

# **City of Ann Arbor**

*301 E. Huron St.*

*Ann Arbor, MI 48104*

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



## **Formal Minutes - Final**

**Thursday, July 28, 2022**

**8:15 AM**

**Larcom Second floor City Council Chambers City Hall, 301 E  
Huron St,**

**Local Development Finance Authority (LDFA)**

**I. CALL TO ORDER**

*Vice Chair Michelle Mueller called the meeting to order at 8:19 a.m. in the City Hall Larcom Second floor City Council Chamber, 301 E Huron St. The meeting was also held electronically via Zoom*

**ROLL CALL**

**II.**

**Present:** 6 - Stephen Rapundalo, Phil Tepley, Heather Grisham, Ali Ramlawi, Michele Mueller, and Carrie Leahy

**Absent:** 2 - Chair Michael Psarouthakis, and Caryn Charter

**III. PUBLIC COMMENT**

*Christopher Jacob from the City of Ypsilanti addressed the Board. Christopher will be attending the Board meetings moving forward. Christopher indicated that he was attending the meeting in order to create collaborations efforts with the LDFA.*

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**

[22-1282](#) LDFA Board Meeting Minutes June 23, 2022

**Attachments:** LDFA Board Meeting Minutes June 23, 2022.pdf

**VI. LDFA CHAIR'S REPORT**

*None*

VII. LDFA TREASURER'S REPORT

[22-1272](#) LDFA-SmartZone 4th Quarter Financial Report - FY2022

**Attachments:** Smartzone Financial Report 06.30.22.pdf

*Treasurer Tepley reported that the SPARK sent their final invoice for the contract that is \$690,000. The ending contract balance is \$10,311.04. Treasurer Tepley stated that everything was within the allowable 10% leeway expect for SPARK East.*

*M. Praschan reported on the fourth quarter financial report. M. Praschan stated that the report represents the financial summary, although it is not finalized, it is close on the expenditure side. M. Praschan indicated that there may be a few adjustments on the revenue side as the books are closed up. M. Praschan stated that 2.786 of fund balance is projected to be used which leaves 1.8 in the fund balance. The number may change due to final numbers.*

VIII. REPORTS FROM SERVICE PROVIDERS

[22-1280](#) SPARK 4th Quarter Report - FY2022

**Attachments:** SPARK 4th Quarter Report - FY2022.pdf

*B. Mayer reported that metrics are consistent. The 203 company served are a high water mark compared to the past year. B. Mayer indicated that there is not a big deviation. B. Mayer stated that the jobs created at 145 are right in line with the average expected to see in the quarterly report. B. Mayer added that the companies created over the pandemic year have been consistent with results.*

*B. Mayer reported that the funds raised have a trend line that has been going up. B. Mayer indicated that the last three quarters have been over 100 million dollars by of taxes raised by companies. B. Mayer stated that there has been discussion about the funds section in regards to see if it is sustainable or not. B. Mayer stated that the fourth quarter was very strong. The quarter came very close to reaching the total amount of the budget.*

*B. Mayer reported on page number one of the quarter report that the acquisition of the EMU former College of Business School building is in progress. SPARK is excited to start working with downtown Ypsilanti. B. Mayer added the exact location of the building for those on the board who have not been to the location.*

*B. Mayer stated that the metrics companies created are in line with phase two and three of the business acceleration. B. Mayer added that the entrepreneur revenue program is designed to retain C Suite talent entrepreneurs to re-engage the next generation of companies that are starting up. B. Mayer reported that the interim matching fund is having a digital engagement summer planning right now. Forty Eight students are focusing on digital marketing and networking . B. Mayer stated that the boot camp will be wrapping up next week.*

*B. Mayer reported on the incubator on page number thirteen of the quarter report. B. Mayer stated that there has been an increase in seated attendance for companies on the first floor of SPARK Central in Ann Arbor. There are also been an six virtual attendance increase. B. Mayer indicated that the third floor suites are occupied and on the fourth floor there are twenty six companies.*

*C. Leahy commented and asked if people were coming into the SPARK Central building located in Ann Arbor.*

*B. Mayer stated that it is mixed. B. Mayer indicated that the traffic in the building is due to the high level of comfort working where ever you are. B. Mayer stated that SPARK is not seeing people having the urgent need to return back in person. There is still a holding pattern, but spaces are slowly filling up and are still in the margins.*

*C. Leahy commented and asked if shirking the space is in the strategy decision making.*

*B. Mayer stated that if the market indicates that shirking the space is necessary then it will be in the strategy decision making.*

*B. Mayer reported that SPARK East is fairly consistent. In addition SPARK East has six companies, twenty-one virtual companies, and two companies in the suite.*

*B. Mayer reported on the networking and educational events on page number nineteen of the quarter report. B. Mayer stated that there has been an increase in events. In addition, B. Mayer stated that SPARK is not making any new micro loans.*

*A. Ramlawi commented and asked B. Mayer at what point SPARK would write off micro loans.*

*B. Mayer stated that SPARK evaluates the micro loans, and reviews the companies equity of outstanding debt. In addition, B. Mayer stated that SPARK books the loan at the loan principal rate and plus the interest included. B. Mayer indicated that some of the micro loans had a two or three year term. In addition at the end of the term, SPARK would have to negotiate with a company to create a longer payment.*

*A. Ramlawi commented and asked B. Mayer if the outstanding balance in the quarter report includes the interest that is been accruing from the micro loans.*

*B. Mayer stated that the outstanding balance in the quarter report does include the interest that has been accruing from the micro loans.*

*B. Mayer stated that he will gather the data on what the principal amount is on the micro loans.*

*A board discussion regarding the principal amount of the micro loans and the outstanding amount including the 11% interest. In addition, the discussion also included conversation regarding finding a cheaper cost of capital and the normal interest rate for loans. The board discussed negotiating the loans and questioned if the companies still existed.*

*B. Mayer stated that he will verify if the companies with the micro loans are systematically named. B. Mayer also stated that he will create a more detail report in regards to the micro loans portfolio structure, term, and number of extensions.*

*M. Praschan stated that the income statement under miscellaneous revenue are micro loans payments that have been paid back this year.*

*B. Mayer reported on the capital rate section on page number twenty-two of the quarter report. B. Mayer stated the capital rate had a strong quarter. B. Mayer indicated that the forecast currently on a global scale for venture capital signifies a contraction. In addition, the they are starting to look into fundamentals and revenue.*

*B. Mayer stated that the last three quarters have been very strong. The ability to raise capital has gone up. In addition, there have been big deals in collateral reporting.*

*B. Mayer reported on the marketing section on page number twenty-three of the quarter report. B. Mayer stated that the former SPARK Vice President of Marketing left their position. The new Senior Vice President of Marketing Jen Heyman. B. Mayer introduced Jen Heyman to the board and asked that she introduce herself.*

*J. Heyman introduced herself to the board. J. Heyman stated that the website visits are down, and the in person annual meeting was successfully this year. In addition, social media interactions are going up. J. Heyman stated that SPARK has been running a social media campaign and has been pulling out metrics that are being received and shared widely. SPARK ran a campaign in Detroit to drive awareness of Ann Arbor as a tech hub as an ecosystem. J. Heyman stated that the tech truck kick off social media post has been shared, and people are excited for the event. J. Heyman reported that the highest performing pages this past quarter have been the jobs page, the startup accelerator, and the stem quarter pages. The pages have been consistent for a while.*

*J. Heyman reported on the strategic marketing communication services on page number twenty-four of the quarter report. J. Heyman stated out of the SPARK East building there are sixteen different companies and forty-three strategic market sessions .*

*B. Mayer reported on page number twenty-five of the quarter report. SPARK continues to collaborate with the satellite smartzone on issues. SPARK will be assisting the smartzone in prompting their Now-Swear One Competition. B. Mayer stated that the former Executive Director for the organization resigned from their position on June 25, 2022. Tim Robinson is the acting Executive Director until the search for a replacement is complete.*

**22-1273** LDFA Administrative Services 4th Quarter Report - FY2022

**Attachments:** LDFA FY2022 Q4 Quarterly Report.pdf

*M. Praschan reported on the fourth quarter administrative services report. M. Praschan stated that the results of the tech park fiber is generating the use of the fund balance. The final performance metrics have been reported.*

**IX. OTHER BUSINESS**

**1. Technology Park Project Status**

**22-1281** Technology Park Project Status

**Attachments:** Memo LDFA - Tech Park Project Status Update  
7-28-22.pdf

*T. Shewchuk reported that the overall technology park project is 29% complete. T. Shewchuk stated that it was reported that 54% of the conduit had been installed, but the percentage is higher than what is reported. There has been a great effort in the last month to restore a lot of concrete. T. Shewchuk stated that in about a month the cables will be pulled and everything will be spliced and connected together. The paste of the project will then go faster. T. Shewchuk stated that the technology park project is still looking to be completed around October.*

*T. Shewchuk reported that a renegotiation was made on concrete price. The price is down to \$44.00 dollars a square foot. Existing conduit has also been used that the city has put in over the years. Work on the project had stopped due to the Art Fair, but work has resumed. Once the state street opens back up, the conduit will put in. There is no anticipation of going over budget due to concrete adjustments.*

*T. Shewchuk demonstrated the progress map on the project indicating a few of the metrics being used. All of the blue lines on the map indicate the underground work and conduit that has been placed. The red squares on the map indicate the hand holes that have been placed. The yellow squares on the map indicate hand holes that still need to be installed between now and the end of the project.*

*A. Ramlawi asked if all of the concrete work will be finished this fall.*

*T. Shewchuk stated that the project is waiting to get some underground work done, but the concrete work will be finished before winter arrives. There has been some concrete issues over at the University of Michigan parking garage, but the issues are getting addressed. All issues are going to be fixed to satisfy city inspections. T. Shewchuk reported that there is a year warranty on the projects work.*

**2. Amend August & October LDFA Meeting Location**

**Approved**



**22-1214** Amend the location of the August 25, 2022 and October 27, 2022 meeting to SPARK East in Ypsilanti 215 W. Michigan Ave Ypsilanti, MI 48197

**Attachments:** LDFA Public Meeting Notice Calendar FY2023.pdf

*A. Ramlawi commented and asked if there was a new representative from Washtenaw County for the LDFA Board.*

*M. Praschan indicated that the LDFA Board does not have a replacement representative from Washtenaw County.*

*S. Rapundalo stated that Chair Michael Psarouthakis should contact Washtenaw County for a new board representative.*

**X. ADJOURNMENT**

*Vice Chair Michelle Mueller called the meeting adjourned at 9:04am in the City Hall Larcom Second floor City Council Chamber, 301 E Huron St.*

**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](mailto: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**

**Requests made with less than two business days' notice may not be able to be accommodated.**