# DOWNTOWN DEVELOPMENT AUTHORITY
# FINANCE COMMITTEE
# Monday, June 14, 2021
# 9:30 am

The Downtown Development Authority Finance Committee Meeting will not be held at the Governmental Center. The Downtown Development Authority Finance Committee Meeting will be conducted remotely via Zoom.

The Downtown Development Authority Finance Committee Meeting can be viewed at:

https://us02web.zoom.us/j/85953363966

Anyone wishing to listen and give public comment will need to call in and wait in a “virtual waiting room” where their microphones will be muted until they are called upon:

**Dial: 1 646 558 8656**

**Meeting ID: 859 5336 3966**

**Participant ID: # (yes just #)**

Posted and Published

***Friday, June 11, 2021***

The DDA recognizes the importance of not bringing people together unnecessarily in an effort to stop the spread of the coronavirus. The Governmental Center has been closed to walk-in traffic and will be closed for all DDA meetings for the foreseeable future. Members of the DDA will not be present in the Governmental Center for official DDA meetings.

This meeting is being conducted remotely to assist in stopping the spread of the coronavirus. Individuals with disabilities may participate in the meeting by calling-in to the number as though they were going to be giving public comment as outlined below or by calling the TDD#.

For members of the DDA and key DDA staff, their name will appear on screen when they are speaking. For individuals who may wish to give public comment, the method for providing public comment during these remote-participation meetings is to call the number outlined in the header as well as enter the Meeting ID and Passcode as outlined in the header.

Callers wishing to give public comment may call in before the meeting starts and wait in a “virtual waiting room.” These instructions will be included in every official published agenda of the DDA. Those calling in will be able to hear the audio of the DDA Finance Committee, yet their microphone will be muted.

When the DDA Finance Committee accepts public comment, in the order calls were received, the meeting facilitator will identify the caller by the last four digits of their telephone number and ask them if they would like to make a comment.

While not required, but so we do not have to go through an unnecessarily long list of callers, we ask, if possible, that those who do not wish to give public comment refrain from calling in and instead listen to the meeting.

The DDA CEO has been designated to coordinate compliance with the non-discrimination requirements contained in Section 35.107 of the Department of Justice regulations. Information concerning the provisions of the Americans with Disabilities Act, and the rights provided thereunder, are available from the DDA office.

If you are planning to attend and you have a disability requiring any special assistance at the meeting and/or if you have any concerns, please immediately notify the DDA CEO

The DDA is committed to a dialog that is constructive, respectful and civil. We ask that all individuals interacting verbally or in writing with the DDA honor these values.

DDA:
c/o Jean Derenzy, CEO
(231) 922-2050
Email: jean@downtowntc.com
Web: www.downtowntc.com
303 East State Street, Suite C.
Traverse City, MI 49684

Information and minutes are available from the DDA CEO, 303 East State Street, Suite C, Traverse City, MI 49684, (231) 922-2050. If you are planning to attend the meeting and are handicapped requiring special assistance; please notify the DDA CEO as soon as possible. Any interested person or group may address the DDA Board on any agenda item when recognized by the presiding officer or upon request of any DDA Board member. Also, any interested person or group may address the DDA Board on any matter concerning the DDA not on the Agenda during the agenda item designated Public Comment. The comment of any member of the public or any special interest group may be limited in time. Such limitation shall not be less than five minutes unless otherwise explained by the presiding officer, subject to appeal by the DDA Board.

**Downtown Development Authority**
**Finance Committee**

# AGENDA

1. Opening Public Comment
2. Approval of April 12, 2021 Minutes
3. Uptown Development Request for Participation
4. Staffing
5. Current Fiscal Year Budgets
6. Other Business
7. Closing Public Comment
8. Adjournment

**Draft Minutes**
**Traverse City Downtown Development Authority**
**Finance Committee**
9:30 am
April 29, 2020
Virtual Zoom Webinar
Dial: 312-626-6799
Webinar (Number) ID: 971-4942-7028
Participant ID: #



Scott Hardy called the meeting to order at 9:32

1. Roll Call
   Present: Scott Hardy, Steve Constantin, Gabe Schneider, Richard Lewis, Damian Lockhart
   Absent: None
   Attendees: Jean Derenzy, Harry Burkholder

Burkholder read the instructions for public comment

2. Review of 2020/2021 Budget
   Jean Derenzy provided a thorough review of the proposed 2020/20221

**Motion by Richard Lewis, seconded by Gabe Schneider to include the engineering costs in the "capital projects" line-item into the "capital outlay" line-item**
**- Motion passed unanimously**

**Motion by Richard Lewis, seconded by Damian Lockhart that the TIF 97 Budget, as presented, be submitted to the City Commission and DDA Board for consideration**
**- Motion passed unanimously**

**Motion by Gabe Schneider, seconded by Richard Lewis that the Old Town TIF Budget, as presented, be submitted to the City Commission and DDA Board for consideration**
**- Motion passed unanimously**

**Motion by Richard Lewis, seconded by Gabe Schneider that the General Fund Budget, as presented, be submitted to the City Commission and DDA Board for consideration.**
**- Motion passed unanimously**

**Motion by Richard Lewis, seconded by Scott Hardy that the Auto Parking System Budget, as presented, be submitted to the City Commission and DDA Board for consideration**
**- Motion passed unanimously**

3. Public Comment
   No public Comment Submitted

4. Adjournment

**Motion by Richard Lewis, seconded by Gabe Schneider to adjourn the meeting.**
**- Motion passed unanimously.**
The meeting officially adjourned at 10:07 am.

Scott Hardy, Chair

**Downtown Development Authority**
**303 E. State Street**
**Traverse City, MI 49684**
**231-922-2050**

**MEMORANDUM**

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To: Finance Committee

From: Scott Hardy, Gabe Schneider

Date: June 3, 2021

Re: Uptown Development Request for Participation

Mike Wills met with the Chair and Vice-Chair of the DDA to discuss the DDA's participation with the Uptown Brownfield Plan. We invited Mike to present his request to the Finance Committee.

Attached to this memorandum is Mike's communication/overview of the project.

UPTOWN
On the Boardman River in the heart of Downtown Traverse City

Gabe Schneider
**Traverse City Downtown Development Authority**
303 E. State Street
Traverse City, MI 49686

Scott Hardy
**Traverse City Downtown Development Authority**
303 E. State Street
Traverse City, MI 49686

RE: Uptown Brownfield Development and Reimbursement Agreement & TIF 97

Mr. Gabe Schneider and Scott Hardy,

I am writing to you today on behalf of Uptown Development TC, LLC (Developer) to respectfully state our concerns about the impact that the pending TIF 97 extension would have on the reimbursement obligations described in the approved Brownfield Plan (the “Brownfield Plan”) for the Uptown Development Project (Project). The partners and I are requesting that the Traverse City Downtown Development Authority (DDA) and the Grand Traverse County Brownfield Redevelopment Authority (GTCBRA) consider an Interlocal Agreement to allow the GTCBRA to begin capturing all eligible local and state tax increment revenues beginning in 2028 in conformance with our Development Agreement. We are aware that there is a precedence for such agreements, so it should be a relatively simple undertaking.

We hope you agree in our sentiment that the project is an enormous success; it is evidence of what can be accomplished by public-private partnerships. Not only did we remediate an environmentally contaminated site, we removed blight, created new public access to the Boardman River and added 15 new highly-sought-after downtown for-sale market rate condominium housing units. We began the project in 2014 and our last unit is under contract and expected to close by the end of June. To make the project financially feasible, we were forced to put together a creative and diverse capital stack which included substantial support in the form of incentives from the Michigan Department of Environmental Quality (MDEQ, now EGLE), the Michigan Economic Growth Authority (MEGA, now MSF) with the assistance of the Michigan Economic Development Corporation (MEDC), the City of Traverse City and, of course, the DDA and GTCBRA. This carefully developed package of incentives was barely enough to support the Project financially and allow for it to move forward. The deferment of reimbursement due to the DDA capture created an exceedingly difficult financial scenario that would be unacceptable to most developers (and was the crux of the MDEQ log jam, as we recall), but we were so heavily committed that we had no choice to accept it and proceed, even with a 1.5-year delay.

As you know, my partners and I have long been active in the Traverse City development arena and we represent that "development partner" mentioned so prominently in recent presentations to the DDA and the City. We understand the importance of the proposed West End parking deck and we fully support the extension of TIF 97 which will provide the mechanism to fund this parking deck, ***but not at our expense***. We also believe that when the Brownfield Plan was approved for our Project, it was with the understanding – by all parties – that the tax reimbursement period would be approximately 22 years and that that the availability of local taxes would be limited for approximately half of that term until the year 2027 when TIF 97 is currently set to expire. Without an Interlocal Agreement, the extension of TIF 97 threatens to substantially lengthen the reimbursement period for those eligible expenses that Uptown Development TC, LLC incurred to complete the Project. We ask you to consider an Interlocal Agreement, to share the future (post-2027) tax increment revenue produced by the completed project and commit to the projected timeline as presented in the Brownfield Plan.

Our financing plan for this Project relied heavily on the package of incentives that was secured up front and that includes the reimbursement projections as provided in the approved Brownfield Plan and its associated state-approved Act 381 Work Plan and executed Brownfield Development and Reimbursement Agreement. All the parties that were involved in the financing of this Project – our lenders, the state agencies, and we as developers – underwrote the Project based on a set of assumptions, among those, that the GTCBRA would have the ability to capture all eligible tax increment revenues upon the expiration of TIF 97 in year 2027. We have spent a substantial amount of time and energy analyzing and understanding what the effects the TIF 97 extension would have on our project and our financials and are sharing this analysis with you (appended to this letter).

We see two scenarios for moving forward and these are depicted in the appended analysis.

**Scenario 1 (Our Request) – The GTCBRA and DDA execute an Interlocal Agreement** which states that, upon the expiration of the original term of TIF 97 (the end of 2027), the DDA will forego capturing any revenue on the Uptown Development Property until such time that the obligations described in the Brownfield Plan are fulfilled.

Outcomes:

- The DDA continues capturing local tax increment revenue as it has been doing. We estimate that the total amount of taxes paid by Uptown Development TC LLC and captured by the DDA between 2015 and 2027 to be $2,735,174 which is higher than was expected when the Brownfield Plan was adopted. The original estimate in 2014 projected $1,484,941 in available revenue capture by the DDA. This is an increase of $1,250,233 in revenue for the DDA.
- Beginning in 2028 through 2035, the DDA foregoes any tax capture on the Uptown Development property thereby allowing the GTCBRA to capture those tax dollars for the purposes described in the Brownfield Plan.
- Uptown Development TC LLC is fully reimbursed in 21 years.. To reiterate, this was **the intention of all parties** at the time the incentive package for this Project was being prepared and executed.
    - Under this scenario, Uptown is reimbursed all of the principal eligible amount: $1,738,448
    - Uptown then is reimbursed all interest accrued over the term: $518,181
    - Total amount (principal + interest) paid to Uptown: $2,256,629

- Upon the fulfillment of the Brownfield obligations in year 2035, the DDA again begins capturing local tax increment revenue produced by the Uptown Development property. Between 2035 and 2040, the DDA is projected to capture an additional $1.15 million **more than projected** on this property.

**Scenario 2 – The DDA captures local tax increment revenues until 2040**, undermining the GTCBRA's ability to reimburse the Developer under the Project's Brownfield Plan **and unfair to the Developer.**

Outcomes:

- With the extension to TIF 97, the DDA is expected to capture a total of $4,167,490 between 2015 and 2040 in taxes paid on the Uptown Development property.
- Available local taxes for capture by the GTCBRA are stunted for an additional 13 years, causing the term for reimbursement of the $1,738,448 principal eligible activity to be extended 8 more years, **which is potentially beyond the life expectancy of any of the partners.**
- Interest continues to accrue during the extension, amounting to $692,344 – **an additional $136,268 compared to Scenario 1**.
- This scenario goes against the State approvals because it requires the BRA to capture a higher ratio of state tax dollars. The GTCBRA then must seek approval of an Act 381 Work Plan Amendment from the two State agencies (MSF/MEDC and EGLE) This is necessary in this scenario because of the extended period of limited local tax dollars available to reimburse the Developer. When the State agencies approved the Act 381 Work Plan for this Project, they established a maximum proportion of State dollars for capture: 52%. In Scenario 2, the ratio of State tax dollars necessary to reimburse the Developer is 62%.
    - Seeking this type of Act 381 Work Plan Amendment would:
        i. require the Developer to incur more consultant fees to assist in this process which we would ultimately ask to be reimbursed under the Brownfield Plan and;
        ii. not be looked upon favorably by the two State agencies.
- Lastly, I would like to point out that the projected term for reimbursement in Scenario 2 brings us precariously close to the statutory maximum of 30 years. If, for any reason, the taxes available for capture are less than what we have shown in our analysis or if the DDA should choose to extend TIF 97 a second time, the Developer would be at great risk of never being made whole for our investment.

What we are asking for is that the DDA and the GTCBRA recommit to the reimbursement terms originally agreed upon in the Brownfield Plan and its related agreements and plans. We ask that you respect the time and the effort that all of the public and private partners put into structuring the financing package for this project from the very beginning (over a 2.5-year period). We made certain promises to you, the community we work in, and while this Project has been far from smooth sailing, we're proud to have kept our promises and of what we built here. We also think it is only right that the "development partners" so vital to the TIF plans themselves be treated fairly.

Please sincerely consider this request (Scenario 1) and the promises that you made to the Developers, too. We look forward to presenting our case to the DDA Finance Committee on June 14 and ultimately to the full DDA Board, if necessary, to bring this to a favorable conclusion.

Sincerely,

Michael W Wills
Project Manager
Uptown Development TC, LLC

ENCLOSURE: Uptown Development Reimbursement Projection w/ TIF 97 Extension

Cc: David Whiteford, Timothy Burden, Eric Helzer, Anne Jamieson-Urena, Jean Derenzy

**Table 2. Tax Increment Revenue Estimates**

Uptown

Project Number 8281b2

July 26, 2019

| Estimated TV Increase rate: 1.03 | ACTUAL | | | | | PROJECTION >> | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Plan Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | |
| Calendar Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | |
| **Developer's Starting Balance** | | | | | | | | | | | | | TIF 97 EXPIRES | TIF87 EXPIRES PER PLAN |
| Eligible Activity Costs **$ 1,738,448** | | | | | | | | | | | | | | |
| **SCENARIO 1: WITH TIF 97 EXPIRING IN 2027 PER PLAN** | | ACTUAL | | | PROJECTION >> | | | | | | | | | |
| Reimbursement from School TIR | | $ 21,893 | $ 61,849 | $ 16,654 | $ 14,479 | $ 22,313 | $ 23,482 | $ 24,687 | $ 25,927 | $ 27,205 | $ 28,521 | $ 29,876 | $ 31,272 | |
| Reimbursement from Local TIR | | $ 3,489 | $ 9,101 | $ 10,833 | $ 13,217 | $ 14,404 | $ 14,855 | $ 15,320 | $ 15,799 | $ 16,292 | $ 16,801 | $ 17,324 | $ 17,863 | |
| **annual reimbursement** | | **$ 25,382** | **$ 70,950** | **$ 27,487** | **$ 27,695** | **$ 36,717** | **$ 38,337** | **$ 40,007** | **$ 41,726** | **$ 43,497** | **$ 45,321** | **$ 47,200** | **$ 49,135** | |
| **Outstanding Balance of Eligible Activities** | | **$ 1,713,066** | **$ 1,642,117** | **$ 1,614,630** | **$ 1,586,934** | **$ 1,550,218** | **$ 1,511,880** | **$ 1,471,874** | **$ 1,430,148** | **$ 1,386,651** | **$ 1,341,329** | **$ 1,294,129** | **$ 1,244,994** | |
| **Developer's Annual Accrual of Interest** | | | | | | | | | | | | | | |
| 5% on state proportion of environmental eligible activities | | | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | |
| 2.5% on everything else | $ 9,990 | $ 34,586 | $ 40,166 | $ 40,128 | $ 39,673 | $ 38,755 | $ 37,797 | $ 36,797 | $ 35,754 | $ 34,666 | $ 33,533 | $ 32,353 | $ 31,125 | |
| Cumulative Accrued Interest Over Time | $ 9,990 | $ 44,576 | $ 84,742 | $ 124,869 | $ 164,543 | $ 203,298 | $ 241,095 | $ 277,892 | $ 313,646 | $ 348,312 | $ 381,845 | $ 414,198 | $ 445,323 | |
| **annual reimbursement** | | | | | | | | | | | | | | **annual reimbursement** |
| Combined Reimbursement + Interest payments to Developer | | $ 25,382 | $ 70,950 | $ 27,487 | $ 27,695 | $ 36,717 | $ 38,337 | $ 40,007 | $ 41,726 | $ 43,497 | $ 45,321 | $ 47,200 | $ 49,135 | |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SCENARIO 2: IF TIF 97 IS EXTENDED FOR 13 YEARS** | | | | | | | | | | | | | | |
| Reimbursement from School TIR | | | | | | | | | | | | | | Reimbursement from School TIR |
| Reimbursement from Local TIR | | | | | | | | | | | | | | Reimbursement from Local TIR |
| **annual reimbursement** | | $ 25,382 | $ 70,950 | $ 27,487 | $ 27,695 | $ 36,717 | $ 38,337 | $ 40,007 | $ 41,726 | $ 43,497 | $ 45,321 | $ 47,200 | $ 49,135 | |
| **Outstanding Balance of Eligible Activities** | | | | | | | | | | | | | | **Outstanding Balance of Eligible Activities** |
| **Developer's Annual Accrual of Interest** | | | | | | | | | | | | | | **Developer's Annual Accrual of Interest** |
| 5% on state proportion of environmental eligible activities | | | | | | | | | | | | | | 5% on state proportion of environmental eligible activities |
| Annual Accrual of Interest (2.5% on Outstanding Balance) | | | | | | | | | | | | | | Annual Accrual of Interest (2.5% on Outstanding Balance) |
| Cumulative Accrued Interest Over Time | | | | | | | | | | | | | | Cumulative Accrued Interest Over Time |
| **annual reimbursement** | | | | | | | | | | | | | | **annual reimbursement** |
| Combined Reimbursement + Interest payments to Developer | | $ 25,382 | $ 70,950 | $ 27,487 | $ 27,695 | $ 36,717 | $ 38,337 | $ 40,007 | $ 41,726 | $ 43,497 | $ 45,321 | $ 47,200 | $ 49,135 | |

AKTPEERLESS

## Table 2. Tax Increment Revenue Estimates

Uptown

Project Number 8281b2

July 26, 2019

Reflects Tax Capture projection in the approved Act 381 Work Plan

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Estimated TV Increase rate: 1.03 | | | | | | | | | | | | | | | | | | |
| Plan Year | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | |
| Calendar Year | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | |
| **Developer's Starting Balance** | | | | | | | | | | | | | | | | | | |
| Eligible Activity Costs $ **1,738,448** | | | | | | | | | | | | | | | | | | |
| | Scenario 1: AFTER EXPIRATION OF TIF97 PER PLAN | | | | | | | | | | | | | | | | | |
| **SCENARIO 1: WITH TIF 97 EXPIRING IN 2027 PER PLAN** | | | | | | | | | **Total** | | | | | | | | | |
| Reimbursement from School TIR | $ 32,710 | $ 34,192 | $ 47,212 | $ 48,783 | $ 50,402 | $ 25,920 | | from school taxes | $ 567,376 | | | | | | | | | |
| Reimbursement from Local TIR | $ 152,057 | $ 156,778 | $ 161,642 | $ 166,651 | $ 171,810 | $ 88,173 | | from local taxes | $ 1,062,407 | | | | | | | | | |
| **annual reimb** | **$ 184,767** | **$ 190,970** | **$ 208,853** | **$ 215,434** | **$ 222,212** | **$ 114,093** | | Total elig. activity reimburse. | **$ 1,629,783** | | | | | | | | | |
| **Outstanding Balance of Eligible Activities** | **$ 1,060,227** | **$ 869,257** | **$ 660,404** | **$ 444,970** | **$ 222,758** | | | | | | | | | | | | | |
| **Developer's Annual Accrual of Interest** | | | | | | | | | | | | | | | | | | |
| 5% on state proportion of environmental eligible activities | $ - | $ - | $ - | $ - | $ - | | | total 5% interest | $ - | | | | | | | | | |
| 2.5% on everything else | $ 26,506 | $ 21,731 | $ 16,510 | $ 11,124 | $ 5,569 | | | total 2.5% interest | $ 526,763 | | | | | | | | | |
| Cumulative Accrued Interest Over Time | $ 471,829 | $ 493,560 | $ 510,070 | $ 521,195 | $ 526,763 | | | **total interest owed** | **$ 526,763** | | | | | | | | | |
| | **Developer's Starting Balance** | | | | | | | | | | | | | | | | | |
| | Interest | **$ 526,763.50** | | | | | | | | | | | | | | | | |
| | from School TIF | $ 107,817.80 | | | $ - | $ 26,149 | $ 53,786 | $ 27,883 | $ 107,818 | | | | | | | | | |
| | from Local TIR | $ 366,026.85 | | | $ - | $ 88,952 | $ 182,598 | $ 94,477 | $ 366,027 | | | | | | | | | |
| **annual reimbursement** | | | | | **$ -** | **$ 115,100** | **$ 236,384** | **$ 122,360** | **$ 473,845** | | | | | | | | | |
| **Combined Reimbursement + Interest payments to Developer** | **$ 184,767** | **$ 190,970** | **$ 208,853** | **$ 215,434** | **$ 222,212** | **$ 229,193** | **$ 236,384** | **$ 122,360** | **$ 2,103,627** | | | | | | | | | |
| | **SCENARIO 2: IF TIF 97 IS EXTENDED FOR 13 YEARS** | | | | | | | | | | | | | | | | | |
| **SCENARIO 2: IF TIF 97 IS EXTENDED FOR 13 YEARS** | | | *Ext Year 3* | *Ext Year 4* | *Ext Year 5* | *Ext Year 6* | *Ext Year 7* | *Ext Year 8* | *Ext Year 9* | *Ext Year 10* | *Ext Year 11* | *Ext Year 12* | *Ext Year 13* | | | | | **Total** |
| Reimbursement from School TIR | $ 32,710 | $ 34,192 | $ 47,212 | $ 48,783 | $ 50,402 | $ 52,069 | $ 53,786 | $ 55,554 | $ 57,376 | $ 59,252 | $ 61,185 | $ 63,176 | $ 65,226 | $ 118,505 | | | from school taxes | $ 1,127,585 |
| Reimbursement from Local TIR | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 397,376 | | | from local taxes | $ 562,672 |
| **annual reimb** | **$ 32,710** | **$ 34,192** | **$ 47,212** | **$ 48,783** | **$ 50,402** | **$ 52,069** | **$ 53,786** | **$ 55,554** | **$ 57,376** | **$ 59,252** | **$ 61,185** | **$ 63,176** | **$ 65,226** | **$ 515,881** | **$ -** | | Total elig. activity reimburse. | **$ 1,690,257** |
| **Outstanding Balance of Eligible Activities** | **$ 1,212,284** | **$ 1,178,092** | **$ 1,130,880** | **$ 1,082,097** | **$ 1,031,696** | **$ 979,627** | **$ 925,841** | **$ 870,287** | **$ 812,911** | **$ 753,658** | **$ 692,473** | **$ 629,298** | **$ 564,072** | **$ -** | **$ -** | | | |
| **Developer's Annual Accrual of Interest** | | | | | | | | | | | | | | | | | | |
| 5% on state proportion of environmental eligible activities | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | | | total 5% interest | $ - |
| Annual Accrual of Interest (2.5% on Outstanding Balance) | $ 30,307 | $ 29,452 | $ 28,272 | $ 27,052 | $ 25,792 | $ 24,491 | $ 23,146 | $ 21,757 | $ 20,323 | $ 18,841 | $ 17,312 | $ 15,732 | $ 14,102 | $ - | | | total 2.5% interest | $ 741,903 |
| Cumulative Accrued Interest Over Time | $ 475,630 | $ 505,082 | $ 533,354 | $ 560,407 | $ 586,199 | $ 610,690 | $ 633,836 | $ 655,593 | $ 675,916 | $ 694,757 | $ 712,069 | $ 727,802 | $ 741,903 | $ 741,903 | $ 741,903 | | total interest owed | **$ 741,903** |
| | **Developer's Starting Balance** | | | | | | | | | | | | | | | | | |
| | Interest | $ 741,903.47 | | | | | | | | | | | | | | | | |
| | from school TIF | $ 84,925.53 | | | | | | | | | | | | $ (51,168) | $ 69,513 | $ 66,581 | | $ 84,926 |
| | from local TIR | $ 283,736.88 | | | | | | | | | | | | $ (171,577) | $ 232,732 | $ 222,582 | | $ 283,737 |
| **annual reimbursement** | | | | | | | | | | | | | | **$ (222,745)** | **$ 302,245** | **$ 289,163** | **$ -** | **$ 368,662** |
| **Combined Reimbursement + Interest payments to Developer** | **$ 32,710** | **$ 34,192** | **$ 47,212** | **$ 48,783** | **$ 50,402** | **$ 52,069** | **$ 53,786** | **$ 55,554** | **$ 57,376** | **$ 59,252** | **$ 61,185** | **$ 63,176** | **$ 65,226** | **$ 293,136** | **$ 302,245** | **$ 289,163** | | **$ 2,058,920** |

obligation to developer fulfilled in year 21; in accordance with projections in

**Downtown Development Authority**
**303 E. State Street**
**Traverse City, MI 49684**
**jean@downtowntc.com**
**231-922-2050**

**MEMORANDUM**

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To: Finance Committee

From: Jean Derenzy, CEO

Date: June 3, 2021

Re: Staffing

The departure of the Downtown Experience Coordinator, Nick Viox, has caused a re-evaluation of staffing and duties.

In 2020 I did not replace the Office Manager position until understanding the impact of the pandemic. Many of the office manager duties was assigned to the Downtown Experience Coordinator as events were put on hold in 2020 the position was able to absorb more duties and allow us time to evaluate approaches in the office. When putting together the 21/22 budget, and talking with staff, it was determined we would not replace the Office Manager until the 22/23 budget, however with the departure of the Experience Coordinator that is no longer feasible.

With our first event occurring June 11th, and all events back on, the magnitude of the loss of the Experience Coordinator has been felt. The administrative duties are now separated throughout the office and a summer intern is picking up and helping as much as possible. My goal is to have a new Experience Coordinator on board by August.

When evaluating the duties of the administrative position, the position would cover all operations of the DDA, including focusing in on meetings, helping with finances, payroll, secretarial duties, some HR elements etc. The full cost of the position (with salary and all benefits) would be $45,000.

When reviewing the DDA Budget that was just approved, I do not think a budget adjustment will be needed, but it will be clearer after 6 months whether an adjustment is required.

Request is made to authorize the posting of an Administrative Assistant for the DDA. This position is within our staffing plan, I am not adding any new positions, but felt before posting to talk to the Finance Committee.

**Downtown Development Authority**
**303 E. State Street**
**Traverse City, MI 49684**
**jean@downtowntc.com**
**231-922-2050**

**MEMORANDUM**

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To: Finance Committee

From: Jean Derenzy, CEO

Date: June 3, 2021

Re: Budgets

Attached are the budgets for DDA General, TIF 97 and Old Town reconciled as of 05/31/21. I will be reducing the income in the DDA General this month, before budget year-end to reflect a reduction in the parking contract, to reflect reduction in staffing.

TIF 97 and Old Town will both have fund balance carry over. I will have projections

# Traverse City DDA - General

Budget vs. Actuals: FY_2020_2021

July 2020 - May 2021

| | TOTAL | | |
|---|---|---|---|
| | ACTUAL | BUDGET | OVER BUDGET |
| Income | | | |
| 4100 TAXES | | | |
| 4101 Property Taxes | 135,597.36 | 137,500.00 | -1,902.64 |
| **Total 4100 TAXES** | **135,597.36** | **137,500.00** | **-1,902.64** |
| 4200 GRANTS & CONTRIBUTIONS | | | |
| 4204 Grants - EGLE cornwell | 40,198.78 | 3,450,000.00 | -3,409,801.22 |
| **Total 4200 GRANTS & CONTRIBUTIONS** | **40,198.78** | **3,450,000.00** | **-3,409,801.22** |
| 4300 REIMBURSEMENTS | | | |
| 4302 Administrative Services | 1,261,287.88 | 1,358,204.00 | -96,916.12 |
| 4303 Miscellaneous Revenue | 305.00 | | 305.00 |
| 4304 Winter Projects | 2,500.00 | | 2,500.00 |
| 4305 Farmers Market online Revenue | 129,704.30 | | 129,704.30 |
| 4306 Use of Fund Balance | | 17,296.00 | -17,296.00 |
| Miscellaneous | 5,000.00 | | 5,000.00 |
| **Total 4300 REIMBURSEMENTS** | **1,398,797.18** | **1,375,500.00** | **23,297.18** |
| 4401 Rents | 34,887.02 | 42,000.00 | -7,112.98 |
| 4501 Interest & Dividends | 2,618.03 | 500.00 | 2,118.03 |
| 4999 Uncategorized Income | 110,236.25 | | 110,236.25 |
| **Total Income** | **$1,722,334.62** | **$5,005,500.00** | **$ -3,283,165.38** |
| GROSS PROFIT | **$1,722,334.62** | **$5,005,500.00** | **$ -3,283,165.38** |
| Expenses | | | |
| 5100 SALARIES | | 917,593.00 | -917,593.00 |
| 5101 Salaries & Wages | 351,684.47 | | 351,684.47 |
| 5102 Hourly Wage Expense | 235,448.08 | | 235,448.08 |
| **Total 5100 SALARIES** | **587,132.55** | **917,593.00** | **-330,460.45** |
| 5200 FRINGE BENEFITS | 4,701.00 | 308,878.00 | -304,177.00 |
| 5201 Health Insurance | 96,936.37 | | 96,936.37 |
| 5202 Disabitly Insurance Benifits | 21,573.11 | | 21,573.11 |
| 5203 Life Insurance Expense | 262.47 | | 262.47 |
| 5204 457 Company Matching | 51,933.54 | | 51,933.54 |
| 5208 Social Security Tax Expense | 52,657.98 | | 52,657.98 |
| 5209 Medicare Tax Expense | 9,227.84 | | 9,227.84 |
| 5210 SUTA Tax Expense | 1,366.94 | | 1,366.94 |
| 5211 Workers Compensation | 5,854.00 | | 5,854.00 |
| 5213 Payroll Expenses | 7,665.64 | | 7,665.64 |
| **Total 5200 FRINGE BENEFITS** | **252,178.89** | **308,878.00** | **-56,699.11** |
| 5300 OFFICE SUPPLIES AND UTILITIES | | | |
| 5301 Office Supplies | 16,728.11 | 13,000.00 | 3,728.11 |
| 5302 Utilities | 7,896.26 | 9,000.00 | -1,103.74 |
| 5303 Operation Supplies | 1,603.73 | | 1,603.73 |
| 5304 Equipment | | 438,000.00 | -438,000.00 |

# Traverse City DDA - General

Budget vs. Actuals: FY_2020_2021

July 2020 - May 2021

| | TOTAL | | |
|---|---|---|---|
| | ACTUAL | BUDGET | OVER BUDGET |
| 5305 Dues and Memberships | 3,421.91 | | 3,421.91 |
| 5306 Printing & Publishing | 7,574.92 | 6,000.00 | 1,574.92 |
| 5307 Communications | 58,585.93 | 50,000.00 | 8,585.93 |
| 5308 Miscellaneous Expense | 65.70 | 2,000.00 | -1,934.30 |
| Civic Square | | 3,000,000.00 | -3,000,000.00 |
| **Total 5300 OFFICE SUPPLIES AND UTILITIES** | **95,876.56** | **3,518,000.00** | **-3,422,123.44** |
| 5400 PROFESSIONAL SERVICES | 2,460.00 | | 2,460.00 |
| 5401 Contract Services | 21,830.00 | 31,000.00 | -9,170.00 |
| 5402 Legal | 5,325.00 | 5,000.00 | 325.00 |
| 5403 Professional/Contractual | 102,611.18 | 110,000.00 | -7,388.82 |
| 5404 Insurance & Bonds | | 1,800.00 | -1,800.00 |
| 5405 Community Promotion | 8,617.30 | 20,000.00 | -11,382.70 |
| 5406 Grant Exp Buy Local Give Local | -2,000.00 | | -2,000.00 |
| 5409 Grant exp EGLE cornwell bldg | 35,258.35 | | 35,258.35 |
| 5415 Online Farmers Market Expense | 133,045.79 | 53,000.00 | 80,045.79 |
| **Total 5400 PROFESSIONAL SERVICES** | **307,147.62** | **220,800.00** | **86,347.62** |
| 5500 TRAVEL AND CONFERENCES | 1,250.00 | | 1,250.00 |
| 5501 Lodging, meals | 1,056.85 | 10,000.00 | -8,943.15 |
| 5502 Transportation | | 5,000.00 | -5,000.00 |
| 5503 Training | 290.00 | 10,000.00 | -9,710.00 |
| **Total 5500 TRAVEL AND CONFERENCES** | **2,596.85** | **25,000.00** | **-22,403.15** |
| 5600 REPAIRS AND MAINTENANCE | | | |
| 5601 Repairs & Maintenance | | 3,000.00 | -3,000.00 |
| **Total 5600 REPAIRS AND MAINTENANCE** | | **3,000.00** | **-3,000.00** |
| 5700 RENTAL EXPENSE | | | |
| 5701 Rentals | 7,384.75 | 9,000.00 | -1,615.25 |
| **Total 5700 RENTAL EXPENSE** | **7,384.75** | **9,000.00** | **-1,615.25** |
| Uncategorized Expenditure | 442.22 | | 442.22 |
| **Total Expenses** | **$1,252,759.44** | **$5,002,271.00** | **$ -3,749,511.56** |
| NET OPERATING INCOME | **$469,575.18** | **$3,229.00** | **$466,346.18** |
| Other Expenses | | | |
| Ask Jean | 41,998.87 | | 41,998.87 |
| **Total Other Expenses** | **$41,998.87** | **$0.00** | **$41,998.87** |
| NET OTHER INCOME | **$ -41,998.87** | **$0.00** | **$ -41,998.87** |
| NET INCOME | **$427,576.31** | **$3,229.00** | **$424,347.31** |

# Traverse City DDA - TIF 97

## Budget vs. Actuals: FY_2020_2021 - FY21 P&L

July 2020 - May 2021

| | TOTAL | | |
|---|---|---|---|
| | ACTUAL | BUDGET | OVER BUDGET |
| Income | | | |
| 4100 TAXES | | | |
| 4101 Property Taxes | 2,763,560.80 | 2,837,500.00 | -73,939.20 |
| **Total 4100 TAXES** | **2,763,560.80** | **2,837,500.00** | **-73,939.20** |
| 4300 REIMBURSEMENTS | 17,412.39 | 130,000.00 | -112,587.61 |
| 4500 INTEREST INCOME | 1,577.96 | 4,500.00 | -2,922.04 |
| **Total Income** | **$2,782,551.15** | **$2,972,000.00** | **$ -189,448.85** |
| GROSS PROFIT | **$2,782,551.15** | **$2,972,000.00** | **$ -189,448.85** |
| Expenses | | | |
| 5400 PROFESSIONAL SERVICES | 76,373.91 | 774,569.00 | -698,195.09 |
| 5401 Contract Services | 10,960.00 | | 10,960.00 |
| 5402 Legal | 10,650.00 | | 10,650.00 |
| 5403 Professional/Contractual | 5,921.00 | | 5,921.00 |
| 5404 Insurance & Bonds | 222.55 | | 222.55 |
| 5405 Administrative | 505,946.44 | 254,229.00 | 251,717.44 |
| 5406 Public Restrooms | 4,350.00 | | 4,350.00 |
| **Total 5400 PROFESSIONAL SERVICES** | **614,423.90** | **1,028,798.00** | **-414,374.10** |
| 5500 CONTRIBUTIONS TO DISTRICT CONSTRUCTION PROJECTS | 310,161.56 | 1,275,601.00 | -965,439.44 |
| Bank Charges | 1,469.87 | | 1,469.87 |
| Capital Outlay | 18,065.50 | 61,750.00 | -43,684.50 |
| Interest Expense | 7,583.44 | | 7,583.44 |
| Printing & Publishing | | 200.00 | -200.00 |
| Repairs and Maintenance | 5,296.27 | 15,000.00 | -9,703.73 |
| Transfer Out to Bond Fund | 892,922.38 | 893,586.00 | -663.62 |
| **Total Expenses** | **$1,849,922.92** | **$3,274,935.00** | **$ -1,425,012.08** |
| NET OPERATING INCOME | **$932,628.23** | **$ -302,935.00** | **$1,235,563.23** |
| NET INCOME | **$932,628.23** | **$ -302,935.00** | **$1,235,563.23** |

# DDA Old Town TIF

## Budget vs. Actuals: FY_2020_2021 - FY21 P&L

July 2020 - May 2021

| | TOTAL | | |
|---|---|---|---|
| | ACTUAL | BUDGET | OVER BUDGET |
| Income | | | |
| 4100 TAXES | | | |
| 4101 Property Taxes | 462,494.74 | 431,800.00 | 30,694.74 |
| **Total 4100 TAXES** | **462,494.74** | **431,800.00** | **30,694.74** |
| 4500 INTEREST INCOME | | | |
| 4501 INTEREST & DIVIDENDS | 167.48 | 100.00 | 67.48 |
| **Total 4500 INTEREST INCOME** | **167.48** | **100.00** | **67.48** |
| Use of Fund Balance | | 100,000.00 | -100,000.00 |
| **Total Income** | **$462,662.22** | **$531,900.00** | **$ -69,237.78** |
| GROSS PROFIT | **$462,662.22** | **$531,900.00** | **$ -69,237.78** |
| Expenses | | | |
| 5400 PROFESSIONAL SERVICES | | | |
| 5403 Professional/Contractual | 192,239.00 | 228,972.96 | -36,733.96 |
| **Total 5400 PROFESSIONAL SERVICES** | **192,239.00** | **228,972.96** | **-36,733.96** |
| Capital Outlay | | 9,927.00 | -9,927.00 |
| District Construction Project | | 282,900.00 | -282,900.00 |
| Printing & Publishing | | 100.00 | -100.00 |
| **Total Expenses** | **$192,239.00** | **$521,899.96** | **$ -329,660.96** |
| NET OPERATING INCOME | **$270,423.22** | **$10,000.04** | **$260,423.18** |
| NET INCOME | **$270,423.22** | **$10,000.04** | **$260,423.18** |