

CITY OF EAST LANSING
BUILDING AUTHORITY MINUTES
ANNUAL MEETING

Tuesday, April 9, 2019 at 11:30 A.M.

Conference Room A

410 Abbot, East Lansing, MI 48823

Call to Order:

The Building Authority annual meeting was called to order at 11:59 a.m. by Chairperson, Kevin Beard.

Members Present: Kevin Beard, Kathleen Boyle, Andrea Smith, Jill Feldpausch

Members Absent: John Czarnecki

Others Present: Erik Altmann - Council Liaison

Comments from the Public – None

Approval of Minutes

Annual Meeting Minutes of April 10, 2018

Motion by Boyle, Second by Smith to approve the April 10, 2018 annual meeting minutes.
Vote on motion - Motion carried unanimously.

Special Meeting Minutes of August 17, 2018

Motion by Beard, Second by Boyle to approve the August 17, 2018 special meeting minutes.
Vote on motion - Motion carried unanimously.

Special Meeting Minutes of December 10, 2018

Motion by Boyle, Second by Smith to approve the December 10, 2018 special meeting minutes.
Vote on motion - Motion carried unanimously.

Special Meeting Minutes of January 25, 2019

Motion by Beard, Second by Smith to approve the January 25, 2019 special meeting minutes.
Vote on motion - Motion carried unanimously.

Old Business – None

New Business

Chair Kevin Beard is moving out of the City and resigning as a member of the Building Authority effective at the conclusion of this meeting. Members thanked Beard for his service.

Review/Approve Treasurer’s Report

Treasurer, Andrea Smith, presented the Building Authority Annual Treasurer’s Report. The detailed report included a balance sheet/income statement.

Motion by Beard, second by Feldpausch to approve the Treasurer’s Report as presented.
Vote on motion - Motion carried unanimously.

Review/Approve the Annual Budget for the Building Authority

Feldpausch provided a brief report on the proposed budget and City Council’s timeline for approval.

Motion by Boyle, second by Smith to approve the Budget as presented.
Vote on motion – Motion carried unanimously.

Election of Officers

Motion by Feldpausch, second by Boyle for the following appointments for officers:

John Czarnecki as Chair, Jill Feldpausch as Secretary, and Andrea Smith as Treasurer.

Vote on motion - Motion carried unanimously.

Setting the Date of the Annual Meeting for 2020

Consensus to hold the next annual meeting on Tuesday, April 21, 2020 at 11:30 a.m. {POST MEETING - Due to COVID-19, this date was not feasible – rescheduled for June 22, 2020 at 1:00 p.m.}

Adjournment

The Building Authority annual meeting was adjourned at 12:10 p.m.

Respectfully submitted by:

CITY OF EAST LANSING
BUILDING AUTHORITY MINUTES
SPECIAL MEETING

Monday, October 21, 2019 at 9:30 A.M.

Conference Room A

410 Abbot, East Lansing, MI 48823

Call to Order:

The Building Authority special meeting was called to order at 9:35 a.m. by Chairperson, John Czarnecki.

Members Present: John Czarnecki, Kathleen Boyle, Andrea Smith, and Jill Feldpausch

Members Absent: None

Others Present: Tom Yeadon, City Attorney

Comments from the Public – None

New Business

Discussion regarding the need for the additional quit claim deed for the annexed property adjacent to Lot #4, owned by the Building Authority.

Motion by Boyle, Second by Smith to approve the quit claim deed of Lot #4 annexed property as attached to the agenda packet.

Vote on motion – Motion carried unanimously.

Adjournment

The Building Authority special meeting was adjourned at 9:36 a.m.

Respectfully submitted by:

Jill Feldpausch, Secretary



PLANNING, BUILDING & DEVELOPMENT

Quality Services for a Quality Community

MEMORANDUM

TO: Building Authority

FROM: Tom Fehrenbach, Director - Planning, Building, and Development

CC: Jill Feldpausch, Finance Director

DATE: June 17, 2020

SUBJECT: Georgio's Pizza – Rent Forbearance Request

City of East Lansing
PLANNING, BUILDING &
DEVELOPMENT
410 Abbot Road
East Lansing, MI 48823

(517) 319-6930
www.cityofeastlansing.com

Thomas Alimonos, owner of Georgio's Pizza, has requested that the Building Authority provide rental relief due to the Covid-19 pandemic and the subsequent temporary shutdown of his restaurant. The request is for a forgiveness of 3 months of back rent and a one-year reduction in rent of 40%.

Since the Building Authority does not have any fund balance as all revenue goes to cover debt payments, the only potential assistance that could be provided would be a working out a payment plan for rent due and/or a reduction in the lease rate. This would impact the parking fund as it would need to continue to cover the debt service which the rental payments help to offset.

Georgio's is currently past due for approximately four months of rent in an amount of \$11,012.

Georgio's is currently in the final year of a six-year lease with the Building Authority and has occupied this space since 1994. They previously received a reduction in rent in mid-2015 from \$15.48/s.f. to \$13.00/s.f. with annual increases of \$1 per s.f. in 2017 and 2018. This reduction was granted when the business owner invested approximately \$40,000 for aesthetic improvements to the space. In August of 2018 to offset the costs of an air conditioning system installation, Georgio's rent was again reduced. The current rate is \$13.50 per square foot, which equates to \$26,568 per year. Their current lease expires at the end of December. If they exercise their option to renew, their payments would increase to \$15.50 per square foot, which equates to \$30,504 per year, with annual increases calculated on Consumer Price Index changes.

Staff understands the unprecedented challenges that the pandemic has caused for local businesses, and desires to assist Georgio's in returning to normal operations. However, the parking fund is also facing significant challenges ahead and has a substantial debt burden. As such, staff suggests that the Building Authority consider directing staff to work out a

PLANNING, BUILDING & DEVELOPMENT

Quality Services for a Quality Community

payment plan for the rent due over a period of time, in conjunction with a significant rental reduction. A reasonable approach could be for 6 months, allowing a reduction to \$10.00 per square foot in conjunction with a payment plan for the past due amount.

Mr. Alimonos has been invited to be present at the meeting to discuss the need for this assistance.



PLANNING, BUILDING & DEVELOPMENT

Quality Services for a Quality Community

MEMORANDUM

TO: Building Authority Board

FROM: Tom Fehrenbach, Director – Planning, Building, and Development

CC: David Haywood, Planning & Zoning Administrator

DATE: June 18, 2020

SUBJECT: Authorization for Temporary Site Plan Applications

City of East Lansing
PLANNING, BUILDING &
DEVELOPMENT
410 Abbot Road
East Lansing, MI 48823

(517) 319-6930
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On June 9, 2020, the City Council approved Policy Resolution 2020-4, which allows restaurants to take advantage of temporary guidelines to expand outdoor service under certain circumstances. The purpose of this policy is to support downtown restaurants who have occupancy restrictions imposed by the Governor's Executive Order in response to the Covid-19 pandemic. BAPS, Inc, at 340 Albert, intends to fill out an application to take advantage of the temporary rules. As the owner of the building, the Building Authority must authorize this application.

Staff recommends that the Building Authority pass a motion to authorize any of it's restaurant tenants to apply for approval for temporary outdoor seating in alignment with Policy 2020-4.



TREASURY

Quality Services for a Quality Community

MEMORANDUM

TO: Building Authority Members

FROM: Andrea Smith, Treasurer

DATE: June 18, 2020

SUBJECT: Annual Report

City of East Lansing
TREASURY
410 Abbot Road
East Lansing, MI 48823

(517) 319-6875
www.cityofeastlansing.com

Please find attached a balance sheet and income statement with current numbers for fiscal year 2020 (balances as of May 31st) and final numbers for fiscal year 2019 and 2018 for comparative purposes.

Couple things to note:

- The Net Assets/Equity Undesignated balance is showing as a lower amount; however, this is due to the timing of this report. Since we have paid debt payments (reducing bonds payable) but we have not yet fully depreciated our assets or amortized the debt related items, this causes our Net Assets Invested in Capital Assets net of Debt to be inflated. The inflation of this one account, adversely changes this undesignated balance. I expect this to change as we close out the fiscal year.
- As you may recall, we sold the cell tower leases in FY2011 to AP Wireless for a term of 30 years. Per GASB 49, we are required to recognize the proceeds from this sale over the life of the agreement or the life of the lease, whichever is less. The following items relate to this:
 - The deferred revenue line will be adjusted annually for the prorated amount to be recognized over the 30 year period. The amount this is adjusted by will be shown in the recognition of sale of cell tower leases in the income statement.
- The transfer from parking is consistent with FY2019, with a funds transfer being completed each month. The transfer from parking will total \$857,850 at fiscal year-end and is adjusted annually to reflect changes in debt service.
- There is a slight decrease in taxes as FY2020 was the first year of the 5 mill reduction in the city operating millage due to the implementation of the income tax.

TREASURY

Quality Services for a Quality Community

- Depreciation will be recorded at the end of the fiscal year as we close out the books. The amount should be consistent with prior years.

The proposed budget for fiscal year 2021 has been provided as well for your review – see separate document.

If you have any questions, I would be happy to answer them. I can be reached at asmith@cityofeastlansing.com or 517.319.6917 (direct dial).

Thank you.

**Building Authority - City of East Lansing
Annual Report - Current Year and Two Prior Years**

<u>Balance Sheet:</u>	<u>Year to Date as of May 2020</u>	<u>Actual FY2019</u>	<u>Actual FY2018</u>
Cash	172,089	262,349	269,677
Accounts Receivable	8,260	820	3,220
Deferred Interest Charges	72,631	72,631	120,645
Capital Assets, net of depreciation	15,710,675	15,710,675	16,230,851
Total Assets	<u>15,963,655</u>	<u>16,046,475</u>	<u>16,624,393</u>
Accounts Payable	-	-	-
Accrued Interest Payable	46,832	46,832	56,266
Deferred Revenue	107,465	117,449	128,112
Customer Deposits	3,213	3,213	3,213
Bonds Payable, net	3,966,943	4,676,943	5,398,001
Total Liabilities	<u>4,124,453</u>	<u>4,844,437</u>	<u>5,585,592</u>
Net Assets/Equity - Designated	37,538	37,538	37,538
Net Assets/Equity - Reserved Encumbrances	-	-	-
Net Assets - Invested in Capital Assets net of Debt	11,696,900	10,986,900	10,776,584
Net Assets/Equity - Undesignated	104,764	177,601	224,679
Total Net Assets/Equity	<u>11,839,202</u>	<u>11,202,038</u>	<u>11,038,801</u>
 <u>Income Statement:</u>			
Interest Income	5,141	5,681	2,799
Rent (Georgio's)	30,477	33,800	35,065
Recognition of Sale of Cell Tower Leases	9,984	10,662	11,387
Transfer from Parking Fund	786,363	858,760	932,360
Gain (Loss) on Sale of Assets	-	-	(488,653)
Total Revenues	<u>831,963</u>	<u>908,903</u>	<u>492,959</u>
Operating Supplies	-	51	64
Taxes	6,470	6,853	6,627
Depreciation	-	520,176	528,293
Debt Interest and Paying Agent Fees	188,330	218,587	256,005
Total Expenses	<u>194,800</u>	<u>745,667</u>	<u>790,989</u>
Net Change in Net Assets/Equity	<u>637,163</u>	<u>163,237</u>	<u>(298,030)</u>

 **City of East Lansing** 
BUILDING AUTHORITY


City of East Lansing


BUILDING AUTHORITY

Revenues & Expenditures

	FY2019	FY2020	FY2021
Revenues & Financing Sources:	Actual	Amended Budget	Budget Request
Rental Income	\$ 44,462	\$ 43,395	\$ 44,420
Interest Income	5,681	4,000	4,000
Other Financing Sources	858,760	857,850	786,350
Total Revenues & Financing Sources	908,903	905,245	834,770
Expenditures & Financing Sources:			
Operating Costs	527,080	6,915	6,670
Debt Service	218,587	898,330	828,100
Total Expenditures & Financing Sources	745,667	905,245	834,770
Operating Surplus (Deficit)	\$ 163,236	\$ -	\$ -

City of East Lansing

BUILDING AUTHORITY

Estimated Revenues

EXPLANATORY INFORMATION

The Building Authority served as a financing mechanism to construct parking facilities. Beginning in FY2007, any new debt associated with parking facilities is accounted for in the Automobile Parking System Fund, with the debt in the City of East Lansing's name rather than in the name of the Building Authority.

In FY2000, the Building Authority issued \$12,500,000 in debt for the City Center I garage. In FY2005, these bonds were refinanced resulting in a \$16,000 savings. In FY2015, a refunding of the 2005 City Center I bonds resulted in a net present value savings of \$472,000, over the remaining ten years. The 2005 bonds will be paid in full in FY2020 and the 2015 bonds will be paid in full in FY2025.

INCOME

- \$ 44,420 Rental Income – The Division Street garage has commercial retail space for rent. Part of the space is rented to Georgio's Pizza, while Scene Metro Space occupies the other space. This line item also includes the lessees' share of real property taxes for Georgio's Pizza. The total income derived from these items is \$35,070, while the remaining \$9,350 relates to the cell tower lease revenue that can be recognized in the current fiscal year. The cell tower leases were sold in FY2011 to AP Wireless and cash was received up front, however the revenue stream is being recognized over a 30 year period.

- \$ 4,000 Interest Income – This represents income from investments held by the Building Authority.

- \$ 786,350 Other Financing Sources – This is made up of a transfer from the Parking Fund. The Building Authority leases the City Center/Charles Street garage, the Division Street garage, the MAC Avenue garage (under University Place), as well as the Bailey Street lot to the Parking Fund. The contribution from the Parking Fund, of \$786,350, is based on the monies needed to cover the debt paid by the Building Authority.

City of East Lansing

DEPARTMENT APPROPRIATION

FUND
FUNCTION
STAFF RESPONSIBLE

Building Authority
Parking System
Jill Feldpausch

ACTIVITIES

- Sell bonds and build parking ramps for the City Parking System (pre-FY2007)

EXPLANATORY INFORMATION

The minimal operating costs primarily relate to expenditures for the property taxes on the commercial space of the Division Street garage. The actual operating cost in FY2019 is much larger than the budgeted amounts, as it includes depreciation expense of the Authority's assets and the budget does not include this non-cash expenditure.

The Authority is responsible for the outstanding debt service on the bonds which financed the City Center/Charles Street garage. The full debt service on the bond issues is included here. Total outstanding debt, including interest, as of June 30, 2019, is \$5,041,930, with final principal and interest payments ending in FY2025. The actual debt service cost in FY2019 appears significantly lower, as this is the interest only piece, but both principal and interest amounts are budgeted.

From: [Thomas Fehrenbach](#)
To: [Jill Feldpausch](#); [Andrea Smith](#)
Subject: Statement from Georgio's
Date: Monday, June 22, 2020 11:03:02 AM

Hi Jill,

Here is a statement from Georgio's for the BA consideration today:

From: tasosal <tasosal@comcast.net>
Sent: Monday, June 22, 2020 10:55 AM
To: Thomas Fehrenbach <tfehren@cityofeastlansing.com>
Subject: RE: Georgios Pizza ,Inc Rent

Hi Tom,

I just read the memorandum, and i was surprised to see that the City won't consider forgiveness for some of the rent that Georgios Pizza owes.

I appreciate the fact that the City is considering of lowering the rent to \$10.00 sq.f., but i think it should be for at least a year.

As i mentioned at my previous email, we don't know how business going to be when we open the store.

As i read and hear from fellow business owners from downtown East Lansing, businesses are not doing good at all. People are still cautious of going out and been exposed.

I'm really counting on the City of forgiving some of the rent, and as i said work on payment plan for the rest of the rent.

We all know, that nothing is going to be as it was before, and that we will have to adjust at the new normal, whatever that will be.

Thank you in advance.

Kind Regards,

Taso