



**Ann Arbor-Ypsilanti Smart Zone Local Development Finance Authority**  
**MINUTES for March 19, 2013 – REGULAR BOARD MEETING**

**Ann Arbor City Hall Council Chambers**  
**301 E. Huron Street, Ann Arbor, MI 48104**

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**Members Present:** Richard Beedon, Vince Chmielewski, Eric Jacobson, Carrie Leahy, Stephen Rapundalo, Ned Staebler, Phil Tepley, Skip Simms-Accelerator Ex-officio, Paula Sorrell-MEDC Ex-officio

**Members Excused:** Bilal Saeed, Christopher Taylor, Tom Crawford – Ex-officio

**Others Present:** Ken Bogan-City of Ann Arbor, Rosaline Zator-MEDC, Maricat Eggenberger-SPARK, Lori Emerson-SPARK, Bill Mayer-SPARK

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**I. CALL TO ORDER:**

Chair Beedon called the meeting to order at 8:16 am. A quorum was present.

**II. PUBLIC COMMENT:**

There was no public comment.

**III. APPROVAL OF THE AGENDA:**

Leahy moved, seconded by Staebler, to approve the agenda for this meeting in the form presented at this meeting. Motion approved unanimously.

**IV. MOTIONS & RESOLUTIONS:**

**Minutes of the January 15, 2013 Regular Board Meeting:**

Leahy moved, seconded by Staebler, to approve the minutes of the meetings in the form presented at this meeting. Motion approved unanimously.

**V. LDFA CHAIR'S REPORT:**

None.

**VI. LDFA TREASURER'S REPORT:**

Treasurer Jacobson presented the Budget Committee's recommended FY 2014 budget and FY 2015 projection. In particular, the following was discussed:

- The recommended budget includes, within the SPARK Central Incubator Operating Expense line, funding for a proposed expansion of the SPARK Central facility. The amounts included were \$180,000 in FY 2014 for renovations and operating costs, and \$60,000 in FY 2015 for on-going operating costs.

- Simms shared SPARK's reasons and ideas for the proposed expansion. Simms indicated the expansion is still in the idea stage and SPARK has not yet completed a business case for the expansion.
- Boardmembers suggested the budget for the proposed expansion be separated on to a separate budget line.

Staebler moved, seconded by Tepley to approve the following resolution for approval of the budget:

*Whereas, the Smartzone LDFA budget and contract committee has created a recommended budget for FY2014 and draft budget plan for FY2015;*

*Whereas, the Smartzone LDFA Board, having discussed the recommended budget for FY2014, has determined that the budget should be revised to split out the expenditures for incubator expansion from the ordinary incubator expenditures;*

*Whereas, the Smartzone LDFA Board desires to review and approve Ann Arbor SPARK's business plan for the incubator expansion prior to expenditure of the funds for the incubator expansion line item;*

*RESOLVED, The Smartzone LDFA budget for FY2014 and the budget plan for FY2015 be approved as amended by the Board, and as attached herewith, with the line item for incubator expansion subject to Board approval of SPARK's business plan for the incubator expansion prior to expenditure of that line item's funds.*

Motion approved unanimously.

**VII. REPORTS FROM SERVICE PROVIDERS:**

None.

**VIII. OTHER BUSINESS:**

- a. Discussion: Hiring a 3<sup>rd</sup> party to create metrics** – Chair Beedon led a discussion on metrics and the proposal by Anderson Economic Group (AEG). The metrics committee will meet following this meeting to discuss the matter further.

**IX. ADJOURNMENT:**

Meeting was adjourned at 9:28 am.

Respectfully Submitted,  
Ken Bogan, for Recording Secretary Tom Crawford

**Ann Arbor/Ypsilanti SmartZone LDFA -- 2014 Budget & 2015 Plan**

	Actual FY2011	Actual FY2012	Budget FY2013	FY2013 Estimate	City Budget Projected FY2014	City Plan Projected FY2015	SPARK Budget Requested FY2014	SPARK Plan Requested FY2015	LDFA Budget Proposed FY2014	LDFA Budget Proposed FY2015
<b>REVENUES</b>										
Tax Revenue	\$ 1,475,504	\$ 1,437,146	\$ 1,563,019	\$ 1,563,546	\$ 1,645,397	\$ 1,728,884	\$ 1,645,397	\$ 1,728,884	\$ 1,645,397	\$ 1,728,884
Miscellaneous Revenue	-	-	-	-	-	-	-	-	-	-
Microloan Repayments	-	-	-	-	-	-	-	-	-	-
Investment Income	14,723	14,576	12,357	11,800	10,250	9,762	10,250	9,762	10,250	9,762
<b>Total Revenue</b>	<b>\$ 1,490,227</b>	<b>\$ 1,451,722</b>	<b>\$ 1,575,376</b>	<b>\$ 1,575,346</b>	<b>\$ 1,655,647</b>	<b>\$ 1,738,646</b>	<b>\$ 1,655,647</b>	<b>\$ 1,738,646</b>	<b>\$ 1,655,647</b>	<b>\$ 1,738,646</b>
<b>EXPENDITURES</b>										
<b><u>Business Accelerator Support Services</u></b>										
SPARK Business Accelerator Direct Staffing	\$ 288,400	\$ 300,000	\$ 337,000	\$ 337,000	\$ 337,000	\$ 337,000	\$ 400,000	\$ 415,000	\$ 400,000	\$ 415,000
Phase II - Due Diligence	5,775	17,142	25,000	16,221	25,000	25,000	25,000	25,000	25,000	25,000
Phase III - Intensive Service	281,441	432,129	400,000	496,249	400,000	400,000	500,000	500,000	500,000	500,000
Phase IV - Accelerating Opportunities	-	14,090	100,000	82,000	100,000	100,000	100,000	100,000	75,000	75,000
Sub-Total	<b>575,616</b>	<b>763,361</b>	<b>862,000</b>	<b>931,470</b>	<b>862,000</b>	<b>862,000</b>	<b>1,025,000</b>	<b>1,040,000</b>	<b>1,000,000</b>	<b>1,015,000</b>
Micro Loan Program for Entrepreneurs	400,000	275,000	150,000	150,000	150,000	150,000	-	-	-	-
Angel Investment Group Support	12,490	-	-	-	-	-	-	-	-	-
Business Networking Events	30,885	25,748	50,000	38,259	50,000	50,000	50,000	50,000	40,000	40,000
<b><u>Entrepreneur Education</u></b>										
Education Classes	12,681	38,129	75,000	50,428	75,000	75,000	75,000	75,000	50,000	50,000
Bootcamp	40,000	22,000	45,000	45,000	45,000	45,000	50,000	50,000	50,000	50,000
Sub-Total	<b>52,681</b>	<b>60,129</b>	<b>120,000</b>	<b>95,428</b>	<b>120,000</b>	<b>120,000</b>	<b>125,000</b>	<b>125,000</b>	<b>100,000</b>	<b>100,000</b>
Cantillon Web Based Education	2,400	-	-	-	-	-	-	-	-	-
Internship Support & Talent Training			100,000	81,038	100,000	100,000	150,000	150,000	100,000	100,000
Business Software Access for Clients			20,000	16,332	20,000	20,000	20,000	20,000	20,000	20,000
SPARK Central Incubator Operating Exp	154,773	164,672	170,000	155,035	170,000	170,000	350,000	250,000	170,000	170,000
Incubator Expansion									180,000	60,000
<b><u>SPARK Indirect Services</u></b>										
SPARK Accounting	52,770	63,191	65,086	65,086	65,086	65,086	67,000	68,500	67,000	68,500
Marketing	71,940	65,180	71,663	50,837	71,663	71,663	75,000	80,000	75,000	80,000
Sub-Total	<b>124,710</b>	<b>128,371</b>	<b>136,749</b>	<b>115,923</b>	<b>136,749</b>	<b>136,749</b>	<b>142,000</b>	<b>148,500</b>	<b>142,000</b>	<b>148,500</b>
<b><u>City of Ann Arbor Indirect Services</u></b>										
Legal & Admin Support	32,529	39,338	50,000	28,956	62,892	64,271	62,892	64,271	62,892	64,271
<b>Total Operating Expenditures</b>	<b>\$ 1,386,084</b>	<b>\$ 1,456,619</b>	<b>\$ 1,658,749</b>	<b>\$ 1,612,441</b>	<b>\$ 1,671,641</b>	<b>\$ 1,673,020</b>	<b>\$ 1,924,892</b>	<b>\$ 1,847,771</b>	<b>\$ 1,814,892</b>	<b>\$ 1,717,771</b>
<b>Net Increase (Use) of Fund Balance</b>	<b>\$ 104,143</b>	<b>\$ (4,897)</b>	<b>\$ (83,373)</b>	<b>\$ (37,095)</b>	<b>\$ (15,994)</b>	<b>\$ 65,626</b>	<b>\$ (269,245)</b>	<b>\$ (109,125)</b>	<b>\$ (159,245)</b>	<b>\$ 20,875</b>
Beginning Fund Balance	\$ 477,949	\$ 582,092	\$ 577,195	\$ 577,195	\$ 540,100	\$ 524,106	\$ 540,100	\$ 270,855	\$ 540,100	\$ 380,855
Ending Fund Balance	<b>\$ 582,092</b>	<b>\$ 577,195</b>	<b>\$ 493,822</b>	<b>\$ 540,100</b>	<b>\$ 524,106</b>	<b>\$ 589,732</b>	<b>\$ 270,855</b>	<b>\$ 161,730</b>	<b>\$ 380,855</b>	<b>\$ 401,730</b>
Fund balance as % of expenditures	42%	40%	30%	33%	31%	35%	14%	9%	21%	23%