- Specially created “technology parks” designed to spur growth of technology-related or research-oriented businesses and employment opportunities
- Provide services to facilitate commercialization of technologies emerging from Michigan universities and private companies

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)

- Carrie Leahy (Attorney) - CHAIR
 - Dick Beedon (Entrepreneur, Investor)
 - Stephen Rapundalo (Bio-Industry Assoc., CEO)
 - Eric Jacobson (Entrepreneur, CFO) - TREASURER
 - Sally Hart Petersen (Council Member)
 - Ned Staebler (Wayne State University, Executive)
 - Vince Chmielewski (Entrepreneur)
 - Bilal Saeed (Entrepreneur)
 - [TBD]
 - Tom Crawford (City of Ann Arbor) - *ex officio* - RECORDING SECRETARY
 - Skip Simms (AA Spark) – *ex officio*
 - Paula Sorrell (MEDC) – *ex officio*
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- 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

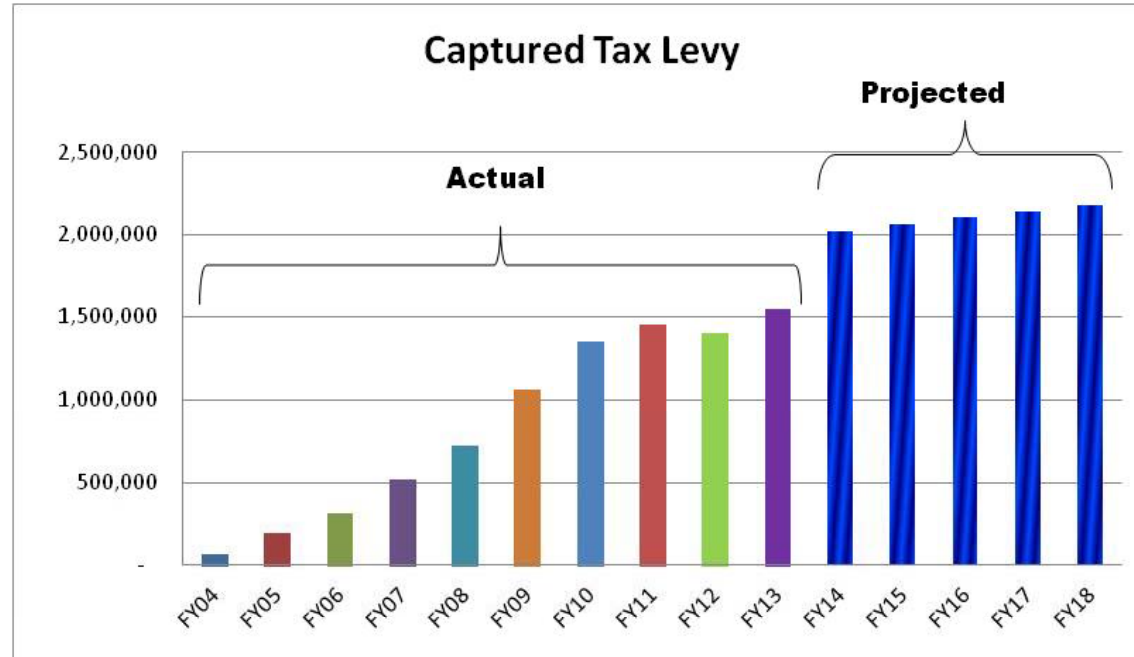
- Business accelerator services
- Incubator space for 14 start-up tenants and “location” for virtual companies (SPARK Central, 330 E. Liberty)
 - Subsidized leases
 - Administrative support; internet services
 - Utilities and property taxes; insurance; maintenance
 - Meeting space
- Accounting services 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)



	Actual FY 2013	FY 2014*	FY 2015	PROJECTED 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	396,717,365	437,775,061	446,530,562	455,461,173	464,570,397	473,861,805
Captured Taxable Value	148,665,260	189,722,956 28%	198,478,457 5%	207,409,068 4%	216,518,292 4%	225,809,700 4%
Total Captured Tax Levy	1,546,577	2,017,835	2,058,192	2,099,356	2,141,343	2,184,169

NOTE:

Projections include changes in State law related to personal property exemptions.

L DFA: FY2013 Financials

	FY 2012	FY 2013	
	Actual	Budget	Actual
REVENUES			
Tax Revenue	\$ 1,437,146	\$1,563,019	\$ 1,546,577
Investment Income	16,971	12,357	(4,359)
Total Revenue	\$ 1,454,117	\$1,575,376	\$ 1,542,218
EXPENDITURES			
Business Accelerator Support Services	763,361	862,000	977,893
Micro Loan	275,000	150,000	-
Business Networking Events	25,748	50,000	47,090
Entrepreneur Education	60,129	120,000	68,870
SPARK Central Incubator Operating Exp	164,672	170,000	165,892
Internship Support & Talent Training		100,000	55,851
Business Software Access for Clients		20,000	7,330
SPARK Indirect Services:			
SPARK Accounting	63,191	65,086	65,086
Marketing	65,180	71,663	64,433
City of Ann Arbor Legal & Admin Support	39,338	50,000	29,030
Total Operating Expenditures	\$ 1,456,619	\$1,658,749	\$ 1,481,475
Net Increase/(Decrease)	\$ (2,502)	\$ (83,373)	\$ 60,743
RESERVES:			
Beginning Fund Balance	\$ 591,264	\$ 588,762	\$ 588,762
Surplus (deficit)	(2,502)	(83,373)	60,743
Ending Fund Balance	\$ 588,762	\$ 505,389	\$ 649,505

LDFA: FY2013 Metrics

- 70 companies rec'd Business Accelerator services
 - 213 retained jobs → 238 current FTEs = 25 new jobs
- 24 companies utilized Entrepreneurial Boot Camp
 - 35 retained jobs → 46.5 current FTEs = 11.5 new jobs
- 45 companies were incubator tenants
 - 17 companies seated tenants, 2 graduated and stayed in the city
 - 72.5 retained jobs → 105 current FTEs = 32.5 new jobs
- 2 companies received loans totaling \$75,000
 - 6 retained jobs
- 88 educational programs and events hosted
 - 2,973 attendees (1,146 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