

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF ANN ARBOR AND CITY OF YPSILANTI
APPLICATION TO THE MEDC FOR EXTENSION
PURSUANT TO 2012 PA 290, Section 2.(jj) (ii) (B)

EXECUTIVE SUMMARY
DATED MAY 22, 2014

Purpose: The Ann Arbor/Ypsilanti Local Development Finance Authority (LDFA) is applying for a TIF extension in order to continue the LDFA's efforts towards economic growth (in company formation and jobs) and to enhance growth in the SmartZone region, and submits this executive summary to address MEDC's extension criteria of (a) reporting and (b) regional collaboration.

Extension Requirements: With regard to reporting, the LDFA will continue to report:

- Monthly the companies created, jobs created, the amount and type of investment raised, dollars leveraged with LDFA initiatives, and number of persons participating in the programs and events sponsored in the community;
- Annually the results of the regional collaboration with area universities, service providers, incubators, and volunteers.

With regard to regional collaboration, the LDFA will work with the Cities of Ann Arbor and Ypsilanti to expand the area for expenditure of TIF captured to include services and grants to companies and entrepreneurs in Ypsilanti. Currently funding is restricted to entrepreneurs and companies located in the city limits of Ann Arbor. LDFA programs and events such as our "Boot Camp" will be offered to entrepreneurs throughout the MEDC Region 9 area that is made up of Hillsdale, Jackson, Monroe, Lenawee, Livingston and Washtenaw counties.

Background and Rationale for Expansion: The Cities of Ann Arbor and Ypsilanti make up the SmartZone and are home to the University of Michigan and Eastern Michigan University. The cities created the dual community LDFA in an agreement signed with the MEDC on November 15, 2002. The term of the agreement expires May 1, 2017.

The LDFA has the authority to enter into a contract with service providers to delegate the responsibility of operating and planning the activities supported by the LDFA including, but not limited to: providing administrative services to the LDFA, generating specific marketing plans, identifying methods of facilitating technology commercialization, and develop and implement commercially reasonable strategies to facilitate the commercialization of high technology activities in the Ann Arbor/Ypsilanti SmartZone.

SPARK has been the primary contractor providing these services and is one of only 38 Accredited Economic Development Organizations by the International Economic Development Council. It is often benchmarked by other Economic Development Organizations for its innovative programs that help companies of all stages of growth continue to expand and create jobs. It serves the largest number of tech companies of all SmartZones in Michigan.

Additional uses of TIF collection are expected to include collaboration with key service providers:

- BBC, Inc provides training, marketing and writing assistance for federal SBIR/STTR grants;
- TechArb is a student incubator operated by the Center for Entrepreneurship in the Engineering School at the University of Michigan, providing space and mentoring to undergrads trying new ideas for tech companies;
- Growth Capital Symposium run annually by the Zell Lurie Institute in the Ross School of Business at the University of Michigan, which provides a forum for startup entrepreneurs to pitch their

companies to venture capitalists from around the country, who also network with local VC and angel investors;

- SPARK East, the incubator operated by Ann Arbor SPARK in Ypsilanti serving the community and students from Eastern Michigan University starting up companies.

The marketing efforts for LDFA services, programs and success stories will be broadened to reach a regional audience in an effort to attract more entrepreneurs and startup companies to the programs offered. Programs will continue to largely be presented and provided in the downtown Ann Arbor hub known as SPARK Central. Although this is the base location for services, some events will be strategically presented at appropriate venues in the region.

The LDFA has submitted resolutions to the Cities of Ann Arbor and Ypsilanti to extend the TIF capture to continue with the goals set forth in the original plan in 2002, “The overarching purpose of the SmartZone Business Accelerator will be to help guide entrepreneurs and startup teams through early stage development, and to assist existing small businesses in positioning themselves for growth.”

The SmartZone capture reimbursed by the state was originally projected to be from \$75,000 in 2003 to \$500,000 in 2008. Actual tax capture was as follows:

2004	2005	2006	2007	2008	2009
68,578	199,699	313,790	525,113	728,730	1,059,965
2010	2011	2012	2013	2014	2015
1,347,498	1,451,736	1,404,144	1,558,621 1,546,577	1,645,397 1,964,762	1,728,884 2,158,192

In the original plan the only milestone identified was an endeavor to sponsor or coordinate a joint event with each of the major organizations with which the LDFA partners. In the first year, it was expected that the LDFA would co-sponsor events with MichBio, MEMS Consortia, and NEF. The SmartZone was also to be in-kind sponsor of the Great Lakes Venture Quest and the Growth Capital Symposium. These milestones were all accomplished. Today the list of organizations which the LDFA and/or SPARK coordinates activities with or sponsors include: MichBio, Michigan Venture Capital Association, Ann Arbor Angels, New Enterprise Forum, SBDC, Center for Entrepreneurship, Business Engagement Center, BBC Inc, Accelerate MI Innovation Competition, GLEQ, MI Growth Capital Symposium, BioArbor, A2Geeks, and many others.

In a 2012 statewide summary of results of 13 SmartZones the Ann Arbor/Ypsilanti SmartZone ranked among the highest in every metric of performance measured by the MEDC:

METRIC	AA/YPSI SMARTZONE	RANK
New Companies Created	55	1
Tech Companies Served	462	1
Jobs Created	120	2
Jobs Retained	275	3
Event Attendees	2,020	2
Total Capital Received	27,797,937	1

Milestones the LDFA expects to meet for the future on an annual average basis are as follows:

METRIC	IMPACT	METRIC	IMPACT
New Companies Created	50	Tech Companies Served	400
Jobs Created	125	Jobs Retained	275
SBIR/STTR Funding	1,000,000	Venture Capital	20,000,000
Angel Funds	5,000,000	Sales Revenue	2,000,000
Events	50	Attendees	2,000

