

AGENDA

DGRI BOARD OF ADVISORS



Members:

Stephanie Andrews • Monica App • Rick Baker • Shaun Biel • Charles Burke • Jorge Gonzalez • Brian Harris • Nikos Monoyios • Doug Small • Eddie Tadlock • Randy Thelen • Al Vanderberg • Mark Washington • Kara Wood • Rick Winn

March 20, 2025 2:00p
29 Pearl Street NW (DGRI Offices)

- | | | |
|---|--------|--------|
| 1. Call to Order (2:00) | | Harris |
| 2. Approval of December 19, 2024 Minutes (2:01)
(enclosed) | Motion | Harris |
| 3. FY2024 Audit (2:05)
(enclosed) | Info | Kelly |
| 4. MEDC Grant Funding Authorization (2:15)
(enclosed) | Motion | Kelly |
| 5. Grand River Greenway Update (2:25) | Info | Guy |
| 6. Easement Agreement Authorization (2:35)
(enclosed) | Motion | Guy |
| 7. President & CEO Report (2:45) | Info | Kelly |
| 8. Board Member Discussion (2:55) | Info | Board |
| 9. Public Comment (2:58) | | |
| 10. Adjournment (3:00) | | |



Board of Advisors Meeting
January 23, 2025

1. Call to Order - The meeting was called to order at 2:01 pm by Chair Brian Harris

Attendance:

Members Present: Rick Baker, Shaun Biel, Charles Burke, Brian Harris, Nikos Monoyios, Doug Small, Monica Steimle-App, Eddie Tadlock, Al Vanderberg, Rick Winn and Kara Wood.

Members Absent: Stephanie Andrews, Jorge Gonzalez, Randy Thelen and Mark Washington.

Others Present: Tim Kelly (President & CEO), Mandy McDaniel (Recording Secretary), Jessica Wood and Steven Glista (Legal Counsel), and Andy Guy (DGRI Staff).

2. Approve of Meeting Minutes

Motion: Member Small, supported by Member Baker, moved to approve Meeting minutes from December 19, 2024. The motion carried unanimously.

3. Board Member Appointment

Kelly introduced the item: appointing the newly elected Mayor, David LaGrand, to the DGRI Board of Advisors, as the DGRI Executive Committee recommended.

Motion: Member Vanderberg, seconded by Member Burke, moved to appoint City of Grand Rapids Mayor David LaGrand to the DGRI Board of Advisors as recommended by the DGRI Executive Committee. Motion carried unanimously.

4. Greenway Subrecipient Grant Agreement

Guy presented an overview of Greenway's progress and today's request to amend the subrecipient agreement with Kent County. In March 2022, the State of Michigan granted DGRI \$55 million to develop the Grand River Greenway. This funding aims to enhance riverfront greenspaces and build nonmotorized trails, supporting GR Forward Goal 1, River for All.

The Michigan Department of Natural Resources (MDNR) administers the federal funds through an agreement signed in May 2023. DGRI oversees fund distribution to partners, guided by a Greenway Grant Investment Priority Plan approved in May 2023. The first tranche was approved in September 2023, leaving about \$9 million available.

In December 2024, a revised Plan and a second tranche were approved, requiring amendments to subrecipient agreements with Kent County and the City, focusing on Johnson Park. All funds must be utilized by December 2026, with project approvals needed from MDNR. The recommendation is to authorize the DGRI Chair to execute the amendment with Kent County.

Motion: Member Baker, supported by Member Burke, moved to Authorize the DGRI Chair to execute the First Amendment to the Subrecipient Agreement between DGRI and Kent County. The motion carried unanimously.

5. President & CEO Report

Kelly gave the following updates:

- World of Winter wraps up March 2, 2025
- The Grand River Lower Reach bids are due at the end of February
- Oxford Trail bids are due 2/27
- Fulton to Wealthy bids are due 2/6
- Canal Street Park bids received 1/16 and under review.
- The construction of Lyon Square is to be completed in the spring of this year.
- The Public Museum is scheduled to be completed in the Spring of this year.
- The DGRI Tema is planning a speaker series later this year in preparation for GR Forward 2.0. Board members are encouraged to provide ideas and suggestions.

6. Board Member Discussion

None.

7. Public Comment

Scot Atchinson presented and provided a handout regarding his concept of an information system and QR code for real-time information for Downtown visitors (attachment included)

8. Closed Session at 2:11 pm

Motion: Member Steimle-App, supported by Member Vanderberg, moved approval to enter a closed session under section 8(1)(h) of the Open Meetings Act to consider material exempt from discussion or disclosure by state or federal statute—a written legal opinion.

Roll Call Vote:

Yay: Baker, Biel, Burke, Harris, Monoyios, Small, Steimle-App, Tadlock, Vanderberg, Winn and Wood
Absent: Andrews, Gonzalez, Thelen, and Washington

The closed session began at 2:11 pm.

Motion: Member Burke, supported by Wood, approved returning to an open session. Motion carried unanimously.

The open session resumed at 3:02 pm.

9. Agenda Amendment

Motion: Member Biel, supported by Steimle-App, moved to amend the agenda to include action item, consideration of the purchase of 1615 Monroe Ave NW Ave. Motion carried unanimously.

10. Purchase Acquisition: 1615 Monroe Ave

Motion: Member Wood, supported by Winn, motioned to Authorize (1) the exercise of the option as called for in the Option To Purchase Real Property dated November 25, 2024; (2) execution of two mortgages and promissory notes for \$1,000,000, (3) undertake the recommend Phase 2 environmental work, and (4) execution of any required documents in a form approved by the Board Chair and DGRI's legal counsel to purchase/close on the subject property in an amount not to exceed \$1,900,000 plus any related closing costs. Motion carried unanimously.

11. Adjournment

The meeting adjourned at 3:04 pm.

Minutes taken by:
Mandy McDaniel
Recording Secretary

Audited Financial Statements

Downtown Grand Rapids, Inc.

Year Ended June 30, 2024
with Report of Independent Auditors

Downtown Grand Rapids, Inc.
Audited Financial Statements
Year Ended June 30, 2024

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Report of Independent Auditors

Board of Directors
Downtown Grand Rapids, Inc.
Grand Rapids, Michigan

Opinion

We have audited the accompanying financial statements of Downtown Grand Rapids, Inc. (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Downtown Grand Rapids, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Downtown Grand Rapids, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Downtown Grand Rapids, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Downtown Grand Rapids, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Downtown Grand Rapids, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Grand Rapids, Michigan

March --, 2025

Downtown Grand Rapids, Inc.

Statement of Financial Position

June 30, 2024

Assets

Current assets:

Cash and cash equivalents	\$ 4,700,551
Promises to give, current portion	450,000
Short-term investments	6,967,216
Total current assets	<u>12,117,767</u>

Promises to give, net of current portion and discount	687,569
Property and equipment, net	128,480
Total assets	<u><u>\$ 12,933,816</u></u>

Liabilities and net assets (deficit)

Current liabilities:

Accounts payable	\$ 348,616
Accrued payroll and taxes	815,466
Accrued liabilities	25,000
Total current liabilities	<u>1,189,082</u>

Deferred revenue	<u>10,646,875</u>
Total liabilities	<u>11,835,957</u>

Net assets (deficit):

Without donor restrictions	(984,855)
With donor restrictions	2,082,714
Total net assets (deficit)	<u>1,097,859</u>
Total liabilities and net assets (deficit)	<u><u>\$ 12,933,816</u></u>

Downtown Grand Rapids, Inc.

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and other revenue			
Contributions and grants	\$ 2,203,744	\$ 205,207	\$ 2,408,951
In-kind contributions	1,066,847	-	1,066,847
Artist and venue registration income	59,505	-	59,505
Investment return, net	118,921	-	118,921
Miscellaneous income	47,681	-	47,681
Net assets released from restrictions	120,000	(120,000)	-
Total public support and other revenue	3,616,698	85,207	3,701,905
Expenses			
Program services	2,972,640	-	2,972,640
Supporting services:			
Management and general	1,000,225	-	1,000,225
Fundraising	275,943	-	275,943
Total support services	1,276,168	-	1,276,168
Total expenses	4,248,808	-	4,248,808
Change in net assets (deficit)	(632,110)	85,207	(546,903)
Net assets (deficit) – beginning of year	(352,745)	1,997,507	1,644,762
Net assets (deficit) – end of year	\$ (984,855)	\$ 2,082,714	\$ 1,097,859

Downtown Grand Rapids, Inc.

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services					Supporting Services		
	ArtPrize	Grand River Marketing	Greenway	Lyons Square	Total	Management and General	Fundraising	Total
Salaries, wages, and taxes	\$ 284,327	\$ -	\$ -	\$ -	\$ 284,327	\$ 511,788	\$ 107,446	\$ 903,561
Benefits and insurance	23,659	-	-	-	23,659	49,830	14,979	88,468
Exhibition expenses	1,005,247	-	310,856	-	1,316,103	-	-	1,316,103
Contract services	183,747	-	-	-	183,747	73,500	50,391	307,638
Marketing and public relations	89,137	30,000	-	-	119,137	-	93,947	213,084
Office expense	-	-	-	-	-	43,875	-	43,875
Rent	-	-	-	-	-	1,860	-	1,860
Technology	125,780	-	-	-	125,780	11,374	-	137,154
Travel, meals, and entertainment	-	-	-	-	-	10,573	-	10,573
Fundraising	-	-	-	-	-	-	9,180	9,180
Maintenance and repairs	-	-	-	50,651	50,651	-	-	50,651
Professional fees	-	-	-	-	-	38,888	-	38,888
In-kind - lease	-	-	-	-	-	115,001	-	115,001
In-kind - contract services	182,221	-	-	-	182,221	-	-	182,221
In-kind expense - marketing, office space, and other	562,571	-	-	-	562,571	-	-	562,571
In-kind - salaries and benefits	-	1,766	122,678	-	124,444	82,610	-	207,054
Miscellaneous	-	-	-	-	-	19,277	-	19,277
Depreciation	-	-	-	-	-	41,649	-	41,649
Total	\$ 2,456,689	\$ 31,766	\$ 433,534	\$ 50,651	\$ 2,972,640	\$ 1,000,225	\$ 275,943	\$ 4,248,808

See accompanying notes.

Downtown Grand Rapids, Inc.

Statement of Cash Flows

Year Ended June 30, 2024

Operating activities

Change in net assets	\$ (546,903)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	41,649
Net realized/unrealized gain on investments	(110,919)
Changes in operating assets and liabilities:	
Promises to give	340,000
Accounts payable	288,101
Accrued payroll and taxes	608,058
Accrued liabilities	(23,400)
Deferred revenue	10,180,920
Net cash from operating activities	<u>10,777,506</u>

Investing activities

Purchases of short-term investments	(7,024,368)
Sales of short-term investments	168,071
Purchases of equipment	<u>(170,129)</u>
Net cash provided by investing activities	<u>(7,026,426)</u>

Net change in cash and cash equivalents	3,751,080
Cash and cash equivalents - beginning of year	949,471
Cash and cash equivalents - end of year	<u><u>\$ 4,700,551</u></u>

Downtown Grand Rapids, Inc.

Notes to Financial Statements

June 30, 2024

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Downtown Grand Rapids, Inc. (DGRI) is the organization responsible for city building and place-management in the urban core of the City of Grand Rapids, Michigan. Established in 2013, DGRI (Organization) serves as the singular management entity for the combined operations of the Downtown Development Authority, the Downtown Improvement District and the Monroe North Tax Increment Finance Authority.

ArtPrize is a program of the Organization which produces citywide art experiences that encourage critical discourse, celebrate artists, transform urban space, and promote cultural understanding.

The Organization's other programming includes Grand River Marketing, Greenway, and Lyons Square.

The Organization has its corporate office in Grand Rapids, Michigan and is supported primarily through contributions and federal, state, and local government grants and contracts.

Method of Accounting

The records of the Organization are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement Presentation and Net Asset Classification

Net assets and public support and other revenue are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Downtown Grand Rapids, Inc.

Notes to Financial Statements

June 30, 2024

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Organization's investments consist of U.S. treasury securities and a certificate of deposit and are considered Level 1 investments.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Concentration of Credit Risk

The Organization maintains cash and cash equivalent balances in checking and savings accounts at several financial institutions. The checking and savings accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. From time to time during the year, the Organization may have cash and cash equivalents in an account in excess of the federally insured limit. As of June 30, 2024, there were cash and cash equivalents in excess of the federally insured limit of approximately \$3,200,000.

Downtown Grand Rapids, Inc.**Notes to Financial Statements****June 30, 2024****1. Nature of Organization and Summary of Significant Accounting Policies (continued)****Promises to Give**

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution and grants revenue in the statement of activities. An allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Management has determined an allowance is not required for the year ended June 30, 2024.

Investments/Valuation and Income Recognition

Investments are stated at fair market value. Increases or decreases resulting from changes in market value of investments are included annually in the statement of activities whether or not realized by the sale of investments. Investments are recorded on the trade date of the transaction. The account at this institution is protected by the Securities Investor Protection Corporation (SIPC). The SIPC provides up to \$500,000 of protection per investor. Investments, at times, may exceed the SIPC insured limits.

Property and Equipment

Property and equipment are capitalized at cost or if donated, at the estimated fair value on the date of donation. The Organization considers items with a cost greater than \$1,000 and a useful life greater than one year to be property and equipment. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of the assets are 3 years for office equipment and website development.

Accounts Payable

Accounts payable includes amounts due to vendors as of year-end and is stated at the amount the Organization expects to pay.

Accrued Payroll and Taxes

The year-end accrued payroll and taxes consist of amounts due to a third party for employee wages and taxes due as of year end and is stated at the amount the Organization expects to pay.

Downtown Grand Rapids, Inc.**Notes to Financial Statements**

June 30, 2024

1. Nature of Organization and Summary of Significant Accounting Policies (continued)**Deferred Revenue**

Revenue that has been received by the Organization before it is earned is classified as deferred revenue on the statement of financial position.

Contributions and Grants

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as net assets without donor restrictions if the restriction expires in the reporting period in which the contribution or grant are recognized. All other donor-restricted contributions and grants are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition*Artist and Venue Registration Income*

Artist and venue registration income is funding from individuals for the ArtPrize event. Revenue is recognized in the period in which the event occurs. All other revenue is from performance-based obligations satisfied at a point in time when the exchange of goods or services occurs. Any revenues that have been received in advance of the performance-based obligation being met are recorded as deferred revenue in the statement of financial position.

The following economic factors affect the nature, amount, timing, and uncertainty of the Organization's revenue and cash flows as indicated:

- Economic trends: Services to all customers correlate with economic cycles and are cyclical in nature based on personal discretionary budgets.
- Nonprofit industry: Overall revenue from program fees can be dependent on individuals' disposable income.

Donated Goods and Services

The Organization recognizes in-kind donated services in accordance with U.S. GAAP, which requires that only contributions that create or enhance non-financial assets, or that require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation be recorded. Donated goods are valued at

Downtown Grand Rapids, Inc.

Notes to Financial Statements

June 30, 2024

1. Nature of Organization and Summary of Significant Accounting Policies (continued)**Donated Goods and Services (continued)**

estimated cost to purchase the items, which approximate fair value, and is based on current rates for similar goods or invoices provided by the donors.

During the year ended June 30, 2024, Downtown Grand Rapids, Inc. recognized in-kind contributions of \$207,054 for contributed services and \$115,001 for donated building leases received from its affiliates (the Downtown Development Authority, the Downtown Improvement District, and the Monroe North Tax Increment Finance Authority) for employee wages that were paid by the affiliates.

Total contributed non-financial assets recognized in the accompanying financial statements consisted of the following for the years ended June 30, 2024:

Donated goods expensed:	
Marketing	\$ 303,968
Office space	59,980
Building leases	115,001
Supplies	36,126
Food	16,000
Other	146,497
Total donated goods expensed	<u>677,572</u>
Donated services expensed:	
Salaries and wages	207,054
Contract services	182,221
Total donated services expensed	<u>389,275</u>
Total in-kind contributions	<u>\$ 1,066,847</u>

The contributed non-financial assets summarized in the above table supported the following programs:

- During the year ended June 30, 2024, all donations of marketing items were used for the ArtPrize program.
- Donated office space during the year ended June 30, 2024, was used for the ArtPrize program.
- Donated building leases during the year ended June 30, 2024, was used for management and general.
- Donated supplies and food during the year ended June 30, 2024, was used for the ArtPrize program.
- Other donated goods during the years ended June 30, 2024, included furniture, turf, and miscellaneous program supplies used for the ArtPrize program.

Downtown Grand Rapids, Inc.

Notes to Financial Statements

June 30, 2024

1. Nature of Organization and Summary of Significant Accounting Policies (continued)**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries, wages, and taxes	Time and effort
Benefits and insurance	Time and effort
In-kind – salaries and benefits	Time and effort

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization was created by a governmental unit and the governmental unit exercises control over some of the organization's expenditures, which exempts the Organization from federal, state, and local tax filing requirements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and disclosures. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure in the financial statements through , 2025, which is the date the financial statements were available to be issued.

Downtown Grand Rapids, Inc.

Notes to Financial Statements

June 30, 2024

2. Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following as of June 30, 2024:

Financial assets as of year end:	
Cash and cash equivalents	\$ 4,700,551
Promises to give	450,000
Short-term investments	6,967,216
Total	<u>12,117,767</u>
Restrictions limiting availability:	
Deferred revenue	(10,646,875)
Donor restricted funds	<u>(1,340,145)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 130,747</u>

As part of the Organization's liquidity management plan, the Organization may invest cash in excess of funds needed for daily operations in short-term investments. The objectives of the Organization's investment policy, which allows the Board of Directors to utilize services of investment managers whose performance is monitored by the Board of Directors, is to preserve principal, maintain liquidity, and earn the highest possible current rate consistent with safety and liquidity.

3. Property and Equipment - Net

A summary of property and equipment as of June 30, 2024 was as follows:

Office equipment	\$ 10,329
Website development	159,800
	<u>170,129</u>
Accumulated depreciation	<u>(41,649)</u>
	<u>\$ 128,480</u>

Downtown Grand Rapids, Inc.

Notes to Financial Statements

June 30, 2024

4. Short-term Investments

The following summarizes the cost basis and market value (carrying value) of investments as of June 30, 2024:

	Cost	Market
U.S. treasury securities	\$ 6,815,043	\$ 6,857,382
Certificate of deposit	109,958	109,834
	<u>\$ 6,925,001</u>	<u>\$ 6,967,216</u>

5. Promises to Give

Promises to give consisted of the following as of June 30, 2024:

Receivable in one year or less	\$ 450,000
Receivable between one and five years	250,000
Receivable in more than five years	550,000
Discount to net present value using the annual risk-free rate of 1.84%	<u>(112,431)</u>
	<u>\$ 1,137,569</u>

6. Net Assets With Donor Restrictions

Net assets with donor restrictions was as follows as of June 30, 2024:

Time restrictions on promises to give	\$ 1,137,569
Grand River Marketing restrictions	19,938
Lyons Square restrictions	<u>925,207</u>
	<u>\$ 2,082,714</u>

7. Operating Leases

The Organization entered into a building lease agreement with an original maturity through September 2024. The lease agreement provided a three-year extension through September 2027 that was exercised. Base rent under the lease began at \$6,245 a month and increased 2.0% with each annual lease renewal.

The Organization also entered into a building lease agreement with an original maturity through April 2027. The lease agreement provided a four-year extension through April 2031 that management anticipates exercising. Base rent under the lease began at \$2,616 a month and increased 3.0% with each annual lease renewal.

Downtown Grand Rapids, Inc.

Notes to Financial Statements

June 30, 2024

7. Operating Leases (continued)

The Organization's building leases noted above are donated by its affiliates. There were no payments made by the Organization for these leases. Due to no payments being made in fiscal year 2024, there has been no right-of-use asset or lease liability recorded for the buildings. Disclosures about DGRI's in-kind contributions are presented in Note 1.

8. Deferred Revenue

During fiscal year 2024, Downtown Grand Rapids, Inc. entered into several grant agreements and sponsorships. These grant and sponsorship funds were received during the year ended June 30, 2024 and have specific requirements in how the funds are to be spent. The related costs were not yet incurred as of June 30, 2024 and therefore the funds are considered deferred revenue. Deferred revenue was as follows as of June 30, 2024:

ARPA – Greenway Project	\$ 7,664,700
MEDC - ArtPrize	2,000,000
ArtPrize 2024 Sponsorships	982,175
	<u>\$ 10,646,875</u>

9. Risks and Uncertainties

DGRI invests in various investment securities. These investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of investment securities will occur in the near-term and long-term and that such changes could materially affect the amounts reported in the statements of financial position.

The Organization is subject to various risks and uncertainties related to operations and financial performance. The Organization utilizes a number of suppliers and vendors to fulfill business needs and this exposes them to risks and uncertainties, including supply chain risks. These supply chain risks include availability of sources of supply for materials, labor, and services, in addition to increases in prices. Due to the level of risk associated with the supply chain and other potential risks and uncertainties, it is at least reasonably possible these risks could have an impact in the near term and could materially affect the operations of the Organization and the amounts reported in the financial statements.

10. Subsequent Event

In July 2024, the Organization entered into an agreement with a contractor to assist with the Greenway Project. As part of the agreement, the Organization is expected to pay a lump sum fee of approximately \$315,000 with expenses not to exceed \$14,000. The agreement is expected to end February 2025.



MEMORANDUM

DATE: March 17, 2025

TO: DGRI Board of Advisors

FROM: Tim Kelly, AICP
DGRI President & CEO

SUBJECT: Item #4 – MEDC Agreement

In June 2024, DGRI executed a grant agreement with the Michigan Economic Development Corporation (MEDC) for funding from the newly created Large Special Event Fund (Fund). The Fund was designed to attract and support large events that bring visitors to communities throughout Michigan. This includes national conventions, national conferences, major sporting events or other significant events that would feature Michigan to a national or out-of-state audience. Funds were appropriated in Public Act 119 of 2023 to deploy \$7,750,000 to help attract eligible special events and support costs associated with hosting those events. Qualifying events must have a regular attendance of more than 500 people.

DGRI received approval from MEDC for a grant to help support activations in Downtown Grand Rapids in an amount of \$2,000,000. Funding was received in July 2024 with a deadline to be expended by September 30, 2025. In 2024, \$1,325,000 was authorized to support the delivery of Art Prize and World Winter. To meet the grant deadline, authorization is requested to deploy the remaining funds as outlined below:

- \$125,000 for Art Prize 2023/4
- \$275,000 for World of Winter 2026
- \$275,000 for Art Prize 2025

RECOMMENDATION:

Authorize \$675,000 in expenditures to use the remaining funds from the MEDC grant in accordance with the executed grant agreement.



MEMORANDUM

DATE: March 13, 2025

TO: DGRI Board of Advisors

FROM: Andy Guy, COO

SUBJECT: **Item #5– Greenway Update & Trail Easement**

This memo requests authorization for the Executive Committee to grant the City of Grand Rapids an easement across DGRI-owned property at 1615 Monroe Avenue NW. The purpose is to allow for construction of a permanent nonmotorized trail segment and close a critical gap in the Grand River Greenway Trail.

DGRI acquired the property at 1615 Monroe Ave NW to provide for trail construction across the property in support of the City's imminent project to build the Greenway Trail from Leonard to Ann Streets. Establishing this trail segment is a key public goal prioritized in several community plans, including River for All, GR Forward and the Bicycle Action Plan.

Closing the Leonard-Ann gap is especially important for nonmotorized connectivity to/from Downtown as the soon-to-be-constructed segment will link Downtown north of Leonard St. to the Creston neighborhood, Riverside Park, the statewide White Pine trail, and east to the coming Greenway trail extension through Plainfield, to Ada and eventually Lowell, MI.

To help advance this project across DGRI property, staff is collaborating with the City to:

- Develop the real estate exhibits that underpin the long-term easement agreement. (See attached draft Grantor's Property Exhibit A.)
- Define short-term authorization of construction activities on the property.
- Determine fair market value of the trail real estate. Property appraisal will happen in the coming weeks.

Based on the outcomes of these organizing activities, DGRI and City staff will define the proposed terms of agreement that allow the project to move forward at 1615 Monroe Ave NW.

Staff anticipates concluding discussions with the City in late Spring/early summer. Trail construction is expected to begin late summer.

To keep the DGRI piece of the project moving forward promptly, staff recommends authorizing the Executive Committee to receive, consider and authorize the necessary agreements with the City.

RECOMMENDATION:

- Authorize the Executive Committee to execute an easement agreement with the City of Grand Rapids to provide for nonmotorized trail construction across 1615 Monroe Avenue NW.

GRANTOR'S PROPERTY EXHIBIT A

PROPERTY OWNER: DOWNTOWN GRAND RAPIDS, INC.

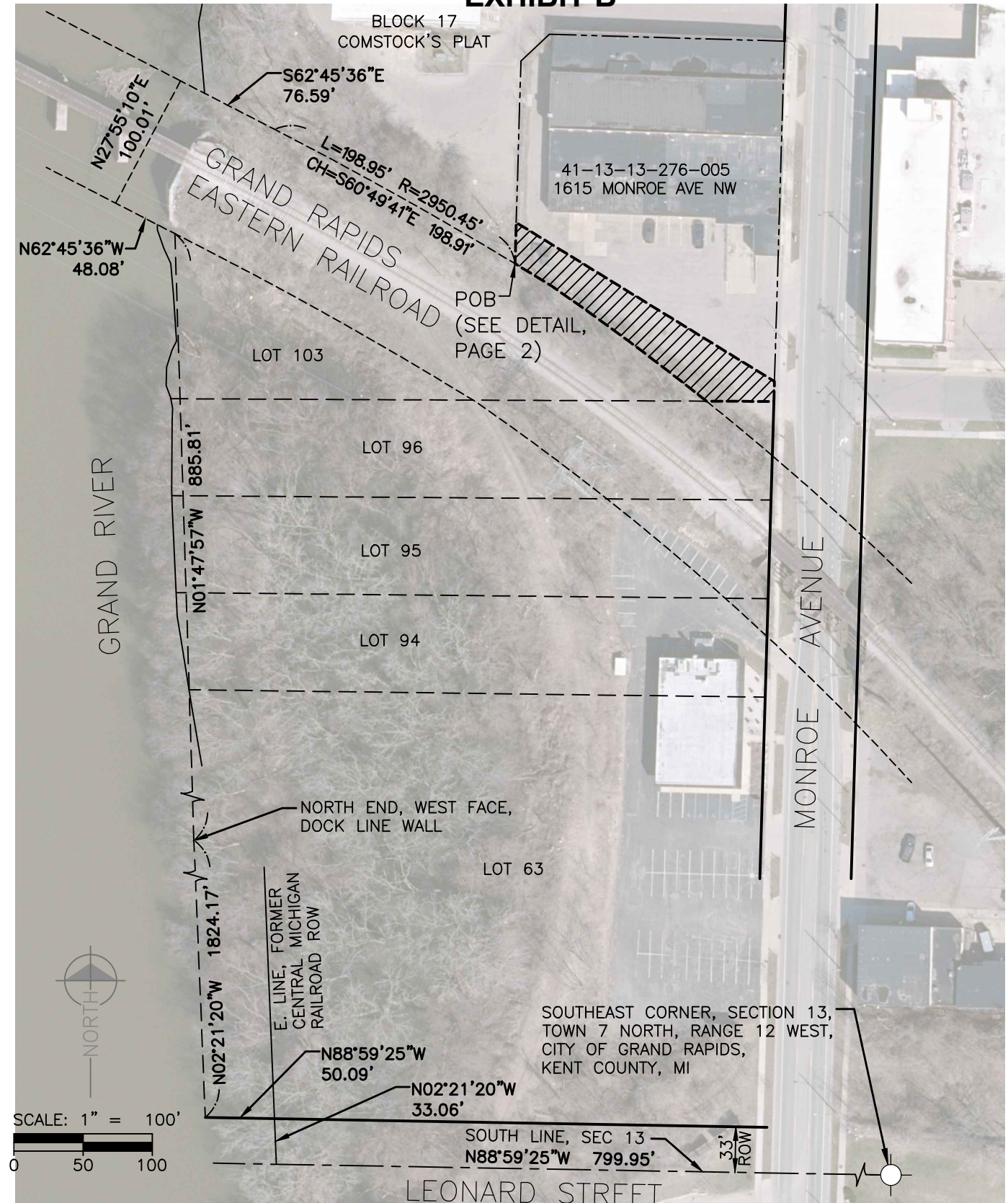
PROPERTY ADDRESS: 1615 MONROE AVENUE NW

PARCEL NUMBER: 41-13-13-276-005

PARCEL DESCRIPTION:
(PER WARRANTY DEED, LIBER 4377, PAGE 643, KENT COUNTY RECORDS)

PART OF BLOCK 17, COMSTOCK'S PLAT, CITY OF GRAND RAPIDS, KENT COUNTY, MICHIGAN, AS RECORDED IN LIBER 2 OF PLATS, PAGE 43, DESCRIBED AS: COMMENCING AT SOUTHEAST CORNER OF SAID BLOCK 17; THENCE NORTH ALONG WEST LINE OF MONROE AVENUE 260.43 FEET; THENCE WEST AT RIGHT ANGLES TO MONROE AVENUE 170 FEET; THENCE SOUTH 45 DEGREES WEST 28.28 FEET; THENCE SOUTH PARALLEL WITH WEST LINE OF MONROE AVENUE 148.2 FEET TO THE NORTHERLY LINE OF GRAND TRUNK WESTERN RAILROAD RIGHT-OF-WAY; THENCE SOUTHEASTERLY ALONG NORTHERLY LINE OF SAID RAILROAD RIGHT-OF-WAY 168.6 FEET TO SOUTH LINE OF SAID BLOCK 17; THENCE EASTERLY ALONG SAID SOUTH LINE OF BLOCK 17, 49.2 FEET TO BEGINNING.

PATHWAY EASEMENT EXHIBIT B



FISHBECK
1515 ARBORETUM DRIVE SE
GRAND RAPIDS, MI 49546
616.575.3824 PHONE
FISHBECK JOB #181757

BASIS OF BEARING: SOUTH LINE OF SECTION 13, TOWN 7 NORTH,
RANGE 12 WEST, PER KENT COUNTY REMONUMENTATION RECORDS.

EXHIBIT B PAGE 1 OF 2
02/24/2025

