**JOINT LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA) /
LANSING REGIONAL SMARTZONE (LRSZ)**

SPECIAL MEETING: SMARTZONE VISION SESSION 4

DRAFT MEETING MINUTES

Tuesday, August 25, 2026 | 2:06 p.m.
VanCamp Incubator | 4942 Dawn Ave, East Lansing, MI 48823

Board Members Present: Abigail Tykocki, Mark Dobson, Heather Pope, and Mark Meadows (present at roll call); Shay Manawar (arrived 2:11 p.m.); Charles Hasemann (arrived 2:21 p.m.)

Additional Stakeholders: Gabriela Strom (MSU Research Foundation); Amber Clark (Meridian Township); Tim Dempsey (Meridian Township)

Facilitators: Colleen Gaffney (PSC); Julie Durham (PSC); Jeff Guilfoyle (PSC)

Staff: Jillian Winn (LEAP); Harrison Leffel-Jones (LEAP)

Recorded by: Jillian Winn, Director of the SmartZone

1. Call to Order & Roll Call

Chair Tykocki called the Special Meeting of the Lansing Regional SmartZone Joint Local Development Finance Authority (LDFA), SmartZone Session 4: Funding Model and Long-Term Sustainability, to order at 2:06 p.m. The meeting was conducted in accordance with the Open Meetings Act.

Director Winn conducted roll call. Tykocki, Dobson, Pope, and Meadows were present at roll call. Manawar arrived at 2:11 p.m. and Hasemann arrived at 2:21 p.m., bringing the number of Board members present to six.

This was a discussion-only Vision Session; no business items were brought before the Board for action. A quorum was not present at any point during the meeting; the votes recorded below relate only to the procedural items of adopting the agenda and adjourning.

2. Adoption of Agenda

> **Motion:** Meadows moved to adopt the agenda as presented.
> **Second:** Pope
> **Vote:** Motion Carried; However, Quorum was not present (4-0)

3. Progress Since Session 3

Gaffney (PSC) reported on outreach conducted since the June 2, 2026 SmartZone Vision Session 3, including meetings with East Lansing, Lansing, and Meridian Township to discuss the proposed governance structure, programming, and funding model. Gaffney reported that the municipalities generally approved of the revised board structure, and that a legal review memo was received supporting the proposed structure. Gaffney noted that, as a joint LDFA, the SmartZone has a reasonable basis to revise board membership, including adding Meridian Township, MSU, and the MSU Research Foundation, and rerouting school district representation from the main board to the Program Advisory Committee, provided the appropriate governing documents are amended.

The proposed board structure is:

- LDFA Board
    - 3 Board Seats per Municipality
    - 1 Ingham County
    - 1 LCC
    - 1 MSU
    - 1 MSU Research Foundation
- Program Advisory Committee
    - Public schools
    - Entrepreneurs
    - Up to 6 board members

4. Vision and Guiding Principles

Gaffney (PSC) presented a revised vision statement and guiding principles reflecting feedback gathered from municipality conversations, including edits to describe the SmartZone as a regional innovation ecosystem rather than solely a physical tech hub, and to more clearly reflect regional assets including MSU, the MSU Research Foundation, LCC, and regional industry strengths. Two vision statement options were presented:

- Option 1: The SmartZone is the unified regional innovation ecosystem that empowers founders to scale.
- Option 2: The SmartZone is the unified regional innovation ecosystem for Michigan's Capital Region, bridging community entrepreneurship and MSU research to empower founders to scale.

The Board expressed general support for Vision Option 2. Tykocki suggested to add wording that it is for founders at any stage.

Dobson suggested in the guiding principles to move the mention of schools to be paired with external partners.

5. Revenue Projection Update

Guilfoyle (PSC) presented updated revenue projections and assumptions for each participating municipality, noting the elimination of previously projected negative parcels for Lansing and highlighting contributions from the general fund, as well as the inclusion of the Meridian Mall property in Meridian Township's projections and the associated potential risk.

6. Funding Model

Winn (LEAP) and Gaffney (PSC) presented a proposed funding model intended to balance ensuring each municipality contributes to the SmartZone, maintaining a shared regional funding source, and preserving a clear connection between where revenue is generated and how it is spent. Under the proposed model:

- Each municipality's capture share is calculated based on its percentage of total capture produced.
- Each municipality retains a 10% administrative fee on its gross capture.
- Each municipality contributes an additional 10% of gross capture to a shared "Rising Tide" fund, which can be spent in any participating municipality on regional activities. Previous examples of fund usage include youth programming and 517 Entrepreneurship and Innovation Week.

- General expenses are paid by each municipality in proportion to its capture share; if a municipality's capture is insufficient to cover its share, the remainder is covered by the other municipalities. Expenses specific to a single municipality are paid entirely by that municipality.

Winn reviewed a draft spending plan and an example budget and walked the Board through a proposed timeline for implementation, using 2027 as the base year. Gaffney noted that September 16, 2026 is the deadline for municipalities to finalize updates to their parcel lists.

It was discussed that the Board will determine which expenses are classified as general expenses, and that non-tax-generated revenue is available to all municipalities.

Discussion touched on whether the funding model should be codified in the operating agreement, the bylaws, or a board-approved spending plan or policy, and it was determined that an annually approved board-approved spending policy would be the most flexible. It was also discussed that the financial structure should be reviewed on a five-year cycle.

7. Funding Sustainability and Diversification

Gaffney and Durham (PSC) introduced a discussion on funding sustainability and diversification, noting that the updated TIF plan must describe how the SmartZone will remain financially sustainable over the renewal period. They reviewed the 2022 TIF plan's prior sustainability strategies — grants and fundraising, business sponsorships and philanthropy, incubator revenue, soft-landing and coworking revenue, and additional TIF capture — and noted that property tax capture had remained the primary revenue source despite the plan's stated diversification goal.

Board members raised questions about the SmartZone's ability to establish a venture fund option to support programs such as the Capital Area Startup Studio, as well as questions about the SmartZone's ability to pursue bonding. Leffel-Jones stated that taking equity is not possible through the SmartZone.

8. Planning for Surplus and Future Investment

Gaffney and Durham introduced discussion on how the SmartZone should plan for surplus and future investment as part of the updated TIF plan, including how funds exceeding annual operating and program needs should be handled and whether the SmartZone should accumulate surplus for larger future investments, such as shared equipment or infrastructure, larger grant or program funds, or other revenue-generating assets.

9. Public Comment

Chair Tykocki invited public comment. There were no public comments

10. Wrap Up and Next Steps

Public Sector Consultants will work on drafting a new operating agreement, updated bylaws, and parcel information for the municipalities and LDFA board to review.

11. Adjournment

> **Motion:** Meadows moved to adjourn.
> **Second:** Pope
> **Vote:** Motion Carried; However, Quorum was not present (6-0)

The meeting adjourned at 3:47 p.m.

SUBMITTED BY: Jillian Winn, Director of the SmartZone

STATUS: **DRAFT — PENDING BOARD APPROVAL**

EXHIBIT A — DRAFT EXAMPLE SPENDING POLICY AND TIMELINE

Presented by Winn (LEAP) under Item 6, Funding Model, as discussed at the August 25, 2026 Special Meeting.

Draft Example Spending Policy

1. A **CAPTURE SHARE** is calculated for each municipality based on the percent of the total capture produced.
    a. **CAPTURE SHARE** means, for each Municipality, that Municipality's captured tax increment revenue for the applicable period divided by the total captured tax increment revenue of all Municipalities for that period, expressed as a percentage.
2. Each municipality takes 10% of gross capture as an admin fee before sending the funds to the Joint LDFA.
3. Each municipality contributes 10% of gross capture to the Rising Tide.
    a. The Rising Tide can be spent in any of the municipalities.
4. All items coded as general expenses are paid by each municipality calculated by their CAPTURE SHARE.
    a. If a municipality does not have enough funds to pay their portion of general expenses, the remainder cost will be covered by the other municipalities.
5. Items that are for one specific municipality will be 100% paid by that municipality.

Timeline

FY 2027 — Current Fiscal Year

- Budget from Capture
    - Budget determined from next April (2027) projection of capture
    - EL – $879,966
- July 1, 2026 — Fiscal Year Starts
- September — We have an amount from the municipalities on what the capture check will be in April.
- November — Committees start meeting to discuss programming (and budget items) for next fiscal year.
- January — Committees make recommendations to the LDFA board. Introduction of the draft budget to the board.
- April
    - Capture Check(s) Received
    - Board approved budget.
    - Budget is sent to Municipality Councils for approval.
- June
    - Board approves and enacts budget that has municipality approvals.
    - Begin to approve any continuing contracts for the following year.
- June 30, 2027 — Fiscal Year Ends

FY 2028

- *Pending legislative review, we hope a new operating agreement, bylaws, and spending plan would go into effect July 1, 2027, the start of our 2028 Fiscal Year.*
- *The base tax year for new parcels would be 2027.*
- *July – October: Deeper strategic planning and long-term use of funds.*
    - *Move up committees to start to discuss programming and budget items (previously started in November)*
- Budget from Capture
    - Change to budgeting based on actuals (capture received previous April)
    - EL – $879,966
- July 1 — Fiscal Year Starts
- September — We have an amount from the municipality(ies) on what the capture check will be in April.
- January — Committees make recommendations to the LDFA board. Introduction of the draft budget to the board.
- *April – 1st capture checks received for new TIF plan / operating agreement*

- Capture Check(s) Received
- Board approved budget.
- Budget is sent to municipality Councils for approval.

- June
  - Board approves and enacts budget that has municipality approvals.
  - Begin to approve any continuing contracts for the following year.
- June 30 — Fiscal Year Ends

FY 2029

- *July 1 — Fiscal Year Starts — Start of implementing programming and services under new TIF plan / operating agreement (pending prior board and municipalities approval of the FY 2029 budget)*
- Budget would be based on the capture received in April 2028.
- September — We have an amount from the municipality(ies) on what the capture check will be in April.
- November — Committees start meeting to discuss programming (and budget items) for next fiscal year.
- January — Committees make recommendations to the LDFA board. Introduction of the draft budget to the board.
- April
  - Capture Check Received
  - Board approved budget.
  - Budget is sent to Municipality Councils for approval.
- June
  - Board approves and enacts budget that has municipality approvals.
  - Begin to approve any continuing contracts for the following year.
- June 30 — Fiscal Year Ends