

City of Ann Arbor

301 E. Huron St.

Ann Arbor, MI 48104

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Formal Minutes - Final

Thursday, March 23, 2023

8:15 AM

Members of the public may listen or speak at public comment,
call: (877) 853-5247 Enter Webinar ID: 916 4406 6397 Pass Code:

491489
Larcom Second floor City Council Chambers City Hall, 301 E
Huron St,

Local Development Finance Authority (LDFA)

I. CALL TO ORDER

Treasurer Phil Tepley called the meeting to order at 8:18 a.m. at Larcom City Hall, 301 E Huron St., in Larcom Second floor City Council Chambers and Via Zoom.

II. ROLL CALL

Present: 6 - Stephen Rapundalo, Phil Tepley, Carrie Leahy, Caryn Charter, Jennifer Cornell, and Annie Somerville

Absent: 3 - Heather Grisham, Michele Merusi, and Chair Michael Psarouthakis

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

[23-0319](#) LDFA Meeting Minutes 01.26.2023

Attachments: LDFA Meeting Minutes 01.26.2023.pdf

Approved by the Board and forwarded

VI. LDFA CHAIR'S REPORT

None

New Board Member Introduction - Annie Somerville, Washtenaw County

Treasurer Tepley welcomed A. Somerville to the LDFA Board and introduced the Board to A. Somerville. Each LDFA Board member did an introduction of themselves to A. Somerville. In addition, each LDFA Board member provided their background and involvement with the LDFA.

VII. LDFA TREASURER'S REPORT

Treasurer Tepley reported that since the last LDFA meeting , he had received two monthly invoices from SPARK. Treasurer Tepley stated that the January invoice was approximately \$309,000.00, and the February invoice was approximately \$303,000.00. Treasurer Tepley stated that everything was in order.

Treasurer Tepley reported that he and M. Praschan met with the Fred Moeller from MEDC regarding the policy for reserves. Treasurer Tepley stated that the MEDC is working on providing the LDFA Board answers to the policy for reserves. The intention is to carry forward the prior reserve balance from the extension. Treasurer Tepley stated that the MEDC intention is to limit all of Smartzones ability to accumulate any reserves.

A board discussion regarding the timeline of answers from the MEDC to the LDFA Board was created. S.Rapundalo stated that he met with Fred Moeller from MEDC last Friday, and was informed that the timeline of answers for the LDFA Board was unclear. In addition, S.Rapundalo was informed that the questions from Treasurer Tepley to the MEDC had no clear and obvious answer. S.Rapundalo stated that the answers from the MEDC to report to the LDFA Board was going to take roughly one to three months. The board continued to discuss the current language written the policy regarding reserves. Treasurer Tepley stated that the LDFA Board should have the answers from the MEDC in writing before proceeding to approve payments out of the reserve.

VIII. REPORTS FROM SERVICE PROVIDERS

[23-0401](#) LDFA Non-Profit D&O Renewal Policy

Attachments: PROP 2324 v.4.PDF

JPaul Dixon from Hylant Group presented to the LDFA Board the renewal for the Board's Director's & Officers Insurance program. JPaul Dixon reported the renewal is for the same terms that have been provided in the past. There was a slight decrease in the pricing for the renewal this year. JPaul Dixon stated that the price reflects the year over year annual premium for approximately \$3,000,000.00 dollars for the directors and officers insurance coverage. JPaul Dixon reported that the limit has been increased over the past couple of years. There is both the \$3,000,000.00 dollars for protection, plus an additional Side A- personal individual coverage. JPaul Dixon stated that when the organization is not able to indemnify an individual, the individual technically has up to approximately \$4,000,000.00 dollars of coverage for directors and officers related issues.

[23-0448](#) SPARK - LDFA Budget Memo FY 2023-2024

Attachments: LDFA Budget Memo for FY 2023-24 V1.2.pdf

B. Mayer stated that the Budget Memo attachment reflects the current 2022-2023 contract year, and the purposed 2023-2024 contract. B. Mayer reported that the Budget Memo outlines the 2022-2023 Youth Talent Program which budgeted approximately \$150,000.00. Approximately \$125,000.00 was contributed towards the summer youth program. B. Mayer stated that approximately \$25,000.00 was held for a proposed new program. J. Meyers had proposed the new program, however B. Mayer stated at the contract committee meeting that J. Meyers would not be able to expend the \$25,000.00 this fiscal year. B. Mayer stated that SPARK will be moving approximately \$20,000.00 into the SPARK East program line. The remaining \$5,000.00 would potentially be used for scholarships for the Summer Youth program.

A board discussion was created regarding the remaining \$5,000.00 potentially being used for scholarships for the Summer Youth program. C. Leahy stated that the Board needed to review the contract to potentially use the remaining \$5,000.00 for scholarships for the Summer Youth program. The board discussed reviewing the contract to ensure that there would be no conflict issues for the remaining \$5,000.00 to be used for scholarships.

B. Mayer reported that SPARK received a new Mobility Director. The new Mobility Director is Sarah Cicotte. S. Cicotte introduced herself to the LDFA Board and discussed her inspiration and expertise for mobility. B. Mayer stated that he has put in a request to the Board to have someone from the Summer Youth program to present a report to the Board. The report would indicate the achievements and progress of the program.

B. Mayer reported that the largest monetary change indicated in the Budget Memo was direct staffing line. The inflationary environment impacts that change on salary levels. In addition, B. Mayer reported that the major events line has also increased due to pressures of inflation. B. Mayer stated that there have been challenges in terms of the corporate sponsorships for events because of inflation. The major events line is comprised of three events. A2Tech360, the North American International Auto Show, and the South by Southwest Conference.

A board discussion regarding the metrics and cost increase for the major

events line was created. J. Cornell stated that they were in support for the financial increase for the A2Tech360 event, however they were not in support for the financial increase for the other two major events. B. Mayer stated the positive impacts that each major event had for companies, and how the metrics from these events could report those impact. The board discussed various options for the usage of LDFA funds for the major events line. S. Rapundalo stated their concern of the Budget Memo's line items need tangible metrics to the LDFA for grants. The Board discussed the other Budget Memo line items metrics to the LDFA Board regarding the absents of additional information. B. Mayer reported and discussed the need for the direct staffing line increase in regards to fulfilling the Board's request for additional information and tangible metrics. The Board discussed line items on the Budget Memo to suggest options to offset the cost for certain other line items. B. Mayer stated that the cost of the line items on the Budget Memo is for SPARK to provide better services. The Board continued their discussion of the Budget Memo major event line item to understand the difference between SPARK host events and major events. The Board concluded the discussion of the proposed 2023-2024 contract from the Budget Memo. The proposed increase for funding of line items on the Budget Memo would be furthered discussed and determined at a later date.

IX. OTHER BUSINESS

23-0494 Grant Committee Report

S. Rapundalo reported that the Grant Committee meet a few weeks ago to discuss efforts to reinstate the LDFA Grant Program. S. Rapundalo stated that the committee discussed setting up the appropriate procedures for the grant program. In addition, the Grant Committee discussed how much funds should be deployed in the next LDFA Budget for grants. The current budget line item for grants is approximately \$400,000.00. The Grant Committee wanted to increase the budget line items for grants to approximately \$1,000,000.00. S. Rapundalo reported that the Grant Committee also discussed better ways to advertise and communicate the grant program to early stage companies for their innovative's. The Grant Committee is researching and discussing the legal language and potential restrictions that they may have to ask for the amount to be reserved. The Grant Committee voted to increase the grant budget line item to approximately \$1,000,000.00. After the Grant Committee's further discussion with M. Praschan the grant line item was reverted back to budget approximately \$400,000.00 due to the available budget balance. S. Rapundalo stated that the Grant Committee is hoping to seek out additional programs for innovative ideas to provide resources.

Treasurer Tepley stated that they were not in favor of the LDFA grant program or budgeting approximately \$400,000.00 for the grant budget line item. Treasurer Tepley stated that the LDFA Board's capacity to manage and operate the grant program would be a lot of work. In addition, Treasurer Tepley reported that the requirements, liability, compliance, and relationship management of the grant program would require more involvement. Treasurer Tepley stated that the grant budget line item amount should be given to SPARK. Treasurer Tepley stated it would be a good use of funding from the LDFA to SPARK because SPARK is the economic development entity in the area.

A board discussion regarding the risk of losing the reserved funds for the grant program was created. The board is currently investigating if reserved funds are not used for the grant program, would the funds be return to the MEDC. The Grant Committee is planning to meet again next week to continue their discussion regarding funding towards the grant program.

23-0495 Budget Committee Report

Treasurer Tepley reported that the Budget Committee reviewed the LDFA Budget draft, and the discussion of budget also included revisions and edits made by M. Praschan. Treasurer Tepley reported the additional changes made to the LDFA Budget draft, and allowed for feedback and suggestions for the board.

23-0321 LDFA FY2024 Budget - Draft

Attachments: LDFA FY2024 Budget-Draft (version 1).pdf

A board discussion regarding the LDFA FY2024 Budget was created. S. Rapundalo suggested that the Board review individual line items on the budget for reconsideration. The board discussed changing line items on the budget and re-approve the budget with the different line changes. The budget needed to be approved before going to City Council. Treasurer Tepley stated that they recommend changing the strategic initiative line item to remove the "grant" phrase from the budget.

The board continued the discussion of the LDFA FY2024 Budget regarding other individual line items. S. Rapundalo stated that the direct staffing and major event line items from SPARK on the budget should be reconsidered. Treasurer Tepley stated that the Budget Committee would review the direct staffing and major event line items from SPARK before approving the SPARK contract. The board created a discussion regarding the long term plan for SPARK. B. Mayer stated that work SPARK performance from the LDFA funds is a component of the overall regional economy and the Michigan economy. In addition, the board discussion also included ideas for SPARK to address questions that the board has regarding their fund increase request. The board also discussed having the Contract Committee review the LDFA FY2024 budget.

Approved as Amended

X. ADJOURNMENT

Treasurer Phil Tepley called the meeting to adjourned at 10:21 a.m. at Larcom City Hall, 301 E Huron St., in Larcom Second floor City Council Chambers 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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