

Local Development Finance Authority (LDFA)
Minutes – April 10, 2019
Smartzone -2345 Meridian Street

1. Call to Order

The meeting was called to order at 12:38 pm by Vice Chair Hank. Kali Brosco was introduced.

2. Roll Call

Board members present: Craig Krouth Marjorie Hank Kristin Collins Dan Reattoir
 Tom Veum Fred Smith Fred Molnar (via phone)

Other guests: Jeff Holt Tracey Laitinen Kali Brosco

Absent: Gary Sharp

A motion was made by Collins to excuse Sharp as he is out ill. Support by Smith. Motion carried.

3. Agenda: Changes, Additions, or Deletions

None at this time.

4. Matters presented by the Public

None at this time.

5. Approval of Minutes

A motion was made by Reattoir to approve the minutes of November 19, 2018. Support by Smith. Motion carried.

6. Approval of the Financial Report

Collins explained the financial report ending 2.28.19. For FY 2019 TIFA 3 has agreed to support LDFA in the amount of \$35,000. Actual YTD revenue is \$89,116 which exceeds budgeted and leaves a fund balance of just over \$100. Transfers out to pay the bond were \$101,100.

A motion was made by Reattoir to approve the financial report as presented. Support by Krouth. Motion carried.

7. Election of Officers

Chair – Sharp/Vice-Chair Hank/Collins-Treasurer/Reattoir-Secretary

A motion was made by Reattoir to approve the current slate of officers as presented for another year. Support by Smith. Motion carried.

8. Approval of FY 2019 & FY 2020 budgets

Collins reviewed the current projections using the City Assessor’s values and for FY 2019-2020 the tax revenue is estimated to be \$79,300, which is an increase, but we will still need support from TIFA 3 in the amount of

\$54,000. Collins explained that she has budgeted \$20,000 in tax refunds and that it is a conservative number if Meijer were to win their MTT case in full.

FY 2020-2021 is still an estimate of \$79,300 with \$51,000 from TIFA 3.

A motion was made by Reattoir to approve the FY 2019-2020 and FY 2020-2021 budgets as presented. Support by Krouth. Motion carried.

9. Updated on Gatekeeper Grant

Holt updated the group on the attached quarterly report for MEDC. Holt added that the EDC has increased transparency with LDFA and things are moving in a positive direction. Holt thanked Molnar for his help. Molnar added that there was still a lot of work to be accomplished and noted the change in grant management staff from L. Peebles to M. McCammon. Workload at MEDC has been shifted due to the addition of 4 gateway grants. McCammon will be up in the Sault for a site visit later this year. Collins thanked the EDC for their unexpected expanded role noting that the first installment of the grant is being processed in the amount of \$13,146.

10., 11., & 12 Review TIFA III loan spreadsheet & LDFA Plan expiration date

Collins recapped the reimbursing TIFA 3 for contributions that began at some point during the first year in which tax capture was negative, resulting in zero tax capture revenue 6/30/17. Both funds have the goal of economic growth, it's just how much will be spent to maintain and support airport operations, and how much will be designated for technology based business startups. Both boards should work on a plan for repayment.

One suggestion: at the point that the LDFA fund has fund balance sufficient to sustain debt service for the current and next fiscal year, it will begin repayments to TIFA 3. It will repay the obligation measured by the amount transferred into the fund by TIFA 3 beginning 7/1/16 and through this date. Annual payments might be half of the tax capture in excess of debt service. The other half will be used to support operations of the smartzone and assist with technology based business startups (the primary objective of the LDFA). Reattoir and Hank agreed that the funds should be repaid at 100% unless TIFA III has an alternate plan.

LDFA capture, and TIFA 3, have limited lives. LDFA runs through 2024 which matches the debt maturity. It is uncertain if the LDFA will ever have sufficient funds to meet its primary objective of supporting technology based business development AND reimburse TIFA 3 for its support. Discussion was had regarding sustainability after the tax capture ends. Molnar added that under the current guidelines we can apply for a 5-year LDFA extension to get us to 2029. He noted that this process does take a year so to start process with that timeframe in mind. Collins added that this 5-year extension would be bond debt free as the building will be paid in full by 2024.

Collins noted that some time ago, changing the boundaries of the LDFA capture geography were discussed, and reiterated that the LDFA does not want to extend the zone to include any negative-capture properties.

Holt thanked City Finance for putting the information together to get the discussion rolling on repayment options.

13. SSMart Closeout

Laitinen updated the group that the SSMartzone website was being directed to the saultedc.com site, the phone number was ringing into the EDC's main line and that the final SSMart logo will be removed tomorrow from the building.

Collins inquired about LSSU's Product Development Center and how that partnership was looking to which Holt replied that with the change in staff there was a refreshed interest in moving forward and collaborating on projects through Dr. Kimberly Muller. Holt noted the recent Manufacturers Alliance meeting at LSSU where employers toured the labs to see what LSSU has to offer. PDC staff and the EDC met again last week to discuss future opportunities as well as work to close out the several older projects from SSMart.

Smith thanked the EDC for a job well done noting that they did more with less staff in the last several months.

14. Adjournment – Smith made the motion to adjourn at 1:15 pm. Support by Reattoir. Motion passed.

**There is no meeting scheduled at this time. A Doodle Poll will go out in September to schedule our regular October meeting.*