Members Present: Richard Beedon, Eric Jacobson, Carrie Leahy, Stephen Rapundalo, Ned Staebler, Christopher Taylor, Phil Tepley, Skip Simms-Accelerator Ex-officio

Members Excused: Vince Chmielewski, Bilal Saeed, Tom Crawford – Ex-officio, Paula Sorrell-MEDC Ex-officio

Others Present: Ken Bogan-City of Ann Arbor, Liz Perpich-SPARK, Lori Emerson-SPARK, Johnnell LaFreniere-SPARK, Bill Mayer-SPARK, Kurt Riegger-Business Engines

I. CALL TO ORDER:
Chair Beedon called the meeting to order at 8:17 am. A quorum was present.

II. PUBLIC COMMENT:
There was no public comment.

III. APPROVAL OF THE AGENDA:
Rapundalo moved, seconded by Leahy, to approve the agenda for this meeting in the form presented at this meeting. Motion approved unanimously.

IV. MOTIONS & RESOLUTIONS:
Minutes of the April 16, 2013 Regular Board Meeting:
Rapundalo moved, seconded by Taylor, 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 updated the Board on the status of the LDFA’s financial position to this point in the fiscal year.
VII. REPORTS FROM SERVICE PROVIDERS:
- Simms presented the SPARK incubator expansion plan (information attached).
- The Board requested a three year plan for the expansion to be provided at the next Board meeting.

VIII. OTHER BUSINESS:
   a. Approval of the FY2014 meeting schedule – Staebler moved, seconded by Rapundalo to approve the FY 2014 meeting schedule in the form presented in the agenda packet. Motion approved unanimously.
   b. Update on expiring terms and board reappointments – Beedon and Jacobson are being reappointed by the City of Ann Arbor. The City of Ypsilanti is looking to fill Tepley’s seat with someone new.
   c. Approval of the FY 2014 Ann Arbor SPARK contract - Leahy moved, seconded by Taylor to approve the FY 2014 LDFA – Ann Arbor SPARK contract in the form presented in the agenda packet. Motion approved unanimously.
   d. Approval of the FY 2014 Ann Arbor Administrative Services Agreement – Rapundalo moved, seconded by Leahy to approve the FY 2014 LDFA – City of Ann Arbor Administrative Services Agreement in the form presented in the agenda packet. Motion approved unanimously.
   e. Metrics Committee Update –
      - Beedon informed the Board that the Anderson employee who created the metrics proposal previously presented to the Board, has left Anderson. The metrics committee will be working to go in another direction.
      - Tepley presented information about job retention/creation for states with product intensive manufacturing sectors vs. states with parts intensive manufacturing sectors. (Table attached.)

IX. ADJOURNMENT:
Meeting was adjourned at 9:41 am.

Respectfully Submitted,
Ken Bogan, for Recording Secretary Tom Crawford
Proposal to expand the SPARK Central Incubator

A critical gap exists in the Ann Arbor Entrepreneurial Ecosystem. As Ann Arbor’s economy has experienced significant growth over the last several years, it has caused the supply of commercial real estate needed by growing technology companies to become problematically scarce. Funded and/or revenue positive early stage companies that fall into the 5-20 FTE size outgrow the traditional Incubator (i.e. SPARK Central) and either cannot find or spend significant time and energy finding office space. Furthermore, the new space is fragmented and causes the company to be removed from the mentorship and resources they have been receiving while in the Startup Incubator.

SPARK is proposing the creation of a “Stage Two” startup incubator that would address these problems. The new space would serve to host companies that have achieved enough growth and/or funding to be able to afford market or close to market rental rates. Although they can afford space, the lease terms imposed by commercial landlords (3-5 years) prevents them from leasing the correct amount of space. They will outgrow this “Stage Two” in 12-18 months and turn to the regular commercial market at this point.

At this critical stage of growth, the need for mentorship and experienced support is just as critical as during the initial incubation stage. New types of assistance become important such as business development and operations. Critical resources would be made available to the tenants of the “Stage Two” program that assist in the key areas.

A focused community of support resources that is available to the “Stage Two” layer of the Entrepreneur Ecosystem is the next step that will enable our community of scalable Technology companies to flourish.

Operations Plan

The key distinction between the SPARK Central Incubator tenants housed on the first floor and those housed on the second floor is the stage of the company. Pre-revenue and very early stage companies that need either a Virtual Tenant or one/two desk solution will still utilize the 1st floor has they have thus far.

The key milestones that would make a company appropriate to move to the 2nd floor would be as follows:

1. Their headcount grows beyond the 1st floor’s ability to accommodate them. This is defined as five or more FTE’s.
2. The companies will have received at least $100K of outside equity investment.
3. The companies having strong and growing revenues that would allow them to afford market or close to market lease rates.
Phases of Tech Startup Incubation

Stage One: pre-revenue startups, 2 founders with 2-3 employees

- SPARK Central subsidized Incubator

Stage Two: 5+ FTE's that are adding jobs and growing sales.

- Stage Two market rate Incubator

Stage Three: FTE count has stabilized and signing a commercial lease if viable

- Company leases their own office
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**Memo:**

If had same job performance as 5 most product-intensive states

**Delta** 1641

If Michigan had same job performance as 5 most product-intensive states

**Delta** 661