

AGENDA

DOWNTOWN
DEVELOPMENT
AUTHORITY



DDA

Board Members:

Luis Avila • Mayor Rosalynn Bliss • Kayem Dunn • Jermale Eddie • Greg McNeilly • Jen Schottke • Diana Sieger • Jim Talen
Rick Winn

Wednesday, December 11, 2020

8:00 a.m. Meeting

29 Pearl Street, NW Suite #1

- | | | |
|---|-----------|---------|
| 1. Call to Order | | |
| 2. New Board Member Introduction | | |
| 3. Approve Meeting Minutes from December 31, 2019 (8:01)
(enclosure) | Motion | Winn |
| 4. Accept December 31, 2019 Financial Statements (8:05)
(enclosure) | Motion | Wallace |
| 5. Presentation of the FY2019 Audit (8:10)
(enclosures) | Motion | Wallace |
| 6. 2020 Meeting Schedule Update (8:20) | Motion | Kelly |
| 7. 2020 Vice Chair Election (8:25) | Motion | Board |
| 8. Disability Advocate / Common Notice Update (8:30) | Info Item | Miller |
| 9. President and CEO Report (8:50) | Info Item | Kelly |
| 10. Public Comment (9:00) | | |
| 11. Board Member Discussion (9:10) | | |
| 12. Adjournment (9:15) | | |



DOWNTOWN
GRAND RAPIDS INC.



MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

December 11, 2019

1. Call to Order – The meeting was called to order at 8:04 a.m. by Chair Brian Harris

2. Attendance

Present: Jim Talen, Rick Winn, Brian Harris, Diana Sieger, Mayor Rosalynn Bliss, Luis Avila, Jen Schottke, Kayem Dunn, Jermale Eddie

Others Present: Tim Kelly (DDA Executive Director), Amanda Sloan, (acting DDA Recording Secretary) Jana Wallace (DDA Treasurer), Dick Wendt (Legal Counsel), Jessica Wood (Legal Counsel), Andy Guy, Megan Catcho, Kimberly Van Driel, Melvin Eledge, Marion Bonneaux, Kiley Tippman, Kyama Kitavi (DGRI Staff), David Davis, Josh Naramore, Gilma DeLaCruz, Nulkia Marquez, Christa Ferguson, Jerry Powell, Shatawn and Nadia Brigham, Jennifer Kasper, Alan Richard, Alex and Kayla Benda, and others.

3. Approve Meeting Minutes from November 13, 2019

Motion: Diana Sieger, supported by Rick Winn, moved approval of the minutes from the November 13, 2019 meeting as presented. Motion carried unanimously.

4. Accept November 30, 2019 Financial Statements

Jana Wallace introduced the financial statements for the first five months of the fiscal year ending June 30, 2020. She stated FY19 audits have been received and will be included in the agenda packet for review in January. Ms. Dunn, referring to statement C, asked if we spent overbudget on project expenditures, had unanticipated costs or had a lag in budgeted expenditures. Mr. Kelly stated the Downtown Speaker Series and the Weston Street Development projects did lag.

Motion. Ms. Dunn, supported by Mr. Talen, moved to accept November 30, 2019 Financial Statements as recommended. Motion carried unanimously.

5. 2020 Meeting Schedule

Mr. Kelly presented the Downtown Development Authority 2020 Meeting Schedule. Monthly meetings will continue to be held the second Wednesday of every month from 8 am – 10 am. Please note, November's meeting will be held on the first Wednesday (November 4th) due to the holiday.

Motion: Ms. Sieger, supported by Mr. Winn, moved to approve the 2020 Meeting Schedule. Motion carried unanimously.

6. Ottawa Avenue Extension Land Conveyance

Mr. Kelly stated a section of Ottawa Avenue, currently owned by the DDA, was constructed by the developers of Studio Park to be utilized as a right of way. To officially dedicate this section of the road, which extends Ottawa Avenue from Cherry to Oakes, the DDA is being asked to convey several slivers of property to the City via Quit Claim Deed at \$48.22 per square foot. Mr. Harris asked how the \$48.22 was established. Mr. Kelly stated an appraisal was completed and noted the sale proceeds will be received over 3 years in equal installments totaling \$539,744.68. Mr. Avila curiously asked what happens if we do not approve this transaction. Mr. Went explained it was already approved by this board as part of the development agreement, though it was unknown exactly where the street would be constructed. Mr. Harris thanked Mr. Avila for asking the question.

Motion: Mr. Winn, supported by Ms. Sieger, moved to adopt the resolution approving the sale of property to the City of Grand Rapids related to the Ottawa Avenue extension for \$539,774.68. Motion carried unanimously.

7. Business Innovation Grant Requests

Mr. Kitavi stated we have three proposals that Goal 4 is recommending the DDA support this morning. He briefly reminded the board that this grant program was created, as called for in GR Forward, to attract retail tenants that provide goods or services currently not available or underserved in the Downtown area, with focused support for the growth of small businesses owned by females, people of color, and other disadvantaged populations. In doing so, this not only provides unique opportunities but increases the diversity of residents downtown and the general population of Grand Rapids. Since the publication of our RFP in June 2018, the DDA has approved support for Tamales Mary, Ambiance GR, Mosby's Popcorn, and Mel Styles. Mr. Kitavi stated, today, we are asking the DDA to review 3 more business options that are following this tradition of bringing a unique business downtown, further increasing diversity, and activating downtown spaces that may otherwise have remained vacant.

GRNoir Wine and Jazz is a husband and wife team that seeks to leverage 2 communal activities (wine and jazz) in a city already rich with beer and distillery options. Mr. and Mrs. Brigham have 40 years of collective experience with different projects including equity inclusion and leadership development. They have participated in Start Garden Top 100 competition, winning \$20,000 as a Top 10 finisher. Ms. Brigham stated they are excited to activate a vacant space at 35 S. Division and introduce this unique cultural experience to the neighborhood. Mr. Kitavi stated The Brighams will invest \$75,000 of personal funds and are requesting \$21,164.97 to underwrite a portion of the lease. Goal 4 is recommending the support of this proposal as it offers diversity to Downtown retail offerings, supports entrepreneurship and small business growth, and activates a vacant space by entertaining and engaging the community. Ms. Dunn asked about the grand opening. Mr. Brigham stated likely the opening will be in the spring, depending on funding and construction work. Mr. Talen stated can attest to The Brighams' dedication to positively impact in the community. Mr. Avila added this is a great location for this business and is proud to support this project. Mr. Harris asked if GRNoir will be featuring wines from black owned vineyards. Ms. Brigham stated not exclusively, as only 2% of all vineyards are black owned, but the intent is to highlight and feature those options available.

Motion: Ms. Sieger, supported by Mr. Talen, enthusiastically moved to adopt the resolution authorizing the DDA Executive Director to prepare a written contract with the applicants granting an amount not to exceed \$21,164.97 for a period of time not to exceed 18 months. Motion carried unanimously.

Mr. Kitavi introduced Gilma DeLaCruz of Art Caribbean Fusion and Cuisine stating this business seeks to introduce Caribbean food to downtown. Both Gilma and Edward DeLaCruz have worked with close relatives on other successful restaurant projects. Ms. DeLaCruz graduated from Secchia Institute and the pair launched the El Caribbean Food Truck in 2018 to test the market in and around downtown, growing the demand for a permanent location. They have continued to deepen their business experience by participating in Start Garden's 100 Ideas and seeking support from mentors and other support organizations to develop this plan. The location of 50 Monroe currently houses Grand Central Deli which is scaling back to just a grocery where Mr. and Ms. DeLaCruz will launch from an already built-out space in an active corridor. The request today is for \$36,000 to underwrite a portion of this 5-year lease (with option to renew). Mr. Kitavi stated this proposal advances numerous downtown goals including diversifying the mix of retail offerings, supporting entrepreneurship and activating a recently vacated space. Mr. Harris asked for clarification on the formula used to calculate these funding requests. Mr. Kitavi stated we are limiting the grant per business to 50% of the lease payment for up to 18 months. Mr. Eddie questioned the process for receiving these funds once approved, to confirm that it doesn't hinder the business owner in any way. Mr. Kitavi stated it sometimes depends on lease negotiations but once the agreements are executed, and the proper steps have been taken on the back end, it takes about 30 days to receive the check. We are frontloading information for these businesses to facilitate the necessary prep work to make this as easy as possible. Mr. Harris asked Ms. DeLaCruz what her goal is and what is driving her to take this risk. Ms. DeLaCruz stated she is pleased to be making a difference with the community, finding acceptance, and sharing a unique experience as she continues to grow her business within the City.

Motion: Mr. Talen, supported by Mayor Rosalynn Bliss, moved to adopt the resolution authorizing the DDA Executive Director to prepare a written contract with the applicants granting an amount not to exceed \$36,000 for a period of time not to exceed 18 months. Motion carried unanimously.

Oh, Hello Co. is another husband and wife team, Kayla and Alex Benda, that in 2014 started as a greeting card company but very quickly expanded, becoming a top 5% shop on Etsy. Both Mr. and Ms. Benda are entrepreneurial and community driven persons. They have chosen to open a storefront on Monroe Center to further grow their previously exclusive online business. Oh, Hello Co. will host tutorials, workshops, and other experiences to support entrepreneurs and artists in GR and feature local Grand Rapids brands in its shop. Mr. Kitavi stated this highly recognizable and engaging brand will be a major boost for this business corridor. The Benders are investing \$45,000 of business and personal savings to build out the space and cover initial inventory and marketing. The request today is for just over \$20,000 to assist in the underwriting of their lease. Mr. Harris is delighted to have these 3 businesses clustered in this area. He stated we've had several businesses find that a gift shop is challenging but this focus on GR local and the offering of community experiences will be great. He asked if they plan to continue with their online business. Mr. Benda stated, yes, and invited everyone to come visit and see all the shop has to offer.

Motion: Ms. Dunn, supported by Mr. Winn, moved to adopt the resolution authorizing the DDA Executive Director to prepare a written contract with the applicants granting an amount not to exceed \$20,312.76 for a period of time not to exceed 18 months. Motion carried unanimously.

Mr. Harris stated this is will make the 7th business the DDA has supported this year; we need to get to a point where we can define what the actual success is, but this is a sign that we are building momentum. He encouraged DGRI to share these (grand opening) events with the community so they know we are making progress.

8. Economics of Place Assessment

Mr. Kelly requested to approve a contract with Chris Leinberger (and team) to conduct an Economics of Place Assessment, not to exceed \$225,000. He stated we had GR Forward conversations with Mr. Leinberger previously (on high level macro forces of influence on downtown urban environments) and more recently met with him to receive an update on some of his research. Mr. Leinberger is a leader in the field for urban form, Chair at the Center for Real Estate and Urban Analysis at George Washington University School of Business, and published author on walkable urban places. His research shows a great demand for walkable urban areas: high density with multiple residential options, transit rich, and highly walkable space. Between 2010 and 2018, increased demand for walkable urban real estate has been seen in market premiums, a shift in the market not seen since the 1980s. Data metrics (for WalkUPs) highlight trends with higher educational attainment, social equity measures (connection to amenities and community services) and economic performance. Metros dedicating land use between 3-5% of the city for walkable space perform much better than others; this is true, not just in coastal cities, but statewide and specifically Grand Rapids. Mr. Kelly remarked Downtown and WestSide neighborhoods are the most established though we are still lagging some of the Walkable Metro leaders by a cycle or two. Data analysis in a 2015 study concludes trends in rent premiums and suggests the need for public assistance to overcome market barriers in becoming more established. Mr. Kelly stated the suggested scope of work for this assessment would include an update to that 2015 study and data more specific to GR. Mr. Leinberger would be asked to build upon previous work to prepare a fiscal analysis allowing us to quantify the value of downtown. As we better understand the trends at play, we learn how to calibrate our goals appropriately. Most importantly, we need to understand the economic impacts of our land use decisions and policies (incentives, zoning, infrastructure improvements) and how they impact a fiscal analysis. Ms. Bliss stated she met Mr. Leinberger and believes he adds value to city planning; having this data and scope of work available to us will be incredibly helpful as we move forward with our work. Mr. Winn agreed. Mr. Harris inquired as to the length of this project. Mr. Kelly stated the timeline is 3-4 months which should help inform budget conversations for FY21. Mr. Kelly added Mr. Leinberger will also be invited to develop an implementation plan to share with the community. Mr. Eddie asked if this work will be done just for downtown. Mr. Kelly stated it will include the entire city which will give us a full picture. Ms. Bliss stated her hope is that this work will show the synergy and how intertwined the neighborhoods and business districts are throughout the city. We want both to be vibrant and strong and unique in their own way and not competing with each other. Mr. Harris stated once we realize their codependency we can start to create some cohesiveness. Mr. Kelly added, oftentimes the perception is that “downtown gets the better things” and once we can unpack that data, we are able to determine if some of those investments impact the greater community.

Motion: Mr. Winn, supported by Mayor Bliss, moved to authorize the DDA Executive Director to finalize the scope of work and execute an agreement not to exceed \$225,000 with Chris Leinberger to complete an Economics of Place Assessment for Grand Rapids. Motion carried unanimously.

9. World of Winter Report

Ms. Catcho introduced herself as the Project Coordinator at DGRI. She stated her work is to activate public spaces downtown through events and would like to share the programming she is currently working on. World of Winter is our annual winter ice festival that will take place from January 17th to February 17th. She presented photos of Prismatic, the interactive art installation from CREOS being hosted at 555 Monroe Avenue NW during these four weeks. 25 spinnable light up prisms will be placed throughout the Monroe North Lot (MNL) inviting the public to watch, touch, and listen. To kick off World of Winter, on January 18th at 7 - 10pm, we will host a Silent Disco at MNL. Multiple DJs play music that can only be heard through headphones (controlled by the listener). Alcoholic beverages will be sold benefiting GR Asian-Pacific Festival; you will also find ice beer pong table games, food trucks, and more. Lunar New Year takes place on January 25th and a celebration will be held at MNL with food vendors, performances, and a warming shelter tent. World Market & Game Day will take place the next day from noon to 6 pm with small business goods, ice games, food vendors and other partners. February 1st we will host Movies on the Piazza at Studio C featuring summer themed games, movies, and food trucks. The Human Hungry Hungry Hippo Tournament on ice will take place the following weekend at Rosa Parks Circle with prizes for both the Family and Adult divisions. Valent-ICE starts February 14 with ice sculptures, sponsored by businesses, placed throughout downtown. DGRI partners with the Parks Department for Love on Ice to offer two-for-one ice skating on Valentine's Day and a giant interactive ice carving wall. Paint the Park is our concluding event on February 15th and will comprise of community ice painting at Rosa Parks Circle and a street party on Monroe Center (from Monroe to Ottawa) with face painting, food trucks, character appearances, a 5,000-pound live ice sculpture and other vendors. Ms. Catcho stated we also partner with various other organizations to activate other areas of downtown including GR Walking & Running Tours, Gazelle Girl, Friends of GR Parks, and the Downtown Market. For more information you may visit: worldofwintergr.com or follow our events on Facebook. Mr. Harris suggested we provide this information directly to community centers. Mr. Eddie suggested making this available for downtown businesses to share on electronic signs.

10. 2020 Officer Election

Mr. Harris suggested we hold the Officer Election for the 2020 DDA Board, noting the current chair has declined the nomination to continue on the board.

Motion: Mayor Rosalynn Bliss, supported by Ms. Dunn, moved to approve 2020 Officer Elections with Rick Winn as Chair, Jana Wallace as Treasurer, and Amanda Sloan as Secretary. Motion carried unanimously.

Mr. Kelly recognized all of the guidance and leadership that Brian Harris has given this DDA Board over the years. His ability to artfully navigate meetings, keep the board on task, and see the big picture has been a tremendous asset to DGRI and the entire downtown community. He presented Mr. Harris with a gift as a thank you for all of his hard work and dedication.

11. President and CEO Report

Mr. Kelly stated he was appointed to the International Downtown Association Board of Directors and also joined the Downtown Market Board. The Retail Attraction and Retention Initiative position at the Chamber has been posted with the hope to have filled early next year. The Downtown public restroom has been ordered. The Lyon Square Opportunity Site project goes out to bid this week. DGRI hosted sessions with the Highline Network and Detroit Riverfront Conservancy to inform the

Grand River Organizational Leadership Committee which also met with HR&A consultants this week as they work to develop a river governance structure by the end of the first quarter. The transit bulb has been installed on Fulton with amenities being added momentarily. The City and Mobile GR is facilitating community engagement on the possible Ottawa and Ionia conversion this week. DGRI is currently working with Happy PR to highlight downtown businesses and promote the Retail Innovation & Retention Grant. The Van Andel Arena Plaza project is out to bid until early January for construction to start in the spring.

13. Public Comment

Mr. David Davis introduced himself as a downtown resident and voiced his concern for the growing population of homeless found on Monroe Center. He stated as a low-income person, he understands homelessness, but is not comfortable interacting with this group of people and desires for someone to address this before tourism and businesses are greatly affected.

Alan Richard, with the City of Grand Rapids Planning Department, introduced himself as the administrator of the new CPTED ordinance passed earlier this year. Mr. Richard stated he is promoting CPTED (Crime Prevention Through Environmental Design) principals in general as they can be applied to businesses, churches, and homes and will keep the board informed of his progress.

14. Board Member Discussion

Mayor Bliss thanked Brian Harris for his tremendous leadership stating she is glad to see his willingness to continue to serve in a number of capacities that will continue this body of work. Mr. Winn agreed. Mr. Harris stated this was his highest honor, privilege and joy to be involved in the DDA. He appreciates the support of the previous Chair, Mayor, fellow board members, and staff of DGRI.

15. Adjournment

The meeting adjourned at 9:34 a.m.

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

**Agenda Item 3.
January 8, 2020
DDA Meeting**

DATE: January 3, 2020

TO: Rick Winn
Chairman

FROM: Jana M. Wallace
Downtown Development Authority Treasurer

SUBJECT: FY2020 Interim Financial Statements as of November 30, 2019

Attached are the Authority's interim financial statements for the first six months of the fiscal year ending June 30, 2020. The attached statements include:

- Statement A: Balance Sheet
- Statement B: Comparison of FY2020 Budget vs Actual Results
- Statement C: Statement of FY2020 Project Expenditures
- Statement D: Schedule of December, 2019 Expenditures

The Authority expended funds in December for its share of one of two DeVos Place bond issues. Payments were issued towards the new public restroom facility to be installed at the corner of Weston and South Division as well as for the Zicla transit stop installation on East Fulton. The Local Tax Increment Fund Administration line item appears to be trending higher than expected; however, included in the total is six months of DGRI payroll expenditures which will be re-allocated to transfer the expenditures from Administration to various Authority, Monroe North TIFA, and Downtown Improvement District projects.

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

Attachments

STATEMENT A

DOWNTOWN DEVELOPMENT AUTHORITY

Balance Sheet

As of December 31, 2019

	Non-Tax Funds	Debt Increment	Local Tax Increment	TOTAL
ASSETS				
Pooled Cash and Investments	\$ 4,867,722	\$ 10,095,234	\$ 10,109,135	\$ 25,072,091
Petty Cash	-	-	500	500
Loan Receivable - Project Developer	388,848	-	-	388,848
General Fixed Assets	-	-	87,946,535	87,946,535
Accumulated Depreciation on Fixed Assets	-	-	(57,452,061)	(57,452,061)
Future Tax Increment Revenues Anticipated	-	19,110,000	15,500	19,125,500
TOTAL ASSETS	\$ 5,256,570	\$ 29,205,234	\$ 40,619,609	\$ 75,081,413
LIABILITIES AND FUND EQUITY				
Liabilities				
Current Liabilities	\$ -	\$ -	\$ 27	\$ 27
Current Year Estimated Excess Capture	-	4,236,018	-	4,236,018
Deposit - Area 4 Developer Damage	1,000	-	-	1,000
Prior Year Property Tax Appeals	-	14,347	33,320	47,667
Deferred Revenue - 158 Oakes SW LOU	75,000	-	-	75,000
Deferred Revenue - Developer Loan	388,848	-	-	388,848
Contract Payable	-	-	15,500	15,500
Bonds Payable	-	19,110,000	-	19,110,000
TOTAL LIABILITIES	464,848	23,360,365	48,847	23,874,060
Fund Balance / Equity:				
Investments in General Fixed Assets, net of Accumulated Depreciation	-	-	30,494,474	30,494,474
Non-Tax Increment Reserve	4,254,175	-	-	4,254,175
Reserve for Authorized Projects	-	-	10,050,173	10,050,173
Reserve for Brownfield Series 2012A Bonds	530,998	-	-	530,998
Reserve for Compensated Absences	-	-	10,000	10,000
Reserve for Eligible Obligations	-	5,844,869	-	5,844,869
Reserve for Encumbrances	6,549	-	16,115	22,664
TOTAL FUND EQUITY	4,791,722	5,844,869	40,570,762	51,207,353
TOTAL LIABILITIES & FUND EQUITY	\$ 5,256,570	\$ 29,205,234	\$ 40,619,609	\$ 75,081,413

STATEMENT B

DOWNTOWN DEVELOPMENT AUTHORITY Comparison of FY2020 Budget vs Actual Results July 1, 2019 - December 31, 2019

	Non-Tax Funds		Debt Tax Increment		Local Tax Increment	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES						
Property Tax Increment - General	\$ -	\$ -	\$ 11,778,166	\$ 11,466,518	\$ 5,738,550	\$ 5,785,107
Property Tax Increment - Transit Millage	-	-	-	-	524,663	583,933
Property Tax Increment - Prior Year Appeals	-	-	(25,000)	-	(75,000)	-
Property Tax Increment - County/GRCC/City/ITP Rebates	-	-	-	-	(618,821)	-
Special Assessments - Areaway	15,000	-	-	-	-	-
Earnings from Investments - General	108,466	54,600	60,252	71,549	142,199	104,837
Earnings from Investments - Prior Year Accrual Reversal	-	(43,290)	-	(40,447)	-	(60,438)
Interest Paid by Developer - The Gallery on Fulton Note	17,498	-	-	-	-	-
Property Rental - DASH Parking Lots	950,000	207,702	-	-	-	-
Property Rentals - YMCA Customer Parking	51,207	25,350	-	-	-	-
Event Sponsorships and Fees	50,000	11,530	-	-	-	-
Valent-ICE Sculpture Reimbursements	15,000	3,625	-	-	-	-
Contributions - Lyon Square Reconstruction	-	-	-	-	900,000	-
Contributions - Arena Plaza Reconstruction	-	-	-	-	440,000	440,148
Principal Repayments - The Gallery on Fulton Note	100,000	-	-	-	-	-
Reimbursements and Miscellaneous Revenues	2,000	-	-	-	5,000	300
From / (To) Fund Balance	1,810,129	-	(60,252)	-	3,060,084	-
TOTAL REVENUES	\$ 3,119,300	\$ 259,517	\$ 11,753,166	\$ 11,497,620	\$ 10,116,675	\$ 6,853,887
EXPENDITURES						
<u>GR Forward Projects:</u>						
Goal #1: Restore the River as the Draw and Create a Connected and Equitable River Corridor	\$ 30,000	\$ 18,209	\$ -	\$ -	\$ 1,500,000	\$ 13,325
Goal #2: Create a True Downtown Neighborhood Which is Home to a Diverse Population	165,000	11,182	-	-	1,965,000	1,080,509
Goal #3: Implement a 21st Century Mobility Strategy	200,000	15,000	-	-	1,715,000	318,787
Goal #4: Expand Job Opportunities and Ensure Continued Vitality of the Local Economy	50,000	11,571	-	-	450,000	120,919
Goal #5: Reinvest in Public Space, Culture, and Inclusive Programming	2,669,000	406,028	-	-	2,460,000	305,789
Total GR Forward Projects	\$ 3,114,000	\$ 461,990	\$ -	\$ -	\$ 8,090,000	\$ 1,839,329
Administration	5,300	662	-	-	1,250,000	746,839
Debt Service for Bond Issues	-	-	7,230,500	477,750	776,675	393,436
Estimated Capture to be Returned	-	-	4,522,666	-	-	-
TOTAL EXPENDITURES	\$ 3,119,300	\$ 462,652	\$ 11,753,166	\$ 477,750	\$ 10,116,675	\$ 2,979,604
EXCESS / (DEFICIT)	\$ -	\$ (203,135)	\$ -	\$ 11,019,870	\$ -	\$ 3,874,283

STATEMENT C

DOWNTOWN DEVELOPMENT AUTHORITY
Statement of FY2020 Project Expenditures
As of December 31, 2019

Project Name	FY2020 Project Budgets		Expenditures		Remaining FY2020 Budgets
	%	Amount	Month	Fiscal Year	
Arena South Implementation		\$ 50,000	\$ -	\$ 1,020	\$ 48,980
Downtown Plan		250,000	-	1,457	248,543
Grand River Activation		-	-	1,512	(1,512)
Lyon Square Improvements		900,000	1,628	1,936	898,064
Parks Design		300,000	-	1,484	298,516
River Trail Improvements		-	-	5,916	(5,916)
GRForward Goal # 1 - Local Tax Increment	13.39%	\$ 1,500,000	\$ 1,628	\$ 13,325	\$ 1,486,675
Downtown Speakers Series		15,000	-	18,209	(3,209)
Riverwalk Maintenance		15,000	-	-	15,000
GRForward Goal # 1 - Non-Tax Increment	0.27%	\$ 30,000	\$ -	\$ 18,209	\$ 11,791
Affordable Housing Support		250,000	-	-	250,000
Development Project Guidance		50,000	-	2,926	47,074
Development Project Reimbursements		1,400,000	-	1,039,585	360,415
Downtown Census		15,000	-	-	15,000
Downtown Enhancement Grants		250,000	-	31,969	218,031
Weston Street - Sheldon to LaGrave Ave		-	-	6,029	(6,029)
GRForward Goal # 2 - Local Tax Increment	17.54%	\$ 1,965,000	\$ -	\$ 1,080,509	\$ 884,491
Heartside Quality of Life Implementation		125,000	120	356	124,644
Stakeholder Engagement Programs		40,000	2,200	10,826	29,174
GRForward Goal # 2 - Non-Tax Increment	1.47%	\$ 165,000	\$ 2,320	\$ 11,182	\$ 153,818
Accessibility and Mobility Repairs		75,000	9,002	46,004	28,996
Bicycle Friendly Improvements		125,000	-	-	125,000
CBD/Heartside/Arena S Streetscape Improvs		360,000	13,723	106,690	253,310
DASH North Shuttle Services		120,000	7,500	120,000	-
Division Ave - Fulton to Wealthy Streetscape Improvs		310,000	35,182	45,453	264,547
Michigan / Ottawa Gateway		50,000	-	-	50,000
New Downtown Circulator Infrastructure		475,000	-	-	475,000
Wayfinding System Improvements		200,000	-	640	199,360
GRForward Goal # 3 - Local Tax Increment	15.31%	\$ 1,715,000	\$ 65,407	\$ 318,787	\$ 1,396,213
Transportation Demand Mnmt Program		200,000	15,000	15,000	185,000
GRForward Goal # 3 - Non-Tax Increment	1.79%	\$ 200,000	\$ 15,000	\$ 15,000	\$ 185,000
Economic Development and Innovation		450,000	11,547	120,919	329,081
GRForward Goal # 4 - Local Tax Increment	4.02%	\$ 450,000	\$ 11,547	\$ 120,919	\$ 329,081
Downtown Workforce Programs		50,000	800	10,185	39,815
Letter of Understanding - 158 Oakes SW		-	1,386	1,386	(1,386)
GRForward Goal # 4 - Non-Tax Increment	0.45%	\$ 50,000	\$ 2,186	\$ 11,571	\$ 38,429
Arena Plaza Improvements: Local Tax Increment		672,000	175	175	671,825
Calder Plaza Improvements: Local Tax Increment		672,000	-	14,000	658,000
Downtown Marketing and Inclusion Efforts		416,000	23,023	90,247	325,753
Downtown Tree Plantings		100,000	-	74,954	25,046
Heartside Public Restroom Facilities Construction		50,000	31,731	31,731	18,269
Public Realm Improvements: Local Tax Increment		200,000	-	10,422	189,578
Sheldon Blvd - Weston to Cherry Street		200,000	31,196	34,065	165,935
Snowmelt System Repairs / Investigation		25,000	-	-	25,000
State of Downtown Event & Annual Report		25,000	-	22,851	2,149
Urban Recreation Improvements		100,000	15,615	27,344	72,656
GRForward Goal # 5 - Local Tax Increment	21.96%	\$ 2,460,000	\$ 101,740	\$ 305,789	\$ 2,154,211
Arena Plaza Improvements: Non-Tax Increment		600,000	-	-	600,000
Bridge Lighting Operations		10,000	-	-	10,000
Calder Plaza Improvements: Non-Tax Increment		600,000	-	-	600,000
DGRI Event Production		270,000	3,251	122,424	147,576
Diversity / Inclusion Programming		50,000	14,500	67,975	(17,975)
Downtown Ambassadors		222,000	5,727	32,651	189,349
Experience - Miscellaneous		50,000	-	17,964	32,036
Holiday Décor Program		60,000	6,550	6,550	53,450
Major Event Sponsorship		70,000	-	-	70,000
Police Foot Patrols		35,000	-	35,000	-
Project and Fixed Asset Maintenance		25,000	-	1,203	23,797
Public Realm Improvements: Non-Tax Increment		200,000	-	-	200,000
Public Space Activation		250,000	546	48,229	201,771
Rosa Parks Circle Skating Operations		40,000	-	-	40,000
Special Events - Grants		25,000	-	-	25,000
Special Events - Office of		75,000	-	30,000	45,000
Special Events - Training Program		5,000	-	1,557	3,443
Ticketed Events - Police Services		80,000	16,674	42,475	37,525
Winter Avenue Building Lease		2,000	-	-	2,000
GRForward Goal # 5 - Non-Tax Increment	23.82%	\$ 2,669,000	\$ 47,248	\$ 406,028	\$ 2,262,972
TOTAL	100.00%	\$ 11,204,000	\$ 247,076	\$ 2,301,319	\$ 8,902,681

STATEMENT D
DOWNTOWN DEVELOPMENT AUTHORITY
Schedule of FY2020 Expenditures
December, 2019

Source	Date Posted	Vendor	Purpose / Project	Description	Amount
Local	12/10/2019	City / County Joint Building Authority	CCJBA Series 2013B - DeVos Place Bonds	Annual principal payment	\$ 275,000.00
Local	12/1/2019	State of Michigan	Division - Fulton/Wealthy Streetscape Improvs	17109-Reconst. Division Ave (#11061917109)-DDA	32,200.55
Local	12/29/2019	Madden Industrial Craftsmen Inc	Heartside Public Restroom Construction	Portland Loo deposit of 30%	31,731.00
Local	12/22/2019	Wyoming Excavators Inc	Sheldon Blvd - Weston to Cherry Street	15096-Sheldon-Weston/Fulton (#1509614F)-DDA	31,196.39
Local	12/10/2019	City / County Joint Building Authority	CCJBA Series 2013B - DeVos Place Bonds	Semi-annual interest payment	27,625.00
Non-Tax	12/18/2019	City Treasurer - MobileGR/Parking Svcs	Transportation Demand Mnmt Program	DEC 2019 DDA SHARE OF DASH NORTH SVC	15,000.00
Local	12/29/2019	Landscape Forms Inc	CBD/Heartside/Arena S Streetscape Improvs	Zicla platform furniture 12/2019	12,750.00
Local	12/19/2019	Dwelling Place of Grand Rapids NPHC	Economic Development and Innovation	Mel Styles Shop - Incubation Grant 2019	10,908.00
Local	12/2/2019	City Treasurer - Budget Office	Administration	Support services allocation - December, 2019	10,722.08
Non-Tax	12/11/2019	City Treasurer - Police Dept	Ticketed Events - Police Services	Van Andel GRPD overtime costs Nov 2019	9,596.35
Local	12/4/2019	Source One Imaging	Urban Recreation Improvements	Downtown Banners 11/2019	7,996.40
Local	12/18/2019	City Treasurer - MobileGR/Parking Svcs	DASH North Shuttle Services	DEC 2019 DDA SHARE OF DASH NORTH SVC	7,500.00
Local	12/30/2019	Disability Advocates of Kent County	Accessibility and Mobility Repairs	Charrette Expenses - Common Notice 12/2019	7,500.00
Non-Tax	12/11/2019	City Treasurer - Police Dept	Ticketed Events - Police Services	DeVos Overtime costs Nov 2019	7,077.66
Local	12/30/2019	Rick Overway	Urban Recreation Improvements	Monroe North Banner Installation	6,965.00
Non-Tax	12/29/2019	Haarsma Ventures LLC	Holiday Décor Program	Services: Holiday Tree Lighting Installation 2019	6,550.00
Local	12/30/2019	Plante & Moran, PLLC	Administration	Financial audit for FYE 06/30/2019	6,155.00
Local	12/10/2019	Federal Square Bldg Co. #1, LLC	Administration	Office Lease: 29 Pearl Street 12/2019	5,957.70
Non-Tax	12/19/2019	Mydatt Service dba Block by Block	Downtown Ambassadors	DDA portion of Ambassador team	5,483.34
Local	12/19/2019	Ingalls Pictures	Downtown Marketing & Inclusion Efforts	Downpmt for World of Winter video campaign	5,000.00
Non-Tax	12/29/2019	West Michigan Center for Arts & Tech	Diversity / Inclusion Programming	Exploring Conflicting Visions sponsorship 12/2019	5,000.00
Local	12/10/2019	McAlvey Merchant & Associates	Administration	Governmental consulting October 2019	4,500.00
Non-Tax	12/19/2019	Disability Advocates of Kent County	Diversity / Inclusion Programming	2020 Comprehensive ADA/ADA/DAD sponsor 12/19	4,000.00
Local	12/19/2019	GRCAC dba Media Center	Downtown Marketing & Inclusion Efforts	Radio Advertising: GR Live (sponsorship) Dec 19	3,500.00
Local	12/19/2019	GRCAC dba Media Center	Downtown Marketing & Inclusion Efforts	Radio Advertising: 1st qtr 09/01/2019-11/30/2019	3,500.00
Local	12/19/2019	DropDrop.com LLC	Downtown Marketing & Inclusion Efforts	Post video production State of Downtown 2019	3,495.00
Local	12/10/2019	Amway Hotel Corporation	Downtown Marketing & Inclusion Efforts	Advertising - SOLACE Fall 2019	3,210.00
Local	12/5/2019	Moore & Bruggink Inc	Division - Fulton/Wealthy Streetscape Improvs	17109-Reconst Division Ave (#180137.1-12)-DDA	2,981.33
Non-Tax	12/29/2019	Grand Rapids Children's Museum	Diversity / Inclusion Programming	New Year's Eve 2019 Event Sponsorship	2,500.00
Local	12/19/2019	GRCAC dba Media Center	Downtown Marketing & Inclusion Efforts	LiveStream services for Board mtgs 2019	2,100.00
Non-Tax	12/9/2019	Fifth Third Bank P-Card - 11/2019	Stakeholder Engagement Programs	DNN Holiday Happy Hour 11/2019	1,700.00
Local	12/14/2019	City of Grand Rapids	Administration	Staff services - payroll period ended 12/14/2019	1,690.38
Local	12/11/2019	Dickinson Wright PLLC	Lyon Square Improvements	Lyons Square Project 09/2019	1,628.00
Local	12/19/2019	Disability Advocates of Kent County	Accessibility and Mobility Repairs	Charrette Expenses 12/2019	1,501.90
Non-Tax	12/4/2019	City Treasurer - Mayor's Office	Diversity / Inclusion Programming	Sponsor - Mayor's State of the City address	1,500.00
Local	12/11/2019	Dickinson Wright PLLC	Administration	DDA Legal Matters 09/2019	1,452.00
Non-Tax	12/11/2019	Dickinson Wright PLLC	Studio C1 Area 4 Sale	101 Ottawa NW Project 09/2019	1,386.00
Local	12/29/2019	TGG, Inc.	Administration	Life & S/T & L/T disability ins - 01/01/20-01/31/20	1,128.43
Non-Tax	12/9/2019	Fifth Third Bank P-Card - 11/2019	DGRI Event Production	Event Supplies 11/2019	1,075.29
Non-Tax	12/9/2019	Fifth Third Bank P-Card - 11/2019	DGRI Event Production	Forklift rental for North Monroe Lot 11/2019	1,052.22
Local	12/2/2019	City Treasurer - Risk Management	Administration	Monthly General Insurance Allocation	1,047.00
Non-Tax	12/12/2019	West Michigan Env Action Council	Diversity / Inclusion Programming	Event Sponsorship: Grand River Clean Up 2019	1,000.00
Local	12/8/2019	Kamminga & Roodvoets Inc	CBD/Heartside/Arena S Streetscape Improvs	16065-Newberry-Monroe/Division (#1606519)-DDA	972.86
Local	12/9/2019	Fifth Third Bank P-Card - 11/2019	Administration	Staff travel, training 11/2019	800.67
Non-Tax	12/19/2019	Thomas Wall	Downtown Workforce Programs	Relax at Rosa performer 7/2019	800.00
Local	12/3/2019	Serendipity Publishing LLC	Downtown Marketing & Inclusion Efforts	Advertising: DGRI Events 12/2019	772.00
Local	12/11/2019	City Treasurer - MobileGR/Parking Svcs	Administration	NOV 2019 CITY PARKING VALIDATION	771.75
Local	12/9/2019	Fifth Third Bank P-Card - 11/2019	Downtown Marketing & Inclusion Efforts	Marketing & social media 11/2019	671.07
Non-Tax	12/9/2019	Fifth Third Bank P-Card - 11/2019	DGRI Event Production	Event Storage Rental fees 11/2019	667.34
Local	12/19/2019	Creative Studio Promotions	Economic Development and Innovation	Canvas totes: Small Biz Expo 2nd order 12/2019	638.63
Local	12/19/2019	GR Area Chamber of Commerce	Administration	Membership dues 2020	593.92
Non-Tax	12/29/2019	ArtPeers	Diversity / Inclusion Programming	DITA Prismatic Project 12/2019	500.00
Non-Tax	12/3/2019	Erin Abel	Stakeholder Engagement Programs	Census 2020 Event consult 10/28/19	500.00
Non-Tax	12/29/2019	Swift Printing & Communications	Public Space Activation	Handbills posters for CREOS winter art 12/19	492.20
Local	12/10/2019	Federal Square Bldg Co. #1, LLC	Administration	Office Lease: 29 Pearl Street Mezz Office 12/2019	475.14
Local	12/5/2019	Professional Maint of Michigan Inc.	Administration	Janitorial services November 2019	451.38
Local	12/10/2019	HR Collaborative LLC	Administration	HR Consultant services 11/2019	427.63
Local	12/11/2019	Dickinson Wright PLLC	Administration	Service Agreement with Block by Block 09/2019	400.70
Local	12/3/2019	GreatAmerica Financial Svcs Corp	Administration	Copier Lease 11/2019	360.95
Local	12/10/2019	Z2 Systems Inc	Downtown Marketing & Inclusion Efforts	NeonCRM cloud-based software 10/2019	350.00
Local	12/29/2019	The KR Group, Inc.	Administration	Server migration implementation svcs 11/2019	321.71
Non-Tax	12/3/2019	Swift Printing & Communications	DGRI Event Production	World of Winter flyers 11/2019	276.43
Local	12/10/2019	The KR Group, Inc.	Administration	IT Office 365 Software Agreement 11/2019	259.74
Local	12/19/2019	TDS Metrocom, LLC	Administration	Phone Service 12/2019	249.52
Local	12/29/2019	Federal Square Bldg Co. #1, LLC	Administration	Utility Service: Electric Nov 2019	229.29
Local	12/29/2019	David Specht	Downtown Marketing & Inclusion Efforts	Penalosa video 12/19	225.00
Local	12/9/2019	Fifth Third Bank P-Card - 11/2019	Urban Recreation Improvements	Dog Park supplies 11/2019	203.61
Non-Tax	12/29/2019	Swift Printing & Communications	DGRI Event Production	World of Winter flyers 12/2019	179.50
Local	12/3/2019	The KR Group, Inc.	Administration	IT Services 11/2019	177.88
Local	12/19/2019	Perrigo Printing Inc	Arena Plaza Improvements: Local Tax	Van Andel Plaza blue prints 12/2019	175.00
Local	12/25/2019	PCS Gophers Ltd	Administration	November, 2019 courier services	169.29

continued on the next page

STATEMENT D - continued
DOWNTOWN DEVELOPMENT AUTHORITY
Schedule of Expenditures - FY2020
December, 2019

Page 2

Source	Date Posted	Vendor	Activity # Purpose / Project	Description	Amount
<i>Continued from previous page</i>					
Local	12/29/2019	Cellco Partnership dba Verizon	Administration	Cell Phone Service 11/2019	\$ 164.07
Local	12/3/2019	City Treasurer - Traffic Safety	Urban Recreation Improvements	Banner Permit - Monroe Ave, from Fulton to I-196	150.00
Local	12/3/2019	City Treasurer - Traffic Safety	Urban Recreation Improvements	Banner Permit - Monroe Ave, from Fulton to I-196	150.00
Local	12/19/2019	Landscape Forms Inc	Urban Recreation Improvements	Receptacle replacement parts 12/2019	150.00
Local	12/10/2019	Comcast Cable Communications, Inc.	Administration	Internet at 29 Pearl St NW 11/07/2019-01/05/2020	145.55
Local	12/19/2019	Selective Ins Company of America	Administration	Liability Insurance Endorsement for DDA 2019	133.83
Non-Tax	12/11/2019	City Treasurer - MobileGR/Parking Svcs	Heartside Quality of Life Implementation	Veggie Van meter hooding 11/2019	120.00
Non-Tax	12/15/2019	Rock Dandeneau	Stakeholder Engagement Programs	DNN Stakeholder luncheon Nov 2019	112.50
Local	12/3/2019	David Specht	Downtown Marketing & Inclusion Efforts	Civize.Me Video 11/19	100.00
Local	12/10/2019	David Specht	Downtown Marketing & Inclusion Efforts	Mosby's ribbon cutting video record/edit 9/19	100.00
Local	12/19/2019	Littlefoot Coffee Roasters	Administration	Meeting supplies 12/2019	90.28
Non-Tax	12/19/2019	DTE Energy	Downtown Ambassadors	351 Winter Ave NW - 12/2019 DDA's share	79.24
Local	12/3/2019	Metro FiberNet, LLC	Administration	Internet at 29 Pearl St NW 11/2019	79.15
Non-Tax	12/11/2019	Dickinson Wright PLLC	Downtown Ambassadors	Safety Ambassador Agreement 09/2019	66.00
Local	12/10/2019	Staples Contract and Commercial Inc.	Administration	Office supplies 11/27/2019	64.83
Non-Tax	12/9/2019	Fifth Third Bank P-Card - 11/2019	Administration	Annual review lunch meetings	60.29
Non-Tax	12/9/2019	Fifth Third Bank P-Card - 11/2019	Public Space Activation	Supplies expense for space activation 11/2019	54.17
Non-Tax	12/2/2019	Consumers Energy	Downtown Ambassadors	351 Winter Ave NW - 11/2019 DDA's share	50.80
Non-Tax	12/3/2019	City Treasurer - MobileGR/Parking Svcs	Downtown Ambassadors	NOVEMBER 2019 MONTHLY PARKING	48.00
Local	12/9/2019	Fifth Third Bank P-Card - 11/2019	Administration	Admin Postage 11/2019	40.66
Local	12/15/2019	County of Kent	KCDC Series 2008 Floodwalls	Share of annual paying agent fee	37.50
Local	12/3/2019	Curtis Laundry & Dry Cleaners, Inc.	Administration	DGRI Table Cloth Cleaning services 11/18/2019	33.26
Local	12/10/2019	Fusion IT LLC	Administration	System & Network IT engineering 11/2019	24.17
Local	12/9/2019	Fifth Third Bank P-Card - 11/2019	Administration	CEO prof'l devel - Travel GoGo flight WIFI	12.99
Local	12/29/2019	Fusion IT LLC	Administration	Network Management 1/2020	9.50
Local	12/9/2019	Fifth Third Bank P-Card - 11/2019	Administration	Office Supplies	2.73
Non-Tax	12/13/2019	Rock Dandeneau	Stakeholder Engagement Programs	DNN Stakeholder luncheon Nov 2019	(112.50)
TOTAL DECEMBER, 2019 EXPENDITURES					\$ 588,942.25



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November 27, 2019

To the Board Members
Grand Rapids Downtown Development Authority

We have audited the financial statements of the Grand Rapids Downtown Development Authority (the "Authority") as of and for the year ended June 30, 2019 and have issued our report thereon dated November 27, 2019. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 9, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on October 30, 2019.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 2 to the financial statements.

To the Board Members
Grand Rapids Downtown Development Authority

November 27, 2019

In 2019, the City of Grand Rapids, Michigan implemented GASB 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which requires additional disclosures related to debt.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

There were no significant balances, amounts, or disclosures in the financial statements based on sensitive management estimates.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 27, 2019

To the Board Members
Grand Rapids Downtown Development Authority

November 27, 2019

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the Grand Rapids Downtown Development Authority board members and management of Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC



Joe Kowalski



William Brickey

Grand Rapids Downtown Development Authority

(a component unit of the City of Grand Rapids, Michigan)

Financial Report
with Supplemental Information
June 30, 2019

Grand Rapids Downtown Development Authority

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Independent Auditor's Report

To the Board Members
Grand Rapids Downtown Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the governmental fund of the Grand Rapids Downtown Development Authority (the "Authority"), a component unit of City of Grand Rapids, Michigan, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Grand Rapids Downtown Development 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 opinions 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 entity'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 entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the governmental fund of the Grand Rapids Downtown Development Authority as of June 30, 2019 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.

To the Board Members
Grand Rapids Downtown Development Authority

Other Matter

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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, which 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 supplemental 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of current and ongoing projects is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of current and ongoing projects 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.

Report on Summarized Comparative Information

We have previously audited the Grand Rapids Downtown Development Authority's June 30, 2018 financial statements and expressed an unmodified audit opinion on those basic financial statements in our report dated December 12, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Plante & Moran, PLLC

November 27, 2019

Grand Rapids Downtown Development Authority

Management's Discussion and Analysis

This section of the Grand Rapids 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, 2019. 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 This Annual 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, deferred inflows of resources, 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 revenue 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 Statement of Net Position

	Governmental Activities		
	2019	2018	Percent Change
Assets			
Current and other assets	\$ 14,026,267	\$ 12,757,974	9.9
Capital assets	30,494,473	33,021,801	(7.7)
Total assets	44,520,740	45,779,775	(2.8)
Deferred Outflows of Resources	1,697,194	2,396,283	(29.2)
Liabilities			
Current liabilities	3,460,118	1,750,169	97.7
Noncurrent liabilities:			
Due within one year	6,295,900	6,398,078	(1.6)
Due in more than one year	14,415,958	21,243,519	(32.1)
Total liabilities	24,171,976	29,391,766	(17.8)
Net position			
Net investment in capital assets	11,489,809	9,294,690	23.6
Restricted	10,556,149	9,489,602	11.2
Total net position	<u>\$ 22,045,958</u>	<u>\$ 18,784,292</u>	17.4

Current Assets

Equity in Pooled Cash and Investments

The City of Grand Rapids, Michigan maintains an investment pool for most city funds and component units. The Authority's \$13.5 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 2019, cash increased by \$2.3 million from fiscal year 2018. The difference is the result of a similar decrease of expenditures for fiscal year 2019 compared to fiscal year 2018.

Grand Rapids Downtown Development Authority

Management's Discussion and Analysis (Continued)

Receivables

The Authority's fiscal year 2019 net receivables of \$52,043 is composed of interest receivable.

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 repayment agreement include simple interest to be charged at 4.5 percent per year. Repayment of principal began in 2015. The developer paid the scheduled \$100,000 principal payment in fiscal year 2019. Debt service is scheduled to be completed in 2023 due to prepayment of principal in September 2015.

Prepaid 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 \$30.5 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 \$57.5 million for accumulated depreciation. Detailed information regarding capital asset additions and deletions is available in Note 4.

Deferred Outflows of Resources

Deferred Outflows on Refunding of Bonds

The decrease in the amount deferred on the refunding of bonds consists of the scheduled current year amortization.

Current Liabilities

Accounts Payable

As of June 30, 2019, accounts payable of \$3.3 million include amounts owed to vendors for goods and services received in fiscal year 2019 but paid for in fiscal year 2020, as well as \$2.7 million for excess tax increment captures owed to Grand Rapids Public Schools, Kent Intermediate School District, and the State of Michigan. Accounts payable also includes \$48,000 reserved for potential assessment appeal losses. The accounts payable balance as of June 30, 2019 is \$1.8 million higher than the balance on June 30, 2018. The increase is due to larger excess capture reimbursements since the Authority captured only 60 percent of eligible school-related tax increments in fiscal year 2018.

Noncurrent Liabilities

Noncurrent Liabilities, Due within One Year

Noncurrent liabilities, due within one year, of \$6.3 million represent the amount of the Authority's debt service payments due within 12 months after June 30, 2019, plus compensated absences expected to be paid within the same time frame. The decrease is due to scheduled principal payments. See Note 5 for additional information.

Noncurrent Liabilities, Due in More Than One Year

Noncurrent liabilities of \$14.4 million represent bond principal payments scheduled to be paid after June 30, 2020. The decrease in the amounts outstanding on June 30, 2019 and June 30, 2018 is due to scheduled payments of principal and interest on the bonds. See Note 5 for additional information.

Grand Rapids Downtown Development Authority

Management's Discussion and Analysis (Continued)

Net Position

Net position represents assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Total net position at June 30, 2019 was about \$22.0 million, a 17.4 percent increase compared to total net position at June 30, 2018.

Net Investment in Capital Assets

Net investment in capital assets of \$11.5 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 23.6 percent, or \$2.2 million, increase between fiscal years 2019 and 2018 is roughly equal to the \$2.5 million decrease in net capital assets, plus the \$6.9 million decrease in long-term liabilities, less the \$642,000 change in accrued interest on the capital appreciation bond, less the \$700,000 change in the deferrals on the refunding bonds, plus the \$864,000 change in investments held by trustee for future debt service. Detailed information regarding capital assets and acquisition-related debt obligations is in Notes 4 and 5.

Restricted for Authorized Projects

The Authority's net position is restricted by the requirements of Michigan Public Act 57 of 2018, as amended, as well as Michigan Public Act 197 of 1975, as amended, which limits expenditures to those that further the Authority's approved development plan. The \$1.8 million increase in restricted net position in fiscal year 2019 is primarily due to the \$2.2 million decrease in urban development expenses.

The Authority's Changes in Net Position

	Governmental Activities		
	2019	2018	Percent Change
Revenue			
Property taxes	\$ 12,591,462	\$ 10,691,517	17.8
Contributions	254,607	-	100.0
Charges for services	556,332	1,555,940	(64.2)
Investment earnings	615,753	214,190	187.5
Other revenue	-	2,508,147	(100.0)
Total revenue	14,018,154	14,969,794	(6.4)
Expenses			
Urban development	9,362,464	11,525,776	(18.8)
Interest and paying agent fees	1,394,024	1,848,243	(24.6)
Total expenses	10,756,488	13,374,019	(19.6)
Net Change in Net Position	3,261,666	1,595,775	104.4
Net Position - Beginning of year	18,784,292	17,188,517	9.3
Net Position - End of year	<u>\$ 22,045,958</u>	<u>\$ 18,784,292</u>	17.4

Revenue

Property Taxes

The Authority's revenue is generated primarily through the use of property tax increment financing in which the Authority captures property tax revenue attributable to increases in the value of real and personal property within the district boundaries. Property tax increment revenue 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 that refunded those pre-1995 eligible obligations.

Grand Rapids Downtown Development Authority

Management's Discussion and Analysis (Continued)

Property tax increment revenue related to the City of Grand Rapids, Michigan; County of Kent, Michigan; Grand Rapids Community College; and the Interurban Transit Partnership are used to support the Authority's cash and debt-financed development projects. Property tax increment revenue for the year ended June 30, 2019 includes property taxes levied on July 1, 2018 and on December 1, 2018.

Property tax revenue between fiscal years 2019 and 2018 increased by 17.8 percent because the Authority captured only 60 percent of eligible school tax increments in fiscal year 2018.

Investment Earnings

This is interest revenue earned when authority funds are invested by the city treasurer, interest related to a loan to a downtown developer, and gains or losses on investments as they are brought to market value on June 30, 2019 and 2018. There was an increase of 187.5 percent in interest earnings between fiscal year 2019 and 2018. The large increase is due to improved investment yields resulting in increased interest rates during fiscal year 2019.

Charges for Services

In fiscal year 2019, charges for services decreased by 64.2 percent, or approximately \$1.0 million, mainly due to a reimbursement from the Brownfield Redevelopment Authority for Veterans Park improvement expenditures in fiscal year 2019.

Expenses

Urban Development

In the fiscal year ended June 30, 2019, the Authority expended \$9.4 million for urban development work related to the Authority's development plan compared to \$11.5 million the prior year. There were five projects in fiscal year 2019 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 2019:

Public facility developer reimbursements - HP3 LLC-J.W. Marriott, Owen-Ames-Kimball, 38 Commerce LLC, Two West Fulton, DBD Properties LLC, Health Park Central LLC, 68 Commerce LLC, 35 Oakes Associates, 100 Commerce Development LLC, Arena Place Development LLC, 55 Ionia Partners LLC, Harris Lofts LLC, CWD 50 Louis LLC, Waters Building LLC, 20 Monroe Building Co LLC, and Venue Towers LLC	\$	1,004,600
Sheldon Boulevard reconstruction - Weston Street to Cherry Street		559,945
Parks design improvements		411,162
Downtown events productions		300,105
Downtown marketing and inclusion programs		295,708

The five largest projects in terms of expenditures for fiscal year 2018 are below:

Public facility developer reimbursements - HP3 LLC-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, Arena Place Development LLC, 55 Ionia Partners LLC, Harris Lofts LLC, CWD 50 Louis LLC, Waters Building LLC, 20 Monroe Building Co LLC, and Venue Towers LLC	\$	1,003,816
Veterans Park improvements		692,460
Downtown enhancement grants		650,030
Downtown events productions		299,481
Downtown marketing and inclusion		277,017

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 of the DeVos Place Convention Center construction, Van Andel Arena construction, and improvements to floodwalls and embankments along the Grand River (see Note 5).

Grand Rapids Downtown Development Authority

Management's Discussion and Analysis (Continued)

Overall Financial Position

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

Requests for Further Information

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

Grand Rapids Downtown Development Authority

Statement of Net Position/Governmental Fund Balance Sheet

June 30, 2019 and 2018

	2019		2018	
	Governmental Fund	Adjustments (Note 3)	Statement of Net Position	Statement of Net Position
Assets				
Cash and cash equivalents	\$ 13,506,496	\$ -	\$ 13,506,496	\$ 11,256,129
Investments	-	-	-	864,374
Receivables:				
Interest	52,043	-	52,043	30,306
Long-term loan receivable	388,848	-	388,848	488,848
Prepaid expenses	-	78,880	78,880	118,317
Capital assets: (Note 4)				
Assets not subject to depreciation	-	12,099,929	12,099,929	12,099,929
Assets subject to depreciation - Net	-	18,394,544	18,394,544	20,921,872
Total assets	13,947,387	30,573,353	44,520,740	45,779,775
Deferred Outflows of Resources - Deferred on refunding of bonds	-	1,697,194	1,697,194	2,396,283
Total assets and deferred outflows of resources	\$ 13,947,387	32,270,547	46,217,934	48,176,058
Liabilities				
Accounts payable	\$ 3,299,660	-	3,299,660	1,536,405
Due to primary government	-	-	-	10,094
Accrued interest payable	-	159,458	159,458	202,670
Customer deposits	1,000	-	1,000	1,000
Noncurrent liabilities: (Note 5)				
Due within one year	-	6,295,900	6,295,900	6,398,078
Due in more than one year	-	14,415,958	14,415,958	21,243,519
Total liabilities	3,300,660	20,871,316	24,171,976	29,391,766
Deferred Inflows of Resources - Unavailable revenue	388,848	(388,848)	-	-
Total liabilities and deferred inflows of resources	3,689,508	20,482,468	24,171,976	29,391,766
Equity				
Fund balance:				
Restricted	5,263,021	(5,263,021)	-	-
Assigned	4,994,858	(4,994,858)	-	-
Total fund balance	10,257,879	(10,257,879)	-	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 13,947,387			
Net position:				
Net investment in capital assets		11,489,809	11,489,809	9,294,690
Restricted		10,556,149	10,556,149	9,489,602
Total net position		\$ 22,045,958	\$ 22,045,958	\$ 18,784,292

Grand Rapids Downtown Development Authority

Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balance

Years Ended June 30, 2019 and 2018

	2019		2018	
	Governmental Fund	Adjustments (Note 3)	Statement of Activities	Statement of Activities
Revenue				
Property taxes	\$ 12,591,462	\$ -	\$ 12,591,462	\$ 10,691,517
Contributions	254,607	-	254,607	-
Charges for services	556,332	-	556,332	1,555,940
Investment earnings	615,753	-	615,753	214,190
Other revenue:				
Other	100,000	(100,000)	-	25
Gain on sale of asset	-	-	-	2,508,122
Total revenue	14,118,154	(100,000)	14,018,154	14,969,794
Expenditures				
Urban development	6,797,928	2,564,536	9,362,464	11,525,776
Principal payments	5,748,804	(5,748,804)	-	-
Interest and paying agent fees	1,916,853	(522,829)	1,394,024	1,848,243
Total expenditures	14,463,585	(3,707,097)	10,756,488	13,374,019
Excess of Revenue (Under) Over Expenditures	(345,431)	3,607,097	3,261,666	1,595,775
Fund Balance/Net Position - Beginning of year	10,603,310	8,180,982	18,784,292	17,188,517
Fund Balance/Net Position - End of year	<u>\$ 10,257,879</u>	<u>\$ 11,788,079</u>	<u>\$ 22,045,958</u>	<u>\$ 18,784,292</u>

Grand Rapids Downtown Development Authority

Notes to Financial Statements

June 30, 2019

Note 1 - Reporting Entity

The Grand Rapids Downtown Development Authority (the "Authority" or the "DDA"), a component unit of the City of Grand Rapids, Michigan (the "City"), was created in 1979 by the City under the provisions of the State of Michigan Public Act 197 of 1979, as amended. The Authority is also guided by Public Act 57 of 2018, which was enacted effective January 1, 2019. Public Act 57 recodifies several tax increment financing (TIF) statuses, including the Authority's enabling statute, while allowing the Authority to continue to capture property tax increment revenue. Public Act 57 establishes reporting requirements and penalties for noncompliance with these reporting requirements. It requires the Authority to hold informational meetings twice a year. In addition, Public Act 57 provides for the continuation of a liability or obligation of an authority under a statute that the bill repeals. 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 revenue, since much of the property in the expansion districts is exempt from paying property taxes. The new boundaries were 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.

In December 2016, the Authority approved a plan amendment that increased its development area but did not significantly increase tax increment revenue due to the overlapping of existing tax increment districts and the inclusion of tax-exempt properties. These newest boundaries are adjacent to the Authority's northernmost and southernmost boundaries described in the previous paragraph. Specifically, the expansion boundaries are primarily north of Newberry Street, south of Wealthy Street, and north of Bridge Street.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The Authority follows accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Authority:

Basis of Accounting

The governmental fund uses the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Authority has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Employee benefit costs that will be funded in the future (such as compensated absences) are not counted until they come due for payment.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Authority considers amounts collected within 60 days of year end to be available for recognition; however, property tax increment revenue is recognized as revenue in the fiscal year for which it was levied.

Grand Rapids Downtown Development Authority

Notes to Financial Statements

June 30, 2019

Note 2 - Significant Accounting Policies (Continued)

The Authority uses the economic resources measurement focus and the full accrual basis of accounting to prepare the statement of net position and statement of activities. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Budget

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 board members adopt it. 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.

Specific Balances and Transactions

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.

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, Michigan 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. Interest income and investment losses from the cash and investment pooling is distributed by the city treasurer to the appropriate funds based on the fund's weighted-average share of the investment pool.

Deposits are less than 10 percent of the total portfolio. They consist of bank money market funds, demand deposit accounts, and certificates of deposits with original maturities greater than three months at the date of purchase. Michigan statutes require that deposit be maintained in financial institutions with offices located in 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.

Capital Assets

Capital assets, which include land, infrastructure, land improvements, buildings and structures, machinery and equipment, and furniture, are reported on the statement of net position. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

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

Note 2 - Significant Accounting Policies (Continued)

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the governmental fund financial statements, bond issuances and premiums are recognized as "other financing sources" and bond discounts as "other financing uses."

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has only one type of item that qualifies for reporting in this category. The amount 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.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies for reporting in this category, deferred resources due to time restrictions related to a long-term loan receivable.

Net Position

Net position of the Authority is classified in two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Net position is reported as restricted when there are limitations imposed on its use either through legislation or other external restrictions.

Net Position Flow Assumption

The Authority will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

Fund balance in the Authority's governmental fund column is reported in different categories based on the nature of any limitations regarding the use of resources for specific purposes. Amounts reported as restricted fund balance are the result of external restrictions, including Internal Revenue Service restrictions on the use of bond proceeds and, primarily, the Authority's enabling statute. Amounts reported as assigned are funded through the Authority's non-tax increment funds.

Property Tax Revenue

The majority of the Authority's revenue is 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.

June 30, 2019

Note 2 - Significant Accounting Policies (Continued)

Use of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Comparative Data

The data for the prior year has been presented only for the statement of net position and statement of activities and has been presented only for informational purposes. These statements do not include the governmental fund balance sheet and the statement of revenue, expenditures, and changes in fund balance for the year ended June 30, 2018, which are necessary for a complete presentation in accordance with accounting principles generally accepted in the United States of America (GAAP). Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Upcoming Accounting Pronouncement

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2021.

Grand Rapids Downtown Development Authority

Notes to Financial Statements

June 30, 2019

Note 3 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities

Net position reported in the statement of net position column is different than the fund balance reported in the governmental funds column because of the different measurement focus and basis of accounting, as discussed in Note 2. Below is a reconciliation of the differences:

Fund Balance Reported in Governmental Fund	\$ 10,257,879
Amounts reported in the statement of net position are different because:	
Capital assets are not financial resources and are not reported in the fund:	
Cost of capital assets	87,946,534
Accumulated depreciation	<u>(57,452,061)</u>
Net capital assets	30,494,473
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the fund	388,848
Prepaid maintenance agreements do not represent current financial resources and are not reported in the fund	78,880
Bonds payable, contracts payable, bond premium, and capital lease obligations are not due and payable in the current period and are not reported in the fund	(19,004,664)
Accrued interest is not due and payable in the current period and is not reported in the fund	(159,458)
Compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	<u>(10,000)</u>
Net Position	<u>\$ 22,045,958</u>

Grand Rapids Downtown Development Authority

Notes to Financial Statements

June 30, 2019

Note 3 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities (Continued)

The change in net position reported in the statement of activities column is different than the change in fund balance reported in the governmental fund column because of the different measurements focus and basis of accounting, as discussed in Note 2. Below is a reconciliation of the differences:

Net Change in Fund Balance Reported in Governmental Fund	\$ (345,431)
Amounts reported in the statement of revenue, expenditures, and changes in fund balance are different because:	
Governmental fund reports capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation - Depreciation expense	(2,527,328)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(100,000)
Repayment of principal on bonds and contracts is an expenditure in the governmental fund, but not in the statement of activities (where it reduces long-term debt)	5,748,804
Some expenses (accrued interest, compensated absences, amortization of maintenance agreement, and bond amortizations) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund:	
Accrued interest	684,812
Compensated absences	2,229
Amortization on maintenance agreement	(39,437)
Bond amortizations	(161,983)
Change in Net Position	\$ 3,261,666

Grand Rapids Downtown Development Authority

Notes to Financial Statements

June 30, 2019

Note 4 - Capital Assets

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

	Balance July 1, 2018	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets not being depreciated - Land	\$ 12,099,929	\$ -	\$ -	\$ 12,099,929
Capital assets being depreciated:				
Infrastructure	267,779	-	-	267,779
Land improvements	6,708,245	-	-	6,708,245
Buildings and structures	59,919,979	-	-	59,919,979
Machinery and equipment	6,123,062	-	-	6,123,062
Office equipment and furniture	2,827,540	-	-	2,827,540
Subtotal	75,846,605	-	-	75,846,605
Accumulated depreciation:				
Infrastructure	184,467	5,950	-	190,417
Land improvements	5,390,581	199,075	-	5,589,656
Buildings and structures	42,919,318	1,995,900	-	44,915,218
Machinery and equipment	4,380,538	232,197	-	4,612,735
Office equipment and furnishings	2,049,829	94,206	-	2,144,035
Subtotal	54,924,733	2,527,328	-	57,452,061
Net capital assets being depreciated	20,921,872	(2,527,328)	-	18,394,544
Net capital assets	<u>\$ 33,021,801</u>	<u>\$ (2,527,328)</u>	<u>\$ -</u>	<u>\$ 30,494,473</u>

Note 5 - Long-term Debt

Long-term debt activity for the year ended June 30, 2019 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements - Contracts payable	\$ 44,500	\$ -	\$ (14,250)	\$ 30,250	\$ 14,750
Other debt:					
Bonds payable	24,844,554	-	(5,734,554)	19,110,000	6,275,000
Accreted interest	641,600	-	(641,600)	-	-
Total other debt principal outstanding	25,486,154	-	(6,376,154)	19,110,000	6,275,000
Unamortized bond premiums	2,098,714	-	(537,106)	1,561,608	-
Total bonds and contracts payable	27,629,368	-	(6,927,510)	20,701,858	6,289,750
Compensated absences	12,229	5,445	(7,674)	10,000	6,150
Total long-term debt	<u>\$ 27,641,597</u>	<u>\$ 5,445</u>	<u>\$ (6,935,184)</u>	<u>\$ 20,711,858</u>	<u>\$ 6,295,900</u>

Grand Rapids Downtown Development Authority

Notes to Financial Statements

June 30, 2019

Note 5 - Long-term Debt (Continued)

Long-term bonds and contracts consist of the following:

- 2008 Kent County Drain Commission contract payable, interest rates ranging from 4.00 to 4.25 percent, with various amounts maturing through 2021 and a balance of \$30,250 at June 30, 2019.
- 2017 Downtown Development Authority Tax Increment Revenue Improvement and Refunding Bonds, interest rates ranging from 4.00 to 5.00 percent, with various amounts maturing through 2022 and a balance of \$19,110,000 at June 30, 2019.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2020	\$ 14,750	\$ 933	\$ 6,275,000	\$ 955,500	\$ 7,246,183
2021	15,500	310	6,345,000	641,750	7,002,560
2022	-	-	6,490,000	324,500	6,814,500
Total	\$ 30,250	\$ 1,243	\$ 19,110,000	\$ 1,921,750	\$ 21,063,243

Note 6 - Lease Commitments

In 2003, the City County Joint Building Authority (CCJBA) 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 the two issues with Series 2013A and 2013B refunding bonds. Debt service for the Series 2013A bonds is supported by the County of Kent, Michigan's semiannual rental payments and will be completed in December 2023. Debt service for the Series 2013B bonds is supported by the Authority's semiannual lease payments and will also be completed in December 2023. The Authority's \$5,000,000 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, 2019 is \$1,450,000. Future lease payments, including interest expense, are as follows:

Years Ending	Amount
2020	\$ 326,125
2021	321,400
2022	315,100
2023	318,400
2024	316,200
Total	\$ 1,597,225

Note 7 - Contingencies

The City is regularly involved in various property tax appeals. For the Authority, as of June 30, 2019, funds have been accrued for estimated property tax increment revenue losses plus estimated interest that would be owed to the property owner. 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 for the City and the Authority.

June 30, 2019

Note 7 - Contingencies (Continued)

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.

Other Supplemental Information

Grand Rapids Downtown Development Authority

Schedule of Current and Ongoing Projects (Unaudited)

June 30, 2019

The Authority captures property tax increment revenue from two sources: local tax increments and school tax increments. Local tax increment (LTI) revenue is derived from millages assessed by the City of Grand Rapids, Michigan; the County of Kent, Michigan; the Interurban Transportation Partnership; and the Grand Rapids Community College. School tax increment (STI) revenue is 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 revenue for payment of debt service and other eligible obligations in existence prior to January 1, 1995 and for debt obligations that refunded those pre-1995 eligible obligations. Nontax revenue includes interest on investments and rental and parking revenue generated by facilities owned by the Authority.

In December 2015, the Authority approved GR Forward, which established a vision and strategies for the future of downtown Grand Rapids. Drawing on input from the community, GR Forward prioritizes ideas and projects that align with and enhance the collective vision; GR Forward began building leadership around the following five goals:

- Goal 1: Restore the Grand River as the draw and create a connected and equitable river corridor.
- Goal 2: Establish a true downtown neighborhood that is home to a diverse population.
- Goal 3: Implement a 21st century mobility strategy.
- Goal 4: Expand job opportunities and ensure continued vitality of the local economy.
- Goal 5: Reinvest in public space, culture, and inclusive programming.

GR Forward established an implementation schedule that is the basis for the Authority's fiscal years 2016 to 2025 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 GR Forward.

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 GR Forward, development projects have been subdivided into the five goals, each with an alliance that advises on projects and implementation activities.

The Authority's development projects described below are funded with LTI or nontax increment revenue.

Goal 1: Restore the Grand River as the Draw and Create a Connected and Equitable River Corridor:

- Arena South Implementation

Installation of festoon lighting on Ionia Avenue in collaboration with building and business owners.

- Downtown Plan

Planning initiatives to further the goals of GR Forward. Proposed initiatives in FY 2020 include the following:

- Governance and Management Plan for the Grand River Corridor
- Downtown Traffic Circulation Plan Update
- Fulton Street Corridor Improvement Plan

- Grand River Activation

Contribution to complete the design and permitting process for the restoration of the Grand River.

- Lyon Square Improvements

Funding to complete the construction of Lyon Square. Construction is anticipated to be funded through the issuance of public bonds, as well as through partner contributions.

Grand Rapids Downtown Development Authority

Schedule of Current and Ongoing Projects (Unaudited) (Continued)

June 30, 2019

- **Parks Design**

Completion of design for downtown parks. In FY 2019, funds were used to complete the design of Lyon Square and Calder Plaza. In FY 2020, it is anticipated design work will commence for Switchback and Heartside Parks.

- **Downtown Speaker Series (NTI)**

Funding to bring thought leaders in city building to Grand Rapids and advance key organization goals.

- **Riverwalk Maintenance (NTI)**

Funding to continue the seasonal upkeep of the existing Riverwalk.

Goal 2: Establish a True Downtown Neighborhood That is Home to a Diverse Population:

- **Affordable Housing Support**

Continuation of the effort to affect affordable housing development in downtown Grand Rapids.

- **Areaway Fill**

Continued funding for the Areaway Removal Incentive Program. Program funds will be used to cover existing obligation and, if needed, to participate in projects to improve public safety through the removal of existing areaways.

- **Building Reuse Incentive Program**

Continued funding for the Building Reuse Incentive Program. Program funds will be used to cover existing obligations and to continue to assist property and business owners in the rehabilitation of buildings constructed pre-1950 in downtown Grand Rapids.

- **Development Project Guidance**

Funding for legal and staff time expended on behalf of facilitating development projects.

- **Downtown Census**

Update to existing downtown census. DGRI has committed to updating the census on a biannual basis to better understand the changing dynamics of the downtown resident, employee, and visitor populations.

- **Project Tax Increment Reimbursements**

Continued funding for the existing Development Support Program. Program funds will be used to further promote economic growth and development in downtown Grand Rapids by funding approved eligible expenses in new construction projects over \$5 million in new investment and in rehabilitation projects featuring over \$1 million in new investments. Proposed funding is to cover existing obligations and to capitalize on new opportunities.

- **Downtown Enhancement Grant (i.e., Streetscape Improvement Incentive Program)**

Funding for the Downtown Enhancement Grant program. Funds will be used to cover existing obligations and to continue to assist property and business owners in the rehabilitation of the downtown public realm. Funds are utilized to reimburse eligible activities, including installation of street furniture, snowmelt, and other public realm improvements.

- **Weston Street - Sheldon to LaGrave Avenue**

DDA participation in the City's reconstruction project. DDA funding will be used for project enhancements, including the brick street and lighting.

- **Heartside Quality of Life Plan Implementation (NTI)**

Grand Rapids Downtown Development Authority

Schedule of Current and Ongoing Projects (Unaudited) (Continued)

June 30, 2019

Funding to implement recommendations from the Heartside neighbors and businesses during the quality of life process. Specific activities will be developed in collaboration with the Goal 2 Alliance and will align with recommendations from GR Forward.

Goal 3: Implement a 21st Century Mobility Strategy:

- Accessibility and Mobility Repairs

Funding to implement recommendations from the downtown accessibility audit conducted by the Disability Advocates of Kent County.

- Bike Friendly Improvements

Funding to continue the implementation of bike parking infrastructure throughout downtown Grand Rapids in partnership with MobileGR. A portion of funding is also anticipated to go toward the initiation of bike share.

- DASH North Shuttle Lease

Funding to help support the continued operation of DASH North, including proposed weekend and evening service.

- Grandville Avenue Area Public Improvements

The DDA's contribution to implement the vision established in the Grandville Avenue Area Specific Plan. Improvements will occur within the DDA boundary on Grandville Avenue and will likely include pedestrian enhancements to improve the streetscape and walkability. The DDA will work with neighborhood stakeholders to help identify the implementation priorities.

- New Downtown Circulator Infrastructure

Investments in new infrastructure - including shelters and supporting amenities - to improve the ridership experience of DASH users.

- Public Realm Improvements

Investment in infrastructure to support the continued improvement of the public realm in downtown Grand Rapids, including trash cans and expansion of the piloted recycling program.

- Streetscape Improvements

Pedestrian enhancements along key downtown corridors. Enhancements will include lighting, trees, and safety elements to improve street crossings. Proposed projects for FY 2020 include the following:

- Division Avenue: Fulton - Cherry Street
- Newberry Street: Monroe - Division Avenue
- Sheldon Avenue: Fulton - Weston Street
- Michigan Street River Crossing(s)

- Wayfinding System Improvements

Funding to maintain the existing wayfinding system and to initiate an overhaul to the system, as recommended by the Streetspace Guidelines.

- Transportation Demand Management (NTI)

Continuation of transportation demand management efforts and programs. Funding will be utilized for outreach, education, and additional activities to support mobility options in and out of downtown Grand Rapids.

Grand Rapids Downtown Development Authority

Schedule of Current and Ongoing Projects (Unaudited) (Continued)

June 30, 2019

Goal 4: Expand Job Opportunities and Ensure Continued Vitality of the Local Economy:

- Economic Development - M / WBE

Funding to implement the goals outlined in the GR Forward and DDA TIF and development plans to support the continued diversification of ground floor businesses in downtown Grand Rapids and ensure opportunities for those owned by women or minorities.

- Downtown Workforce Programming (NTI)

The DDA's contribution to Downtown Workforce Program helps to support programming and other efforts in order to connect with the downtown workers of Grand Rapids. This could include, but is not limited to: Broomball Leagues, exercise and fitness classes, Relax at Rosa event series, downtown workforce network program, Lunch & Learn series, merchant events, and marketing initiatives.

Goal 5: Reinvest in Public Space, Culture, and Inclusive Programming:

- Downtown Marketing and Inclusion Efforts

The DDA's contribution to downtown marketing helps support communications that promote downtown events and programming initiatives to downtown stakeholders, residents, businesses, and customer audiences. This includes but is not limited to paid advertising, the production of marketing collateral, and ongoing maintenance and enhancements of a digital media platform that serves more than 85,000 users and reaches tens of thousands more.

- Sheldon Avenue Public Improvements

Completion of pedestrian improvements, including new pavers, street trees, and decorative lighting, along Sheldon Avenue from Fulton Avenue to Weston Street. The project will further the goal established in GR Forward to create a linear park that connects Cathedral Square to Crescent Park.

- Snowmelt System Capital Repairs

Continued capital repairs to the downtown snowmelt system(s) to ensure efficient operations.

- State of the Downtown Event/Annual Report

DDA contribution to the State of the Downtown Event/Annual Report helps to support the programming activities and production for the annual event, as well as the costs to support the marketing medium for DGRI's annual report.

- Tree Well Fill

Continued investments in tree plantings and infrastructure to improve the downtown tree canopy and achieve the goals outlined in GR Forward.

- Urban Recreation

The DDA's contribution to Urban Recreation Programming for free outdoor fitness programming, outdoor walking and running tours, and winter programming.

- Bridge Lighting Operations (NTI)

The DDA's contribution to Bridge Lighting Operations helps to support electricity and maintenance for lighting on the Indiana Railroad Bridge (Blue Bridge) and the Gillett Bridge.

Grand Rapids Downtown Development Authority

Schedule of Current and Ongoing Projects (Unaudited) (Continued)

June 30, 2019

- **DGRI Event Production (NTI)**

The DDA's contribution to DGRI Event Production contributes to the support of six Movies in the Park/Movies on Monroe events, World of Winter, Rosa Parks Ice-skating programming, Light Up Downtown, World Cup, Calder Plaza Anniversary, Event Management Program, and a Volunteer Program.

- **Diversity and Inclusion Programming (NTI)**

The DDA's contribution to community relations and engagement helps support efforts to create a more welcoming and inclusive downtown, attract and serve more multicultural audiences, and strengthen community ties in and to the downtown neighborhood. This work includes but is not limited to event support and production, program sponsorship, and partnership building to advance the collective vision of downtown Grand Rapids for the benefit of the entire community.

- **Downtown Ambassador Program (NTI)**

Funding to extend the hospitality contract with Block by Block and continue deployment of the Downtown Ambassadors.

- **Educational Partnerships Initiatives (NTI)**

Contributions to further partnerships with education-based organizations to promote downtown Grand Rapids and the work of Downtown Grand Rapids Inc.

- **Experience Miscellaneous (NTI)**

Funds not currently associated with projects but that provide the opportunity to take advantage of unforeseen projects, partnerships, or initiatives that arise during the fiscal year.

- **Holiday Décor Program (NTI)**

The DDA's contribution to Holiday Décor Program helps to support the DDA's investment towards lighting and decorating the downtown during the holiday season. This continued support will allow DGRI to continue to decorate the downtown with the replacement of existing decoration investments.

- **Major Event Sponsorship (NTI)**

The DDA's contribution to major event sponsorship helps to support downtown signature events like ArtPrize and LaughFest.

- **Police Foot Patrols (NTI)**

The DDA contribution to providing added public safety via additional police foot patrol services along key entertainment corridors throughout the summer months.

- **Public Space Activation (NTI)**

DDA contribution to public space activation helps to continue and expand upon the Pop-Up Performer Program, public games, public artwork programs, murals, activation grant program, food truck initiatives, parks programming, and other enlivening interventions that help create an ambiance and atmosphere within the downtown.

- **Rosa Parks Circle Ice Skating (NTI)**

The DDA's contribution to Rosa Parks Circle Ice Skating helps to support skate rink operations, including operations of the Zamboni, maintenance, and upkeep of the rink.

Grand Rapids Downtown Development Authority

Schedule of Current and Ongoing Projects (Unaudited) (Continued)

June 30, 2019

- **Special Events Grants Program (NTI)**

The DDA's contribution to the Special Events Event Sponsorship Support Program will help to support events happening within the downtown that are seeking event support and that align with the community goals that were voiced through the Special Events Optimization process finalized in FY 2015. This program will help us to fund free and open to the public events that happen during October through May, events that help encourage GR Forward goal of creating a four-season city.

- **City of Grand Rapids Office of Special Events Support (NTI)**

DDA contribution for the City of Grand Rapids Office of Special Event (OSE) financially helps maintain and run the office's management in order to schedule, process, and permit events looking to host an event within the City of Grand Rapids.

- **Special Events Training Program (NTI)**

DDA contribution to Special Events Training Program will help to support educational workshops for events training in order to help assist event planners and producers to successfully plan and manage an event within the downtown and the City of Grand Rapids.

- **Stakeholder Engagement Programs (NTI)**

Engagement activities for residents, employees, and other stakeholders in FY 2019.

- **Winter Avenue Building (NTI)**

Funding for annual maintenance needs for this authority-owned building at 331 Winter Avenue, N.W.

- **Ticketed Events: Police Services**

DDA contribution for GRPD police services for ticketed special events include those located at Van Andel Arena and DeVos Place for pedestrian safety. Additional food patrol services are provided in entertainment districts throughout the warmer months.