

AGENDA

DOWNTOWN DEVELOPMENT AUTHORITY



Board Members:

Mayor Rosalynn Bliss • Kayem Dunn • Dr. Wendy Falb • Jane Gietzen
Brian Harris • Diana Sieger • Jim Talen • Rick Winn

Wednesday, February 8, 2017

8:00 a.m. Meeting

29 Pearl Street, NW Suite #1

- | | | |
|---|---------------|---------|
| 1. Call to order | | |
| 2. Approve Meeting Minutes from January 20, 2017 (8:01)
(enclosure) | | Harris |
| 3. Accept January, 2017 Financial Statements (8:05)
(enclosure) | <i>Motion</i> | Wallace |
| 4. Presentation of the FY16 Audit (8:10)
(enclosure) | <i>Motion</i> | Wallace |
| 5. Approval of FY17 Budget Amendments (8:20)
(enclosure) | <i>Motion</i> | Larson |
| 6. Authorization for FY17 Holiday Lighting (8:30)
(enclosure) | <i>Motion</i> | Larson |
| 7. Authorization for FY17 Tree Planting (8:35)
(enclosure) | <i>Motion</i> | Kelly |
| 8. Approve Development Support for 50 Monroe Ave. (8:45)
(enclosure) | <i>Motion</i> | Kelly |
| 9. Black History Month Presentation (9:00) | Info Item | Traylor |
| 10. President & CEO Report (9:10) | Info Item | Larson |
| 11. Public Comment (9:15) | | |
| 12. Board Member Discussion (9:20) | | |
| 13. Adjournment | | |



UNAPPROVED MINUTES

MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

January 20, 2017

1. Call to Order – The meeting was called to order at 8:00am

2. Attendance

Present: Mayor Rosalynn Bliss, Kayem Dunn, Dr. Wendy Falb, Brian Harris, Diana Sieger, Jim Talen

Absent: Jane Gietzen, Rick Winn

Others Present: Kristopher Larson (Executive Director), Murphy Ackerman (DDA Executive Assistant), Jana Wallace (DDA Treasurer), Dick Wendt (DDA Legal Counsel), Jennie Schumacher, Tim Kelly, Andy Guy, Kim Van Driel (DDA Staff), Ryan Wheeler, Nick Manes, Marvis Herring, Melvin Eledge, Jared Belka, Jim Harger

3. Approve Meeting Minutes from December 14, 2017

Motion: Kayem Dunn, supported by Mayor Rosalynn Bliss, moved approval of the minutes from the December 14, 2016 meeting as presented. Motion carried unanimously.

4. Approve Preliminary December, 2016 Financial Statements

Ms. Wallace gave an overview of the financials for the first six months of the fiscal year. Ms. Wallace pointed out on Statement C, although the Pearl Street Gateway Enhancements line item appears over budget, it is simply a clerical error and will be corrected for the next meeting. Ms. Wallace said the line item is in fact under budget. Ms. Wallace added that Mr. Larson will reallocate the administration costs for the next meeting resulting in a lower administration line item.

Motion: Kayem Dunn, supported by Diana Sieger, moved to approve Statement D: Schedule of December 31, 2016 Expenditures as recommended. Motion carried unanimously.

5. Approve DDA TIF Plan Assurance Resolution and Agreement

Mr. Larson explained that since the TIF Plan was presented to the DDA two months ago, there have been provisions created associated with gainsharing, the capture of special millages, and existing county levies that would no longer be collected after the DDA completes its debt service payments on the arena. Mr. Larson said these new provisions give the County the assurance it needs to opt back in to previous districts and not opt out of future districts. Mr. Larson said the County's finance committee has already unanimously approved this resolution, and it will move forward to the full County for a vote next week. Mr. Larson said the County has asked for the assurance of a three-party agreement in place between the City, County, and DDA to ensure that these provisions are formalized. Mr. Larson said, there will also be a formal agreement for the Community College, City, and DDA. Mr. Harris thanked Mr. Larson, Mr. Delabbio and Mr. Talen for all of the work they have done to get the County to opt back in to the TIF district. Mr. Harris noted while the agreement will financially favor the County, it is important for this work to be done as it is a strong show of partnership. Mr. Larson added that these

agreements are not a sign of distrust but instead good practice moving forward to ensure that the assurances are honored. Mr. Talen thanked Mr. Larson for his work on this and said he is hopeful that this is the beginning of a stronger partnership between the County and DDA. Dr. Falb thanked all those involved for their leadership and said she is supportive of this agreement and happy to see it come to fruition. Mayor Bliss echoed the statements of support and noted that this will be brought before City Commission for approval next week. Mr. Larson said this step forward is important because downtown isn't just the heart of the city, but the heart of the county and partnership between all those involved is critical.

Motion: Kayem Dunn, supported by Mayor Bliss, moved to approve the attached resolution and authorize the DDA Executive Director to execute the agreement between the City of Grand Rapids, the GR DDA, and Kent County. Motion carried unanimously.

6. Approve Bond Refunding

Mr. Larson thanked Ms. Wallace and Mr. Wendt for identifying this opportunity for the DDA to refund current bonds. Mr. Larson said the refunding of these bonds will result in a cash event of approximately \$850,000 to the DDA that will be used for investment in the river trail. Mr. Larson said the specific opportunities will be identified in the next budget cycle. Ms. Wallace added that this process will result in shortening the terms of the bonds to 2022 instead of 2024.

Motion: Ms. Sieger, supported by Jim Talen, moved to approve the attached resolution and authorize the DDA Board Chair to execute the attached Bond Payment Agreement. Motion carried unanimously.

7. Authorize Support for Grand River Restoration

Mr. Larson noted that the DDA is a supporter of the restoration of the Grand River and had identified \$100,000 in the budget to allocate to the river restoration effort this fiscal year. Mayor Bliss asked what these funds will be paying for. Mr. Larson said it will cover engineering costs. Mr. Harris asked if Whitewater has an outlined stewardship model for the restoration moving forward. Mr. Larson said there has been a lot of work done to finalize a plan, but it is still in the early stages. Ms. Sieger shared that a feasibility study will be released in the coming weeks.

Motion: Kayem Dunn, supported by Jim Talen, moved to authorize the Executive Director to approve a payment in the amount of \$100,000 to Grand Rapids Whitewater to support their efforts to restore the Grand River and implement GR Forward. Motion carried unanimously.

8. Approve Amendments to 150 Ottawa Development Agreement

Mr. Larson said this is an amendment to the DDA's Development Support Agreement for 150 Ottawa that was approved at the October 12 DDA meeting. Mr. Larson explained that the Michigan Strategic Fund (MSF) Board has adopted a new policy that outlines what local participation for projects should look like in order to lever funds from MEDC. Mr. Larson said MEDC is looking for proportionate participation from local bodies. Mr. Larson said the changes that MEDC has implemented has created challenges for the project at 150 Ottawa. Mr. Larson said the new agreement would extend its development support term from 15 years to 22 years, enabling the developer to realize complete DDA reimbursement for its eligible activities. Mr. Larson said with the new terms, MEDC will recommend the same term length to its State Brownfield TIF. Mr. Larson said this helps to demonstrate to the state that local agencies are listening to their concerns and are willing to make adjustments and partner on projects that the DDA believes will be a benefit to the community. Mr. Larson said this is a signal of a continued challenge that the DDA will face as funding sources such as CRP, and now state Brownfield, have become more uncertain. Mr. Larson said this is an incremental step forward for the DDA's

partnership with MEDC and a huge step forward in the effort to get this project off the ground. Dr. Falb asked if other communities are running into similar issues with MEDC contributions. Mr. Larson said he is sure that other cities have run into this issue, but MEDC generally looks at Grand Rapids as a healthier city, therefore it receives an elevated level of financial scrutiny. Mr. Harris said he believes the merits of this project have warranted the creativity of the finances.

Jim Talen exited the meeting.

Mr. Larson said the new changes that MEDC has implemented will continue to affect projects moving forward. Ms. Dunn asked how this will alter the Development Support program moving forward. Mr. Larson said the existing program has a 10-year timeline, but as projects continue to grow, activities that are eligible for reimbursement grow, and thus the timeline grows. Mr. Larson said this will primarily change how projects are evaluated when they first come to the DDA for support to ensure that the level of DDA contribution can levy MEDC support as well as avoid 11th hour surprises such as these. Mr. Harris pointed out that the modified project will convert the housing piece to a hotel. Mr. Larson said while this doesn't get us closer to the critical mass goal, it will still help drive growth and a greater economic impact from hotel occupants spending in downtown.

Motion: Kayem Dunn, supported by Dr. Wendy Falb, moved to amend the term of the Development Support Agreement for 150 Ottawa Ave. NW from 15 to 22 years with a maximum available reimbursement amount of \$4,421,638. Motion carried unanimously.

9. Authorize Investments for Movies in the Park Seasons 5-7

Mr. Larson said the Movies in the Park series has helped DGRI to invest in events downtown as well as yield a high level of economic impact for businesses downtown. Mr. Larson said this opportunity for partnership with LiveSpace allows the event to evolve and drive new outcomes. This contract will enable DGRI to invest in technology that allows the movie series to begin earlier in the evening and therefore double the number of movies shown on an annual basis. In addition, because the movies can start earlier, and more family friendly films can be shown. Mr. Larson said this also allows the ability to expand transportation options for the event because the movies will end while the Rapid is still in service. Mr. Larson pointed out that the contract allows flexibility for DGRI to host several pop up events without enduring extra costs. In the past, these types of events have included both the men's and women's World Cup and the Olympics. Mayor Bliss asked what the plan is for the equipment that has already been purchased. Mr. Larson said there is a high level of expertise involved for set up, so if the equipment is sold, it will also require training. Mayor Bliss said she would love to see it available for community members and neighbors to utilize.

Motion: Mayor Rosalynn Bliss, supported by Kayem Dunn, moved to authorize the DDA Executive Director to enter into a 3-year agreement with LiveSpace, LLC, a Grand Rapids-based company, in terms consistent with the attached quote. The contract shall be drafted or reviewed and approved by DDA legal counsel. Motion carried unanimously.

10. Snow Days Presentation

Ms. Van Driel gave a presentation on the upcoming Snow Days festival that will be held throughout downtown February 10th-14th. Ms. Van Driel shared that the Valent-Ice event is now in its fourth year of programming and there will be over fifty sculptures throughout downtown, including a large sculpture that will be voted on by the community located at Rosa Parks Circle. There will also be food trucks located at Rosa Parks Circle for festival goers and ice skaters. Ms. Van Driel highlighted other

events during Snow Days including; an Ice Bar at the Downtown Market, a special winter Relax at Rosa for downtown employees, Rail Jam, a ski and snowboard competition, and the second annual Human Hungry Hippos tournament. Mr. Larson noted that these events are an excellent opportunity for the Alliance for Vibrancy, with the guidance of Ms. Van Driel, to ideate and startup winter events and then transition them to other organizations to manage and continue forward. Ms. Van Driel said the broomball leagues were an excellent example, as DGRI managed the event the previous year, and it is now a weekly league that the Sports and Social Club manages. Mr. Harris asked if attendees are surveyed at these events. Ms. Van Driel said there will be intercept surveys at each of these events as well as follow up surveys for those who vote online for the community sculpture. Mr. Larson thanked both Ms. Van Driel and Ms. Buller for their hard work putting this festival together and securing the business participation for the sculptures.

11. President & CEO Report

DID 9/12/16

- Received updates on DID assessment law from City Attorney & Assessor

MNTIFA (10/12/16)

- Approved support for Accessibility Audit
- Received an update on DDA TIF and Development Plan amendments

DGRI (12/7/16)

- Destination Asset Study Presentation

Alliances:

INVESTMENT (12/13)

- Chair: Nikos Monoyios, Long Range Planner @ The Rapid
- Approved incentive program recommendations
- Participating in Sheldon Ave. & Newberry St. designs

VIBRANCY (Quarterly meetings with regular working group meetings)

- Chair – Brandy Moeller, City of Grand Rapids
- Planning for Food Truck Rally event in May, 2017

LIVABILITY (2/27)

- Chair: Lynee Wells, Principal @ Williams & Works – Working Group Discussions
- Will workshop proposed Alliance 2.0 engagement model

DGRI Staff Highlights

Events / Marketing / Communications

- Snow Days!
 - o Valent-ICE event expanded to include snow board “rail jam”
 - o 50+ businesses have purchased ice sculptures to date
- Exploring new technology / set up options for 5th season of MiTP

- Held Light Up Downtown / Christmas Tree Event – December 2
- February 9th – Downtown Resident Network Event
- Preparing new collateral for Black History Month
- Welcomed new staff member, Jennie Schumacher, Communications Coordinator

Planning / Development

- GRCC (voted yes) and Kent County (close) to participating in DDA
- Re-starting conversation with Senator Horn's office to determine how TIF reform will advance.
- Coordinating through challenges associated with new MEDC incentives policy.
- Collaborated with Engineering and Parks departments on improvements to Indian Mounds Park that will incorporate universal design standards and expand trail width to 15' as recommended in GR Forward (FY18 Budget)
- KL & TK participating on Daniel Rose Fellowship project team- Organized by ULI & National League of Cities. Team also includes Mayor Bliss, Kara Wood, and Josh Naramore from City of GR.
- City Commission to set public hearing (1/24) for hearing date of 2/14 on Downtown Zoning Update
- Calder Plaza Steering Committee – Coordinating final steering committee meeting, budget and phasing discussion with City of Grand Rapids.
- Managing Lyon Square Schematic Design – received 100% SD set. Transitioning into fundraising, project coordination, and Design Development (DD).

12. Public Comment

None

13. Board Member Discussion

Mayor Bliss asked if the Downtown Ambassadors partake in any crisis intervention training. Mayor Bliss said Denver has implemented this training for all of their police officers and she is considering implementing it locally. Mr. Eledge said the Ambassador team partakes in as many trainings provided around town as possible and would be interested in participating should it be available.

14. Adjournment

The meeting adjourned at 9:15am

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

**Agenda Item 3.
February 8, 2017
DDA Meeting**

DATE: February 3, 2017

TO: Brian Harris
Chairman

FROM: Jana M. Wallace
Downtown Development Authority Treasurer

SUBJECT: FY2017 Interim Financial Statements as of January 31, 2017

Attached are the DDA's interim financial statements for the first seven months of the fiscal year ending June 30, 2017. The attached statements include:

- Statement A: Balance Sheet
- Statement B: Comparison of FY2017 Budget vs Actual Results
- Statement C: Statement of Project Expenditures
- Statement D: Schedule of January, 2017 Expenditures

In January, the City Treasurer made several tax increment revenue adjustments which resulted in Debt Increment Fund and Local Tax Increment Fund losses totaling \$37,700. Both funds budgeted \$75,000 each in FY2017 for these types of assessment losses. In addition, the DDA and the City's largest tax increment authorities annually accrue for estimated revenue losses associated with any assessment appeals outstanding at year end. Therefore, the \$37,700 revenue reductions are not expected to materially impact the DDA and the DDA has 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 As of January 31, 2017

	Non-Tax Funds	Debt Increment	Local Tax Increment	TOTAL
ASSETS				
Pooled Cash and Investments	\$ 4,306,682	\$ 7,683,803	\$ 6,921,818	\$ 18,912,303
Petty Cash	-	-	500	500
Debt Service Reserve - Series 1994 Bonds	-	5,409,165	-	5,409,165
Loan Receivable - Project Developer	613,848	-	-	613,848
Loan Receivable - Special Assessments	7,368	-	-	7,368
General Fixed Assets	-	-	90,051,736	90,051,736
Accumulated Depreciation on Fixed Assets	-	-	(50,672,717)	(50,672,717)
Future Tax Increment Revenues Anticipated	-	30,098,727	139,500	30,238,227
TOTAL ASSETS	\$ 4,927,898	\$ 43,191,695	\$ 46,440,837	\$ 94,560,430
LIABILITIES AND FUND EQUITY				
Liabilities				
Current Liabilities	\$ 3,897	\$ -	\$ 11,760	\$ 15,657
Parking Revenue Payable	12,705	-	-	12,705
Other Accrued Liabilities	69,620	-	(69,620)	-
Project Increment Due to Developers	-	-	7,373	7,373
Current Year Excess Capture	-	3,756,601	-	3,756,601
Deposit - Area 1 and Area 5 Options to Buy	107,578	-	-	107,578
Net Retiree Health Care Obligation ¹	-	-	(5,720)	(5,720)
Prior Year Property Tax Appeals	-	139,215	77,008	216,223
Deferred Revenue - Developer Loan	613,848	-	-	613,848
Contract Payable	-	-	139,500	139,500
Bonds Payable	-	30,098,727	-	30,098,727
TOTAL LIABILITIES	807,648	33,994,543	160,301	34,962,492
Fund Balance / Equity:				
Investments in General Fixed Assets, net of Accumulated Depreciation	-	-	39,379,019	39,379,019
Debt Service Reserve - Series 1994 Bonds	-	5,409,165	-	5,409,165
Non-Tax Increment Reserve	3,560,329	-	-	3,560,329
Reserve for Authorized Projects	-	-	6,552,094	6,552,094
Reserve for Brownfield Series 2012A Bonds	531,071	-	-	531,071
Reserve for Compensated Absences	-	-	7,881	7,881
Reserve for Eligible Obligations	-	3,787,987	-	3,787,987
Reserve for Encumbrances	28,850	-	341,542	370,392
TOTAL FUND EQUITY	4,120,250	9,197,152	46,280,536	59,597,938
TOTAL LIABILITIES & FUND EQUITY	\$ 4,927,898	\$ 43,191,695	\$ 46,440,837	\$ 94,560,430

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 FY2017 Budget vs Actual Results July 1, 2016 - January 31, 2017

	Non-Tax Funds		Debt Tax Increment		Local Tax Increment	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES						
Property Tax Increment - General	\$ -	\$ -	\$ 9,630,568	\$ 9,598,547	\$ 5,107,623	\$ 5,207,455
Property Tax Increment - Transit Millage	-	-	-	-	454,848	454,848
Property Tax Increment - Prior Year Appeals	-	-	(75,000)	(32,421)	(75,000)	(5,279)
Property Tax Increment - Rebates to City / ITP	-	-	-	-	(327,571)	-
Special Assessments - Areaway	15,000	773	-	-	-	-
Brownfield Authority - Grandville Avenue	-	-	-	-	26,180	24,528
Brownfield Authority - Veterans Park	-	-	-	-	606,979	-
Interest on Investments - General	22,171	21,778	5,000	30,445	54,307	43,549
Interest on Investments - Multi-Year Accrual Reversal	-	(50,440) ¹	-	(29,645) ¹	-	(96,254) ¹
Interest on Investments - The Gallery Note	27,623	-	-	-	-	-
Property Rental - DASH Parking Lots	321,332	46,390	-	-	-	-
Property Rentals - YMCA Customer Parking	51,510	-	-	-	-	-
Event Sponsorships and Support	60,000	5,825	-	-	-	-
Principal Repayments - The Gallery on Fulton Note	50,000	-	-	-	-	-
Restricted Contributions - Lyon Square Partners	-	-	-	-	560,000	-
Sale of Parking Area 5	6,550,000	-	-	-	-	-
Series 1994 Debt Service Reserve Fund	-	-	564,160	-	-	-
Reimbursements and Fees - Miscellaneous	600	88	-	-	10,000	-
From / (To) Fund Balance	(3,812,588)	-	(5,000)	-	1,129,984	-
TOTAL REVENUES	\$ 3,285,648	\$ 24,414	\$ 10,119,728	\$ 9,566,926	\$ 7,547,350	\$ 5,628,847
EXPENDITURES						
Investment - Planning and Infrastructure						
Development Incentive Programs	\$ -	\$ -	\$ -	\$ -	\$ 1,225,000	\$ 864,459
Transit Projects - Transit Millage Funded	-	-	-	-	580,000	-
Planning	10,000	11,042	-	-	10,000	3,375
Public Infrastructure	2,051,451	-	-	-	3,089,000	789,600
Investment Total	\$ 2,061,451	\$ 11,042	\$ -	\$ -	\$ 4,904,000	\$ 1,657,434
Livability - Residents / Workers / Neighborhood	412,000	184,771	-	-	870,000	348,203
Vibrancy - Attracting Visitors	555,000	215,312	-	-	295,000	103,917
Miscellaneous	40,000	26,729	-	-	-	-
Total Alliance Projects	\$ 3,068,451	\$ 437,854	\$ -	\$ -	\$ 6,069,000	\$ 2,109,554
Administration	3,200	1,322	-	-	1,022,863	570,100
Debt Service for Bond Issues	213,997	-	5,809,525	742,512	455,487	49,309
Estimated Capture to be Returned	-	-	4,310,203	-	-	-
TOTAL EXPENDITURES	\$ 3,285,648	\$ 439,176	\$ 10,119,728	\$ 742,512	\$ 7,547,350	\$ 2,728,963
EXCESS / (DEFICIT)	\$ -	\$ (414,762)	\$ -	\$ 8,824,414	\$ -	\$ 2,899,884

Note 1: Each year-end the City Treasurer accrues relatively large amounts of interest revenues expected to result from multiple year investments. These large interest accruals are reversed in the following fiscal year, which typically results in net negative interest revenues for most of the following fiscal year. To highlight current year interest revenues, this line item indicates the amount of the FY2016 accrual reversal.

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STATEMENT C

DOWNTOWN DEVELOPMENT AUTHORITY
Statement of Current Project Expenditures
As of January 31, 2017

Project Title	Project Budgets		EXPENDITURES			Available Budget
	%	Cost	Month	Fiscal Year	All Years	
Areaway Fill Program (ARIP)		\$ 70,000 ^{1,2}	\$ -	\$ 35,000		\$ 35,000
Building Re-use Incentive Program (BRIP)		250,000 ^{1,2}	-	201,658		48,342
Development Project Guidance		80,000 ^{1,2}	33,482	38,174		41,826
Development Project Reimbursements		775,000 ^{1,2}	-	554,627		220,373
Streetscape Improvement Incentive Program		50,000 ^{1,2}	-	35,000		15,000
Investment - Development Incentives Sub-Total	9.42%	\$ 1,225,000	\$ 33,482	\$ 864,459		\$ 360,541
DASH North Shuttle Services		80,000 ^{1,2}	-	-		80,000
New Downtown Circulator Infrastructure		500,000 ²	-	-	-	500,000
Investment - Transit Millage Funded Sub-Total	4.46%	\$ 580,000	\$ -	\$ -		\$ 580,000
Downtown Plan - Community Relations		10,000 ^{1,2}	-	3,375		6,625
Investment - Planning Sub-Total	0.08%	\$ 10,000	\$ -	\$ 3,375		\$ 6,625
Arena South Implementation		636,596 ²	-	-	86,596	550,000
Bridge Street Streetscape Improvs		216,237 ²	-	86	116,323	99,914
Grand River Activation		200,000 ²	-	-	-	200,000
Grandville Ave Area Improvements		850,000 ²	-	144	842,136	7,864
Ionia Avenue Cycletrack		286,000 ²	-	-	-	286,000
Library Area Improvements		250,000 ²	-	-	-	250,000
Lyon Square Improvements		916,882 ²	4,053	255,677	422,559	494,323
Michigan / Ottawa Gateway		75,000 ²	-	-	-	75,000
Pearl Street Gateway Enhancements		643,000 ²	26,629	309,982	611,708	31,292
Rowe Hotel Public Improvements		120,000 ²	-	-	-	120,000
Sheldon Blvd - Weston to Cherry Street		250,000 ²	-	-	-	250,000
State Street & Bostwick Ave Reconstruction		1,575,000 ²	-	219,911	818,913	756,087
Streetscape Improvements - various		600,000 ²	-	-	-	600,000
Veterans Park Improvements		894,890 ²	-	3,800	148,690	746,200
Weston Street - Sheldon to LaGrave Ave		100,000 ²	-	-	-	100,000
Investment - Public Infrastructure Sub-Total	58.52%	\$ 7,613,605	\$ 30,682	\$ 789,600	\$ 3,046,925	\$ 4,566,680
Downtown Speakers Series		10,000 ^{1,3}	215	11,042		(1,042)
Investment - Non-Tax Supported Sub-Total	0.08%	\$ 10,000	\$ 215	\$ 11,042		\$ (1,042)
Accessibility and Mobility Repairs		100,000 ^{1,2}	-	-		100,000
Bicycle Friendly Improvements		712,044 ²	-	-	137,044	575,000
Downtown Census		53,000 ²	-	-	23,000	30,000
Heartside Public Restroom Facility		100,000 ²	-	-	-	100,000
Public Realm Improvements		513,536 ²	158	190,990	304,526	209,010
Snowmelt System Repairs / Investigation		50,000 ^{1,2}	1,181	5,187		44,813
Stakeholder Engagement Programs		- ^{1,2}	1,177	1,177		(1,177)
Tree Well Fill		150,000 ²	-	100,000	100,000	50,000
Urban Recreation Plan		264,084 ²	-	6,250	60,334	203,750
Wayfinding System Improvements		326,904 ²	203	44,599	116,503	210,401
Livability - Local Tax Supported Sub-Total	17.44%	\$ 2,269,568	\$ 2,719	\$ 348,203	\$ 741,407	\$ 1,521,797
Division Ave Task Force Implemntn		2,500 ^{1,3}	-	-		2,500
Downtown Ambassadors		225,000 ^{1,3}	24,695	124,010		100,990
Educational Partnerships Initiatives		5,000 ^{1,3}	-	-		5,000
Project and Fixed Asset Maintenance		25,000 ^{1,3}	-	-		25,000
Public Realm Improvements		- ^{1,3}	-	5,439		(5,439)
Riverwalk Maintenance		20,000 ^{1,3}	-	-		20,000
Stakeholder Engagement Programs		15,000 ^{1,3}	-	5,291		9,709
Street Trees Maintenance Program		5,000 ^{1,3}	-	-		5,000
Transportation Demand Mnmt Prog		112,500 ^{1,3}	46,888	50,031		62,469
Winter Avenue Building Lease		2,000 ^{1,3}	-	-		2,000
Livability - Non-Tax Supported Sub-Total	3.17%	\$ 412,000	\$ 71,583	\$ 184,771		\$ 227,229
DGRI Event Production		- ^{1,2}	-	598		(598)
Downtown Marketing & Inclusion		275,000 ^{1,2}	71,456	101,788		173,212
Downtown Workforce Program		- ^{1,2}	-	159		(159)
State of Dntn Event & Annual Reports		20,000 ^{1,2}	-	1,372		18,628
Vibrancy Local Tax Supported Sub-Total	2.27%	\$ 295,000	\$ 71,456	\$ 103,917		\$ 191,083
Bridge Lighting Operations		10,000 ^{1,3}	-	-		10,000
DGRI Event Production		80,000 ^{1,3}	8,988	52,737		27,263
Diversity / Inclusion Programming		22,500 ^{1,3}	1,000	8,669		13,831
Downtown Marketing & Inclusion		- ^{1,3}	-	322		(322)
Downtown Workforce Program		35,000 ^{1,3}	140	12,125		22,875
Go-Site Visitor Center at GRAM		7,500 ^{1,3}	-	-		7,500
Holiday Décor Program		65,000 ^{1,3}	-	-		65,000
Major Event Sponsorship		65,000 ^{1,3}	-	40,000		25,000
Public Space Activation		30,000 ^{1,3}	950	7,455		22,545
Rosa Parks Circle Skating Operations		40,000 ^{1,3}	-	-		40,000
Special Events - Grants		40,000 ^{1,3}	4,000	35,000		5,000
Special Events - Office of		75,000 ^{1,3}	-	25,000		50,000
Special Events - Training Program		5,000 ^{1,3}	-	8,773		(3,773)
Ticketed Events - Police Services		80,000 ^{1,3}	-	25,231		54,769
Vibrancy Non-Tax Supported Sub-Total	4.27%	\$ 555,000	\$ 15,078	\$ 215,312		\$ 339,688
Experience - Miscellaneous		40,000 ^{1,3}	4,116	26,729		13,271
TOTAL	99.69%	\$ 13,010,173	\$ 229,331	\$ 2,547,408		\$ 7,805,872

Note 1: Current year (FY2017) budget only.

Note 2: Paid from local tax increment. Note 3: Paid from non-tax funds.

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STATEMENT D

DOWNTOWN DEVELOPMENT AUTHORITY

Schedule of Expenditures

January, 2017

Source	Date Posted	Vendor	Activity # Purpose / Project	Description	Amount
Local	1/31/2017	Paychex	Administration	DGRI payroll, taxes, 401(k) - January, 2017	\$ 55,074.82
Local	1/27/2017	Payroll Re-Allocation Entry	Downtown Marketing & Inclusion	DGRI payroll 06/25-12/30/2016 - wgs/taxes/401(k)	51,364.52
Non-Tax	1/27/2017	Payroll Re-Allocation Entry	Transportation Demand Mmnt Prog	DGRI payroll 06/25-12/30/2016 - wgs/taxes/401(k)	46,436.08
Local	1/27/2017	Payroll Re-Allocation Entry	Development Project Guidance	DGRI payroll 06/25-12/30/2016 - wgs/taxes/401(k)	31,272.48
Local	1/29/2017	Diversco Construction Co Inc	Pearl Street Gateway Enhancements	Streetscape improvements - 10/21-11/18/16	26,629.30
Non-Tax	1/22/2017	Mydatt Service Inc	Downtown Ambassadors	Downtown Ambassadors 10/2016	24,510.78
Local	1/22/2017	Priority Health	Administration	Health Insurance Premium 1-3/2017	12,282.25
Local	1/10/2017	City Treasurer - Budget Office	Administration	Support services allocation - January 2017	8,391.00
Local	1/3/2017	Cassidy Bisher	Downtown Marketing & Inclusion	Video Production services 12/2016	7,083.00
Local	1/3/2017	Cassidy Bisher	Downtown Marketing & Inclusion	Video Production services 1/2017	7,083.00
Local	1/9/2017	BDO USA LLP	Administration	Auditing Services FY2016	6,500.00
Local	1/3/2017	Federal Square Building Co. #1, LLC	Administration	Office Lease: 29 Pearl Street 12/2016	5,506.10
Local	1/22/2017	Federal Square Building Co. #1, LLC	Administration	Office Lease: 29 Pearl Street 1/2017	5,506.10
Local	1/22/2017	Bishop Land Design, LLC	Lyon Square Improvements	Lyon Square Redesign Consultant	4,052.48
Non-Tax	1/31/2017	Vault Cafe LLC	DGRI Event Production	Event Supplies: Holiday Party Event Catering 12/16	3,825.00
Non-Tax	1/19/2017	Bluewater Technologies Group Inc	Experience - Miscellaneous	Audio Engineer Services: Light Up Downtown 12/16	3,672.70
Local	1/31/2017	City of Grand Rapids	Administration	Staff services - payroll period ended 01/28/2017 (est)	3,500.00
Local	1/31/2017	The KR Group, Inc.	Administration	Ackerman/Kelly/Schumacher laptops	3,194.10
Local	1/31/2017	HR Collaborative LLC	Administration	HR Consultant 12/2016	3,054.63
Local	1/23/2017	City of Grand Rapids	Administration	Staff services - payroll period ended 01/14/2017	3,039.10
Local	1/9/2017	McAlvey Merchant & Associates	Administration	Governmental Consulting 11/2016	3,000.00
Local	1/31/2017	McAlvey Merchant & Associates	Administration	Governmental Consulting 12/2016	3,000.00
Local	1/3/2017	TGG, Inc.	Administration	Insurance Premium 1-3/2017	2,551.72
Non-Tax	1/9/2017	West Michigan Jazz Society	Special Events - Grants	Special Event Grant: Jazz in the Park 2015	2,500.00
Local	1/22/2017	Dickinson Wright PLLC	Administration	Legal Services: Tax and Increment Plans 11/2016	2,451.00
Local	1/13/2017	City Treasurer - Risk Management	Administration	General insurance - January 2017	1,727.00
Local	1/9/2017	HR Collaborative LLC	Administration	HR Consultant 11/2016	1,662.32
Non-Tax	1/24/2017	Kerkstra Portable Restroom Svc Inc	DGRI Event Production	Event Supplies: Movies in the Park 09/2016	1,625.00
Non-Tax	1/19/2017	Fifth Third Bank	DGRI Event Production	P Card 12/16: Hungry Hippos, holiday party supplies	1,511.74
Local	1/22/2017	Grand Rapids Public Schools	Downtown Marketing & Inclusion	Advertisement: We are GR 11/03/2016	1,425.00
Local	1/19/2017	Fifth Third Bank	Administration	P Card 12/16: Travel & Training for Staff	1,273.04
Local	1/9/2017	Geotech Inc	Snowmelt System Repairs / Investigation	System maintenance - November, 2016	1,181.00
Local	1/4/2017	Vault Cafe LLC	Stakeholder Engagement Programs	Resident Network Event Catering 11/2016	1,177.00
Local	1/3/2017	Swift Printing & Communications	Downtown Marketing & Inclusion	Meeting Supplies: Winter Events Calendar 11/2016	1,125.18
Local	1/19/2017	Fifth Third Bank	Downtown Marketing & Inclusion	P Card 12/16: Website, CRM, FB ads, Surv Monkey	1,084.13
Non-Tax	1/9/2017	Jamiel Robinson	Diversity / Inclusion Programming	Event Sponsorship: Black Market Event 11/2016	1,000.00
Non-Tax	1/9/2017	MSU Club of West Michigan, Inc.	Special Events - Grants	Special Event Grant: On the Banks 07/2016	1,000.00
Non-Tax	1/22/2017	MKR Services, Inc	DGRI Event Production	Event Supplies: MITP 2016 series	930.70
Local	1/4/2017	Jeffrey Christopher Wilkinson	Downtown Marketing & Inclusion	Photog: Mexican Fest, Kids Artfest, Artprize 09-10/16	887.50
Local	1/4/2017	Dickinson Wright PLLC	Development Project Guidance	Legal Services: 150 Ottawa 10/2016	860.00
Non-Tax	1/4/2017	Revue Holding 1	DGRI Event Production	Advertising: Movies not in the park 12/2016	772.00
Local	1/22/2017	Revue Holding 1	Downtown Marketing & Inclusion	Advertising: Snow Days 1/2017	772.00
Local	1/31/2017	The KR Group, Inc.	Administration	IT services 1/17	732.51
Local	1/3/2017	Cellco Partnership	Administration	Cell Phone Service 11/2016	718.76
Local	1/22/2017	Dickinson Wright PLLC	Development Project Guidance	Legal Services: Area 4/5 11/2016	666.50
Local	1/19/2017	Fifth Third Bank	Administration	P Card 12/16: K. Larson travel & training	622.20
Local	1/3/2017	Blue Cross Blue Shield of Michigan	Administration	Insurance Premium 1-3/2017	593.43
Local	1/4/2017	Dickinson Wright PLLC	Administration	Legal Services: misc DDA matters 10/2016	559.00
Non-Tax	1/19/2017	Fifth Third Bank	Administration	P Card 12/16: Local Business Expenses	558.05
Non-Tax	1/4/2017	Peter Lewandoski	Public Space Activation	Performance: Pop Up at misc locations 5/16-9/16	525.00
Non-Tax	1/19/2017	Fifth Third Bank	Special Events - Grants	P Card 12/16: Sponsorship (GRPS Turkey Trot)	500.00
Local	1/22/2017	Dickinson Wright PLLC	Administration	Legal Services: Misc DDA matters 11/2016	494.50
Local	1/31/2017	Professional Maintenance of Michigan Inc.	Administration	Cleaning Services 12/16	415.75
Local	1/22/2017	Dickinson Wright PLLC	Development Project Guidance	Legal Services: Arena Place 11/2016	387.00
Local	1/31/2017	Paychex	Administration	DGRI payroll processing fees - January, 2017	340.31
Local	1/9/2017	MVP Sportsplex - GR, LLC	Administration	Paid via Payroll Deductions 12/2016	331.80
Local	1/31/2017	MVP Sportsplex - GR, LLC	Administration	Paid via Payroll Deductions 1/2017	331.80
Non-Tax	1/4/2017	Jeffrey Christopher Wilkinson	Experience - Miscellaneous	Photographer: Light Up Downtown 12/2016	317.50
Non-Tax	1/4/2017	Mary Lewandoski	Public Space Activation	Performances: Pop Up var locations 10/16	300.00
Local	1/27/2017	Payroll Re-Allocation Entry	Downtown Marketing & Inclusion	DGRI payroll 06/25-12/30/2016 - fees	276.99
Local	1/9/2017	HR Collaborative LLC	Administration	HR Consultant 10/2016	253.49
Local	1/22/2017	Mighty Co.	Downtown Marketing & Inclusion	Website care and maintenance 1/2017	250.00
Local	1/9/2017	U.S. Bank, N.A.	DDA 1994 Bonds - Van Andel Arena	Semi-annual paying agent fee	250.00
Non-Tax	1/22/2017	Swift Printing & Communications	DGRI Event Production	Event Supplies: Human Hungry Hippos 12/2016	245.98
Non-Tax	1/27/2017	Payroll Re-Allocation Entry	Transportation Demand Mmnt Prog	DGRI payroll 06/25-12/30/2016 - fees	242.98
Non-Tax	1/4/2017	Jeffrey Christopher Wilkinson	Downtown Speakers Series	Photographer: Project N speaker series	215.00
Local	1/3/2017	City Treasurer - Engineering Dept	Wayfinding System Improvements	Project supervision	202.72

continued on the next page

STATEMENT D - continued
DOWNTOWN DEVELOPMENT AUTHORITY
Schedule of Expenditures
January, 2017

Page 2

Source	Date Posted	Vendor	Activity # Purpose / Project	Description	Amount
<i>continued from previous page</i>					
Local	1/9/2017	Federal Square Building Co. #1, LLC	Administration	Utility Service: Electricity 11/2016	\$ 193.92
Local	1/22/2017	Dickinson Wright PLLC	Administration	Legal Services: TIF legislation 11/2016	193.50
Local	1/22/2017	Dickinson Wright PLLC	Administration	Legal Services: Calder Plaza presentation 11/2016	182.00
Local	1/4/2017	Dickinson Wright PLLC	Administration	Legal Services: TIF legislation 10/2016	172.00
Local	1/27/2017	Payroll Re-Allocation Entry	Development Project Guidance	DGRI payroll 06/25-12/30/2016 - fees	167.20
Local	1/31/2017	Staples Contract and Commercial Inc.	Administration	Office Supplies 12/2016	166.93
Local	1/4/2017	The KR Group, Inc.	Administration	IT security services 12/16	161.83
Local	1/31/2017	The KR Group, Inc.	Administration	IT security services 1/17	161.83
Local	1/19/2017	Fifth Third Bank	Public Realm Improvements	P Card 12/16: Parklet Storage	158.00
Non-Tax	1/4/2017	Jeffrey Christopher Wilkinson	Downtown Workforce Program	Photographer: Relax at Rosa 9/2016	140.00
Local	1/31/2017	Paychex	Administration	DGRI HRS processing fees - January, 2017	140.00
Local	1/18/2017	PCS Gophers Ltd	Administration	Interoffice mail services	138.05
Non-Tax	1/4/2017	Swift Printing & Communications	Experience - Miscellaneous	Event Supplies: Light Up Downtown signs 12/2016	126.00
Non-Tax	1/9/2017	Jasper Noll Fuentes	Public Space Activation	Pop up Performer: Guitar at var locations 07/2016	125.00
Local	1/22/2017	Comcast	Administration	Internet at 29 Pearl St NW 1/07/2017-2/06/2017	118.27
Local	1/19/2017	Mighty Co.	Downtown Marketing & Inclusion	Website hosting 1-3/2017	105.00
Local	1/31/2017	Madcap Coffee Company	Administration	Meeting Supplies 12/2016	93.95
Local	1/9/2017	Madcap Coffee Company	Administration	Meeting Supplies 11/2016	90.82
Local	1/31/2017	MKR Services, Inc	Administration	Office Supplies: Board mbr farewell plaque 1/17	83.94
Local	1/31/2017	Staples Contract and Commercial Inc.	Administration	Office Supplies 12/2016	78.87
Local	1/31/2017	Staples Contract and Commercial Inc.	Administration	Office Supplies 12/2016	76.45
Local	1/31/2017	Staples Contract and Commercial Inc.	Administration	Office Supplies 12/2016	74.63
Non-Tax	1/9/2017	MVP Sportsplex - GR, LLC	Transportation Demand Mnmt Prog	Paid via Payroll Deductions 12/2016	72.00
Non-Tax	1/31/2017	MVP Sportsplex - GR, LLC	Transportation Demand Mnmt Prog	Paid via Payroll Deductions 1/2017	72.00
Local	1/31/2017	Staples Contract and Commercial Inc.	Administration	Office Supplies 12/2016	70.11
Non-Tax	1/9/2017	Consumers Energy 1	Downtown Ambassadors	Share of electricity - 331 Winter Ave NW	66.27
Non-Tax	1/3/2017	Cellco Partnership	Transportation Demand Mnmt Prog	Cell Phone Service 11/2016	65.41
Local	1/4/2017	Dickinson Wright PLLC	Administration	Legal Services: Kent County Gainsharing 10/2016	64.50
Local	1/4/2017	Dickinson Wright PLLC	Development Project Guidance	Legal Services: Area 4/5 10/2016	64.50
Local	1/22/2017	Dickinson Wright PLLC	Development Project Guidance	Legal Services: Venue towers 11/2016	64.50
Non-Tax	1/27/2017	DTE Energy	Downtown Ambassadors	Share of natural gas - 331 Winter Ave	59.28
Non-Tax	1/22/2017	Bazen Electric	Downtown Ambassadors	331 Winter Repairs 10/2016	58.13
Local	1/9/2017	Madcap Coffee Company	Administration	Meeting Supplies 12/2016	51.48
Local	1/19/2017	Fifth Third Bank	Administration	P Card 12/16: Office supplies (DDA Portion)	43.74
Local	1/31/2017	JPMorganChase	Administration	DGRI payroll bank fees - January, 2017	43.05
Non-Tax	1/19/2017	Fifth Third Bank	DGRI Event Production	P Card 12/16: Event supplies (MITP postage)	42.32
Non-Tax	1/4/2017	Hispanice Center of W Michigan	DGRI Event Production	Movies not in the Park poster translation	35.00
Local	1/31/2017	Staples Contract and Commercial Inc.	Administration	Office Supplies 12/2016	32.78
Local	1/9/2017	Model Coverall Service Inc	Administration	Floor Mat Rental 11/2016	31.05
Local	1/31/2017	Model Coverall Service Inc	Administration	Floor Mat Rental 12/2016	30.50
Non-Tax	1/25/2017	City Treasurer - Parking Services	Downtown Ambassadors	May, 2016 parking - M Eledge, Dntn Ambassadors	30.00
Non-Tax	1/27/2017	City Treasurer - Parking Services	Downtown Ambassadors	July, 2016 parking - M Eledge, Dntn Ambassadors	30.00
Non-Tax	1/27/2017	City Treasurer - Parking Services	Downtown Ambassadors	June, 2016 parking - M Eledge, Dntn Ambassadors	30.00
Local	1/31/2017	Gordon Water Systems	Administration	Water Cooler Lease 12/2016	27.12
Local	1/31/2017	Staples Contract and Commercial Inc.	Administration	Office Supplies 12/2016	26.76
Local	1/31/2017	Staples Contract and Commercial Inc.	Administration	Office Supplies 12/2016	25.56
Local	1/31/2017	Staples Contract and Commercial Inc.	Administration	Office Supplies 12/2016	17.39
Local	1/31/2017	Staples Contract and Commercial Inc.	Administration	Office Supplies 12/2016	12.19
Local	1/19/2017	Fifth Third Bank	Administration	P Card 12/16: DDA postage	10.65
Local	1/9/2017	Fusion IT LLC	Administration	Network Management 9/2016	9.50
Local	1/31/2017	Fusion IT LLC	Administration	Network Management 1/2017	9.50
Local	1/31/2017	Staples Contract and Commercial Inc.	Administration	Office Supplies 12/2016	6.49
Local	1/31/2017	Staples Contract and Commercial Inc.	Administration	Office Supplies 12/2016	5.13
Local	1/31/2017	Staples Contract and Commercial Inc.	Administration	Office Supplies 12/2016	4.82
Local	1/27/2017	Payroll Re-Allocation Entry	Administration	DGRI payroll 06/25-12/30/2016 - fees	(1,037.44)
Local	1/27/2017	Payroll Re-Allocation Entry	Administration	DGRI payroll 06/25-12/30/2016 - wgs/taxes/401(k)	(195,509.22)
TOTAL JANUARY, 2017 EXPENDITURES					\$163,438.30

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

Grand Rapids Downtown Development Authority



AUDIT WRAP-UP

For the Year Ended
June 30, 2016

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 Authority and is not intended and should not be used by anyone other than these specified parties.

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

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

December 19, 2016

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 for the Grand Rapids Downtown Development Authority (the Authority) as of and for the year ended June 30, 2016, 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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Independence Communication	7
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BDO Center for Corporate Governance and Financial Reporting	15

Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended June 30, 2016. 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 and released our report on December 14, 2016.
- 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 by the Authority and considered whether such information, or the manner of its presentation, was materially inconsistent 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.
- 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. Please refer to the schedule of corrected misstatements included in the management representation letter.

There were no uncorrected misstatements, other than those that were clearly trivial, 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, 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 Authority's 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 those 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.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the Authority's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
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 about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the Authority's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Other matters significant to the oversight of the Authority's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the Authority's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter that is available from management.

Independence Communication

Our engagement letter to you dated July 20, 2016 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. 73, ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS AND RELATED ASSETS THAT ARE NOT WITHIN THE SCOPE OF GASB STATEMENT 68, AND AMENDMENTS TO CERTAIN PROVISIONS OF GASB STATEMENTS 67 AND 68

This Statement completes the GASB's pension project by providing guidance for pensions that are not administered through a trust.

Effective Date: Fiscal years beginning after June 15, 2016

GASB STATEMENT NO. 74, FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS AND GASB STATEMENT NO. 75, ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

These Statements provide guidance on other postemployment benefits (OPEB) for both OPEB plans and participating employers. The guidance in these two new standards closely parallels the GASB's most recent guidance on pensions.

Effective Date: Fiscal years beginning after June 15, 2016 for GASB 74 and June 15, 2017 for GASB 75

GASB STATEMENT NO. 76, THE HIERARCHY OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR STATE AND LOCAL GOVERNMENTS

This Statement compresses the current 4-level hierarchy of generally accepted accounting principles (GAAP) into just two levels. In doing so, it elevates the GASB's Implementation Guides to authoritative status, meaning that any future implementation guidance will be subject to full due-process prior to release.

Effective Date: Reporting periods beginning after June 15, 2016

GASB STATEMENT NO. 77, TAX ABATEMENT DISCLOSURES

GASB Statement No. 77, Tax Abatement Disclosures, requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues.

Effective Date: Reporting periods beginning after December 15, 2015

GASB STATEMENT NO. 78, PENSIONS PROVIDED THROUGH CERTAIN MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLANS

GASB 78 amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

Significant Accounting and Reporting Matters

Effective Date: Reporting periods beginning after December 15, 2015

GASB STATEMENT NO. 79, CERTAIN EXTERNAL INVESTMENT POOLS AND POOL PARTICIPANTS

GASB 79 permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes and provides guidance that will allow many pools to continue to qualify for amortized cost accounting.

Existing standards provide that external investment pools may measure their investments at amortized cost for financial reporting purposes if they follow substantially all of the provisions of the SEC's Rule 2a7. Likewise, participants in those pools are able to report their investments in the pool at amortized cost per share.

GASB 79 replaces the reference in existing GASB literature to Rule 2a7 with criteria that are similar in many respects to those in Rule 2a7. GASB 79 is effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

Effective Date: Reporting periods beginning after June 15, 2015

GASB STATEMENT NO. 80, BLENDING REQUIREMENTS FOR CERTAIN COMPONENT UNITS

GASB 80 clarifies the display requirements in GASB Statement No. 14, *The Financial Reporting Entity*, by requiring these component units to be blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member.

Although GASB 80 applies to a limited number of governmental units, such as, for example, public hospitals, the GASB intends for it to enhance the comparability of financial statements among those units and improve the value of this information for users of state and local government financial statements.

Effective Date: Reporting periods beginning after June 15, 2016

GASB STATEMENT NO. 81, IRREVOCABLE SPLIT-INTEREST AGREEMENTS

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. GASB 81 requires that a government recognize revenue when the resources become applicable to the reporting period.

Effective Date: Reporting periods beginning after December 15, 2016

Significant Accounting and Reporting Matters

GASB STATEMENT NO. 82, *PENSION ISSUES*

GASB 82 addresses, among other things:

- Presentation of payroll-related measures in required supplementary information
- Selection of assumptions and the treatment of deviations from guidance in Actuarial Standards of Practice for financial reporting purposes, and
- Classification of payments made by employers to satisfy plan member contribution requirements.

GASB 82 is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. Specifically, the practice issues raised by stakeholders during implementation of GASB 67, 68, and 73.

Effective Date: Reporting periods beginning after June 15, 2016

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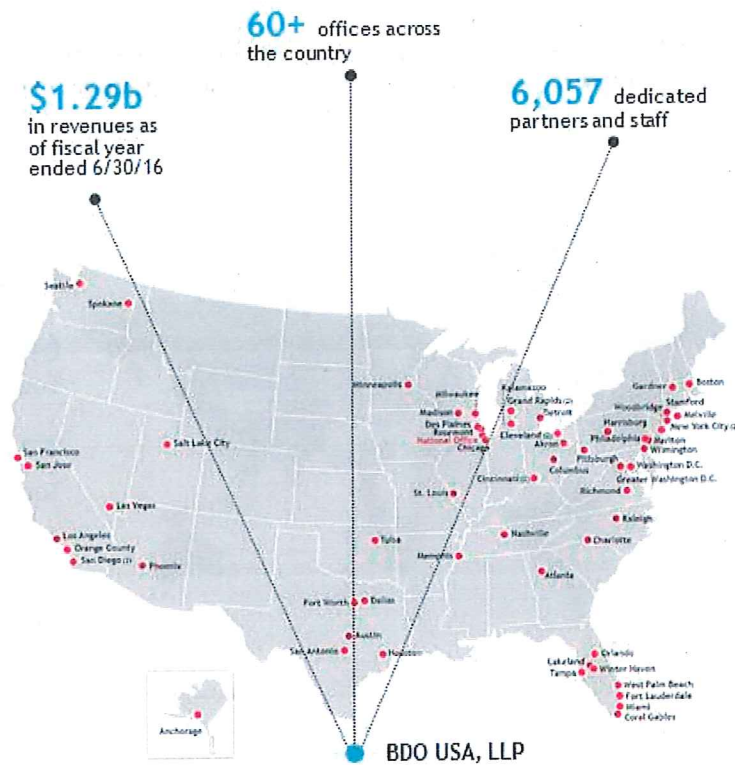
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**As of and for the year ended June 30, 2016*



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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, 2016

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, 2016

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

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

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

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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on the 2015 financial statements in our report dated November 11, 2015. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2015 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 14, 2016

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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, 2016. 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

June 30,	2016	2015	% Change
Assets			
Current assets	\$ 18,548,235	\$ 17,553,460	5.67
Noncurrent assets	816,759	940,825	(13.19)
Capital assets, net of depreciation	39,379,020	42,223,583	(6.74)
Total Assets	58,744,014	60,717,868	(3.25)
Deferred Outflows of Resources	1,065,064	1,198,871	(11.16)
Liabilities			
Current liabilities	6,195,428	4,730,147	30.98
Noncurrent liabilities:			
Due within one year	4,375,992	4,044,150	8.21
Due in more than one year	32,189,159	35,753,517	(9.97)
Total Liabilities	42,760,579	44,527,814	(3.97)
Net Position			
Net investment in capital assets	15,479,760	17,537,065	(11.73)
Restricted for authorized projects	1,568,739	-	100.00
Unrestricted	-	(148,140)	(100.00)
Total Net Position	\$ 17,048,499	\$ 17,388,925	(1.96)

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 \$12.9 million portion of the investment pool is displayed on the Statement of Net Position as equity in pooled cash and investments. Investments are a diversified mixture of U.S. Government Agency and U.S. Treasury securities, money market mutual funds, and commercial paper rated by at least two rating organizations at their highest rating. In fiscal year 2016, cash increased by almost \$1 million from fiscal year 2015.

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 2016 net receivables of \$187,391 are composed of interest receivable and amounts owed to the Authority for special assessments. Detailed information for fiscal year 2016 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 principal began in 2015. The developer also made additional principal payments of \$175,000 in fiscal year 2015 and \$35,000 in fiscal year 2016 as allowed by the terms of the promissory note. Debt service is scheduled to 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 \$39.4 million include the historical construction and acquisition costs of infrastructure, land, land improvements, buildings and structures, machinery and equipment, and office equipment and furniture, less \$50.7 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, 2016, accounts payable of \$5.8 million include amounts owed to vendors for goods and services received in fiscal year 2016 but paid for in fiscal year 2017; 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, 2016 is 34.88% higher than the balance on June 30, 2015. A larger amount was owed to vendors as of June 30, 2016 due to greater number of construction projects in process as of June 30, 2016. Also, estimated taxes due to other governments increased by approximately \$470,000 to reflect the fiscal year 2016 accrual.

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.

Noncurrent Liabilities

Noncurrent Liabilities, Due Within One Year

Noncurrent liabilities, due within one year, of \$4.4 million represent the amount of the Authority's debt service payments due within twelve months after June 30, 2016, 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 \$32.2 million represent bond principal and capital appreciation bond-related interest payments scheduled to be paid after June 30, 2017. The decrease in the amounts outstanding on June 30, 2016 and June 30, 2015 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, 2016 was about \$17 million, a 1.96% decrease compared to total net position at June 30, 2015.

Net Investment in Capital Assets

Net investment in capital assets, of \$15.5 million includes the historical construction and acquisition costs of infrastructure, land, land improvements, buildings and structures, machinery and equipment, office equipment and furniture net of accumulated depreciation, and related bond principal outstanding. The 11.73% or \$2.0 million decrease between fiscal years 2016 and 2015 is roughly equal to the \$2.8 million decrease in net capital assets, plus the \$3.6 million decrease in long-term liabilities, less the \$2.3 million difference in the accrued interest on the capital appreciation bonds, and less the \$134,000 amortization of the deferral on the refunding bonds. Detailed information regarding capital assets and acquisition-related debt obligations is in Notes 5 and 7.

Restricted for Authorized Projects (Unrestricted)

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. The \$2 million increase in restricted net position in fiscal year 2016 is directly related to the \$2 million decrease in the amount of accrued interest on the Series 1994 capital appreciation bonds. In fiscal year 2015, because the amount was negative, accounting principles generally accepted in the United States of America required the title Unrestricted.

Statements of Activities

<i>Year ended June 30,</i>	2016	2015	% Change
Revenues			
Property taxes	\$ 10,193,687	\$ 10,390,626	(1.90)
Investment earnings	269,699	170,319	58.35
Charges for services	516,959	557,013	(7.19)
Total revenues	10,980,345	11,117,958	(1.24)
Expenses			
Urban development	8,888,920	6,741,559	31.85
Interest and paying agent fees	2,431,851	2,652,792	(8.33)
Total expenses	11,320,771	9,394,351	20.51
Changes in net position	(340,426)	1,723,607	(119.75)
Net Position, beginning of year	17,388,925	15,665,318	11.00
Net Position, end of year	\$ 17,048,499	\$ 17,388,925	(1.96)

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, 2016 include property taxes levied July 1, 2015 and December 1, 2015.

Property tax revenue between fiscal years 2016 and 2015 remained fairly constant with a small decrease of only 1.90%.

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 an increase of 58.35% in revenues between fiscal year 2016 and 2015. This is due to the City's hiring of three investment firms which actively invest any surplus funds.

Charges for Services

In fiscal year 2016, charges for services remained decreased of 7.19% or approximately \$40,000.

Expenses

Urban Development

In the fiscal year ended June 30, 2016, the Authority expended \$8.9 million for urban development work related to the Authority's Development Plan compared to \$6.7 million the prior year.

Currently, the Authority focuses on three major development areas: Investment, Livability and Vibrancy. There were five projects in fiscal year 2016 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 2016.

\$ 841,993	Grandville Area Improvements
599,125	Bostwick Avenue - Lyon St to Crescent St and State Street - Jefferson to Lafayette
541,179	Public facility developer reimbursements - J.W. Marriott, Owen-Ames-Kimball, Hopson Flats, 38 Commerce LLC, Two West Fulton, DBD Properties LLC, Health Park Central LLC, 68 Commerce LLC, 35 Oakes Associates, 100 Commerce Development LLC, and Harris Lofts LLC
308,848	Downtown Ambassadors Program
265,942	Lyon Square Improvements

The five largest projects in terms of expenditures for fiscal year 2015 are below.

\$ 657,829	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, 35 Oakes Associates, and 100 Commerce Development LLC
434,114	Downtown Plan/GR Forward
420,748	Building Re-Use incentive Program
317,792	Downtown Ambassadors Program
224,673	Downtown Marketing and Inclusion

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

June 30,	2016			Statement of Net Position 2015
	Governmental Fund	Adjustments (Note 3)	Statement of Net Position	
Assets				
Equity in pooled cash and investments	\$ 12,954,382	\$ -	\$ 12,954,382	\$ 12,005,527
Cash and investments held by trustee	5,406,462	-	5,406,462	5,403,704
Current receivables (Note 4)	187,391	-	187,391	144,229
Long-term loan receivable	613,848	-	613,848	698,848
Pre-paid expenses	-	197,191	197,191	236,628
Net OPEB asset	-	5,720	5,720	5,349
Capital assets (Note 5):				
Non-depreciable	-	13,258,882	13,258,882	13,258,882
Depreciable	-	76,792,854	76,792,854	76,792,854
Less accumulated depreciation	-	(50,672,716)	(50,672,716)	(47,828,153)
Total Assets	\$ 19,162,083	39,581,931	58,744,014	60,717,868
Deferred Outflows of Resources				
Deferred on refunding of bonds	\$ -	1,065,064	1,065,064	1,198,871
Liabilities				
Accounts payable (Note 6)	\$ 5,832,120	-	5,832,120	4,323,287
Accrued interest payable - current	-	248,357	248,357	248,615
Unearned revenue	613,848	(613,848)	-	-
Customer deposits	107,578	-	107,578	109,878
Due to participants	7,373	-	7,373	7,373
Due to primary government	-	-	-	40,994
Noncurrent liabilities (Note 7):				
Due within one year	-	4,375,992	4,375,992	4,044,150
Due in more than one year	-	32,189,159	32,189,159	35,753,517
Total liabilities	6,560,919	36,199,660	42,760,579	44,527,814
Fund Balance				
Restricted for authorized projects	8,069,930	(8,069,930)	-	-
Assigned for authorized projects	4,531,234	(4,531,234)	-	-
Total fund balance	12,601,164	(12,601,164)	-	-
Total Liabilities and Fund Balance	\$ 19,162,083			
Net Position				
Net investment in capital assets		15,479,760	15,479,760	17,537,065
Restricted for authorized projects		1,568,739	1,568,739	-
Unrestricted net position		-	-	(148,140)
Total Net Position		\$ 17,048,499	\$ 17,048,499	\$ 17,388,925

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>	2016		Statement of Activities	Statement of Activities
	Governmental Fund	Adjustments (Note 3)		
Revenues				
Property taxes	\$ 10,193,687	\$ -	\$ 10,193,687	\$ 10,390,626
Cash and investments held by investments trustee	269,699	-	269,699	170,319
Charges for services	516,959	-	516,959	557,013
Other revenue	85,000	(85,000)	-	-
Total revenues	11,065,345	(85,000)	10,980,345	11,117,958
Expenditures/Expenses				
Urban development	6,005,443	2,883,477	8,888,920	6,741,559
Principal payments	901,737	(901,737)	-	-
Interest and paying agent fees	4,628,929	(2,197,078)	2,431,851	2,652,792
Total expenditures/expenses	11,536,109	(215,338)	11,320,771	9,394,351
Excess of revenues over (under) expenditures/expenses	(470,764)	130,338	(340,426)	1,723,607
Other Financing Source				
Changes in net position	-	(340,426)	(340,426)	1,723,607
Fund Balance/Net Position, beginning of year	13,071,928	4,316,997	17,388,925	15,665,318
Fund Balance/Net Position, end of year	\$ 12,601,164	\$ 4,447,335	\$ 17,048,499	\$ 17,388,925

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 2015 and statement of activities 2015 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 2015, 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, including component units such as the Authority. The Authority's portion of the investment pool is displayed on the balance sheet as equity in pooled cash and investments. The Authority's equity in this pool is deemed to be a cash equivalent for financial reporting purposes because cash may be withdrawn at any time without prior notice or penalty.

Deposits consist primarily of certificates of deposits with original maturities greater than three months at the date of purchase, and money market funds. Michigan statutes require that deposits be maintained in financial institutions with offices located in the state of Michigan. Most deposits are uninsured and uncollateralized. Investments are a diversified mixture of U.S. Government Agency and U.S. Treasury securities; money market mutual funds that maintain a \$1 value per share; obligations of the State of Michigan or its subdivisions with a rating of A or higher; and commercial paper rated by at least two rating organizations at their highest rating. All investments are reported at fair value. Interest income earned as a result of cash and investment pooling is distributed by the City Treasurer to the appropriate funds.

The investment policy adopted by the City Commission is governed by the provisions of Michigan Public Act 20 of 1943, as amended. The policy is designed to prioritize the preservation of principal, while also providing an investment return. Details on the investment policy and the 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 because of the commingling of assets in the pool.

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, 2016, the Authority's debt service reserve fund had the following cash held by a trustee:

Money market account	\$ 5,406,462
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Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)

Notes to Financial Statements

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.

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. However, when net position is negative, it is always reported as "unrestricted" even if there are limitations on the use of the funds as described above.

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

Notes to Financial Statements

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.

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	\$ 12,601,164
Capital assets are not financial resources and, therefore, are not reported in the governmental fund balance sheet.	
Non-depreciable	13,258,882
Depreciable	76,792,854
Accumulated depreciation	(50,672,716)
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	197,191
Unearned revenues	613,848
Net OPEB asset	5,720
Deferred outflows of resources are not available to pay for current period expenditures.	
Deferred on refunding	1,065,064
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	(139,500)
Bonds payable	(30,098,726)
Accrued interest on bonds and contracts payable	(6,434,841)
Bond premium	(132,560)
Compensated absences	(7,881)
Government-Wide Net Position	\$ 17,048,499

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	\$ (470,764)
--	--------------

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.

	(2,844,563)
--	-------------

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	901,737
--	---------

Some revenue reported in the governmental fund reports were related to prior periods

	(85,000)
--	----------

Receipt of principal on long term loan

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	2,314,315
Compensated absences	152
Amortization on maintenance agreement	(39,437)
Bond amortizations	(117,237)
Overfunded OPEB obligations	371

Change in Net Position of Governmental Activities	\$ (340,426)
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4. Receivables

June 30, 2016

Interest receivable	\$ 176,339
Other receivables	11,052
	\$ 187,391

Grand Rapids Downtown Development Authority
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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, 2015	Additions	Disposals	Balance June 30, 2016
Capital assets not being depreciated				
Land	\$ 13,258,882	\$ -	\$ -	\$ 13,258,882
Capital assets being depreciated				
Infrastructure	267,779	-	-	267,779
Land improvements	7,626,373	-	-	7,626,373
Buildings and structures	59,948,100	-	-	59,948,100
Machinery and equipment	6,123,062	-	-	6,123,062
Office equipment and furniture	2,827,540	-	-	2,827,540
Total capital assets being depreciated	76,792,854	-	-	76,792,854
Less accumulated depreciation for				
Infrastructure	496	172,080	-	172,576
Land improvements	5,450,749	334,970	-	5,785,719
Buildings and structures	36,955,168	2,000,748	-	38,955,916
Machinery and equipment	3,654,528	242,430	-	3,896,958
Office equipment and furniture	1,767,212	94,335	-	1,861,547
Total accumulated depreciation	47,828,153	2,844,563	-	50,672,716
Net capital assets being depreciated	28,964,701	(2,844,563)	-	26,120,138
Capital Assets, net	\$ 42,223,583	\$ (2,844,563)	\$ -	\$ 39,379,020

6. Accounts Payable

June 30, 2016

Vendors	\$ 1,066,725
Estimated taxes due to other governments	4,549,173
Estimated taxes currently under appeal	216,222
	\$ 5,832,120

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, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Bonds payable	\$ 30,956,213	\$ -	\$ 857,487	\$ 30,098,726	\$ 1,119,572
Bond premium	149,130	-	16,570	132,560	-
Accrued interest on capital appreciation bonds	8,500,541	823,456	3,137,513	6,186,484	3,205,428
Contracts payable	183,750	-	44,250	139,500	46,500
Compensated absences	8,033	2,635	2,787	7,881	4,492
Total	\$ 39,797,667	\$ 826,091	\$ 4,058,607	\$ 36,565,151	\$ 4,375,992

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.	\$ 1,668,726
2008 Kent County Drain Commission Contract Payable, interest rates ranging from 4.00% to 4.25%, with various amounts maturing through 2020.	139,500
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
	\$ 30,238,226

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
2017	\$ 1,119,572	\$ 4,689,953
2018	1,079,600	4,731,724
2019	3,654,554	2,157,109
2020	4,530,000	1,281,163
2021	4,775,000	1,032,012
2022 - 2024	14,940,000	1,592,050
	\$ 30,098,726	\$ 15,484,011

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
2017	\$ 46,500	\$ 4,687
2018	48,500	2,787
2019	14,250	1,532
2020	14,750	933
2021	15,500	310
	\$ 139,500	\$ 10,249

The series 1994 bond issue for the Van Andel Arena contains \$1,668,726 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 \$8,226,994 have been paid. These bonds appreciate in value to \$8,835,000.

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, 2016 is \$2,230,000. Future lease payments are as follows:

<i>Year ending June 30,</i>	DeVos Place Convention Center
2017	\$ 328,550
2018	327,100
2019	324,225
2020	326,125
2021	321,400
2022 - 2024	949,700
	\$ 2,577,100

Grand Rapids Downtown Development Authority
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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 these 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 and the

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

Schedule of Current and Ongoing Projects (Unaudited)

completion of an underground parking feasibility study. In fiscal year 2015, the Authority purchased 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 2015, and the program has been budgeted for fiscal years 2016 through 2020. 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 unique programming and promotions for each night of movies. Other programs will be created to engage stakeholders in

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

Schedule of Current and Ongoing Projects (Unaudited)

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 2016, the Authority launched a new community engagement effort which will leverage mobile and web technologies to interact with consumers Downtown.

GR Forward

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

The comprehensive strategy comes amidst increasing awareness that beautiful and active central cities are key assets that fuel economic growth and cultural vitality for cities, regions, states and the nation. Both young workers and retiring Baby Boomers more and more seek to live in urban districts where residences, shops, schools, parks and other amenities are located in close proximity. Companies increasingly prefer to locate and invest in walkable downtown areas. And even in Michigan walkable urban places are starting to gain the market share of new investment and development projects.

GR Forward effectively is three planning processes in one, including an update to the Downtown Plan, a Grand River Corridor Plan as well as new master plans for several Grand Rapids Public School facilities in and around Downtown Grand Rapids. The plan is the result of the most inclusive planning and public engagement process in modern Grand Rapids. Downtown Grand Rapids Inc facilitated the process in partnership with the City of Grand Rapids and Grand Rapids Public Schools. Three separate citizen-driven steering committees comprised of 132 people guided the overall effort. And to date, more than 4,500 residents, businesses, organizations and other stakeholders have informed the *GR Forward* community conversation with their perspective, ideas, goals and recommendations.

Based on this broad body of input, the *GR Forward* community plan and investment strategy envisions:

- Goal 1: Restore the Grand River as the Draw and Create a Connected and Equitable River Corridor
Select Strategies
- Goal 2: Establish a True Downtown Neighborhood That is Home to a Diverse Population
Why This Matters
- Goal 3: Implement a 21st Century Mobility Strategy
- Goal 4: Reinvest in Public Space, Culture and Inclusive Programming
- Goal 5: Retain and Attract Families, Talent and Job Providers with High Quality Public Schools
- Goal 6: Expand Job Opportunities and Ensure Continued Vitality of the Local Economy

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

Schedule of Current and Ongoing Projects (Unaudited)

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 was 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. 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

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

Schedule of Current and Ongoing Projects (Unaudited)

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.

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,

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

Schedule of Current and Ongoing Projects (Unaudited)

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 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.

Grand Rapids Downtown Development Authority
(A Component Unit of the City of Grand Rapids, Michigan)
Schedule of Current and Ongoing Projects (Unaudited)

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

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, 2016. 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 launched 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

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

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" 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.

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MEMORANDUM

DOWNTOWN
DEVELOPMENT
AUTHORITY



DDA

DATE: February 1, 2017

TO: Downtown Development Authority

FROM: Kristopher Larson, AICP 
President & CEO

**Agenda Item #5
February 8, 2017
DDA Meeting**

SUBJECT: Approve Budget Amendments

Since the adoption of the FY17 DDA Budget and Priority Plan, emerging opportunities and other changes have created the need for several budget amendments. Importantly, the proposed amendments have off-setting budgetary implications, resulting in no net increase to planned expenditures that would exceed the budgetary authorization provided to the DDA by the Grand Rapids City Commission.

The following bulleted list summarizes the reason for each of the changes, while the table outlines the total budgetary impacts and the specific increases and decreased for the individual line items.

- Grand Rapids African-American Museum and Archives – Includes budget to support lease agreement terms approved by the DDA Board.
- DGRI Event Production – Includes costs associated with May 21 “Rollin Out” Food Truck Festival, plus costs associated with the LED movie screen rental for 2 Movies in the Park Events.
- Special Events Training Program – Originally envisioned to offer 2 sessions with approximately 30 attendees, the community has responded enthusiastically to this program. The course will now be offered 6 times in FY17 and will be completed by approximately 250 citizens.
- Holiday Décor Program - Actual expenditures were less than budgeted.
- Go-Site Visitor Center – GRAM has closed the Go-Site.
- Transportation Demand Management Program – DGRI staff changes, plus the transition of Parking Services in Mobile GR, has reduced the amount needed to support personnel costs within the line item.
- Division Avenue Task Force Implementation – No projects identified in current budget year.
- Educational Partnership Initiatives – No projects identified in the current budget year.



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- Project and Fixed Asset Maintenance – Normally a placeholder to address unplanned repairs, the budgeted amount exceeds actual costs from prior years.
- Bridge Lighting Operations – Significant improvements made by the City and DDA last year will reduce the operational and repair costs in the current year.
- Downtown Workforce Program – No reduction in programming planned, and DGRI staff will integrate fund raising for Relax at Rosa events to help cover any budgetary shortfall.

FY17 DDA Budget Amendments				
Fund	Line Item	Previous	Recommended	Change
INCREASES				
Non-Tax Fund	GR African-American Museum and Archives	Unbudgeted	\$16,000	\$16,000
Non-Tax Fund	DGRI Event Production	\$80,000	\$125,000	\$45,000
Non-Tax Fund	Special Events Training Program	\$5,000	\$13,000	\$8,000
			TOTAL INCREASES	\$69,000
DECREASES				
Non-Tax Fund	Holiday Décor Program	\$65,000	\$61,500	-\$3,500
Non-Tax Fund	Go-Site Visitor Center at GRAM	\$7,500	\$0	-\$7,500
Non-Tax Fund	Transportation Demand Mgmnt Prog	\$112,500	\$80,000	-\$32,500
Non-Tax Fund	Division Avenue Task Force Implemntn	\$2,500	\$0	-\$2,500
Non-Tax Fund	Educational Partnership Initiatives	\$5,000	\$0	-\$5,000
Non-Tax Fund	Project and Fixed Asset Maintenance	\$25,000	\$15,000	-\$10,000
Non-Tax Fund	Bridge Lighting Operations	\$10,000	\$5,000	-\$5,000
Non-Tax Fund	Downtown Workforce Program	\$35,000	\$32,000	-\$3,000
			TOTAL DECREASES	-\$69,000

In addition to the these recommended budget amendments within the Non-Tax Fund, staff is also expecting to bring additional Local Tax Increment Fund budget amendments to the DDA Board meeting in March that reflect the revenue proceeds from the recent bond refunding plus a new planned project expenditure related to Riverwalk, lighting, and accessibility improvements to Indian Mounds Park.

Recommendation:

Approve the recommended line item amendments to the DDA's FY17 Budget and Priority Plan.

MEMORANDUM

DOWNTOWN
DEVELOPMENT
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DDA

**Agenda Item #6
February 8, 2017
DDA Meeting**

DATE: February 3, 2017

TO: Downtown Development Authority Board

FROM: Annamarie Buller
Stakeholder Engagement Specialist

SUBJECT: Authorization for FY17 Holiday Lighting

During the FY17 budget and priority plan development process, the Downtown Grand Rapids Inc. Alliance for Vibrancy recommended the reinstallation of current displays and some replacement of holiday lighting to adorn more of Downtown Grand Rapids for the holiday season.

DGRI staff engaged with representatives from the Alliance for Vibrancy in identifying high-profile, high-impact areas to focus the 2016 investments as well as opportunities for future investments. During this process, we discovered the need to replace the lighting with newly purchased and energy saving materials. The life of the lighting on Monroe Center, Louis Campau and Monroe Avenue was over 3 years old and no longer under warranty. The proposed décor investment included:

- Replacing Monroe Center, Louis Campau and Monroe Avenue lighting
- Reinstalling lighting that was purchased in previous years

Consistent with the DDA procurement process, staff solicited quotes from three firms that specialize in procuring, installing, and storing these types of outdoor holiday decorations. Two firms responded, one from out-of-state, and one from in-state. In comparing competitive pricing with the availability of product, one in-state firm, Christmas Décor by DeVries, of Jenison, MI was determined to best deliver the services needed within the program's timeframe and budget.

Recommendation:

Authorize the expenditure of up to \$61,000 to Christmas Décor by DeVries for the provision, installation, take-down, and storage of holiday decorations.



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MEMORANDUM

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DDA

DATE: February 3, 2017

TO: Downtown Development Authority

FROM: Tim Kelly, AICP
Vice President

**Agenda Item #7
February 8, 2017
DDA Meeting**

SUBJECT: Downtown Tree Planting Authorization

GR Forward established a goal of doubling the Downtown tree canopy from 5 percent to 10 percent. To that end, staff has worked with a number of partners, including Grand Valley State, Michigan Department of Transportation (MDOT), private developers and the City of Grand Rapids to identify opportunities to plant additional trees in Downtown. Through those partnerships, more than 350 trees were planted in Downtown in 2016 (Table 1), which exceeded Downtown Grand Rapids Inc.'s goal of 200 tree plantings for the year, and moved Downtown approximately 10 percent closer to accomplishing the tree canopy goal.

Table 1: 2016 Downtown Tree Plantings

Project	# of Trees Planted
250 Monroe	4
Coldbrook Demonstration	42
Downtown Vacancies (through City Contract)	115
GVSU	17
Mayor's Tree Planting (within DDA Boundary)	109
New Holland	16
Pearl Street	46
The Rowe	8
TOTAL	357

An important element of exceeding the goal was a collaboration between DGRI and the City's Parks and Recreation Department, who has an ongoing contract to manage tree plantings citywide. Using the City's contract, DGRI was able to plant 115 trees in 2016, with an additional 85 trees slated for planting in the spring of 2017. In order to cover the portion of the Downtown work that was already done, and in preparation for the spring 2017 planting, staff is seeking authorization from the Downtown Development Authority (DDA) Board

for an amount not to exceed \$80,000. Funding will be provided out of the FY17 budget from the LTI: Streetscape Improvement line item.

Recommendation:

Authorize an amount not to exceed \$80,000 for FY2017 Downtown tree plantings.

MEMORANDUM

DOWNTOWN
DEVELOPMENT
AUTHORITY



DDA

DATE: February 3, 2017

TO: Downtown Development Authority

FROM: Tim Kelly, AICP 
Vice President

Agenda Item #8
February 8, 2017
DDA Meeting

SUBJECT: Development Support for 50 Monroe Avenue

CWD 50 Monroe, L.L.C (Developer) is requesting utilization of the Downtown Development Authority's (DDA) Development Support Program to reimburse eligible expenses associated with the rehabilitation of the existing buildings at 50 Monroe Avenue (Project).

Construction of the Project is planned to begin in the spring of 2017, and be complete in 18 months. The rehabilitation includes significant interior and exterior improvements at an estimated cost of \$42 M. Among those improvements is the removal of the existing façade and atrium that will result in the separation of the structure into two separate buildings, both of which will be restored to their historic form. Once finished, the Project will include a new 120-130 room boutique hotel along Monroe Avenue, and a new office tower along Ottawa Avenue. The Project is expected to create and preserve more than 100 jobs.

To assist in the Project completion, the Developer is requesting reimbursement of 75 percent of the tax increment generated to pay for eligible activities, which are currently estimated at \$894,850. The requested reimbursement period is for 13 years. The funds will be used to improve public infrastructure, including sidewalks, brick pavers, street furniture, landscaping and lighting. There will also be improvements associated with bringing the Project into compliance with the American with Disabilities Act, including new doors, ramps, and an elevator in each building. In addition to the Development Support request, the Project is also seeking approval of a Brownfield Plan to assist with the rehabilitation.

The proposed Project provides an opportunity to revitalize historic assets in Downtown, and continue to grow the Downtown employee population and available hotel rooms, both important elements in growing the City's tax base. Further, given the number of eligible activities proposed in the public right-of-way, Downtown Grand Rapids Inc.'s Alliance for Investment will participate in the final design of the streetscape to ensure that the DDA's investment helps to drive the community goals for activated and inviting public spaces.

Recommendation:

Approve up to \$894,850 in Development Support for the project at 50 Monroe.



DOWNTOWN
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January 20, 2017

Mr. Tim Kelly
Downtown Grand Rapids Inc.
City of Grand Rapids Downtown Development Authority
29 Pearl Street NW, Suite 1
Grand Rapids, Michigan 49503

Re: **CWD 50 Monroe, L.L.C. – DDA Development Support Request**

Dear Tim:

I am writing on behalf of my client, CWD 50 Monroe, L.L.C (“50 Monroe”), to request that the Grand Rapids Downtown Development Authority provide tax increment financing support through its Downtown Development Support Program for the proposed rehabilitation project of the existing buildings 50 Monroe Ave in the downtown. The project includes significant interior and exterior rehabilitation of the existing buildings, including removal of the existing façade and atrium that will result in separation of the structure into two separate buildings and restore them back to their historic nature. The northern building along Monroe Ave will be transformed into a boutique hotel and the southern building along Ottawa will be rehabilitated into commercial loft office space. It is estimated that the rehabilitation project will create approximately 100+ new jobs to the City of Grand Rapids. The total capital investment is expected to be approximately \$42 million.

50 Monroe hereby requests 75% of available tax increment revenue from the project for a period of 13 years for reimbursement of the following proposed improvements totaling \$894,850:

Public Infrastructure:

Sidewalks and Brick Pavers	\$112,800
Streetscape Site Furnishings (i.e. tables, chairs, benches, bike racks, bollards, etc.)	\$219,000
Landscaping and Streetscape Improvements	\$116,600
Streetscape Lighting and Light Poles	<u>\$ 89,790</u>
TOTAL	\$538,200

Mr. Tim Kelly
January 20, 2017
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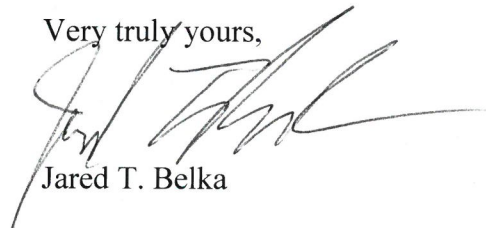
ADA Compliance Items:

Exterior Doors with ADA operation	\$ 30,600
Exterior Ramps	\$ 24,600
Helmer Building Elevator	\$164,250
Hotel Building Elevator	<u>\$137,200</u>
TOTAL	\$356,650

As noted above, the total amount of reimbursement would be limited to the lesser of 75% of the available tax increment revenue for 13 years or full reimbursement of the eligible activities.

The project represents a significant investment in the downtown and it will bring back the historic significance of these two buildings to the City Center. We believe the project will significantly contribute to the vibrancy of the downtown and we appreciate the DDA's consideration for this project. Please feel free to contact me with any questions.

Very truly yours,



Jared T. Belka

srd

Enclosure

c: Nick Koster *via e-mail*

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