

**ADA TOWNSHIP DOWNTOWN DEVELOPMENT AUTHORITY (DDA)
BOARD OF DIRECTORS
MINUTES OF THE APRIL 25, 2016 SPECIAL MEETING**

I. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 8:00AM by Chairman Bob Kullgren at the Ada Township office, 7330 Thornapple River Drive, Ada, MI.

BOARD MEMBERS PRESENT: Sarah Andro, Terry Bowersox, George Haga, Bryan Harrison, Jim Ippel, Bob Kullgren, Devin Norman, Ted Wright

BOARD MEMBERS ABSENT: Walt VanderWulp

STAFF PRESENT: Jim Ferro, Planning Director

PUBLIC PRESENT: Steve Groenenboom (Moore & Bruggink), Jim White, Bond Counsel, Steve Dertz, Amway Corp.

II. APPROVAL OF AGENDA

The agenda was approved by consent.

III. REVIEW AND RECOMMENDATION, FINANCING PLANS FOR PUBLIC INFRASTRUCTURE / AMENITY / PARKING PROJECTS

Kullgren opened the discussion by reviewing the three sets of tables provided describing the use and source of funds for the publicly funded portions of Envision Ada in regards to infrastructure (roads and utilities), amenities (green space, parks, civic) and parking needs.

- (1) The costs anticipated for Phase I and total amenities are fairly well defined and we are utilizing the high end of the previously quoted ranges in an effort to be conservative in our process: \$8.2 million for Phase I amenities (up to \$9.42 million with total amenities).

The potential pedestrian bridge from the Settlers Grove Riverfront across the river (estimated cost \$1.1 million) has been excluded from all cost estimates because the township does not own the property on the other side of the river. This portion of the project is determined to be a long-range goal.

\$380,000 has been included as a place-holder for a shorter term parking solution in the Bronson / Ada Drive area of the Village. Ferro has a map showing concentric walking distance circles to better define the distance of any particular parking solution to the center of the Village on Ada Drive, between Bronson St. and Thornapple River Dr. Ferro will provide this map to Board members via email.

- (2) Summary of Resources table shows \$1.225 million in current funds on hand (General, DDA, Parks and Land Preservation) and a Bond Issue of \$7 million (to be repaid via various sources) for a total funding availability of \$8.225 million. Grants, if available as a source of funds, have yet to be identified.
- (3) Bond Repayment schedules developed by Paul Stauder of Public Financial Management, Inc. (Ann Arbor) will be discussed by Jim White, the townships bond counsel.

White presented information regarding the bond issuance process and key points and necessary assumptions to keep in mind: The total amount of the bond(s) cannot exceed \$7 million, but can be less.

It is likely that there will be two or three bond offerings because not all \$7 million is needed at the outset of the project. Our repayment estimates show interest on the total \$7 million accruing from day one, but we know this will not be the case and therefore our repayment schedule is conservative. The repayment schedule also includes a bond interest rate of 4%. In today's market, with Ada Township's high credit rating, we will likely see the bonds marketed at a rate at or just below 3%. So again, our repayment schedule is conservative. The bond rate is fixed for 20 years. The first bond will likely be sold in June in an amount to be determined based upon when the monies will be needed (likely \$2 – 2.5 million). All bond proceeds must be spent within a two year window from receipt. Transaction costs for marketing the bonds are in the 1-2% range and while they are a cash expenditure, these costs are built into the "soft" costs of all municipal projects.

Harrison asked for clarification that water and sewer fund contributions to the repayment of bonds can only go towards actual water and sewer costs associated with the projects. Project leaders are mindful of this requirement and will take necessary steps to monitor and comply.

White stated that there will need to be an agreement in place between the DDA and the Township, concerning a commitment of future DDA revenues toward payment of the bond debt, since the Township is required to repay the bond(s). On a set schedule, the DDA will turn over revenues to the Township for repayment of the bonds.

Significant changes to the tax increment and DDA millage tax base are expected in the near future. Our projections currently include the loss of Personal Property tax base (and revenue) and the expiration of IFT (industrial facility tax) exemptions after 12 years, after which this property will be taxed at 100%. Future net Real Property growth (New construction minus demolition) has not been included in our projections of tax base (and revenues) as the values would be anticipatory. Currently, the projection of future growth of the Real Property tax roll only (mostly) includes an annual 2% inflationary value. Ferro has a rough estimate of the future value of a fully built out Village that will be provided at our next DDA meeting. New buildings that are already under construction or with building permits issued added minimal value to the current tax roll after accounting for demolition.

White also pointed out that a portion of the total millage subject to capture by the DDA is subject to expiration / renewal / changing amounts.

White reminded everyone that all tables, schedules and projections are a snapshot in time. As new details emerge and facts or circumstances change, the projections will be updated and fine-tuned. Because of this, an effort was made to be conservative in the assumptions.

White stated at our next meeting on May 9, 2016, we should be prepared to vote on a resolution to recommend (or not) to the Ada Township board an amount for the first bond. The bond will be sized according to what our actual intended short term needs are. There are funds available in our cash on hand to mitigate any unforeseen costs/needs that occur before a subsequent bond could be issued.

White also mentioned that the potential \$1 million expenditure towards a parking structure will have to be reviewed as it may affect the tax exempt status of the bond(s). Careful consideration will need to be taken in how the bond proceeds are spent. Possibly, parking structure expenditures could be made from other fund sources.

BOARD COMMENT:

Kullgren asked that the May meeting include potential parking solutions for the Bronson / Ada Drive area so that short term funding needs could be included in the bond amount discussion. He also mentioned that the Community Church is entertaining development proposals for its property and is very much in favor of space sharing arrangements, in both real property and parking, which would benefit the entire community. An example would be a large meeting space that could be utilized both for Township

functions (ie. Board meetings, etc.) and private groups needing a periodic larger meeting area. This shared space could sit amongst a cluster of other independent buildings, with independent owners and usages.

Harrison asked if the Township had a use intended for the Road Commission property at the end of Fase Street that is being considered for purchase. Haga stated no use at this time has been identified, but the Township is considering a township wide strategic planning project this year that could help identify uses and other needs of the township. Kullgren questioned whether the Township should commit to acquiring this property prior to the strategic planning process being completed. Kullgren asked Haga that the DDA be informed when the Fase Street property is on the Township Board agenda.

IV. PUBLIC COMMENT

None

V. ADJOURNMENT

It was moved by Norman and seconded by Bowersox, to adjourn the meeting at 9:41AM.

Motion passed unanimously.

Respectfully submitted:

Devin Norman, Secretary/Treasurer