

**ADA TOWNSHIP DOWNTOWN DEVELOPMENT AUTHORITY (DDA)
BOARD OF DIRECTORS
MINUTES OF THE MAY 9, 2016 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: Terry Bowersox, George Haga, Bryan Harrison, Jim Ippel, Bob Kullgren, Walt VanderWulp, Ted Wright

BOARD MEMBERS ABSENT: Sarah Andro, Devin Norman

STAFF PRESENT: Jim Ferro, Planning Director

PUBLIC PRESENT: Steve Groenenboom (Moore & Bruggink), Jim White, Mika, Meyers

II. APPROVAL OF AGENDA

The agenda was approved by consent.

III. APPROVAL OF MINUTES OF APRIL 11 AND APRIL 25 MEETINGS.

It was moved by Bowersox, seconded by Wright, to approve the minutes of the April 11 and April 25 meetings as presented.

Motion passed unanimously.

IV. DDA FINANCIAL REPORT, 04/30/16

Ferro presented a financial report for the DDA as of April 30, 2016. Ferro noted some Farmers Market revenues have come in, from vendor registration fees. He also noted there is a current DDA fund balance of \$508,422.

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

Ferro stated last month we reviewed an analysis of the Township and DDA's capacity to support a maximum debt amount of \$7 million for all Envision Ada-related projects. Ferro stated the initial bond issue is proposed to be \$2.28 million, for financing of the Ada Drive reconstruction project, including the street reconstruction itself, soft costs that have already been incurred, cost of temporary access arrangements to adjoining property during construction, and costs of modifying driveways on adjacent properties to match the new street elevation. Ferro stated that Jim White would present information regarding the projected sources of funding for payment of debt service on the bond issue. Ferro noted the \$2.28 million does not include funding for any of the amenity projects.

Kullgren stated that the Ada Drive project timing is important in that it is a pre-condition to initiating new development on portions of the shopping center near Ada Drive, which are likely to materialize in short order. Kullgren also noted that the bond issue amount does not include funding for any parking solutions in the Village, since there is cash on hand from the DDA that could be used for this purpose.

Kullgren stated there are challenges in completing Ada Drive this summer, including figuring out

both temporary and permanent access to the adjacent properties.

Jim White, Mika Meyers, stated that the Board is being asked at tonight's Township Board meeting to authorize the sale of \$2.28 million in bonds, in order for the bond proceeds to be available by the desired construction start date in early July. White stated that in a typical approach, we like to have construction bids in hand when the bond issue is sized, but that isn't possible in our current schedule.

Kullgren asked if our current schedule has any impact on likely number of bidders and bid prices.

Steve Groenenboom, Moore & Bruggink, stated we could be paying a price premium if we bid the project in June.

Jim White stated that our schedule calls for selling the bonds on June 14, about a week before bids are due, with bond proceeds in the bank prior to the selected contractor being given a notice to proceed with construction in early July.

White stated that since the last DDA meeting, we became aware that there is some clarification needed regarding the term of the DDA Development and Tax Increment Financing Plan, which will necessitate another amendment process for the Plan this summer. White noted that because of the need for this amendment, the current repayment schedule does not include any DDA funding. Once the amendment is approved, the DDA will be able to make some of its funding available for repayment of the bond debt.

Haga asked what the impact would be of selling the bonds now, if we don't start the Ada Drive project until 2017. White stated that selling the bonds now will allow us to lock in a low rate. He stated that once bonds are sold, we have 3 years to spend the proceeds. He pointed out that the Internal Revenue code requires that at least 5% of the proceeds be spent or committed in binding contracts in 6 months, in order to maintain tax exempt status for the bonds. White stated engineering and legal costs can be included in the 5%.

Timing of construction in relation to shopping center tenant relocation schedules and planned construction of a new grocery market at the corner of Ada Drive Fulton St. was discussed.

Several Board members expressed concerns with potentially incurring higher costs for the Ada Drive project if it is bid for construction starting in July, compared to waiting until next spring. Concern was also expressed with potential negative impact on the holiday shopping season for local businesses.

Groenenboom stated that starting the project in July gives us 17 weeks to complete the road and have it open. He stated that we still need plan review and approval by both Chase and 5/3 Bank. He stated if we can get cooperation from the banks on temporarily sharing access with a drive connection between their parking lots, we could shorten the construction schedule.

Groenenboom stated that a temporary access to the shopping center along the future River St. alignment off Thornapple River Drive is also being considered, which would allow us to eliminate the need for a temporary retaining wall along Ada Drive.

Kullgren stated the question before the Board is whether we should proceed with the bond issue at this time, recognizing that the Ada Drive project may or may not happen this year.

Jim White pointed out that the Township Board resolution gives the Township Supervisor the

authority to make the decision on the date of the bond issue.

Board members discussed whether the description of the use of the bond issue proceeds contained in the authorizing resolution should be broadened to include work other than the Ada Drive project, including parking improvements and getting started on fleshing out future amenity projects, or whether to rely solely on use of cash on hand for those other projects.

Following discussion, the consensus of the Board was that the Township Board should authorize the \$2.28 million bond issue, subject to broadening the description of the uses of bond proceeds to include parking improvements. In addition, the Board consensus was that in deciding whether to proceed with the Ada Drive project in 2016, consideration should be given to the potential for cost savings if the project is postponed until spring of 2017.

VILLAGE PARKING EXPANSION OPTIONS

The Board reviewed public parking expansion options prepared by Moore & Bruggink. Kullgren stated he was expecting to see other options for expanding parking in the vicinity of the parking area in the block behind the Ada Bike Shop and Ada Hardware.

Ippel stated this was his expectation as well.

Kullgren stated he would like to see a more thorough evaluation of alternatives, as well as cost estimates, within a week to 10 days.

DEVELOPMENT ACTIVITY UPDATE

Ferro stated the Planning Commission would be reviewing a lot layout plan for future development on the portion of the shopping center near the Ada Drive/Fulton St. intersection at their May meeting.

IX. HEADLEY STREET POWER LINE RELOCATION

Ferro stated he had received an inquiry from Tom Korth as to what the status is of re-routing or burying the major electrical distribution line that runs along Headley Street. Ferro reviewed the cost estimates that were obtained last year, when the DDA Board postponed any decision pending completion of the other aspects of the Headley St. project.

Board member Wright stated he was under the impression that this line would eventually be placed underground.

Kullgren asked whether the overhead line has any impact on the usability of the future public space between Headley and Fulton St. Ferro stated he did not believe it would have a negative impact.

Kullgren stated it is speculative at this point whether resources exist to address this power line. He suggested that we not ignore it, and that it is important for aesthetic reasons if nothing else.

FARMERS MARKET UPDATE – MARKET LAYOUT AND VENDOR PARKING PLAN

Board members reviewed the proposed layout of the Farmers' Market for the 2016 season, based on the revised driveway configuration at the Community Church parking lot.

TAX INCREMENT PROJECTIONS PREPARED IN DECEMBER, 2015

Ferro reviewed the projections of tax increment revenue that were prepared by Rockford Development for Amway in December, 2015. Ferro stated that when he first received them, he concluded that they were not very useful.

Kullgren pointed out that among other limitations, these projections assumed that the entire shopping center would be totally redeveloped in one year. Kullgren stated that Amway representatives are now aware of the limitations of these projections, and are working on preparing a more realistic set of numbers.

XI. PUBLIC COMMENT

None

XII. ADJOURNMENT

The meeting was adjourned by consent at 9:55 a.m.

Motion passed unanimously.

Respectfully submitted:

Devin Norman, Secretary/Treasurer