

MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

Wednesday, August 12, 2015

8:00 a.m. Meeting

Downtown Grand Rapids Inc. 29 Pearl St. NW, Suite 1

AGENDA

1. Call to order
2. Approve Meeting Minutes from July 8, 2015 (8:01) Motion Harris
(enclosure)
3. Authorize Financial Audit Services Contract for FY15 (8:06) Motion Wallace
(enclosure)
4. Appoint Recording Secretary (8:10).....Motion Larson
5. Authorize Support for Bridge St. Streetscape Improvements (8:15).....Motion Larson
(enclosure)
6. Extend TIF Approvals for 20 E. Fulton (8:30).....Motion Kelly
(enclosure)
7. Approve BRIP Grants (8:40) Motion Pratt
(enclosure)
 - 123 S. Division
8. President & CEO Report (8:50).....Info Item Larson
9. Public Comment (9:00)
10. Board Member Discussion (9:05)
11. Adjournment

MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

July 8, 2015

1. Call to Order – The meeting was called to order at 8:02 a.m. by Chair Brian Harris.

2. Attendance

Present: Dr. Wendy Falb, Brian Harris, Mayor George Heartwell, Elissa Hillary, Diana Sieger, Jim Talen, Rick Winn

Absent: Kayem Dunn, Jane Gietzen

Others Present: Kristopher Larson (Executive Director), Mary Sierawski (DDA Executive Asst/Office Manager), Jana Wallace (DDA Treasurer), Eric Pratt, Tim Kelly, Bill Kirk, Brian Hedrick, LaTarro Traylor, Annamarie Buller, Kimberly Van Driel (staff), Melvin Eledge (Block by Block), Jeff McCaul (City of GR Engineering Dept) Mark Miller, Ted Lott, Jenn Schaub, Carlos Sanchez, Scott Page, Scott Bishop, and others.

3. Approval of Minutes of June 10, 2015

Motion: Diana Sieger, supported by Rick Winn, moved approval of the minutes of the June 10, 2015 DDA meeting as presented. Motion carried unanimously.

4. Authorize funds for Grandville Ave. Improvements

Mr. Larson presented information about the Grandville Ave. improvements. Mr. Larson said the partners participating in this project are Founders Brewing, DDA, City of Grand Rapids, Consumers Energy, and the Brownfield Redevelopment Authority. Mr. Larson said the partners investigated design and investment alternatives and are recommending undergrounding of power and other overhead facilities on Bartlett from Grandville to Finney and on Williams from Grandville to Finney. Mr. Larson said the DDA contribution is \$750,000 and is this contribution is a part of a much larger project. Mr. Talen asked if there's a cost savings to Consumers Energy in burying the utilities. Mr. McCaul responded that Consumers Energy actually prefers overhead lines, but since they are receiving brand new infrastructure from this project they are contributing \$350,000 towards the project as well. It was the request of the developer and the City of Grand Rapids to convince Consumers Energy of the benefits to compel them to participate in the project. Mr. Harris said the completion of the Grandville Ave improvements will have immediate benefits for additional long range projects and support new development in this area. Mayor Heartwell asked if there are any on street parking spaces that will be gained. Mr. McCaul said no. Mr. Larson said that Founders Brewing is working on additional parking options and have contributed \$500,000 to this project as well.

Motion: Mayor George Heartwell, supported by Dr. Wendy Falb, moved to approve the DDA's share of additional costs not to exceed \$750,000 and that \$32,000 of the DDA's previously authorized cost of \$100,000 be used for the undergrounding work. Motion carried unanimously.

5. Authorize Contract for Pearl Street Parklet People Spot

Mr. Kelly presented information about the DGRI parklet people spot. Mr. Kelly said the drawings were finished on June 30, 2015 and were immediately distributed to five local firms to bid on the fabrication and installation of the parklet at the DGRI offices. Mr. Kelly said bids are being accepted up to July 7, 2015 at which point staff will evaluate qualified proposals based on project costs, construction approach, and timeline. Mr. Kelly said contingent on approval today, fabrication of the parklet will commence, and staff will initiate the process to receive the necessary approvals from the City of Grand Rapids to have the parklet installed in August 2015. Once a contractor is brought on, the students from KCAD will be invited to participate in the fabrication and installation to help complete the project. Mr. Harris asked if this people spot will be moved around Downtown on an annual basis. Mr. Kelly said the program hasn't been established yet.

Motion: Rick Winn, supported by Mayor George Heartwell, moved to authorize the DDA Chair to enter into a contract with a contractor to be named at the July 8, 2015 DDA Board meeting for fabrication and installation of a parklet at the Downtown Grand Rapids Inc. offices. Motion carried unanimously.

6. Approve Signature Event Support Grants

Mr. Larson said continuing with the structure established in the FY16 DDA Non-Tax Budget, DGRI staff has purposely delineated a few signature events for a more specialized form of support. Mr. Larson said these events have a very wide appeal and generally attract more than 25,000 people to Downtown, include aspects that provide a significant public benefit to the community, and are non-race oriented. Mr. Larson said at this time, DGRI staff is advancing recommendations to sponsor two Major Events, ArtPrize and GRandJazz Fest. Mr. Harris asked for clarification between Signature and Major events. Mr. Larson said it has to do with the number of people that attend the events.

Motion: Mayor George Heartwell, supported by Rick Winn, moved to approve a sponsorship amount of \$12,000 to GRandJazz Fest and a sponsorship in the amount of \$30,000 to support ArtPrize. Motion approved unanimously.

7. Approve Major Event Support Grants

Mr. Larson said that there are three events that are eligible for event support for FY16. The three events are Avenue for the Arts: First Fridays and Art. Downtown., West Michigan Jazz Society: Jazz in the Park, and the Hispanic Center of West Michigan: Hispanic Festival. Mr. Larson said at the Alliance for Vibrancy June 17th meeting, the AFV approved the Special Events Advisory Council's (SEAC) recommendations seeking DDA event grant support. Mr. Larson congratulated Ms. Van Driel on all of her hard work through the Special Events Advisory Council's process and said that the new process possesses a greater framework and structure. Mr. Harris asked if these are the first three events eligible for event support or only three for the entire FY16. Ms. Van Driel said there will be additional events eligible for support coming to the Board for approval in the coming months, specifically for November – April programming. Ms. Sieger asked about the diversity/inclusion planning identified in the Hispanic Festival motion. Ms. Van Driel said this was included in the motion because the evaluation system identifies areas for improvement and that is where the event support is directed. Ms. Hillary asked why the Hispanic Festival grants are split up in this way as it already attracts a diverse audience. Ms. Van Driel said the grading metric outlines eligible expenses for each category and this was a category in which the Hispanic Festival can do more to attract an even more diverse audience to the event. Dr. Falb asked for more clarity surrounding this aspect of the Hispanic Festival event support grant. Mr. Larson said some events have come prepared to score well within the framework and in the case of the Hispanic Festival, we are encouraging them to market to a more diverse audience within the community, with an emphasis on marketing. Ms. Sieger asked why this would be necessary if a diverse audience is already attracted to this particular event. Mr. Harris said the process isn't necessarily intuitive but it helps us steer fuller inclusivity within the community. Ms. Hillary said she still doesn't understand that if diversity/inclusion is included in all of the criteria, then why it is called out specifically for the Hispanic Festival. Ms. Hillary said she supports this event, but just needs clarification on the process. Mr. Larson said we're trying to be intentional in the areas where DDA dollars are utilized and this process helps to make the event more appealing to wider audiences. The goal is to have all events appeal to a wider base. Mr. Harris said this is a new process and this process was created to help screen and steer activities in a more meaningful way. Mr. Harris said this Board gave the Alliances control over that process to make recommendations to this body. Mr. Harris said he's not sure if this is an accounting of the dollars issue or the process that is in question. Mr. Winn said based on the explanation, we are essentially encouraging people to be less prepared in order to get more funding for their event, but with good intentions. Mr. Larson said he doesn't know if that's a fair statement and that we are trying to reward those events who are best prepared to meet the community goals. The recipients of these dollars show that they are meeting the community goals. Ms. Sieger said she agrees with the process, but there seems to be inconsistency. Mr. Talen said it's a significant issue and a post-meeting discussion with the committee might be helpful. Mr. Harris asked if the confusion and concern is over equity or more towards accounting. The Board agreed that it was a little of both and needed more

clarity. Mr. Harris said within the next meeting or two, the Board can review the scoring metric in more detail.

Motion: Diana Sieger, supported by Elissa Hillary, moved to approve event grant support for 3 FY 2016 events listed below. Motion carried unanimously.

- *Approve the recommendation of up to \$6,500 to Avenue for the Arts: First Fridays and Art.Downtown. events for eligible expenses outlined within the application.*
- *Approve the recommendation of up to \$2,500 for Jazz in the Park summer series events for eligible expenses outlined within the application.*
- *Approve the recommendation of up to \$5,000 towards a diversity and inclusion plan and \$5,000 towards local entertainment for the Hispanic Festival.*

8. Approve BRIP Grant for 13 & 17 S. Division

Mr. Pratt presented a request for assistance through the Building Reuse and Incentives Program (BRIP) for the Building at 13-17 S. Division Avenue. Mr. Pratt said the building has been acquired by Plank Road Building and Lofts, LLC, and the new owner is proposing to convert the vacant storefront into separate suites and market the suites to both retail and office users. Mr. Pratt introduced Jim Bultema, the owner of the property. Mr. Harris asked what type of enterprise will be in those spaces. Mr. Bultema said retail on the ground floor. Mr. Bultema said the residential above the ground floor are already occupied. Mr. Harris asked about timing for the renovation. Mr. Bultema said within the next couple months and hopefully in advance of ArtPrize.

Motion: Mayor George Heartwell, supported by Elissa Hillary, moved to approve a \$10,000 BRIP Ground Floor Storefront Improvement grant and a \$2,000 Commercial Signage grant to Sixty Plank Road and Lofts, LLC for their project at 13-17 S. Division Avenue. Motion carried unanimously.

9. Consent to Liquor License for 443 Bridge St.

Mr. Pratt presented a development area liquor license request for 443 Bridge St. NW, The Sovengard. Mr. Pratt said DIG Hospitality, LLC is requesting DDA support for the issuance of a new Class C liquor license for the building located at 443 Bridge St. NW. The applicant is proposing to open and operate a new restaurant on the near west side called The Sovengard, a new affordable, farm-to-table restaurant. The Sovengard will also offer an outdoor beer garden. Mr. Pratt said upon completion, The Sovengard will employ up to 20 new full and part-time employees and provide seating for a minimum of 50 patrons and will be open 7 days per week.

Motion: Rick Winn, supported by Elissa Hillary, moved to approve The Sovengard's (443 Bridge St. NW) liquor license resolution. Motion carried unanimously.

10. Accept and Recommend GR Forward Strategic Plan

Mr. Kelly presented information about the GR Forward draft plan. Mr. Kelly said while completion and review of the draft plan is a milestone, it is only the initial step in the approval process. As directed by the Michigan Planning Enabling Act, the approval of an amendment to the City of Grand Rapids' Master Plan requires the City Commission and Planning Commission to initiate a 42-day public review and comment period. After receiving comments and making the necessary edits, the revised plan is then reviewed during a public hearing, before going to the City Commission for formal approval. Mr. Larson thanked Mr. Kelly for his tireless efforts with this project. Mr. Larson said this has been the most inclusive planning process in the entire history of the City of Grand Rapids. Mr. Larson said GR Forward will be a supplement to the City's Master Plan and act as a new guiding document and investment tool. Mr. Kelly said the City adopted its current Master Plan 12 years ago and five years into that plan, Green Grand Rapids was implemented as well. Mr. Kelly said it's unusual for a City to have a plan of this scope that includes the river and public schools. Mr. Larson said today, we are looking for a recommendation from this Board to initiate the public review period. Mr. Larson introduced consultant Scott Page and Scott Bishop to present the latest information on the GR Forward Plan. Dr. Falb complimented the consultant team. Mayor Heartwell commented on the idea of a river pool and said that the Grand River is getting much cleaner and that the rapids will help to provide diverse water activities. Ms. Sieger said she was involved in the Voices and Visions plan and it provided a readiness for the community to embrace the GR Forward plan. Ms. Sieger said she appreciates the depth of the GR Forward plan and that it's very comprehensive. Dr. Falb said the plan gives a sense of how investments will be made and asked who will direct the implementation. Mr. Larson said the implementation portion is currently being mapped out on a matrix and the matrix will also identify potential partners. Mr. Larson said this is a plan in which we can all feel a sense of ownership, but that some tasks are better suited for Downtown Grand Rapids Inc. and/or the City of Grand Rapids to lead. Mr. Page said Grand Rapids is unique in its capacity for positive partnerships and collaborations. Mr. Talen asked how diversity and inclusion is incorporated in the plan. Mr. Page said it is included throughout the entire document and lives within each goal. Mr. Talen said it would be helpful to call that out somewhere within the plan. Ms. Hillary thanked the team for the plan and appreciates all the critical thinking that went into it. Ms. Hillary asked about next steps. Mr. Larson said the plan will be reviewed by the community and will be available to people electronically or in hard copy form. The Downtown Grand Rapids Inc. office will also hold a month long open house. Mr. Talen added that he does have a large concern over diversity and inclusion within the plan and thinks that piece should be more identified within the plan.

Motion: Rick Winn, supported by Dr. Wendy Falb, moved to accept the draft GR Forward Plan and recommend the City of Grand Rapids initiate the 42-day public review and comment. Motion passed 6-1, Jim Talen opposed.

11. DGRI President and CEO Report

MNTIFA (6/10)

- Provided financial support for Canal St. trail extension
- Formally adopted its FY16 budget

DID (August)

- Will consider approval of its FY16 budget
- Will consider Clean Services contract recommendation

DGRI (7/9)

- Will consider adoption of bylaw amendments to enable an Executive Committee
- Will consider acceptance of GR Forward Plan
- Will receive update on President & CEO performance review

Alliances:

INVESTMENT (7/14)

- Chair: Nikos Monoyios, Long Range Planner @ The Rapid
- Breaking into working groups to advance FY16 project priorities
- Participating in Monroe North streetscape review

VIBRANCY (7/15)

- Chair – Brandy Moeller, City of Grand Rapids
- Launched Workforce programming series – executing 30+ events this summer
- Breaking into working groups to advance FY16 project priorities

LIVABILITY (7/27)

- Chair: Lynee Wells, Principal @ Williams & Works
- Breaking into working groups to advance FY16 project priorities

DGRI Staff Highlights

- Movies in the Park – 2 Down, 4 to go! Excellent attendance thus far!

- Next event: July 10: Dirty Dancing
- Preparation / Reveal of GR Forward Draft Plan
- Debuting GR Forward Promotional Video
- Fine Tuning new DGRI website
- Issued RFP for DID Maintenance and Beautification Services
- Collaborating with City of GR on significant HUD resiliency grant application
- DID renewal / expansion approaching last, final steps
- Relax at Rosa continues to grow (Every Thursday from 11:30am-1:30pm)

12. Public Comment

None.

13. Board Member Discussion

Mr. Talen inquired about the term 'homeless' in the Safety Ambassador report and asked how that's identified. Mr. Talen suggested that perhaps that term could be worked on. Mr. Larson said he would follow-up on this inquiry.

14. Adjournment

The meeting adjourned at 10:08 a.m.

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: August 5, 2015

TO: Brian Harris, Chair
Downtown Development Authority

FROM: Jana M. Wallace
Downtown Development Authority Treasurer

SUBJECT: Auditing Services Contract for Fiscal Year Ended June 30, 2015

In January, 2011, a Request for Proposal (RFP) was mailed to twenty-two accounting firms for professional financial auditing services for the City and its seven associated authorities, including the DDA, for the fiscal years ended June 30, 2011; June 30, 2012, and June 30, 2013. In addition to typical considerations, the RFP referenced the City's planned accounting and financial software replacement.

Five proposals were received by the deadline. The City received competitive prices from each accounting firm with a difference of only \$6,430 between the highest fee proposed and the lowest. In 2011, the staff team ranked BDO USA LLP as the best proposal based on the criteria specified in the RFP. In particular, BDO's prior experience with the City's financial records would be valuable during the financial system conversion.

Due to changes in the ownership of the Cogsdale Financial Management System (CFMS) software installed in December 2011, the "new accounting system" anticipated when the RFP was issued has to be replaced since there is little technical support for the CFMS. The City has awarded a contract to CGI Financial Management Systems (CGI) to replace the CFMS. City staff began system design and implementation work in March, 2015.

Hiring a new auditing firm now would require significant effort to train a new auditing firm to use the defective CFMS system software, then a year later additional effort to train a new firm to use the CGI system software. It will be more efficient to rebid auditing services after 'going live' with the CGI system.

Prior to their February, 2011 proposal, BDO decreased their fees for the FY2009 and FY2010 City and authority audits due to negative impacts on revenues resulting from the 2008 Recession. Since then, BDO has increased its annual fees by approximately 2% annually. However, for the fiscal year ending June 30, 2015, BDO increased nearly all of its fees by 30%.

BDO's 30% fee increase for the FY2015 audits is due to the City's inadequate CFMS accounting software which increases the time required for staff and auditors to compile and verify financial data. BDO's low fees for the FY2009 through FY2014 did not fully reflect their actual costs of providing auditing services. BDO's FY2014 auditing services fees are compared to their FY2015 fees in the schedule below:

Entity To Be Audited	FY2015 Fees	FY2014 Fees
City of Grand Rapids		
including federal single audit	\$112,000	\$ 86,200
Grand Rapids Brownfield Redevelopment Authority	5,050	3,900
Grand Rapids Downtown Development Authority	6,500	5,000
Grand Rapids SmartZone LDFA	6,250	4,800
Grand Rapids/Kent County Joint Building Authority	6,250	4,800
Grand Rapids Building Authority	6,750	5,200
Grand Rapids Tax Increment Finance Authority	5,600	4,300
Grand Valley Regional Biosolids Authority	4,000	3,000
Audits Total Cost	\$152,400	\$117,200
Due Diligence - Official Statements for City Bonds	\$ 2,500	\$ 2,200

During the past seven years BDO has provided exemplary auditing and consulting services. In February, 2015, the City Commission awarded an extension to the BDO USA, LLP contract to include financial audit and due diligence services for the fiscal year ended June 30, 2015.

Attached for your review is BDO's proposed "Agreement to Provide Audit Services" for the DDA's June 30, 2015 financial audit. The City Commission has already approved BDO as the June 30, 2015 auditing services provider. However, BDO's internal policies require the approval of the "Agreement to Provide Audit Services" from each authority's board.

Please contact me at jwallace@grcity.us or at 616-456-4514 if you have any questions.

Attachment



Tel: 616-774-7000
Fax: 616-776-3680
www.bdo.com

200 Ottawa Avenue NW, Suite 300
Grand Rapids, MI 49503

Agreement to Provide Audit Services

This Agreement is made as of July 27, 2015 between The Grand Rapids Downtown Development Authority, a Michigan municipal corporation, 300 Monroe Avenue NW, Grand Rapids, Michigan ("the Client") and BDO USA, LLP, a limited liability partnership ("BDO" or "the Auditor").

Objectives and Scope of the Audit

BDO USA, LLP will audit the financial statements of the Client as of and for the year ended June 30, 2015. Management's discussion and analysis and the supplementary schedule of projects accompanying the financial statements will not be subjected to the auditing procedures applied in the audit of the basic financial statements, and the auditor's report will not provide an opinion or any assurance on such information.

Responsibilities of BDO

The Auditor will conduct the audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that the Auditor plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. The Auditor's work will be based primarily upon selected tests of evidence supporting the amounts and disclosures in the financial statements and, therefore, will not include a detailed check of all of the Client's transactions for the period. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

An audit is not designed to detect errors or fraud or violations of laws or governmental regulations that are immaterial to the financial statements or to major programs. However, the Auditor will inform the Client of any material errors or fraud that comes to their attention. The Auditor will also inform the Client of possible illegal acts that come to their attention unless they are clearly inconsequential. In addition, during the course of the audit, financial statement misstatements may be identified, either through the audit procedures or through communication by Client employees to the Auditor and the Auditor will bring these misstatements to the Client's attention as proposed adjustments. At the conclusion of the engagement the Auditor will communicate to those charged with governance (as defined below) all uncorrected misstatements.

The term "those charged with governance" is defined as the persons with responsibility for overseeing the strategic direction of the Client and obligations related to the accountability of the Client, including overseeing the financial reporting process. For the Client, the Auditor and Client agree that the Board of the Grand Rapids Downtown Development Authority (the Board) meets that definition.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

In making risk assessments, the Auditor will consider internal control relevant to the Client's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Client's internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses in internal control. However, the Auditor will communicate to the Client and the Board in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that the Auditor identifies during the audit. The Client authorizes the Auditor to immediately disclose any and all findings of suspected fraud to the Deputy State Treasurer in charge of the Local Audit Division of the State of Michigan Department of Treasury.

The Auditor is also responsible for communicating with the Board what the Auditor's responsibilities are under GAAS, an overview of the planned scope and timing of the audit, and significant findings from the audit.

Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

The audit will be conducted on the basis that the Client and the Board acknowledge and understand that the Client has responsibility (1) for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; (2) for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (3) for identifying and ensuring that the Client complies with the laws and regulations applicable to its activities; and (4) to provide the Auditor with access to all information of which the Client and the Board are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters.

Management is responsible for recording proposed audit adjustments in the financial statements, after evaluating their propriety based on a review of both the applicable authoritative literature and the underlying supporting evidence from the Client's files; or otherwise concluding and confirming in a representation letter (as further described below) provided to the Auditor at the conclusion of the audit that the effects of any uncorrected misstatements are, both individually and in the aggregate, immaterial to the financial statements taken as a whole. The Auditor will communicate to the City Comptroller and the Chief Financial Officer, and when the Auditor deems it appropriate, to the Client's governing body (Commission, Board or Authority) all such unrecorded adjustments. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a corrective action plan.

As required by GAAS, the Auditor will request certain written representations from management at the close of the audit to confirm oral representations given to the Auditor and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Because of the importance of management's representations to an effective audit, the Client agrees, subject to prevailing laws and regulations, to release and indemnify BDO and its employees from any liability and costs relating to our services rendered under this Agreement attributable to any knowing misrepresentations by management.

Expected Form and Content of the Auditor's Report

At the conclusion of the audit, the Auditor will submit to the Client a report containing the Auditor's opinion as to whether the financial statements, taken as a whole, are fairly presented based on accounting principles generally accepted in the United States of America. The Client will distribute the reports to the governing bodies at their next scheduled meetings. The examination shall begin as soon after the signing of this agreement as shall be convenient to both parties and shall be completed no later than November 30 of each year, assuming appropriate cooperation by the Client to enable the Auditor to complete such audit by November 30, or as otherwise mutually agreed to by the parties. If, during the course of the Auditor's work, it appears for any reason that the Auditor will not be in a position to render an unmodified opinion on the financial statements, the Auditor will discuss this with the Client. It is possible, that because of unexpected circumstances, the Auditor may determine that they cannot render a report or otherwise complete the engagement. If, for any reason, the Auditor is unable to complete the audit or are unable to form or have not formed an opinion, the Auditor may decline to express an opinion or decline to issue a report as a result of the engagement. If, in the Auditor's professional judgment, the circumstances require, the Auditor may resign from the engagement prior to completion.

Client Reacceptance Matters

BDO is retaining the Grand Rapids Downtown Development Authority as a client in reliance on information obtained during the course of the Auditor's continuing client reacceptance procedures. Kevin Muntter has been assigned the role of engagement partner, and he is responsible for directing the engagement and issuing the appropriate report on the Client's financial statements.

Email Communication

In connection with this engagement, the parties may communicate with each other or others via email transmission. The parties acknowledge that emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties. The parties agree that any material that will end up as part of a public document is suitable to transmit by email, as well as all matters of a routine nature such as setting up meetings. However, the parties agree to exercise care and discretion in their communications regarding sensitive matters; for such matters, they agree to use personal contact. The Client, upon request, will continue to disclose what is required by law under the Freedom of Information Act (FOIA).

Ownership of Working Papers

The working papers prepared in conjunction with the audit are the property of BDO, constitute confidential information, and will be retained by the Auditor in accordance with BDO's policies and procedures. However, upon request by the Client, the Auditor may provide the Client, without charge, copies of such workpapers, as appropriately redacted by the Auditor, if necessary.

However, pursuant to authority given by law or regulation, the Auditor may be requested to make certain working papers available to authorized representatives of the State Treasurer upon formal request by the State Treasurer, the Client's oversight agency, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. The Auditor will notify the Client of any such request. If requested,

access to such working papers will be provided under the supervision of BDO personnel and at a location designated by BDO. Furthermore, upon request, the Auditor may provide photocopies of selected working papers to the aforementioned parties. These parties may intend or decide to distribute the photocopies of information contained therein to others, including other governmental agencies.

Reproduction of Audit Report

If the Client plans any reproduction or publication of the audit report, or any portion of it, copies of masters' or printers' proofs of the entire document should be submitted to BDO in sufficient time for its review and approval before printing. The Client agrees to provide BDO with a copy of the final reproduced material for its approval before it is distributed.

Posting of Audit Report and Financial Statements on City's Website

The Client agrees to indemnify BDO from any and all claims that may arise from any differences between the electronic version of the financial statements and audit report presented on the Client's website, now and in the future, and the signed version of the financial statements and audit report provided to the Client's management by BDO.

Review of Documents for Issuance of Debt

The audited financial statements and our report thereon should not be provided or otherwise made available by the Client to recipients of any document to be used in connection with the issuance of debt without first submitting copies of the document to the Auditor in sufficient time for the Auditor's review and approval.

Availability of Records and Personnel

The Client shall complete and balance all accounts and prepare financial statements and schedules for all funds, operations and agencies to be audited by the Auditor, and shall provide the Auditor with space deemed adequate by the Auditor for the efficient conduct of the audit. The Client shall provide the Auditor, for its use and retention, with copies of these financial statements and schedules and shall provide the Auditor with trial balances of the various funds, operations and agencies in a form acceptable to the Auditor. The Auditor shall be responsible for the typing and proofing of the financial reports.

The Client agrees that all records, documentation and information the Auditor requests in connection with the audit will be made available to the Auditor (including those pertaining to related parties), that all material information will be disclosed to the Auditor and that the Auditor will have full cooperation of, and unrestricted access to, the Client's personnel during the course of the engagement.

The Client also agrees to ensure that any third party valuation reports that the Client provides to the Auditor to support amounts or disclosures in the financial statements (a) indicate the purpose for which they were intended, which is consistent with the actual use of such reports; and (b) do not contain any restrictive language that would preclude the Auditor from using such reports as audit evidence.

Assistance by the City's Personnel

The Auditor also asks that the Client's personnel, to the extent possible, prepare various schedules and analyses for the Auditor's staff. This assistance by the Client's personnel will serve to facilitate the progress of the Auditor's work and minimize costs to the Client.

Other Services

The Auditor shall always be available to meet with the Client's management at various times throughout the year to discuss current business, operational, accounting and auditing matters affecting the Client. Whenever the Client's management feels such meetings are desirable, the Client shall notify the Auditor. The Auditor is also prepared to provide services to assist the Client in any of these areas. The Auditor also agrees, at the request of Client's management, to attend meetings of the Client's governing body.

Independence

Professional standards require the Auditor to be independent with respect to the Client in the performance of its services. Any discussions that the Client's management has with the Auditor's personnel regarding employment could pose a threat to the Auditor's independence. Therefore, the Auditor requests that the Client inform the Auditor prior to any such discussions so that the Auditor can implement appropriate safeguards to maintain its independence.

Insurance and Hold Harmless

Prior to execution of this Agreement, the Auditor provided the Client with documentation that it has professional liability, general liability and workers' compensation insurance. The Client has found such insurance to be acceptable. The Auditor agrees to keep similar levels and types of insurance coverages in force throughout the period it performs services pursuant to this Agreement, or to advise the Client in advance in writing if it intends to significantly reduce any such coverage.

The Auditor agrees to hold the Client harmless from any and all physical injury to the person or damage to the property of, or any loss or expense incurred by any employee of the Client pursuant to such physical injury or damage, which arises out of or pursuant to the Auditor's performance under this Agreement. The Auditor shall also hold the Client harmless from any claims by the Auditor's employees arising out of, or pursuant to, the Auditor's and/or employee's performance under this Agreement, except to the extent cause by the negligence, gross negligence or intentional misconduct on the part of Client or its employees or agents. The Auditor agrees to hold the Client harmless for any injuries to persons, or any injury, loss, expense or damage to property caused by the Auditor's employees except to the extent cause by the negligence, gross negligence or intentional misconduct on the part of Client or its employees or agents.

Equal Opportunity

The Auditor agrees not to discriminate against any employee or applicant for employment, to be employed in the performance of this Agreement, with respect to her/his hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of her/his race, color, religion, national origin, age, sex, height, weight or marital status. Breach of this covenant may be regarded as material breach of this Agreement as provided for in Act 453 of the Public Acts of 1976, as amended, entitled "Michigan Civil Rights Act." The Auditor further agrees to review and examine with the Client relevant employment data and other information pertaining to its hiring practices. The Auditor further agrees that it will require similar covenants from any subcontractor under this Agreement.

Dispute Resolution Procedure

If any dispute, controversy, or claim arises in connection with the performance or breach of this agreement, either party may, upon written notice to the other party, request facilitated negotiations. Such negotiations shall be assisted by a neutral facilitator acceptable to both parties and shall require the best efforts of the parties to discuss with each other in good faith their respective positions and, respecting their different interests, to finally resolve such dispute.

Each party may disclose any facts to the other party or to the facilitator that it, in good faith, considers necessary to resolve the dispute. However, all such disclosures will be deemed in furtherance of settlement efforts and will not be admissible in any subsequent litigation against the disclosing party. Except as agreed by both parties, the facilitator shall keep confidential all information disclosed during negotiations. The facilitator shall not act as a witness for either party in any subsequent arbitration between the parties.

Such facilitated negotiations shall conclude within sixty days from receipt of the written notice unless extended by mutual consent. The parties may also agree at any time to terminate or waive facilitated negotiations. The costs incurred by each party in such negotiations will be borne by it; the fees and expenses of the facilitator, if any, shall be borne equally by the parties.

If the parties are unable to resolve any dispute through the facilitated negotiation, they agree that the state courts of Michigan located in the City of Grand Rapids and the U.S. District Court - Western District of Michigan are the only proper forums and venues for the filing of any legal proceedings in connection with the agreement and the services provided pursuant to it.

Fees

The Grand Rapids Downtown Development Authority as Client agrees to pay the Auditor for the services described above a flat fee of \$6,500 for the year ending June 30, 2015, plus \$2,500 for each due diligence associated with the issuance of debt during the term of this Agreement. Charges for other services will be agreed to separately in writing. The flat fee includes our out-of-pocket expenses.

Should unusual conditions arise whereby the services of the Auditor are deemed necessary beyond the extent of the work required in the preceding sections, such unusual conditions shall be referred to the Client's management, which shall instruct the Auditor concerning such additional services.

Any additional services must be agreed to in writing by both parties. For additional services agreed to beyond those covered by the fees stated above, detailed bills, specifying hours worked by the various auditor classifications and the hourly rate of each classification, along with the services performed, will be submitted to the Client by the Auditor on a monthly or other periodic basis with payment terms of net due upon receipt. If the Client fails to make payments promptly on receipt of proper bills, the Auditor reserves the right to stop work on the engagement.

Third Party Use

The Auditor will perform the professional services provided in connection with this engagement solely for the information and use of the Client and federal awarding agencies and pass-through entities. The Auditor does not anticipate and does not authorize reliance by any other party on

its professional services. Any amendment to this provision must be made through a written document signed by the Client and BDO.

Miscellaneous

This Agreement is intended to cover only the services specified herein. This Agreement is the whole agreement and may be amended only in a writing executed by all parties. This engagement is a separate and discrete event, and any future services will be covered by a separate agreement to provide services.

Many banks have engaged a third party to electronically process cash or debt audit confirmation requests, and a few of those banks have mandated the use of this service. To the extent applicable, the Client hereby authorizes the Auditor to participate in this electronic confirmation process through the third party's website (e.g., by entering the Client's bank account information to initiate the process and then accessing the bank's confirmation response) and agrees that the Auditor shall have no liability in connection therewith.

This Agreement may be transmitted in electronic format and shall not be denied legal effect solely because it was formed or transmitted, in whole or in part, by electronic record; however, this Agreement must then remain capable of being retained and accurately reproduced, from time to time, by electronic record by the parties to this Agreement and all other persons or entities required by law. An electronically transmitted signature to this Agreement will be deemed an acceptable original for purposes of consummating this Agreement and binding the party providing such electronic signature.

Any portion of the work requiring a license or certification of any type shall be performed only in accordance with the licensing or certification provisions applicable.

The Auditor shall keep itself fully informed of and shall at all times comply with all local, state and federal laws, rules and regulations, applicable to this Agreement and the work to be done and the goods to be provided. The Grand Rapids City Charter shall be the governing document in this and all contractual relations with the Client. The Client retains the right to determine finally all questions as to the proper performance under this Contract or any unfinished portion of it, and in case of improper, dilatory or unsatisfactory performance, to suspend the work and to order the proper performance of the work. The Client, likewise, retains full power to determine all questions arising under this contract according to the true intent and meaning thereof, all in accordance with Section II of Title XVIII of the City Charter. This Agreement shall be construed according to Michigan law.

No failure or delay on the part of a party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Contract preclude any other or further exercise of it or the exercise of any other right, power or privilege. The rights and remedies provided in this Contract are cumulative and not exclusive of any rights or remedies provided by law.

This Agreement shall not be assigned by any party without prior written consent of all parties to the Agreement.

* * * * *

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year above first written.

THE GRAND RAPIDS DOWNTOWN DEVELOPMENT AUTHORITY, MICHIGAN

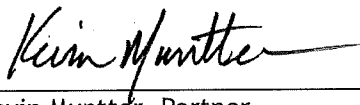
By: _____
Brian Harris, Chair

Date: _____

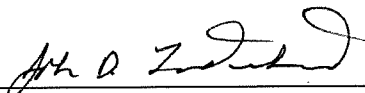
Attest: _____

Date: _____

BDO USA, LLP

By: _____
Kevin Muntter, Partner

Date: July 27, 2015

Attest: _____
John LaFramboise, Director

Date: July 27, 2015

MEMORANDUM

CITY OF GRAND RAPIDS

DATE: August 6, 2015

TO: Kristopher Larson, AICP
Downtown Development Authority
Executive Director

FROM: Mark A. De Clercq, P.E., City Engineer *MAD*

SUBJECT: Reconstruction of Bridge Street from Winter Avenue to Summer Avenue and Summer Avenue from Douglas Street to Bridge Street and Winter Avenue from 100' South of Bridge Street to Bridge Street

The above-captioned project generally consists of the reconstruction of Bridge Street, Summer Avenue and Winter Avenue within the limits noted above. Reconstruction in these street locations will enhance the new development that is taking place in this area. The design will also allow for street activity like outdoor seating and bike parking. The wider sidewalks will accommodate the expected additional pedestrians.

It is anticipated that the City of Grand Rapids will receive bids for this project on August 11, 2015. The engineer's estimate, prepared by Fishbeck, Thompson, Carr & Huber, Inc. (FTCH) is \$889,910.25. The estimated total expenditures required for this project equal a not to exceed amount of \$1,210,000, which includes the construction contract, previously authorized design phase services by FTCH, construction phase services including inspection by FTCH, public information, Traffic Safety/Signs and Street Lighting force account work, administration, and an approximate twelve percent allowance for contingencies. This project is being financed by a combination of Water System Fund, Vital Streets Capital Fund, Streets Capital Fund, Capital Improvement Fund, Downtown Development Authority (DDA) and Consumers Energy Company.

The DDA's share of costs is for streetscape enhancements including bike loops, new street trees, and brickscape improvements in Bridge Street.

It is recommended that the DDA approve its share of costs in the amount of \$130,000. It is anticipated that City Commission will consider the award of a construction contract and authorization of total expenditures in an amount not to exceed \$1,210,000 for this project at their meeting on August 18, 2015. The summary of costs is based on the engineer's estimate. After bids are received, the cost shares will be updated based on actual bids received.

MAD/RDV/DJS/dwk

cc: Greg Sundstrom
Wayne Jernberg

Eric DeLong
Chris Zull

Joellen Thompson
James Hurt

SUMMARY OF ESTIMATED COSTS

for

Reconstruction of Bridge Street from Winter Avenue to Summer Avenue and Summer Avenue from Douglas Street to Bridge Street and Winter Avenue from 100' South of Bridge Street to Bridge Street

Project Funding Source(s)

	<u>Currently Approved</u>	<u>Budget Request(s)</u>	<u>Revised Project Estimate</u>
Water System Fund	\$270,000.00	(\$27,000.00)	\$243,000.00
Vital Streets Capital Fund	0.00	450,000.00	450,000.00
Streets Capital Fund	0.00	152,000.00	152,000.00
Capital Improvement Fund	0.00	103,000.00	103,000.00
Downtown Development Authority	130,000.00	0.00	130,000.00
Consumers Energy Company	132,000.00	0.00	132,000.00
Total Project Sources	<u>\$532,000.00</u>	<u>\$678,000.00</u>	<u>\$1,210,000.00</u>

Breakdown of Project Uses

Construction Contract	\$889,910.25
Previously Authorized Design Phase Services by FTCH	54,275.00
Construction Phase Services including Inspection by FTCH	83,974.00
Public Information	1,500.00
Traffic Safety/Signs and Street Lighting	5,000.00
Force Account Work	
Administration	<u>49,019.00</u>
Sub-Total	\$1,083,678.25
Contingencies (12%)	123,607.75
Total Project Uses	<u>\$1,210,000.00</u>

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: August 7, 2015

TO: DDA Board

FROM: Tim Kelly, AICP
Planning Manager

TK

Agenda Item #6
August 12, 2015
DDA Meeting

SUBJECT: 20 E. Fulton Extension Request of Development Support Agreement

On August 9, 2013, the Downtown Development Authority Board approved a Development Support Program request from 20 Fulton Street East LLC, 20 Fulton Street East Limited Dividend Housing Association Limited Partnership, and 20 Fulton Street East II Limited Dividend Housing Association Limited Partnership (collectively referred to as the Developer) for the proposed project at 20 E. Fulton Street (Project). The approval was in support of the mixed use, mixed income project, which will house approximately 100 apartments, 50 of which will be income restricted, and 9,000 – 10,000 square feet of ground floor commercial retail space. The approved request was for an amount up to \$300,000 over a 10 year period.

During the design phase of the Project, the Developer engaged with a new architectural firm who has been working to redesign the building. The change in architects caused a delay, and as a result the Developer is requesting an extension of two years to their Development Agreement. Both the overall scope of the Project, and the amount of requested support remains the same. If the request is approved, it is expected work will commence on the site early in 2016.

Recommendation

Approve the two year extension of the Development Agreement for 20 E. Fulton.

July 31, 2015

Mr. Kristopher Larson
Downtown Grand Rapids, Inc.
City of Grand Rapids Downtown Development Authority
29 Pearl NW, Suite 1
Grand Rapids, Michigan 49503

Re: **20 E. Fulton Redevelopment – DDA Development Support Extension Request**

Dear Kris:

I am writing on behalf of 20 Fulton Street East LLC ("20 Fulton LLC"), 20 Fulton Street East Limited Dividend Housing Association Limited Partnership ("20 LDHALP") and 20 Fulton Street East II Limited Dividend Housing Association Limited Partnership ("20 II LDHALP") (collectively referred to as the "Developer") to request that the Grand Rapids Downtown Development Authority ("DDA") provide an extension of the approval of tax increment financing support for its proposed redevelopment project at 20 E. Fulton. As you know, the project includes the construction of a new twelve story mixed use building that would house approximately 100 apartments, a parking deck and approximately 9,000 to 10,000 S.F. of commercial/retail space on the first floor (the "Project"). The Project start date was delayed as the Developer engaged a new architectural firm who has been working to redesign the building. The overall scope of the Project will not change and the Developer is aiming for a late 2015/early 2016 commencement for site work.

The Developer hereby requests an extension of two years for their Development Agreement. The amount of requested support remains the same as the original approval and DDA support will be limited to 75% of available tax increment revenue from the Project for a period of 10 years for reimbursement of up to \$300,000 for the cost of one elevator and shaft.

We appreciate the DDA's support for the Project! Please let me know if you have any questions.

Very truly yours,



Jared T. Belka

c: Karl Chew and Mai Dong

13048317

DEVELOPMENT AND REIMBURSEMENT AGREEMENT

THIS DEVELOPMENT AND REIMBURSEMENT AGREEMENT (the “Agreement”) made as of August 13, 2013, between the **CITY OF GRAND RAPIDS DOWNTOWN DEVELOPMENT AUTHORITY**, a Michigan public body corporate (the “DDA”), whose address is 300 Monroe Avenue, N.W., Grand Rapids, Michigan 49503, and **20 FULTON STREET EAST LLC**, a Michigan limited liability company, **20 FULTON STREET EAST LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP**, a Michigan limited partnership, and **20 FULTON STREET EAST II LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP**, a Michigan limited partnership, (collectively, the “Developer”), the address of each is 2802 Jefferson Avenue, Midland, Michigan 48640.

RECITALS

A. The DDA was created by the City of Grand Rapids (the “City”) pursuant to the Downtown Development Authority Act, Act 197 of the Public Acts of Michigan of 1975, as amended (“Act 197”).

B. The DDA has, pursuant to Act 197, established a Tax Increment Financing and Development Plan as from time to time amended (the “Plan”) for the implementation of development activities within Grand Rapids Development Area No. 1 (the “Development Area”).

C. The Plan provides, in part, that it is the purpose of the DDA to support the development of property in the Development Area by entering into development agreements with private parties and reimbursing said private parties the costs of public facilities as defined in Act 197, related to the development of such property from tax increment revenues, also as

defined in Act 197, realized from the development of such property and available to the DDA for reimbursement.

D. In order to implement said provisions of the Plan, the DDA has adopted a Development Support Policy approved by the DDA Board on January 11, 2006, and amended by the DDA Board on October 13, 2010 (the "Policy").

E. The Developer owns and plans to redevelop a vacant parcel of property in the City identified as Tax Parcel No. 41-14-30-301-002 with street addresses of 20 E. Fulton Street, and which is legally described in the attached Exhibit A (the "Property").

F. The Property is located within the DDA Development Area.

G. The Developer plans to construct on the vacant property a fourteen-story mixed use retail/commercial/residential building containing a five-story parking deck with between 160 and 180 parking spaces, 96 to 108 residential rental units and 9,000 to 10,000 square feet of commercial/retail space which will involve an investment of at least \$37,000,000 (the "Project"). In connection with the Project, the Developer will undertake improvements to comply with the legal requirements of the Michigan State Construction Code for architectural designs which eliminate barriers and hindrances that deter persons with disabilities from having access to free mobility in and around a building or structure and which constitute "public facilities" as defined in Act 197 and which are identified along with estimated costs on the attached Exhibit B (the "Public Facility Improvements").

H. The Developer has agreed as a part of the Project to incur the costs of the Public Facility Improvements and has requested the DDA to reimburse it for such costs in an amount not to exceed \$300,000 (the "Eligible Costs") from tax increment revenues realized from the Project and available to the DDA for such use (the "Project Tax Increment Revenues").

I. The Project, including the Public Facility Improvements, will fulfill, in part, the purposes of Act 197 and the Plan and assist in the development and redevelopment of the Development Area.

J. In accordance with Act 197, the Plan and the Policy, the DDA has determined to reimburse the Developer for the Eligible Costs of the Public Facility Improvements from available Project Tax Increment Revenues captured and received only from the Property pursuant to the terms and conditions of this Agreement.

TERMS AND CONDITIONS

Therefore, in exchange for the consideration in and referred to in this Agreement, the parties agree as follows:

1. Capture of Taxes. In accordance with the Plan, Project Tax Increment Revenues will be captured and transmitted to the DDA. It is agreed that Project Tax Increment Revenues exclude those Tax Increment Revenues realized from the Project from tax levies of the Grand Rapids Public Schools, the Kent Intermediate School District and the State Education Tax, all of which may not in accordance with Act 197 be used to pay for, or reimburse the cost of, the Public Facility Improvements.

2. Conditions Precedent to Reimbursement. The Developer shall meet each of the following conditions in order to be entitled to reimbursement of Eligible Costs:

(a) The Developer's investment in the Project, exclusive of property acquisitions and related costs, must exceed \$30,000,000 which the Developer shall document and verify to the reasonable satisfaction of the DDA.

(b) The Developer provides documentation reasonably acceptable to the DDA that at least on half of the Project's residential rental units are market rate (non income based).

(c) The Developer may only be entitled to reimbursement of Eligible Costs not to exceed \$300,000, provided, the Developer shall have included in the Project the retention and/or creation of one permanent job for each \$10,000 of Eligible Costs reimbursed plus one residential unit for each additional \$10,000 of Eligible Costs reimbursed which the Developer shall document and verify to the reasonable satisfaction of the DDA.

(d) The Project shall be located in the Development Area.

(e) The Project shall conform to all applicable City building code and zoning ordinance requirements.

3. Submission of Costs. For those Eligible Costs for which the Developer seeks reimbursement from the DDA, the Developer shall submit to the DDA the following, all of which must be reasonably satisfactory to the DDA:

(a) a written statement detailing the costs and substantiating they are Eligible Costs for Public Facility Improvements;

(b) a written explanation of the calculation of the costs;

(c) copies of invoices from contractors, engineers, vendors or others who have provided services and materials for the Project showing sufficient detail to correlate said invoices with Eligible Costs to the satisfaction of the DDA Executive Director or his/her designee; and

(d) for Developer personnel for whose services reimbursement is being sought, detailed time records showing the work performed by such individuals.

4. Reimbursement Payments.

(a) Subject to the conditions contained in paragraph 3 above and the limitations contained in paragraph 5 below, 75% of the Project Tax Increment Revenues received annually by the DDA on and after the Project is completed, i.e., an occupancy permit(s) has been issued for 50% or more of the Building's square footage (the "Start Date"), shall be paid to the Developer until the Developer has been reimbursed for Eligible Costs of Public Facility Improvements in an amount not to exceed \$300,000 without interest. Except as otherwise provided in paragraph 5 below, the DDA shall have no obligation to reimburse the Developer for Eligible Costs from Project Tax Increment Revenues captured and received by the DDA after December 31 of the tenth year after the Start Date (the "Termination Date").

(b) The DDA shall pay the Developer the amounts for which submissions have been made pursuant to paragraph 3 above within 30 days after the DDA receives Project Tax Increment Revenues after the Start Date from which the submission may be wholly or partially paid. If partial payment is made by the DDA because of insufficient Project Tax Increment Revenues, the DDA shall make additional payments toward the remaining amount payable within 30 days of its receipt of additional Project Tax Increment Revenues until (i) the Developer has been fully paid Eligible Costs or (ii) the Termination Date (as such date may be extended pursuant to paragraph 5 below) whichever occurs first.

5. Limitations on Reimbursement. The obligation of the DDA to reimburse the Developer for Eligible Costs pursuant to paragraph 4 hereof shall be subordinate to the payment of existing and future debt obligations of the DDA. To the extent that such obligations are an “eligible advance,” “eligible obligation” or “other protected obligation” as defined in Act 197 and school tax increment revenues, i.e., Grand Rapids Public Schools and Kent Intermediate School District operating tax levies and the State Education Tax levy received by the DDA in any fiscal year of the DDA are not sufficient to pay debt service on such obligations in such fiscal year, a pro rata portion of the Project Tax Increment Revenues received by the DDA from the Property in the same percentage of all other non-school tax increment revenues received by the DDA in such fiscal year and used to pay debt service on such obligations shall be used to pay such debt service. For all other existing and future debt service obligations of the DDA, a percentage of the Project Tax Increment Revenues received by the DDA each fiscal year equal to the percentage of all other non-school tax increment revenues received by the DDA in such fiscal year and used to pay debt service on such obligations may be used to pay debt service on such obligations in such fiscal year. To the extent Project Tax Increment Revenues are used to pay debt service on DDA debt obligations pursuant to this paragraph 5, the Termination Date shall be extended an appropriate time to reflect such use of Project Tax Increment Revenues, *provided, however,* the Termination Date may not be extended beyond the term of the Plan.

6. Adjustments. If due to an appeal of any tax assessment of all or any portion of the Property, or for any other reason, the DDA is required to reimburse any Project Tax Increment Revenues (that have been used to reimburse Developer for Eligible Costs) to the City or any other tax levying governmental entity, the DDA may deduct the amount of any such reimbursement, including interest, penalties and other amounts due in relation thereto, from any

amounts due and owing to the Developer. If all amounts due the Developer under this Agreement have been fully paid or the DDA is no longer obligated to make any further payments to the Developer, the DDA shall invoice the Developer for the amount of such reimbursement, including interest, penalties and other amounts due in relation thereto, and the Developer shall pay the DDA such invoiced amount within 30 days of the Developer's receipt of the invoice. Nothing in this Agreement shall limit the right of the Developer or any other owner of any portion of the Property to appeal any tax assessment. Amounts invoiced to the Developer and paid to the DDA by the Developer pursuant to this paragraph 6, excluding interest, penalties and other amounts due in relation thereto, shall be reinstated as Eligible Costs for which the Developer shall have the opportunity to be reimbursed in accordance with the terms, conditions and limitations of this Agreement.

7. **Term.** This Agreement shall terminate the sooner of (i) 2 years after the date of this Agreement if the Project has not commenced, (ii) the date the DDA fully reimburses the Developer for Eligible Costs under this Agreement or (iii) the Termination Date as it may be extended pursuant to paragraph 5 above, *provided, however*, the Developer's obligation, if any, in paragraph 6 hereof shall survive termination.

8. **Reporting.** The Developer shall submit a written report to the DDA within 30 days after December 31 each year beginning December 31, 2014, until the Project is completed and within 30 days of the Project's completion date indicating as of such December and the Project's completion date (i) the total private investment to such date, and (ii) the number of permanent jobs created by the Project.

9. **Non-Discrimination.** The Developer agrees not to discriminate against any employee or applicant for employment to be employed by the Developer in any aspect of the

Developer's development of the Project and the sale or lease of any portion of the Property with respect to the hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, marital status or disability.

10. Interpretation. This is the entire agreement of the parties hereto as to its subject matter. It shall not be amended or modified except in writing signed by both parties. It shall not be affected by any course of dealing and the waiver of any breach shall not constitute a waiver of any subsequent breach of the same or any other provision of this Agreement.

11. Assigning and Binding Effect. This Agreement and the rights and obligations under this Agreement shall not be assigned or otherwise transferred by any party without the consent of the other party which consent shall not unreasonably be withheld. Subject to the provisions of the Policy, it shall, however, be binding upon any successor or permitted assigns of the parties.

12. Additional Documents. Both parties hereto agree to execute any additional documents reasonably requested by the other party to carry out the intent of this Agreement.

13. Governing Law. This Agreement shall be construed in all respects in accordance with the laws of the State of Michigan.

14. Exhibit. All exhibits attached hereto are incorporated herein as though fully stated herein.

15. Enforcement. The parties hereto are entitled to all remedies authorized by law to enforce the provisions of this Agreement, including, but not limited to, specific performance. Should either party institute legal proceedings to enforce the provisions of this Agreement, the prevailing party shall be entitled to receive reasonable attorneys fees and costs.

IN WITNESS WHEREOF, the DDA and the Developer have caused this Agreement to be signed as of the date any year first written above.

**CITY OF GRAND RAPIDS DOWNTOWN
DEVELOPMENT AUTHORITY**

By: _____
Kristopher Larson, Executive Director

20 FULTON STREET LLC

By: _____
Karl Chew, Member

**20 FULTON STREET EAST LIMITED
DIVIDEND HOUSING ASSOCIATION
LIMITED PARTNERSHIP**

By: _____
Karl Chew, Partner

**20 FULTON STREET EAST II LIMITED
DIVIDEND HOUSING ASSOCIATION
LIMITED PARTNERSHIP**

By: _____
Karl Chew, Partner

EXHIBIT A

Legal Description of Property

Property Address: 20 E. Fulton Street
Grand Rapids, Michigan

Parcel No. 41-14-30-301-002

Legal Description: All of lots 1, 4 & 5 & E of 36 ft of lot 8
Bostwick & Co S Addition, City of Grand
Rapids, County of Kent, Michigan

DRAFT

EXHIBIT B

Public Facility Improvements and Estimated Costs

One Elevator

\$300,000

DRAFT

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: August 7, 2015

TO: Downtown Development Authority

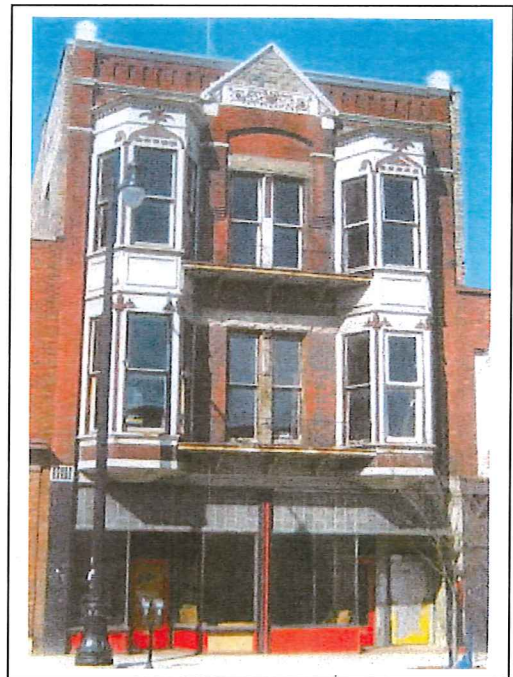
FROM: Eric Pratt 
Project Manager

Agenda Item #7
August 12, 2015
DDA Meeting

SUBJECT: Request for Support for the Renovation of the Building at 123 South Division Avenue

Recently, our office received an application for DDA assistant, through the Building Reuse Incentive Program (BRIP), for the renovation of the building located at 123 South Division Avenue. The applicant, Uptown Housing, LLC, is proposing to renovate and convert the 3-story, 7,300 Square / Foot building into a mixed-use development with 5 market-rate one-and two-bedroom apartments; with ground floor retail / restaurant space. Built in 1885, by Thomas Peck of Peck's Drug Store, this building was the first of two buildings built by Mr. Peck in the Heartside Neighborhood.

In order to assist with the renovation and preservation of the historical structure the applicant is requesting a \$50,000 BRIP grant to help off-set some of the costs with rehabbing the building. Grant proceeds will be applied to the historic restoration of the building's façades, installation of a new fire suppression system and a new fire rated stair tower. Because this building resides in the Heartside Historic District, any improvements to the building's façade must first be approved by the City of Grand Rapids Historic Preservation Commission. Total project cost is estimated to be \$900,000 and will create 13 new full and part-time positions.



Recommendation:

Staff recommends that the DDA Board approve a \$50,000 BRIP Grant toward the installation of a new fire suppression system, a fire rated stair tower and the historic restoration of the building's façade at 123 South Division Avenue.



Downtown Grand Rapids Ambassador July 2015 Report



Outreach Highlights



A flyer for the Ambassador program hangs inside a Service Provider



Ambassadors and AMR work together to bring a man into the PIC

Initiatives

We continue to work with a case manager at Street Reach to assist a chronically homeless woman attend the necessary appointments to continue to work toward acquiring housing.

The Ambassador team continues to expand our knowledge and understanding of the services available in and around downtown as well as discuss quality of life issues and how we can offer solutions during our daily patrols.

QUICK VIEW

Jul 01, 2015 -- Jul 31, 2015

85 Panhandling - Passive

122 Panhandling - Aggressive

2643 Outreach Contact

Hospitality Highlights



Eryn draws a walking route for a Downtown visitor



Katie removes graffiti from a railing on the River Walk

Special Recognition

Rebecca K. was awarded the 2015 Ambassador of the Year Award.

Rebecca has been with the program for nearly 2 years and has excelled as an ambassador since day 1. She works hard to provide exceptional customer service to anyone she meets in her role as an ambassador and has a real passion for serving Downtown Grand Rapids. Congratulations Rebecca!

QUICK VIEW

Jul 01, 2015 -- Aug 01, 2015

- 0** Umbrella Escorts
- 3** Motorist Assistance
- 246** Business Contact
- 99** Graffiti - Removed
- 1865** PA - Directions
- 2327** PA - Program Information
- 4880** PA - Information
- 9396** PA - Other

Safety Highlights



Melvin assists a man find an outlet to charge his electric wheelchair



Kevin puts in a maintenance request for a damaged bike rack

Accomplishments

The Ambassador team provided enhanced deployment for Movies in the Park, 4th of July Celebration, Swing Dancing, GRAM on the Green and Picnics in the Park/Relax at Rosa Events.

The Ambassador team has made a continued effort to adjust the focus and usage of its bikes to a more transportation model v. patrol. This change will allow us to increase our time spent of foot and engaging with pedestrians rather than riding the bike around specific areas. We continue to utilize the bikes as tools to reduce our response time when we receive requests for assistance.

Initiatives

Operations Manager Melvin Eledge Jr., attended a staff meeting at the YWCA to address their staff about the Ambassador program as well as to offer safety escort services to their employees per YWCA Vice President Deb Shimmel's request.

QUICK VIEW

Jul 01, 2015 -- Aug 01, 2015

- 10** Request for Police
- 16** Suspicious Package
- 15** Request for Fire/EMS
- 18.5** Segway Hours
- 56** Observation - Fighting
- 259.45** Bicycle (miles)
- 536** Suspicious Person
- 646** Sidewalk Violation (skateboarding/Bicycling/Rollerblading)
- 1626** Safety Escort

Stakeholder Feedback



Cheerleading coaches request a 'selfie' after an escort to their hotel

Community Feedback

Just a note to say how much I deeply appreciate your downtown staff. Today, I was assisted by Tyler and Katie M., and they were VERY helpful to get my groceries home. In the past, it was Veronica who was also VERY helpful. I know just how essential your agency of workers is to the downtown area, and I have your number in my speedial--not just for myself, but to call for assistance when others need such escorts. Keep up the great work! If I ever get on my feet and leave G.R., you escorts will be one of the main features of G.R. I will be talking to others about. (No, I'm not kidding.) Love you people!! God bless you all.

~Susan

I just wanted to let you know that the Downtown Ambassadors were of great service to me last week. I fell in the street, and broke my foot on the corner of Louis and Ionia, Five minutes later I also realized that I had lost my keys. I hobbled around the downtown area trying to find them. Eventually someone took me to the the ambassadors, and I was helped by Veronica. She helped me look again through my purse for my keys, she put an ace bandage on my foot, and took me to a spot where I could put my foot up, iced it, and gave me some ice water. Veronica then went out to see if she could check a few other spots for my keys, and I ended up feeling much calmer, and and very well taken care of. Eventually she came to the end of her shift, and two new ambassadors came to help, looking for a few other places they might have been taken to. After 3 1/2 hours, we gave up, and my husband had to come to get me. Thank you very much for the work you do, and the service that you provide. With Best Wishes, Mary

Highlights



Eryn removes a large sticker from a utility box



One of DGRI's newest staff, Annamarie, spends the day as a Downtown Ambassador



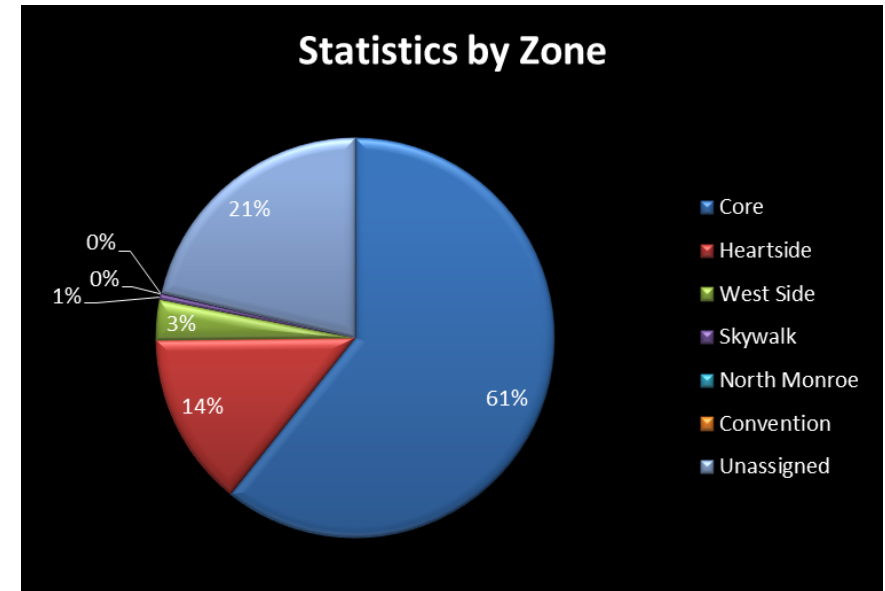
Utility Box Before...



... And After

Statistics

Activity	July 2015 Total	July 2014 Total	Variance	Total YTD
Bicycle (miles)	259.45	497	(237.55)	873.95
Segway Hours	18.5	70	(51.50)	229.67
Business Contact	246	320	(74)	4054
Graffiti - Removed	99	15	84	1302
Motorist Assistance	3	6	(3)	118
Observation - Fighting	56	28	28	417
Outreach Contact	2643	3168	(525)	34210
PA - Directions	1865	2253	(388)	27359
PA - Information	4880	5344	(464)	58195
PA - Other	9396	5984	3412	95478
PA - Program Information	2327	3086	(759)	36096
Panhandling - Aggressive	125	126	(1)	1633
Panhandling - Passive	88	214	(126)	1359
Request for Fire/EMS	15	33	(18)	187
Request for Police	10	25	(15)	113
Safety Escort	1626	1104	522	15409
Sidewalk Violation	646	631	15	5736
Suspicious Package	16	6	10	854
Suspicious Person	536	213	323	4381
Umbrella Escorts	0	78	(78)	923
Total Contacts July 2015	24577	22634	1943	287824
Total Contacts July 2014				
Total Variance (2014 v 2015)				
Total Contacts YTD				



Core	14927	61%
Heartside	3461	14%
West Side	794	3%
Skywalk	104	1%
North Monroe	34	<1%
Convention	0	0%
Unassigned	5257	21%

July 2015 showed an 8.5% increase (1,943) in statistics compared to the same period last year. The two categories that have shown the largest increase are safety escorts with an increase of 47% (522) and Pedestrian Assistance – Other (PA – Other) with an increase of 57% (3,412). Both categories are increasing compared to last year's totals as a result of the Ambassador team's continued efforts to provide unparalleled customer service to the many patrons of downtown. The Ambassador team continues to offer safety escorts as a way to increase an individual's personal sense of safety but often it is used more as a tool to enhance an individual's experience in the downtown (i.e. we can provide directions and a map or we can provide directions, a map and escort right to your destination).

Starting this month I have replaced the usual graph that again showed a comparison of total statistics with a new chart that provides a breakdown of what areas in the downtown the statistics were actually generated. I look forward to diving deeper into this data and sharing any insights I may have about trends in the future. Please note we are already working to reduce the % of 'unassigned' contacts for August.