



L DFA Board Meeting
October 25, 2011
8:15 am to 10:15 am
City of Ann Arbor
301 E. Huron Street Ann Arbor, MI 48104

Agenda

- I. Call to Order**
- II. Public Comment**
Public comment shall be allowed at all meetings. An individual may speak for up to three (3) minutes on any item listed on the Agenda. The Chair may extend an individual's speaking time in his/her discretion. Public comment on non-agenda items may be limited in the Chair's discretion.
- III. Approval of the Agenda**
- IV. Approval of the Minutes of the September 20, 2011 Regular Board Meeting**
- V. Election of L DFA Treasurer**
- VI. Annual Appointment of Board Committees**
- VII. L DFA Chair's Report**
- VIII. L DFA Treasurer's Report**
 - a. L DFA Financial Report – 1st quarter FY 2012
- IX. Reports from Service Providers**
 - a. Acceptance of SPARK Report – 1st quarter FY 2012
- X. Other Business**
 - a. Vote to approve revised by-laws
 - b. Cantillon update
- XI. Motion to Adjourn**



**MINUTES – REGULAR BOARD MEETING
September 20, 2011**

Ann Arbor-Ypsilanti Smart Zone Local Development Finance Authority

**Downtown Development Authority
150 S. Fifth Avenue, Suite 301, Ann Arbor, MI 48104**

Members Present: Richard Beedon, Vince Chmielewski, Mark Maynard, Stephen Rapundalo, Phil Tepley, Skip Simms-Accelerator Ex-officio, Paula Sorrell-MEDC Ex-officio

Members Excused: Lisa Kurek, Theresa Carroll, Tom Crawford – Ex-officio

Others Present: Ken Bogan-City of Ann Arbor-Finance, Valerie Christofferson-SPARK, Lori Emerson-SPARK, Greg Fronizer-SPARK, Bill Mayer-SPARK

CALL TO ORDER:

Rapundalo called the meeting to order at 8:20 am. A quorum was present.

PUBLIC COMMENT:

There was no public comment.

APPROVAL OF THE AGENDA:

Maynard moved, seconded by Tepley, to approve the Agenda for this meeting in the form presented at this meeting. Motion approved unanimously.

MOTIONS & RESOLUTIONS:

Minutes of the June 14, 2011 Regular Board Meeting:

Beedon moved, seconded by Maynard, to approve the Minutes of the June 14, 2011 regular board meeting in the form presented at this meeting. Motion approved unanimously.

Election of LDFA Officers:

Chair: Maynard moved, seconded by Tepley, to elect Beedon as the Chair. Motion approved unanimously.

Vice Chair: Beedon moved, seconded by Maynard, to elect Rapundalo as the Vice Chair. Motion approved unanimously.

Treasurer: There was no member present interested in filling this position. The position will remain temporarily vacant, until the next Board meeting.

Annual Appointment of Board Committees:

Tabled until the next Board meeting.

DRAFT

Approval of the FY 2012 meeting schedule:

Tepley moved, seconded by Maynard to approve the meeting schedule as presented. Motion approved unanimously. The meeting schedule is attached to these minutes.

LDFA CHAIR'S REPORT:

Rapundalo stated that he would work with the new Chair Beedon to present the FY 2011 Annual LDFA Report to the Ann Arbor City Council in October.

A draft copy of the revised by-laws were presented to the Board for review. The revised by-laws will be voted on at the LDFA's October meeting.

LDFA TREASURER'S REPORT:

Bogan, in the absense of the Treasurer presented the LDFA Financial Report for the 4th quarter of FY 2011.

REPORTS FROM SERVICE PROVIDERS:

- a. The 4th quarter SPARK report was skipped, as the next agenda item was for the FY 2011 annual report.
- b. Simms presented the SPARK Annual Report for FY 2011.
- c. Tepley moved, seconded by Maynard to approve the request to pay SPARK for the FY 2011 contract overage of \$14,266.10. Motion approved unanimously.
- d. Simms presented information about the new Phase IV program being implemented this fiscal year.
- e. The Microloan portfolio update was skipped, in the interest of time.
- f. Mayer presented information about the Business Accelerator survey.
- g. Simms provided an update on the proposed modified fall Boot Camp. Due to lack of willing participants, the fall Boot Camp has been cancelled.

OTHER BUSINESS:

- a. Cantillon – Maynard updated the Board with the status of RFP responses.

MOTION TO ADJOURN:

Rapundalo moved, seconded by Tepley, to adjourn the meeting at 9:50 am. Motion approved unanimously.

Respectfully Submitted,

Ken Bogan, for Recording Secretary Tom Crawford

**Ann Arbor/Ypsilanti SmartZone LDFA
Board of Directors - Committee Positions
FY 2012**

Member	Audit	Cantillon	Budget/ Contract	Metrics
Theresa Carroll			X	
Lisa Kurek		X		X
Richard Beedon		X		X
Stephen Rapundalo	X		X	
Ned Staebler (vacant)				
Mark Maynard		XX		XX
Phil Tepley		X	X	X
Vince Chmielewski				
Tom Crawford	X	X		X
Skip Simms			X	X
Paula Sorrell				X

Note:
XX Chair
X Member



FINANCIAL SUMMARY

as of September 30, 2011

Smart Zone LDFA
DELIVERABLES
as of September 30, 2011

	<u>ACTUAL</u> Q1	<u>FORECAST</u> Q2	<u>FORECAST</u> Q3	<u>FORECAST</u> Q4	<u>Full Year</u>
Phase II (Due Diligence)					
<u>Number of Clients (external to SPARK)</u>					
Actual/Forecast	4.00	5.00	5.00	5.00	19.00
Budget/Proposed	5.00	5.00	5.00	5.00	20.00
Actual Over/(Under) Target	(1.00)	-	-	-	(1.00)
<u>Hours per Client (Avg) (external to SPARK)</u>					
Actual/Forecast	8.50	20.00	20.00	20.00	17.5789474
Budget/Proposed	5.00	5.00	5.00	5.00	5.00
Actual Over/(Under) Target	3.50	15.00	15.00	15.00	12.58
Memo: Total Phase II Hours	34.00	100.00	100.00	100.00	334.00
Phase III (Intensive Service)					
<u>Number of Client Engagements</u>					
Actual/Forecast	18.00	15.00	15.00	15.00	63.00
Budget/Proposed	15.00	15.00	15.00	15.00	60.00
Actual Over/(Under) Target	3.00	-	-	-	3.00
<u>Hours per Client Engagement (Avg)</u>					
Actual/Forecast	34.45	65.00	65.00	65.00	56.27
Budget/Proposed	65.00	65.00	65.00	65.00	65.00
Actual Over/(Under) Target	(30.55)	-	-	-	(8.73)
Memo: Total Phase III Hours	620.10	975.00	975.00	975.00	3,545.10

Smart Zone LDFA
FY 2011 FINANCIAL SUMMARY
as of September 30, 2011

						BUDGET	
	<u>ACTUAL</u> Q1	<u>FORECAST</u> Q2	<u>FORECAST</u> Q3	<u>FORECAST</u> Q4	Full Year	Amount	Forecast (Over)/Under Budget
<u>INCOME STATEMENT</u>							
Revenues:							
Tax Revenue	\$ 821,624	\$ 241,186	\$ 241,186	\$ 241,186	\$ 1,545,181	\$ 1,545,181	\$ -
Miscellaneous	-	-	-	-	-	-	\$ -
Microloan Repayments	-	22,917	22,917	22,917	68,750	68,750	\$ -
Investment Income	3,357	4,022	3,583	2,614	13,577	12,357	\$ 1,220
Total Revenues	\$ 824,981	\$ 268,125	\$ 267,686	\$ 266,716	\$ 1,627,508	\$ 1,626,288	\$ 1,220
Expenditures:							
<u>Contracted Services</u>							
SPARK BA Direct Staffing	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 300,000	\$ 300,000	\$ -
Phase II (Due Diligence)	3,400	10,000	10,000	10,000	33,400	50,000	\$ 16,600
Phase III (Intensive Service)	62,002	97,500	97,500	97,500	354,502	400,000	\$ 45,498
Phase IV (Accelerating Opportunities)	-	40,000	40,000	40,000	120,000	120,000	\$ -
Micro Loan Program for Entrepreneurs	137,500	-	137,500	-	275,000	275,000	\$ -
Micro Loan Reuse of Repaid Loans	-	22,917	22,917	22,917	68,750	68,750	\$ -
Angel Investment Group Support	-	10,000	10,000	10,000	30,000	30,000	\$ -
Business Networking Events	5,390	8,203	8,203	8,203	30,000	30,000	\$ -
Entrepreneurial Education	8,326	10,558	10,558	10,558	40,000	40,000	\$ -
Entrepreneurs Bootcamp	4,000	12,000	12,000	12,000	40,000	40,000	\$ -
Cantillon Web Based Education	-	1,667	1,667	1,667	5,000	5,000	\$ -
Total Contracted Services	295,618	287,845	425,345	287,845	1,296,652	\$ 1,358,750	\$ 62,098
<u>SPARK Indirect Services</u>							
SPARK Central Business Incubator	38,835	43,055	43,055	43,055	168,000	\$ 168,000	\$ -
SPARK Accounting	15,798	15,798	15,798	15,798	63,191	63,191	\$ -
SPARK Marketing	11,612	18,879	18,879	18,879	68,250	68,250	\$ -
	66,244	77,732	77,732	77,732	299,441	\$ 299,441	\$ -
<u>City of Ann Arbor Services</u>							
Legal & Admin. Support	472	16,509	16,509	16,509	50,000	50,000	\$ -
Total Expenditures	\$ 362,335	\$ 382,086	\$ 519,586	\$ 382,086	\$ 1,646,093	\$ 1,708,191	\$ 62,098
Net Increase/Decrease	\$ 462,647	\$ (113,962)	\$ (251,900)	\$ (115,370)	\$ (18,585)	\$ (81,903)	\$ (60,878)
Memo:							
Fund Balance (6/30/2011)	\$ 582,092						
Fund Balance - Operations (Qtr End)	\$ 1,044,739	\$ 930,777	\$ 678,877	\$ 563,507	\$ 563,507	\$ 500,189	

Category	Detail	Fiscal Year			Measureable		
		Incurred	Year	Billed	Unit Descrip.	Number	\$ Amount
		Qtr		Qtr			
SPARK BA Direct Staffing	July 11	1	2012	1	Direct Staff	1.00	\$ 25,000.00
Phase II (Due Diligence)	July 11	1	2012	1	Hours	14.00	\$ 1,400.00
Phase III (Intensive Service)	July 11	1	2012	1	Hours	226.44	\$ 22,644.00
Angel Investment Group Support	July 11	1	2012	1		1.00	\$ -
SPARK Central Business Incubato	July 11	1	2012	1	Facility Exp	1.00	\$ 10,962.69
Business Networking Events	July 11	1	2012	1	Events	1.00	\$ 1,222.12
SPARK Accounting	July 11	1	2012	1	Accting Svc	1.00	\$ 5,265.92
SPARK Marketing	July 11	1	2012	1	Marketing	1.00	\$ 4,121.46
Entrepreneurial Education	July 11	1	2012	1	Events	1.00	\$ 2,052.95
Legal & Admin. Support	July 11	1	2012	1	Legal for Cantillon	1.00	\$ 255.00
SPARK BA Direct Staffing	Aug 11	1	2012	1	Direct Staff	1.00	\$ 25,000.00
Phase II (Due Diligence)	Aug 11	1	2012	1	Hours	10.00	\$ 1,000.00
Phase III (Intensive Service)	Aug 11	1	2012	1	Hours	267.52	\$ 26,752.00
Angel Investment Group Support	Aug 11	1	2012	1		1.00	\$ -
SPARK Central Business Incubato	Aug 11	1	2012	1	Facility Exp	1.00	\$ 13,691.88
Business Networking Events	Aug 11	1	2012	1	Events	1.00	\$ 2,421.27
SPARK Accounting	Aug 11	1	2012	1	Accting Svc	1.00	\$ 5,265.92
SPARK Marketing	Aug 11	1	2012	1	Marketing	1.00	\$ 2,424.75
Entrepreneurial Education	Aug 11	1	2012	1	Events	1.00	\$ 2,042.95
Legal & Admin. Support	Aug 11	1	2012	1	Legal for Cantillon	1.00	\$ 75.00
SPARK BA Direct Staffing	Sept 11	1	2012	2	Direct Staff	1.00	\$ 25,000.00
Phase II (Due Diligence)	Sept 11	1	2012	2	Hours	10.00	\$ 1,000.00
Phase III (Intensive Service)	Sept 11	1	2012	2	Hours	126.06	\$ 12,606.00
Angel Investment Group Support	Sept 11	1	2012	2		1.00	\$ -
SPARK Central Business Incubato	Sept 11	1	2012	2	Facility Exp	1.00	\$ 14,180.01
Business Networking Events	Sept 11	1	2012	2	Events	1.00	\$ 1,747.02
SPARK Accounting	Sept 11	1	2012	2	Accting Svc	1.00	\$ 5,265.92
SPARK Marketing	Sept 11	1	2012	2	Marketing	1.00	\$ 5,065.75
Entrepreneurial Education	Sept 11	1	2012	2	Events	1.00	\$ 4,230.00
Entrepreneurs Bootcamp	Sept 11	1	2012	2	matching funds	1.00	\$ 4,000.00
Micro Loan Program for Entrepren	Sept 11	1	2012	2	first tranch	1.00	\$ 137,500.00

Ann Arbor-Ypsilanti Smart Zone
 Local Development Finance Authority
 Ann Arbor SPARK
 Quarterly Report
 July 1, 2011 – September 30, 2011

Work Accomplished

Number and identity of companies in each phase, plus relevant aspects of commercialization

35 Phase I companies were referred to other service providers due to location or not meeting business type criteria. 20 were located outside the Ann Arbor City limits.

The following companies were in Phase II Due Diligence this quarter but have not reached Phase III

Uniq ID	Opportunity Description	Account Description
4236	Business Planning	An online personal and professional networking site for physicians
659	Funding and business assistance	Software for computational biology
2166	Business Plan	Technology to detect Static Electricity buildup and potential discharge
4167*	Accounting Setup	An intubation device that is easy-to-use and improves first-pass success rates for inexperienced practitioners
4174	IP Work	Creator of a conducting polymer
3914	Business Planning	Advanced Planning and Scheduling solutions for Healthcare Facilities
2316	Marketing Plan	Vacuum and hermetic packaging of MEMS using solder.
2316	Scale Up strategic work	Vacuum and hermetic packaging of MEMS using solder.
4076	Business Planning	Ophthalmic pharmaceuticals for vision loss due to photoreceptor cell death
4406	Legal, Strategic Assistance	“Recommender System” (RS) for websites built with Drupal Content Management System
297	Sales & Growth Planning	Software to help foreign nationals reduce their accent and English speakers to understand foreign accents.
4383	Business Assistance	New material for cooling and power generation applications
4341	Customer Engagement	Fleet management software
4210	Sales Workshop	Supply chain software development company
338	Marketing and Sales assistance	Information and news aggregator and filter
3645*	Business Planning	Mass Spec results data improvement for the purpose of discovering diagnostic biomarkers
4210	Phase 2 Due Diligence	Supply chain software development company

4012	Phase 2 re-assessment of business model	Software helps companies build pro formas.
3627	New Business Inquiry - Marketing assistance	Conference management solution
2002	Assist in developing packet for strategic partner or investor pitch	Recharging system for electric vehicle
3009	Scope of work determination for next engagement	Fully integrated green building company.
2159*	Business plan and financial model development for funding	Online healthcare portal for consumers

*Denotes University of Michigan technology

The following companies received Phase III level support

23 companies received business accelerator engagements this quarter vs. 10 last year. These companies currently have 81.1 FTEs (Full Time Equivalent)

Uniq ID	Opportunity Description	Account Description	BA Contract Amt	BA Expenditures
3645*	Market Validation	IROA, in the application of metabolomics for the purpose of discovering diagnostics biomarkers	\$4,000	\$4,000
3995	Development Work	3D Vision System	\$10,000	\$3,000
4141	Design work	Creator of online portal to connect care consumers and care providers	\$6,700	\$6,700
2880	Sales Assistance	Serves therapists who are independently practicing with a software as a service (SaaS) platform to manage patient information.	\$15,000	\$15,000
1282*	IP work	Spectral analysis for red blood cells	\$2,000	\$2,000
4354	Regulatory Assistance	A medical device firm that provides foam dressing kits that are used in negative pressure wound therapy.	\$6,500	\$6,500
3502*	Design and integration work	Developer of onsite alternative energy, anaerobic digestion of food waste to energy	\$4,000	\$4,000
4067	Legal Assistance	JEE software application	\$1,000	\$1,000
3105*	Assist with fundraising efforts	Picoammeters, electrical test and measurement instrumentation	\$10,000	\$10,000
793*	Establish their accounting system	Interactive educational for K-12, college, professional	\$1,000	\$1,000
4354	Market Map	A medical device firm that provides foam dressing kits that are used in negative pressure wound therapy.	\$3,200	\$3,200
3614*	Sales Video	Next generation Electronic Health Records solution SaaS model.	\$3,650	\$2,831

2539	Financial Model, competitive Analysis	Hospital bed communication tablet	\$5,000	\$5,000
4141	Seeking general business assistance	Creator of online portal to connect care consumers and care providers	\$3,300	\$3,300
3074*	Spec Mobile App	A system to provide modern hospitals with a modern communications solution.	\$3,000	-
3074*	Financial Modeling	A system to provide modern hospitals with a modern communications solution.	\$2,000	\$775
4052	Strategic Planning	Creator of App for the Apple store dealing with children with disabilities	\$2,000	\$800
3010*	Marketing plan	Faster and more effective Integrated Circuit (IC) design quality control software.	\$6,500	\$5,772
4167*	Legal Work	An intubation device that is easy-to-use and improves first-pass success rates for inexperienced practitioners	\$750	-
2969*	Accounting System setup	Point of sale software and hardware for coffee shops	\$3,500	-
3006	Business Planning	Simulation applications for real-world activities	\$10,000	\$9,583
3502*	Design and Technical work	Developer of onsite alternative energy, anaerobic digestion of food waste to energy	\$2,000	\$2,000
3614*	Customer Introductions and strategy work	Next generation Electronic Health Records solution SaaS model.	\$5,000	-
4111*	Financial Model and Pricing Strategy	Youth Risk Assessment tool	\$2,350	-
4111*	Go to Market Strategy	Youth Risk Assessment tool	\$4,000	-
3502*	Sterling Engine feasibility	Developer of onsite alternative energy, anaerobic digestion of food waste to energy	\$2,000	-
4167*	Design Work	An intubation device (the SmartAirway) that is easy-to-use and improves first-pass success rates for inexperienced practitioners	\$8,400	\$3,865
793*	Business Plan and Strategic Planning	Interactive classroom software and tools to increase student learning.	\$9,000	\$8,000
2539	Competitive Mapping	Hospital bed communication tablet	\$8,000	\$4,000
3454	Legal work	Health device for the prevention of Sexually Transmitted Infections that otherwise are transmitted by oral sex	\$2,000	\$2,000
481	Business plan and financial assistance	Vortal for graphic arts purchasers	\$10,000	-
1465	Market research	Self-Structuring Antenna for wireless applications	\$18,000	\$2,300
3577	Sales and Marketing Process Development	State-of-the-art protein mass spectrometry service provider	\$20,000	\$14,247
Total			\$193,850.00	\$16,547.00

*Denotes University of Michigan technology

No companies received Phase IV level support this quarter.

We have created the Advisory Committee to review all applicants for Phase IV assistance and guidelines for assistance. Two companies are being considered for assistance in Q2.

Microloans

Akervall Technologies repaid their \$15,000 loan with interest 9 months early. They used the funds to ramp up manufacturing to meet potential demand. Sales of the company’s unique dental device exceeded expectations. One new job was created in 2011 with more employees needed as sales continue to grow.

One new loan was closed this period. A company developing a therapy for treatment of bone-related conditions was loaned \$28,000 to complete a ‘dose finding’ study to confirm that the drug profile in small animals is the same for large animals and primates.

One loan was approved for \$45,000 and closed in Q2 and one other company loan application for \$25,000 was under review at the end of the quarter.

Number of Loans to Date	Total Value of Loans to Date	Loans Written Off to Date	Value of Loans Written Off	Loans Paid to Date	Loan Amount Repaid to Date – Including Interest	Current FTE Jobs	Retained FTE Jobs
22	\$664,000	3	\$77,700	2	\$34,495	66	53

SPARK Central Incubator

Total number of Full Tenants (those in a cubicle with secure space and full privileges) totaled 8 companies with 13 seats during this quarter. Tenants are charged a license fee per seat, or person(s) using the space.

Uniq ID	Account Description	Incubator Start Date	Incubator Exit Date	Incubator Seats
4243	Website for building construction project, repair and supply bids.	7/18/2011	1/18/2012	1
2610	Online management system for automotive incentives	2/1/2011	12/31/2011	1
2159*	Online healthcare portal for consumers	6/1/2009	12/31/2011	1
4141	Creator of online portal to connect care consumers and care providers	5/1/2011	11/1/2011	1
3010*	Faster and more effective Integrated Circuit (IC) design quality control software.	1/1/2010	8/31/2011	2
438*	Ultra low power semi-conductor chips	10/6/2009	12/31/2011	2
3221	Provider of advanced software solutions for sewer modeling to municipalities and engineering consultants	12/1/2010	12/31/2011	1
3616	Gasoline systems	8/8/2010	9/14/2011	4
8 Companies			Total Seats	13

