



LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA)
City of Lansing, City of East Lansing & Ingham County

Quarterly Meeting Minutes

Wednesday, March 17th, 2021- 3:00 PM

Via Zoom

Attendees: Luke Hackney, James Tischler, Ben Bakken, Brian McGrain, Dave Washburn, Charles Hasemann, Derrell Slaughter, Jessy Gregg, Thomas Fehrenbach

Guests: Jeff Smith (MSU Foundation), Gabriela Allum (MSU Foundation), Adam Cummins (City of East Lansing), Tim Dempsey (Public Sector Consultants), LeTasha Peebles (MEDC), Karri Christie (MSU Foundation), Amber Clark (Meridian Township)

Staff: Joe Carr, Anum Mughal, Karl Dorshimer, Jennifer Abood Morris, Debbie Engel

Recorded by: Debbie Engel of LEAP

Call to Order & Roll Call

Chair Hackney called the meeting to order at 3:02 PM. Carr conducted roll call. All members present.

Project vs audited reconciliation

Bakken presented on the projected financials versus audited financials for FY19/20 and explained that the projections of the 4th quarter for the LDFA budget and the actual numbers from the audit vary slightly due to the cost of the strategic planning projections. However, the numbers are still consistent with what they expected.

LDFA Annual Audit Presentation

Will Love of Rehmann presented the LDFA SmartZone audit for Fiscal Year ending June 2020. Love discussed the audit process, government auditing standards and the responsibilities of each party to ensure a complete audit and render an opinion on the financial position of the LDFA. Rehmann has concluded that there is no unfavorable news or red flags to note, thus they have rendered a clean opinion of the financials which is the best opinion they can provide.

Rehmann was asked to explain the audit process compared to the cost of the audit since there are very few transactions completed by the LDFA throughout the year. Rehmann explained that there is a certain amount of quality control that goes into every audit and much more preparation work is completed before transactions are tested and, thus, time put into the audit is much greater than just transactional analysis.

MOTION: Moved by Luke Hackney, and seconded by Ben Bakken, to approve the LDFA SmartZone audit as presented. All in favor. Motion passed unanimously.

Luke Hackney - Yes
Ben Bakken - Yes
Brian McGrain - Yes

Derrell Slaughter - Yes
Jessy Gregg - Yes
Tom Fehrenbach - Yes

❑ **Approval of LDFA Minutes - December 18, 2020**

MOTION: Luke Hackney moved, seconded by Brian McGrain, to approve the LDFA meeting minutes of December 18, 2020. All in Favor. Motion passed unanimously.

❑ **Approval of LDFA Financials**

Aboud Morris presented draft financials through December 31, 2020. Cash flow looks good. No red flags or concerns to report.

MOTION: Luke Hackney moved, seconded by Charley Hasemann, to approve the LDFA draft financials as presented. All in Favor. Motion passed unanimously.

❑ **TIF Renewal Updates**

Tim Dempsey/Benjamin Fulton from Public Sector Consultants provided an overview of the updated LDFA SmartZone TIF Development plan. This is a draft at this point, and after review, discussion, and feedback, a final plan will be presented in about 30 days. Financial performance shows the increased revenue generated through the TIF capture the last five years and has dramatically increased from 2009 – 2020. Plans for future performance was also discussed. Long term growth will be focusing on managing progress in target parcels; fostering increased collaboration; ensuring sustainability and self-sufficiency. Joe Carr gave an overview of the entrepreneurial process from a local perspective and how some companies fail, move away the area, and others grow, and that the SmartZone can put forth services to retain and grow local companies. Carr noted there's been quite an uptick in site searches. and a lot of growth in the last five years. Fehrenbach asked about the high-tech focus as well as the "rising tide fund". Gregg asked about the sponsorship and fundraising line of \$10,000 and how the proposed revenue growth was generated. Dempsey noted the growth in the budget is based on inflation. Hasemann inquired whether it was necessary to spend down fund balance and whether the LDFA can exist after the TIF expires. Fehrenbach inquired about City of Lansing taxable value of parcels prior to coming off tax rolls. Bakken asked about the City of East Lansing revenue and if it will maintain, decline or continue to grow. Dempsey outlined the reimbursement mechanism and its applicability to the 5-year TIF extension. Hasemann asked about additional parcels in Meridian Township. Amber Clark noted these parcels are some of the few industrial zoned parcels. Washburn requested to be connected with PSC regarding some of the parcels in the UCRP. Bakken inquired about the remaining part of the renewal process. Dempsey noted the additional feedback before sending to the state for initial review before going to local municipalities. Meridian Township needs to be added to the Joint Local Development Authority first as a preliminary step. It was noted TIF renewal must occur before December 31st. Bakken noted the LDFA would need to approve a budget without a full year of capture. Dempsey noted that the winter tax capture will cover Jan-June 2022 timeframe. Gregg inquired about the determination regarding the reimbursement mechanism. Gregg brought up racism as a public health issue and how it impacts the SmartZone. Discussion ensued

❑ **BAF Updates**

Carr noted a strong start to 2021 for the BAF program. LEAP has submitted, and won, four approvals for BAFs, two submissions are pending, and three more are ready to submit. Carr thanked Red Cedar Ventures, Spartan Innovation, the MSU Foundation and MSU for taking advantage of LEAP's weekly virtual BAF office hours. LEAP recently renewed its contract with the SBDC to continue providing these services to SmartZone clients.

❑ **TIC updates - Technology Innovation Center**

Jeff Smith and Gabriela Allum presented updates on the TIC and its tenants. They have received funding from the LDFA and renovations have recently been made. The Technology Innovation Center's (TIC) new tenants include: AZ Solutions; ExoForce Robotics; Motion Grazer AI; RedoxBlox; Will Winn

Games. They are all virtual tenants right now, however, once the tenants receive grant funding it will change to their utilizing the office space.

Jeff Smith updated the board on TIC activity and funding. With the support of the LDFA, City of East Lansing, MSU and the MEDC, they've reached the point that the center is almost completely balanced regarding the amount of revenue that is brought in and the expenses being charged for rent and utilities. From a forecast standpoint they are sitting pretty well through the end of the year and are not anticipating much change.

- ❑ **Other Business:** No further business was discussed.
- ❑ **Public Comment:** There was no public comment.
- ❑ **Adjournment:** Chair Hackney adjourned the meeting at 4:35 PM.

Joe Carr

Vice President, Entrepreneurship & Innovation Team
Lansing Economic Area Partnership (LEAP)