

LDFA



Annual Report FY 2012

Michigan's SmartZonesSM

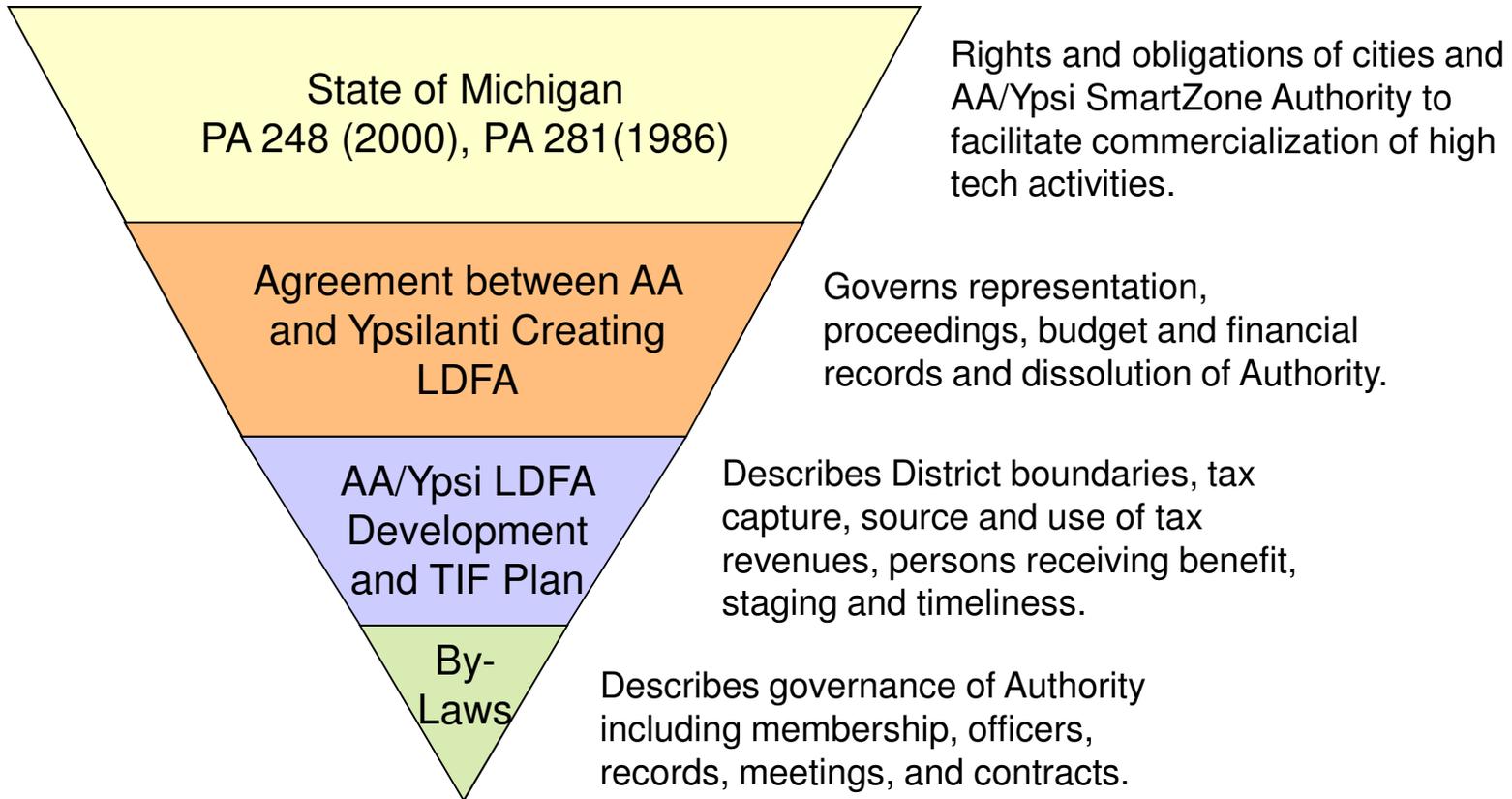


- Created by PA 248 (2000)
- Specially created “technology parks” designed to spur growth of technology-related or research-oriented businesses and employment opportunities
- Provide services to facilitate commercialization of technologies emerging from Michigan universities and private companies

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

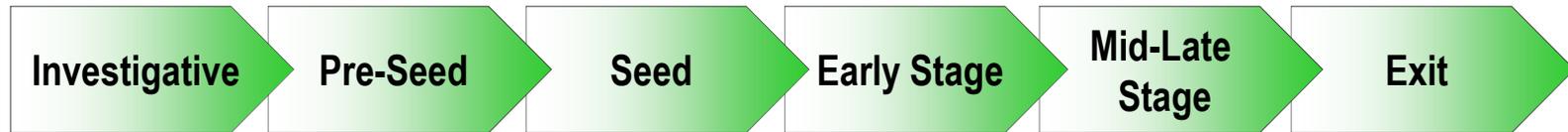
Business accelerator services include, but not limited to:

- ❑ 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

LDFFA: Contracted Services by SPARK

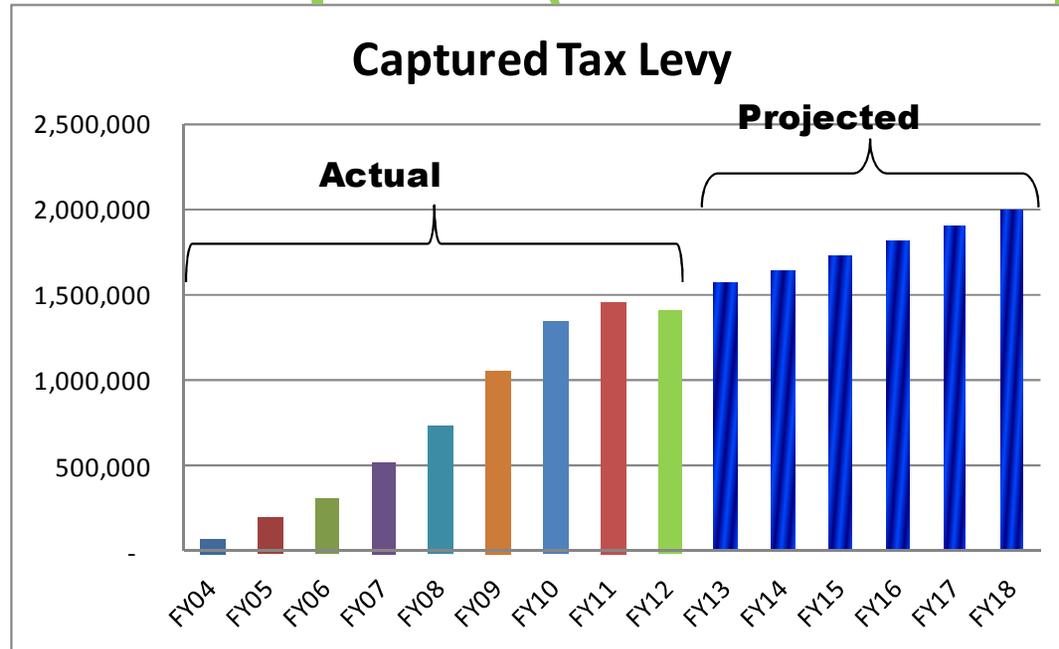
- Business accelerator services
- Incubator space for 14 start-up tenants and “location” for virtual companies (SPARK Central, 330 E. Liberty)
 - Subsidized leases
 - Administrative support; internet services
 - Utilities and property taxes; insurance; maintenance
- Accounting services to support agreement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

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
- 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)



	FY 2013	FY 2014	FY 2015	PROJECTED		FY 2017	FY 2018
				FY 2016			
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	401,411,274	409,439,499	417,628,289	425,980,855	434,500,472	443,190,482	
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	32,141,610	33,772,474	35,435,956	37,132,707	38,863,393	
Non-PRE Taxable Value	122,816,445	129,245,784	135,803,710	142,492,795	149,315,661	156,274,984	
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