

LDFA



Annual Report FY09

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



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 and training; grant writing
- ❑ Management and talent recruitment
- ❑ Incubator/wet lab and accelerator space w/ shared services
- ❑ Product development support
- ❑ Business and executive management mentoring
- ❑ Venture capital and angel investor preparation and introductions

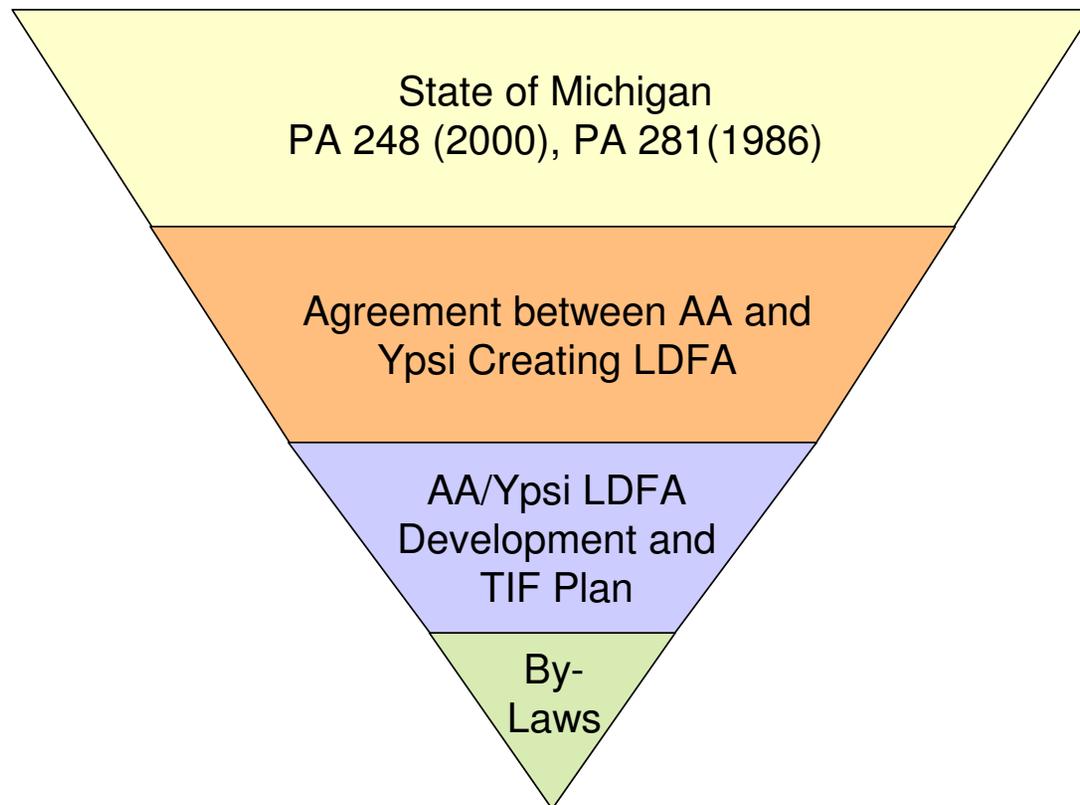


Ann Arbor/Ypsilanti SmartZoneSM

- 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
 - Boundaries – essentially the existing DDA boundaries in each city
 - Financing mechanism – allows “capture” of the **incremental** taxes for reinvestment with 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
 - Funding distribution – LDFA funds used **exclusively** in the community in which they are generated
- LDFA Duration: 2003-2018



AA/Ypsi LDFA: Legal Authority



AA/Ypsi LDFA: Management

- Board (9 members = 6 Ann Arbor + 3 Ypsilanti)
 - **Dick Beedon** (Entrepreneur and Investor)
 - **Theresa Carroll** (Dykema)
 - **Mike Korybalski** (Serial Entrepreneur) – VICE-CHAIR
 - **Lisa Kurek** (Biotechnology Business Consultants)
 - **Stephen Rapundalo** (AA City Council)
 - **Rob Risser** (Advanced Photonix)
 - **Mark Maynard** (U-M Technology Transfer Office)
 - **Richard King** (SBTDC) - CHAIR
 - **Darryl Williams** (Entrepreneur) - TREASURER
 - Tom Crawford (City of Ann Arbor) – RECORDING SECRETARY - *ex officio*
 - Skip Simms (AA Spark) – *ex officio*
 - Rosalyn Zator (MEDC) – *ex officio*
- } City of Ann Arbor
- } City of Ypsilanti



LDFAs: Contracted Services by SPARK

- Business accelerator services
- Incubator space for 12 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
 - Advertising and promotion
- Accounting services to support agreement
- Marketing services plan that addresses public relations, collateral materials and internet initiatives that support LDFAs funded programs and objectives

Eligibility: Ann Arbor physical address or “virtual” tenant of SPARK Central



LDFA: Business Accelerator Services

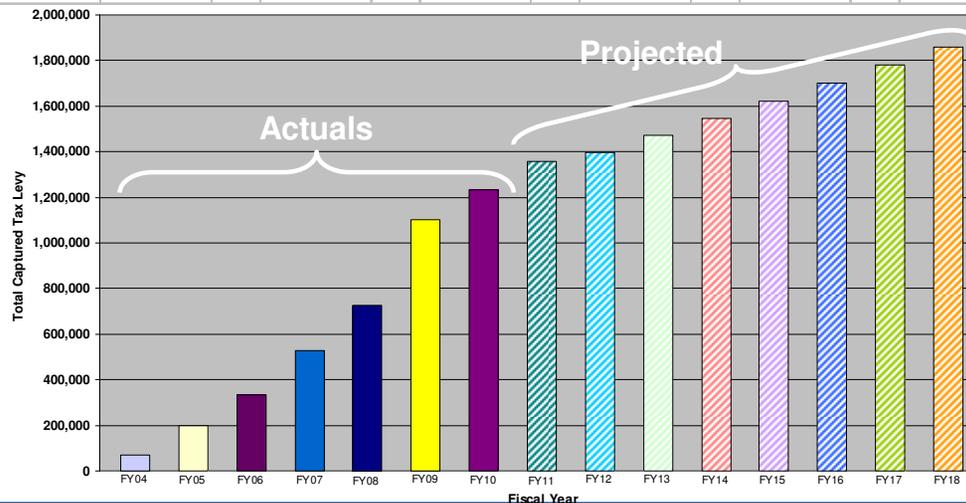


- BA direct staffing – Phase I, 50% of Phase II, and 100% executive talent recruiting
- Phase I – initial contact and screening of business/technology proposition for programmatic fit, review by advisors/consultants and referral to Phase II services
- Phase II – in-depth evaluation of prospective client 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
- Education –
 - Entrepreneurs Boot Camp
 - Business networking events
 - Cantillon Entrepreneurial Education Series – e-learning and training



L DFA Tax Capture: Actuals and Projected

	ACTUAL													
	FYE 2004		FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009		FYE 2010	
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	255,740,392	3%	268,549,336	5%	282,005,908	5%	299,900,784	6%	324,293,338	8%	360,166,693	11%	381,872,618	6%
Captured Taxable Value	7,688,287		20,497,231		33,953,803		51,848,679		76,241,233		112,114,588		133,820,513	
PRE (Homestead) Taxable Value	2,195,895	29%	5,117,832	25%	8,174,889	24%	10,555,824	20%	20,671,707	23%	26,962,637	24%	28,779,737	21%
Non-PRE Taxable Value	5,492,392	71%	15,379,399	75%	25,778,914	76%	41,292,855	80%	55,569,526	77%	85,151,951	76%	104,940,776	79%
PRE (Homestead) Captured Tax Levy	5,490		15,353		24,525		31,667		62,015		80,888		86,339	
Non-PRE Captured Tax Levy	63,088		184,345		308,999		494,957		665,984		1,020,521		1,257,684	
Total Captured Tax Levy	68,578		199,699		333,524		526,624		727,999		1,101,408		1,344,023	
Total Recognized Capture	68,578		199,699		333,524		526,624		727,999		1,101,408		1,234,626	
Total Unrecognized Capture													109,697	



AA/Ypsi LDFA: FY2009 Financials

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2009</u>
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES			
Tax Revenue	\$ 728,730	\$ 950,492	\$ 1,059,965
Miscellaneous Income	-	-	30,913
Investment Income	22,875	-	6,762
Total Revenues	\$ 751,605	\$ 950,492	\$ 1,097,640
EXPENDITURES			
Business Accelerator Support Services	\$ 410,680	\$ 482,500	\$ 401,422
Business Networking Events	25,500	43,200	22,083
Entrepreneur Education	40,000	60,700	55,150
Collaboration Networking	60,000	-	-
Cantillon Web-Based Education	70,875	54,400	35,375
Angel Investment Group Support	-	12,500	12,500
SPARK Central BA Operating Expenses	190,373	160,420	153,568
Marketing	70,104	50,400	50,400
Indirect Services			
SPARK Accounting	-	43,000	43,001
Legal/Admin Support	5,804	27,500	32,807
Total Indirect Services	5,804	70,500	75,808
Total Operating Expenditures	\$ 872,415	\$ 934,620	\$ 806,306
Net Increase/(Decrease)	\$ (121,231)	\$ 15,872	\$ 291,334
RESERVES			
Unallocated Prior Year Fund Balance	\$ 288,589		\$ 178,240
Projected Surplus/(Deficit)	(121,231)		291,334
Fund Balance	\$ 178,240		\$ 469,574



LDFA: FY2009 Metrics

- Business Accelerator services
 - Phase I = 216 companies
 - Phase II = 91 companies
 - Phase III = 61 companies
 - 129 retained jobs → 159 current FTEs = 30 new jobs
- 28 companies utilized Entrepreneurial Boot Camp
 - 30 retained jobs → 85 current FTEs = 55 new jobs
- 34 companies were incubator tenants
 - 56 retained jobs → 77 current FTEs = 21 new jobs
- 5 companies departed LDFA Service Area – 11 jobs lost
- 89 events hosted: 3,001 attendees (2,470 entrepreneurs)
- Contract compliance reforms – new regulations, enhanced tracking and metrics reporting as an outcome of 2008 LDFA audit



L DFA: Planning for the Future

- L DFA 2009 Board Retreat – strategic priorities for business growth
 - Capital development
 - Micro-loan fund – incorporated in FY10 budget **FY10**
 - Enhanced interactions between entrepreneurs and angel investors **FY10**
 - Analyze effectiveness
 - Establish Metrics Subcommittee – develop specific criteria for success **FY10**
 - Demonstrate ROI on tax \$\$\$ - economic development and ↑tax base
 - Oversight of funding
 - Determine priorities for future L DFA funds
 - New best practices and programs
 - Grow culture of entrepreneurship
 - Enhanced marketing and promotion
 - Encourage non-AA businesses to locate here
 - Facilitate interactions between technologists and entrepreneurs **FY10**
 - Capital Infrastructure Needs
 - Support for community-wide technology infrastructure needs and improvements **FY10**

