

CITY OF STERLING HEIGHTS
LOCAL DEVELOPMENT FINANCE AUTHORITY
MINUTES OF THE REGULAR MEETING
April 19, 2022 – 8:00 a.m.
6633 18 Mile Road, Sterling Heights, MI 48314
586-884-9322
Velocity Building

Approved

Phil Hunsberger called the meeting to order at 8:00 a.m.

Pledge of Allegiance

Members present at roll call: Dr. Michael Balsamo, Bill Holbrook, Phil Hunsberger, Laurel Johnson, Dominic Patrus, Steve Pomaville, Jeanne Schabath-Lewis, Jill Tomyn

Members absent: Ellanore Evans, Josh Hundt, John Lettang, Robert Ljucovic, Camille Silda, Howard Sizemore

Also in attendance: Luke Bonner, CEO Bonner Advisory Group, Senior Economic Development Advisor – City of Sterling Heights; Jason Castor, City Development Director – City of Sterling Heights; Kathryn Quell, Management Services Specialist – City of Sterling Heights; April Boyle, Senior Advisor for Entrepreneurship and Innovation; Michael Kaszubski, CEO – ReGroup Advisors, Inc.

Motion to Approve the Agenda

Moved by Balsamo, supported by Pomaville, to approve the agenda as presented.

Ayes: All

Nays: None

Motion carried.

Motion to Approve the CONSENT AGENDA as presented

Moved by Pomaville, supported by Patrus, to approve the Consent Agenda as presented.

- A. To approve the minutes of the Special Meeting of January 11, 2022.
- B. To approve the International Landing Zone (ILZ) Lease Agreement between Dumur USA, a wholly owned subsidiary of Dumur Industries and the Local Development Finance Authority (LDFA).
- C. To approve the proposal by Office Express (1280 E. Big Beaver Road, Troy, MI 48083) for the remodel of Velocity in the amount of \$59,843.59 – Café, Conference Room, Reception – Furniture, Lighting, Flooring, Wallcovering.

Ayes: All

Nays: None

Motion carried.

New Business

To approve the 2022/2023 Budget Proposal for the Local Development Finance Authority (LDFA).

Ms. Quell presented the proposed 2022/2023 Budget, with supporting documentation, and explained each line item in detail for the Local Development Finance Authority. This proposal will be presented and approved by City Council and then presented to the LDFA in June for adoption.

Moved by Pomaville, supported by Patrus, to approve the 2022/2023 Budget Proposal for the Local Development Finance Authority (LDFA).

Update of Velocity Strategic Plan

Ms. Boyle stated that she has met with and interviewed many people. From these interviews, she is working with the consulting firm, Strategiz, to develop the strategic plan for Velocity. Ms. Boyle stated that the next steps would be recommendations and implementation. Mr. Pomaville inquired as to when the plan will be complete and presented to the LDFA Board. Ms. Boyle responded four weeks. Mr. Pomaville stated that, logically, a plan should be presented and approved, and then hire according to the plan. Mr. Pomaville stated that the items on the agenda today are requesting hiring without a plan. Ms. Boyle stated that it's a chicken and egg situation. Ms. Boyle said to have services available and get prepared to implement the plan when ready. Mr. Pomaville requested that the Board hear the plan before spending. Mr. Hunsberger stated that he agrees with Mr. Pomaville and before spending, see how it fits into the plan. Mr. Hunsberger suggested that Ms. Boyle present the remaining agenda items.

To consider the Consulting Agreement between the City of Sterling Heights Local Development Finance Authority and Down's Diversity Initiatives, LLC, a community and economic development consultancy specializing in program design and facilitation focused on real estate, entrepreneurship and workforce development.

Ms. Boyle stated that the EIR program seemed to be quite successful and a useful resource for businesses. Ms. Boyle is recommending a contract with Rachele Downs for weekly office hours and to develop a referral network. Ms. Boyle said Ms. Downs is a strong candidate for the position. One of Ms. Down's tasks would be to put together an assessment form and gather data. Mr. Pomaville inquired as to how Ms. Boyle found Ms. Downs. Ms. Boyle stated that she had worked with her in the past. Mr. Pomaville confirmed that the contract was for 10 hours/week. Mr. Hunsberger inquired that the contract stated that 80% is working with clients, however, if we don't have any clients, is the LDFA still paying her. Ms. Boyle stated yes and that part of her role is to build a program. Mr. Holbrook stated that he agreed with Mr. Pomaville in that the LDFA Board needs to see a plan. Mr. Hunsberger inquired if the LDFA could approve a 2-month start on a trial basis and then extend. Ms. Boyle stated that ReGroup is a pilot with five companies. Ms. Boyle said the EIR is something we need to spend money on to bring start up activity. Mr. Pomaville stated that, as a Board member, it is important to have all of the information to make decisions, especially in spending taxpayer dollars. Dr. Balsalmo stated that a strategic plan is always ongoing in development. Mr. Patrus said the contract has a 30-day cancellation if the Board does not see results. Ms. Schabath-Lewis stated that she is familiar with Rachele and from past experience, believes Rachele would bring a great network to the building.

Moved by Patrus, supported by Johnson to approve the Consulting Agreement between the City of Sterling Heights Local Development Finance Authority and Down's Diversity Initiatives, LLC, a community and economic development consultancy specializing in program design and facilitation focused on real estate, entrepreneurship and workforce development in the amount of \$4000/month and \$125/hour over 40 hours per month with pre-approval.

Ayes: All

Nays: None

Motion carried.

To consider the Consulting Agreement between the City of Sterling Heights Local Development Finance Authority and ReGroup Advisors, Inc. ReGroup Advisors will provide business and analysis and consulting services to the City of Sterling Heights – Local Development Finance Authority, 6633 18 Mile Road, Sterling Heights, MI 48314.

Ms. Boyle stated that ReGroup has an existing plan to accelerate companies. Ms. Boyle said that Luke Bonner has been in conversation with ReGroup and she had also met with Mike and looked at the process. Ms. Boyle stated that she thinks it is a great program to pilot here on a limited basis of five companies. Ms. Boyle said the program consists of wrapping around experts in a three-step process. Ms. Boyle said a similar, successful model, that has been proven to work, is Ann Arbor Spark. Mr. Kaszubski said the program is written with milestones and controlled spending, starting with \$3000, then, if the company moves on, the amount is an additional \$23,000. Mr. Hunsberger stated that there seems to be some overlap with ReGroup and Rachele Downs's EIR program. Ms. Boyle stated that the EIR program is front door. Ms. Boyle said Rachele would evaluate and then see if they are a fit for ReGroup. Mr. Hunsberger inquired if the company pays the fee. Ms. Boyle stated that hopefully it becomes such a success and becomes a hot commodity and people are willing to pay for it. Ms. Boyle said this proposal is for the LDFA to pay for each company.

Moved by Patrus, supported by Johnson to approve the Consulting Agreement between the City of Sterling Heights Local Development Finance Authority and ReGroup Advisors, Inc. ReGroup Advisors will provide business and analysis and consulting services to the City of Sterling Heights – Local Development Finance Authority, 6633 18 Mile Road, Sterling Heights, MI 48314 in the amount of \$130,000.

Ayes: All

Nays: None

Motion carried.

To consider the Consulting Agreement between the City of Sterling Heights Local Development Finance Authority and Hoyden Creative, a marketing and branding firm that will provide consulting services to The City of Sterling Heights – Local Development Finance Authority, 6633 18 Mile Road, Sterling Heights, MI 48314.

Ms. Boyle stated that the branding with Hoyden would not start until the Strategic Plan is complete. Ms. Boyle said Hoyden would start updating the website. Ms. Boyle said the annual retainer is for marketing, communication, social media, press releases, and web updates. Ms. Boyle stated that there are three contracts, two being one-time costs and the third is an ongoing retainer. Mr. Hunsberger stated that the contracts are tied to the Strategic Plan, which has not been presented, to know and target who is the audience and what is the message. Ms. Boyle said some things happen simultaneously and these are part of the plan. Ms. Boyls stated this is the

framework as to how to get there. Mr. Bonner stated that this model follows the model of Ann Arbor Spark. Mr. Bonner said Ann Arbor Spark does an initial intake, then the company is put in a program of experts. Mr. Bonner said this program is similar on a contract basis. Mr. Bonner stated that the program is bringing in people with their own networks to expand and grow the program. Mr. Pomaville stated that if the Board is ready to proceed with these contracts, then he is as well. Mr. Hunsberger requested that Rachele Downs present and provide updates to the Board. Mr. Bonner stated that full disclosure, Mike Kaszubski is the brother of Marc Kaszubski, City Attorney from the City's law firm. Mr. Bonner said Marc Kaszubski had no participation in the contract or hiring of Mike Kaszubski. Ms. Boyle stated that the Hoyden contracts would most likely begin late May or June based on the Strategic Plan.

Moved by Pomaville, supported by Patrus to approve the Consulting Agreement between the City of Sterling Heights Local Development Finance Authority and Hoyden Creative, a marketing and branding firm that will provide consulting services – Brand Strategy \$4500, Website Update \$9800, Annual Retainer \$43,200 to The City of Sterling Heights – Local Development Finance Authority, 6633 18 Mile Road, Sterling Heights, MI 48314.

Ayes: All
Nays: None
Motion carried.

Old Business

Mr. Bonner stated that in the Sterling Innovation District there is an overall vision of branding. Mr. Bonner said money was spent with Issue Media Group to create more of an identity. Mr. Bonner stated that Velocity is an asset within the Sterling Innovation District.

Public Comment

None

Adjournment

Moved by Patrus, supported by Pomaville to adjourn.

Ayes: All
Nays: None
Motion carried.

The meeting adjourned at 9:25am