

LDFA



Annual Report FY 2010

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

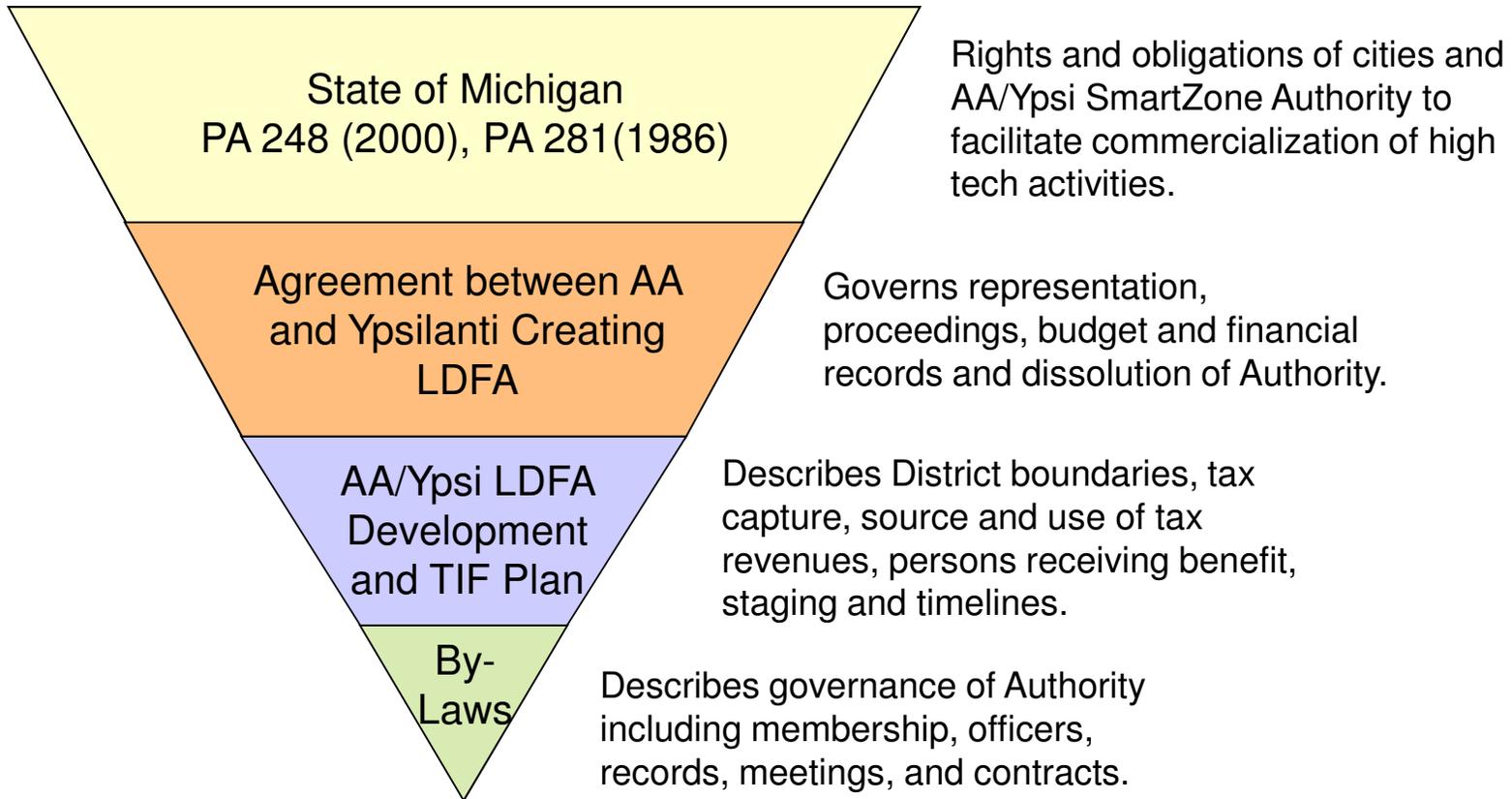
Business accelerator services include, but not limited to:

- ❑ 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 and business 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

LDFA: Legal Authority



LDFFA: Board Members

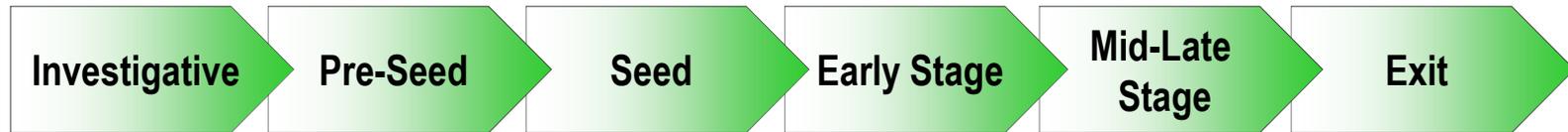
- Board (9 members = 6 Ann Arbor + 3 Ypsilanti)
 - **Dick Beedon** (Entrepreneur, Investor)
 - **Theresa Carroll** (Dykema)
 - **Mike Korybalski** (Entrepreneur, Investor) - VICE-CHAIR
 - **Lisa Kurek** (Biotechnology Business Consultants)
 - **Stephen Rapundalo** (AA City Council) - CHAIR
 - **Vacant**
 - **Mark Maynard** (U-M Technology Transfer Office)
 - **Phil Tepley** (SBTDC)
 - **Darryl Daniels** (Entrepreneur) - TREASURER
 - Tom Crawford (City of Ann Arbor) - *ex officio* - RECORDING SECRETARY
 - Skip Simms (AA Spark) – *ex officio*
 - Ned Staebler (MEDC) – *ex officio*
- } City of Ann Arbor
- } City of Ypsilanti

LDFFA: 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 LDFFA funded programs and objectives

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

LDFFA: Business Accelerator Services

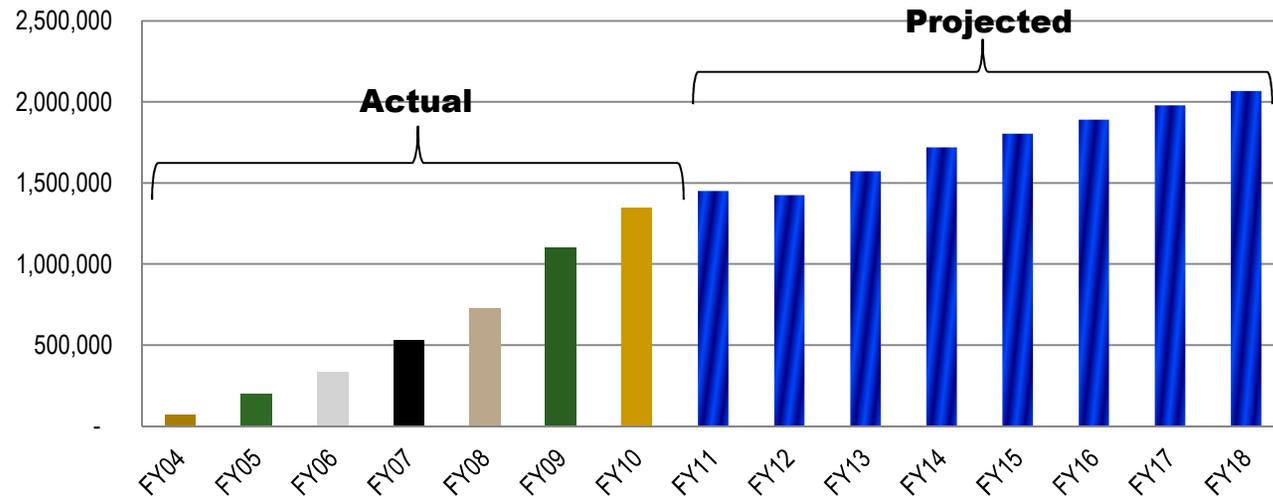


- BA direct staffing – Phase I, 50% of Phase II, and 100% executive talent recruiting
- Phase I – initial contact and screening of business/technology proposition for programmatic fit, review by advisors/consultants and referral to Phase II services
- Phase II – in-depth evaluation of prospective client 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

LDFA: Tax Capture (Actual & Projected)

	<u>FY 2004</u>		<u>FY 2005</u>		<u>FY 2006</u>		<u>FY 2007</u>		<u>FY 2008</u>		<u>FY 2009</u>		<u>FY 2010</u>
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%	280,359,588	4%	299,774,702	7%	324,354,314	8%	356,708,659	10%	382,137,545
Captured Taxable Value	7,688,287		20,497,231		32,307,483		51,722,597		76,302,209		108,656,554		134,085,440
PRE (Homestead) Taxable Value	2,195,895	29%	5,117,832	25%	8,174,889	25%	10,555,824	20%	20,671,707	27%	26,962,637	25%	28,879,737
Non-PRE Taxable Value	5,492,392	71%	15,379,399	75%	24,132,594	75%	41,166,773	80%	55,630,502	73%	81,693,917	75%	105,205,703
PRE (Homestead) Captured Tax Levy	5,490		15,353		24,525		31,667		62,015		80,888		86,639
Non-PRE Captured Tax Levy	63,088		184,345		289,265		493,446		666,715		979,077		1,260,859
Total Captured Tax Levy	68,578		199,699		313,790		525,113		728,730		1,059,965		1,347,498

Captured Tax Levy



L DFA: FY2010 Financials

	FY 2009	FY 2010	
	Actual	Budget	Actual
REVENUES			
Tax Revenue	\$ 1,059,965	\$1,330,000	\$ 1,347,498
Miscellaneous Revenue	30,912	-	-
Investment Income	6,763	-	10,012
Total Revenue	\$ 1,097,640	\$1,330,000	\$ 1,357,510
EXPENDITURES			
Business Accelerator Support Services	401,422	725,000	661,948
Micro Loan	-	275,000	275,000
Angel Investment Group Support	12,500	25,000	24,987
Business Networking Events	22,083	40,000	23,060
Entrepreneur Education	55,150	65,000	52,000
Cantillon Web Based Education	35,375	30,000	27,925
SPARK Central Incubator Operating Exp	153,568	140,000	137,950
SPARK Indirect Services:			
SPARK Accounting	43,000	55,000	53,120
Marketing	50,400	65,000	65,000
City of Ann Arbor Legal & Admin Support	32,807	65,000	28,146
Total Operating Expenditures	\$ 806,305	\$1,485,000	\$ 1,349,136
Net Increase/(Decrease)	\$ 291,335	\$ (155,000)	\$ 8,374
RESERVES:			
Beginning Fund Balance	\$ 178,240	\$ 469,575	\$ 469,575
Surplus (deficit)	291,335	(155,000)	8,374
Ending Fund Balance	\$ 469,575	\$ 314,575	\$ 477,949

LDFA: FY2010 Metrics

- 64 companies rec'd Business Accelerator services
 - 163 retained jobs → 185 current FTEs = 22 new jobs
- 28 companies utilized Entrepreneurial Boot Camp
 - 32 retained jobs → 55 current FTEs = 23 new jobs
- 57 companies were incubator tenants
 - 70 retained jobs → 135 current FTEs = 65 new jobs
- 10 companies received loans totaling \$274,000
- 10 companies departed LDFA Service Area – 51 jobs lost
- 112 events hosted
 - 3,277 attendees (1,853 entrepreneurs)