



**Velocity, Lee's Summit, Inc.  
Board of Directors**

Summary of the January 29, 2018 Meeting

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**Members Present:**

Jon Cundiff  
Rosalie Newkirk  
Rick Viar  
Matt Baird  
Julia Hampton  
Rick McDowell  
Joe Mullins  
DJ Good  
Steve Marsh  
Chuck Cooper  
Tim Denker  
Grant Gooding

**City Staff:**

Jackie Heanue  
Nick Edwards  
Steve Arbo

**Guests Present:**

Ben Rao  
Diane Forte, Councilmember Dist. 1  
Jeff Williams

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**Call to Order**

Mr. Cundiff called the meeting to order at 2:35 p.m. Because this is the first meeting of the new year and there are new board members and guests, Mr. Cundiff requested introductions. Following introductions, Mr. Cundiff briefly reviewed the goals and objectives of Velocity.

**1. Approval of December 21, 2017 Meeting Summary**

Upon motion by Rick Viar, second by Chuck Cooper, the December 21, 2017 Meeting Summary was unanimously approved.

**2. Recap of City Council Meeting**

Mr. Cooper provided a summary of the Board's interactions with the City Council since Fall 2017, which included the following:

- September 21, 2017: Presentation to the City Council updating on the activities of Velocity
- November 6, 2017: Presentation to the Finance and Budget Committee seeking a Public Service Agreement (PSA), which contained a funding request.
  - Finance and Budget Committee voted 2-1 to move the request forward to the full City Council for consideration.
- January 18, 2017: City Council considered the Ordinance containing the PSA and funding request. No presentation was made at the City Council meeting.
  - City Council voted 3-4-1 (abstain); request was not approved.

Mr. Arbo indicated to the Board that a presentation by the Board to the City Council at the January 18 meeting, similar to the process which took place at the Finance and Budget Committee, could have been helpful to the process and may have impacted the outcome. He also indicated that, according to the rules governing the City Council, an individual on the prevailing side of the vote (a person who voted against the Ordinance) would have the opportunity to bring the issue back for reconsideration at the next City Council meeting.

Councilmember Forte took an opportunity to explain to the Board that there were multiple factors that played into her decision to vote no for the PSA. She explained that the lack of a formal Council Liaison may have contributed to the confusion and lack of understanding on the part of the City Council, indicating that when the Council was not formally notified of the name change of the entity, she presumed that the group had struck out on its own. She also indicated that a presentation coming to the Council may have been more productive rather than just having it presented as an Ordinance with no additional information. She expressed her support of the Board, and understands the message that was sent to the Board as a result of the vote, and understands that many mistakes played into that outcome. She acknowledged that the matter needs to come back to the City Council for further consideration, but is not sure that another Ordinance with a PSA is the right method. She also expressed that it was her belief that the Board should strongly consider finding alternate sources of funding other than the City, that this may be helpful in getting the City Council to more seriously consider a PSA.

Mr. Cooper explained some of the alternative funding sources and opportunities that the Board has been researching and considering. He shared that although Velocity applied for the MOBEC grant, the budget for that program was drastically reduced this year, with Digital Sandbox receiving approximately 20% of the reduced funding amount, and entities on the St. Louis side of the State receiving the majority of remaining funds.

Mr. Cooper also explained that the Board is now looking more seriously about sponsorship opportunities as a way to draw funding from sources other than the City, but indicated that the Board sees the City and its funding support as “the horse that gets the cart moving.” He also shared with the group that Digital Sandbox has agreed to waive its 20% administrative fee in order to partner with Lee’s Summit and/or Velocity. Mr. Cooper indicated that the Digital Sandbox program is a proven concept entity with a pedigree of economic growth, and that partnering with an entity like Digital Sandbox would be more efficient than Velocity trying to duplicate their process on its own.

The Board began discussing some of the more specific mechanics of the Digital Sandbox model. Mr. McDowell inquired whether, since the 20% administrative fee was being waived, whether that would constitute a 5<sup>th</sup> \$20,000 grant. Mr. Cooper indicated that the decision would be up to the Board whether to initiate a 5<sup>th</sup> grant or to have four grants at \$25,000 each instead. He also indicated that a mandatory requirement of grant reception would be to root the business within the City of Lee’s Summit. Councilmember Forte inquired what would happen if a business receives a grant and then doesn’t stay in Lee’s Summit. Mr. Rao, who has been a grant recipient in the past, explained that the money is not given at once; rather, it is disbursed in tranches upon hitting specific milestones. Mr. Good, who has also had experience with these grants, indicated that bills

from grant recipients are submitted to UMKC, who actually cuts the check to the invoicing entity. He also indicated that rarely does the full amount of the intended grant actually get expended.

Mr. Cooper then stated that ultimately the partnership with Digital Sandbox would be more efficient and that Velocity has been exercising extraordinary efforts to be efficient in its spending, having only utilized about \$10,000 of the initial \$30,000 investment which was made almost three years ago. However, Velocity is looking to scale up and is ultimately seeking to be considered a "Community Partner" with status like EDC, the Chamber, and Downtown Lee's Summit Main Street.

Mr. Viar commented that the City Council embraced entrepreneurship and trying to foster and facilitate entrepreneurship in Lee's Summit when it originally created the Market Center of Ideas task force and then supported its formalization. He stated that he feels like the Board has presented its best proposal and plan in the form of the PSA and the funding request, with objectives and goals. He noted that we are falling behind other communities in their efforts to foster entrepreneurship.

Mr. Arbo noted that it is possible that some of Velocity's goals which do not involve to Digital Sandbox may be more palatable to the City Council at this time, given the other objectives and initiatives that the Council has before it. He also voiced the further concern that there is limited support in funding any request out of the General Fund, noting that it is politically difficult for the Council to justify the expenditure of public funds for a private benefit, and the request is faced with the further challenge that the EDC has not expressed support for funding the request from the Bed and Industry tax.

Mr. Gooding spoke in support of the Digital Sandbox initiative and said that, even though he understands the concern about the layers between the public funds and ultimate private benefit, Digital Sandbox has an excellent track record. For \$100,000 in grant funding, Lee's Summit would be getting a vetted startup company; which Velocity does not have the capacity or ability to do on its own currently.

Councilmember Forte suggested that the group should consider whether they feel that partnership with Digital Sandbox is the only way that entrepreneurship would grow and thrive in Lee's Summit, or whether there are other available alternatives.

Mr. Good expounded upon his knowledge of the Digital Sandbox program and indicated that a partnership with Digital Sandbox gets you involved with other groups that give grants, and the partnership will provide resources and knowledge that goes far beyond the grants themselves. While Velocity is providing programming targeted towards entrepreneurs in Lee's Summit and should continue to do so, Mr. Good suggests that Velocity needs to think bigger about ways to truly support entrepreneurs.

Discussion regarding whether or not continuing to seek a PSA with the City and whether or not to include Digital Sandbox in that request continued. Mr. Arbo inquired as to whether the City could invest in the Digital Sandbox program directly and/or independently of Velocity. Mr. Cooper indicated that this in fact was a possibility and that he suggested at the Finance and Budget Committee that there is no pride in ownership of Velocity being the official partner; rather, if the

City wishes to be the direct participant, Velocity would be happy to support that method as well. Mr. Arbo suggested that this could reduce the perception of the steps between the City and the entrepreneur which may be a source of challenge currently.

Councilmember Forte suggested that the Board consider requesting a one year agreement, which would provide Velocity the opportunity to seek other funding sources and establish to the Council that the weight of the initiative is being pulled by multiple resources and not just from the City. She also suggested that the project needs a true champion from the Council who will embrace the initiative, be involved in its work and understand the passion of the group.

Mr. Mullins stated that there is a lot of momentum in Lee's Summit in entrepreneurship and that the Board needs to focus on figuring out a path forward that works.

Mr. Viar reiterated that it appears that no one knows what Digital Sandbox really is, and that perhaps it is more important to explain the program from the perspective of the deliverables, the work and plans, rather than present them purely as a service provider.

Mr. Cundiff asked Mr. Arbo and Councilmember Forte what options there were to move forward at this point. Councilmember Forte indicated that she could request the topic be assigned to a Committee for additional work and consideration, and reiterated that the messaging and outcome would likely need the support and assistance of other resources, such as the EDC, Chamber, etc.

Mr. Cooper reminded the Board that it is the sole entity that can foster entrepreneurship and receive grant funding in the community as a result of its pending 501(c)(3) status. He reiterated that it is impossible to provide high growth oriented jobs without funding, and that individuals come to Velocity seeking resources. Velocity is a proven need that aligns with the vision of the City as established by its Economic Development Policy.

Councilmember Forte again asked whether Digital Sandbox is the only option that the Board sees as a successful path forward, and whether the parameters set forth in the Digital Sandbox model is the only set of parameters that makes sense. She inquired whether we could bring together the multitude of resources which already exist in Lee's Summit like the EDC, Bridge Space, and technical expert and professionals to foster a similar approach without relying on an independent service provider?

Mr. Gooding stated that the difference between an approach like that and the use of Digital Sandbox is credibility, press and experience.

After further discussion regarding the possible options forward, Mr. Cooper inquired whether a possible solution was to not return to the City Council immediately, but to regroup and go back to the Community and Economic Development Committee with a renewed request and proposal.

A motion was made by Rick Viar to request that Councilmember Forte consider making a motion for reconsideration at the next City Council meeting, and asking that the Community and Economic Development Committee be assigned with the reconsideration of the Velocity request. The motion was seconded by DJ Good and carried unanimously.

Mr. Baird mentioned that he heard from Certain City Councilmembers that the use of the Bed and Industry Tax as a funding source was an issue, and questioned whether the request needed to be repackaged to be more palatable.

Mr. Edwards indicated to the Board that at this point, the Bed and Industry Tax was the only viable funding source available for the request. Councilmember Forte suggested that it was possible that the General Fund could be a viable source for consideration as well. Mr. Good stated that, as a Board, the group should not be concerned with where the funding comes from.

Mr. Viar suggested that an Ad Hoc Committee be formed to flesh out the proposal and request and make it easy to understand. He also suggested that an Accountant be a part of that group in order to present a clear and concise summary of the request and the deliverables.

Councilmember Forte stated that she would “self appoint” herself as a liaison to Velocity for the purposes of facilitating discussions.

The Board agreed to work towards preparing a presentation for further consideration at a future Community and Economic Development Committee meeting pending action by the City Council to assign it to the Committee.

### **3. 2018 Dashboard**

Mr. Cundiff presented the attached 2018 Dashboard as a roadmap for the Board’s actions during the next year. It is expected that the Board will refer back to the dashboard for guidance and direction as it moves forward with its business in the coming months.

### **4. Committee Formations**

Mr. Cundiff requested that each Board member identify which committee(s) he or she would be interested in serving on or participating in this year and send those to him for consideration.

### **5. Upcoming Events**

- a. Mr. Good presented an update on the February 15<sup>th</sup> event which will include two panelists, Morris Brown and Kevin Defactory.
- b. The 2018 Event Series was briefly discussed; these events will be held the 3<sup>rd</sup> Thursday of every month except November, which is GEW.

### **6. Award of Professional Marketing Services**

A motion was made to engage the services of KC Communication and Media Matters, a/k/a John Beaudoin, to provide Facebook, Twitter and LinkedIn services for Velocity for the rate of \$450.00 per month. The Board authorized the execution of a Service Agreement to this effect.

### **7. Community Partner Board Representatives**

Due to time constraints, this topic was tabled to a future meeting.

### **8. By-Law Amendments**

Ms. Heanue provided the Board with up-to-date copies of the By-Laws, containing all amendments made to date. A copy of the most up-to-date By-Laws is attached to this Meeting

Summary. Amendments to the Attendance Policy and regarding Sponsorships will be discussed at a future meeting.

**9. 501(c)(3) Application Status**

Ms. Heanue reported that the 501(c)(3) Application was complete, and upon execution by Mr. Cundiff this afternoon, would be sent to the IRS for review and consideration.

**10. Conflict of Interest Statements**

Due to time constraints, this topic was tabled to a future meeting.

**11. Roundtable.**

Mr. Rao spoke about the possibility of considering a Silver Sponsorship for the Blarney Brewoff taking place in downtown Lee's Summit on March 17, 2018. The cost for the sponsorship is \$250.00.

Mr. Gooding suggested that the Board focus efforts and energies on an entrepreneurial focus instead of being 'everything to everyone.'

**12. Adjourn.** There being no further business for consideration by the Board, the Velocity Board Meeting was adjourned.