

MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

Wednesday, February 11, 2015

8:30 a.m. Meeting

City Hall, 300 Monroe Ave. NW. Room 601

AGENDA

1. Call to order
2. Approve Meeting Minutes from January 14, 2015 (8:31).....*Motion* *Harris*
(enclosure)
3. Accept January 31, 2015 Financial Statements (8:33).....*Motion* *Wallace*
(enclosure)
4. Financial Audit for the Fiscal Year Ended June 30, 2014 (8:38).....*Motion* *Wallace*
(enclosure)
5. Authorize Local Match for State and Bostwick Street Reconstruction (8:50).....*Motion* *DeClerq*
(enclosure)
6. Approve Indemnity Agreement for Arena Skywalk (9:00).....*Motion* *Larson*
(enclosure)
7. Approve BRIP for 78 S. Division (9:10).....*Motion* *Pratt*
(enclosure)
8. Approve PILOTs for Dwelling Place Affordable Housing (9:20).....*Motion* *Pratt*
(enclosure)
9. Special Events Incentive Policy Update (9:30).....*Info Item* *Larson*
10. DGRI President & CEO Report (9:45).....*Info Item* *Larson*
11. Public Comment (9:50)
12. Board Member Discussion (9:53)
13. Adjournment

Downtown Grand Rapids

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

MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

January 14, 2015

1. Call to Order – The meeting was called to order at 8:32 a.m. by Chair Brian Harris.

2. Attendance

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

Absent: Jane Gietzen

Others Present: Kristopher Larson (Executive Director), Mary Sierawski (DDA Executive Asst/Office Manager), Jana Wallace (DDA Treasurer), Eric Pratt, Tim Kelly, Bill Kirk, Kim Van Driel, Brian Hedrick, Mandy Cech (staff), Jared Belka, Nick Koster, Jim Harger (MLive), and others.

3. Approval of Minutes of December 10, 2014

Motion: Dr. Wendy Falb, supported by Rick Winn, moved approval of the minutes of the December 10, 2014 DDA meeting as presented. Motion carried unanimously.

4. Accept December 31, 2014 Financial Statements

Ms. Wallace presented the financial statements for the first half of the fiscal year ending June 30, 2015. Mr. Larson added that the Administration line item is currently trending over budget due to unplanned costs associated with TIF advocacy work plus higher than expected A-87 indirect costs from the City of Grand Rapids.

Motion: Mayor George Heartwell, supported by Rick Winn, moved to approve Statement D: Schedule of December 2014 Expenditures as recommended. Motion carried unanimously.

5. Approve 2015 Meeting Schedule

Mr. Larson presented the 2015 meeting calendar. The meetings will be held in City Hall unless otherwise notified.

Motion: Mayor George Heartwell, supported by Diana Sieger, moved to approve the 2015 meeting calendar. Motion carried unanimously.

6. Election of 2015 DDA Chair and Vice-Chair

Mr. Harris said that at this point in the year, it's traditional to elect a Chair and Vice Chair. Mr. Harris opened the floor for nominations and discussion. Mayor Heartwell said that Mr. Harris and Ms. Dunn have served the Board well and made a motion to re-elect Mr. Harris for Chair and Ms. Dunn for Vice-Chair. Mr. Harris thanked the Mayor for his kind words.

Motion: Mayor George Heartwell, supported by Dr. Wendy Falb, moved to elect Brian Harris as Chair and Kayem Dunn as Vice-Chair of the DDA Board. Motion carried unanimously.

7. Authorize Contract Execution for Veteran's Park Construction Documents

Mr. Kelly said in September 2012, the DDA Board approved an agreement to complete the historic evaluation of and master planning for Monument and Veteran's Memorial Parks. The Master Plan was approved in 2013 and identified an approach to enhance public use of the spaces, while continuing to celebrate the heritage of the parks and honor the service and sacrifice of local military veterans. Mr. Kelly said the Plan was developed in close partnership with the Monument and Veteran Park Steering Committee. Mr. Kelly said a Request for Proposals was released on November 24, 2014, with all interested parties invited to attend a pre-proposal meeting on December 2, 2014. Mr. Kelly said following the meeting, four proposals were received and that DDA staff was joined by the City of Grand Rapids Engineering Department to manage the RFP and selection processes. Based on the evaluation by staff and the Steering Committee, the team of SKO Design Group was identified as the preferred consultant for the project. Mr. Kelly shared that SKO Design Group is a Minority-Owned business based in Grand Rapids with decades of experience in engineering and architecture. Ms. Hillary asked if the snowmelt system extends to Veteran's Park. Mr. Kelly said no. Mr. Harris asked about the funding of the construction. Mr. Kelly said the funding is anticipated to come primarily from Brownfield tax increment generated from the Fitzgerald condominium redevelopment project.

Motion: Diana Sieger, supported by Elissa Hillary, moved to authorize up to \$100,000 for the City of Grand Rapids to contract with SKO for a scope of work needed to complete construction drawings for Veteran's Memorial Park. Motion carried unanimously.

8. Approve Development Incentives for Rowe Hotel

Mr. Pratt presented a request for support for the redevelopment of the former Rowe Hotel located at 201 Michigan Street NW. Mr. Pratt said that recently, CWD Real Estate, working on behalf of the property owner OMH, LLC, announced plan to redevelop the former Rowe Hotel and convert the building into a mixed-use development with 9,500 square-feet of ground floor retail and restaurant space, 77 market-rate one and two bedroom apartments, which would include a limited number of for-sale condominiums on the newly constructed 11th floor. Mr. Pratt introduced Nick Koster and Jared Belka to present additional information and answer any questions about the project. Mr. Koster said they are working with the State and City to move this project forward and that due to the challenging nature of this project, they

are using all the tools in the tool box to make this project economically feasible. Mr. Larson asked about the other components of public financing for this project. Mr. Koster said less than 1% is being requested from the DDA and that requests for financial support are going to be made to the Brownfield TIF and State of Michigan as well. Mr. Larson asked about the estimated pricing per square foot. Mr. Koster said the pricing will be similar to other rentals and condominiums in the vicinity. Ms. Sieger asked why the Rowe Building is not in the DDA boundaries. Mr. Pratt said it was determined that the Rowe Building would not be included within the DDA boundaries in order to have more opportunities for use of other TIFs besides the DDA. Ms. Hillary asked if the DDA has previously financially supported a project in the space that we do not collect capture. Mr. Pratt said the DDA has previously supported a similar request. Ms. Hillary asked if there are other projects we may see come to the Board for support in the future and if the Board is setting a precedent if approved today. Mr. Harris asked if this is an opportunity to meet the community's desires by providing support for this project. Mayor Heartwell asked Mr. Koster if they do not receive funding from any of the supporters, will the project still move forward. Mr. Koster said yes, but there are a lot of moving pieces, and while they may be able to get around these challenges creatively, how all of the pieces fit together are very important to the success of the project. Mayor Heartwell asked if all of those pieces will come together by spring. Mr. Koster said he thinks they can. Mr. Larson added that the State often looks at local support for projects to prioritize the projects and give funding. Mr. Talen said it feels like the amount the DDA would be contributing to the areaway is pretty insignificant as opposed to the entire plan, and has there been any discussion to support in façade improvements or in a different way. Mr. Pratt said the Alliance for Investment is looking at all of the different incentive programs the DDA offers to determine what the best way to spend these dollars may be in the future. Ms. Sieger asked if there will be enough parking to accommodate the residents living in the apartments and condos. Mr. Koster said there are public parking options available and that MSU may also provide some parking. Ms. Sieger asked if post office access will be affected during construction. Mr. Koster said the plan is that access would remain open the entire time. Ms. Dunn said it's a great thing that this building is getting the time and attention it needs, but the big question to consider is if the Board is comfortable with investing in a project in which we will receive no return. Mr. Talen asked when the Brownfield capture ends, where the capture goes. Mr. Pratt said it would be a millage like usual and go to the City and County. Mr. Wendt confirmed that this request is not in violation of any statutes. Mr. Larson said the DDA makes many types of investments, with the intention of receiving returns and for the betterment of the Downtown. Mr. Larson added that this is an important site for Downtown Grand Rapids and relates directly to the goals of GR Forward and is a significant incremental step towards achieving critical mass, increasing connectivity to the West side and North Monroe corridors, and investment in the public realm.

Motion: Mayor George Heartwell, supported by Kayem Dunn, moved to approve a \$35,000 Areaway Fill Program Grant for the vacation of an existing areaway located along the Michigan Street frontage; a \$35,000 Streetscape Improvement Grant for streetscape improvements,

including a new snowmelt system along Michigan Street, and a \$50,000 BRIP Grant towards the historic restoration of the building's two facades. Motion carried unanimously.

9. GR Forward Update

Mr. Kelly gave an update on the GR Forward efforts and shared the six goals that have been identified by the community. Mayor Heartwell asked about connectivity and the Street Car Task Force. Mr. Kelly said GR Forward has been working closely with that group and everyone is very interested to see what will come out of those discussions.

12. DGRI President and CEO Report

MNTIFA (1/14)

- Will consider authorizing funding to continue DASH North Service

DID (2/26)

- DID Renewal Steering Committee held its first meeting 1/12

DGRI (2/17)

- All consider approving 2015 Alliance slates
- Will review cost allocation methodology

Alliances:

INVESTMENT (1/13)

- Chair: Nikos Monoyios, Long Range Planner @ The Rapid
- Advising on the Downtown Plan process
- Divided into Implementation-based Working groups:
 - o Real Estate Incentives
 - o River Activation
 - o Public Space Activation
 - o Infrastructure
- Approved their 2015 goals, policies, and implementation measures synthesis
- Voted to pursue a full cost recovery plan to cover administrative overhead on development incentive programs

VIBRANCY (1/21)

- Chair – Brandy Moeller, City of Grand Rapids
- Conducting busker tryouts
- Advising on Valent-ICE program

- Planning a summit on Downtown diversity initiatives for DGRI
- Divided into Implementation-based Working groups:
 - o Holiday Décor
 - o Special Events Optimization
 - o Workforce Appreciation
 - o Diversity & Inclusion
 - o Public Space Activation

LIVABILITY (1/26)

- Chair: Lynee Wells, Principal @ Williams & Works
- Selecting a vendor for streetscape beautification design effort
- Finalizing bike repair station equipment and locations
- Discussing an RFP for urban trail initiative
- Opening up call for artists for potential mural locations
- Divided into Implementation-based Working groups:
 - o Bicycles & Mobility
 - o Asset Management
 - o Clean, Safe, and Beautiful
 - o Engagement
 - o Urban Recreation

DGRI Staff Highlights

- 3rd Speaker Series & GR Forward Public Forum – Thursday, January 15th 6:00 PM
- Engaged 15 additional business and property owners for Valent-ICE sculptures
- Planning for DGRI Board of Advisors Alignment Retreat – Early March
- DGRI Staff conducting mid-year budget review – budget amendments to come to Boards in February if needed
- 4th GR Forward Thinking Speaker Series Event: 2/12 @ 600 PM – Peter Kageyama
- Final GR Forward Thinking Speaker Series Event: 3/12 @ 6:00 PM – Dan Biederman
- DGRI was nominated for GRBJ Newsmaker of the Year! - Awards on Jan 28th

13. Public Comment

None.

14. Board Member Discussion

Ms. Hillary thanked Mr. Larson for bringing in such great speakers for the GR Forward Speakers Series. Mr. Harris said he will be soliciting the Board for their thoughts on a possible strategic discussion in the near future.

15. Adjournment

The meeting adjourned at 9:56 a.m.

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

Agenda Item 3.
February 11, 2015
DDA Meeting

DATE: February 5, 2015

TO: Brian Harris
Chairman

FROM: Jana M. Wallace
Downtown Development Authority Treasurer

SUBJECT: FY2015 Financial Statements Through January 31, 2015

Attached are the financial statements for the first seven months of the fiscal year ending June 30, 2015. These statements include:

Statement A: Balance Sheet
Statement B: Comparison of FY2015 Budget vs Actual Results
Statement C: Statement of Project Expenditures
Statement D: Schedule of January, 2015 Expenditures

Property tax increment revenues decreased by \$4,432 in January due to an assessment appeal settlement. Otherwise, there were no changes to year-to-date tax increment revenues in January. In December, the City Engineer's Office billed Consumer's Energy for its share of the Monroe Center Phase 3 / Monument Park improvements project. The Authority received the \$81,679 check from Consumer's Energy payment in January.

The last Riverhouse condominium development project reimbursement payment was paid in January. Over the term of the development agreement, the total amount reimbursed was \$2,023,366, of which \$1,973,087 was principal. The Authority continues to have sufficient cash to support budgeted expenditures.

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

Attachments

STATEMENT A

DOWNTOWN DEVELOPMENT AUTHORITY

Balance Sheet January 31, 2015

	Non-Tax Funds	Debt Increment	Local Tax Increment	TOTAL
ASSETS				
Pooled Cash and Investments	\$ 5,471,871	\$ 9,026,786	\$ 5,272,384	\$ 19,771,041
Petty Cash	-	-	500	500
Debt Service Reserve Fund	-	5,400,768	-	5,400,768
Accounts Receivable	8,835	-	-	8,835
Loan Receivable - Project Developer	723,848	-	-	723,848
Loan Receivable - Special Assessments	14,736	-	-	14,736
General Fixed Assets	-	-	89,511,580	89,511,580
Future Tax Increment Revenues Anticipated	-	31,877,460	183,750	32,061,210
TOTAL ASSETS	\$ 6,219,290	\$ 46,305,014	\$ 94,968,214	\$ 147,492,518
LIABILITIES AND FUND EQUITY				
Liabilities				
Current Liabilities	\$ 1,464	\$ -	\$ -	\$ 1,464
Parking Revenue Payable	17,872	-	-	17,872
Project Increment Due to Developers	-	-	40,277	40,277
Due to Other Governmental Units	-	3,774,320	-	3,774,320
Debt Increment Reimbursement Payable	-	2,050,734	-	2,050,734
Deposit - Area 1 and Area 5 Options to Buy	122,903	-	-	122,903
Deposit - Movies in the Park Vendors	300	-	-	300
Net Retiree Health Care Obligation ¹	-	-	(5,667)	(5,667)
Prior Year Property Tax Appeals	-	42,528	22,139	64,667
Deferred Revenue - Developer Loan	723,848	-	-	723,848
Contract Payable	-	-	183,750	183,750
Bonds Payable	-	31,877,460	-	31,877,460
TOTAL LIABILITIES	866,387	37,745,042	240,499	38,851,928
Fund Balance / Equity:				
Investments in General Fixed Assets	-	-	89,511,580	89,511,580
Non-Tax Increment Reserve	4,789,046	-	-	4,789,046
Reserve for Authorized Projects	-	-	4,567,478	4,567,478
Reserve for Brownfield Series 2012A Bonds	514,748	-	-	514,748
Reserve for Compensated Absences	-	-	6,897	6,897
Reserve for Eligible Obligations	-	8,559,972	-	8,559,972
Reserve for Encumbrances	49,109	-	641,760	690,869
TOTAL FUND EQUITY	5,352,903	8,559,972	94,727,715	108,640,590
TOTAL LIABILITIES & FUND EQUITY	\$ 6,219,290	\$ 46,305,014	\$ 94,968,214	\$ 147,492,518

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 FY2015 Budget vs Actual Results July 1, 2014 - January 31, 2015

	Non-Tax Funds		Debt Tax Increment		Local Tax Increment	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES						
Property Tax Increment - General	\$ -	\$ -	\$ 7,529,127	\$ 7,542,368	\$ 4,237,009	\$ 4,338,852
Property Tax Increment - Transit Millage	-	-	-	-	385,681	385,681
Property Tax Increment - Prior Year Appeals	-	-	(200,000)	(12,109)	(100,000)	(3,060)
Property Tax Increment - Rebates to City / ITP	-	-	-	-	(278,682)	-
Special Assessments - Areaway	15,000	1,289	-	-	-	-
Brownfield Authority - Grandville Avenue	-	-	-	-	21,973	23,200
Interest on Investments - General	18,747	35,362	10,000	1	50,644	90,151
Interest on Investments - Multi-Year Accrual Reversal ¹	-	(28,853)	-	-	-	(95,793)
Interest on Investments - The Gallery Note	40,167	-	-	-	-	-
Property Rental - DASH Parking Lots	336,925	157,161	-	-	-	-
Property Rentals - Movies in the Park Vendors	-	1,250	-	-	-	-
Property Rentals - Winter Avenue Building	9,000	-	-	-	-	-
Property Rentals - YMCA Customer Parking	52,000	29,575	-	-	-	-
Early Principal Repayment - The Gallery Note	-	175,000	-	-	-	-
Reimbursement - GR Public Schools for GR Forward	-	-	-	-	-	3,816
Reimbursement - Monroe Ctr Ph 3 / Monument Park	-	-	-	-	-	81,679
Reimbursement - Miscellaneous	500	-	-	-	10,000	1,075
From / (To) Fund Balance	3,127,112	-	(10,000)	-	145,089	-
TOTAL REVENUES	\$ 3,599,451	\$ 370,784	\$ 7,329,127	\$ 7,530,260	\$ 4,471,714	\$ 4,825,601
EXPENDITURES						
Investment - Planning and Infrastructure						
Development Incentive Programs	\$ -	\$ -	\$ -	\$ -	\$ 1,085,000	\$ 916,499
Transit Projects - Transit Millage Funded	-	-	-	-	125,000	31,250
Planning	35,000	4,128	-	-	350,000	246,411
Public Infrastructure	2,051,451	-	-	-	890,000	319,663
Investment Total	\$ 2,086,451	\$ 4,128	\$ -	\$ -	\$ 2,450,000	\$ 1,513,823
Livability - Residents / Workers / Neighborhood	605,000	146,514	-	-	700,000	111,967
Vibrancy - Attracting Visitors	808,000	297,811	-	-	-	-
Miscellaneous	100,000	8,100	-	-	-	-
Total Alliance Projects	\$ 3,599,451	\$ 456,553	\$ -	\$ -	\$ 3,150,000	\$ 1,625,790
Administration	-	916	-	-	862,863	637,010
Debt Service for Bond Issues	-	-	5,479,525	742,262	458,851	339,918
Estimated Capture to be Returned	-	-	1,849,602	-	-	-
TOTAL EXPENDITURES	\$ 3,599,451	\$ 457,469	\$ 7,329,127	\$ 742,262	\$ 4,471,714	\$ 2,602,718
EXCESS / (DEFICIT)	\$ -	\$ (86,685)	\$ -	\$ 6,787,998	\$ -	\$ 2,222,883

Note 1: For efficiency reasons, the City Treasurer does not record interest revenue when earned from multiple year investments. Instead, revenues associated with multiple year investments are accumulated annually, accrued, & then reversed in the following fiscal year. ddastmts-jan15.xls jmw 02052015

STATEMENT C
DOWNTOWN DEVELOPMENT AUTHORITY
Statement of Current Project Expenditures
As of January 31, 2015

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)		250,000 ^{1,2}	-	245,441	-	4,559
Development Project Guidance		- ^{1,2}	-	20,081	-	(20,081)
Development Project Reimbursements		750,000 ^{1,2}	183,529	650,977	-	99,023
Streetscape Improvement Incentive Program		50,000 ^{1,2}	-	-	-	50,000
Investment - Development Incentives Sub-Total	9.86%	\$ 1,085,000	\$ 183,529	\$ 916,499	-	\$ 168,501
Amtrak Station Relocation		800,000 ²	-	-	746,164	53,836
DASH North Shuttle Services		150,000 ²	12,500	31,250	93,750	56,250
Investment - Transit Millage Funded Sub-Total	8.63%	\$ 950,000	\$ 12,500	\$ 31,250	\$ 839,914	\$ 110,086
Downtown Plan		487,500 ²	45,704	246,411	405,386	82,114
Investment - Planning Sub-Total	4.43%	\$ 487,500	\$ 45,704	\$ 246,411	\$ 405,386	\$ 82,114
Arena South Implementation		230,809 ²	-	672	34,696	196,113
Bostwick Avenue - Lyon St to Crescent St		225,000 ²	-	-	-	225,000
Bridge Street Streetscape Improvs		125,000 ²	-	-	-	125,000
Grand River Activation		232,435 ²	-	-	132,435	100,000
Ionia Ave 9 - Buckley St to Wealthy St		886,673 ²	-	3,837	686,526	200,147
Michigan / Ottawa Gateway		300,000 ²	-	-	-	300,000
Monroe Ave Resurfacing - Louis to I-196		165,000 ²	20,830	45,017	45,017	119,983
Monroe Center-Phase 3 / Monument Park		725,000 ²	-	86,628	1,254,873	(529,873)
Ottawa Avenue Public Improvements		330,000 ²	183,509	183,509	183,509	146,491
State Street - Jefferson to Lafayette		450,000 ²	-	-	-	450,000
Veterans Park Improvements		100,000 ²	-	-	-	100,000
Wealthy Street - US 131 to Division Ave		885,000 ²	-	-	-	885,000
Weston Street - Sheldon to LaGrave Ave		400,000 ²	-	-	-	400,000
Investment - Public Infrastructure Sub-Total	45.93%	\$ 5,054,917	\$ 204,339	\$ 319,663	\$ 2,337,056	\$ 2,717,861
Downtown Speakers Series		35,000 ^{1,3}	2,000	4,128	-	30,872
Investment - Non-Tax Supported Sub-Total	0.32%	\$ 35,000	\$ 2,000	\$ 4,128	-	\$ 30,872
Accessibility and Mobility Repairs		10,000 ^{1,2}	-	10,000	-	-
Bicycle Friendly Improvements		401,000 ²	-	-	121,556	279,444
Downtown Census		30,000 ^{1,2}	-	-	-	30,000
Monroe Ave Phase 3 Services		- ^{1,2}	-	23	-	(23)
Public Realm Improvements		200,000 ²	-	45,298	45,298	154,702
Seward Ave Non-Motorized Facility		56,730 ²	185	14,570	29,864	26,866
Snowmelt System Repairs / Investigation		532,574 ²	703	20,302	402,876	129,698
Urban Recreation Plan		326,496 ²	-	981	52,477	274,019
Wayfinding System Improvements		310,000 ²	8,051	20,793	20,793	289,207
Livability - Local Tax Supported Sub-Total	16.96%	\$ 1,866,800	\$ 8,939	\$ 111,967	\$ 672,864	\$ 1,183,913
Division Ave Task Force Implemnt		5,000 ^{1,3}	-	-	-	5,000
Downtown Ambassadors		300,000 ^{1,3}	2,568	97,300	-	202,700
Educational Partnerships Initiatives		10,000 ^{1,3}	-	-	-	10,000
Project and Fixed Asset Maintenance		100,000 ^{1,3}	312	2,528	-	97,472
Recreational Walk / Tour Signage		40,000 ³	-	9,715	9,715	30,285
Riverwalk Maintenance		60,000 ^{1,3}	-	-	-	60,000
Stakeholder Engagement Program		5,000 ^{1,3}	320	3,987	-	1,013
Street Trees Maintenance Program		5,000 ^{1,3}	-	5,000	-	-
Transportation Demand Mgmt Prog		92,500 ^{1,3}	1,616	27,984	-	64,516
Winter Avenue Building Lease		2,500 ^{1,3}	-	-	-	2,500
Livability - Non-Tax Supported Sub-Total	5.63%	\$ 620,000	\$ 4,816	\$ 146,514	-	\$ 473,486
Bridge Lighting Operations		10,000 ^{1,3}	-	-	-	10,000
DGRI Event Production		45,000 ^{1,3}	-	37,430	-	7,570
Diversity/Inclusion Programming		10,000 ^{1,3}	750	3,250	-	6,750
Downtown Marketing		225,000 ^{1,3}	569	24,823	-	200,177
Downtown Workforce Program		15,000 ^{1,3}	-	-	-	15,000
Go-Site Visitor Center at GRAM		30,000 ^{1,3}	-	-	-	30,000
Holiday Décor Program		60,000 ^{1,3}	29,986	62,536	-	(2,536)
Major Event Sponsorship		82,000 ^{1,3}	-	65,000	-	17,000
Public Space Activation		30,000 ^{1,3}	-	1,174	-	28,826
Rosa Parks Circle Skating Operations		42,000 ^{1,3}	182	504	-	41,496
Special Events - Grants		50,000 ^{1,3}	-	45,586	-	4,414
Special Events - Office of		100,000 ^{1,3}	-	18,750	-	81,250
Special Events - Training Program		5,000 ^{1,3}	-	-	-	5,000
State of Downtown Event & Annual Reports		22,500 ^{1,3}	-	150	-	22,350
Ticketed Events - Police Services		80,000 ^{1,3}	12,771	34,617	-	45,383
Wayfinding Sign Maintenance		- ^{1,3}	-	3,991	-	(3,991)
Vibrancy Support Sub-Total	7.33%	\$ 806,500	\$ 44,258	\$ 297,811	-	\$ 508,689
Experience - Miscellaneous		100,000 ^{1,3}	-	70	2,195	97,805
Monroe Ave Phase 3 Services		- ^{1,3}	2,774	5,905	-	(5,905)
Misc - Non-Tax Supported Sub-Total	0.91%	\$ 100,000	\$ 2,844	\$ 8,100	-	\$ 91,900
TOTAL	100.00%	\$11,005,717	\$ 508,929	\$ 2,082,343	-	\$ 5,367,422

Note 1: Current year (FY2015) budget only.

Note 2: Paid from local tax increment.

Note 3: Paid from non-tax funds.

STATEMENT D
DOWNTOWN DEVELOPMENT AUTHORITY
Schedule of Expenditures
January, 2015

Source	Vendor	Purpose / Project	Description	Amount
Local	Huntington Bank/Bridgewater Condos	Development Project Reimbursements	Summer 2014 tax increment reimb - FINAL PMT	\$ 183,529.04
Local	Dykema Excavators, Inc.	Ottawa Avenue Public Improvements	Storm/sanitary sewer relocation - Weston/Ottawa	172,029.26
Local	Paychex	Administration	DGRI payroll, taxes, 401(k) - January, 2015	72,523.35
Local	Interface Studio, LLC	Downtown Plan	Services - November 2014	43,890.87
Non Tax	Michigan Landscape dba DeVries	Holiday Décor Program	Dvn/Ionia/Jeffrsn/Bridge/RCP/MC/LCP takedown/store	27,388.00
Local	Michigan Dept of Transportation	Monroe Ave Resurfacing - Louis to I-196	Local progress billings November 2014	13,542.06
Non Tax	City Treasurer - Police Services	Ticketed Events - Police Services	Pedestrian safety - December 2014	12,771.37
Local	Dykema Excavators, Inc.	Ottawa Avenue Public Improvements	General construction, mnmt, & engineering services	11,479.50
Local	Williams & Works Inc	Wayfinding System Improvements	Signage maintenance through 11/01/2014	8,050.61
Local	Priority Health	Administration	Share of health insurance 01/01-03/31/2015	7,574.12
Local	Michigan Dept of Transportation	Monroe Ave Resurfacing - Louis to I-196	Local progress billings December 2014	7,288.53
Local	City Treasurer - Budget Office	Administration	Support services allocation - January 2015	6,265.08
Local	City Treasurer - Parking Services	DASH North Shuttle Services	Shuttle lease - November 2014	6,250.00
Local	City Treasurer - Parking Services	DASH North Shuttle Services	Shuttle lease - December 2014	6,250.00
Local	Federal Square Building Co. #1 LLC	Administration	Share of January, 2015 office lease	4,959.49
Local	City of Grand Rapids	Administration	Staff services - January 2015	2,874.83
Non Tax	Consumers Energy	Monroe Ave Phase 3 Services	Electricity - 11/22-12/19/2014	2,774.42
Non Tax	Bazen Electric Company	Holiday Décor Program	Monroe Center - light pole repair	2,597.96
Non Tax	WOOD Television Inc	Downtown Ambassadors	On-air anniversary promotion - December 2014	2,000.00
Local	Grand Rapids Public Schools	Downtown Plan	We are GR advertisement - November 2014	1,500.00
Local	TGG Inc. / The SBAM Plan	Administration	Share of life insurance premiums 01/01-03/31/2015	1,415.19
Non Tax	Whiskey Neat LLC	Downtown Speakers Series	Recording and editing video - 12/04/2014 speaker	1,350.00
Non Tax	Priority Health	Transportation Demand Mnmt Prog	Share of health insurance premiums 01/01-03/31/2015	1,293.85
Local	City Treasurer - Risk Management	Administration	General insurance - January 2015	1,068.00
Local	City Treasurer - Parking Services	Administration	Parking - DGRI staff - January 2015	1,055.00
Local	Dickinson Wright PLLC	Administration	Legal services - misc matters September 2014	946.40
Local	Dickinson Wright PLLC	Administration	Legal services - sale of Area 5 November 2014	837.20
Non Tax	Grand Rapids Urban League	Diversity/Inclusion Programming	Martin Luther King Jr. event - "Angel" sponsorship	750.00
Local	Geotech Inc.	Snowmelt System Repairs / Investigation	Share of snowmelt operations & maintenance	703.00
Non Tax	Fifth Third Bank - Procurement Card	Downtown Marketing	Software, website & database services	569.03
Local	Applied Imaging	Administration	Share of copier rental, & black/white/color copy fees	543.44
Local	Dickinson Wright PLLC	Administration	Legal services - misc matters November 2014	473.20
Non Tax	Thomas E Powell dba Grd Central Mkt	Downtown Speakers Series	Leadership luncheon - 01/15/2014	453.39
Local	Paychex	Administration	Payroll processing fees - January, 2015	429.38
Local	City Treasurer - Parking Services	Administration	Parking validations - January 2015	425.00
Local	Professional Maint of Michigan Inc	Administration	Share of janitorial services - December 2014	389.60
Local	Dickinson Wright PLLC	Administration	Share of legal services - TIF legislation Oct 2014	355.75
Non Tax	Creative Studio Promotions	Downtown Ambassadors	Segway cover wrap	331.43
Local	Federal Square Building Co. #1 LLC	Administration	Share of electricity at 29 Pearl St. NW - 12/05-01/08/15	322.81
Non Tax	Bazen Electric Company	Project and Fixed Asset Maintenance	Electrical outlet repair - Division/Oakes planter	312.00
Non Tax	TGG Inc. / The SBAM Plan	Transportation Demand Mnmt Prog	Share of life/disability ins - Jan / Feb / March 2015	257.27
Local	U.S. Bank, N.A.	MMBA 2009A Bonds - Van Andel Arena	Annual paying agent fee	250.00
Local	Wondergem Consulting Inc	Administration	Share of public relations - 12/01-12/15/2014	222.26
Local	TDS Metrocom LLC	Administration	Share of 29 Pearl NW telephone service - Jan 2015	216.03
Local	Fusion IT LLC	Administration	Share of server and PC monitoring January 2015	196.66
Non Tax	Fifth Third Bank - Procurement Card	Stakeholder Engagement Program	DGRI holiday party - catering	187.50
Local	Michigan Department of Transportation	Wayfinding System Improvements	Local progress billings November 2014	185.49
Non Tax	Dickinson Wright PLLC	Rosa Parks Circle Skating Operations	Legal services - GRAM warming area Nov 2014	182.00
Local	Cellco Partnership dba Verizon	Administration	Share of staff cellphone svc/equip 12/02-01/01/2015	174.03
Non Tax	Fifth Third Bank - Procurement Card	Administration	Refreshments for staff and board meetings	173.21
Local	Fifth Third Bank - Procurement Card	Downtown Plan	Postage and express for GR Forward	165.56
Local	Great America Financial Services	Administration	Share of Ricoh copier system lease - January 2015	152.50
Local	Fifth Third Bank - Procurement Card	Downtown Plan	Refreshments for GR Forward meetings	148.15
Non Tax	Fifth Third Bank - Procurement Card	Downtown Speakers Series	December speakers series refreshments	146.87
Local	Fusion IT LLC	Administration	Share of server and network updates Dec 2014	141.00
Local	Paychex	Administration	HRS processing fees - January, 2015	135.00
Non Tax	City Treasurer - Parking Services	Downtown Ambassadors	Parking - Melvin Eledge January 2015	127.00
Local	Fifth Third Bank - Procurement Card	Administration	Share of operating supplies	120.53
Local	Staples Contract & Commercial Inc	Administration	Share of office supplies	113.69

continued on the next page

STATEMENT D - continued
DOWNTOWN DEVELOPMENT AUTHORITY
Schedule of Expenditures
January, 2015

Page 2

Source	Vendor	Purpose / Project	Description	Amount
<i>continued from previous page</i>				
Non Tax	Dickinson Wright PLLC	Downtown Ambassadors	Legal services - program agreement Nov 2014	\$ 109.20
Local	Staples Contract & Commercial Inc	Administration	Share of office supplies	100.02
Non Tax	Swift Printing and Communications	Stakeholder Engagement Program	Holiday sponsor board	85.01
Local	The Hartford	Administration	Workers comp insurance - 2015	83.11
Local	Staples Contract & Commercial Inc	Administration	Share of office supplies	75.30
Local	TGG Inc. / The SBAM Plan	Administration	Share of annual dues - 03/01/2015-02/28/2016	74.21
Local	Staples Contract & Commercial Inc	Administration	Share of office supplies	74.20
Non Tax	Breck Graphics dba Allegra	Experience - Miscellaneous	A. Guy - business cards	70.13
Local	Engineered Protection Systems Inc	Administration	Share of security services - 02/01-04/30/2015	66.79
Local	Fifth Third Bank - Procurement Card	Administration	M. Cech professional development webinars	65.00
Non Tax	Cellco Partnership dba Verizon	Transportation Demand Mnmt Prog	B. Kirk cellphone svc/equip 12/02/2014-01/01/2015	64.83
Local	Dickinson Wright PLLC	Administration	Legal services - share of TIF legislation Nov 2014	63.52
Local	Dickinson Wright PLLC	Administration	Legal services - exchange of Areas 1 & 5 Nov 2014	54.60
Non Tax	Fifth Third Bank - Procurement Card	Downtown Speakers Series	Facebook advertising - December Speaker Series	49.62
Non Tax	Fifth Third Bank - Procurement Card	Stakeholder Engagement Program	Supplies - DGRI holiday party	47.89
Local	Ferris Coffee & Nut Company, Inc.	Administration	Share of coffee for staff and meetings	35.73
Local	Ferris Coffee & Nut Company, Inc.	Administration	Share of coffee for staff and meetings	35.62
Local	JPMorganChase	Administration	Payroll account bank fees - January, 2015	34.60
Local	Gordon Water Systems	Administration	Share of water and water cooler rental	33.21
Local	Model Coverall Service, Inc.	Administration	Share of floor mats - 29 Pearl NW - 12/10/2014	27.09
Local	Model Coverall Service, Inc.	Administration	Share of floor mats - 29 Pearl NW - 12/24/2014	27.09
Local	Fusion IT LLC	Administration	Share of - email issues December 2014	17.62
Local	Comcast	Administration	Share of - high speed internet January 2015	5.00
JANUARY, 2015 EXPENDITURES				\$ 614,156.30

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

Grand Rapids Downtown Development Authority

AUDIT WRAP-UP

For the Year Ended June 30, 2014



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., City Commission and Fiscal Committee) and, if appropriate, management of the City and is not intended and should not be used by anyone other than these specified parties.

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

December 15, 2014

Members of the Grand Rapids Downtown Development Authority
Grand Rapids, Michigan

Professional standards require us to communicate with you regarding matters related to the audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. The following documents various matters with respect to the wrap-up phase of 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, 2014, including a summary of our overall objectives for the audit, and the nature, scope and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the Authority's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the Authority and will be happy to answer any questions you might have.

Respectfully,

BDO USA, LLP

Discussion Outline

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Results of Our Audit.....	4
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Other Required Communications	6
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Status of Our Audit

We have completed our audit of the financial statements of the Authority for the year ended June 30, 2014. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- We have issued an unmodified opinion on the financial statements dated December 10, 2014.
- Our responsibility for other information in documents containing the Authority's audited financial statements (e.g., Management's Discussion and Analysis) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included and considered whether such information, or the manner of its presentation, was 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. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- All records and information requested by BDO were freely available for our inspection.
- Management and other personnel provided full cooperation. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of Authority personnel throughout the course of our work.

Results of Our Audit

ACCOUNTING PRACTICES AND POLICIES

The Authority's significant accounting practices and policies are those included in Note 2 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 2 to the financial statements.

- There were no changes in significant accounting policies and practices during the year.

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were corrected misstatements related to accounts and/or disclosures that we brought to the attention of management that might not have been detected except through the audit procedures performed.

There were no material uncorrected misstatements related to accounts and/or disclosures that we presented to management.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Authority for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Authority's internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Deficiency in Internal Control	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.

Other Required Communications

Following is a summary of other required items, along with specific discussion points, as they pertain to the Authority:

Requirement	Discussion Points
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Disagreements with management	There were no disagreements with management on financial accounting and/or reporting matters and auditing procedures that, if not satisfactorily resolved, would cause a modification of our auditor's reports.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Other issues arising from the audit that auditor considers significant and relevant to those charged with governance	There are no other issues arising from the audit that we consider significant and relevant to those charged with governance.
Representations requested from management	Please refer to the management representation letter that is available from management.

Independence Communication

Our engagement letter to you dated March 5, 2014 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. 68, AMENDS GASB 27 AND APPLIES TO PENSION PLANS THAT ARE QUALIFIED TRUSTS

- The Authority will be required to recognize net pension liability in full accrual statements.
- The liability will be equal to the total liability less plan net position.
- More expense will be recognized immediately than in the past.
- For modified accrual statements, the net pension liability is recognized to the extent it is liquidated with available expendable resources.
- Applies concepts of deferred inflows and outflows.
- There will be enhanced note disclosure and RSI schedules required by GASB 67.
- The pronouncement will be effective for the Authority for the year ending June 30, 2015.

GASB STATEMENT NO. 69, GOVERNMENT COMBINATIONS AND DISPOSALS OF GOVERNMENT OPERATIONS

- Applies to mergers, acquisitions or transfers of operations, but does not apply to the acquisition of another organization that continues to exist as a separate entity or acquisition of an equity interest in a separate entity.
- **Government merger** - is a combination of legally separate entities where no significant consideration is exchanged, and:
 - 1) Two or more governments cease to exist as legally separate entities and are combined to form one new government, or
 - 2) One or more legally separate governments cease to exist and their operations are absorbed into one or more continuing governments.
- **Government acquisition** - is a combination in which one government acquires another (or the operations of another) in exchange for significant consideration.
- **Transfer of operations** - is a government combination involving the operations of a government with no significant consideration exchanged.
- The pronouncement will be effective for the Authority for the year ending June 30, 2015.

GASB STATEMENT NO. 71, PENSION TRANSITION FOR CONTRIBUTIONS MADE SUBSEQUENT TO THE MEASUREMENT DATE

- The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68. *Accounting and Financial Reporting for Pensions*.
 - ✓ Issue relates to amounts associated with contributions, if any, made by a state or local government employer contributing to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.
 - ✓ This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.
- The pronouncement will be effective for the Authority for the year ending June 30, 2015.

Significant Accounting and Reporting Matters

GASB EXPOSURE DRAFTS, OTHER POSTEMPLOYMENT BENEFITS (OPEB)

- GASB has issued two exposure drafts that will require OPEB to be reported in the same manner as pensions will be reported. The Authority will be required to report their share of the net OPEB liability in full accrual statements.
- The expected effective date will be for years ending June 30, 2018.

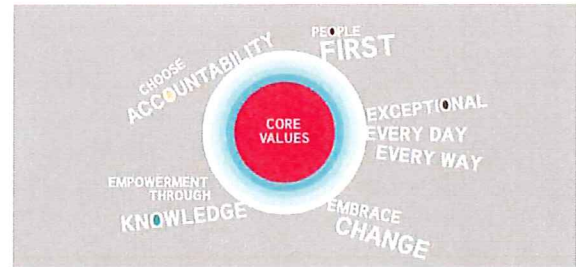
UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

- The Office of Management and Budget (OMB) recently issued Uniform Guidance for all entities that receive federal awards and will require the Authority to implement policy changes.
- The “Super Circular” combines OMB Circulars (A-87, A-102, A-133, etc.) into one document.
- New guidance is provided on Protected Personally Identifiable Information.
- There is a focus on internal controls that should be in compliance with the Green Book and COSO.
- There are changes to the procurement standards; there are now five methods of procurement, including a new “micro purchase” option.
- There are changes to indirect cost rates, including a 10% de minimis rate.
- Governments will be required to identify a Single Audit Accountable Official responsible for overseeing the Single Audit.
- The Single Audit threshold is increasing to \$750,000 along with other changes to audit requirements.
- The new requirements will be effective for any awards made or amended on or after December 26, 2014.
- We recommend you review the “Super Circular” to determine what changes you will need to make to policies and procedures. BDO has a resource page with links to the original document along with other useful information. The link is <http://nonprofitblog.bdo.com/index.php/resources/supercircular-resources/>.

Get to Know BDO

BDO USA, LLP 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. We are guided by our core values: put people first; be exceptional: every day, every way; embrace change; empowerment through knowledge; and choose accountability.

Our culture and core values reflect how we manage our work, our relationships and ourselves.



For more than 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 49 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 1,264+ offices in 144 countries. For further information, please refer to <http://www.bdo.com>.

BDO commits significant resources to keep our professionals and our clients up to date on current and evolving technical, governance, industry, and reporting developments. Our thought leadership consists of quarterly email updates, publications, surveys, practice aids, and tools that span a broad spectrum of topics that impact financial reporting, as well as corporate governance. Our focus is not simply to announce changes in technical guidance, regulations or emerging business trends, but rather expound on how such changes may impact our clients' businesses. Through our various webinar series, we reach a broad audience and provide brief, engaging, just-in-time training that we make available in a variety of ways to meet the needs of your busy schedule. The following provides a sample of our offerings.

AC'SENSESM WEBINARS

An educational series designed to assist those charged with governance (e.g., Audit Committees) and financial executives in keeping up to date on the latest corporate governance, risk management and financial reporting developments. The program is multi-faceted and consists of complimentary CPE webinars, podcasts and archived self-study courses, covering both broad and specific topics of interest, publications and links to various BDO and external resources. Visit www.bdo.com/acsense.

BOARD REFLECTIONS

The **BDO Board Reflections** resource center includes BDO's proprietary studies, publications, practice aids, and educational programs to keep board members of both public and private companies up to date on emerging issues and trends to assist in fulfilling their corporate oversight responsibilities. The resource center contains customized information for the various committees of the board. For example, refer to our Effective Audit Committees in the Ever Changing Marketplace practical guide and related tools. Visit <http://www.bdo.com/library/boardreflections.aspx>.

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SIGNIFICANT ACCOUNTING AND REPORTING MATTERS

A quarterly digest of final and proposed financial accounting standards designed to help audit committees, boards and financial executives keep up to date on the latest corporate governance and financial reporting developments.

CLIENT ADVISORIES

Concise documents that provide timely commentary, analysis and insights on events and trends of interest to management and boards of directors.

TAX NEWSLETTERS AND ALERTS

Updates with respect to federal, state, local, expatriate, and international developments, along with other specific tax planning and strategy considerations including specific practice areas such as compensation and benefits, private client and individual filer services, transfer pricing, Foreign Account Tax Compliance Act, etc.

TECHNICAL RESEARCH TOOLS

BDO uses Accounting Research Manager™ (ARM) as a primary source of insightful interpretations on GAAP, GAAS and Securities and Exchange Commission rules. ARM is updated daily and is considered to be one of the timeliest and most comprehensive online databases of analytical interpretations of accounting, auditing and SEC matters. Access to ARM, and a number of other research tools, provides each professional the technical research capability to respond immediately to client-specific technical issues.

BDO KNOWS FLASH REPORTS

Briefs about select technical and regulatory developments and emerging issues are made immediately available to BDO professionals and to clients.

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Industry experience has emerged at the top of the list of what businesses need and expect from their accountants and advisors. The power of industry experience is perspective - perspective we bring to help you best leverage your own capabilities and resources.

BDO's industry focus is part of who we are and how we serve our clients, and has been for over a century. We demonstrate our experience through knowledgeable professionals, relevant client work and participation in the industries we serve.

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**Grand Rapids Downtown
Development Authority**
(A Component Unit of the City of
Grand Rapids, Michigan)

Financial Statements
and Supplementary Information
For the Year Ended June 30, 2014

Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Financial Statements and Supplementary Information
For the Year Ended June 30, 2014

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Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

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

Independent Auditor's Report

Members of the Grand Rapids Downtown Development Authority
Grand Rapids, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the Grand Rapids Downtown Development Authority (the Authority), a component unit of the City of Grand Rapids, Michigan, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grand Rapids Downtown Development Authority as of June 30, 2014, and the changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Comparative Information

We have previously audited the Authority's 2013 financial statements, and we expressed an unmodified audit opinion on the 2013 financial statements in our report dated December 10, 2013. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 9-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Current and Ongoing Projects and Future Commitments are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BDO USA, LLP

December 10, 2014

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Management's Discussion and Analysis

This section of the Downtown Development Authority's (the Authority) financial report presents a discussion and analysis of the Authority's financial performance for the fiscal year ended June 30, 2014. This discussion has been prepared by management, along with the financial statements and related footnote disclosures, and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. This discussion and analysis is designed to focus on current activities, resulting changes and currently known facts.

Using the Financial Report

This financial report consists of financial statements that focus on the financial condition of the unit of government and the results of its operations as a whole. One of the most important questions asked about governmental finances is whether the unit of government as a whole is better off or worse off as a result of the year's activities. The keys to answering this question are the Statement of Net Position and the Statement of Activities.

The Statement of Net Position includes the Authority's assets, deferred outflows of resources, liabilities and net position. Deferred outflows of resources are the consumption of net position by the Authority that is applicable to a future reporting period. It is prepared using the accrual basis of accounting, whereby revenues and assets are recognized when levied or the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. The Authority's net position is one indicator of the Authority's financial health. Over time, increases or decreases in net position indicate the improvement or erosion of the Authority's financial health.

Condensed Statements of Net Position

<i>June 30,</i>	2014	2013	% Change
Assets			
Current assets	\$ 16,582,528	\$ 16,537,051	0.28
Noncurrent assets	1,180,580	1,220,241	(3.25)
Capital assets, net of depreciation	43,958,465	47,190,180	(6.85)
Total Assets	61,721,573	64,947,472	(4.96)
Deferred Outflows of Resources	1,332,678	1,466,485	(9.12)
Liabilities			
Current liabilities	4,581,506	5,982,651	(23.42)
Noncurrent liabilities:			
Due within one year	4,041,345	3,759,759	7.49
Due in more than one year	38,766,082	41,594,050	(6.80)
Total Liabilities	47,388,933	51,336,460	(7.69)
Net Position			
Net investment in capital assets	18,423,000	20,800,561	(11.43)
Unrestricted	(2,757,682)	(5,723,064)	51.81
Total Net Position	\$ 15,665,318	\$ 15,077,497	3.90

Current Assets

Equity in Pooled Cash and Investments

The City of Grand Rapids maintains an investment pool for most City funds and component units. The Authority's \$11 million portion of the investment pool is displayed on the Statement of Net Position as equity in pooled cash and investments. Investments are primarily certificates of deposit and money market investments (short-term, highly liquid debt instruments that have a remaining maturity at time of purchase of one year or less), and are carried at fair value. There was very little variance between fiscal year 2014 cash balance and fiscal year 2013.

Cash and Investments Held by Trustee

The Authority's Tax Increment Revenue Series 1994 bond covenants require that the Authority deposit in a debt service reserve fund an amount sufficient to pay the highest year's principal and interest requirements on the remaining outstanding debt. This \$5.4 million is displayed as cash and investments held by trustee on the Governmental Fund Balance Sheet/Statement of Net Position. Minor fluctuations in the year-end balances are related to interest earned then transferred.

Receivables

The Authority's fiscal year 2014 net receivables of \$162,000 are composed of interest receivable, amounts owed to the Authority for special assessments, and expenditure reimbursements. Detailed information for fiscal year 2014 is provided in Note 4.

Noncurrent Assets

Long-Term Loan Receivable

In May 2008, the Authority loaned \$898,848 to a local developer who used the funds to purchase vacant City property at the southwest corner of Fulton Street and Division Avenue. The terms of the agreement include simple interest to be charged at 4.5% per year. Repayment of the debt began with interest-only payments each April from 2009 until 2015, when principal and interest payments commence. Debt service will be completed in 2024.

Pre-Paid Expenses

In January 2006, the Authority entered into a 15-year maintenance agreement for repairs and improvements to be made by the current owner of the Plaza Towers property for the Authority's riverwalk and Singer Sculpture between the Plaza Towers property and the Grand River.

Capital Assets, Net of Depreciation

Net capital assets of \$44.0 million include the historical construction and acquisition costs of land, land improvements, buildings and structures, machinery and equipment, and office equipment and furniture, less \$45.6 million for accumulated depreciation. Detailed information regarding capital asset additions and deletions is available in Note 5.

Deferred Outflows of Resources

Deferred on Refunding of Bonds

The change in Deferred on the refunding of bonds is the current year amortization amount.

Current Liabilities

Accounts Payable

As of June 30, 2014, accounts payable of \$4.2 million include amounts owed to vendors for goods and services received in fiscal year 2014 but paid for in fiscal year 2015; changes in amounts reserved in anticipation of potentially unfavorable property assessment appeal decisions; and property tax increment revenues captured in excess of the amount of eligible debt obligations. The accounts payable balance as of June 30, 2014 is 25.14% lower than the balance on June 30, 2013. A larger amount was owed to vendors as of June 30, 2013 due to a larger number of construction projects in 2013. Estimated taxes due to other governments also decreased since a greater number of reimbursements were issued in fiscal year 2014 rather than accrued.

Due to Participants

Since 2004, the Authority has entered into agreements with project developers to reimburse them for a portion of their costs associated with construction of public facilities within the Authority's development plan boundaries. The balance outstanding at the end of fiscal year 2014 is \$40,277, slightly lower than fiscal year 2013 because a greater number of reimbursements were paid in fiscal year 2014 rather than accrued.

Noncurrent Liabilities

Noncurrent Liabilities, Due Within One Year

Noncurrent liabilities, due within one year, of \$4 million represent the amount of the Authority's debt service payments due within 12 months after June 30, 2014, plus compensated absences expected to be paid within the same time frame. See Note 7 for additional information.

Noncurrent Liabilities, Due in More Than One Year

Noncurrent liabilities of nearly \$38.8 million represent bond principal and capital appreciation bond-related interest payments scheduled to be paid after June 30, 2015. The decrease in the amounts outstanding on June 30, 2014 and June 30, 2013 is due to scheduled payments of principal and interest on the bonds. See Note 7 for additional information.

Net Position

Net position represents assets, plus deferred outflows of resources, less liabilities. Total net position at June 30, 2014 was almost \$15.7 million, a 3.9% increase compared to total net position at June 30, 2013.

Net Investment in Capital Assets

Invested in capital assets, net of related debt, of \$18.4 million includes the historical construction and acquisition costs of land, land improvements, buildings and structures, machinery and equipment, office equipment and furniture net of accumulated depreciation, and related bond principal outstanding. The 11.4% or \$2.4 million decrease between fiscal years 2013 and 2014 is roughly equal to the \$3.2 million decrease in net capital assets, plus the \$2.5 million difference in long-term liabilities, less the \$1.5 million difference in the accrued interest on the capital appreciation bonds, and less the \$130,000 amortization of the deferral on the refunding bonds. Detailed information regarding capital assets and acquisition-related debt obligations is in Notes 5 and 7.

Unrestricted Net Position

The Authority's net position is restricted by the requirements of Michigan Public Act 197 of 1975, as amended, which limits expenditures to those that further the Authority's development program. However, because the amount is negative, accounting principles generally accepted in the United States of America require the title Unrestricted. The nearly \$3 million increase in unrestricted net position in fiscal year 2014 is roughly due to the \$1.4 million decrease in current liabilities and the \$1.5 million decrease in the amount of accrued interest on the Series 1994 capital appreciation bonds.

Statements of Activities

<i>Year ended June 30,</i>	2014	2013	% Change
Revenues			
Property taxes	\$ 10,038,765	\$ 9,037,177	11.08
Investment earnings	162,885	181,714	(10.36)
Charges for services	544,198	903,316	(39.76)
Federal grants	533,055	-	100.00
Gain on sale of assets	1,448,851	-	100.00
Total revenues	12,727,754	10,122,207	25.74
Expenses			
Urban development	9,303,187	7,617,181	22.13
Interest and paying agent fees	2,836,746	3,009,759	(5.75)
Total expenses	12,139,933	10,626,940	14.24
Changes in net position	587,821	(504,733)	216.46
Net Position, beginning of year	15,077,497	15,582,230	(3.24)
Net Position, end of year	\$ 15,665,318	\$ 15,077,497	3.90

Revenues

Property Taxes

The Authority's revenues are generated primarily through the use of property tax increment financing in which the Authority captures property tax revenues attributable to increases in the value of real and personal property within the district boundaries. Property tax increment revenues related to the State Education Tax, the Kent Intermediate School District and the Grand Rapids Public Schools levies are retained only in an amount sufficient to support the annual debt service for eligible debt obligations outstanding when Proposal A took effect on January 1, 1995 or for debt obligations which refunded those pre-1995 eligible obligations.

Property tax increment revenues related to the City of Grand Rapids, County of Kent, Grand Rapids Community College and the Interurban Transit Partnership are used to support the Authority's cash or debt financed development projects. Property tax increment revenues for the year ended June 30, 2014 include property taxes levied July 1, 2013 and December 1, 2013.

Property tax revenue between fiscal years 2014 and 2013 increased 11.08%. Although fiscal year 2014 tax increment revenues were nearly equal to fiscal year 2013 tax increment revenues, in

fiscal year 2013 there were \$1.3 million in property tax revenue reductions due to property assessment appeals and an unannounced three-year retroactive change in the industrial facilities tax abatement tax increment revenue calculation methodology by the State of Michigan. Fiscal year 2014 revenues and beyond are calculated using the State's revised methodology.

Investment Earnings

This is interest revenue earned when Authority funds were invested by the City Treasurer, and are also related to a loan for a downtown developer. There was a small decrease in revenues between fiscal year 2014 and 2013.

Charges for Services

In fiscal year 2014, charges for services decreased 39.7% or approximately \$360,000. This is primarily due to a one-time fiscal year 2013 "special assessment" for Campau Promenade improvements in the amount of \$215,000 and a one-time \$150,000 reimbursement from Grand Action for Authority costs incurred on behalf of the Downtown Market in fiscal year 2013.

Federal Grants

In fiscal year 2014, the Authority received a \$511,909 reimbursement from federal grant funds for the Authority's share of Seward Avenue construction in district boundaries. The Authority also received \$21,146 to reimburse a portion of the Cherry Street reconstruction costs incurred by the Authority.

Gain on Sale of Assets

In fiscal year 2014, the Authority sold to a developer a parcel of land that was previously used as the Area 1 parking lot. The developer has already begun construction on the property which is located on Ottawa Avenue between Weston Street and Oakes Street. The \$1.4 million gain is the difference between the amount the Authority received from the developer and the historical cost of the property.

Expenses

Urban Development

In the fiscal year ended June 30, 2014, the Authority expended \$9.3 million for urban development work related to the Authority's Development Plan compared to \$7.6 million the prior year.

Currently, the Authority focuses on three major development areas: Economy, Environment and Experience. There were five projects in fiscal year 2014 for which expenditures were much larger than all the other projects. Below are those five projects and the amounts expended for them in fiscal year 2014.

\$ 1,007,663	Monroe Center Phase 3/Monument Park
804,450	Public facility developer reimbursements - J.W. Marriott, Riverhouse Condominiums, Owen-Ames-Kimball, Hopson Flats, 38 Commerce LLC, Two West Fulton, DBD Properties LLC, Health Park Central LLC, 68 Commerce LLC, and 100 Commerce Development LLC
746,164	Amtrak Station Relocation
398,129	Grand Rapids/Indiana Railroad Bridge (also known as the "Blue Bridge")
353,000	Jefferson Avenue - Cherry Street to Fulton Street

The five largest projects in terms of expenditures for fiscal year 2013 are below.

\$ 801,824	Public facility developer reimbursements - J.W. Marriott, Riverhouse Condominiums, Owen-Ames-Kimball, Hopson Flats, 38 Commerce LLC, Two West Fulton, DBD Properties LLC, Health Park Central LLC, and 68 Commerce LLC
287,558	Grand Rapids/Indiana Railroad Bridge (also known as the "Blue Bridge")
205,610	Ionia Avenue Phase 9 - Buckley Street to Wealthy Street
192,099	Sixth Street Bridge Capital Repairs
181,478	Oakes Street Reconstruction - Market Avenue to Ottawa Avenue

Interest and Paying Agent Fees

At various times, the Authority has issued bonds and other long-term obligations for the purpose of supporting development projects within district boundaries. Current debt service supports the following financed projects: partial support for the construction of the DeVos Place Convention Center, and the Van Andel Arena, and improvements to floodwalls and embankments along the Grand River. Differences between the current and prior years are related to normal payments of interest and paying agent fees.

Overall Financial Position

Management believes the Authority is in good condition financially. Current tax increment revenues are adequate to cover ongoing debt service requirements and current project commitments.

Requests for Information

This financial report is designed to provide a general overview of the Downtown Development Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the City of Grand Rapids Comptroller's Department, 300 Monroe NW, Grand Rapids, Michigan 49503.

Financial Statements

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Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Statement of Net Position and Governmental Fund Balance Sheet

	2014		Statement of	Statement of
June 30,	Governmental Fund	Adjustments (Note 3)	Net Position	Net Position 2013
Assets				
Equity in pooled cash and investments	\$ 11,020,068	\$ -	\$ 11,020,068	\$ 10,950,157
Cash and investments held by trustee	5,400,767	-	5,400,767	5,398,923
Current receivables (Note 4)	161,693	-	161,693	187,971
Long-term loan receivable	898,848	-	898,848	898,848
Pre-paid expenses	-	276,065	276,065	315,502
Net OPEB asset	-	5,667	5,667	5,891
Capital assets (Note 5):				
Non-depreciable	-	13,258,882	13,258,882	13,861,482
Depreciable	-	76,252,697	76,252,697	76,525,396
Less accumulated depreciation	-	(45,553,114)	(45,553,114)	(43,196,698)
Total Assets	\$ 17,481,376	44,240,197	61,721,573	64,947,472
Deferred Outflows of Resources				
Deferred on refunding of bonds	\$ -	1,332,678	1,332,678	1,466,485
Liabilities				
Accounts payable (Note 6)	\$ 4,167,566	-	4,167,566	5,567,353
Accrued interest payable - current	-	248,860	248,860	249,080
Unearned revenue	898,848	(898,848)	-	-
Customer deposits	124,803	-	124,803	100,000
Due to participants	40,277	-	40,277	47,216
Due to primary government	-	-	-	19,002
Noncurrent liabilities (Note 7):				
Due within one year	-	4,041,345	4,041,345	3,759,759
Due in more than one year	-	38,766,082	38,766,082	41,594,050
Total liabilities	5,231,494	42,157,439	47,388,933	51,336,460
Fund Balance				
Restricted for authorized projects	6,810,294	(6,810,294)	-	-
Assigned for authorized projects	5,439,588	(5,439,588)	-	-
Total fund balance	12,249,882	(12,249,882)	-	-
Total Liabilities and Fund Balance	\$ 17,481,376			
Net Position				
Net investment in capital assets		18,423,000	18,423,000	20,800,561
Unrestricted		(2,757,682)	(2,757,682)	(5,723,064)
Total Net Position		\$ 15,665,318	\$ 15,665,318	\$ 15,077,497

See accompanying independent auditor's report and notes to financial statements.

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Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

**Statement of Activities and Governmental Fund Revenues, Expenditures
and Changes in Fund Balance**

<i>Year ended June 30,</i>	2014		Statement of Activities	Statement of Activities 2013
	Governmental Fund	Adjustments (Note 3)		
Revenues				
Property taxes	\$ 10,038,765	\$ -	\$ 10,038,765	\$ 9,037,177
Investment earnings	162,885	-	162,885	181,714
Charges for services	544,198	-	544,198	903,316
Federal grants	533,055	-	533,055	-
Gain on sale of assets	-	1,448,851	1,448,851	-
Total revenues	11,278,903	1,448,851	12,727,754	10,122,207
Expenditures/Expenses				
Urban development	6,634,383	2,668,804	9,303,187	7,617,181
Principal payments	969,547	(969,547)	-	-
Interest and paying agent fees	4,280,022	(1,443,276)	2,836,746	3,009,759
Total expenditures/expenses	11,883,952	255,981	12,139,933	10,626,940
Excess of revenues over (under) expenditures/expenses	(605,049)	1,192,870	587,821	(504,733)
Other Financing Source				
Sale of capital assets	2,051,451	(2,051,451)	-	-
Changes in fund balance	1,446,402	(1,446,402)	-	-
Changes in net position	-	587,821	587,821	(504,733)
Fund Balance/Net Position, beginning of year	10,803,480	4,274,017	15,077,497	15,582,230
Fund Balance/Net Position, end of year	\$ 12,249,882	\$ 3,415,436	\$ 15,665,318	\$ 15,077,497

See accompanying independent auditor's report and notes to financial statements.

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Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

1. Reporting Entity

The Grand Rapids Downtown Development Authority (the Authority), a component unit of the City of Grand Rapids, Michigan (the City), was created in 1979 by the City of Grand Rapids under the provisions of the State of Michigan Public Act 197 of 1975, as amended. The purpose of the Authority is to correct and prevent deterioration in business districts; encourage historic preservation; authorize the acquisition and disposal of interests in real and personal property; authorize the creation and implementation of development plans in the districts; promote the economic growth of the districts; authorize the levy and collection of taxes; authorize the issuance of bonds and other evidences of indebtedness; and authorize the use of tax increment financing.

Until 2007, the district was bounded roughly by Interstate 196 on the north, Division Avenue on the east, Cherry and Wealthy Streets on the south, and Seward Street on the west. In November 2007, the Authority approved a plan amendment that nearly doubled the Authority's development area but did not double the tax increment revenues, since much of the property in the expansion districts is exempt from paying property taxes. The new boundaries are bounded roughly by Newberry Street on the north, west of Lafayette Avenue or Prospect Avenue on the east, north of Logan Street or Wealthy Street on the south, and east of Lexington Avenue or Seward Avenue on the west. The initial property tax increment revenue capture for the expansion section was in fiscal year 2009.

2. Summary of Significant Accounting Policies

Basis of Presentation

The statement of net position/balance sheet and the statement of activities/revenues, expenditures and changes in fund balance report information on the activities of the Authority. The adjustments column is used to reflect the conversion from the balance sheet to the statement of net position, and the conversion of revenues, expenditures and changes in fund balance to the statement of activities.

Measurement Focus and Basis of Accounting

The Authority uses the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. The Authority considers revenues available if collected within 60 days after the end of the fiscal year; however, property tax increment revenues are recognized as revenues in the fiscal year for which the property taxes are levied. Expenditures generally are recognized when the related fund liability is incurred.

However, the statement of net position and the statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied.

Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

Prior Year Columns

The columns labeled statement of net position 2013 and statement of activities 2013 are presented for information purposes only. These statements do not include the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balance for 2013, which are necessary for a complete presentation in accordance with generally accepted accounting principles.

Budget

In accordance with the Authority's authorizing statute, the Grand Rapids City Commission annually approves the Authority's budget after the Authority Board Members have reviewed and recommended it. After the City Commission approves the budget, the Authority adopts the budget. The budget for the Authority is a project budget rather than an annual budget. Therefore, budget to actual information has not been reflected in the financial statements.

Cash and Investments

The City maintains an investment pool for most City funds and component units. The Authority's portion of the investment pool is displayed on the balance sheet as equity in pooled cash and investments. Investments consist of certificates of deposits with original maturities of greater than three months at the date of purchase, mutual funds and commercial paper. Investments are carried at fair value. State statutes require that investments be maintained in financial institutions with offices in the State of Michigan. Interest income earned as a result of cash and investment pooling is distributed to the appropriate funds.

Investment policies and categorization of cash and investments are included in the Comprehensive Annual Financial Report of the City of Grand Rapids to give an indication of the level of risk assumed by the City at year-end. It is not feasible to allocate the level of risk to the various component units of the City.

The Authority's Tax Increment Revenue Series 1994 bond covenants require that the Authority maintain in a debt service reserve fund an amount sufficient to pay the highest year's principal and interest requirements on the remaining outstanding debt.

As of June 30, 2014, the Authority had the following cash held by a trustee:

Money Market Account	\$ 5,400,767
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Capital Assets

Tangible assets having a useful life in excess of one year, typically with cost in excess of \$10,000, are capitalized. Capital assets are stated at acquisition cost or fair value at the date of donation. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts.

Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

	Years
Land improvements	20
Buildings, structures and improvements	20 - 30
Furniture and furnishings	3 - 30
Machinery and equipment	3 - 30

Property Taxes

The majority of the Authority's revenues are generated through property tax increment financing. Summer taxes are levied by the City on July 1 and attach as an enforceable lien at that time. Summer taxes are due without penalty on or before July 31. Winter taxes are levied on December 1 and attach as an enforceable lien at that time. Winter taxes are due without penalty on or before February 14.

Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section titled deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has only one type of item that qualifies for reporting in this category. The deferred on refunding of bonds results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Net Position

Net position represents assets, plus deferred outflows of resources, less liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through legislation or other external restrictions. Unrestricted net position consists of net position that does not meet the definition of the two preceding categories and, thus, is generally available for use in operations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

3. Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported in the statement of net position and the statement of activities are different from amounts reported in the governmental fund because of the following:

Governmental fund total fund balances	\$ 12,249,882
Capital assets are not financial resources and, therefore, are not reported in the governmental fund balance sheet.	
Non-depreciable	13,258,882
Depreciable	76,252,697
Accumulated depreciation	(45,553,114)
Other long-term assets that are not available to pay for current period expenditures and are not reported in the governmental funds:	
Pre-paid maintenance agreement	276,065
Unearned revenues	898,848
Net OPEB asset	5,667
Deferred outflows of resources are not available to pay for current period expenditures.	
Deferred on refunding	1,332,678
Long-term liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet.	
Contracts payable	(225,750)
Bonds payable	(31,877,460)
Accrued interest on bonds and contracts payable	(10,780,480)
Bond premium	(165,700)
Compensated absences	(6,897)
Government-Wide Net Position	\$ 15,665,318

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Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

Net change in fund balances - governmental funds	\$ 1,446,402
The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(2,629,115)
In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental fund the proceeds from the disposal increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset disposed.	(602,600)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and contract principal and long-term payables is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Repayments of principal of bonds and contracts	969,547
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	1,560,513
Compensated absences	(28)
Amortization on maintenance agreement	(39,437)
Bond amortizations	(117,237)
Unfunded OPEB obligations	(224)
Change in Net Position of Governmental Activities	\$ 587,821

4. Receivables

June 30, 2014

Interest receivable	\$ 124,646
Other receivables	37,047
	\$ 161,693

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Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

5. Capital Assets

The following table summarizes, by major class of asset, the Authority's capital asset activity:

	Balance July 1, 2013	Additions	Disposals	Balance June 30, 2014
Capital assets not being depreciated				
Land	\$ 13,861,482	\$ -	\$ 602,600	\$ 13,258,882
Capital assets being depreciated				
Land improvements	7,899,072	-	272,699	7,626,373
Buildings and structures	59,948,100	-	-	59,948,100
Machinery and equipment	5,850,684	-	-	5,850,684
Office equipment and furniture	2,827,540	-	-	2,827,540
Total capital assets being depreciated	76,525,396	-	272,699	76,252,697
Less accumulated depreciation for				
Land improvements	5,052,084	335,682	272,699	5,115,067
Buildings and structures	32,957,222	1,998,973	-	34,956,195
Machinery and equipment	3,608,682	200,209	-	3,808,891
Office equipment and furniture	1,578,710	94,251	-	1,672,961
Total accumulated depreciation	43,196,698	2,629,115	272,699	45,553,114
Net capital assets being depreciated	33,328,698	(2,629,115)	-	30,699,583
Capital Assets, net	\$ 47,190,180	\$ (2,629,115)	\$ 602,600	\$ 43,958,465

6. Accounts Payable

June 30, 2014

Vendors	\$ 328,580
Estimated taxes due to other governments	3,774,319
Estimated taxes currently under appeal	64,667
	\$ 4,167,566

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Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

7. Long-Term Liabilities

Changes in long-term liabilities were as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Bonds payable	\$ 32,806,507	\$ -	\$ 929,047	\$ 31,877,460	\$ 921,247
Bond premium	182,270	-	16,570	165,700	-
Accrued interest on capital appreciation bonds	12,091,913	1,225,660	2,785,953	10,531,620	3,073,753
Contracts payable	266,250	-	40,500	225,750	42,000
Compensated absences	6,869	2,582	2,554	6,897	4,345
Total	\$ 45,353,809	\$ 1,228,242	\$ 3,774,624	\$ 42,807,427	\$ 4,041,345

Long-term bonds and contracts consist of the following:

1994 Downtown Development Authority Tax Increment Revenue Bonds, interest rates ranging from 7.30% to 7.35%, with various amounts maturing through 2019.	\$ 3,447,460
2008 Kent County Drain Commission Contract Payable, interest rates ranging from 3.50% to 4.25%, with various amounts maturing through 2020.	225,750
2009 Downtown Development Authority Tax Increment Revenue Refunding Michigan Municipal Bond Authority Bonds, interest rates ranging from 4.000% to 5.499%, with various amounts maturing through 2024.	28,430,000
	\$ 32,103,210

The annual requirements to pay principal and interest on long-term obligations outstanding are as follows:

Bonds payable:

<i>Year ending June 30,</i>	Principal	Interest
2015	\$ 921,247	\$ 4,558,278
2016	857,487	4,622,038
2017	1,119,572	4,689,953
2018	1,079,600	4,731,724
2019	3,654,554	2,157,109
2020 - 2024	24,245,000	3,905,225
	\$ 31,877,460	\$ 24,664,327

Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

Contracts payable:

<i>Year ending June 30,</i>	Principal	Interest
2015	\$ 42,000	\$ 7,901
2016	44,250	6,391
2017	46,500	4,687
2018	48,500	2,787
2019	14,250	1,532
2020 - 2021	30,250	1,243
	\$ 225,750	\$ 24,541

The series 1994 bond issue for the Van Andel Arena contains \$3,447,460 of capital appreciation bonds, upon which interest is not paid until the bonds mature. The original amount of capital appreciation bonds was \$9,895,720. Starting in 2009, maturities of \$6,448,260 have been paid. These bonds appreciate in value to \$18,825,000.

8. Lease Commitments

In 2003, the City County Joint Building Authority concurrently issued \$5,000,000 Series 2003A and \$5,000,000 Series 2003B bonds for the purpose of defraying, in part, the cost of constructing the DeVos Place convention center facility on Monroe Avenue. In 2013, the CCJBA refunded these two issues with series 2013A and 2013B refunding bonds. Debt service for the Series 2013A bonds is supported by the County of Kent's semi-annual rental payments and will be completed in December 2023. Debt service for the Series 2013B bonds is supported by the Authority's semi-annual lease payments and will also be completed in December 2023. The Authority's debt-financed project contribution on behalf of the DeVos Place project was supplemented by an additional \$5,000,000 cash contribution early in fiscal year 2004.

The amount of Series 2013B principal outstanding for which the Authority is responsible as of June 30, 2014 is \$2,735,000. Future lease payments are as follows:

<i>Year ending June 30,</i>	DeVos Place Convention Center
2015	\$ 333,700
2016	333,650
2017	328,550
2018	327,100
2019	324,225
2020 - 2024	1,597,225
	\$ 3,244,450

Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

9. Contingencies

The City is currently involved in various property tax appeals. The outcomes of the individual appeals are not predictable with reasonable assurance, and it is reasonably probable that some of these matters may be decided unfavorably to the City. The Authority may be liable for certain property tax refunds related to these appeals. Based on the opinion of the City Assessor, the estimated outcomes have been provided for in the financial statements.

The Authority is exposed to a number of asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the financial position of the Authority.

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Supplementary Information

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Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Schedule of Current and Ongoing Projects (Unaudited)

Current and Ongoing Projects

The Authority captures property tax increment revenues from two sources: local tax increments and school tax increments. Local tax increment (LTI) revenues are derived from millages assessed by the City of Grand Rapids, the County of Kent, the Interurban Transportation Partnership, and the Grand Rapids Community College. School tax increment (STI) revenues are related to the State Education Tax millage; the Grand Rapids Public Schools operating, sinking fund and debt millages; and the Kent Intermediate School District millages. State law restricts the Authority's use of STI revenues for payment of debt service and other eligible obligations in existence prior to January 1, 1995 and for debt obligations which refunded those pre-1995 eligible obligations. Non-tax revenues include interest on investments and rental and parking revenues generated by facilities owned by the Authority.

In summer 2010, the Authority launched a planning process to evaluate its role in catalyzing revitalization in Downtown Grand Rapids. Drawing on input from the community, the Authority's planning task force defined a collective vision for Downtown; framed and prioritized ideas and projects that align with and enhance the collective vision; and began building leadership around three goals - investment, livability and vibrancy. The 2011 Framework Plan development process created an action agenda for Downtown Grand Rapids. The Framework Plan was approved in February 2011 and was the basis for the Authority's fiscal years 2015 to 2019 priority planning process and beyond. Projects and initiatives have been prioritized to ensure the Authority's investments provide strategic support to projects and initiatives meeting the criteria established by the Framework Plan.

Funds are allocated annually to enable the Authority to assist with private and public projects that fall within the "public purpose" criteria of state law, and would help to accomplish the developmental objectives of the Authority. As recommended by the Authority's 2011 Framework Plan, development projects have been sub-divided into three alliances with actionable goals. The Alliance for Investment advises the Authority on programs and projects that are intended to promote Downtown economic development. The Alliance for Livability focuses on improving the physical environment of Downtown. The Alliance for Vibrancy provides direction regarding programming and promotions for Downtown.

The Authority's development projects described below are funded with LTI or non-tax increment revenues.

Accessibility and Mobility Improvements

The Authority is committed to accessibility for all Downtown workers, residents and visitors, and is working to implement the accessibility improvements recommended by Disability Advocates of Kent County (DAKC) in September 2006. The goal of the Authority-commissioned audit was to identify and address barriers that prevent people from accessing streets, sidewalks, open spaces and facilities. Removal of barriers identified in the DAKC audit will make Downtown more accessible for people with disabilities, and will expand opportunities to attract conventions and conferences that focus on disability issues.

Arena South Implementation and Parking Management Strategy

In fiscal year 2014, the Authority began to initiate recommendations from the Arena South Visioning Plan which was completed in early 2013. This included the sale of the Area 1 surface lot

Grand Rapids Downtown Development Authority (A Component Unit of the City of Grand Rapids, Michigan)

Schedule of Current and Ongoing Projects (Unaudited)

and the completion of an underground parking feasibility study. In fiscal year 2015, the Authority is expected to purchase the Area 5 parking lot for re-development. Additional activities may include reconstructing Ottawa Avenue between Oakes Street and Cherry Street, relocating utility infrastructure, selling or otherwise disposing of additional Authority-owned lands for development, studying the feasibility of other parking arrangements, and constructing a skate park as a new Downtown recreational attraction.

Building Re-use, Areaway Removal and Streetscape Incentives

These programs were established to provide incentives, via expenditure reimbursements, to businesses and other organizations initiating development projects within the Authority boundaries for the purpose of achieving “public purpose” objectives, such as providing access for the disabled, meeting certain code requirements, improving public sidewalks and restoring the façades of historic structures. During fiscal year 2011, the goals of the building re-use incentive program were expanded to include signage and façade improvements for retail storefronts. There were several such incentives issued in fiscal year 2014, and the program has been budgeted for fiscal years 2015 through 2019. A new facet of the streetscape incentives program was approved in fiscal year 2014 with the Parklet Program and manual, which permits the Authority to provide partial reimbursements to businesses and organizations that convert on-street automobile parking spaces into designated locations for pedestrian activity.

Development Project Reimbursements

The Authority has agreed to provide partial reimbursement of project-related property tax increment revenues to project developers in amounts not to exceed 75% of the cost of constructing public facilities associated within the development. In fiscal year 2015, reimbursements will be paid to the HP3/J.W. Marriott Hotel, Riverhouse Condominiums, Hopson Flats LLC, 38 Commerce LLC, Two West Fulton LLC, DBD Properties LLC, 68 Commerce LLC, Owen-Ames-Kimball, 100 Commerce LLC, and Health Park Central LLC. Reimbursements are issued upon completion of the development project and staff verification of eligible expenditures, and only after payment of annual property tax assessments and special assessments owed for the property has been verified.

Downtown Ambassador Program

The success of recent Downtown improvement programs attracts many people. One of the priorities identified in the 2011 Framework Plan was support for changes to improve the perceived safety of Downtown visitors and workers. At the recommendation of the Livability Alliance, the Authority appropriates non-tax increment funds toward an on-street safety ambassador program that serves as a hospitality function for visitors and workers, and also partners with the Grand Rapids Police Department to serve as extra eyes and ears for the City’s sworn officers. The Downtown Ambassador Program completed its first year of operations in fiscal year 2015 with more than 250,000 interactions with community members and almost weekly feedback from community members on positive experiences with a Downtown Ambassador.

Downtown Events and Programming

Beginning in fiscal year 2014, using non-tax increment funds, the Authority has financially prioritized events such as the free Movies in the Park series which attracts thousands of singles and families of all ages to Ah-Nab-Awen Park. The Authority has supported the program with

Grand Rapids Downtown Development Authority (A Component Unit of the City of Grand Rapids, Michigan)

Schedule of Current and Ongoing Projects (Unaudited)

unique programming and promotions for each night of movies. Other programs will be created to engage stakeholders in visioning the future Downtown Grand Rapids, expand the diversity of events presented and sponsored, educate Downtown office workers during their lunch hours, and entertain shoppers, tourists and sports fans.

Downtown Marketing

In 2004, the State of Michigan provided funding, and the Authority provided matching funds, to develop an Arts and Entertainment Strategy for Downtown. A consulting team led by Urban Marketing Collaborative developed consensus for this new strategy and prepared an action plan for adoption. Beginning with fiscal year 2008, the Authority has annually budgeted funds for implementation of the action plan, which includes Downtown marketing, consumer-oriented promotions and public information projects. In fiscal year 2015, the Authority anticipates launching a new community engagement effort which will leverage mobile and web technologies to interact with consumers Downtown.

Downtown Plan

In fiscal year 2014, the Authority initiated a new Downtown planning process intended to guide developments and public investments over the next 15 years. That plan aspires to:

1. An inventory of benchmarks, trends and policies influencing Downtown.
2. A set of achievable goals and visions for Downtown that will inform public investment over the next 15 years.
3. A prioritization of short, medium and long-term public investments over the next 15 years.
4. Recommendations for changes to Downtown land use in response to the forthcoming Grand River activation.
5. An evaluation of potential and preferred long-term build-out scenarios for Downtown.
6. Establishment of transportation mode-shift and circulation goals to improve mobility options into and within Downtown.
7. Recommendations for parking management improvements and policies that will help the parking system play an active role in advancing economic development and improving overall mobility into and within Downtown.
8. A disposition plan for certain Authority-owned assets.
9. A methodology and framework to track and report to the community a series of indicators which represent the goals established in the Downtown Plan.
10. A Downtown Plan that is reflective of the community's vision and informed by an extensive and innovative public engagement strategy.

During fiscal year 2015, the planning process will begin with various stakeholder engagement methods to encourage feedback from the community at large in shaping the future of Downtown.

Grand River Activation and Urban Recreation Improvements

One of the findings of the Green Grand Rapids Community Planning Project was that the public is interested in using the Grand River and Downtown for recreational activities. In response to this input, the Authority budgeted funds in fiscal year 2015 to determine which activities are possible,

Grand Rapids Downtown Development Authority **(A Component Unit of the City of Grand Rapids, Michigan)**

Schedule of Current and Ongoing Projects (Unaudited)

what changes are necessary, the costs of those changes, and whether funding sources are available to support those changes.

Holiday Décor Program

In fiscal year 2014, the Authority began investing in holiday décor to make Downtown a holiday destination. The style of décor was guided by stakeholder input and 84,000 lights were hung throughout Downtown. The community response was overwhelmingly positive. This priority has extended into the fiscal years 2015 through 2017 priority plan with extended décor in various Downtown neighborhoods, with each neighborhood taking on a style of its own.

Infrastructure Improvements

The continuing development of Downtown is dependent upon continuing investment in infrastructure. The Authority has supported, and proposes to continue to support, these improvements by providing financial assistance. Current and future infrastructure projects include underground electrical and communications conduits, and snowmelt system enhancements.

Major Event Sponsorship

The Authority continues to support major events at the Calder Plaza, Rosa Parks Circle, Arena South District and other Downtown locations. In fiscal year 2014, the Authority supported ArtPrize, GGrandJazzFest, Laugh Fest, and the Hispanic Festival. Funds have been prioritized for fiscal years 2015-2017.

Monroe Center Phase 3: Monument Park and Veterans Park Improvements

The Authority is improving the easternmost section of Monroe Center, including Monument Park, which had the design aspects and worn-out features of the original Monroe Center installed in the 1980's. Veteran's Park is immediately east of Monroe Center. Early in fiscal year 2013, the Authority provided funding for a community-driven planning and design process for capital repairs and improvements at both parks. Monument Park repairs are expected to be completed in fiscal year 2015. Funds for the Veterans Park capital repairs and improvements will be advanced by the Authority, which will be reimbursed from Brownfield Redevelopment Authority tax increment revenues related to the condominium development in the former YMCA building across the street from Veteran's Park.

Monroe North DASH Program

The Authority partnered with the City of Grand Rapids Parking Services and the Monroe North Tax Increment Financing Authority (MNTIFA) to expand the Downtown Area Shuttle Bus (DASH) service to connect the Monroe North neighborhood north of Interstate 196 with the rest of Downtown. The Authority's northern boundary ends at Newberry Street NW, which is the MNTIFA's southernmost boundary. DASH buses now connect all of the peripheral parking lots to the Downtown core. The Monroe North DASH Program has been renewed through calendar year 2015.

Pedestrian Safety for Ticketed Events

Van Andel Arena and the DeVos Place Convention Center draw thousands of visitors Downtown for ticketed events such as sports competitions, cultural performances, conventions and trade shows.

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Schedule of Current and Ongoing Projects (Unaudited)

The increased amount of vehicle and pedestrian traffic on Downtown streets results in concerns regarding pedestrian safety immediately prior to and following these ticketed events. To reduce these concerns, the Authority uses non-tax increment funds to partially reimburse the City for the costs of overtime incurred by the Grand Rapids Police Department to provide event-related vehicle and pedestrian safety direction and enforcement. The remaining portions of the event-related police overtime costs are reimbursed by the Grand Rapids - Kent County Convention/Arena Authority and the Grand Rapids Parking Services Department.

Project and Fixed Asset Maintenance

The Authority financed, in large part, the installation of lighting on Downtown bridges, the installation of commemorative signage, the riverfront walkways and boardwalks, street-side trees, and the Singer-designed sculpture located along the river edge walkway. The Authority also owns real property on Ionia, Logan and Winter streets which periodically require repairs and maintenance. Using non-tax increment funds, the Authority supports the annual maintenance costs of these assets.

Public Transit Millage Projects

The Authority has agreed, on an ongoing basis, to restrict expenditure of tax increment revenues captured as a result of the Interurban Transit Partnership (ITP) millage to transit-related projects within the district. In prior years, the Authority facilitated the construction of the ITP's Surface Transportation Center by transferring Authority-owned land and assisting with development costs. The Authority also provided financial support, beyond the amount of ITP tax increment revenues captured, for the relocation of an underground utility conduit bank. In fiscal year 2008, ITP-related tax increment revenues were used to support ITP's share of work on the Grandville Avenue reconstruction project. In fiscal years 2009 and 2010, the Authority used the revenue to partially support improvements to the ITP's Surface Transportation Center. Tax increment revenues were used in fiscal year 2014 to provide partial funding for relocating the Amtrak train station, the reconstruction of Jefferson Avenue, and the Monroe North DASH Service described above.

Rosa Parks Circle Ice Skating Operations

Using non-tax increment funds, several years ago the Authority began co-sponsoring funding for ice skating operations at the Rosa Parks Circle Park outdoor rink. This popular and affordable program draws a diverse group of participants. More than 35,000 people enjoyed skating in the park last winter. The Authority continued its co-sponsorship for fiscal year 2015 and has included the program in future non-tax increment priority plans.

Stakeholder Engagement, Downtown Workforce and Diversity/Inclusion Programs

As Downtown Grand Rapids continues to grow and diversify, the voices and perspectives of those who live and work Downtown are important to ensure that Downtown is a welcoming, accessible urban neighborhood. The Authority supports groups by providing meeting space, data and various resources to build capacity and ensure the foundation of a sustainable framework to engage, empower and organize Downtown residents, workers and small business owners.

Grand Rapids Downtown Development Authority
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Schedule of Current and Ongoing Projects (Unaudited)

Special Events

When the City eliminated non-mandatory expenditures from its General Fund budget, the eliminations included funding for Downtown special events. Attempts by the City to charge event organizers for the full cost of City staff and equipment resulted in the cancellation of several festivals. The Authority has determined that these types of special events are important to the vibrancy and economic success of Downtown Grand Rapids because, for many area visitors, participation in the events is their first exposure to the Downtown environment. The Authority expects to continue to provide Office of Special Events support through fiscal year 2019, albeit at reduced levels, using non-tax increment revenues.

Street and Streetscape Improvements

The Authority provides substantial financial support for street and streetscape improvements. Many of these projects are financed with a combination of City, State of Michigan and federal funds in addition to Authority funds. Current projects are:

- Bicycle Friendly Improvements
- Ionia Avenue Phase 9 - Buckley Street to Wealthy Street
- Jefferson Avenue - Cherry Street to Fulton Street
- Sixth Street Bridge Capital Repairs
- Seward Avenue Parking Facility for Non-Motorized Vehicles

For the above projects, Authority funds support adding or replacing underground utilities, adding bicycle lanes and/or bicycle access “sharrows,” repairing street and bridge deck surfaces, and constructing adjacent streetscape improvements. The Authority anticipates providing future financial assistance for additional street improvements Downtown as needed.

Transportation Demand Management

Now that Downtown Grand Rapids has become a popular destination for workers, residents and tourists, an increasing amount of space has had to be allocated for vehicle parking. Currently, the Downtown housing vacancy rate is less than 1% and Class A office space is in short supply. By providing space for vehicle parking, the Authority has, in effect, prevented Downtown property from being used for higher density, income-producing housing and office space projects. One developer has already purchased the Authority’s Area 1 large parking lot behind the Van Andel Arena. Another developer has submitted an option to purchase Area 5.

To prepare for expected parking shortages and to guide the Authority’s land use decisions for the next several years, LTI and non-tax funds have been budgeted beginning with fiscal year 2014 through fiscal year 2017 to address potential transportation demand issues and solutions. In the meantime, the Authority has also provided bicycle-friendly improvements Downtown and a non-motorized vehicle parking facility near Grand Valley State University on Seward Avenue. The goal is to encourage those who are able to bicycle to the office or for special events to do so rather than bring another vehicle Downtown which will require space for parking.

Urban Recreation Improvements

The Authority has invested in amenities that make Downtown a place of play year-round for visitors and residents alike. The Authority previously supported the purchase of a three-story

Grand Rapids Downtown Development Authority
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Schedule of Current and Ongoing Projects (Unaudited)

movie screen and all of the necessary equipment to show free, outdoor movies in the park. Continued investments have been made in a giant chess set located on Monroe Center, which is available for public use. The riverfront has been prioritized as a location for future investments, including signage and service facilities to improve the experience of recreational activities such as walking or running. Funds have been prioritized for fiscal years 2015 through 2019.

Wayfinding Signage Programs

The Authority contracted for the design, fabrication and installation of a directional roadway signage system to assist motorists and pedestrians in locating significant attractions and public facilities within district boundaries. The fabrication and installation work was completed in fiscal year 2006. Ongoing maintenance of the signs is funded via the Authority's non-tax increment funds.

Beginning with fiscal year 2015, the Authority plans to improve the current wayfinding system based on input from the "GR Forward" plan.

Miscellaneous Projects

During fiscal year 2014, the Authority participated in a number of smaller projects related to its mission such as State of the Downtown event, annual report, downtown speaker series, public safety improvements, etc.

The Authority also supports, when necessary, the maintenance of the Monroe Center snowmelt system using non-tax increment funds. Most snowmelt operating costs are paid by the Downtown Improvement District (DID); the Authority pays for energy costs only when they exceed the DID's annual budgets for those costs.

Grand Rapids Downtown Development Authority
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Future Commitments (Unaudited)

Future Commitments

The Authority captures property tax increment revenues from two sources: local tax increments and school tax increments. Local tax increment (LTI) revenues are derived from millages assessed by the City of Grand Rapids, the County of Kent, the Interurban Transportation Partnership, and the Grand Rapids Community College. School tax increment (STI) revenues are related to the State Education Tax millage; the Grand Rapids Public Schools operating, sinking fund and debt millages; and the Kent Intermediate School District millages. State law restricts the Authority's use of STI revenues for payment of debt service and other eligible obligations in existence prior to January 1, 1995 and for debt obligations which refunded those pre-1995 eligible obligations. Non-tax revenues include interest on investments and rental and parking revenues generated by facilities owned by the Authority.

The following projects are in the Authority's five-year priority plan for work that is expected to begin after June 30, 2014. These projects will be funded with LTI or non-tax increment revenues.

Division Avenue Task Force Implementation

The Authority has identified funds to assist in implementing the priorities related to the perception of public safety in and around Division Avenue, a major roadway and pedestrian artery that crosses Downtown.

Downtown Recreational Walk/Tour Signage

The Authority has prioritized efforts to encourage exploration of the Downtown and highlight its accessibility and walkability. In fiscal year 2015, the Authority will launch a program with a national organization, Walk Your City, to highlight the walking distances between Downtown locations of interest. The program will be monitored to determine future investments of this nature.

GoSite Visitor Center

Beginning in fiscal year 2015, the Authority will provide partial reimbursements to the Grand Rapids Art Museum for the marketing and communications of the GoSite, an interactive information center that will provide information on Grand Rapids and encourage feedback from the many people who experience Downtown.

Public Space Activation

Beginning in fiscal year 2015, the Authority will begin to prioritize public space activation throughout the Downtown. This priority surfaced at the level of all three Alliances, with an interest in public space related to their respective responsibilities. Opportunities for investment have arisen in the form of partial financial support of a mural program being administered by the Urban Institute for Contemporary Arts. Also, a program entitled "Pop-Up Performers" is anticipated to launch in fiscal year 2015 where paid street performers will be placed in high-impact locations throughout Downtown to encourage moments of surprise and entertainment.

Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Future Commitments (Unaudited)

Streetscape Improvements

The Authority provides substantial financial support to street and streetscape improvements. Many of these projects are financed with a combination of City, State of Michigan and federal funds in addition to Authority funds. Anticipated projects include:

- Bostwick Avenue - Lyon Street to Crescent Street
- Bridge Street Streetscape Improvements Including U.S. 131 Underpass
- Monroe Avenue Resurfacing - Louis Street to I-196
- Ottawa Avenue Public Improvements
- State Street - Jefferson Avenue to Lafayette Avenue
- Wealthy Street - U.S. 131 to Division Avenue
- Weston Street - Sheldon Avenue to LaGrave Avenue

For the above projects, Authority funds support adding or replacing underground utilities, adding bicycle lanes and/or bicycle access “sharrows,” repairing street surfaces and constructing adjacent streetscape improvements. The Authority anticipates providing future financial assistance for additional street improvements in Downtown as needed.

Voices and Visions Program

The Voices and Visions planning process included a variety of recommendations for the Downtown district. It is expected that the Downtown Plan described above will replace the Voices and Visions-related development plan, which was created with community input 25 years ago.

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MEMORANDUM

CITY OF GRAND RAPIDS

DATE: February 5, 2015

TO: Kristopher Larson, AICP
Downtown Development Authority
Executive Director

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

SUBJECT: **Reconstruction of State Street from Jefferson Avenue to
Lafayette Avenue and Reconstruction of Bostwick Avenue
from Lyon Street to Crescent Street**

The above-captioned project generally consists of the reconstruction of State Street and Bostwick Avenue within the limits noted above. Reconstruction in these street locations will be a wonderful enhancement to the downtown community with the improvement of the southeast gateway to the inter-city on historic State Street adjacent to Calkins Park and Bostwick Avenue which is an important connector between the Medical Mile on Michigan Street and the entrance to the plaza for Grand Rapids Community College.

It is anticipated that the Michigan Department of Transportation (MDOT) will receive bids for this project on March 6, 2015. The engineer's estimate is \$1,291,139. The estimated total expenditures required for this project equal a not to exceed amount of \$1,810,693, which includes the construction contract, testing/permits, traffic safety and street lighting force account work, engineering/inspection/administration, and an approximate twelve percent allowance for local contingencies and ten percent allowance for MDOT contingencies. This project is being financed by a combination of MDOT grant funds, Water System Fund, Sewer System Fund, Vital Streets Capital Fund and Downtown Development Authority (DDA).

The DDA's share of costs is for a portion of the local and non-participating project cost. The work includes streetscape enhancements including new street trees, low impact design for stormwater control, brickscape improvements, telecommunications improvements in both State Street and Bostwick Avenue, and new historic lighting in State Street.

It is recommended that the DDA approve its share of costs in the amount of \$675,000. It is anticipated that City Commission will approve the agreement with MDOT and authorize total expenditures in an amount not to exceed \$1,353,040 for the local share of costs for this project at their meeting on February 24, 2015. The summary of costs is based on the engineer's estimate. After bids are received, the cost shares will be updated based on actual bids received.

MAD/RDV/BWS/em

cc:	Greg Sundstrom	Wayne Jernberg	Eric DeLong	Chris Zull
	Joellen Thompson	Chuck Schroeder	James Hurt	Mike Lunn

SUMMARY OF ESTIMATED COSTS

for

Reconstruction of State Street from Jefferson Avenue to Lafayette Avenue and Reconstruction of Bostwick Avenue from Lyon Street to Crescent Street

Project Funding Source(s)

	<u>Currently Approved</u>	<u>Budget Request(s)</u>	<u>Revised Project Estimate</u>
Federal Grant Share (MDOT)	\$479,713	(\$22,060)	\$457,653
Sewer System Fund	300,000	49,551	349,551
Water System Fund	493,000	(257,993)	235,007
Vital Streets Capital Fund	0	93,482	93,482
Downtown Development Authority	675,000	0	675,000
Total Project Sources	<u>\$1,947,713</u>	<u>(\$137,020)</u>	<u>\$1,810,693</u>

Breakdown of Project Uses

Construction Contract	\$1,291,139
Testing/Permits	29,900
Traffic Safety and Street Lighting	12,500
Force Account Work	
Engineering/Inspection/Administration	<u>295,235</u>
Sub-Total	\$1,628,774
Contingencies (12%)	140,314
MDOT Contingencies (10%)	<u>41,605</u>
Total Project Uses	<u>\$1,810,693</u>

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: February 6, 2015

TO: Downtown Development Authority

FROM: Kristopher Larson, AICP
President & CEO



Agenda Item #6
February 11, 2015
DDA Meeting

SUBJECT: Indemnity Agreement for Arena Skywalk

Recently, the mixed-use office building located at 25 Ottawa was acquired with the intention of renovation and re-positioning within the marketplace. As a component of the renovations, the property owners are proposing the introduction of large glass architectural feature that would provide natural light to several of the interior floors. A rendering of that enclosure is attached.

Given that the Downtown Development Authority is party to an ownership arrangement for the skywalk, an indemnity agreement was secured to protect the DDA in the instance of damage caused by the aforementioned improvement. The attached indemnity agreement was prepared by the DDA's legal counsel and details the protections afforded to the DDA.

Recommendation:

Approve the attached resolution and authorize DDA Board Chair Brian Harris to execute the indemnity agreement.

See Attachment.

**INDEMNITY AGREEMENT
ARCHITECTURAL FEATURE
25 OTTAWA PROJECT**

THIS INDEMNITY AGREEMENT ("Agreement") is made _____, 2014, between the CITY OF GRAND RAPIDS DOWNTOWN DEVELOPMENT AUTHORITY, a Michigan statutory authority formed by the City of Grand Rapids, Michigan (the "City") pursuant to Act 197 of the Public Acts of Michigan of 1975, as amended, with offices at 29 Pearl Street, N.W. Grand Rapids, Michigan 49503 (the "DDA"), the GRAND RAPIDS – KENT COUNTY CONVENTION / ARENA AUTHORITY, a Michigan statutory authority formed by the City and the County of Kent, Michigan (the "County") pursuant to Act 203 of the Public Acts of Michigan of 1999, as amended, with offices at 130 West Fulton, Grand Rapids, Michigan 49503 (the "CAA"), and FRANKLIN OTTAWA, LLC, a Michigan limited liability company of 601 Abbot Road, East Lansing, MI 48823 ("Franklin Ottawa").

WITNESSETH:

WHEREAS, the City has control over the right-of-way of the property commonly known as Ottawa Avenue (the "Right-of-Way").

WHEREAS, the DDA constructed an overhead pedestrian walkway ("Skywalk") within the Right-of-Way that connects to the property located at 25 Ottawa, Grand Rapids, Michigan, legally described as Lot(s) 7, 9, and 11, KENT PLAT SOUTH OF BRIDGE STREET, CALDER STREET, according to the recorded plat thereof, as recorded in Liber 19 of Plats, Page 12, Kent County Records (the "25 Ottawa Property") to the Van Andel Arena.

WHEREAS, Franklin Ottawa is the current owner of the 25 Ottawa Property.

WHEREAS, Franklin Ottawa's predecessor in title executed a Grant of Easement Concerning Pedestrian Concourse dated December 30, 1997, which granted certain easement rights to the DDA and was recorded in the Kent County Register of Deeds in Liber 4290, page 1388.

WHEREAS, Franklin Ottawa's predecessor in title (Arena Station, LLC), the DDA, and a third party entered into a Memorandum of Agreement Regarding Ottawa/Market/Fulton Pedestrian Walkway dated March 13, 1998 (the "Memorandum of Agreement"), a copy of which is attached as Exhibit A;

WHEREAS, the DDA has assigned its rights in the Skywalk and under the Memorandum of Agreement to the CAA, pursuant to an Assignment of Contract dated as of July 1, 2000;

WHEREAS, the City has granted the CAA a perpetual license to encroach upon the Right-of-Way and to operate the Skywalk, as set forth in an Encroachment Agreement – Ottawa Avenue between the City and the CAA dated July 1, 2000 and recorded in the Kent County Register of Deeds on September 15, 2000 in Liber 5152, pg. 1219 (the "2000 Encroachment Agreement");

WHEREAS, Franklin Ottawa is currently upgrading and renovating the 25 Ottawa Property, and as part of that renovation it intends to construct an architectural feature consisting of a steel structure with a curtain wall, as further depicted in the drawing attached as Exhibit B (the "Encroachment").

WHEREAS, to enable Franklin Ottawa to construct the Encroachment, the City requires Franklin Ottawa to obtain permission to encroach within a portion of the Right-of-Way constituting airspace over Ottawa Avenue, legally described in the attached Exhibit C (the "Encroachment Area").

WHEREAS, the Skywalk extends through the Encroachment Area;

WHEREAS, pursuant to Michigan law and the provisions of the City's Charter, the City has absolute control of the Right-of-Way, as dedicated, and pursuant to City Commission authorization on December 16, 2014, under City Commission Proceeding No. 84197 (attached hereto as Exhibit D) (the "Resolution"), the City is willing to permit Franklin Ottawa to use a portion of such right-of-way under certain terms and conditions; and

WHEREAS, the CAA and DDA consent to the construction of the Encroachment within the Encroachment Area, in accordance with the terms and conditions herein.

NOW, THEREFORE, in consideration of the respective covenants contained herein, the parties agree as follows:

1. The CAA and DDA consent and agree to the construction of the Encroachment within the Encroachment Area and around the existing Skywalk.
2. Franklin Ottawa shall pay all costs and fees associated with the Encroachment, including all construction and maintenance costs and fees, and will promptly repair any damage caused to the Skywalk in connection with the construction, repair, maintenance, or removal of the Encroachment.
3. Franklin Ottawa shall obtain, continuously maintain for the duration of this Agreement, and provide the DDA and CAA prior to execution of this Agreement, and from time to time thereafter, proof acceptable to the DDA and CAA of commercial general liability insurance coverage naming the CAA, DDA, City, County, and SMG (to the extent that it is operating as the CAA's agent) as an additional insured. Such insurance shall have an initial limit of \$1,000,000 per occurrence and \$2,000,000 in annual aggregate. Said insurance must contain comprehensive coverage to insure against any and all claims arising out of or attributable to the Encroachment, regardless of whether Franklin Ottawa or any of its officers, employees, or agents are negligent in any manner.
4. Separate and apart from the foregoing paragraph, Franklin Ottawa agrees to save and hold the CAA, the DDA, City, County, SMG, and their respective officers, commissions, boards, employees, and agents harmless from, and defend and indemnify them against, any and all costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorney's fees and court costs) for damage or injury, including death, and against other legal proceedings instituted against any of them, directly or indirectly, arising from the physical existence of the Encroachment in the Encroachment Area, or from the erection or maintenance of such encroachment by Franklin Ottawa, regardless of whether or not Franklin Ottawa or any of its officers, commissions, boards, employees or agents are negligent. Franklin Ottawa's obligations under this paragraph shall not extend to any claims or lawsuits arising from the negligence or intentional conduct of any indemnified party identified above or any of their respective officers, employees, agents, or contractors. As to incidents occurring during the term of this Agreement or any extensions thereof which would or do give rise to claims for

damages, the obligations of Franklin Ottawa under this paragraph shall survive the termination of this Agreement pursuant to paragraph 10 hereof for a period of three (3) years.

5. Franklin Ottawa shall allow the CAA and SMG access to the Encroachment Area at any time for any and all repairs, replacements, and/or maintenance of the Skywalk.
6. If the CAA is required to contract for or perform directly any work on the Skywalk or elsewhere directly as a result of the Encroachment, then Franklin Ottawa shall pay the actual cost thereof to the CAA promptly upon demand. The CAA will provide Franklin Ottawa with reasonable documentation of actual costs.
7. If required for the Encroachment, Franklin Ottawa agrees to pay any cost incurred by the CAA in connection with the relocation and/or inspection of utilities in connection with the Encroachment.
8. This Agreement shall be subordinate to the rights granted to the CAA as set forth in the 2000 Encroachment Agreement, and will not be construed as impairing any of the CAA's rights in the Skywalk.
9. The parties acknowledge and agree that Franklin Ottawa has and will assume the rights, duties, and obligations of Arena Station, LLC, as set forth in the Memorandum of Agreement, and that Franklin Ottawa will pay the annual contribution required thereunder beginning with the contribution due on January 31, 2015, and the parties further acknowledge that Franklin Ottawa is not obligated to pay any annual contributions that had become due under the Memorandum of Agreement prior to the January 31, 2015 contribution. Other than as modified by the preceding sentence, the parties acknowledge and agree that they are mutually bound under the Memorandum of Agreement, and that this Agreement shall not modify their respective obligations, rights, and duties thereunder.
10. This Agreement will only terminate in the event that the Encroachment is permanently removed by Franklin Ottawa and/or is removed by the City.
11. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.
12. Any notices required hereunder shall be delivered personally, or by first-class mail to the parties at the addresses stated above.

13. This Agreement shall be executed in recordable form and recorded with the Kent County Register of Deeds.
14. The CAA and DDA acknowledge and agree that the conditions set forth in the Resolution of the City Commission attached hereto as Exhibit D are satisfied.
15. This Agreement shall be binding upon and inure to the benefit of the parties, their administrators, successors, and assigns.

IN WITNESS WHEREOF, the parties hereto have set their hands thereto as of the day first above written.

CITY OF GRAND RAPIDS DOWNTOWN
DEVELOPMENT AUTHORITY

By: _____
Brian Harris, Chairperson

STATE OF MICHIGAN)
)ss.
COUNTY OF KENT)

On this _____ day of _____, 2015, before me, a Notary Public in and for said County, personally appeared the above named Brian Harris, Chairperson of the City of Grand Rapids Downtown Development Authority, to me known to be the same person described in and who executed the within instrument, and who has acknowledged the same to be his free act and deed.

Notary Public, _____ County, MI
My commission expires: _____
Acting in Kent County, Michigan

GRAND RAPIDS – KENT COUNTY
CONVENTION/ARENA AUTHORITY

By: _____
Steven Heacock, Chairperson

STATE OF MICHIGAN)
)ss.
COUNTY OF KENT)

On this _____ day of _____, 2015, before me, a Notary Public in and for said County, personally appeared the above named Steven Heacock, Chairperson of the Board of Directors of the Grand Rapids – Kent County Convention/Arena Authority, to me known to be the same person described in and who executed the within instrument, and who has acknowledged the same to be his free act and deed.

Notary Public, _____ County, MI
My commission expires: _____
Acting in Kent County, Michigan

FRANKLIN OTTAWA, LLC,
a Michigan limited liability company

By: _____

Its _____

STATE OF MICHIGAN)
)ss.
COUNTY OF KENT)

On this _____ day of _____, 2014, before me, a Notary Public in and for said County, personally appeared the above named _____, as _____, of Franklin Ottawa, LLC, a Michigan limited liability company, on behalf of the company.

Notary Public, _____ County, MI
My commission expires: _____

Prepared by and when recorded return to:
Thomas M. Amon (P72351)
Warner Norcross & Judd LLP
111 Lyon Street NW, Suite 900
Grand Rapids, MI 49503

11880442-2

EXHIBIT A

Memorandum of Agreement

MEMORANDUM OF AGREEMENT REGARDING OTTAWA/MARKET/FULTON PEDESTRIAN WALKWAY

THIS MEMORANDUM OF AGREEMENT (the "Memorandum") is entered into between the CITY OF GRAND RAPIDS DOWNTOWN DEVELOPMENT AUTHORITY, a Michigan statutory authority formed by the City of Grand Rapids pursuant to Act 197 of the Public Acts of Michigan of 1975, as amended (the "DDA"), AMWAY PROPERTIES CORPORATION, a Michigan corporation ("Properties"), and ARENA STATION, LLC, a Michigan limited liability company ("AS"), as of June 11, 1997.

RECITALS

A. The DDA has constructed or caused the construction of an enclosed elevated pedestrian walkway (the "Walkway") from the west wall of Van Andel Arena (the "Arena") through a building known as Arena Station located at 25 Ottawa, S.W., owned by AS, across Market Street to property owned by Properties and across Fulton Avenue to Plaza Towers, as identified on Exhibit A attached hereto.

B. Each of the parties to this Agreement benefit from the Walkway and desire to provide for its ownership, operation and maintenance.

AGREEMENTS

1. **Ownership.** The Walkway, except for Section B identified on the attached Exhibit A which shall be owned by AS, shall be owned by the DDA and its successors and assigns.

2. **Physical Description.** The Walkway shall consist of Sections A, B, C and D and the Tower, as identified on the attached Exhibit A. The Walkway shall have a minimum width of 12 feet and a minimum height of 9 feet and be accessible to handicap persons in compliance with applicable state and federal laws.

3. **Operation and Maintenance Responsibilities.** The DDA shall be responsible for the operation, maintenance, heating, cooling and security for Section A of the Walkway identified on the attached Exhibit A. Section A of the Walkway shall be considered a part of the Arena and the general public shall only have access to Section A for purposes of entering and exiting the Arena to attend Arena events. AS shall be responsible for operation, maintenance, heating, cooling and security for Section B of the Walkway identified on the attached Exhibit A. AS shall provide both stairwell and elevator access to the Walkway within Arena Station during such times that the Walkway is open to the general public. The DDA shall be responsible for operation, maintenance, heating, cooling and security for Section C of the Walkway identified on the attached Exhibit A with an annual contribution towards the cost thereof from AS as provided in Paragraph 6 hereof. The DDA shall be responsible for operation, maintenance, heating, cooling and security for Section D of the Walkway identified on the attached Exhibit A with the cost thereof to be provided by Properties as provided in Paragraph 6 hereof. The DDA shall be responsible for operation, maintenance, heating, cooling and security for the Tower portion of the Walkway as identified on

the attached Exhibit A with the cost thereof to be shared by the DDA and Properties as provided in Paragraph 6 hereof.

The DDA will provide maintenance, heating, cooling and security for Section A in conjunction with its operation of the Van Andel Arena. AS will provide maintenance, heating, cooling and security in connection with its operation of Arena Station. Maintenance for Sections C and D and the Tower portion of the Walkway shall be coordinated by the DDA and Properties. Security for Sections C and D and the Tower portion of the Walkway shall also be coordinated by the DDA and Properties and they shall jointly develop a protocol for the provision of security in these portions of the Walkway with the understanding that Properties shall have no responsibility for security within Section C. Heating and cooling for Sections C and D and the Tower portion of the Walkway shall be provided through HVAC units located in the Tower and the cost thereof shall be shared as provided in Paragraph 6 hereof.

4. **Standards of Maintenance.** The parties to this Agreement agree that the following standards shall apply with respect to maintenance of the Walkway:

(a) All floors shall be kept reasonably clean and free of debris and shall be cleaned daily.

(b) All interior glass surfaces shall be kept reasonably clean and shall be cleaned at least monthly.

(c) All exterior glass surfaces shall be kept reasonably clean and shall be cleaned at least bi-annually.

(d) All other interior surfaces shall be kept reasonably clean and shall be cleaned weekly.

(e) All other exterior surfaces shall be kept reasonably clean and shall be cleaned at least bi-annually.

(f) Maintenance contracts reasonably acceptable to the DDA and Properties shall continuously be in effect for the elevator and HVAC units located in the Tower.

The "point person" with respect to all operation, maintenance, heating and cooling issues related to the Walkway shall be the manager at the Arena or his or her designee. He or she shall be responsible for coordinating with the parties to this Agreement all matters related to operation and maintenance of the Walkway.

Utility services for Sections C and D and the Tower portion of the Walkway shall be in the name of the DDA, which shall be responsible for timely paying such costs subject to contribution by the other parties hereto as provided in Paragraph 6 hereof.

5. **Operating Rules.** The following rules of operation shall apply to the Walkway:

(a) The temperature within all sections of the Walkway, including the Tower, shall be between 55 degrees and 80 degrees fahrenheit.

(b) The general public shall have ingress and egress access to the Walkway seven days a week between the hours of 6:00 a.m. and 11:00 p.m. In addition, it is agreed Properties may provide at its sole cost ingress and egress "card" access to the Walkway to employees of Plaza Towers and other businesses located therein and employees of the Amway Grand Plaza Hotel and other businesses located therein during such time that the Walkway is closed to the general public. Further, it is understood and agreed that AS may provide at its sole cost egress access through the Walkway to its tenants and their employees and patrons during such time that the Walkway is closed to the general public.

(c) A uniform system of directional signage will be developed and implemented jointly by the parties to this Agreement.

(d) There shall be no advertising on the exterior of the Walkway.

The parties to this Agreement may from time to time revise these operating rules or adopt and implement additional operating rules that are mutually acceptable.

6. **Sharing of Costs.** The DDA shall pay all costs of operation, maintenance, heating, cooling and security for Section A of the Walkway. AS shall pay all costs of operation, maintenance, heating, cooling and security for Section B of the Walkway. The DDA shall be responsible for the costs of operation, maintenance, heating, cooling and security for Section C of the Walkway with AS making an annual contribution to the DDA toward such costs, beginning with the fiscal year commencing July 1, 1997. The first annual contribution shall be \$2,500 and shall be due and payable on June 30, 1998. The second annual contribution shall be \$5,000 and shall be due and payable on January 31, 1999. Thereafter the annual contribution shall be an amount equal to the amount paid the prior year plus an increase equal to the percentage increase during the then most recent annual reporting period for the Consumer Price Index for All Cities. Except as provided above in this paragraph, the annual contribution by AS shall be payable to the DDA on or before January 31 of each fiscal year. Properties shall be responsible for all costs of operation, maintenance, heating, cooling and security for Section D of the Walkway. The operation, maintenance, heating, cooling and security costs of the Tower portion of the Walkway shall be shared, with Properties paying 75% of such costs and the DDA paying 25% of such costs. It is understood such costs include the annual contracted maintenance for the elevator and HVAC units located in the Tower.

7. **Insurance.** The DDA shall provide all risk insurance on the Walkway, except for Section B, through a policy of insurance or a program of self insurance in such amounts as shall be sufficient to repair or replace such portions of the Walkway if damaged or destroyed. AS shall be

responsible for providing all risk insurance on Section B of the Walkway through a policy of insurance or a program of self insurance in such amounts and as shall be sufficient to repair or replace such portion of the Walkway if damaged or destroyed. AS shall not be obliged to replace Section B of the Walkway in the event the building known as Arena Station is damaged by casualty to the extent that it is not economically feasible to rebuild. In that event, the parties hereto shall negotiate in good faith, an extension of the Walkway through the airspace previously occupied by Section B of the Walkway. In the event that the building known as Arena Station is rebuilt, replacement of Section B of the Walkway shall be incorporated into the design of the rebuilt building so as to (a) provide a reasonably direct pedestrian access between the current east and west ends of Section B and (b) a means of ingress and egress from Section B to the exterior through the rebuilt building.

The DDA shall provide and at all times keep in effect a policy of commercial general liability insurance covering the Walkway, except for Section B, insuring against injury to persons or damage to property in the minimum amount of \$500,000 per occurrence and \$1,000,000 annual aggregate. Such policy of insurance shall name Properties and AS as additional or co-insureds and shall provide that the policy may not be cancelled, modified or terminated without 30 days' written notice to all insureds. Similarly, AS shall provide and at all times keep in effect a policy of commercial general liability insurance covering Section B of the Walkway against injury to persons or damage to property in the minimum amount of \$500,000 per occurrence and \$1,000,000 annual aggregate. Such policy shall name the DDA and Properties as additional or co-insureds and shall provide that the policy may not be cancelled, modified or terminated without 30 days' written notice to all insureds.

8. **Meeting Among the Parties.** The parties agree to meet semi-annually in the spring and fall of each year to review the items addressed in this Agreement, including operation and maintenance of the Walkway and the costs related thereto. In addition, the parties agree to meet more frequently, if necessary, to resolve any problem related to the Walkway.

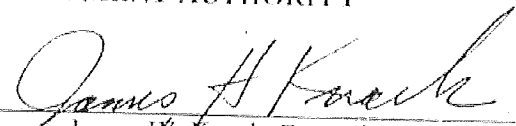
9. **DDA's Agent.** The current Arena management company, Spectacor Management Group ("SMG"), or any successor to SMG designated in writing by the DDA to the other parties hereto, is authorized to act as the DDA's agent or representative with respect to the matters covered in this Agreement. Specifically, SMG is authorized to negotiate and enter into maintenance agreements for maintenance of the Walkway, exclusive of Section B, including cleaning, elevator maintenance and HVAC maintenance and to develop with Properties the security protocol for Sections C and D and the Tower portion of the Walkway.

10. **Modification.** It is understood and agreed by the parties hereto that this Agreement may from time to time be modified or amended in writing signed by each of them.

CITY OF GRAND RAPIDS DOWNTOWN
DEVELOPMENT AUTHORITY

Dated: 3/13, 1998

By:


James W. Knack, Executive Director

AMWAY PROPERTIES CORPORATION

Dated: 3-13, 1998

By:


Mark Koster, Assistant Treasurer

ARENA STATION, LLC

Dated: 3/13, 1998

By:

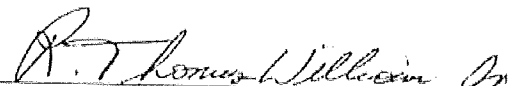
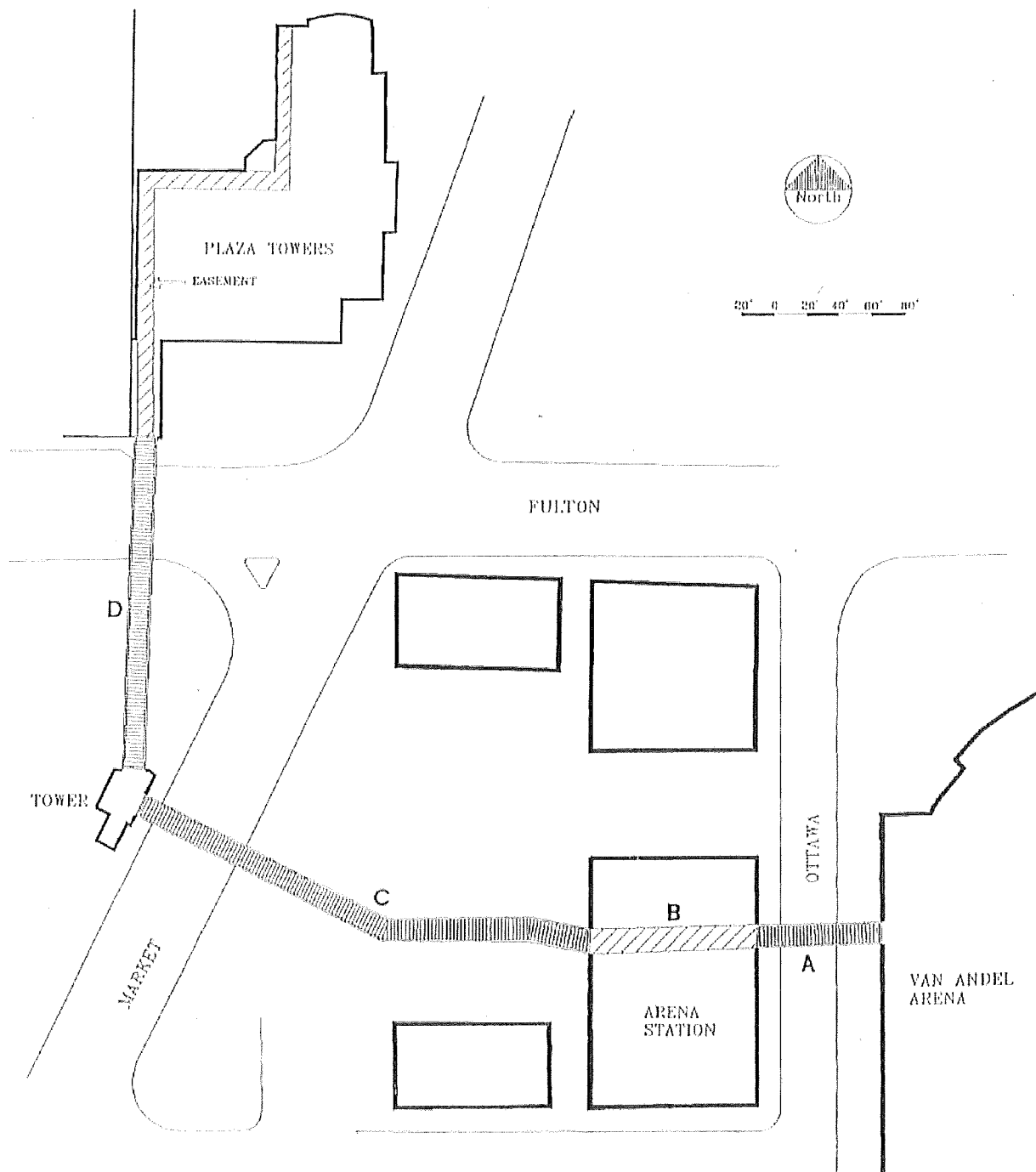

R. Thomas Williams, Jr., Member

EXHIBIT A

OTTAWA/MARKET/FULTON PEDESTRIAN WALKWAY SECTION A, B, C, D AND TOWER



Drawing of Encroachment

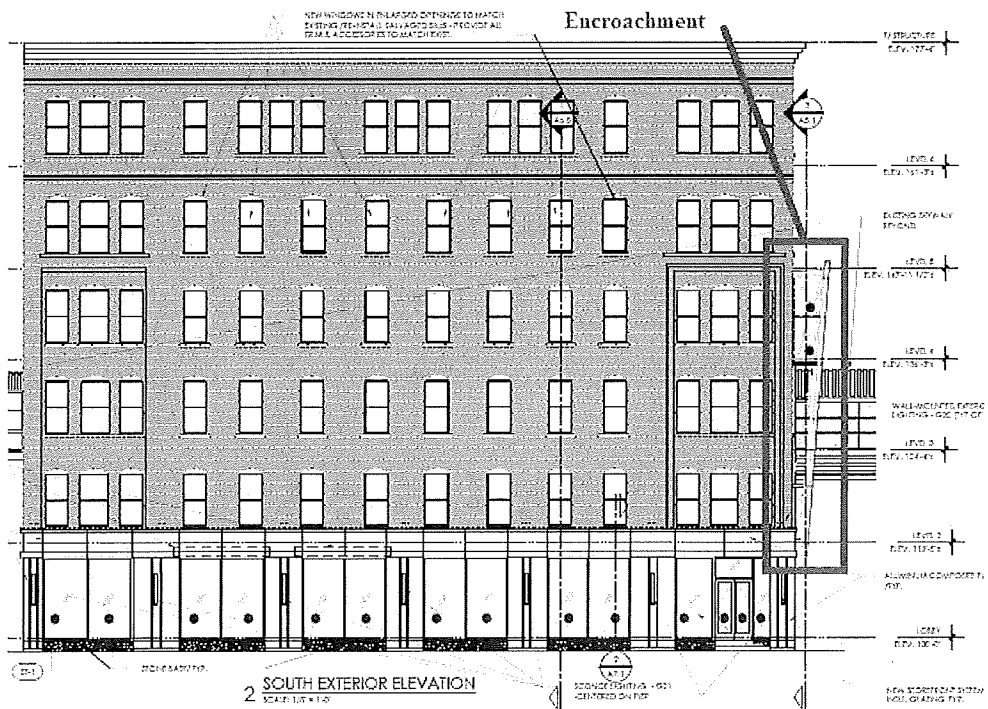


EXHIBIT C

Legal Description of Encroachment Area

That part of Ottawa Avenue right-of-way lying adjacent to Lots 7, 9 and 11 of Kent Plat South of Bridge Street, Calder Street (as recorded in Liber 19 of Plats, Page 12, Kent County Records), Section 25, Town 7 North, Range 12 West, City of Grand Rapids, Kent County, Michigan, described as: **BEGINNING** on the West right-of-way line of Ottawa Avenue at a point being South 00° West 34.25 feet from the Northeast corner of said Lot 7; thence North 90° East 4.42 feet; thence South 00° West 33.50 feet; thence North 90° West 4.42 feet; thence North 00° East 33.50 feet along the West right-of-way line of Ottawa Avenue to the place of beginning, from an elevation of 625.56 feet to an elevation of 665.00, NGVD 1929 Datum.

EXHIBIT D

City Commission Resolution

December 16, 2014

CITY COMMISSION

1013

the necessary property interest to the Petitioner) in Ottawa Avenue from Weston Street to Oakes Street subject to the following conditions:

1. That the City retains all rights for public right-of-way over and under the areas to be vacated, and the grade of the existing sidewalk and other improvements located over and under the areas to be vacated shall not be changed without prior written approval of the City.

2. That if required by others, the Petitioner causes to be completed an amended plat conforming to State of Michigan requirements of the area affected by this vacation request, the cost of which is estimated to be \$2,500.

3. That Petitioner deposits the amount of \$15,000, to be held in escrow by the City. The City may adjust the escrow amount contingent upon approval by the City Engineer or designee. Said amount includes the amended plat requirement of \$2,500 and an estimated cost of \$12,500 for engineering administrative fees. The City shall hold said escrow amount until such time as the amended plat requirement has been completed, if required. The engineering administrative fees shall be charged to the escrow account. When said amended plat, if required, and all other work associated with this vacation request have been completed, any such monies remaining in the escrow account will be returned to the Petitioner. If, after a reasonable length of time, the said amended plat requirement has not been completed, the City may use the money held in escrow to accomplish the same. If any additional costs are incurred by the City in connection with the aforesaid amended plat requirement and/or the engineering administrative fees exceed the escrow amount of \$15,000, the Petitioner will be responsible to reimburse the City for said costs.

4. That consent be predicated on receipt of the escrow funds outlined in Item 3 and the proper proceedings being commenced in the proper court within ninety (90) days of the date herein.

5. That Petitioner shall deliver a recorded copy of the court judgment regarding the aforesaid vacation (or such other process) of a portion of Ottawa Avenue to the City Attorney's office.

6. That the City Clerk is hereby authorized and directed to record this resolution with the Kent County Register of Deeds.

***84197** Com. Bliss, supported by Com. Gutowski, moved adoption of the following resolution under the Consent Agenda:

WHEREAS, on December 30, 1997 the Downtown Development Authority (DDA) of the City of Grand Rapids entered into a Grant of Easement Concerning Pedestrian Concourse with the owner of 25 Ottawa Avenue SW that is recorded in Liber 4290, Page 1388, Kent County Register

of Deeds. The DDA subsequently constructed an overhead pedestrian walkway system to connect the Van Andel Arena (SMG) with other downtown buildings, including attachments to and a pedestrian concourse through 25 Ottawa Avenue SW. Upon establishment of the Grand Rapids-Kent County Convention/Arena Authority (CAA), the DDA conveyed its control and ownership of the overhead pedestrian walkways to the CAA, and on June 27, 2000 (Proceeding No. 67470) the City approved an Encroachment Agreement into the Ottawa Avenue right-of-way for the pedestrian walkway over Ottawa Avenue that is recorded in Liber 5152, Page 1219, Kent County Register of Deeds; and

WHEREAS, Franklin Ottawa, LLC plans to redevelop the property at 25 Ottawa Avenue SW, and as part of that redevelopment wishes to construct building architectural elements that will encroach into the Ottawa Avenue right-of-way adjacent to 25 Ottawa Street SW with an approximate area of approximately 4.5 feet by 33.5 feet at an elevation of 625.56 feet to 665.00, NGVD 1929 Datum. Franklin Ottawa, LLC is willing to enter into an agreement with the City which outlines the conditions under which the City will permit the aforesaid encroachment; and

WHEREAS, Franklin Ottawa, LLC agrees to pay all costs associated with the aforesaid encroachment; therefore

RESOLVED:

1. That the City of Grand Rapids enter into an Encroachment Agreement with Franklin Ottawa, LLC, contingent upon approval of the same as to form by the City Attorney, that consents, with conditions, to the construction of building architectural elements within the airspace of Ottawa Avenue right-of-way, with the understanding that all costs associated with the aforesaid Encroachment Agreement will be paid by Franklin Ottawa, LLC.

2. That the aforesaid Encroachment Agreement can only be executed and is contingent on the following conditions, including but not limited to: That the DDA, CAA, SMG, and County all concur in the installation; an indemnification/hold harmless agreement be executed by Franklin Ottawa, LLC in favor of the DDA, CAA, SMG, County and City in a form acceptable to all parties; appropriate security be provided by Franklin Ottawa, LLC in a form and amount approved by the City; an agreement by which Franklin Ottawa, LLC agrees to repair any damage to the skywalk caused by them or its contractors during and after construction of the feature and acknowledgement that the DDA, CAA, and SMG has access to the encroachment area for ongoing preventative maintenance and repair of the skywalk; proof of liability insurance be provided to the City with the DDA, CAA, SMG, County and City named as an additional insured in a form

acceptable to the City's risk manager; acknowledgement by Franklin Ottawa, LLC that this Encroachment Agreement is subject to and subordinate to the rights in the existing City/DDA Encroachment Agreement relative to the skywalk; and that Franklin Ottawa, LLC acknowledges that it is obligated under the existing skywalk maintenance, operation, and repair agreement and will make the annual contribution as provided for in that agreement.

3. That the Mayor is hereby authorized to execute the aforesaid Encroachment Agreement with Franklin Ottawa, LLC on behalf of the City of Grand Rapids, contingent upon approval as to form by the City Attorney.

4. That the City Clerk is hereby authorized and directed to record the aforesaid Encroachment Agreement with the Kent County Register of Deeds.

**CITY OF GRAND RAPIDS
DOWNTOWN DEVELOPMENT AUTHORITY**

**RESOLUTION APPROVING AND AUTHORIZING
EXECUTION OF INDEMNITY AGREEMENT RELATED
TO THE VAN ANDEL ARENA SKYWALK**

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

WHEREAS the Downtown Development Authority of the City of Grand Rapids (the “DDA”) constructed and overhead pedestrian walkway (the “Skywalk”) over the Ottawa Avenue, S.W. public right-of-way connecting the Van Andel Arena to a building located at 25 Ottawa Avenue, S.W. (the “25 Ottawa Building”); and

WHEREAS, Franklin Ottawa, LLC (“Franklin Ottawa”) is the current owner of the 25 Ottawa Building; and

WHEREAS, Franklin Ottawa’s predecessor in title, Arena Station, LLC., in 1997 executed an agreement granting the DDA certain easement rights related to the Skywalk; and

WHEREAS, Franklin Ottawa’s predecessor in title, Arena Station, LLC., the DDA and a third party, in 1998, entered into a Memorandum of Agreement (the “MOA”) related to the use, operation and maintenance of the Skywalk; and

WHEREAS, the DDA, in 2000, assigned to the Grand Rapids-Kent County Convention/Arena Authority (the “CAA”) certain rights in the Skywalk and MOA; and

WHEREAS, the City of Grand Rapids (the “City”), also in 2000, granted a perpetual license for encroachment of the Skywalk in the Ottawa Avenue, S.W. public right-of-way; and

WHEREAS, Franklin Ottawa intends to construct an architectural feature within the Ottawa Avenue, S.W. public right-of-way within the Skywalk encroachment and surrounding the Skywalk and has requested an encroachment from the City in order to do so; and

WHEREAS, in connection with the granting of such encroachment it is necessary for Franklin Ottawa to enter into an agreement with the DDA and CAA with respect to the location of such architectural feature.

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT:

1. The Indemnity Agreement (the "Agreement") between the DDA, CAA and Franklin Ottawa in the form presented at this meeting is approved with such modifications not materially adverse to the DDA approved as to content by the DDA Executive Director and as to form by DDA legal counsel.
2. The DDA Chairperson is authorized and directed to execute the approved Agreement for and on behalf of the DDA.
3. Upon the execution of the Agreement by all the parties thereto the Agreement shall be recorded with the Kent County Register of Deeds.
4. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same are rescinded.

YEAS: Boardmembers _____

NAYS: Boardmembers _____

ABSTAIN: Boardmembers _____

ABSENT: Boardmembers _____

RESOLUTION DECLARED ADOPTED.

Dated: February 11, 2015

Mary Sierawski
Recording Secretary

CERTIFICATION

I, the undersigned duly qualified and acting Recording Secretary of the City of Grand Rapids Downtown Development Authority (the "GRDDA"), do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors of the GRDDA at a meeting held on February 11, 2015, 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: February 11, 2015

Mary Sierawski
Recording Secretary

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

Agenda Item #7
February 11, 2015
DDA Meeting

DATE: February 6, 2015

TO: Downtown Development Authority

FROM: Eric Pratt, 
Project Manager

SUBJECT: Redevelopment of the Building at 78 Division Avenue S - Building Reuse Incentives Program Grant

Recently, Downtown Grand Rapids Inc. received an application from Heartside Ministry requesting DDA assistance through the Building Reuse Incentive Program (BRIP) for the building located at 78 S. Division Avenue. The building was recently acquired by Heartside Ministry, who is proposing to renovate the building to facilitate the relocation of the ministry from their current location at 54 S Division Avenue. Phase I of the project will entail the renovation of the ground floor of the building, while Phase II of the project calls for the renovation of the remaining two floors of the building.

On July 4, 2014 this building sustained damage when the driver of a conversion van lost control of the vehicle and crashed into the building's storefront. Prior to this incident, building was home to the now closed "Tini Bikini's- Bar & Grill."

Within the scope of work of Phase I is the complete restoration of the damaged storefront, including new entry way, windows and façade improvements. Because the building sits within the Heartside Historic District, any improvements made to the façade will have to comply with the U.S. Secretary of Interior's Standards for Historic Preservation. Phase II of the project will be undertaken at a later date.

Because the applicant is only proposing to renovate a portion of building, staff recommends a partial BRIP grant of \$15,000 be approved by the Board. Grant proceeds will be used to help off-set some of the cost associated with the historic restoration of the façade. Total cost of the improvements is estimated to be \$63,000. Additionally, because the property has been off the ad valorem roll, the BRIP would be funded from the Non-Tax Increment fund.

Recommendation:

Staff recommends that the DDA Board approve a \$15,000 BRIP Grant to Heartside Ministry for the historic restoration of the façade of the building at 78 South Division Avenue.

See Attachment.

ATTACHMENT 1 – PLANS, PHOTOS, AND PROJECT INFORMATION

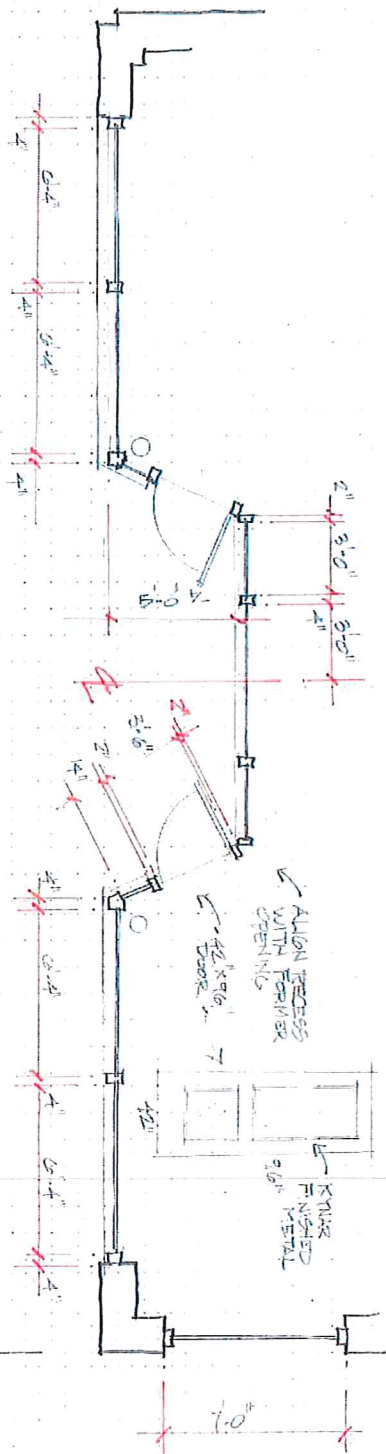
EXISTING PHOTOS

West Elevation

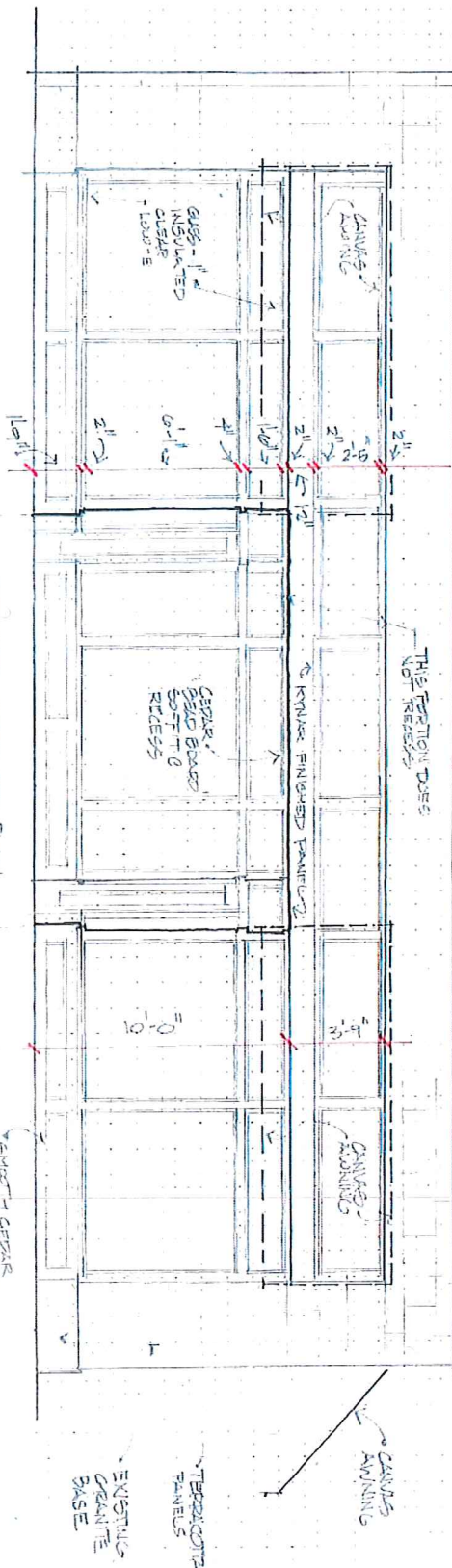


Northwest Elevation





PLAN SCALE 1/4"=1'-0"



78 South Division

WEST ELEVATION SCALE 1/4"=1'-0"

A-1



Scope of Work shall include:

General:

- Demolition of existing mull, approximately 44' x 13' West elevation, and 7' x 13' South elevation. Existing block base wall may remain where undamaged.
- Secure opening against access to building during construction period.
- Provide concrete block, or 2x6 wood stud base wall (approximately 18" high) at existing damaged base wall, and at recessed entries.

Storefront:

- Provide Tubelite T-14650 2" x 6 1/2" metal storefront framing as indicated. Vertical members to be ganged together to provide 4" nominal member.
- Provide engineering data indicating framing systems ability to span 12'-0" vertical opening.
- Provide standard Tubelite T-14650 2" x 6 1/2" members at top and bottom of openings and at top of bottom of the 12' panel, the bottom of which is 10'-0" above grade.
- Provide double 2" x 6 1/2" ganged frames at bottom of transom 8'-0" above grade.
- Provide 1" insulated clear low-e glazing as indicated.
- Provide 2 - 42" x 96" monumental doors w/6" head and jamb rails and 10" bottom rail.
- Provide standard hardware by storefront manufacturer to include continuous hinge, weather stripping and door sweep.
- Owner shall supply 2 exit devices, 2 thresholds, 1 cylinder lock, 1 door closer, 2 pull handles and 1 power door opener. Contractor shall install these items.
- Provide low voltage wiring for one automatic door opener.
- Storefront manufacturer and installer shall be responsible for all framing, glazing, doors, hardware, cover metals, and sealants within the openings, above the 21" base wall including the 12" trans above the transom.
- Metal finishes shall be Tubelite Standard Kynar® black.

Carpentry:

- Provide 3/4" plywood sheathing on 3/4" lurring on new or existing concrete block, and/or 3/4" plywood sheathing on new 2x6 stud base wall.
- Provide cedar head board siding over 3/4" sheathing.
- Provide 1x6 smooth cedar trim on base wall as indicated.
- Provide 3/4 x 6 smooth cedar sill at base of storefront.
- Provide metal stud framing for soffit in recessed entry, with 1/2" plywood sheathing, cedar head board soffit, and 1x6 smooth cedar perimeter trim.

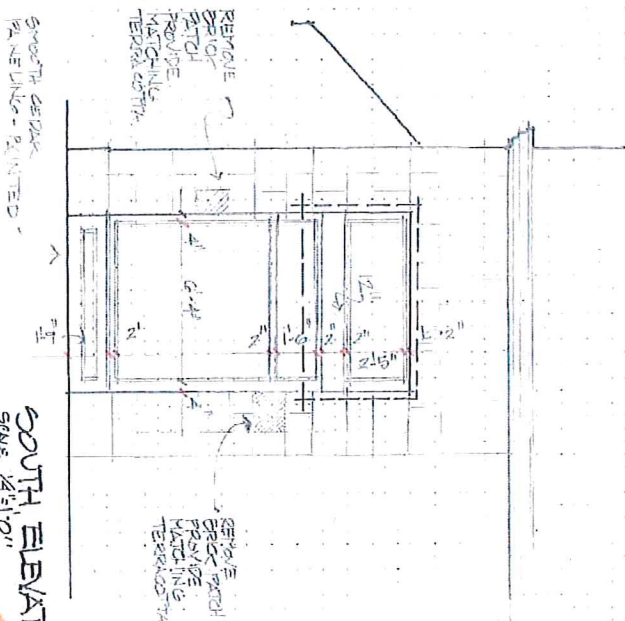
Paint:

- Stain Cedar soffit and trim
- Paint Sill and trim, color #1
- Paint Head board siding, color #2

Items Anticipated in Phase II but not included in Phase I:

- Insulation in base wall and interior finish
- Lock pointing exterior
- Quarry tile recess
- Awnings
- Recessed lighting in soffit

78 South Division



SOUTH ELEVATION
SCALE 1/4" = 1'-0"

CRAIG

MEMORANDUM

CITY OF GRAND RAPIDS

DATE: February 4, 2015

TO: Kris Larson, Executive Director
Downtown Grand Rapids, Inc.

FROM: Erin Banchoff, Community Development Manager *EB*
Community Development Department

**SUBJECT: Tax Exemption and Payment in Lieu of Taxes Request
within Downtown Development Authority Boundary – LCH36 Limited
Dividend Housing Association Limited Partnership**

Dwelling Place of Grand Rapids Nonprofit Housing Corporation seeks tax exemption and Payment in Lieu of Taxes (PILOT) for a project involving five (5) properties that will be combined as one project for the purposes of application to the Michigan State Housing Development Authority (MSHDA) for Low Income Housing Tax Credit (LIHTC). Project properties are at scattered locations within the Downtown Development Authority boundary. In total, the project will comprise 49 units (31 one-bedroom and 18 two-bedroom) available for rent by households with income at or below 60% of the area median income. The ownership entity will be the LHC36 Limited Dividend Housing Association Limited Partnership.

Two (2) project properties, Chaffee Apartments (138 South Division Avenue) and Lenox Apartments (349 South Division Avenue), are expired LIHTC projects that will be restructured. These properties will be combined with Liz's House (343 South Division Avenue), which will convert from a transitional housing program to permanent housing. Calumet Flats (303 South Division Avenue) and 344 Commerce Avenue, SW are added to improve project viability. Detail regarding the project properties is summarized below.

Property	Residential Units	Commercial Square Footage	Comment
138 S. Division Avenue Chaffee Apartments	8	2,800 s.f.	Existing apartment units will be renovated.
303 S. Division Avenue Calumet Flats	16	7,200 s.f.	Existing apartment units will be renovated.
343 S. Division Avenue Liz's House	5	1,322 s.f.	Operates as a transitional housing program. Existing units will be converted to permanent housing.
349 S. Division Avenue Lenox Apartments	14	6,000 s.f.	Existing apartment units will be renovated.
344 Commerce Ave, SW	6	n/a	Commercial property will be converted to residential use.
Total	49	17,322 s.f.	

The project properties have substantial renovation needs. Deferred maintenance, functional obsolescence, and structural issues will be addressed. All units will be completely refurbished including exteriors, flooring, roofing, appliances, plumbing, lighting and HVAC. LEED certification will be sought. Sources of project financing are anticipated to include conventional mortgage financing, federal historic tax credits, LIHTC, donations, philanthropy, and a sponsor loan. An application requesting City HOME Investment Partnerships Program (HOME) funds is being considered.

PILOTs are currently in place for the Chaffee Apartments, Calumet Flats, and Lenox Apartments as allowed under the Michigan State Housing Development Authority (MSHDA) Act. The projects have made payments in lieu of taxes equal to 4% of their annual rent receipts for the residential portion of the project and its prorated share of land and improvements. Liz's House is located in a property that is exempt from ad valorem property taxes. If the pending PILOT request is approved, all five (5) project properties will be subject to the 4% service fee for the life of the new qualifying mortgage (45 years). Ad valorem taxes will continue to be assessed on the commercial portion of the property.

The Community Development Department plans to request City Commission authorization for tax exemption and PILOT at its March 10, 2015 meeting. If you have any questions, I can be reached at 456-4249.

cc: Eric Pratt