



# CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

**DATE:** March 29, 2022

**TO:** Mark Washington, City Manager

**COMMITTEE:** Committee of the Whole

**LIAISON:** Mark Washington, City Manager

**FROM:** Eric DeLong, Deputy City Manager  
Executive Office

**SUBJECT:** **Resolution approving and authorizing the Grand Rapids-Kent County Convention/Arena Authority to exercise its option to purchase a portion of the 201 Market property and effectuate purchase thereafter**

The next step in the development of the Amphitheater within the Market Avenue Corridor is approval of a resolution authorizing the Grand Rapids-Kent County Convention/Arena Authority (CAA) to exercise its option to purchase the 201 Market property, to effectuate purchase thereafter, and to establish a facility-specific mission statement and to authorize the Mayor to execute an addendum to the Operating Agreement between the CAA, Kent County and the City pertaining to Amphitheater revenue and operations. The Kent County Board of Commissioners authorized the CAA to proceed at their meeting of March 24 and the CAA is scheduled to act at their meeting of March 30, 2022.

These actions would help clear the way for development of an anticipated 12,000-person capacity Amphitheater through the purchase of 11.6 acres of city-owned land. The estimated project cost of the amphitheater is \$116 million including the \$24.3 million land purchase price.

The sources of investment for the project include an estimated \$81 million in donor, state, and private investment, \$15 million in property resale by the CAA and other CAA investment and \$20 million in Downtown Development Authority (DDA) or Grand Rapids Brownfield Authority (GRBRA) tax increment revenue secured bonds issued by the City of Grand Rapids Building Authority (GRBA). Bonds issued by the GRBA would be backed first by tax increment revenues of the DDA or GRBRA supported by a claw-back financing agreement with those entities. They would also be backed by the limited full faith and credit of the City of Grand Rapids if issued by the GRBA.

Uses of investment dollars would include the \$24.3 million purchase price and \$91.7 million for construction of the Amphitheater and grounds, creation of a capital/operating

reserve, design and development costs, and contingencies for a combined total of \$116 million.

At closing of the sale of the property to the CAA authorized by the resolution, the City will receive an initial payment of \$10 million. That payment will be deposited into a newly created fund, currently designated as the Community Investment Fund, to be established by the City Commission through budget amendment. The balance of payments due for the land purchased by the CAA will also be deposited to this fund as will future proceeds from the sale of the remaining portions of the 201 Market property and revenues from other sources. The uses of the Community Investment Fund are anticipated to include making an initial deposit and future deposits to the City's Affordable Housing Fund and initial debt service payments related to the relocation of public work operations from the 201 Market site to the Kent County Road Commission site which the City will purchase by September of 2023. Those debt service costs would later be reimbursed in part by brownfield tax increment revenues. Long term, the Fund would help support the Affordable Housing Fund and could be available for other community benefit investments.

In addition to the Amphitheater, another \$500 million of private investment is anticipated within the district including an estimated 1,500-1,700 housing units, including affordable housing, up to 10-acres of new riverfront recreations space and trails, and related mixed-use development with a focus on inclusive economic development. It is anticipated that 315 net new City and 410 net new County jobs will be created over 30 years.

The action to move forward to exercise the option is based on significant due diligence by the partners and the up-front investment together in the relocation of the Market Avenue Trunk Sewer that will be completed in mid-2022.

The option agreement provides that, subject to meeting several conditions regarding title work, surveys, planning for the amphitheater, and financial planning for the project, the CAA will close on the property by June 30, 2022, unless that date is otherwise extended by agreement of the parties.

A recommended resolution is attached that would authorize the Grand Rapids-Kent County Convention/Arena Authority (CAA) to exercise its option to purchase the 201 Market property, to effectuate purchase thereafter, and to establish a facility-specific mission statement and to authorize the Mayor to execute an addendum to the Operating Agreement between the CAA, Kent County and the City pertaining to Amphitheater revenue and operations.

YOUR COMMITTEE OF THE WHOLE recommends adoption of the following resolution approving and authorizing the Grand Rapids-Kent County Convention/Arena Authority (CAA) to exercise its option to purchase property, and to effectuate purchase thereafter.

WHEREAS:

1. The City of Grand Rapids (the "City") and the Grand Rapids-Kent County Convention/Arena Authority (the "CAA") entered into an Option Agreement dated February 26, 2021, as amended, which provides that the CAA may exercise an option to purchase certain City-owned property (the "Option Property") for the purpose of constructing and operating an amphitheater (the "Option Agreement"); and

2. The Option Agreement provides that, subject to the terms and conditions therein, the Option may be exercised by the CAA by delivery of written notice to the City on or before March 31, 2022, or another mutually agreed upon date (the "Option Period"); and

3. The City's obligation to sell the Option Property is conditioned upon (1) the CAA's representations in the Option Agreement being true and correct, (2) the CAA's satisfaction and performance of the terms of the Option Agreement, and (3) the existence of a plan acceptable to the City for the relocation of its facilities and operations from the Option Property; and

4. The CAA's obligation to acquire the Option Property is conditioned on (1) a mutual agreement of the City and CAA regarding the size and location of the Option Property, (2) an agreement of the City to replace and recommission the sanitary trunk sewer transversing the Option Property, (3) a satisfactory amphitheater construction funding plan, (4) a determination that the operation of the amphitheater is feasible, (5) CAA satisfaction that adequate pedestrian, vehicular and public transit access to the Option Property exists, (6) approval of the purchase of the Option Property by the County Commission, the City Commission and the CAA Board, (7) the CAA's election to exercise its option pursuant to the Option Agreement, (8) the satisfaction of title and survey requirements within the Option Agreement, (9) the satisfaction of inspection and investigation requirements within the Option Agreement, (10) the delivery of documents by the City as required by the Option Agreement, (11) the City's representations in the Option Agreement being true and correct, and (12) the City's satisfaction and performance of the terms of the Option Agreement; and

5. Article X of the CAA Articles of Organization dated March 29, 2000, entitled "Reserve Powers", provides that certain reserve powers of the CAA require the prior approval of the Kent County (the "County") Board of Commissioners (the "County Commission") as well as the City Commission; and

6. Among those reserve powers is the acquisition of real property; and

7. The CAA now wishes to exercise the option to purchase the Option Property pursuant to the Option Agreement, and to take all steps necessary to effectuate its purchase; and

8. Consistent with the Option Agreement and the CAA Articles of Organization, the CAA is requesting City authorization of the CAA to exercise its option to purchase, and to take all steps necessary to effectuate the purchase of the Option Property.

RESOLVED:

1. Subject to the pre-closing requirements enumerated as follows: (1) a mutual agreement of the City and CAA regarding the size and location of the Option Property, (2) an agreement of the City to replace and recommission the sanitary trunk sewer transversing the Option Property, (3) a satisfactory amphitheater construction funding plan, (4) a determination that the operation of the amphitheater is feasible, (5) CAA satisfaction that adequate pedestrian, vehicular and public transit access to the Option Property exists, (6) approval of the purchase of the Option Property by the County Commission, the City Commission and the CAA Board, (7) the CAA's election to exercise its option pursuant to the Option Agreement, (8) the satisfaction of title and survey requirements within the Option Agreement, (9) the satisfaction of inspection and investigation requirements within the Option Agreement, (10) the delivery of documents by the City as required by the Option Agreement, (11) the City's representations in the Option Agreement being true and correct, and (12) the City's satisfaction and performance of the terms of the Option Agreement; the CAA is authorized and approved to exercise its option to purchase the Option Property pursuant to the Option Agreement, and to take all steps necessary to effectuate the purchase of the Option Property.

2. Upon closing on the purchase of the Option Property, the CAA will timely file a baseline environmental assessment with the appropriate agency.

3. This resolution constitutes approval of the purchase of the Option Property by the CAA, and the City, County and CAA agree that the Amphitheater will be a separate profit center of the CAA and all benefits and risks of Amphitheater operations and property, financial, environmental, or otherwise, will be borne solely by the City and CAA, and shall not be asserted against, nor inure to, the County pursuant to Article IV of the Grand Rapids-Kent County Convention Authority Operating Agreement and that the Mayor is hereby authorized to execute an addendum to the Operating Agreement that contains this language.

4. Any debt issued for the amphitheater shall not require the full faith and credit pledge of the County. To the extent debt is issued for the acquisition and construction of the amphitheater, it may be issued by the City or a component unit of the City and, if required, may be secured by the limited full faith and credit of the City. In any event, with respect to such debt, the County shall not be responsible for payment, either directly or indirectly.

5. A CAA facility-specific Mission Statement will be developed and approved, consistent with the overall CAA Mission Statement, subject to final approval by the CAA Board, the County Board of Commissioners, and the City Commission.

6. That all resolutions and parts of resolutions in conflict herewith shall be and the same are rescinded.

Prepared by Eric DeLong

  
CORRECT IN FORM  
DEPARTMENT OF LAW