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TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator

CC: Derek Delacourt, Community Services Area Administrator  
John Fournier, Deputy City Administrator  
Josh Landefeld, Parks & Recreation Manager  
Marti Praschan, CFO

SUBJECT: March 18, 2024, Council Agenda Response Memo

DATE: March 14, 2024

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**CA-8 – Resolution to Sell 123 W. Summit (formerly part of 721 N. Main) to the Ann Arbor Housing Development Corporation (\$44,000.00) (8 Votes Required)**

**Question:** Can you clarify why we are counting the asset value for this parcel, given it's owned by the City outright? Why would we not follow the model we did for the Catherine St lot? (Councilmember Akmon)

**Response:** The parcel is a Fleet Services asset, that currently has a value of \$44,000. To avoid a loss to the Fleet Services Fund the sale price of \$44,000 is recommended. A loss to the Fleet Fund would require that loss be spread to all user of the Fleet system, which is not financially recommended for restricted and Enterprise Funds.

**B-1 - An Ordinance to Amend Chapter 42 (Open Space and Parkland Preservation) of Title III of the Code of the City of Ann Arbor (ORD-24-04)**

**Question:** Please provide the rationale for removing #7 under 3:63 City Council authority. (Councilmember Akmon)

**Response:** #7 of Section 3:63 was moved to the Development Rights Section 3:73.

**Question:** I understand that our agreements to date are in perpetuity. The current ordinance states that only after 50 years may someone apply to repurchase development rights. Why remove this language? (Councilmember Akmon)

**Response:** If the City ever entered a Development Rights Agreement (PDR), it would likely be in conjunction with state funds or other funding partners who would likely require specific terms. By having overly specific language in the ordinance, the City risks being inconsistent with, and therefore possibly ineligible for partner funding. Specific requirements, including repurchase terms if any, would be in the Development Rights Agreement, which Council would have the authority to review and approve for the particular transaction.

**Question:** Why remove the requirement for an appraisal for repurchases? (Councilmember Akmon)

**Response:** City Code 1:321 requires an appraisal before purchasing any interest in land and would govern regardless. Also, as stated above, any partner-funded PDR program may have specific requirements for repurchase.

**DS-1 – Resolution Authorizing Publication of Notice of Intent to Issue Capital Improvement Bonds to Fund the Development of 121 Catherine as Affordable Housing (Not to Exceed \$9,000,000) (6 Votes Roll Call)**

**Question:** What effect, if any, will the bond have on the city's credit rating? (Councilmember Harrison)

**Response:** We do not expect this issue to have any material effect on the city's credit rating.

**Question:** Is there a way to have a period of restricted offerings to city residents, as the City of Chicago did with its social bond? (Councilmember Harrison)

**Response:** This would be highly unusual and could not be done in a competitive public sale (which PFM has recommended to achieve the lowest interest rates for the city). In a competitive public sale, and in most all negotiated sales, the initial purchaser purchases all (100%) of the bonds and then resells them in the secondary market. After closing, city residents could purchase portions of the bond issue in the secondary market through a broker. In order to have an offering period for city residents the city would need to select an underwriter and negotiate the sale of the bonds with that underwriter, with the underwriter agreeing to hold open a sale period exclusively for city residents.

**Question:** I read that the maturity adjustment will be made in \$5000 increments. Is the \$5000 the minimum purchase amount? (Councilmember Harrison)

**Response:** Municipal bonds are usually priced in \$5,000 increments per maturity. On the secondary market, most brokers will sell municipal bonds in \$1,000 increments.