



Item Number: 4

CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: December 17, 2024

TO: Mark Washington, City Manager

COMMITTEE: Fiscal Committee
LIAISON: Molly Clarin, Chief Financial Officer

FROM: Mary Kate Berens, Deputy City Manager
Executive Office

SUBJECT: **Resolution Approving an Amended Agreement between the City of Grand Rapids-Kent County Convention/Arena Authority and the City of Grand Rapids relating to the Acrisure Amphitheater Parking Structure Project Bonds**

On October 8, 2024, the City Commission approved a Notice of Intent to issue up to \$30,500,000 in bonds to support the construction of the Acrisure Amphitheater, based on a commitment by the Grand Rapids-Kent County Convention/Arena Authority ("CAA") to use its revenue to pay the annual debt service on those bonds until they are paid off. The City has since issued these bonds in a lower principal amount of \$21,970,000.

Also at the October 8 meeting, the Commission authorized an Agreement between the City and the CAA that detailed the CAA's commitment and obligation to maintain adequate revenues and other protections to ensure the ability to satisfy the annual debt service payment on this debt. Upon subsequent review by bond and tax counsel, certain provisions of that Agreement have been recommended to be changed in an abundance of caution. The issues are ones of technical tax and tax-exempt requirements and modify the sections of the agreement that initially established what were called "debt reserve accounts." The original Agreement used that term in a general sense, but it may be interpreted as a term of art with a different impact than was intended at the time the agreement was negotiated. For that reason, the City and the CAA have agreed to changes in the language as well as changes in the way the CAA will meet its obligation to maintain adequate excess funds at all times to ensure the CAA's ability to pay annual debt service even CAA revenue in a given year is less than otherwise required.

The intent and levels of risk mitigation negotiated to benefit the City remain with the recommended Amendment. The attached resolution is recommended and would authorize the Mayor to sign an Amended Agreement and would authorize the CAA to

enter into the Amended Agreement as well. Modifications to the original Agreement are limited to those prepared by tax and bond counsel.

Your FISCAL COMMITTEE recommends the adoption of the following resolution Approving an Amended Agreement between the City of Grand Rapids-Kent County Convention/Arena Authority and the City of Grand Rapids relating to the Acrisure Amphitheater Parking Structure Project Bonds.

WHEREAS:

1. The City of Grand Rapids and Grand Rapids-Kent County Convention/Arena Authority previously entered into an Agreement Related to Parking Structure Project Bonds; and
2. The parties have been advised to modify certain terms of the Agreement to maintain their intent and also to ensure compliance with applicable law; therefore

RESOLVED:

1. That the Grand Rapids City Commission approves an amended agreement with the Grand Rapids-Kent County Convention/Arena Authority to allocate sufficient revenue to cover bond principal and interest payments for the purpose of constructing a parking garage for the Acrisure Amphitheater as well as appropriate additional funds to ensure an annual ability to make such payments; and
2. That the Mayor is hereby authorized to sign and City Clerk authorized to attest said amended agreement in a form to be approved by the City Attorney; and
3. That the Grand Rapids-Kent County Convention/Arena Authority is hereby authorized to execute said amended agreement.


CORRECT IN FORM
CITY ATTORNEY