

City of Ann Arbor

301 E. Huron St.

Ann Arbor, MI 48104

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Formal Minutes - Final

Thursday, December 8, 2022

8:15 AM

Special Meeting

**Members of the public may listen or speak at public comment, call: (877)
853-5247 Enter Webinar ID: 931 8038 8100**

**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 8:16 a.m. at Larcom City Hall, 301 E Huron St., Basement, Conference Room and Via Zoom

II. ROLL CALL

Present: 7 - Phil Tepley, Heather Grisham, Michele Merusi, Chair Michael Psarouthakis, Carrie Leahy, Caryn Charter, and Jennifer Cornell

Absent: 1 - Stephen Rapundalo

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

[22-1573](#) LDFA Meeting Minutes 08.25.2022

Attachments: LDFA Meeting Minutes 08.25.2022.pdf

Approved by the Board and forwarded

VI. LDFA CHAIR'S REPORT

Chair Psarouthakis introduced and welcomed Jenn Cornell as the new LDFA City Council representative. J. Cornell introduced herself to the LDFA Board, discussed her background/experience, and indicated previous employment with Ann Arbor SPARK.

VII. LDFA TREASURER'S REPORT

[22-1661](#) LDFA 1st Quarter Financial Report FY2023

Attachments: Smartzone Financial Report 09.30.22 (1).pdf

Treasurer Tepley reported that since the last LDFA meeting, he had three monthly invoices. Treasurer Tepley stated that the August invoice was approximately \$337,000.00, the September invoice was approximately \$397,000.00, and the October invoice was approximately \$455,00.00. Treasurer Tepley reported that everything was in order and well within budget. In addition, Treasurer Tepley stated that he was expecting the November invoice in a few days. B. Mayer reported that he was still waiting for one more expense report before submitting the SPARK bill. B. Mayer stated that he anticipates submitting the bill before 12/9/22. M. Praschan reported that the exception of the fund balance from June 30 22, it's not a final number, and was increased by about \$66,000.00 from Micro Loan repayments that was received after the cut off. M. Praschan that the increase of that amount, still is not a final number. The adjustment of the amount will be made once the final audit is received.

C. Leahy commented and asked for the status of the Tech Fiber Project. C. Leahy stated that \$500,000.00 was paid out in the 1st quarter. M. Praschan stated that the \$500,000.00 was the amount budgeted for the project. The \$500,000.00 closes out the obligation; however, if the projects runs into any unexpected issues there could potentially be additional funding required. At the next meeting, an update on the project will be provided. Treasurer Tepley reported that the project should be completed by fall. H. Grisham commented and asked regarding the budgeted \$110,00.00 projected numbers towards Administrative Support project. H. Grisham questioned why the budgeted amount was not equally distributed across the four quarters. M Praschan stated that there was extra funds for the procurement efforts that may or may not be used for the grant.

VIII. REPORTS FROM SERVICE PROVIDERS

22-1664 SPARK - LDFA 1st Quarter Report FY2023

Attachments: LDFA 2022-2023 Q1 Final.pdf

B. Mayer reported that the trend lines demonstrate no concerns. Since exactly one year ago, a few more jobs have been created and a spike in jobs was noticed in quarter three and four. B. Mayer stated that there was a disproportionate amount of hiring going on, but hiring is steady with our companies. Hiring has slowed down a little bit since the last three quarters. B. Mayer reported that the companies created number is little lower than previous quarters, but nothing is alarming. B. Mayer stated that everything else is generally pretty consistent and that he is keeping his eyes focused on the contraction in the public capital markets. Funding is still being raised, but it is a little lighter. C. Charter stated that she is noticing that deals that were in the pipeline to close before are still closing, but some of them are getting pushed to the first quarter. B. Mayer stated that he will continue to monitor with great interest as they moved thorough 2023.

B. Mayer reported that at the North American auto show, thirteen companies participated in the booth during the auto show. At the auto show, President Joe Biden made an appearance, in addition to Governor Gretchen Whitmer B. Mayer stated that the show was on lockdown for a couple of hours, but the companies were very happy with their experience at the auto show. Conversations were received that everyone who was there would like to be there again next year. B. Mayer reported that the May Mobility company saw that there was great value in being part of the exhibit and received multiple needs from various new businesses. B. Mayer stated that a company called Move-It expressed that their exposure Move-It box received at the auto show was definitely worth them being there and that they were able to make new connections with tech companies. B. Mayer indicated that other companies that attended the auto show were satisfied and happy with the outcome results of attending the auto show.

B. Mayer reported that the auto show had more domestic companies attended than Asian or European companies. B. Mayer discussed that as the first quarter of 2023 approaches, SPARK could suggest the best show to attend to generate the greatest outcome. Overall the companies were happy with their auto show experience.

A board discussion regarding the layout and structure of the North American auto show was created and questions and comments about the logistics and promotion of the North American auto show was discussed.

In addition, the discussion also included questions and comments about the timeline and cost of the North American auto show.

J. Cornell commented and asked about the option to connect companies to media presence. J. Cornell asked if it was an intentional marketing effort by SPARK or if it was a missed opportunity that should be corrected. B. Mayer stated that the SPARK marketing team focused on advertising that they would be at the North American auto show to other companies. B. Mayer stated that he will gather data from the marketing team regarding the strategy set in place and will return to the board with more details.

B. Mayer reported that the incubator has been fairly steady. On the first floor a few of the virtual tenants have gone up and we've dropped by 2 seats in there. On the third floor, there is one suite that's open right now and one company has graduated out. B. Mayer stated that there's been a lot of interest in that space, but it is not leased yet. On the fourth floor the tenants have gone up by a couple of desks. The same situation is occurring at SPARK East. B. Mayer reported that the incubator component is not in high demand, but is still very useful for conference meetings and events. B. Mayer stated that there is two or three more years left before the lease and is open to discussing reducing the space footprint.

A board discussion regarding the strategies and value of in-person opportunities was created with questions and comments about the value cost was discussed. B. Mayer reported that on the first floor there are eight seated tenants, five desk tenants, and sixty-five virtual tenants. There is one tenant on the third floor that is occupying two seats and on the fourth floor there is twenty-seven desk rented as well as three flex desk. The maximum capacity is about seventy-two.

B. Mayer reported on the capital round raised and the system working. In the next quarterly report the data of rounds will be presented.

22-1552 SPARK Annual Report FY 2021-2022

Attachments: 21-22 LDFA Annual Report Final.pdf

B. Mayer reported that there are consistent numbers across call sections including funds raised. The job created in this year was a little soft. B. Mayer will watch for changes in the next annual report. B. Mayer reported that the annual metrics grossed of two hundred and twenty-nine companies served. These companies reported the net addition of 81.2 jobs. The cumulative of employed by our two hundred and twenty-nine companies was 982.2. B. Mayer reported that twenty companies represented 204.5 and have located outside the service area. Out of two hundred and twenty-nine companies, only eight companies left.

B. Mayer reported that the closed businesses section in the annual report displays a 6% percent failure rate with a 94% percent survival rate. There is a very high survival rate. B. Mayer stated the younger the companies are, the higher the survival rate is. M. Merusi commented and suggested creating two benchmarks that would compare the current national rate to the previous years. B. Mayer agreed to M. Merusi suggestions for creating the two benchmarks.

A board discussion regarding jobs created in the annual report values was discussed. In addition, the discussion included information on how job data is gathered and ways to improve how the data is collected.

J. Cornell commented and asked about the annual reports strategic marketing services. J. Cornell asked about the efforts from SPARK to have a more direct marketing full time presence since there is a current need. B. Mayer stated that there have been recent changes in SPARKS marketing staff, and they are restructuring things.

B. Mayer reported that the grants that were received to be the advertising are shrinking a little bit in terms of what can be bid for advertising placement. B. Mayer stated that add auctions have been getting more expensive, but they are going in a different direction with our marketing. The team is working to be more creative in their marketing strategy.

IX. OTHER BUSINESS

22-1665 LDFA 1st Quarter Administrative Report FY2023

Attachments: LDFA FY2023 Q1 Quarterly Report (1).pdf

B. Mayer stated that the LDFA 1st Quarter Administrative Report FY2023 will be presented to the board at the next scheduled LDFA meeting. The next LDFA meeting is Thursday, January 26, 2022 at 8:15 am at Larcom City Hall, 301 E Huron St., Basement, Conference Room and Via Zoom

22-1660 Audit Committee Financial Discussion

H. Grisham stated that the committee met with Spark and the auditors to discuss incremental auditing procedures. H. Grisham stated that the incremental auditing procedures could be completed at the same time as the regular audit, but would be classified as a special report. In addition payments could be made incrementally.

A board discussion regarding the incremental audit procedures was created and questions about whether the LDFA finds it important to organize a special report was asked. In addition, the discussion also lead to questions and comments about the auditing completed in previous years. The board decided to first receive a quote for this request and then review the LDFA budget.

X. ADJOURNMENT

Chair Michael Psarouthakis called the meeting to adjourned at 9:50 a.m. at Larcom City Hall, 301 E Huron St., Basement, Conference Room and Via Zoom

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

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