
Grand Rapids Brownfield Redevelopment Authority

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

**Financial Report
with Supplemental Information
June 30, 2018**

Grand Rapids Brownfield Redevelopment Authority

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Independent Auditor's Report

To the Members of the Board
Grand Rapids Brownfield Redevelopment Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the governmental fund of the Grand Rapids Brownfield Redevelopment Authority (the "Authority"), a component unit of City of Grand Rapids, Michigan, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Grand Rapids Brownfield Redevelopment Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities and the governmental fund of the Grand Rapids Brownfield Redevelopment Authority as of June 30, 2018 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Members of the Board
Grand Rapids Brownfield Redevelopment Authority

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of projects is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of projects has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Summarized Comparative Information

Other auditors have previously audited the Grand Rapids Brownfield Redevelopment Authority's June 30, 2017 financial statements and expressed an unmodified audit opinion on those basic financial statements in their report dated December 7, 2017.

Plante & Moran, PLLC

December 12, 2018

Grand Rapids Brownfield Redevelopment Authority

Management's Discussion and Analysis

This section of the Grand Rapids Brownfield Redevelopment Authority's (the "Authority") financial report presents a discussion and analysis of the Authority's financial performance for the fiscal year ended June 30, 2018. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes.

Purpose of the Authority

The purpose of the Authority is to identify and encourage the rehabilitation and redevelopment of qualified environmentally distressed or functionally obsolete properties within the City of Grand Rapids, Michigan via the capture of property tax increment revenue. Authority administration and operating costs are financed from project application fees and from administrative cost allowances attached to tax increment revenue reimbursement agreements approved by the Authority, the Grand Rapids City Commission, and the State of Michigan. Approved projects are listed in the schedule of projects following the notes to financial statements.

Using the Financial Report

This financial report consists of two financial statements that focus on the financial condition of the Authority and the results of its operations as a whole.

One of the most important questions asked about governmental finances is whether the Authority as a whole is better off or worse off as a result of the year's activities. The keys to understanding this question are the statement of net position and the statement of activities.

The statement of net position includes all of the Authority's assets and liabilities. It is prepared using the accrual basis of accounting, whereby revenue and assets are recognized when services are provided and expenses and liabilities are recognized when others provide services regardless of when cash is exchanged. The following is a summary for the years ended June 30, 2018 and 2017:

Condensed Statement of Net Position

	2018	2017	Change	Percent Change
Assets - Current and other assets	\$3,090,042	\$ 2,579,699	\$ 510,343	19.8
Liabilities				
Current liabilities	908,720	1,145,389	(236,669)	(20.7)
Noncurrent liabilities	1,948,265	2,038,485	(90,220)	(4.4)
Total liabilities	2,856,985	3,183,874	(326,889)	(10.3)
Net Position	<u><u>\$ 233,057</u></u>	<u><u>\$ (604,175)</u></u>	<u><u>\$ 837,232</u></u>	(138.6)

Current Assets

Equity in Pooled Cash and Investments

The City of Grand Rapids, Michigan maintains an investment pool for most city funds and component units. The Authority's \$3.0 million portion of the investment pool is displayed on the statement of net position as equity in pooled cash and investments. The Authority's cash balance on June 30, 2018 is higher than the balance on June 30, 2017 primarily due to the excess of revenue over expenses in fiscal year 2018.

Receivables

In fiscal year 2018, approximately \$44,000 was receivable from the Kent County Land Bank and \$8,000 was accrued interest receivable. On June 30, 2017, approximately \$10,000 was due from an overpayment and \$12,000 was accrued interest receivable.

Grand Rapids Brownfield Redevelopment Authority

Management's Discussion and Analysis (Continued)

Current Liabilities

Accounts Payable

The accounts payable 2018 year-end balance of \$42,201 is for current fiscal year project expenses for which payments were made in the following fiscal year and estimated tax refunds due to appeals. The \$1,450 balance for fiscal year 2017 accounts payable is due to expenditures accrued in fiscal year 2017 but paid in fiscal year 2018.

Due to Other Governments

This liability accumulates project development reimbursements owed to the State of Michigan, the Grand Rapids Downtown Development Authority (DDA), and school and local units. The large decrease between fiscal years 2017 and 2018 is the result of the \$623,965 payment to the Grand Rapids DDA, which was previously accrued for in fiscal years 2013 through 2017.

As described in Note 6, beginning with the Authority's fiscal year 2016, the State of Michigan began requiring the State's Brownfield authorities to "remit" 50 percent of property tax increment revenue captured from the State Education Tax for Brownfield redevelopment projects approved after January 1, 2013. The Authority accrued \$113,756 for this requirement in fiscal year 2018 and \$28,437 for fiscal year 2017.

Due to Project Recipients

The approximate \$300,000 increase in due to project recipients at June 30, 2018 is related to new developer projects for which the documentation for eligible expenditures has not yet been approved; therefore, the reimbursements have not been paid.

Noncurrent Liabilities

Noncurrent liabilities decreased by approximately \$90,000. The decrease is due to scheduled principal payment on the bonds. See Note 4 for detailed information.

Grand Rapids Brownfield Redevelopment Authority

Management's Discussion and Analysis (Continued)

Statements of Activities

	2018	2017	Change	Percent Change
Revenue				
Property taxes	\$ 5,344,359	\$ 3,632,307	\$ 1,712,052	47.1
Intergovernmental	230,398	289,757	(59,359)	(20.5)
Fee income	80,121	146,909	(66,788)	(45.5)
Investment earnings	42,823	(8,998)	51,821	(575.9)
Miscellaneous	122,711	85,198	37,513	44.0
Total revenue	5,820,412	4,145,173	1,675,239	40.4
Expenses				
Brownfield remediation	4,489,162	2,957,136	1,532,026	51.8
Urban development	417,758	311,661	106,097	34.0
Debt service	76,260	72,563	3,697	5.1
Total expenses	4,983,180	3,341,360	1,641,820	49.1
Net Change	837,232	803,813	33,419	4.2
Net Position - Beginning of year	(604,175)	(1,407,988)	803,813	(57.1)
Net Position - End of year	<u>\$ 233,057</u>	<u>\$ (604,175)</u>	<u>\$ 837,232</u>	(138.6)

This above statement of activities present the revenue earned and the expenses incurred during the fiscal years presented.

Revenue

Property Taxes

The Authority's revenue is generated primarily through the use of property tax increment financing, in which the Authority captures ad valorem property tax, industrial facility tax, and obsolete property rehabilitation tax revenue attributable to increases in the value of real and personal property within each Brownfield remediation project. In accordance with remediation and redevelopment plan agreements between the Authority and the project developers, upon satisfactory project completion, submittal of eligible cost documentation, and verification of "current" status regarding payments of property and income taxes, a share of annual incremental tax revenue is reimbursed to each of the developers to partially support the qualified remediation and redevelopment expenditures for those projects. The increase in property tax revenue from fiscal year 2017 to 2018 is due to the addition of new redevelopment projects and increases in the assessed values of existing projects.

Intergovernmental

In fiscal year 2018, the Authority received approximately \$186,000 of revenue for two federal Environmental Protection Agency grants and also received \$212,000 of reimbursement revenue from the State of Michigan for the Small Taxpayer and Eligible Manufacturing Personal Property exemptions losses, which commenced in 2014, as well as for losses associated with industrial and commercial personal property exemptions, which commenced in 2008. In fiscal year 2017, the Authority received \$84,000 on the same federal grants and \$206,000 from the State of Michigan for personal property exemptions losses.

Other

Other revenue come from Brownfield plan amendment application processing fees, debt service support from the Grand Rapids Downtown Development Authority for the Authority's Series 2012A bonds, and from interest earned when authority funds are invested by the city treasurer.

Grand Rapids Brownfield Redevelopment Authority

Management's Discussion and Analysis (Continued)

Expenses

Brownfield Remediation

The majority of expenses for Brownfield remediation are related to redevelopment agreements between the Authority and project developers. These agreements specify that a share of property tax increment revenue related to taxable value increases resulting from approved remediation and redevelopment projects shall be reimbursed semiannually, plus interest in some cases, to the developer to partially support the eligible remediation expenses for that project. The portion of property tax increment revenue increases not reimbursed to the developers is used to support the Authority's general administration costs. Brownfield remediation expenses increased by \$1.5 million, or 51.8 percent. This large increase is due to new projects, as well as an increase in taxes collected.

Urban Development

In addition to reimbursements to project developers, the Authority incurs project and administration costs, including staff support, supplies, legal services, insurance, and public notices. Fiscal year 2017 urban development expenses are approximately \$106,000 higher than fiscal year 2017, mainly due to increases in payroll costs.

Overall Financial Position

Management believes the Authority is in good condition financially. Current tax increment and other revenue are adequate to cover existing project reimbursement agreements, as well as current debt service and the development of future projects.

Requests for Information

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

Grand Rapids Brownfield Redevelopment Authority**Statement of Net Position/Governmental Fund Balance Sheet****June 30, 2018 and 2017**

	2018			Statement of Net Position 2017
	Governmental Fund	Adjustments (Note 3)	Statement of Net Position	
Assets				
Equity in pooled cash and investments	\$ 3,037,994	\$ -	\$ 3,037,994	\$ 2,557,203
Receivables:				
Other receivables - Net	44,291	-	44,291	10,197
Accrued interest receivable	7,757	-	7,757	12,299
Total assets	<u><u>\$ 3,090,042</u></u>	-	3,090,042	2,579,699
Liabilities				
Accounts payable	\$ 42,201	-	42,201	1,450
Due to other governmental units	140,037	-	140,037	714,482
Accrued liabilities and other:				
Accrued interest payable	-	5,697	5,697	-
Due to project recipients (Note 5)	720,785	-	720,785	429,457
Noncurrent liabilities: (Note 4)				
Due within one year	-	130,874	130,874	115,536
Due in more than one year	-	1,817,391	1,817,391	1,922,949
Total liabilities	903,023	1,953,962	2,856,985	3,183,874
Equity				
Fund balance - Restricted for authorized projects	2,187,019	(2,187,019)	-	-
Total liabilities and fund balance	<u><u>\$ 3,090,042</u></u>			
Net position:				
Restricted for authorized projects		233,057	233,057	-
Unrestricted		-	-	(604,175)
Total net position		<u><u>\$ 233,057</u></u>	<u><u>\$ 233,057</u></u>	<u><u>\$ (604,175)</u></u>

Grand Rapids Brownfield Redevelopment Authority

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

Years Ended June 30, 2018 and 2017

	2018		Statement of Activities 2017	
	Governmental Fund	Adjustments (Note 3)	Statement of Activities	Statement of Activities 2017
Revenue				
Property taxes	\$ 5,344,359	\$ -	\$ 5,344,359	\$ 3,632,307
Intergovernmental:				
Federal grants	18,291	-	18,291	83,937
State grants	212,107	-	212,107	205,820
Fee income	80,121	-	80,121	146,909
Investment earnings	42,823	-	42,823	(8,998)
Other revenue	122,711	-	122,711	85,198
Total revenue	5,820,412	-	5,820,412	4,145,173
Expenditures				
Brownfield remediation	4,489,162	-	4,489,162	2,957,136
Urban development	402,978	14,780	417,758	311,661
Debt service:				
Principal	105,000	(105,000)	-	-
Interest and fiscal charges	70,563	5,697	76,260	72,563
Total expenditures	5,067,703	(84,523)	4,983,180	3,341,360
Net Change in Fund Balance/Net Position	752,709	84,523	837,232	803,813
Fund Balance/Net Position - Beginning of year, as restated	1,434,310	(2,038,485)	(604,175)	(1,407,988)
Fund Balance/Net Position - End of year	<u>\$ 2,187,019</u>	<u>\$ (1,953,962)</u>	<u>\$ 233,057</u>	<u>\$ (604,175)</u>

June 30, 2018

Note 1 - Reporting Entity

The Grand Rapids Brownfield Redevelopment Authority (the "Authority"), a component unit of the City of Grand Rapids, Michigan (the "City"), was created by the City in 1997 under the provisions of State of Michigan Public Act 381 of 1996, as amended, and its development plan was approved by the City Commission on December 22, 1998. The purpose of the Authority is to promote the revitalization of environmentally distressed areas and/or functionally obsolete properties within the boundaries of the City.

On February 23, 2010, the Grand Rapids City Commission (the "Commission") appointed former members of the Authority as members of the board of directors of the Economic Development Corporation (the "EDC") of the City of Grand Rapids. Concurrently, the Commission designated the EDC board of directors as the board of directors for the Authority. This action was taken to reduce staff time required to communicate and work with separate boards, which have comparable missions. The action also brought together a larger group of diverse individuals to add value to the economic development projects and programs that the two entities administer. State of Michigan Public Act 381 of 1996, as amended, and State of Michigan Public Act 338 of 1974, as amended, permit the board of directors of the EDC to serve as the board of directors of the Authority upon such designation by the Commission. Both boards remain operationally and financially independent and still hold separate meetings, as required by statute.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Basis of Accounting

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

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

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

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

Budget

The Commission annually approves the Authority's budget after the authority board members review and recommend it. Once the Commission approves the budget, the authority board members adopt the budget. The budget for the Authority is a project budget rather than an annual budget. Therefore, budget to actual information has not been reflected in the financial statements.

June 30, 2018

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Investments

The City maintains an investment pool for most city funds, including component units, such as the Authority. The Authority's portion of the investment pool is displayed on the balance sheet as equity in pooled cash and investments. The Authority's equity in this pool is deemed to be a cash equivalent for financial reporting purposes because cash may be withdrawn at any time without prior notice or penalty.

The investment policy adopted by the City Commission is governed by the provisions of Michigan Public Act 20 of 1943, as amended. The policy is designed to prioritize the preservation of principal, while also providing an investment return. Details on the investment policy and the categorization of cash and investments are included in the Comprehensive Annual Financial Report of the City of Grand Rapids, Michigan to give an indication of the level of risk assumed by the City at year end. It is not feasible to allocate the level of risk to the various component units of the City because of the mingling of assets in the pool. Interest income and investment losses from the cash and investment pooling is distributed by the city treasurer to the appropriate funds based on the fund's weighted-average share of the investment pool.

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

Investments are a diversified mixture of U.S. government agency and U.S. Treasury securities, money market mutual funds that maintain a \$1 value per share, obligations of the State of Michigan or its subdivisions with a rating of A or higher, and commercial paper rated by at least two rating organizations at their highest rating. All investments are reported at fair value.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through legislation or other external restrictions. When net position has a negative balance, it is described as "unrestricted," in accordance with GAAP.

Property Tax Revenue

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Comparative Data

The columns labeled "statement of net position 2017" and "statement of activities 2017" are presented for informational purposes only. These statements do not include the governmental fund balance sheet and the statement of revenue, expenditures, and changes in fund balance for 2017, which are necessary for a complete presentation in accordance with accounting principles generally accepted in the United States of America (GAAP).

June 30, 2018**Note 3 - Reconciliation of Fund Column of the Statement of Net Position/Statement of Activities**

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

Fund Balance Reported in Governmental Fund	\$ 2,187,019
Amounts reported in the statement of net position are different because:	
Bonds payable obligations are not due and payable in the current period and are not reported in the fund	(1,915,000)
Accrued interest is not due and payable in the current period and is not reported in the fund	(5,697)
Compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	<u>(33,265)</u>
Net Position	<u>\$ 233,057</u>

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

Net Change in Fund Balance Reported in Governmental Fund	\$ 752,709
Amounts reported for the statement of activities are different because:	
Repayment of bond principal is an expenditure in the governmental fund, but not in the statement of activities (where it reduces long-term debt)	105,000
Interest expense is recognized in the statement of activities as it accrues	(5,697)
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund	<u>(14,780)</u>
Change in Net Position	<u>\$ 837,232</u>

Grand Rapids Brownfield Redevelopment Authority

Notes to Financial Statements

June 30, 2018

Note 4 - Long-term Debt

Changes in long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable	\$ 2,020,000	\$ -	\$ (105,000)	\$ 1,915,000	\$ 110,000
Compensated absences	18,485	29,031	(14,251)	33,265	20,874
Total long-term debt	<u>\$ 2,038,485</u>	<u>\$ 29,031</u>	<u>\$ (119,251)</u>	<u>\$ 1,948,265</u>	<u>\$ 130,874</u>

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds payable are as follows:

Years Ending June 30	Principal	Interest	Total
2019	\$ 110,000	\$ 68,363	\$ 178,363
2020	110,000	65,063	175,063
2021	115,000	61,763	176,763
2022	120,000	58,312	178,312
2023	125,000	53,513	178,513
2024-2028	685,000	195,662	880,662
2029-2032	650,000	61,680	711,680
Total	<u>\$ 1,915,000</u>	<u>\$ 564,356</u>	<u>\$ 2,479,356</u>

Grand Rapids Brownfield Redevelopment Authority

Notes to Financial Statements

June 30, 2018

Note 5 - Due to Project Recipients

Project Name	Initial Year	FY 2018 Project- related Tax Increment Revenue and Exemption Loss Reimbursement from the State*	FY 2018 Total Project Tax Increment Reimbursement	FY 2018 Tax Increment Reimbursement Paid to Developer
Johnston Coca Cola Bottling Group	2000	\$ 154,302	\$ -	\$ -
Benteler Automotive Corp.	2003	15,011	15,191	15,191
Custer Office Environments et al	2003	39,063	28,257	28,257
Mercantile Bank Real Estate Co LLC	2003	85,410	59,675	59,675
1234 Michigan LLC (Rylee's Ace)	2004	58,825	47,060	47,060
Michigan Street Development LLC	2004	374,363	374,364	372,336
Mid Towne Village LLC #1	2004	655,642	299,293	299,293
Fairmont Square Investors LLC	2005	111,848	100,663	100,663
Icon on Bond II LLC	2005	106,450	106,450	106,450
33 Library LLC / Fitzgerald Investors	2005	166,260	123,535	123,535
Parkland Investments/Union Square	2005	366,624	328,231	320,092
Ashley Grand Rapids LLC	2007	427,350	405,982	405,779
Bicycle Factory LLC	2007	26,273	-	-
Founders RE, LLC and Blue Tiger, LLC	2007	146,137	131,523	131,523
Front Street Properties LLC	2007	68,621	60,282	60,282
Third Coast Development Partners 1697 LLC	2007	22,224	20,001	20,001
BSG Group LLC	2008	22,149	19,934	19,474
Infinity Companies LLC	2008	18,140	17,233	17,233
1 to 3.Org LLC	2009	3,372	3,035	3,035
Meijer Inc. - 28th St/Kalamazoo Ave	2009	75,328	67,795	67,795
925 Cherry LLC/Double Barrel Partners	2010	8,492	7,643	7,643
H Development	2010	4,319	3,887	3,887
GR Urban Market Holdings LLC	2010	166,384	49,165	49,165
4 Big LLC (3R Foods LLC)	2010	1,491	1,342	1,342
Acme Investors LLC (ICCF)	2011	121,319	108,356	108,356
253 Prospect LLC	2011	(267)	-	-
Fulton Property Holding LLC	2011	38,235	34,412	34,412
GR School Lofts, LLC/45 Lexington NW	2012	8,067	7,260	-
GR School Lofts, LLC/758 Eastern NE	2012	19,528	17,575	-
Charter Development Co LLC	2012	75,625	68,062	68,062
1205 West Fulton LLC (Rylee's Ace)	2012	12,651	-	-
614 First Street Partners LLC	2012	88,302	79,472	79,276
Third Coast Development Partners 833 LLC	2012	42,774	50,617	48,596
240 Ionia Ave Redevelopment LLC	2013	3,221	2,899	2,899
600 Douglas LLC	2013	31,743	28,354	28,354
Mid Towne Village LLC #2	2013	336,343	271,029	271,029
20 Fulton, LLC	2013	84,898	76,408	-
Lofts on Michigan, LLC	2013	68,226	61,037	59,092
JB Attorney Holdings Clancy 2, LLC	2014	72,434	65,004	-
1400 Wealthy LLC	2014	28,120	25,162	25,162
TC 555 Michigan LLC	2014	45,563	40,734	40,734
Vista Springs Riverside Property, LLC	2014	31,780	31,780	31,780
Canal Street Brewing Company LLC	2014	14,518	22,972	22,972
Lofts on Alabama LLC	2014	79,018	70,414	70,414
601 West LLC	2014	2,655	2,380	-
Waters Building, LLC	2014	152,673	153,031	153,031
Michigan State University	2015	(6,110)	-	-
OMH, LLC	2015	106,769	100,737	100,737
Bridge and Turner, LLC	2015	283,522	253,489	223,526
Fulton and Seward, LLC	2015	164,904	146,984	146,984
Vander Mill, LLC	2015	2,115	1,866	1,866

Grand Rapids Brownfield Redevelopment Authority

Notes to Financial Statements

June 30, 2018

Note 5 - Due to Project Recipients (Continued)

Project Name	Initial Year	FY 2018 Project-related Tax Increment Revenue and Exemption Loss Reimbursement from the State*	FY 2018 Total Project Tax Increment Reimbursement	FY 2018 Tax Increment Reimbursement Paid to Developer
Gateway at Belknap, LLC	2015	\$ 155,423	\$ 138,831	\$ -
One Carlton, LLC	2015	78,017	69,604	69,604
601 Bond Nassau Dutch John Equities, LLC	2016	3,037	2,734	-
Grand Rapids Properties I, LLC	2016	171,605	153,642	-
RDG-Walker, LLC	2016	1,924	1,731	-
Total		5,442,710	4,357,117	3,846,597
Unpaid FY 2011-2017 reimbursements		-	210,265	-
Paid FY 2018 reimbursements		-	(3,846,597)	-
Due to project recipients		\$ -	\$ 720,785	\$ -

*Fiscal year 2018 revenue include captured tax increment revenue, assessment appeals adjustments, and grants from the State of Michigan for property tax increment revenue lost due to Small Taxpayer and Eligible Manufacturing Personal Property (EMPP) tax exemptions, less the shares of captured State Education Tax revenue owed to the State of Michigan (see Note 6).

Grand Rapids Brownfield Redevelopment Authority

Notes to Financial Statements

June 30, 2018

Note 6 - Due to Other Governments

In accordance with Michigan Public Act 381 of 1996, as amended, for Brownfield redevelopment projects approved after January 1, 2013, the Authority must remit to the State of Michigan half of captured state education tax-related tax increment revenue. Actual payments to the State are delayed until an invoice is issued by the Michigan Economic Development Corporation. Pending receipt of this invoice, the unpaid liability is accrued.

Project Name	Initial Year	FY 2018 Project- related Tax Increment Revenue and Exemption Loss Reimbursement from the State	FY 2018 Total Tax Increment Reimbursement to Other Governments	FY 2018 Tax Increment Reimbursement Paid to Other Governments
600 Douglas LLC	2013	\$ 2,146	\$ 2,146	\$ -
Lofts on Michigan, LLC	2013	3,660	3,660	-
JB Attorney Holdings Clancy 2, LLC	2014	1,877	1,877	-
1400 Wealthy LLC	2014	1,456	1,456	-
TC 555 Michigan LLC	2014	2,731	2,731	-
Vista Springs Riverside Property, LLC	2014	3,863	3,863	-
Canal Street Brewing Company LLC	2014	2,352	2,352	-
Lofts on Alabama LLC	2014	7,011	7,011	-
601 West LLC	2014	99	99	-
Waters Building, LLC	2014	20,274	20,274	-
OMH, LLC	2015	8,682	8,682	-
Bridge and Turner, LLC	2015	16,802	16,802	-
Fulton and Seward, LLC	2015	14,299	14,299	-
Vander Mill, LLC	2015	380	380	-
Gateway at Belknap, LLC	2015	10,500	10,500	-
One Carlton, LLC	2015	6,123	6,123	-
Grand Rapids Properties I, LLC	2016	11,501	11,501	-
Total		113,756	113,756	-
Unpaid FY 2007-2017 owed to other governments		-	26,281	-
Due to other governments		\$ -	\$ 140,037	\$ -

Note 7 - Brownfield Remediation

The Authority's Brownfield remediation work is typically accomplished through the work of project developers. Costs incurred to clean up environmentally distressed properties and/or to convert functionally obsolete facilities are reimbursed from tax increment revenue captured from the resulting increases in property values. In fiscal year 2018, \$4,357,117 was incurred for developer reimbursements.

However, beginning in 2014 (fiscal year 2015) the Authority began to initiate Brownfield site assessment and remediation work on its own by applying for and receiving federal Environmental Protection Agency (EPA) grants. In fiscal year 2018, the total EPA funds expended by the Authority were \$18,891.

June 30, 2018

Note 8 - Commitments

On August 22, 2012, the City of Grand Rapids, Michigan entered into a \$526,800 Installment Purchase Agreement (IPA) for street resurfacing within the Authority's redevelopment area. The IPA was issued with an interest rate of 2.1 percent with maturities remaining at varying amounts from June 2019 to 2023. Although the IPA is backed by the City's limited full faith and credit pledge, the Authority has pledged tax increment revenue to pay this debt issue. On June 30, 2018, principal balance on this agreement was \$261,800.

Note 9 - Implementation of New Pronouncements

Effective with these financial statements, the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, replaced the previous requirements of GASB Statement No. 45 on the same topic. The new standard is similar to the pension reporting standard implemented in 2015 by the Authority. Because the benefit-eligible staff who are paid by the Authority are employed by the City, no pension liabilities of the staff had been allocated to the Authority in the past and no OPEB related liabilities, deferred outflows, or deferred inflows will be allocated in the future. To implement the new standard, the net position reported at June 30, 2017 of \$(597,666) was reduced by \$6,509 to \$(604,175). No changes were required to amounts shown on the governmental fund balance sheet.

Other Supplemental Information

Grand Rapids Brownfield Authority

Schedule of Projects (Unaudited)

June 30, 2018

The following is a list of projects approved by the Authority as of June 30, 2018:

Approval Date	Grantee	Property Address	Investment Amount
12/22/1998	Johnston Coca-Cola Bottling	1440 Butterworth SW	\$25,000,000
12/22/1998	56 Grandville LLC	56 Grandville SW	6,000,000
5/11/1999	J&R Land LLC	855 Godfrey SW	800,000
6/22/1999	GR Chair Co.	625 Chestnut SW	350,000
9/14/1999	OAK Co.	801 Century SW	575,000
2/6/2001	CRC Paulstra	460 Fuller NE	3,400,000
2/6/2001	Leonard/Monroe LLC	1140 Monroe NW	3,700,000
7/10/2001	Franklin Kids LLC	801 Oakland SW	10,100,000
1/22/2002	601 Prop LLC	601 5 th St. NW	4,000,000
3/26/2002	Lorett LLC	1562 Kalamazoo SE	850,000
5/28/2002	Huizen's LLC	124-38 Ionia SW	450,000
6/22/2002	American Seating Pk LLC	801 Broadway NW	25,300,000
10/8/2002	71 S. Division LLC	71 S. Division	1,500,000
11/5/2002	Rockford Dev LLC	38 Oakes, 100 Ionia et al	4,500,000
4/22/2003	Windows Ventures	2120 Oak Industrial NE	2,400,000
5/13/2003	Pinnacle Ventures	1010 Front Ave NW	560,000
8/19/2003	Haviland Products	525 Ann St NW	2,470,000
8/19/2003	Integra Printing	2000 Oak Industrial NE	8,500,000
10/14/2003	Mercantile Bank Real Estate Co.	310 Leonard NW	11,000,000
12/16/2003	First Ward LLC	47 Commerce SW	2,000,000
12/16/2003	61 Commerce LLC	61 Commerce SW	1,450,000
12/16/2003	Belford Devel LLC	51-63 Monroe Center NW	1,500,000
12/16/2003	56-58 MC Assoc	56-58 Monroe Center NW	445,000
12/16/2003	35 Oakes Assoc	35 Oakes SW	4,650,000
1/20/2004	Custer Office Environments	217 Grandville SW	2,691,933
4/20/2004	Benteler Automotive Corp.	1350 Steele SW	5,800,000
6/29/2004	DeVries Properties	1430 Monroe NW	5,000,000
6/29/2004	HP3 Alticor	226 and 234 Pearl NW	59,300,000
6/29/2004	Mid Towne Village LLC	College near Michigan	50,000,000
9/21/2004	Martineau LDHA	104-134 South Division	11,000,000
9/28/2004	2320 Prop LLC, 600 5th St LLC	601 Fourth St & 600 Fifth St	11,000,000
9/28/2004	First Shot, LLC	83 & 85 Monroe Center	1,800,000
9/28/2004	64 Ionia LLC	64 Ionia Ave SW	2,100,000
10/4/2004	101 S Division LLC	101 S Division Ave	5,600,000
11/1/2004	Kelsey Limited Dividend	235 S Division Ave	3,400,000
1/3/2005	Parkland Investments Inc.	615 Turner and 433 3rd St NW	10,000,000
5/11/2005	Michigan Street Development LLC	21 Michigan Street NE	120,000,000
5/11/2005	1234 Michigan LLC	1234 Michigan Street NE	2,400,000
6/15/2005	Fairmount Square Investors LLC	920 Cherry Street SE	10,000,000
6/15/2005	2 East Fulton LLC	2 East Fulton	4,600,000
9/20/2005	Uptown Village L.D.H.A. L.P.	946-950 Wealthy, 415 Diamond, and 947-959 Sigsbee St SE	5,500,000

Grand Rapids Brownfield Authority

Schedule of Projects (Unaudited)

June 30, 2018

Approval Date	Grantee	Property Address	Investment Amount
9/20/2005	Icon on Bond II LLC	538 and 601 Bond Ave	\$56,000,000
12/20/2005	33 Library LLC / Fitzgerald Inv	33 Library NE	13,835,000
12/20/2005	Irish Twins LLC	801-803 Ionia NW	9,700,000
1/24/2006	Tall House at 45 Ionia, LLC	45 Ionia SW	27,000,000
1/24/2006	Fulton and Division, LLC	48 Williams (aka 240 Ionia)	15,000,000
3/7/2006	Two West Fulton, LLC	2 West Fulton St	20,000,000
3/7/2006	Verne Barry Place	44 1/2 S Division Ave	15,100,000
3/21/2006	Bicycle Factory LLC	514 Butterworth NW	4,000,000
7/11/2006	Tallgrass Properties LLC	1212 Burton St & 2020 Newark	3,109,671
9/26/2006	7th Street Properties LLC (Aslan)	600 7 th Street NW	7,915,275
10/31/2006	BSG group, LLC (Eastern Floral)	818 Butterworth SW	2,200,000
12/5/2006	Raider Development, LLC & Hopson Flats, LLC	202-208 Grandville Ave SW and 212-216 Grandville Ave SW	6,050,000
1/23/2007	Ashley Grand Rapids, LLC (Steelcase Campus)	Eastern Ave between 36 th Street and 44 th Street	162,170,808
3/27/2007	Infinity Companies, LLC	333-351 Commerce Ave SW	3,000,000
6/5/2007	Founders RE, LLC and Blue Tiger, LLC	248 Williams St SW, 235 Grandville Ave SW, and 244 Finney	2,000,000
6/19/2007	275 Fulton Place, LLC	261 W. Fulton	50,923,684
12/18/2007	Bicycle Factory, LLC Phase II	514 Butterworth NW	2,000,000
1/29/2008	38 Commerce LLC	38 and 54 Commerce SW	13,900,000
1/29/2008	2 East Fulton LLC	2 E Fulton St SE	3,000,000
1/29/2008	Stratus Properties LLC	345 State St SE, and 131 Madison Ave SE	4,500,000
2/19/2008	Hotel Holdings Monroe	Monroe NW	37,200,000
2/19/2008	Two West Fulton LLC	1 South Division Ave	34,000,000
3/3/2008	Third Coast Development Partners LLC	1697 Michigan St NE	3,444,250
7/8/2008	201 Monroe Ave, LLC	201 Monroe Ave NW	10,000,000
7/8/2008	Lighthouse Development Center	1167 Madison Ave SE	1,300,000
8/12/2008	1234 Michigan St NE	1234 Michigan St NE	2,400,000
9/2/2008	607 Dewey, LLC (True North)	607 Dewey Ave NW	1,900,000
11/12/2008	Irish Twins Group III, LLC	801-803 Ionia Ave NW	5,000,000
12/9/2008	Robinson Lake LLC	1350 Lake Dr SE	2,969,000
2/3/2009	Flat Iron Holdings, LLC	100,112,114 Monroe St NW	4,500,000
2/3/2009	Kendall Renaissance, LLC	16 Monroe Center NE	4,000,000
3/10/2009	Seward, LLC	601 Third St NW, 528 Fourth St NW	10,000,000
3/10/2009	Meridian Building Company, LLC	20 Fulton St E	26,000,000
4/14/2009	Harris Lofts	111 South Division Ave	4,600,000
4/14/2009	1to3.org, LLC	502 Second St NW	450,000
5/26/2009	TIA2K, LLC	45 Ionia Ave SW	29,000,000
5/26/2009	Wealthy Street Historic Development	632-636 Wealthy St SE	700,000
7/21/2009	Meijer, Inc.	1540 28 th St SE	15,600,000
8/25/2009	Cherry Stone, LLC	200,212,216 Sheldon Ave SE, 116 Cherry St SE, and 201,203,211 LaGrave Ave SE	26,400,000
9/1/2009	Core Fitness Holdings, LLC	975 Ottawa Ave NW	2,700,000

Grand Rapids Brownfield Authority

Schedule of Projects (Unaudited)

June 30, 2018

Approval Date	Grantee	Property Address	Investment Amount
2/1/2010	Christman Capital Investment Group, LLC	148 Ionia Ave NW	\$21,000,000
3/4/2010	Division Park Avenue LDHALP	209, 217 S Division Ave	6,000,000
3/4/2010	Serrano Loft LDHALP	17, 18 Williams St SW	4,600,000
3/4/2010	925 Cherry LLC	925 Cherry St SE, 930 Lake Dr SE	3,000,000
7/13/2010	Founders RE, LLC and Blue Tiger, LLC	248 Williams St SW	5,420,000
8/24/2010	68 Commerce, LLC	68 Commerce Ave SW	1,100,000
9/14/2010	CityFlats Grand Rapids RE, LLC	83 Monroe Center St NW	3,400,000
9/14/2010	38 Front Redevelopment LLC	38 Front Ave SW	40,000,000
10/12/2010	Health Park Central, LLC	245 Cherry St SE	15,000,000
10/12/2010	20 Monroe Bldg Co-Bobville	26 Monroe Ave NW	24,000,000
11/16/2010	GR Urban Market Holdings LLC	435 Ionia Ave SW	31,000,000
11/16/2010	100 Commerce	100 Commerce Ave SW	3,000,000
12/21/2010	H Development	1350 Lake Dr SE	1,080,000
4/19/2011	Acme Investors, LLC (ICCF)	446 Sheldon Ave SE	13,900,000
6/14/2011	Offsite Lake Drive, LLC	1415 Lake Dr SE	1,550,000
6/14/2011	Fulton Property Holdings, LLC	2 East Fulton	4,100,000
10/25/2011	253 Prospect, LLC	253 Prospect Ave NE	2,180,000
12/6/2011	205 S Division and 26 Cherry St LDHA LPs	205 S Division, 26 Cherry SE	28,800,000
2/7/2012	GR School Lofts, LLC	45 Lexington NW	3,461,000
2/7/2012	GR School Lofts, LLC	758 Eastern NE	5,353,000
2/7/2012	GR School Lofts, LLC	863 Seventh St NW	4,646,000
3/27/2012	Charter Development Co., LLC	944 Evergreen SE	6,214,475
6/19/2012	614 First Street Partners, LLC	601 First St NW	4,700,000
7/10/2012	1205 West Fulton, LLC	1205 W Fulton, 21 Garfield	1,230,000
10/23/2012	Third Coast Development Ptrs, LLC	833 Michigan NE, 411 Houseman NE	5,600,000
3/19/2013	240 Ionia Avenue LDHA LP (et al)	240 Ionia Ave SW	12,565,000
5/28/2013	600 Douglas, LLC	600 Douglas NW	3,000,000
5/28/2013	GA Haan Development, LLC	2420 Coit Ave NW	6,807,000
5/28/2013	Mid Towne Village, LLC	433 Dudley NE	37,000,000
9/10/2013	20 Fulton, LLC	20 Fulton St NE	37,000,000
12/18/2013	Lofts on Michigan, LLC	740 Michigan St NE	14,200,000
3/25/2014	JB Attorney Holdings Clancy 2, LLC	221 Trowbridge St NE	8,000,000
3/25/2014	1400 and 1415 Wealthy, LLC	1400 and 1415 Wealthy St SE	5,179,939
7/22/2014	TC 555 Michigan, LLC	555 Michigan St NE	6,320,000
7/22/2014	Vista Springs Riverside Property, LLC	2420 Coit Ave NE	6,530,998
10/28/2014	Canal Street Brewing Company, LLC	235 Grandville Ave SW, 248 Williams St SW, 231 Bartlett St SW	40,400,000
11/18/2014	Lofts on Alabama, LLC	420 & 421 Alabama Ave NW, 448 & 458 First St NW	12,800,000
12/16/2014	601 West, LLC	601 Lake Michigan Dr NW	16,773,198
12/16/2014	Waters Building, LLC	161 Ottawa Ave NW	16,453,620

Grand Rapids Brownfield Authority

Schedule of Projects (Unaudited)

June 30, 2018

Approval Date	Grantee	Property Address	Investment Amount
2/24/2015	OMH, LLC	201 Michigan St NW	\$27,854,822
3/24/2015	Bridge and Turner, LLC	405 Bridge St NW	18,500,000
3/24/2015	Fulton and Seward, LLC	30 Lexington Ave SW	27,559,170
3/24/2015	Vander Mill, LLC	505 Ball Ave NE	2,100,986
6/16/2015	Gateway at Belknap, LLC	500 Coit Ave NW	12,500,000
9/8/2015	Offsite Lake Drive, LLC	1415 Lake Drive SE	10,800,000
10/27/2015	One Carlton, LLC	1 Carlton Ave SE	6,110,000
1/12/2016	Grand Rapids Properties I, LLC	414 Benson Ave NE	37,116,577
1/12/2016	601 Bond Nassau Dutch John Equities, LLC	601 Bond Ave NW	41,325,908
1/26/2016	Diamond Place, LLC	1003 Michigan St NE	15,250,000
5/10/2016	Green Cane Property, LLC	1059 Wealthy St SE	8,000,000
6/14/2016	Grand Rapids-Market Avenue Place, LLC	234 Market Ave SW	45,500,000
6/14/2016	Quimby Corner, LLC	220 Quimby St NE	8,600,000
7/26/2016	1001 Monroe, LLC	1001 Monroe Avenue NW	7,061,000
7/26/2016	RDG-Walker, LLC	1900-2365 Northridge Dr NW, 3180-3325 Walker View Dr NW, 3352 Walker Ave NW	184,944,000
12/13/2016	Bridge and Stocking, LLC	601 Bridge Street NW	60,400,000
12/13/2016	Lofts on Wealthy, LLC	733, 751 Wealthy St SE	9,425,000
12/13/2016	150 Ottawa Development, LLC	47 Pearl St NW & 155 Ionia Ave NW	53,545,000
12/13/2016	TC 637 Michigan, LLC	637, 645, 649 Michigan Street NE	4,678,914
4/11/2017	CWD 50 Monroe, LLC	50 Monroe Ave NW	32,421,848
6/6/2017	Heritage Place Development, LLC	50 & 38 College Avenue SE	9,750,000
6/6/2017	DEG Development Company, LLC	1810 & 1922 Turner Avenue NW; 331 Ann Street NW	9,800,000
11/28/2018	Jackson Entertainment, LLC	111 Ionia Avenue SW & 143 Cherry Street SW	110,000,000
4/10/2018	449 Bridge Street Development, LLC	449-499 Bridge Street NW	10,382,335
4/24/2018	900 Grandville Property, LLC	900 Grandville Avenue SW, 919 Caulfield Avenue SW	0

Note: Only the bolded project names above include the creation of a tax increment financing district to reimburse the project developer for eligible activities approved by the Authority and the Michigan Strategic Fund.