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## MARQUETTE CITY LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA) Monday, July 15, 2024 Meeting Minutes

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**Call to Order** The meeting was called to order at 4:00 p.m. by Leslie Hartman.

**Roll Call** Brian Cherry, Leslie Hartman, Stacy Boyer-Davis, Bruce Heikkila. Excused absences: Steve Adamini, Mark Canale, Jim Hewitt.

**Note of Agenda Changes:** No changes

**Approval of Agenda:** Motion by made by Cherry, seconded by Boyer-Davis. Approved unanimously.

**PUBLIC COMMENT:** Sally Davis, Mayor of Marquette was in attendance. She expressed appreciation for the members of the LDFA committee for the work that we do for the City of Marquette

### **NEW BUSINESS:**

1. Minutes from the April 15, 2024 meeting approved. Motion made by Cherry, Seconded by Heikkila. Approved unanimously.
2. Innovation Marquette Enterprise-SmartZone: Joe Thiel presented operations, marketing and communication, and financial updates.

**Operations:** Joe Thiel presented an operations update for FY24 (Oct-23 thru May-24) including the creation of 29 new W-2 and 5 new 1099 jobs, 51 prospects served, 7 new companies formed, 22 new clients served, \$4.78 million of follow-on funding received (which significantly exceeds the \$500,000 FY24 goal), 3 intellectual patents research, 13 patent applications, 3 patents awarded, 11 companies that have reached commercialization, 9 companies entering licensing conversations, and 1 that has received a licensing deal. Many of these results are ahead of F24 goals (job creation, follow-on funding). Joe reviewed the progress for several clients including Steamflex Log Cleaner, MushLume, and SwimSmart.

A four-day workweek at Innovate Marquette is currently being piloted and, according to Joe, seems to be working well at this point. Joe will update the Board at the end of summer with the results of the pilot.

The Innovate Marquette team has two vacant positions with the most recent addition, Duncan Dollar the DunKing, who 'maintains the morale'.

**Marketing and Communications:** VirsaQuest and MycoNaut client success story videos are now available online and forthcoming will be Syncurrent and SwimSmart. Earned media coverage data provided by Critical Mention (January 1 – March 31, 2024) included 30 media mentions and 265,933 audience members associated with Innovation Week, The Ryan Report, Big Pitch, and the Small Business Support Hub grant.

In collaboration with the City of Marquette, Siren, and Stone Hearth Consulting, Innovate Marquette is constructing a strategic, multi-year plan to integrate the *Make It Marquette* campaign with the City of Marquette as a citywide DEI initiative. Innovate Marquette has facilitated DEI champion training for

Innovate Marquette staff and Marquette City leadership. Additional DEI training is scheduled for the City Commissioners, City department heads, and the five (5) segments of City departments. An Art Week photo project will further support the DEI initiative.

**Financial:** Joe Thiel presented a financial update. The profit and loss, budget, and balance sheets for the six-month period ending March 31, 2024 were presented. Key points made include the receipt of \$113,489 of federal grant funding, that for every \$1.00 received from the City of Marquette and TIF funding, Innovate Marquette receives/earns \$7.00 through their services and additional grant funding.

The Innovate Marquette audit is currently underway, conducted by Andrews, Hooper, Pavlik, PLC of Marquette, MI.

The IMQT grant update includes:

- \$100,000 MEDC grant annual renewal approved
- \$102,488 EDA build-to-scale capital microgrant
- \$439,000 USDA Rise for outdoor innovation
- \$3.4 million Michigan Small Business Support Hubs (over 3 years), \$45,000 for IMQT
- \$400,000 EDA Outdoor Recreation Asset Mapping, \$70,000 match by IMQT

Additional grants pursued include further EDA and USDA funding.

Net income as of March 2024 is \$108,935, ahead of the comparative budget by \$154,884. An explanation for this variance is that \$113,489 of federal grant income was budgeted annually instead of tri-annually, when received. Boyer-Davis made the recommendation to budget the federal grant in line with expected cash flows instead of per year.

### 3. FY24 LDFA Distribution of TIF Funds to Innovation Marquette Enterprise Corp.

LDFA TIF captured revenues are recognized as of October 1 and July 1 of each fiscal year (October 1 – September 30). The Board reviewed captured revenues as of July 1 and approved the distribution of the captured revenues to Innovation Marquette Enterprise Co (IMQT).

Captured revenues of \$1,384,665.98 from October 1, 2023, were previously approved by the Board and were distributed to IMQT.

The FY24 budget is prepared based on 2023 tax capture amounts. The 2024 tax capture amounts have exceeded these estimates. With the increased revenues, there is a corresponding increase in TIF distribution expenditure. A budget amendment is required.

A motion was made by Cherry to distribute an additional \$527,000.94 (as of July 1, 2024) to IMQT. Seconded by Heikkila. Approved unanimously.

### 4. FY25 LDFA Budget Proposal

Annual budgets are prepared by the departments/boards and presented to the City Commission. The LDFA is responsible for overseeing the distribution of TIF captured revenues. Captured revenues have been estimated by the City of Marquette Treasurer and CFO.

State Capture (School Operating and SET) is estimated at \$1,830,420  
Local Capture (City Operating) is capped at \$400,000

A motion was made by Cherry to approve the FY25 TIF captured revenues budget totaling \$2,230,420

and to be presented to the City Commission for consideration. Seconded by Heikkila. Approved unanimously.

5. City Commission Presentation – new date

The City Commission has requested an update from the LDFA Board at the 12/9 City meeting. The Board will have a 7-minute window for the presentation. Topics should include a review of funding, job creation, future innovations, and results.

**Comments from LDFA Board members**

Open board seats.

**Adjournment**

**4:55 pm**

**Remaining Meeting Dates for 2024: Monday, October 21, 2024 at 4 pm**

*Stacy Boyer-Davis*