

# CDFA // BNY MELLON DEVELOPMENT FINANCE WEBCAST SERIES

## Publicly Supported Seed & Venture Capital

The Broadcast will Begin at 1:00pm EST

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Hello! Welcome to the webcast.

## Erin Tehan

Manager, Legislative & Federal Affairs  
Council of Development Finance Agencies  
Columbus, OH

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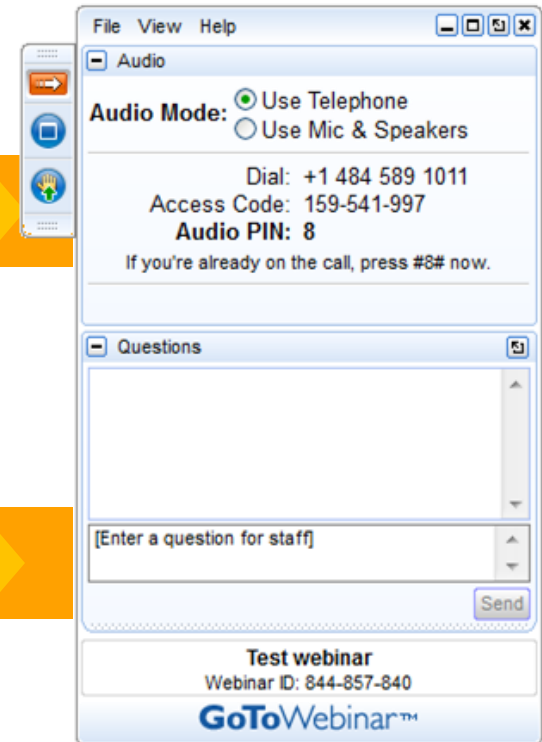
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Listen through the telephone for best audio quality.

Submit your questions to the panelists here.



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## Fundamentals of Economic Development Finance WebCourse



January 29-30, 2014  
Daily: 12-5pm (EST)

## Panelists

**David Safer, *Moderator***

BNY Mellon

**Mike Flanagan**

Michigan Economic Development Corporation

**Gene Eagle**

Arkansas Development Finance Authority

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## David Safer

Vice President  
BNY Mellon  
New York, NY

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## Mike Flanagan

Manager, Equity Capital Programs  
Michigan Economic Development Corporation  
Lansing, MI

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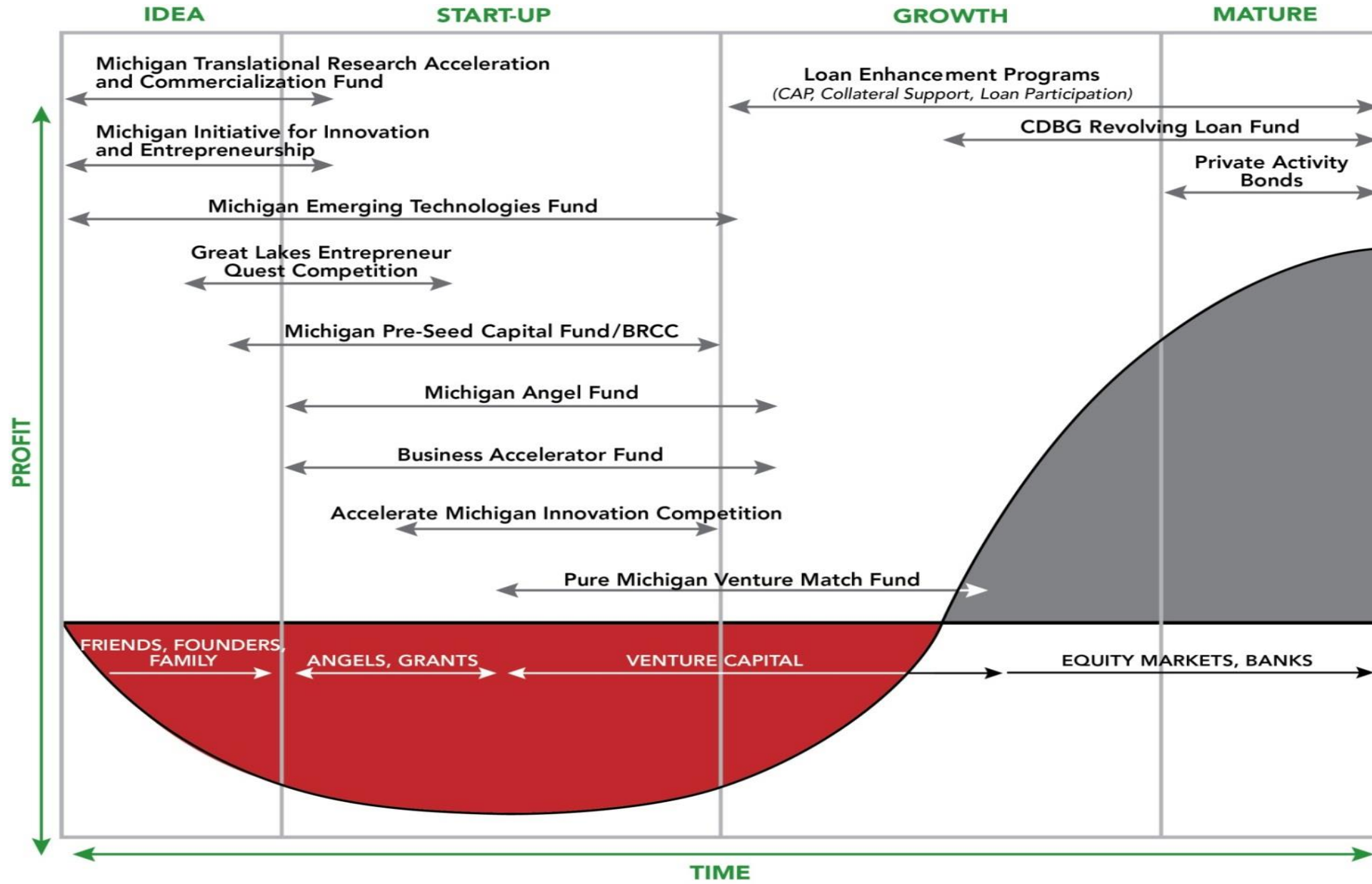
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# **Entrepreneurship, Innovation & Venture Capital**

**Michigan Economic Development  
Corporation**

Mike Flanagan  
December, 2013





# Program Development Criteria

1. Is there a clear inefficiency in the market and a public benefit in addressing the need?
2. Can a small amount of properly structured state dollars create enough leverage to have a meaningful impact on the problem?
3. Can the state's capital be deployed by expert, private sector decision-makers whose interests are aligned with the state?

# Pre-seed Funds

## 1. Investment Funds:

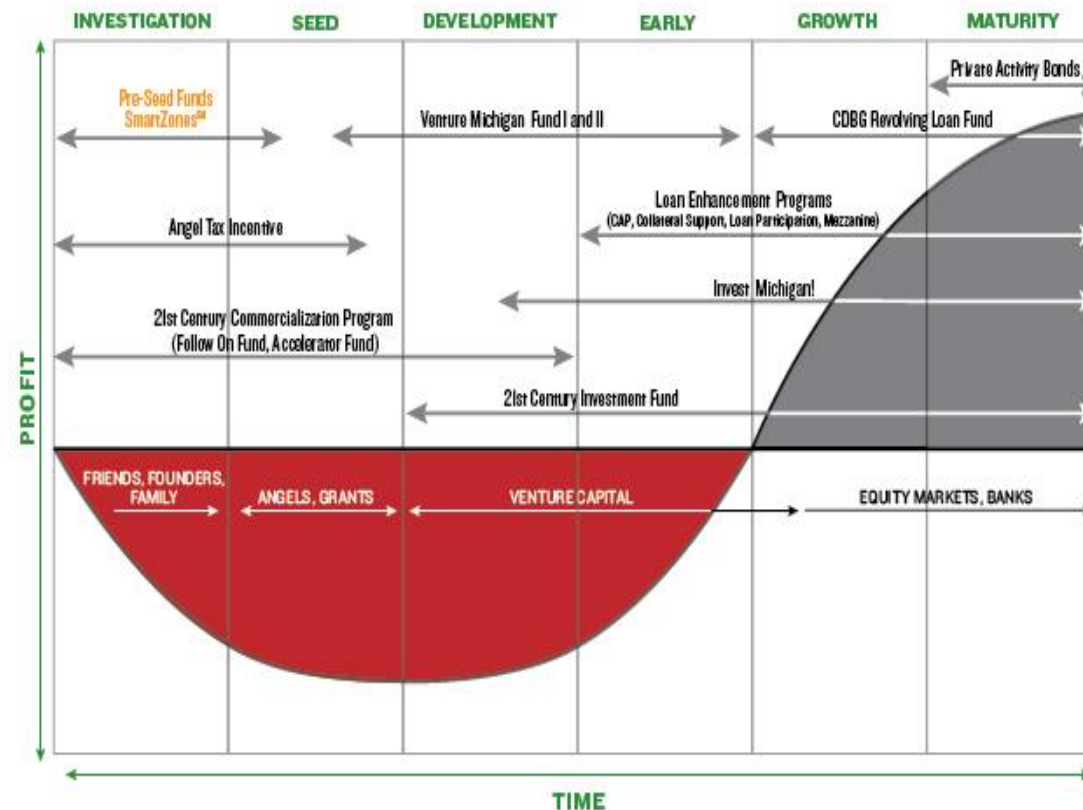
- Spark
- Automation Alley
- BRCC
- Michigan Angel Fund

## 2. Grant Funds:

- Emerging Technologies Fund (SBIR/STTR)
- ARPA-E
- DARPA
- Accelerate Michigan
- Business Accelerator Fund

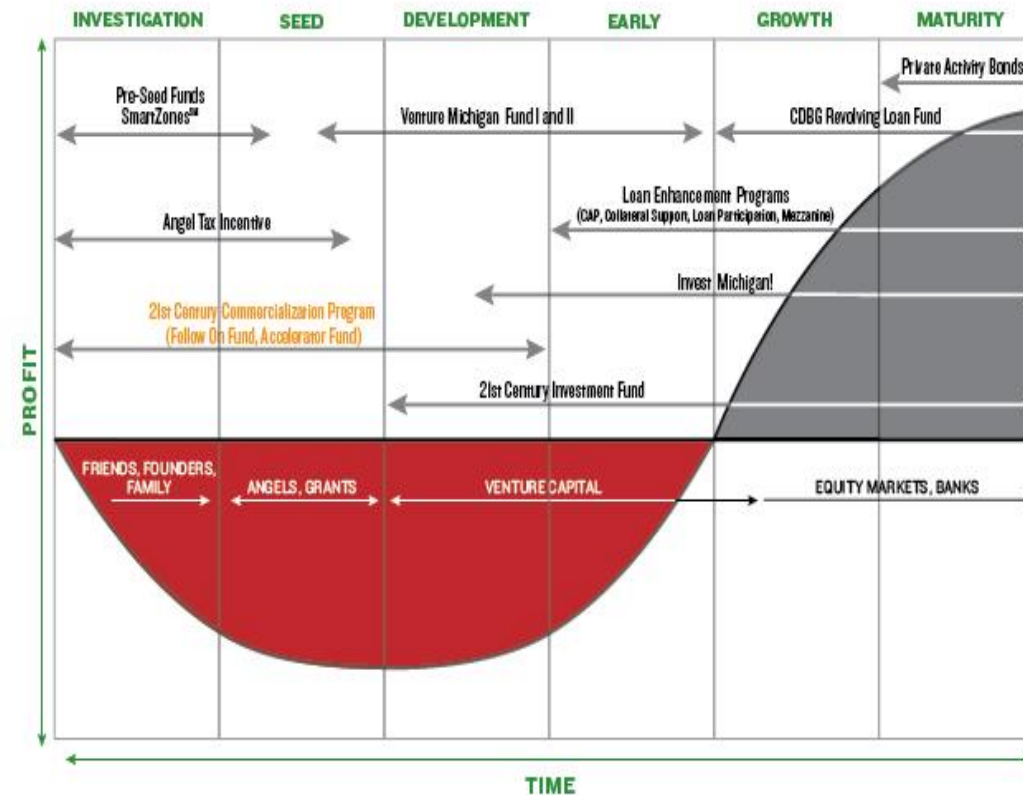
## 3. University Programs:

- MUCI
- M-TRAC



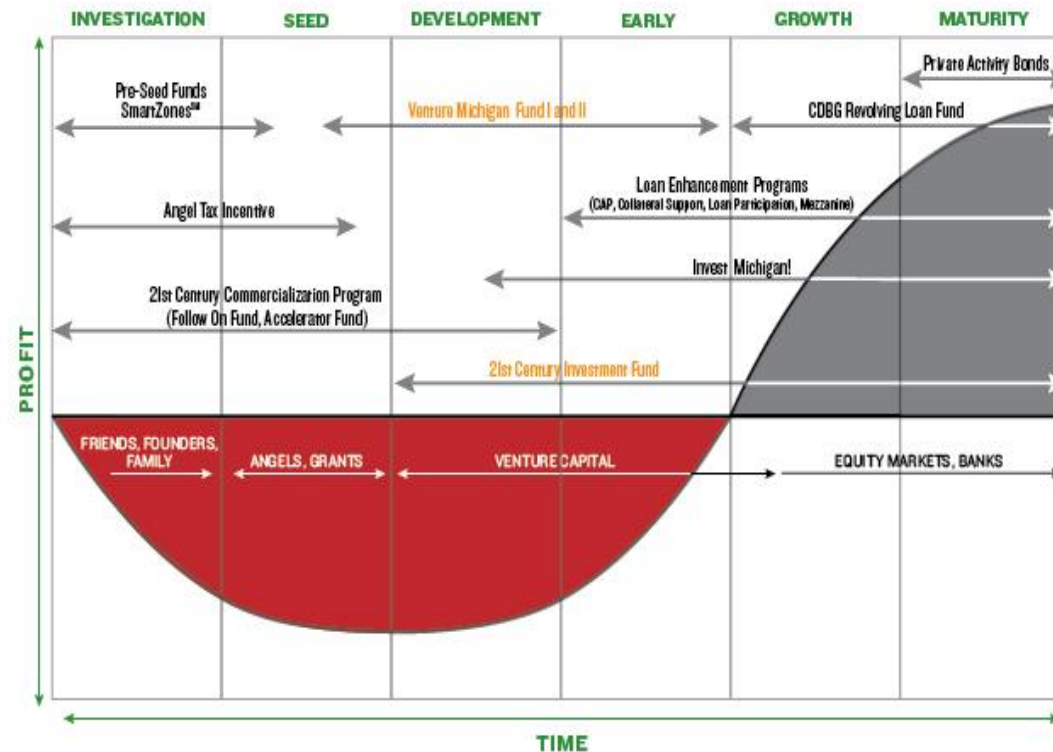
# Early Stage Venture Funding

1. **Accelerator Funds**
  - Michigan Accelerator Fund
  - Huron River Ventures
  
2. **Venture Development Fund**
  - \$9 million allocation to fund 4 new venture funds in MI
  
3. **Venture Match Fund**
  - Match up to \$500k on qualified venture financing round



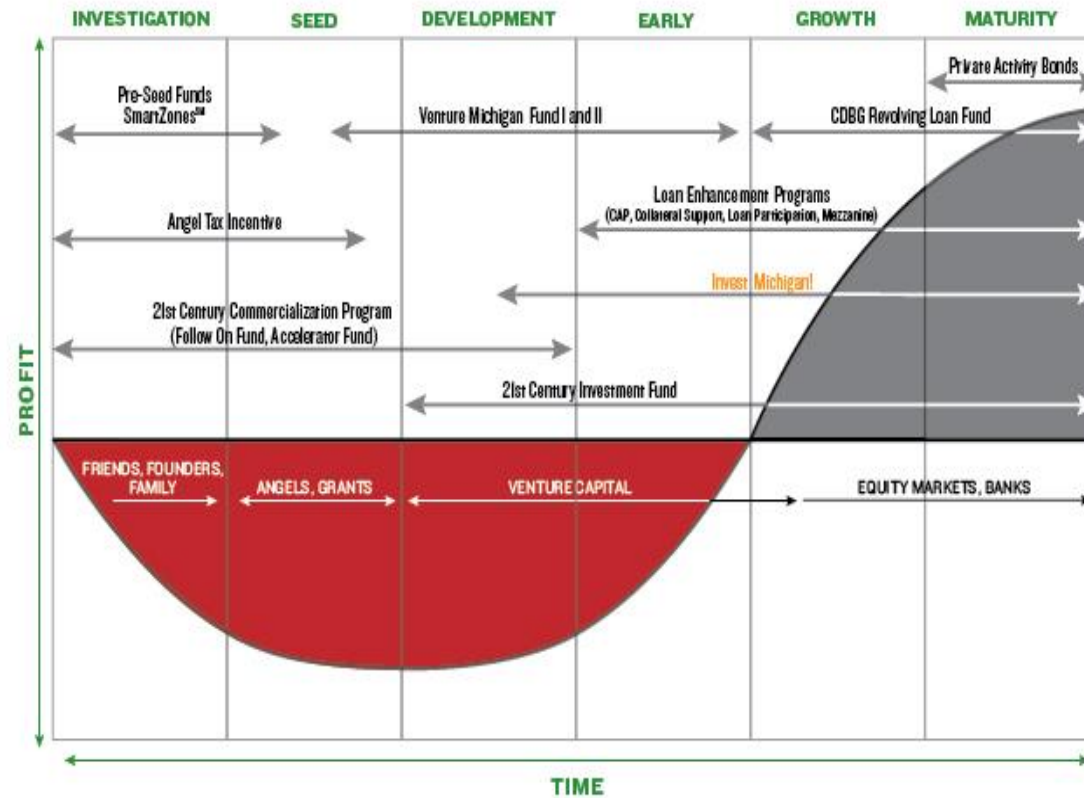
# 21<sup>st</sup> Century Investment Fund Venture Michigan Fund

- \$300 million to VC, mezzanine, and private equity funds
- Over \$600 million in private leverage
- Fund of Fund structure
- Managed by Credit Suisse



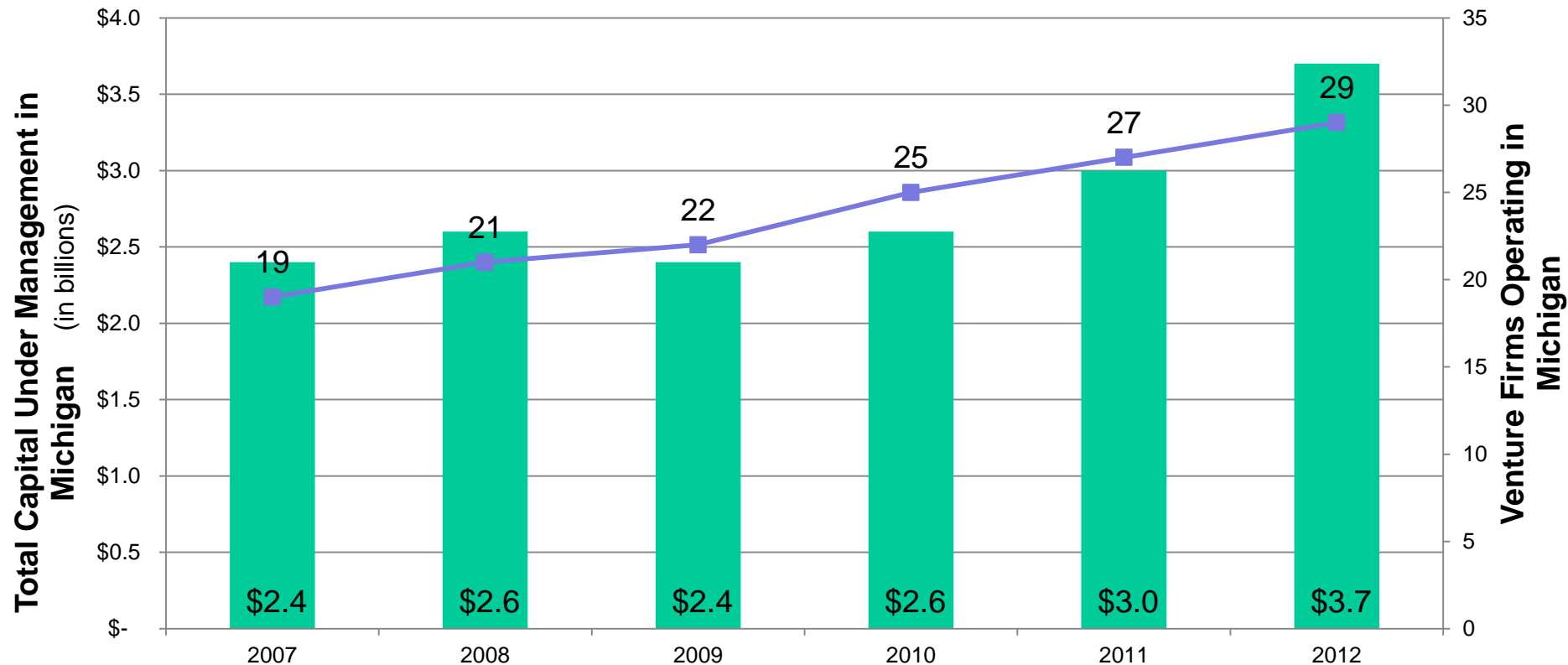
# Invest Michigan

- \$300 million Pension Fund Investment
- 3 Distinct strategies
- Growth Stage Companies
- Return Driven



# Michigan – An Emerging VC Hotspot

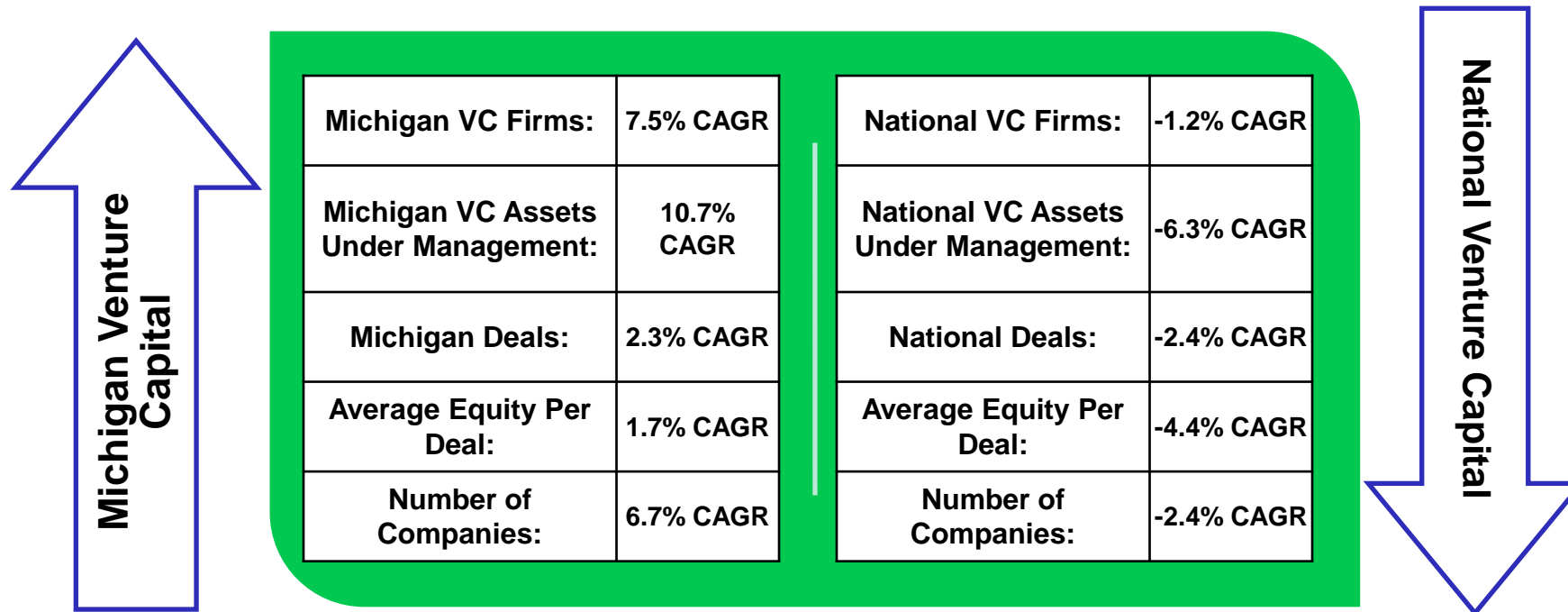
- In 2001, Michigan had 7 Michigan-based funds managing \$520 million
- As a result of the states efforts over the last decade, including the 21<sup>st</sup> Century Investment Fund, Venture Michigan Funds I and II, and InvestMichigan!, the venture industry in Michigan has grown significantly, now with over 30 funds with offices in the state, managing nearly \$4 billion in assets.



\*According to MVCA 2013 Annual Report, CFG Research

# Michigan VC vs. National VC

- Since 2008, Michigan has positioned itself as a state of innovation that has created an attractive environment for completing VC deals
  - Relative to the national landscape, from 2008 – 2012, the Michigan VC community has demonstrated strong growth, while the national VC landscape has contracted over the same time period



\*According to Thomson Reuters, 2013

# Aggregate Program Outcomes

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- Since 2006, Michigan has been aggressively focused on expanding its equity investment industry, and especially focused on venture capital.

- Michigan Pre-Seed Fund
- Angel Investment Incentive
- Accelerator Funds
- Venture Development Fund
- Venture Match Fund
- **Venture Michigan Fund I & II**
- **21<sup>st</sup> Century Investment Fund**
- **Invest Michigan**



- Invested: \$475 million
- Leveraged: \$6.5 billion
- MI Investments: 294



## Gene Eagle

Vice President Development Finance  
Arkansas Development Finance Authority  
Little Rock, AR

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# **CDFA Webinar Series**

## **Publicly Supported Seed & Venture Capital**

**December 16, 2013**



# Arkansas Commercialization Programs



Seed Capital Investment Program  
Technology Development Program  
[www.asta.arkansas.gov](http://www.asta.arkansas.gov)



Arkansas Risk Capital Matching Fund  
[www.arkansasriskcapitalmatchingfund.com](http://www.arkansasriskcapitalmatchingfund.com)  
Arkansas Institutional Fund  
[www.arkansasinstitutionalfund.com](http://www.arkansasinstitutionalfund.com)

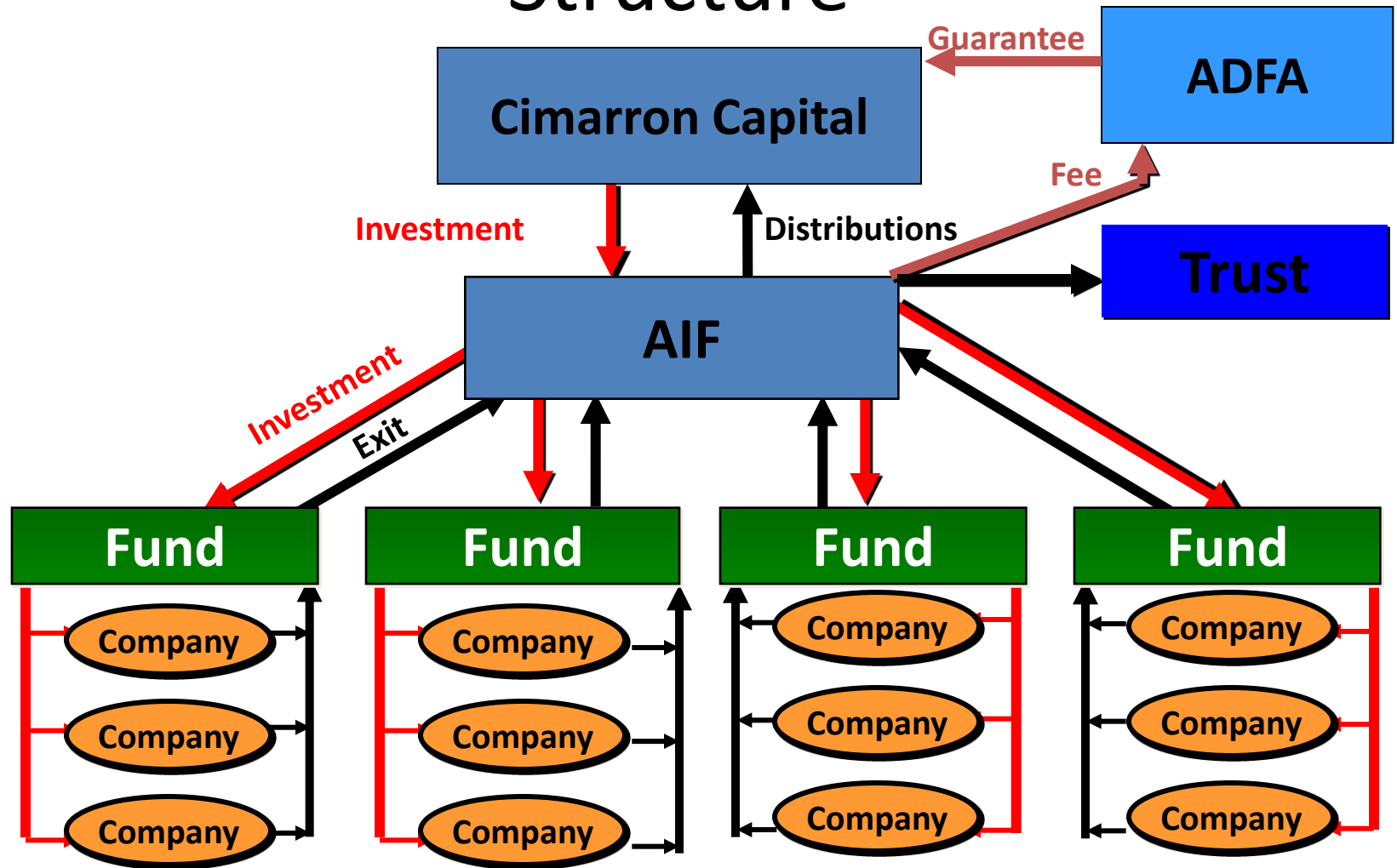


Equity Investment Tax Credit  
Targeted Business Tax Credits  
[www.arkansasedc.com](http://www.arkansasedc.com)

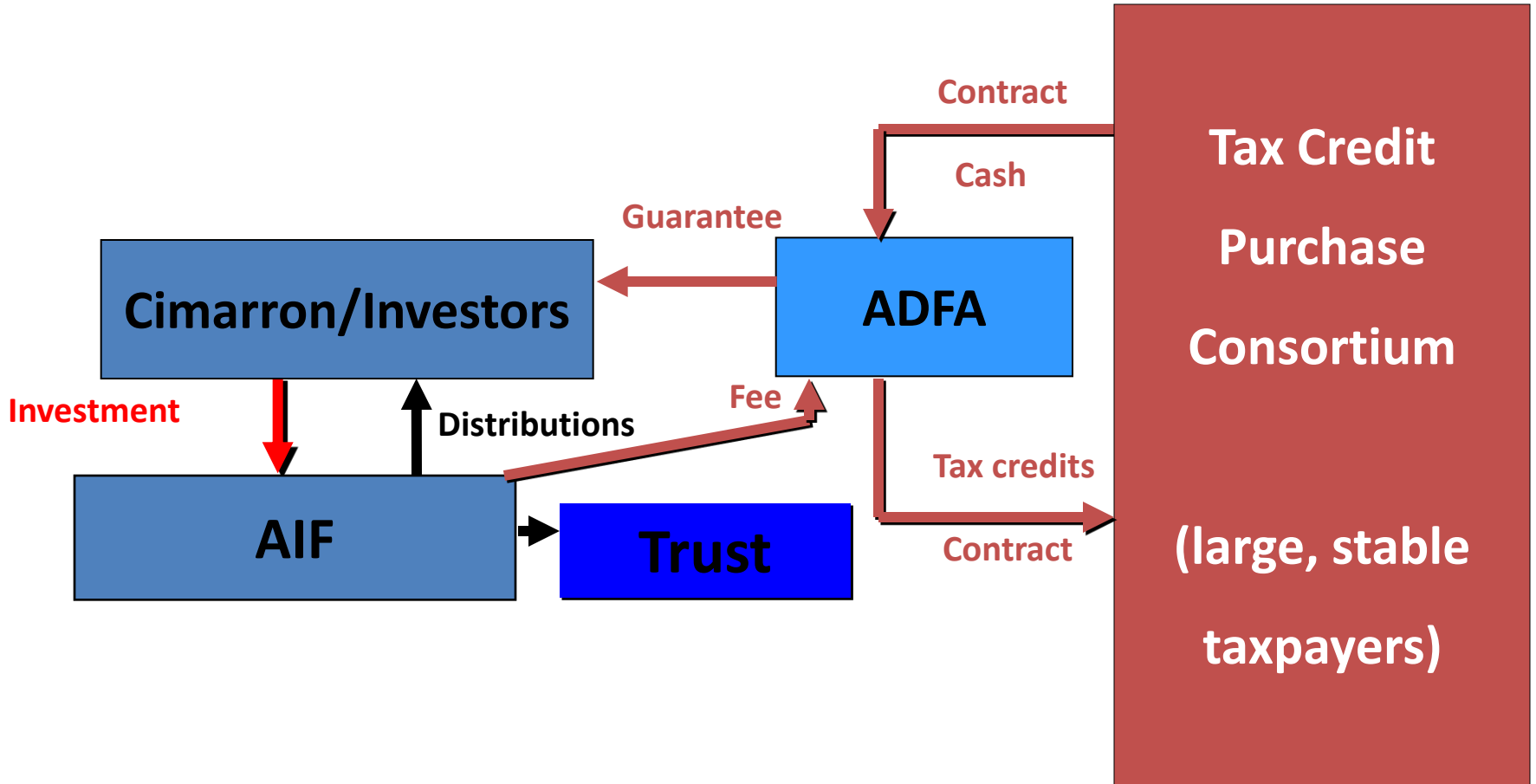


[www.innovatearkansas.com](http://www.innovatearkansas.com)

# Arkansas Institutional Fund Structure



# Fund Raising Process



# Arkansas Institutional Funds Results

- Invested \$21.9M in seven regional VC funds
- Seen capitalization of these funds reach \$593M
- Received \$7.5M in early distributions
- Twenty four Arkansas companies have benefited
- \$52.9M has been invested and co-invested
- Risk remains contingent to the State of Arkansas
- 2.42:1 leverage of AR investment to capital drawn



# Arkansas Venture Capital Investment Trust

**Arkansas Risk Capital Matching Fund**

**Arkansas Seed/Angel Capital Network**

**ADFA Co-Investment Fund**



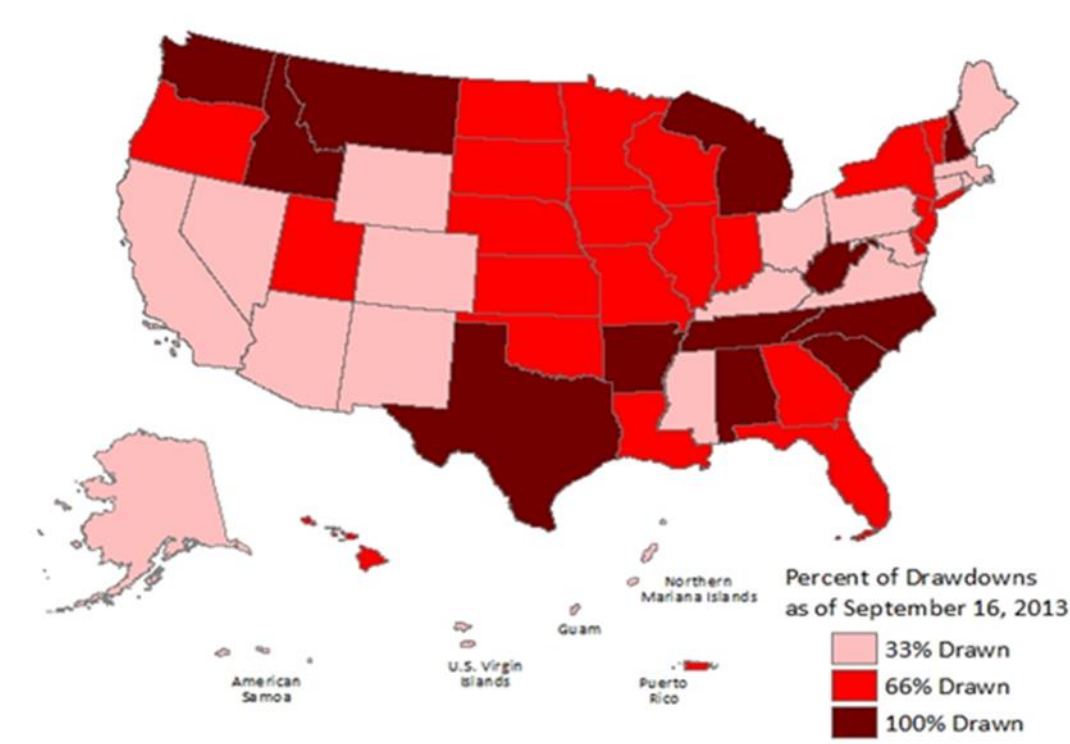
# **Venture Capital Investment Trust Results**

**The \$6,124,938 we have committed since 2010 has leveraged over \$100,000,000 in private investment capital. Eighty investment commitments have been made to companies directly through the Risk Capital Matching Fund and the ADFA Co-Investment Fund and indirectly through six commitments to funds through the Seed and Angel Capital Network**





# In Arkansas, 60% of the SSBCI Allocation went to State Sponsored VC Programs



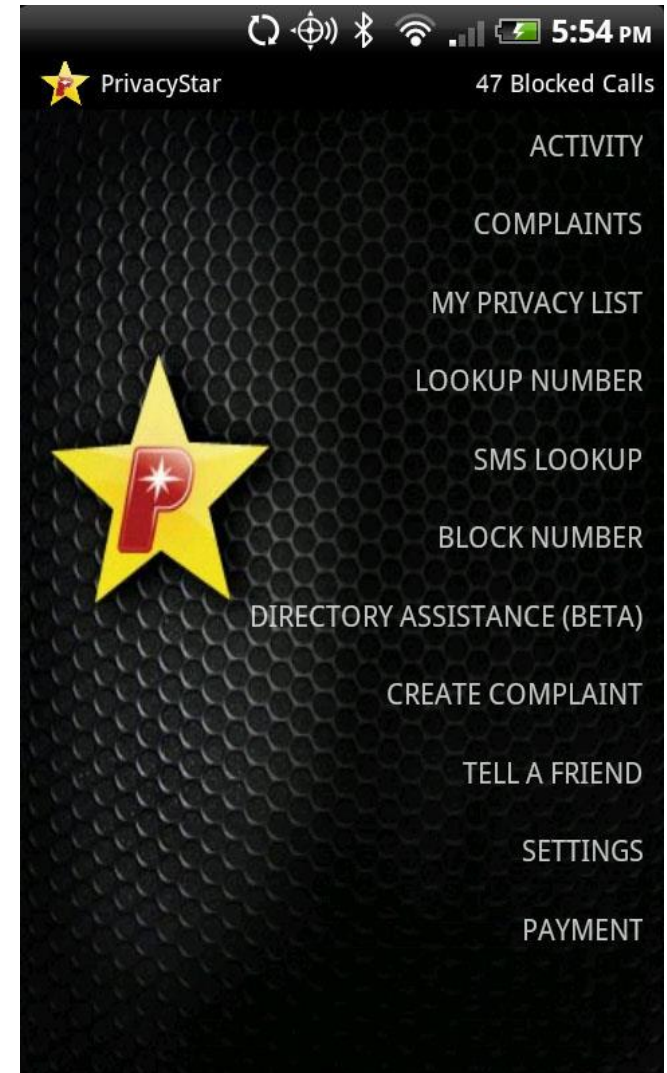


"Acumen Brands is a 3 year old ecommerce company based in Fayetteville, Arkansas. They currently operate 12 separate online stores selling a wide assortment of products including [cowboy boots](#), [hunting and fishing gear](#), [dance apparel](#), and [medical scrubs](#). They have partnerships with over 300 brands including [Carhartt](#), [Ariat](#), [Coleman](#), and [Columbia Sportswear](#).





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# Contact us!

- ADFA's General Web Address:  
<http://www.arkansas.gov/adfa/>
- Information on the ADFA Programs, Loan Policies, Applications, etc:  
<http://www.state.ar.us/adfa/programs/DevelopmentFinance/Development>
- Information on Risk Capital Matching Fund:  
<http://www.arkansasriskcapitalmatchingfund.com/>



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### Seed & Venture Capital Finance Course

March 6-7, 2014

Washington, DC

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Tuesday, January 21 @ 1:00 pm EST

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