

MEETING MINUTES  
ECONOMIC DEVELOPMENT CORPORATION  
NOVEMBER 17, 2021, 8:00 AM

**CALLED TO ORDER BY:** The Economic Development Corporation Meeting was called to order by Chairman Cantor at 8:00 am.

**MEMBERS PRESENT:** Lew Cantor, Scott Elliott, Fritz Beiermeister, Mark Brucki, William Hartsock, T. R. Carr

**MEMBERS ABSENT:** Sam Slaughter, Mark Zachos, Kimberly Lindsey-Feagin

**OTHERS PRESENT:** Ken Massey, City Council Member/EDC Liaison, Samantha Seimer, AKT Peerless; Joe Valentine, Assistant City Manager; Danielle Ware, Resident; Cristia Brockway, Economic Development Director; Brooke Smith, PSC; Tim Dempsey, PSC; Robin Richardson, Resident;

**APPROVAL OF AGENDA:**

Moved by Beiermeister to approve the agenda as submitted, support by Elliott.

Yeas: CANTOR, BEIERMEISTER, ELLIOTT, CARR, HARTSOCK, BRUCKI  
Nays: NONE  
Absent: ZACHOS, SLAUGHTER, LINDSEY-FEAGIN  
Abstentions: NONE

MOTION CARRIED 6-0

**APPROVAL OF MINUTES:**

Motion by Carr, support by Cantor to approve the meeting minutes from October 20,, 2021, as amended to reflect Mr. Burmeister's attendance status throughout.

Yeas: CANTOR, ELLIOTT, CARR, HARTSOCK, BRUCKI  
Nays: NONE  
Absent: ZACHOS, SLAUGHTER, LINDSEY-FEAGIN  
Abstentions: BEIERMEISTER

MOTION CARRIED 5-0

**CHAIRMAN'S REPORT:**

- Chair Cantor invited Mr. Carr to give an update about the Innovation Center.

**Innovation Center Update:**

- Board Member Carr introduced Mr. Tim Dempsey of Public Sector Consultants. Mr. Dempsey and his team have been tasked with conducting Phase II of the Business Incubator Study which includes building upon the results of the Feasibility Study and develop the business operations, capital and marketing plan for the Innovation Center.
- Mr. Dempsey conducted a presentation for the EDC:

- PSC conducted a SWOT analysis for the innovation center. Strengths of the space are health and recreation, parking, accessibility, and community. Weaknesses of the facility are lack of urban district, visibility and the potential use conflict/ Opportunities for the space include market demand, the ability to leverage the current ecosystem and synergy with the makerspace. Threats for the space include competition versus collaboration, economy in transition and costs of renovation.
- During the market assessment it was determined that the value of the space is not the rentable floor space itself, rather in the services that are offered and provided to future clients. Mr. Dempsey noted that services are critical to economic development. The ability to identify and support these businesses for a public purpose is imperative to the success of the innovation center.
- MLSIC and MI-HQ, other local innovation centers focusing on bio-tech, are at full capacity. The high cost of creating these labs limits private market development.
- Mr. Brucki asked if Mr. Dempsey sensed that MLSIC would be open to referrals. Mr. Dempsey states that based on his conversations, there was definitely opportunity for referrals and collaboration with other bio-tech innovation centers.
- Preliminary Cost Analysis:

	<b>Square Ft.</b>	<b>Rent Per Square Ft.</b>
<b>Wet Lab</b>	11,720	\$30-40
<b>Support</b>	2,050	\$25
<b>Office</b>	6,439	\$18

- Current average rent per square foot at MLSIC is \$46, and MI-HQ ranges from \$8-50 depending on the type of space.
- Mr. Beiermeister asked if there are other economic development support organizations associated with innovation Centers. Mr. Dempsey indicated models such as Ann Arbor Spark is a good example of an economic development organization supporting business innovation. They help companies find financing and support. Mr. Beiermeister stated that there need to be a plan for future space in the community to grow the entrepreneurs that successfully outgrown the innovation center at the Hawk.
- Mr. Dempsey presented two scenarios for rental income assuming a 20% vacancy rate

<b>RENTAL INCOME</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
Price Per Sq. Ft	\$30	\$40
Annual Income	\$415,000	\$508,760
<b>REHAB EXPENSE</b>		
Lab	\$250	\$500
Office	\$50	\$50
Total	\$3,354,450	\$6,284,450

- Under scenario 2, there is negative income, and negligible income under scenario 1 if financed with debt. It was noted that MLSIC was funded through a multimillion-dollar investment and support by the Michigan Economic Development Corporation (MEDC).
- Mr. Brooke Smith considered designs of the space for renovation. He stated that they used the University of Iowa Bioventure Center as a model for layout that can be replicated easily in the current space and meet the size demands of different types of businesses. This model also allows for the incremental phasing in of the construction to help balance return and cost control. Mr. Smith stated that the HVAC upgrades are smaller than anticipated, however it will be important to do electrical upgrades and have subpanels and standby power for the businesses in the Innovation center.

- Mr. Valentine asked why the current configuration of the space wouldn't be maintained. Mr. Smith stated that the current cabinetry is not up to level 1 bio-tech space industry standards, citing that the Hawk currently has 24-inch cabinetry, while the industry standard is now 30 inches. He added that it could be possible to maintain cabinetry for some businesses and not others depending on their needs. In order to create a space that is in demand, there needs to be upgrades to the facility.
- Mr. Dempsey reviewed next steps with the Board. There will be an entrepreneur's tour on December 7<sup>th</sup> at the Hawk. This is an extremely focused market group selected to join and view the space based on the preliminary work of Place Dynamics in narrowing the target market, and the initial research conducted by PSC for Phase II of the study. Additionally, the team will refine the design concepts, cost estimates and work to develop governance options.
- Mr. Dempsey stated that there are other organizations that can be partners in this initiative. Noting that the City of Grand Rapids has a current RFP for smart zone management.
- Ms. Brockway asked about the performance of spaces such as MLSIC and others due to the pandemic. Mr. Dempsey stated that when he met with MLSIC, they spoke about the pandemic, and while they experienced a decline in office usage, their lab spaces continued to operate at full capacity as many were deemed essential.
- The Board discussed opportunities for mixed-use spaces including textile makers, and service professionals. Mr. Dempsey noted that there is a point of diminishing returns if there is a lack of scope. The services the space offers, and networking opportunities are what create successful innovation spaces.
- Mr. Brucki added that the most successful innovation spaces specialize and then diversity. He asked if the governance structure will be combined with opportunities for funding options. Mr. Dempsey concurred. Mr. Beiermeister asked if the funding opportunities were for the businesses or for the operational and start-up costs of the space itself. Mr. Dempsey stated that there will be options for both.
- Mr. Elliott added that the life-science and bio-tech industry is good for credibility. Many commercial landlords do not want to fund the high-risk, high cost of retrofitting spaces with laboratories. Mr. Smith confirmed that the typical cost per square foot of bio-life-science lab space is around \$500.
- Mr. Brucki added that it has always been important to the EDC's process in beginning the creation of the innovation center to understand what the market is saying and that the conditions support the decision to move forward.
- Mr. Carr concluded that the process is iterative and the Board and City Council need to understand the options.

#### **REPORTS AND UPDATES:**

##### **Assistant City Manager**

- None.

##### **City Council Liaison**

- Mr. Massey added to the previous discussion about the innovation center, stating that it is important to emphasize the word technology when discussing the lab spaces. The scope should not be too broad otherwise the innovation center will not be focused enough to offer the right services to its clients. He added that the build-out of the space is a one-time cost and based on the projections the space will have paid for the build-out in approximately 12 years.

#### **BUSINESS:**

##### **Old Business**

- None.

**New Business:**

- None

**Other:**

- None.

**COMMITTEE REPORTS:**

- None.

**BOARD MEMBER'S COMMENTS:**

- None.

**PUBLIC COMMENTS:**

- None

**ADJOURNMENT:**

- The next regularly scheduled meeting of the EDC is scheduled for the third Wednesday on December 15, 2021, at 8:00 AM.
- There was consensus on the Board to meet again with PSC after the December 7 entrepreneurs tour. The EDC will meet to discuss the Innovation Center again with PSC as a group on Thursday December 9, 2021, at 8:00 AM.

Motion by Elliott, support by Cantor to adjourn the meeting at 9:12 AM

Yeas: CANTOR, BEIERMEISTER, ELLIOTT, CARR, HARTSOCK, BRUCKI  
Nays: NONE  
Absent: ZACHOS, SLAUGHTER, LINDSEY-FEAGIN  
Abstentions: NONE

MOTION CARRIED 6-0

Minutes drafted by: Samantha R. Seimer