

MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

Wednesday, January 8, 2014

8:30 a.m. Meeting

Room 601; City Hall

AGENDA

1. Call to order
2. Approval of meeting minutes of November 11, 2013 (8:31).....Motion *Harris*
(enclosure)
3. Presentation of December 31, 2013 Financials (8:33).....Motion *Wallace*
(enclosure)
4. Presentation of the FY 2013 Audit (8:37).....Info Item *Wallace*
5. Approval of 2014 Meeting Calendar (8:47).....Motion *Harris*
(enclosure)
6. Election of 2014 DDA Officers (8:50).....Motion *Harris*
7. Approve BRIP for 15 Ionia Ave. NW (9:00).....Motion *Pratt*
(enclosure)
8. Authorization of Contribution for Seward Ave. Non-Motorized Facility (9:10).....Motion *De Clercq*
(enclosure)
9. Downtown Plan Consultant Selection and Contract Authorization (9:15).....Motion *Kelly*
(enclosure)
10. Approve Development Agreement for Arena Place (9:25).....Motion *Larson*
(enclosure)
11. Report from DGRI President and CEO (9:35).....Info Item *Larson*
12. Public Comment (9:45)
13. Board Member Discussion (9:50)
14. Executive Session (9:55)
15. Adjournment

Downtown Grand Rapids

Prosperous ♦ Livable ♦ Walkable ♦ Inclusive ♦ Green ♦ Connected ♦ Distinctive

UNAPPROVED MINUTES

MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

November 11, 2013

1. Call to Order – The meeting was called to order at 8:33 a.m. by Chair Brian Harris.

2. Attendance

Present: Kayem Dunn, Dr. Wendy Falb, Jane Gietzen, Brian Harris, Mayor George Heartwell, Jim Talen, Rick Winn

Absent: Elissa Hillary

Others Present: Kristopher Larson (Executive Director), Mary Sierawski (DDA Executive Asst/Office Manager), Jana Wallace (DDA Treasurer), Eric Pratt, Tim Kelly, Mandy Cech, Bill Kirk, Kimberly VanDriel, Renata Horvath (staff), Denny Sturtevant (The Dwelling Place), Bill Pringle (Christmas Décor), Tyler Nickerson (resident), Connie Bohatch (City of GR), Brad Langerak (City of GR), Nicole DeKraker, Katie Wright (KCAD), Kevan Chapman (Wondergem), Megan Lasley, Michelle Marinos (GVSU), Curtis Sullivan (Vault of Midnight) and others.

3. Approval of Minutes of October 9, 2013

Motion: Mayor George Heartwell, supported by Kayem Dunn, moved approval of the minutes of the October 9, 2013 DDA meeting as presented. Motion carried unanimously.

4. Presentation of Preliminary October 31, 2013 Financials

Ms. Wallace provided preliminary financial statements for the one month period ending October 31, 2013, including: Statement A: Balance Sheet; Statement B: Comparison of FY2014 Budget vs Results; Statement C: Statement of Project Expenditures; and Statement D: Schedule of October, 2013 Expenditures.

Construction season has started to wind down resulting in quite a number of payments for Authority-supported capital projects. Expenditures were also incurred to construct and furnish the Downtown Grand Rapids Inc. headquarters at 29 Pearl St. NW into which staff moved midway through the month. The Authority has sufficient cash to support budgeted expenditures.

Motion: Jane Gietzen, supported by Rick Winn, moved to approve Statement D: Schedule of October, 2013 Expenditures as recommended. Motion carried unanimously.

5. Approve BRIP for 309 S. Division Ave.

Mr. Pratt presented a request for a BRIP grant in the amount of \$75,000 to help defray some of the costs associated with BRIP eligible activities, including: historic façade restoration, barrier-free access, streetscape improvements, installation of a fire suppression system, and a fire-rated stair tower. Mr. Pratt shared that the applicant is also proposing to incorporate elements of sustainable design as a part of the renovation project and seek LEED Silver certification or higher. Mr. Pratt presented some historical information about the building and said that this building has never received DDA assistance. Mr. Pratt said that the project has already begun construction and that this is a unique situation because the DDA usually provides assistance at the beginning of a project. Due to the circumstances surrounding the construction, a BRIP grant is needed because the contractors found some significant structural problems within the building. Another cause for delay was weather related problems this past spring. Between the structural and weather damage, the project ran over budget and Herkimer is currently looking for additional resources to assist. Mr. Pratt welcomed Denny Sturtevant from The Dwelling Place to give additional information. Mr. Sturtevant shared that there will be 122 one bedroom apartments and a new building which will create 67 additional apartments along the Commerce Avenue side of the building. Mr. Sturtevant said the additional building will house Pine Rest staff and that the new building doesn't qualify for assistance, just the original Herkimer building. Ms. Dunn asked if the Pine Rest staff will be supporting the residents within the building. Mr. Sturtevant replied that the Pine Rest staff will be providing some services to the residents in the new building only and that out of the 45 staff members, 2 members will be dedicated solely to that building.

Motion: Mayor George Heartwell, supported by Jim Talen, moved to approve a BRIP grant, of up to \$75,000, to reimburse Herkimer Apartments LDH LP for eligible costs incurred as a part of the renovation of the ground floor of the Herkimer Hotel Apartment building located at 309 South Division Avenue. Motion carried unanimously.

6. Authorize Contracting for Holiday Decor

Mr. Larson presented information concerning the upcoming Downtown Décor initiative. Mr. Larson shared that the DGRI marketing team has been working with a merchant group and that the group relayed that lighting improvements were the top preference for the holiday season. Mr. Larson shared that the lights will be active beginning December 6th and will run throughout the winter season. The holiday décor proposal included lighting of the birch and oak trees with string lights and LED globes as well as the light posts. The marketing team gathered quotes from three different holiday décor companies, two from out of state and one from in state. Mr. Larson shared that once the DDA invests in these lights, we will own them and can continue to expand decorations each year and expand the footprint and reach. Mr. Larson said that the lights require electricity from the light posts so only light posts with existing electrical receptacles can be utilized. Mr. Larson introduced Bill Pringle from Christmas Décor by DeVries. Mr. Pringle shared that the Christmas Décor division is a part of DeVries Landscape and that

they specialize in commercial, residential, and municipal projects. Christmas Décor works with the City of Grandville, Village of Caledonia, and Georgetown Township to name a few. Mr. Larson said that this is new project for the DDA and the project is within budgeted expenditures. Dr. Falb asked about the quality of the lights. Mr. Pringle assured her that they are of quality and will work throughout the season. Mr. Harris inquired about the reason behind buying the lights as opposed to renting them and asked what the responsibilities are for the maintenance of the lights and equipment. Mr. Pringle responded that maintenance is nominal and that the lights are warranted for three seasons. Mr. Pringle said the lights are commercial LED lights and the amounts of lights that go bad are very minimal. Ms. Gietzen asked if this lighting is in addition to the lights already in Rosa Parks Circle. Mr. Larson responded that this is an additional lighting program and there will be additional lighting in Rose Parks Circle this year. Ms. Gietzen asked if there are any issues decorating Rosa Parks Circle because it's considered a work of art. Mr. Larson responded that there should be no conflicts. Mayor Heartwell suggested calling Steve Wilson to verify that it's okay to do. Mr. Wendt added that it's a good idea to contact the artist Su Lin. Mr. Harris asked in what areas of the Downtown that there is no electricity on the light poles and asked if we have investigated how much it would cost to get those poles electricity. Mr. Larson responded that the cost hasn't been investigated yet, but the Alliance for Vibrancy can prioritize this in the future. Ms. Dunn asked how long the lights will be up. Mr. Larson responded that the lights will be up throughout ice skating season.

Motion: Kayem Dunn, supported by Rick Winn, moved to approve executing a contract with Christmas Décor by DeVries in an amount not to exceed \$45,000 for the provision, installation, take-down, and storage of holiday decorations. Motion carried unanimously.

7. Consent to Tax Exemption and Payment in Lieu of Taxes

- 138 South Division Avenue
- 349 South Division Avenue

Mr. Kelly presented a request to consent to granting an extension of a PILOT (Payment in Lieu of Taxes) at 138 and 349 South Division. Both mixed-use developments are owned by Grandville-Heartside Limited Dividend (Owner), an affiliate of Dwelling Place of Grand Rapids, Inc. Dwelling Place needs an extension for this project and there will be no fiscal impact to the DDA. The City Commission previously advanced this as well.

Motion: Kayem Dunn, supported by Jane Gietzen, moved to consent to granting a PILOT for the Chaffee and Lenox Apartments, located at 138 and 349 South Division. Motion carried unanimously.

8. Downtown / River Edges Plan Update

Mr. Kelly shared an update about the Downtown Plan with the Board and shared that an update will be shared with all of the various DGRI Boards as well. Mr. Kelly said that the new Downtown Plan will synthesize all of the various planning initiatives such as the 2002 City of Grand Rapids Master Plan, 2007 Monroe North Area Specific Plan, 2011 DDA Framework Plan, and the 2013 Michigan Street Corridor Plan to name a few. The Downtown Plan will become the guiding document for Downtown. Mr. Kelly shared that there is a hard end date set and the plan is to be completed in early 2015. The project steering committee will be recommended to the DDA Board in January 2014. Ms. Dunn added that as we think about the steering committee that it would be helpful to have a scope of work that would be expected in addition to a list of characteristics that the individuals on the steering committee should possess. Mr. Harris contributed that the Downtown Plan is very important and the process is meant to be inclusionary from beginning to end. Mr. Harris encouraged individuals who are interested in participating to reach out directly to Tim Kelly, the Project Manager for the Downtown Plan. Ms. Gietzen asked if the original committee will move on to the steering committee automatically. Mr. Larson replied that there is room for those individuals but that there is no guarantee. Mr. Larson added that if they are passionate and have the time to give, we will attempt to keep as many original members as possible. Mr. Harris reiterated that the scope of work should be clear and we need to define the perspectives we are seeking. Mr. Harris asked that by the next DDA Board meeting there would be an attribute list and scope of work presented. Mr. Harris said that the Board can review this list at the next meeting and by slating; the Board would have an opportunity to provide some nominations of types and names of people that would be a good fit for the committee. Dr. Falb added that each proposal presented different roles for the steering committee and that this could pose a problem for populating the steering committee. Mr. Larson said we will always put the needs of our City first when considering a proposal. Mr. Winn said that size of the steering committee should be considered for efficiency and there should be a guideline to how many people the steering committee should possess. Mr. Larson said that our top priority is to get the right people around the table in addition to being efficient and contributed that perhaps twenty people would be the right number, but it's not definite. Mr. Larson said there will be direct and targeted outreach as part of the Downtown Plan process. Mr. Harris invited other Board members to add any more thoughts about the Downtown Plan. Ms. Dunn said that the firms should be sensitive to what the Downtown has going on currently and the construction of the teams within the firms is important. Dr. Falb said it's important to engage the citizens of Grand Rapids and for the chosen firm to be cognizant of our needs as a community. Dr. Falb added it was exciting to see the progressive and creative public outreach strategies that were presented. Mr. Larson said that five facilitators were engaged to help the group choose the final four. The facilitators were Tim Kelly, Bill Kirk, Suzanne Schulz, Jay Steffen, and Kris Larson. Four firms emerged to the top after the facilitating these sessions.

9. Executive Director's Report

Mr. Larson shared an update with the Board.

- The Blue Bridge lighting has been completed. During the Griffins home games the Bridge will be lit in the colors of the team. There is also a light show every night at 10:00pm. The Office of Special Events is working on a policy that will be approved by City Commission.
- The DGRI team is officially under one roof at 29 Pearl St. NW. This was an important transition for the organization to increase efficiencies.
- Mr. Larson invited Melvin Eledge, the Operations Manager of the Downtown Safety Ambassador Program, to share an update with the Board. Mr. Eledge shared that Captain Savage commended the program and that there is a good relationship being built between GRPD and the Ambassador program. Mr. Eledge also shared some statistics from the program and said that there have been eight buttons installed at eight business hot spots. Every time an ambassador patrols a particular hot spot, they scan the button to record the date and time they were there patrolling. Mr. Eledge also shared that there is a specialist named Bill on staff and he has met with all the ministries in the area. This will help to educate the ambassador team to understand what services are out there and to link people to them. Mr. Winn asked how large the staff is. Mr. Eledge responded that there are eight ambassadors and they are looking to hire one or two more. Dr. Falb asked if there is thoughtful and informed protocol as far as the ambassadors' interface with people on the streets. Mr. Eledge responded yes, there is protocol in place and the goal is to try and identify if the person has a need that can be met and to figure out why they are panhandling. The main goal is to always help the individual and respect is paramount in the ambassador training. Individuals are treated as people first. Mr. Talen expressed appreciation to the ambassadors and the contacts they have made with the agencies. Mr. Talen added that there are many people recognizing that the solution to homelessness isn't shelters, but permanent housing. We have a shortage of good affordable housing for people that don't have a lot of income. Mr. Talen encouraged the Board to think about access to affordable housing in the Downtown area.
- The Window Wonderland competition is kicking off November 22nd. The goal is to drive traffic and engage business owners.
- Advocacy and outreach continue to be top goals of the organization. Mayor Heartwell asked about the Division Avenue road diet. Mr. Larson responded that there was a check-in on that project approximately six months ago and that he would be happy to send the Mayor that information. It was also suggested that within the Executive Director report there be information about the progress of the Downtown Market. Mr. Talen asked about the DDA Board meeting location

for 2014. Mr. Harris responded that the DDA continues to operate as usual and the meetings will be held in City Hall.

10. Public Comment

None.

11. Board Member Discussion

None.

12. Adjournment

The meeting adjourned at 9:54 a.m.

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

**Agenda Item 3.
January 8, 2014
DDA Meeting**

DATE: January 3, 2014

TO: Brian Harris
Chairman

FROM: Jana M. Wallace *JMW*
Downtown Development Authority Treasurer

SUBJECT: FY2014 Financial Statements through December 31, 2013

Attached are the interim financial statements for the first half of the fiscal year ending June 30, 2014.

The attached statements include:

- Statement A: Balance Sheet
- Statement B: Comparison of FY2014 Budget vs Actual Results
- Statement C: Statement of Project Expenditures
- Statement D: Schedule of November, 2013 Expenditures
- Statement E: Schedule of December, 2013 Expenditures

The Authority invoiced Consumers Energy \$75,561 for expenditures related to the Monroe Avenue Phase 3 project in November and received a \$19,691 reimbursement from the State of Michigan. The Authority issued a variety of reimbursements to developers in November and December for the Building Reuse Incentive Program as well as several property tax increment revenue reimbursements. This is the first round of tax increment revenue reimbursements processed by the City's Economic Development staff and, although there was a 'bump' or two, they reimbursements are being issued earlier than in prior years. Expenditures related to the installation and opening of Downtown Grand Rapids Inc headquarters at 29 Pearl Street, N.W. continued to flow in but are nearly completed. The Authority has sufficient cash to support budgeted expenditures.

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

Attachments

STATEMENT A

DOWNTOWN DEVELOPMENT AUTHORITY

Balance Sheet December 31, 2013

	Non-Tax Funds	Debt Increment	Local Tax Increment	TOTAL
ASSETS				
Pooled Cash and Investments	\$ 3,840,067	\$ 9,439,005	\$ 4,481,453	\$ 17,760,525
Petty Cash	-	-	500	500
Debt Service Reserve Fund	-	5,392,820	-	5,392,820
Accounts Receivable	9,305	-	75,561	84,866
Loan Receivable - Project Developer	898,848	-	-	898,848
Loan Receivable - Special Assessments	18,420	-	-	18,420
General Fixed Assets	-	-	90,386,880	90,386,880
Future Tax Increment Revenues Anticipated	-	32,806,506	266,250	33,072,756
TOTAL ASSETS	\$ 4,766,640	\$ 47,638,331	\$ 95,210,644	\$ 147,615,615
LIABILITIES AND FUND EQUITY				
Liabilities				
Current Liabilities	\$ -	\$ -	\$ 1,471	\$ 1,471
Parking Revenue Payable	360	-	-	360
Project Increment Due to Developers	-	-	47,216	47,216
Due to Other Governmental Units	-	4,438,390	-	4,438,390
Debt Increment Reimbursement Payable	-	2,097,280	-	2,097,280
Deposit - Area 1 and Area 5 Options to Buy	100,000	-	-	100,000
Net Retiree Health Care Obligation ¹	-	-	(5,891)	(5,891)
Prior Year Property Tax Appeals	-	208,740	114,560	323,300
Deferred Revenue - Developer Loan	898,848	-	-	898,848
Contract Payable	-	-	266,250	266,250
Bonds Payable	-	32,806,506	-	32,806,506
TOTAL LIABILITIES	999,208	39,550,916	423,606	40,973,730
Fund Balance / Equity:				
Investments in General Fixed Assets	-	-	90,386,880	90,386,880
Non-Tax Increment Reserve	3,080,425	-	-	3,080,425
Reserve for Authorized Projects	-	-	3,026,572	3,026,572
Reserve for Brownfield Series 2012 Bonds	500,144	-	-	500,144
Reserve for Compensated Absences	-	-	6,869	6,869
Reserve for Eligible Obligations	-	265,000	-	265,000
Reserve for Encumbrances	186,863	-	1,366,717	1,553,580
Reserve for Long-Term Lease	-	7,822,415	-	7,822,415
TOTAL FUND EQUITY	3,767,432	8,087,415	94,787,038	106,641,885
TOTAL LIABILITIES & FUND EQUITY	\$ 4,766,640	\$ 47,638,331	\$ 95,210,644	\$ 147,615,615

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

STATEMENT B

DOWNTOWN DEVELOPMENT AUTHORITY Comparison of FY2014 Budget vs Actual Results Year to Date for July 1, 2013 - December 31, 2013

	Non-Tax Funds		Debt Tax Increment		Local Tax Increment	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES						
Property Tax Increment - General	\$ -	\$ -	\$ 7,514,281	\$ 7,568,880	\$ 3,962,583	\$ 3,691,831
Property Tax Increment - Transit Millage	-	-	-	-	384,350	384,350
Property Tax Increment - Prior Year Appeals	-	-	(200,000)	(5,714)	(50,000)	(2,965)
Property Tax Increment - Rebates to City / ITP	-	-	-	-	(126,050)	-
Special Assessments	15,000	1,547	-	-	-	-
Brownfield Authority - Grandville Avenue	-	-	-	-	21,542	20,442
Interest on Investments - General	29,665	(4,017)	15,000	-	40,687	(29,436)
Interest on Investments - The Gallery Note	40,448	-	-	-	-	-
Miscellaneous Fees / Reimbursements	-	-	-	-	10,000	117,371
Property Rental - DASH Parking Lots	355,000	134,545	-	-	-	-
Property Rentals - Winter Avenue Building	9,000	-	-	-	-	-
Property Rentals - YMCA Customer Parking	52,000	25,350	-	-	-	-
From / (To) Fund Balance	1,002,387	-	(15,000)	-	2,324,920	-
TOTAL REVENUES	\$ 1,503,500	\$ 157,425	\$ 7,314,281	\$ 7,563,166	\$ 6,568,032	\$ 4,181,593
EXPENDITURES						
Investment - Planning and Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ 1,395,000	\$ 951,188
Development Incentive Programs	-	-	-	-	1,228,000	846,074
Transit Projects - Transit Millage Funded	70,000	19,923	-	-	225,000	100
Planning	-	-	-	-	2,361,952	1,007,138
Public Infrastructure	-	-	-	-	-	-
Investment Total	\$ 70,000	\$ 19,923	\$ -	\$ -	\$ 5,209,952	\$ 2,804,500
Livability - Residents / Workers / Neighborhood	527,500	4,344	-	-	346,730	86,561
Vibrancy - Attracting Visitors	754,500	171,512	-	-	-	-
Miscellaneous	150,000	87,875	-	-	2,500	1,773
Total Alliance Projects	\$ 1,502,000	\$ 283,654	\$ -	\$ -	\$ 5,559,182	\$ 2,892,834
Administration	1,500	2,070	-	-	800,000	392,973
Debt Service for Bond Issues	-	-	5,471,600	742,262	208,850	45,476
Estimated Capture to be Returned	-	-	1,842,681	-	-	-
TOTAL EXPENDITURES	\$ 1,503,500	\$ 285,724	\$ 7,314,281	\$ 742,262	\$ 6,568,032	\$ 3,331,283
EXCESS / (DEFICIT)	\$ -	\$ (128,299)	\$ -	\$ 6,820,904	\$ -	\$ 850,310

STATEMENT C
DOWNTOWN DEVELOPMENT AUTHORITY
Statement of Current Project Expenditures
As of December 31, 2013

Project Title	Project Budgets		EXPENDITURES			Available Budget
	%	Cost	Month	Fiscal Year	All Years	
Areaway Fill Program (ARIP)		\$ 35,000 ^{1,2}	-	-	-	\$ 35,000
Building Re-use Incentive Program (BRIP)		500,000 ^{1,2}	175,985	192,385	-	307,615
Development Project Reimbursements		810,000 ^{1,2}	133,356	758,803	-	51,197
Streetscape Improvement Incentive Program		50,000 ^{1,2}	-	-	-	50,000
Investment - Development Incentives Sub-Total	13.70%	\$ 1,395,000	\$ 309,341	\$ 951,188	-	\$ 443,812
Amtrak Station Relocation		800,000	314,684	314,684	314,684	485,316
DASH North Shuttle Purchases		112,500	18,750	25,000	-	87,500
Jefferson Ave - Cherry/Fulton ITP Millage		353,000	-	506,390	353,000	-
Investment - Transit Millage Funded Sub-Total	12.43%	\$ 1,265,500	\$ 333,434	\$ 846,074	\$ 667,684	\$ 572,816
Downtown Plan		325,000	-	100	100	324,900
Investment - Planning Sub-Total	3.18%	\$ 325,000	\$ -	\$ 100	\$ 100	\$ 324,900
Arena South Implementation		550,000	9,000	9,000	9,000	541,000
Bridge Street Streetscape Improvs		375,000	-	-	-	375,000
GR/Indiana Railroad Bridge Capital Repairs		791,952	69,889	370,711	468,081	323,871
Grand River Activation		332,435	-	-	132,435	200,000
Ionia Ave 9 - Buckley St to Wealthy St		886,673	88,844	88,844	650,517	236,156
Jefferson Avenue - Cherry St to Fulton St		440,588	1,390	10,042	209,020	231,568
Monroe Center-Phase 3 / Monument Park		725,000	319,183	528,541	657,413	67,587
State Street - Jefferson to Lafayette		450,000	-	-	-	450,000
Investment - Public Infrastructure Sub-Total	44.69%	\$ 4,551,648	\$ 488,306	\$ 1,007,138	\$ 2,126,466	\$ 2,425,182
Arena South Parking Mmnt Study		40,000 ^{1,3}	-	-	-	40,000
Downtown Speakers Series		30,000 ^{1,3}	11,908	19,923	-	10,077
Investment - Non-Tax Supported Sub-Total	0.69%	\$ 70,000	\$ 11,908	\$ 19,923	-	\$ 50,077
Accessibility and Mobility Repairs		10,000 ^{1,2}	3,120	3,120	-	6,880
Bicycle Friendly Improvements		105,000 ^{1,2}	27,620	27,840	-	77,160
Downtown Safety Ambassadors		- ²	291	291	-	(291)
Gateway Signage		20,000 ^{1,2}	-	-	25,915	20,000
Riverwalk Wayfinding Sign System		80,915	-	-	-	55,000
Seward Ave Non-Motorized Facility		56,730	-	-	-	56,730
Skywalk Wayfinding Sign Improvements		69,842	-	-	19,842	50,000
Snowmelt System Repairs / Investigation		510,075	37,300	55,310	315,385	194,690
Urban Recreation Plan		290,000	-	-	-	290,000
Livability - Local Tax Supported Sub-Total	11.22%	\$ 1,142,562	\$ 68,331	\$ 86,561	\$ 361,142	\$ 750,169
Division Ave Task Force Implemntn		15,000 ^{1,3}	-	-	-	15,000
Downtown Safety Ambassadors		300,000 ^{1,3}	514	598	-	299,402
Project and Fixed Asset Maintenance		50,000 ^{1,3}	1,943	2,636	-	47,364
Riverwalk Maintenance		60,000 ^{1,3}	-	-	-	60,000
Stakeholder Engagement Program		5,000 ^{1,3}	1,110	1,110	-	3,890
Street Trees Maintenance Program		10,000 ^{1,3}	-	-	-	10,000
Transportation Demand Mmnt Prog		85,000 ^{1,3}	-	-	-	85,000
Winter Avenue Building Lease		2,500 ^{1,3}	-	-	-	2,500
Livability - Non-Tax Supported Sub-Total	5.18%	\$ 527,500	\$ 3,567	\$ 4,344	-	\$ 523,156
Bridge Lighting Operations		10,000 ^{1,3}	-	-	-	10,000
DGRI Event Production		25,000 ^{1,3}	3,796	18,432	-	6,568
Diversity/Inclusion Programming		10,000 ^{1,3}	500	500	-	9,500
Downtown Marketing		200,000 ^{1,3}	4,470	8,435	-	191,565
Downtown Workforce Program		15,000 ^{1,3}	-	-	-	15,000
Holiday Décor Program		50,000 ^{1,3}	1,112	1,112	-	48,888
Major Event Sponsorship		80,000 ^{1,3}	46,350	71,350	-	8,650
Rosa Parks Circle Skating Operations		42,000 ^{1,3}	-	-	-	42,000
Special Events - Grants		50,000 ^{1,3}	20,000	20,000	-	30,000
Special Events - Office of		100,000 ^{1,3}	515	515	-	99,485
State of Dntn Event & Annual Reports		17,500 ^{1,3}	-	-	-	17,500
Ticketed Events - Police Services		80,000 ^{1,3}	5,710	22,273	-	57,727
Wayfinding Sign Maintenance		75,000 ^{1,3}	2,069	28,895	-	46,105
Vibrancy Support Sub-Total	7.41%	\$ 754,500	\$ 84,522	\$ 171,512	-	\$ 582,988
Downtown Market Administrative Costs		2,500 ^{1,2}	910	1,773	-	727
Misc - Local Tax Supported Sub-Total	0.02%	\$ 2,500	\$ 910	\$ 1,773	-	\$ 727
DDA Offices Re-Location		50,000 ^{1,3}	35,394	70,374	-	(20,374)
Experience - Miscellaneous		100,000 ^{1,3}	7,500	17,500	-	82,500
Misc - Non-Tax Supported Sub-Total	1.47%	\$ 150,000	\$ 42,894	\$ 87,874	-	\$ 62,126
TOTAL	100.00%	\$10,184,210	\$ 1,343,213	\$ 3,176,487	\$ 3,155,392	\$ 5,735,953

Note 1: Current year (FY2014) budget only.

Note 2: Paid from local tax increment.

Note 3: Paid from non-tax funds.

STATEMENT D
DOWNTOWN DEVELOPMENT AUTHORITY
Schedule of Expenditures
November, 2013

Source	Vendor	Purpose / Project	Description	Amount
Local	Lodestar Construction, Inc.	Monroe Center-Phase 3 / Monument Park	Reconstruct Monroe Ctr - 09/24-10/29/2013	\$ 128,338.90
Local	Interurban Transit Partnership	Amtrak Station Relocation	Design and construction of rail station	110,439.10
Local	Michigan Dept of Transportation	Ionia Ave 9 - Buckley St to Wealthy St	Local progress billings September 2013	88,844.10
Local	100 Commerce Devel Comp, LLC	Building Re-use Incentive Program (BRIP)	Partial support - 100 Commerce SW	50,000.00
Local	HGR-1, LLC	Building Re-use Incentive Program (BRIP)	Partial support - 77 Monroe Center NW	50,000.00
Local	Paychex	Administration	DGRI payroll, taxes, 401(k) - November, 2013	41,471.96
Local	Katerberg Verhage Inc.	Monroe Center-Phase 3 / Monument Park	Reconstruct Monumt Park - 09/11-10/24/2013	31,032.00
Local	Katerberg Verhage Inc.	Bicycle Friendly Improvements	Purchase/install bike loops/corrals - Sept 2013	26,620.27
Local	Midtown Investment Trust	Building Re-use Incentive Program (BRIP)	Partial support - 141 Ionia Ave NW	25,000.00
Local	Lifestyle Properties of GR, LLC	Building Re-use Incentive Program (BRIP)	Partial support - 222 East Fulton St	24,884.54
Local	Vue Design, LLC	Building Re-use Incentive Program (BRIP)	Partial support - 150 East Fulton St	17,280.00
Local	O'Boyle Cowell Blalock & Assoc	Monroe Center-Phase 3 / Monument Park	Design engineering services through 09/30/2013	16,948.23
Non Tax	Arcadia NM, Inc.	Downtown Speakers Series	Chris Leinburger fee and travel expenses	11,433.24
Non Tax	Fusion IT	DDA Offices Re-Location	Hardware purchase October 2013	6,654.97
Local	City Treasurer - Parking Services	Public Transit Millage Improvements	DASH North Service - August, 2013	6,250.00
Local	City Treasurer - Parking Services	Public Transit Millage Improvements	DASH North Service - September, 2013	6,250.00
Local	City Treasurer - Parking Services	Public Transit Millage Improvements	DASH North Service - October, 2013	6,250.00
Local	City of Grand Rapids	Administration	Staff services - November 2013	5,799.90
Non Tax	City Treasurer - Police Department	Ticketed Events - Police Services	Pedestrian safety - October 2013	5,709.74
Non Tax	Fusion IT	DDA Offices Re-Location	IT services - network cabling November 2013	5,479.00
Local	Wondergem Consulting	Administration	Public relations - 10/15-10/31/2013	3,768.50
Non Tax	Fifth Third Bank - Procurement Card	DDA Offices Re-Location	Supplies - establish new office space	3,652.92
Non Tax	Fusion IT	DDA Offices Re-Location	IT system - config/install/mnmt October 2013	3,265.00
Local	Katerberg Verhage Inc.	Accessibility and Mobility Repairs	Purchase/install bike loops/corrals - Sept 2013	3,119.73
Local	Wondergem Consulting	Administration	Public relations - 10/01-10/15/2013	3,111.50
Non Tax	Fusion IT	DDA Offices Re-Location	Laptop, docking station, monitors - August 2013	2,578.97
Non Tax	LiveSpace	DDA Offices Re-Location	Audiovisual purchase/installation - October 2013	2,458.26
Local	City Treasurer - Risk Management	Administration	General insurance - November 2013	2,348.00
Local	City Treasurer - Budget Office	Administration	Support services allocation - November 2013	2,265.83
Non Tax	Fusion IT	DDA Offices Re-Location	Docking station - October 2013	2,157.91
Local	Geotech, Inc.	Snowmelt System Repairs / Investigation	Engineering services 09/02-09/28/2013	2,042.00
Local	Kristopher Larson	Administration	NYC IDA Conference - hotel/lodging	1,331.60
Local	Materials Testing Consultants, Inc.	Jefferson Avenue - Cherry St to Fulton St	Construction materials testing 09/01-09/30/2013	1,285.25
Non Tax	Fifth Third Bank - Procurement Card	DGRI Event Production	Movies in the Park - supplies & film rental	1,181.34
Non Tax	City Treasurer - Water and Sewer	Project and Fixed Asset Maintenance	Water quarterly base charge - 07/16-10/17/2013	1,174.77
Local	Kayem Dunn	Administration	NYC IDA Conference - airfare, transit, lodging	1,053.85
Local	Greater GR Bicycle Coalition	Bicycle Friendly Improvements	DGRI advertisement in Bike Grand Rapids Map	1,000.00
Local	Dickinson Wright PLLC	Administration	Legal services - DGRI misc matters Sept 2013	928.20
Non Tax	Greater GR Bicycle Coalition	DGRI Event Production	Movies in the Park bike parking services	925.00
Local	Dickinson Wright PLLC	Downtown Market Administrative Costs	Legal services - Downtown Market August 2013	910.00
Local	Fishbeck, Thompson, Carr & Huber	GR/Indiana Railroad Bridge Capital Repairs	Construction engineering services 09/28-10/25/2013	885.60
Non Tax	Kerkstra Portable Restroom Svc, Inc	DGRI Event Production	Movies in the Park - rent portable restrooms Oct 13	840.00
Local	Michigan Downtown Association	Administration	MDA conference regis for 8 staff - October 2013	800.00
Local	City Treasurer - Facilities Mnmt	Administration	Office space & maintenance - October 2013	781.76
Local	Dickinson Wright PLLC	Administration	Legal services - sale of lot 1 August 2013	709.80
Local	Vue Design, LLC	Building Re-use Incentive Program (BRIP)	Partial support - 150 East Fulton St	705.00
Non Tax	Creative Studio Promotions	DGRI Event Production	Event production - logo gear for staff Oct 2013	699.00
Local	TDS Metrocom LLC	Administration	Telephone service - 10/31/2013	629.06
Local	The Employers' Association	Administration	Employee handbook review October 2013	617.50
Non Tax	Creative Studio Promotions	Downtown Marketing	DGRI window decals	532.85
Non Tax	Allegria	Special Events - Grants	Hockey Night brochures 2014	514.66
Local	Dickinson Wright PLLC	Administration	Legal services - DGRI Task Force August 2013	509.60
Non Tax	Fifth Third Bank - Procurement Card	Diversity/Inclusion Programming	Sponsorship - Diversity Business Breakfast	500.00
Local	Fifth Third Bank - Procurement Card	Administration	NYC IDA Conf - K Larson transit, fees, meal	457.18
Local	Fusion IT	Administration	IT services - backup solution, email archive	440.00
Local	Integrity Business Solutions	Administration	Office supplies - paper, label maker, filters	416.33
Non Tax	Fifth Third Bank - Procurement Card	Stakeholder Engagement Program	Space rental at Downtown Market	400.00
Non Tax	City Treasurer - Parking Services	Downtown Safety Ambassadors	Melvin Eledge parking - 11/01-01/31/2014	378.00
Local	Dickinson Wright PLLC	Administration	Legal services - Morton House August 2013	364.00
Local	Integrity Business Solutions	Administration	Office supplies - flash drives, pocket folders, etc.	359.36
Non Tax	Fusion IT	DDA Offices Re-Location	IT supplies - widescreen monitor November 2013	354.97
Local	Dickinson Wright PLLC	Administration	Legal services - Arena Place August 2013	327.60
Non Tax	Phase Six Moving, LLC	DDA Offices Re-Location	Moving services - October 25, 2013	327.25
Local	TGG Inc. / The SBAM Plan	Administration	Dental Insurance premiums 12/01-01/01/2014	303.58

continued on next page

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

Page 2

Source	Vendor	Purpose / Project	Description	Amount
<i>continued from previous page</i>				
Non Tax	Phase Six Moving, LLC	DDA Offices Re-Location	Moving services - October 17, 2013	299.75
Local	Dickinson Wright PLLC	Administration	Legal services - sale of Lot 1 September 2013	291.20
Non Tax	Dickinson Wright PLLC	Downtown Safety Ambassadors	Legal services - agreement w/MYDATT Sept 2013	291.20
Local	City Treasurer - Parking Services	Administration	Parking validations - October, 2013	288.00
Local	Eric N. Pratt	Administration	MAP Conference, Oct 2013 - lodging & transport	270.50
Local	TGG Inc. / The SBAM Plan	Administration	Dental Insurance premiums 11/01-12/01/2013	218.58
Local	TGG Inc. / The SBAM Plan	Administration	Life Insurance premiums 11/01-12/01/2013	205.03
Local	Dickinson Wright PLLC	Administration	Legal services - building acquisition August 2013	200.20
Local	Dickinson Wright PLLC	Monroe Center-Phase 3 / Monument Park	Legal services - Katerberg-Verhage Sept 2013	200.20
Local	Dickinson Wright PLLC	Administration	Legal services - TIF legislation August 2013	182.00
Local	TGG Inc. / The SBAM Plan	Administration	Life Insurance premiums 12/01-01/01/2014	167.98
Local	Professional Maint of Michigan Inc.	Administration	Cleaning services - October 2013 (move in cleanup)	150.00
Local	Integrity Business Solutions	Administration	Office supplies	146.52
Local	Dickinson Wright PLLC	Administration	Legal services - 333 Grandville Ave August 2013	145.60
Local	Paychex	Administration	Payroll processing fees - November, 2013	128.80
Non Tax	City Treasurer - Parking Services	Downtown Safety Ambassadors	Melvin Eledge parking card - October 2013	126.00
Local	Integrity Business Solutions	Administration	Office supplies - toner	122.65
Local	Integrity Business Solutions	Administration	Office supplies - name badges, labels, etc.	115.65
Non Tax	Fusion IT	DDA Offices Re-Location	IT services - 77 Monroe wireless issues Oct 2013	115.00
Local	Tim Kelly	Administration	MAP Conference, Oct 2013 - mileage & meal	105.43
Local	Murphy Ackerman	Administration	Mileage reimbursement 10/23-11/16/2013	101.36
Local	Dickinson Wright PLLC	Administration	Legal services - misc matters September 2013	91.00
Local	Integrity Business Solutions	Administration	Office supplies - toner	74.52
Non Tax	Fifth Third Bank - Procurement Card	Administration	Kris Larson - lunch meetings	67.24
Local	DDA Petty Cash	Administration	Meeting expenses	65.56
Local	Madcap Coffee Company	Administration	Coffee for meetings and staff	60.78
Local	DDA Petty Cash	Administration	Board meeting supplies	60.39
Local	Gemini Publications	Administration	GR Business Journal - renew subscription	59.00
Local	Madcap Coffee Company	Administration	Coffee for meetings and staff	58.99
Local	Applied Imaging	Administration	Copier rental - 10/15/2013-01/14/2014	54.50
Non Tax	Fusion IT	DDA Offices Re-Location	IT services - October 2013	51.25
Non Tax	Friends of Grand Rapids Parks	DGRI Event Production	Movies in the Park - HD converter box Oct 2013	43.98
Local	JPMorganChase	Administration	Payroll account bank fees - November, 2013	33.77
Local	Integrity Business Solutions	Administration	Office supplies - labels	30.02
Non Tax	Fusion IT	DDA Offices Re-Location	IT services - software installation August 2013	21.25
Local	Adams Remco	Administration	Black and white copies - 09/27-10/27/2013	17.22
Non Tax	DDA Petty Cash	DGRI Event Production	Movies in the Park supplies	16.92
Non Tax	City Treasurer - Parking Services	Downtown Safety Ambassadors	Melvin Eledge parking card deposit	10.00
NOVEMBER 2013 EXPENDITURES				\$ 722,765.72

STATEMENT E
DOWNTOWN DEVELOPMENT AUTHORITY
Schedule of Expenditures
December, 2013

Source	Vendor	Purpose / Project	Description	Amount
Local	Interurban Transit Partnership	Amtrak Station Relocation	Design/construct new rail station thru Sept 2013	\$ 204,245.00
Local	Katerberg Verhage Inc.	Monroe Center-Phase 3 / Monument Park	Reconstruct Monument Park- 09/11-11/27/2013	142,663.54
Local	Michigan Dept of Transportation	GR/Indiana Railroad Bridge Capital Repairs	Construction - local progress billing - Sept 2013	64,052.14
Local	38 Commerce LLC	Development Project Reimbursements	Summer 2013 reimbursement	50,753.47
Local	Paychex	Administration	DGRI payroll, taxes, 401(k) - December, 2013	43,065.39
Local	Van Dyken Mechanical	Snowmelt System Repairs / Investigation	Monroe Center snow melt repairs - Sept 2013	34,125.00
Local	Health Park Central LLC	Development Project Reimbursements	Summer 2013 reimbursement	32,297.07
Non Tax	ArtPrize	Major Event Sponsorship	Site curation (\$20,000) & IDA award travel 2013	25,000.00
Local	Hopson Flats, LLC	Development Project Reimbursements	Summer 2013 reimbursement	24,774.68
Non Tax	Grand JazzFest	Special Events - Office of - Grants	Grand JazzFest 2013 - challenge grant	20,000.00
Local	201 Monroe Ave, LLC	Development Project Reimbursements	Summer 2013 reimbursement	19,916.61
Non Tax	ArtPrize	Major Event Sponsorship	Support for shuttle transportation	12,500.00
Local	Dickinson Wright PLLC	Administration	Legal services - Formation of DGRI August 2013	12,267.40
Local	Lott3Metz Architecture, LLC	Arena South Implementation	Preliminary Urban Design	9,000.00
Non Tax	Anderson Economic Group LLC	Major Event Sponsorship	ArtPrize 2013 demographic/econ impact study	8,850.00
Local	Lifestyle Props of Grd Rapids, LLC	Building Re-use Incentive Program (BRIP)	Partial support for 222 E Fulton Street project	8,115.46
Non Tax	SKO Design Group, LLC	Experience - Miscellaneous	Preliminary design study - 10/9-11/15/2013	7,500.00
Non Tax	Fusion IT	DDA Offices Re-Location	Phone hardware purchase August 2013	6,249.00
Local	Michigan Dept of Transportation	GR/Indiana Railroad Bridge Capital Repairs	Construction - local progress billing - Nov 2013	4,951.01
Local	BDO USA LLP	Administration	Fiscal year ended June 30, 2013 audit	4,900.00
Local	City of Grand Rapids	Administration	Staff services - December 2013	4,563.39
Local	Wundergem Consulting	Administration	Public relations - 11/01-11/15/2013	4,332.50
Local	Owen-Ames-Kimball	Development Project Reimbursements	Summer 2013 reimbursement	4,329.71
Non Tax	Kantorwassink	Downtown Marketing	Downtown GR map design - November 2013	3,937.50
Local	City Treasurer - Risk Management	Administration	General insurance - December 2013	2,348.00
Local	City Treasurer - Budget Office	Administration	Support services allocation - December 2013	2,265.83
Non Tax	Williams & Works	Wayfinding Sign Maintenance	Sign maintenance - 08/25-10/26/2013	2,068.60
Non Tax	Katerberg Co. Inc; dba Grapids	Project and Fixed Asset Maintenance	Monroe Center planters jet spray syst - Nov 2013	1,867.00
Local	Pinnacle Insurance Partners	Administration	Directors/officers liab policy - 08/01/13-08/01/14	1,562.00
Local	TGG Inc. / The SBAM Plan	Administration	Dental & life ins premiums 01/01-03/31/2014	1,471.21
Local	68 Commerce LLC	Development Project Reimbursements	Summer 2013 reimbursement	1,284.70
Local	City Treasurer - City Engineer	Snowmelt System Repairs / Investigation	Monroe Ctr snowmelt repairs - 07/01-08/03/2013	1,133.00
Non Tax	Fifth Third Bank - Procurement Card	Holiday Décor Program	Holiday decorations & supplies - November 2013	1,111.65
Local	The Hartford	Administration	Workers comp insurance - 09/23/13-09/23/14	946.00
Local	City Treasurer - Parking Services	Administration	Parking - Exec Dir/Office Mgr/Proj Mgrs - Nov 2013	892.00
Non Tax	Fusion IT	DDA Offices Re-Location	Tech svcs - install 29 Pearl NW cabling - Nov 2013	577.07
Non Tax	T Koeman dba W Mich Lock & Key	DDA Offices Re-Location	Rekey and master key door locks	530.65
Local	Professional Maint of Michigan Inc.	Administration	Janitorial services - November 2013	525.00
Non Tax	Fifth Third Bank - Procurement Card	Stakeholder Engagement Program	29 Pearl NW open house refreshments & supplies	510.29
Non Tax	Rita Girls	Downtown Speakers Series	Speaker Series refreshments 09/26/2013	475.00
Non Tax	Fifth Third Bank - Procurement Card	DDA Offices Re-Location	Supplies and shipping - November 2013	442.35
Local	GR Area Chamber of Commerce	Administration	2014 membership renewal	400.00
Local	Celco Partnership dba Verizon	Administration	K Larson & staff cell phone usage - 10/14-11/01/13	317.77
Local	TDS	Administration	29 Pearl NW telephone service - November 2013	300.29
Local	Fifth Third Bank - Procurement Card	Administration	Kimberly VanDriel - profi development lodging	287.49
Local	Safeguard	Administration	Supplies - DGRI check stock and deposit stamp	254.50
Local	Fusion IT	Administration	Tech svcs - managing email archive - Dec 2013	240.00
Local	Fusion IT	Administration	Tech services - Internet connection issue - Nov 2013	200.00
Non Tax	Rita Girls	Stakeholder Engagement Program	29 Pearl NW open house refreshments - Nov 2013	200.00
Local	Integrity Business Solutions	Administration	Office refreshments and supplies	185.51
Non Tax	Fusion IT	DDA Offices Re-Location	Convert/transfer Special Event & Dntn Alliance files	178.75
Local	Dickinson Wright PLLC	Administration	Legal services - development support August 2013	163.80
Local	PCS Gophers Ltd	Administration	29 Pearl NW courier services on City loop	156.89
Local	Paychex	Administration	HRS processing fees - December, 2013	135.00
Local	Paychex	Administration	Payroll processing fees - December, 2013	131.27
Local	Local First	Administration	Local First membership 2014	123.75
Local	Fusion IT	Administration	Tech services - misc items November 2013	115.00
Local	Materials Testing Consultants, Inc.	Jefferson Avenue - Cherry St to Fulton St	Construction materials testing - 10/01-10/31/2013	105.67

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STATEMENT E - continued
DOWNTOWN DEVELOPMENT AUTHORITY
Schedule of Expenditures
December, 2013

Page 2

Source	Vendor	Purpose / Project	Description	Amount
<i>continued from previous page</i>				
Local	Dickinson Wright PLLC	Administration	Legal services - Arena Place September 2013	91.00
Non Tax	Creative Studio Promotions	DGRI Event Production	Event production - logo gear for staff Oct 2013	89.90
Local	AT & T Mobility	Administration	K Larson cell phone - 09/26-10/25/2013	78.15
Non Tax	Katerberg Co. Inc; dba Grapids	Project and Fixed Asset Maintenance	Winterization of irrigation systems - November 2013	76.00
Local	International Downtown Association	Administration	Job posted on IDA website - Mobility Manager	75.00
Local	Fifth Third Bank - Procurement Card	Administration	Office supplies	72.68
Local	Kristopher Larson	Administration	Travel to IDA World Congress 10/2013 - final exps	67.62
Local	PCS Gophers Ltd	Administration	29 Pearl NW courier svcs on City loop - partial mth	67.61
Local	Direct Trade Coffee Club	Administration	Meeting refreshments	66.00
Local	Direct Trade Coffee Club	Administration	Meeting refreshments	65.50
Local	Madcap Coffee Company	Administration	Meeting refreshments	60.78
Local	Adams Remco	Administration	Copier base rental - 08/11-09/11/2013	53.75
Non Tax	Fifth Third Bank - Procurement Card	Administration	Lunch meeting and coffee	51.63
Local	AT & T Mobility	Administration	K Larson cell phone - 07/26-08/25/2013	49.88
Local	AT & T Mobility	Administration	K Larson cell phone - 10/26-11/25/2013	36.17
Local	JPMorganChase	Administration	Payroll account bank fees - December, 2013	31.81
Local	Applied Imaging	Administration	Add copier cable for billing November 2013	19.95
DECEMBER 2013 EXPENDITURES				\$ 766,948.34

Local - local tax increment funds
 Non-tax - non-tax funds
 Debt - school tax increment funds
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Grand Rapids Downtown Development Authority

AUDIT WRAP-UP

For the Year Ended June 30, 2013



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

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





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

December 13, 2013

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

Professional standards require us to communicate with you regarding matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. The following documents various matters with respect to the wrap-up phase of the audit of the annual financial statements of the Grand Rapids Downtown Development Authority (the Authority) as of and for the year ended June 30, 2013, including a summary of our overall objectives for the audit, and the nature, scope and timing of the planned audit work.

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

We are pleased to be of service to the Authority and look forward to meeting with you, if desired, to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

Discussion Outline

	Page
Status of Our Audit.....	3
Results of Our Audit.....	4
Internal Control Over Financial Reporting	5
Other Required Communications	6
Independence Communication	7
Significant Accounting and Reporting Matters.....	8
BDO Resources	10

Status of Our Audit

AUDIT OF FINANCIAL STATEMENTS AND FEDERAL AWARDS

We have completed our audit of the financial statements of the Authority for the year ended June 30, 2013. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning Report.
- We have issued an unmodified opinion on the financial statements dated December 10, 2013.
- All records and information requested by BDO were freely available for our inspection.
- Management and other personnel provided full cooperation. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of Authority personnel throughout the course of our work.
- Our responsibility for other information in the Authority's audited financial statements (e.g., Management's Discussion and Analysis) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included and considered whether such information, or the manner of its presentation, was materially consistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.

Results of Our Audit

ACCOUNTING PRACTICES AND POLICIES

The Authority's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

The Authority adopted Governmental Accounting Standards Board Statements No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

The effect of implementing these two pronouncements was to change the description of "net assets" to "net position" throughout the financial statements and to reclassify the deferred on refunding of bonds from an asset to Deferred Outflows of Resources. GASB Statement No. 65 also required the Authority to write off the prior year balance of deferred bond issue costs. As a result, beginning net position was reduced by \$366,000, the amount of deferred bond issue costs at July 1, 2012.

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

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no corrected misstatements brought to the attention of management that might not have been detected except through the audit procedures performed. There were no uncorrected misstatements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Authority for the year ended June 30, 2013 in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

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

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

Other Required Communications

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

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

Independence Communication

Our engagement letter dated July 12, 2011 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Authority with respect to independence as agreed to by the Authority. Please refer to that letter for further information.

Significant Accounting and Reporting Matters

GASB STATEMENT NO. 68, AMENDS GASB 27 AND APPLIES TO PENSION PLANS THAT ARE QUALIFIED TRUSTS

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

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

Applies to mergers, acquisition or transfers of operations but doesn't apply to acquisition of another organization that continues to exist as a separate entity or acquisition of an equity interest in a separate entity.

- **Government merger** is a combination of legally separate entities where no significant consideration is exchanged and either:
 1. Two or more governments cease to exist as legally separate entities and are combined to form one new government, or
 2. One or more legally separate governments cease to exist and their operations are absorbed into one or more continuing governments.
- **Government acquisition** is a combination in which one government acquires another (or the operations of another) in exchange for significant consideration.
- **Transfer of operations** is a government combination involving the operations of a government with no significant consideration exchanged.
- This pronouncement will be effective for the year ending June 30, 2015.

GASB STATEMENT NO. 70, ACCOUNTING AND FINANCIAL REPORTING FOR NONEXCHANGE FINANCIAL GUARANTEES

A nonexchange financial guarantee is a guarantee of an obligation of a legally separate entity, including component units, which requires guarantor to indemnify a third-party holder under specified conditions.

- Requires a government to recognize a liability when there are qualitative factors that make it more likely than not (more than 50%) that the government will make a payment on the guarantee.
- Required to recognize expense and liability in full accrual statements but subject to expenditure recognition criteria in modified accrual statements.
- This pronouncement will be effective for the year ending June 30, 2014.

Significant Accounting and Reporting Matters

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

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

BDO Resources

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

Financial Statements
and Supplementary Information
For the Year Ended June 30, 2013

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

Financial Statements and Supplementary Information
For the Year Ended June 30, 2013

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

Contents

Independent Auditor's Report	5-7
Management's Discussion and Analysis	9-14
Financial Statements	
Statement of Net Position and Governmental Fund Balance Sheet	17
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance	19
Notes to Financial Statements	21-29
Supplementary Information	
Schedule of Current and Ongoing Projects (Unaudited)	33-37
Future Commitments (Unaudited)	38-40

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Grand Rapids Downtown Development Authority (the Authority) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Grand Rapids Downtown Development Authority as of June 30, 2013, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, in 2013 the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Prior Year Comparative Information

We have previously audited the Authority's 2012 financial statements, and we expressed an unmodified audit opinion on the 2012 financial statements in our report dated December 12, 2012. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Other Information

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

BDO USA, LLP

December 10, 2013

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Management's Discussion and Analysis

This section of the Downtown Development Authority's (the Authority) financial report presents a discussion and analysis of the Authority's financial performance for the fiscal year ended June 30, 2013. This discussion has been prepared by management, along with the financial statements and related footnote disclosures, and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. This discussion and analysis is designed to focus on current activities, resulting changes and currently known facts.

Using the Financial Report

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

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

Condensed Statement of Net Position

<i>June 30,</i>	2013	2012, as restated	% Change
Assets			
Current assets	\$ 16,537,051	\$ 15,712,497	5.25
Noncurrent assets	1,214,350	1,253,787	(3.15)
Capital assets, net of depreciation	47,190,180	49,759,622	(5.16)
Total Assets	64,941,581	66,725,906	(2.67)
Deferred Outflows of Resources	1,466,485	1,600,292	(8.36)
Liabilities			
Current liabilities	5,982,651	5,006,283	19.50
Noncurrent liabilities:			
Due within one year	3,759,759	3,769,712	(0.26)
Due in more than one year	41,588,159	43,967,973	(5.41)
Total Liabilities	51,330,569	52,743,968	(2.68)
Net Position			
Net investment in capital assets	20,800,561	22,433,201	(7.28)
Unrestricted	(5,723,064)	(6,850,971)	16.46
Total Net Position	\$ 15,077,497	\$ 15,582,230	(3.24)

Current Assets

Equity in Pooled Cash and Investments

The City of Grand Rapids maintains an investment pool for most City funds and component units. The Authority's nearly \$11 million portion of the investment pool is displayed on the Statement of Net Position as equity in pooled cash and investments. Investments are primarily certificates of deposit and money market investments (short-term, highly liquid debt instruments that have a remaining maturity at time of purchase of one year or less), and are carried at fair value. The fiscal year 2013 balance is higher than the fiscal year 2012 balance because, although tax increment revenues were slightly lower than fiscal year 2012, the Authority's current fiscal year expenditures were significantly lower than fiscal year 2012.

Cash and Investments Held by Trustee

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

Receivables

The Authority's fiscal year 2013 net receivables of \$187,971 are composed of investment and long-term loan interest receivable, plus amounts owed to the Authority for rent, special assessments, and expenditure reimbursements. Detailed information for fiscal year 2013 is provided in Note 4.

Noncurrent Assets

Long-Term Loan Receivable

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

Pre-Paid Expenses

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

Capital Assets, Net of Depreciation

Net capital assets of \$47.2 million include the historical construction and acquisition costs of land, land improvements, buildings and structures, machinery and equipment, and office equipment and furniture, less \$43.2 million for accumulated depreciation. Detailed information regarding capital asset additions and deletions is available in Note 5.

Deferred Outflows of Resources

The partial refunding of the 1994 Tax Increment Revenue bonds in 2009 and the 2008 refunding by Kent County of contracts payable for the floodwall improvement project both resulted in a gain on refunding. The Authority adopted Governmental Accounting Standards Board (GASB) Statements 63 and 65 this year. These statements changed the required reporting of gains or losses on debt refunding. They are now separately reported on the financial statements rather than being netted against the associated long-term liability, and bond issuance costs are recorded as an expense in the fiscal year during which the bonds are issued. The prior year balances have been restated to reflect this change.

Current Liabilities

Accounts Payable

June 30, 2013 accounts payable of \$5.6 million consist of expenses for goods and services received from vendors in the current year but paid in the following year, parking revenue owed to a property owner, amounts reserved in anticipation of potentially unfavorable property assessment appeal decisions, and excess tax increment captured due to school districts and the State of Michigan to be calculated using the State of Michigan Form 2604. Accounts payable as of June 30, 2013 are 22.09% higher than June 30, 2012 due to the current year's excess tax increment captured that will be paid to the school districts and the State of Michigan.

Due to Participants

Since 2004, the Authority has entered into agreements with project developers to reimburse them for a portion of the costs associated with construction of public facilities within the Authority's development plan boundaries. The balance outstanding at the end of fiscal year 2013 is \$100,000 lower than fiscal year 2012 because a greater number of reimbursements were paid in fiscal year 2013 rather than accrued.

Noncurrent Liabilities

Noncurrent Liabilities, Due Within One Year

Noncurrent liabilities, due within one year, of \$3.8 million represent the amount of the Authority's debt service payments due within 12 months after June 30, 2013, plus compensated absences expected to be paid within the same time frame.

Noncurrent Liabilities, Due in More Than One Year

Noncurrent liabilities of \$41.6 million represent bond principal and capital appreciation bond-related interest payments scheduled to be paid after June 30, 2014. The decrease in the amounts outstanding on June 30, 2013 and June 30, 2012 is due to normal payments of principal and interest on the bonds. See Note 7 for additional information.

Net Position

Net position represents assets, plus deferred outflows of resources, less liabilities. Total net position at June 30, 2013 was \$15.1 million, a 3.24% decrease compared to total net position at June 30, 2012.

Net Investment in Capital Assets

Invested in capital assets, net of related debt, of \$20.8 million includes the historical construction and acquisition costs of land, land improvements, buildings and structures, machinery and equipment, office equipment and furniture net of accumulated depreciation, and related bond principal outstanding. The 7.28% or \$1.6 million decrease between fiscal years 2012 and 2013 is roughly equal to the \$2.6 million decrease in net capital assets, plus the \$2.4 million difference in long-term liabilities, less the \$1.3 million difference in the accrued interest on the capital appreciation bonds, and less the \$135,000 amortization of the deferral on the refunding bonds. Detailed information regarding capital assets and acquisition-related debt obligations is in Notes 5 and 7.

Unrestricted Net Position

The Authority's net position is restricted by the requirements of Michigan Public Act 197 of 1975, as amended, which limits expenditures to those that further the Authority's development program. However, because the amount is negative, accounting principles generally accepted in the United States of America require the title Unrestricted. The \$1.1 million increase in unrestricted net position in fiscal year 2013 is roughly due to the \$800,000 increase in current assets, and the \$1 million increase in current liabilities offset by the \$1.3 million decrease in the amount of accrued interest on the capital appreciation bonds.

Statement of Activities

<i>Year ended June 30,</i>	2013	2012	% Change
Revenues			
Property taxes	\$ 9,037,177	\$ 9,587,112	(5.74)
Investment earnings	181,714	119,904	51.55
Charges for services	903,316	396,439	127.86
Total revenues	10,122,207	10,103,455	0.19
Expenses			
Urban development	7,617,181	9,925,544	(23.26)
Interest and paying agent fees	3,009,759	3,216,394	(6.42)
Total expenses	10,626,940	13,141,938	(19.14)
Change in net position	(504,733)	(3,038,483)	83.39
Net Position, beginning of year	15,582,230	18,986,713	(16.32)
Cumulative Effect of Implementing New Pronouncement	-	(366,000)	(100.00)
Net Position, end of year, as restated in 2012	\$ 15,077,497	\$ 15,582,230	(3.24)

Revenues

Property Taxes

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

Property tax increment revenues related to the City of Grand Rapids, County of Kent, Grand Rapids Community College and the Interurban Transit Partnership are used to support the Authority's cash or debt financed development projects. Property tax increment revenues for the year ended June 30, 2013 include property taxes levied July 1, 2012 and December 1, 2012. Property tax revenue between fiscal years 2013 and 2012 decreased 5.74%, which reflects recently declined property values within the Authority's boundaries as well as the refunding of nearly \$1.3 million to property owners who successfully appealed their property assessments. Decreasing property values have also been experienced in the City of Grand Rapids and in the State of Michigan as a result of the recession which began in 2008.

Investment Earnings

This is interest revenue earned when Authority funds were invested by the City Treasurer, and are also related to a loan for a downtown developer. The increase in revenues between fiscal year 2013 and 2012 is related to higher average cash balances on which to earn interest.

Charges for Services

In fiscal year 2013, charges for services increased 127.86% or approximately \$500,000. This is due primarily to special assessments, building and parking rental fees, and reimbursements for prior year expenditures.

Expenses

Urban Development

In the fiscal year ended June 30, 2013, the Authority expended \$7.6 million for urban development work related to the Authority's Development Plan compared to \$9.9 million the prior year.

Currently, the Authority focuses on three major development areas: Economy, Environment and Experience. There were five projects in fiscal year 2013 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 2013.

\$ 801,824	Public facility developer reimbursements - J.W. Marriott, Riverhouse Condominiums, Owen-Ames-Kimball, Hopson Flats, 38 Commerce LLC, Two West Fulton, 201 Monroe Ave LLC, Health Park Central LLC, and 68 Commerce LLC
287,558	Grand Rapids/Indiana Railroad Bridge (also known as the "Blue Bridge")
205,610	Ionia Avenue Phase 9 - Buckley Street to Wealthy Street
192,099	Sixth Street Bridge Capital Repairs
181,478	Oakes Street Reconstruction - Market Avenue to Ottawa Avenue

The five largest projects in terms of expenditures for fiscal year 2012 are below.

\$ 1,327,947	Oakes Street Reconstruction - Market Avenue to Ottawa Avenue
934,268	Seward Avenue extension - south of Fulton Street
862,164	Public facility developer reimbursements - J.W. Marriott, Riverhouse Condominiums, Hopson Flats, 38 Commerce LLC, Two West Fulton, 201 Monroe Avenue, and 68 Commerce LLC
529,551	Building Reuse Incentive Program (net of reimbursements)
498,711	Grandville Avenue Reconstruction - Weston Street to Oakes Street

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: construction of the Van Andel Museum Center parking ramp and partial support for the construction of the DeVos Place Convention Center, the Van Andel Arena, and improvements to floodwalls and embankments along the Grand River. Differences between the current and prior years are related to normal payments of interest and paying agent fees.

Overall Financial Position

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

Requests for Information

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

Financial Statements

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

Statement of Net Position and Governmental Fund Balance Sheet

June 30,	2013			Statement of Net Position 2012 (as restated, Note 10)
	Governmental Fund	Adjustments (Note 3)	Statement of Net Position	
Assets				
Equity in pooled cash and investments	\$ 10,950,157	\$ -	\$ 10,950,157	\$ 10,223,886
Cash and investments held by trustee	5,398,923	-	5,398,923	5,382,603
Current receivables (Note 4)	187,971	-	187,971	106,008
Long-term loan receivable	898,848	-	898,848	898,848
Pre-paid expenses	-	315,502	315,502	354,939
Capital assets (Note 5):				
Non-depreciable	-	13,861,482	13,861,482	13,861,482
Depreciable	-	76,525,396	76,525,396	76,474,967
Less: accumulated depreciation	-	(43,196,698)	(43,196,698)	(40,576,827)
Total Assets	\$ 17,435,899	47,505,682	64,941,581	66,725,906
Deferred Outflows of Resources				
Deferred on refunding	\$ -	1,466,485	1,466,485	1,600,292
Liabilities				
Accounts payable (Note 6)	\$ 5,567,353	-	5,567,353	4,560,006
Accrued interest payable - current	-	249,080	249,080	249,290
Unearned revenue	898,848	(898,848)	-	-
Customer deposits	100,000	-	100,000	50,000
Due to participants	47,216	-	47,216	146,987
Due to primary government	19,002	-	19,002	-
Noncurrent liabilities (Note 7):				
Due within one year	-	3,759,759	3,759,759	3,769,712
Due in more than one year	-	41,588,159	41,588,159	43,967,973
Total liabilities	6,632,419	44,698,150	51,330,569	52,743,968
Fund Balance				
Restricted for authorized projects	6,907,749	(6,907,749)	-	-
Assigned for authorized projects	3,895,731	(3,895,731)	-	-
Total fund balance	10,803,480	(10,803,480)	-	-
Total Liabilities and Fund Balance	\$ 17,435,899			
Net Position				
Net investment in capital assets		20,800,561	20,800,561	22,433,201
Unrestricted		(5,723,064)	(5,723,064)	(6,850,971)
Total Net Position		\$ 15,077,497	\$ 15,077,497	\$ 15,582,230

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

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

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

<i>Year ended June 30,</i>	2013		Statement of Activities	Statement of Activities 2012
	Governmental Fund	Adjustments (Note 3)		
Revenues				
Property taxes	\$ 9,037,177	\$ -	\$ 9,037,177	\$ 9,587,112
Investment earnings	181,714	-	181,714	119,904
Charges for services	903,316	-	903,316	396,439
Total revenues	10,122,207	-	10,122,207	10,103,455
Expenditures/Expenses				
Urban development	5,019,174	2,598,007	7,617,181	9,925,544
Principal payments	1,037,719	(1,037,719)	-	-
Interest and paying agent fees	4,217,338	(1,207,579)	3,009,759	3,216,394
Total expenditures/expenses	10,274,231	352,709	10,626,940	13,141,938
Excess of revenues under expenditures/expenses	(152,024)	(352,709)	(504,733)	(3,038,483)
Changes in fund balance	(152,024)	152,024	-	-
Change in net position	-	(504,733)	(504,733)	(3,038,483)
Fund Balance/Net Position, beginning of year	10,955,504	4,626,726	15,582,230	18,986,713
Cumulative Effect of Implementing New Pronouncement (Note 10)	-	-	-	(366,000)
Fund Balance/Net Position, end of year, as restated in 2012 (Note 10)	\$ 10,803,480	\$ 4,274,017	\$ 15,077,497	\$ 15,582,230

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

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

Notes to Financial Statements

1. Reporting Entity

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

The district was formerly 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. The new boundaries are bounded roughly by Newberry Street on the north, west of Lafayette Avenue or Prospect Avenue on the east, north of Logan Street or Wealthy Street on the south, and east of Lexington Avenue or Seward Avenue on the west. The initial property tax increment revenue capture for the expansion section was in fiscal year 2009.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Measurement Focus and Basis of Accounting

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

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

Prior Year Columns

The columns labeled statement of net position 2012, as restated, and statement of activities 2012 are presented for information purposes only. These statements do not include the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balance for

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

Notes to Financial Statements

2012, which are necessary for a complete presentation in accordance with generally accepted accounting principles.

Budget

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

Cash and Investments

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

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

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

As of June 30, 2013, the Authority had the following cash held by a trustee:

Money Market Account	\$ 5,398,923
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Capital Assets

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

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

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

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

Notes to Financial Statements

Property Taxes

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

Deferred Outflows of Resources

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

Net Position

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

Estimates

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

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

Notes to Financial Statements

3. Reconciliation of Government-Wide and Fund Financial Statements

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

Governmental fund total fund balances	\$ 10,803,480
Capital assets are not financial resources and, therefore, are not reported in the governmental fund balance sheet.	
Non-depreciable	13,861,482
Depreciable	76,525,396
Accumulated depreciation	(43,196,698)
Other long-term assets that are not available to pay for current period expenditures and are not reported in the governmental funds:	
Pre-paid maintenance agreement	315,502
Unearned revenues	898,848
Long-term liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet.	
Contracts payable	(266,250)
Bonds payable	(32,806,507)
Accrued interest on bonds and contracts payable	(12,340,993)
Bond premium	(182,270)
Compensated absences	(6,869)
Net OPEB obligations	5,891
Deferred on refunding of long-term debt	1,466,485
Government-Wide Net Position	\$ 15,077,497

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

Notes to Financial Statements

Net change in fund balances - governmental funds	\$ (152,024)
The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
	(2,569,442)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and contract principal and long-term payables is an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net assets.	
Repayments of principal of bonds and contracts	1,037,719
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	1,324,816
Compensated absences	11,101
Amortization on maintenance agreement	(39,437)
Bond amortizations	(117,237)
Unfunded OPEB obligations	(229)
Change in Net Position of Governmental Activities	\$ (504,733)

4. Receivables

June 30, 2013

Interest receivable	\$ 41,287
Long-term loan interest receivable	40,448
Other receivables	106,236
	\$ 187,971

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

Notes to Financial Statements

5. Capital Assets

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

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
Capital assets not being depreciated				
Land	\$ 13,861,482	\$ -	\$ -	\$ 13,861,482
Capital assets being depreciated				
Land improvements	7,899,072	-	-	7,899,072
Buildings and structures	59,948,100	-	-	59,948,100
Machinery and equipment	5,800,255	50,429	-	5,850,684
Office equipment and furniture	2,827,540	-	-	2,827,540
Total capital assets being depreciated	76,474,967	50,429	-	76,525,396
Less accumulated depreciation for				
Land improvements	4,716,402	335,682	-	5,052,084
Buildings and structures	30,958,248	1,998,974	-	32,957,222
Machinery and equipment	3,417,719	190,963	-	3,608,682
Office equipment and furniture	1,484,458	94,252	-	1,578,710
Total accumulated depreciation	40,576,827	2,619,871	-	43,196,698
Net capital assets being depreciated	35,898,140	(2,569,442)	-	33,328,698
Capital Assets, net	\$ 49,759,622	\$ (2,569,442)	\$ -	\$ 47,190,180

6. Accounts Payable

June 30, 2013

Vendors	\$ 805,663
Estimated taxes due to other governments	4,438,390
Estimated taxes currently under appeal	323,300
	\$ 5,567,353

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

Notes to Financial Statements

7. Long-Term Liabilities

Changes in long-term liabilities were as follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Bonds payable	\$ 33,805,476	\$ -	\$ 998,969	\$ 32,806,507	\$ 929,047
Bond premium	198,840	-	16,570	182,270	-
Accrued interest on capital appreciation bonds	13,416,519	1,396,425	2,721,031	12,091,913	2,785,953
Contracts payable	305,000	-	38,750	266,250	40,500
Compensated absences	17,970	9,283	20,384	6,869	4,259
Net OPEB obligations	(6,120)	229	-	(5,891)	-
Total	\$ 47,737,685	\$ 1,405,937	\$ 3,795,704	\$ 45,347,918	\$ 3,759,759

Long-term bonds and contracts consist of the following:

1994 Downtown Development Authority Tax Increment Revenue Bonds, interest rates ranging from 7.25% to 7.35%, with various amounts maturing through 2019.	\$ 4,376,507
2008 Kent County Drain Commission Contract Payable, interest rates ranging from 3.25% to 4.25%, with various amounts maturing through 2020.	266,250
2009 Downtown Development Authority Tax Increment Revenue Refunding Michigan Municipal Bond Authority Bonds, interest rates ranging from 4% to 5.499%, with various amounts maturing through 2024.	28,430,000
	\$ 33,072,757

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

Notes to Financial Statements

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

Bonds payable:

<i>Year ending June 30,</i>	Principal	Interest
2014	\$ 929,047	\$ 4,270,478
2015	921,247	4,558,278
2016	857,487	4,622,038
2017	1,119,572	4,689,953
2018	1,079,601	4,731,724
2019 - 2023	23,239,553	5,806,059
2024	4,660,000	256,275
	\$ 32,806,507	\$ 28,934,805

Contracts payable:

<i>Year ending June 30,</i>	Principal	Interest
2014	\$ 40,500	\$ 9,294
2015	42,000	7,901
2016	44,250	6,391
2017	46,500	4,687
2018	48,500	2,787
2019 - 2021	44,500	2,775
	\$ 266,250	\$ 33,835

The series 1994 bond issue for the Van Andel Arena contains \$4,376,507 of capital appreciation bonds, upon which interest is not paid until the bonds mature. The original amount of capital appreciation bonds was \$9,895,720. Starting in 2009, maturities of \$5,519,213 have been paid. These bonds appreciate in value to \$20,540,000.

8. Lease Commitments

In 1993, the City County Joint Building Authority (CCJBA) issued bonds for the purpose of defraying the cost of constructing a new public parking facility near the Van Andel Museum Center. Debt service for these CCJBA bonds is supported solely from the Authority's semi-annual rental payments and will be completed in January 2014. The principal amount outstanding as of June 30, 2013 is \$265,000.

In 2003, the 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 these two issues with series 2013A and 2013B refunding bonds. Debt service for the Series 2013A bonds is supported by the County of Kent's semi-annual rental payments and will be completed in December 2023. Debt service for the Series 2013B bonds is supported by the Authority's semi-annual rental payments and will also be

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

Notes to Financial Statements

completed in December 2023. The Authority's debt-financed project contribution on behalf of the DeVos Place project was supplemented by an additional \$5 million cash contribution early in fiscal year 2004. The amount of Series 2013B principal outstanding for which the Authority is responsible as of June 30, 2013 is \$2,735,000. Future lease payments are as follows:

Year ending June 30,	Van Andel Museum Center Ramp	DeVos Place Convention Center
2014	\$ 271,625	\$ 83,806
2015	-	333,700
2016	-	333,650
2017	-	328,550
2018	-	327,100
2019 - 2023	-	1,605,250
2024 - 2025	-	316,200
	\$ 271,625	\$ 3,328,256

9. Contingencies

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

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

10. Implementation of New Pronouncements

In 2013, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. One of the effects of Statement No. 65 was to change the reporting of bond issue costs. In prior years, costs of bond issuance were deferred and amortized over the term of the bonds. GASB Statement No. 65 eliminated those amortizations by requiring the costs of bond issuance to be recorded as an expense in the fiscal year during which the bonds were issued. As a result, net position as previously reported at June 30, 2011 has been reduced by the cumulative effect of \$366,000.

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Supplementary Information

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

Schedule of Current and Ongoing Projects (Unaudited)

Current and Ongoing Projects

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

In summer 2010, the Authority launched a planning process to evaluate its role in catalyzing revitalization in downtown Grand Rapids. Drawing on input from the community, the Authority's planning task force defined a collective vision for downtown; framed and prioritized ideas and projects that align with and enhance the collective vision; and began building leadership around three goals - investment, livability and vibrancy. The 2011 Framework Plan development process created an action agenda for downtown Grand Rapids. The Framework Plan was approved in February 2011 and was the basis for the Authority's fiscal years 2013 to 2017 priority planning process and beyond. Projects and initiatives have been prioritized to ensure the Authority's investments provide strategic support to projects and initiatives meeting the criteria established by the Framework Plan.

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

Accessibility and Mobility Improvements

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

ArtPrize Support

In September 2009, a new public art competition swept through downtown Grand Rapids. ArtPrize is a "radically open" art competition, which awarded \$360,000 in prizes to winning artists selected by the general public in 2013 and \$200,000 to artists selected by a jury of art experts. With the creation of ArtPrize, more than 400,000 people annually visit downtown Grand Rapids during the three-week event to look at thousands of artworks then vote for their favorites. The Authority agreed to be a sponsor for the 2009 inaugural event and has continued to support this innovative event.

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

Schedule of Current and Ongoing Projects (Unaudited)

Grand Rapids/Indiana Railroad Bridge Capital Repairs

The Authority budgeted funds in fiscal years 2013 and 2014 for capital repairs to the Grand Rapids/Indiana Railroad Pedestrian Bridge, also known as the “Blue Bridge.” The repairs were recommended as the result of a study coordinated by the City of Grand Rapids Engineering Department. Work includes capital improvements to the deck, structural supports and railings. As the result of community engagement sessions, it was decided that the bridge will remain blue, but by installing LED lighting along the sides of the bridge, the color of the bridge can be changed for holidays and special events.

Building Reuse, Areaway Removal, and Streetscape Incentives

These programs were established to provide incentives, via expenditure reimbursements, to businesses and other organizations initiating development projects within the Authority boundaries for the purpose of achieving “public purpose” objectives, such as providing access for the disabled, meeting certain code requirements, improving public sidewalks and restoring the façades of historic structures. During fiscal year 2011, the goals of the building re-use incentive program were expanded to include signage and façade improvements for retail storefronts. There were several such incentives issued in fiscal year 2013, and the program has been budgeted for fiscal year 2014 through 2018.

Development Project Reimbursements

The Authority has agreed to provide partial reimbursement of project-related property tax increment revenues to project developers in amounts not to exceed 75% of the cost of constructing public facilities associated within the development. In fiscal year 2013, reimbursements were paid to the HP3/J.W. Marriott Hotel, Riverhouse Condominiums, Hopson Flats LLC, 38 Commerce LLC, Two West Fulton LLC, 201 Monroe LLC, 68 Commerce LLC, Owen-Ames-Kimball, and Health Park Central LLC. Reimbursements are issued upon completion of the development project and staff verification of eligible expenditures, and only after payment of annual property tax assessments and special assessments owed for the property has been verified.

Downtown Marketing

In 2004, the State of Michigan provided funding, and the Authority provided matching funds, to develop an Arts and Entertainment Strategy for downtown. A consulting team led by Urban Marketing Collaborative developed consensus for this new strategy and prepared an action plan for adoption. Beginning with fiscal year 2008, the Authority has annually budgeted funds for implementation of the action plan, which includes downtown marketing, consumer-oriented promotions and public information projects.

Grand River Activation and Urban Recreation Improvements

One of the findings of the Green Grand Rapids Community Planning Project was that the public is interested in using the Grand River and downtown for recreational activities. In response to this input, the Authority prioritized funds in fiscal years 2012 through 2018 to determine which activities are possible, what changes are necessary, the costs of those changes, and whether funding sources are available to support those changes.

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

Schedule of Current and Ongoing Projects (Unaudited)

Infrastructure Improvements

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

Monroe Center Phase 3: Monument Park and Veterans Park Improvements

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

Monroe North DASH Program

The Authority partnered with the City of Grand Rapids Parking Services and the Monroe North Tax Increment Financing Authority (MNTIFA) to expand the downtown area shuttle bus (DASH) service to connect the Monroe North neighborhood north of Interstate 196 with the rest of downtown. The Authority's northern boundary ends at Newberry Street NW, which is the MNTIFA's southernmost boundary. DASH buses now connect all of the peripheral parking lots to the downtown core.

Pedestrian Safety for Ticketed Events

Van Andel Arena and the DeVos Place Convention Center draw thousands of visitors downtown for ticketed events such as sports competitions, cultural performances, and conventions and trade shows. The increased amount of vehicle and pedestrian traffic on downtown streets results in concerns regarding pedestrian safety immediately prior to and following these ticketed events. To reduce these concerns, the Authority uses non-tax increment funds to partially reimburse the City for the costs of overtime incurred by the Grand Rapids Police Department to provide event-related vehicle and pedestrian safety direction and enforcement. The remaining portions of the event-related police overtime costs are reimbursed by the Grand Rapids - Kent County Convention/Arena Authority and the Grand Rapids Parking Services Department.

Project and Fixed Asset Maintenance

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

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

Schedule of Current and Ongoing Projects (Unaudited)

Public Transit Millage Projects

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

Rosa Parks Circle Ice Skating Operations

Using non-tax increment funds, several years ago the Authority began co-sponsoring funding for ice skating operations at the Rosa Parks Circle Park outdoor rink. This popular and affordable program draws a diverse group of participants. More than 40,000 people enjoyed skating in the park last winter. The Authority continued its co-sponsorship for fiscal year 2013 and has included the program in future non-tax increment priority plans.

Special Events and Major Event Sponsorship

When the City eliminated non-mandatory expenditures from its General Fund budget, the eliminations included funding for downtown special events. Attempts by the City to charge event organizers for the full cost of City staff and equipment resulted in the cancellation of several festivals. The Authority has determined that these types of special events are important to the vibrancy and economic success of downtown Grand Rapids because, for many area visitors, participation in the events is their first exposure to the downtown environment. The Authority expects to continue to provide Office of Special Events support through fiscal year 2018, albeit at reduced levels, using non-tax increment revenues.

The Authority expects to provide partial Major Events Sponsorship for events such as ArtPrize, Restaurant Week, or other such major events when support is recommended by the Alliance for Vibrancy group.

Street and Streetscape Improvements

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

- Cherry Street Phase 2 - Commerce Avenue to Division Avenue
- Fulton Street - Division Avenue to the Grand River
- Grandville Avenue Phase 3 - Oakes Street to Weston Street
- Ionia Avenue Phase 9 - Buckley Street to Wealthy Street
- Jefferson Avenue - Cherry Street to Fulton Street
- Oakes Street - Market Avenue to Ottawa Avenue
- Revision Division Study Streetscape Improvement Recommendations
- Sixth Street Bridge Capital Repairs

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

Schedule of Current and Ongoing Projects (Unaudited)

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

Wayfinding and Gateway Signage Programs

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

The Authority approved the creation of two additional wayfinding programs. Both programs are in response to concerns expressed by downtown businesses and workers, as well as by convention guests. The first is a wayfinding system for the indoor skywalk through which convention guests and downtown workers may walk from the DeVos Place Convention Center to the Van Andel Arena without going outdoors. The second wayfinding system will help downtown visitors and workers find and use the walkways along the banks of the Grand River. Work on both systems is expected to re-commence in fiscal year 2014.

Gateway signage will be designed, fabricated and sited to welcome workers, residents, visitors and tourists to downtown Grand Rapids.

Miscellaneous Projects

During fiscal year 2013, the Authority participated in a number of smaller projects related to its mission such as retail support and merchandising plans, sponsorship of Experience Grand Rapids Restaurant Week, public safety improvements, etc.

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

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

Future Commitments (Unaudited)

Future Commitments

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

The following projects are in the Authority's five-year priority plan for work that is expected to begin after June 30, 2013. These projects will be funded with LTI or non-tax increment revenues.

Arena South Implementation and Parking Management Strategy

In fiscal year 2014, the Authority will begin to initiate recommendations from the Arena South Visioning Plan which was completed in early 2013. These may include reconstructing Ottawa Avenue between Oakes Street and Cherry Street, relocating utility infrastructure, selling or otherwise disposing of Authority-owned lands for development, studying the feasibility of underground and other parking arrangements, and constructing a skate park as a new downtown recreational attraction.

Development Support

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

Division Avenue Task Force Implementation

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

Downtown Ambassador Program

The success of recent downtown improvement programs attracts many people. One of the priorities identified in the 2011 Framework Plan was support for changes to improve the perceived safety of downtown visitors and workers. At the recommendation of the Experience Action Group, the Authority has appropriated non-tax increment funds to launch an on-street safety ambassador program that serves as a hospitality function for visitors and workers, and also partners with the Grand Rapids Police Department to serve as extra eyes and ears for the City's sworn officers.

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

Future Commitments (Unaudited)

Downtown Events and Programming

Beginning in fiscal year 2014, using non-tax increment funds, the Authority has financially prioritized events such as the free Movies in the Park series which will attract thousands of singles and families of all ages to Ah-Nab-Awen Park. Other programs will be created to engage stakeholders in visioning the future downtown Grand Rapids, expand the diversity of events presented and sponsored, educate downtown office workers during their lunch hours, and entertain shoppers, tourists and sports fans.

Downtown Plan

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

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

Preceding the formal Downtown Plan effort, early in fiscal year 2014, the Authority sponsored a four-part Speaker Series featuring national experts on current planning and city-building topics.

Michigan Street/Ottawa Avenue Gateway Improvements

The Authority anticipates partial funding for improvements to the main entryway from Interstate 196 into downtown Grand Rapids. Proposed improvements include landscaping, signage and pedestrian amenities.

Transportation Demand Management

Now that downtown Grand Rapids has become a popular destination for workers, residents and tourists, an increasing amount of space has had to be allocated for vehicle parking. Currently, the downtown housing vacancy rate is less than 1% and Class A office space is in short supply. By providing space for vehicle parking, the Authority has, in effect, prevented downtown property from being used for higher density, income-producing housing and office space projects.

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

Future Commitments (Unaudited)

Developers have already submitted options to purchase two of the Authority's large parking lots behind the Van Andel Arena.

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

River Edge Project

The Authority has committed to installing river edge walkways along and/or suspended above both banks of the Grand River from Interstate 196 on the north to U.S. 131 on the south end of the district. Funds have been approved for fiscal years 2015 and 2016 for the walkway south of Fulton Street.

Streetscape Improvements

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

- Bostwick Avenue - Lyon Street to Crescent Street
- Bridge Street Streetscape Improvements
- Monroe Avenue Resurfacing - Pearl Street to Michigan Street
- State Street - Jefferson Avenue to Lafayette Avenue
- Wealthy Street - U.S. 131 to Division Avenue

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

Voices and Visions Program

The Voices and Visions planning process included a variety of recommendations for the downtown district. It is expected that the Downtown Plan described above will replace the Voices and Visions-related development plan, which was created with community input 20 years ago.

MEETING NOTICE

CITY OF GRAND RAPIDS

Downtown Development Authority

Second Wednesday of each month

8:30 a.m.

Room 601 A

City Hall, 300 Monroe NW

2014 Meeting Schedule

January 8

February 12

March 12

April 9

May 14

June 11

July 9

August 13

September 10

October 8

November 12

December 10

Please contact Downtown Grand Rapids Inc. at 719-4610 if you have any questions prior to the meeting.

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

Agenda Item 7
January 8, 2014
DDA Meeting

DATE: December 27, 2013

TO: Downtown Development Authority

FROM: Eric Pratt
Project Manager

SUBJECT: Recommendation for Building Reuse and Incentives Program

MI Blendz, LLC is requesting a \$1,250.00 grant through the DDA's Building Reuse Incentive Program (B.R.I.P.) to help defray some of the cost associated with the installation of commercial signage above their storefront at 15 Ionia Ave. NW (The Blodgett Building).

MI Blendz, LLC operates a combined "JuiceBlendz" and "YoBlendz" franchise at this location. If you recall, JuiceBlendz / YoBlendz is a Florida-based, self-serve smoothie bar, where patrons can blend a variety of different smoothies, juices and other nutritious drinks.

On July 10, 2013, the DDA Board approved MI Blendz, LLC for a \$10,000 storefront grant to help cover some of the cost of providing barrier-free access and an ADA compliant restroom within the storefront. In October 2013, MI Blendz, LLC successfully completed their renovation project and held a "soft opening" soon thereafter.

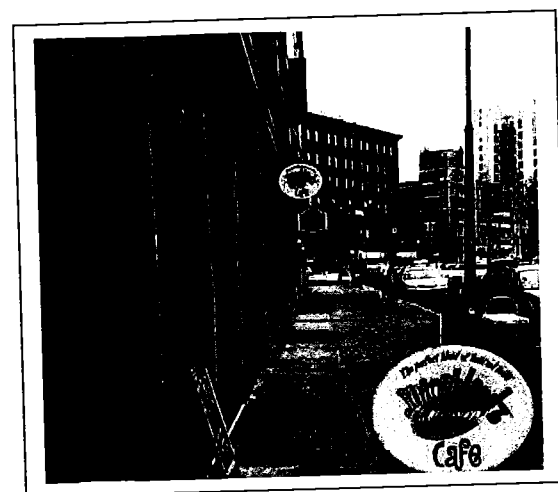


Figure 1: Image of the proposed projecting sign.

In an effort to assist customers with identifying their new location, MI Blendz is proposing to install two (2) new signs above their storefront: 1) a 10 Sq/Ft projecting sign, w/ graphics and 2) a 6 Sq/Ft wall sign. The total square-footage of the signage package is 16 square-feet and is estimated to cost \$2,521.00.

Recommendation:

Approve a B.R.I.P. Ground Floor Commercaill Signage Grant, in the amount of up to \$1,250.00, to MI Blendz, LLC to assist with the installation of a new signage package above the storefront at 15 Ionia Avenue SW, Suite 100.

MEMORANDUM

CITY OF GRAND RAPIDS

DATE: December 5, 2013

TO: Kristopher Larson, AICP
Downtown Development Authority
Executive Director

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

SUBJECT: Seward Avenue Bikeway from Wealthy Street to Riverside Park Trailhead

This project includes non-motorized transportation facilities, specifically bike lanes, sharrows, signs, a shared-use (bike and pedestrian) path, and a rest area. The work would be done along a route that includes Straight Avenue from Wealthy Street to Butterworth Street; Butterworth Street from Straight Avenue to Seward Avenue; Seward Avenue at Lake Michigan Drive; Seward Avenue from Leonard Street to Richmond Street; Elizabeth Avenue from Richmond Street to Broadway Avenue; and modifications to the Broadway Avenue Bridge over the Indian Mill Creek and Ann Street from Elizabeth Avenue to Monroe Avenue. This project supports the City's Green Grand Rapids and the Complete Streets goals to construct and/or enhance non-motorized transportation facilities, provide connectivity to the non-motorized trail network (including the non-motorized transportation component of the Seward Avenue Extension Project that was completed in 2011), and enables safe, convenient, and comfortable travel for all users. The project will provide an important connection from Kent Trails to White Pine Trail, primarily on the West side of Grand Rapids. The estimated cost for this project is \$1,060,000 of which \$619,514 is estimated to be financed by Transportation Enhancement Activities Program funds and \$440,486 is estimated to be financed by local funds.

It is anticipated that the Michigan Department of Transportation (MDOT) will receive bids for this project on December 6, 2013, and that this work will be constructed during the 2014 construction season. The Engineer's estimate is \$792,413.75. This project includes the construction contract, previously authorized limited design phase services for Fishbeck, Thompson, Carr, & Huber (FTC&H), previously authorized geotechnical services, engineering/inspection/administration, public information program, and an approximate seven percent allowance for contingencies.

The local share of costs for the project is proposed to be financed by the City's Streets Capital Fund, Downtown Development Authority (DDA), the City's Capital Improvement Fund, Bikes Belong Grant, and private donations. The DDA's share of costs is generally for a bike shelter, rack and locker, signage, security camera system and a share of the non-participating engineering and contingency costs.

At their meeting on December 3, 2013, the City approved an agreement with MDOT and authorized total expenditures not to exceed \$440,486 for the local share of costs for the project, which is contingent upon the DDA's authorization of its share of costs. The agreement sets forth the conditions under which the work will be performed and the costs for the same.

It is requested that the DDA authorize its share of estimated expenditures in the amount of \$37,700.

MAD/RDV/wfa

cc: Eric DeLong
James Hurt
Susan Schulz
Chris Zull
Tracy Hover
Alex Thomas

T:\CD13\DDA\Seward DDA
121113 #11062

SUMMARY OF ESTIMATED COSTS

for

Seward Avenue Bikeway from Wealthy Street to Riverside Park Trailhead

Funding Source(s)

	<u>Currently Approved</u>	<u>Budget Request(s)</u>	<u>Revised Project Estimate</u>
Federal Grant Share	\$619,514.00	\$0.00	\$619,514.00
Streets Capital Fund Share	248,000.00	(21,714.00)	226,286.00
Downtown Development Authority Share	37,700.00	0.00	37,700.00
Capital Improvement Fund Share	0.00	171,000.00	171,000.00
Bike Belong Grant	5,000.00	0.00	5,000.00
Private Donations Share	0.00	500.00	500.00
Total Project Cost	<u>\$910,214.00</u>	<u>\$149,786.00</u>	<u>\$1,060,000</u>

Breakdown of Project Uses

Construction Contract (Engineer's Estimate)	\$792,413.75
Traffic Safety Force Account	5,000.00
Previously Authorized Limited Design Phase Services for FTC&H	55,080.51
Previously Authorized Geotechnical Services	2,264.11
Engineering/Inspection/Administration	131,680.38
Testing/Public Information Program	<u>4,000.00</u>
Sub-Total	\$990,438.75
Contingencies (7%)	<u>69,561.25</u>
TOTAL	<u>\$1,060,000.00</u>

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: January 3, 2013

TO: DDA Board

FROM: Tim Kelly, AICP
Planning Manager



Agenda Item #9
January 8, 2014
DDA Meeting

SUBJECT: Downtown Plan Consultant Selection and Contract Authorization

On August 28, 2013 the Downtown Development Authority issued a Request for Proposals for completion of an updated Downtown Plan. 32 consultants registered their intent to submit proposals, and a total of 17 submitted proposals to be considered for the project.

To ensure a comprehensive review of all the proposals, and to engage Downtown stakeholders in the process, on October 10, 2013, the DDA Board approved the formation of a 12-member volunteer Downtown Plan Selection Committee (Committee). The Committee was tasked with reviewing and rating the proposals, participating in meetings to select finalists, and conducting interviews.

After spending several weeks reviewing the 1,638 pages of proposals, on November 5, 2013, the Committee convened to complete its review of the consultants and develop a shortlist of teams for interviews. A total of four teams were identified as having the right combination of skills, experience, and innovation to provide the desired outcomes for the project.

Interviews with the four consultant teams were completed on November 18, 2013. Each team was allotted 30 minutes to make a presentation, followed by 15 minutes of questions from the Committee. Following the interviews, the Committee deliberated and determined that further analysis and information was required before reaching a conclusive decision.

Over the subsequent several weeks, DGRI staff completed research and due diligence on the consultants and administered an electronic survey to the Committee to distill a preferred firm. The survey revealed a unanimous preference for Interface Studios, LLC (Interface). Committee members noted they were particularly impressed with Interface's approach to creative and inclusive community outreach, their experience utilizing data to inform planning and policy recommendations, and their ability to turn plans into implemented projects.

Interface is a planning and urban design practice based in Philadelphia, PA. Since opening in 2004, the firm has been dedicated to employing an innovative approach to addressing challenges and opportunities in diverse urban environments. Interface has completed work throughout the country, including recent projects in Chicago, IL, Philadelphia, PA, Pittsburgh, PA, Macon, GA, and Hamtramck, MI. Along with this, the firm has been recognized with numerous national awards from the American Planning Association – most notably, the 2013 Planning Excellence Award for an Emerging Planning and Design Firm, and the 2010 Planning Excellence Award for Public Outreach.

In light of the Committee's consensus, and in recognition of Interface's proven expertise, staff recommends the DDA Board approve the enclosed Resolution accepting the Committee's recommendation and authorizing staff and counsel to finalize a scope of work for a contract with Interface Studios for consulting services to complete the Downtown Plan.

If the resolution is approved, staff will formulate an agreed upon scope of work and complete contract negotiations with Interface. Once terms have been agreed to, the Chair of the DDA Board will execute the contract. Following this, a

recommendation for a Downtown Plan Steering Committee will be brought to the DDA Board in February, and if approved, work on the Downtown Plan will commence.

Recommendation: Approve the Resolution accepting the Selection Committee's recommendation, directing staff and counsel to finalize a scope of work, and authorizing the Chairperson of the DDA Board to execute a contract with Interface Studios for consulting services for the Downtown Plan.

**CITY OF GRAND RAPIDS
DOWNTOWN DEVELOPMENT AUTHORITY**

**RESOLUTION APPROVING SELECTION OF INTERFACE
STUDIO LLC TO PROVIDE PROFESSIONAL
CONSULTING SERVICES IN CONNECTION WITH THE
DEVELOPMENT OF THE DOWNTOWN PLAN AND
AUTHORIZING THE PREPARATION AND EXECUTION
OF AN AGREEMENT FOR SUCH SERVICES WITH
INTERFACE STUDIO LLC**

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

WHEREAS, the City of Grand Rapids Downtown Development Authority (the “DDA”) in August 2013, issued a public request for proposals (the “RFP”) for consulting services (the “Services”) in connection with the development of a plan that will identify and prioritize short, middle and long-term public investment for the next 15 years for downtown Grand Rapids (the “Downtown Plan”); and

WHEREAS, DDA staff received thirty-two notifications of intent from service providers to respond to the RFP and submit a proposal; and

WHEREAS, the DDA received on or before the deadline date of October 4, 2013, seventeen formal proposals to the RFP (the “Proposals”); and

WHEREAS, the DDA Board of Directors (the “DDA Board”) at its meeting on October 9, 2013, approved the selection of a Downtown Plan Selection Committee (the “Selection Committee”) to review the Proposals and recommend to the DDA Board the selection of a firm to provide the Services related to the development of the Downtown Plan; and

WHEREAS, the Selection Committee has met and reviewed the Proposals, on November 18, 2013, interviewed four of the firms submitting proposals, and has recommended to the DDA Board the selection of Interface Studio LLC ("Interface Studio") to provide the Services; and

WHEREAS, the DDA Board has determined to approve the recommendation of the Selection Committee of Interface Studio and to authorize the preparation and execution of an agreement with Interface Studio to provide the Services.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. That Interface Studio is selected to provide the Services related to the development of the Downtown Plan.
2. That an agreement with Interface Studio for performance of the Services shall be prepared by staff consistent with the RFP and the proposal of Interface Studio approved as to content by the DDA Executive Director and as to form by DDA legal counsel.
3. That the Chairperson of the DDA Board is authorized and directed to execute the approved agreement for and on behalf of the DDA.
4. That all resolutions or parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

YEAS: Boardmembers _____

NAYS: Boardmembers _____

ABSTAIN: Boardmembers _____

ABSENT: Boardmembers _____

RESOLUTION DECLARED ADOPTED.

Dated: January 8, 2014

Mary Sierawski
Recording Secretary

CERTIFICATION

I, the undersigned duly qualified and acting Recording Secretary of the City of Grand Rapids Downtown Development Authority (the "DDA"), do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors of the DDA at a meeting held on January 8, 2014, and that public notice of said meeting was given pursuant to, and in compliance with, Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated: January 8, 2014

Mary Sierawski
Recording Secretary

MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: January 3, 2014

TO: DDA Board

FROM: Kristopher Larson, AICP
Executive Director



Agenda Item #10
January 8, 2014
DDA Meeting

SUBJECT: Development Agreement for 158 Weston – Arena Place

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

On May 8, 2013, the DDA Board awarded a one-year option to Arena Place Development, LLC (the Developer) for \$50,000. The option agreement has since been executed and the payment made. Subsequently, DGRI staff worked with the developer to develop an estimate for the tax increment capture for the new development. Those tax increment projections were presented to the DDA at the August, 2013 meeting, when the request of up to \$3.18 M over a 15-year period through the DDA's Development Support Program was approved by the DDA Board of Directors.

Since the August Development Support approval, DDA staff and legal counsel has continued to work with the Developer towards a project and corresponding development agreement that more expressly satisfies all of the expectations included in the listing and the Plan. At this time, the project is slated to construct 60,000 square feet of commercial office space, 101 market-rate residential units, 15,200 square feet of ground-floor, active-use space, and 250 parking spaces.

These latest figures represent increases across all property uses versus the development presented in August, including 20,000 additional square feet of office space, 18 more residential units, 5,200 square feet of additional ground-floor, active use space, and 168 additional parking spaces. The total cost for the estimated development is \$44 M, up from \$30 M from the previous project update. This massing, mix of uses, inclusion of market-rate residential and ground-floor active use within the development are all consistent with the community vision articulated in the Plan, and the increase in density is supported by DGRI staff.

The Developer has also satisfactorily obtained project financing, has secured support from the Community Reinvestment Program (CRP) via the Michigan Economic Development Council, and completed other due diligence items associated with the development.

DDA staff and legal counsel reached agreement with the Developer the enclosed Development Agreement, which is now ready for review and approval by the DDA Board of Directors.

Recommendation: Approve the Resolution attached herein for a Developer Agreement for the Arena Place development to be located on 158 Weston Street SW.

**CITY OF GRAND RAPIDS
DOWNTOWN DEVELOPMENT AUTHORITY**

**RESOLUTION APPROVING AND AUTHORIZING
EXECUTION OF A DEVELOPMENT AGREEMENT WITH
ARENA PLACE DEVELOPMENT, LLC**

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

WHEREAS, after soliciting proposals therefor, the City of Grand Rapids Downtown Development Authority (the “DDA”) accepted the proposal of Arena Place Development, LLC (“APD”) and entered into an Option Agreement dated June 24, 2013 (the “Option Agreement”) with APD for the sale and development of DDA-owned property located at 158 Weston Street, S.W. in the City of Grand Rapids (the “Property”); and

WHEREAS, the Option Agreement requires, as a condition of APD exercising its option to purchase the Property, that the DDA and APD enter into a development agreement related to development of the Property in accordance with certain requirements in the Option Agreement; and

WHEREAS, the DDA and APD have negotiated the terms of the development agreement with respect to the Property which are acceptable to both.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. That the Development Agreement between the DDA and APD (the “Agreement”) related to the development of the Property in the form presented at this meeting is approved with such modifications not materially adverse to the DDA approved as to content by the DDA Executive Director and as to form by DDA legal counsel.

2. That the Chairperson of the Board of Directors of the DDA is authorized and directed to execute the approved Agreement for and on behalf of the DDA.

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

YEAS: Boardmembers _____

NAYS: Boardmembers _____

ABSTAIN: Boardmembers _____

ABSENT: Boardmembers _____

RESOLUTION DECLARED ADOPTED.

Dated: January 8, 2014

Mary Sierawski
Recording Secretary

CERTIFICATION

I, the undersigned duly qualified and acting Recording Secretary of the City of Grand Rapids Downtown Development Authority (the "DDA"), do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors of the DDA at a meeting held on January 8, 2014, and that public notice of said meeting was given pursuant to, and in compliance with, Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated: January 8, 2014

Mary Sierawski
Recording Secretary

DEVELOPMENT AGREEMENT

between the

CITY OF GRAND RAPIDS DOWNTOWN DEVELOPMENT AUTHORITY

and

ARENA PLACE DEVELOPMENT, LLC

dated as of

January 8, 2014

TABLE OF CONTENTS

ARTICLE I DEFINITIONS, LANGUAGE AND CONTEXT

Section 1.01. Definitions.....	2
Section 1.02. Language and Context	5

ARTICLE II PROJECT

Section 2.01. Acquisition of the Property	6
Section 2.02. Inspection and Investigation	6
Section 2.03. Development of Project	6

ARTICLE III ENVIRONMENTAL AND OTHER SITE CONDITIONS OF PROPERTY

Section 3.01. Environmental Condition of Property	6
Section 3.02. APD Acquiring Property As Is	7
Section 3.03. APD's Covenant Not to Sue	7

ARTICLE IV ACQUISITION OF PROPERTY

Section 4.01. Closing on Property	7
Section 4.02. Purchase Price	7
Section 4.03. Conveyance of Property	7
Section 4.04. Survey and Title Insurance	8
Section 4.05. Property Taxes and Assessments	8
Section 4.06. Closing Costs	8
Section 4.07. Brokers and Brokerage Fees	8

ARTICLE V REQUIREMENTS AT CLOSING

Section 5.01. Title Insurance	8
Section 5.02. DDA Compliance.....	8
Section 5.03. Insurance	9
Section 5.04. APD's Requirements at Closing	9
Section 5.05. DDA's Requirements at Closing	9
Section 5.06. Recording.....	9

ARTICLE VI
OBLIGATION OF DDA PRIOR TO CLOSING

Section 6.01. Obligations of DDA Prior to Closing	10
---	----

ARTICLE VII
PROJECT PLAN'S APPROVALS AND SCHEDULE

Section 7.01. Conceptual Plans.....	10
Section 7.02. Final Plans.....	10
Section 7.03. Presentation of Plans.....	11
Section 7.04. Requirements of Final Plans	11
Section 7.05. Approvals and Permits.....	11
Section 7.06. Schedule.....	11
Section 7.07. Progress Reports	12

ARTICLE VIII
APD REPRESENTATIONS AND WARRANTIES

Section 8.01. General.....	12
Section 8.02. Covenant to Construct.....	13
Section 8.03. APD to Pay All Fees	13
Section 8.04. Use Covenant.....	13
Section 8.05. Insurance	13
Section 8.06. APD Liabilities	13
Section 8.07. Survival of Warranties, Representations and Covenants.....	13

ARTICLE IX
APD OBLIGATIONS, COVENANTS AND AGREEMENTS

Section 9.01. Covenant to Complete Project	14
Section 9.02. Application for Building Permits and Governmental Approvals	14
Section 9.03. Commencement of Construction	14
Section 9.04. Completion Guaranty.....	15
Section 9.05. Completion of the Project	15

ARTICLE X
DDA REPRESENTATIONS AND WARRANTIES

Section 10.01. General.....	15
-----------------------------	----

**ARTICLE XI
INDEMNIFICATION AND INSURANCE**

Section 11.01. Indemnification.....	16
Section 11.02. All Risk Insurance.....	16
Section 11.03. General Liability Insurance.....	16

**ARTICLE XII
DEVELOPMENT SUPPORT REIMBURSEMENT**

Section 12.01. Eligible Costs.....	17
Section 12.02. Capture of Taxes.....	17
Section 12.03. Conditions Precedent to Reimbursement.....	17
Section 12.04. Submission of Eligible Costs.....	17
Section 12.05. Reimbursement Payments.....	18
Section 12.06. Limitation on Reimbursement.....	18
Section 12.07. Adjustments in Reimbursement.....	18
Section 12.08. Term of Reimbursement.....	19

**ARTICLE XIII
ASSIGNMENT**

Section 13.01. Assignment to APD Affiliate.....	19
Section 13.02. Other Assignment Requirements.....	19
Section 13.03. Leasing.....	19

**ARTICLE XIV
TERM OF AGREEMENT, RECORDING, BINDING EFFECT, RIGHTS AND
REMEDIES**

Section 14.01. Term.....	19
Section 14.02. Recording.....	20
Section 14.03. Binding Effect.....	20
Section 14.04. Rights and Remedies.....	20

**ARTICLE XV
MISCELLANEOUS**

Section 15.01. Relocation of Sanitary Sewer and Signal Box and Additional Public Infrastructure/Sitework Improvements.....	20
Section 15.02. Signs.....	20
Section 15.03. Construction Staging.....	20
Section 15.04. Time of Essence.....	20
Section 15.05. DDA Review and Approval.....	21
Section 15.06. Extension of Time.....	21
Section 15.07. Non-Discrimination.....	21

Section 15.08. Amendment.....	21
Section 15.09. No Other Agreements	21
Section 15.10. Consent	21
Section 15.11. Remedies Cumulative	21
Section 15.12. Governing Law	22
Section 15.13. Notices	22
Section 15.14. Counterparts	22
Section 15.15. Successors and Assigns.....	23
Section 15.16. Severability	23
Section 15.17. Survival of Agreement.....	23
Section 15.18. No Partnership or Joint Venture	23
Section 15.19. No Third Party Beneficiaries	23
Section 15.20. Additional Documents	23
Section 15.21. DDA and City Use of the Property for Parking.....	23
EXHIBIT A - Legal Description of Property	A-1
EXHIBIT B – Covenant Deed	B-1
EXHIBIT C – Project Schedule.....	C-1
EXHIBIT D – Public Facility Improvements and Estimated Costs	D-1
EXHIBIT E – Public Infrastructure/Sitework Improvements and Estimated Costs.....	E-1

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into as of January 8, 2014, by and between the **CITY OF GRAND RAPIDS DOWNTOWN DEVELOPMENT AUTHORITY**, a statutory authority created by the City of Grand Rapids, Michigan (the "City") pursuant to Act 197 of the Public Acts of Michigan of 1975, as amended ("Act 197"), (the "DDA") and **ARENA PLACE DEVELOPMENT, LLC**, a Michigan limited liability company ("APD").

RECITALS

- A. The DDA owns a public surface parking lot located at 158 Weston Street, S.W. in the City and legally described on the attached Exhibit A (the "Property").
- B. The DDA and APD have previously entered into an Option Agreement (the "Option Agreement") dated June 24, 2013, which, subject to its terms and conditions, granted APD an option to acquire the Property for \$2,250,000 through June 27, 2014.
- C. As a condition for closing on the Property, APD is required to develop a detailed proposal, including financing, for the development and use of the Property (the "Project") incorporating the requirements of the Option Agreement to be set forth in a development agreement acceptable to and executed by both the DDA and APD.
- D. APD will acquire the Property from the DDA and develop and use the Property for the development and construction of the Project in accordance with the terms and condition of this Agreement.
- E. The DDA has, pursuant to Act 197, established a Tax Increment Financing and Development Plan as from time to time amended (the "Plan") for the implementation of development activities within Grand Rapids Development Area No. 1 (the "Development Area").
- F. The Plan provides, in part, that it is the purpose of the DDA to support the development of property in the Development Area by entering into development agreements with private parties owning such property and reimbursing said private parties the costs of public facilities as defined in Act 197, related to the development of such property from tax increment revenues, also as defined in Act 197, realized from the development of such property and available to the DDA for reimbursement.
- G. In order to implement said provisions of the Plan, the DDA has adopted a Development Support Policy approved by the DDA Board of Directors on January 11, 2006 (the "Policy").
- H. The Property is located in the DDA Development Area.

I. In connection with its development and construction of the Project on the Property, APD will incur the cost of certain "public facilities", as defined in Act 197, including, but not limited to, certain costs related to compliance with the legal requirements of the Michigan State Construction Code for architectural designs which eliminate barriers and hindrances thus deter persons with disabilities from having access to free mobility in and around a building or structure (the "Public Facility Improvements")

J. APD has requested reimbursement of such Public Facility Improvement costs from tax increment revenues to be realized by the DDA from the Project (the "Project Tax Increment Revenues") in accordance with the terms and conditions of the Policy, in connection with its development of the Project.

K. APD has further requested that the DDA, at its cost, to (i) relocate or cause the relocation of a twelve (12) inch public sanitary sewer along the northern boundary of the Property, (ii) relocate an electric signal box located on the Property, and (iii) undertake certain additional public infrastructure/sitework improvements all of which are public facilities as defined in Act 197 (the "Additional Public Facility Improvements").

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

NOW, THEREFORE, for and in consideration of the mutual undertakings as set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the DDA and APD agree as follows:

ARTICLE I DEFINITIONS, LANGUAGE AND CONTEXT

Section 1.01. Definitions. In addition to the terms defined elsewhere in this Agreement, for purposes of this Agreement, unless the context clearly requires otherwise, words and terms used in this Agreement shall have the following meanings:

"APD Affiliate" means an entity which controls, is controlled by, or is under common control with APD and which has the same members, partners or shareholders owning in the aggregate at least fifty percent (50%) of the ownership interest in APD. As used herein "control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities or rights, by contract or otherwise.

"APD Representative" means a person designated by APD to the DDA in writing to act as its representative in connection with the planning, development, construction and financing of the Project and the administration of this Agreement.

"Change in Law" means the occurrence, after the Effective Date, of one of the following events, provided (i) such event materially changes the costs or ability of APD to carry out its obligations under this Agreement and (ii) such event is not caused by APD:

- a. the enactment, adoption, promulgation or modification of any federal, State or local law, ordinance, rule or regulation;
- b. the order or judgment of any federal or State court, administrative agency or other governmental body;
- c. the imposition of any conditions on, or delays in, the issuance or renewal of any governmental license, approval or permit (or the suspension, termination, interruption, revocation, modification, denial or failure of issuance or renewal thereof) necessary for undertaking the services or obligations to be performed under or required by this Agreement; or
- d. the adoption, promulgation, modification or change in interpretation in a written guideline or policy statement by a governmental agency.

"Closing" means the date APD acquires the Property pursuant to this Agreement.

"Completion of the Project" means APD has substantially completed the building, parking facilities and site improvements for the Project. For purposes of this definition "substantially completed" means receipt of a certificate of occupancy for the Project.

"Covenant Deed" means the deed attached hereto as Exhibit B.

"Day" means a calendar day.

"DDA Board" means the Board of Directors of the DDA.

"Effective Date" means the date indicated in the first paragraph of this Agreement.

"Environmental Condition" means any condition or situation existing on, under, at or about the Property, the groundwater, subsurface water, and/or underground soil and geologic conditions thereunder, as of the Execution Date which (i) constitutes a violation of any State or federal environmental law, regulation or ordinance, (ii) which does or might form the basis of any public or private claim or cause of action for the cleanup or remediation as a result of the release, threatened release, migration or the existence of any contaminants, pollutants, petroleum and petroleum byproducts, crude oil or any fraction thereof, chemicals, wastes or substance (including, without limitation, regulated substances, hazardous wastes and hazardous substances as such terms are commonly used or understood within the framework of existing federal and State laws), (iii) are a release or a threatened release of hazardous wastes or hazardous substances, or (iv) are described or included in any report provided by the DDA to APD or in any report or assessment generated by APD related to the Property.

“Environmental Law” means any federal or State law, statute, regulation, rule, order, decree, judgment or direction concerning environmental protection or health and safety including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Resource Conservation and Recovery Act 1980, as amended, and the Toxic Substance Control Act, as amended.

“Executive Director” means the Executive Director of the DDA and his/her designee.

“Person” means any individual, corporation, partnership, limited partnership, limited liability company, joint venture, association, trust or government or any agency or political subdivision thereof.

“Project” means the planning, development, construction and financing of a mixed use residential/office/retail development consisting of a minimum of 150,000 square feet of interior floor space and related parking and a minimum investment of \$20,000,000 (exclusive of the cost of acquiring the Property from the DDA).

“State” means the State of Michigan.

“Uncontrollable Circumstances” means any event that:

- a. is beyond the reasonable control of and without the fault of APD; and
- b. is one or more of the following events:
 - i. a Change in Law;
 - ii. insurrection, riot, civil disturbance, sabotage, act of a public enemy, act of terrorism, explosion, nuclear incident, war or naval blockade;
 - iii. epidemic, hurricane, tornado, landslide, earthquake, lightening, fire, windstorm, other extraordinary weather conditions or other similar act of God;
 - iv. governmental condemnation or taking;
 - v. strikes or labor disputes;
 - vi. delays in the issuance of building or other permits, variances, licenses or approvals by the City or other governmental authority having jurisdiction;
 - vii. shortage or unavailability of essential materials which materially changes the ability of APD to carry out its obligations under this Agreement;
 - viii. unknown or unforeseeable Environmental Conditions;

ix. unknown or unforeseeable geotechnical conditions which delay construction of the Project; or

x. non-performance of the DDA which delays construction of the Project.

Uncontrollable circumstances shall not include economic hardship or a failure of performance related to the construction of the Project by a contractor(s) (except as caused by events which are Uncontrollable Circumstances as to the contractor(s)).

Section 1.02. Language and Context. Except where the context by clear implication shall otherwise require, this Agreement shall be construed and applied as follows:

a. Definitions include both singular and plural.

b. Pronouns include both singular and plural and cover all genders.

c. Section headings are solely for convenience of reference and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

d. All exhibits attached to this Agreement shall be and are operative provisions of this Agreement and shall be incorporated by reference in the context of use where mentioned and referenced in this Agreement and in the event of a conflict between any exhibit and the terms of this Agreement, this Agreement shall control.

e. Any certificate, letter or opinion required to be given pursuant to this Agreement means a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth.

f. Reference herein to supplemental agreements, certificates, requests, approvals, consents, notices and the like means that such shall be in writing whether or not a writing is specifically mentioned in the context of use.

g. The Executive Director, unless the provisions of this Agreement otherwise require, shall be the DDA's representative in connection with the implementation of the provisions of this Agreement and shall have the authority to make or grant or do those things, certificates, requests, demands, notices and other actions described in this Agreement for and on behalf of the DDA as indicated herein.

h. The DDA and APD shall respectively be entitled to rely on the full power and authority of the persons executing this Agreement on behalf of the DDA and APD, respectively, as having been properly and legally given by the DDA and APD, respectively.

i. In connection with all actions to be taken by APD under this Agreement and unless this Agreement requires action of APD in a different manner, APD agrees to designate an APD Representative as its authorized representative who shall have the authority to make or grant or do all things, supplemental agreements, certificates, requests, approvals, consents, notices and other actions required or described in this Agreement for and on behalf of APD as indicated herein. APD shall have the right to change its APD Representative by providing the DDA written notice of such change in accordance with Section 15.13 hereof.

ARTICLE II. PROJECT

Section 2.01. Acquisition of the Property. Subject to the terms of this Agreement, including specifically Article VIII hereof, and in accordance with the Option Agreement, APD will acquire and the DDA will convey all ownership and/or rights in and to the Property by Covenant Deed for the Project.

Section 2.02. Inspection and Investigation. APD acknowledges that it has conducted inspections, tests, surveys, assessments, studies and investigations of the Property as it determined necessary in accordance with Section 12 of the Option Agreement and has satisfied itself pursuant to said Section 12 that the Property is suitable for the Project. By execution of this Agreement APD is acknowledging to the DDA of such satisfaction and suitability.

Section 2.03. Development of Project. APD agrees, in accordance with the terms of this Agreement, to plan, develop, construct, finance and complete the Project. The terms of this Section 2.03 shall run with the Property, bind the successors in interest of APD and shall remain in effect for fifteen (15) years from the Effective Date of this Agreement.

ARTICLE III. ENVIRONMENTAL AND OTHER SITE CONDITIONS OF PROPERTY

Section 3.01. Environmental Condition of Property. APD acknowledges that it has performed such environmental assessments of the Property as it determined necessary in accordance with Section 13 of the Option Agreement and has determined that the environmental condition of the Property is satisfactory. By execution of this Agreement APD is acknowledging to the DDA of such satisfaction. APD hereby waives and releases any claim for contribution against, and covenants not to sue the DDA or the City or their respective officers, boardmembers, commissioners, employees, agents, attorneys, representatives, successors or assigns, whether asserted directly or indirectly, or whether in the nature of an action for contribution, third party proceedings or other action or proceeding whatsoever, for all damages including without limitation, punitive damages, liabilities, costs, diminution of value, fines, penalties, demands, claims, cost recovery actions, lawsuits, administrative proceedings, orders, response action costs, compliance costs, investigation expenses, consultants fees, attorney fees and litigation expenses (collectively, the "Claims") arising out of or in connection with an Environmental Condition on the Property or its migration to any other site or location or arising out of or in connection with any Environmental Law.

Section 3.02. APD Acquiring Property As Is. APD hereby acknowledges and agrees that it is purchasing the Property in its “as is,” “where is,” “with all faults” condition without warranty from the DDA and that, as of the Closing, APD will be purchasing the Property with no recourse or rights of action against the DDA or its officers, boardmembers, Executive Director, employees, agents, attorneys, representatives, successors or assigns. APD shall be responsible for conducting a sidewalk inspection related to the Property in accordance with the requirements of Section 4.90 of the City Code of Ordinances and the cost of any required repairs to such sidewalk required as a result of such inspection.

Section 3.03. APD’s Covenant Not to Sue. APD for itself and its successors, assigns and grantees, hereby covenants and agrees that in consideration of this Agreement, neither APD nor its successors, assigns or grantees shall directly or indirectly sue the DDA or the City or their respective officers, boardmembers, commissioners, employees, agents, attorneys, representatives, successors and assigns for any Claims directly arising out of any Environmental Condition or any other condition of, or with respect to, the physical condition of the Property or any Environmental Law (the “Covenant Not to Sue”). The parties hereto understand and agree that APD’s Covenant Not to Sue as stated herein does not apply to any action taken by APD to enforce any contractual obligations of the DDA as may be specifically set forth in this Agreement.

ARTICLE IV. ACQUISITION OF PROPERTY

Section 4.01. Closing on Property. The Closing on the conveyance of the Property from the DDA to APD shall be on a Day not later than June 27, 2014 (the “Closing Date”). The Closing shall be at the offices of Dickinson Wright PLLC in Grand Rapids, Michigan, or such other location mutually agreeable to the parties hereto.

Section 4.02. Purchase Price. In accordance with the Option Agreement the purchase price of the Property shall be Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000) (the “Purchase Price”). APD shall be credited with the balance, if any of the Fifty Thousand Dollars (\$50,000) option price paid by APD to the DDA, upon execution of the Option Agreement, after deducting from such amount the costs related to providing the Option Agreement, the DDA’s legal, engineering and real estate expenses, the cost of preparing and obtaining formal acceptance of this Agreement, the cost of reviewing development plans for the Project and the cost of preparing the property for sale (the “DDA Transaction Costs”). The balance of the Purchase Price, i.e., Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000) less the DDA Transaction Costs not exceeding Fifty Thousand Dollars (\$50,000) (the “Net Purchase Price”), shall be paid by APD to the DDA at the Closing in immediately available funds by certified check, wire transfer or other method acceptable to the DDA.

Section 4.03. Conveyance of Property. The DDA will, at the Closing, convey to APD all of its rights, title and interest in the Property, whatever that might be, by Covenant Deed. Other than the representations contained in the Covenant Deed, APD acknowledges that the DDA has not made any warranty with respect to its ownership interest in the Property.

Section 4.04. Survey and Title Insurance. APD acknowledges that it has received the Survey and the Commitment (both as identified and defined in the Option Agreement) related to the Property and that it has determined that the Property either has no defects or that it, in the alternative, waives any defects with respect to the Property in accordance with provisions of the Option Agreement. The DDA shall, at its cost, at the time of the Closing order or cause to be ordered an owner's policy of title insurance with standard exceptions (the "Policy") from the Title Company (as defined in the Option Agreement) pursuant to the Commitment for prompt delivery to APD.

Section 4.05. Property Taxes and Assessments. The Property is not currently subject to *ad valorem* property taxes and therefore no pro ration between the DDA and APD of such taxes is required to be made at Closing. All assessments, if any, including the downtown improvement district assessment on the Property due prior to Closing shall be paid prior to Closing by the DDA and assessments, if any, including the downtown improvement district assessment due on and after Closing shall be the responsibility of APD. Any sidewalk repair charges as may be required to bring the public sidewalk surrounding the Property into conformance with the City's Code of Ordinances shall be the responsibility of APD.

Section 4.06. Closing Costs. APD shall pay the cost of recording the Covenant Deed conveying the Property to it and for all documentary, intangible, transfer and other taxes, if any, with respect to the Covenant Deed. APD shall be responsible for the cost of all soil borings and other tests, studies or Environmental Assessments it elects to perform or have performed with respect to the Property. The DDA shall pay a premium for an ALTA fee owner's policy of title insurance in the amount of the Purchase Price and the cost of the Survey.

Section 4.07. Brokers and Brokerage Fees. The DDA acknowledges that APD has used Ray Kisor, SIOR, a real estate broker, in connection with the sale and purchase of the Property and that such person shall be entitled to a real estate commission equal to 4% of the Purchase Price of the Property upon purchase of the Property by APD, provided such person has no interest or proposed future interest in the Project as documented to the reasonable satisfaction of the DDA. Each party hereby indemnifies and holds the other party harmless with respect to any other, the claims of any other real estate broker or salesperson who may have dealt with such party in connection with this transaction.

ARTICLE V. REQUIREMENTS AT CLOSING

Section 5.01. Title Insurance. The DDA shall, at its cost, order or caused to be ordered the Policy from the Title Company as provided and required by Section 4.04 of this Agreement.

Section 5.02. DDA Compliance. All representatives and warranties of the DDA set forth in this Agreement shall be true as of the Closing Date and the DDA shall have timely performed and complied in all respects with all covenants, obligations and agreements to be performed or complied with by the DDA under this Agreement.

Section 5.03. Insurance. APD, at its expense, shall have insured the Property in accordance with Article XI hereof and prior to Closing shall have delivered to the DDA insurance binders or certificates evidencing the required coverages.

Section 5.04. APD's Requirements at Closing. At the Closing, APD shall provide the following:

- a. The payment of the Net Purchase Price.
- b. An opinion of counsel to APD reasonably acceptable to the Executive Director.

Section 5.05. DDA's Requirements at Closing. At the Closing, the DDA shall provide the following:

- a. Covenant Deed for the Property in favor of APD in recordable form.
- b. A real estate transfer valuation affidavit executed by the Executive Director in a form prescribed by the Kent County Register of Deeds with respect to conveyance of the Property to APD.
- c. An affidavit that the DDA is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended.
- d. A closing statement related to the Property reasonably satisfactory to APD.
- e. The Policy from the Title Company in accordance with Sections 4.04 and 5.01 of this Agreement.
- f. A standard form of title insurance company owner's affidavit reasonably acceptable to the DDA and APD, *provided, however*, it is understood that the DDA will provide no indemnification to the Title Company in connection with the giving of such affidavit.

Section 5.06. Recording. Promptly after the Closing the DDA shall cause this fully executed Agreement including all exhibits attached hereto or a memorandum thereof to be recorded with the Kent County Register of Deeds. APD shall reimburse the DDA the cost of all fees and charges incurred in connection with such recording. Upon recording, the DDA shall provide APD with an executed copy of this Agreement or the memorandum showing the recording information.

ARTICLE VI. OBLIGATION OF DDA PRIOR TO CLOSING

Section 6.01. Obligations of DDA Prior to Closing. During the period commencing on the Execution Date of this Agreement and ending on the Closing Date the DDA shall:

- a. maintain the Property in substantially the same condition as on the Execution Date of this Agreement;
- b. pay all costs and expenses and discharge all liabilities, obligations and claims arising out of its ownership of the Property;
- c. not enter into any agreement, lease, use, occupancy arrangement, easement or other agreement, other than with daily and monthly parkers, with respect to all or any portion of the Property without APD's prior written consent;
- d. not create, grant or accept any option to purchase, right of first refusal, installment sale agreement or other agreement for the leasing or sale of all or any portion of the Property without APD's prior written consent;
- e. not create or suffer any right, claim, lien or encumbrance of any kind whatsoever on all or any portion of the Property that would bind APD as the DDA's successor; and
- f. maintain the Property in compliance with all laws, statutes, ordinances, rules and regulations applicable thereto.

ARTICLE VII. PROJECT PLAN'S APPROVALS AND SCHEDULE

Section 7.01. Conceptual Plans. Prior to commencement of construction of the Project, APD shall, subject to Uncontrollable Circumstances, on or before February 15, 2014, submit to the DDA conceptual development plans for the Project (the "Conceptual Plans"). Such Conceptual Plans shall be promptly reviewed and approved by the Executive Director, which approval shall not be unreasonably withheld. For purposes of this Agreement the Executive Director shall be deemed to have approved all plans, specifications, drawings, reports or other documents comprising the Conceptual Plans to which he/she does not object to APD within fifteen (15) business days after receipt.

Section 7.02. Final Plans. Prior to commencement of construction of the Project, the Developer shall, subject to Uncontrollable Circumstances, on or before May 15, 2014, submit final development plans for the Project substantially in conformance with the Conceptual Plans (the "Final Plans"). Such Final Plans shall be promptly reviewed for substantial conformance with the Conceptual Plans and approved by the Executive Director, which approval shall not be unreasonably withheld. For purposes of this Agreement the Executive Director shall be deemed

to have approved all plans, specifications, drawings, reports or other documents comprising the Conceptual Plans to which he/she does not object to APD within fifteen (15) business days after receipt.

Section 7.03. Presentation of Plans. At the request of the DDA, APD shall assist the DDA in presenting the Conceptual Plans and Final Plans to the neighboring property owners and the community and shall make representatives of APD available at public meetings related to the Project.

Section 7.04. Requirements of Final Plans. The Final Plans submitted by APD to the DDA shall contain each of the following elements and conform to the following requirements and descriptions:

A. Site Plan. A dimensional site plan of minimum scale of one sixteenth (1/16) inch equals one (1) foot and conforming to the requirements of the City's Code of Ordinances, rules and regulations indicating the arrangement, location and setback of all proposed uses, including buildings, structures, signage, open space, loading areas, pedestrian areas and walkways and utilities.

B. Building Elevations. Architectural renderings prepared by a registered architect of all elevations of proposed buildings and structures.

C. Landscape Plans. A landscape plan by a registered landscape architect prepared to the same scale as the site plan showing (i) the appropriate location, common name species and size of proposed plantings, (ii) street furniture and (iii), if applicable, any irrigation systems.

D. Exterior Lighting Plan. An exterior lighting plan prepared to the same scale as the site plan indicating the location of all proposed exterior lighting and including the proposed level of illumination and specific design details to include light color, height of fixtures, illustration of design and applicable screening of light sources.

Section 7.05. Approvals and Permits. Prior to commencement and construction of the Project, APD shall obtain such approvals as may be required by the City's Code of Ordinances, rules and regulations and applicable State law (the "Applicable Laws"), including, but not limited to, site plan approval and any and all other applicable approvals required by and from the City's Planning Department and Planning Commission, and apply for and receive such permits as required by Applicable Laws. In addition, if required, APD shall obtain such City zoning ordinance variances as necessary in connection with the development and construction of the Project. Such required approvals, permits and zoning law variances shall be obtained in accordance with the Project Schedule referenced in Section 7.06 hereof.

Section 7.06. Schedule. The Project shall be developed and constructed by APD, subject to Uncontrollable Circumstances, in accordance with the schedule set forth in the attached Exhibit C (the "Project Schedule") and the terms and conditions of this Agreement.

Section 7.07. Progress Reports. APD shall provide the DDA during the term of this Agreement prior to the completion of the Project with written semi-annual reports within fifteen (15) days after the end of each 6-month period beginning with the period ending June 30, 2014, detailing the status of the Project.

ARTICLE VIII. APD REPRESENTATIONS AND WARRANTIES

Section 8.01. General. APD represents and warrants that:

- a. it is a Michigan limited liability company duly organized, validly existing and qualified to do business in the State;
- b. it has the right, power and authority to enter into, execute, deliver and perform this Agreement;
- c. the execution, delivery and performance by it of this Agreement has been duly authorized by all necessary action, and does not and will not violate its operating agreement, as amended and supplemented, any applicable provisions of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which it is now a party or by which it is now or may become bound;
- d. there are no actions or proceedings by or before any court, governmental body, board or any other administrative agency pending or, to the best of its knowledge, threatened or affecting it which would impair its ability to perform under this Agreement;
- e. it is not, as of the date of this Agreement, in default with respect to any indenture, loan agreement, mortgage, deed or any other agreement or instrument related to the borrowing of money to which APD is a party or by which it is bound;
- f. prior to Completion of the Project, it shall not, without the prior written consent of the Executive Director, (i) be a voluntary party to any liquidation or consolidation; (ii) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including, but not limited to, any fixtures or equipment now or hereafter attached thereto) except for a sale in the ordinary course of business; (iii) assume, guarantee, endorse or otherwise become liable in connection with the obligations of any other Person except in the ordinary course of business; or (iv) enter into any transaction outside the ordinary course of its business.
- g. it has not incurred and, prior to Completion of the Project, shall not, without the prior consent of the Executive Director, allow the existence of any lien against the Property other than liens for *ad valorem* property taxes, assessments and public water and sanitary sewer service fees and charges not yet past due, liens related to lender financing for the Project and liens for which it has obtained insurance, or incur any indebtedness secured or to be secured by the Property or any fixtures now or hereafter attached thereto except liens related to lender financing of the Project and except for liens

which APD prevents from enforcement or foreclosure by contest, payment, deposit, bond or order of the court or otherwise;

h. to the best of its knowledge, after due inquiry, no judgments are outstanding against it, nor is there now pending or threatened any litigation, contested claim or governmental proceeding by or against it or affecting it or its Property; or seeking to restrain or enjoin the performance by it of this Agreement or the transactions contemplated by this Agreement, or contesting the validity thereof;

i. to the best of its knowledge, after due inquiry, it is not in default with respect to any order, writ, injunction or decree from any court, government or regulatory authority or in default in any respect under any law, order, regulation or demand or any government authority or agency or instrumentality, a default under which would have a material adverse effect on it or its business; and

j. to the best of its knowledge, after due inquiry, there is no default by it or any other party under any material contract, lease, agreement, instrument or commitment to which it is a party or by which it or its properties is bound.

Section 8.02. Covenant to Construct. Upon APD's receipt of all required permits and government approvals, APD shall construct the Project in accordance with this Agreement and all exhibits attached hereto including specifically Exhibit C and the Final Plans, the Plans and Specifications (as identified in Section 9.01 hereof) and all federal, State and City laws, ordinances, rules, regulations applicable to APD, the Property and the Project.

Section 8.03. APD to Pay All Fees. APD shall pay all of the applicable fees, rates and charges in connection with the development and construction of the Project.

Section 8.04. Use Covenant. APD shall use the Property and the Project solely as permitted by this Agreement.

Section 8.05. Insurance. APD, at its sole expense, shall comply with all insurance coverage provisions contained in Article XI of this Agreement.

Section 8.06. APD Liabilities. APD shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder. The APD Representative shall immediately notify the DDA of any event or action which may materially affect its ability to perform its obligations under this Agreement.

Section 8.07. Survival of Warranties, Representations and Covenants. All warranties, representations and covenants of APD contained in this Article VIII, Article IX and elsewhere in this Agreement shall be true, accurate and complete at the time of the Execution Date of this Agreement and remain in effect during the term of this Agreement unless specifically provided otherwise in this Agreement.

ARTICLE IX. APD OBLIGATIONS

COVENANTS AND AGREEMENTS

Section 9.01. Covenant to Complete Project. APD shall construct the Project in substantial accord with the Final Plans, the plans and specifications submitted for building and other required permits (the "Plans and Specifications") within the time periods specified in the Project Schedule and in material compliance with all applicable laws, ordinances, rules and regulations subject to (i) the completion by the DDA of its obligations that may be conditions thereto, (ii) the issuance of permits and governmental approvals for which timely application is made and (iii) Uncontrollable Circumstances.

Section 9.02. Application for Building Permits and Governmental Approvals. Unless otherwise permitted by the DDA in writing, APD shall not later than July 15, 2014, (which may be extended due to Uncontrollable Circumstances), have filed for all necessary building permits and other governmental approvals. If APD has not done so, the DDA may notify APD in writing that the DDA desires to repurchase the Property (the "Repurchase Notice"). If APD does not file for such building permits and other governmental approvals within thirty (30) days of receipt of the Repurchase Notice, APD shall have forty-five (45) days after APD's receipt of the Repurchase Notice to clear title or arrange to clear title to the Property of any liens and encumbrances and return the status of title of the Property to the same condition as it was when the DDA conveyed the Property to APD. The amount paid for the Property shall equal the Net Purchase Price paid by APD to the DDA less any amount expended by the DDA to clear title to the condition it was when the DDA conveyed the Property to APD (the "Repurchase Price"). Any mortgage or other lien encumbering the Property (the "Property Liens") shall be an offset from the Repurchase Price otherwise payable to APD hereunder. In the event the Property Liens encumbering the Property are for an amount in excess of the Repurchase Price, APD shall be obligated to pay off the excess amount prior to reconveyance of the Property back to the DDA. APD shall cause any mortgagee of the Property or any portion thereof to release its lien on the Property upon repurchase of the Property by the DDA. APD shall reconvey the Property to the DDA by warranty deed.

APD, at its sole expense, shall have the obligation to take all steps necessary to seek any and all permits, variances, licenses and other approvals for the Project.

Section 9.03. Commencement of Construction. Unless otherwise permitted by the DDA in writing, APD shall commence construction of the Project no later than September 1, 2014, subject to extension due to Uncontrollable Circumstance. If APD has not done so, the DDA may notify APD in writing that the DDA desires to repurchase the Property (the "Repurchase Notice"). If APD does not commence construction of the Project within thirty (30) days of receipt of the Repurchase Notice, then the APD shall have forty-five (45) days after APD's receipt of the Repurchase Notice to clear the Property of any liens and encumbrances and return the status of title of the Property to the same condition as it was when the DDA conveyed the Property to APD. The amount paid for the Property shall equal the Net Purchase Price paid by APD to the DDA less any amount expended by the DDA to clear title to the condition it was when the DDA conveyed the Property to APD (the "Repurchase Price"). Any mortgage or other lien encumbering the Property (the "Property Liens") shall be an offset from the Repurchase Price otherwise payable to APD hereunder. In the event the Property Liens encumbering the

Property are for an amount in excess of the Repurchase Price, APD shall be obligated to pay off the excess amount prior to reconveyance of the Property back to the DDA. APD shall cause any mortgagee of the Property or any portion thereof to release its lien on the Property upon repurchase of the Property by the DDA. APD shall reconvey the Property to the DDA by warranty deed. For purposes of this Section 9.03 the phrase "commence construction" shall mean the commencement of material earth moving at the Property.

Section 9.04. Completion Guaranty. APD shall pay a completion guaranty of Two Hundred Fifty Thousand Dollars (\$250,000) (the "Completion Guaranty") to the DDA on the date APD acquires the Property to be held in escrow by the DDA and paid to the DDA if APD fails to achieve Completion of the Project within the time provided in Section 9.05 hereof, *provided, however*, such guaranty shall not be required if APD provides documentation reasonably acceptable to the DDA that it has committed financing to complete the Project. If the completion date milestone is met, the DDA shall return the Completion Guaranty to APD within ten (10) days of the completion of the Project. If the DDA is entitled to the Completion Guaranty, it may be used as the DDA shall solely determine..

Section 9.05. Completion of the Project. If construction of the Project has commenced and completion of the Project has not occurred by April 1, 2016, subject to extension due to Uncontrollable Circumstances, the DDA shall notify APD in writing. If APD does not achieve Completion of the Project within forty-five (45) days of receipt of such notice, the DDA shall be entitled to retain the Completion Guaranty, if any, and use it as the DDA shall solely determine.

ARTICLE X. DDA REPRESENTATIONS AND WARRANTIES

Section 10.01. General. The DDA represents, warrants and covenants that:

- a. it is a statutory authority created by the City under the laws of the State with the power and authority to enter into this Agreement and to consummate all of the transactions contemplated hereby;
- b. execution of this Agreement and the consummation of all of the transactions contemplated hereby will not result in any breach of, or constitute a default under, any agreement, contract, lease, mortgage, indenture, deed or other instrument to which the DDA is a party;
- c. there are no actions, suits or proceedings pending, or to the knowledge of the DDA threatened, against or affecting the DDA, at law or in equity, or before any governmental authority, which, if adversely determined, would impair the DDA's ability to perform its obligations under this Agreement; and
- d. all actions of the DDA Board required to be taken to authorize execution of this Agreement have been validly and duly taken and the Chairperson of the DDA Board has been duly authorized to execute this Agreement for and on behalf of the DDA.

ARTICLE XI. INDEMNIFICATION AND INSURANCE

Section 11.01. Indemnification. Except for matters arising out of the willful misconduct or gross negligence of the DDA, its officers, boardmembers, employees or agents (the "Indemnified Parties"), APD hereby agrees to indemnify, defend and hold the Indemnified Parties harmless from and against any cost, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys fees and court costs) suffered or incurred by the Indemnified Parties arising from or in connection with (i) the work performed by APD, its employees, agents and contractors related to the Project or under this Agreement, (ii) material misrepresentations of APD in this Agreement or any information APD is required to provide the DDA pursuant to this Agreement, (iii) the failure of APD to promptly cure or otherwise correct any material misrepresentations or omissions of APD in this Agreement or any other agreement related hereto, or (iv) any violation which occurred during the time APD owned and/or controlled the Property or any portion thereof, of any applicable law, statute, rule or regulation related to the protection of the environment (an "Environmental Violation"), which occurs or is alleged to have occurred upon the Property or in connection with the imposition of any governmental lien for the recovery of environmental clean-up costs expended by reason of an Environmental Violation, provided that to the extent that the DDA is strictly liable or alleged to be strictly liable in respect to the Property under any Environmental Law, statute, rule or regulation as a result of an Environmental Violation, APD's obligations to the Indemnified Parties shall be without regard to fault on the part of APD, who will also indemnify the Indemnified Parties with respect to the Environmental Violation which results in liability to the Indemnified Parties. The indemnity related to (iv) above shall not apply to any act or omission resulting in an Environmental Violation which arises from the DDA's own negligence or which arose on any portion of the Property prior to the date on which APD acquired the Property.

Section 11.02. All Risk Insurance. APD shall, at its own expense, cause the Project to be insured against loss or damage by fire, windstorm, hail, explosion, riot and civil commotion, smoke damage, and such other risks as are from time to time included in "extended coverage" endorsements (including during construction thereof builder's risk insurance) in an amount and form so that the proceeds are sufficient to provide for actual replacement of the improvements. Said policies of insurance shall, if reasonably available, provide for waivers of subrogation and shall name the DDA and the City as an additional insureds.

Section 11.03. General Liability Insurance. APD shall, at its own expense maintain or cause to be maintained general liability insurance against claims for personal injury or death and property damage occurring upon, in or about the Property and the Project with coverage in an amount not less than Two Million Dollars (\$2,000,000) with respect to injury or death to one or more persons arising out of any one occurrence and an amount of not less than One Million Dollars (\$1,000,000) with respect to damage to property per occurrence. Said insurance shall, if reasonably available, provide for waivers of subrogation and shall name the DDA and the City as an additional insureds.

ARTICLE XII. DEVELOPMENT SUPPORT REIMBURSEMENT

Section 12.01. Eligible Costs. In connection with the development and construction of the Project, APD will incur the costs for the Public Facility Improvements in an amount of not to exceed \$ _____ as set forth in Exhibit D attached hereto (the "Eligible Costs").

Section 12.02. Capture of Taxes. In accordance with the Plan, Project Tax Increment Revenues will be captured and transmitted to the DDA. It is agreed that Project Tax Increment Revenues exclude those Tax Increment Revenues realized from the Project from operating tax levies of the Grand Rapids Public Schools and the Kent Intermediate School District and the State Education Tax, all of which may not in accordance with Act 197 be used to pay for, or reimburse the cost of, the Public Facility Improvements.

Section 12.03. Conditions Precedent to Reimbursement. APD shall meet each of the following conditions in order to be entitled to reimbursement of Eligible Costs:

a. The APD's investment in the Project, exclusive the Purchase Price of the Property, must be at least \$20,000,000 which APD shall document and verify to the reasonable satisfaction of the DDA.

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

c. The Project shall be located in the Development Area.

d. The Project shall conform to all applicable City building code and zoning ordinance requirements.

e. Construction of the Project shall commence within two (2) years of the Effective Date of this Agreement.

Section 12.04. Submission of Eligible Costs. For those Eligible Costs for which APD seeks reimbursement from the DDA pursuant to the Policy, APD shall submit to the DDA the following, all of which must be reasonably satisfactory to the DDA:

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

b. a written explanation of the calculation of the costs reasonably acceptable to the DDA;

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

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

Section 12.05. Reimbursement Payments.

a. Subject to the conditions contained in Section 12.4 above and the limitations contained in Section 12.6 below, Seventy-Five Percent (75%) of the Project Tax Increment Revenues received annually by the DDA on and after completion of the Project (the "Start Date"), shall be paid to APD until APD has been reimbursed for Eligible Costs of Public Facility Improvements in an amount not to exceed \$_____ without interest. Except as otherwise provided in Section 12.6 below, the DDA shall have no obligation to reimburse APD for Eligible Costs from Project Tax Increment Revenues captured and received by the DDA after December 31 of the fifteenth (15th) year after the Start Date (the "Termination Date").

b. The DDA shall pay APD the amounts for which submissions have been made pursuant to Section 12.4 above within thirty (30) days after the DDA receives Project Tax Increment Revenues after the Start Date from which the submission may be wholly or partially paid. If partial payment is made by the DDA because of insufficient Project Tax Increment Revenues, the DDA shall make additional payments toward the remaining amount payable within thirty (30) days of its receipt of additional Project Tax Increment Revenues until (i) APD has been fully paid Eligible Costs or (ii) the Termination Date (as such date may be extended pursuant to Section 12.6 below) whichever occurs first.

Section 12.06. Limitation on Reimbursement. The obligation of the DDA to reimburse APD for Eligible Costs pursuant to Section 12.5 hereof shall be subordinate to the payment of existing and future debt obligations of the DDA. To the extent that such obligations are an "eligible advance," "eligible obligation" or "other protected obligation" as defined in Act 197 and school tax increment revenues, i.e., Grand Rapids Public Schools and Kent Intermediate School District operating tax levies and the State Education Tax levy received by the DDA in any fiscal year of the DDA are not sufficient to pay debt service on such obligations in such fiscal year, a pro rata portion of the Project Tax Increment Revenues received by the DDA from the Property in the same percentage of all other non-school tax increment revenues received by the DDA in such fiscal year and used to pay debt service on such obligations shall be used to pay such debt service. For all other existing and future debt service obligations of the DDA, a percentage of the Project Tax Increment Revenues received by the DDA each fiscal year equal to the percentage of all other non-school tax increment revenues received by the DDA in such fiscal year and used to pay debt service on such obligations may be used to pay debt service on such obligations in such fiscal year. To the extent Project Tax Increment Revenues are used to pay debt service on DDA debt obligations pursuant to this Section 12.6, the Termination Date shall be extended an appropriate time to reflect such use of Project Tax Increment Revenues, *provided, however*, the Termination Date may not be extended beyond the term of the Plan.

Section 12.07. Adjustments in Reimbursement. If due to an appeal of any tax assessment of all or any portion of the Property, or for any other reason, the DDA is required to reimburse any Project Tax Increment Revenues (that have been used to reimburse APD for Eligible Costs) to the City or any other tax levying governmental entity, the DDA may deduct

the amount of any such reimbursement, including interest, penalties and other amounts due in relation thereto, from any amounts due and owing to APD. If all amounts due APD under this Article XII have been fully paid or the DDA is no longer obligated to make any further payments to APD, the DDA shall invoice APD for the amount of such reimbursement, including interest, penalties and other amounts due in relation thereto, and APD shall pay the DDA such invoiced amount within thirty (30) days of APD's receipt of the invoice. Nothing in this Agreement shall limit the right of APD or any other owner of any portion of the Property to appeal any tax assessment. Amounts invoiced to APD and paid to the DDA by APD pursuant to this Section 12.7, excluding interest, penalties and other amounts due in relation thereto, shall be reinstated as Eligible Costs for which APD shall have the opportunity to be reimbursed in accordance with the terms, conditions and limitations of this Agreement.

Section 12.08. Term of Reimbursement. The obligation of the DDA to reimburse APD for Eligible Costs from Project Tax Increment Revenues shall terminate the sooner of (i) the date the DDA fully reimburses APD for Eligible Costs or (ii) the Termination Date as it may be extended pursuant to Section 12.6 above.

ARTICLE XIII. ASSIGNMENT

Section 13.01. Assignment to APD Affiliate. APD shall have the right to transfer any or all of its interest in the Property and the Project and this Agreement to an APD Affiliate and such assignment shall transfer to the APD Affiliate all of APD's rights, duties, obligations, covenants, undertakings and liabilities hereunder and the APD Affiliate by accepting such assignment shall assume in writing all of APD's rights, duties, obligations, covenants, undertakings and liabilities hereunder.

Section 13.02. Other Assignment Requirements. The following shall apply with respect to assignments:

a. Except as provided in Section 13.01 hereof, this Agreement is personal and may not be assigned prior to Completion of the Project without the prior written approval of the DDA.

b. After Completion of the Project, this Agreement may be assigned to any Person, without approval of, but upon written notice to, the DDA.

Section 13.03. Leasing. Notwithstanding the foregoing restrictions on transfers and assignments in this Article XIII, APD and APD Affiliates are permitted to lease or sublease all or any portion of the Project by and among one another and to third parties so long as the lease or sublease is and remains subject to the terms of this Agreement.

ARTICLE XIV. TERM OF AGREEMENT, RECORDING, BINDING EFFECT, RIGHTS AND REMEDIES

Section 14.01. Term. The term of this Agreement shall commence as of the Execution Date and shall end fifteen (15) years after Completion of the Project, unless extended pursuant to

Section 12.06 hereof or otherwise terminated in accordance with the provisions of this Agreement.

Section 14.02. Recording. The DDA and APD agree to execute and deliver an original copy of this Agreement in proper form for recording with the Kent County, Michigan Register of Deeds and further agree that this Agreement or a memorandum thereof shall be recorded with the Kent County, Michigan Register of Deeds to evidence the obligations and covenants contained herein, each of which shall, upon such recording run with the land and bind the Property and each successor of interest of APD until this Agreement has been terminated or by written instrument signed by the DDA and APD.

Section 14.03. Binding Effect. This Agreement shall bind the parties hereto and their successors and assigns.

Section 14.04. Rights and Remedies. Except to the extent expressly limited herein, both the DDA and APD shall have the right to avail itself of any equitable or legal right or remedy to enforce the provisions hereof.

ARTICLE XV. MISCELLANEOUS

Section 15.01. Relocation of Sanitary Sewer and Signal Box and Additional Public Infrastructure/Sitework Improvements. The DDA agrees, provided APD has complied with the terms and conditions of this Agreement, to, at its cost, (i) relocate the twelve (12) inch public sanitary sewer located along and within the northern boundary of the Property at an estimated cost of \$65,800, (ii) relocate an electric signal box located on the Property at an estimated cost of \$40,000 and (iii) undertake certain additional public infrastructure/sitework improvements as identified in the attached Exhibit E at a total estimated cost of \$185,501. The relocation shall be coordinated between the DDA and APD to enable the APD to meet the Project Schedule attached as Exhibit C to this Agreement for Completion of the Project.

Section 15.02. Signs. APD may erect signs on the Property prior to and during construction of the Project in conformity with the City Code of Ordinances, rules and regulations. At least one of the signs shall identify the DDA as a financial supporter of the Project.

Section 15.03. Construction Staging. The DDA and APD shall cooperate with each other to assure that construction of the Project is carried out in a manner that minimizes the negative impact and inconvenience to the surrounding neighborhood. The DDA and APD shall agree upon procedures governing staging, staging areas, pedestrian and vehicular traffic control, construction boundaries, worker parking and other matters related to the construction of the Project.

Section 15.04. Time of Essence. Time is of essence with respect to this Agreement and, therefore, all dates and terms shall be strictly adhered to unless waived in writing by the parties hereto.

Section 15.05. DDA Review and Approval. Whenever in this Agreement, the DDA or the Executive Director are required to approve plans, specifications, drawings, reports or other documents (the "Documents"), such Documents shall be deemed to have been approved unless the DDA or Executive Director shall object in writing to APD within fifteen (15) business days after receipt of such Documents.

Section 15.06. Extension of Time. In the event APD requires an extension of time for any of the milestone events identified in the Project Schedule, because of an Uncontrollable Circumstance, APD shall notify the DDA in writing indicating the reason(s) for such extension and the estimated number of days of the extension. If APD requires an extension for other than Uncontrollable Circumstances, it shall request an extension in writing from the DDA. Such request shall indicate the reason(s) and the amount of additional time being requested. Except as otherwise provided in Section 12.6 hereof, any extension other than for Uncontrollable Circumstances shall be at the sole discretion of the DDA.

Section 15.07. Non-Discrimination. APD agrees not to discriminate against any employee or applicant for employment to be employed in the performance of services under this Agreement with respect to hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, handicap or marital status. Breach of this covenant may be regarded as a material breach of this Agreement as provided for in Act 453 of the Public Acts of Michigan of 1976, as amended, entitled the "Michigan Civil Rights Act." APD also agrees that it will require similar non-discrimination covenants from all subcontractors under this Agreement and all contractors and subcontractors related to the development and construction of the Project.

Section 15.08. Amendment. Except as otherwise may be expressly permitted in this Agreement, this Agreement and any of the exhibits attached hereto may not be amended except in writing by a document signed by both parties.

Section 15.09. No Other Agreements. Except as may otherwise be expressly provided in this Agreement, this Agreement supersedes all prior agreements, negotiations and discussions relative to the subject matter hereof and represents the full understanding of the parties with respect to such subject matter.

Section 15.10. Consent. Except as otherwise provided in this Agreement, whenever consent or approval of either party is required herein, such consent or approval shall not be unreasonably withheld.

Section 15.11. Remedies Cumulative. The remedies of either the DDA or APD hereunder are cumulative and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of the other remedies of such party unless specifically so provided herein.

Section 15.12. Governing Law. This Agreement shall be construed in accordance with the laws of the State and any action brought in law or equity arising out of its construction or

enforcement shall be filed in the Circuit Court for the 17th Judicial District of Michigan (Kent County Circuit Court) or in the United States District Court for the Western District of Michigan, Southern Division.

Section 15.13. Notices. All notices or other communications hereunder shall be sufficiently given and shall be deemed given when in writing and dispatched by regular, registered or certified mail, postage prepaid or hand delivered, addressed or delivered as follows:

If to the DDA:

City of Grand Rapids, Downtown Development Authority
29 Pearl Street, N.W., Suite 10
Grand Rapids, Michigan 49503
Attention: Executive Director

With copy to;
Dickinson Wright PLLC
200 Ottawa Avenue, N.W.
Suite 1000
Grand Rapids, Michigan 49503
Attention: Richard A. Wendt

If to APD

Arena Place Development, LLC
32 Market Avenue, S.W.
Suite 200
Grand Rapids, Michigan 49503
Attention: John Wheeler

With copy to:
Arena Place Development, LLC
32 Market Avenue, S.W.
Suite 200
Grand Rapids, Michigan 49503
Attention: Gary Postma

The parties hereto may, by notice given hereunder, designate any further or different address to which subsequent notices or other communications may be sent.

Section 15.14. Counterparts. This Agreement may be executed by the parties hereto in counterparts, each of which shall be an original and both of which, when taken together, shall constitute a single agreement.

Section 15.15. Successors and Assigns. The terms, conditions, covenants and restrictions of this Agreement shall extend and apply to and bind the successors and assigns of the DDA and APD.

Section 15.16. Severability. The invalidity or enforceability of any provision or part of any provision of this Agreement shall not affect the other provisions or parts hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions or parts were omitted, provided, that removal of such provisions or parts does not materially change the terms and provisions of this Agreement and the intent of the parties hereto.

Section 15.17. Survival of Agreement. This Agreement shall not be merged into any instruments or documents executed and delivered at Closing, but shall survive the Closing and the representations, warranties, covenants and obligations herein shall remain in full force and effect.

Section 15.18. No Partnership or Joint Venture. The DDA and APD are not partners, fiduciaries or joint ventures and nothing in this Agreement creates or will create the relation of partners, fiduciaries or joint ventures between them. Without limiting the generality of the foregoing, each is acting independently, is obligated to separately account for its respective activities and expressly disclaims any fiduciary duty to the other.

Section 15.19. No Third Party Beneficiaries. The terms, conditions, obligations and benefits of this Agreement are intended solely for the parties hereto. No third party is an intended beneficiary of this Agreement nor is entitled to enforce the provisions hereof.

Section 15.20. Additional Documents. Each party hereto agrees to execute any additional documents reasonably requested by the other party to carry out the intent of this Agreement.

Section 15.21. DDA and City Use of the Property for Parking. Continuing on and after the date that APD acquires the Property pursuant to this Agreement, the DDA and City shall have the right to continue to operate the Property as a surface parking lot and retain the revenues received therefrom. The DDA and City shall vacate the Property and deliver possession of the Property to APD no later than 30 days after APD gives the DDA and City written notice ("Notice of Intent") of its intent to commence construction of the Project (the "Possession Date"). If APD shall not commence construction within 60 days following the Possession Date, the right of the City and/or DDA to operate the Property as a surface parking lot shall be reinstated and a new Notice of Intent will be required before possession will again be returned to APD.

During the time that the DDA and/or City has possession of the Property pursuant to the provisions of this Section 15.21, the DDA agrees to indemnify and hold APD harmless from and against any and all claims, damages, demands, expenses, liabilities and losses of any character or nature whatsoever arising out of or resulting from any injury or damage to person or property with respect to the DDA's and the City's and their respective invitees' use of the Property during such period. The indemnification obligation provided above shall include the payment of all reasonable attorneys' fees and other expenses of defense. The DDA shall have the option to settle such claim, demand or liability on such terms it shall determine. In providing the above indemnification, the DDA is not waiving any defense otherwise available to it by law. The DDA

shall not be responsible for the indemnification obligation set forth above to the extent that APD has waived a defense that was otherwise available to it by law.

IN WITNESS WHEREOF, the DDA and APD have caused these presents to be signed by their respective duly authorized officer and member as of the date and year first written above.

**CITY OF GRAND RAPIDS
DOWNTOWN DEVELOPMENT
AUTHORITY**

By: _____
Brian Harris, Chairperson

ARENA PLACE DEVELOPMENT, LLC

By: _____
John Wheeler, Member

STATE OF MICHIGAN)
) ss.
COUNTY OF KENT)

The foregoing instrument was acknowledged before me this ____ day of January, 2014, by Brian Harris, the Chairperson of the Board of Directors of the City of Grand Rapids, Downtown Development Authority.

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

STATE OF MICHIGAN)
) ss.
COUNTY OF KENT)

The foregoing instrument was acknowledged before me this ____ day of January, 2014, by John Wheeler a member of Arena Place Development, LLC.

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

EXHIBIT A

Legal Description of Property

LOTS 13, 15, 17, 19, 21, 23, 25 AND 27 OF THE CALDER STREET BLOCK OF KENT PLAT, CITY OF GRAND RAPIDS, KENT COUNTY, MICHIGAN, AS RECORDED IN LIBER 1 OF PLATS, PAGE 4 AND 5, KENT COUNTY RECORDS, TOGETHER WITH THE EAST HALF OF THE VACATED CALDER STREET ALLEY (NOW KNOWN AS OTTAWA AVENUE ALLEY) (20 FEET WIDE) ADJACENT TO THE WEST. PERMANENT PARCEL NO. 41-13-25-431-003.

EXHIBIT B

Covenant Deed

THE GRANTOR: CITY OF GRAND RAPIDS DOWNTOWN DEVELOPMENT
AUTHORITY, a Michigan statutory authority

WHOSE ADDRESS IS: 29 Pearl Street, S.W., Suite 10, Grand Rapids, Michigan 49503

GRANTS and CONVEYS
TO THE GRANTEE: ARENA PLACE DEVELOPMENT, LLC, a Michigan limited
liability company

WHOSE ADDRESS IS: 32 Market Avenue, S.W., Suite 200, Grand Rapids, Michigan
49503

the real estate situated in the City of Grand Rapids, Kent County, Michigan, more fully described on **Exhibit A** attached to this Deed, together with all improvements, fixtures, easements, hereditaments and appurtenances associated with the real estate ("**Property**"), subject to (a) easements and restrictions of record; (b) taxes and assessments not yet due and payable; (c) any matters that would be disclosed by an accurate ALTA/ACSM Land Title Survey and (d) the Development Agreement between the Grantor and Grantee dated as of January 8, 2014.

The Grantor shall defend title to the Property from and against all lawful claims and demands of all parties claiming by, through, or under the Grantor, but against no other parties.

This Deed is given for the consideration shown in the Real Estate Transfer Tax Valuation Affidavit filed with this Deed.

[Signatures on Page 2]

Dated: _____, 2014

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

By: _____
Brian Harris, Chairperson

STATE OF MICHIGAN)
) ss.
COUNTY OF KENT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by Brian Harris, the Chairperson of the Board of Directors of the City of Grand Rapids Downtown Development Authority, a Michigan statutory authority.

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

Prepared by:
Richard A. Wendt, Esq.
Dickinson Wright PLLC
Suite 1000
200 Ottawa Avenue, N.W.
Grand Rapids, Michigan 49503

EXHIBIT A

Legal Description of Property

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EXHIBIT C

Project Schedule

<u>Milestone Event</u>	<u>Development Agreement Section Reference</u>	<u>Completion/Deadline Date</u>
APD Acquires Property	4.01	June 27, 2014
Completion and submission to DDA of Project Conceptual Plans	7.01	February 15, 2014
Completion and submission to DDA of Project Final Plans	7.02	May 15, 2014
APD files for necessary building permits and other governmental approvals	9.02	July 15, 2014
APD commences construction of Project	9.03	September 1, 2014
APD completes construction of Project	9.05	April 1, 2016

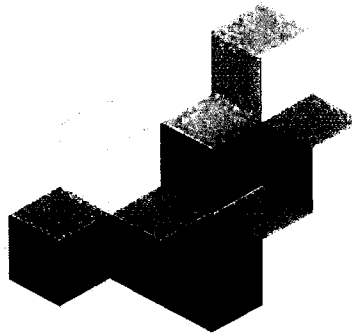
EXHIBIT D

Public Facility Improvements and Estimated Costs

EXHIBIT E

Public Infrastructure/Sitework Improvements and Estimated Costs

<u>Item</u>	<u>Estimated Cost</u>
Property demolition, excavation, backfill and infill	\$35,271
Public sidewalks	64,480
Tree grates	12,750
Landscaping	15,000
Public accessories	45,000
Ramps and curbs	7,000
Public drainage	<u>6,000</u>
Total	\$185,501



DOWNTOWN
GRAND RAPIDS INC.

DOWNTOWN INC MEDIA COVERAGE REPORT
December 2013

Downtown Grand Rapids Inc joins efforts of several groups under one roof – 12/4/13 (The Raptidian)
<http://theraptidian.org/downtown-grand-rapids-inc-joins-efforts-several-groups-under-one-roof>

Downtown Grand Rapids Inc. announces prize package to lure holiday shoppers downtown – 12/9/13 (MLive)
http://www.mlive.com/business/west-michigan/index.ssf/2013/12/downtown_grand_rapids_inc_anno.html

Downtown shoppers enter for New Year's Eve prize – 12/10/13 (GRBJ)
<http://www.grbj.com/blogs/2-the-social-buzz/post/78512-downtown-shoppers-enter-for-new-years-eve-prize>

Grand Rapids Innovation Central High School campus to be included in new Downtown Plan – 12/12/13 (MLive)
http://www.mlive.com/news/grand-rapids/index.ssf/2013/12/grand_rapids_innovation_centra.html

Students awarded for winning window art – 12/16/13 (WZZM 13)
<http://www.wzzm13.com/news/article/275951/14/Students-awarded-for-winning-window-art>

Window Wonderland Winners Announced – 12/16/13 (WOOD TV)

<http://www.woodtv.com/news/local/grand-rapids/window-wonderland-2013-winners-announced>

Window Wonderland winners announced in downtown Grand Rapids storefront window display competition – 12/16/13 (MLive)

http://www.mlive.com/entertainment/grand-rapids/index.ssf/2013/12/window_wonderland_winners_anno.html#incart_river_default

Downtown picks Window Wonderland winners – 12/16/13 (GRBJ)

<http://www.grbj.com/blogs/2-the-social-buzz/post/78556-downtown-picks-window-wonderland-winners>

Story Matters: Kimberly VanDriel shares what convinced her to move back to Grand Rapids – 12/16/13 (The Raptidian)

<http://theraptidian.org/story-matters-kimberly-vandriel-shares-what-convinced-her-move-back-grand-rapids>

New downtown ambassador program could arrive in Ann Arbor by next summer – 12/19/13 (MLive)

http://www.mlive.com/news/ann-arbor/index.ssf/2013/12/ann_arbor_dda_discussing_optio.html

A great rebound year for development downtown – 12/20/13 (GRBJ)

<http://www.grbj.com/articles/78578-a-great-rebound-year-for-development-downtown>

Parklets may take over parking spaces this spring – 12/20/13 (GRBJ)

<http://www.grbj.com/articles/78599-parklets-may-take-over-parking-spaces-this-spring>

Couple wins New Year's Eve on the town, thanks to their downtown shopping habits – 12/31/13 (MLive)

http://www.mlive.com/business/west-michigan/index.ssf/2013/12/couple_wins_new_years_eve_nigh.html

Downtown names winner of shopping contest – 12/31/13 (GRBJ)

<http://www.grbj.com/blogs/2-the-social-buzz/post/78664-downtown-names-winner-of-shopping-contest>