

City of Ann Arbor

301 E. Huron St.

Ann Arbor, MI 48104

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Formal Minutes - Final

Thursday, August 25, 2022

8:15 AM

SPARK East, 215 W. Michigan Ave Ypsilanti, MI 48197

Local Development Finance Authority (LDFA)

I. CALL TO ORDER

Chair Michael Psarouthakis called the meeting to order at 8:49 a.m. at SPARK East, 215 W. Michigan Ave Ypsilanti, MI

II. ROLL CALL

Present: 5 - Phil Tepley, Heather Grisham, Michele Mueller, Chair Michael Psarouthakis, and Caryn Charter

Absent: 3 - Stephen Rapundalo, Ali Ramlawi, and Carrie Leahy

III. PUBLIC COMMENT

None

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.

IV. APPROVAL OF AGENDA

Approved

V. APPROVAL OF MINUTES

Approved with changes

[22-1350](#) LDFA Meeting Minutes July 28, 2022

Attachments: LDFA Meeting Minutes- July 28, 2022.pdf

Approved by the Board with changes and forwarded

VI. LDFA CHAIR'S REPORT

None

VII. LDFA TREASURER'S REPORT

[22-1431](#) Final Audit Report - FY2022

Attachments: Ann Arbor SPARK Job Creation Reporting 2021 AUP Report.pdf, Ann Arbor SPARK Entrepreneurial Services Contract 2021 AUP Report.pdf

Treasurer Tepley reported that everything was in order for the final audit decision. The auditors did not have a final decision before. Treasurer Tepley stated that everything is going as expected. In addition, Treasurer Tepley reported that all the adjustments have been changed with the invoices. B. Mayer stated that the auditors were sympathetic.

B. Mayer reported that the threshold was set at when the jobs created number exceeds twenty. B. Mayer stated that he is checking if the number is lower than that. Anything that is over four or five jobs is being reviewed by B. Mayer. B. Mayer stated that he wants two data points. B. Mayer stated that pitch book can be validated. The pitch book subscription has helped with data checking. What is checked in pitch book can be checked against what is self reported. Chair Psarouthakis stated to B. Mayer that he should be careful with the accuracy of the data from pitch book. B. Mayer discussed the purpose of using the data from pitch book.

B. Mayer reported that a threshold for capital rates has been set. Anytime there is a capital rate reporting over a million dollars will be verified. B. Mayer stated that the numbers are net off. If a hundred jobs are created and twenty jobs are lost; only eighty jobs are going to be reported. This helps the reporting accuracy.

A board discussion regarding the final audit report was created. The discussion included conversation about economic growth, funding availability and business/industry growth. C. Charter commented and stated to the board that the final audit report is not a financial audit. C. Charter commented and asked the board if there should be a single audit for the funds. A board discussion regarding the financial audit and the schedule of the report. The board discussed the auditing process and possibly requesting a single audit for funds. Treasurer Tepley stated that the Audit Committee needed to meet to discuss the finances of the LDFA.

A board discussion regarding the officer and committee assignments was created. M. Praschan stated to the board the officer and committee

assignments were created every two years. The board also discussed the leaving the officer assignments the same until it can be scheduled to discuss.

Approved

[22-1466](#) Ann Arbor SPARK Final Audit Responses

Attachments: Ann Arbor SPARK Audit responses Final.pdf

VIII. REPORTS FROM SERVICE PROVIDERS

[22-1438](#) Micro Loan Memo

Attachments: Micro Loan Memo 2022.pdf

B. Mayer reported on the breakdown of the current standing of the loans. B. Mayer stated the last loan on page two in the table has been written off. We are no longer the contact for the company. There is a possibility for a liquidation. B. Mayer reported on other loan liquidations happening and referred to Mike Flanagan during the meeting. Mike Flanagan is the person who is doing the portfolio servicing.

A board discussion was created regarding the micro loan memo. The discussion also included questions regarding a companies loan changes, extensions, and monthly payments. Board Member Grisham during the discussion stated that one of the companies loan did not have a specific amount that is paid every month. B. Mayer indicated that Mike Flanagan can add any clarifying comments to the discussion.

M. Flanagan added to the board discussion regarding the micro loan memo. M. Flanagan stated that one of the companies original founders had passed away several years ago, and one of the investors basically took the assets of the company and was working with the widow. The company recapitalized and that created a negotiation with SPARK to try and figure out how to make it workable for future investors. M. Flanagan also stated that a Profit Share agreement was created as a way to defer until the company was up and running. M. Flanagan does a check in once or twice a year with the company to see how things are going.

Treasurer Tepley commented and asked M. Flanagan how many hours he spends managing the service portfolio. M. Flanagan stated that it is not a lot of time and it can depend of the status of the loan. Ideally, a payment plan is put together, and If there is any kind of cash flow at that point, and then it is monitored. M. Flanagan indicated that the administrative side of the portfolio it is not too heavy.

A board discussion was created regarding closing the loan. The discussion included questions regarding the benefits for SPARK, and the benefits of financially writing the company off. B. Mayer stated it is not a burden and disagrees wit closing the loan. The Board decided in the discussion to the leave the loan as it is.

A board discussion was created by B. Mayer regarding concerns about the inflationary pressures for various employees. B. Mayer wanted to know what other board members were doing for employee retention and consultation raises. The discussion by the board included; employee fairness, employee compensation, and remote opportunity. In addition, M. Mueller during the discussion also added her perspective on being a competitive employer and identifying high demand positions. M. Praschan stated that the City of Ann Arbor is still considering options for employee retention.

A board discussion regarding the next board meeting was created. K. Cummings stated the next board meeting is September 22, 2022. K. Cummings also stated the there was two board meetings left and the next location of the board meeting was in Ann Arbor at City Hall. B. Mayer stated that he will have the quarterly report for the board in the October and the International Auto Show report.

IX. OTHER BUSINESS

None

X. ADJOURNMENT

Chair Michael Psarouthakis called the meeting adjourned at 9:31 a.m. at SPARK East, 215 W. Michigan Ave Ypsilanti, MI

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**City Clerk's Office
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