



City of Ann Arbor
Meeting Minutes
Local Development Finance Authority
(LDFA)

301 E. Huron St.
Ann Arbor, MI 48104
[http://a2gov.legistar.com/
Calendar.aspx](http://a2gov.legistar.com/Calendar.aspx)

Thursday, April 28, 2022

8:15 AM

Meeting Held Electronically Via Zoom

I. CALL TO ORDER

Chair Psarouthakis called the meeting to order at 8:21 a.m. in the City Hall Basement Conference Room, 301 E.Huron St., Ann Arbor, MI. The meeting was also held electronically via Zoon.

II. ROLL CALL

Present: 6 - Stephen Rapundalo, Phil Tepley, Heather Grisham, Ali Ramlawi, Chair Michael Psarouthakis, and Shannon Beeman

Absent: 3 - Caryn Charter, Michele Mueller, 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

A motion was made by Rapundalo, seconded by Ramlawi that the agenda be approved as presented. On a voice vote, Chair Psarouthakis declared the motion carried.

V. APPROVAL OF MINUTES

[22-0556](#) LDFA Board Meeting Minutes - January 27, 2022

Attachments: MeetingMinutes Jan 27 2022 DRAFT.pdf, 01 27 22 Final MeetingMinutes.pdf

A motion was made by Rapundalo, seconded by Treasurer Tepley, that the minutes of January 27, 2022 be approved as amended. On a voice vote, Chair Psarouthakis declared the motion carried.

[22-0782](#) LDFA Board Meeting Minutes - March 24, 2022

Attachments: MeetingMinutes 03 24 22.pdf, Meeting Minutes 03 24 22 as Amended.pdf

A motion was made by Rapundalo, seconded by Councilmember Ramlawi, that the Minutes be Approved as amended by the Board and forwarded to the City Council. On a voice vote, Chair Psarouthakis declared the motion carried.

VI. LDFA CHAIR'S REPORT

Chair Psarouthakis indicated the introduction was not necessary as the Washtenaw County appointee is pending with nothing further to report.

VII. LDFA TREASURER'S REPORT

Treasurer Tepley reported that SPARK submitted an invoice for \$348,325.41, and everything was good. We will be expecting a final invoice from the auditor with nothing else to report.

In review of the 3rd quarter financial report, M. Praschan added that we are forecasting to spend \$2.7M of fund balance this year. Other notable changes in the forecast include, a decrease in the interest revenue due to the low interest rate environment and a decrease in the forecasted expenditures in the Grant line item. There appears to be nothing in the works to indicate an expenditure in that line-item this fiscal year.

S. Rapundalo indicated the need to convene the Grant Committee to begin the process necessary to use the funding.

M. Praschan also indicated that the financial forecasts to under spend the professional services line-item in the budget due to the contract with the City being under spent. This is a result of the budgeted assistance of the City's Procurement Office on an hourly basis to assist in the grant program process, which has yet to be utilized.

Treasurer Tepley recommended that the individual from the City, Colin Spencer, the Procurement Manager be invited to the Grant Committee's meeting to assist in establish the process.

S. Rapundalo added the intent was to align the procurement process with the grant award process.

M. Praschan indicated that a communication would be sent out after the meeting confirming the members of the grant committee.

H. Grisham recommended a report on the Audit.

Treasurer Tepley reported the Audit Committee met with the auditor to finalize the audit and the final sign-off was sent on March 24th. On the contract side, there were a couple little human errors all within what is expected as reasonable and those were accounted for in the prior invoices-less than \$1,000 total that was booked to the wrong program but paid appropriately and a \$20 charge and a \$100 were identified. As for Spark and the contract, everything looked very reasonable and their procedures all look to be sufficiently well followed.

H. Grisham pointed out that to ensure everyone is on the same page about this that this was not a financial audit, it was a contract compliance audit so there is no verification of the numbers, just do they deliver on the contract requirements.

Treasurer Tepley continued the other part of the audit, was the jobs audit. There was an error, a sizeable error depending on how you look at it. The auditor contacted some of the companies to confirm the jobs report. One company that was an example of where you have a parent company and a spin-off and SPARK helped the spin-off. The contact information was for the parent company; therefore, when the SPARK employee contacted them, they got 250 jobs created instead of 3, which a SPARK employee noticed and verified; however, got the same numbers. Therefore, the numbers were over-stated. There were a few other errors in addition.

B.Mayer clarified the net result is a decrease of the number of jobs created in the annual final report by 242.5 jobs, a corrected total of 162.5 jobs.

Treasurer Tepley added from his perspective, he has never cared for this as a meaningful metric, it is not meaningful in measuring SPARK's performance for many reasons. What we're trying to do is build an environment where companies thrive and the actual jobs of the individual companies are not reflective of the actual job SPARK is doing. The other

point, is that the mistake represents .001% of the workforce, which is again indicating that the metric is meaningless. Whether they report 400 or 1,200 it is still not relative.

B. Mayer added the annual report is just the companies that are served in that year, the quarterly report tracks companies for 5 years and often the jobs come, it just takes a long time, requiring patience.

A Board discussion ensued to discuss a mechanism that tells the story, transparency, tax payor accountability, and benchmarking. It was agreed, performance metrics and strategic planning will continue to evolve.

Treasurer Tepley indicated that the final audit will be distributed, including B. Mayer's memo regarding the jobs created correction. In addition, as a result of the error a procedure is being put into place to prevent the error going forward. Any company that is reporting 20 or more jobs will include an extra verification step that includes B. Mayer verifying and also his verification of companies reporting \$2M in capital raised.

The audit committee will meet to decide on an appropriate process to move forward with the next audit cycle.

22-0780 SmartZone Financial Report - 3rd Quarter FY 2022

Attachments: Smartzone Financial Report 03.31.22.pdf

A motion was made by Rapundalo, seconded by Councilmember Ramlawi, that the Report or Communication be Approved. On a voice vote, Chair Psarouthakis declared the motion carried.

VIII. REPORTS FROM SERVICE PROVIDERS

22-0779 SPARK 3rd Quarter Report FY 2022

Attachments: SPARK 3rd Quarter Report FY22.pdf

B. Mayer reported that things were quite consistent. There was a nice pop in the jobs this quarter with 315, usually were are around 100 per quarter. What we are hearing that people are ramping up their hiring efforts; however, that is coupled with a very difficult labor market.

It is his impression that the churn at smaller companies is lower. People

are either moving between companies or moving to smaller companies. It appears as if companies are getting clever and looking for employees who are being forced back to the office and are unhappy about it. They are easily persuaded to leave their current employment and are being sought out. In a tough salary market, work culture is important. The situation will continued to be monitored.

Companies created and direct support provided are steady. The big number is the \$144 Million dollars raised, which is fantastic. On page 16 of the report, indicates the make-up of the funds raised. There is a lot of activity.

Incubator update, the vaccine mandate has lifted. The question of vaccination status is being asked; however, proof is not required (card).Mask Policy follows the CDC policy. No outbreaks have been reported. Renovations underway on the third floor. Things are picking up.The current trend is that businesses are not giving up their office space. Similar situation reported for SPARK East incubator.

Page 18, reports the marketing plan with a strong performance in Q3. Social media continues to increase.Website traffic is still very strong.

New web-site will be launched late summer. Should be more functional and user friendly.

If back suite is renovated to meet tenants needs, they are interested in leasing. \$5,000 in improvements needs to be brought to the Board. Operations line item is being under spent to allow for the budget.

A motion was made by Rapundalo, seconded by Councilmember Ramlawi, that the Report or Communication be Approved. On a voice vote, Chair Psarouthakis declared the motion carried.

IX. OTHER BUSINESS

[22-0781](#) LDFA Administrative Report - 3rd Quarter FY 2022

Attachments: LDFA FY2022 Q3 Quarterly Report.pdf

M. Praschan indicated that the report was a restatement of the SPARK reported quarterly metrics report and the Financial report. The Grant summary remains the same. At the next LDFA Board Meeting, we will receive an updated on the Tech Park project.

A motion was made by Rapundalo, seconded by Councilmember Ramlawi, that the Report or Communication be Approved. On a voice vote, Chair Psarouthakis declared the motion carried.

22-0813 Spark East Suite Renovation 2022

Attachments: SPARK East Suite Renno Ask 2022 .pdf

A motion was made by Rapundalo, seconded by Councilmember Ramlawi, that the Budget request be Approved. On a voice vote, Chair Psarouthakis declared the motion carried.

X. ADJOURNMENT

A motion was made by Rapundalo, seconded by Councilmember Ramlawi, that the be Approved. On a voice vote, Chair Psarouthakis declared the motion carried.

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**City Clerk's Office
301 E. Huron St.
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