MINUTES
Downtown Development Authority Meeting
Wednesday, September 5, 2001

Place: Kerrytown Concert House
415 N. Fourth Avenue, Ann Arbor, MI 48104

Time: The Chair, Rob Aldrich, called the meeting to order at 12:09 p.m.

1. ROLL CALL

<table>
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<tr>
<th>Present</th>
<th>Rob Aldrich, Fred Beal, Ron Dankert, David Fritz, Bob Gillett, Rene Greff, Leah Gunn, John Hieftje, Skip Ungrodt</th>
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<tbody>
<tr>
<td>Absent</td>
<td>Dave DeVarti, Lorri Sipes, Dave Solo</td>
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<td>Staff</td>
<td>Susan Pollay, Executive Director</td>
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<td>Present</td>
<td>Joe Morehouse, Deputy DDA Director</td>
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<td>Sarah Armstrong</td>
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<td>Audience</td>
<td>Jan Bradley, Tower Plaza Condominium</td>
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<td>C. Hedger Breed, Tower Plaza Condominium</td>
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<td></td>
<td>Jim Corbett, Republic Parking</td>
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<td>Ray Detter, Citizens Advisory Council</td>
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<td>Bob Henderson, Citizens Advisory Council</td>
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<td>Adrian Iraola, City of Ann Arbor/DDA</td>
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<td>Donna Johnson, City of Ann Arbor, Planning Department</td>
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<td>Brenda Macon, Ann Arbor Area Chamber of Commerce</td>
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<td>Malcolm Marts, Living Wage Coalition</td>
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<td>Jim Mogensen, Living Wage Campaign</td>
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<td>Michael Schira, Voice Stream</td>
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<td>Lara Thomas, Get Downtown/AA Area Chamber of Commerce</td>
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<td>Brian Tomsic, Tower Plaza</td>
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Mr. DeVarti enters.

2. APPROVAL OF MINUTES

Upon motion by Ms. Gunn to approve the minutes of July 11, 2001, seconded by Mr. Gillett:

A VOTE ON THE MOTION SHOWED:

<table>
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<tr>
<th>AYES:</th>
<th>Aldrich, Beal, Dankert, DeVarti, Fritz, Gillett, Greff, Gunn, Hieftje, Ungrodt</th>
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<tr>
<td>NAYS:</td>
<td>None</td>
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<tr>
<td>Absent:</td>
<td>Sipes, Solo</td>
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</tbody>
</table>

The motion carried.

3. AUDIENCE PARTICIPATION

Jan Bradley, property manager for Tower Plaza, representing their Board of Directors, C. Hedger Breed, and Brian Tomsic said that their parking contract with the City expired last year. They asked the DDA’s support for a new agreement for 120 monthly parking permits. She said that parking is vital to their residents, that Tower Plaza pays high taxes and parking is key to maintaining property values. Mr. Tomsic said the condo’s range from $80,000-$175,000, thus providing affordable housing. Mr. Aldrich explained that the Operations Committee will be looking into this and will make a recommendation at the next meeting.

Ms. Lara Thomas, of the Go! Pass Program, thanked the Board for funding this program. She distributed the latest brochure that was mailed to businesses in the downtown area, and thus far 225 businesses have indicated their willingness to participate in the program after November 1st.
Mr. Mike Schira, of Voice Stream, asked the Board to consider their proposal for an antenna on the Forest parking structure. One parking space would be needed for equipment. Mr. Aldrich said that the Operations Committee will be looking into this request and will have a recommendation at the October meeting.

Mr. Malcolm Marts, charter member of the Living Wage Coalition, said he spoke as an individual urging the DDA to pass a Living Wage resolution.

Mr. Solo enters.

4. CITIZENS ADVISORY COUNCIL

Mr. Detter reported:

The Citizens Advisory Council devoted a major part of last night’s meeting to a discussion of walking as a primary downtown transportation mode. The Downtown Marketing Task Force has identified this issue as one of their top three areas for future discussion. The Citizens Council is developing a supplement to our Transportation and Traffic Management goals statement on this issue. We are taking a close look at some of the advantages of downtown walking, we have identified some of the hazards that may exist, and we are making recommendations for improvement. We plan to share this statement with the DDA as well as leaders of all City Departments, University leaders and downtown merchant associations some time this fall.

The Downtown Marketing Task Force has identified renewal of the DDA for another thirty years as its most important goal for the future of downtown. We recognize that the Citizens Council has an important role to play in the process of shaping a new Development Plan and Tax Increment Financing Plan to extend the DDA’s life to the year 2031. We fully support DDA renewal and we plan to have a representative present at all the public meetings to consider extending the life of the DDA for another 30 years.

Members of the Citizens Council are also planning to be present at the September 18th meeting in City Council Chambers to discuss the future development of the First and Washington site as well as other development areas on the near west side of downtown.

The future development of Lower Town is of major concern to members of the Citizens Council—as it should be for the DDA. I attended a recent meeting with Mayor John Hieftje on the issue. That meeting was organized by Liz Brater of the Ecology Center. Doug Kelbaugh and Sue Gott also attended in the hope of developing a common community strategy for encouraging a creative vision for the future of Lower Town that involved cooperative efforts of the City, the University and private developers. We think our meeting will help produce important results, the first of which will be a third workshop on Lower Town. We hope that ideas that emerged in the first two Lower Town workshops will be further developed and refined. This will enable Mayor Hieftje to undertake serious discussions with University leaders to creating a common vision for the area.

The Citizens Council applauds the DDA and Mayor Hieftje for their leadership in bringing about the expected transfer of control of the on-street parking meters to the DDA in the year 2002. All of us have worked for many years to make this happen and it will be a major benefit to the efficient operation of the downtown parking system.

I have passed around copies of the images to be placed in transparent frames this October at nine locations in the Main Street and Kerrytown areas. Historic street exhibits are all owned by the City and regularly maintained by the Ann Arbor Parks and Recreation Department. We recently received a commitment of $50,000 from Pfizer and $15,000 from Tom Borders bringing our level of total funding to $227,902 including $86,166.66 in pledges to be paid in 2002 and 2003. We also have a commitment from another, as yet anonymous, State Street donor who has promised to give an amount equal to that of Tom Borders. The cost of our fall installations is approximately $137,000. You have before you today a resolution that will help to facilitate this October installation as well as complete our entire program next year. We hope it will be approved.
Installation of our historic exhibits coincides with Ann Arbor’s 150th anniversary celebration of the city’s 1851 incorporation. At 12 noon on October 19 a ribbon around City Hall and our Site 8 historic panel commemorating “City Services” will be cut by Mayor Hieftje and assembled guests. The DDA has given a large financial contribution to this program and is committed to encouraging its completion. We hope you will all plan to attend.

5. NEW BUSINESS

Mr. Aldrich welcomed everyone to the new meeting place and introduced new board members, Mr. David Solo, owner of the Bagel Factory which is located on S. University and Mayor John Hieftje.

6. OLD BUSINESS

None.

7. SUBCOMMITTEE REPORTS

OPERATIONS COMMITTEE

Mr. Dankert introduced Jim Corbett, the new Republic Parking Manager, replacing Dan Forst. Mr. Dankert reported on the fiscal year-end financial report: TIF revenue is $195,000 over budget and expenses are $625,000 under budget, mostly due to timing issues for such items as the Syndeco payments and the State Street project. Parking fund revenues are $180,000 over budget and expenses are $58,000 under budget. Upon motion by Mr. Dankert, seconded by Ms. Gunn, to approve the year-end financial statements:

A VOTE ON THE MOTION SHOWED:
AYES: Aldrich, Beal, Dankert, DeVarti, Fritz, Gillett, Greff, Gunn, Hieftje, Solo, Ungrodt
NAYS: None
Absent: Sipes
The motion carried.

Mr. Dankert reported that the committee is considering the Voice Stream and Tower Plaza proposals. The committee is also looking at possible investment options and policies.

Mr. Dankert moved and Ms. Gunn seconded the following resolution:

RESOLUTION INCREASING PARKING OPERATIONS BUDGET TO ALLOW REPUBLIC PARKING TO INCREASE EMPLOYEE WAGES

Whereas, DDA has managed ten City-owned downtown parking facilities since 1992, and engages the services of a parking operator to oversee day-to-day operations in these parking facilities;

Whereas, In fall 2000 DDA selected a new parking operator, Republic Parking, and set forward a series of rigorous expectations for customer service, maintenance, and revenue receipts;

Whereas, Republic Parking has accomplished a great deal toward meeting DDA goals since beginning work February 1, 2001, including providing extensive and accurate financial reporting, coordinating and following through on a detailed maintenance list, and encouraging cashiers to provide exceptional customer service;

Whereas, DDA is desirous of Republic Parking retaining its excellent staff, as they are clearly working hard to meet DDA and community service expectations;

Whereas, The DDA has been asked by the City Council to approve an increase in its Parking Operations budget to provide Republic Parking with sufficient means to increase employee wages to a minimum $8.70/hour plus the offer of health care;
Whereas, The Operations Committee has estimated that it would cost the DDA approximately $275,000 this year to provide Republic Parking with sufficient means to raise employee wages to the level requested by City Council and provide health care for employees working 20 hours or more per week, plus annual cost increases thereafter;

RESOLVED, DDA shall immediately authorize an increase in the annual operations budget for Republic Parking to provide for a pay raise for its employees to a minimum of $8.70/hour.

RESOLVED, DDA shall provide for this wage increase retroactive to the beginning of its fiscal year, July 1, 2001.

Mr. Gillett proposed a friendly amendment, adding two new “whereas” paragraphs. This amendment was moved by Mr. Beal and seconded by Mr. Dankert:

Whereas, The Ann Arbor City Council has passed a living wage ordinance in March, 2001;

Whereas, The DDA supports the goals of the City Council’s policy and wishes to voluntarily act in accordance;

A VOTE ON THE AMENDMENT SHOWED:
AYES:   Aldrich, Beal, Dankert, DeVarti, Fritz, Gillett, Greff, Gunn, Hieftje, Solo, Ungrodt
NAYS:   None
Absent:  Sipes
The motion carried.

Mr. Beal questioned where the money would come from and Mr. Dankert said that we may have to raise parking rates or DDA may eventually assume parking meter operations. Mr. Dankert said they were still discussing the parking meter option with City Council. Mr. Corbett was asked about staffing, and Mr. Corbett said there were 62 employees of whom 33% are part time (20 hrs. or less).

Mr. Beal asked that the following amendment be made to the first resolved clause, clarifying that health coverage would be offered to employees working more than 20 hours a week:

RESOLVED, DDA shall immediately authorize an increase in the annual operations budget for Republic Parking to provide for a pay raise for all of its employees to a minimum of $8.70/hour and the offer of health care for employees working greater than 20 hours per week.

A VOTE ON THE REVISED RESOLUTION SHOWED:
YES:  Aldrich, Beal, Dankert, DeVarti, Fritz, Gillett, Greff, Gunn, Hieftje, Solo, Ungrodt
NAYS:  None
Absent:  Sipes
The motion carried.

Mr. Dankert moved and Mr. Ungrodt moved the following resolution:

RESOLUTION TO ACCEPT FUNDS FOR THE CONSTRUCTION OF ADDITIONAL DOWNTOWN HISTORIC STREET EXHIBITS

Whereas, In July 1995 the DDA showed its support for the construction and installation of Historic Street Exhibits in the DDA District with the contribution of $46,000;

Whereas, In 1998 the DDA received funds from the Ann Arbor Historical Foundation in support of the Historic Street Exhibit project, and facilitated payments to the contractor, O’Neal Construction for the first phase of this project.
Whereas, The Ann Arbor Historical Foundation has received cash and pledges for additional exhibits in the amount of $227,902.79, including $86,166.66 in pledges to be paid in 2002 and 2003;

Whereas, The Ann Arbor Historical Foundation has asked the DDA to facilitate payments to its contractor to ensure that proper accounting practices are maintained;

Whereas, This will require the DDA to receive funds in the amount of $227,902.79 and provide payment as required based on verification on work completion by its Project Manager;

Whereas, Payments by the DDA may precede receipt of 2002 and 2003 pledges in the amount of $86,166.66;

RESOLVED, That the DDA accept the funds collected for the Historical Street Markers and hold those funds in DDA accounts until needed to pay for the construction of new Historical Street Markers as verified by the DDA project Manager.

Mr. Ungrodt asked if this would be enough money for this year, to which Mr. Detter said yes, there are also additional funds for the next phase of the project. Mr. Ungrodt said that he felt Mr. Detter deserved a great deal of praise for his hard work on this project, to which others added their support.

A VOTE ON THE MOTION SHOWED:

YES: Aldrich, Beal, Dankert, DeVarti, Fritz, Gillett, Greff, Gunn, Hieftje, Solo, Ungrodt
NAYS: None
Absent: Sipes
The motion carried.

Mr. Dankert presented and Ms. Gunn seconded the following resolution:

RESOLUTION DECLARING INTENTION TO BE REIMBURSED OUT OF BOND PROCEEDS

WHEREAS, The DDA is a body corporate established pursuant to Act 197, Public Acts of Michigan, 1975, as amended (the "Act"), having general supervision and control of the City of Ann Arbor Downtown Development Authority (the "Authority"); and

WHEREAS, The DDA has undertaken the renovation of the Fourth & William Parking Structure;

WHEREAS, The DDA intends to request the City of Ann Arbor to issue and sell one or more series of Downtown Development Bonds, pursuant to the constitutional and statutory authority for the purpose of paying all or part of the cost of repair project paying capitalized interest, if any and the costs of issuance of the Bonds; and

WHEREAS, It is necessary to declare the DDA's intention to be reimbursed from the proceeds of the Bonds for expenditures for the costs of the Project made prior to issuing the Bonds, in order to comply with the Internal Revenue Code of 1986, as amended (the "Code").

RESOLVED That the DDA hereby makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. Section 1.150 promulgated pursuant to the Internal Revenue Code of 1986, as amended:

The Board reasonably expects to be reimbursed for the expenditures described in (b) below with the proceeds of Bonds to be issued by the City.

The expenditures described in this paragraph (b) are the cost of acquiring and constructing equipping and furnishing the Project which were paid or will be paid subsequent to a date not more than sixty (60) days prior to the date hereof from the general or other fund of the Board.
The maximum principal amount of the debt expected to be issued for the acquisition, construction, equipping and furnishing of the Project, including issuance costs, is $3,485,000.00.

A reimbursement allocation of the expenditures described in (b) above with the proceeds of the Bonds described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the Board's use of the proceeds of the debt to be issued for the Project to reimburse the Board for a capital expenditure made pursuant to this resolution.

The expenditures described in (b) above are "capital expenditures" as defined in Treas. Reg. § 1.150-1(b), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Treas. Reg. § 1.150-2(c)) under general Federal income tax principles (as determined at the time the expenditure is paid).

No proceeds of the borrowing paid to the DDA in reimbursement pursuant to this resolution will be used in a manner described in Treas. Reg. § 1.150-2(h) with respect to abusive uses of proceeds, including, but not limited to, using funds corresponding to the proceeds of the borrowing in a manner that results in the creation of replacement proceeds (within the meaning of Treas. Reg. § 1.148-1) within one year of the reimbursement allocation described in (d) above.

Expenditures for the Project to be reimbursed from the proceeds of the Bonds for purposes of this declaration do not include and are in addition to (i) costs for the issuance of the debt, (ii) an amount in excess of the lesser of $100,000 or five percent (5%) of the proceeds of the borrowing, and (iii) preliminary expenditures not exceeding twenty percent (20%) of the issue price of the borrowing, within the meaning of Treas. Reg. § 1.150-2(f) (such preliminary expenditures include architectural, engineering, surveying, soil testing and similar costs incurred prior to construction of the Project, but do not include land acquisition, site preparation, and similar costs incident to commencement of construction).

Moved by Mr. Dankert and seconded by Ms. Gunn, the following friendly amendment was added:

RESOLVED, This resolution is subject to review and approval by the DDA Attorney.

Mr. Morehouse said that the City's bond counsel had prepared this resolution to enable the DDA to be reimbursed for its costs renovating the Fourth & William Parking Structure as the City was very late securing its bonds for spring 2001. Ms. Pollay said that it is likely the DDA may not see bond proceeds until March 2002, at which point most of the work will be completed. This resolution is intended to enable the DDA to be reimbursed out of bond proceeds next spring.

A VOTE ON THE MOTION SHOWED:
YES: Aldrich, Beal, Dankert, DeVarti, Fritz, Gillett, Greff, Gunn, Hieftje, Solo, Ungrodt
NAYS: None
Absent: Sipes
The motion carried.

PARTNERSHIP COMMITTEE
Mr. Gillette reported that they had received a letter from Ehresman Associates outlining their proposal for assessing the condition of the Courthouse Square building. He said that the Committee had met with Mr. Jeffrey Spoon on his Liberty Street project to discuss his request for a parking contract in the Maynard structure.

Mr. Gillett moved and Ms. Greff seconded the following resolution:
RESOLUTION TO PROVIDE $15,000 TOWARD THE COST OF ALLEY IMPROVEMENTS

Whereas, The goals of the DDA include participation in efforts to stimulate new, converted or renovated housing in the downtown;

Whereas, The Collegian at 337 Maynard Street will develop a blighted site which has been an eyesore and concern to police and the neighborhood for several years;

Whereas, The project will create an attractive seven-story building in the heart of the State Street district with nine residential units of mixed affordability, including eight market rate condominiums and one affordable condominium;

Whereas, The annual TIF contribution from this project is anticipated to be significant;

Whereas, The project will include extensive improvements to the adjacent alley, including providing for a communal trash compactor, as well as better pavement and lighting for pedestrians;

Whereas, This development is within the State Street Pedestrian Improvement Area and the developer has agreed to coordinate the placement of an electrical transformer in the adjacent alley which will support the future growth and vitality of the area;

Whereas, The developer, Spoon Equities, has asked the DDA for a $15,000 contribution to his costs for alley pavement;

Whereas, The request to the DDA represents a small fraction of the annual TIF revenues the DDA will receive as a result of this development;

Whereas, The DDA Partnerships Committee has reviewed this request in depth and has voted to recommend its approval, particularly given its importance to the forthcoming State Street Area Pedestrian Improvements Project;

Resolved, The DDA will provide $15,000 toward the cost of pavement to the alley south of the Collegian, thus providing benefit to the entire area including the placement of a new electrical transformer;

Resolved, To the extent possible, pedestrian improvements to the eastern side of the 300 block of Maynard Street shall be delayed so as to better coincide with construction schedule of the Collegian.

A VOTE ON THE MOTION SHOWED:
YES: Aldrich, Dankert, DeVarti, Fritz, Gillett, Greff, Gunn, Hieftje, Solo, Ungrodt
NAYS: None
Abstain: Beal
Absent: Sipes
The motion carried.

First/Washington-Status Report
Mr. Gillett said that they were in negotiations, and there are three areas of disagreement: (1) construction and development cost allocation; (2) the affordable housing component; and (3) isolated issues such as scheduling. An important concern centers on the estimated costs to build the parking structure. The board originally budgeted $6 million to replace 199 parking spaces, and now it appears it may end up exceeding $8 million. There may be geotechnical challenges on the site, and the developer would direct a number of construction and development costs to the DDA. The committee felt they need to get better cost estimates and to decide on the amount the DDA is willing to pay for the parking spaces. There appeared to be common agreement about this amongst the board members.

CAPITAL IMPROVEMENTS COMMITTEE
**Forest Structure-Status Update.** Mr. Beal reported that there are a number of punch list items that need to be corrected and they are having problems getting the contractor to complete the work. The City has given notice that they will begin assessing liquidated damages within the next few weeks. The walkway between the structure and the Galleria has not been completed due to difference of opinions between the design engineers and the City Building Department. The architects are appealing to the State Barrier Free Code Board, and it may take several months to get an opinion. There’s a major claim from the steel subcontractor related to the North West stairs not being to code.

**Fourth Avenue.** The redesign is out for bid. Bids are due September 25.

**State Street Project.** The design passed the Planning Commission and the drawings are now 100% complete.

**Fourth/William Renovation.** Ms. Pollay reported that concrete work is completed on levels 7, 6, and 5, and levels 6 and 5 have been deck coated and restriped. There remains an issue about the deck coating quality on the roof level and it has been rejected to be recoated. Western Waterproofing is currently working on the lower levels. The William Street entrance has been reopened, and work will continue until it becomes too cold to continue this fall, and will begin again in the spring. Mr. Iraola talked about the electricity for the deck, saying it was resolved not to delay work several months to enable Detroit Edison to determine if it might be feasible to shift to primary power.

**Maintenance Issues.** Mr. Beal reported that tree grates were repaired on E. Liberty and Washington Streets. It is his hope that a long-term maintenance plan can be devised for sidewalk improvements.

**PLANNING COMMITTEE**
In Ms. Sipes absence, Ms. Pollay reported that there will be a committee meeting soon to discuss the 2031 Plan. The draft of the plan is 90%-95% complete.

8. **OTHER BUSINESS**

Ms. Pollay announced that she, Ms. Greff and Mr. DeVarti will attend the IDA Annual Conference in Pittsburgh, PA from September 29-October 2 and will report back at the October meeting.

9. **OTHER AUDIENCE PARTICIPATION**

Mr. Jim Mogensen spoke about parking and planning, stating a concern that a lack of parking will impact downtown and urged the board to look at more parking for downtown.

10. **Adjournment**

As there was no further discussion, upon motion, the meeting was adjourned at 2:05 p.m.

Respectfully submitted,
Susan Pollay, Executive Director