



**DOWNTOWN DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MEETING
WEDNESDAY, SEPTEMBER 27, 2023 – 3:00 P.M.**

COMMITTEE MEMBERS PRESENT: Melvin Hollowell
John Naglick
Steve Ogden

COMMITTEE MEMBERS ABSENT: David Blaszkiewicz

OTHERS PRESENT:

Cora Capler (DEGC/DDA)
Jennifer Kanalos (DEGC/DDA)
Glen Long, Jr. (DEGC/DDA)
Rebecca Navin (DEGC/DDA)
Kelly Shovan (DEGC/DDA)
Nasri Sobh (DEGC/DDA)
Sierra Spencer (DEGC/DDA)
David Esshaki (George Johnson & Company)
Michael Nicholas (George Johnson & Company)



**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MEETING
WEDNESDAY, SEPTEMBER 27, 2023
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD, SUITE 2200 – 3:00 P.M.**

GENERAL

Call to Order

Chairman Naglick called the Finance Committee meeting of the Downtown Development Authority Board of Directors to order at 3:04 p.m. Roll call was conducted, and a quorum was established.

Approval of Minutes

Mr. Naglick asked if there were any additions, deletions, or corrections to the minutes of the May 10, 2023, Finance Committee meeting. Hearing none, the Committee took the following action:

Mr. Hollowell made a motion approving the June 13, 2023, minutes, as written. Mr. Ogden supported the motion. All were in favor with no opposition, and the June 13, 2023, minutes were unanimously approved.

PROJECTS

None.

ADMINISTRATION

DDA DRAFT AUDIT FOR FY 2022-2023

Mr. Long introduced Mr. Michael Nicholas and Mr. David Esshaki of George Johnson & Company (GJC) who reviewed the Audit Wrap-Up document.

Mr. Ogden asked for clarification on the revenue summary and asked if the increase was due to property taxes and property values. Mr. Naglick stated it is due to the increased capture on properties within the DDA district. Mr. Esshaki agreed with Mr. Naglick's statement.



Mr. Naglick stated that this explanation has been shared by Mr. Long previously and is the reason why the DDA is outperforming the projections made regarding debt serviced coverage.

Mr. Long stated that the DDA is outperforming the Municap report. Mr. Long added that this explains the accumulation of cash held by the DDA and reminded the committee that there was a five (5) year hold on transactions with the bonds to validate cash flows. Mr. Hollowell asked when the five (5) year period would expire. Mr. Long responded the period ends December of 2023.

Mr. Hollowell asked how this relates to the bonds. Mr. Long explained that once the five (5) year period ends decisions can be made such as returning to market or paying down principal. Mr. Long further explained that if the DDA chose to remarket, it would be a process and was uncertain if there was an advantage to do so because of high interest rates.

Mr. Hollowell stated that there is an advantage to their investments because of high interest rates. Mr. Long agreed and stated that there is the ability to pay more principal or pay bonds earlier. Mr. Long added that a discussion needs to be had with the insurer of the bonds and if any remarketing were to be proposed it would come before the Board.

Mr. Long referred to the general fund portion and stated that there are many projects recently approved by the Board that the money will be spent on this year.

Mr. Hollowell stated that the property tax revenue increase of \$15.7M was a staggering figure. Mr. Naglick responded that the increase is representative of how successful the DDA has been. Mr. Long clarified that the total revenue has increased \$15.7 million (\$15,700,000.00) and the TIF tax revenue is up \$11.2 million (\$11,200,000.00).

Mr. Long stated that this is proof that the DDA plan is working and continues to be a benefit to the City adding that the City receives income tax revenue as a result of all of the new businesses.

Mr. Long and Mr. Naglick discussed the bond insurance process and the difficulties with respect to obtaining insurance in the past but noted that the DDA has outperformed the projections.

Mr. Naglick thanked Mr. Nicholas and Mr. Esshaki for their presentation and for working with Mr. Long and his team to get the audit done early.

Mr. Long recognized his team for their hard work in getting the audit completed.



Mr. Naglick called for a motion to approve the DDA Draft Audit for FY 2022-2023.

Mr. Ogden made a motion to approving the DDA Draft Audit for FY 2022-2023, as presented. Mr. Hollowell seconded the motion. All were in favor with no opposition, and the DDA Draft Audit was unanimously approved.

Mr. Long explained that now that the Draft Audit has been approved by the finance committee, George Johnson & Company will conduct subsequent event testing to ensure nothing has happened between June 30, 2023 and the current day. Mr. Long stated that once the testing is complete, the audit will be finalized and issued to the full DDA Board. Mr. Naglick indicated that it is his understanding that the Tigers organization is planning to make substantial investments in Comerica Park and inquired if the DDA has to record those improvements in its books. Mr. Long responded that both Comerica Park and Ford Field are under the Detroit/Wayne County Stadium Authority so it will be that Authority's responsibility to record those improvements.

Mr. Naglick inquired if the Detroit/Wayne County Stadium Authority is negotiating some of the parcels for District Detroit. Mr. Long responded that he believed so.

Mr. Ogden raised the issue of the proposed Land Value Tax (LVT) and stated that the Biz Board needs to understand the proposed LVT how it will impact property owners and then inquired if DDA staff was analyzing the effects that the LVT could have on the DDA. Mr. Naglick stated that DDA staff had discussions with Jay Rising from the City of Detroit's Office of the Chief Financial Officer. Mr. Naglick then stated that it was his understanding that generally, the DDA would be held harmless on existing tax captures and asked Mr. Long if that was correct. Mr. Long responded that it hasn't been confirmed yet but that given the DDA projections, the LVT shouldn't have a negative effect on the bonds.

OTHER

None.

PUBLIC COMMENT

None.

ADJOURNMENT



With there being no other business to be brought before the Committee, Mr. Ogden made a motion to adjourn the meeting, which was seconded by Mr. Hollowell, and Mr. Naglick adjourned the meeting at 3:31 p.m.