CITY OF KALAMAZOO
DOWNTOWN
DEVELOPMENT
AUTHORITY

Board of Directors Regular Meeting Minutes

July 17, 2023, 3:00 p.m. | Community Room, Kalamazoo City Hall

PRESENT: Mayor David Anderson, Curt Aardema, Jeff Breneman, Carl Brown, Grant Fletcher, Stephanie Hinman, Matt Hollander, Susan Lindemann, *Clarence Lloyd

ABSENT:

*Arrived after Roll Call

STAFF: Aaron Leal, Rebekah Kik, Paul Thuringer, Jerrid Burdue, Steve Vicenzi, Jaime Marsman

A. CALL TO ORDER

DIRECTOR LINDEMANN CALLED THE MEETING TO ORDER AT 3:01 P.M

ROLL CALL

PRESENT: Mayor David Anderson
Curt Aardema
Jeff Breneman
Carl Brown
Grant Fletcher
Stephanie Hinman
Matt Hollander
Susan Lindemann
Clarence Lloyd

ABSENT:

EXCUSED:

THE JULY 17, 2023, ATTENDANCE INCLUDING EXCUSED AND UNEXCUSED ABSENCES ARE RECORDED.

B. ADOPTION OF FORMAL AGENDA

DIRECTOR FLETCHER MOVED TO ADOPT THE JULY 17, 2023 AGENDA. DIRECTOR AARDEMA SECONDED. NO OBJECTIONS. MOTION CARRIED.

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C. APPROVAL OF MINUTES

DIRECTOR BRENEMAN MOVED TO APPROVE THE MAY 15, 2023 MINUTES. DIRECTOR HOLLANDER SECONDED. NO OBJECTIONS. MOTION CARRIED.

Mayor Anderson introduced Aaron Leal, the new City Attorney.

D. REPORTS AND PRESENTATIONS

1. Financial Report

Mr. Vicenzi shared information. He noted that the street lighting project, approved last year, is moving forward.

DIRECTOR FLETCHER MOVED TO ACCEPT THE FINANCIAL REPORT AS PRESENTED. DIRECTOR HOLLANDER SECONDED. NO OBJECTIONS. MOTION CARRIED.

2. Presentation of the annual audit by Maner Costerisan, the DDA and DEGA's external auditor.

Mr. Aaron Stevens from Maner Costerisan presented the audit report. He noted that this is their first year as auditors for the DDA & DEGA, and he stated that the process went smoothly for a first-year engagement.

The objectives of an audit are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement. Mr. Stevens noted that they are presenting an unmodified opinion, which is the highest level that they provide.

Mr. Stevens explained what can be found on the DDA Governmental Fund Balance Sheet. This is a snapshot as of December 31, 2022 of assets, liabilities, deferred inflows of resources and fund balances. There is a deficit total fund balance. Mr. Stevens stated that the Government Finance Officers Association (GFOA) recommends maintaining a minimum fund balance in the General Fund equal to 2 months (which is about 17%) of normal operations. Revenue and expenditures were discussed. Total revenues were $337,444 and expenditures were $180,752, leaving an excess of revenues over expenditures of $156,692. The Fund balance was adjusted because the parking system was moved out of the general fund and into an enterprise fund. There was also a prior period adjustment to recognize long-term debt payments. Those two adjustments drove the unrestricted fund balance to a negative position.

Mr. Stevens shared a five-year bar graph. He noted that removing the parking system affected the accounts greatly. It was shared that the primary source of revenue is property taxes.

Top expenditures include Debt Services and Community and Economic Development.

DDA Proprietary Fund Financial Statements were discussed.

Upcoming Accounting Pronouncements were shared.

Mr. Stevens remarked that further notes regarding the audit can be found in the independent auditor reports on internal controls section.

Mayor Anderson asked when a negative disposition would be called out as an ongoing concern. Mr. Stevens stated that normally when there is a negative fund balance you would be required to submit a Deficit Elimination Plan and you are given no more than five years to correct the deficit position. Mr. Stevens noted that they brought this up this year and will discuss it with the Board further next year should that be necessary. He affirmed that there is a note disclosure on this in the financial statements.

Mr. Vicenzi affirmed that, should the Board take the action to terminate the restated contract of sublease for Kalamazoo's Parking System later in this meeting, that the parking system will no longer be reflected on their report.

MAYOR ANDERSON MOVED TO ACCEPT THE AUDIT AS PRESENTED. DIRECTOR BROWN SECONDED. NO OBJECTIONS. MOTION CARRIED.

E. DISCUSSION/ACTION ITEMS

1. Termination of Restated Contract of Sublease for Kalamazoo's Parking System

Director Lindemann stated that the Board previously voted to waive the 12-month waiting period.

Attorney Jessica Wood stated that this agreement transitions both the rights and the responsibilities of the parking system. She noted that this will be a clean break from the parking system should it be approved.

DIRECTOR FLETCHER MOVED TO APPROVE THE TERMINATION OF RESTATED CONTRACT OF SUBLEASE FOR KALAMAZOO'S PARKING SYSTEM. MAYOR ANDERSON SECONDED.

Mayor Anderson asked if there were any news or updates regarding this item from the Executive Team. Director Lindemann noted that the majority of the discussion happened earlier when the 12-month waiting period was waived.

The Board requested updates from the City as this work progresses, and Mr. Thuringer affirmed that the City would be able to provide updates.

Attorney Wood noted that the City of Kalamazoo Building Authority is also a signatory on this document.

NO OBJECTIONS. MOTION CARRIED.

F. PUBLIC COMMENTS

Heather Holmer, Owner of Rocket Fizz: Ms. Holmer shared a handout with the Board of "In The Zoo" events. These events are a collaboration with other downtown businesses. Ms. Holmer requested that the DDA Board support these events with $500 per event through the end of the year. She noted that they would hope to increase this amount to $1000 per event in 2024. This funding would be used for promotion and marketing. Two events have happened so far, and they will have five more events in 2023. The total 2023 request is for a total of $2500.

G. DIRECTOR'S COMMENTS

1. Director Hinman questioned how the merchants would receive their response regarding the fund request.
    i. Director Lindemann affirmed that the Events and Marketing Committee would discuss this further.
    ii. Director Brown stated that the Events and Marketing Committee would come back with recommendations. He stated that the Committee will look at the budget and also the process for these types of requests.
    iii. Director Breneman affirmed that this is an appropriate conversation for the Events and Marketing Committee. He thanked the merchants for their role in providing these grassroots events.

H. ADJOURNMENT

DIRECTOR LINDEMANN ADJOURNED THE MEETING AT 3:32 P.M.