

# MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

Wednesday, March 11, 2015

8:30 a.m. Meeting

Downtown Grand Rapids Inc. 29 Pearl St. NW, Suite 1

## AGENDA

1. Call to order
2. Approve Meeting Minutes from February 11, 2015 (8:31).....*Motion*      *Harris*  
(enclosure)
3. Accept February 28, 2015 Financial Statements (8:33).....*Motion*      *Wallace*  
(enclosure)
4. Amend Option Agreement for Theater on Area 5 (8:38).....*Motion*      *Larson*  
(enclosure)
5. Authorize Local Match for State and Bostwick Street Reconstruction (8:53).....*Motion*      *DeClercq*  
(enclosure)
6. Approve Development Support for The Venue (9:08).....*Motion*      *Larson*  
(enclosure)
7. Approve Development Support for The Venue Tower (9:18).....*Motion*      *Larson*  
(enclosure)
8. Approve Development Support for 12 Weston SW (9:33).....*Motion*      *Pratt*  
(enclosure)
9. Consent to Assignment of Development Support at 216 S. Grandville (9:43).....*Motion*      *Pratt*  
(enclosure)
10. Events Recap: Valent-ICE and Broomball (9:48).....*Info Item*      *Van Driel*
11. DGRI President & CEO Report (9:52).....*Info Item*      *Larson*
12. Public Comment (9:56)
13. Board Member Discussion (9:59)
14. Adjournment

MEETING OF THE DOWNTOWN DEVELOPMENT AUTHORITY

February 11, 2015

1. Call to Order – The meeting was called to order at 8:30 a.m. by Chair Brian Harris.

2. Attendance

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

Absent:

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), Breese Stam (City of GR Engineering Dept.), Josh Szymanski, Andy DeBraber, Charlsie Dewey (GRBJ), Jim Harger (MLive), and others.

3. Approval of Minutes of January 14, 2015

*Motion: Mayor George Heartwell, supported by Elissa Hillary, moved approval of the minutes of the January 14, 2015 DDA meeting as presented. Motion carried unanimously.*

4. Accept January 31, 2015 Financial Statements

Ms. Wallace presented the financial statements for the first seven months of the fiscal year ending June 30, 2015. Ms. Wallace noted that the last Riverhouse condominium development project reimbursement payment was paid in January.

*Motion: Rick Winn, supported by Jim Talen, moved to approve Statement D: Schedule of January 2015 Expenditures as recommended. Motion carried unanimously.*

5. Financial Audit for the Fiscal Year Ended June 30, 2014

Ms. Wallace presented the audit wrap-up document and explained to the Board which pages would be the most useful in understanding the audit. Ms. Wallace pointed out that the corrected and uncorrected misstatements section was a result of an Excel spreadsheet formula error and the issue was resolved by the auditors. Ms. Wallace reviewed various pages of the audit and opened the floor for questions. Mr. Talen asked about the appeals of property taxes and if those are accounted for in the audit. Ms. Wallace said yes, that information is located in the notes section. Mr. Harris said if an organization has strong accounting practices in place, it is not only good for the organization, but the audit should not be a challenge. Ms. Wallace agreed and commended Mr. Larson and Ms. Sierawski on their due diligence and

attention to detail throughout the organizational transition. Mr. Harris asked if the audit is just for the DDA or for DGRI as well. Ms. Wallace said just the Authorities.

*Motion: Kayem Dunn, supported by Diana Sieger, moved to accept the audit for the year ending June 30, 2014. Motion carried unanimously.*

6. Authorize Local Match for State and Bostwick Street Reconstruction

Mr. Breese Stam from the City of Grand Rapids' Engineering Department presented a request for the DDA's share of costs in the amount of \$675,000 for the reconstruction of State Street from Jefferson Ave. to Lafayette Ave. and reconstruction of Bostwick Ave. from Lyon Street to Crescent Street. Mr. Stam said it is anticipated that MDOT will receive bids for this project on March 6, 2015. Mr. Stam said the DDA's share of costs is for a portion of the local and non-participating project costs, including streetscape enhancements, new street trees, low impact design for stormwater control, brickscape improvements, telecommunications improvements on both State Street and Bostwick Avenue, and new historic lighting on State Street. Mr. Stam said these improvements will really enhance the State Street corridor and that Grand Rapids Community College (GRCC) and the surrounding neighborhoods were involved throughout the design process. It is anticipated that construction would occur during the summer with completion before the fall. Mr. Larson reminded the Board that the \$675,000 portion of DDA funds already exists in the priority plan. Mayor Heartwell asked if we were able to use porous asphalt in any of the lanes. Mr. Stam said MDOT rejected porous pavement in the design due to the involvement of federal dollars in this project. Mayor Heartwell asked if the use of porous pavement could be appealed and Mr. Stam replied that at this point in time, no. Mayor Heartwell asked about the bike lanes within the design. Mr. Stam said bike lanes will be added on both sides of State Street. Mayor Heartwell asked if barriers were going to be used for the bike lanes or if it's just going to be painted lines. Mr. Stam said barriers have been explored, but due to the maintenance of the barriers, it was determined that painting the lines would result in less ongoing maintenance. Mayor Heartwell said other cities have figured out how to maintain bike lane barriers and that we as a City should be more aggressive in pursuing bike lane barriers. Dr. Falb asked if there was any consideration during the design process that the Grand Rapids Museum School is going to be located at the end of State Street. Mr. Stam said some of the amenities within the design will be beneficial to the school. Mr. Talen said this is such an important project because State Street is the connector from the surrounding neighborhoods to Downtown. Mr. Talen asked about the section that is currently brick and asked why the design didn't include brick on State Street for consistency. Mr. Talen said the community has identified State Street as a connector, and asked why brick can't be part of the State Street design. Mr. Stam said the existing street is a hot mix asphalt street and that brick was investigated as a solution and was the desired material, but ultimately the funds were insufficient to make that happen. Mr. Stam said this isn't an enhancement project, it's a strategic plan project, and the State won't participate in funding, so it would have to happen with 100% local funds. Mr. Harris asked what the delta of the costs is. Mr. Stam replied

approximately \$200,000 would be needed. Mr. Talen said he recognizes the urgency to reconstruct Bostwick Ave., but wonders about the urgency for State Street. Mr. Stam said the two projects were joined together at the Metro Council level and it is considered to be one project. Mr. Talen said it sounds like there is a lot of bureaucracy involved in this process and that it feels uncomfortable. Ms. Hillary agreed that State Street seems like a logical place to install barrier protected bike lanes, especially because State Street will be in the vicinity of a school. Ms. Hillary asked if the installation of barrier protected bike lanes is something we can fund in the future or would it make more sense to determine that now. Mr. Larson said the opportunity is always feasible, but it would be more expensive to do later. Mr. Larson said the DDA has historically been a funding partner for streets, but doesn't traditionally have much input or control in street design. Mr. Larson said the Alliance for Investment has been discussing this subject and that in the future there may be streetscape requirements in order to obtain DDA funds. This particular project was put into the priority plan 4 or 5 years ago when the community's priorities were different than what they are now in regards to street design and use. Mr. Larson said GR Forward is beginning to explore these matters more thoroughly. Mr. Stam said for this project, adding any buffer space on the street would be very challenging because the businesses want parking options too, so everyone's needs need to be accommodated. Mr. Talen said he attended two of the public engagement meetings for this project and that there were only two people at the first meeting and at the second meeting, Mr. Talen was the only attendee. The State Street project was a project that had very little public engagement. Dr. Falb said if you look at the map, State Street actually used to be a Native American trail and that the history of that street is very interesting. Mr. Harris said there seems to be some angst about the amount of public input that was put into this project, and that if it's the will of the body to have this project re-visited, we could see if there are funding opportunities to install brick. Mr. Stam said if this project is delayed, there could be negative impacts to the project and that at this time, it would be difficult to delay the proposed timeline. Mr. Larson asked about a possible bid alternate on the project to include brick. Mr. Stam said MDOT doesn't allow alternative bids. Mr. Harris asked what would happen if the DDA didn't provide its share of the funds. Mr. Stam said we would lose the grant. Mr. Harris asked if it could be renewed at a later date. Mr. Stam said we would lose the funds for this year and that they would be distributed to other communities. Mr. Harris asked how long the queue is for the grant funds. Mr. Stam said the Metro Council process is five years. Ms. Gietzen asked if this project gets completed now, how long would the Board and the community have to live with this decision. Mr. Stam said quite a long time because this is a full reconstruction project. Dr. Falb asked if the future Museum School and hospital plans were taken into serious consideration. Mr. Stam said they were aware of the school and hospital plans and that's why bike lanes were part of the plan. Mr. Harris asked for the counsel of the Executive Director. Mr. Larson said what we are experiencing is a tension about uses of streets and that the community has expressed the desire for modern uses of streets. Mr. Larson said he understands the vital streets team is exploring this topic, but feels that we are behind the curve on these issues in Grand Rapids. Mr. Larson said we're going to need to find a balance and that this isn't the last street project that is going to come before this Board. Mr. Larson asked for Mayor Heartwell's leadership to compel the Vital Streets Oversight



Commission to answer this question. Mr. Winn asked Mr. Kelly to show this project to the Alliance for Investment as a good example of how the tension is building in the community about this subject. A motion was made by Ms. Dunn, supported by Mr. Winn, to approve the DDA's share of costs in the amount of \$675,000. Mayor Heartwell said he believes this is a project that he's prepared to draw a line because this street is such an opportunity to do the right thing and if it needs to be pushed back, then it should be pushed back and done the right way. Dr. Falb said State Street is not a car heavy place, it's a pedestrian place and that she is not confident that this process has incorporated all of the people this would impact. Dr. Falb said she is not confident that enough input was gathered for the future of this street. Ms. Dunn said this is the first time she's heard this kind of conversation and that this is a tipping point, however, there is a real need for this Board to make a statement, but she wants it to be clearly heard. Ms. Dunn said we would lose the federal money and lose the place in the queue for funding, but clearly there is something very important going on here today. Mr. Harris said the DDA Board would be responsible to find the additional funds to further the point we are making about the quality of the streets we are trying to build. Ms. Gietzen asked if we lose the federal funding, if the delta is actually only \$200,000. Ms. Hillary asked if there's a way to speed up the vital streets efforts without a no vote today. Mr. Talen said we could also invest more money into this project than what was originally anticipated. Mayor Heartwell said there's another option that if we think we can accomplish anything in thirty days, we could table the motion in order to make a strong statement about vital streets and to see if there's any opportunity to make some impacts on this project.

*Motion: Mayor George Heartwell, supported by Jim Talen, moved to table the motion for the DDA to approve its share of costs in the amount of \$675,000 for thirty days. Motion carried unanimously.*

Ms. Hillary departed meeting.

7. Approve Indemnity Agreement for Arena Skywalk

Mr. Larson said that the mixed-use office building located at 25 Ottawa was acquired with the intention of renovation and re-positioning within the marketplace. As a part of the renovation, the property owners are proposing the introduction of a large glass architectural feature that would provide natural light to several of the interior floors. Mr. Larson said the property owners have agreed to contribute towards that cost and given that the DDA is part to an ownership arrangement for the skywalk, an indemnity agreement was secured to protect the DDA in the instance of damage caused by the improvement.

*Motion: Mayor George Heartwell, supported by Jane Gietzen, moved to authorize DDA Board Chair Brian Harris to execute the indemnity agreement. Motion carried unanimously.*

8. Approve BRIP for 78 S. Division

Mr. Pratt said Heartside Ministry is requesting DDA assistance through use of the Building Reuse Incentive Program (BRIP) for the building located at 78 S. Division Avenue. Heartside Ministry is proposing to renovate the building to facilitate the relocation of the ministry from their current location at 54 S. Division Avenue. Mr. Pratt said Phase I of the project will entail the renovation of the ground floor of the building, while Phase II of the project calls for the renovation of the remaining two floors of the building. Mr. Pratt introduced Andy DeBraber to the Board to answer any questions. Mr. DeBraber said they are excited to use this building and at the street level there will be a gallery and community center. Additionally, there will be a public restroom available 24 hours a day and 7 days a week. Mr. DeBraber said the building will also be LEED certified. Mr. Harris asked an amendment be made with clarification on the source of funds from Non-Tax to Local Tax Increment within the motion.

*Motion: Kayem Dunn, supported by Dr. Wendy Falb, moved to approve a \$15,000 BRIP Grant to be funded from the Local-Tax Increment fund to Heartside Ministry for the historical restoration of the façade of the building at 78 South Division Avenue. Motion carried unanimously.*

9. Approve PILOTs for Dwelling Place Affordable Housing

Mr. Pratt shared that Dwelling Place seeks tax exemption and Payment in Lieu of Taxes (PILOT) for a project involving five (5) properties that will be combined as one project for the purposes of application to the Michigan State Housing Development Authority (MSHDA) for Low Income Housing Tax Credit. Mayor Heartwell asked if there is a dollar value associated with this. Mr. Pratt said he would anticipate a net increase from what the DDA currently captures from those buildings. Mr. Talen said he feels as though the Board should continue having discussions on Downtown residential options and what they may look like now and in the future. Mr. Talen said he doesn't know if the DDA should continue to support people living in concentrated housing and that we need to push that conversation harder. Mr. Talen said the DDA has recently approved PILOT's for other developments and these are for 20-30 years and he is unsure if it is the best option for the people that live in those developments and for Downtown as a whole. Mr. Talen would like to be proactive and intentional when the Board approves these requests. Ms. Dunn said it seems what we are seeking is balance in regards to housing within the Downtown and perhaps some data would help. Mr. Larson said he can send the current data showing the breakdown of housing to the Board. Mr. Harris said GR Forward is focusing some of its efforts on this very topic. Ms. Sieger said that this is a bigger discussion than what Mr. Talen is proposing and should involve more people than just the Board. Ms. Sieger said this discussion should happen in the very near future because as more market rate housing is built, there is a concern about displacing the current residents and that many people are moving to the suburbs instead of staying in Grand Rapids due to displacement. Mayor Heartwell said there are hundreds of market rate apartments and condos under construction currently and the City Commission is also

wrestling with this issue of how to ensure housing options for all income levels within the Downtown and surrounding core City. Mayor Heartwell said this conversation is timely and that there are two important sides that need to be held in balance. Mr. Harris said he would like to see these conversations happen, but a larger number of stakeholders should be involved.

*Motion: Dr. Wendy Falb, supported by Rick Winn, moved to approve a PILOT (Payment in Lieu of Taxes) for LCH36 limited Dividend Housing Association Limited Partnership as recommended including 138 S. Division, 303 S. Division, 343 S. Division, 349 S. Division, and 344 Commerce Ave SW. Motion carried unanimously.*

10. Special Events Incentive Policy Update

Mr. Larson presented the latest information about the Special Events Advisory Council (SEAC). Mr. Larson said the next steps are to amend DGRI's event support grant application, create a simplified event planning portal, and align the City's OSE permissions and sponsorship opportunities with the community's desired outcomes. Ms. Gietzen, Mr. Harris, and Ms. Sieger all commended this progress and thanked the Council for all their work on this project.

11. DGRI President and CEO Report

MNTIFA (1/14)

- Authorized funding to continue DASH North Service

DID (2/26)

- DID Renewal Steering Committee have held three meetings
- DID to discuss mid-year financials, discuss fund balance options

DGRI (2/17)

- All consider approving 2015 Alliance slates; 8-10 new members expected
- Will review cost allocation methodology

Alliances:

INVESTMENT (2/10)

- 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
- Approved their 2015 goals, policies, and implementation measures synthesis
- Voted to pursue a full cost recovery plan to cover administrative overhead on development incentive programs
- Evaluating existing incentive programs for short-term improvements

#### *VIBRANCY (2/18)*

- Chair – Brandy Moeller, City of Grand Rapids
- Conducted busker tryouts
- Advising on Valent-ICE program, workforce event designs
- Planning a summit on Downtown diversity initiatives for DGRI
- Divided into Implementation-based Working groups:
  - Holiday Décor
  - Special Events Optimization
  - Workforce Appreciation
  - Diversity & Inclusion
  - Public Space Activation

#### *LIVABILITY (1/26)*

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

#### DGRI Staff Highlights

- Fund raising - \$20,500 already raised for 2015 Movies in the Park
- 4th GR Forward Speaker Series – Peter Kageyama – Thursday, February 12<sup>th</sup> 6:00 PM
- 30 Valent-ICE sculptures going up this week! 80's on ICE event, Friday, February 13
- GR Forward Steering Committee – February 19 @ 10:30 AM
- Next DID Renewal Steering Committee – February 20<sup>th</sup>
- Planning for DGRI Board of Advisors Alignment Retreat – March 2nd
- Final GR Forward Thinking Speaker Series Event: 3/12 @ 6:00 PM – Dan Biederman

12. Public Comment

None.

13. Board Member Discussion

None.

14. Adjournment

The meeting adjourned at 10:06 a.m.

# MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

**Agenda Item 3.  
March 11, 2015  
DDA Meeting**

DATE: March 5, 2015

TO: Brian Harris  
Chairman

FROM: Jana M. Wallace  
Downtown Development Authority Treasurer

**SUBJECT: FY2015 Financial Statements Through February 28, 2015**

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

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

The Authority received \$15,400 in reimbursements from businesses and organizations that commissioned ice sculptures for the ValentICE event. The funds will be used to pay the ice sculpture artists.

Trend data for Local Tax Increment FY2015 Administration expenditures are improving. Several months ago trends were predicting a year-end negative variance in the amount of \$250,000. As of February 28, the estimated negative variance will be \$100,000. Kris Larson, Mary Sierawski, and I will continue to review costs, work with the City to adjust charges for services, and consider options to isolate project administration costs from general administration costs.

The Authority continues to have sufficient cash to support 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

February 28, 2015

|                                                 | Non-Tax<br>Funds    | Debt<br>Increment    | Local Tax<br>Increment | TOTAL                 |
|-------------------------------------------------|---------------------|----------------------|------------------------|-----------------------|
| <b>ASSETS</b>                                   |                     |                      |                        |                       |
| Pooled Cash and Investments                     | \$ 5,423,147        | \$ 9,026,785         | \$ 5,195,658           | \$ 19,645,590         |
| Petty Cash                                      | -                   | -                    | 500                    | 500                   |
| Debt Service Reserve Fund                       | -                   | 5,400,768            | -                      | 5,400,768             |
| Accounts Receivable                             | 8,795               | -                    | -                      | 8,795                 |
| Loan Receivable - Project Developer             | 723,848             | -                    | -                      | 723,848               |
| Loan Receivable - Special Assessments           | 14,736              | -                    | -                      | 14,736                |
| General Fixed Assets                            | -                   | -                    | 89,511,580             | 89,511,580            |
| Future Tax Increment Revenues Anticipated       | -                   | 31,877,460           | 183,750                | 32,061,210            |
| <b>TOTAL ASSETS</b>                             | <b>\$ 6,170,526</b> | <b>\$ 46,305,013</b> | <b>\$ 94,891,488</b>   | <b>\$ 147,367,027</b> |
| <b>LIABILITIES AND FUND EQUITY</b>              |                     |                      |                        |                       |
| <b>Liabilities</b>                              |                     |                      |                        |                       |
| Current Liabilities                             | \$ 71,646           | \$ -                 | \$ -                   | \$ 71,646             |
| Parking Revenue Payable                         | 5,565               | -                    | -                      | 5,565                 |
| Project Increment Due to Developers             | -                   | -                    | 40,277                 | 40,277                |
| Due to Other Governmental Units                 | -                   | 3,774,319            | -                      | 3,774,319             |
| Debt Increment Reimbursement Payable            | -                   | 2,050,734            | -                      | 2,050,734             |
| Deposit - Area 1 and Area 5 Options to Buy      | 122,903             | -                    | -                      | 122,903               |
| Deposit - Movies in the Park Vendors            | 300                 | -                    | -                      | 300                   |
| Net Retiree Health Care Obligation <sup>1</sup> | -                   | -                    | (5,667)                | (5,667)               |
| Prior Year Property Tax Appeals                 | -                   | 42,528               | 22,139                 | 64,667                |
| Deferred Revenue - Developer Loan               | 723,848             | -                    | -                      | 723,848               |
| Contract Payable                                | -                   | -                    | 183,750                | 183,750               |
| Bonds Payable                                   | -                   | 31,877,460           | -                      | 31,877,460            |
| <b>TOTAL LIABILITIES</b>                        | <b>924,262</b>      | <b>37,745,041</b>    | <b>240,499</b>         | <b>38,909,802</b>     |
| <b>Fund Balance / Equity:</b>                   |                     |                      |                        |                       |
| Investments in General Fixed Assets             | -                   | -                    | 89,511,580             | 89,511,580            |
| Non-Tax Increment Reserve                       | 4,658,397           | -                    | -                      | 4,658,397             |
| Reserve for Authorized Projects                 | -                   | -                    | 4,743,529              | 4,743,529             |
| Reserve for Brownfield Series 2012A Bonds       | 514,748             | -                    | -                      | 514,748               |
| Reserve for Compensated Absences                | -                   | -                    | 6,897                  | 6,897                 |
| Reserve for Eligible Obligations                | -                   | 8,559,972            | -                      | 8,559,972             |
| Reserve for Encumbrances                        | 73,119              | -                    | 388,983                | 462,102               |
| <b>TOTAL FUND EQUITY</b>                        | <b>5,246,264</b>    | <b>8,559,972</b>     | <b>94,650,989</b>      | <b>108,457,225</b>    |
| <b>TOTAL LIABILITIES &amp; FUND EQUITY</b>      | <b>\$ 6,170,526</b> | <b>\$ 46,305,013</b> | <b>\$ 94,891,488</b>   | <b>\$ 147,367,027</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 - February 28, 2015

|                                                                    | 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        | \$ 4,338,852        |
| Property Tax Increment - Transit Millage                           | -                   | -                   | -                   | -                   | 385,681             | 385,681             |
| Property Tax Increment - Prior Year Appeals                        | -                   | -                   | (200,000)           | (12,109)            | (100,000)           | (3,060)             |
| Property Tax Increment - Rebates to City / ITP                     | -                   | -                   | -                   | -                   | (278,682)           | -                   |
| Special Assessments - Areaway                                      | 15,000              | 1,289               | -                   | -                   | -                   | -                   |
| Brownfield Authority - Grandville Avenue                           | -                   | -                   | -                   | -                   | 21,973              | 23,200              |
| Interest on Investments - General                                  | 18,747              | 36,443              | 10,000              | 1                   | 50,644              | 93,018              |
| Interest on Investments - Multi-Year Accrual Reversal <sup>1</sup> | -                   | (28,853)            | -                   | -                   | -                   | (95,793)            |
| Interest on Investments - The Gallery Note                         | 40,167              | -                   | -                   | -                   | -                   | -                   |
| Property Rental - DASH Parking Lots                                | 336,925             | 183,221             | -                   | -                   | -                   | -                   |
| Property Rentals - Movies in the Park Vendors                      | -                   | 1,250               | -                   | -                   | -                   | -                   |
| Property Rentals - Winter Avenue Building                          | 9,000               | -                   | -                   | -                   | -                   | -                   |
| Property Rentals - YMCA Customer Parking                           | 52,000              | 33,800              | -                   | -                   | -                   | -                   |
| Early Principal Repayment - The Gallery Note                       | -                   | 175,000             | -                   | -                   | -                   | -                   |
| Reimbursement - GR Public Schools for GR Forward                   | -                   | -                   | -                   | -                   | -                   | 3,816               |
| Reimbursement - Monroe Ctr Ph 3 / Monument Park                    | -                   | -                   | -                   | -                   | -                   | 81,679              |
| Reimbursement - Miscellaneous                                      | 500                 | 15,400              | -                   | -                   | 10,000              | 1,075               |
| From / (To) Fund Balance                                           | 3,127,112           | -                   | (10,000)            | -                   | 145,089             | -                   |
| <b>TOTAL REVENUES</b>                                              | <b>\$ 3,599,451</b> | <b>\$ 417,550</b>   | <b>\$ 7,329,127</b> | <b>\$ 7,530,260</b> | <b>\$ 4,471,714</b> | <b>\$ 4,828,468</b> |
| <b>EXPENDITURES</b>                                                |                     |                     |                     |                     |                     |                     |
| Investment - Planning and Infrastructure                           |                     |                     |                     |                     |                     |                     |
| Development Incentive Programs                                     | \$ -                | \$ -                | \$ -                | \$ -                | \$ 1,085,000        | \$ 938,652          |
| Transit Projects - Transit Millage Funded                          | -                   | -                   | -                   | -                   | 125,000             | 31,250              |
| Planning                                                           | 35,000              | 13,507              | -                   | -                   | 350,000             | 292,149             |
| Public Infrastructure                                              | 2,051,451           | -                   | -                   | -                   | 890,000             | 352,031             |
| Investment Total                                                   | \$ 2,086,451        | \$ 13,507           | \$ -                | \$ -                | \$ 2,450,000        | \$ 1,614,082        |
| Livability - Residents / Workers / Neighborhood                    | 605,000             | 239,433             | -                   | -                   | 700,000             | 127,175             |
| Vibrancy - Attracting Visitors                                     | 808,000             | 338,795             | -                   | -                   | -                   | -                   |
| Miscellaneous                                                      | 100,000             | 18,176              | -                   | -                   | -                   | -                   |
| <b>Total Alliance Projects</b>                                     | <b>\$ 3,599,451</b> | <b>\$ 609,911</b>   | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 3,150,000</b> | <b>\$ 1,741,257</b> |
| Administration                                                     | -                   | 963                 | -                   | -                   | 862,863             | 601,137             |
| Debt Service for Bond Issues                                       | -                   | -                   | 5,479,525           | 742,262             | 458,851             | 339,918             |
| Estimated Capture to be Returned                                   | -                   | -                   | 1,849,602           | -                   | -                   | -                   |
| <b>TOTAL EXPENDITURES</b>                                          | <b>\$ 3,599,451</b> | <b>\$ 610,874</b>   | <b>\$ 7,329,127</b> | <b>\$ 742,262</b>   | <b>\$ 4,471,714</b> | <b>\$ 2,682,312</b> |
| <b>EXCESS / (DEFICIT)</b>                                          | <b>\$ -</b>         | <b>\$ (193,324)</b> | <b>\$ -</b>         | <b>\$ 6,787,998</b> | <b>\$ -</b>         | <b>\$ 2,146,156</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, & then reversed in the following fiscal year. ddastrmts-feb15.xls jmw 03052015



# STATEMENT C

## DOWNTOWN DEVELOPMENT AUTHORITY Statement of Current Project Expenditures As of February 28, 2015

| 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>   | 70                | 245,511             |                     | 4,489               |
| Development Project Guidance                         |                 | - <sup>1,2</sup>         | 22,103            | 42,184              |                     | (42,184)            |
| Development Project Reimbursements                   |                 | 750,000 <sup>1,2</sup>   | -                 | 650,957             |                     | 99,043              |
| Streetscape Improvement Incentive Program            |                 | 50,000 <sup>1,2</sup>    | -                 | -                   |                     | 50,000              |
| <b>Investment - Development Incentives Sub-Total</b> | <b>9.86%</b>    | <b>\$ 1,085,000</b>      | <b>\$ 22,173</b>  | <b>\$ 938,652</b>   |                     | <b>\$ 146,348</b>   |
| Amtrak Station Relocation                            |                 | 800,000 <sup>2</sup>     | -                 | -                   | 746,164             | 53,836              |
| DASH North Shuttle Services                          |                 | 150,000 <sup>2</sup>     | -                 | 31,250              | 93,750              | 56,250              |
| <b>Investment - Transit Millage Funded Sub-Total</b> | <b>8.63%</b>    | <b>\$ 950,000</b>        | <b>\$ -</b>       | <b>\$ 31,250</b>    | <b>\$ 839,914</b>   | <b>\$ 110,086</b>   |
| Downtown Plan                                        |                 | 487,500 <sup>2</sup>     | 45,738            | 292,149             | 451,124             | 36,376              |
| <b>Investment - Planning Sub-Total</b>               | <b>4.43%</b>    | <b>\$ 487,500</b>        | <b>\$ 45,738</b>  | <b>\$ 292,149</b>   | <b>\$ 451,124</b>   | <b>\$ 36,376</b>    |
| Arena South Implementation                           |                 | 230,809 <sup>2</sup>     | -                 | 672                 | 34,696              | 196,113             |
| 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             |
| Ionia Ave 9 - Buckley St to Wealthy St               |                 | 886,673 <sup>2</sup>     | -                 | 3,837               | 686,526             | 200,147             |
| Michigan / Ottawa Gateway                            |                 | 300,000 <sup>2</sup>     | -                 | -                   | -                   | 300,000             |
| Monroe Ave Resurfacing - Louis to I-196              |                 | 165,000 <sup>2</sup>     | 30,402            | 75,419              | 75,419              | 89,581              |
| Monroe Center-Phase 3 / Monument Park                |                 | 725,000 <sup>2</sup>     | 1,966             | 88,594              | 1,256,839           | (531,839)           |
| Ottawa Avenue Public Improvements                    |                 | 330,000 <sup>2</sup>     | -                 | 183,509             | 183,509             | 146,491             |
| 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>45.93%</b>   | <b>\$ 5,054,917</b>      | <b>\$ 32,368</b>  | <b>\$ 352,031</b>   | <b>\$ 2,369,424</b> | <b>\$ 2,685,493</b> |
| Downtown Speakers Series                             |                 | 35,000 <sup>1,3</sup>    | 9,379             | 13,507              |                     | 21,493              |
| <b>Investment - Non-Tax Supported Sub-Total</b>      | <b>0.32%</b>    | <b>\$ 35,000</b>         | <b>\$ 9,379</b>   | <b>\$ 13,507</b>    |                     | <b>\$ 21,493</b>    |
| Accessibility and Mobility Repairs                   |                 | 10,000 <sup>1,2</sup>    | -                 | 10,000              |                     | -                   |
| Bicycle Friendly Improvements                        |                 | 401,000 <sup>2</sup>     | -                 | -                   | 121,556             | 279,444             |
| Downtown Census                                      |                 | 30,000 <sup>1,2</sup>    | -                 | -                   |                     | 30,000              |
| Monroe Ave Phase 3 Services                          |                 | - <sup>1,2</sup>         | -                 | 23                  |                     | (23)                |
| Public Realm Improvements                            |                 | 200,000 <sup>2</sup>     | -                 | 45,298              | 45,298              | 154,702             |
| Seward Ave Non-Motorized Facility                    |                 | 56,730 <sup>2</sup>      | -                 | 14,570              | 29,864              | 26,866              |
| Snowmelt System Repairs / Investigation              |                 | 532,574 <sup>2</sup>     | 12,451            | 32,753              | 415,327             | 117,247             |
| Urban Recreation Plan                                |                 | 326,496 <sup>2</sup>     | -                 | 981                 | 52,477              | 274,019             |
| Wayfinding System Improvements                       |                 | 310,000 <sup>2</sup>     | 2,757             | 23,550              | 23,550              | 286,450             |
| <b>Livability - Local Tax Supported Sub-Total</b>    | <b>16.96%</b>   | <b>\$ 1,866,800</b>      | <b>\$ 15,208</b>  | <b>\$ 127,175</b>   | <b>\$ 688,072</b>   | <b>\$ 1,168,705</b> |
| Division Ave Task Force Implemntn                    |                 | 5,000 <sup>1,3</sup>     | -                 | -                   |                     | 5,000               |
| Downtown Ambassadors                                 |                 | 300,000 <sup>1,3</sup>   | 72,867            | 170,167             |                     | 129,833             |
| Educational Partnerships Initiatives                 |                 | 10,000 <sup>1,3</sup>    | -                 | -                   |                     | 10,000              |
| Project and Fixed Asset Maintenance                  |                 | 100,000 <sup>1,3</sup>   | -                 | 2,528               |                     | 97,472              |
| Recreational Walk / Tour Signage                     |                 | 40,000 <sup>3</sup>      | -                 | 9,715               | 9,715               | 30,285              |
| Riverwalk Maintenance                                |                 | 60,000 <sup>1,3</sup>    | -                 | -                   |                     | 60,000              |
| Stakeholder Engagement Program                       |                 | 5,000 <sup>1,3</sup>     | 338               | 4,325               |                     | 675                 |
| Street Trees Maintenance Program                     |                 | 5,000 <sup>1,3</sup>     | -                 | 5,000               |                     | -                   |
| Transportation Demand Mmnt Prog                      |                 | 92,500 <sup>1,3</sup>    | 19,714            | 47,698              |                     | 44,802              |
| Winter Avenue Building Lease                         |                 | 2,500 <sup>1,3</sup>     | -                 | -                   |                     | 2,500               |
| <b>Livability - Non-Tax Supported Sub-Total</b>      | <b>5.63%</b>    | <b>\$ 620,000</b>        | <b>\$ 92,919</b>  | <b>\$ 239,433</b>   |                     | <b>\$ 380,567</b>   |
| Bridge Lighting Operations                           |                 | 10,000 <sup>1,3</sup>    | -                 | -                   |                     | 10,000              |
| DGRI Event Production                                |                 | 45,000 <sup>1,3</sup>    | 5,174             | 42,604              |                     | 2,396               |
| Diversity/Inclusion Programming                      |                 | 10,000 <sup>1,3</sup>    | -                 | 3,250               |                     | 6,750               |
| Downtown Marketing                                   |                 | 225,000 <sup>1,3</sup>   | 27,108            | 51,931              |                     | 173,069             |
| Downtown Workforce Program                           |                 | 15,000 <sup>1,3</sup>    | 2,434             | 2,434               |                     | 12,566              |
| Go-Site Visitor Center at GRAM                       |                 | 30,000 <sup>1,3</sup>    | -                 | -                   |                     | 30,000              |
| Holiday Décor Program                                |                 | 60,000 <sup>1,3</sup>    | -                 | 62,536              |                     | (2,536)             |
| Major Event Sponsorship                              |                 | 82,000 <sup>1,3</sup>    | 240               | 65,240              |                     | 16,760              |
| Public Space Activation                              |                 | 30,000 <sup>1,3</sup>    | -                 | 1,174               |                     | 28,826              |
| Rosa Parks Circle Skating Operations                 |                 | 42,000 <sup>1,3</sup>    | -                 | 504                 |                     | 41,496              |
| Special Events - Grants                              |                 | 50,000 <sup>1,3</sup>    | -                 | 45,586              |                     | 4,414               |
| Special Events - Office of                           |                 | 100,000 <sup>1,3</sup>   | 6,028             | 24,778              |                     | 75,222              |
| 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>    | -                 | 34,617              |                     | 45,383              |
| Wayfinding Sign Maintenance                          |                 | - <sup>1,3</sup>         | -                 | 3,991               |                     | (3,991)             |
| <b>Vibrancy Support Sub-Total</b>                    | <b>7.33%</b>    | <b>\$ 806,500</b>        | <b>\$ 40,984</b>  | <b>\$ 338,795</b>   |                     | <b>\$ 467,705</b>   |
| Experience - Miscellaneous                           |                 | 100,000 <sup>1,3</sup>   | 4,669             | 6,864               |                     | 93,136              |
| Monroe Ave Phase 3 Services                          |                 | - <sup>1,3</sup>         | 5,407             | 11,312              |                     | (11,312)            |
| <b>Misc - Non-Tax Supported Sub-Total</b>            | <b>0.91%</b>    | <b>\$ 100,000</b>        | <b>\$ 10,076</b>  | <b>\$ 18,176</b>    |                     | <b>\$ 81,824</b>    |
| <b>TOTAL</b>                                         | <b>100.00%</b>  | <b>\$11,005,717</b>      | <b>\$ 268,845</b> | <b>\$ 2,351,168</b> |                     | <b>\$ 5,098,597</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**  
**February, 2015**

| Source  | Vendor                                | Purpose / Project                       | Description                                           | Amount       |
|---------|---------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------|
| Local   | Paychex                               | Administration                          | DGRI payroll, taxes, 401(k), FSA - February, 2015     | \$ 64,934.09 |
| Local   | Interface Studio, LLC                 | Downtown Plan                           | Share of services - December 2014                     | 45,466.83    |
| Local   | City Treasurer - Engineering Dept     | Monroe Ave Resurfacing - Louis to I-196 | Engineering services - inception through July 2014    | 29,064.40    |
| Non Tax | Quarterly Payroll Re-Allocation Entry | Downtown Marketing                      | DGRI staff payroll allocation - 09/21-12/27/2014      | 26,942.85    |
| Non Tax | Mydatt Services dba Block by Block    | Downtown Ambassadors                    | Monthly services - January 2015                       | 24,510.78    |
| Non Tax | Mydatt Services dba Block by Block    | Downtown Ambassadors                    | Monthly services - November 2014                      | 23,567.85    |
| Non Tax | Mydatt Services dba Block by Block    | Downtown Ambassadors                    | Monthly services - December 2014                      | 23,567.85    |
| Local   | Quarterly Payroll Re-Allocation Entry | Development Project Guidance            | DGRI staff payroll allocation - 09/21-12/27/2014      | 21,392.98    |
| Non Tax | Quarterly Payroll Re-Allocation Entry | Transportation Demand Mgmt Prog         | DGRI staff payroll allocation - 09/21-12/27/2014      | 19,645.41    |
| Non Tax | Quarterly Payroll Re-Allocation Entry | Special Events - Office of              | DGRI staff payroll allocation - 09/21-12/27/2014      | 6,028.05     |
| Non Tax | Jennifer Keesmaat                     | Downtown Speakers Series                | Speaker Jennifer Keesmaat fee and travel              | 5,602.05     |
| Local   | Geotech Inc.                          | Snowmelt System Repairs / Investigation | Share of snowmelt system repairs January 2015         | 5,441.00     |
| Non Tax | Consumers Energy                      | Monroe Ave Phase 3 Services             | Electricity - Monroe Center Ph 3 12/20/14-01/23/15    | 5,407.32     |
| Local   | City Treasurer - Budget Office        | Administration                          | Support services allocation - February 2015           | 5,196.50     |
| Local   | Federal Square Building Co #1 LLC     | Administration                          | Share of February, 2015 office lease                  | 4,959.49     |
| Local   | Geotech Inc.                          | Snowmelt System Repairs / Investigation | Share of snowmelt system repairs January 2015         | 3,184.00     |
| Local   | Geotech Inc.                          | Snowmelt System Repairs / Investigation | Share of snowmelt system repairs February 2015        | 3,140.50     |
| Non Tax | Human Momentum, LLC                   | Downtown Speakers Series                | Speaker Theresa Reno-Weber fee and travel             | 2,877.11     |
| Local   | Valley City Sign Company              | Wayfinding System Improvements          | Wayfinding sign maintenance 09/17-12/22/2014          | 2,757.00     |
| Non Tax | Fifth Third Bank - Procurement Card   | DGRI Event Production                   | ValentICE event supplies                              | 2,175.46     |
| Non Tax | Fusion IT LLC                         | Experience - Miscellaneous              | A. Guy laptop purchase / workstation setup            | 2,138.93     |
| Local   | Geotech Inc.                          | Monroe Center-Phase 3 / Monument Park   | Engineering services 11/01-11/30/2014                 | 1,966.00     |
| Local   | City of Grand Rapids                  | Administration                          | Staff services - February 2015                        | 1,901.12     |
| Non Tax | MGR Consulting, Inc.                  | Experience - Miscellaneous              | Share of GR Forward retreat - consulting services     | 1,831.06     |
| Local   | Dickinson Wright PLLC                 | Administration                          | Legal services - Beene Garter agreement Dec 2014      | 1,183.00     |
| Local   | City Treasurer - Risk Management      | Administration                          | General insurance - February 2015                     | 1,068.00     |
| Local   | City Treasurer - Parking Services     | Administration                          | Parking - DGRI staff- February 2015                   | 1,055.00     |
| Local   | Dickinson Wright PLLC                 | Administration                          | Legal services - share of TIF legislation Dec 2014    | 982.80       |
| Non Tax | Sharp Studios Co. DBA TapSnap         | Downtown Workforce Program              | ValentICE/80s on Ice - photo booth                    | 760.50       |
| Non Tax | Fifth Third Bank - Procurement Card   | Downtown Workforce Program              | ValentICE/80s on Ice - broomball supplies             | 748.20       |
| Non Tax | Breck Graphics dba Allegra            | DGRI Event Production                   | Movies in the Park - Impact Report booklets           | 733.43       |
| Local   | Dickinson Wright PLLC                 | Administration                          | Legal services - misc matters December 2014           | 709.80       |
| Local   | Dickinson Wright PLLC                 | Development Project Guidance            | Legal services - Waters Building December 2014        | 709.80       |
| Non Tax | Revue Holding Company, Inc.           | DGRI Event Production                   | ValentICE - Revue/Recoil advert February 2015         | 705.75       |
| Local   | Michigan Dept of Transportation       | Monroe Ave Resurfacing - Louis to I-196 | Resurfacing work thru January 2015                    | 694.94       |
| Local   | Dickinson Wright PLLC                 | Administration                          | Legal services - Arena Place project Dec 2014         | 691.60       |
| Local   | Geotech Inc.                          | Snowmelt System Repairs / Investigation | Share of snowmelt system repairs February 2015        | 686.00       |
| Local   | Fishbeck, Thompson, Carr & Huber      | Monroe Ave Resurfacing - Louis to I-196 | Engineering services - January 2015                   | 642.83       |
| Non Tax | Dickinson Wright PLLC                 | Downtown Ambassadors                    | Legal services - Downtown Ambassadors 12/11-12/14     | 600.60       |
| Local   | City Treasurer - Parking Services     | Administration                          | Parking validations - February 2015                   | 535.00       |
| Non Tax | Sextant Marketing Group               | Downtown Speakers Series                | "Love Where You Live" books by Peter Kageyama         | 515.00       |
| Non Tax | Adrian Butler                         | Downtown Workforce Program              | DJ Services for "80s on Ice" event                    | 500.00       |
| Non Tax | Fusion IT LLC                         | Experience - Miscellaneous              | IT services - setup A. Guy workstation                | 480.48       |
| Local   | Dickinson Wright PLLC                 | Administration                          | Legal services - sale of Area 5 December 2014         | 455.00       |
| Non Tax | Swift Printing & Communications       | DGRI Event Production                   | ValentICE tri-fold brochures                          | 440.00       |
| Local   | Eric Pratt                            | Administration                          | Professional development - MDA Board travel           | 393.30       |
| Local   | Professional Maint of Michigan, Inc.  | Administration                          | Share of janitorial services January 2015             | 389.60       |
| Non Tax | Fifth Third Bank - Procurement Card   | Downtown Speakers Series                | Theresa Reno-Weber event - refreshments               | 351.38       |
| Non Tax | GRCAC dba Comm Media Center           | Downtown Marketing                      | ValentICE and Movies in the Park - website design     | 336.00       |
| Non Tax | Fifth Third Bank - Procurement Card   | Stakeholder Engagement Program          | Gift card & table sponsorship - Newsmakers event      | 320.00       |
| Non Tax | Swift Printing & Communications       | DGRI Event Production                   | ValentICE - poster prints                             | 299.98       |
| Non Tax | Swift Printing & Communications       | DGRI Event Production                   | ValentICE - tri-fold brochures                        | 263.15       |
| Local   | Wondergem Consulting Inc              | Administration                          | Share of public relations - 01/01-01/31/2015          | 261.22       |
| Local   | Federal Square Building Co #1 LLC     | Administration                          | Share of 29 Pearl St. NW electricity - 01/08-02/06/15 | 244.42       |
| Non Tax | Fifth Third Bank - Procurement Card   | Major Event Sponsorship                 | LaughFest - event sponsorship                         | 240.00       |
| Non Tax | Staples Contract & Commercial Inc     | DGRI Event Production                   | Supplies - DGRI events                                | 234.02       |
| Non Tax | Swift Printing & Communications       | Downtown Workforce Program              | ValentICE/80s on Ice - poster prints and hand bills   | 225.02       |
| Local   | Fifth Third Bank - Procurement Card   | Downtown Plan                           | GR Forward Facebook advertising                       | 221.17       |
| Local   | TDS Metrocom                          | Administration                          | Share of 29 Pearl St NW telephone svc - Feb 2015      | 219.41       |

*continued on the next page*

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

**Page 2**

| Source                              | Vendor                                | Purpose / Project                        | Description                                            | Amount               |
|-------------------------------------|---------------------------------------|------------------------------------------|--------------------------------------------------------|----------------------|
| <i>continued from previous page</i> |                                       |                                          |                                                        |                      |
| Local                               | Fusion IT LLC                         | Administration                           | Share of domain name 2 yr renewal & other svcs         | \$ 215.21            |
| Non Tax                             | Fusion IT LLC                         | Experience - Miscellaneous               | IT services - setup A. Guy workstation                 | 190.00               |
| Non Tax                             | Fifth Third Bank - Procurement Card   | Downtown Marketing                       | Website database services                              | 165.00               |
| Local                               | PCS Gophers Ltd                       | Administration                           | Interoffice courier and mail services                  | 156.81               |
| Local                               | Fifth Third Bank - Procurement Card   | Administration                           | SurveyMonkey for DGRI staff annual reviews             | 151.39               |
| Local                               | Paychex                               | Administration                           | Payroll processing fees - February, 2015               | 149.94               |
| Non Tax                             | Dickinson Wright PLLC                 | Downtown Ambassadors                     | Legal services - Downtown Ambassadors 12/05/2014       | 145.60               |
| Non Tax                             | Swift Printing & Communications       | DGRI Event Production                    | ValentICE - stickers                                   | 145.00               |
| Local                               | Paychex                               | Administration                           | HRS processing fees - February, 2015                   | 135.00               |
| Local                               | Fifth Third Bank - Procurement Card   | Administration                           | Prof develop - books & webinars for staff & volunteers | 131.69               |
| Non Tax                             | City Treasurer - Parking Services     | Downtown Ambassadors                     | Melvin Eledge parking card - February 2015             | 127.00               |
| Non Tax                             | JKG Inc dba FastSigns of GR           | DGRI Event Production                    | 36' x 72" banner for DGRI events                       | 120.96               |
| Local                               | Comcast                               | Administration                           | Share of high speed internet - February 2015           | 109.35               |
| Non Tax                             | Alysha Shah dba Luna Gitana Hoops     | Downtown Workforce Program               | Event performance - February 2015                      | 100.00               |
| Non Tax                             | Alysha Shah dba Luna Gitana Hoops     | Downtown Workforce Program               | Event performance - January 2015                       | 100.00               |
| Local                               | Staples Contract & Commercial Inc     | Administration                           | Share of office supplies                               | 95.98                |
| Local                               | DDA Petty Cash                        | Administration                           | DDA Board meeting agenda package - postage             | 77.00                |
| Local                               | DDA Petty Cash                        | Building Re-use Incentive Program (BRIP) | Recording services - Kent County Registrar of Deeds    | 70.00                |
| Non Tax                             | DDA Petty Cash                        | Transportation Demand Mgmt Prog          | Chicago TDM trip - supplies/expense reimbursement      | 68.39                |
| Local                               | Staples Contract & Commercial Inc     | Administration                           | Share of office supplies                               | 66.47                |
| Local                               | Staples Contract & Commercial Inc     | Administration                           | Share of office supplies                               | 61.26                |
| Non Tax                             | Fifth Third Bank - Procurement Card   | DGRI Event Production                    | Facebook advertising                                   | 56.60                |
| Local                               | Fifth Third Bank - Procurement Card   | Downtown Plan                            | GR Forward giveaway - Leo's Gift Card                  | 50.00                |
| Local                               | Staples Contract & Commercial Inc     | Administration                           | Share of office supplies                               | 43.28                |
| Local                               | JPMorganChase                         | Administration                           | Payroll account bank fees - February, 2015             | 40.47                |
| Local                               | Staples Contract & Commercial Inc     | Administration                           | Share of office supplies                               | 36.36                |
| Local                               | Michigan Downtown Association         | Administration                           | E. Pratt MDA registration fee - Lansing Day            | 35.00                |
| Non Tax                             | DDA Petty Cash                        | Downtown Speakers Series                 | Speakers Series - supplies/refreshments                | 33.57                |
| Local                               | Professional Maint of Michigan Inc    | Administration                           | Share of supplies - hand soap & liners                 | 31.17                |
| Non Tax                             | DDA Petty Cash                        | Administration                           | K. Larson & M. Sierawski - coffee meetings             | 29.51                |
| Local                               | Model Coverall Service, Inc.          | Administration                           | Share of - floor mats - DGRI Offices 01/07/2015        | 27.09                |
| Local                               | Model Coverall Service, Inc.          | Administration                           | Share of - floor mats - DGRI Offices 01/21/2015        | 27.09                |
| Non Tax                             | DDA Petty Cash                        | Experience - Miscellaneous               | Intern - thank you flowers                             | 21.20                |
| Local                               | DDA Petty Cash                        | Administration                           | DDA Board meeting - supplies                           | 20.13                |
| Non Tax                             | DDA Petty Cash                        | Stakeholder Engagement Program           | UIX Trip - refreshments                                | 18.42                |
| Local                               | Fusion IT LLC                         | Administration                           | Share of - IT services - email bouncebacks             | 17.62                |
| Non Tax                             | Fifth Third Bank - Procurement Card   | Administration                           | K. Larson - coffee meetings                            | 17.00                |
| Local                               | Staples Contract & Commercial Inc     | Administration                           | Share of office supplies                               | 13.34                |
| Local                               | Staples Contract & Commercial Inc     | Administration                           | Share of office supplies                               | 12.83                |
| Non Tax                             | DDA Petty Cash                        | Downtown Ambassadors                     | Postage - Block by Block agreement                     | 11.41                |
| Non Tax                             | DDA Petty Cash                        | Experience - Miscellaneous               | 29 Pearl St. key - A. Guy                              | 7.60                 |
| Local                               | Quarterly Payroll Re-Allocation Entry | Administration                           | DGRI payroll allocation - 09/21-12/27/2014             | (115,796.72)         |
| <b>FEBRUARY, 2015 EXPENDITURES</b>  |                                       |                                          |                                                        | <b>\$ 239,930.05</b> |

Local - local tax increment funds

Non-tax - non-tax funds

# MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: March 3, 2015

TO: Downtown Development Authority

FROM: Kristopher Larson, AICP  
President & CEO



Agenda Item #4  
February 11, 2015  
DDA Meeting

SUBJECT: Amend Option Agreement for Theater on Area 5

On February 20, 2012, the property known as "Parking Area 5" was listed on the Multiple Listing Service (MLS) and remained until midnight on March 30, 2012, when offers were due. One offer and the required deposit were received by the due date. This offer was received from Jackson Entertainment, LLC, (JE LLC) an offshoot of the Celebration Cinema group. The Downtown Development Authority (DDA) Board approved entering into 2-year option (the Option) for Area 5 with Jackson Entertainment, LLC, on April 11, 2012. The Option was executed by both parties on April 30<sup>th</sup>, 2012, with \$50,000 paid to the DDA.

After entering into the Option, the DDA conducted Arena South Visioning, a 6-month planning process intended to guide the DDA's disposition of land assets in the area south of the Van Andel Arena. This planning process, approved by the DDA on April 10, 2013, yielded specific principles for guiding the DDA's investment priorities in the district, including but not limited to growing business and economic opportunities, greening streets, buildings, and public spaces, building compact urban blocks that are densely developed and designed for people, connecting transit, shops, restaurants, hotels, schools, and the Grand River, plus living and engaging in a multi-season inclusive environment.

Representatives from JE LLC participated in Arena South Visioning, as they recognized the importance and value that a community-driven planning process could add to their project's design and relationship to new investments around them. Their willingness to participate also resulted in a decision to halt design work on the site until a clearer picture of the community's priorities emerged.

Following the approval of Arena South Visioning, several other efforts complicated the ability of JE LLC to follow a linear path to developing the project they envisioned in 2012. That included the investigation into the potential for underground parking at Areas 4 & 5, the disposition of Area 1, and the resulting stress to the parking system. After the DDA sold Parking Area 1 to serve as the site for the now-under construction Arena Place project, that action resulted in the need to develop a sound parking transition strategy for the area, an effort being managed by business interests, DGRI, and the City of Grand Rapids. A specific deliverable from the GR Forward planning effort underway is a strategy set to help manage the future displacement of parking customers.

Due to the opportunities and constraints summarized above, JE LLC's ability to move forward with its design work was affected. JE LLC did exercise its right to a one-year extension of the option for an additional \$50,000, but that period of design and due diligence is set to expire in the coming weeks. Staff has continued to work closely with JE LLC to bring their mixed-use, movie theater project into fruition, and has confidence that the team will conclude its due diligence and design work in the coming months.

In consideration of the complications listed herein and JE LLC's significant investment in option costs, design development, and time - staff is recommending amending the Option to provide JE LLC with an additional six months to finalize project plans. This extension would not require additional financial consideration by JE LLC.

**Recommendation:**

Approve an amendment to the option agreement between the DDA and Jackson Entertainment, LLC, extending it for an additional 6 months to October 31, 2015, approved as to content by the DDA Executive Director and as to form by the DDA's legal counsel.

See Attachment.

**OPTION AGREEMENT**  
**(This "Option")**

IN CONSIDERATION of the sum of Fifty Thousand Dollars (\$50,000) (the "**Initial Option Payment**"), the receipt of which is acknowledged, **DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF GRAND RAPIDS**, a Michigan municipal authority, of 300 Monroe Avenue NW, Grand Rapids, Michigan 49503 ("**Seller**") grants to **JACKSON ENTERTAINMENT, L.L.C.**, a Michigan limited liability company, of 2121 Celebration Drive, NE, Grand Rapids, Michigan 49525 ("**Buyer**") the option to purchase the property described in this Option on the terms and conditions stated below:

1. **Properties Included in Option.** The real property which is the subject of this Option is located at 111 Ionia SW, in the City of Grand Rapids, Kent County, Michigan, and is more particularly described on attached Exhibit A and depicted on attached Exhibit B (the "**Subject Property**"). The parties acknowledge that Seller does not currently hold title to the Subject Property. However, Seller represents and warrants to Buyer that Seller has the right to acquire the Subject Property and will acquire title to the Subject Property prior to the Closing (as defined in Paragraph 7 below).

2. **Purchase Price.** In the event this Option is exercised, the purchase price for the Subject Property (the "**Purchase Price**") shall be determined based on the fair market value of the Subject Property as of the effective date of the exercise of this Option. In the event the parties are unable to agree on the fair market value of the Subject Property, the fair market value shall be determined by an independent appraisal made by an MAI certified appraiser selected jointly by the parties with the cost to be shared equally. If the parties are unable to agree upon the selection of an appraiser within ten (10) days after the exercise of this Option, each party shall, at its cost, select an independent MAI certified appraiser who is primarily engaged in appraising West Michigan real estate and the fair market value shall be the average of the parties' appraisals. All appraisals shall be completed as soon as reasonably possible after the exercise of this Option and any party that fails to submit an appraisal to the other party within sixty (60) days after this Option is exercised shall not have its appraisal considered in determining the fair market value. In addition, if the difference in the two appraisals is more than ten percent (10%), either party shall have the right to require the two appraisers to select a third appraiser who is similarly qualified (with the cost to be shared equally) and the fair market value shall be the average of the three appraisals. This determination shall be final and binding on all parties. In the event the Purchase Price has not been determined under this Paragraph by the outside Closing Date as set forth in Paragraph 7 below, the outside Closing Date shall be extended until ten (10) days after such determination has been made. However, in the event the Purchase Price as determined under this Paragraph is not acceptable to Buyer, Buyer shall have the right to terminate this Option (and its obligations under the Development Agreement described in Paragraph 10 below) but without the return of any portion of the Option Payment.

3. **Payment of Purchase Price.** In the event this Option is exercised, the Purchase Price, less the amount of the Option Payment (as adjusted under Paragraph 13 below), shall be paid at the Closing in cash or by cashier's check, money order or wire transfer.

4. **Real Estate Taxes and Assessments; Utilities.** Seller represents and warrants to Buyer that the Subject Property is, and through the year of Closing will remain, exempt for real estate tax purposes. Thus, there shall be no proration of real estate taxes in connection with the Closing under this Option. In the event this Option is exercised, Seller shall pay all outstanding special assessments which are a lien on the Subject Property as of the Closing Date, whether due or not.

All costs and expenses for utility services provided to the Subject Property prior to Closing shall be paid by Seller and Seller shall continue to pay such costs and expenses until Seller's right to lease the Subject Property under Paragraph 8 below terminates.

5. **Marketability and Conveyance of Title.** Seller covenants and agrees that marketable title to the Subject Property is currently in the name of the City of Grand Rapids, free and clear of all encumbrances, easements and restrictions, except those which in Buyer's opinion will not unreasonably interfere with Buyer's intended use of the Subject Property ("**Permitted Encumbrances**") but shall, as of the Closing Date, be in the name of Seller. No liens of any nature whatsoever shall exist against the Subject Property which will not be discharged by Seller as of the Closing Date. Title to the Subject Property shall be conveyed by warranty deed, duly executed and in recordable form, to be delivered to Buyer at the Closing. The deed shall be subject only to Permitted Encumbrances.

6. **Title Insurance, Survey.** At the Closing, Seller shall furnish Buyer, at Seller's expense, a standard ALTA owner's title insurance policy covering the Subject Property in the amount of the Purchase Price with the standard exceptions deleted and issued through First American Title Insurance Company (the "**Title Company**"). The commitment for such policy (the "**Title Commitment**") shall be ordered by Buyer and a copy provided to Seller upon receipt. In addition, Buyer shall have the right to obtain, at Buyer's initial expense, a survey of the Subject Property showing all easements of record, improvements and encroachments, if any, and certified in a manner reasonably acceptable to Buyer (the "**Survey**").

In the event that the Title Commitment does not, in Buyer's opinion, show marketable title in Seller (or the City of Grand Rapids) (as described in Paragraph 5 above) or if the Survey discloses any encroachments or other survey defects, Buyer shall notify Seller of its objections to the defects in title and/or the Survey and Seller shall make all reasonable efforts to cure such defects. If Seller fails to cure such defects, Buyer may: a) terminate this Option by written notice to Seller and receive the immediate return of the Initial Option Payment (as adjusted under Paragraph 13 below); or b) cure any liens or other claims against the Subject Property that may be cured by the payment of a fixed sum of money and deduct the cost of doing so from the Purchase Price at the time of Closing and waive all other objections to title and the Survey (which will then become Permitted Encumbrances), subject, however, to the other terms and conditions of this Option.

7. **Closing; Date and Place of Closing.** In the event this Option is exercised, this transaction for the purchase and sale of the Subject Property shall be closed (the "**Closing**") at the offices of the Title Company, 5730 Eagle Drive SE, Grand Rapids, Michigan 49512, or at such other place as the parties shall mutually agree, within ten (10) days after written notice from Buyer to Seller but not later than ninety (90) days after Buyer exercises this Option (the "**Closing**").



**Date**”). At the Closing, Seller shall pay the premium for the issuance of the title insurance policy under the Title Commitment, all real estate transfer taxes (if any) and one-half (1/2) of the closing fee charged by the Title Company and Buyer shall pay the cost of recording the warranty deed and one-half (1/2) of the closing fee charged by the Title Company. In addition, Seller shall pay, or reimburse Buyer for, the cost of the Survey.

8. **Possession, Leaseback to Seller and Access for Inspections.** Possession of the Subject Property shall be given to Buyer at Closing free and clear of the rights and interests of third parties other than those rights under the terms of the Permitted Encumbrances. However, until Buyer commences construction of the Project (as defined in Paragraph 10 below) by installing the footings or otherwise engaging in similar construction activities on the Subject Property, Seller shall have the right to lease the Subject Property for parking purposes for a rental rate of \$1.00 per annum and on such other terms as are reasonably acceptable to the parties. In addition, from and after the date of this Option, Buyer shall have reasonable access to the Subject Property for purposes of conducting environmental assessments, inspections and soil borings and performing such other related tests and studies as may be required by Buyer to determine the condition of the Subject Property and its suitability for Buyer’s intended purposes. Any such inspections and testing shall be conducted in a manner that does not unreasonably interfere with the use of the Subject Property by Seller. Buyer shall promptly repair, at its sole cost and expense, any damage it causes to the Subject Property so as to restore it to substantially the same condition that existed prior to such inspections and testing. In addition, Buyer shall indemnify, defend and hold Seller harmless from any and all claims, damages, costs and expenses incurred by or asserted against Seller arising from the exercise of the rights granted to Buyer under this Paragraph. In the event Buyer determines that the condition of the Subject Property is not suitable for the development of the Project as proposed by Buyer based on its investigation of the Subject Property, including, without limitation, the soils and environmental condition of the Subject Property, Buyer shall have the right to terminate this Option by written notice to Seller and receive the immediate return of the Initial Option Payment (as adjusted under Paragraph 13 below).

9. **Term of Option; Extension of Term.** Unless previously exercised, this Option shall terminate two (2) years after the date of this Option (the “**Initial Option Term**”). However, Buyer shall have the right to extend the Initial Option Term for an additional one (1) year period (the “**Extended Option Term**”) upon written notice to Seller given prior to the end of the Initial Option Term and the payment to Seller with such notice of an additional option payment in the amount of Fifty Thousand Dollars (\$50,000) (the “**Additional Option Payment**”). (The Initial Option Term and the Extended Option Term, if any, are collectively referred to in this Option as the “**Option Term**”. In addition, the Initial Option Payment and the Additional Option Payment, if any, are collectively referred to in this Option as the “**Option Payment**”).

10. **Exercise of Option; Condition to Exercise.** At any time during the Option Term, Buyer may exercise this Option by giving written notice of exercise to Seller as provided in Paragraph 12 below. As a condition for the exercise of this Option, Buyer shall provide Seller with reasonable evidence that Seller plans to proceed with the development of the Subject Property in a manner which will include a motion picture theatre (the “**Project**”). The terms and conditions under which the Project will be developed shall be incorporated in a Development



Agreement (the “**Development Agreement**”) between Seller and Buyer which shall include: a) Buyer’s commitment to have a minimum investment in the Project of \$8,500,000 (exclusive of the Purchase Price); b) development incentives for the Project; c) a development timeline and related milestones; and d) such other terms and conditions as are reasonably acceptable to the parties. The Development Agreement shall be executed by the parties prior to the exercise of this Option by Buyer.

11. **Development Agreement; Cooperation and Assistance.** The parties will cooperate with each other to devise a complete development plan for the Subject Property which will be incorporated into the Development Agreement. In addition, Seller will assist Buyer in securing financial assistance in the form of government incentives for the Project. However, in the event the parties are unable to agree on the terms and conditions of the Development Agreement after good faith negotiations, Buyer shall have the right to terminate this Option by written notice to Seller and receive the immediate return of the Initial Option Payment (as adjusted under Paragraph 13 below).

12. **Notices.** All notices required or given under this Option shall be deemed effective if delivered personally to the address of the party to be notified set forth above (including delivery by Federal Express or other nationally recognized overnight delivery service) or by mailing the notice by certified mail, return receipt requested addressed to the party to be notified at its address set forth above. Any such notice shall be deemed effective upon delivery or refusal of delivery. Each party shall have the right to change its address for notice purposes by providing notice to the other party of such change in the manner provided in this Paragraph.

13. **Application of Option Payment; Contingencies.** The parties acknowledge and agree that the Initial Option Payment will be used by Seller towards Seller’s and the City of Grand Rapids’ costs related to providing this Option, preparing the Development Agreement, payment of Seller’s and the City of Grand Rapids’ legal and real estate expenses related to this transaction, obtaining formal acceptance of this Option by Seller’s board of directors, reviewing development plans, cooperating with Buyer in obtaining necessary building permits and zoning approvals and preparing the Subject Property for sale (the “**Seller Transaction Costs**”). In the event Buyer exercises this Option, the balance of the Initial Option Payment, after payment of the Seller Transaction Costs, plus the Additional Option Payment shall be applied as a credit against the Purchase Price. In the event Buyer elects to terminate this Option by written notice to Seller based on the failure to satisfy any of the conditions or contingencies set forth in this Agreement (the “**Contingencies**”), or in the event Buyer exercises this Option and this transaction does not close based on any such failure, the balance of the Initial Option Payment, after payment of the Seller Transaction Costs (but not the Additional Option Payment, if any), shall be immediately returned to Buyer. In all other events, the Option Payment shall be retained by Seller absent a default by Seller.

14. **Representations and Warranties of Seller.** In addition to any other representations and warranties contained in this Option, Seller makes the following representations and warranties, each of which shall be true both as of the date of this Option and as of the Closing Date and each of which shall survive the Closing:

(a) Seller has never generated, stored, or disposed of any hazardous substances or waste products or materials of any type or nature on the Subject Property and has no knowledge of the use, location, generation, storage, or disposal of such substances on the Subject Property, except as disclosed in the environmental site assessment described on attached Exhibit C (the “**Environmental Assessment**”).

(b) Except as noted in the Environmental Assessment (if any), to the best of Seller’s knowledge, the Subject Property is in compliance with all applicable zoning, building, public health and environmental laws and regulations and all other laws and regulations of governmental authorities having jurisdiction over the Subject Property.

(c) Except for the Downtown Improvement District assessments, Seller has no knowledge of any pending or proposed special assessment affecting or which may affect the Subject Property or any part of the Subject Property.

(d) Seller has no knowledge of (i) any agreements of sale other than this Option, options or other rights of third parties, to acquire the Subject Property, (ii) any unrecorded easement, lease, claim, restriction, covenant, agreement, or encumbrance affecting all or any portion of the Subject Property or (iii) any other agreements which would otherwise affect the Subject Property.

(e) Seller has the sole power to execute, deliver and carry out the terms and provisions of this Option, and has taken all necessary action to authorize the execution, delivery, and performance of this Option, and this Option constitutes the legal, valid and binding obligation of Seller enforceable in accordance with its terms. Seller shall, within thirty (30) days after the date of this Option, provide Buyer with a certified resolution of the Seller’s board of directors authorizing the execution, delivery and performance of this Option.

(f) To Seller’s knowledge, there are no actions, suits or proceedings which have been threatened or instituted against or which affect the Subject Property, at law or in equity, or before any federal, state or municipal governmental commissions, board, bureau, agency, or instrumentality which may affect the value, occupancy, or use of the Subject Property. Seller will give Buyer prompt written notice of any such action, suit or proceeding of which it obtains knowledge subsequent to the date of this Option and prior to the Closing, to the extent Seller acquires such knowledge.

15. **Commission.** Seller represents and warrants to Buyer that it has not engaged the services of a real estate broker in connection with the transaction described in this Option.

16. **Entire Agreement and Amendment.** This Option contains all of the representations and statements by each party to the other and expresses the entire understanding between the parties with respect to this transaction. All prior communications concerning this transaction are merged in and replaced by this Option. This Option may only be amended by a further agreement in writing signed by both of the parties.

17. **Governing Law.** This Option shall be governed by and construed in accordance with the laws of the State of Michigan.

18. **Successors and Assigns.** This Option shall be binding upon the heirs, personal representatives, successors and assigns of Seller and the rights and privileges of Buyer under this Option shall inure to the benefit of its successors and assigns. This Option shall be assignable by Buyer in its discretion to a limited liability company or other entity to be formed. Upon completion of such assignment, Buyer shall be fully and completely released from any and all liability under this Option.

19. **Sidewalk Inspection.** Within thirty (30) days after Buyer's written request, Seller shall, at its expense, provide Buyer with a sidewalk inspection certificate for the Subject Property (the "**Sidewalk Certificate**"). Buyer and Seller agrees to cooperate with each other, in good faith, in seeking the waiver or deferral of any repairs required under the Sidewalk Certificate in light of Buyer's redevelopment plans which may render such repairs moot. To the extent that the requirement for such repairs is not waived or deferred as mooted by Buyer's proposed development of the Subject Property, Seller shall pay for all repairs noted on Sidewalk Certificate prior to Closing or place into escrow such funds as are reasonably estimated to complete such repairs.

20. **Legal Expenses.** In the event either party commences legal proceedings to enforce the provisions of this Option, the prevailing party in any such action shall be entitled to recover from the other party all of its reasonable costs and expenses of such proceeding including, but not limited to, its reasonable attorneys fees.

21. **Memorandum of Option.** Upon Buyer's request, Seller shall execute in recordable form a Memorandum of Option for use in providing public record notice of this Option.

Dated this 20<sup>th</sup> day of April, 2012.

WITNESSES:

**SELLER:**  
**DOWNTOWN DEVELOPMENT AUTHORITY**  
**OF THE CITY OF GRAND RAPIDS**

Judy Everett

By Jay Fowler  
Jay Fowler  
Its Executive Director

**BUYER:**  
**JACKSON ENTERTAINMENT, L.L.C.**

Michelle Felker

By John D. Loeks  
John D. Loeks  
Its Member

APPROVED AS TO FORM

James P. Wood  
Special Counsel

**EXHIBIT A**

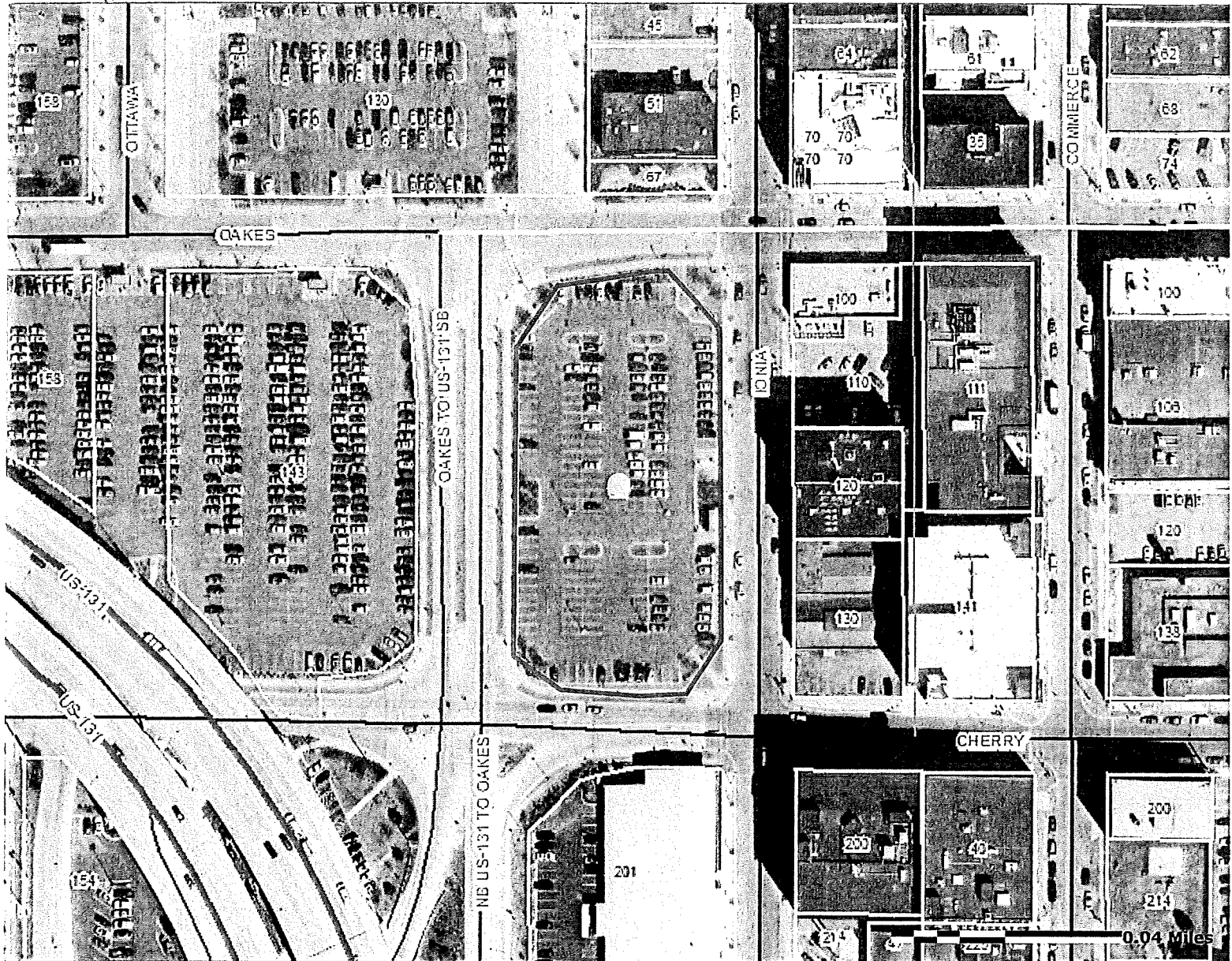
**DESCRIPTION OF SUBJECT PROPERTY**

PART OF LOTS 29 THRU 44 & VAC ALLEY PRAIRIE ST BLK KENT PLAT COM 670.01 FT N 88D 05M 56S W ALONG S SEC LINE & 1434.05 FT N 0D 00M 18S W ALONG W LINE OF IONIA AVE FROM SE COR OF SEC TH S 42D 09M 44S W ALONG NLY LINE OF CHERRY ST 57.27 FT TH S 84D 10M 27S ALONG NLY LINE OF SD ST 41.34 FT TH N 88D 23M 00S W ALONG NLY LINE OF SD ST 77.92 FT TH N 44D 27M 26S W ALONG LIMITED HWY ACCESS LINE 53.20 FT TH N 0D 03M 07S E ALONG LIMITED HWY ACCESS LINE 281.78 FT TH N 41D 29M 30S E ALONG LIMITED HWY ACCESS LINE & SLY LINE OF OAKES ST 65.26 FT TH N 82D 55M 48S E ALONG LIMITED HWY ACCESS LINE & SLY LINE OF OAKES ST 85.91 FT TH N 89D 57M 36S E ALONG LIMITED HWY ACCESS LINE & SLY LINE OF OAKES ST 14.30 FT & ENDING OF SD LIMITED HWY ACCESS LINE TH S 45D 22M 38S E ALONG SLY LINE OF OAKES ST 72.56 FT TH S 0D 00M 18S E ALONG W LINE OF IONIA AVE 283.80 FT TO.

Being Tax Parcel No. 41-13-25-437-005 and also know as City Parking Lot 5.

**EXHIBIT B**  
**DEPICTION OF SUBJECT PROPERTY**

# Kent County Geospatial Service



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## Kent County Geospatial Service

DISCLAIMER: This map does not represent a legal document. Kent County Michigan makes no warranty, expressed or implied, regarding accuracy, completeness or usefulness of information presented. Users of this information assume all liability for its fitness for a particular use.

**EXHIBIT C**  
**ENVIRONMENTAL SITE ASSESSMENT**

(To be provided by Seller within 30 days after the date of this Option)

# MEMORANDUM

CITY OF GRAND RAPIDS

DATE: March 5, 2015

TO: Kristopher Larson, AICP  
Downtown Development Authority  
Executive Director

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

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

The Downtown Development Authority (DDA) considered this project at its February 11, 2015 meeting (DDA estimated share of \$675,000). Certain concerns were expressed by DDA board members and a request was made that City staff review alternatives to the proposed design. The concerns focused on State Street.

The original proposed reconstruction section for State Street included parking on the north side, bike lanes on both sides of the street and two 12' travel lanes. The street currently is asphalt and would have been reconstructed with hot mix asphalt, bicycle lanes, landscaping and other features.

At the DDA's request, staff has reviewed requested alternatives and discussed possible changes with the Michigan Department of Transportation (MDOT). Based on input from the DDA, discussion with MDOT, and consultation with DGRI staff, the proposed design for State Street was revised to feature the following elements:

- Porous pavement in the parking lane on the north side.
- Concrete bike lanes on both sides of the street.
- Brick 12' travel lanes.
- All other features including low impact design for stormwater in the parkway, historic street lighting, telecommunication improvements, salvaging and reuse of historic medina stone curb, streetscape enhancements including new street trees, new water main, storm sewers and sanitary sewers, and American Disabilities Act (ADA) sidewalk and ramp improvements in the project would remain the same.

A color rendering of the proposed State Street portion of the project is attached.



It should be noted that the brick section will not carry through the Jefferson Avenue/State Street or the Lafayette Avenue/State Street intersections as these intersections were reconstructed in the last few years. Also, it should be noted that the proposed materials and configuration limits any future changes to the roadway geometry. The brick and porous pavement as proposed are not eligible for the Surface Transportation Program – Urban grant. It is recommended that the additional cost for the brick pavement and concrete bike lanes estimated at \$261,000 be funded by the DDA and the cost of the porous pavement under the parking lane be funded by the City's Vital Streets Fund. The Bostwick portion of the project would remain as previously presented.

The project was anticipated to be bid by MDOT on March 6, 2015. The City has requested that the project be withdrawn from that bid letting. Reconstruction of both streets was initially scheduled to be completed yet this year. The new schedule for bidding and award of the project makes it is unlikely that both streets will be completed this year because of the amount of work and the constraints to complete the work on Bostwick Avenue during the Grand Rapids Community College summer session.

The revised engineer's estimate is \$1,543,530. The revised estimated total expenditures required for this project equal a not to exceed amount of \$ 2,085,340, which includes the construction contract, traffic safety and street lighting force account work, testing/permits, engineering/inspection/administration, and an approximate twelve percent allowance for local contingencies and ten percent allowance for MDOT contingencies. This project is being financed by a combination of MDOT grant funds, Sewer System Fund, Water System Fund, Vital Streets Capital Fund and the DDA.

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

It is recommended that the DDA approve its revised share of costs in the amount of \$936,000, contingent upon approval of the revised project scope by the State Historic Preservation Office (SHPO), the Grand Rapids Historic Preservation Commission (HPC) and approval of the final project bid package by the MDOT. If the DDA approves its share of costs and the City receives SHPO, HPC and MDOT approval, the project will be bid at the earliest possible date at which time the City Commission will be requested to approve an agreement with MDOT and authorize the total expenditures for the project.

MAD/RDV/BWS/em

cc: Greg Sundstrom  
Wayne Jernberg  
Suzanne Schulz  
Chris Zull

Eric DeLong  
Mike Lunn  
Rhonda Baker

Joellen Thompson  
Chuck Schroeder  
James Hurt

## SUMMARY OF ESTIMATED COSTS

for

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

#### Project Funding Source(s)

|                                | <u>Currently<br/>Approved</u> | <u>Budget<br/>Request(s)</u> | <u>Revised<br/>Project<br/>Estimate</u> |
|--------------------------------|-------------------------------|------------------------------|-----------------------------------------|
| Federal Grant Share (MDOT)     | \$471,300                     | \$0                          | \$471,300                               |
| Sewer System Fund              | 300,000                       | 49,551                       | 349,551                                 |
| Water System Fund              | 493,000                       | (257,993)                    | 235,007                                 |
| Vital Streets Capital Fund     | 0                             | 93,482                       | 93,482                                  |
| Downtown Development Authority | 675,000                       | 261,000                      | 936,000                                 |
| Total Project Sources          | <u>\$1,939,300</u>            | <u>\$146,040</u>             | <u>\$2,085,340</u>                      |

#### Breakdown of Project Uses

|                                                          |                    |
|----------------------------------------------------------|--------------------|
| Construction Contract                                    | \$1,543,530        |
| Traffic Safety and Street Lighting Force<br>Account Work | 12,500             |
| Testing/Permits                                          | 29,900             |
| Engineering/Inspection/Administration                    | <u>288,161</u>     |
| Sub-Total                                                | \$1,874,091        |
| Contingencies (12%)                                      | 168,404            |
| MDOT Contingencies (10%)                                 | <u>42,845</u>      |
| Total Project Uses                                       | <u>\$2,085,340</u> |







# MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: March 5, 2015

TO: Downtown Development Authority

FROM: Kristopher Larson, AICP  
President & CEO



Agenda Item #6  
March 11, 2015  
DDA Meeting

**SUBJECT: Authorize Development Reimbursement Agreement for the Venue  
Entertainment Project at 26 Monroe Ave., NW**

20 Monroe Building Company Limited Partnership (20 Monroe) has requested the utilization of the Downtown Development Authority's (DDA) Development Support Program to reimburse Tax-increment finance (TIF) eligible expenses associated with a new entertainment venue at 26 Monroe., NW. The Venue is planned to be built this year, commencing in June and completed by December, 2015. The building will be 2 stories tall and has a project budget of \$10.7M.

The Venue is being built as a flexible entertainment venue to enable it to serve as host to concerts, festivals, trade shows, comedy, movies, corporate events, and other event types. The development team has secured an international entertainment partner whom is projecting 120 shows a year with an average paid attendance of 1,544 per show for an annual paid total of \$185,000 annually – about a third of the average annual attendance of the Van Andel Arena, according to the 2012 Economic Impact Analysis (EIA) performed by the Convention and Arena Authority (CAA). The Venue is projected to create 65 permanent jobs.

The economics of the project are complicated by its location within Downtown and the DDA's development support policies. The Venue will reside in TIF District A of the DDA, the oldest of the DDA's TIF districts established in 1980. In this district, use of Brownfield Redevelopment TIF is prohibited, as that millage capture is previously dedicated to debt service obligations on the Van Andel Arena. This removes a very significant development tool from those that can financially support the project, such as site preparation and utility relocation. Additionally, eligible activities within the Venue Tower total \$803,634. Included in those calculations is the relocation of a water main of \$132,000 – which would normally be a cost reimbursed using the Brownfield. According to the development support policy guidelines, (75% reimbursement of TIF capture over 10 years), the projected contributions toward the project from the DDA's development support tool would yield \$450,505, far short of the eligible costs within the project.

Utilizing the multipliers derived by the CAA EIA, a reasonable estimate of induced annual spending by the paid attendees to the Venue is approximately \$3M. This estimate does not include spending by performers or expenditures by the Venue itself for the cost of goods.

In light of the project's ability to generate vitality in the Downtown and with recognition of its economic complications, staff is recommending a departure in term from the Development Support policy

framework. Under the recommended exception, staff is recommending a 75% reimbursement over 15 years, up to a maximum of \$650,000 for costs associated with eligible activities within the building. Under this scenario, the DDA would retain approximately \$275,000 over the 15 year period, and approximately \$68,000 annually following the conclusion of the reimbursement term.

**Recommendation:**

Approve up to \$650,000 in support for the Venue Entertainment development at 26 Monroe Ave., NW and authorize the DDA Chair to execute a Development and Reimbursement Agreement prepared by the DDA's legal counsel.

See attachments.

February 17, 2015

*VIA E-MAIL*

Mr. Kristopher Larson  
Downtown Grand Rapids, Inc.  
29 Pearl, N.W., Suite 1  
Grand Rapids, Michigan 49503

**Re: Venue Project at 26 Monroe Avenue, N.W.**

Dear Kris:

I am writing on behalf of 20 Monroe Building Company Limited Partnership ("20 Monroe") to request that the Grand Rapids Downtown Development Authority provide tax increment financing support for its proposed project adjacent to the BOB at 26 Monroe Ave., N.W. This exciting new project involves the construction of a 2-story (36,000 sf) flex space that will accommodate several thousand people for concerts, festivals, educational purposes, conventions, fundraisers, and other uses. The project will also include an approximately 5,000 sf expansion of the existing BOB that is necessary to accommodate the proposed new flex space. The project is expected to generate approximately 65 new jobs and will result in a total capital investment of approximately \$10.7 million. 20 Monroe has partnered with Venue Tower Development Co., which is constructing a residential tower adjacent to the proposed venue. A portion of the venue will extend beneath the tower.

20 Monroe hereby requests 75% of available tax increment revenue from the project for a period of 15 years for reimbursement of the items listed in the attachment, which are public infrastructure items and costs that are necessary to comply with the requirements of the Michigan Construction Code to satisfy the requirements of the Americans with Disabilities Act.

There are several reasons to support the capture of 75% of available tax increment revenue for a period of 15 years for this project. The high cost of adding planters and snow melt in the Fulton and Ottawa sidewalks, combined with relocation of a high pressure water line at Ferry Street, add significant public infrastructure costs to this project.

Mr. Kristopher Larson  
February 17, 2015  
Page 2

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20 Monroe appreciates the DDA's willingness to help support this downtown project. Please let me know if you have any questions.

Very truly yours,



John V. Byl

JVB:lm

Enclosure

c (via email): Mr. Greg Gilmore  
Mr. Rick Thomas  
Mr. Richard Wendt  
Mr. Jared Belka

12407722-1



## **The BOB – Development Support Policy**

February 9, 2015

### **1. Streetscape Improvements Within Public Right-of-Way**

|                                                |                  |
|------------------------------------------------|------------------|
| • Remove Existing Sidewalks                    | \$30,000         |
| • Remove existing curb & gutter                | \$3,407          |
| • Remove existing underground utilities        | \$1,485          |
| • Protect existing underground utilities       | \$22,275         |
| • Extend public utilities (sewer, water, FP)   | \$34,500         |
| • Irrigation & Storm Water Retention System    | \$30,500         |
| • Landscaping-Trees                            | \$16,000         |
| • New Sidewalks                                | \$50,000         |
| • New Curb and Gutter                          | \$6,996          |
| • Rebar & Hop Vines at Perimeter               | \$5,500          |
| • Fencing along property line & security gates | \$16,500         |
| • Retaining Wall at Perimeter of Site          | \$59,400         |
| • Snow melt in ROW                             | \$50,000         |
| • Permits                                      | \$2,500          |
| • Engineering                                  | \$5,000          |
| • Water Main Relocation                        | \$132,000        |
| <b>Total</b>                                   | <b>\$463,063</b> |

### **2. New Elevator**

|                                                |                 |
|------------------------------------------------|-----------------|
| • Elevator – Passenger: (J21 by Otis) Traction | \$65,000        |
| <b>Total</b>                                   | <b>\$65,000</b> |

### **3. Barrier-Free Improvements**

|                                |                  |
|--------------------------------|------------------|
| • Foundation for Elevators     | \$12,320         |
| • New Shaft Walls for Elevator | \$29,601         |
| • Ramps                        | \$49,870         |
| • Hardware                     | \$8,250          |
| • Grab Bars                    | \$3,300          |
| • Plaza Barrier Free Restroom  | \$25,000         |
| <b>Total</b>                   | <b>\$128,341</b> |

### **4. Additional Expenses**

|                           |                  |
|---------------------------|------------------|
| • 7% Contractor Fee       | \$46,844         |
| • 15% Project Contingency | \$100,386        |
| <b>Total</b>              | <b>\$147,230</b> |

**Total** **\$803,634**





Venue

the gilmore collection

**ORION**  
REAL ESTATE SOLUTIONS

**ORION**  
CONSTRUCTION

**ConceptDesign**  
ARCHITECTURE INTERIOR DESIGN



# Venue



the **gilmore** collection





# Venue



the **gilmore** collection

 **ORION**  
REAL ESTATE SOLUTIONS

 **ORION**  
CONSTRUCTION

 **ConceptDesign**  
ARCHITECTURE INTERIOR DESIGN

# MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: March 5, 2015

TO: Downtown Development Authority

FROM: Kristopher Larson, AICP  
President & CEO



Agenda Item #7  
March 11, 2015  
DDA Meeting

**SUBJECT: Authorize Development Reimbursement Agreement for the Venue Tower Project at 33 Ottawa Ave., NW**

Venue Tower Development Co., LLC has requested the utilization of the Downtown Development Authority's (DDA) Development Support Program to reimburse Tax-increment finance (TIF) eligible expenses associated with a new residential tower proposed at 33 Ottawa Ave., NW. The Venue Tower is planned to be built in conjunction with an entertainment venue on the same site, and will include 90 market-rate apartments and create 3 permanent jobs. The building will be 14-stories tall and has a project budget of \$22M.

The economics of the project are complicated by its location within Downtown and the DDA's development support policies. The site of the project resides in TIF District A of the DDA, the oldest of the DDA's TIF districts established in 1980. In this district, utilization of Brownfield Redevelopment TIF is prohibited, as that millage capture is previously dedicated to debt service obligations on the Van Andel Arena. This removes a very significant development tool from those that can financially support the project. Additionally, eligible activities within the Venue Tower total \$1,672,517.86. At face value (75% reimbursement of TIF capture over 10 years), the projected contributions toward the project from the DDA's development support tool would yield \$915,106, far short of the eligible costs within the project.

A central theme emerging from the GR Forward planning effort is facilitating growth to achieve the critical mass needed to support a sustainable Downtown retail economy. Due to constraints and incredible demand for every square foot of land in Downtown, achieving a goal of critical mass will require more than simple market-driven demand. It will require insight, leadership, and creativity to realize the best and highest use for every developable site. The proposed Venue Tower development project presents the opportunity to make incremental progress toward achieving the community's goal of critical mass. The addition of these market-rate units will add an estimated \$2.25M in annual retail spending to the Downtown economy. Further, the development team has indicated a willingness to set aside 3 units in the building to advance specific affordable housing opportunities, such as housing to protect against the displacement of artists.

In recognition of the project's ability to advance the diversified critical mass goal of GR Forward and its economic complications, staff is recommending a slight departure from the Development Support policy framework. Under the recommended exception, staff is recommending a 90% reimbursement over 10 years, up to a maximum of \$1,098,127 for costs associated with eligible activities within the building. Under

this scenario, the DDA would retain a total of \$122,014 over the 10 year period, and approximately \$130,000 annually following the conclusion of the reimbursement term.

**Recommendation:**

Approve up to \$1,098,127 in support for the Venue Tower development project at 33 Ottawa Ave., NW and authorize the DDA Chair to execute a Development and Reimbursement Agreement prepared by the DDA's legal counsel.

See attachments.



February 19, 2015

*VIA E-MAIL*

Mr. Kristopher Larson  
Downtown Grand Rapids, Inc.  
29 Pearl, N.W., Suite 1  
Grand Rapids, Michigan 49503

**Re: Venue Tower Project Adjacent to the BOB**

Dear Kris:

I am writing on behalf of Venue Tower Development Co., LLC ("Venue Tower") to request that the Grand Rapids Downtown Development Authority provide tax increment financing support for its proposed project adjacent to the BOB at 33 Ottawa Ave., N.W. This exciting new project involves the construction of a new 14-story tower (114,374 sf) that will house approximately 90 market rate apartments (studios, one and two-bedroom units) and associated resident amenities such as a fitness facility, club room, and common space. This project is expected to generate approximately 2-5 full-time jobs with estimated wages ranging from \$8.15 to \$15/hour. The total capital investment is estimated at \$22 million. Venue Tower has partnered with 20 Monroe Building Company, which is constructing a flex space venue adjacent to the proposed tower. A portion of the venue will extend beneath the proposed residential tower.

Venue Tower hereby requests 75% of available tax increment revenue from the project for a period of 15 years for reimbursement of the items listed in the attachment, which are public infrastructure items and costs that are necessary to comply with the requirements of the Michigan Construction Code to satisfy the requirements of the Americans with Disabilities Act.

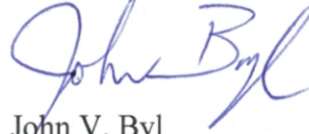
This project has several reasons that warrant the capture of 75% of the tax increment revenue for a 15-year period. The project will include a pedestrian walkway between the tower and the parking garage on Ottawa Avenue at a cost of nearly \$1 million. In addition, Venue Tower is willing to work with the DDA to allocate three of the residential units for reduced rent, to be made available to lower income tenants.

Mr. Kristopher Larson  
February 19, 2015  
Page 2

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Venue Tower appreciates the DDA's willingness to support this downtown project. Please let me know if you have any questions.

Very truly yours,



John V. Byl

JVB:lm  
Enclosure

c: Mr. John Wheeler  
Mr. Gary Postma  
Mr. Roger Rehkopf  
Mr. Richard Wendt  
Mr. Jared Belka

12407277-1

**Venue Tower**

**Grand Rapids Downtown Development Authority  
Development Support Tax Increment Financing Costs**

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

|                                                            | <b>Total</b>                  |
|------------------------------------------------------------|-------------------------------|
| <b>Elevator</b>                                            |                               |
| Concrete                                                   | \$ 145,000.00                 |
| Masonry                                                    | \$ 10,000.00                  |
| Carpentry                                                  | \$ 8,900.00                   |
| Thermal and Moisture                                       | \$ 3,400.00                   |
| Doors                                                      | \$ 1,200.00                   |
| Cab Flooring                                               | \$ 1,500.00                   |
| Specialties                                                | \$ 800.00                     |
| Equipment                                                  | \$ 325,000.00                 |
| Mechanical                                                 | \$ 18,000.00                  |
| Electrical                                                 | \$ 112,500.00                 |
| <b>Total Elevator</b>                                      | <u>\$ 626,300.00</u>          |
| <b>Infrastructure</b>                                      |                               |
| Snowmelt                                                   | \$ 50,000.00                  |
| <b>Barrier Free Items</b>                                  |                               |
| Barrier Free Restrooms                                     | \$ 7,000.00                   |
| Barrier Free Drinking fountains                            | \$ 6,000.00                   |
| Incremental Costs to Make 5 Residential Units Barrier Free | \$ 375,000.00                 |
| Automatic Entry Doors - Multi-Family                       | \$ 32,500.00                  |
| ADA Hardware Multi-Family Units                            | \$ 110,954.20                 |
| ADA Hardware Multi-Family Common Area                      | \$ 5,625.00                   |
| Ramping ( Interior / Exterior)                             | \$ 5,000.00                   |
| <b>Total Barrier Free Items</b>                            | <u>\$ 542,079.20</u>          |
| <br>Total Subcontractor Cost                               | <br>\$ 1,218,379.20           |
| Construction Management (5%)                               | \$ 73,102.75                  |
| Sub-Total                                                  | <u>\$ 1,291,481.95</u>        |
| Permits and Fees                                           | \$ 11,623.34                  |
| General Conditions                                         | \$ 85,286.54                  |
| Contingency (15%)                                          | \$ 193,722.29                 |
| A/E Fees                                                   | \$ 90,403.74                  |
| <b>TOTAL</b>                                               | <u><u>\$ 1,672,517.86</u></u> |




# MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: March 6, 2015

TO: Downtown Development Authority

FROM: Eric Pratt   
Project Manager

Agenda Item #8  
March 11, 2015  
DDA Meeting

SUBJECT: Request for Support for the Redevelopment of the Vacant Lot at 12 Weston Street NW (Former Buildings at 41 & 43 S Division Avenue)

Enclosed in your packet is a request for DDA assistance for the redevelopment of the vacate site at 12 Weston Street SW. This request is being submitted by Rockford Development Group on the behalf of the property owner, Division and Weston, LLC. Division and Weston, LLC acquired the two properties after the City of Grand Rapids issued repair / replace orders to the then property owner. At the time, the site housed two historic buildings that appeared to be structurally unsound and posed a threat to public safety. The new property owner took possession of the real estate in August 2014 and moved quickly to demolish the two buildings and preparing the site for redevelopment.

The developer is proposing to construct a new 13-story, 150,000 square feet office tower, with first-floor restaurant / retail; with parking on-site. As a part of the redevelopment, the developer is also proposing to fill an existing areaway located along Division Avenue S and replace the existing sidewalk with improved streetscape amenities, including snowmelt. The total project cost is estimated to be \$26 M, with approximately \$23 M in hard cost related improvements. It is estimated that this project will create the equivalent 100 new full-time positions.

To help defray some of the cost with the project; the developer has applied for assistance through use of the DDA's 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 located along Division Avenue S;
- \$35,000 Streetscape Improvement Grant for a new sidewalk and streetscape treatments, possibly including a new snowmelt system, along Division Avenue S and Weston Street SW;
- 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, for a period of 15-years, in an amount not to exceed \$2,013,000. This will require the Board to wave the 10-year term limit provision in the Development Support Policy.

Additionally, it should be noted that because the project resides within one of the initial DDA tax increment finance districts, the developer will be unable to seek Brownfield assistance, through the City of Grand Rapids Brownfield Authority, for brownfield eligible activities. It is because of this and

the unique challenges associated with this project, that staff is recommending that the DDA Board wave the existing 10-year term provision found within its Development Support Policy and extend the term of the agreement to 15-years for this project.

**Recommendation:**

Staff recommends that the DDA Board approve a \$35,000 Areaway Fill Program Grant for the vacation of an existing areaway located along Division Avenue S; a \$35,000 Streetscape Improvement Grant for sidewalk improvements along both Division Avenue S & Weston Street SW; 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 \$2,013,000.

See Attachments.

AERIAL VIEW FROM NE



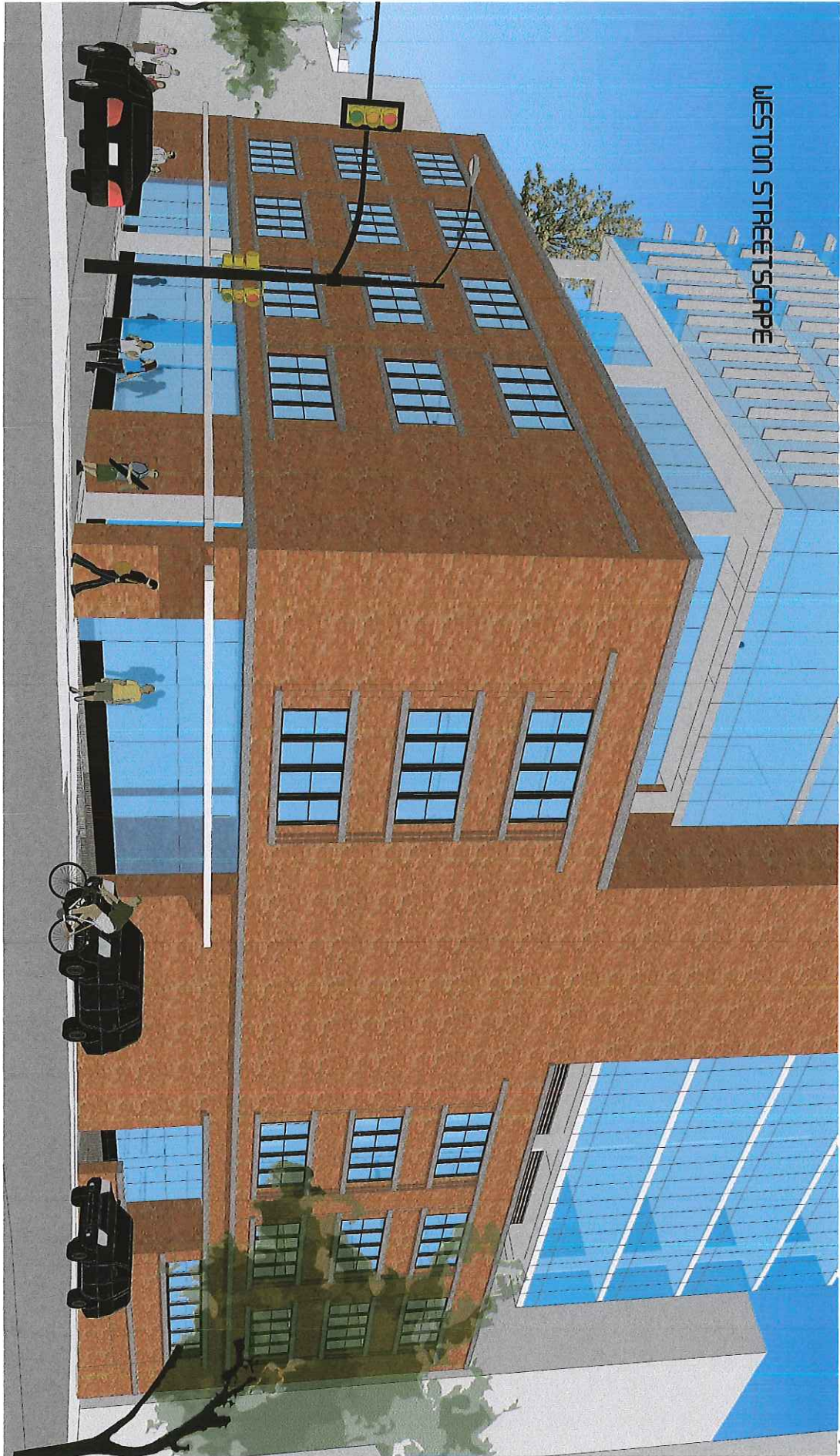
ROCKFORD  
DEVELOPMENT

SIBSCO  
A WEST MICHIGAN LLC

LOTT METZ ARCHITECTURE



WESTON STREETSCAPE



**ROCKFORD**  
DEVELOPMENT

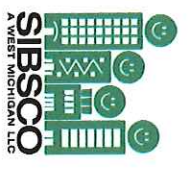




DIVISION STREETSCAPE



ROCKFORD  
DEVELOPMENT



# MEMORANDUM

CITY OF GRAND RAPIDS · DOWNTOWN DEVELOPMENT AUTHORITY

DATE: March 6, 2015

TO: Downtown Development Authority

FROM: Eric Pratt   
Project Manager

Agenda Item #9  
March 11, 2015  
DDA Meeting

SUBJECT: Request to Consent to the Assignment of a Development Reimbursement Agreement from Hopson Flats, LLC to Hopson Flats – Grand Rapids, LLC

On December 15, 2006, the City of Grand Rapids Downtown Development Authority (DDA) entered into a Development and Reimbursement Agreement (the Agreement) with Hopson Flats, LLC (the Developer) for the redevelopment of the existing buildings located at 212-216 Grandville Avenue SW, otherwise known as Hopson Flats.

Under this agreement, the DDA agreed to provide 75% of the new tax increment revenues, generated by the project, to reimburse the developer for eligible costs related to the construction of public facilities within the project. The developer would be reimbursed over a 10-year period. The project was completed in the Winter of 2007 and reimbursement commenced in the Summer of 2008. Reimbursement is schedule to conclude sometime in the Fall of 2017.

Last month, our office received a correspondence from the developer indicating that the developer had recently entered into a buy / sell agreement with Hopson Flats – Grand Rapids, LLC (the buyer), for the purchase of the Hopson Flats project. As a part of the transaction, the developer would like assign the remaining reimbursement payments to the buyer. Base out of East Lansing, Michigan, Hopson Flats – Grand Rapids, LLC is a subsidiary of Maple Grove Property Management. Maple Grove Property Management owns and manages several residential communities in the Greater Lansing / East Lansing area.

As prescribed in the Agreement, before the remaining reimbursement payments can be assigned to another party, the developer must first receive the DDA's consent to the assignment.

## Recommendation:

Staff recommends that the DDA Board authorize the DDA's Executive Director to execute an agreement, approved by the DDA's counsel, consenting to the assignment of the DDA's Development and Reimbursement Agreement with Hopson Flats, LLC to the Hopson Flats – Grand Rapids, LLC

See Attachment.



January 5, 2015

Mr. Kris Larson  
Executive Director  
Downtown Development Authority  
29 Pearl St. NW Suite 1  
Grand Rapids, MI. 49503

Dear Mr. Larson:

Hopson Flats, LLC entered into a Development and Reimbursement Agreement (the "Agreement") with the City of Grand Rapids Downtown Development Authority dated December 15, 2006 for Hopson Flats located at 212 Grandville Ave SW (the "Property"). On December 18, 2014, Hopson Flats, LLC and Grand Rapids – Hopson Flats, LLC (the "Buyer") signed a Purchase and Sale Agreement for the purchase and sale of the Property. The Buyer does not intend to change the current nature and use of the property after the closing.

Hopson Flats, LLC wishes to assign its rights and obligations under the Agreement to the Buyer, subject to and conditioned upon the closing of the purchase and sale of the Property pursuant to the Purchase and Sale Agreement, as the agreement may be amended now or hereafter. Although an exact closing date has not yet been set, it is believed that this transaction will close prior to the end of March 2015. The assignment of the Agreement to the Buyer would be contingent upon the Buyer agreeing to assume all of Hopson Flats, LLC's obligations under the Agreement.

We appreciate your prompt consideration of this request and please do not hesitate to contact me at (616) 719-3640 if you have any questions regarding this communication.

Sincerely,



Doug Gulker  
Hopson Flats, LLC

Cc: David Emdin, Grand Rapids – Hopson Flats, LLC  
JV Anderton, Legal Counsel, Grand Rapids – Hopson Flats, LLC