

Local Development Finance Authority
October 25, 2023 – Noon
Lakeshore Center #104
Houghton, MI 49931

Present: Dan Crane, Robert Megowen, Whitney Warstler, Jim Hainault, Jennifer Sabourin, Glenn Anderson, Chris Salani, Mike Needham, Anders Hill
Absent: Mike Hauswirth, Robert Backon
Guests: Mary Babcock, Scott MacInnes, Kurt Rickard (Mayor of Hancock)
Staff: David Rowe, Cheryl LeClaire, Jason Mack, Patrick Visser

Chairperson Dan Crane opened the October 25, 2023, meeting of the Local Development Finance Authority (LDFA) at 12:00 pm.

1. **Public Comment** – none
2. **Quarterly Meeting**
 - a. **Approve June 19, 2023, Meeting Minutes** – Jim Hainault made a motion to approve the June 19, 2023, LDFA meeting minutes. Robert Megowen supported. Ayes: All. Nays: None. Motion carried.
 - b. **Approve LDFA to MTEC Transfer** – Mike Needham made a motion to approve a transfer to MTEC in the amount of \$750,000.00 from the LDFA account. Robert Megowen supported. Ayes: All. Nays: None. Motion carried.
3. **MTEC Update - Reports and Goals and Direction of the LDFA**
 - a. **Jutila Center Updates**
 - David Rowe gave an update on the Jutila Center. David Rowe met with the auctioneer on October 11th, 2023. The auctioneer is David Levy of Keen-Summit Capital Partners (the auctioneer of Old Main and the Jutila Center). November 30 is the deadline for interested parties to register to take part in the auction. If the highest bid is less than \$100,000, then the buyer will receive money upon closing. The LDFA could direct MTEC, as its agent, to place a \$100,000 bid. The language regarding the seller's discretion is to allow the receiver an 'out' if the court does not approve of the buyer or the terms of the sale. It also allows the receiver to entertain knockout offers prior to the auction. If someone produces a compelling offer prior to the auction, the receiver may take that to the court for approval. If it does go to auction on December 7, the auction may be held at the Jutila Center itself, online, or a combination of both.
 - The auctioneer will receive \$35,000.00 for their service, regardless of the sale price of the building.
 - The Department of Education and the EDA have liens on the building. Varnum Law went directly to the EDA and the DoE, on behalf of MTEC and the LDFA and have confirmed that these two entities will walk away from the liens.
 - MTEC's recommendation to the LDFA board is to continue on the course we are now, working with Varnum Law to gain control of the FCCA and work with potential new owner of remaining floors of the Jutila Center, following the outcome of the auction and reassess future for MTEC, with consideration to sell the floor to any new owner and for consideration of future pilot/office space in industrial park.
 - A new owner would enter an already established condominium association.
 - MTEC has a plan to winterize the 6th and 7th floor, if needed, at the updated cost of \$20,000. The potential annual costs are estimated at \$100,000.00.
 - The plan for a presence in Hancock is to bring the Innovation Center to the space near Hancock Public Schools. A presence will always remain in Hancock.
 - David Rowe will confirm with Varnum Law and Keen with regards to whether the \$100,000.00 is refundable, and status of other bidders.
 - The need for a new meeting request will be decided by the middle of next month.

- Priority will be given to MTEC's tenants and finding them space or keeping the 4th floor of the Jutila open. There are other tenants at the Jutila Center that are interested in staying in the building. David Rowe showed space to an entity that has immediate need for office space. There are other MTEC clients/businesses that would be interested in taking additional space if it became available.

b. Grant Updates

- MTEC BAFs (in-progress)
 - SuPyRec, Silver Bear, Chris Salt (may pursue a different grant)
- MDARD Rural Readiness Grant
 - \$40k for Innovation Center feasibility study. Not awarded/no explanation offered.
- MEDC Site Readiness Grant Opportunities:
 - Innovation Center - \$50k awarded for feasibility study and grant writing/project manager.
 - Jutila Center – Mods to & winterization of utility services to cost \$46,800. Security system upgrade and installation at approximately \$24,040. P/T maintenance & building supervision services will cost \$1,250/mo.
 - MEDC Federal Match – \$750k approved for potential EDA grant for Innovation Center.
- EDA Build to Scale Venture Challenge Grant – \$1.5M
 - Accelerator for Advanced Materials & Manufacturing
 - Submitted on: 7/28/2023. Award Notice: 90 to 120 days after submittal.
- MEDC Small Business Hub Grant
 - Submitted 9/8/23. Award Notice: November/December 2023.
 - Amount: \$5M (\$3.8M & \$1.2M partners). If awarded this grant will provide funds for community development, update to programming and new programming.
 - Feasibility study for the Innovation Center will be started November 1, 2023.

c. Jason Mack Update

- Marketing Efforts
 - Siren Branding Project – continues. In contract with Stang to hire a new marketing position.
 - MEDC Campaign - You Can in Michigan – state-wide attraction effort has become regionalized. Jason Mack is the U.P. representative.
 - MTEC Monthly Newsletter will be coming out.
- Current Pipeline
 - SmartStart: 3 completed last session in June.
 - 4 in current class.

d. Patrick Visser Update

- Revex Metals
 - parallel path to MTU DOE grant to recycle and refine to produce critical minerals.
 - Recruited CEO, John Rockwell. Eagle Mine is also involved in this project.
 - Eagle Mine is involved and would like to pursue an on-site reclamation plant.
- SuPyRec
 - MTEC facilitated CEO hire.
- Others
 - Orbion - \$10M bridge round investment
 - Waldo – Met with Lt. Gov Gilchrist, building ERP system for forestry supply chain.
 - Silver Bear is seeking a CEO to raise investment.

e. Return North – November 30, 2023

- Currently 12 companies
- 100% virtual

4. Adjourn

Whitney Warstler made a motion to adjourn the October 25, 2023, meeting of the Local Development Finance Authority. Anders Hill supported. Ayes: All. Nays: None. Motion carried.

Respectfully submitted,

A handwritten signature in cursive script that reads "Cheryl LeClaire".

Cheryl LeClaire
Secretary, Pro-Tem

