Agenda
Downtown Development Authority
Board of Directors

City of Kalamazoo

Monday, December 19, 2022 3:00 PM

The Community Room at City Hall - 241 W. South Street

A. CALL TO ORDER/ROLL CALL

B. ADOPTION OF FORMAL AGENDA

C. APPROVAL OF MINUTES

1. Approval of the minutes from the meeting of the Downtown Development Authority Board on October 17, 2022. **(Action: Motion to approve)**

D. REPORTS AND PRESENTATIONS

1. Financial Report

E. DISCUSSION/ACTION ITEMS

1. Approval of Professional Services Agreement For Auditing Services with Maner Costerisan

2. Adoption of a resolution recommending approval of the application from Kzoo Tacos, LLC for for a Development District Liquor License located at 215 E Michigan Ave, within the City's existing Downtown Development District.

3. Approval of 2023 DDA Board Meeting Calendar

4. Approve Budget Recommendation to the City Commission

F. PUBLIC COMMENTS

G. DIRECTORS' COMMENTS

H. ADJOURNMENT

CITY OF KALAMAZOO
DOWNTOWN
DEVELOPMENT
AUTHORITY

Board of Directors Regular Meeting Minutes

October 17th, 2022, 3:00 p.m. | Community Room, Kalamazoo City Hall

PRESENT: Mayor David Anderson, Jeff Breneman, Carl Brown, Stephanie Hinman, Susan Lindemann,

ABSENT: Grant Fletcher, Matt Hollander, Ryan Wieber

STAFF: Rebekah Kik, Antonio Mitchell, Steve Vicenzi, Jaime Marsman

I. CALL TO ORDER

DIRECTOR LINDEMANN CALLED THE MEETING TO ORDER AT 4:10 P.M

II. ROLL CALL

PRESENT: Mayor David Anderson
Jeff Breneman
Carl Brown
Stephanie Hinman
Susan Lindemann

ABSENT: Grant Fletcher
Matt Hollander
Ryan Wieber

EXCUSED: Grant Fletcher
Matt Hollander
Ryan Wieber

THE OCTOBER 17, 2022, ATTENDANCE INCLUDING EXCUSED AND UNEXCUSED ABSENCES ARE RECORDED.

III. CONSENT AGENDA

A. MINUTES – September 19, 2022 Regular Meeting
B. ADOPTION OF AGENDA

Director Lindemann asked if there were any corrections to the minutes as presented.

DIRECTOR BROWN MOVED TO ADOPT THE OCTOBER 17, 2022 CONSENT AGENDA. MAYOR ANDERSON SECONDED. NO OBJECTIONS. MOTION CARRIED.

CITY OF KALAMAZOO
DOWNTOWN
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IV. FINANCIAL REPORT

Director Lindemann stated that the Finance Committee could provide recommendations on what the Board would like to see going forward. It was discussed that the report may need to be adjusted for better highlights of items that the Board is used to seeing. It was agreed that transaction-level detail is not necessary, but more details around activity would be desired.

V. DISCUSSION/EDUCATION ITEMS

A. Select Date for DDA Retreat

Ms. Kik stated that she has discussed a DDA Retreat with the Executive Committee. This will result in a Work Plan for moving forward and will cover items such as: What is the DDA/DEGA's future in the next five years? What can be done differently? How does the downtown become financially sustainable based on the work that is desired? Ms. Kik noted that 3-5 hours would be ideal and that we are looking at the first several weeks of December, possibly on a Monday to align with Board availability. December 12, 8:00 a.m. - Noon was agreed upon. Ms. Kik will send confirmation to the Board.

VI. ACTION ITEMS

A. Approval of Contract for Downtown Parking & Mobility Consultant

Director Lindemann noted that this has gone through the City's procurement process, with a Selection Team, and this consultant was selected unanimously and seemed to be the best fit for the position.

DIRECTOR HINMAN MOVED TO APPROVE THE CONTRACT FOR THE DOWNTOWN PARKING & MOBILITY CONSULTANT. MAYOR ANDERSON SECONDED. NO OBJECTIONS. MOTION CARRIED.

VII. PACKET ATTACHMENTS

A. DDA TB 09.30.2022
B. 91884-001.0 CONTRACT_Downtown Parking & Mobility Consultant

VIII. PUBLIC COMMENTS

A. None.

Board of Directors Regular Meeting Minutes

October 17th, 2022, 3:00 p.m. | Community Room, Kalamazoo City Hall

IX. BOARD COMMENTS

A. Mayor Anderson stated that it is a pleasure to work with this group of dedicated Board members.
B. Director Breneman echoed Mayor Anderson’s comment.

X. ADJOURNMENT

A. DIRECTOR LINDEMANN ADJOURNED THE MEETING AT 4:20 P.M.

Downtown Development Authority
YTD Budget to Actual Report
11/30/2022

	2022 Adopted Budget	2022 YTD Actuals
TAXES	276,000	258,772
INTEREST AND RENTALS	1,000	30
TOTAL REVENUES	**277,000**	**258,802**
PROFESSIONAL AND CONTRACTUAL SERVICES	97,000	14,895
LEGAL SERVICES AND FEES	20,000	23,568
INSURANCE SERVICES	5,000	3,585
REPAIRS	-	1,942
TAX APPEAL REFUNDS	5,000	-
RESTRICTED FOR DEBT SERVICE	150,000	-
TOTAL EXPENSES	**277,000**	**43,990**
Revenues Less Expenses	**-**	**214,812**

Downtown Development Authority Staff Report

City of Kalamazoo

TO: The Downtown Development Authority Board of Directors

FROM: Rebekah Kik, Assistant City Manager
Steve Vicenzi, Management Services Director

DATE: December 19, 2022

SUBJECT: Approval of Professional Services Agreement For Auditing Services with Maner Costerisan

SUMMARY:

Approval of Professional Services Agreement For Auditing Services with Maner Costerisan

BACKGROUND:

As the City of Kalamazoo contracts with Maner Costerisan for its auditing services, the Downtown Development Authority (DDA) finds that it is in the best interest of the Authority to utilize the same auditing firm to promote efficiency and consistency. Approval of this Resolution would enter the DDA into a professional service agreement for auditing services with Maner Costerisan.

RECOMMENDATION:

Approval of Professional Services Agreement For Auditing Services with Maner Costerisan

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
517.323.7500
517.323.6346

October 3, 2022

Downtown Development Authority of the City of Kalamazoo
241 W. South Street
Kalamazoo, Michigan 49007

We are pleased to confirm our understanding of the services we are to provide the Downtown Development Authority of the City of Kalamazoo for the year ending December 31, 2022.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities and the major fund, and the disclosures, which collectively comprise the basic financial statements of the Downtown Development Authority of the City of Kalamazoo as of and for the year ending December 31, 2022. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Downtown Development Authority of the City of Kalamazoo's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Downtown Development Authority of the City of Kalamazoo's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis
2. Budgetary comparison schedule

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of accounting records of the Downtown Development Authority of the City of Kalamazoo and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement.

We have identified the following significant risk(s) of material misstatement as part of our audit planning: Management override of controls and revenue recognition.

Audit Procedures - Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we will perform tests of the Downtown Development Authority of the City of Kalamazoo's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the Downtown Development Authority of the City of Kalamazoo in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Maner Costerisan and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to an oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Maner Costerisan personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the oversight agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Aaron M. Stevens, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

The fees for audit services will be $16,600.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement letter. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

We will provide copies of our reports to the Downtown Development Authority of the City of Kalamazoo, however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance be performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

This estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. We understand we will be provided balanced records for each fund and that all accounts will be reconciled. If additional time is necessary, we will discuss it with you and arrive at a new fee before we incur the additional costs.

Because we are extremely interested in serving the Downtown Development Authority of the City of Kalamazoo and the fact that our audit team members have a great deal of experience working with similar entities, we are proposing a discount to our audit cost estimate. The price schedule detailed above is a firm price assuming the Downtown Development Authority of the City of Kalamazoo records are in reasonable condition and that we are provided reasonable staff assistance. If our team members spend more hours than the projected hours detailed above that are not due to unusual circumstances (i.e., unrecorded accruals, unbalanced records, improperly recorded activities, the state of the records being significantly different than what was stated, inadequate staff assistance, significant changes in auditing standards, etc.) then we will not bill for any amounts over the audit cost estimate. During the audit, we will spend approximately 20% more in fees than what is projected above, however, we will not bill you for that additional time, unless it exceeds the 20% amount which would be caused by circumstances such as those items listed above.

Our proposal is to provide the Downtown Development Authority of the City of Kalamazoo with auditing services, rather than accounting services. The cost schedule detailed on the previous page assumes that extensive journal entries to adjust the accounting records (i.e., bookkeeping) will not be required as part of the audit process. If auditor-proposed journal entries are required in order for the financial statements to be fairly presented in accordance with generally accepted accounting principles, we propose a per entry fee of $150.

The fees quoted above are based on the Downtown Development Authority of the City of Kalamazoo's current levels of client assistance and expertise. Should any of these levels of assistance or expertise change during the period of our engagement, we may need to arrive at a new fee arrangement for the remainder of the agreement.

If additional procedures are necessary to assist with the implementation of any new GASB standards, our fees will be based on the services rendered at our standard hourly rates.

During the term of this agreement and for a period of one year thereafter, neither party shall directly or indirectly, solicit for employment or for engagement as an independent contractor, or encourage leaving their employment or engagement, any employee or independent contractor of the other party. For the avoidance of doubt, general advertisements for employment and responses thereto, shall not be deemed a violation of the paragraph. The parties agree that any breach of this paragraph would damage the other party in an amount difficult to ascertain with certainty, and that in the event that either party breaches this provision resulting in the other party losing the services of an employee or independent contractor for any period of time, the breaching party shall pay to the other party an amount equal to the annual rate of compensation (paid by the non-breaching party for the immediate prior calendar year) of the applicable employee or independent contractor.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our most recent peer review report accompanies this letter.

If reproduction or publication of financial statements audited by us, or any portion thereof, is intended, it is our policy that any master of printer's proofs be submitted to us for review prior to publication.

We will continue to perform our services under the arrangements discussed above from year to year unless for some reason you or we find that some change is necessary. However, the performance of each audit is a separate and severable engagement. Each separate engagement shall be deemed complete and Maner Costerisan will not have a continuing responsibility to perform additional services with respect to that completed engagement when we present to you the final audit report that relates to any given year.

Our audit report on the financial statements to be issued pursuant to this engagement is for your use. If it is your primary intent that our report will benefit or influence a third-party user, we must be informed prior to the beginning of the annual audit engagement.

Considering our current relationship as an independent member of the BDO Alliance USA, the firm may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

You agree that our maximum liability to you for any negligent errors or omissions committed by us in the performance of the engagement will be limited to the amount of our fees for this engagement, except to the extent determined to result from our gross negligence or willful misconduct.

Because there are inherent difficulties in recalling or preserving information as the period after an engagement increases, you agree that, notwithstanding the statute of limitations of the State of Michigan, any claim based on this engagement must be commenced within 12 months after performance of our service, unless you have previously provided us with a written notice of a specific defect in our services that forms the basis of the claim.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules. If the parties are unable to resolve the dispute through mediation within 60 days from the date notice is first given from one party to the other as to the existence of a dispute and the demand to mediate, then they may proceed to resolve the matter by arbitration if this agreement provides that the particular dispute is subject to arbitration, or by whatever other lawful means are available to them if this agreement does not provide for arbitration of the particular dispute. Costs of any mediation proceeding shall be shared equally by all parties.

The Downtown Development Authority of the City of Kalamazoo and Maner Costerisan both agree that any dispute over fees charged by Maner Costerisan to the client or any other disputes will be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place at Lansing, Michigan. Any hearing shall be before one arbitrator in accordance with Rule 17 of the Commercial Arbitration Rules of the American Arbitration Association (the Rules). Any award rendered by the arbitrator pursuant to this agreement may be filed and entered and shall be enforceable in the appropriate court of the county in which arbitration proceeds. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution. The prevailing party shall be entitled to an award of reasonable attorney's fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

Reporting

We will issue a written report upon completion of our audit of the Downtown Development Authority of the City of Kalamazoo's financial statements. Our report will be addressed to management and those charged with governance of the Downtown Development Authority of the City of Kalamazoo. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Downtown Development Authority of the City of Kalamazoo is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to the Downtown Development Authority of the City of Kalamazoo and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

Maner Costerisan PC

RESPONSE:

This letter correctly sets forth the understanding of the Downtown Development Authority of the City of Kalamazoo.

By:____

Title:______________________________________

Date:______________________________________

To: Maner Costerisan

After considering the qualifications of the accounting personnel of the Downtown Development Authority of the City of Kalamazoo we believe they have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with U.S. generally accepted accounting principles. However, for convenience and other issues, we may contract with you to prepare our financial statements.

Signature: ___________________________________

Title:______________________________________

Date:______________________________________

ADDENDUM TO ENGAGEMENT LETTER

As part of the audit engagement, you have requested our assistance with the following services. *Government Auditing Standards* considers these services as “non-attest” or “non-audit” services. Management is required to review, approve and accept responsibility for any non-audit services we may perform.

- Preparation of the financial statements, including the related notes, required and additional supplementary information.

- Assistance with the preparation and submission of audit financial information required by law or regulations.

- Assistance with, or the preparation of, year-end adjusting journal entries and work papers.

- Access to a secure website to exchange information electronically.

RPB CPAs
A century of new ideas

Report on the Firm's System of Quality Control

July 30, 2020

To the Partners of Maner Costerisan PC and
the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Maner Costerisan PC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, and an audit of a broker-dealer.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maner Costerisan PC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maner Costerisan PC has received a peer review rating of *pass*.

Reilly, Penner & Benton LLP

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CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
KALAMAZOO COUNTY, MICHIGAN

RESOLUTION TO APPROVE CONTRACT FOR AUDITING SERVICES WITH MANER COSTERISAN

Boardmember _________________, supported by Boardmember _________________, moved the adoption of the following resolution:

WHEREAS, the City of Kalamazoo Downtown Development Authority (the "DDA") was created by the Kalamazoo City Commission pursuant to the authority of Act 197 of 1975, as recodified in Act 57 of 2018, and operates pursuant to the authority of Part 2 of Act 57 of 2018; and

WHEREAS, the City of Kalamazoo contracts with Maner Costerisan for its auditing services; and

WHEREAS, the DDA finds that it is in the best interest of the Authority to utilize the same auditing firm as the City of Kalamazoo to promote efficiency and consistency; and

WHEREAS, the DDA has determined that it is necessary to enter into a three (3) year contract for auditing services with Maner Costerisan.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

That the City of Kalamazoo Downtown Development Authority authorizes its Executive Committee to execute, and to take any action necessary to carry out, the contract with Maner Costerisan to provide for auditing services for a term of three (3) years.

YEAS: Boardmembers ____

____

NAYS: Boardmembers ____

ABSTAIN: Boardmembers ____

ABSENT: Boardmembers ____

RESOLUTION DECLARED ADOPTED.

Dated: December 19, 2022

____
________________, Secretary

CERTIFICATION

I hereby certify that the above is a true and complete copy of a resolution adopted by the Executive Committee of the City of Kalamazoo Downtown Development Authority at a meeting held on December 19, 2022, and that public notice of said meeting was given pursuant to, and in compliance with, Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated: December 19, 2022

____
_________________, Secretary

Downtown Development Authority Staff Report

City of Kalamazoo

TO: The Downtown Development Authority Board of Directors

FROM: Antonio Mitchell, Director of Community Planning and Economic Development

DATE: December 19, 2022

SUBJECT: 2022 Development Liquor License for Kzoo Tacos, LLC located at 215 E Michigan Avenue

SUMMARY:

Adoption of a resolution recommending approval of the application from Kzoo Tacos, LLC for for a Development District Liquor License located at 215 E Michigan Ave, within the City's existing Downtown Development District.

BACKGROUND:

The Kzoo Tacos, LLC request for a Development Liquor License for the proposed full-service "Barrio" restaurant at 215 E Michigan Ave which will occupy approximately 6,650 square feet. Barrio believes it is important to keep their product affordable for guests, and its food menu revolves around the use of fresh ingredients and bold flavors. They offer a fine level of service in a casual environment. They state that they offer the highest of quality for an approachable price, as their goal is to be a neighborhood restaurant. All of Barrio's 18 locations are family-friendly and inclusive of anyone who is looking to enjoy their dining experience.Barrio states that they have a very diverse staff and would like to see that same diversity in their guests.

Barrio creates an average of 80 full-time jobs at each of its locations. They state that they are incredibly strong financially and manage very fiscally responsible units. Barrio is known for their atmosphere. Their walls are hand-painted by a local muralist with the inspiration of Day of the Dead. The use of bold colors and unique art make it a one-of-a-kind dining experience. Barrio is also known for being a high-energy, fast-paced environment that is perfect for a night out.

State of Michigan legislation that governs this license requires at least $75,000 be invested and that seating for at least 50 must be provided. Both of those obligations are/have been met.

RECOMMENDATION:

Community Planning and Economic Development Department | 245 N. Rose Street, Ste 100, Kalamazoo, MI 49007
Voice: (269) 337-8744 | Fax: (269) 337-8513 | www.kalamazoocity.org

It is recommended that the City Commission adopt a resolution recommending approval of the application from Kzoo Tacos, LLC for for a Development District Liquor License. The project is located within the city's existing Downtown Development Authority, at 215 E Michigan Ave.

CITY OF KALAMAZOO
DOWNTOWN DEVELOPMENT AUTHORITY
KALAMAZOO COUNTY, MICHIGAN

RESOLUTION TO RECOMMEND APPROVAL OF A
DEVELOPMENT LIQUOR LICENSE
PURSUANT TO MCL 436.1521a

Boardmember _________________, supported by Boardmember _________________, moved the adoption of the following resolution:

WHEREAS, the City of Kalamazoo Downtown Development Authority (the "DDA") was created by the Kalamazoo City Commission and operates pursuant to the authority of Act 197 of 1975, as recodified in Act 57 of 2018; and

WHEREAS, the State of Michigan has provided for the issuance of additional licenses within the DDA district, as authorized by Public Act 501 of 2006, being MCL 436.1521a, (the "Act"); and

WHEREAS, Kzoo Tacos, LLC, a full service restaurant located at 215 E. Michigan Avenue, Kalamazoo, Michigan 49007, has applied to the City for approval of a license under the Act, and is located within the DDA district; and

WHEREAS, Kzoo Tacos, LLC, in its application, has indicated its intention to operate a full service restaurant for individuals who enjoy a fine dining level of service in a casual environment; and

WHEREAS, the application has been forwarded to the DDA for review and consideration; and

WHEREAS, Kzoo Tacos, LLC, in its application, evidenced that it has met all applicable requirements under the Act for a Development Liquor License, including that $75,000 has been expended on the restoration or rehabilitation of the building that houses Kzoo Tacos, LLC, that the Business is engaged in dining, that the Business will be open to the general public, and that the seating capacity is not less than 25 persons; and

WHEREAS, that the DDA finds that the issuance of a liquor license to Kzoo Tacos, LLC, as proposed by Jacob Hawley, along with meeting all of the criteria of the application and Act would promote economic growth in several ways, including but not limited to:

1. Bringing a fine dining level of service in a casual environment with affordable prices. The high quality food and featured tacos revolve around fresh ingredients and bold flavors. The restaurant has a diverse staff and seeks to appeal to the masses.
2. Driving foot traffic and consumer spending to the northeast and northwest quadrants of downtown.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

That the Kalamazoo Downtown Development Authority recommends that the Kalamazoo City Commission take actions necessary to facilitate issuance of a Class C Development Liquor License to Kzoo Tacos, LLC at 215 E. Michigan Ave., Kalamazoo, Michigan 49007.

YEAS: Boardmembers ____

____

NAYS: Boardmembers ____

ABSTAIN: Boardmembers ____

ABSENT: Boardmembers ____

RESOLUTION DECLARED ADOPTED.

Dated: ____________, 2022 ________________________________

_________________, Secretary

CERTIFICATION

I hereby certify that the above is a true and complete copy of a resolution adopted by the Board of the City of Kalamazoo Downtown Development Authority at a meeting held on ___________, 2022, and that public notice of said meeting was given pursuant to, and in compliance with, Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated: ___________, 2022

____

_________________, Secretary

CITY OF KALAMAZOO
DOWNTOWN
DEVELOPMENT
AUTHORITY

KALAMAZOO DOWNTOWN
ECONOMIC GROWTH
AUTHORITY

2023 DDA & DEGA Board Meeting Calendar

3rd Monday of each month, 3:00 p.m. | Community Room, Kalamazoo City Hall

2023 Calendar Dates:

- January 16, 2023
- February 20, 2023
- March 20, 2023
- April 17, 2023
- May 15, 2023
- June 19, 2023
- July 17, 2023
- August 21, 2023
- September 18, 2023
- October 16, 2023
- November 20, 2023
- December 18, 2023

Downtown Development Authority Staff Report

City of Kalamazoo

TO: The Downtown Development Authority Board of Directors

FROM: Antonio Mitchell, Director of Community Planning and Economic Development

DATE: December 19, 2022

SUBJECT: Approve Budget Recommendation to the City Commission

SUMMARY:

BACKGROUND:

RECOMMENDATION:

Approve proposed budget to be presented to the City Commission.

Community Planning and Economic Development Department | 245 N. Rose Street, Ste 100, Kalamazoo, MI 49007
Voice: (269) 337-8744 | Fax: (269) 337-8513 | www.kalamazoocity.org

Downtown Development Authority
Proposed 2023 Budget

Revenues		
Local Tax Capture	$	274,000
Payment in Lieu of Taxes (PILOT)	$	2,000
Charges for Services	$	59,210
Total Revenue	**$**	**335,210**

Expenses		
Professional and Contractual Services	$	154,000
Consulting Fees	$	5,000
Audit Fees	$	10,000
Legal Services	$	7,500
Liability Insurance	$	2,500
Administrative Fees	$	125,000
Utilities	$	31,000
Total Expenses	**$**	**335,000**

Net Income (Loss)	**$**	**210**