

**Local Development Finance Authority (LDFA)**

**Minutes – May 21, 2020**

**VIRTUAL ZOOM MEETING**

**1. Call to Order**

The meeting was called to order at 2:04 pm by Chair Sharp. Angie McArthur and Morrie Walworth were introduced.

**2. Roll Call**

Board members present: Gary Sharp Carmen Fazzari Angie McArthur Morrie Walworth  
Tom Veum Fred Molnar Kristin Collins

Other guests: Jeff Holt Tracey Laitinen Kali Brosco Kimberly Muller

Absent: Fred Smith

**3. Agenda: Changes, Additions, or Deletions**

Sharp moved items 8 and 9 up before Election of Officers.

**4. Matters presented by the Public - None at this time.**

**5. Acceptance of Reattoir resignation/Approval of McArthur & Acceptance of Krouth resignation/Approval of Walworth**

Sharp welcomed McArthur and Walworth to the LDFA Board and asked them to tell the group a bit about themselves. McArthur joined the EUPISD as the Superintendent as of January 1<sup>st</sup>. She previously worked for Engadine Consolidated Schools for 27 years first as the Business Administrator and then as the K-12 Principal. She has lived in the region for 30 years, has 3 children, and is working to purchase a home in Sault Ste. Marie.

Walworth is the Vice President of Finance for LSSU and has held several titles from Faculty to Dean of Engineering. He moved to the Sault in 1991 and has 6 children and many grandchildren.

A motion was made by Collins to approve the new board members as presented. Support by Fazzari. Roll call: Veum: Yes/Fazzari: Yes/Collins: Yes/Sharp: Yes. Motion carried.

**6. Election of Officers**

Sharp entertained nominations and presented the slate of officers:

*Sharp – Chair*

*Fazzari – Vice Chair*

*Collins – Treasurer*

*McArthur – Secretary*

A motion was made by Collins to accept the slate of officers as presented. Support by McArthur. Motion carried.

**7. Approval of Minutes**

A motion was made by Collins to approve the minutes of October 2, 2019. Support by McArthur. Motion carried.

## **8. Approval of the Financial Report**

Collins explained the revenue and expense reports ending March 31, 2020 noting that tax proceeds for the year have closed and that \$20,000 was budgeted for taxes refunded but zero has been spent but she anticipated the Meijer MTT case will drain this. Collins explained that this line item, Taxes Refunded, is based on claims and it has been costly to pay for the Meijer case legal defense. Currently the ISD, County, and City are working together to pay these legal fees and recently hired a new attorney since Steve Cannello retired. Sharp inquired about the potential to settle and Collins noted that this is being considered as an option. Collins reviewed the Gatekeeper Grant revenue pass-through as well as the debt service for the Smartzone building.

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

## **9. Update on tax projections/repayment of loan to TIFA III**

Collins reported more in-depth on the Meijer MTT case and that the new projections, as of yesterday, show that the City's tax revenue estimates may come in lower than originally projected next year. The tax capture estimate for FY 20-21 of \$132,200 is likely too high/overly optimistic and if the case is not resolved in our favor, might be as low as \$17,900. Finance will share the updated calculations with the LDFA board as information becomes available. This means that the update that was given to the TIFA III board last month may be incorrect and \$20,000 may not be able to be paid back to that fund in the next fiscal as previously projected.

## **10. Updated on SSMart**

Laitinen gave an update on the asset transfer and that the dissolution documents as well as the last three years of 990s had been sent to the Attorney General. Laitinen will continue to give updates until the organization is dissolved.

## **11. Gateway Grant – Current & Extension**

Holt reviewed the current quarterly report in the packet noting that \$65,730 had been received to date. Molnar noted he was happy to support the Sault Smartzone. Holt also reviewed the extension application in the amount of \$40,000 that we hope will be approved soon.

## **12. Review of LDFA Plan and possible restructure**

Molnar recapped his efforts to have Scott MacInnes review our data and provide assistance. Molnar explained how the Houghton Smartzone captures almost \$1 million annually and has approximately the same population as the Sault. MacInnes noted some road blocks to Molnar. Sharp recommended a group Zoom meeting of the LDFA Board, Fred Molnar, Jim Mills, City Assessor and Treasurer to review the issue of reporting negative capture. Collins reiterated the issue they have had is that tax capture is calculated on the net value over base of all parcels in the district, and that MacInnes suggested they only capture the positive parcels. While she would like to show larger tax capture, Collins is required to follow the rules Treasury has established. Holt will work to schedule a future meeting.

## **13. Review of bond payment schedule**

The handout was reviewed. Holt noted that payments are increasing with the final payment in 2024. Sharp inquired with our low rate environment would there be an opportunity to call and/or refinance the bond for a lower rate and in turn a lower debt service requirement. Collins agreed to check the bond call options.

**14. Other Matters**

FOIA/OMA materials will be distributed to new members at the next face to face meeting.

**15. Adjournment** – Collins made the motion to adjourn at 2:44 pm. Support by Fazzari. Motion passed.

*\*There is no meeting scheduled at this time. A Doodle Poll will go out in September 2020 to schedule our regular October meeting.*