

**DOWNTOWN DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
October 18, 2004**

DIRECTORS PRESENT: Bob Doud, Jennifer Shoub, Robert Jones,
Dan Van Sweden, Saul Amdursky, John Steele,
Chris Shook, Kenneth Miller, Moses Walker,
Jeff Nicholson

DIRECTORS ABSENT: Stacy Skartsiaris

STAFF PRESENT: Kenneth Nacci, Vicky Kettner, Mary Staron
Marissa Ferrari, Nicole Emerson, Jillian Green

OTHER: Jane Parikh, Lance Ferraro, Jon Seybold,
Bob Miller, Ken Fischang, Ted Petropoulos,
John Kneas, Jerome Kisscorni, Dick Skalski,
Mark Chillcott, Michael O' Connor

Director Doud called the meeting to order at 3:05 p.m.

II. ADOPTION OF AGENDA

Director Doud noted that item VI) C. would be removed from the agenda.

**DIRECTOR MILLER MOVED TO
ADOPT THE AGENDA AS AMENDED.
SUPPORTED BY DIRECTOR JONES.
MOTION CARRIED.**

III. MINUTES – September 20, 2004

**DIRECTOR MILLER MOVED TO ACCEPT
THE MINUTES OF SEPTEMBER 20, 2004 AS
PRESENTED. SUPPORTED BY DIRECTOR
AMDURSKY. MOTION CARRIED.**

IV. FINANCIAL REPORT – July 31, 2004 (TIF), August 31, 2004

M. Staron reviewed the budgets and opened the floor to questions.

Director Jones asked if the parking budget would continue to have a surplus. M. Staron stated that it most likely would.

Director Shook asked if the parking budget was based on the five-year parking plan. M. Staron clarified the budget was for 2004, and that the parking plan had not yet been approved.

**DIRECTOR SHOUB MOVED TO ACCEPT
THE 7/31/04 TIF BUDGET AND THE 8/31/04
FINANCIAL REPORT AS PRESENTED.
SUPPORTED BY DIRECTOR VAN SWEDEN.
MOTION CARRIED.**

V. ACTION ITEMS

A. Cinema Project

K. Nacci detailed the cinema project, noting five components: 1) Cinema Construction Cost Summary 2) Five-Year Parking Plan 3) Proposed Parking Projections and 5) Proposed Development Agreement. He explained that the development agreement included the Meyer C. Weiner, Co., the City of Kalamazoo, the Brownfield Redevelopment Authority, and the Downtown Development Authority. He stated the action being sought would be for the board to approve the five-year parking plan and the development agreement. He then shared a Power Point presentation, highlighting the five components.

1. Cinema Parking Ramp Cost Construction Summary

K. Nacci explained that the projected DDA costs were at: \$7,500,000 for construction, \$400,000 for demolition, \$500,000 for site prep, \$400,000 for construction of skywalk between Epic Center and new ramp. He noted that the construction costs that were being shown were annualized. The City will issue a taxable bond on behalf of the Building Authority. The taxable bond allows the DDA to enter into a contract with the users of the parking system for a total of 250 parking spaces for the next 20 years or life of the debt. The total bond is \$9,200,000 with annual debt service projected at \$742,000. He noted that \$37,500 were being factored into the parking system projections to prevent being in a situation again of using deferred capital maintenance.

Director Miller asked how the projected revenues from the new ramp compared with the current Kalamazoo Mall ramp and the Epic Center ramp. K. Nacci answered that he did not know the exact numbers, but that both ramps are currently about 50% occupied and are not generating the type of revenues estimated with the new ramp and Epic Center ramp at a projected 95-100% occupancy rate. He stated he could get the specific numbers at a later time. Director Miller inquired if there was a calculation in the new or current budget for the offset of closing down the ramp during construction. K. Nacci stated that the numbers were in a transition plan, and estimated that the loss during the year of construction was about \$50,000.

Director Van Sweden asked if the numbers being shown included the five-year parking plan. K. Nacci answered that the amounts being shown were comprehensive, in that they include construction costs, tax increments, parking system projections, debt service, loss of transition parking, the five-year parking plan and other elements.

K. Nacci explained that the property value would change from nothing, due to its tax-exempt status, to approximately \$10,000,000. The DDA can estimate \$165,000 annual net income from TIF captures and the Brownfield Redevelopment Authority will capture the balance of \$113,000 to apply to the debt service. He clarified that the DDA captures 80% of real property value per an agreement that was entered into in 1988. He noted that the DDA has tried to cap the TIF operational subsidy at \$300,000. The cap would have to be lifted in order for the cinema project to go forward, due to a projected annual gap of \$258,000.

Director Shoub asked if the DDA could anticipate additional costs for the residential. K. Nacci explained that Meyer C. Weiner would be responsible for those costs, but the DDA would benefit from the revenue of the residential units. Director Shoub asked if the residential revenues in the TIF captures were shown. K. Nacci clarified that the numbers were not on the summary sheet, but would be shown later in the presentation in TIF projections.

Director asked if the developer would validate parking for theater patrons. K. Nacci confirmed that they would, during normal business hours of the parking system.

2. Five-Year Parking Plan

K. Nacci affirmed that the success of this project was contingent upon implementation of the parking plan. He then shared graphics of the proposed new parking deck.

Director Van Sweden asked if Farmers Alley would be widened. K. Nacci stated that if possible, angled parking would be a preferred feature.

K. Nacci noted the major changes to the plan would be:

- Removing the \$300,000 cap on TIF operational subsidy.
- The City of Kalamazoo would commit \$265,000 for capital improvements starting in 2007.
- An amendment to the parking sub-lease to provide for a change in debt service, facility inventory and the budget review process.

3. Proposed Parking Projections

K. Nacci reviewed the revenue enhancement strategies approved by the Parking Committee.

Director Miller inquired about the large variance in revenue numbers between years 2005 and 2006. J. Seybold explained that the first year was based on very conservative numbers and subsequent years had been more aggressively projected. He also noted that the numbers allowed for changes in behavior and gradual transition.

Director Jones asked how the projections for number of parkers is determined and if the number is anticipated to go up do to the projects on the horizon. K. Nacci answered that the number is anticipated to go up and that he system is structured is structured out of convenience, and the closer spots will cost a little more than the spots which require people to walk a little further. He noted that it is more cost effective to park in the ramps than at the meters.

4. Proposed TIF Projections

K. Nacci highlighted the projections from the information packets the board had received. The TIF revenues would cover obligations such as 1) administration, audit, and legal costs 2) parking system deficits 3) maintenance of the festival site, ponds and the creek. The surplus would then be applied to business recruitment activities, marketing, and grant monies for façade and interior improvements to buildings.

5. Proposed Development Agreement

K. Nacci stated that on October 11, the City Commission had adopted a notice of intent to bond, which started a 45-day referendum period. On October 25 the development agreement will be presented to the Commission for approval, after this occurs, the demolition of the old parking ramp would begin early in winter 2005 with a target opening date of November 2005.

Director Van Sweden asked if the DDA would own the theater. K. Nacci clarified that the Meyer C. Weiner Company would own the theater. He noted that the \$1,000,000 paid by the developer would be used to help defease the existing bond issue on the old parking ramp. He clarified that the developer would own 91,000 square feet of the site and the City would own the remainder of the property.

Director Shoub asked why the TIF debt service assistance component disappears in years 2010-2014 in the parking projections. K. Nacci explained that according to the TIF agreement, debt service assistance to the parking system for payment of the bonds ends in 2009.

He then turned the floor over to M. O'Connor to highlight the development agreement. M. O'Connor explained that the agreement between Ramp 3, LLC (Meyer C. Weiner, Co.), the DDA, the City of Kalamazoo and the Building Authority were very close to finalizing the purchase and development agreement. He explained that the action being sought was to have the board authorize either the Executive Director or similar officer to execute agreement once it is finalized. The agreement states the following:

- The City, inclusive of the Building Authority, will demolish the ramp and prepare the site sufficiently for development of the theater, multi-use facility and new parking deck with approximately 500 parking spaces.
- The City will sell approximately 91,000 square feet of space to the developer for \$1,000,000. It is estimated that 70,000 square feet would be used for the theater and the remainder would be part of the multi-use facility.
- The City is responsible for the construction of the parking ramp and the skywalk connecting to the Epic Center ramp.
- The cost of the public component would be paid through the issuance of the bonds by the City. The bonds would be repaid from parking revenues from the new ramp, by a long-term lease of 250 spaces in the new ramp, 100 monthly spaces in the Epic Center ramp, and TIF capture from the theater and the multi-use facility.

He noted that the DDA would need to take the following action:

- Adopt the five-year parking plan.
- Consent to pledge the TIF revenue from the project and utilize such revenue for debt service on the bond until the TIF plan expires in 2018.
- Approve the development agreement.

He stated the following conditions were mandatory to move forward with the agreement:

- The City must approve the development plan.
- The City must authorize the bond issue.
- The City must approve the five-year parking plan.
- The Brownfield Redevelopment Authority must pledge its TIF capture, and utilize the revenue for debt service.
- The City and the DDA must approve the memorandum of the lease between the developer and the theater operator.
- The City and the DDA must approve both the management contract and construction contract.
- The City and the DDA must approve the lease agreement with respect to the 250 spaces in the new ramp.

Director Doud asked for motions to approve the parking plan, pledge TIF revenue and approved the development agreement.

Director Shook stated he thought the parking plan had previously been approved. K. Nacci clarified that since there had been some revisions, the major changes being: removing the \$300,000 cap on the TIF operational subsidy, requesting the City to contribute to capital improvements and amending the sublease. He noted that he had been working with some of the affected parties to resolve issues such as festival parking fees, validating parking as customers arrive versus when they leave.

DIRECTOR SHOUB MOVED TO ADOPT THE REVISED FIVE-YEAR PARKING PLAN AS PRESENTED, TO INCLUDE ADMINISTRATIVE DETAIL RELATED TO ONGOING ISSUES YET TO BE RESOLVED, AS LONG AS THE INTEGRITY OF THE PLAN REMAINS IN TACT. SUPPORTED BY DIRECTOR SHOOK. MOTION CARRIED.

Director Doud asked for a motion for the DDA to pledge support for TIF projections through 2018.

DIRECTOR JONES MOVED TO PLEDGE DDA TIF SUPPORT THROUGH THE YEAR 2018 FOR THE PROJECT WHICH INCLUDES THE THEATER, A MULTI-USE FACILITY AND A NEW PARKING RAMP. SUPPORTED BY DIRECTOR MILLER. MOTION CARRIED.

K. Nacci noted that in the DDA TIF agreement would expire in the year 2018, after which time the Brownfield Redevelopment Authority will capture and pledge the TIF revenue, unless the agreement is amended.

Director Doud asked for a motion to authorize the Executive Director of the DDA to execute the development agreement with any necessary amendments to be made.

DIRECTOR AMDURSKY MOVED TO AUTHORIZE THE EXECUTIVE DIRECTOR OF THE DDA TO EXECUTE THE DEVELOPMENT AGREEMENT WITH ANY NECESSARY AMENDMENTS. SUPPORTED BY DIRECTOR SHOOK. MOTION CARRIED.

K. Nacci noted that he would be reporting the action of the DDA at that evening's City Commission meeting. He stated it was anticipated that a special City Commission meeting would be held on October 25, 2004 to take action on the development agreement.

VI. COMMITTEE ACTION

A. Project Review Committee

1. United Building, LLC – 202 & 242 E. Kalamazoo Ave.
Grant Requests: \$62,500 (Façade), \$72,500 (Rehab)

M. Ferrari explained the funds would be use to redevelop the former United Electric building through the efforts Plazacorp. The proposed project would allow for office space on the second floor and restaurant or entertainment use for the main floor. She stated some of the parking area of this site could be used as staging area for festivals at the festival site. She noted that since the project is set for 2005, it would be contingent upon budget approvals for the following year. She then opened the floor to questions.

Director Van Sweden asked if the project would follow the new design guidelines. M. Ferrari confirmed that it

would and noted that the amount of the interior rehab grant was somewhat above the typical amount awarded. The rationale for this is due to the advantage of the benefits for the festival site and the magnitude of the project, the Project Review Committee felt comfortable approving the higher amount.

DIRECTOR MILLER MOVED TO APPROVE THE FAÇADE GRANT OF \$62,500 AND THE REHAB GRANT OF \$72,500 FOR UNITED BUILDING, LLC. CONTINGENT UPON 2005 BUDGET APPROVAL. SUPPORTED BY DIRECTOR VAN SWEDEN. MOTION CARRIED.

DIRECTOR NICHOLSON ABSTAINED.

2. Peregrine Realty, LLC – 124 W. Lovell Street
Grant Requests: \$3,804 (Façade), \$5,900 (Rehab)

M. Ferrari stated the funds would be used for the building that houses Fimp's Boutique, Mother Mary's Children's Boutique and Sir David's Barber Shop as well as the house directly behind them.

DIRECTOR MILLER MOVED TO APPROVE THE FAÇADE GRANT OF \$3,804 AND THE REHAB GRANT OF \$5,900 FOR RETAIL AND RESIDENTIAL SPACE AT 124 W. LOVELL STREET CONTINGENT UPON AVAILABLE FUNDS. SUPPORTED BY DIRECTOR NICHOLSON. MOTION CARRIED.

B. CIP Committee

1. United Electric Redevelopment

S. Deisler stated that Plazacorp is requesting some funding assistance for streetscape improvements along E. Kalamazoo Ave. related to the United Electric project. The work would entail enhancing the sidewalk with brick pavers, improved lighting, burying utility cables and landscaping. The projected cost is a little over \$200,000 and the CIP Committee has approved \$125,000 in 2005.

DIRECTOR STEELE MOVED TO AWARD \$125,000 TO PLAZACORP FOR STREETScape IMPROVEMENTS ON E. KALAMAZOO AVE. IN 2005 CONTINGENT UPON AVAILABLE FUNDS. SUPPORTED BY DIRECTOR SHOOK. MOTION CARRIED.

DIRECTOR NICHOLSON ABSTAINED.

VII. DISCUSSION ITEMS

A. Convention Center Feasibility Study

Director Doud noted that Ken Fischang and Ted Petropoulos would be making a presentation on the feasibility study.

T. Petropoulos briefed the board on the history of the study. He stated that the report came back stating it is feasible for downtown Kalamazoo to support a convention center. He noted that with the expansion of the Radisson and a new Comfort Inn being built on the former Downtowner Motel site, there is ample room availability to support the convention center. The additional room space gives Kalamazoo an edge by having more supportive hotels in downtown area than its competitors. The study indicated in the first year, it is feasible to host 36 events with attendance of about 27,000 people over a period of 95 days. He explained that in order for organizations to use the convention center, they would need to have room nights attached which is where the economic impact improves along with the accommodation tax. He referenced page six of the executive summary noting that downtown Kalamazoo currently brings in about \$12,000,000 in convention business and could conceivably double the revenue in the first year of having the convention center open. Additional revenue could be expected from restaurant and retail spending along with the sales tax and accommodations tax. The study recommends four sources of funding: local revenue bonds (40-50% of the total), State grant support (30%), private direct investments (20%), and local initiatives (10%). The study suggests for phase-one of construction, a 100,000 square foot facility, dedicating 40,000-50,000 square feet of exhibit space and the remainder for meeting and banquet space.

Director Doud commented that he thought the report was very thorough and asked why parking was not mentioned in the report. K. Fischang answered that attendees of the convention will typically fly in or use hotel parking facilities and walk to the convention center.

Director Shoub asked if any of the competitors listed have a theater complex in their downtown area noting there can be a lot of down time with conventions. T. Petropoulos stated to his knowledge, not many did, however that detail was not factored into the study.

Director Walker asked who issues the bonds. T. Petropoulos answered that it had not yet been determined, stating they would have to sit down with their stakeholders and DKI to decide the best approach.

Director Doud asked what the timeline was. T. Petropoulos stated they were behind schedule and the two crucial things that needed to happen simultaneously were 1) having the discussion with the stakeholders, and 2) discussing financing. He suggested that a realistic timeline could be about 3-4 years for completion, and although the Convention and Visitors Bureau would like it as soon as possible, they want it done right.

K. Nacci commented that the DDA could expect to pay \$150,000-\$450,000 annually in operating costs. He noted that the center itself is a lost leader, but it in turn generates a significant amount of economic impact. He affirmed that the community needs to look at the project and determine if it is in their best interest. He stated the County would have a major role and that priorities needed to be arranged.

T. Petropoulos pointed out that prior to the meeting with the stakeholders: the CVB would like to obtain data on how comparable cities were impacted by a new convention center. He noted that K. Fischang and his staff are compiling the data by contacting other CVB's.

Director Doud stated that the convention center would be an essential component of the Vision Plan and

commended K. Fischang, T. Petropoulos and staff on their efforts.

B. Kalamazoo River Trailway Presentation

Director Doud introduced D. Skalski stated that he would be updating the board on the progress of the trailway.

D. Skalski explained that the City of Kalamazoo worked with the Michigan Department of Transportation in the late 1990's to complete two major projects, 1) a non-motorized plan for the City and 2) a master plan for the Kalamazoo River Valley Trailway. Pharmacia had put together a plan to establish a component in Mayor's Riverfront Park; and in 2002, an extension was completed at Veteran's Memorial Park. A grant was secured through MDOT to link the Kal-Haven trail to downtown ending the Westnedge Ave. and Kalamazoo Ave., this portion was contingent upon a long-term lease from the Old Michigan Central Railroad, who still owns the property from downtown out to Ravine Rd. The City applied for a CDBG grant to fund the construction, with a goal of completing construction from Westnedge Ave. to the trailhead. He noted that a lighted tunnel was being installed under US-131, which would follow the original right of way. A public meeting was held in the past month to look at an addition of a Portage Creek trailway connection, which would initially extend to Gibson St. with the intent to connect to Mayor's Riverfront Park. The long-term objective is to continue with a secondary access through possible redevelopment of the area east of Pitcher St., north of Gibson St., and south of Michigan Ave. There are also plans for a cross-town connection, linking Veteran's Memorial Park, following the Amtrak rail line over to the downtown connection to the Kal-Haven trail. The City is currently in the process of developing a preliminary study and once the plan has been accepted from the consultants, the final planning and specifications will start. The State has committed to funding the project, once the City has the plan completed, the local funding match and control of the right of way. He noted that recently DKI has supported the downtown connection, from Veteran's Memorial Park to Harrison Ct., to Porter St. and Water St. over to the festival site, continuing on Eleanor St. to connect to Westnedge Ave. He stated some of the downtown connection might actually happen in 2005. He cited the design for a proposed pedestrian bridge from Rose Park over Portage Creek connecting directly to Harrison St. This would allow for continuation of access into downtown from Mayor's Riverfront Park to the State park. He stated that within the last year, the Kalamazoo County Parks Foundation supported the acceptance of operation and maintenance of the trailway system within the Kalamazoo County area. There would likely be a Foundation grant created, similar to the one created for Markin Glen Park, which would include local fundraising. He clarified that grants obtained through MDOT require a local funding match.

Director Doud asked if the connection from downtown to the Kal-Haven trail could be expected by the end of 2005. D. Skalski confirmed that was the projected timeline.

Director Doud commended D. Skalski on his efforts and noted the positive impact that the Portage Creek trailway connection could have on the Bank St. Farmer's Market as well as the Edison neighborhood, and the Washington Square area in general.

C. Downtown Design Guidelines

S. Deisler confirmed that the guidelines were forward to the City, with the aim of implementation by the City. He stated that there is a section in the guidelines on demolition and noted that there was a list of buildings that the project team had identified that they would like to have preserved. After the announcement of Pfizer's campus plans, some of the buildings identified to be preserved would actually have to be demolished to complete the campus. He stated that based on comments from the Historic Preservation group and the Planning Commission, staff would like to recommend modifications to the guidelines. The recommendation to the City is to remove the identified Pfizer buildings from the list. He noted it was the policy of DKI not to endorse demolition of a building without support of the property owner.

Director Doud asked for clarification on the previous board action on the guidelines, noting he thought it was to endorse the work of the committee so that they could forward it along to the Planning Commission. S. Deisler confirmed that it would go from the Planning Commission to the City Commission. He noted that there were some ordinance changes that had to be implemented prior to the documents being made official. Director Doud if the board needed to take action. S. Deisler stated he was looking for support from the board to accept modifications to the guidelines.

**IT WAS THE CONSENSUS OF THE BOARD
TO ACCEPT THE MODIFICATIONS TO THE
DOWNTOWN DESIGN GUIDELINES.**

VIII. DIRECTOR COMMENTS

Director Doud commented that Director Amdursky would be leaving and asked the board had any comments. . The board offered their well wishes and support to Director Amdursky.

K. Nacci thanked Director Amdursky for his contribution to the board and wished him the best in future endeavors.

Director Amdursky commented that he had enjoyed being part of the DDA Board and Edison Mainstreet Committee. He stated he would miss the community and was certain the library would continue to be an important part of the fabric of Kalamazoo.

Director Doud thanked Director Amdursky for his leadership and vision at the library, noting his role in the renovation of the main branch and stated that Kalamazoo was a better community because his efforts. He stated that the same kind of vision applied to the proposed projects in downtown Kalamazoo.

IX. PUBLIC COMMENTS

There were none.

The meeting was adjourned at 4:58 p.m.

Jillian Green
Recording Secretary

APPROVED: _____