

Local Development Finance Authority (LDFA)
Minutes – February 23, 2021
Via Zoom

1. Call to Order

The meeting was called to order at 12:00 pm by Chair Sharp.

2. Roll Call

Members Present: Fred Smith Kristin Collins Carmen Fazzari
Angie McArthur Fred Molnar Morrie Walworth
Gary Sharp

Staff Present: Jeff Holt Tracey Laitinen

Others Present: Kali Brosco, Accountant/Deputy Treasurer
Brian Chapman, City Manager
Tina Fuller, City Assessor

Absent: Tom Veum

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 Walworth to approve the minutes of October 13, 2020. Support by McArthur. Motion carried.

6. Approval of the Financial Report

Collins explained the revenue and expense reports ending January 31, 2021. So far tax proceeds are estimated at \$50,000 but will be reduced by \$11,000 when they settle with the County. Transfers in from TIFA 3 are set for FY 20-21 and as it currently stands no additional funds will be required. Gatekeeper funds are a pass through from MEDC to the EDC to operate the Smartzone and so far this year \$22,700 has been received. Debt service is \$120,700 this year. Collins noted the cash balance in the fund is anticipated to be \$75,000 at June 30th and we'll review at the April meeting to see if \$25,000 can be refunded to TIFA 3 and then still hold \$50,000 in reserves until the bond is paid in full.

A motion was made by Walworth to accept the financial report as presented. Support by Smith. Motion carried.

7. Update on tax projections/repayment of loan to TIFA III

Collins reviewed the latest tax capture projections which show the LDFA revenues to be bouncing back after all the MTT cases. Taxes this year look to be closing out at just under \$40,000 and are showing \$123,200 for next fiscal with future years at 1.6% increases to taxable value estimated. If these remain stable our TIFA 3 support to the LDFA would be reduced significantly from \$108,800 this year to \$38,000 or less in future years.

Estimated funds that LDFA would need to repay TIFA III are \$647,619.33 as of October 2020. We will recalculate this for our April meeting.

8. Grand Rapids Smartzone Research

Holt recapped the process that the Grand Rapids Smartzone followed in order to redistrict their LDFA. In light of the recent report from finance is it worth our time, effort, and expense to reset or should we keep things as they are for the remaining two years? Sharp recommended keeping things as they are for another year and revisit redistricting. Holt inquired on knowledge of additional MTT cases that might affect projections. Fuller noted that MTT is hard to project but that all big box stores had already applied and noted that smaller stores could apply too as there is no limit on square footage. Sharp

opened the floor for additional questions from the board. McArthur inquired about what redistricting would look like and Holt explained that a consultant could be hired or this board could work to move forward and remove areas of low growth potential from our plan. Sharp questioned the lag time between a potential redistricting and actual tax capture. Holt reviewed the G. Rapid's timeline and Molnar noted the process is approximately 18 months. Molnar recommended applying for the 5-year extension and redistricting together. Walworth noted that when they originally set up the Smartzone and grant through EDA they had thought they were being conservative, but didn't plan for so many properties to come off the tax rolls. Collins explained that the current plans ends June 30,2024 which means that collections close March 1, 2024 so we are looking at the 2023 tax levy.

Holt will look into the possibility of using a consultant and come back with options and fees for the April LDFA meeting. Molnar recommended discussing the costs and legwork with Scott MacInnes as he was hired by the Houghton and Marquette Smartzones to do similar work.

9. Update on bond re-fi

Collins consulted Mike McCarty, of the municipal bond world, and Pat McGow, Bond Council, and gave an update on the bond refinancing. At this time with the smaller balance of \$410,000 and term ending in 2024 in addition to the legal work that would need to take place; it would be cost prohibitive to refund the bonds, even with lower rates that could be provided at a local financial institution. Sharp thanked Collins for her due diligence and that it is not to our advantage to refinance this debt at this time.

10. Other Matters

Sharp congratulated Walworth on his upcoming retirement from LSSU and thanked him for his accomplishments in improving the facilities at LSSU and in the community and on the LDFA board. Collins thanked Walworth as well and gave him best wishes in future endeavors.

11. Adjournment – Smith made the motion to adjourn at 12:31 pm. Support by Collins. Motion passed.

**There is no meeting scheduled at this time. A Doodle Poll will go out in March 2021 to schedule the April meeting.*