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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.

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