

MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

Wednesday, August 14, 2013

8:30 a.m. Meeting

Room 601, City Hall

AGENDA

1. Call to order
2. Approval of meeting minutes of July 10, 2013 (8:31)*Motion* *Harris*
(enclosure)
3. Presentation of Preliminary June 30, 2013 Financials (8:33).....*Info Item* *Wallace*
(enclosure)
4. FY13 Audit Preparation (8:35).....*Info Item* *Wallace*
5. Approve Development Incentives for Morton House, 55 Ionia (8:45)*Motion* *Pratt*
(enclosure)
6. Approve Development Incentives for Trust Building, 40 Pearl (8:55)*Motion* *Pratt*
(enclosure)
7. Approve Building Reuse Incentives for 141 Ionia NW (9:05).....*Motion* *Pratt*
(enclosure)
8. Approve Building Reuse Incentives for 333 Grandville Ave. (9:10).....*Motion* *Kelly*
(enclosure)
9. Approve Development Support for 20 E. Fulton (9:15).....*Motion* *Kelly*
(enclosure)
10. Approve Development Incentives for Arena Place (9:25)*Motion* *Larson*
(enclosure)
11. Authorize Contracting with Safety Ambassador Provider (9:40)*Motion* *Larson*
(enclosure)
12. Approval of First Amendment to Ground Lease and Estoppel
Certificate for Downtown Market (9:50).....*Motion* *Wendt*
(enclosure)
13. Public Comment (9:55)
14. Board Member Discussion (10:00)
15. Executive Session
16. Adjournment

Downtown Grand Rapids

Prosperous ❖ Livable ❖ Walkable ❖ Inclusive ❖ Green ❖ Connected ❖ Distinctive

MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

July 10, 2013

1. Call to Order – The meeting was called to order at 8:30 a.m. by Chair Brian Harris. Mr. Larson announced a walk-on agenda item. Chair Brian Harris requested that the walk-on item take the number ten spot on the agenda and subsequent items be pushed back.

2. Attendance

Present: Kayem Dunn, Dr. Wendy Falb, Brian Harris, Elissa Hillary, Jim Talen, Rick Winn

Absent: Jane Gietzen, Mayor George Heartwell

Others Present: Kristopher Larson (Executive Director), Mary Sierawski (DDA Executive Asst/Office Manager), Jana Wallace (DDA Treasurer), Richard Wendt (DDA Counsel), Eric Pratt, Tim Kelly, Kimberly VanDriel (staff), Jim Harger (Mlive Media Group), David Czurak (GRBJ) Rick DeVries (City of GR), Connie Bohatch, Nicole DiDonato (FOX17), Mike Ingram (WOODTV), Ana Olvera (The Rapidian), Catherine Mish (City of GR Attorney), Karl Chew (Brookstone Capital), and others.

3. Approval of Minutes of June 12, 2013

Motion: Kayem Dunn, supported by Jane Gietzen, moved approval of the minutes of the June 12, 2013 DDA meeting as presented. Motion carried unanimously.

4. Authorize Selection of Information Technologies Vendor

Ms. Sierawski presented information concerning the recommended Information Technologies Vendor for Downtown Grand Rapids Inc. The anticipated information technology (IT) and telephonic needs of DGRI were evaluated and for purposes of soliciting bids from local vendors to supply the hardware, software, installation, and consulting components of the future DGRI operation. Ms. Sierawski shared that staff solicited a total of three bids from local, qualified IT companies and evaluated each proposal based upon the respondents' understanding of DGRI's needs, experience, proposed scope of work, and cost. Based on these criteria, staff recommends Fusion IT as the IT vendor for DGRI. Ms. Sierawski also noted that this process of bid selection is consistent with the DDA's Board bidding and purchasing policy approved on May 8, 2013 and added that all hardware that the DDA, Downtown Alliance, and Office of Special Events currently owns will be transferred to the new office to make the transition more cost effective. Mr. Talen asked if the "Cloud" was considered over a physical server. Ms. Sierawski replied that yes, the cloud option was considered but with the merging of three different organizations, the thought was that it was safer to have a hard server utilized throughout the transition in case there are any issues. Staff will re-

evaluate in approximately two to three years to consider transitioning to the cloud. Dr. Falb asked if local vendors were considered per the purchasing policy. Ms. Sierawski replied that yes, downtown vendors and local vendors were all included in RFP.

Motion: Kayem Dunn, supported by Rick Winn, moved to authorize the Executive Director to enter into a purchasing agreement with Fusion IT for IT and telephony services and equipment for an amount not to exceed \$38,000. Motion carried unanimously.

5. Adopt Amendments to the Streetscape Incentive Program Guidelines

Mr. Kelly presented a request to the Board to adopt revisions to the Streetscape Improvement Incentive Program. Mr. Kelly shared that in order to broaden the Program's appeal, and in response to inquiries from Downtown businesses, staff is proposing to amend the Program guidelines to include the installation of parklets as an eligible expense, and to increase the percentage participation threshold of the DDA from 35% of a total streetscape project to 50%. The proposed increase in participation is a reflection of the DDA's intention to encourage an activated and well-appointed public realm through the addition of streetscape elements such as seating and other beautifying accouterments. Mr. Kelly added that parklets have been proven to increase pedestrian traffic and retail sales for businesses that are adjacent to them. Mr. Kelly also shared that Dennis Moosbrugger of Bar Divani has been very vocal about installing parklets in the downtown and is a big proponent of them. Mr. Harris added that this is a researched and logical proposal based on Mr. Kelly's presentation. Mr. Winn asked for clarification of the elements of the program and Ms. Dunn responded that areaway is also included in the streetscape incentive program, but it is a different sort of street improvement. Dr. Falb asked if the recommendation to change the program would increase new participation or if there are current projects that would use the incentive. Mr. Pratt responded that we would anticipate more use of the program from new applicants and Mr. Kelly reiterated that multiple businesses downtown have shown interest in parklets. Mr. Talen asked if these are tax increment funds that are used and if this is an eligible program. Mr. Kelly responded that yes, the revisions to the streetscape incentive program were reviewed by DDA legal counsel. Mr. Hillary added that she appreciates the consideration in these recommendations and hopes that downtown businesses take advantage of the program and specifically the portion about parklets. Ms. Dunn asked if this program could include sidewalk cafes and Mr. Larson responded that the program could only support the public elements of the sidewalk café and/or parklet. Mr. Larson added that Mr. Kelly will be going into the downtown and actively marketing this tool to businesses and ultimately this will create a greater activated public realm. Mr. Harris added that the benefits of this tool would become apparent fairly quickly. Mr. Harris asked about the concern of loss of on-street parking spaces if a parklet was installed. Mr. Kelly responded that it would depend on the business owner applying for it and that the installation of a parklet really wouldn't take away more than one or two on-street parking spaces. Mr. Winn asked about the percentage and cap. Mr. Larson responded that the program covers areaways as well which are the most costly item and parklets usually cost around \$15-25,000. Mr.

Winn asked if we should think about raising the cap. Mr. Pratt added that the program hasn't been utilized as much in the recent years because of all the work the DDA has done in the downtown. Dr. Falb pointed out two grammar corrections within the document, corrections were noted and Mr. Kelly will make changes.

Motion: Kayem Dunn, supported by Rick Winn, moved to adopt amendments to the Streetscape Incentive Program Guidelines as shown in the redlined policy document. Motion carried unanimously.

6. Approve Areaway Fill Incentive Program Application

Mr. Pratt presented a request by the Grand Rapids Civic Theatre requesting financial assistance towards vacating an existing areaway at 20 Monroe Center Avenue NE. The work on the areaway will be completed in conjunction with Monument Park construction. The Civic Theatre is requesting a \$4,550.00 Areaway Fill grant to help offset some of the costs associated with vacating the areaway. Mr. Pratt shared that it is the DDA's goal to eliminate areaways whenever possible to prevent danger and enhance the streetscape.

Motion: Kayem Dunn, supported by Jim Talen, moved to approve a \$4,550.00 Areaway Fill grant for the Grand Rapids Civic Theatre to assist with the vacation of an existing areaway located at 20 Monroe Center Avenue NE. Motion carried unanimously.

7. Approve Building Reuse Incentive Program Application

Mr. Pratt presented a request by MI Blendz, LLC requesting a \$10,000.00 BRIP grant to assist with the renovation of a vacant storefront at 15 Ionia Avenue SW. MI Blendz, LLC is proposing to operate a combined "JuiceBlendz" and "YoBlendz" franchise within the storefront. As part of the renovation project, MI Blendz, LLC is proposing to construct an internal barrier-free entrance to the storefront, an ADA compliant restroom, and a fire suppression system. Mr. Harris asked how many square feet in in this location. Mr. Pratt responded less than 4,000 square feet.

Motion: Jim Talen, supported by Dr. Wendy Falb, moved to approve a Ground Floor Storefront Grant, in the amount of up to \$10,000, to MI Blendz, LLC to assist with the construction of a barrier-free entrance, an ADA compliant restroom and a fire suppression system within the vacant storefront at 15 Ionia Avenue SW. Motion carried unanimously.

8. Adopt FY 14 Budget / FY 14-18 Priority Plan

Mr. Larson presented the background of the five month budget process and shared that on June 18, 2013, DDA staff presented the proposed FY 14 budget summary to the City Commission. Commissioner White, supported by Commissioner Kelly, moved approval of the FY 14 budget as recommended by the DDA Board. The motion was supported

unanimously. Mr. Larson shared that the budget is before the DDA Board for a formal adoption.

Motion: Kayem Dunn, supported by Jim Talen, moved to adopt the FY 14 DDA Budget and Priority Plan. Motion carried unanimously.

9. Authorize Monroe Center Ph. 3 / Monument Park Construction Contract

Mr. DeVries presented information about the DDA's share for the reconstruction of Monroe Center from Division Avenue to Sheldon Avenue and Monument Park (Monroe Center Phase III). The contract encompasses demolition and clean-up work, utility work, installation of ornamental street lights, as well as relocating the Soldier's Monument. The final completion date is September 20, 2013. Mr. DeVries shared that there will be a temporary walkway installed before ArtPrize. Mr. Talen asked if the budget number is in line with the projections. Mr. DeVries replied that the number is fairly close. Mr. DeVries said that snowmelt installation is the last piece of the project and that the City has talked to property owners about a special assessment for ongoing maintenance. The property owners seem amenable to this idea. Mr. Larson asked if the project is still on the construction schedule that we hoped to achieve. Mr. DeVries replied that the project is pretty close to the timeline but said that some complications may occur with Consumers Energy as they do not think they will be complete with this project by the end of the year, but by and large the project will look completed.

Motion: Elissa Hillary, supported by Rick Winn, moved to authorize the Executive Director to execute a construction contract with Lodestar in the amount of \$478,600, contingent upon DDA legal counsel's review and authorize the Executive Director to negotiate and execute any necessary changes in the scope of work, within the total authorized not-to-exceed expenditures as the project proceeds through construction. Motion carried unanimously.

10. Consent to granting a PILOT (Payment in Lieu of Taxes) at 20 E. Fulton

Mr. Larson shared that Brookstone Capital, LLC has proposed the development of a 14-story, 108-unit mixed-use, mixed-income building at 20 E. Fulton. Mr. Larson said that the developer has a good track record of development within the downtown. The Developer intends to apply to the State of Michigan's Housing Development Authority (MSHDA) Low-Income Housing Tax Credits (LIHTC) Program. The LIHTC credits will be used as a financial source for the development of the 54 affordable units. Selection criteria for the LIHTC program require that the City of Grand Rapids consent to a PILOT (Payment in Lieu of Taxes) for the affordable housing portion of the development. Brookstone Capital, LLC, has submitted the requisite PILOT application materials to the City of Grand Rapids for a term of 40 years. Mr. Larson introduced Karl Chew to share more information with the Board about the project. Mr. Chew shared that there would be 9,000 square feet available for retail that would front Fulton Street and may allow us to attract a national retailer in that space. Also, there would be ground level

parking which includes a parking structure which would accommodate 180 vehicles. Mr. Winn asked about the tax increment revenues and Mr. Larson responded that the DDA's tax increment funds would come from the commercial space and market rate space. The PILOT program is related directly to the affordable housing piece as part of a requirement from MSHDA. Mr. Larson added that this project represents an important transition by splitting in half the amount of affordable housing and the amount of market rate housing for a more equitable distribution which is good for the community. Mr. Pratt added that the PILOT would abate the taxes, but the units would still be subject to taxes and the developer would be paying a negotiated fee for those units, so they will pay some taxes. Mr. Pratt also added that this site was approved years ago for some type of mixed-use development project by the Brownfield Authority. Connie Bohatch from the Community Development department with the City of Grand Rapids added that the tax rate is estimated to be four percent project of revenues to the City. Ms. Dunn commented that she is intrigued by the idea of attracting a national retailer and asked how confident Mr. Chew is about being able to attract one to Downtown Grand Rapids. Mr. Chew replied that he has talked with national retailers and that the square footage that the ground level encompasses is within qualifications that national retailers require in order to open a national chain, so this project allows us to give them the physical footprint they would need, but nothing is in place yet. Ms. Hillary asked Mr. Chew to confirm the number of units, and he replied that there are 54 units of each affordable and market rate. Mr. Talen asked how many parking spots would be provided and Mr. Chew responded that there are 180 parking spots which exceeds the number of units. Mr. Winn asked about timing of this project. Mr. Chew responded that hopefully construction would begin in the Spring of 2014 and that the development would be complete in early 2015. Mr. Larson added that Mr. Chew and staff met with representatives from MSHDA and they shared that they regard Downtown Grand Rapids as the strongest submarket in the entire state of Michigan, citing a vacancy rate of .02 percent and that these units are needed in Downtown Grand Rapids. Ms. Dunn added that this developer does indeed have a good track record.

Motion: Kayem Dunn, supported by Jim Talen, moved consent to granting a PILOT for the affordable portion of the proposed development at 20 E. Fulton. Motion carried unanimously.

11. Executive Director's Report

Mr. Larson shared an update with the Board.

- Mr. Larson shared that staff is moving quickly in the implementation of the FY14 budget. There is a RFP out for the Ambassador Program and closes in two weeks. Interviews will be conducted in the near future.
- Mr. Larson shared that preparations for the Downtown Plan are beginning. A RFP for the Downtown Plan will be released at the end of next week. Also, the DGRI

website RFP is being reviewed and will be released in the near future. There are several opportunities out for the community at large.

- Mr. Larson shared that the timeframe for accepting applications for the Transportation Demand Manager position is now closed. Interviews will be conducted in the next two weeks. The next position that will be available is for a Strategic Marketing and Communications Manager.
- Mr. Larson shared that the purchase of the movie screen for the upcoming outdoor movie series has gained tremendous attention from the community. Over 3,000 people voted on the survey to determine the first three movies that will be aired. There was a short list of twenty movies available for vote. The results of the vote will be announced on July 15th. DGRI is positioning the series to serve multiple objectives and is working with the City to put on the type of event we want other event organizers to put on. DGRI is also working with local businesses to provide an economic development opportunity to cater offsite.
- Mr. Larson shared that David Ginsburg from Downtown Cincinnati Inc. will be visiting Grand Rapids on July 15th. Also, three dates have been finalized for the speaker series: August 1 (Alex Krieger), August 29 (Mitchell Silver), and September 26 (Chris Leinburger). Mr. Harris commended Mr. Larson and the DGRI team for putting on these speaker series and continuing having these discussions with the community.

12. Public Comment

None.

13. Board Member Discussion

None.

15. Adjournment

The meeting adjourned at 9:38 a.m.

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

**Agenda Item 3.
August 14, 2013
DDA Meeting**

DATE: August 12, 2013

TO: Brian Harris
Chairman

FROM: Jana M. Wallace 
Downtown Development Authority Treasurer

SUBJECT: Preliminary June 30, 2013 Financial Statements

Attached are the preliminary FY2013 financial statements for the fiscal year ended June 30, 2013. The final FY2013 financial statements will be published as part of the DDA's FY2013 audited financial statements.

The attached statements include:

- Statement A: Preliminary Balance Sheet
- Statement B: Comparison of FY2013 Budget vs Preliminary Results
- Statement C: Preliminary Statement of Project Expenditures
- Statement D: Preliminary Schedule of June, 2013 Expenditures

During June the City Treasurer distributed the negative IFT tax increment revenues and made adjustments for current and prior year property tax assessment appeals settled prior to July 1, 2013. There will be an additional adjustment for those appeals which were not settled prior to July 1, 2013.

In the Economy section of Statement B, debt service expenditures were significantly higher than budgeted. This negative variance is due to the refunding of the City County Building Authority DeVos Place Convention Center Series 2003B bonds for which the DDA pays annual debt service. Since the Series 2003B bonds were refunded in June, when the Series 2013B Refunding Bond issue was closed the DDA was required to pay to escrow in June the amounts of principal and interest due December 1, 2013.

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

Attachments

STATEMENT A

DOWNTOWN DEVELOPMENT AUTHORITY

Balance Sheet

June 30, 2013 Preliminary

	Non-Tax Funds	Debt Increment	Local Tax Increment	TOTAL
ASSETS				
Pooled Cash and Investments	\$ 3,910,273	\$ 3,215,939	\$ 5,431,068	\$ 12,557,280
Petty Cash	-	-	200	200
Debt Service Reserve Fund	-	5,395,921	-	5,395,921
Accounts Receivable	56,929	-	67,651	124,580
Loan Receivable - Project Developer	898,848	-	-	898,848
Loan Receivable - Special Assessments	22,104	-	-	22,104
Interest Receivable	9,729	-	31,558	41,287
General Fixed Assets	-	-	90,371,575	90,371,575
Future Tax Increment Revenues Anticipated	-	32,806,507	266,250	33,072,757
TOTAL ASSETS	\$ 4,897,883	\$ 41,418,367	\$ 96,168,302	\$ 142,484,552
LIABILITIES AND FUND EQUITY				
Liabilities				
Current Liabilities	\$ 55	\$ 53,418	\$ 558,753	\$ 612,226
Parking Revenue Payable	2,850	-	-	2,850
Project Increment Due to Developers	-	-	47,216	47,216
Due to Other Governmental Units	-	4,103,777	-	4,103,777
Debt Increment Reimbursement Payable	-	1,120,026	-	1,120,026
Deposit - Area 1 and Area 5 Options to Buy	100,000	-	-	100,000
Net Retiree Health Care Obligation ¹	-	-	(22,686)	(22,686)
Prior Year Property Tax Appeals	-	595,248	322,566	917,814
Deferred Revenue - Developer Loan	898,848	-	-	898,848
Contract Payable	-	-	266,250	266,250
Bonds Payable	-	32,806,507	-	32,806,507
TOTAL LIABILITIES	1,001,753	38,678,976	1,172,099	40,852,828
Fund Balance / Equity:				
Investments in General Fixed Assets	-	-	90,371,575	90,371,575
Non-Tax Increment Reserve	3,276,047	-	-	3,276,047
Reserve for Authorized Projects	-	-	3,973,556	3,973,556
Reserve for Brownfield Series 2012 Bonds	500,144	-	-	500,144
Reserve for Compensated Absences	-	-	6,869	6,869
Reserve for Eligible Obligations	-	2,474,391	-	2,474,391
Reserve for Encumbrances	119,939	-	644,203	764,142
Reserve for Long-Term Lease	-	265,000	-	265,000
TOTAL FUND EQUITY	3,896,130	2,739,391	94,996,203	101,631,724
TOTAL LIABILITIES & FUND EQUITY	\$ 4,897,883	\$ 41,418,367	\$ 96,168,302	\$ 142,484,552

Note 1: This line is the accumulated amounts of the actuarially determined Annual Required Contributions (ARC) for pre-65 year old retiree health insurance in excess of the "pay as you go" charges disbursed from the Retiree Health Insurance Fund plus interest on the unpaid portion of the prior year liability. The trust fund is currently over-funded which is why the account has a negative balance.

STATEMENT B

DOWNTOWN DEVELOPMENT AUTHORITY Comparison of FY2013 Budget vs Actual Results Year to Date for July 1, 2012 - June 30, 2013 Preliminary

	Non-Tax Funds		Debt Tax Increment		Local Tax Increment	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES						
Property Tax Increment - General	\$ -	\$ -	\$ 7,940,245	\$ 7,536,300	\$ 4,120,400	\$ 4,001,765
Property Tax Increment - Transit Millage	-	-	-	-	380,760	380,760
Property Tax Increment - Prior Year Appeals	-	-	(100,000)	(160,183)	(50,000)	(71,389)
Property Tax Increment - Rebates to City / ITP	-	-	-	-	(129,372)	(218,350)
Special Assessments	20,000	1,805	-	-	32,000	215,951
Brownfield Authority - Grandville Avenue	-	-	-	-	39,518	40,852
Brownfield Authority - Veteran's Park	-	-	-	-	100,000	-
Grant - Michigan Dept of Transportation	-	-	-	-	250,000	-
Interest on Investments - General	38,030	26,142	5,000	13,319	88,634	98,803
Interest on Investments - The Gallery Note	40,448	40,448	-	-	-	-
Downtown Market Reimburse Site Costs Incurred	-	-	-	-	150,000	150,000
Miscellaneous Fees / Reimbursements	-	9,570	-	-	4,000	247,766
Property Rental - DASH Parking Lots	162,000	177,602	-	-	-	-
Property Rentals - Other	60,498	59,770	-	-	-	-
From / (To) Fund Balance	414,024	-	(5,000)	-	2,040,884	-
TOTAL REVENUES	\$ 735,000	\$ 315,337	\$ 7,840,245	\$ 7,389,436	\$ 7,026,824	\$ 4,846,158
EXPENDITURES						
Economy						
Cash Financed Projects	\$ -	\$ -	\$ -	\$ -	\$ 1,935,000	\$ 1,089,485
Debt Financed Projects - Principal / Interest	-	-	-	-	385,763	698,894 ¹
Economy Action Group Sub-Total	\$ -	\$ -	\$ -	\$ -	\$ 2,320,763	\$ 1,788,379
Environment						
Cash Financed Projects	\$ -	\$ -	\$ -	\$ -	\$ 3,506,729	\$ 1,310,373
Debt Financed Projects - Principal / Interest	-	-	5,474,475	5,474,475	124,332	124,332
Environment Action Group Sub-Total	\$ -	\$ -	\$ 5,474,475	\$ 5,474,475	\$ 3,631,061	\$ 1,434,705
Experience						
Cash Financed Projects	\$ 734,000	526,501	\$ -	\$ -	\$ 275,000	\$ 198,161
Total Action Group Project Expenditures	\$ 734,000	\$ 526,501	\$ 5,474,475	\$ 5,474,475	\$ 6,226,824	\$ 3,421,245
Administration	1,000	1,156	-	-	800,000	601,676
Estimated Capture to be Returned	-	-	2,365,770	1,492,321	-	-
TOTAL EXPENDITURES	\$ 735,000	\$ 527,657	\$ 7,840,245	\$ 6,966,796	\$ 7,026,824	\$ 4,022,921
EXCESS / (DEFICIT)	\$ -	\$ (212,320)	\$ -	\$ 422,640	\$ -	\$ 823,237

Note 1: Due the refunding of the CCJBA Series 2003B bonds, the December 1, 2013 debt service payments were paid when the Series 2013B bonds closed in June, 2013. This change resulted in an additional expenditure in the amount of \$313,131 in FY2013.

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STATEMENT C

DOWNTOWN DEVELOPMENT AUTHORITY Statement of Current Project Expenditures As of June 30, 2013 Preliminary

Project Title	Project Budgets		EXPENDITURES			Available Budget
	%	Cost	Month	Fiscal Year	All Years	
Areaway Fill Program (ARIP)		\$ 35,000 ^{1,2}	\$ -	\$ -		\$ 35,000
Building Re-use Incentive Program (BRIP)		600,000 ^{1,2}	75,000	134,850		465,150
Development Project Reimbursements		950,000 ^{1,2}	-	801,824		148,176
Downtown Market Administrative Costs		-	1,993	15,053	16,562	(16,562)
Economic Development / Retail Support		105,000 ^{1,2}	24,166	77,895		27,105
Economy - Miscellaneous		50,000 ^{1,2}	2,084	13,123		36,877
Other Framework Plan Priorities		25,000 ^{1,2}	-	-		25,000
Retail Merchandising Plan		100,000 ^{1,2}	-	33,800		66,200
Retail Support Program		30,000 ^{1,2}	-	12,940		17,060
Streetscape Improvement Incentive Program		25,000 ^{1,2}	-	-		25,000
Sub-Total Economy Support	11.84%	\$ 1,920,000	\$ 103,243	\$ 1,089,485	\$ 16,562	\$ 829,006
Accessibility and Mobility Repairs		15,000 ^{1,2}	-	-		15,000
Bicycle Friendly Improvements		60,000	10,432	10,432	10,432	49,568
Cherry Street 2 - Commerce to Division		742,000	-	3,083	712,908	29,092
Environment / Infrastructure - Miscellaneous		50,000 ^{1,2}	40	21,522		28,478
Fulton St - Division Ave to the Grand River		680,000	-	136,376	624,779	55,221
GR/Indiana Railroad Bridge Capital Repairs		900,000	68,837	97,370	97,370	802,630
Grand River Restoration		650,000	100,000	100,000	132,435	517,565
Grandville Avenue 3 - Oakes to Weston		1,050,000	-	4,379	745,006	304,994
Ionia Ave 9 - Buckley St to Wealthy St		475,000	205,610	205,610	561,673	(86,673)
Jefferson Avenue - Cherry St to Fulton St		395,000	45,588	45,588	45,588	349,412
Lyon Square Reconstruction		655,000	-	52	90,463	564,537
Monroe Center - Phase 3		350,000	67,953	160,582	128,872	221,128
Oakes Street 1 - Market to Ottawa		1,700,000	-	181,478	1,397,223	302,777
Public Transit Millage Improvements		2,693,735	25,000	66,580	1,510,358	1,183,377
River Edge - South of Fulton		650,000	-	-	-	650,000
Riverfront Trails / Whitewater Management		25,000 ^{1,2}	2,921	2,921		22,079
Seward Avenue Extension		1,093,000	-	13,289	1,076,078	16,922
Sixth Street Bridge Capital Repairs		480,000	45	192,098	345,976	134,024
Traffic Circulation & Parking Plan		250,000	264	18,584	73,626	176,374
Urban Recreation Plan		25,000 ^{1,2}	50,429	50,429		(25,429)
Sub-Total Environment Support	79.79%	\$12,938,735	\$ 577,119	\$ 1,310,373	\$ 7,552,787	\$ 5,311,076
Downtown Marketing		100,000 ^{1,2}	21,875	93,500		6,500
Experience - Miscellaneous		25,000 ^{1,2}	3,726	8,726		16,274
Riverwalk Wayfinding Sign System		40,915	-	-	25,915	15,000
Skywalk Wayfinding Sign Improvements		179,842	-	-	19,842	160,000
Snowmelt System Repairs / Investigation		269,140	95,935	95,935	260,075	9,065
ArtPrize Support		20,000 ^{1,3}	-	20,000		-
Bridge Lighting Operations		15,500 ^{1,3}	-	-		15,500
Downtown Marketing		100,000 ^{1,3}	21,875	87,500		12,500
Experience - Miscellaneous		51,000 ^{1,3}	-	44,800		6,200
Project and Fixed Asset Maintenance		75,000 ^{1,3}	-	12,743		62,257
Public Safety Enhancements Downtown		40,000 ^{1,3}	-	17,039		22,961
Restaurant Week Sponsorship		25,000 ^{1,3}	-	25,000		-
Riverwalk Maintenance		10,000 ^{1,3}	10,000	10,000		-
Rosa Parks Circle Skating Operations		48,511 ^{1,3}	42,000	48,511		-
Special Events - Grants		50,000 ^{1,3}	-	-		50,000
Special Events - Office of		104,000 ^{1,3}	52,000	104,000		-
Street Trees Maintenance Program		20,000 ^{1,3}	-	-		20,000
Ticketed Events - Police Services		80,000 ^{1,3}	17,728	84,836		(4,836)
Wayfinding Sign Maintenance		100,000 ^{1,3}	30,552	72,070		27,930
Winter Avenue Building Lease		2,500 ^{1,3}	-	-		2,500
Sub-Total Experience Support	8.37%	\$ 1,356,408	\$ 295,691	\$ 724,660	\$ 305,832	\$ 421,851
TOTAL	100.00%	\$16,215,143	\$ 976,053	\$ 3,124,518	\$ 7,875,181	\$ 6,561,933

Note 1: Current year (FY2013) budget only.

Note 2: Paid from local tax increment.

Note 3: Paid from non-tax funds.

STATEMENT D
DOWNTOWN DEVELOPMENT AUTHORITY
Schedule of Expenditures
June, 2013 Preliminary

Source	Vendor	Purpose / Project	Description	Amount
Local	City / County Joint Building Authority	CCJBA Series 2003B - DeVos Place Bonds	12/1/2013 principal due at Series 2013B closing	\$ 235,000.00
Local	Consumers Energy	Ionia Ave 9 - Buckley St to Wealthy St	Re-locate aerial electric facilities underground	205,610.14
Local	Grand Rapids Whitewater, Inc.	Grand River Restoration	Matched grant	100,000.00
Local	City / County Joint Building Authority	CCJBA Series 2003B - DeVos Place Bonds	12/1/2013 interest due at Series 2013B closing	78,131.25
Local	Brownfield Redevelopment Authority	Brownfield Series 2012A Bonds	Annual debt service support - Ionia South of Wealthy	75,000.00
Local	Flat Iron Holdings, LLC	Building Re-use Incentive Program (BRIP)	Partial support for project	75,000.00
Local	Geotech, Inc.	Snowmelt System Repairs / Investigation	Phase I - agreement dated 10/26/2012	70,935.00
Local	O'Boyle Cowell Blalock & Assocs	Monroe Center - Phase 3	Design engineering through 06/30/2013	43,129.57
Non Tax	City Treasurer - Parks/Recreation	Rosa Parks Circle Skating Operations	Operations & maintenance for Winter 2012/13	42,000.00
Local	City Treasurer - Engineering	Jefferson Avenue - Cherry St to Fulton St	Design engineering through 05/28/2013	36,370.16
Local	City Treasurer - Engineering	GR/Indiana Railroad Bridge Capital Repairs	Engineering services through May 2013	31,126.50
Local	Deutsch Inc.	Urban Recreation Plan	Movie screen and accessories	28,095.24
Non Tax	City Treasurer - Special Events	Special Events - Office of	Third quarter 2013 special events support	26,000.00
Non Tax	City Treasurer - Special Events	Special Events - Office of	Fourth quarter 2013 special events support	26,000.00
Local	Paychex	Administration	DGRI payroll, taxes, fees - May 2013	25,706.34
Local	Paychex	Administration	DGRI payroll, taxes, fees - June 2013	24,216.92
Local	Deutsch Inc.	Urban Recreation Plan	Movie screen projector	22,334.00
Local	Geotech, Inc.	Snowmelt System Repairs / Investigation	Design engineering - March 3 - June 29, 2013	22,147.00
Local	Downtown Alliance	Downtown Marketing	Marketing expenses	21,875.00
Non Tax	Downtown Alliance	Downtown Marketing	Marketing expenses	21,875.00
Non Tax	City Treasurer - City Engineer	Wayfinding Sign Maintenance	Sign maintenance - inception through 06/30/2013	18,808.54
Local	Cornerstone Architects	Economic Development / Retail Support	Arena South visioning through 05/06/2013	18,471.77
Local	Paychex	Administration	DGRI payroll, taxes, fees - April 2013	18,260.79
Local	Fishbeck, Thompson, Carr & Huber	GR/Indiana Railroad Bridge Capital Repairs	Design engineering - 03/16-05/10/2013	17,027.00
Local	O'Boyle Cowell Blalock & Assocs	Monroe Center - Phase 3	Construction engineering through 04/30/2013	12,418.23
Local	City Treasurer - City Engineer	GR/Indiana Railroad Bridge Capital Repairs	Engineering services - June, 2013	11,250.60
Non Tax	City Treasurer - Police Department	Ticketed Events - Police Services	Pedestrian safety - April 2013	10,090.46
Non Tax	City Treasurer - Parks/Recreation	Riverwalk Maintenance	Annual maintenance services	10,000.00
Local	City Treasurer - City Engineer	Jefferson Avenue - Cherry St to Fulton St	Engineering services - 5/29-06/30/2013	9,217.72
Local	O'Boyle Cowell Blalock & Assocs	Monroe Center - Phase 3	Construction engineering through 05/31/2013	7,984.37
Non Tax	City Treasurer - Police Department	Ticketed Events - Police Services	Pedestrian safety - May 2013	7,638.06
Local	Fishbeck, Thompson, Carr & Huber	GR/Indiana Railroad Bridge Capital Repairs	Construction engineering - 05/11-06/07/2013	7,483.20
Non Tax	City Sign Erectors	Wayfinding Sign Maintenance	Sign maintenance - 10/01-12/31/2012	7,469.00
Debt	Bank of New York - Mellon Trust	CCBA 1993 Bonds - Public Museum Ramp	Semi-annual interest payment	6,625.00
Local	City Treasurer - Parking Services	Public Transit Millage Improvements	DASH North Service - May 2013	6,250.00
Local	City Treasurer - Parking Services	Public Transit Millage Improvements	DASH North Service - June 2013	6,250.00
Local	City Treasurer - Parking Services	Public Transit Millage Improvements	DASH North Service - March 2013	6,250.00
Local	City Treasurer - Parking Services	Public Transit Millage Improvements	DASH North Service - April 2013	6,250.00
Local	Nelson Nygaard	Economic Development / Retail Support	Jeffrey Tumlin speaker's fee - April 2013	5,500.00
Local	City of Grand Rapids	Administration	Staff services - June 2013	4,630.69
Local	O'Boyle Cowell Blalock & Assocs	Monroe Center - Phase 3	Eval, recommendations, planning thru 06/30/2013	4,440.60
Local	Plenty Creative	Bicycle Friendly Improvements	Bike Downtown Initiative marketing progress pmt	4,400.00
Non Tax	Williams & Works	Wayfinding Sign Maintenance	Sign maintenance services	4,274.55
Local	Local First	Experience - Miscellaneous	2013 Local First Street Party grant	3,700.00
Local	Priority Health	Administration	Health insurance - June 2013	3,294.57
Local	Wondergem Consulting	Administration	Public relations - 05/01-05/15/2013	3,094.00
Local	Swamp-Side Studio, LLC	Riverfront Trails / Whitewater Management	Support for Grand Rapids Whitewater website	2,920.76
Local	Geotech, Inc.	Snowmelt System Repairs / Investigation	Design engineering - 02/03-03/02/2013	2,853.00
Local	City Treasurer - Budget Office	Administration	Support services allocation - June 2013	2,656.00
Local	Plenty Creative	Bicycle Friendly Improvements	Bike Downtown Initiative marketing progress pmt	2,640.00
Local	Wondergem Consulting	Administration	Public relations - June, 2013	2,451.00
Local	Dickinson Wright PLLC	Administration	Legal services - 29 Pearl St lease April 2013	2,111.20
Local	Fishbeck, Thompson, Carr & Huber	GR/Indiana Railroad Bridge Capital Repairs	Construction engineering - 05/11-06/07/2013	1,950.00
Local	Dickinson Wright PLLC	Administration	Legal services - 29 Pearl St lease May 2013	1,710.80
Local	Dickinson Wright PLLC	Administration	Legal services - sale of Area 1 May 2013	1,659.60
Local	Nimlok Michigan	Economy - Miscellaneous	Downtown model maint - November 2012	1,655.03
Local	D & D Printing Company	Bicycle Friendly Improvements	Bike Downtown Initiative marketing progress pmt	1,632.00
Local	Dickinson Wright PLLC	Administration	Legal services - misc matters May 2013	1,567.20
Local	City Treasurer - Facilities Mnmt	Administration	Office space & maintenance - May 2013	1,521.23
Local	Dickinson Wright PLLC	Administration	Legal services - misc June 2013	1,474.20
Local	Dickinson Wright PLLC	Downtown Market Administrative Costs	Legal services - Downtown Market April 2013	1,456.00
Local	City Treasurer - Info Technology	Administration	Computer access & support - June 2013	1,398.75
Local	Dickinson Wright PLLC	Administration	Legal services - misc matters April 2013	1,270.00
Local	Plenty Creative	Bicycle Friendly Improvements	Bike Downtown Initiative marketing progress pmt	1,100.00
Local	Dickinson Wright PLLC	Administration	Legal services - new X project March 2013	1,073.80
Local	Dickinson Wright PLLC	Administration	Legal services - DGRI Task Force April 2013	873.60
Local	Wondergem Consulting	Administration	Public relations - 05/16-05/31/2013	806.00
Local	International Downtown Association	Administration	Annual membership 2013	762.50

continued on next page

STATEMENT D - continued
DOWNTOWN DEVELOPMENT AUTHORITY
Schedule of Expenditures
June, 2013 Preliminary

Page 2

Source	Vendor	Purpose / Project	Description	Amount
Local	Fifth Third Bank - Procurement Card	Administration	Professional development - Tim K, Eric P, & Kim V	700.54
Local	Plenty Creative	Bicycle Friendly Improvements	Bike Downtown Initiative marketing progress pmt	660.00
Local	City Treasurer - Parking Services	Administration	Parking - Exec Dir/Office Mgr/Proj Mgrs - June 2013	631.00
Local	Dickinson Wright PLLC	Administration	Legal services - parking ops & maint May 2013	618.80
Local	Dickinson Wright PLLC	Downtown Market Administrative Costs	Legal services - Downtown Market May 2013	536.60
Local	Dickinson Wright PLLC	Administration	Legal services - DGRI formation May 2013	527.80
Local	City Treasurer - Risk Management	Administration	General insurance - June 2013	502.00
Local	Dickinson Wright PLLC	Administration	Legal services - Morton House proj May 2013	455.00
Local	Dickinson Wright PLLC	Administration	Legal services - reorganizatn structure April 2013	455.00
Local	Fishbeck, Thompson, Carr & Huber	Economy - Miscellaneous	Preliminary design services - 02/16-05/10/2013	429.00
Local	Adams Remco	Administration	Copier fees and supplies	415.81
Local	Fifth Third Bank Procurement Card	Administration	K. Larson - professional development	400.00
Local	Fifth Third Bank Procurement Card	Administration	Economic Club membership and SHRM membership	355.00
Local	Fifth Third Bank Procurement Card	Administration	Technology-related supplies	332.39
Local	Small Business Assoc of Michigan	Administration	Dental insurance premiums - 07/01-08/01/2013	276.87
Local	Green Light Web Services	Traffic Circulation & Parking Plan	Revision Division web/domain annual renewal	264.40
Local	U. S. Bank NA	CCBA Series 2003B - DeVos Place Bonds	Annual paying agent fee	250.00
Local	Fifth Third Bank Procurement Card	Administration	Traffic Demand Manager job posting	200.00
Local	Cornerstone Architects	Economic Development / Retail Support	Arena South - reimburseable exps April-May 2013	193.92
Local	Small Business Assoc of Michigan	Administration	Life insurance premiums 07/01-08/01/2013	193.02
Local	City Treasurer - Facilities Mnmt	Administration	Office space & maintenance - June 2013	192.70
Local	Dickinson Wright PLLC	Administration	Legal services - misc matters May 2013	182.00
Local	City Treasurer - Parking Services	Administration	Parking validations - April, 2013	160.00
Local	AT & T Mobility	Administration	Exec Director cell phone - 04/26-06/25/2013	153.61
Local	Dickinson Wright PLLC	Administration	Legal services - sale of Area 5 May 2013	145.60
Local	Integrity Business Solutions	Administration	Office supplies	131.29
Local	AT & T Mobility	Administration	Exec Director cell phone - 04/26-05/25/2013	127.95
Non Tax	Fifth Third Bank - Procurement Card	Administration	Prof'l devel - travel K Van Driel, & M Sierawski	121.45
Local	City Treasurer - Parking Services	Administration	Parking validations - June, 2013	113.00
Local	City Treasurer - Parking Services	Administration	Parking validations - May, 2013	112.00
Local	Tim Kelly	Administration	Reimburse for APA application fee and shipping	84.34
Local	Tim Kelly	Administration	Mileage - seminar in Lansing	77.41
Local	DDA Petty Cash	Administration	DDA Board meeting expenses	60.39
Non Tax	Fifth Third Bank Procurement Card	Administration	Meeting expenses	55.49
Non Tax	Fifth Third Bank - Procurement Card	Administration	Meeting expenses	55.22
Local	Dickinson Wright PLLC	Administration	Legal services - new X project April 2013	54.60
Local	Adams Remco	Administration	Copier fees and supplies	53.75
Local	Scott Civil Engineering Company	Sixth Street Bridge Capital Repairs	Construction engineering through 07/08/2013	45.00
Local	DDA Petty Cash	Environment / Infrastructure - Miscellaneous	Meeting expenses	40.26
Local	Adams Remco	Administration	Copier fees and supplies	38.44
Local	Adams Remco	Administration	Copier base rental - 05/27-06/27/2013	37.75
Local	City Treasurer - Facilities Mnmt	Administration	Metered mail - April 2013	32.97
Local	City Treasurer - Facilities Mnmt	Administration	Metered mail - June 2013	31.01
Local	DDA Petty Cash	Administration	Mailing expenses - May 2013	29.88
Local	DDA Petty Cash	Experience - Miscellaneous	Meeting expenses	26.00
Local	City Treasurer - Facilities Mnmt	Administration	Metered mail - October 2012	23.05
Local	City Treasurer - Motor Equipment	Administration	Car pool vehicle usage - June 2013	20.00
Local	City Treasurer - Facilities Mnmt	Administration	Metered mail - May 2013	12.08
Local	City Treasurer - Motor Equipment	Administration	Car pool vehicle usage - April 2013	12.00
Local	DDA Petty Cash	Administration	Parking expense - APA conference	10.00
Local	City Treasurer - Facilities Mnmt	Administration	Metered mail - December 2012	8.50
Local	Fifth Third Bank - Procurement Card	Administration	Kris Larson - parking expense	4.00
Local	Compensated Absences Liability	Administration	Annual adjustment for leave earned but not used	(11,100.97)
JUNE, 2013 PRELIMINARY EXPENDITURES				\$ 1,468,701.86

Local - local tax increment funds
Non-tax - non-tax funds
Debt - school tax increment funds

Grand Rapids Downtown Development Authority

AUDIT PLANNING

June 30, 2013



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

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

August 1, 2013

Members of the Grand Rapids
Downtown Development Authority

Professional standards require us to communicate with you regarding matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. This report provides an overview of our plan for the audit of the annual financial statements of the Grand Rapids Downtown Development Authority (the Authority) as of and for the year ended June 30, 2013, including a summary of our overall objectives for the audit, and the nature, scope and timing of the planned audit work.

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of the Authority, and is not intended and shall not be used by anyone other than these specified parties.

We are pleased to be of service to the Authority and look forward to discussing our audit plan, as well as other matters that may be of interest to you.

Respectfully,

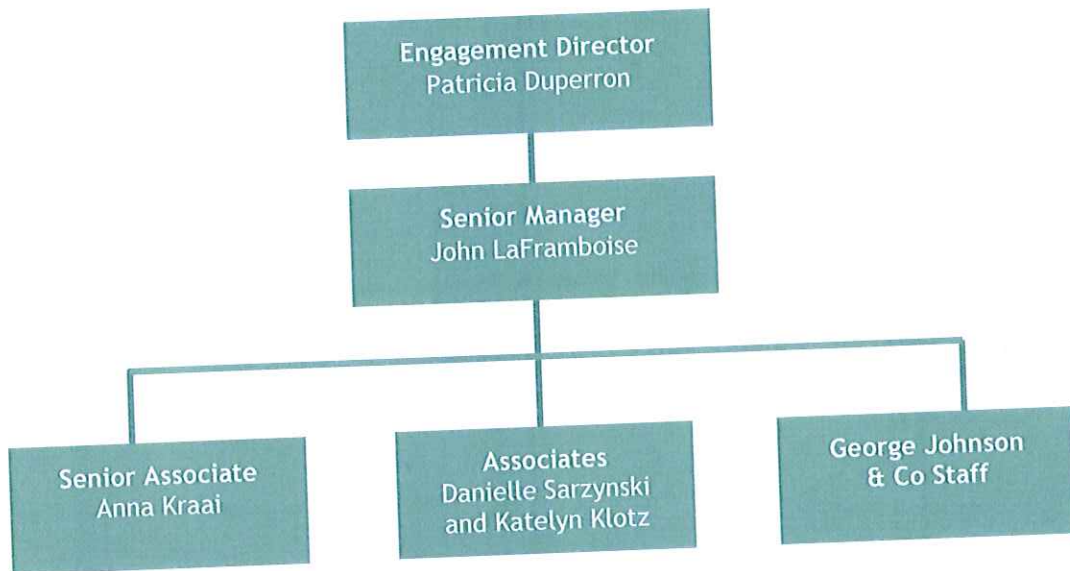
BDO USA, LLP

Discussion Outline

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Overall Audit Timeline	7
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Client Service Team

Our client service members for this year's audit are listed in the organizational chart below. As a matter of policy, we attempt to provide continuity of service to our clients to the greatest extent possible. Where engagement team rotation is necessary, we will discuss this matter with management and determine the appropriate new individual to be assigned to the engagement based on particular experience, expertise and engagement needs. We have again included a staff member from our minority alliance firm George Johnson & Co.



Management's Responsibilities

Management is responsible for preparing, with the oversight of those charged with governance, the annual financial statements and disclosures in conformity with accounting principles generally accepted in the United States of America (GAAP) as of June 30, 2013. Management's responsibilities also include the following:

- Establish and maintain effective internal control over financial reporting and proper accounting records.
- Identify and ensure compliance with relevant laws and regulations.
- Safeguard the Authority's assets.
- Select appropriate accounting principles.
- Use reasonable judgments and accounting estimates.
- Ensure there are no significant financial statement disclosure deficiencies.
- Make all financial records and related information available to BDO.
- Record material audit adjustments and affirm to BDO that the impact of uncorrected misstatements is immaterial to the financial statements taken as a whole.
- Provide BDO with a letter confirming representations made during the audit.

Engagement Objectives

Our objectives with respect to the audit of the Authority's annual financial statements are summarized below:

- Plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. An audit in accordance with auditing standards generally accepted in the United States of America does not provide absolute assurance relative to or any guarantee of the accuracy of the financial statements and is subject to the inherent risk that errors or fraud, if they exist, may not be detected.
- Obtain a sufficient understanding of the Authority's internal control to plan the audit of the financial statements. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
- Communicate our responsibilities in relation to the audit and establish an understanding of the terms of the engagement, including our engagement letter to you.
- Provide an overview of the overall audit strategy and planned scope and timing of the audit.
- Inquire of those charged with governance about risks of material misstatement, including fraud risks, and whether those charged with governance are aware of any other matters that may be relevant to the audit, such as violations or possible violations of laws or regulations and complaints or concerns raised regarding accounting or auditing matters.
- Consult regarding accounting and reporting matters as needed throughout the year.
- Communicate with management and those charged with governance regarding significant deficiencies and material weaknesses identified during our audit and other timely observations that are significant and relevant to the financial reporting process.
- Read the Required Supplementary Information (MD&A) in the Authority's annual financial statements. As we will perform only limited procedures on this information, we cannot and do not offer an opinion or any other form of assurance on such information. However, in accordance with professional standards, we will read the information included by the Authority and consider whether such information, or the manner of its presentation, is materially consistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact.
- Work with management toward timely issuance of financial statements.
- Maintain our independence with respect to the Authority.
- Ensure that those charged with governance are kept appropriately informed in a timely manner of the Authority's financial reporting matters.

Overall Audit Strategy - Planned Scope

Overall, our audit strategy is to focus on higher risk areas of material misstatement (whether due to error or fraud) and other areas of concern for management and those charged with governance.

Our audit strategy includes consideration of:

- Prior year audit results along with interim results, including discussions with management regarding the Authority's operations, business activities and risks.
- Inherent risk within the Authority (i.e., the susceptibility of the financial statements to material error or fraud) before recognizing the effectiveness of the control systems.
- A continual assessment of materiality thresholds based upon qualitative and quantitative factors affecting the Authority.
- Recent developments within the industry, regulatory environment and general economic conditions.
- Recently issued and effective accounting and financial reporting guidance.
- The Authority's significant accounting policies and procedures, including those requiring significant management judgments and estimates and those related to significant unusual transactions.
- The control environment, risk management and monitoring processes, and the possibility that the control systems and procedures may fail to prevent or detect a material error or fraud. We will place reliance on internal controls, where applicable, in determining the degree of detailed substantive testing required.
- Information about systems and the computer environment in which financial records and related systems operate.

Based upon our initial assessment, our audit will entail a combination of testing controls and substantive testing. The primary areas of focus in our overall audit strategy include the following.

- Fraud risk
- Internal control over financial reporting
- Cash and investments
- Capital assets
- Accounts payable and accrued expenses
- Long-term liabilities
- Property tax revenue

Overall Audit Timeline

The following represents our anticipated schedule with regard to our audit of the annual financial statements of the Authority:

	May	Jun	Jul	Aug	Sep	Oct	Nov
Assess Overall Controls		✓					
Determine Nature and Extent of Testing		✓	✓				
Tests of Controls		✓	✓				
Substantive Testing (Interim and Final)		✓			✓	✓	
Review Draft Financial Statements							✓
Release of Financial Statements and Opinion							✓
Final Communications With Those Charged With Governance							TBD

Independence Communication

Our engagement letter to you describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Authority with respect to independence as agreed to by the Authority. Please refer to that letter for further information.

Significant Accounting and Reporting Matters

GASB STATEMENT NO. 60, ACCOUNTING AND REPORTING FOR SERVICE CONCESSION ARRANGEMENTS (SCA)

This statement establishes accounting and reporting requirements for service concession arrangements (SCA).

- A SCA is an agreement between a government (transferor) and an operator in which the transferor conveys to the operator the right to provide services through use of infrastructure or another public asset in exchange for significant consideration. The operator collects fees from third parties and is compensated from those fees. There are two types: public-private partnerships or public-public partnerships.
- Examples include toll roads, convention facilities, and parking garages.
- **Effective date:** year ended June 30, 2013.

GASB STATEMENT NO. 61, THE FINANCIAL REPORTING ENTITY - OMNIBUS

This statement addresses reporting entity issues that have arisen since the issuance of GASB Statements No. 14 and 34. The proposed statement would modify certain requirements for inclusion of component units in the financial reporting entity.

- Component units previously included based on the fiscal dependency criteria would also have to show that financial benefit or burden relationship is present for it to be included as a component unit of the primary government.
- In determining whether to report a component unit as blended, a third criterion was added that requires a component to be blended when the primary government will repay the component units debt outstanding.
- Clarifies how to determine whether to include a component unit if the primary government is not financially accountable (misleading to exclude).
- **Effective date:** year ended June 30, 2013.

GASB STATEMENT NO. 62, CODIFICATIONS OF PRIVATE SECTOR STANDARDS

This pronouncement incorporates into GASB standards all relevant legacy guidance that does not contradict or conflict with GASB standards. The guidance included is:

- FASB Standards and interpretations issued before 11/30/89 (through FAS 102 and FIN 38).
- APB Opinions and ARB issued before 11/30/89 (through APB Opinion 31 and ARB 51).
- The pronouncement excludes subsequent amendments to any of these pronouncements.
- Eliminates GASB 20 option for enterprise funds and business-type activities.
- **Effective date:** year ended June 30, 2013.

GASB STATEMENT NO. 63, FINANCIAL REPORTING OF DEFERRED OUTFLOWS OF RESOURCES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

This pronouncement amends GASB Statement No. 34 to incorporate these elements.

- **Deferred outflows** are consumptions of net assets that are applicable to a future reporting period and should be reported in a separate section following assets.

Significant Accounting and Reporting Matters

- **Deferred inflows** are acquisition of net assets that are applicable to a future reporting period and should be reported in a separate section following liabilities.
- **Net position** replaces net assets and represents the difference between all other elements.
- **Effective date:** year ended June 30, 2013.

GASB STATEMENT NO. 65, ITEMS PREVIOUSLY REPORTED AS ASSETS AND LIABILITIES

Requires certain items to be reclassified as deferred outflows or deferred inflows:

- Difference between the reacquisition price and the net carrying amount resulting from refunding debt should be reported as deferred outflows or deferred inflows.
- Property taxes received before the levy period should be reported as deferred inflows.
- Debt issuance costs should be recognized as an expense.
- Cannot use the term “deferred revenue” any longer in the financial statements.
- **Effective date:** year ending June 30, 2014.

GASB STATEMENT NO. 67, FINANCIAL REPORTING FOR PENSION PLANS, AN AMENDMENT OF GASB STATEMENT NO. 25

- Plans are required to recognize net pension liability equal to the total liability less plan net position.
- Discount rate will be the long-term rate to extent of plan net position and the bond rate once net position is depleted. However, one blended rate is calculated.
- RSI will include 10 years of information on:
 - ✓ Schedule of changes in pension liability and related ratios
 - ✓ Schedule of employer contributions if actuarially determined
 - ✓ Schedule of investment returns
- **Effective date:** year ending June 30, 2014.

GASB STATEMENT NO. 68, ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS, AN AMENDMENT OF GASB STATEMENT NO. 27

- Governments are required to recognize net pension liability in full accrual statements.
- The liability is equal to total liability less plan net position.
- Requires more expense to be recognized immediately than in the past.
- For modified accrual statements net pension liability recognized to the extent it is liquidated with available expendable resources.
- Applies concepts of deferred inflows and outflows.
- Enhanced note disclosure and RSI schedules required by GASB 67 must be presented.
- **Effective date:** year ending June 30, 2015.

BDO Resources

BDO is a national professional services firm providing assurance, tax, financial advisory, and consulting services to a wide range of publicly traded and privately held companies as well as nonprofits and governmental organizations. Guided by core values including competence, honesty and integrity, professionalism, dedication, responsibility and accountability for 100 years, we have provided quality service and leadership through the active involvement of our most experienced and committed professionals.

The firm serves clients through 40 offices and more than 400 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multinational clients through a global network of 1,082 offices in 119 countries. 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. For further information, please refer to <http://www.bdo.com/about/>.

Below is a summary of just some of the many resources BDO makes available at no additional charge to our clients. To subscribe to BDO publications, please use our RSS (Really Simple Syndication) Feeds or complete registration at BDO's Subscription Center at <https://subscriptions.bdo.com/>.

BDO KNOWS FINANCIAL REPORTING LETTERS AND FLASH REPORTS

Our *BDO Knows* financial reporting newsletters address significant financial reporting developments, relating to both public and private businesses, that occur throughout the year. In addition, our Flash reports are intended to highlight certain financial reporting developments in a timely and brief "flash" format.

TAX ALERTS AND NEWSLETTERS

BDO's National Tax Organization (NTO) provides a multitude of alerts and newsletters spanning considerations involving expatriate, federal, state, and local jurisdictions and includes such areas as compensation and benefits, and credits and incentives. NTO further provides Tax Seminars/Webinars on a variety of topics, whose archives are readily available to clients and contacts.

INDUSTRY PUBLICATIONS

BDO's industry publications are numerous and span the sectors of technology, finance, insurance, healthcare, retail and consumer products, not-for-profit and real estate, among many others.

For a complete listing of services, publications, archives of various webinars and events and other information regarding BDO, please visit <http://www.bdo.com/> for further information.

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- [Natural Resources](#)
- [Nonprofit & Education](#)
- [Private Equity](#)
- [Real Estate](#)
- [Retail & Consumer Products](#)
- [Technology & Life Sciences](#)

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: August 9, 2013

TO: Downtown Development Authority

FROM: Eric Pratt
Project Manager

Agenda Item #5
August 14, 2013
DDA Meeting

SUBJECT: Request for Support for the Redevelopment of the Building at 72 Monroe Center Ave NW and 55 Ionia Ave NW (The Morton House Building)

The Morton House (also known as the Morton Hotel) was constructed by J. Boyd Pantlind in 1922. The building was the last elaborate hotel built in Downtown Grand Rapids prior to the Great Depression. In addition to the hotel, the building was also home to Kent State Bank, which would later become Old Kent Bank. During the 1970s, the building was renovated and the hotel portion of the building was converted into 224 affordable housing units. During this same time period, Kent State Bank relocated their offices to 111 Lyon St NW as a part of the city's urban renewal program. For approximately 40 years the Morton House Apartments provided Section 8 housing opportunities to residents in the downtown area. Due to a lack of maintenance and mismanagement, the building fell into disrepair and closed in 2011.

The building was recently purchased by 55 Ionia Partners, LLC, and the new owner is now proposing to convert the existing 13-story, 170,000 square-foot structure into a mixed-used development with first-floor retail and at least 100 market-rate residential apartments. The developer also plans to fill the existing areaway along the Ionia Avenue frontage of the building. The total project cost is estimated to be \$21 M, with approximately \$13.6 M coming in the form of hard costs related to the improvements.

In order to help make the project feasible, the developer is requesting DDA assistance for the project. The developer is asking the DDA Board consider providing the following level of support to the project:

- A \$50,000 BRIP grant towards the historic restoration of the building's facade. Per the BRIP Program Guidelines, this work must comply with the U.S. Secretary of Interior's Standards for the Treatment of Historic Properties.
- A \$35,000 Areaway Fill Program Grant for the removal and vacation of an existing areaway along the Ionia Avenue.
- \$35,000 Streetscape Improvement Grant for a new sidewalk and streetscape treatments, possibly including a new snowmelt system, along the Ionia Avenue.
- Use of 75% of the new tax increment revenues generated by the project to reimburse the developer for eligible costs associated with providing barrier-free access in the building and the additional costs related to improvements within

the public right-of-way, in an amount not to exceed \$1,538,000, as outlined by the DDA's Development Support Policy.

The DDA's Framework Plan recommends that the DDA concentrate use of its resources on three key geographic sub-areas, one of which includes Monroe Center. Additionally, this project is consistent with the Framework Plan's recommendation of supporting mixed-use development projects in the downtown area. Further, the addition of approximately 100 new market-rate residential units on Monroe Center will infuse approximately \$2 M in annual consumer spending potential into the core of Downtown which will grow the demand side of retail feasibility, again consistent with the goals Framework Plan.

Recommendation:

DDA Staff recommends that the DDA Board a \$50,000 BRIP grant for the historic restoration of the façade; a \$35,000 Areaway Fill Program Grant for the vacation of an existing areaway along Ionia Avenue NW; a \$35,000 Streetscape Improvement Grant for a new sidewalk along Ionia Avenue; and Development Support to reimburse the developer for eligible costs associated with providing barrier-free access in the building and additional costs related to improvements within the public right-of-way in an amount not to exceed \$1,538,000.

Attachment.



MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

**Agenda Item #6
August 14, 2013
DDA Meeting**

DATE: August 14, 2013

TO: Downtown Development Authority Board

FROM: Eric Pratt
Project Manager

SUBJECT: Request for DDA Assistance for the Renovation of the Building at 40 Pearl Street NW – The Trust Building

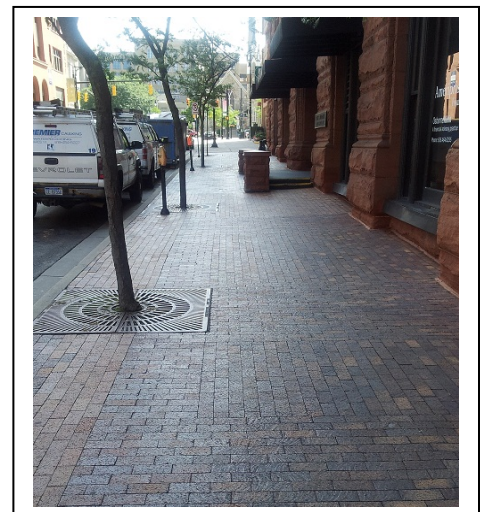
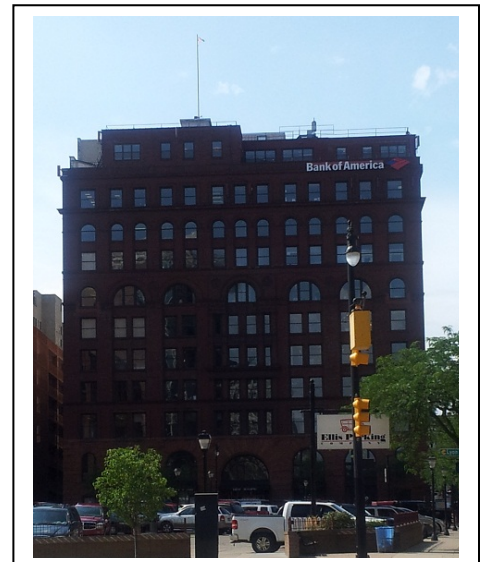
The Trust Building, built in 1892 by the Michigan Trust Company, is a ten-story; Romanesque styled building in Downtown Grand Rapids. At the time of construction it was the first skyscraper built in Downtown Grand Rapids and was the tallest building between Buffalo, NY and Chicago, IL.

Unfortunately, the Trust Building has experienced a number of different challenges over the last decade, including instability in ownership, delays in building maintenance and most recently high vacancy. These challenges, coupled with the most recent down turn in the economy, lead to the building falling into foreclosure.

Recently the building was purchased out of foreclosure and the new owner, 40 Pearl Street, LLC, is proposing to renovate the building. The proposed scope of work would include the historic rehabilitation the building's facade and modernization the lobby area and interior office suites.

In addition to improvements to the building, the developer is proposing to repair and replace the two (2) existing areaway caps and sidewalks along Pearl Street and Ottawa Avenue. This work will require the removal of the existing brick sidewalks. The developer plans to replace the brick sidewalks, but with a treatment that is similar to the pattern found in front of the two adjacent buildings along Ottawa Avenue.

In order to help defray some of cost associated with these improvements, 40 Pearl Street, LLC requests that the DDA Board consider providing the following support to the project:



- A \$50,000 BRIP grant for the historic restoration of the building's facade. Because the Trust Building is on the National Register of Historic Places, this work must comply with the U.S. Secretary of Interior's Standards for the Treatment of Historic Properties.
- A \$35,000 Streetscape Improvement Grant for the repair and replacement of the Pearl Street and Ottawa Avenue areaway caps and treatments to the streetscapes.
- Use of 75% of the new tax increment revenues generated by the project, as outlined in the DDA's Development Support Policy, to reimburse the developer for the remaining costs associated with the repair and replacement of the Pearl Street and Ottawa Avenue areaway caps and streetscape improvements in an amount not to exceed \$236,500.

Total project cost is expected to be \$2.6 M and is expect to create 25 new jobs.

Recommendation:

Staff recommends approving a \$50,000 BRIP grant for the historic restoration of the façade; a \$35,000 Streetscape Improvement Grant; and Development Support in the amount not to exceed \$236,500 for the repair and replacement of the areaway caps and streetscape improvements to the Pearl Street and Ottawa Avenue frontage.

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

Agenda Item #7
August 14, 2013
DDA Meeting

DATE: August 9, 2013

TO: Downtown Development Authority Board

FROM: Eric Pratt,
Project Manager

SUBJECT: Building Reuse Incentive Program Grant for the Building at 141 Ionia Avenue NW (former Republic Bank Building)

On January 12, 2012, the DDA Board approved a partial Building Reuse Incentive Program (BRIP) grant for Midtown Investment Trust (the Developer) to assist with preparation of the ground floor of the building at 141 Ionia Avenue NW (the former Republic Bank Building) for a new tenant in the downtown area.

At the time of the hearing, the developer indicated that the work would be performed in two (2) phases. Phase I of the project entailed renovating the ground floor for a new office user and bring the second floor of the building up to “white box” status. BRIP proceeds were to be used to help augment some of the costs of providing barrier free access, upgrading the public utilities that service the building, restoration of the façade and the installation a new fire suppression system in the ground floor.

Because the developer was proposing to complete the project in two phases, the Board approved a partial BRIP grant of \$25,000 to assist with the initial phase of the project and encouraged the developer to reapply for the remaining balance of the grant, when the developer was ready to move forward with the second phase.

Since this time, the developer has completed Phase I and the space is currently occupied by First National Bank of Michigan. Upon completion of the Phase I, the developer decided to proceed forward with renovating the second floor of the building and at the encouragement of the Board, has recently reapplied for the remaining portion of the BRIP grant.

The developer is eligible to receive the remaining portion of the BRIP grant of \$25,000 for Phase II of the project. Grant proceeds would be used to reimburse the developer for certain ADA compliant improvements to the second floor, a portion of the public utility costs incurred as a part of phase I of the project and the installation a new fire suppression system on the second floor. The total project cost of the two phases is \$590,500.

Recommendation:

Staff recommends that the DDA Board approve a second BRIP grant, of up to \$25,000, to reimburse Midtown Investment Trust for certain eligible costs incurred as a part of the renovation of the second floor of the building at 141 Ionia Ave NW.

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: August 9, 2013
TO: DDA Board
FROM: Tim Kelly, AICP
Project Manager

**Agenda Item #8
August 12, 2013
DDA Meeting**

SUBJECT: Request for a Building Reuse and Incentive Program Grant for 333 Grandville Ave SW

Patricia Warner, acting on behalf of L.V.D. Stolpe, LLC (Owner) requests a \$30,472 grant through the Building Reuse and Incentive Program (BRIP) to complete renovations to the property at 333 Grandville Avenue SW. The proposed renovations include restoration of the brick facade, exterior painting, replacement of the ground floor windows, and restoration of the distinct domed turret.

Constructed in 1891, the building at 333 Grandville Avenue SW is approximately 8,700 square feet and was originally built as a hotel and grocery store catering to railroad passengers travelling through Grand Rapids. In the 1940's it was sold and transitioned to the Lamar Hotel and Horseshoe Bar, both of which operated until the 1970's. Since the closing of those two prominent businesses, the property sat vacant for many years and changed ownership multiple times. In 2005 it was acquired by the Grand Rapids Ballet (Ballet) after receiving several interior renovations, including installation of a new elevator, stairwell, fire escape, and bathroom. The Ballet intended to convert the upper floors to housing for its students and to rent the ground floor space to a coffee shop, but was never able to realize those plans. In July 2013, the building was sold to the current Owner. Though plans are still being finalized, it is expected the ground floor will be filled with a retail or restaurant use, and the upper floors will be renovated into office space.

Given the unique style of the building, as well as its location along a prominent Downtown corridor, staff recommends approving the BRIP request to complete the exterior renovations. If approved, a Historic Preservation Easement will be executed with the property owner to ensure completed façade work is consistent with the standards set by the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.

Recommendation: Approve a \$30,472 Building Reuse Incentive Program Grant for 333 Grandville Avenue SW.



MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: August 9, 2013
TO: DDA Board
FROM: Tim Kelly, AICP
Project Manager

**Agenda Item #9
August 12, 2013
DDA Meeting**

SUBJECT: Request of Development Support for 20 East Fulton Street

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) has requested approval from the Downtown Development Authority (DDA) Board to utilize the DDA's Development Support Program (Program) for their proposed project at 20 East Fulton Street (Project).

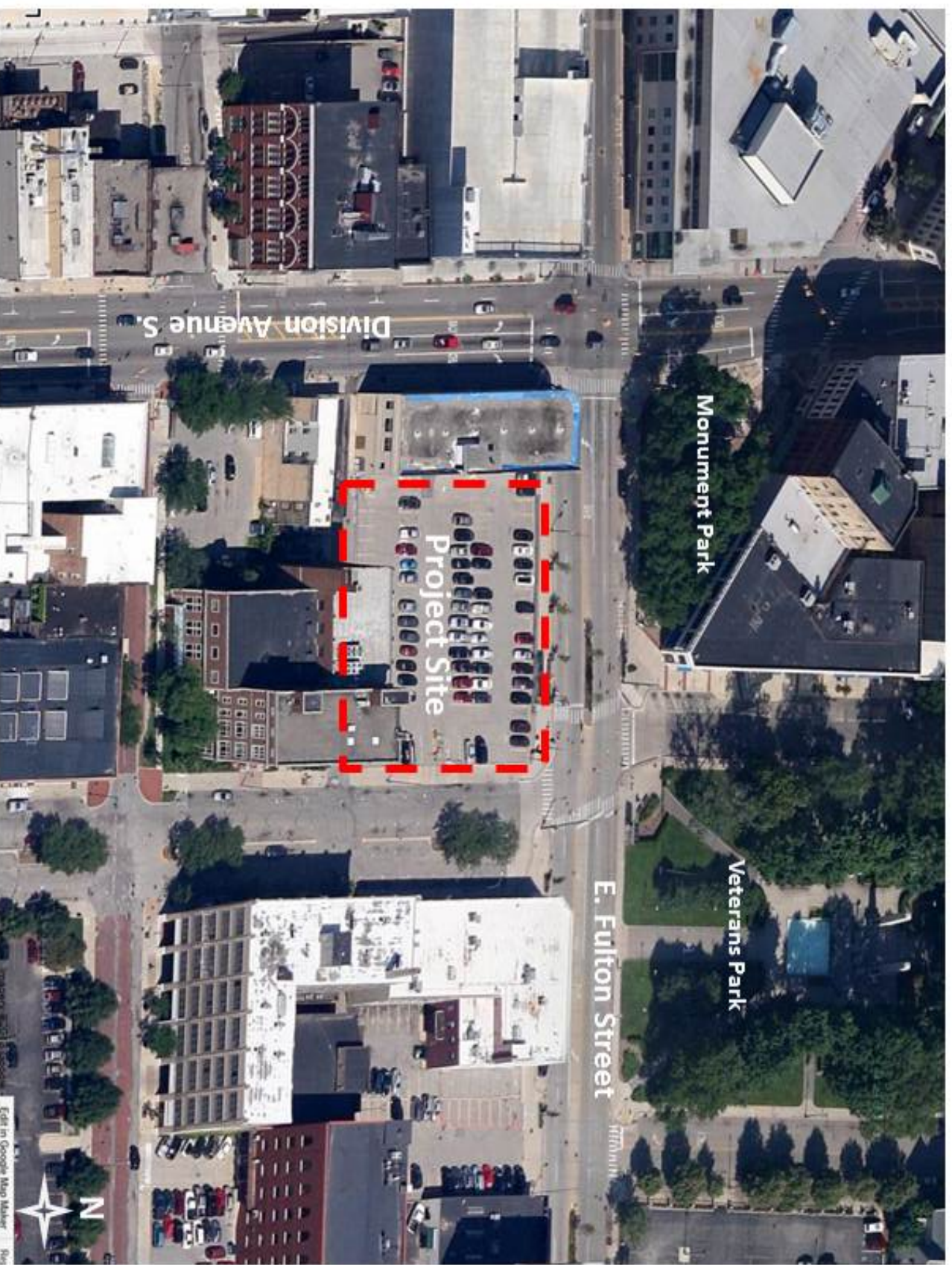
The proposed Project includes construction of a new 14-story, 147,000 square foot mixed-use building that would contain 54 market rate residential units and 54 affordable residential units. It will also include a five-story parking deck with approximately 160 – 180 parking spaces, and approximately 9,000 square feet of ground floor retail space. Total investment is estimated to be \$37 - \$40 million, and it is expected the Project will create 4 full-time jobs, and up to 50 part-time jobs.

The Developer has requested reimbursement of 75% of the tax increment revenue generated from the Project for a period of 10 years in an amount up to \$300,000. The request complies with the Program guidelines and will be used to cover the cost of one elevator to meet the requirements of the Michigan Construction Code and the Americans with Disabilities Act. If approved, the tax increment reimbursement from the DDA would be part of a Project financing structure that includes State of Michigan's Housing Development Authority (MSHDA) Low Income Housing Tax Credits, State of Michigan Brownfield Tax Credits, and a HUD 221 (d) (4) loan.

Lastly, the DDA's Framework Plan recommends incentivizing mixed-use development to make Downtown a more desirable place to live, work, visit, and recreate. The Framework Plan also encourages development near the forthcoming Bus Rapid Transit (BRT) Silver Line, which has a stop one block from the proposed Project. In light of these factors, and in acknowledgement of the benefits that would be provided by the Project, staff recommends approval of the Developer's request.

Recommendation: Approve the reimbursement request from the Developer of 20 East Fulton Street for up to \$300,000 over a 10-year period through the Development Support Program.

20 E. Fulton Street



RECEIVED
AUG 05 2013

D.D.A.

JARED T. BELKA

616.752.2447
FAX 616.222.2447

Jbelka@wnj.com

August 5, 2013

Mr. Kristopher Larson
City of Grand Rapids
Downtown Development Authority
300 Monroe Avenue NW
Grand Rapids, Michigan 49503

Re: 20 E. Fulton Redevelopment – DDA TIF Support 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 provide tax increment financing support for its proposed redevelopment project. The project includes the construction of a new fourteen story (approx. 147,000 S.F.) mixed use building that would contain a five story parking deck with approximately 160 to 180 parking spaces located behind the structure (approx. 75,000 S.F.), approximately 9,000 to 10,000 S.F. of commercial/retail space on the first floor, 48 to 54 residential work force rental units (1 and 2 bedroom totaling approx. 67,000 S.F.) and 48 to 54 market rate residential rental units (1 and 2 bedroom totaling approx. 67,000 S.F.) (the "Project"). It is estimated that the Project will create an estimated 4 FTE and 30 to 50 PTE jobs. The total capital investment is expected to be approximately \$37 to \$40 million.

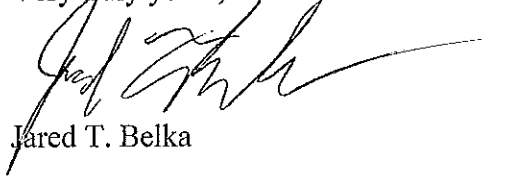
The Developer hereby requests 75% of available tax increment revenue from the project for a period of 10 years for reimbursement of up to \$300,000 for the cost of one elevator and shaft which is necessary to comply with the requirements of the Michigan Construction Code to satisfy the requirements of the Americans with Disabilities Act.

As noted above, the total amount of reimbursement would be limited to 75% of the available tax increment revenue for 10 years. The Developer appreciates the DDA's consideration for this downtown project.

Mr. Kristopher Larson
August 5, 2013
Page 2

Please let me know if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Jared T. Belka', with a long horizontal flourish extending to the right.

Jared T. Belka

c: Karl Chew and Mai Dong
John V. Byl

9360831

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: August 9, 2013
TO: DDA Board
FROM: Kristopher Larson, AICP
Executive Director

Agenda Item #10
August 12, 2013
DDA Meeting

SUBJECT: Request of Development Support for 158 Weston – Arena Place

On April 1, 2013, the Downtown Development Authority (DDA) via the City of Grand Rapids listed the parcel known as “Parking Area One” (158 Weston St. SW) with the Commercial Alliance of Realtors for thirty days to entertain offers for a one-year option to explore development potential consistent with the Arena South Visioning Plan (the Plan) on the site.

On May 8, 2013, the DDA Board awarded a one-year option to Arena Place Development, LLC (the Developer) for \$50,000. The option agreement has since been executed and the payment made. Since that time, DDA staff has worked with the Developer towards a project and corresponding development agreement that more expressly satisfies all of the expectations included in the listing and the Plan. At this time, the project is slated to construct 40,000 square feet of commercial office space, 76 market-rate residential units, 10,000 square feet of ground-floor retail space, and 80-90 spaces of underground parking. The total cost for the estimated development is \$30M.

The massing, mix of uses, inclusion of market-rate residential and ground-floor active use within the development are all consistent with the community vision articulated in the Plan. Further: the inclusion of underground parking in the project position the development to serve as an exemplary model for urban, in-fill projects in downtown Grand Rapids.

The Developer is currently finalizing their pre-development tasks, including but not limited to: securing debt financing, preparing construction documents, conducting due diligence related to site contamination, securing tenants, and pursuing the public financial incentives needed to make the ambitious project a reality. In addition to applying for financial support from the State of Michigan’s Economic Development Corporation via their Community Revitalization Program (CRP), the Developer has submitted a request for consideration for the DDA’s Development Support Program (the Program).

Program guidelines generally present the opportunity for a reimbursement of 75% of taxes captured from a new development over a period of ten years or sooner if the specific costs related to eligible activities are met before the end of the ten-year period. This reimbursement schedule and corresponding thresholds of the Program were designed as a mechanism to help offset the costs associated with eligible activities within real property investments, while allocating a portion of the capture (25%) to be used by the DDA toward other Downtown-wide investment priorities. Given the significant costs associated with new construction, the costs for eligible activities for which reimbursement is possible are significantly greater for this project than what could be reimbursed under the 75%, 10-year DDA Board policy. Current financial estimates of the cumulative tax increment rebate over ten years for the project would total \$1,273,400, while the total eligible activities for this project are an estimated \$3.18M.

Although not eligible as a DDA-TIF reimbursable expense, the decision to incorporate private, underground parking adds significant cost to the total development. The current estimate to build the 80-90 parking spaces below grade is approximately \$4.5 M, or about twice as expensive as building a more traditional parking ramp. Although the DDA cannot include this cost within the project's total eligible expenses, it would be eligible for a Brownfield TIF were the project not located within the DDA boundary. Given the importance that below grade parking plays in producing good urban form, DDA staff is highly supportive of the Developer's approach for the project.

In recognition of the significant financial gap between the intent of the Program and the current application, the excellence by which the project seeks to implement the Plan, and the support the project provides in shepherding better urban form in Downtown, DDA staff is recommending an exception to the Program guidelines. DDA staff finds sound justification in extending the term of the tax capture reimbursement to fifteen (15) years at the 75% reimbursement level. This extension of term would produce a cumulative estimate of \$1,959,283 to be reimbursed to the Developer over 15 years to assist in offsetting the cost of development-related eligible expenses. Over this same period, the DDA would have retained a cumulative estimated sum of \$653,054 to use towards other investments in Downtown that advance the vision of the community.

Following the satisfactory completion of the project financing and other due diligence items associated with the development, DDA staff and legal counsel will work collaboratively with the developer to draft a development agreement that will be brought to the DDA Board for approval.

Recommendation: Approve the reimbursement request from the Developer of 158 Weston Street SW for up to \$3.18 M over a 15-year period through the DDA's Development Support Program.

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: August 9, 2013

TO: Downtown Development Authority

FROM: Kristopher Larson, AICP
Executive Director

**Agenda Item 11.
August 14, 2013
DDA Meeting**

SUBJECT: Safety Ambassador Program Contractor Recommendation

The concept of a safety ambassador program for Downtown Grand Rapids has roots that emanate from many origins. The need to improve the perception of safety in certain areas within downtown Grand Rapids was clearly identified with the DDA Framework Plan (2011), the program was top priority of the Division Avenue Task Force (DATF) report and recommendations – an effort requested by the former DDA Experience Action Group – and most recently, a budgetary allocation was included and approved within the DDA's five-month Priority Planning process.

On June 26, 2013, The Downtown Alliance (DA) released a Request for Proposals (RFP) for the new Safety Ambassador Program for Downtown Grand Rapids, Inc. (DGRI). The RFP was both sent directly to firms known to specialize in the provision of these services, and posted onto the website for the International Downtown Association (IDA) RFP webpage. That page of the IDA website serves as the national clearinghouse for RFPs specifically related to downtown management, programming, and planning.

The RFP offered interested firms thirty (30) days to respond to the RFP according to the expectations and evaluative criteria described. By July 26, 2013, the DA received three complete proposals from qualified firms. All three proposals received were from national companies. In addition to staff from the DA and the DDA, three community volunteers with a specific interest in the prospective programming volunteered to serve as a review panel of the proposals. Those three volunteers were Joe Elliot of the DA Board of Directors and the DDA Experience Action Group, Jenn Shaub of the Experience Action Group and the aforementioned DATF, plus Robert Dean, Executive Director of the Grand Rapids Children's Museum.

The review team evaluated the proposals according to a number of criteria, including but not limited to each firm's experience and qualifications, their operations and logistics capacities, the quality and depth of their hiring and training programs, their demonstrated understanding of a hospitality-based approach, the quality of the proprietary technology they utilize to perform the services, the number of hours of on-street service they propose to deploy within budget, the number of programs they manage in comparable sized and geographically located cities, and their ability to address the needs for an on-street social outreach program component.

Given the evaluative criteria described above, the review team offered the unanimous recommendation to the DDA to select Block by Block (BBB). In particular, the BBB's long history of building and managing programs such as the one that DGRI aspires the create, the number of accounts BBB manages for communities similar in size and geography to downtown Grand Rapids, BBB's plan to temporarily relocate program leadership from another successful account to train our locally-hired team, and the number of weekly deployment hours proposed – 272 – differentiated their proposal from the competition.

With DDA Board authorization, the DDA Executive Director – with continued guidance from the proposal review committee – would begin contract negotiations with BBB. This contract would be subject to legal review and recommendation by the DDA's legal counsel, would not exceed the \$300,000 authorized with the FY14 DDA Budget, and once finalized, will be executed by the DDA Board Chair.

Recommendation: Authorize the DDA Executive Director to negotiate terms with Block by Block consistent with the intent of the program and the budgetary allocation. Once the contract has reviewed by DDA legal counsel, authorize the DDA Board Chair to execute the agreement.

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

**Agenda Item 12.
August 14, 2013
DDA Meeting**

DATE: August 9, 2013

TO: Downtown Development Authority

FROM: Kristopher Larson, AICP
Executive Director

SUBJECT: First Amendment to Ground Lease and Estoppel Certificate for Downtown Market

Included with this memorandum are a DDA Board resolution and related copies of the First Amendment to Ground Lease and Ground Lease Estoppel Certificate. The amendment to the Ground Lease and approval and execution of the Estoppel Certificate is a requirement of the lenders for the new markets tax credit financing for the Downtown Market.

The new markets tax credit lenders providing a portion of the financing for the Downtown Market have requested certain amendments to the Ground Lease for the Market and approval and execution of an Estoppel Certificate related to the Ground Lease. The amendments to the Ground Lease are intended to recognize that the new markets tax credit financing is a debt obligation which must be paid, but cannot be paid early, and to specifically define projected expenses to exclude certain interest and amortized expenses when determining minimum operating standards applicable to the Market.

The Estoppel Certificate contains representations of the DDA that the Ground Lease is valid, that there is no default under the Ground Lease, and that notice will be provided to the new market's tax credit lenders of default giving said lenders an opportunity to cure the default.

DDA legal counsel has reviewed both documents and believes the requests are reasonable and the documents are in proper form. Approval of the attached resolution will authorize the DDA Chair to execute these documents finally approved as to content by the DDA Executive Director and as to form by DDA legal counsel.

Recommendation: Approve the attached resolution and authorize the DDA Chair to execute the final documents pending satisfactory review by the DDA Executive Director and DDA legal counsel.

**DOWNTOWN DEVELOPMENT AUTHORITY
OF THE CITY OF GRAND RAPIDS**

**RESOLUTION APPROVING AND AUTHORIZING
EXECUTION OF A FIRST AMENDMENT TO GROUND
LEASE AND GROUND LEASE ESTOPPEL CERTIFICATE
AND CONSENT RELATED TO THE DOWNTOWN
MARKET**

Boardmember _____, supported by Boardmember _____, moved adoption of the following resolution:

WHEREAS, the City of Grand Rapids Downtown Development Authority (the “DDA”) entered into a Ground Lease dated as of January 1, 2012 (the “Lease”), with Grand Rapids Downtown Market, Inc. (“GRDM”) for lease by the DDA to GRDM of real property upon which the Downtown Market (the “Market”) is located; and

WHEREAS, GRDM assigned its rights and obligations in the Lease to Grand Rapids Downtown Market Holdings, LLC (“GRDMH”) pursuant to an Assignment of Lease dated March 23, 2013; and

WHEREAS, in connection with GRDMH obtaining financing through the federal New Markets Tax Credit (“NMTC”) program, the NMTC investors have requested certain amendments to the Lease as set forth in First Amendment to Ground Lease (the “Lease Amendment”) and the approval and execution of a Ground Lease Estoppel Certificate and Consent (the “Estoppel Certificate”) with respect to the Lease; and

WHEREAS, GRDMH has requested that the DDA honor such request in order that the NMTC financing for the Market may be completed and the DDA has determined that it is in its best interest to do so.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. That the Lease Amendment and Estoppel Certificate are approved in the form presented at this meeting with such modifications as are not materially adverse to the DDA, approved as to content by the DDA Executive Director and as to form by DDA legal counsel.

2. That the Chairperson of the DDA Board is authorized and directed to execute the Lease Amendment and Estoppel Certificate for and on behalf of the DDA.

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

YEAS: Boardmembers _____

NAYS: Boardmembers _____

ABSTAIN: Boardmembers _____

ABSENT: Boardmembers _____

RESOLUTION DECLARED ADOPTED.

Dated: August 14, 2013

Mary Sierawski
Recording Secretary

CERTIFICATION

I, the undersigned duly qualified and acting Recording Secretary of the City of Grand Rapids Downtown Development Authority (the “DDA”), do hereby certify that the foregoing is a true and complete copy of a resolution by the Board of Directors of the DDA at a regular meeting held on August 14, 2013, and that public notice of said meeting was given pursuant to, and in compliance with, Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated August 14, 2013

Mary Sierawski
Recording Secretary

FIRST AMENDMENT TO GROUND LEASE

This First Amendment to Ground Lease, dated as of August ___, 2013 (“**Amendment**”), is made by the CITY OF GRAND RAPIDS DOWNTOWN DEVELOPMENT AUTHORITY, a Michigan statutory authority, of 300 Monroe Avenue, N.W., Grand Rapids, Michigan 49503 (“**DDA**”), and GRAND RAPIDS DOWNTOWN MARKET HOLDINGS, LLC, a Michigan limited liability company, of 435 Ionia, S.W., Grand Rapids, Michigan 49503 (“**GRDMH**”).

The DDA entered into a Ground Lease, dated as of January 1, 2012 (“**Lease**”), with Grand Rapids Downtown Market, Inc., a Michigan nonprofit corporation (“**GRDM**”) and the only member of GRDMH. By an Assignment of Lease, dated as of May 23, 2013, GRDM assigned all of its rights and obligations in the Lease to GRDMH.

The parties desire to modify the Ground Lease to facilitate further financing for the Project. Capitalized terms in this Amendment that are not defined in this Amendment shall have the definitions set forth in the Lease unless the context clearly provides otherwise.

Accordingly, the parties agree as follows:

1. **Section 18.01.** The last sentence of Section 18.01 of the Lease is amended to read in its entirety as follows:

All proceeds shall first be used to pay off or provide reserve funding for GRDM indebtedness related to the Property or the Project, including but not limited to contingent indebtedness such as indemnification or guaranty obligations related to financing provided through the federal New Markets Tax Credit (“**NMTC**”) program, and any excess funds shall belong to the DDA.

2. **Exhibit C—Addendum to Ground Lease.** Exhibit C—Addendum to Ground Lease is amended to read as follows:

(a) The first sentence of the third paragraph of Exhibit C is amended to read in its entirety as follows:

The parties hereto recognize and agree that they have and will continue to work together in the Project with each having made and will continue to make significant contributions to the Project for the benefit of the Grand Rapids community.

(b) Listing (2) in the fifth paragraph of Exhibit C is amended to read in its entirety as follows:

(2) the Project’s operating reserve or other similar reserves having an aggregate balance of at least Two Hundred Fifty Thousand Dollars (\$250,000) and

(c) The following sentence shall be added at the end of the fifth paragraph of Exhibit C:

For purposes of determining the Minimum Operating Standards, "projected expenses" means all reasonably anticipated expenses except interest for NMTC related loans, taxes measured by income, depreciation, NMTC related expenses, and amortization expenses.

3. **Confirmation.** The DDA and GRDMH confirm that the terms of the Lease, as modified by this Amendment, continue in full force and effect.

4. **Counterparts.** This Amendment may be signed in original or by portable document format (.pdf) or fax in counterparts, each of which shall be deemed an original, and together the counterparts shall constitute one complete document.

The parties have signed this First Amendment to Ground Lease as of the date stated at the beginning of this document.

DDA:

**CITY OF GRAND RAPIDS
DOWNTOWN DEVELOPMENT
AUTHORITY**

By _____
Brian Harris, Chairperson

GRDMH:

**GRAND RAPIDS DOWNTOWN
MARKET HOLDINGS, LLC**

By _____
Mary K. Fritz, Manager

9330954

This instrument prepared by and
when recorded return to:

Elizabeth Jensen, Esq.
Kutak Rock LLP
1650 Farnam St
Omaha, Nebraska 68102

GROUND LEASE ESTOPPEL CERTIFICATE AND CONSENT

TO: **PNC CDE 32, LP and BROWNFIELD REVITALIZATION XVIII, LLC**
FROM: **CITY OF GRAND RAPIDS DOWNTOWN DEVELOPMENT
AUTHORITY**
RE: **GRAND RAPIDS DOWNTOWN MARKET**

CITY OF GRAND RAPIDS DOWNTOWN DEVELOPMENT AUTHORITY, a Michigan statutory authority, as lessor ("Lessor") and **GRAND RAPIDS DOWNTOWN MARKET HOLDINGS, LLC**, a Michigan limited liability company, as lessee ("Lessee") are parties to that certain Ground Lease dated as of January 1, 2012 (together with all amendments, modifications and supplements described on Exhibit B attached hereto, the "Ground Lease"), with respect to the real property legally described on the attached Exhibit A (the "Land").

PNC CDE 32, LP, a Delaware limited partnership ("PNC") and **BROWNFIELD REVITALIZATION XVIII, LLC**, a Delaware limited liability company ("Brownfield" and together with PNC, "Lender"), intends to make certain loans to Lessee secured by Lessee's leasehold interest in the Land and its fee interest in the building, structures, fixtures and improvements located on the Land (collectively, the "Improvements"; the Land and Improvements are collectively referred to herein as the "Premises") (collectively, the "Loans"). In connection with the Loans, Lender and Lessee have requested that Lessor execute and deliver this Ground Lease Estoppel Certificate and Consent (the "Certificate").

Lessor hereby certifies, acknowledges and agrees as follows:

1. An accurate and complete description of the Ground Lease and all the modifications to the Ground Lease, if any, appears on Exhibit B. The Ground Lease is the only lease or agreement between Lessor and Lessee with respect to the Premises. The Ground Lease is

in full force and effect and is valid and enforceable against Lessor. The current expiration date of the Ground Lease is December 31, 2110.

2. Lessee is not in default under the Ground Lease and no event has occurred and no condition exists which, with the giving of notice or the lapse of time or both, would constitute a default under the Ground Lease. Lessor has not received any notice that (i) the Premises are in violation of any laws, municipal ordinances, rules or requirements, or (ii) there is any pending or threatened condemnation action or eminent domain proceeding affecting the Premises.

3. Lessor hereby consents to Lessee executing a Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Filing in favor of Lender (the "Mortgage"), encumbering, among other things, Lessee's interest in the Improvements and the Ground Lease. The execution and recordation of the Mortgage will not constitute a breach of or default under the Ground Lease. Lessor does not need to obtain any other consents with respect to the Loans to Lessee or with respect to Lessee's execution and delivery of the Mortgage.

4. (a) Lessor will send each of Lender a duplicate copy of any notice of default or other notice Lessor sends under the Ground Lease (each, a "Notice") at the same time Lessor sends such Notice to Lessee. Lender may cure any default by Lessee within the actual cure period provided under the Ground Lease or within 30 days after Lender's receipt of a Notice of such default. If the default cannot be cured by the payment of money and Lender begins to cure the default within the time period specified in the previous sentence and diligently continues to cure the default, such time period will be extended for as long as is reasonably necessary to cure the default, but in no event longer than 180 days. Lessor will not terminate the Ground Lease without giving Lender a Notice of such intended action and an opportunity to cure the default in accordance with the Ground Lease and this Certificate. Absent a default under the Ground Lease which is not cured within the greater of the applicable cure period set forth in the Ground Lease for such default to be cured and the applicable minimum cure period described above for Lender to cure such default, Lessor will not disturb the possession, interest or quiet enjoyment of Lessee in the Premises for any reason.

5. Any lien provided for in the Ground Lease and any statutory or possessory liens, including, without limitation, rights of levy or distraint for rent, Lessor may have or assert under the Ground Lease against any of the assets of the Lessee is hereby subordinated to the perfected lien of the Mortgage (including UCC-1 Financing Statements). Lender may enter the Premises for the purpose of exercising the rights and remedies provided under the Mortgage including, without limitation, removing equipment, trade fixtures and other personal property from the Premises; provided, however, Lender shall repair any damage resulting from such removal.

6. Lender shall have the right to assign its right, title and interest in the Mortgage to any third party. Unless Lender or its assignee is the purchaser at a foreclosure sale of the Mortgage or has accepted an assignment of the Ground Lease in lieu of foreclosure (such conveyance in either case, a "Foreclosure"), neither Lender nor its assignee shall be deemed by virtue of this Certificate to have assumed any of Lessee's obligations under the Ground Lease. After a Foreclosure, the purchaser shall only be deemed to have assumed all of Lessee's obligations accruing under the Ground Lease from and after the date of the Foreclosure. Lender shall have the right to assign its right, title and interest in the Ground Lease or the Ground Lease to any third party so long as such assignee assumes in writing Lessee's obligations accruing under the Ground Lease or the Ground Lease, from and after the date of such assignment. Upon any such assignment and assumption, Lender shall be automatically released of all of its obligations under the Ground Lease or the New Ground Lease.

7. Lessor will not amend or modify the Ground Lease in any manner without the prior written consent of Lender, which consent will not be unreasonably withheld. Lessor will not consent to any assignment, subletting or additional encumbrances of the Ground Lease by Lessee without the prior written consent of Lender.

8. All notices given hereunder shall be given in the manner provided for in the Lease. Notices shall be provided at the addresses set forth below or such other address or person as Lender, Lessor, Lessee may from time to time hereafter specify in the manner provided above.

If to Landlord: City of Grand Rapids Downtown Development
Authority
300 Monroe Ave. NW
9th Floor
Grand rapids, MI 49503
Attention: Executive Director

With copy to: Dickenson Wright
200 Ottawa Ave. NW,
Suite 1000
Grand Rapids, MI 49503
Attention: Richard Wendt

If to Tenant: Grand Rapids Downtown Market Holdings, LLC
435 Ionia S.W.
Grand Rapids, Michigan 49503
Attention: Manager
Telephone: (517) 862-8082
Facsimile: (989) 723-1488

with a copy to: Warner Norcross & Judd LLP
900 Fifth Third Center
111 Lyon Street NW
Grand Rapids, Michigan 49503-2487
Attention: Cameron S. DeLong
Telephone: (616) 752-2155
Facsimile: (616) 222-2155

If to PNC: PNC CDE 32, LP
c/o PNC Center
20 Stanwix Street, Third Floor
Mailstop P4-P509-03-01
Pittsburgh, PA 15222
Attn: Sarah Stutts
Facsimile No.: (412) 644-7664

with a copy to: Kutak Rock LLP
The Omaha Building
1650 Farnam Street
Omaha, NE 68102
Attn: Scott C. Neill, Esq.
Facsimile No.: (402) 346-1148

If to Brownfield: Brownfield Revitalization XVIII, LLC
3299 K Street NW
Suite 700
Washington, D.C. 20007
Attn: Stefan Kershow
Facsimile:

with a copy to: Holland & Knight LLP
10 Saint James Avenue
11th Floor
Boston, MA 02116
Attn: Jeffrey D. Gaulin
Facsimile: (617) 523-6850

9. This Certificate shall be binding upon and shall inure to the benefit of the Lessor, Lender, Lessee and their respective successors and assigns, including, without limitation, persons or entities holding mortgages on Lessor's fee interest in the Premises.

10. If the Ground Lease conflicts with this Certificate, this Certificate shall control.

11. While the Ground Lease is in effect, Lessee holds fee title to the Improvements; provided, however, fee title to the Improvements shall vest in Lessor upon the expiration or earlier termination of the Ground Lease.

12. So long as the Mortgage is in existence, unless Lender shall otherwise expressly consent in writing, fee title to the Premises and the leasehold estate of Lessee created by the Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of such fee title and such leasehold estate by Lessor or by Lessee or by a third party, by purchase or otherwise.

12. Lender is relying on this Certificate in connection with the Loans.

13. **LENDER, BY ITS ACCEPTANCE HEREOF, AND LANDLORD UNCONDITIONALLY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED BETWEEN LANDLORD AND LENDER HERETO. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. THIS WAIVER IS IRREVOCABLE MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING. IN THE EVENT OF LITIGATION,**

**THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY
THE COURT.**

[SIGNATURE PAGE TO FOLLOW]

**CITY OF GRAND RAPIDS
DOWNTOWN DEVELOPMENT
AUTHORITY**, a Michigan statutory
authority

4820-2940-4693.1

EXHIBIT A
LEGAL DESCRIPTION

Exhibit A to
Ground Lease Estoppel Certificate and Consent
Grand Rapids Downtown Market

EXHIBIT B

LEASE DESCRIPTION

That certain Ground Lease by and between City of Grand Rapids Downtown Development Authority, as lessor ("Lessor") and Grand Rapids Downtown Market, Inc., a Michigan nonprofit, as lessee, dated January 1, 2012, as amended or modified by the following:

1. That certain Assignment of Lease by and between Grand Rapids Downtown Market, Inc., a Michigan nonprofit, as assignor, and Grand Rapids Downtown Market Holdings, LLC, a Michigan limited liability company, as assignee, dated May 23, 2013.