

**Ann Arbor Downtown Development Authority Meeting
Wednesday, February 3, 2021 at 12:00 pm**

Place: Virtual Meeting: Zoom link: <https://us02web.zoom.us/j/87258624253>
Phone: 877-853-5257 Meeting ID: 872 5862 4253 Passcode: 070247

Time: 12:00 Noon

1. ROLL CALL

Present: Micah Bartelme, Tom Crawford, Alex Dieck, Bob Guenzel, Ji Hye Kim, Tyler Kinley, Marie Klopf, Jessica A.S. Letaw, Jonathan Massey, Molly McFarland, Darren McKinnon, Rishi Narayan

Absent: None

Staff: Maura Thomson, Interim Executive Director/Communications Manager
Sara McCallum, Deputy Director
Jada Hahlbrock, Parking Services Manager
Amber Miller, Capital Projects Manager
Kelley Graves, Management Assistant

Others: Mike McKiness/RPS; Chris Simmons/TheRide

Public: Members of the public were on the Zoom meeting but did not identify themselves.

Prior to the vote on approving the agenda, Ms. Letaw welcomed Mr. Jonathan Massey as a new DDA Board member. Mr. Massey is a Professor and Dean for UM/Taubman College of Architecture and Urban Planning and a downtown resident.

In response to questions raised at the last board meeting about board members abstaining from discussion/vote, Ms. Letaw read the section of the DDA Bylaws pertaining to conflict of interest. She said that DDA staff is drafting clarifying language to the DDA Bylaws for review by the DDA attorney that will then be presented to Executive Committee and the Board for consideration.

2. APPROVAL OF BOARD MEETING AGENDA

Mr. McKinnon moved and Mr. Crawford seconded the motion to approve the meeting agenda. Prior to the vote, Ms. Klopf requested an amendment to the agenda, to move Finance Committee ahead of Operations on the agenda as we have a member(s) who needs to leave the meeting early.

A consent vote on the motion to amend the agenda showed:

Ayes: Bartelme, Crawford, Dieck, Guenzel, Kim, Kinley, Klopf, Letaw, Massey, McFarland, McKinnon, Narayan

Nays: None

Absent: None

The motion to amend the agenda was approved.

A consent vote on the motion to approve the amended agenda showed:

Ayes: Bartelme, Crawford, Dieck, Guenzel, Kim, Kinley, Klopf, Letaw, Massey, McFarland, McKinnon, Narayan

Nays: None

Absent: None

The motion was approved.

3. AUDIENCE PARTICIPATION

Mr. Haber said City Council approved the appointment of the Council of the Community for the Ann Arbor Community Commons. The group has a website (www.annarborcommunitycommons.org/). An in-person and/or virtual Earth Day celebration is planned on the Library Lot on 4/22.

4. REPORTS FROM CITY BOARDS AND COMMISSIONS

None.

5. DDA MEMBER COMMUNICATIONS

None.

6. EXECUTIVE DIRECTOR REPORT

Ms. Thomson gave a presentation to the UM/Ford School on the collaborative efforts between the DDA, City and area merchant associations over the last year in support of downtown businesses. She stated the need for individuals to continue to support local businesses as we move towards economic recovery.

7. APPROVAL OF MINUTES

Mr. Bartelme moved and Mr. Guenzel seconded a motion to approve the January minutes.

A consent vote on the motion showed:

Ayes: Bartelme, Crawford, Dieck, Guenzel, Kim, Kinley, Klopf, Letaw, Massey, McFarland, McKinnon, Narayan

Nays: None

Absent: None

The motion was approved.

8A. SUBCOMMITTEE REPORTS – FINANCE

Ms. Klopf moved and Mr. McKinnon seconded the following resolution:

RESOLUTION TO DIRECT THE DISBURSEMENT OF ACCRUED INTEREST HELD IN ESCROW AGAINST THE 2001 MORTGAGE 100 S. FOURTH AVENUE BUILDING (COURTHOUSE SQUARE APARTMENTS)

Whereas, In 2000 the DDA received a request from First Centrum LLC for financial assistance to help them rehabilitate their 100 S. Fourth Ave building, including making roof repairs and replacing two elevators;

Whereas, The building had been a former hotel, and once renovated and renamed Courthouse Square Apartments, the building contained 116 affordable housing units for people over the age of 55, including some units at 50% and 60% AMI;

Whereas, In response to the request from First Centrum, in October 2000 the DDA provided \$100,000 to this project in the form of a 6% interest loan and in August 2001 a mortgage was filed (liber 4059) against the property as repayment assurance;

Whereas, in December 2013 Courthouse Square Acquisitions, LLC purchased the property and was assigned the mortgage and note by consent of the DDA;

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Whereas, In December 2020 Courthouse Square Acquisitions requested that the DDA discharge this mortgage to allow a property closing to go through, and also asked the DDA to consider the waiver of the \$116,000 of interest that has accrued on the loan, either in whole or in part;

Whereas, As consideration for the DDA's agreement to discharge the Mortgage and enable Courthouse Acquisitions to proceed to closing, Courthouse Acquisitions did deposit \$216,000 into an escrow account held by Liberty Title Agency, Inc., prior to the date of closing, which represents the sum of the principal amount of \$100,000 and the interest accrued thru December 31, 2020 of \$116,000;

Whereas, \$100,000 of the escrowed funds, being the principal portion, was distributed to the DDA upon closing and the mortgage was thereupon discharged;

Whereas, The terms of the escrow agreement call for the disbursement of the remaining \$116,000, being the accrued interest portion, to be directed by the DDA Board;

Whereas, The Executive Committee recommends that the DDA Board direct Liberty Title Agency to disburse \$0 of the accrued interest held in escrow to Courthouse Square Acquisitions, and to disburse any remaining funds to the Ann Arbor Downtown Development Authority.

Resolved, The DDA Board directs Liberty Title Agency to disburse \$0 to Courthouse Square Acquisitions, and to disburse any remaining funds to the Ann Arbor Downtown Development Authority; and authorizes the DDA Executive Director to execute any necessary documentation.

Prior to the vote, Mr. Bartelme recused himself from the discussion and vote, stating that while he does not have a direct financial connection, he does have other business dealings with the principals involved. Ms. Dieck recused herself from the discussion and vote, stating that while she does not have a direct financial or business dealing with the principals involved, her firm does.

Ms. Klopff said that the Board voted in January to postpone this resolution and directed staff to bring the resolution to the Finance Committee for further review. Upon further review of the mortgage document after the January Board meeting, staff discovered the mortgage called for compound interest, resulting in additional interest of \$92,725 due to the DDA from Wickfield Properties. The Finance Committee recommends directing the disbursement of the accrued interest to the DDA. Collection of the additional \$92,725 will be discussed by the Finance Committee in February.

A consent vote on the resolution showed:

Ayes: Crawford, Guenzel, Kim, Kinley, Klopff, Letaw, Massey, McFarland, McKinnon, Narayan

Nays: None

Absent: None

Recused: Bartelme, Dieck

The resolution passed.

Expense Registers: The Committee approved the November and December 2020 expense registers.

Financial Statements-2Q: Second quarter financial statements were reviewed.

FY22 and FY23 Draft Budgets: The first draft of the FY22 and FY23 budgets and the Parking System financial report for December 2020 were reviewed. State guidelines for budgeting were shared. Ms. Klopf stated that Operations Committee had expressed concern regarding budgeting revenues at regular/pre-pandemic levels based on the ongoing uncertainties regarding the pandemic. A special Finance Committee meeting is scheduled for Thursday, February 4, 2021 at 9:15 am to discuss the draft budgets in more detail.

The next regular Finance Committee meeting is scheduled for Wednesday, February 25 at 9 am.

8B. SUBCOMMITTEE REPORTS – OPERATIONS
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Mr. McKinnon moved and Ms. Klopf seconded the following resolution:

RESOLUTION TO APPROVE A CONTRACT FOR DETERRENT FENCING AT THE FOREST PARKING STRUCTURE

Whereas, The DDA has managed the public parking system since 1992 in support of its mission;

Whereas, In 2017 the DDA installed deterrent fencing at the roof levels of all its above ground parking structures;

Whereas, Since 2017 the DDA has been adding additional deterrent fencing below the rooftop levels at many structures;

Whereas, An invitation to bid for deterrent fencing at the Forest Structure was distributed to qualified companies and published publicly, and two companies submitted bids;

Whereas, WGI Inc. recommends moving forward with the bid submitted by Future Fence Company in the amount of \$86,985.00;

Whereas, The Operations Committee recommends the DDA approval of this project;

RESOLVED, The DDA Board authorizes the Executive Director to sign a contract with Future Fence Company for deterrent fencing at the Forest structure in the amount of \$86,985.00 with funds coming from the DDA FY21 Parking CIP fund.

A consent vote on the resolution showed:

Ayes: Bartelme, Crawford, Dieck, Guenzel, Kim, Kinley, Klopf, Letaw, Massey, McFarland, McKinnon, Narayan

Nays: None

Absent: None

The resolution was approved.

Mr. McKinnon moved and Mr. Kinley seconded the following resolution:

RESOLUTION AUTHORIZING A CONTRACT WITH WGI FOR ENGINEERING SERVICES AND PROJECT ADMINISTRATION FOR FY22 STRUCTURES REPAIRS

Whereas, The DDA has managed public parking in pursuit of its mission since 1992;

Whereas, Annually the DDA undertakes necessary repairs to keep the facilities in good condition;

Whereas, Development and administration of annual maintenance and restoration work requires the work of engineers with expertise in parking structures;

Whereas, WGI holds the construction plans and documents necessary to complete this work;

Whereas, WGI's proposal to develop and oversee the FY22 maintenance and restoration work is \$105,200.00;

Whereas, The Operations Committee recommends the DDA approval of this proposal;

RESOLVED, The DDA authorizes a contract with WGI for \$105,200.00 to develop and administer FY22 maintenance and restoration work as outlined in their proposal, with funds coming from the FY21 and FY22 Parking CIP fund.

RESOLVED, Upon review by the DDA Attorney, the DDA directs the DDA Executive Director to sign a contract with WGI for this work.

A consent vote on the resolution showed:

Ayes: Bartelme, Crawford, Dieck, Guenzel, Kim, Kinley, Klopf, Letaw, Massey, McFarland, McKinnon, Narayan

Nays: None

Absent: None

The resolution was approved.

Revenues and Expenditures: Current revenue levels for on-street parking are on track with projections. There was a slight drop in hourly in December, which is typical during the winter months. Permit fee revenue was reduced, due to permits being turned in.

Parking and Transportation: The TIBA equipment installations continue. Currently working at Maynard. The 4th & Washington stairwell renovation is near completion. Planned critical maintenance work at Forest will begin in April. Ann Ashley elevator repairs are underway and will take one month to complete. Conquer the Cold-Pandemic Edition challenge ran through the end of January. GetDowntown partnered with the Show Your Love A2 campaign this year in support of downtown businesses.

The next Operations Committee meeting will be on Wednesday, February 24 at 11 am.

8C. SUBCOMMITTEE REPORTS - CAPITAL IMPROVEMENTS

Ashley Street Project: Ms. Dieck said the Committee finalized the Ashley Street construction scope. At the end of the last construction season, staff anticipated remaining bond dollars and the need to plan for spending those dollars within the three-year bond construction period. The Board authorized design dollars for potential additions to the Ashley Street construction project in March 2020, including extending streetlights and watermain upsizing. In addition to reviewing the March 2020 decision, staff noted more recent discussions about bond and contractual obligations as well as a desire to minimize construction impacts due to pandemic hardships. To finalize the Ashley Street construction scope, the project team reviewed the decision by some Ashley Street property owners not to fill their vaults, the critical scope to improve safety and restore two-way traffic and, potential additions included in the original design contract extension and, recommendations about which should advance to construction. The Committee supported staff's recommendation to focus construction on safety and restoring two-way traffic. The decision was made not to include the watermain upsizing between Huron and Washington because it would add to the timeline and cause significant disruption, with limited neighborhood benefit. Also, streetlighting and tree planting on the west side between Huron and Washington because it would add disruption and is not a long-term solution.

To reduce neighborhood construction impacts during the pandemic, staff is coordinating with adjacent property owners to inform winter construction, a February start date to reduce conflict with outdoor dining and retail and, increasing construction support staff & DDA capacity to respond. The anticipated construction timeline is from late February – end of May.

Ms. McFarland stated the total project bond for First/Ashley/William/Huron is \$18M to be used by February 6, 2022; three years from date of issuance. There is approximately \$2-2.5M remaining that the bond agreement allows for/anticipates may be spent on like projects (bikeway/pedestrian/streetscape). Staff shared potential project opportunities, including William Street adjustments, People-Friendly Streets 2 engineering and construction, notably Division and Miller/Catherine which are further along due to the pilot projects and, streetlight replacements on streets like Liberty and Washington. Staff will bring updates and related contract recommendations to the February CIC to continue advancing these options.

People-Friendly Streets Phase II: Public outreach will continue in March with a multi-format approach including virtual and paper, to share the DDA's project values and the analyses completed during the pandemic. The outreach will help inform design for Division and Catherine/Miller and help to identify other streets in need of improvement. The team is working with local organizations to engage individuals who wish to participate but do not have access to technology.

The next Capital Improvements Committee meeting is scheduled for Wednesday, February 17 at 11 am.

8D. SUBCOMMITTEE REPORTS – AFFORDABLE HOUSING/ECONOMIC DEVELOPMENT

UM Discussion: Mr. Bartelme said Mr. Rein, Director of Community Relations for UM, attended to share the University's pandemic response and overview of UM activities overall. Following MDHHS guidelines, UM shifted all but the Graduate and Health Services' classes to online for Winter term. The Union and League buildings will be accessible for up to 12-hours at a time to students who register through the University's ResponsiBlue app. UM plans to resume in-person classes Fall 2021. Plans for the former Fingerle lot are on

hold at this time. There was discussion about UM's plans to create greater density by replacing Northwood with a multi-level structure(s).

Partner Updates: Mr. Carpenter said TheRide plans to restore full service in August. AAATA will release its business plans in late February/early March for public feedback. RTA has not set a date yet to restart the Detroit-to-Ann Arbor service. AirRide remains suspended due to the ongoing reduction in air travel. Ms. Parker said that vestibule service has kept the Library at 64% of last year's full-services level. The Library plans to have most regular services restored by the end of June. Mr. Kinley said the DDA's First Street Bikeway was named one of the top 10 street projects for 2020. Ms. Hall reported the AAHC received HUD approval for the Lurie Terrace purchase. The closing is expected to take place in February. Work continues on the 350 S. Fifth pre-entitlement. The report on the other four City-owned sites including a housing market analysis and parking study will be presented to Council in March. The Affordable Housing millage was passed in November. CM's Ramlawi and Song said Council approved the updated flood plain ordinance and sign ordinance. CM Ramlawi expressed appreciation for the DDA's generous support of the downtown this past year. The City is engaging with UM and the Ann Arbor Racially Restrictive Covenant Mapping Project to change the restrictive conveyance of deed ordinance. The City has hired a new HR Director. Ms. Gibb-Randall reported on a number of developments recently approved by the Planning Commission.

The next Affordable Housing/Economic Development Committee meeting is scheduled for Wednesday, February 10 at 9:00 am (DDA only).

8E. SUBCOMMITTEE REPORTS- EXECUTIVE COMMITTEE
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Ms. Letaw requested a motion and second to which Ms. Klopf moved and Mr. McKinnon seconded the following resolution:

RESOLUTION TO APPROVE OFFICE LEASE WITH 150 S. FIFTH, LLC

Whereas, The DDA leases 3189 square feet of office space at 150 S. Fifth Avenue, Suite 301, from 150 S. Fifth, LLC;

Whereas, The original five-year lease began July 1, 2011, and included an option of one five-year extension period, which the DDA did exercise and which term ends June 30, 2021;

Whereas, The terms of the lease to not include a provision for a second extension period;

Whereas, 150 S. Fifth, LLC has prepared a new one-year lease agreement for the DDA Board's consideration at an annual cost of \$86,103, and which includes the option for one five-year extension at an increase of 3% per annum;

Whereas, The lease agreement also includes an additional flat charge of \$400 per month for utilities;

Whereas, The Executive Committee has considered the office space needs of the DDA, the current commercial office space rental market, and the terms set forth in the proposed lease agreement and finds the agreement acceptable;

RESOLVED, The DDA Board approves the terms of the proposed lease agreement with 150 S. Fifth, LLC for a term of one-year beginning July 1, 2021 and ending June 30, 2022 at a rate of \$86,103 per year, and an

additional flat utility charge of \$400 per month; and authorizes its executive director to execute the required documents on behalf of the DDA.

A consent vote on the resolution showed:

Ayes: Bartelme, Crawford, Dieck, Guenzel, Kim, Kinley, Klopf, Letaw, Massey, McFarland, McKinnon, Narayan

Nays: None

Absent: None

The resolution was approved.

Executive Director Search Update: GovHR is conducting interviews with Board members, Council members and staff as part of its work on the Executive Director search. Staff has submitted all information requested by the GovHR team to-date.

Ms. Letaw said the Committee also reviewed the agenda for today's meeting.

The next Executive Committee is scheduled for Wednesday, March 3 at 11:00 am.

9. NEW BUSINES

None.

10. OTHER AUDIENCE PARTICIPATION

Mr. Honeyman said it is important to acknowledge that the Wickfield Properties/Courthouse Square Apartments loan was not handled well from the beginning and that collection of the additional accrued interest will be difficult. He expressed concern about the parking budget and the impact on the DDA's fund balance.

11. ADJOURNMENT

Mr. moved and Mr. seconded the motion to adjourn.

A consent vote on the motion showed:

Ayes: Bartelme, Crawford, Dieck, Guenzel, Kim, Kinley, Klopf, Letaw, Massey, McFarland, McKinnon, Narayan

Nays: None

Absent: None

The motion was approved.

The meeting adjourned at 12:50 pm.

Respectfully submitted,

Maura Thomson, Interim Executive Director