

**ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY  
FINANCE COMMITTEE MEETING MINUTES  
Thursday, January 28, 2021**

Place: Virtual Meeting--Zoom Link: <https://us02web.zoom.us/j/82139088969>  
by Phone: 1-877-853-5257 (Meeting ID: 821 3908 8969 Password: 635545)

Time: 9:00 am

Committee Present: Marie Klopf, Rishi Narayan

Committee Absent: Bob Guenzel

Other Board Present: Jessica A.S. Letaw, Darren McKinnon

Staff: Maura Thomson, Sara McCallum, Jada Hahlbrock, Kelley Graves  
Other Attendees: None

Public: Members of the public were on the Zoom meeting but did not identify themselves.

Virtual Meeting Guidelines: Ms. Klopf outlined meeting details for everyone attending.

DDA Bylaws: In response to questions raised at the last board meeting about board members abstaining from discussion/vote, Ms. Letaw read the section of the DDA Bylaws pertaining to conflict of interest. DDA staff is drafting clarifying language to the DDA Bylaws for review by the DDA attorney and then presented to Executive Committee and the Board.

Courthouse Square Resolution: The Board voted in January to postpone this resolution and directed staff to bring the resolution to the Finance Committee for further review. Ms. Thomson provided the history of two loans, one being forgivable and the other interest bearing, made 20 years ago to First Centrum, Courthouse Square building owners at the time. Wickfield Properties purchased the property from First Centrum in 2014 subsequently assuming both liabilities. Terms for the forgivable loan were met, the remaining loan, \$100,000, remained outstanding. The resolution brought forward to the Committee today states Wickfield's request that the DDA waive all or part of the interest accrued on the loan. The accrued interest is being held in escrow, pending the decision by the DDA board.

Ms. McCallum reviewed additional information staff was able to obtain after the January board meeting. Upon further review of the mortgage document staff discovered the simple interest model used to determine the accrued interest held in escrow was incorrect. The mortgage called for compound interest, creating a variance of \$92,725 in additional interest due to the DDA from Wickfield properties. Staff also determined the loan was funded from the Housing Fund and was incorrectly booked as an expense back in 2001.

Questions were asked and answered. There was agreement to bring the resolution to the board, directing the disbursement of the \$116,000 in accrued interest to the DDA. The additional \$92,275 will be discussed by the Finance Committee in February.

Expense Registers: The Committee approved the November and December 2020 expense registers.

Financial Statements-2Q: Ms. McCallum provided an overview of the second quarter financial statements. Questions were asked and answered.

FY22 and FY23 Draft Budgets: Ms. McCallum presented the first draft of the FY22 and FY23 budgets. She also shared the Parking System financial report for December 2020. She noted that the Operations Committee expressed concern regarding budgeting revenues at regular/pre-pandemic levels based on the ongoing uncertainties regarding the pandemic. The committee discussed State guidelines for budgeting – that units may not overspend in expenses and may not submit a budget with a negative fund balance. It was suggested that the budgeted revenues be reduced as much as allowed without causing a deficit fund balance. The Committee decided to hold a special meeting to further discuss the draft budgets.

Other Business: The 2020 1099's were sent out last week. Ms. McCallum stated that the DDA's A/P person, Betsy Lindsley, gave notice that she will be leaving at the end of March. Staff will be considering options for handling the A/P responsibilities.

Public Comment: Mr. Honeyman appreciated that the issue with Wickfield Properties/Courthouse Square Apartments loan interest was researched further. He expressed concern about the parking budget and the impact on the DDA's fund balance.

Next Meeting: The next regular Finance Committee meeting is scheduled for Thursday, February 24 at 9:00 am.

The meeting adjourned at 10:26 am.

Respectfully submitted by,

Maura Thomson, Interim Executive Director