

Board of Directors Regular Meeting Agenda

February 14, 2022, 3:00 p.m. | Community Room, Kalamazoo City Hall

- I. CALL TO ORDER
- II. ROLL CALL
- III. CONSENT AGENDA
 - A. MINUTES – January 10, 2022, Regular Meeting
 - B. ADOPTION OF AGENDA
- IV. FINANCIAL REPORT
- V. ACTION ITEMS
- VI. DISCUSSION ITEMS
- VII. BOARD COMMENTS
- VIII. PUBLIC COMMENTS
- IX. ADJOURNMENT

Board of Directors Regular Meeting Minutes

January 10th, 2022 3:00 p.m. | Zoom Meeting

PRESENT: Grant Fletcher, Stephanie Hinman, Susan Lindemann, Carl Brown, Mayor David Anderson, Laura Worline

ABSENT: Ryan Wieber

STAFF: David Ullrey, Meghan Behymer, Sue Huggett, Allyson Dykstra

OTHER:

I. CALL TO ORDER

DIRECTOR FLETCHER CALLED THE MEETING TO ORDER AT 3:03 P.M.

II. ROLL CALL

PRESENT: Grant Fletcher
Jeff Breneman
Stephanie Hinman
Carl Brown
Mayor David Anderson
Susan Lindemann
Laura Worline

ABSENT: Ryan Wieber

EXCUSED: Ryan Wieber

THE JANUARY 10th, 2021, ATTENDANCE INCLUDING EXCUSED AND UNEXCUSED ABSENCES ARE RECORDED.

III. ADOPTION OF CONSENT AGENDA

A. MINUTES – November 15th 2021, Regular Meeting & November 29th 2021, Special Meeting

B. ADOPTION OF AGENDA

C. ACKNOWLEDGE RESIGNATION OF DIRECTOR OWENS

DIRECTOR LINDEMANN MOVED TO ADOPT THE JANUARY 10th, 2022, CONSENT AGENDA. DIRECTOR BRENEMAN SECONDED. NO OBJECTIONS. MOTION CARRIED.

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IV. ACTION ITEMS

A. Nominating responsibilities delegated to Executive Committee

Delegating responsibilities for making a recommendation to replace Director Owens to the DDA Executive Committee.

DIRECTOR LINDEMANN MOVED TO DELEGATE RESPONSIBILITIES TO THE EXECUTIVE COMMITTEE FOR NOMINATING FOR THE VACANCY. DIRECTOR HINMAN SECONDED. NO OBJECTIONS. MOTION CARRIED.

B. 2022 Budget

Director Fletcher presented on the proposed DEGA 2022 Budget.

Note the DEGA TIF projections, on which much of the budget is based, was recently reevaluated, and is now projected at a far lower value. In an effort to understand the funds that the DEGA does have, he noted this month's budget is prepared in a new format—instead of in the blended budget format— to best reflect the monies coming in and out of the DEGA in the current financial situation.

Note in the first line of the budget, the DEGA TIF is made up of revenues known for certain (approximately \$50,000) and the remaining balance based on projections.

DIRECTOR BRENEMAN MOVED TO RECOMMEND THE PROPOSED 2022 BUDGET TO CITY COMMISSION. DIRECTOR BROWN SECONDED. NO OBJECTIONS. MOTION CARRIED.

C. 2022 Service Contract

Director Fletcher explained this service contract has been historically offered between the DEGA and Kalamazoo Downtown Partnership. Director Fletcher made comment that historically there has been substantially more money in the budget to offer this contract before opening conversation to the board.

Director Brown suggested under the current financial situation the DEGA not renew under the same contract structure with the associated fees. He urged the DEGA board to look to restructure the work they do along with the DDA to align with the new revised tax position.

DIRECTOR BROWN MOTIONED TO PROVIDE NO-CAUSE NOTICE NOT TO RENEW THE SERVICE CONTRACT WITH THE KALAMAZOO DOWNTOWN PARTNERSHIP CONSISTENT

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WITH TERMS OUTLINED IN THE DOWNTOWN ECONOMIC GROWTH AUTHORITY SERVICE AGREEMENT AND DELEGATE AUTHORITY TO PROVIDE WRITTEN NOTICE TO CHAIRPERSON WITH SUPPORT OF LEGAL COUNSEL. DIRECTOR LINDEMANN SECONDED. NO OBJECTIONS. MOTION CARRIED.

Prior to a formal vote, board members discussed the proposed motion.

Director Mayor Anderson stressed that this is not a “business-as-usual” decision and did not appear randomly without robust amounts of discussion and work looking over budgets. Due to the implication and importance of this item he urged the board to have ample discussion during today’s meeting.

Director Fletcher agreed and continued to say there has been great conversation with the Partnership Board and City staff to determine what work is essential to our downtown and how best the work can be done within this board given the budget limitations. He ensured this board is deeply committed to downtown and are aware of their fiduciary responsibility to review how they continue that work. He noted that with the help of the great partners within Kalamazoo, conversation will continue on how to best handle the work going forward.

Directors Breneman and Hinman further continued that previous board meetings have reflected these notions and at this pivotal moment a new path is sought to best run after the desires of the downtown. Director Brown added the importance of the potential to find new resources to do that work as the DEGA develops a robust plan going forward. He continued that the structure of the Partnership Service Agreement goes back to the inception of the DDA approximately 40 years ago. Over time, among a myriad of other changes, the downtown has changed and how the downtown is managed has changed—and now is a time to reimagine how to best use resources in the current reality.

Director Lindemann acknowledged the passion in which the Partnership has approached the work done and made comment on how wonderful the relationship has been.

Director Brown added that particularly in the past few months the volume of work to aid and sort this financial situation has been tremendous. Without the work of the Partnership staff the board would not be able to make the smart decisions that it needs to at this time.

Director Mayor Anderson noted that this is a seismic shift and acknowledgment of the work done at the Partnership is warranted. He recounted the challenges and victories within the history of the DDA and establishment of the DEGA, as well as how similar this

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situation is to one only four years ago. This move to sever the service agreement is made with intent and commitment to the downtown.

ROLL CALL VOTE

Grant Fletcher – Yes
Jeff Breneman – Yes
Stephanie Hinman – Yes
Carl Brown – Yes
Susan Lindemann – Yes
Mayor Anderson – Yes
Laura Worline – Yes

V. DISCUSSION ITEMS

VI. PACKET ATTACHMENTS

A. Downtown Report

VII. BOARD COMMENTS

VIII. PUBLIC COMMENTS

Jane Gosh, Discover Kalamazoo, thanked the Kalamazoo Downtown Partnership team for everything they have done for the downtown and our community. She noted staff has expressed an incredible amount of work and effort that has amounted to a great benefit to the citizens and visitors of downtown.

Derek Nofz, Partnership Board Chair, thanked Partnership staff and mentioned again that this has been a 30+ year partnership and noted that the Partnership has led and will continue to lead through these uncertain times. The Partnership Board is very optimistic for the future and continued work.

IX. ADJOURNMENT

DIRECTOR FLETCHER ADJOURNED THE MEETING AT 3:26 P.M.

DOWNTOWN ECONOMIC GROWTH AUTHORITY

Profit & Loss Budget vs. Actual

January through December 2021

	Jan - Dec 21	Budget	\$ Over Budget	% of Budget
Income				
3000 · DEGA COLLECTIONS	493,462.30	493,462.00	0.30	100.0%
3045 · OTHER FINANCING SOURCES	0.00	250,000.00	-250,000.00	0.0%
3063 · INTEREST INCOME - DEGA	126.92	700.00	-573.08	18.1%
3077 · CITY OF KALAMAZOO - MAINTENANCE	19,210.00	19,210.00	0.00	100.0%
3410 · NET SOCIAL DISTRICT SALES				
3411 · SOCIAL DISTRICT CUPS SALES	29,737.50	75,000.00	-45,262.50	39.7%
3412 · SOCIAL DISTRICT COGS	-25,376.28	0.00	-25,376.28	100.0%
Total 3410 · NET SOCIAL DISTRICT SALES	4,361.22	75,000.00	-70,638.78	5.8%
3500 · FND. FOR EXCELLENCE	14,908.00	60,000.00	-45,092.00	24.8%
Total Income	532,068.44	898,372.00	-366,303.56	59.2%
Gross Profit	532,068.44	898,372.00	-366,303.56	59.2%
Expense				
4000 · DEGA ADMINISTRATION EXPENSES				
4001 · KDP SERVICE AGREEMENT - ADMIN				
4001.1 · KDP SERVICE AGREEMENT - GROSS	267,000.00	267,000.00	0.00	100.0%
4001.2 · LESS - COALITION ALLOCATIONS	-136,658.35	-150,958.00	14,299.65	90.5%
Total 4001 · KDP SERVICE AGREEMENT - ADMIN	130,341.65	116,042.00	14,299.65	112.3%
4002 · AUDIT & ACCOUNTING FEES	11,131.80	0.00	11,131.80	100.0%
4003 · LEGAL FEES	15,863.54	0.00	15,863.54	100.0%
4006 · D&O INSURANCE	2,540.00	0.00	2,540.00	100.0%
4009 · INTEREST ON DEGA ADVANCE	20,000.00	0.00	20,000.00	100.0%
4010 · OTHER ADMIN EXPENSES	0.00	-7,338.00	7,338.00	0.0%
Total 4000 · DEGA ADMINISTRATION EXPENSES	179,876.99	108,704.00	71,172.99	165.5%
5000 · PEOPLE COALITION				
5000-1 · ENGAGEMENT, SURVEYS & FEEDBACK				
5001 · COMMUNITY ENGAGEMENT	33,707.40	32,000.00	1,707.40	105.3%
5003 · COMMUNITY PERCEPTION SURVEY	384.00	500.00	-116.00	76.8%
Total 5000-1 · ENGAGEMENT, SURVEYS & FEEDBACK	34,091.40	32,500.00	1,591.40	104.9%
5900 · ALLOCATED SERVICE FEE - PEOPLE	20,808.52	25,777.00	-4,968.48	80.7%
Total 5000 · PEOPLE COALITION	54,899.92	58,277.00	-3,377.08	94.2%
6000 · PLACE COALITION				
6000-1 · PUBLIC SPACE INVEST & MAINT	144,744.97	241,210.00	-96,465.03	60.0%
6900 · ALLOCATED SERVICE FEE - PLACE	20,808.52	25,777.00	-4,968.48	80.7%
Total 6000 · PLACE COALITION	165,553.49	266,987.00	-101,433.51	62.0%
7000 · EXPERIENCE COALITION				
7000-1 · MARKETING / COMMUNICATIONS	79,815.60	80,000.00	-184.40	99.8%
7000-90 · EXPERIENCE-OTHER EXPENSE	225.00	10,000.00	-9,775.00	2.3%
7900 · ALLOCATED SERVICE FEE - EXP.	74,231.79	73,627.00	604.79	100.8%
Total 7000 · EXPERIENCE COALITION	154,272.39	163,627.00	-9,354.61	94.3%
8000 · GROWTH COALITION				
8000-2 · BUSINESS RETENTION & RECRUIT	52,648.68	275,000.00	-222,351.32	19.1%
8900 · ALLOCATED SERVICE FEE - GROWTH	20,809.52	25,777.00	-4,967.48	80.7%
Total 8000 · GROWTH COALITION	73,458.20	300,777.00	-227,318.80	24.4%
9004 · TAX REBATES	11,766.65	0.00	11,766.65	100.0%
9005 · WASH	0.00	0.00	0.00	0.0%
Total Expense	639,827.64	898,372.00	-258,544.36	71.2%
Net Income	-107,759.20	0.00	-107,759.20	100.0%

DOWNTOWN ECONOMIC GROWTH AUTHORITY

Balance Sheet

As of December 31, 2021

	<u>Dec 31, 21</u>	<u>Dec 31, 20</u>
ASSETS		
Current Assets		
Checking/Savings		
1030 · CHEMICAL BANK CHECKING	13,364.58	5,517.93
1040 · CHEMICAL BANK MONEY MARKET	190,567.89	265,444.46
Total Checking/Savings	203,932.47	270,962.39
Accounts Receivable		
1100 · ACCOUNTS RECEIVABLE	20,008.01	1,399.50
Total Accounts Receivable	20,008.01	1,399.50
Other Current Assets		
1113 · A/R DEGA	0.00	286.72
1400 · SOCIAL DISTRICT INVENTORY	19,126.07	0.00
Total Other Current Assets	19,126.07	286.72
Total Current Assets	243,066.55	272,648.61
TOTAL ASSETS	243,066.55	272,648.61
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · ACCOUNTS PAYABLE	96,550.89	17,211.75
Total Accounts Payable	96,550.89	17,211.75
Other Current Liabilities		
2055 · DEFERRED REVENUE	0.00	1,162.00
Total Other Current Liabilities	0.00	1,162.00
Total Current Liabilities	96,550.89	18,373.75
Total Liabilities	96,550.89	18,373.75
Equity		
3900 · FUND BALANCE	254,274.86	40,628.39
Net Income	-107,759.20	213,646.47
Total Equity	146,515.66	254,274.86
TOTAL LIABILITIES & EQUITY	243,066.55	272,648.61

Note: \$1,000,000 note payable to City of Kalamazoo not included above

DOWNTOWN ECONOMIC GROWTH AUTHORITY
Profit & Loss Budget Performance
January 2022

	Jan 22	Budget	Jan 22	YTD Budget	Annual Budget
Income					
3000 · DEGA COLLECTIONS	0.00	35,166.66	0.00	35,166.66	422,000.00
3063 · INTEREST INCOME - DEGA	1.67	58.33	1.67	58.33	700.00
3077 · CITY OF KALAMAZOO - MAINTENANCE	0.00	3,666.66	0.00	3,666.66	44,000.00
3410 · NET SOCIAL DISTRICT SALES					
3411 · SOCIAL DISTRICT CUPS SALES	440.00		440.00		
3412 · SOCIAL DISTRICT COGS	-430.00		-430.00		
Total 3410 · NET SOCIAL DISTRICT SALES	10.00		10.00		
Total Income	11.67	38,891.65	11.67	38,891.65	466,700.00
Gross Profit	11.67	38,891.65	11.67	38,891.65	466,700.00
Expense					
4000 · DEGA ADMINISTRATION EXPENSES					
4002 · AUDIT & ACCOUNTING FEES	0.00	5,000.00	0.00	5,000.00	5,000.00
4003 · LEGAL FEES	0.00	25,000.00	0.00	25,000.00	25,000.00
4006 · D&O INSURANCE	0.00	5,000.00	0.00	5,000.00	5,000.00
4015 · OUTSIDE CONTRACT SERVICES	0.00	19,945.83	0.00	19,945.83	239,350.00
4020 · DEBT SERVICE	0.00	16,029.16	0.00	16,029.16	192,350.00
Total 4000 · DEGA ADMINISTRATION EXPENSES	0.00	70,974.99	0.00	70,974.99	466,700.00
Total Expense	0.00	70,974.99	0.00	70,974.99	466,700.00
Net Income	11.67	-32,083.34	11.67	-32,083.34	0.00

DOWNTOWN ECONOMIC GROWTH AUTHORITY

Balance Sheet

As of January 31, 2022

	<u>Jan 31, 22</u>	<u>Dec 31, 21</u>
ASSETS		
Current Assets		
Checking/Savings		
1030 · CHEMICAL BANK CHECKING	12,363.93	13,364.58
1040 · CHEMICAL BANK MONEY MARKET	95,569.32	190,567.89
Total Checking/Savings	<u>107,933.25</u>	<u>203,932.47</u>
Accounts Receivable		
1100 · ACCOUNTS RECEIVABLE	19,898.01	20,008.01
Total Accounts Receivable	<u>19,898.01</u>	<u>20,008.01</u>
Other Current Assets		
1400 · SOCIAL DISTRICT INVENTORY	18,696.07	19,126.07
Total Other Current Assets	<u>18,696.07</u>	<u>19,126.07</u>
Total Current Assets	<u>146,527.33</u>	<u>243,066.55</u>
TOTAL ASSETS	<u>146,527.33</u>	<u>243,066.55</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · ACCOUNTS PAYABLE	0.00	96,550.89
Total Accounts Payable	<u>0.00</u>	<u>96,550.89</u>
Total Current Liabilities	<u>0.00</u>	<u>96,550.89</u>
Total Liabilities	0.00	96,550.89
Equity		
3900 · FUND BALANCE	146,515.66	254,274.86
Net Income	11.67	-107,759.20
Total Equity	<u>146,527.33</u>	<u>146,515.66</u>
TOTAL LIABILITIES & EQUITY	<u>146,527.33</u>	<u>243,066.55</u>

Note: \$1,000,000 note payable to City of Kalamazoo not included above

DOWNTOWN ECONOMIC GROWTH AUTHORITY
Statement of Cash Flows
January 2022

	<u>Jan 22</u>
OPERATING ACTIVITIES	
Net Income	11.67
Adjustments to reconcile Net Income to net cash provided by operations:	
1100 · ACCOUNTS RECEIVABLE	110.00
1400 · SOCIAL DISTRICT INVENTORY	430.00
2000 · ACCOUNTS PAYABLE	<u>-96,550.89</u>
Net cash provided by Operating Activities	<u>-95,999.22</u>
Net cash increase for period	-95,999.22
Cash at beginning of period	<u>203,932.47</u>
Cash at end of period	<u><u>107,933.25</u></u>