R-17-23

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE MAYOR AND CITY CLERK TO ENTER INTO AN AGREEMENT WITH THE ARKANSAS REGIONAL INNOVATION HUB, INC; AND FOR OTHER PURPOSES.

WHEREAS, The Arkansas Regional Innovation Hub, Inc. ("ARIH"), an Arkansas nonprofit corporation, is dedicated to increasing innovative and entrepreneurial activity in Arkansas by creating a collaborative ecosystem and pipelines that mobilize the resources, programs and educational opportunities necessary to develop, attract and retain talent; and

WHEREAS, ARIH aspires to further economic development in Downtown North Little Rock by working to create new jobs and businesses through a central location to provide work space, training, mentors and innovative resources for entrepreneurs, and utilizing the Art Connection Program to achieve higher education, citizen leadership and self-sufficiency through paid employment in the artistic market, focusing recruitment from the under-resourced North Little Rock communities; and

WHEREAS, the City of North Little Rock ("the City") entered into an agreement with ARIH (authorized by Resolution No. 8936 adopted February 8, 2016), and pursuant to the 2016 agreement ARIH has performed its duties and met reporting requirements; and

WHEREAS, an Enhanced Community Services Agreement between the City and ARIH will facilitate the City's goals to promote the creation of new businesses in North Little Rock by retaining and attracting educated, creative entrepreneurs to Central Arkansas through supporting an open business model and providing constant, easy interaction among many different industries and a wide variety of workers including artists, scientists and engineers.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH LITTLE ROCK, ARKANSAS:

SECTION 1: That the Mayor and City Clerk are hereby authorized to enter into an Enhanced Community Services Agreement with The Arkansas Regional Innovation Hub, Inc., substantially similar to Exhibit "A" attached hereto.

SECTION 2: That the City will make a lump sum payment to ARIH in the amount of One Hundred Fifty Thousand & 00/100 Dollars ($150,000.00) as consideration for services provided, said amount having been included as a special appropriation line item in the 2017 Budget.

SECTION 3: That this Resolution shall be in full force and effect from and after its passage and approval.

PASSED:

APPROVED:

Mayor Joe A. Smith

SPONSOR:

Mayor Joe A. Smith

ATTEST:

Diane Whitbey, City Clerk

APPROVED AS TO FORM:

C. Jason Carter, City Attorney

PREPARED BY THE OFFICE OF THE CITY ATTORNEY/b

FILED 11:46 A.M. _____ P.M.
By City Atty Carter
DATE 2-7-17

Diane Whitbey, City Clerk and Collector
North Little Rock, Arkansas

RECEIVED BY S. Ussery

EXHIBIT
"A"

ENHANCED COMMUNITY SERVICES AGREEMENT
Between
The Arkansas Regional Innovation Hub, Inc.
And
City of North Little Rock, Arkansas

This Enhanced Community Services Agreement ("Agreement") made and entered into this 24th day of February, 2017 by and between The Arkansas Regional Innovation Hub, Inc. (the "ARIH"), an Arkansas non-profit corporation, and the City of North Little Rock, Arkansas (the "City").

W-I-T-N-E-S-S-E-T-H:

WHEREAS, the ARIH is a community organization dedicated to increasing innovative and entrepreneurial activity in Arkansas by creating a collaborative ecosystem and pipelines that mobilize the resources, programs and educational opportunities necessary to develop, attract and retain talent.

WHEREAS, the ARIH's goals are to further the economic development of downtown North Little Rock by working to create new jobs and businesses through a central location to provide work space, training, mentors and innovative resources for entrepreneurs.

WHEREAS, in return for specific community services (the "Services"), more specifically described in Exhibit "A" attached hereto, provided by ARIH to or for the benefit of the City, the City has entered into this Agreement to provide financial support for the Services.

WHEREAS, ARIH has properly submitted its application in accordance with North Little Rock Department of Commerce ("NLR Commerce") procedures and guidelines; and

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, and other good and valuable consideration, it is agreed by and between the parties as follows:

1. <u>Provision of Services</u>. Commencing the 1st day of January, 2017 (the "Commencement Date"), the ARIH agrees to begin and continue to provide the Services throughout the term of this Agreement.

2. <u>Term</u>. The term of this Agreement shall be for a period beginning January 1, 2017 and ending December 31, 2017.

3. <u>Contribution by the City</u>. As consideration for the services provided by ADC pursuant to this Agreement, the City will make a lump sum payment to the ARIH in the amount of One Hundred Fifty Thousand & 00/100 Dollars ($150,000.00). The ARIH and the City intend for, and estimate that, the amount of the annual contribution is approximately equal to the cost of the services provided to or for the benefit of the

City by the ARIH. In the event that either the ARIH or the City gives a notice of termination of this Agreement pursuant to Section 9 below, the parties agree to negotiate in good faith a reinstatement of this Agreement with adjustments to the amount of the annual contribution and/or the services provided by the ARIH to equalize such cost and benefit.

4. Authority. The City represents and warrants to the ARIH that it has the authority to enter into this Agreement, and the party signing for the City has been duly authorized. The ARIH represents and warrants to the City that it has the authority to enter into this Agreement, and the party signing for the ARIH has been duly authorized. This Agreement shall not be effective until approved by official public action of the North Little Rock City Council.

5. The ARIH agrees:

(a) To comply with Ark. Code Ann. § 21-13-101, et seq. if it uses volunteers to accomplish its contractual obligations of a public nature, as expressed in this Agreement.

(b) That it will not discriminate against any person on the basis of race, color, religion, natural origin, age, gender or any other constitutionally-protected basis.

(c) That it will not mingle City funds with funds obtained from other sources and shall document the expenditure of all City funds in a manner consistent with generally accepted accounting principles and provide the same to the City upon request.

(d) Acknowledges that certain procedural restrictions apply to the expenditure of City funds in excess of $20,000 and the employment of professionals, as that term has been defined by the City. (For procedural guidance in the expenditure of City funds, the ARIH may contact a city purchasing officer at (501) 975-8881.)

(e) Acknowledges that the expenditure of government funds for a governmental purpose is a matter of public interest and subject to disclosure under the Arkansas Freedom of Information Act ("FOIA").

(f) That it will submit an annual report to City Council that accurately reflects all performance under this Agreement, said report to be submitted no later than December 31, 2017. A representative of the ARIH will be available, at the request of the City, to appear before a specified City Council meeting to answer any questions concerning the report.

(g) To attach to this agreement a document identifying each member of the governing board of the nonprofit entity.

(h) To attach to this agreement evidence of nonprofit status, and if designated a nontaxable entity, attach a copy of an IRS opinion letter affirming the

designation. If tax returns have been submitted, the ARIH will also attach a copy of the most recent tax return.

(i) To submit a budget to demonstrate the projected use of City funds.

6. **Governing Law.** The parties hereto agree that this Agreement shall be construed under Arkansas law. The parties further agree that proper jurisdiction and venue for any cause of action arising from this Agreement shall be bested in the state courts of Arkansas.

7. The headings in this Agreement are inserted for convenience or reference only and are not intended to define, limit or affect the interpretation of any term or provision hereof.

8. This Agreement shall be binding on and for the benefit of each party's successors and assigns.

9. This Agreement may be terminated by either party without cause upon one-hundred-twenty (120) days' written notice. The fee described in Section 3 shall be prorated based upon the date of termination.

10. Time is of the essence in regard to the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

ARKANSAS REGIONAL INNOVATION HUB, INC.
201 East Broadway
North Little Rock, AR 72114

By Warwick Sabin
Warwick Sabin, Executive Director

CITY OF NORTH LITTLE ROCK, AR

300 Main Street
North Little Rock, AR 72114

By _____
Joe A. Smith, Mayor

Attest:

_____
Diane Whitbey, City Clerk

Exhibit "A" to Enhanced Community Services Agreement

DESCRIPTION OF SERVICES

(i) **ECONOMIC DEVELOPMENT:** To further the economic development of the Downtown North Little Rock area through a collaborative ecosystem and pipelines that mobilize resources, programs and educational opportunities necessary to develop, attract and retain innovative and entrepreneurial talent.

(ii) **CREATE NEW JOBS & NEW BUSINESSES:** Create new jobs, new businesses and increased capital by retaining and attracting educated and creative entrepreneurs to the area by supporting an open business model and providing constant and easy interaction among many different industries and a wide variety of workers (including artists, scientists and engineers).

(iii) **THE ARGENTA INNOVATION CENTER:** Maintain the Argenta Innovation Center as a central location which provides work space, training, mentors and additional resources as required by the entrepreneurs to create new services or products and bring them to market. The Center will be home to the Argenta Art Connection, The Silver Mine (a technology co-work space) and Launch Pad (a maker space targeted to engineering).

(iv) **EXPANSION OF THE ARKANSAS REGIONAL INNOVATION HUB**: Assist new businesses in locating in the Argenta area of North Little Rock as they outgrow the Argenta Innovation Center. Recruit new innovative companies and industries to the downtown North Little Rock area.

The City of North Little Rock

REPORTING GUIDELINES – 2016 ANNUAL FUNDING PERFORMANCE REPORT

Organization: Arkansas Regional Innovation Hub

Project Name: General Operating Support Date of Award: January 2016

Award Amount ($): $150,000 Date of Report: January 2017

Name of Person Preparing Final Report: Tammy Gillis

A Final Performance Report on the 2016 year funding is due no later than January 28, 2017. **The City must have received and approved your Final Performance Report before any additional funds may be awarded to your organization.** Please answer the following questions, using additional paper as needed.

I. Project Activities

Provide a description of the major activities that occurred during the reporting period.

The Arkansas Regional Innovation Hub hosted numerous events and programs throughout the year, including:

- Successful education outreach through field trips, after school programs and summer camp programs
- Robotic competition
- Maker Faire
- HubX Life Sciences Accelerator
- AR Angel Network programs
- 1 Million Cups events
- Ideal location for several large educational conferences, lunches and receptions
- Code for the Future workshops
- Noble Impact Conference
- Delta Entrepreneurial Conference
- Professional Development
- Over 25 adult classes offered
- Micro-manufacturing
- Maker Summit

All of our activities were publicized through press releases, regular e-mail newletters, social media, and other methods. This resulted in local, state, and national publicity.

II. Accomplishments

The Innovation Hub has established North Little Rock as a statewide leader in innovative educational learning experiences, mentoring new entrepreneurial developments and promoting a positive relationship between makers, artists, entrepreneurs and their city. Our events and programs have attracted thousands of participants on a local and international level, resulting in increased economic activity in the city.

III. Audiences

The audiences for the program include students, parents, entrepreneurs, educators, industry leaders, investors, and others. The number of citizens who received benefits from our programs during 2016 is 12,951.

IV. Financial

Attached is our financial statement (Balance Sheet and Income & Expense Statement) for the funding year for the project/program identified in the Memorandum of Understanding with the City.

- Please insert the answers to the following items:
    1. City of North Little Rock funding amount: $150,000
    2. Other government funding: $180,766 (EDA / AEDC / AAC)
    3. Private funding: $0
    4. Donations: $361,632
    5. Total annual budget: $1,160,857

V. Future Plans

Our plans for sustaining and expanding the program include generating revenue from a variety of sources, including membership and program fees, corporate partnerships, grants, services, and charitable contributions.

Please mail or deliver an original and one copy of the above required information (we will not accept emails or facsimiles) to:

Mary Beth Bowman
Director of Commerce
102 Main Street
North Little Rock, AR 72114
(501) 975-8880

Arkansas Regional Innovation Hub
Statement of Activity (Unaudited)
January - November, 2016

		Total
Revenue		
AEDC - Project Reimbursements		4,651.63
AR Black Hall of Fame Grant		5,000.00
Arkansas Economic Development Commission - AMS		72,263.31
Art Connection Camps & Workshops - Fees		7,081.00
Board Member Donations		17,728.83
Camps & Workshops - Sponsorships		25,000.00
City of North Little Rock		150,000.00
Class Fee		1,800.00
Community Partnerships		125,000.00
Discounts		1,664.00
Donations and Sponsorships		18,749.41
EDA Grant Revenue		99,851.21
Events Income		2,317.80
Gift In Kind Donations		6,903.75
Hub Store Merchandise		1,418.00
I-Fund Management Fee		30,000.00
Iberia Bank Sponsorship		10,000.00
Maker Camps & Workshops - Fees		23,700.00
Maker Summit Sponsorship		1,000.00
MakerFaire Sponsorships		67,250.00
MakerFaire Ticket Sales		8,753.50
Membership		
After School Warrior		11,770.00
Day Pass		720.00
Guided Making		160.00
Hub Member		20,610.00
Senior/Student Member		2,570.00
Teacher Development Member		3,960.00
Team Member		31,540.00
Total Membership	$	71,330.00
Miscellaneous Projects		8,353.00
Miscellaneous Revenue		11,315.98
Mobile Maker Space Grants		100,000.00
Non-Current Contribution Revenue		40,000.00
Sales of Product Revenue		1,051.50
School Field Trips		11,815.00
Winrock International		107,000.00
Winthrop Rockefeller Foundation		45,000.00
Total Revenue	$	1,075,997.92
Expenditures		
Accounting Fees		19,793.75

Advertising		1,550.00
Art Connection Grant		100,119.82
Bank Charges		158.00
Building Maintenance		5,644.29
Cleaning Services		10,374.45
Pest Control Serivce		423.15
Security Monitoring		1,559.11
Utilities - Electric		20,647.84
Utilities - Gas		1,672.78
Utilities - Phone & Internet		11,585.86
Utilities - Water		1,070.77
Waste Management		2,381.90
Total Building Maintenance	$	55,360.15
Computer Software & Equipment		4,343.12
Computer Web & Internet		7,130.39
Consulting Fees		16,666.00
Contract Labor		33,500.00
Copier Maintenance		1,966.14
Creative Services		9,914.21
Credit Card - Interest		3,761.02
Credit Card Processing Fees		1,852.59
Depreciation Expense		107,675.93
Dues & Subscriptions		5,335.00
Events Expense		9,772.51
Fundraising Expenses - Grant Writing		580.00
Insurance - Liability & Comp		21,848.42
Loan Interest - Iberia Bank		26,775.05
MakerFaire Expenses		19,051.87
Meals and Entertainment		1,035.95
Other General and Admin Expenses		930.20
Paypal Fees		1,924.51
Payroll Prep Service		2,206.05
Postage		335.70
Programming - Camps & Workshops		716.47
Public Relations Fees		29,695.52
Salaries & Benefits		
Insurance - Dental		3,208.58
Insurance - Health		24,968.54
Insurance - Vision		738.00
Payroll Tax Expense		42,331.89
Salary Expense		493,542.91
Total Salaries & Benefits	$	564,789.92
Sales Tax		1,784.00
Small Tools & Equipment		1,962.25
Sponsorships		586.40
Staff Training		10,497.94
Stationery & Printing		3,552.03

Storage Unit Rental		660.00
Supplies		28,980.40
Travel		8,098.69
Total Expenditures	**$**	**1,104,910.00**
Net Operating Revenue	**-$**	**28,912.08**
Other Revenue		
Interest Earned		41.68
Total Other Revenue	**$**	**41.68**
Net Other Revenue	**$**	**41.68**
Net Revenue	**-$**	**28,870.40**

Wednesday, Jan 04, 2017 01:56:46 PM GMT-8 - Accrual Basis

Arkansas Regional Innovation Hub
Statement of Financial Position (Unaudited)
As of November 30, 2016

		Total
ASSETS		
Current Assets		
Bank Accounts		
Cash - Capital Account		1,451.39 (1)
Cash - Centennial Bank		31,849.21
Paypal		2,381.16
Total Bank Accounts	$	35,681.76
Accounts Receivable		
Donors Receivable		69,973.77
Total Accounts Receivable	$	69,973.77
Other Current Assets		
Advances		146.39
Prepaid Expenses		6,340.08
Total Other Current Assets	$	6,486.47
Total Current Assets	$	112,142.00
Fixed Assets		
Accumulated Depreciation		-154,080.99
Building		1,804,228.00
Building Renovations		2,036,473.48
Computer Equipment		87,874.85
Furniture & Fixtures		103,964.30
Land		575,773.00
Website Design		12,573.75
Total Fixed Assets	$	4,466,806.39
TOTAL ASSETS	$	4,578,948.39
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable (A/P)		17,189.91
Total Accounts Payable	$	17,189.91
Credit Cards		
Credit Card		51,284.52
Total Credit Cards	$	51,284.52
Other Current Liabilities		
Due to Art Connection		10,714.59
Total Other Current Liabilities	$	10,714.59
Total Current Liabilities	$	79,189.02
Long-Term Liabilities		
Iberia Loan		757,692.66
Total Long-Term Liabilities	$	757,692.66
Total Liabilities	$	836,881.68

Equity			
Retained Earnings		3,770,937.11	
Net Revenue		-28,870.40	
Total Equity	$	3,742,066.71	(2)(3)(4)
TOTAL LIABILITIES AND EQUITY	$	4,578,948.39	

(1) This entire amount is restricted for building improvements

(2) Includes $28,189.28 of a $50,000 grant from the Windgate Foundation that was designated to be spent on Fab Lab

(3) Includes two $50,000 grants from AT&T and King Foundation that was designated to be spent on the creation of a Mobile Maker Space

(4) Includes $8,564 of a $16,000 grant from Rotary Club of West Little Rock to be spent as follows:

2014-2015: $4,000 - Supports 10 Students ($400/student)

2015-2016: $4,000 - Supports 10 Students ($400/student)

2016-2017: $4,000 - Supports 10 Students ($400/student)

2017-2018: $4,000 - Supports 10 Students ($400/student)

Argenta Art Connection
Statement of Activity (Unaudited)
January - November, 2016

		Total
Income		
41000 Contributions		25,000.00
41020 Individual Contributions		40.85
41030 Innovation Hub Contributions		100,119.83
Total 41000 Contributions	$	125,160.68
42000 Grant Revenue - AAC		4,000.00
43500 Class Fees		413.50
44000 Art Sales		1,025.23
45500 Camp & Afterschool Program Fees		1,765.00
46000 Interest Income		4.93
47000 Other Income		81.70
49000 Field Trips		1,954.00
61500 Tshirt Printing Sales		1,904.59
Total Income	$	136,309.63
Gross Profit	$	136,309.63
Expenses		
50010 Credit Card Fees		38.50
50020 Commission Expense		450.00
50040 Printing		69.55
50050 Outside Contract Services		
50051 Payroll Processing Fees		288.00
Total 50050 Outside Contract Services	$	288.00
50065 T-Shirts		1,373.88
50070 Office Supplies		345.19
50075 Studios-Equipment & Supplies		13,236.37
50085 Camp & Class Supplies		1,005.18
50090 Depreciation Expense		15,358.91
51000 Salaries and Benefits		
51010 Salaries		88,380.32
51015 Payroll Taxes		7,315.55
51020 Health Insurance		7,080.48
Total 51000 Salaries and Benefits	$	102,776.35
51180 Computer and Technology Expense		263.52
51200 Utilities		
51220 Monitronics		536.91
Total 51200 Utilities	$	536.91
51300 Maintenance & Supplies		1,006.82
Public Relations Fees		636.00
Total Expenses	$	137,385.18
Net Operating Income	-$	1,075.55
Net Income	-$	1,075.55

Argenta Art Connection
Statement of Financial Position (Unaudited)
As of November 30, 2016

		Total
ASSETS		
Current Assets		
Bank Accounts		
10001 Centennial Bank-Art Connection		568.02
10002 Petty Cash		0.00
10003 Centennial-Horn Grant Account		0.00
Total Bank Accounts	$	568.02
Accounts Receivable		
11000 Accounts Receivable		3,272.52
Total Accounts Receivable	$	3,272.52
Other Current Assets		
11700 Grants Receivable		10,714.59 (1)
11900 Prepaid Expenses		641.43
12000 Undeposited Funds		0.00
Total Other Current Assets	$	11,356.02
Total Current Assets	$	15,196.56
Fixed Assets		
14000 Construction in Progress		0.00
15000 Office Equipment		4,211.37
15100 Other Equipment		29,093.62
15200 Leasehold Improvements		57,972.09
16000 Accumulated Depreciation		-59,645.55
Total Fixed Assets	$	31,631.53
TOTAL ASSETS	$	46,828.09
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
20000 Accounts Payable		0.00
Total Accounts Payable	$	0.00
Other Current Liabilities		
24000 Payroll Liabilities		0.00
24100 Accrued Expenses		0.00
24200 Sales Tax Payable		41.38
26000 Due to/Due From-AAF		0.00
Total Other Current Liabilities	$	41.38
Total Current Liabilities	$	41.38
Total Liabilities	$	41.38
Equity		
31100 Equity Investment		66,173.97
32000 Net Assets		-18,311.71
Net Income		-1,075.55

Total Equity	$	46,786.71
TOTAL LIABILITIES AND EQUITY	**$**	**46,828.09**

(1) Horn grant designated for part-time art educator salaries

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: SEP 26 2014

THE ARKANSAS REGIONAL INNOVATION
HUB INC
PO BOX 251618
LITTLE ROCK, AR 72225-1618

Employer Identification Number:
46-3376034
DLN:
17053191324004
Contact Person:
CUSTOMER SERVICE ID# 31954
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
Yes
Effective Date of Exemption:
August 13, 2013
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-PC" in the search bar to view Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, which describes your recordkeeping, reporting, and disclosure requirements.

Sincerely,

Tamera Ripperda

Director, Exempt Organizations

Letter 947

2017

Arkansas Regional Innovation Hub
Board Members

F. Bronson Van Wyck
Winrock Board Chair

Suzanne Siskel
Winrock Board Vice Chair

David Agnew
Macquarie Infrastructure and Real Assets

David Braman
Founding Senior Partner (Retired), Pantheon Ventures Inc.

Earl E. Devaney
The Devaney Group

Jason Bordoff
Columbia University

Jerry Adams
President and CEO of ARA

John M. Nees
Getty Land Company

Jude Kearney
Greenberg Traurig Law Firm

Melissa S. Dann
Former Executive Director Wallace Global Fund

Peter M. O'Neill
Winrock Board Member

Richard Leach
World Food Program USA

William Bumpers
Baker Botts Law Firm

William H. Ketcham
Serafin Partners, LLC