

LDFA





Annual Report FY 2014

Michigan's SmartZonesSM

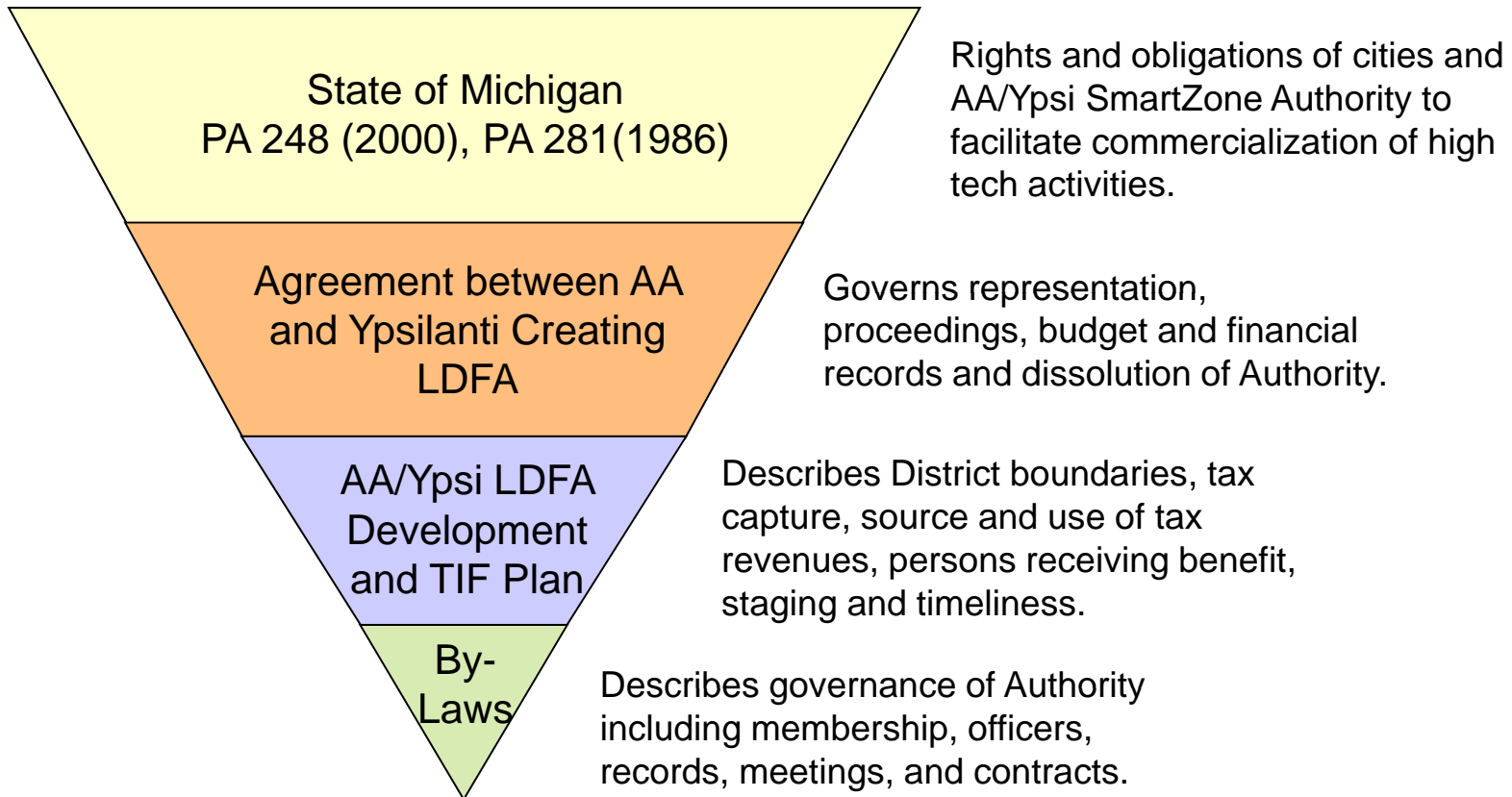


- Created by PA 248 (2000)
- Specially created “technology parks” designed to spur growth of technology-related or research-oriented businesses and employment opportunities
- Provide services to facilitate commercialization of technologies emerging from Michigan universities and private companies

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 Extension in Process with MEDC
 - If approved 10% of funds would be used in Ypsilanti

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
- Grayden Kraphal (Council Member)
- Ned Staebler (Wayne State University, Executive)
- Vince Chmielewski (Entrepreneur)
- Bilal Saeed (Entrepreneur)
- Caryn Charter (EMU)
- 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

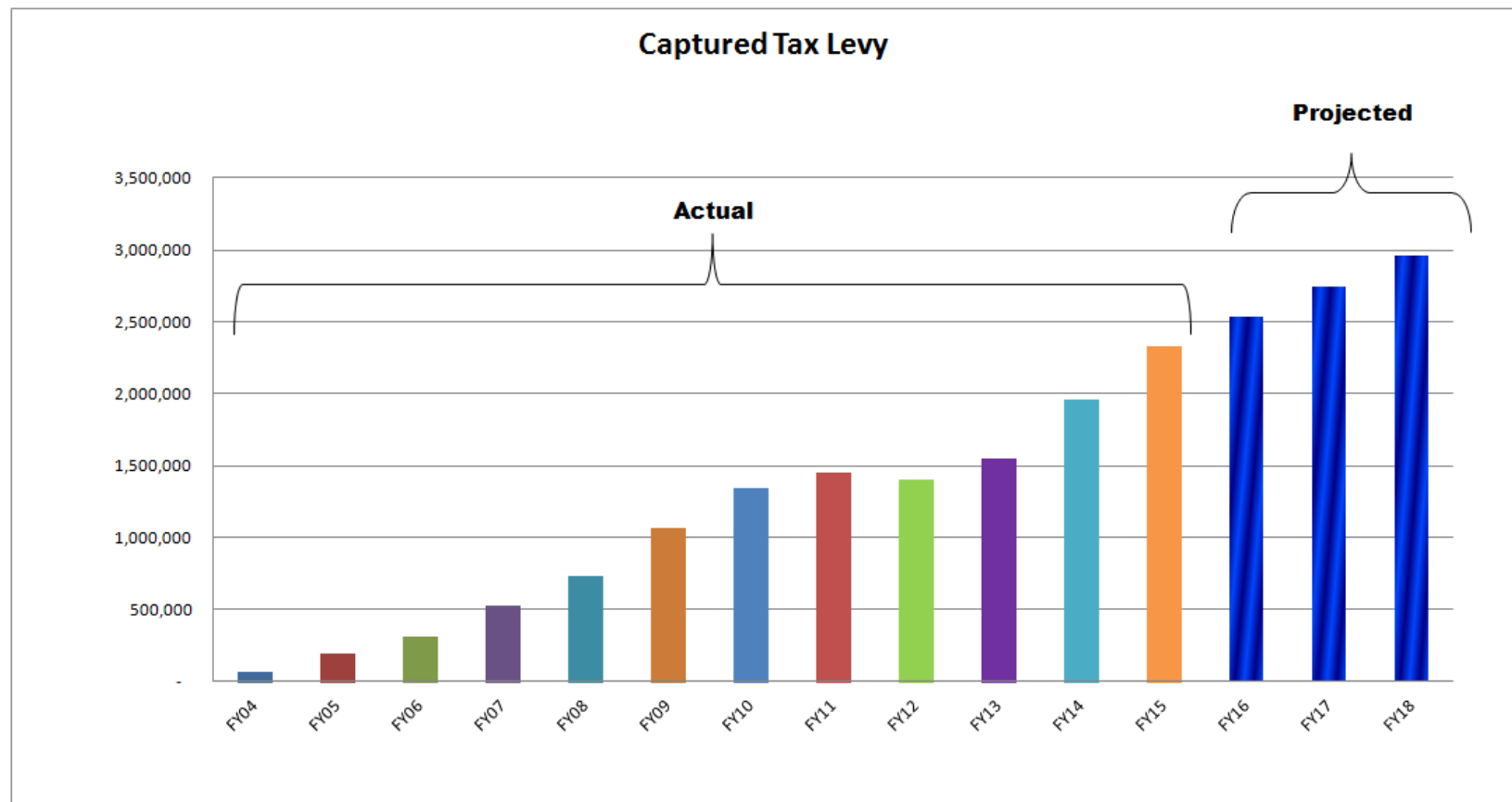
- Business accelerator services
- Incubator space for 17 start-up tenants and “location” for virtual companies (SPARK Central, 330 E. Liberty)
 - Subsidized leases
 - Administrative support; internet services
 - Utilities and property taxes; insurance; maintenance
 - Meeting space
- Accounting services 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)



LDFA: FY2014 Financials

	FY 2013	FY 2014	
	Actual	Budget	Actual
REVENUES			
Tax Revenue	\$ 1,546,577	\$1,645,397	\$ 1,964,393
Investment Income	(4,359)	10,250	17,090
Total Revenue	\$ 1,542,218	\$1,655,647	\$ 1,981,483
EXPENDITURES			
Business Accelerator Support Services	977,893	1,000,000	963,623
Micro Loan	-	-	-
Business Networking Events	47,090	40,000	38,892
Entrepreneur Education	68,870	100,000	74,115
SPARK Central Incubator Operating Exp	165,892	350,000	321,525
Internship Support & Talent Training	55,851	100,000	114,012
Business Software Access for Clients	7,330	20,000	16,497
SPARK Indirect Services:			
SPARK Accounting	65,086	67,000	67,000
Marketing	64,433	75,000	72,127
City of Ann Arbor Legal & Admin Support	29,030	62,892	57,431
Total Operating Expenditures	\$ 1,481,475	\$1,814,892	\$ 1,725,222
Net Increase/(Decrease)	\$ 60,743	\$ (159,245)	\$ 256,261
RESERVES:			
Beginning Fund Balance	\$ 588,762	\$ 649,505	\$ 649,505
Surplus (deficit)	60,743	(159,245)	256,261
Ending Fund Balance	\$ 649,505	\$ 490,260	\$ 905,766

LDFA: FY2014 Metrics

- 77 companies rec'd Business Accelerator services
 - 195 retained jobs → 316 current FTEs = 121 new jobs
- 22 companies utilized Entrepreneurial Boot Camp
 - 25 retained jobs → 43.5 current FTEs = 18.5 new jobs
- 51 companies were incubator tenants
 - 17 companies seated tenants, 3 graduated and stayed in the city
 - 91 retained jobs → 153.5 current FTEs = 62.5 new jobs
- 7 companies received loans totaling \$270,000
 - 14 retained jobs
- 97 educational programs and events hosted
 - 3,067 attendees (894 entrepreneurs)

Companies are served by a mix of programs, therefore jobs created by program contain overlapping figures.

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