

City of Ann Arbor

301 E. Huron St.

Ann Arbor, MI 48104

<http://a2gov.legistar.com/Calendar.aspx>



Formal Minutes - Final

Thursday, January 26, 2023

8:15 AM

**Members of the public may listen or speak at public comment, call: (877)
853-5247 Enter Webinar ID: 934 3939 1310**

**Larcom City Hall, 301 E. Huron St., Basement Conference Room and Via
Zoom**

Local Development Finance Authority (LDFA)

I. CALL TO ORDER

Chair Michael Psarouthakis called the meeting to order at 8:17 a.m. at Larcom City Hall, 301 E Huron St., Basement, Conference Room and Via Zoom.

II. ROLL CALL

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

Absent: 3 - Stephen Rapundalo, Carrie Leahy, and Jennifer Cornell

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

Katie Jones from the City of Ypsilanti addressed the Board and Introduced herself. Katie Jones recently joined the City of Ypsilanti as of the being of the year and her position title with the City is Economic Development Equity Coordinator.

Approved with changes

V. APPROVAL OF MINUTES

Approved

[23-0013](#) LDFA Special Meeting Minutes 12.08.2022

Attachments: LDFA Special Meeting Minutes 12.08.22.pdf

Approved by the Board and forwarded

VI. LDFA CHAIR'S REPORT

None

VII. LDFA TREASURER'S REPORT

[23-0014](#) Smartzone 2nd Quarter Financial Report - FY2023

Attachments: Smartzone Financial Report 12 31 22.pdf

Treasurer Tepley reported that since the last LDFA meeting , he had two monthly invoices. Treasurer Tepley stated that the November invoice was approximately \$311,000.00, and the December invoice was approximately \$335,000.00. Treasurer Tepley stated that everything was looking good and very reasonably close to budget.

H. Grisham commented and reported an update on the audit quote. H. Grisham stated that she reached out to the auditors and they are working on the audit quote. More updates and information to come soon.

M. Praschan reported that the financial summary looked good and nothing out of the ordinary was happening. M. Praschan reported that there were still some issues of the funding for the grant line items available. M. Praschan stated that T. Schewchuk would be providing an update for the Board on the Fiber Project and is projecting to return of approximately \$26,000.00 of supplemental support for procurement services from the City that has not yet been engaged.

Treasurer Tepley commented and suggested that the Grant Committee schedule a meeting to discuss a plan for grant funding.

VIII. REPORTS FROM SERVICE PROVIDERS

22-2140 Fiber Project Update

Attachments: A2 Community 3-Year Cost Benefit Analysis - Final.pdf,
22-1750 Reso Commercial Use and Public Hearing.pdf,
Memo - Tech Park Project Status 1-9-20-23.docx

T. Schewchuk reported that as of January 9, 2023, 100% of the conduit, 100% of the vaults (handholes), and 40% of the fiber has been placed. The remaining fiber will be placed in the month of January. Splicing of the fiber will begin in January and it is expected to be completed by March. T. Schewchuk reported that there is some minor concrete restoration that will need to be completed in spring due to weather conditions but will not affect the ability to activate the fiber by March. There are no major issues to report.

T. Schewchuk reported that on November 21, 2022, the Ann Arbor City Council approved resolution R-22-376 allowing commercial use of the fiber and approved a pricing model. In addition, and to satisfy requirements for the Metropolitan Extension Rights-of-Way Oversight Act (the "METRO Act"), MCL 484.3101 et seq, a public hearing was conducted, and a cost-benefit analysis was prepared. T. Schewchuk stated the resolution and the cost-benefit analysis for review was attached.

T. Schewchuk reported that he recently met with the University of Michigan, and they are interested in utilizing the new fiber. The city is preparing and Fiber and Conduit Use Agreement for their review

A board discussion regarding the marketing and strategy awareness of the new humanity for the community and businesses downtown was created. T. Schewchuk stated that their communications department was working on setting up a website to advertise and would publish it. In addition, T. Schewchuk stated that they needed to work with SPARK as well to make sure the community and businesses are aware of what they are offering.

23-0015 SPARK - LDFA 2nd Quarter Report - FY2023

Attachments: LDFA 22-23 Q2 Final.pdf, 2022 a2Tech360 Recap.pdf

B. Mayer reported that reviewing the cover sheet and high level metrics that everything was very consistent. Across the metrics, the seventeen companies created has spiked. B. Mayer stated that the business has been kind of lumpy. There was low billing in November, and very high billing in December which means it can change. B. Mayer reported that the capital raised has been tracked as a barometer and it is lower than it has been in the past three quarters. B. Mayer stated that deals are happening, but the deals tend to be fewer in number and larger in scale.

A board discussion regarding the legislation definitions in the LDFA reporting requirements to the State was created. B. Mayer stated the glossary created from the State is mirrored and there is not definition for capital rates, but a definition can be added. The board discussed a capital rate definition being added would be helpful.

B. Mayer reported that the Tech Homecoming was held back in November. Employers and people that attended the event go to enjoy a little happy hour. B. Mayer stated in order to get more people to attend, having professional headshots taken would increase attendance. It was a great event and the outcomes of the event would be tracked.

B. Mayer reported that the Life Science Industry in Michigan was doing pretty well. Michigan is the fifth largest with medical devices and equipment, and the ninth largest in pharmaceuticals and agricultural industrial line sites in bioscience. A board discussion regarding various sectors productivity was created. Treasurer Tepley commented and suggested not building in areas that have the same levels of inequality than others. In addition, the board discussed whether there were opportunities and sales in pharmaceuticals.

B. Mayer reported that nothing was unusual in terms of intake and deals. Serial company founders and experienced management in early growth startups is a huge asset. H. Grisham commented and asked who designed the studies about how much to allocate for companies. B. Mayer stated that he created the program based off of the pin point of using good people in areas that need to be kept here in Michigan.

B. Mayer reported that five companies received approximately a \$3,000.00 match for an intern that they would hire given the company provide \$3,000.00. The MI STEM program has been running for almost

two years, but there are question marks about the future of that program. If the MI STEM program does have any issues, there are dollars in Ann Arbor and Ypsilanti for the companies not to be injured. B. Mayer reported that occupancy in the incubator has been stable. There are six new virtual tenants and they pay approximately \$125.00 a month. B. Mayer stated that the rest of the desks on the third and fourth floor of SPARK East are unchanged. In addition, a new website was launched this past fall with new materials that represent the incubators and all the SPARK services.

B. Mayer reported that the venture capital activity is good. The high number on the cover sheet also reflects the highest number on the sheet which is approximately fifteen million. B. Mayer stated that the angel and the rest of the dollars are good which is not a bad quarter. In addition, B. Mayer reported that the marketing metrics from this quarter is negative compared to last quarter.

B. Mayer reported that there has been a transition to income universal analytics away and from Google analytics. There has also been a change in measuring web traffic and looking at page views. B. Mayer stated that they are measuring what people are doing on the website, and how many times individuals visit the website. B. Mayer reported that the A2tech 360 website accounted for almost a quarter of website traffic again this year. In addition, B. Mayer reported that there was a transition to a new Ann Arbor, U.S.A. org website, and it is showing positive results in terms of increased website traffic. G. Clemetson stated that direct service delivery to clients is the same number on a quarter by quarter bases. B. Mayer and G. Clemetson are working together to figure out how strategize of using TIF dollars for the tech companies they work with.

B. Mayer reported that A2tech 360 had twenty-five different discrete events and this year there will be twenty-four events. Eleven of the events were hosted by SPARK, and seven of the events were partnered events that occurred in previous years, but returned. B. Mayer stated that seven new partnership events had been added. B. Mayer reported that SPARK's metrics recorded approximately 13,532 registrations for events, and one events accounted for approximately 10,000 registrations. Registration numbers are slightly down from 2022 by only approximately 200 registrants. B. Mayer stated that the map shows five Countries, twenty-five different States represented and two hundred and thirty five zip codes as the geographic.

B. Mayer reported that the marketing results in terms of email sent, website visit, and social media impressions are good. The four million

Google display ad impressions are 62% higher than 2021. B. Mayer stated that they surveyed our all of the attendees extensively, and people were very happy. The companies are also very happy with the events. A lot of people hear about these events through word of mouth. B. Mayer reported that the show rate is up 10% from last year. The show rate this year was 41% and it was 31% previously. B. Mayer stated that Mobility Row and A2 Tech Trek were the biggest events. B. Mayer reported that there were sixty in person participating companies in 2022 which shows a 33% increase. The companies communicate that for many of them the events are their only touch point with the general broad community.

IX. OTHER BUSINESS

23-0019 LDFA Draft Budget - FY2024

Attachments: LDFA FY2024 Budget-Draft .pdf

M. Praschan reported that the document attached is the typical spreadsheet that is used to work and prepare the annual budget. The preliminary tax capture revenue is projected at approximately \$5,236,000.00. M. Praschan stated that biggest part of this budget is SPARK contract.

23-0018 LDFA Budget Timing Plan - FY2024

Attachments: LDFA FY2024 Budget timing plan.pdf

M. Praschan reported that the city will need the recommended budget approved by the board by March 23, 2023. M. Praschan stated that the negotiations of the SPARK contract can still be happening and once the budget is finalized if something would occurs it can be amended after it is finalized. In addition, M. Praschan stated that the TIF estimate of 5.2 will not be finalized until the budget is approved by City Council in the second week of May, 2023.

A board discussion regarding the Grant Committee meeting was created to identify the numbers needed to be presented to City Council. The board discussed whether or not the Grant Committee would actually be doing grants or not. M. Praschan stated that the presentation to City Council was optional and if the board would like to present, a recording could be posted and provided to City Council. The recording would need to be posted and ready to be provided to City Council by February of 2023.

[23-0017](#) LDFA Administrative 2nd Quarter Report - FY2023

Attachments: LDFA FY2023 Q2 Quarterly Report.pdf

M. Praschan reported that there was nothing to recap and nothing out of the ordinary was happening.

X. ADJOURNMENT

Chair Michael Psarouthakis called the meeting to adjourned at 9:32 a.m. at Larcom City Hall, 301 E Huron St., Basement, Conference Room and Via Zoom

All persons are encouraged to participate in public meetings. Citizens requiring translation or sign language services or other reasonable accommodations may contact the City Clerk's office at 734.794.6140; via e-mail to: cityclerk@a2gov.org; or by written request addressed and mailed or delivered to:

**City Clerk's Office
301 E. Huron St.
Ann Arbor, MI 48104**

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