

# MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

Wednesday, October 8, 2014

8:30 a.m. Meeting

Room 601, City Hall

## AGENDA

1. Call to order
2. Approve Meeting Minutes from September 10, 2014 (8:31).....Motion      Harris  
(enclosure)
3. Accept September 30, 2014 Financial Statements (8:33).....Motion      Wallace  
(enclosure)
4. Approve Contract for Holiday Décor (8:38).....Motion      Cech  
(enclosure)
5. Approve Lease Amendment with Grand Rapids Downtown Market (8:48).....Motion      Larson  
(enclosure)
6. Approve Contract for Web Design and Content Management System (8:58).....Motion      Larson  
(enclosure)
7. Approve Development Support for Waters Building (9:08).....Motion      Pratt  
(enclosure)
8. Amend Development Support Agreement for Bridgewater Place (9:18).....Motion      Pratt  
(enclosure)
9. Special Events Optimization Update (9:23).....Info Item      Larson
10. GR Forward Update (9:33).....Info Item      Kelly
11. DGRI President & CEO Report (9:48).....Info Item      Larson
12. Public Comment (9:53)
13. Board Member Discussion (9:57)
14. Adjournment

MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

September 10, 2014

1. Call to Order – The meeting was called to order at 8:31 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, Diana Sieger

Others Present: Kristopher Larson (Executive Director), Mary Sierawski (DDA Executive Asst/Office Manager), Jana Wallace (DDA Treasurer), Eric Pratt, Tim Kelly, Bill Kirk, Kim Van Driel, Brian Hedrick, Mandy Cech (staff), Marcia Warner (GRPL), Kimberly Miller (City of GR Parking Services), Tom Damitio, Matt Knaack (Stay Hostel), Kevan Chapman (Wondergem), Marc Thompson (WOOD), Pete Daly (GRBJ), Matt VandeBunte (MLive), and others.

3. Approval of Minutes of August 13, 2014

*Motion: Mayor George Heartwell, supported by Jane Gietzen, moved approval of the minutes of the August 13, 2014 DDA meeting as presented. Motion carried unanimously.*

4. Accept August 31, 2014 Financial Statements

Ms. Wallace provided preliminary financial statements for the period ending August 31, 2014, including: Statement A: Balance Sheet; Statement B; Comparison of FY2014 Budget vs Actual Results; Statement C: Statement of Project Expenditures; Statement D: Schedule of July and August 2014 Expenditures.

Ms. Wallace said this is the first set of financial statements for the Authority's fiscal year ending June 30, 2015 and that the budgets on Statement B and C have been updated to reflect the FY2015 budgets approved by City Commission in June and then adopted by the Authority in July. Ms. Wallace said fourteen projects were completed in FY14 and fourteen more projects were added for FY15.

*Motion: Jane Gietzen, supported by Kayem Dunn, moved to approve Statement D: Schedule of July and August 2014 Expenditures as recommended. Motion carried unanimously.*

5. Amend Lease Agreement with City of Grand Rapids

Mr. Harris made an amendment to the name of this agenda item from 'approving lease' to 'amending lease'. Mr. Larson said upon the launch of the Safety Ambassador program in September 2013, DGRI entered into a six-month lease with the City of Grand Rapids via the Parking Services department for a very small space that functions as a deployment hub. That lease included a single six-month renewal option. Mr. Larson said the amended lease agreement would extend the lease term to a month-to-month basis with a modest rental rate increase of 3% for the extended occupancy period. Mr. Larson added that as the program matures into its second year, DGRI staff are working with the program's Operations Manager to determine the optimal location for a more permanent deployment hub.

*Motion: Jane Gietzen, supported by Kayem Dunn, moved to approve the amended lease terms as described in the attached resolution and agreement. Motion carried unanimously.*

6. Approve Lease Amendment with Grand Rapids Downtown Market

Mr. Larson said in January 2012, the DDA entered into a ground lease with the Grand Rapids Downtown Market (GRDM). That agreement outlined various elements of the relationship between the DDA and GRDM. Mr. Larson said originally, we did not know how the assessor would value the property. As plans for the GRDM were developed, financial estimates began to emerge based on assumptions of new increment that would be captured by the DDA. Mr. Larson said the attached agreement amendments would effectively recalibrate the placeholder figure of \$42,000 to reflect the current projections of minimum taxes of \$29,000 to be captured by the DDA. Mr. Wendt said the annual DDA commitment to debt service is \$75,000 per year, but that some of this debt service goes towards the Brownfield and the market makes up the difference. Mr. Wendt said we now know with certainty what the taxable value is and that the GRDM will make up the difference of \$29,000, effective this fiscal year, which is the first year the GRDM has been put on the tax roll. Mr. Winn asked if this number is going to be adjusted annually. Mr. Larson said that Mr. Klooster in the Economic Development office and Ms. Wallace have made projections for the upcoming years. Mr. Harris added that it is unlikely the number would change from year to year. Mr. Larson said the intention today is to amend the first agreement as it was just a projection of what we thought the tax value would be. Ms. Gietzen asked what caused the differential. Mr. Wendt said we never really knew what the space occupancy would be originally and now we have a better idea of occupancy. Ms. Dunn said that Michigan State University doesn't cause an exception and that the GRDM pays for the entire property tax. Ms. Wallace added that the Kent ISD is not on the tax roll for real property. Mr. Talen said he didn't know properties weren't taxed based on use. Mr. Wendt said it's because in this case, a non-profit owns the building that a non-profit leases. Mr. Wendt said that the first floor vendors are leased for profit and that those spaces are subject to property taxes and that the GRDM is a non-profit, but within the agreement it states that the GRDM wouldn't seek an exemption from property tax because of their status. Mr. Wendt added that some, not all, of the property is excluded

from appraisal, resulting in a combination of properties, some on the tax roll and some not. Mr. Talen said his understanding was that in order to get the Brownfield revenue that the property needed to be held by a for-profit in order to get the capture and he would like clarification on who owns the GRDM—a for-profit or a non-profit. Ms. Wallace explained the history of the GRDM's property value. Mr. Harris said this is a complex and fluid issue and both parties involved were very creative in how this agreement was created. Mr. Talen said he is uncomfortable supporting this amendment at this point without explanation of the 40% difference, and said he feels as though something else is involved and would like to understand the basis for this difference. Mr. Harris said he would like to proceed with a motion if the Board is compelled to do so. The Board agreed they would table this agenda item until further explanation can be provided. Mr. Harris said this item will be suspended for further review. Mr. Talen asked if the agenda item is tabled, if there will be a detrimental effect on either party. Mr. Wendt said no, the Board may table this agenda item until the next meeting.

*Motion: Jim Talen, supported by Jane Gietzen, moved to table this agenda item. Motion approved unanimously. Ms. Dunn abstained due to her position on the Downtown Market Board.*

7. Execute Property Exchange Agreement with City of Grand Rapids

Mr. Larson said in December of 2011, the DDA approved a term sheet with the City of Grand Rapids that outlined a potential property exchange regarding 138 Weston Street SW (Area 1) and 125 Cherry St. SW (Area 5). Mr. Larson said the agreement was the result of development interest in Area 5, and reflected a mutual desire for the DDA to serve as the lead on the property disposition. Given the difference in physical area and resulting value between Areas 1 & 5, the Agreement also specified the amount of monetary compensation to be paid to the City by the DDA in the event that the property exchange would be executed. Mr. Larson said following the execution of the agreement, the DDA entered into a two-year option agreement for Area 5 with Jackson Entertainment, LLC. Since the execution of the term sheet, the Area 1 property was disposed separately, resulting in the need to execute the property exchange such that the DDA assumes ownership of Area 5 in the event that Jackson chooses to exercise its option. Mr. Larson said the execution of the property exchange would result in the DDA issuing immediate payment of \$2,077,514.50 to the City of Grand Rapids, plus \$130,248.55 with interest over ten installments commencing on December 1, 2015. All of these expenses were anticipated and appear in the approved FY15 DDA Budget and Priority Plan. Additionally, the City would convey ownership of Area 5 to the DDA within 60 days. Mr. Larson ended by saying that this Agreement also requires approval by the City Commission. Mayor Heartwell asked about the source of funds. Mr. Larson said this appears as line item on the DDA Non-tax increment fund. Mr. Talen asked about the revenue from Area 1 and how it was paid. Mr. Larson said the revenue came in one lump sum and was then transferred to the City of Grand Rapids. Mr. Wendt added that there is a requirement if Area 5 sells that the cash comes over all at one time. Mr. Talen asked if the DDA owns Area 4. Mr. Wendt responded yes.

*Motion: Mayor George Heartwell, supported by Jane Gietzen, moved to authorize the DDA Board Chair to exercise the attached Property Exchange Agreement and adopt the corresponding resolution. Motion carried unanimously.*

8. Approve Lease Agreement for GR Forward Open House Pop-Up

Mr. Kelly said that the GR Forward consultant, Interface, recommended the conversion of a vacant retail space into a visible and welcoming project headquarters. The purpose of this space is to host a series of Open Houses as well as other activities that will engage residents in discussions about all components of GR Forward. Mr. Kelly said after conversations and meetings with several community partners, CWD Real Estate notified staff of the availability of the space at 50 Louis St. NW, Suite 102, which was previously home to Lee & Birch. Mr. Kelly said given the location and visibility of the space, it is expected the location will help attract those not currently familiar with the ongoing GR Forward efforts. Mr. Kelly said that CWD has requested the execution of the attached Event License Agreement and that under the terms of the agreement, the DDA will use the space at no cost from September 15 through December 12. The landlord will maintain the right to terminate the agreement at any point after November 14 with fifteen (15) days written notice. Mr. Kelly said in exchange for free use of the space, any GR Forward materials produced advertising activities at the space will list CWD as a sponsor. Ms. Dunn asked if the space will be open past regular business hours. Mr. Kelly replied yes and that we will be open and available at different hours of the day. Mr. Kelly said the GR Forward team is currently working on staffing and hours. Mr. Harris asked if there will be similar outreach in adjacent neighborhoods. Mr. Kelly replied yes. Mr. Harris asked to be updated on the neighborhood outreach efforts as the plan moves forward. Mr. Kelly said he will give him an update at the next DDA Board Meeting.

*Motion: Jane Gietzen, supported by Rick Winn, moved to authorize the DDA Board Chair to execute the Event License Agreement between the Downtown Development Authority and CWD Real Estate. Motion carried unanimously.*

9. Movies in the Park Impact Report

Mr. Larson presented information from the Movies in the Park (MITP) Impact Report. Mr. Talen said he would be interested to see if people are coming down for the movie specifically, or if they are Downtown for other reasons. Mr. Larson said that topic was addressed within an actual question on the survey and that he is currently looking to obtain sales tax information from some Downtown partners to gather more specific data. Mr. Harris said the DDA Board should require other events to conduct the same type of survey so that we can make sure our investments have real return on investment (ROI). Dr. Falb asked if there should be some sort of quality of life question on the survey. Mr. Larson said we tried to be careful of survey exhaustion and not have too many questions. Mr. Talen pointed out the attendees by race category and said he appreciates that this question was included, but is wondering if we can

find out why the non-white attendance increased over the course of the movie series. Mr. Larson said we have found that it is less about event content and more about intentionality of reaching out. The intentionality needs to be consistent so that an environment is created where all people feel welcome. Mr. Harris asked the Board if we would like to use an intercept survey for grant recipients. Mr. Larson added that it's been a problem for the Alliances and Boards because there's no penalty for stretching some of the numbers that events say they produce. Mr. Harris said it might be valuable to the Board to make this investment in conducting surveys for each event grant recipient so we can really know the ROI. Mr. Larson said gathering accurate event data is one of the goals of the optimization process.

10. Report from DGRI President and CEO

MNTIFA (8/13)

- Adopted FY15 MNTIFA Budget
- Approved funding for canine waste dispensers and banner hardware

DID (10/7)

- Will appoint a Steering Committee for DID re-authorization
- Will receive an update on Grandwich 2014, seasonal plantings, and new clean team uniforms
- Will receive an update on financial migration / reconciliation

DGRI Board of Advisors (9/29)

- Will receive detailed overviews of the directional priorities for each of the Alliances and their corresponding working groups
- Will receive an update on advocacy work for DDA TIF

Alliances:

*INVESTMENT (9/9)*

- Chair: Nikos Monoyios, Long Range Planner @ The Rapid
- Advising on the Downtown Plan process
- Divided into Implementation-based Working groups:
  - Real Estate Incentives
  - River Activation
  - Public Space Activation
  - Infrastructure
- Will consider 2015 goals, policies, and implementation measures synthesis document

*VIBRANCY (9/15)*

- Chair – Brandy Moeller, City of Grand Rapids
- Has recommended allocation of all Event support funds for FY15
- Divided into Implementation-based Working groups:
  - Holiday Décor
  - Special Events Optimization
  - Workforce Appreciation
  - Diversity & Inclusion
  - Public Space Activation

#### *LIVABILITY (9/22)*

- Chair: Lynee Wells, Principal @ Williams & Works
- Assisting in the formation of a unified Downtown residential association
- Divided into Implementation-based Working groups:
  - Bicycles & Mobility
  - Asset Management
  - Clean, Safe, and Beautiful
  - Engagement
  - Urban Recreation

#### DGRI Staff Highlights

- Preparing office to serve as an ArtPrize Venue – special opening event September 22!
- Developing a communications strategy to celebrate 1 year anniversary of Ambassador program
- Performing a nighttime economy audit and hosting community meeting on September 18<sup>th</sup>, 11:30 AM
- Next Downtown Plan steering committee meeting – Sep 18<sup>th</sup> @ 9:30 AM – Existing Conditions report
- Will be presenting survey results from Special Events Optimization process to City Commission on October 7
- Developing an RFP for construction documents for Veteran's Park
- Planning an inter-city trip to Chicago with key policy makers, stakeholders, and city leadership on October 29&30 to study bicycle infrastructure and open data implementation.
- Will be in Lansing on September 11 to work on TIF advocacy efforts

#### 11. DDA Chair Report

Mr. Harris deferred to Ms. Dunn to present report to the Board regarding the Executive Director's Annual Review. Ms. Dunn congratulated Mr. Larson on received the first Grand Rapids Young Professional of the Year Award. Ms. Dunn said a new review process was

executed for Mr. Larson's 2014 annual review where a survey was sent to all Board and Alliance members and DGRI staff. Additionally, a self-assessment was completed by Mr. Larson. Leadership of the Boards discussed results and then provided feedback to Mr. Larson. The recommendation by Board leadership is to continue Mr. Larson's employment and give an appropriate merit increase. All of the annual review information has been documented and filed.

12. Public Comment

None.

13. Board Member Discussion

Mr. Talen said he continues to be impressed by the Safety Ambassadors and how they conduct themselves with all people they come into contact with throughout the Downtown.

14. Adjournment

The meeting adjourned at 9:45 a.m.



# MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

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

DATE: October 3, 2014

TO: Brian Harris  
Chairman

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

**SUBJECT: FY2015 Financial Statements Through September 30, 2014**

Attached are the financial statements for the first quarter of the fiscal year ending June 30, 2015.

The attached September 30, 2014 statements include:

- Statement A: Balance Sheet
- Statement B: Comparison of FY2015 Budget vs Actual Results
- Statement C: Statement of Project Expenditures
- Statement D: Schedule of September, 2014 Expenditures

On August 31, the City Treasurer distributed tax increment revenues related to the summer tax levy. Revenues associated with the winter tax levy will be distributed after the December 1 property assessment bills are issued. The Authority has sufficient cash to cover budgeted expenditures.

Please contact me at 616-456-4514 or [jwallace@grcity.us](mailto:jwallace@grcity.us) if you have any questions.

Attachments

**STATEMENT A**  
**DOWNTOWN DEVELOPMENT AUTHORITY**  
**Balance Sheet**  
**September 30, 2014**

	<b>Non-Tax Funds</b>	<b>Debt Increment</b>	<b>Local Tax Increment</b>	<b>TOTAL</b>
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 5,438,275	\$ 9,776,069	\$ 6,552,532	\$ 21,766,876
Petty Cash	-	-	500	500
Debt Service Reserve Fund	-	5,400,766	-	5,400,766
Accounts Receivable	8,995	-	-	8,995
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	-	31,877,460	225,750	32,103,210
<b>TOTAL ASSETS</b>	<b>\$ 6,364,538</b>	<b>\$ 47,054,295</b>	<b>\$ 97,165,662</b>	<b>\$ 150,584,495</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Current Liabilities	\$ -	\$ -	\$ 5,629	\$ 5,629
Parking Revenue Payable	3,643	-	-	3,643
Project Increment Due to Developers	-	-	47,216	47,216
Due to Other Governmental Units	-	3,774,319	-	3,774,319
Debt Increment Reimbursement Payable	-	2,062,843	-	2,062,843
Deposit - Area 1 and Area 5 Options to Buy	122,903	-	-	122,903
Deposit - Movies in the Park Vendors	1,900	-	-	1,900
Net Retiree Health Care Obligation <sup>1</sup>	-	-	(5,906)	(5,906)
Prior Year Property Tax Appeals	-	42,528	22,139	64,667
Deferred Revenue - Developer Loan	898,848	-	-	898,848
Contract Payable	-	-	225,750	225,750
Bonds Payable	-	31,877,460	-	31,877,460
<b>TOTAL LIABILITIES</b>	<b>1,027,294</b>	<b>37,757,150</b>	<b>294,828</b>	<b>39,079,272</b>
<b>Fund Balance / Equity:</b>				
Investments in General Fixed Assets	-	-	90,386,880	90,386,880
Non-Tax Increment Reserve	4,763,819	-	-	4,763,819
Reserve for Authorized Projects	-	-	5,760,548	5,760,548
Reserve for Brownfield Series 2012A Bonds	514,748	-	-	514,748
Reserve for Compensated Absences	-	-	6,897	6,897
Reserve for Eligible Obligations	-	9,297,145	-	9,297,145
Reserve for Encumbrances	58,677	-	716,509	775,186
<b>TOTAL FUND EQUITY</b>	<b>5,337,244</b>	<b>9,297,145</b>	<b>96,870,834</b>	<b>111,505,223</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 6,364,538</b>	<b>\$ 47,054,295</b>	<b>\$ 97,165,662</b>	<b>\$ 150,584,495</b>

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

# STATEMENT B

## DOWNTOWN DEVELOPMENT AUTHORITY Comparison of FY2015 Budget vs Actual Results July 1, 2014 - September 30, 2014

	Non-Tax Funds		Debt Tax Increment		Local Tax Increment	
	Budget	Actual	Budget	Actual	Budget	Actual
<b>REVENUES</b>						
Property Tax Increment - General	\$ -	\$ -	\$ 7,529,127	\$ 7,542,368	\$ 4,237,009	\$ 3,996,420
Property Tax Increment - Transit Millage	-	-	-	-	385,681	385,681
Property Tax Increment - Prior Year Appeals	-	-	(200,000)	(5,088)	(100,000)	(2,644)
Property Tax Increment - Rebates to City / ITP	-	-	-	-	(278,682)	-
Special Assessments - Areaway	15,000	-	-	-	-	-
Brownfield Authority - Grandville Avenue	-	-	-	-	21,973	-
Interest on Investments - General	18,747	29,952	10,000	-	50,644	77,565
Interest on Investments - Multi-Year Accrual Reversal <sup>1</sup>	-	(28,853)	-	-	-	(95,793)
Interest on Investments - The Gallery Note	40,167	-	-	-	-	-
Miscellaneous Fees / Reimbursements	500	-	-	-	10,000	625
Property Rental - DASH Parking Lots	336,925	-	-	-	-	-
Property Rentals - Movies in the Park Vendors	-	1,250	-	-	-	-
Property Rentals - Winter Avenue Building	9,000	-	-	-	-	-
Property Rentals - YMCA Customer Parking	52,000	12,675	-	-	-	-
From / (To) Fund Balance	3,127,112	-	(10,000)	-	145,089	-
<b>TOTAL REVENUES</b>	<b>\$ 3,599,451</b>	<b>\$ 15,024</b>	<b>\$ 7,329,127</b>	<b>\$ 7,537,280</b>	<b>\$ 4,471,714</b>	<b>\$ 4,361,854</b>
<b>EXPENDITURES</b>						
<b>Investment - Planning and Infrastructure</b>						
Development Incentive Programs	\$ -	\$ -	\$ -	\$ -	\$ 1,085,000	\$ 474,377
Transit Projects - Transit Millage Funded	-	-	-	-	125,000	18,750
Planning	35,000	-	-	-	350,000	28,956
Public Infrastructure	2,051,451	-	-	-	890,000	13,436
Investment Total	\$ 2,086,451	\$ -	\$ -	\$ -	\$ 2,450,000	\$ 535,519
<b>Livability - Residents / Workers / Neighborhood</b>	<b>605,000</b>	<b>53,839</b>	<b>-</b>	<b>-</b>	<b>700,000</b>	<b>8,385</b>
<b>Vibrancy - Attracting Visitors</b>	<b>808,000</b>	<b>60,991</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Miscellaneous</b>	<b>100,000</b>	<b>2,170</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Alliance Projects</b>	<b>\$ 3,599,451</b>	<b>\$ 117,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,150,000</b>	<b>\$ 543,904</b>
Administration	-	369	-	-	862,863	320,549
Debt Service for Bond Issues	-	-	5,479,525	-	458,851	-
Estimated Capture to be Returned	-	-	1,849,602	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,599,451</b>	<b>\$ 117,369</b>	<b>\$ 7,329,127</b>	<b>\$ -</b>	<b>\$ 4,471,714</b>	<b>\$ 864,453</b>
<b>EXCESS / (DEFICIT)</b>	<b>\$ -</b>	<b>\$ (102,345)</b>	<b>\$ -</b>	<b>\$ 7,537,280</b>	<b>\$ -</b>	<b>\$ 3,497,401</b>

Note 1: For efficiency reasons, the City Treasurer does not record interest revenue when earned from multiple year investments. Instead, revenues associated with multiple year investments are accumulated annually, accrued, and then reversed in the following fiscal year. ddastmts-sep14.xls jmw 10022014

**STATEMENT C**  
**DOWNTOWN DEVELOPMENT AUTHORITY**  
**Statement of Current Project Expenditures**  
**As of September 30, 2014**

Project Title	Project Budgets		EXPENDITURES			Available Budget
	%	Cost	Month	Fiscal Year	All Years	
Areaway Fill Program (ARIP)		\$ 35,000 <sup>1,2</sup>	\$ -	\$ -		\$ 35,000
Building Re-use Incentive Program (BRIP)		250,000 <sup>1,2</sup>	5,699	6,949		243,051
Development Project Reimbursements		750,000 <sup>1,2</sup>	-	467,428		282,572
Streetscape Improvement Incentive Program		50,000 <sup>1,2</sup>	-	-		50,000
<b>Investment - Development Incentives Sub-Total</b>	<b>10.72%</b>	<b>\$ 1,085,000</b>	<b>\$ 5,699</b>	<b>\$ 474,377</b>		<b>\$ 610,623</b>
Amtrak Station Relocation		800,000 <sup>2</sup>	-	-	746,164	53,836
DASH North Shuttle Services		150,000 <sup>2</sup>	12,500	18,750		131,250
<b>Investment - Transit Millage Funded Sub-Total</b>	<b>9.39%</b>	<b>\$ 950,000</b>	<b>\$ 12,500</b>	<b>\$ 18,750</b>	<b>\$ 746,164</b>	<b>\$ 185,086</b>
Downtown Plan		487,500 <sup>2</sup>	118	28,956	187,930	299,570
<b>Investment - Planning Sub-Total</b>	<b>4.82%</b>	<b>\$ 487,500</b>	<b>\$ 118</b>	<b>\$ 28,956</b>	<b>\$ 187,930</b>	<b>\$ 299,570</b>
Arena South Implementation		230,809 <sup>2</sup>	311	311	34,335	196,474
Bostwick Avenue - Lyon St to Crescent St		225,000 <sup>2</sup>	-	-	-	225,000
Bridge Street Streetscape Improvs		125,000 <sup>2</sup>	-	-	-	125,000
Grand River Activation		232,435 <sup>2</sup>	-	-	132,435	100,000
Michigan / Ottawa Gateway		300,000 <sup>2</sup>	-	-	-	300,000
Monroe Ave Resurfacing - Louis to I-196		165,000 <sup>2</sup>	-	-	-	165,000
Monroe Center-Phase 3 / Monument Park		725,000 <sup>2</sup>	1,684	13,125	1,181,370	(456,370)
Ottawa Avenue Public Improvements		330,000 <sup>2</sup>	-	-	-	330,000
State Street - Jefferson to Lafayette		450,000 <sup>2</sup>	-	-	-	450,000
Veterans Park Improvements		100,000 <sup>2</sup>	-	-	-	100,000
Wealthy Street - US 131 to Division Ave		885,000 <sup>2</sup>	-	-	-	885,000
Weston Street - Sheldon to LaGrave Ave		400,000 <sup>2</sup>	-	-	-	400,000
<b>Investment - Public Infrastructure Sub-Total</b>	<b>41.19%</b>	<b>\$ 4,168,244</b>	<b>\$ 1,995</b>	<b>\$ 13,436</b>	<b>\$ 1,348,140</b>	<b>\$ 2,820,104</b>
Downtown Speakers Series		35,000 <sup>1,3</sup>	-	-		35,000
<b>Investment - Non-Tax Supported Sub-Total</b>	<b>0.35%</b>	<b>\$ 35,000</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 35,000</b>
Accessibility and Mobility Repairs		10,000 <sup>1,2</sup>	-	-		10,000
Bicycle Friendly Improvements		401,000 <sup>2</sup>	-	-	111,123	289,877
Downtown Census		30,000 <sup>1,2</sup>	-	-		30,000
Public Realm Improvements		200,000 <sup>2</sup>	-	-	-	200,000
Seward Ave Non-Motorized Facility		56,730 <sup>2</sup>	4,264	7,238	22,532	34,198
Snowmelt System Repairs / Investigation		532,574 <sup>2</sup>	166	166	382,741	149,833
Urban Recreation Plan		326,496 <sup>2</sup>	678	981	52,477	274,019
Wayfinding System Improvements		310,000 <sup>2</sup>	-	-	-	310,000
<b>Livability - Local Tax Supported Sub-Total</b>	<b>18.45%</b>	<b>\$ 1,866,800</b>	<b>\$ 5,108</b>	<b>\$ 8,385</b>	<b>\$ 568,873</b>	<b>\$ 1,297,927</b>
Division Ave Task Force Implemntn		5,000 <sup>1,3</sup>	-	-		5,000
Downtown Safety Ambassadors		300,000 <sup>1,3</sup>	23,695	48,295		251,705
Educational Partnerships Initiatives		10,000 <sup>1,3</sup>	-	-		10,000
Project and Fixed Asset Maintenance		100,000 <sup>1,3</sup>	-	2,215		97,785
Recreational Walk / Tour Signage		40,000 <sup>3</sup>	-	-	-	40,000
Riverwalk Maintenance		60,000 <sup>1,3</sup>	-	-		60,000
Stakeholder Engagement Program		5,000 <sup>1,3</sup>	-	225		4,775
Street Trees Maintenance Program		5,000 <sup>1,3</sup>	-	-		5,000
Transportation Demand Mnmt Prog		92,500 <sup>1,3</sup>	1,492	3,104		89,396
Winter Avenue Building Lease		2,500 <sup>1,3</sup>	-	-		2,500
<b>Livability - Non-Tax Supported Sub-Total</b>	<b>6.13%</b>	<b>\$ 620,000</b>	<b>\$ 25,187</b>	<b>\$ 53,839</b>		<b>\$ 566,161</b>
Bridge Lighting Operations		10,000 <sup>1,3</sup>	-	-		10,000
DGRI Event Production		45,000 <sup>1,3</sup>	2,439	26,262		18,738
Diversity/Inclusion Programming		10,000 <sup>1,3</sup>	-	-		10,000
Downtown Marketing		225,000 <sup>1,3</sup>	5,000	6,500		218,500
Downtown Workforce Program		15,000 <sup>1,3</sup>	-	-		15,000
Go-Site Visitor Center at GRAM		30,000 <sup>1,3</sup>	-	-		30,000
Holiday Décor Program		60,000 <sup>1,3</sup>	-	-		60,000
Major Event Sponsorship		82,000 <sup>1,3</sup>	-	-		82,000
Public Space Activation		30,000 <sup>1,3</sup>	-	-		30,000
Rosa Parks Circle Skating Operations		42,000 <sup>1,3</sup>	-	-		42,000
Special Events - Grants		50,000 <sup>1,3</sup>	5,081	16,778		33,222
Special Events - Office of		100,000 <sup>1,3</sup>	-	-		100,000
Special Events - Training Program		5,000 <sup>1,3</sup>	-	-		5,000
State of Dntn Event & Annual Reports		22,500 <sup>1,3</sup>	-	150		22,350
Ticketed Events - Police Services		80,000 <sup>1,3</sup>	1,971	7,310		72,690
Wayfinding Sign Maintenance		- <sup>1,3</sup>	-	3,991		(3,991)
<b>Vibrancy Support Sub-Total</b>	<b>7.97%</b>	<b>\$ 806,500</b>	<b>\$ 14,491</b>	<b>\$ 60,991</b>		<b>\$ 745,509</b>
Experience - Miscellaneous		100,000 <sup>1,3</sup>	-	2,125		97,875
Monroe Ave Phase 3 Services		- <sup>1,3</sup>	23	45		(45)
<b>Misc - Non-Tax Supported Sub-Total</b>	<b>0.99%</b>	<b>\$ 100,000</b>	<b>\$ 23</b>	<b>\$ 2,170</b>		<b>\$ 97,830</b>
<b>TOTAL</b>	<b>100.00%</b>	<b>\$10,119,044</b>	<b>\$ 65,121</b>	<b>\$ 660,904</b>		<b>\$ 6,657,810</b>

Note 1: Current year (FY2015) budget only.

Note 2: Paid from local tax increment.

Note 3: Paid from non-tax funds.

**STATEMENT D**  
**DOWNTOWN DEVELOPMENT AUTHORITY**  
**Schedule of Expenditures**  
**September, 2014**

Source	Vendor	Purpose / Project	Description	Amount
Local	Paychex	Administration	DGRI payroll, taxes, 401(k) - September, 2014	\$ 58,429.09
Local	City Treasurer - Human Resources	Administration	Prior DDA employee legacy costs - payment 1 of 5	37,863.00
Non Tax	Mydatt Services dba Block by Block	Downtown Safety Ambassadors	Monthly services - August 2014	23,567.85
Local	City Treasurer - Parking Services	DASH North Shuttle Services	Shuttle lease - July and August 2014	12,500.00
Local	Priority Health	Administration	Share of health insurance - 10/01-12/31/2014	6,488.31
Local	City Treasurer - Budget Office	Administration	Support services allocation - September 2014	6,265.08
Local	Mi Blendz, LLC	Building Re-use Incentive Program (BRIP)	Partial support for public facility improvements	5,629.00
Non Tax	Gemini Corporation	Downtown Marketing	Downtown Plan ad in "49503" mag - August 2014	5,000.00
Local	Michigan Dept of Transportation	Seward Ave Non-Motorized Facility	Local progress billings - August 2014	4,264.24
Local	City of Grand Rapids	Administration	Staff services - September 2014	3,539.37
Non Tax	MSU College of Human Medicine	Special Events - Grants	Partial support - Gran Fondo	3,100.00
Non Tax	Grand Rapids Art Museum	Special Events - Grants	Support of public relations - GRAM on the Green	1,980.70
Non Tax	City Treasurer - Police Department	Ticketed Events - Police Services	Pedestrian safety - August 2014	1,971.00
Local	Fifth Third Bank - Procurement Card	Administration	Share of supplies for DGRI storage renovation	1,893.43
Local	Fishbeck, Thompson, Carr & Huber	Monroe Center-Phase 3 / Monument Park	Engineering consulting	1,683.75
Non Tax	Priority Health	Transportation Demand Mgmt Prog	Share of health insurance - 10/01-12/31/2014	1,369.00
Local	City Treasurer - Risk Management	Administration	General insurance - September 2014	1,068.00
Local	City Treasurer - Parking Services	Administration	Parking validations - August 2014	1,017.00
Non Tax	Kerkstra Portable Restroom Svc Inc.	DGRI Event Production	Portable restrooms - Movies in the Park 08/07/2014	960.00
Local	City Treasurer - Parking Services	Administration	Parking - DGRI staff- September 2014	753.00
Local	Oh.So.Clean LLC	Administration	Share of DGRI storage renovations - August 2014	637.40
Local	Fifth Third Bank - Procurement Card	Administration	K. Larson - professional development / travel exps	633.94
Local	Oh.So.Clean LLC	Administration	Share of DGRI storage renovations - August 2014	598.95
Non Tax	Fifth Third Bank - Procurement Card	DGRI Event Production	Supplies - Movies in the Park	469.34
Local	Wondergem Consulting	Administration	Share of public relations - 08/01-08/15/2014	462.32
Local	Fifth Third Bank - Procurement Card	Urban Recreation Plan	Jumbo-sized outdoor chess set	459.00
Non Tax	Criterion Pictures USA	DGRI Event Production	"Dreamgirls" site license - Movies in the Park	425.00
Local	Professional Maint of Michigan Inc.	Administration	Share of DGRI offices janitorial svcs August 2014	335.26
Local	Materials Testing Consultants, Inc.	Arena South Implementation	Construction engineering - 07/01-07/31/2014	310.74
Local	Wondergem Consulting	Administration	Share of public relations - 07/16-07/31/2014	308.72
Local	Blue Cross Blue Shield of Michigan	Administration	Share of dental insurance premium October-Dec 2014	271.69
Non Tax	M Buck Photography Studio	DGRI Event Production	Photographic svcs - Movies in the Park double-feature	250.00
Local	Swift Printing & Communications	Urban Recreation Plan	Chess set signage	218.71
Local	TDS Metrocom LLC	Administration	Share of - DGRI telephone service - September 2014	185.96
Local	Fusion IT	Administration	Share of IT services - August 2014	176.25
Local	Cellco Partnership dba Verizon	Administration	Share of staff cell svc/equip 08/02-09/01/2014	173.71
Local	Geotech, Inc.	Snowmelt System Repairs / Investigation	Engineering services - 06/30-08/02/2014	166.50
Local	Wondergem Consulting	Administration	Share of public relations - 08/15-08/31/2014	158.07
Local	PCS Gophers	Administration	Interoffice and mail service	157.03
Local	Fusion IT	Administration	Share of monthly IT services - September 2014	153.26
Non Tax	Fifth Third Bank - Procurement Card	Administration	DGRI staff professional development working lunch	149.96
Local	JPMorganChase	Administration	Payroll account bank fees - September, 2014	136.42
Local	Fusion IT	Administration	Share of IT services - August 2014	135.43
Local	Paychex	Administration	HRS processing fees - September, 2014	135.00
Local	Great America Financial Services	Administration	Share of Ricoh copier system - September 2014	131.22
Non Tax	Swift Printing & Communications	DGRI Event Production	ArtPrize Preview party invitations	131.00
Local	Fifth Third Bank - Procurement Card	Administration	Share of Ellis parking passes for guests & board mbrs	129.87
Non Tax	City Treasurer - Parking Services	Downtown Safety Ambassadors	Melvin Eledge parking card - September 2014	127.00
Non Tax	Staples Advantage	DGRI Event Production	Supplies - Movies in the Park	119.25
Local	Acuity	Downtown Plan	General liability insurance for 50 Louis St NW	118.00
Local	Paychex	Administration	Payroll processing fees - September, 2014	111.27
Local	Fusion IT	Administration	Share of IT svcs docking stations issues Sept 2014	100.18
Local	Staples Advantage	Administration	Share of office supplies	90.40
Local	Fusion IT	Administration	Share of IT services - post-power failure issues 8/14	86.21
Local	Comcast	Administration	Share of DGRI high-speed internet - August 2014	82.92
Local	DDA Petty Cash	Building Re-use Incentive Program (BRIP)	Lien recording services - County of Kent	70.00

*continued on the next page*

STATEMENT D - continued  
DOWNTOWN DEVELOPMENT AUTHORITY  
Schedule of Expenditures  
September, 2014

Page 2

Source	Vendor	Purpose / Project	Description	Amount
<i>continued from previous page</i>				
Non Tax	Cellco Partnership dba Verizon	Transportation Demand Mnmt Prog	B Kirk cellphone svc/equip 08/02-09/01/14	\$ 64.71
Non Tax	Blue Cross Blue Shield Of Michigan	Transportation Demand Mnmt Prog	Dental insurance premium October-Dec 2014 - B Kirk	58.44
Local	Staples Advantage	Administration	Share of office supplies	54.49
Local	Staples Advantage	Administration	Share of office supplies	51.36
Local	DDA Petty Cash	Administration	Postage for mailing DDA Board agenda packets	47.53
Local	Staples Advantage	Administration	Share of office supplies	47.43
Local	Staples Advantage	Administration	Share of office supplies	45.97
Local	Staples Advantage	Administration	Share of office supplies	41.60
Non Tax	6.25 Paper Studio	DGRI Event Production	ArtPrize Preview party envelopes	40.00
Local	Staples Advantage	Administration	Share of office supplies	35.48
Local	Staples Advantage	Administration	Share of office supplies	27.46
Local	Fifth Third Bank - Procurement Card	Administration	SurveyMonkey subscription	26.00
Local	Model Coverall Service	Administration	Share of DGRI office floor mats - 08/20/2014	23.31
Non Tax	Staples Advantage	DGRI Event Production	Supplies - Movies in the Park	22.99
Non Tax	Consumers Energy	Monroe Avenue Phase 3 - Services	Electricity - 07/25-08/23/2014	22.62
Non Tax	DDA Petty Cash	DGRI Event Production	Supplies - Movies in the Park	21.77
Local	Ferris Coffee & Nut Company, Inc.	Administration	Share of meeting and employee coffee	21.04
Local	DDA Petty Cash	Administration	Coffee for DDA Board meeting	20.13
Local	Fifth Third Bank - Procurement Card	Administration	Coffee for DDA Board meeting	20.13
Local	Fifth Third Bank - Procurement Card	Administration	Postage for mailing DDA Board agenda packets	16.10
<b>SEPTEMBER, 2014 EXPENDITURES</b>				<b>\$ 188,456.36</b>

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

# MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: October 8, 2014

TO: Downtown Development Authority Board

FROM: Mandy Cech  
Marketing and Communications Manager



Agenda Item #4  
October 8, 2014  
DDA Meeting

**SUBJECT:** Authorize Contracting for Christmas Decor

During the FY15 budget and priority plan development process, the Downtown Grand Rapids Inc. Alliance for Vibrancy offered support for the idea of investing in additional holiday décor to adorn more of Downtown Grand Rapids for the holiday season. This recommendation was later approved by the DDA Board in June 2014, and the allocation resides in the within the Vibrancy category of the Non-Tax Fund.

DGRI staff have engaged with representatives from the Downtown merchant community, nonprofit organizations and the Alliance for Vibrancy in identifying high-profile, high-impact areas to focus the 2014 investments as well as opportunities for future investments. This outreach led to a prioritization of locations with distinct themes among neighborhoods due to both collaborative opportunities and infrastructure constraints. The proposed décor would include

- Lighting on 2 ornamental trees and custom pole décor matching a snowflake theme on Division Avenue
- Custom ornament clusters on 60 lamp poles on Ionia Avenue
- 10 foot long lit snowflakes along 10 light poles on Bridge Street
- 6 ornamental lamp poles decorated with retro style pole décor and a star scroll overhead suspension on Jefferson Avenue

Previously, the DDA purchased significant LED lighting for the 21 birch trees and 11 oak trees in Rosa Parks Circle, 52 trees and 52 light poles along Monroe Center, 5 ornamental pear trees in Louis Campau Square, and an illuminated 13-foot Crystal Tree on the pedestal in Louis Campau Square. These pieces can be reinstalled at less than 20% of the original purchase cost from last year.

The proposed purchase agreement includes the provision, installation, take-down, and annual storage of the materials. Installation and take-down in décor in subsequent years would be on a time and materials basis, and is estimated to be approximately \$18,000 annually, inclusive of storage costs. Should the DDA continue to fund the line item in future years as shown in the FY15-19 Priority Plan, there would be opportunity to expand the holiday decorating program in terms of the overall reach along other corridors in Downtown.

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

There exists ample budgeted funds within the Holiday Décor line item of the DDA Non-Tax Fund. If approved, the lighting should be fully installed during the second week of November.

**Recommendation:**

**Approve executing a contract with Christmas Décor by DeVries in an amount not to exceed \$60,000 for the provision, installation, take-down, and storage of holiday decorations.**



# MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

Agenda Item 5  
October 8, 2014  
DDA Meeting

DATE: October 2nd, 2014

TO: Downtown Development Authority

FROM: Kristopher Larson, AICP   
Executive Director

**SUBJECT: Amending the Agreement with the Downtown Market**

10/2 UPDATE:

During the DDA Board meeting on September 10<sup>th</sup>, board members expressed interest in learning more about the causes for the Downtown Market's actual assessed valuation versus the projected amount. As such, the item was tabled. Since that time, DGRI staff has solicited additional information from the City Assessor's office to help explain the differential. The difference can be summarized as the result of two factors: (1) the building not being fully built out, and (2) assumptions regarding the initial value for the land.

- **Not fully built out:** The original projections penciled in an anticipated tax liability based upon the \$30M full developments costs (inclusive of predevelopment, soft, and construction costs) plus 100% occupancy of the space in the building. However, when the property was inspected, the City Assessor reports "The current assessment reflects downward adjustments that were made by the City's appraiser for unfinished/incomplete space... building plans provided to the City Assessor in 2011 indicated 100% occupancy including a 5,000 sf restaurant; a 3,500 sf restaurant; a 5,600 sf micro-brewery; a 900 sf micro-distillery; and a 4,500 sf brew pub." These portions of the building were yet to be completed as of December 31, 2013 – which is the day that property was valued for the 2014 tax bills.
- **Initial land value:** Tax increment is based upon the new taxes generated from the initial value at the time in which a tax increment district is founded. When the DDA expanded its district to include the area now occupied by the Downtown Market, the existing properties had an existing tax value of \$700,000. As such, the initial value of value of the land (with buildings) was \$700,000. However, when the projections were calculated, an assumption of \$0 was penciled in on the land. The higher, actual initial value results in a reduced incremental capture of the actual taxes generated from the development of the site.

However, it can be assumed that the property taxes generated by the property will continue to increase over time. The ability of the property to generate an income stream from rents has a direct impact on the value of the property. As net operating income increases, property value increases. However, due to the capping provisions of Proposal A, the Assessor may only raise the taxable value of a property above the CPI for specific occurrences, e.g., new construction (i.e., tenant build-out). Upon build-out of vacant spaces, the taxable value will increase in the year following the date of completion. The extent of the increase will depend on the quantity, type, and quality of the finish. Increases in taxable value due to market influences are capped at the CPI which often results in taxable value being lower than the assessed value, especially in a rising market.

Finally, the City Assessor confirmed that the property is not receiving a partial property tax exemption – a benefit sometimes extended to non-profit owned property in response to a request by a non-profit property owner. The Downtown Market has not applied a partial property tax exemption, and is owned by a for-profit entity, Downtown Market Holdings, LLC., and according to Market representatives, will not apply for a partial property tax exemption.

ORIGINAL 9/5 COVER MEMO:

In January of 2012, the Downtown Development Authority entered into ground lease (The Agreement) with Grand Rapids Downtown Market (GRDM) that outlined the various elements of the relationship between the DDA and GRDM. The agreement included specifics about the land-lease relationship, operational guidelines for GRDM that outlined acceptable uses within the market, debt service responsibilities and priorities, and requirements to maintain taxable property status, among other details. The agreement was first amended in March of 2013 to add more clarity regarding the Agreement's non-disturbance language and provide specific provisions designed to enhance the on-going partnership between the DDA and GRDM.

The process of developing the Agreement followed years of various memorandums of understanding (MOUs) between the DDA, GRDM, and other partners such as the Grand Rapids Brownfield Authority. In drafting the MOUs, the contribution and support that the DDA could offer GRDM evolved, as the Downtown Market project was both complicated and without many local analogs. Following this iterative partnership evolution, it was determined that the preferred method of participation for the DDA in the Downtown Market project would be assembling the land, providing the land to GRDM in a long-term land lease, and contributing to the debt service for the improved Ionia St. streetscape project. In consideration of the significant contributions of the DDA, the GRDM agreed to maintain the taxable classification of the property such that the DDA would have some tax increment to use to offset the land acquisition costs and \$75,000 annual debt service towards the bonds issued via the Brownfield Authority used to rebuild Ionia Street.

While the amount on annual debt service can be estimated with a high level of accuracy and certainty, the taxable value of the Downtown Market, when finished, was less certain. As plans for the new Market were developed, financial estimates began to emerge based on assumptions of new increment that would be captured by the DDA. The attached Agreement amendments would effectively recalibrate the placeholder figure (\$42,000) that appears in section 6.07 of the original agreement to reflect current projections of minimum taxes (\$29,000) to be captured by the DDA.

The attached, amended lease terms have been developed in concert with the GRDM and were drafted by the DDA's legal counsel.

**Recommendation:** Approve the amended agreement terms as described in the attached resolution and agreement.

**CITY OF GRAND RAPIDS  
DOWNTOWN DEVELOPMENT AUTHORITY**

**RESOLUTION APPROVING AND AUTHORIZING  
EXECUTION OF FIRST AMENDMENT TO GROUND  
LEASE WITH GRAND RAPIDS DOWNTOWN MARKET  
HOLDINGS, LLC AND A FIRST AMENDMENT TO  
PAYMENT AND REPAYMENT AGREEMENT WITH THE  
CITY OF GRAND RAPIDS DOWNTOWN DEVELOPMENT  
AUTHORITY**

Boardmember \_\_\_\_\_, supported by Boardmember \_\_\_\_\_, moved adoption of the following resolution:

**WHEREAS** the City of Grand Rapids Brownfield Redevelopment Authority and Grand Rapids Downtown Market, Inc. (“GRDM”) and Grand Rapids Downtown Market Holdings, LLC (“Holdings”) will enter into a Development and Reimbursement Agreement (the “D and R Agreement”) related to the Project as therein identified; and

**WHEREAS**, the provisions of the D and R Agreement require that a certain provision in the Ground Lease dated as of January 1, 2012, between City of Grand Rapids Downtown Development Authority (the “GRDDA”) and Holdings be amended to conform with the provisions of the D and R Agreement pursuant to a First Amendment to Ground Lease (the “First Amendment to Lease”) between the GRDDA and Holdings; and

**WHEREAS**, the provisions of the D and R Agreement also require that certain provisions in the Payment and Repayment Agreement made and entered into April 12, 2012, between the City of Grand Rapids Brownfield Redevelopment Authority (the “GRBRA”) and the GRDDA be amended to conform with the provisions of the D and R Agreement pursuant to a First Amendment to Payment and Repayment Agreement (the “First Amendment to P and R Agreement”) between the GRBRA and GRDDA.

**NOW, THEREFORE, IT IS HEREBY RESOLVED THAT:**

1. The First Amendment to Lease between the GRDDA and Holdings and the First Amendment to P and R Agreement between GRBRA and GRDDA both as presented at this meeting are approved with such modification not materially adverse to GRDDA approved as to content by the GRDDA Executive Director and as to form by GRDDA legal counsel and the Chairperson of the Board of Directors of the GRDDA is authorized and directed to execute both approved First Amendments for and on behalf of the GRDDA.

2. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same are rescinded.

YEAS: Boardmembers \_\_\_\_\_  
\_\_\_\_\_

NAYS: Boardmembers \_\_\_\_\_

ABSTAIN: Boardmembers \_\_\_\_\_

ABSENT: Boardmembers \_\_\_\_\_

**RESOLUTION DECLARED ADOPTED.**

Dated: October 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 "GRDDA"), do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors of the GRDDA at a meeting held on October 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: October 8, 2014

\_\_\_\_\_  
Mary Sierawski  
Recording Secretary

## **FIRST AMENDMENT TO PAYMENT AND REPAYMENT AGREEMENT**

**THIS FIRST AMENDMENT TO PAYMENT AND REPAYMENT AGREEMENT** (the “First Amendment”) is made as of September 2, 2014, by and between the **CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY**, (the “Authority”) and the **CITY OF GRAND RAPIDS DOWNTOWN DEVELOPMENT AUTHORITY**, (“GRDDA”).

### **RECITALS**

A. The Authority and the GRDDA previously entered into a Payment and Repayment Agreement on April 12, 2012 (the “Agreement”), related to (i) the payment of debt service on bonds issued by the Authority related to Infrastructure Improvements (as identified in the Agreement) related to the Project (as identified in the Agreement) and (ii) the payment or reimbursement of other amounts as provided in the Agreement with Authority Tax Increment Revenues (as defined in the Agreement).

B. The Authority and Grand Rapids Downtown Market, Inc. and Grand Rapids Downtown Market Holdings, LLC have entered into a Development and Reimbursement Agreement dated as of September 2, 2014 (the “D and R Agreement”), related to the Project requiring that certain provisions of the Agreement be amended to conform with the provisions of the D and R Agreement.

**NOW, THEREFORE**, in consideration of the terms and conditions contained in this First Amendment and the benefits to be mutually derived therefrom, receipt and sufficiency of which are mutually acknowledged, the Authority and GRDDA agree as follows:

**Section 1. Amendment to Section 2 of Agreement.** Section 2 of the Agreement is amended in its entirety to read as follows:

**Section 2. Payment of Debt Service Shortfall.** In the event in any annual period the DDA Annual Payment plus the Authority Tax Increment Revenues realized from the Project in such annual period are insufficient to pay, when due, the debt service on such Bonds for such annual period and an additional amount required to be paid by the developer of the Project, Grand Rapids Downtown Market Holdings, LLC (“Holdings”), under a Ground Lease dated as of January 1, 2012, related to the Project between the GRDDA and Holdings, as assignee pursuant to an Assignment of Lease effective as of May 23, 2013, between Grand Rapids Downtown Market, Inc., as assignor, and Holdings, as assignee, as amended by a First Amendment to Ground Lease made as of September 2, 2014, between GRDDA and Holdings, to make up such shortfall that has not been timely paid to the Authority, the GRDDA will, upon request of the Authority,

advance an amount sufficient to make up the shortfall. Any advance shall be timely made by GRDDA to the Authority in order that principal of and interest on the Bonds may be paid when due.

**Section 2. Amendment to Section 4 of Agreement.** Subsection D of Section 4 of Agreement is amended in its entirety to read as follows:

D. Fourth to reimburse Grand Rapids Downtown Market, Inc. and Holdings for the cost of “eligible activities” they incurred.

**Section 3. Ratification of Agreement.** Except as otherwise provided in this First Amendment, the Agreement is hereby ratified and confirmed.

**IN WITNESS WHEREOF,** the Authority and GRDDA have caused these presents to be signed as of the date and year first written above.

**CITY OF GRAND RAPIDS BROWNFIELD  
REDEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Terry Nicholas, Chairperson

**CITY OF GRAND RAPIDS  
DOWNTOWN DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Brian Harris, Chairperson

## **FIRST AMENDMENT TO GROUND LEASE**

**THIS FIRST AMENDMENT TO GROUND LEASE** (the “First Amendment to Lease”) is made as of September 2, 2014, by and between the **CITY OF GRAND RAPIDS DOWNTOWN DEVELOPMENT AUTHORITY**, (“GRDDA”) and **GRAND RAPIDS DOWNTOWN MARKET HOLDINGS, LLC**. (“Holdings”) as assignee pursuant to an Assignment of Lease effective as of May 23, 2013, between Grand Rapids Downtown Mark, Inc. (“GRDM”), as assignor, and Holdings, as assignee.

### **RECITALS**

A. GRDDA and GRDM previously entered into a Ground Lease dated as of January 1, 2012 (the “Lease”), related to GRDDA Property (as described on Exhibit A to the Lease) in connection with the Project (as identified in the Lease) developed by Holdings.

B. The City of Grand Rapids Brownfield Redevelopment Authority and Holdings and GRDM have entered into a Development and Reimbursement Agreement dated as of September 2, 2013 (the “D and R Agreement”), related to the Project requiring a certain provision of the Lease be amended to conform with the provisions of the D and R Agreement.

**NOW, THEREFORE**, in consideration of the terms and conditions contained in this First Amendment to Lease and the benefits to be mutually derived therefrom, receipt and sufficiency of which are mutually acknowledged, GRDDA and Holdings agree as follows:

**Section 1. Amendment to Section 6.07 of Lease.** Section 6.07 of the Lease is amended in its entirety to read as follows:

**Section 6.07. Bond Debt Service Payments.** The City of Grand Rapids Brownfield Redevelopment Authority (the “Authority”) issued its Two Million Three Hundred Twenty-Five Thousand Dollars (\$2,325,000) Tax Increment Bonds, Series 2012A on June 12, 2012 (the “Series 2012A Bonds”), which finally mature on June 1, 2032, to pay a portion of the cost of public infrastructure improvements related to the Project. Beginning with the annual period commencing July 1, 2012, and ending July 1, 2013, and continuing for each similar annual period thereafter while the Series 2012A Bonds (or any bonds used to refund the Series 2012A Bonds) are outstanding, the DDA has agreed, pursuant to the terms of a Payment and Repayment Agreement dated April 12, 2012 (the “P and R Agreement”), between the Authority and the DDA attached hereto as Exhibit B, to annually pay the Authority Seventy-Five Thousand Dollars (\$75,000) (the “DDA Annual Payment”) which shall be the first amount applied towards debt service due on the Series 2012A Bonds during such annual period. If during each annual period

that the DDA makes a DDA Annual Payment to the Authority, the DDA does not receive at least Twenty-Nine Thousand Dollars (\$29,000) in tax increment revenues (as defined in Act 197 of the Public Acts of Michigan of 1975, as amended) from the Property and the Project (the “DDA Annual Tax Increment Revenues”), the DDA shall promptly notify GRDM of the difference between Twenty-Nine Thousand Dollars (\$29,000) and the DDA Annual Tax Increment Revenues (the “Annual Difference Amount”) which GRDM may elect to reimburse the DDA. Within thirty (30) days of receiving such notice GRDM shall either reimburse the DDA the Annual Difference Amount or notify the DDA that it elects not to reimburse the Authority at that time. Upon an election by GRDM not to reimburse, the Annual Difference Amount shall bear interest at the rate of 3.514% per annum (the average interest rate on the Series 2012A Bonds) (the “Interest Rate”) commencing on June 1 during the applicable annual period until the DDA is reimbursed such Annual Difference Amount plus accrued interest either (i) by GRDM (which it may elect to do, but is not obligated to, at any time) or (ii) in accordance with the second succeeding paragraph hereof.

**Section 2. Ratification of Lease.** Except as otherwise provided in this First Amendment to Lease, the Lease is hereby ratified and confirmed.

**IN WITNESS WHEREOF,** GRDDA and Holdings have caused these presents to be signed as of the date and year first written above.

**CITY OF GRAND RAPIDS DOWNTOWN  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Brian Harris, Chairperson

**GRAND RAPIDS DOWNTOWN  
MARKET HOLDINGS, LLC.**

By: \_\_\_\_\_  
Mimi K. Fritz, Manager



# MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: October 8, 2014

TO: Downtown Development Authority Board

FROM: Kristopher Larson, AICP  
President & CEO



Agenda Item #6  
October 8, 2014  
DDA Meeting

SUBJECT: Contract for Web Design and Content Management System

The web, and the services that can be delivered through it, are now central to effective and responsible government. Citizens expect information and tools for government services to be easily and elegantly accessible online. This expectation extends further than just passively receiving information. Citizens expect to be able to communicate to and hear back from government the way they do with friends and companies on social media platforms. They are accustomed to the simplicity and usefulness of platforms like Facebook and Twitter or Kickstarter and Kayak. These platforms represent a fundamental shift in how people express themselves, organize themselves, and make sense of the world around them. The reason these tools are so widely used is not only because they address a clear need, but they do so in an elegant and intuitive way. Building platforms like that is hard work. If citizens now expect to engage with their world primarily through digital means, it behooves quasi-governmental organizations to provide tools that meet the high expectations of 21st century citizens.

Downtown Grand Rapids Inc. (DGRI) is developing a comprehensive digital strategy that intends to address this new responsibility. Through a combination of an improved web presence, community engagement strategy, and citizen relationship management (CRM) software, DGRI plans to develop an ecosystem of tools and the internal capacity to engage citizens around every project, event, and initiative it funds. In practical terms, this means that our web presence will function not only as a way to deliver information to citizens, but as an invitation for engagement, with prompts for citizens to express interest in topics, thoughts on projects, and chances for feedback. Not only should citizens be able to find what they are looking for, but they should be given a chance at every point of contact to express their ideas and to be heard. We have already begun implementing a CRM that gives us the capacity to collect this information for every citizen we meet, whether that be in person, online, or through new mediums like text messaging. Once we ramp up use of this tool, we'll be able to engage groups of citizens on the topics they most care about, making our outreach more effective and relevant.

The central tool in our digital strategy is a next generation web presence. More than a brochure website, our web presence should serve as a digital front door to citizens, providing them with all the information, opportunities for engagement, and relevant tools to make the most of downtown and DGRI's resources. It should be built with strong accessibility, able to be easily accessed on every device. To build a digital service that meets the high expectations of citizens, one that they will use, we need to ask them exactly what they need. It's a simple idea, but often neglected. So much time and money has been spent building digital tools that sit idle simply because those building them never took the time to confirm with their users what they actually need. It is this common omission that user-centered design is meant to address. By identifying the audiences a service is meant for, and confirming with them what they actually need, a web presence built through a user-centered design process will provide the highest value to citizens. Taking the time to get off the building and meet the people we serve will not only help us build better online tools, it will give us an even stronger sense of the people we serve.

In early September, DGRI released an RFQ searching for a vendor to lead a user-centered design and development process to build DGRI's next generation web presence. This web application will not only list downtown events and businesses, provide mobility information, and show where DGRI is investing in the city, but act as a fundamental way for citizens to engage in our placemaking mission. From the bids we received, we're recommending moving forward with a Statement of Work from Mighty in the Midwest to lead the design and development of this website. Mighty is located in the downtown core and has built the websites of other downtown organizations including ArtPrize, Downtown Market, Start Garden, and the Amway Grand Plaza Hotel. They've proven themselves adept at creating the kind of online experience modern customers expect. As a small firm solely focused on building engaging experiences online, they understand the dynamic nature of designing for all modern devices. Their choice of technical tools is flexible, allowing further development in the future at much lower cost. All code and design artifacts will be delivered to DGRI in open formats, providing future vendors, and our internal team, to build on top of their work. The not-to-exceed budget for this project is \$100,000. Funds for this project were budgeted for and available in the Non-Tax Fund Line Item entitled "Downtown Marketing". This investment will not only result in a web presence that provides the most value to our citizens, but is intended as a model for 21st century community engagement.

**Recommendation:**

**Approve executing a contract with Mighty in the Midwest in an amount not to exceed \$100,000 for the user-driven design and development of a content management system driven web presence.**

# MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: October 8, 2013

TO: Downtown Development Authority

FROM: Eric Pratt  
Project Manager

Agenda Item #7  
October 8, 2013  
DDA Meeting

**SUBJECT: Request for Support for the Redevelopment of the Building at 161 Ottawa Avenue NW (The Waters Furniture Exhibition Building)**

The Waters Furniture Exhibition Building was built in 1898, by Philip J. Klingman and Dudley E. Waters, in order to provide exhibition space for furniture manufacturers in Grand Rapids. Built in a record 180 days, the six-story, 360,000 square foot Waters Building was the first building in Grand Rapids devoted entirely for display of furniture and for more than 30 years was the largest furniture exhibition building in the world. In the 1950's, as the local furniture market declined, the Waters Building was converted into a thriving commercial office building, with approximately 280,000 square feet of rentable space. However, in 2008, the Waters Building began to experience a decline in occupancy and rents, triggered by the national recession, and fell into foreclosure.

In February 2014, Waters Building, LLC, acquired the property and is now proposing to convert the building into a multi-use development with first-floor retail, 75,000 square feet of commercial office, 50 market-rate residential apartments and a 100 room extended-stay hotel. The developer also plans to fill the existing areaway located along the building's Pearl Street frontage and to rehabilitate the two remaining areaways located along Ottawa Avenue NW and Lyon Street NW. The total project cost is estimated to be \$35 M, with approximately \$16.5 M coming in the form of hard cost related improvements. It is estimated that this project will create the equivalent 30 new full-time positions.

In order to assist with the redevelopment of the building, the developer has applied for DDA assistance through its Development Support Policy, Streetscape Improvement Program and Areaway Fill Program. In summary, the developer requests the following:

- A \$35,000 Areaway Fill Program Grant for the removal and vacation of an existing areaway along Pearl Street NW; and the rehabilitation of the Ottawa Avenue and Lyon Street areaways.
- \$35,000 Streetscape Improvement Grant for a new sidewalk and streetscape treatments, possibly including a new snowmelt system, along Pearl Street NW, Ottawa Avenue NW and Lyon Street NW.
- Use of 75% of the new tax increment revenues generated by the project to reimburse the developer for eligible costs associated with providing barrier-free access in the building and the additional costs related to improvements within the public right-of-way, in an amount not to exceed \$1,484,000, as outlined by the DDA's Development Support Policy.

Given the fact that the building currently sits 50% vacant and is a “facility,” as defined by the State of Michigan’s Brownfield Act; it is the belief of staff that the proposed renovation project will help to reposition a distressed asset, preserve a historically iconic structure and promote economic growth within the district. Further, the addition of approximately 50 new market-rate residential units will help to infuse approximately \$1 M in annual consumer spending potential into the core and promote additional business / leisure travel in the district with the addition of a 100 room extended stay hotel.

**Recommendation:**

Staff recommends that the DDA Board approve a \$35,000 Areaway Fill Program Grant for the vacation of an existing areaway located along the Pearl Street frontage; a \$35,000 Streetscape Improvement Grant for sidewalk improvements along both Ottawa Avenue NW and Lyon Street NW; and Development Support to reimburse the developer for eligible costs associated with providing barrier-free access in the building in an amount not to exceed \$1,481,127.

See Attachment.

**Waters Building, LLC**  
**Grand Rapids Downtown Development Authority**  
**Development Support Tax Increment Financing Costs**

**2-Jul-14**

**Items necessary to comply with the requirements of the Michigan Construction Code to satisfy the requirements of the Americans with Disabilities Act:**

**Elevators - 1 New Hotel; 1 Renovated Office/Residential**

Concrete	6,160
Masonry	110,800
Carpentry/incl steel	149,900
Thermal and Moisture	55,000
Doors	85,000
Cab Flooring	10,000
Specialties	8,000
Equipment	190,000
Mechanical	75,000
Electrical	67,000
<b>Total Elevators - Office and Residential Towers</b>	<b>\$ 756,860</b>

**Barrier Free Items for Hotel, Commerical, and Residential Space**

Barrier Free Restrooms - Office	\$ 104,000
Barrier Free Drinking fountains - Office	20,000
Incremental Costs to Make 5 Residential Units Barrier Free	25,000
Automatic Entry Doors - Office Tower	45,000
Automatic Entry Doors - Multi-Family	45,000
ADA Hardware Office	72,500
ADA Hardware Multi-Family Units	15,000
ADA Hardware Multi-Family Common Area	8,500
Ramping ( Interior / Exterior)	55,000
<b>Total Barrier Free</b>	<b>\$ 390,000</b>

<b>Barrier Free Parking (part of infrastructure)</b>	<b>\$ 5,000.00</b>
<b>Total Barrier Free Parking</b>	<b>\$ 5,000.00</b>

Total Subcontractor Costs - Elevators and Barrier Free Items	\$ 1,151,860
Construction Management (5%)	57,593.00
Subtotal	\$ 1,209,453
Permits and Fees	7,861
General Conditions	72,567
A/E Fees	50,000
Insurance	7,257
Contingency (10%)	133,988
<b>TOTAL</b>	<b>\$ 1,481,127</b>

# MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: October 3, 2014

TO: Downtown Development Authority

FROM: Eric Pratt   
Project Manager

Agenda Item #8  
October 8, 2014  
DDA Meeting

**SUBJECT: An Amendment to the Development & Reimbursement Agreement for the Project at 335 Bridge Street NW (River House Condominiums)**

On January 11, 2006, the DDA Board approved a Development and Reimbursement Agreement (the "Agreement"), between the DDA and Bridgewater Condos, LLC (the "Developer"), which spelled out the terms in which the DDA would use 75% of the new tax increment revenues generated by the project to reimburse the developer for certain eligible costs related to the construction of "Onsite Public Facility" and "Offsite Public Facilities," as a part of the River House Condominium project.

At the time of the Agreement, the developer estimated that the cost to construct Onsite Public Facility Improvements was \$1,316,425; and \$680,575 for Offsite Public Facility Improvements. Per the agreement, the maximum amount available for reimbursement is \$2 million.

Upon completion of the project, the developer submitted documentation indicating that the actual cost to construct the Onsite Public Facility Improvements was \$1,557,209; and \$415,877 for the Offsite Public Facility Improvements. The total amount of the actual costs is \$1,973,086.

Enclosed in your packet is request from Bridgewater Condos, LLC, requesting the Authority approve an amendment to the agreement, that recognizes the actual cost incurred to provide both Onsite and Offsite Public Facility Improvements as a part of the River House Condominium project.

**Recommendation:**

Staff recommends that the DDA Board authorize the Authority's counsel to prepare an amendment to the Development and Reimbursement Agreement which recognizes the actual costs for providing public facility improvements, as a part of the Authority's support for River House Condominium project and authorize the DDA Executive Director to execute the amendment.

See attachments.



September 29, 2014

Mr. Jonathan Klooster  
City of Grand Rapids  
Economic Development Office  
300 Monroe NW  
Grand Rapids, MI 49503



RE: River House Project

Dear Mr. Klooster:

This communication is intended to respectfully ask for the consideration of you and your staff in amending the Development and Reimbursement Agreement dated January 11, 2006 between the City of Grand Rapids Downtown Development Authority and Bridgewater Condos, L.C.

The purpose behind our request is to ask to receive credit for all On Site Public Facility Improvements to the River House project. Such improvements had been limited to \$1,319,425 per the existing agreement, but the documentation that was provided to your office from Wolverine Construction and DTS Winkelmann reflected total actual cost of \$1,557,209.71.

Based on all of the above, and the other terms of the Agreement, amending the document will result in a full and complete final payment to Bridgewater Condos, L.C. of \$155,956.89. Upon receipt of such payment (issued to Huntington National Bank), the financial obligations of the DDA to Bridgewater Condos shall be fulfilled.

Please note that as we have assigned a security interest in the agreement to Huntington National Bank, the lender for the project, their approval is required to amend the agreement. Attached please find their consent for us to make this request. I will need to present the proposed amendment document to them for review before we can execute that document. Thank you for your help with all of this and if there are any other questions, please feel free to contact me or my staff.

Sincerely,

Robert D. Grooters, Member  
Bridgewater Condos, L.C.

cc: Dan Lefevre, Huntington National Bank/Janet Merren/Fred C. Plath

## Fred Plath

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**From:** Daniel Lefevre <Daniel.Lefevre@huntington.com>  
**Sent:** Friday, September 26, 2014 11:22 AM  
**To:** 'Fred Plath'; 'Porritt, Donna'  
**Cc:** janetm@rgdc.com; 'Rebecca Draaisma'  
**Subject:** RE: River House DDA

**Importance:** High

Fred,

We acknowledge the concept of amending the Development Agreement to include an expansion of the approved On Site Public Facility Improvements to the River House project from to \$1,319,425 to \$1,557,209.71. We understand that that any amendment will require the consent of the Bank, and we are available to review the terms of proposed amendment as soon as they become available. Should you have any questions, please do not hesitate to ask.

Regards,

**Daniel R. LeFevre**

Vice President, Special Assets  
Phone: 248.244.3574  
Mobile: 734.945.7800  
Fax: 877.201.3002

**The Huntington National Bank**  
801 West Big Beaver Road  
MI9185  
Troy, MI 48084  
huntington.com

The contents of this e-mail are for discussion purposes only, and are neither an offer nor an agreement by the Bank. No terms or conditions shall be binding on the bank until the terms have been approved on multiple levels within the bank and the agreement has been memorialized in a formal written agreement signed by an authorized bank officer. Nothing contained herein and no act or omission by the Bank shall constitute a waiver of or limitation upon any of the Bank's rights or remedies, at law or in equity, which are expressly reserved, and shall be cumulative and non-exclusive.

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**From:** Fred Plath [<mailto:fred@trumpetsanddoves.com>]  
**Sent:** Friday, September 26, 2014 5:58 AM  
**To:** Daniel Lefevre; 'Porritt, Donna'  
**Cc:** [janetm@rgdc.com](mailto:janetm@rgdc.com); 'Rebecca Draaisma'  
**Subject:** River House DDA

Hi Dan – The DDA advises that they have a board meeting on October 8<sup>th</sup>. We would need to get our request to amend the agreement in as quickly as possible for that to get on the agenda for their 10/8 meeting. They indicated it should only take a few days after that to produce the amendment and then the final payment should be issued within 30 days.

Please let me know of any questions on the proposed letter I sent yesterday making the request, and if acceptable please send me a confirmation so I may forward that to the DDA along with the amendment request.