



GRAND RAPIDS PARKING PROPOSAL INFO SUMMARY

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What is the idea?

We are proposing that the City of Grand Rapids and Third Coast Public Infrastructure LLC enter into an agreement to jointly evaluate the possibility of Third Coast purchasing certain assets of the City's parking lot business. The objective is to arrive at a mutually beneficial agreement whereby the City would sell a portion of the downtown parking lots and the business operations to Third Coast. Third Coast would operate the lots privately as a for profit business.

Why should the City consider this idea?

Government entities all over the country are evaluating the possibility of selling operating assets as a means to focus their attention on core activities such as police and fire protection. In addition, this idea can provide a significant cash influx to the City while also adding to the City's annual revenue.

Why would you do this?

We believe that we will be able to operate the lots more cost effectively and institute innovative marketing and cost management options to make a profit.

Is this just a code word for firings and rate increases?

No! We still need to evaluate the business overall but our belief and our goal is to expand the parking offerings and thus increase employment. As far as the parking rates are concerned, we expect that part of the sale will include some type of reasonable rate cap (much like the rate increase process the City currently uses).

We can also offer private sector wages and benefits which can provide employees with more incentive to help manage costs and develop innovative



parking programs. So, our goal is to make profits by being innovative.

What lots are you talking about?

Lots to be purchased: Monroe North Lot, Monroe Place Lot, Arena Area Lots 1, 4, and 5, Dash Area Lots 6a, 6b, 7, 8 and 9, Pearl-Ionia Ramp, Louis-Campau Ramp, Monroe Center 2 Ramp and the Ottawa-Fulton Ramp.

Lots to remain city-owned: Ionia North Lot, Scribner Lot, DeVos Place Ramp, Government Center Ramp, Arena Area 2 Lot, Neighborhood business lots, metered spaces, and all others.

Why not take them all?

Two reasons: First, some of those lots are integral to the City business operations (such as the Government Center Ramp). Second, this plan allows the city to retain a competitive role in the market and further ensure consumers get good rates.

Who is Third Coast Public Infrastructure?

Third Cost Public Infrastructure LLC is a newly formed wholly owned subsidiary of Third Coast Development Partners which is owned by local businessmen Brad Rosely and Dave Levitt.

Third Cost Public Infrastructure has been created to purchase and operate “public infrastructure” assets like the City Parking Ramps.

So you are a “Start-up”?

No. The entity is new but the parent Third Coast Development Partners LLC has been responsible for some very successful projects and the principals (Rosely and Levitt) have been involved in a number of successful activities.

What other “Public Infrastructure” assets do you own or plan on buying?

We currently do not own any Public Infrastructure assets. We are evaluating a number of opportunities in and out of Michigan. It is premature to suggest any



specific possibilities. We believe that we can focus on small and middle market cities and be successful.

Privately operated public infrastructure is common overseas but has just been getting attention in the US. Unfortunately, this means that the largest players are foreign. We believe that we can be successful operating these lots and keep the profits in Grand Rapids.

How much are you going to pay for these lots?

At this point that number is not certain. The final price will depend in part on the results of our evaluation with the City.

How are you going to pay for this? Can you afford this?

We would not waste our time and money evaluating this if we could not finance the purchase. We will provide the City with proof of our ability to pay for the lots during the evaluation process. Some of the country's largest investment banks and some large commercial banks have created special investment funds to support public infrastructure asset acquisition.

So, are you just fronting for some big money people?

Not a Chance! We are doing this for ourselves and for the City. Clearly, we will use outside financing but we are the owners and operators.

Why shouldn't we just do another RFP like the 201 Market proposal?

There are many ways to sell an asset. The RFP is only one of these processes and it is not necessarily the best process in all situations. An RFP process is generally best implemented when the items for sale (or purchase) are standard items. For example, if the City needed to buy Police Cars, an RFP works fine. As long as the Cruisers meet the standards, the RFP goes to the winning bidder. In this case, unlike Police Cruisers, the details are complex and require significant discussion.

A negotiated process is best used when the deal is complex and requires a great deal of evaluation and unique negotiation. We believe that in this case a



negotiated agreement will offer the best opportunity for the City to maximize its sales price given the citizen protections the City desires.

That said we expect that the process will be transparent to the citizens of Grand Rapids. We are requesting an exclusive negotiation period only to hammer out the details of this very complex process. Once this evaluation is complete, the City may choose to sell to us, to go to an RFP or to end the process.

So are you just going to raise prices?

We would continue to keep prices fair. We expect some restrictions on price increases as part of the negotiations.

But if these lots make money, why should the city sell them?

Parking is not a core activity of cities. About ½ of the cities the size of Grand Rapids do not own or operate parking lots. Of the remaining ½ many only operate lots to support their government center.

Grand Rapids is struggling with budget deficits and the potential for critical service cuts. The parking lot sale will provide the City with an initial influx of cash and increased annual cash flow for the future. In turn, Grand Rapids can use the revenues to reduce debt, invest for the future, and provide core services.

The City has spent years assembling these lots and they are a valuable asset?

True. But the lots are not central to the services that the City needs to provide to its citizens. The City can sell these assets and use the funds for more critical activities.

The City needs these lots to support economic development?

Cities all over the nation have many tools for economic development. Parking lots is not one of those tools. As we have noted, over 50% of the cities in the US own little or no lots. This includes cities with some of the fastest economic growth in the nation. A well funded city with good police and fire protection as well as a high quality of life for its citizens will do more for economic development than who owns or operates the parking lots.



What are other cities doing?

This activity is being evaluated at all levels of government. Just within the Midwest: The City of Chicago has recently sold parking lots, and the Skyway toll road. The State of Indiana recently sold the Indiana Toll Road. Pittsburgh has its airport up for sale. Royal Oak is evaluating the sale of its City Hall. These are just a few examples but there are many other cities evaluating similar actions.

Are you going to reduce the amount of parking?

No. We intend to maintain or increase the parking depending on demand. We have no incentive to close lots as they are our source of revenue. We believe that there are opportunities to provide parking in some underserved areas.

How do we know the price will be fair?

The city will be required to get an appraisal or a fairness opinion from an independent party such as an accounting firm or investment bank.

Please contact Dave Levitt at 616 575-7039 with any questions. Thank you.