

**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS
REGULAR MEETING MINUTES
DECEMBER 13, 2017**

DIRECTORS PRESENT: Greg Taylor, Derek Wissner, Carl Brown, Mayor Bobby Hopewell, Patti Owens, Stephanie Hinman, Susan Lindemann, Bob Miller, Grant Fletcher, Jeff Breneman, Bjorn Green.

DIRECTORS ABSENT: None

STAFF PRESENT: Andrew Haan, Sue Huggett, Deb Houseman, Patrick Halpin

OTHER: Michael O'Connor, Leslie Hoffman, Chris Shook

I. CALL TO ORDER

Director Taylor called the meeting to order at 3:01p.m.

II. ROLL CALL

Directors present: Carl Brown, Derek Wissner, Bob Miller, Jeff Breneman, Bjorn Green, Patti Owens, Grant Fletcher, Stephanie Hinman, Mayor Bobby Hopewell, Susan Lindemann, and Greg Taylor.

Directors absent: none.

III. ADOPTION OF AGENDA

A. Haan noted an addition to the agenda, item number five, Downtown Financial Position and 2018 Outline.

DIRECTOR FLETCHER MOVED TO ADOPT THE AGENDA WITH THE ADDITION OF ITEM NUMBER FIVE, SUPPORTED BY DIRECTOR LINDEMANN. MOTION CARRIED.

IV. MINUTES – November 16, 2017

DIRECTOR OWENS MOVED TO ADOPT THE MINUTES AS PRESENTED, SUPPORTED BY DIRECTOR GREEN. MOTION CARRIED.

V. DOWNTOWN FINANCIAL POSITION AND 2018 OUTLINE

A Haan provided an overview of the history of organization, its accomplishments, and current financial challenges. For the past twenty-eight years, DTI, DKI, and the DDA has been very impactful. A majority of the work accomplished was funded through the downtown TIF, which for many years generated adequate revenue to fund the work of the DDA. By the year 2000 TIF generated two million dollars per year, 2008 the amount equaled almost 3.6 million, and this year, in comparison, the amount dropped to 1.2 million. There will be no TIF revenues in 2018.

A Haan gave an overview of trends that have contributed to the decline of the TIF. \$50 million in value has been lost on former industrial parcels downtown, representing a 62% loss in value of those parcels.

Conversely, the balance of downtown has more than doubled in value. Consequently, the overall value of the district is lower than the baseline set in 1989, leaving no increment, and inadequate revenue to support downtown operations.

Executive Director Haan laid out three options for continued downtown operations:

1. Do nothing

The DDA would remain as-is. If current service agreements were funded, and debt obligations paid, DDA would be insolvent in less than one year.

2. Do something safe

Make incremental changes to DDA TIF, including a reset baseline and new TIF plan. This would get TIF out of negative territory, and allow for a slow climb towards adequate revenues to fund downtown. It would however, also leave the DDA vulnerable to continued tax appeals.

3. Do something transformational.

Overhaul downtown TIF to focus on public infrastructure improvements under one of three scenarios:

1. Substantially updated DDA TIF, including a reset baseline, a new TIF plan, and boundaries that would eliminate liability of former industrial parcels and potential continued tax appeals.

2. Corridor Improvement Authority Qualified Development Area TIF

3. Targeted Reinvestment Area Brownfield TIF.

Business Improvement District

Pursue creation of a Business Improvement District to be funded through a special assessment on downtown parcels. Target funds generated for support of clean and safe initiatives, beautification, etc.

Revenue-positive events

Create new events to drive downtown traffic and organizational revenue.

Annual fund drive

Seek additional private sector support for downtown activities from foundations and businesses outside of district which benefit from active, healthy downtown

Executive Director Haan outlined key areas of work for DKI in the coming year:

- Updated organizational model to include revisions to board and committee structure
- A focus on engagement and inclusion. To be accomplished in part through new,

- visible, accessible location at 162 E. Michigan, educational programming, and opportunities to serve organization.
- New brand for downtown and the management organization
 - Focus on a sustainable and reliable model.
 - Robust retail strategy, to include professional development opportunities for retailers/restaurateurs, and a business development staff person in Q3 2018.
 - Downtown infrastructure planning
 - New parking plan and updates to management contract
 - Arcadia Creek Festival Place analysis and plan

Director Hopewell inquired about the time line for the ACFP market analysis. A. Haan stated that the market analysis is expected to be completed within six months.

Executive Director Haan informed the board that the work and path forward would not have been possible without assistance and partnership of City of Kalamazoo and its administration.

Jeff Chamberlain commented that this work is critical, and is solutions-based.

Director Brown asked for clarification on the state of the downtown tax landscape. A. Haan responded that there are not believed to be any imminent reassessments pending.

Director Owens asked for explanation on restructuring of the TIF boundaries. A. Haan explained that there are opportunities to review current boundaries, and that expansion could allow for funds generated in CBD to be invested in other adjacent areas to stimulate private sector investment.

Director Owens expressed the thoughtfulness, on behalf of staff, and renewed cooperation between the city of Kalamazoo and DKI for the good of the entire community.

VI. FINANCIAL REPORT

D. Houseman reviewed the 2 Mill, TIF and TPM November 2017 financial statement. There were no questions or discussion.

DIRECTOR OWENS MOVED TO APPROVE THE MONTHLY 2 MILL, TIF, AND TPM FINANCIAL STATEMENT. SUPPORTED BY DIRECTOR WISSNER. MOTION CARRIED.

D. Houseman reviewed the amended 2 MILL TIF, AND TPM 2017 budget.

Director Wissner questioned if the deficit would be corrected with the fund balance, and how that would affect the fund balance.

D. Houseman noted that total DDA projected ending fund balance is \$1,029,633

DIRECTOR WISSNER MOVED TO APPROVE THE 2017 YEAR-END AMENDED BUDGET. SUPPORTED BY DIRECTOR LINDEMANN.

ROLL CALL VOTE:

YEAS –GREG TAYLOR, DEREK WISSNER, BOB MILLER, JEFF BRENNAMAN, , MAYOR BOBBY HOPEWELL, SUSAN LINDEMANN, GRANT FLETCHER, STEPHANIE HINMAN, CARL BROWN, PATTI OWENS, BJORN GREEN.

NAYS – NONE.

ABSTAINED – NONE. MOTION CARRIED.

VII. PUBLIC HEARING/ACTION ITEMS

1. Review and discussion

A. Parking

L. Hoffman reviewed the 2018 TPM Budget. A. Haan mentioned proposals for potential sales on two surface lots for development projects. These sale revenues would be added to the TPM budget, but loss of revenues will present challenges to budget.

Director Green asked what the percentage of total parking spaces were that were lost in the sale of ramp 4 and other surface lots compared to total space, and the correlation between the loss of parking spaces and reduction of operations expenses. L. Hoffmann noted that savings are found in the maintenance of the ramps and lots, particularly with snow removal. Operating expenses equal 6% reduction, compared to approximate 20% loss of spaces.

Director Wissner asked how the sale price of parking ramps and surface parking lots are negotiated. A. Haan commented the properties are owned by the city, sales are based on the appraised value of the property.

Director Taylor asked whether proposed revenue budgeted for 2018 does reflect the sales. L. Hoffman noted that it does not reflect the sale of any property.

Director Taylor restated that the meeting is now in the public hearing phase.

B. DDA 2 Mill - Haan reviewed the DDA 2 MILL budget proposed for 2018. Director Green expressed concerns over the TPM budget, due to deficit. Noting that a further cut of 5% would break even. A. Haan noted that significant spending adjustments had been made from initial drafts, also highlighting that loss of operational revenues from Ramp 4, and rate and enforcement adjustments that were not made as planned in TPM 5 year budget.

Further adjustments will be made as possible to balance TPM budget. L. Hoffman commented on the fluctuation of outside contractor expenses due to the new equipment. C. Brown expressed concern about the increased credit card charges exceeding the cost of staff managing booths. L. Hoffman assured the board that there is significant savings with the automated system vs. staffing the booths.

Haan, noted that it is time to look through a new lens. Will continue to think creatively how to produce other revenues throughout the year. Various scenarios can impact the budget, including buildings on service parking lots, new parking meters.

D. Houseman, noted TPM budget is presented to the city commission for information purposes only. The DDA budget is presented to the city commission for final approval.

M. O'Connor advises the board to proceed by completing the following steps:

1. Vote to approve on the TPM budget
2. Vote on the 2018 2Mill/TIF Budget
3. Vote to approve the 2Mill levy that will then be submitted to the city
4. Vote to approve the interim budget, the city commission will have the final approval.

G. Taylor closed the public hearing.
There were no further comments from the board.

Approval of the 2018 TPM Budget.

G. Taylor opened the meeting to the public for public comment. There were no public comments.
No further comments from the board.
G. Taylor closed the meeting to the public.

DIRECTOR WISSNER MOVED TO APPROVE THE AMENDED AND 2018 TPM BUDGET. AS PRESENTED. SUPPORTED BY B. MILLER.

ROLL CALL VOTE:

YEAS –GREG TAYLOR, DEREK WISSNER, BOB MILLER, JEFF BRENNAMAN, , MAYOR BOBBY HOPEWELL, SUSAN LINDEMANN, GRANT FLETCHER, STEPHANIE HINMAN.

NAYS - CARL BROWN, PATTI OWENS, BJORN GREEN.

ABSTAINED – NONE. MOTION CARRIED.

Resolution 17-05 – Approve Submission of 2018 DDA Budget to City Commission. (1:17:30)
No comments from the board
G. Taylor opened the meeting to the public for public comment. There were no public comments.

DIRECTOR OWENS MOVED TO APPROVE TO SUBMIT THE 2018 DDA BUDGET, AS PRESENTED, TO THE CITY COMMISSION. SUPPORTED BY DIRECTOR BROWN.

ROLL CALL VOTE:

YEAS –GREG TAYLOR, DEREK WISSNER, BOB MILLER, JEFF BRENNAMAN, , MAYOR BOBBY HOPEWELL, SUSAN LINDEMANN, GRANT FLETCHER, STEPHANIE HINMAN, CARL BROWN, PATTI OWENS, BJORN GREEN.

NAYS – NONE.

ABSTAINED – NONE. MOTION CARRIED.

Resolution 17-06 – Requesting the City of Kalamazoo levy not more than Two Mills of tax.
No additional board comments.
G. Taylor open the meeting to the public. There were no public comments.

DIRECTOR OWENS MOVED TO SUBMIT THE 2018 2 MILL BUDGET TO THE CITY COMMISSION. SUPPORTED BY DIRECTOR LINDEMANN.

ROLL CALL VOTE:

YEAS –GREG TAYLOR, DEREK WISSNER, BOB MILLER, JEFF BRENNAMAN, , MAYOR BOBBY HOPEWELL, SUSAN LINDEMANN, GRANT FLETCHER, STEPHANIE HINMAN, CARL BROWN, PATTI OWENS, BJORN GREEN.

NAYS – NONE.

ABSTAINED – NONE. MOTION CARRIED.

Resolution 17-07 – Resolution for Interim Appropriation.

No additional board comments.

G. Taylor opened the meeting to the public. There were no public comments.

DIRECTOR TAYLOR TO APPROVE RESOLUTION 17-07. SUPPORTED BY DIRECTOR OWENS TO THE CITY COMMISSION. SUPPORTED BY DIRECTOR LINDEMANN.

ROLL CALL VOTE:

YEAS –GREG TAYLOR, DEREK WISSNER, BOB MILLER, JEFF BRENNAMAN, , MAYOR BOBBY HOPEWELL, SUSAN LINDEMANN, GRANT FLETCHER, STEPHANIE HINMAN, CARL BROWN, PATTI OWENS, BJORN GREEN.

NAYS – NONE.

ABSTAINED – NONE. MOTION CARRIED.

VIII. DISCUSSION ITEMS

Downtown Report – There was no downtown report this month.

IX. COMMITTEE REPORTS

No committee reports.

X. DIRECTOR COMMENTS

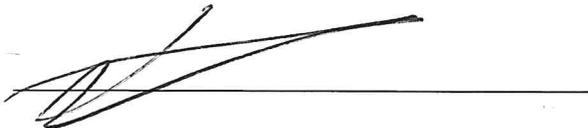
No director comments.

XI. PUBLIC COMMENTS

No public Comments.

XII. ADJOURNMENT

The meeting was adjourned at 4:22p.m.



Derek Wissner
Secretary