

## Board of Directors

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**Joshua T. Borders**

*Vice President of Mortgage Lending,  
Independent Bank*

**Thomas P. Borders**

*President, Midtown Group, Inc.*

**Jan L. Garfinkle**

*Founder & Managing Director,  
Arboretum Ventures*

**Isadore J. King**

*President & Owner,  
King Consultant Group, LLC*

**Timothy G. Marshall**

*President & Chief Executive Officer,  
Bank of Ann Arbor*

**Michael C. Martin**

*President,  
First Martin Corporation*

**William C. Martin, Chairman**

*Athletic Director Emeritus, University of Michigan*

**Ernest G. Perich**

*President, Perich + Partners, Ltd.*

**David R. Sarns**

*Managing Partner, 360 Advisors, LLC*

**Joseph A. Sesi**

*President & Owner, Sesi Motors, Inc.*

**Cynthia H. Wilbanks**

*Vice President for Government Relations,  
University of Michigan*

**Jeffrey S. Williams**

*Chairman & Chief Executive Officer,  
NeuMoDx Molecular, Inc.*

## Directors Emeritus

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**Richard P. Eidswick**

*Managing Partner, Arbor Partners*

**Jan Barney Newman**

*Trustee, Ann Arbor District Library Board*

**Richard N. Robb, DDS**

*Regent Emeritus, Eastern Michigan University*



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



Member  
**FDIC**

**Downtown Ann Arbor**

125 S. Fifth Ave.  
Ann Arbor, MI 48104  
(734) 662-1600

**Downtown Saline**

179 East Michigan Ave.  
Saline, MI 48176  
(734) 470-5001

**Downtown Ypsilanti**

7 W. Michigan Ave.  
Ypsilanti, MI 48197  
(734) 485-9400

**Ellsworth Rd. &  
Airport Blvd.**

801 W. Ellsworth Rd.  
Ann Arbor, MI 48108  
(734) 669-8900

**Plymouth**

1333 W. Ann Arbor Rd.  
Plymouth, MI 48170  
(734) 455-1511

**Stadium & Liberty**

2204 W. Stadium Blvd.  
Ann Arbor, MI 48103  
(734) 822-1900

**Traver Village  
Shopping Center**

2601 Plymouth Rd.  
Ann Arbor, MI 48105  
(734) 662-3800

**Birmingham**

33583 Woodward Ave.  
Birmingham, MI 48009  
(248) 723-7200

# Q2 '19: Culture of Success

**Arbor Bancorp, Inc.**

Statement of Condition, June 30, 2019

Dear fellow shareholders:

July 2019

I am pleased to report a successful start to 2019 through the first six months of our current fiscal year. Our earnings exceeded \$14.9 million and reflect a 6.3% increase over the prior year results. The earnings improvement is a reflection of our ongoing focus on growing revenue, up 8% year to date, while prudently managing our operating expense growth, up 1.5%. This strategy of growing revenue at a much faster pace than expenses has been a significant contributor to our noteworthy annual earnings improvement over a long period of time. It has positively impacted our performance metrics which continue to position Bank of Ann Arbor as a very high performer in the industry in areas of return on equity (17.7%), return on assets (1.95%), and efficiency ratio (48.0%) to name a few. Also noteworthy, our credit quality remains very strong as reflected by no performing commercial loans past due greater than 30 days at quarter end on a commercial portfolio that exceeds \$1 billion.

Our high performing results would not be possible without the support and quality of our colleagues, the World's Best Bankers. A fortuitous outcome of our exceptional earnings momentum is the ability to continue to invest in new talent as well as recognizing members of our existing team, who are producing at high levels, with well-deserved promotions. We have created a culture of success with a remarkable team that embraces collaboration, being responsive, creating solutions for our clients, and giving back our time and financial resources to the communities we serve. Our colleagues, 245 strong, and our strong culture have us ideally positioned for continued growth and success.

While we face a number of headwinds such as the flattening and inverted yield curve, the likelihood of short term interest rate cuts by the Federal Reserve, and a slowing economy, all of us at the bank are excited about the successful start to 2019 and will continue to work collaboratively over the last half of the year to deliver our tenth consecutive year of record-level performance.

If I can be helpful, please do not hesitate to contact me.

Sincerely,



Timothy G. Marshall  
President and CEO

## ARBOR BANCORP, INC.

### Balance Sheet

(000's omitted)	As of June 30	
	2019	2018
<b>Assets:</b>		
Cash	\$ 22,116	\$ 23,150
Overnight investments	291,914	99,452
Investments	84,707	112,196
<b>Loans:</b>		
Commercial	1,012,375	989,691
Leases	157,977	175,608
Residential mortgages	99,694	99,245
Mortgages held for resale	6,411	3,457
Installment	34,967	35,851
<b>Total loans</b>	<b>1,311,424</b>	<b>1,303,852</b>
Allowance for loan loss	(19,228)	(18,447)
Interest receivable	3,738	3,449
Bank owned life insurance	26,988	24,146
Goodwill	13,087	13,087
Other assets	13,392	15,571
Bank premises and equip.	19,398	20,421
<b>Total Assets</b>	<b>\$ 1,767,536</b>	<b>\$ 1,596,877</b>
<b>Liabilities and Capital:</b>		
<b>Deposits</b>		
Demand	\$ 453,793	\$ 468,130
NOW	185,949	161,027
Smart one	212,457	209,228
Money market savings	274,348	260,442
Savings	94,943	98,370
CDs < \$100,000	21,979	22,039
CDs > \$100,000	209,931	92,451
<b>Total deposits</b>	<b>1,453,400</b>	<b>1,311,687</b>
Repurchase agreements	26,969	38,914
Other debt	3,193	5,128
FHLB advances	80,000	60,000
Sub debt	22,650	22,650
Interest payable	687	298
Other liabilities	8,358	10,256
Trust preferred securities	5,000	5,000
Preferred stock	12,196	12,196
Retained earnings	90,775	64,385
Unrealized gain/(loss) on securities held for sale	171	(432)
Common stock	64,137	66,795
<b>Total Capital</b>	<b>167,279</b>	<b>142,944</b>
<b>Total Liabilities and Capital</b>	<b>\$ 1,767,536</b>	<b>\$ 1,596,877</b>

### Income Statement

(000's omitted)	For six months ended	
	6/30/19	6/30/18
<b>Interest income:</b>		
Loans	\$ 34,794	\$ 32,112
Overnight investments	2,183	681
Investments	1,260	1,389
Loans fees	1,103	1,098
<b>Total income and fees</b>	<b>39,340</b>	<b>35,280</b>
<b>Interest expense:</b>		
NOW	1,057	240
Smart one	649	386
Money market savings	876	512
Savings	182	143
CD's < \$100,000	120	57
CD's > \$100,000	632	366
Repurchase agreements	75	69
FHLB advances	1,130	450
Sub debt	780	780
Other debt	265	241
<b>Total interest expense</b>	<b>5,766</b>	<b>3,244</b>
<b>Net interest income</b>	<b>33,574</b>	<b>32,036</b>
<b>Provision for loan losses</b>	<b>936</b>	<b>1,377</b>
<b>Net interest income after provision for loan losses</b>	<b>32,638</b>	<b>30,659</b>
<b>Other income:</b>		
Service charges	353	333
Mortgage origination	474	674
Trust income	3,798	3,604
Miscellaneous income	1,948	2,637
<b>Total other income</b>	<b>6,573</b>	<b>7,248</b>
<b>Operating expenses:</b>		
Salaries and benefits	12,812	12,591
Marketing and business development	1,161	1,036
Building and equipment	2,084	2,019
Contracted services	2,094	2,007
Other expenses	2,101	2,293
<b>Total operating expenses</b>	<b>20,252</b>	<b>19,946</b>
<b>Net income before tax</b>	<b>18,959</b>	<b>17,961</b>
<b>Federal income tax</b>	<b>3,645</b>	<b>3,529</b>
<b>Net Income</b>	<b>\$ 15,314</b>	<b>\$14,432</b>
<b>Preferred stock dividends</b>	<b>\$ 371</b>	<b>\$ 371</b>
<b>Net income available to common shareholders</b>	<b>\$ 14,943</b>	<b>\$ 14,061</b>
<b>Earnings per Share</b>	<b>\$ 5.30</b>	<b>\$ 5.03</b>

# FOR IMMEDIATE RELEASE

Contact: Timothy Marshall, 734.662.1600

## Media Release



### **Bank of Ann Arbor Welcomes Abadi, Swartzendruber and Davidoff**

*Ann Arbor, Michigan, July 15, 2019* – Bank of Ann Arbor would like to welcome Nader Abadi, Michelle Swartzendruber and Michael Davidoff to the team.

While our Birmingham office is still in its early phases, it is with great excitement that we continue to expand the team with exceptional new talent. Joining us this year are Nader Abadi and Michelle Swartzendruber, both in the commercial lending area.

Nader, Assistant Vice President and Commercial Loan Officer, joins Bank of Ann Arbor with experience as an Associate at Monroe Capital, a Chicago-based private debt fund, where he sourced and structured middle market senior/junior debt and equity transactions. Prior to Monroe, Nader was a corporate ratings analyst with S&P Global in New York, covering the real estate and retail industries. Additionally, he is actively involved in the community, serving as a member of the Dearborn Education Foundation. He received his BA in Economics from University of Michigan and MBA from Georgetown University.

Michelle, Vice President and Commercial Loan Officer, comes to us with nearly 20 years of highly successful commercial banking experience, all at Fifth Third Bank, working in the Healthcare, Education, & Non-Profit area the last three years and in the Commercial Real Estate lending area the prior eleven years. She received her BA in Finance from Michigan State University's Broad School of Business. In her spare time, Michelle is a member of ACG Detroit, Inforum, and volunteers at her daughter's school.

In Ann Arbor, Michael Davidoff joins the Trust and Investment Management Group. As Vice President, Senior Investment and Business Development Officer, he comes to our team with more than 20 years of experience. Most recently, he was a Senior Equity Research Analyst at Wells Capital Management. At Wells, he served as a buy-side analyst for a \$9 billion institutional money manager. He received his BA in International Relations from University of Michigan and his MBA in Finance and Accounting from University of Chicago's Booth School of Business. Outside of the office, he is volunteer at University of Michigan's Ross Business School, and a member of the Ann Arbor Angels and Imerman Angels.

“Looking back at the first half of the year, it is incredible to be in a position to continue to grow and invest in our talent at the bank,” said Tim Marshall, President & CEO, Bank of Ann Arbor. “Nader, Michelle, and Michael are great examples of what sets Bank of Ann Arbor apart from others. Their remarkable success, noteworthy expertise, and commitment to their community, embodies the culture of BOAA perfectly.”

#### About Bank of Ann Arbor

*Bank of Ann Arbor is a locally owned and operated bank with total assets and assets under management of over \$3.2 billion, serving people and businesses in Southeast Michigan with offices at the corner of Fifth Avenue and Washington Street in downtown Ann Arbor, in the Traver Village Shopping Center, at the corner of Stadium and Liberty streets, on West Ellsworth Road in Pittsfield Township, on West Michigan Avenue in downtown Ypsilanti, in Plymouth on Ann Arbor Road, on East Michigan Avenue in downtown Saline, and on Woodward Avenue just north of 14 Mile Road in Birmingham Michigan. UniFi Equipment Finance, a wholly owned subsidiary of the bank and headquartered in Ann Arbor, is a well-established company with a national presence in the small ticket vendor space. UniFi has funded more than 85,000 transactions, totaling over \$1 billion. [www.boaa.com](http://www.boaa.com) / [www.unifiedge.com](http://www.unifiedge.com). Visit us on Facebook, Twitter, and LinkedIn.*

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## FOR IMMEDIATE RELEASE

Contact: Timothy Marshall, 734.662.1600

# Media Release



### **Promotion of Hoffman, VanNest, Morris and Agler Kick Start First Half of 2019**

*Ann Arbor, Michigan, July 15, 2019* – In the first half of 2019, Bank of Ann Arbor is proud to recognize the promotions of Sara Hoffman, Trina VanNest, Gordon Morris, and Jena Agler.

Sara, promoted to Vice President & Commercial Loan Officer, has been with Bank of Ann Arbor since 2009. Originally serving as a Senior Credit Analyst, she quickly proved a skill set in working with small business clients and was promoted to Small Business Lending Officer in 2010. Her continued hard work, responsiveness, and dedication to her clients and nearly 200 prospect inquiries per year, has resulted in outstanding growth in the small business loan portfolio at the bank.

In her free time, Sara is also dedicated to her community, serving on the Board for Main Street Area Association and on the Finance Committee for Honey Creek Community Schools. She is also active with United Way of Washtenaw County Young Leaders Society, as well as Women's Exchange of Washtenaw.

Trina, promoted to Senior Vice President and Credit Manager, joined BOAA in 2010 as an Assistant Vice President and Credit Administration Officer. In her time here, she has taken on greater responsibility, been granted higher levels of loan authority to move loan relationships less than \$1,000,000 more efficiently through the approval process, and manages a large team of credit analysts, as well as the appraisal review department. Outside of the office, Trina is active in the Plymouth Canton School system with both the Marching Band and Winter Guard organizations. She also serves on a committee at the Ann Arbor Area Community Foundation that focuses on assisting area non-profits.

Gordon, promoted to Credit Administration Officer & Loan Documentation Manager, has nearly 30 years of banking experience which included 25 years at TCF bank. He brings an expertise in a wide range of areas including the documentation and closing of retail and commercial loans. Joining Bank of Ann Arbor in 2015, he has quickly made a large impact on his group, improving processes, creating efficiencies, and leading the team through these changes. As a lifelong resident of Ann Arbor, Gordon has volunteered countless hours to the community, including to the Women's Field Hockey team, Yost Arena events and Juvenile Diabetes Research Foundation.

Jena, promoted to Assistant Vice President and Trust Officer, joined the Trust and Investment Management team in 2016. She was previously a practicing attorney in Michigan specializing in probate and estate planning, including drafting and executing estate planning documents such as wills, trusts and powers of attorney. Her skills and expertise in the field have been a great asset to the group. She received her undergraduate degree from Grand Valley State University and her law degree from the University of Detroit Mercy School of Law. Jena passed the Bar Exam in Michigan in 2011.

Jena too is a lifelong resident of Ann Arbor. She serves the community in a number of ways including Habitat of Humanity, the Humane Society of Huron Valley, Women Lawyers Association of Michigan, and the Young Lawyers Section of the Washtenaw County Bar Association.

“Recognizing the commitment, loyalty, hard work, and immeasurable contributions to our success in a well-deserved promotion is very gratifying,” said Tim Marshall, President & CEO of Bank of Ann Arbor. “A sincere thank you and congratulations to Sara, Trina, Gordie, and Jena.”

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###

Largest Banks and Thrifts in Metro Detroit RANKED BY 2018 ASSETS

**1. FLAGSTAR BANK**

5151 Corporate Dr.  
Troy 48098  
248-312-2000  
flagstar.com  
**Top Local Executive:** Alessandro P. DiNello, president/CEO  
**Assets 2018:** \$18.5B  
**Assets 2017:** \$16.9B  
**Net Income 2018:** \$176B  
**Net Income 2017:** \$63M\*  
**Total Loans 2018:** \$13.3B  
**Total Loans 2017:** \$12.3B  
\*Unadjusted number. Net income 2017 adjusted for the Tax Reform and New Jobs Act was \$143M.

**2. COMERICA BANK**

411 W. Lafayette Blvd.  
Detroit 48226  
313-222-4000  
comerica.com  
**Top Local Executive:** Michael T. Ritchie, Michigan market president  
**Assets 2018 (FY average):** \$13.2B  
**Assets 2017 (FY average):** \$13.4B  
**Net Income 2018:** \$326M  
**Net Income 2017:** \$247M  
**Total Loans 2018 (FY average):** \$12.5B  
**Total Loans 2017 (FY average):** \$12.7B  
(These figures reflect Comerica's Michigan banks.)

**3. STERLING BANK AND TRUST**

One Towne Square, Ste. 1900  
Southfield 48076  
248-355-2400

sterlingbank.com

**Top Local Executive:** Gary Judd, CEO  
**Assets 2018:** \$3.2B  
**Assets 2017:** \$3B  
**Net Income 2018:** \$67.9M  
**Net Income 2017:** \$41.2M  
**Total Loans 2018:** \$2.92B  
**Total Loans 2017:** \$2.7B

**4. BANK OF ANN ARBOR**

125 S. Fifth Ave.  
Ann Arbor 48017  
734-662-1600  
bankofannarbor.com  
**Top Local Executive:** Timothy G. Marshall, president/CEO  
**Assets 2018:** \$1.7B  
**Assets 2017:** \$1.5B  
**Net Income 2018:** \$29.1M  
**Net Income 2017:** \$20.1M  
**Total Loans 2018:** \$1,290.7M  
**Total Loans 2017:** \$1,245.7M

**5. CRESTMARK BANK**

5480 Corporate Dr., Ste. 350  
Troy 48098  
248-641-5100  
crestmark.com  
**Top Local Executive:** Mick Goik, President  
**Assets 2018:** \$1.5B  
**Assets 2017:** \$1.2B  
**Net Income 2018:** \$26.2M  
**Net Income 2017:** \$29.4M  
**Total Loans 2018:** \$1.3B  
**Total Loans 2017:** \$731M

**6. LEVEL ONE BANK**

32991 Hamilton Court  
Farmington Hills 48334  
248-737-0300

levelonebank.com

**Top Local Executive:** Patrick J. Fehring, chairman/president/CEO  
**Assets 2018:** \$1.4B  
**Assets 2017:** \$1.3B  
**Net Income 2018:** \$14.4M  
**Net Income 2017:** \$9.8M  
**Total Loans 2018:** \$1.1B  
**Total Loans 2017:** \$1B

**7. FIRST STATE BANK**

16100 Nine Mile Rd.  
Eastpointe 48021  
586-775-5000  
thefsb.com  
**Top Local Executive:** Gene Lovell, president/CEO  
**Assets 2018:** \$712.4M  
**Assets 2017:** \$676.9M  
**Net Income 2018:** \$7.7M  
**Net Income 2017:** \$5.4M  
**Total Loans 2018:** \$520M  
**Total Loans 2017:** \$445.5M

**8. OXFORD BANK**

60 S. Washington St.  
Oxford 48371  
248-628-2533  
oxfordbank.com  
**Top Local Executive:** David Lamb, president/CEO  
**Assets 2018:** \$457.4M  
**Assets 2017:** \$386.3M  
**Net Income 2018:** \$3.88M  
**Net Income 2017:** \$1.7M  
**Total Loans 2018:** \$319.4M  
**Total Loans 2017:** \$289M

**9. FIRST NATIONAL BANK IN HOWELL**

101 East Grand River Ave.  
Howell 48843

517-546-3150  
fnbh.com  
**Top Local Executive:** Ronald L. Long, CEO  
**Assets 2018:** \$412.4M  
**Assets 2017:** \$400.6M  
**Net Income 2018:** \$3.2M  
**Net Income 2017:** \$259K  
**Total Loans 2018:** \$323.8M  
**Total Loans 2017:** \$267.2M

**10. ANN ARBOR STATE BANK**

125 W. William St.  
Ann Arbor 48104  
734-761-1475  
a2sb.com  
**Top Local Executive:** Peter Schork, president/CEO  
**Assets 2018:** \$309.3M  
**Assets 2017:** \$292.1M  
**Net Income 2018:** \$4.1M  
**Net Income 2017:** \$3.3M  
**Total Loans 2018:** \$234.2M  
**Total Loans 2017:** \$209.9M

**11. CHELSEA STATE BANK**

1010 South Main St.  
Chelsea 48118  
734-475-1355  
chelseastate.bank  
**Top Local Executive:** John Mann, CEO  
**Assets 2018:** \$300.7M  
**Assets 2017:** \$285.3M  
**Net Income 2018:** \$5.3M  
**Net Income 2017:** \$4.6M  
**Total Loans 2018:** \$176.6M  
**Total Loans 2017:** \$169.9M

**12. DEARBORN FEDERAL SAVINGS BANK**

22315 Michigan Ave.  
Dearborn 48124  
313-565-3100  
mydfsb.com  
**Top Local Executive:** William R. White, chairman/president  
**Assets 2018:** \$266.2M  
**Assets 2017:** \$257.1M  
**Net Income 2018:** \$1.5M  
**Net Income 2017:** \$2.5M  
**Total Loans 2018:** \$201.1M  
**Total Loans 2017:** \$185.8M

**13. FIRST INDEPENDENCE BANK**

7310 Woodward Ave., Ste. 101  
Detroit 48202  
313-256-8400  
firstindependence.com  
**Top Local Executive:** Kenneth Kelly, chairman/CEO  
**Assets 2018:** \$258.1M  
**Assets 2017:** \$286.3M  
**Net Income 2018:** \$3M  
**Net Income 2017:** \$1.7M  
**Total Loans 2018:** \$177M  
**Total Loans 2017:** \$172M

**14. MAIN STREET BANK**

31780 Telegraph Rd.

Bingham Farms 48025  
248-645-8888  
msbmi.com  
**Top Local Executive:** Jeffrey Kopelman, president/CEO  
**Assets 2018:** \$255.2M  
**Assets 2017:** \$227.5M  
**Net Income 2018:** \$2M  
**Net Income 2017:** \$1.1M  
**Total Loans 2018:** \$236.7M  
**Total Loans 2017:** \$192.4M

**15. UNIVERSITY BANK**

2015 Washtenaw Ave.  
Ann Arbor 48104  
734-741-5858  
university-bank.com  
**Top Local Executive:** Stephen L. Ranzini, president/CEO  
**Assets 2018:** \$246.4M  
**Assets 2017:** \$182.9M  
**Net Income 2018:** \$2.4M  
**Net Income 2017:** \$5.1M  
**Total Loans 2018:** \$115.7M  
**Total Loans 2017:** \$119.6M

**16. CLARKSTON STATE BANK**

5800 S. Main St.  
Clarkston 48346  
248-625-8585  
clarkstonstatebank.com  
**Top Local Executive:** J. Grant Smith, president/CEO  
**Assets 2018:** \$210.7M  
**Assets 2017:** \$192.4M  
**Net Income 2018:** \$2.6M  
**Net Income 2017:** \$860,000  
**Total Loans 2018:** \$192.1M  
**Total Loans 2017:** \$148.1M

**17. HURON VALLEY STATE BANK**

130 Millford Rd.  
Milford, 48381  
248-684-9626  
hvsb.com  
**Top Local Executive:** Jack Shubitowski, president/CEO  
**Assets 2018:** \$150.8M  
**Assets 2017:** \$140.7M  
**Net Income 2018:** \$1.8M  
**Net Income 2017:** \$1.2M  
**Total Loans 2018:** \$132.1M  
**Total Loans 2017:** \$121.9M

Total financial results are listed for banks headquartered in Wayne, Oakland, Macomb, Livingston, and Washtenaw counties. For banks headquartered outside this area, local results only are provided. Many national banks do not release results for individual markets; therefore, major institutions are not included on this list. Total loans also account for leases.

Sources: Federal Deposit Insurance Corp. and DBusiness

BALANCE SHEET Flagstar Bank in Troy tops the list.





Home > Finance

April 28, 2019 12:02 AM

# Bank of Ann Arbor exec talks lines of credit, investing and Michigan

TOM HENDERSON



Mike Cole, president of the Bank of Ann Arbor's Technology Industry Group

Mike Cole has been president of the Bank of Ann Arbor's Technology Industry Group since 2002, providing loans and lines of credit to area tech companies as well as financing called a capital-call line of credit to the state's venture capital companies, including Ann Arbor-based Arboretum Ventures LLC and the Renaissance Venture Capital Fund and the Grand Rapids-based Grand Ventures.

A 1982 graduate of Michigan State University, he got his MBA from the University of Southern California, from 1993-99 was senior manager in Los Angeles of the Royal Bank of Canada's Technology Industry Group and then was founder and CEO of Santa Monica-based iKnack before returning to Michigan in 2001. He talked about his group with Tom Henderson, who has been covering venture capital for *Crain's* since 2005.

## What did your California company do and what brought you back to Michigan?

iKnack was involved early on in human-resource management over the Internet. Ultimately, it didn't go anywhere. My wife and I wanted to move back to Michigan. We had three kids, and we wanted to raise them in Michigan, so we rented an RV and drove back in the spring of 2001 with a 4-year old and 2-year old twins. It was quite a ride.

## Founding a technology group at a Midwest bank in 2002 was ahead of the curve.

In the Midwest, we are still ahead of the curve. I don't think there are any banks here doing what we are doing.

## Here's a dumb question for you. You provide a capital-call line of credit for venture capital firms in Michigan. If I have a VC firm that has raised a \$100 million fund, why do I need a line of credit?

It provides you with some flexibility in case something comes up. If you raise a fund, you don't get that money all at once. You make capital calls to your investors when you need money. But an opportunity might happen quickly, and you don't have the cash on hand. It might take you two weeks to raise your money from your limited partners. So a capital call from us gets them money quickly. You do a draw on your line of credit and pay it down in 30, 60 or 90 days.

## **Is there a typical size for a line of credit for your VC customers?**

It can be anywhere from a couple of hundred thousand to \$20 million for a very big fund.

## **You were an early promoter in the state of angel investing, too, starting a group that later morphed into the Michigan Angels under Skip Simms at Ann Arbor Spark.**

I started the Ann Arbor Angels in 2004. That was about the time the Grand Angels in Grand Rapids was starting and Dave Weaver had a group in Detroit getting off the ground. I was president until 2014. We were doing about \$3 million a year in deals, and then Skip and Tom Kinnear got the Michigan Angels up and running. One of the reasons I started the Ann Arbor Angels was I was trying to figure out how to get more money off the sidelines. Skip's done a great job of that, raising his Michigan Angel funds, which gets more people involved.

### **SPECIAL REPORT: FINANCE**

Michigan's venture capital world saw a record high in investment last year, but money available for investment in state-based funds is running low. In this week's special report, we look at the state of venture capital in Michigan, and profile companies and funds that are creating paths to entrepreneurship.

- [Venture capital investments grow in Michigan, but available dollars dwindle](#)
- [New venture capital firm to focus on health care IT](#)
- [UM spinoff puts \\$8 million funding round to use](#)
- [Bank of Ann Arbor exec talks lines of credit, investing and Michigan](#)
- [Growth Capital Symposium set for May 14-15](#)



## FOR IMMEDIATE RELEASE

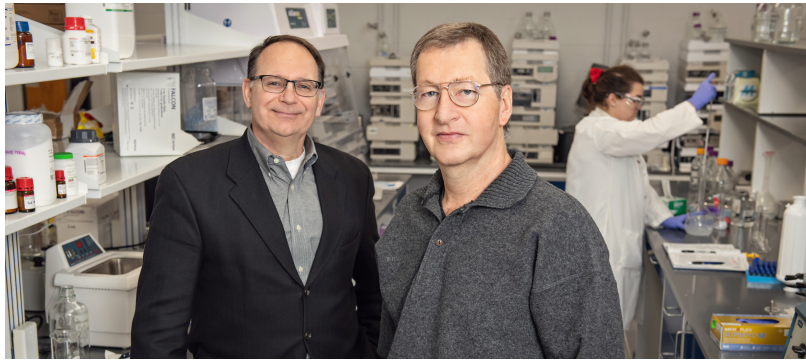
Contact: Timothy Marshall, 734.662.1600

# Media Release



### **Velesco Pharma Finds Room to Grow with Bank of Ann Arbor Technology Industry Group**

*Ann Arbor, Michigan, February 7, 2019* – More than jobs were at stake for pharmaceutical scientists facing the closure of Pfizer Michigan Research & Development in Ann Arbor. The 2007 closure also created the potential to lose decades of drug development experience, including critical specialties that were in high demand from small and mid-size bio-tech and pharmaceutical clients.



Michael Cole and Dave Barnes in Velesco Pharma's formulation and analytical laboratory

Former co-workers Gerry Cox and Dave Barnes saw the opportunity to create a new drug formulation and clinical manufacturing provider in the wake of the Pfizer office closure. Together they founded Velesco Pharma and enlisted the Bank of Ann Arbor Technology Industry Group (TIG) for their start-up banking needs.

“We were ‘accidental’ life science entrepreneurs who’d spent our careers in a huge corporation,” recalled Cox. “Mike Cole, Technology Industry Group President, and Tim Marshall, Bank of Ann Arbor President & CEO, guided us as we set up our small business. Right out of the gate, having a community bank relationship was important for everything, from accounts to hold our State of Michigan seed funds to much-appreciated breakfast meetings.”

Building a contract research organization would take a banking partner familiar with the intense capital requirements of a life sciences start up. This proved to be an additional challenge for both Cox and Barnes, already tasked with finding their first clients and hiring staff.

“Early on, we knew cash flow would be a concern, so a working capital line of credit made sense for the business,” said Cole. “Through the years, we’ve monitored Velesco’s needs and increased that line of credit to support their rapid growth. It’s a great example of our Technology Industry Group understanding the special needs of a life sciences or bio-tech start up in Southeast Michigan and providing the appropriate financial solutions.”

The relationship between Velesco Pharma and Bank of Ann Arbor TIG has continued since their launch. Now, eleven years later, the group still relies on Cole and his team to help the company through its day-to-day banking needs and special growth financing, including in May 2018 the purchase of a new facility in Wixom, Mich. The project, which doubled Velesco’s formulation and analytical laboratory space, allows the company to maintain the impressive growth rate of recent years and meet the needs of its broad client base.

“When the company started outgrowing their facilities in Kalamazoo and Plymouth (Mich.), the management team came to us for acquisition financing and connections to commercial real estate brokers,” said Cole. “Ultimately, Bank of Ann Arbor TIG also helped Velesco Pharma creatively finance leasehold improvements and equipment; they transformed what was a generic office building into a state-of-the-art pharmaceutical research and development operation, with a wet lab and modular clean rooms.”



Velesco Pharma facility in Wixom, MI

“Watching the team at Velesco Pharma forge an incredible business out of what was, at the time, a crisis for our Michigan life sciences community, is a testament to the resilience and problem-solving skills of our entrepreneurs. It’s been a privilege to help them grow.”

### **Photo Credit: Leisa Thompson Photography**

#### About Bank of Ann Arbor

*Bank of Ann Arbor is a locally owned and operated bank with total assets and assets under management of over \$3.2 billion, serving people and businesses in Southeast Michigan with offices at the corner of Fifth Avenue and Washington Street in downtown Ann Arbor, in the Traver Village Shopping Center, at the corner of Stadium and Liberty streets, on West Ellsworth Road in Pittsfield Township, on West Michigan Avenue in downtown Ypsilanti, in Plymouth on Ann Arbor Road, on East Michigan Avenue in downtown Saline, and on Woodward Avenue just north of 14 Mile Road in Birmingham Michigan. UniFi Equipment Finance, a wholly owned subsidiary of the bank and headquartered in Ann Arbor, is a well-established company with a national presence in the small ticket vendor space. UniFi has funded more than 85,000 transactions, totaling over \$1 billion. [www.boaa.com](http://www.boaa.com) / [www.unifiedge.com](http://www.unifiedge.com). Visit us on Facebook, Twitter, and LinkedIn.*

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