

Holland SmartZone Local Development Authority
Board of Directors Meeting
Wednesday, April 20 @ 12:00 PM
Holland City Hall/270 S River Ave.

Members:	Joseph Baumann, Peter Beukema, Marcia Bishop, Brian Burch, Vince Bush, Craig Hall, Ann Harten, Paul Hunt, Jill Miller, Mat Nguyen, Randall Schipper, Tim Vagle
Ex-Officio Members:	Ryan Cotton, Mark Knudsen, Dana Kollewehr, Don Komejan, Fred Molnar, Scott Spoelhof
Lakeshore Advantage Staff:	Brooke Corbin, Angela Huesman, Jennifer Owens,
Copies To:	Holland Charter Township, Township Clerk, Ottawa County Clerk

Agenda

- | | | |
|----|---|----------------|
| 1. | Call to Order | Craig Hall |
| 2. | Public Comments | Craig Hall |
| 3. | Approval of Minutes | Craig Hall |
| 4. | Start Garden Presentation | Mike Morin |
| 5. | Review Roles and Responsibilities Documents | Angela Huesman |
| 6. | Review and Approval of Contract for Services Document | Angela Huesman |
| 7. | Review SmartZone 2016 Budget | Angela Huesman |
| 8. | Update on State TIF Approval Timeline | Jennifer Owens |
| 9. | Adjournment | Craig Hall |



**Holland Satellite SmartZone Local Development Authority (LDFA)
Board of Directors Meeting
Holland City Hall
270 S. River Avenue, Holland, MI
Minutes of January 6, 2016**

Members Present: Peter Beukema, Marcia Bishop, Brian Burch, Vince Bush, Jill Miller, Mat Nguyen, Randall Schipper, Tim Vagle

Ex-Officio Members Present: Mark Knudsen, Don Komejan

Absent: Joseph Baumann, Craig Hall, Ann Harten, Paul Hunt, Ryan Cotton, Dana Kollewehr, Fred Molnar, Scott Spoelhof

Lakeshore Advantage Staff: Brooke Corbin, Angela Huesman, Jennifer Owens

Copies to: City of Holland Clerk, Holland Township Clerk, Ottawa County Clerk

1. Call to Order

A quorum being present the meeting was called to order at 12:03 pm.

2. Public Comment

Vice Chairman Brian Burch, serving in place of absent Chair Craig Hall, asked if there were any public comments at this time. There being none, he moved to the first order of business.

3. Approval of Minutes

Motion made by Marcia Bishop to approve minutes from LDFA Board meeting held 11/18/15. Support by Peter Beukema. Unanimously approved

4. Review of the Plan Changes

Angela Huesman walked the Board through changes that were made to both the TIF Plan and Business Plan by Lakeshore Advantage at request of the MEDC and Ryan Cotton.

5. Approval of Business Plan and TIF Plan

Motion to made by Vince Bush to approve the Holland Satellite SmartZone TIF and Development Plans. Supported by Peter Beukema. Unanimously approved.

6. Adjournment

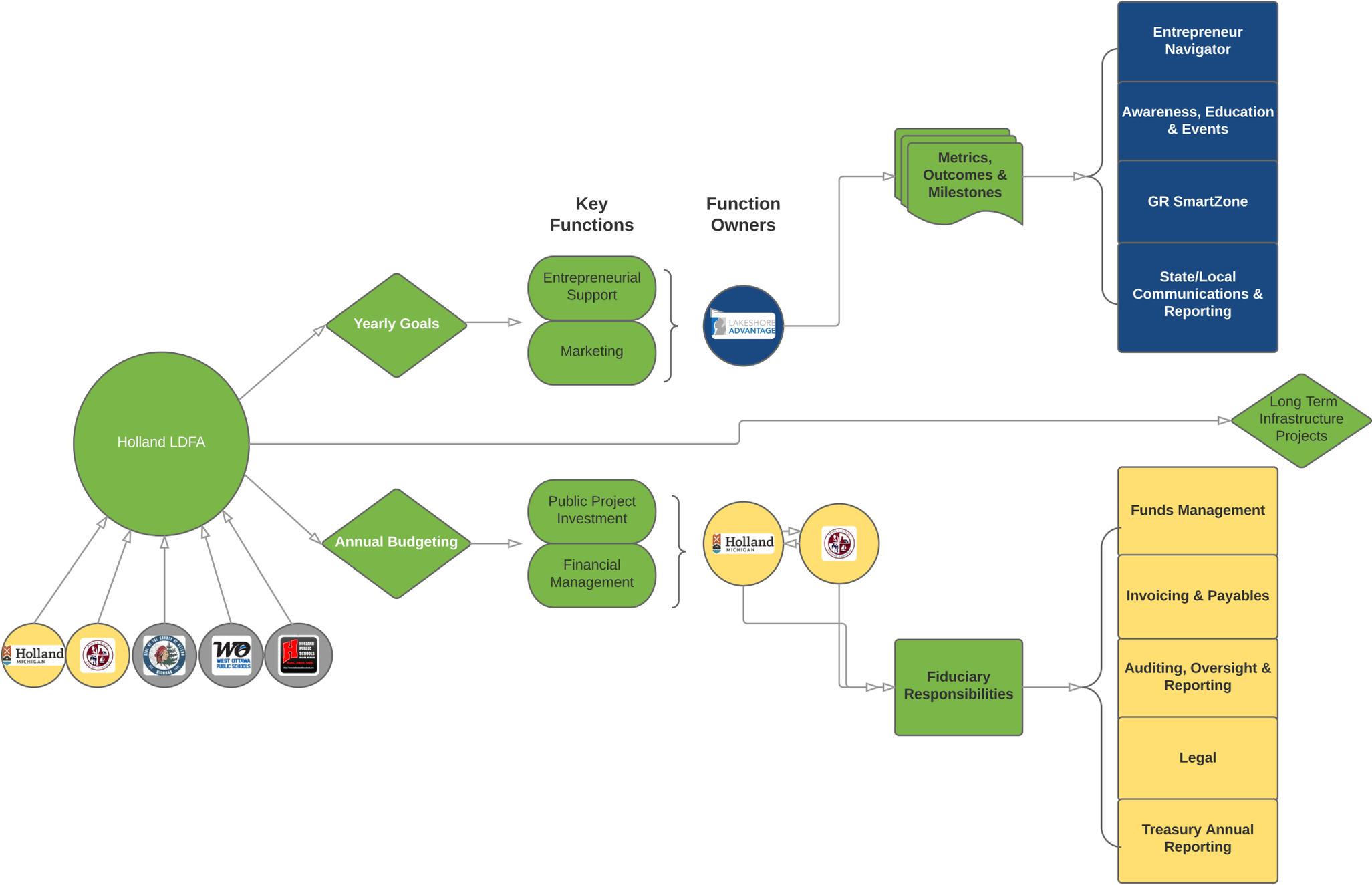
Motion to adjourn the meeting at 12:40 PM was given by Randall Schipper supported by Peter Beukema. Unanimously approved.

Respectfully submitted,



Randall Schipper
LDFA Secretary

Minutes submitted by Brooke Corbin 1/07/16
HSZ LDFA Board Minutes 11/18/15





Lakeshore Advantage's mission is to catalyze resources to drive economic vitality in Ottawa and northern Allegan counties. The SmartZone program is designed to create a robust entrepreneurial eco-system to the end of new high-tech company formation and the creation of jobs. The opportunity to create a Satellite SmartZone, shared by the City of Holland and Holland Charter Township, provides clear benefits to the region and correlates with the mission of Lakeshore Advantage.

The team and Board of Directors at Lakeshore Advantage recognized the benefits of establishing a satellite SmartZone in 2014, particularly in light of the exceptional entrepreneurial history of the region. Through the implementation process of the SmartZone, and the creation of the requisite Local Development Finance Authority (LDFA) Lakeshore Advantage has invested a significant amount of resources to create the materials and processes needed to submit our application for a satellite SmartZone district.

As the LDFA board and administration has begun to take shape, it is clear there are a number of administrative, financial and public reporting functions, required by law, that would be more efficiently and effectively managed within a local unit of government or other contracted organization. To date, Lakeshore Advantage has been responsible for all of those functions.

The SmartZone program functions and responsibilities that best align with Lakeshore Advantage's competencies are those related to the growth and support of the technology driven entrepreneurial business ventures. The LDFA board and administrative and financial functions not directly related to development and support of technology driven technology ventures, but still critical to the ongoing operation and infrastructure of the SmartZone, will be more efficiently handled by a local unit of government or other contracted organization.

As you know, Lakeshore Advantage has taken on all program responsibilities since July 2014. Program implementation costs to date include:

<u>Category</u>	<u>Cost</u>
Personnel	\$280,096
Overheads	\$14,856
Marketing	
Application Support	\$25,000
Travel	\$4,801
Legal	\$4,000
Audit	
Training	
Meetings	\$2,000
District Legal Description	\$3,400
TOTAL	\$334,153

Recognizing the substantial financial cost incurred by Lakeshore Advantage, both the City of Holland and Holland Charter Township increased their investment by \$25,000 each in 2015. Additionally, Michigan State University (MSU) provided the funds needed to underwrite the use of an expert in the development of the required plans for the application submission. Ottawa County loaned the Authority \$3,400 for SmartZone parcel surveying required as part of the plan. However, even with the support of the City, Township and MSU, Lakeshore Advantage has taken on more than \$250,000 in direct expenses.

Part of the requirements for SmartZone approval is to secure support for early operational costs until the tax capture begins to generate resources. The leadership of Lakeshore Advantage solicited the needed support from interested parties including The Community Foundation of Holland/Zeeland and Michigan State University. MSU pledged \$75,000 per year for the first two years to assist in start up costs. The Community Foundation of Holland/Zeeland provided a commitment of \$70,000 per year for staffing support until tax capture achieves this funding level.

The Community Foundation's first funding payment of \$70,000 was received in December 2015. Michigan State's support of \$75,000 was received in late January 2016. Tax capture revenues are not anticipated until late 2016. Lakeshore Advantage received and deposited the \$145,000 upfront grant funding in its Macatawa Bank account.

Lakeshore Advantage proposes to lead on SmartZone functions related to creation, support and execution of programs and initiatives designed to create and support technology driven entrepreneurial activity. It is our recommendation the following activities fall under the leadership of our team:

- Plan, develop and implement entrepreneurial support programming
- Plan, develop and implement entrepreneurial education programming
- SmartZone communications, marketing and event management
- Monitoring and reporting of established program metrics and outcomes to LDFA board, City of Holland, Holland Charter Township and the Michigan Economic Development Corporation (MEDC)
- MEDC quarterly SmartZone meeting attendance
- Grand Rapids SmartZone partnership programming and joint marketing
- LDFA board communications, meeting coordination and minutes in partnership with LDFA Secretary and/or a staff member at the City of Holland, Holland Charter Township or an outside contracted agency or official managed by the local units of government for administration
- Annual entrepreneurial support operations budget

The following items are outside our organization's core focus and/or expertise. We would play a secondary support role in these functions requesting that they are under the leadership of the LDFA Treasurer and/or a staff member at the City of Holland, Holland Charter Township or an outside contracted agency or official managed by the local units of government:

- Financial bookkeeping, invoicing, payables and public fund management
- Annual financial audit, tax returns and reports to Michigan Department of Treasury
- Payments and receivables for the LDFA
- LDFA board public meeting postings
- LDFA term appointment and renewals
- Board legal support and advisement

In October 2014, the Local Development Finance Authority approved a letter of intent to contract with Lakeshore Advantage for the program administration with specifics of those responsibilities and budgets to be brought back to the board after official designation. Once we have agreed on the roles, we will develop a FY 2016 contract for services and budget with the Holland LDFA for these programs not to exceed the initial funding support of \$140,000 per year.

Based on the additional responsibilities taken on by the City of Holland and Holland Charter Township in the SmartZone program, Lakeshore Advantage is proposing requesting \$50,000 in operations support for business retention, attraction, talent development and attraction from each of the jurisdictions. This

is a reduction from the \$75,000 per year both local units contributed to aid in the SmartZone start-up efforts and expenses in 2015.

We anticipate in FY 16, Lakeshore Advantage will continue to incur expenses above and beyond the early stage grant funding of more than \$134,000. We believe this investment of our organization's operating funds is well worth the outcome. It is our hope that as the TIF capture increases that our organization will be made whole on a yearly basis for our work on behalf of this initiative.

We welcome an opportunity to discuss this with you further as the leaders of our local units of government. Once we receive feedback, we will formally propose this plan to the LDFA board at the April meeting.

HOLLAND SMARTZONE and LAKESHORE ADVANTAGE CONTRACT

FOR SERVICES (the “Contract”) is made as of April 1, 2016, by and between the **HOLLAND SMARTZONESM LOCAL DEVELOPMENT AUTHORITY** (the “Authority”), a Michigan statutory authority created by the City of Holland and Holland Charter Township, Michigan, pursuant to Act 281 of the Public Acts of Michigan of 1986, as amended (“Act 281”), with its principal offices at 242 Howard Ave., Holland Michigan 49424 and **LAKESHORE ADVANTAGE**, a Michigan not-for-profit corporation, with its principal offices at 201 W. Washington Ave, Zeeland Michigan 49464.

Pursuant to the provisions of Act 281 and its Development Plan and Tax Increment Financing Plan (the “Plans”), the Authority seeks (a) to promote, encourage, advance and cause high technology activity (as defined in Act 281) entrepreneurship throughout the Authority District (as identified in the Plans) within the Authority’s Certified Technology Park (as identified in the Plans) and (b) encourage the coordination and collaboration of entrepreneurship throughout the West Michigan region. Lakeshore Advantage has a significant background and experience in promoting, encouraging, and advancing new entrepreneurship and is willing to act as the collaborator with the Holland Satellite SmartZone on entrepreneurial services in the West Michigan region and especially to provide certain services to the Authority consistent with its Plans throughout the Authority District within the Authority’s Certified Technology Park.

For one dollar and other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the Authority and Lakeshore Advantage hereby agree as follows:

1. Term. The term of this Contract shall be for two years commencing April 1, 2016, and ending March 31, 2018 (the “Term”). It is anticipated that the term may be extended

from time to time, which may be accomplished by an addendum to this Memorandum signed by both parties.

2. **Services.** Lakeshore Advantage agrees, in accordance with the Authority’s Plans, to provide, market, accelerate, incubate and provide navigator services related to high technology entrepreneurship throughout the Authority District within the Authority’s Certified Technology Park (the “Services”) during the Term.

3. **Measurement.** During the Term, Lakeshore Advantage shall perform the Services to meet the measurements (the “Measurements”) described and attached hereto as Attachment I to this Contract. This includes continuation of the monthly reporting metrics throughout the Term required by the Michigan Economic Development Corporation (the “MEDC”).

4. **Budget.** The Budget for the Services for the Term of this Contract shall not exceed the amount of \$140,000 in in-kind support donated to the SmartZone by Lakeshore Advantage. ~~Expenditures shall be considered, incurred and administered in accordance with the Policy and Procedure for Eligible Expenditures.~~

5. **Reporting to Authority Board.** Lakeshore Advantage shall provide a report regarding Lakeshore Advantage’s activities related to performance of the Services pursuant to this Contract at each regular meeting of the Authority Board during the Term.

6. **Termination.** The Authority may terminate this Contract upon thirty (30) days written notice to Lakeshore Advantage, if Lakeshore Advantage does not meet the requirement(s) for a Budgeted Funds distribution pursuant to paragraph 5 hereof. If the Authority should terminate this Contract pursuant to this paragraph, the Authority shall forgo the in-kind services provided by Lakeshore Advantage. Lakeshore Advantage may terminate this

Author
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Author
Comment [1]: This can be added once public dollars are funding this contract.

Contract upon fifteen (15) days written notice to the Authority, if the Authority does not make a distribution of Budgeted Funds to Lakeshore Advantage and Lakeshore Advantage shall be paid for its cost of performing the Services to the date of termination.

7. Independent Contractor Relationship. The relationship of the Authority and Lakeshore Advantage under this Contract is that of independent contractors. Neither the Authority or Lakeshore Advantage nor their respective officers, boardmembers, employees, agents or representatives shall be deemed to be officers, boardmembers, employees, agents or representatives of the other.

8. Insurance. During the Term of this Memorandum, Lakeshore Advantage agrees to obtain and keep in effect a general liability insurance policy insuring against injury to persons and damage to property caused by employees, agents or representatives of Lakeshore Advantage in the performance of the Services in the amount of \$1,000,000 occurrence and \$ 2,000,000 the annual aggregate. Such policy shall be obtained from an insurer licensed to do business in the State of Michigan, shall name the Authority as an addition or co-insured, and shall provide that the policy may not be terminated or cancelled without thirty (30) days prior written notice to the Authority. Upon request, Lakeshore advantage shall provide the Authority a copy of the insurance policy or certificate of insurance evidencing coverage.

9. Dispute Resolution. Before the Authority or Lakeshore Advantage may undertake any legal or equitable action pursuant to or to enforce any provision of this Contract, that party shall first notify in writing the other party of the basis for the claim and the parties shall meet within fifteen (15) days of such notification to discuss and seek to resolve the dispute.

10. Notice. Any notice or communication required, permitted or desired to be given under this Contract shall be deemed effectively given when personally delivered or mailed by first-class mail addressed to those addresses first provided above to the attention of the Chair in the case of the Authority and to the attention of the Manager of Innovation Solutions in the case of Lakeshore Advantage. The parties may, by written notice, designate any future or different address to which subsequent notices or communications may be given.

11. Governing Law. This Contract shall be construed in all respects in accordance with the laws of the State of Michigan.

12. Binding Effect. The covenants and agreements herein shall bind, and the benefits and advantages shall inure to, the respective successors and assigns of the parties hereto.

13. Entire Agreement. This Contract constitutes the entire agreement between the parties hereto with respect to the subject matter and there are no other representations, promises or agreements, oral or written, expressed or implied, between the parties hereto with respect to this Contract

14. Amendments. This Contract may not be amended, changed, modified or altered without written approval or consent of the parties hereto.

15. Attachments. Any attachments attached hereto are incorporated herein as though fully stated herein.

16. Assignment. This Contract and the rights and obligations hereunder shall not be assignable unless both parties hereto agree, in writing to such assignment.

17. Waiver. The waiver of either party hereto of a breach or violation of any provision of this Contract shall not be a waiver of any subsequent breach of the same or any other provision of this Contract.

18. Parties. This Contract shall be enforceable only by the parties hereto and their successors in interest by virtue of an assignment which is not prohibited under the terms of this Contract and no other person shall have the right to enforce any provision contained herein.

19. Effective Date. This Contract shall be effective as of the date set forth in the first paragraph hereof.

IN WITNESS WHEREOF, the Authority and Lakeshore Advantage have caused these presents to be signed by their respective duly authorized representatives as of the day and year first written above.

**HOLLAND SMARTZONESM
LOCAL DEVELOPMENT AUTHORITY**

By: _____
Craig Hall, Chairperson

LAKESHORE ADVANTAGE

By: _____
Jennifer Owens, President

Attachment I

Measurements

*Unless otherwise noted, the measurements listed above shall be limited to Services, as defined in this Contract, provided in the Holland Satellite SmartZonesm Authority District for the benefit of eligible property in the Holland SmartZonesm Certified Technology Park.

The creation, support and execution of programs and initiatives designed to create and support technology driven entrepreneurial activity. Eligible Functions of Lakeshore Advantage include; planning, developing and implementing entrepreneurial support programming and entrepreneurial education programming, SmartZone communications, marketing and event management, the monitoring and reporting of established program metrics and outcomes to LDFA board, City of Holland, Holland Charter Township and the Michigan Economic Development Corporation (MEDC), MEDC quarterly SmartZone meeting attendance, Grand Rapids SmartZone partnership programming and joint marketing, LDFA board communications, meeting coordination and minutes in partnership with LDFA Secretary and/or a staff member at the City of Holland, Holland Charter Township or an outside contracted agency or official managed by the local units of government for administration and annual entrepreneurial support operations budget.

Draft For Discussion Purposes Only

2016 Holland Satellite SmartZone Budget

Income	Actual	Budget
TIF Capture	\$ -	\$ 40,000
Total	\$ -	\$ 40,000
Expenses		
Accounting	\$ -	\$ 3,000
Annual Audit	\$ -	\$ 6,350
Contractual Services	\$ - *	\$ -
General Liability Ins	\$ -	\$ 1,700
Infrastructure Dev	\$ -	\$ -
Legal Services	\$ -	\$ 3,000
Total	\$ -	\$ 14,050

* Contractual services are covered by a combination of start up grants and in-kind support from Lakeshore Advantage

In Kind Support

Forecast

For Discussion Purposes Only