

**City of Sault Ste. Marie
Tax Increment Finance Authority III (Airport TIFA)
Meeting Minutes
October 13, 2020**

1. Call to Order

Chairman Veum called the meeting to order at 1:21 p.m.

2. Roll Call

Members Present:	Tom Veum	Dr. Rachael McCoy	Dan Dasho
	Tim Ellis	Rob Landis	Gary Sharp

Members Absent:	Kelley Bunker	Jim Devaprasad
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Staff Present:	Jeff Holt	Tracey Laitinen
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Others Present:	Kali Brosco, Accountant/Deputy Treasurer Kristin Collins, City Finance Director Angie McArthur, EUP Intermediate School District Morrie Walworth, LDFA Board Member Fred Smith, LDFA Board Member, AAB Board Member Brian Chapman, City Manager Tina Fuller, City Assessor Carmen Fazzari, LDFA Board Member
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It was moved by Sharp, supported by Ellis to excuse those board members absent. The motion carried unanimously.

3. Agenda: Changes, Additions, or Deletions

None at this time.

4. Matters presented by the Public

None at this time.

5. Approval of Minutes

It was moved by Sharp, supported by McCoy, to approve the minutes from June 9, 2020. The motion carried unanimously.

6. Approval of Balance Sheet, Profit & Loss Statement and Check Detail

Holt gave an overview of the Balance Sheet, Profit & Loss Statement and Check Detail.

It was moved by McCoy, supported by Ellis to approve the financial report as presented. The motion carried unanimously.

7. Review funds utilized for LDFA and future revenue projections

Collins provided several reports for the packet. LDFA Fund #249 was reviewed from 2016-2024 (when LDFA expires and the Smartzone building will be paid off). Revenue shows to be very unpredictable due to tax appeals. The City has settled several cases, but there are an additional 7 stores in the pipeline, arguing for lower valuations of \$84,000 total. Chapman noted that each case costs an estimated \$45,000 to fight or 7 x \$45k = 315k. For this fiscal year, \$52,600 has been refunded to date and revenues are estimated at \$46,900. With the bond payment due as well as the previous year's repayment for the \$80,000 loan from general fund

(\$40k due last fiscal and the remainder due this fiscal), the total estimated amount coming from TIFA III to cover the LDFA shortfall is estimated to be \$145,000. Collins explained that the transfer in of \$20,000 shown on the worksheet was a projected start of payments from LDFA back to TIFA III but that will no longer be possible with the projected loss this fiscal. McCoy inquired about how the process works when a store starts a tax appeal. Collins and Fuller explained that stores seem to have endless staff to fight these cases and typically the judgements do not favor the municipality adding that stores can do this every year if they so choose. Smith added that the rates can only increase 5% or by the rate of inflation so it takes a long time to build back up. McCoy asked about future tax loss projections and how we can best budget moving forward. Collins continues to budget based on any tax appeal and the company's full request. McCoy asked for more details and for Collins to find out what other City's do as far as budgeting with the dark store issue. Holt asked how the City would make up the deficit if TIFA III or LDFA did not exist. Collins reported that the general fund would be responsible. Total estimated funds to date that LDFA would need to repay TIFA III are \$647,619.33 through 2024.

8. Review of TIF Plan and expiration

Holt briefly discussed the plan and that we will need to consider an extension. Collins asked about the length of any possible extension. We will review this in depth at a future meeting. TIFA III was created in 1986 and has a 40 year term.

9. Status Reports

Holt recapped this week's Economic Resource Alliance meeting and the informative presentation by Tom Moran of Moran Ironworks.

10. Other Matters

None at this time.

11. Next meeting is April 2021 TBD

12. Adjournment

It was moved by Ellis, supported by Landis to adjourn the meeting at 1:48pm. The motion carried unanimously.

Secretary Dan Dasho