

# 2020

## FINANCIAL OVERVIEW

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### Kent County, Michigan



**Wayman Britt**

*County Administrator/Controller*

**Jeff Dood**

*Fiscal Services Director*

**Marvin Van Nortwick**

*Deputy Fiscal Services Director*





**ADMINISTRATOR'S OFFICE**  
300 Monroe Avenue NW  
Grand Rapids, MI 49503-2221  
P: 616.632.7570  
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April 3, 2020

The Honorable Board of Commissioners  
Kent County Administration Building  
300 Monroe Avenue NW  
Grand Rapids, MI 49503-2221

RE: 2020 Kent County Financial Overview

The following document presents a "Financial Overview" for Kent County. The information contained herein summarizes significant economic, demographic and financial information. It will provide the reader with a comprehensive report demonstrating the financial strength and sustainability of Kent County's governmental organization.

The document is intended to serve the information needs of individuals and organizations with a financial interest in Kent County including:

Retail Bond Holders/Institutional Investors/Rating Agencies;  
County Elected Officials;  
The Citizens of Kent County; and  
Businesses doing business or considering locating new business in Kent County.

This is an annual publication, the preparation of which is a cooperative effort of the County Treasurer, Human Resources and Fiscal Services staff. This document continues to demonstrate the County's adherence to conservative fiscal principles and strong management oversight.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Wayman P. Britt".

Wayman P. Britt  
County Administrator/Controller



*County Administration Building/Calder Plaza*



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**Board of Commissioners**

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Ted Vonk  
*District 1*

Lindsey Thiel  
*District 11*

Tom Antor  
*District 2*

Monica Sparks  
*District 12*

Roger Morgan  
*District 3*

Betsy Melton  
*District 13*

Diane Jones  
*District 4*

Carol Hennessy  
*District 14*

Mandy Bolter  
*Chair*  
*District 5*

Jim Talen  
*Minority Party Vice-Chair*  
*District 15*

Stan Stek  
*Vice-Chair*  
*District 6*

David Bulkowski  
*District 16*

Stan Ponstein  
*District 7*

Robert Womack  
*District 17*

Harold Voorhees  
*District 8*

Stephen Wooden  
*District 18*

Matt Kallman  
*District 9*

Phil Skaggs  
*District 19*

Emily Brieve  
*District 10*



**Elected Officers**

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Lisa Posthumus Lyons  
*Clerk/Register of Deeds*

Ken Yonker  
*Drain Commissioner*

Chris Becker  
*Prosecuting Attorney*

Kenneth Parrish  
*Treasurer*

Michelle LaJoye-Young  
*Sheriff*

**Executive Staff**

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Wayman Britt  
*Administrator/Controller*

Jeff Dood  
*Fiscal Services Director*

Marvin Van Nortwick  
*Deputy Fiscal Services Director*

Linda Howell  
*Corporate Counsel*

**Professional Services**

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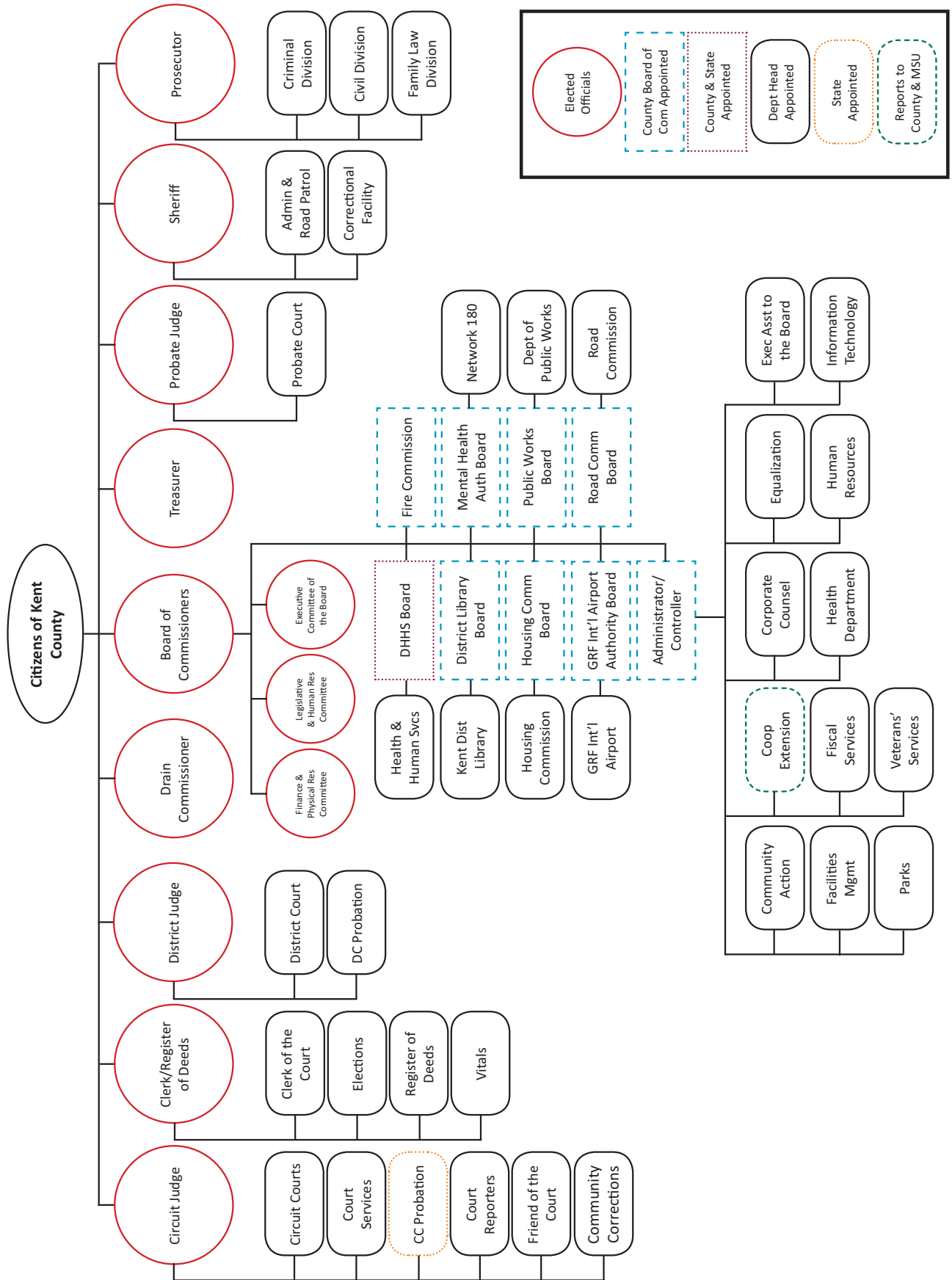
**Auditor:**

Rehmann Robson & Company  
Grand Rapids, Michigan

**Note Counsel:**

Dickinson Wright PLLC  
Detroit and Grand Rapids, Michigan

# Organization Chart





## Commercial/Industrial Base

The Grand Rapids-Wyoming Metropolitan Statistical Area (MSA), of which Kent County is the hub, has been one of the fastest growing regions of the United States. Numerous expansions, renovations, constructions, modernizations and developments have been completed, are in the process of being completed or are in the planning stages. Among the factors which have encouraged major projects and have attracted numerous firms from outside the area are: a strong but highly diversified base of industries, an excellent work force, educational opportunities, excellent employer/employee relations, good location and transportation facilities, utilities and, possibly the most important, quality of life.

## Convention Facilities

The Grand Rapids-Kent County Convention/Arena Authority owns and operates the DeVos Place Convention Center and the Van Andel Arena. The Convention Center features a 162,000 sqft exhibit hall, 40,000 sqft ballroom and 26 individual meeting rooms. In addition, DeVos Place features a 2,543 seat performing theater, home to the Grand Rapids Symphony, Grand Rapids Ballet Company, Opera Grand Rapids and Broadway Grand Rapids. DeVos Place is part of a vibrant downtown entertainment district featuring over 50 dining establishments, nightclubs, museums and the 12,000 seat Van Andel Arena, all within walking distance.

## Regional Government Coordination

The Grand Valley Metropolitan Council is a Council of Governments dedicated to the advancing the current and future well-being of our metropolitan area by bringing together public and private sectors to cooperatively advocate, plan for, and coordinate the provision of services and investments which have environmental, economic and social impact. It is understood that the well-being of the metropolitan community relies on good government and springs from a shared vision that encompasses many elements, including, but not limited to, the following: preparing now for the challenges of the future; planning for orderly growth and development; preserving and enhancing the natural, social, and physical environments; promoting economic vitality and employment opportunities; equitably sharing responsibility for community needs; recognizing the strengths and benefits of diversity; promoting quality lifelong educational opportunities; promoting quality cultural and recreational institutions and facilities; effectively utilizing and enhancing existing infrastructure; eliminating unnecessary duplication of services; and promoting a high quality of life now and for future generations.

## Medical Services

The residents of the County are served by a number of hospitals. This is a great place to be a patient (if you must). That's because clinical care is a top priority in West Michigan, one of the nation's top-ranked medical centers of excellence. With three fast-growing major hospitals and hundreds of physicians in every specialty imaginable, employers and employees alike can count on accessible, high-quality patient care and wellness programs. The public and nonprofit hospitals in the County have approximately 2,200 licensed beds.

In 2000, the Van Andel Institute (VAI) opened, with the stated mission “. . . to become one of the world's preeminent private medical research institutions within the next decade” which has become a reality. The Van Andel Institute has three component parts: the Van Andel Research Institute (VARI), the Van Andel Education Institute (VAEI) and the Van Andel Institute (VAI). The VARI is an independent medical research organization dedicated to preserving, enhancing and expanding the frontiers of medical science. The VAEI is an independent education institute whose mission is to conduct the Van Andel Educational Technology School, and to achieve excellence by embracing and strengthening the fundamental issues of education. The research being conducted at the VARI has served as a growth pole, anchoring and propelling growth of a newly developing bioscience industry cluster. This has and will draw outside business and related sectors into the region to take advantage of economic opportunities created by the Institute. VARI has constructed a 240,000 square foot eight story building expansion that opened in December 2009. This expansion nearly triples the Institute's laboratory space, allowing for growth of current laboratories and expanded research into neurological diseases.



## Transportation Infrastructure



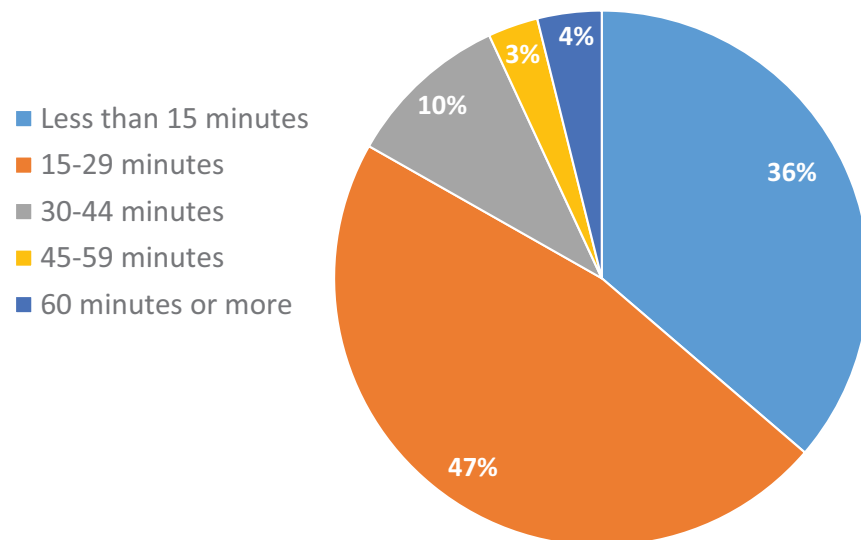
### Air Travel

- 7 passenger airlines providing nonstop flights
  - Allegiant Airlines
  - American Airlines
  - Delta Air Lines
  - Frontier Airlines
  - Midwest Express
  - Southwest Airlines
  - United Airlines
- 140 daily scheduled nonstop flights to and from 32 major destinations
- Over 9,000 travelers pass through GRR each day
- 3.3M passengers traveled through GRR in 2018
- 79th busiest commercial airport in nation
- 2nd busiest commercial airport in Michigan
- 249,435 lbs of air cargo pass through GRR each day
- 91 million lbs of air cargo in 2018
- 1,800 people work at the airport (most employed by airlines)
- \$3.1 billion annual economic activity generated by GRR

Data Source: The Right Place, Inc.



### Travel Time To Work



Data Source: GEOSTAT

### Major Destinations

Atlanta	Baltimore
Charlotte	Chicago
Dallas	Denver
Detroit	Ft Lauderdale
Fort Myers	Houston
Jacksonville	Las Vegas
Miami	Milwaukee
Minneapolis	Nashville
New Orleans	New York
Orlando	Philadelphia
Phoenix	Punta Gorda
Sarasota	Savannah
St. Petersburg	Tampa
Washington DC	

Data Source: [grr.org/nonstop-routes.php](http://grr.org/nonstop-routes.php)



### RAILROADS

**Passenger:** Amtrak

**Freight:** CSX, Grand Elk RR, Grand Rapids Eastern, Marquette Rail, Michigan Shore RR, Mid-Michigan

Data Source: Economic Modeling Specialist Int'l (EMSI)

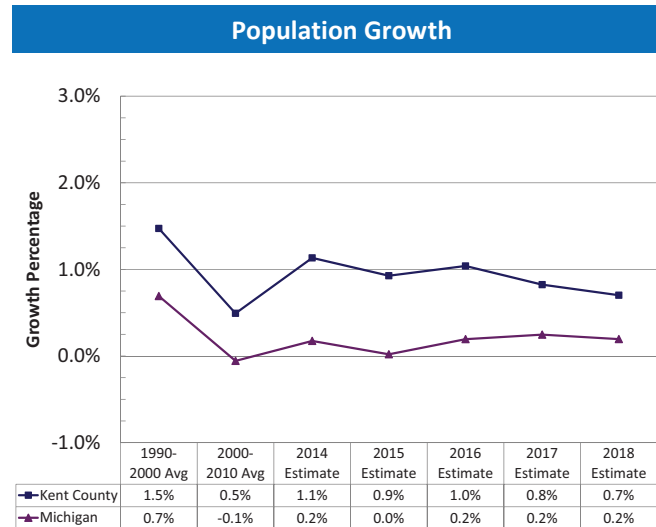
## Population Statistics

In terms of population, Kent County is the fourth largest county in the State of Michigan, and growing. According to the 2018 Census estimate, the County grew by 4.7% over the five years. The growth for the State of Michigan over the same period was 0.8%. The combination of diverse employment opportunities, cost of living, and a high quality of life has Kent County growing at a faster rate.

Per the 2018 U.S. Census, the County population was spread out with 6.7% under the age of 5, 13.4% from 5 to 14, 13.5% from 15 to 24, 15.8% from 25 to 34, 12.6% from 35 to 44, 12.0% from 45 to 54, 12.4% from 55 to 64, and 13.7% were 65 years of age or older. The median age was 35.4 years.

Year	Kent County	State of Michigan
1990 Census	500,631	9,295,287
2000 Census	574,335	9,938,444
2010 Census	602,622	9,883,640
2013 Estimate	624,327	9,913,349
2014 Estimate	631,451	9,930,589
2015 Estimate	637,304	9,932,573
2016 Estimate	643,927	9,951,890
2017 Estimate	649,231	9,976,447
2018 Estimate	653,786	9,995,915

Source: U.S. Census

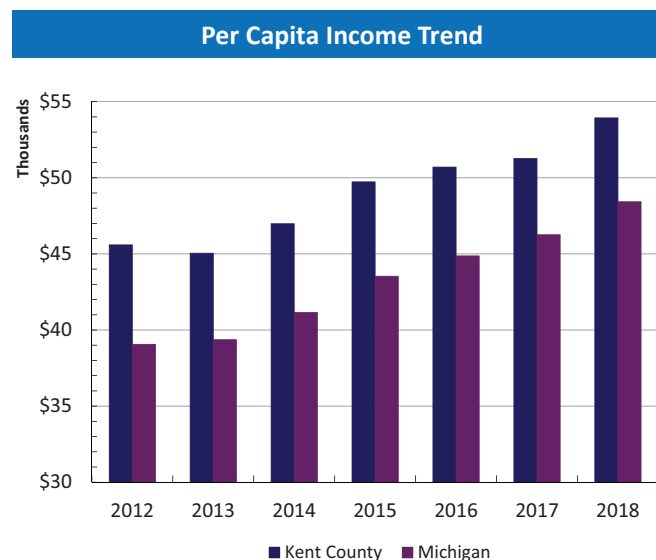


## Per Capita Income Growth

Kent County's Per Capita Income grew 69.1% from 2000 to 2018 to \$53,935. The growth for the State of Michigan over the same period was 59.2% to \$48,423.

Year	Kent County	State of Michigan
2000	\$ 31,888	\$ 30,409
2012	45,591	39,059
2013	45,045	39,361
2014	46,979	41,147
2015	49,732	43,533
2016	50,702	44,868
2017	51,268	46,258
2018	53,935	48,423
Change 2000-18	69.1%	59.2%

Source: Bureau of Economic Analysis

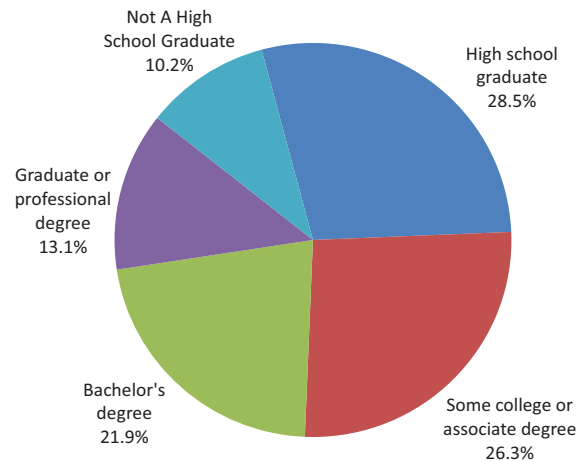


## Education

There are 26 school districts and five intermediate school districts located, in whole or in part, in the County. There are numerous non-public schools serving diversified religious denominations and 17 charter schools in the County. Aquinas College, Calvin College, Central Michigan University, Cooley Law School, Cornerstone University, Davenport University, Ferris State University, Grace Bible College, Grand Valley State University, Grand Rapids Community College, Kuyper College, Michigan State University College of Human Medicine, Kendall College of Art and Design, the University of Phoenix and Western Michigan University have campuses located within the County. The main campuses of Ferris State University, Grand Valley State University, Hope College, Michigan State University, and Western Michigan University are located within commuting distance of the County.

- 89.8% of people 25 years and over had at least graduated from high school.
- 35.0% of Kent County residents, 25 years and over, had a bachelor's degree or higher.
- Among people 25 years and over, 10.2% were not high school graduates.

### Educational Attainment Persons 25 years & Over

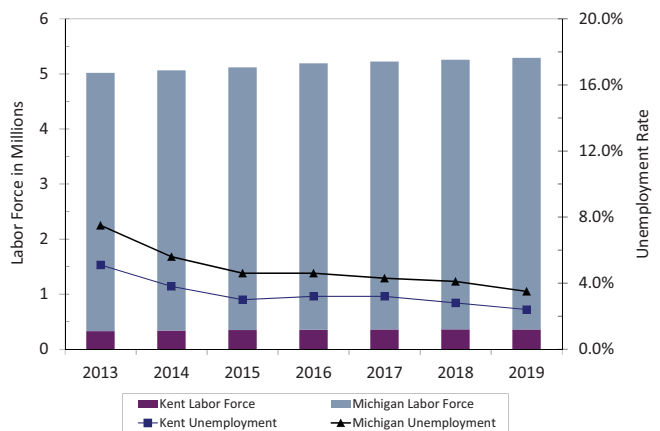


Source: U.S. Census Bureau, American Community Survey

## Employment

Major industries that are located within the boundaries of Kent County, or in close proximity, include manufacturers of office equipment and furniture, heating controls, automotive parts, financial institutions, education, health care, retail food/merchandise and leisure and hospitality. This diversified employment base adds to the strength of the local economy. The unemployment rate in Kent County has ranged from 2.1% in April 1998 to 12.6% in July 2009. The unemployment rate as of December 2019, for Kent County, was 2.4% and is expected to remain stable.

### Unemployment 2012-2018



Source: Michigan Department of Energy, Labor & Economic Growth

## Labor Force Distribution - By Industry

The following table provides a comparative analysis of the Grand Rapids-Wyoming MSA workforce distribution based on average employment in calendar years 2015-2019. Examination of the statistics highlight the stable job market in West Michigan, the labor force is up 4.5% since 2015. Jobs in manufacturing; leisure & hospitality; education & health services; government; information; and mining, logging, & construction are the industries showing the largest growth.

Industry	2015	2016	2017	2018	2019	2015-19 Change	
						#	%
Manufacturing	110,900	113,600	116,200	119,200	118,100	7,200	6.5%
Trade, transportation, and utilities	97,500	97,900	97,800	98,300	98,700	1,200	1.2%
Education and health services	87,800	89,900	93,900	94,400	94,200	6,400	7.3%
Professional and business services	78,200	79,500	79,400	77,200	72,600	(5,600)	-7.2%
Government	47,700	48,400	48,800	50,100	51,400	3,700	7.8%
Leisure and hospitality	46,600	47,000	48,200	51,000	51,300	4,700	10.1%
Financial activities	25,300	25,900	26,200	26,600	26,700	1,400	5.5%
Mining, Logging and Construction	20,800	22,200	23,400	25,200	24,700	3,900	18.8%
Other services	21,800	22,100	22,300	22,300	22,400	600	2.8%
Information	5,600	5,800	6,200	6,400	6,500	900	16.1%
<b>Total Nonfarm Employment</b>	<b>542,200</b>	<b>552,300</b>	<b>562,400</b>	<b>570,700</b>	<b>566,600</b>	<b>24,400</b>	<b>4.5%</b>

Source: MI DTMB LMISI Current Employment Statistics

## Largest Employers

The diversity of the largest Kent County employers is highlighted below by industry and the approximate number of employees.

Top Kent County Employers		
Spectrum Health	General Medical and Surgical Hospitals	25,000
Meijer	Supermarket Retail & Distribution	10,340
Mercy Health	General Medical and Surgical Hospitals	6,200
Amway Corporation	Health, Beauty, Home Product Manufacturing	4,000
Steelcase Inc.	Office Furniture Manufacturing	3,500
Lacks Enterprises	Plastic Manufacturing for Automobile Industry	2,800
Grand Rapids Public Schools	Elementary and Secondary Schools	2,800
Farmers Insurance Group	Direct Property and Casualty Insurance Carrier	2,700
Spartan Nash	Supermarket Retail & Distribution	2,585
Gordon Food Service	Grocery and Related Products Merchant Wholesalers	2,544
Magna International	Glass Product Manufacturing for Auto Industry	2,500
Metro Health Hospital	General Medical and Surgical Hospitals	2,384
Fifth Third Bank	Commercial Banking	2,280
Priority Health	Direct Health and Medical Insurance Carriers	2,250

Source: The Right Place Inc - Top Employers (2017)

## Property Tax Rates

Prior to 1982 the County’s tax rate was determined by a County-wide Allocation Board. In 1982, the County electorate voted a fixed millage allocation of 15 mills for operating purposes of the County and certain other taxing units within the County, as authorized by the State Constitution. Prior to 1995 the millage allocation was equal to \$15.00 per \$1,000 of the State Equalized Valuation (“SEV”) of taxable property in the County and since 1995 has been equal to \$15.00 per \$1,000 of Taxable Value (defined below). The 15 mills allocation was voted for an indefinite period of time, although State statute permits a maximum levy of 18 mills. Of the 15 voted mills, 4.8 mills were authorized as the maximum levy for the County’s operating purposes, including the payment of debt service. The remaining 10.2 mills were allocated among the other taxing units within the County. The allocation of the millage is fixed until such time as the electorate votes to change the allocation or the total authorized millage. The County electorate must approve additional millages of any amount for any general or specific purpose within statutory and constitutional limitations. In addition, the electorate may, at any time in the future, vote to (i) increase the 15 mills limit to 18 mills or (ii) re-establish the Allocation Board, and the County allocation of the total authorized 15 mills tax levy would thereafter be determined by the Allocation Board. The County’s operating and additional voted millage for the past five years is shown in the following table. Tax levies are as of December 1st and July 1st of each year shown, are levied against each \$1,000 of Taxable Value and exclude taxes levied by underlying taxing units.

### Millage Rates

Millages	2015		2016		2017		2018		2019	
	Jul 1	Dec 1	Jul 1	Dec 1	Jul 1	Dec 1	Jul 1	Dec 1	Jul 1	Dec 1
County Operating	4.2803	-	4.2803	-	4.2803	-	4.2803	-	4.2571	-
Correction Facility <sup>(1)</sup>	-	0.7893	-	0.7893	-	0.7859	-	0.7828	-	0.7777
Senior Services <sup>(1)</sup>	-	0.5000	-	0.5000	-	0.4978	-	0.4958	-	0.4926
Veterans Services <sup>(1)</sup>	-	0.0500	-	0.0500	-	0.0497	-	0.0495	-	0.0491
Zoo & Museum <sup>(1)</sup>	-	-	-	0.4400	-	0.4381	-	0.4363	-	0.4335
Early Childhood <sup>(1)</sup>	-	-	-	-	-	-	-	0.2500	-	0.2484
<b>Total Levy</b>	<b>4.2803</b>	<b>1.3393</b>	<b>4.2803</b>	<b>1.7793</b>	<b>4.2803</b>	<b>1.7715</b>	<b>4.2803</b>	<b>2.0144</b>	<b>4.2571</b>	<b>2.0013</b>

(1) Voter approved millage

### Property Tax Rate History

In addition to the County taxes, property owners in the County are required to pay ad valorem taxes to other taxing units such as cities, townships, school districts, community colleges, and other units within the County. The total tax rate per \$1,000 of Taxable Value varies widely depending upon which municipality and school district the property is located. The highest tax rate on property within the County for 2019 was 67.8945 mills (49.8945 mills on homestead property) per \$1,000 of Taxable Value for the residents of the City of Wyoming in the Godfrey-Lee School District; the lowest tax rate was 38.9456 mills (20.9456 mills on homestead property) for the residents of Solon Township in the Grant School District.

In addition to the allocated millage, the County electorate from time to time may approve additional millages of any amount for any general or specific purpose within State constitutional and statutory limitations.

### Property Tax Rate Limitations

In 1978, the electorate of the State passed an amendment to the State Constitution (the “Amendment”) which placed certain limitations on increases of taxes by the State and political subdivisions from currently authorized levels of taxation. The Amendment and the enabling legislation, Act 35, Public Acts of Michigan, 1979, as amended, may have the effect of reducing the maximum authorized tax rate which may be levied by a local taxing unit. Under the Amendment’s millage reduction provisions, should the value of taxable property, exclusive of new construction, increase at a percentage greater than the percentage increase in the Consumer Price Index, as published by the United States Department of Labor, then the maximum authorized tax rate

would be reduced by a factor which would result in the same maximum potential tax revenues to the local taxing unit as if the valuation of taxable property (less new construction) had grown only at the national inflation rate instead of the higher actual growth rate. Thus, should taxable property values rise faster than consumer prices, the maximum authorized tax rate would be reduced accordingly. However, should consumer prices subsequently rise faster than taxable property values, the maximum authorized tax rate would not increase over the prior year tax rate, but remain the same. The Amendment does not limit taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding at the time the Amendment became effective or which have been approved by the electors of the local taxing unit.

### **Taxable Valuation of Property**

Article IX, Section 3, of the State Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true market value. The State Legislature by statute has provided that property shall be assessed at 50% of its true cash value. The State Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

In 1994, the electors of the State approved an amendment to the State Constitution (the “1994 Amendment”) permitting the State Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing the 1994 Amendment added a new measure of property value known as “Taxable Value.” Since 1995, taxable property has two valuations – State Equalized Value (“SEV”) and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the inflation rate, or 5%, plus additions, or (b) the property’s current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property’s SEV.

The 1994 Amendment and the implementing legislation based the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of existing property is limited to the lesser of 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, to the local board of review and, ultimately, to the State Tax Tribunal.

The State Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the local assessor. Assessments are then equalized to the 50% levels as determined by the County’s department of equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits. Ad valorem Taxable Value does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198, Public Acts of Michigan 1974, as amended (“Act 198”) and Act 146, Public Acts of Michigan 2000, as amended (“Act 146”). Property granted tax abatements under Act 198 and Act 146, is recorded on separate tax rolls while subject to tax abatement.

Property taxpayers may appeal their assessments to the State Tax Tribunal. Unless otherwise ordered by the Tax Tribunal, before the Tax Tribunal renders a decision on an assessment appeal, the taxpayer must have paid

the tax bill. County taxpayers have a number of tax appeals pending before the Tax Tribunal, none of which will have a significant impact on the County's SEV, Taxable Value or the resulting taxes.

### State Equalized and Taxable Valuation

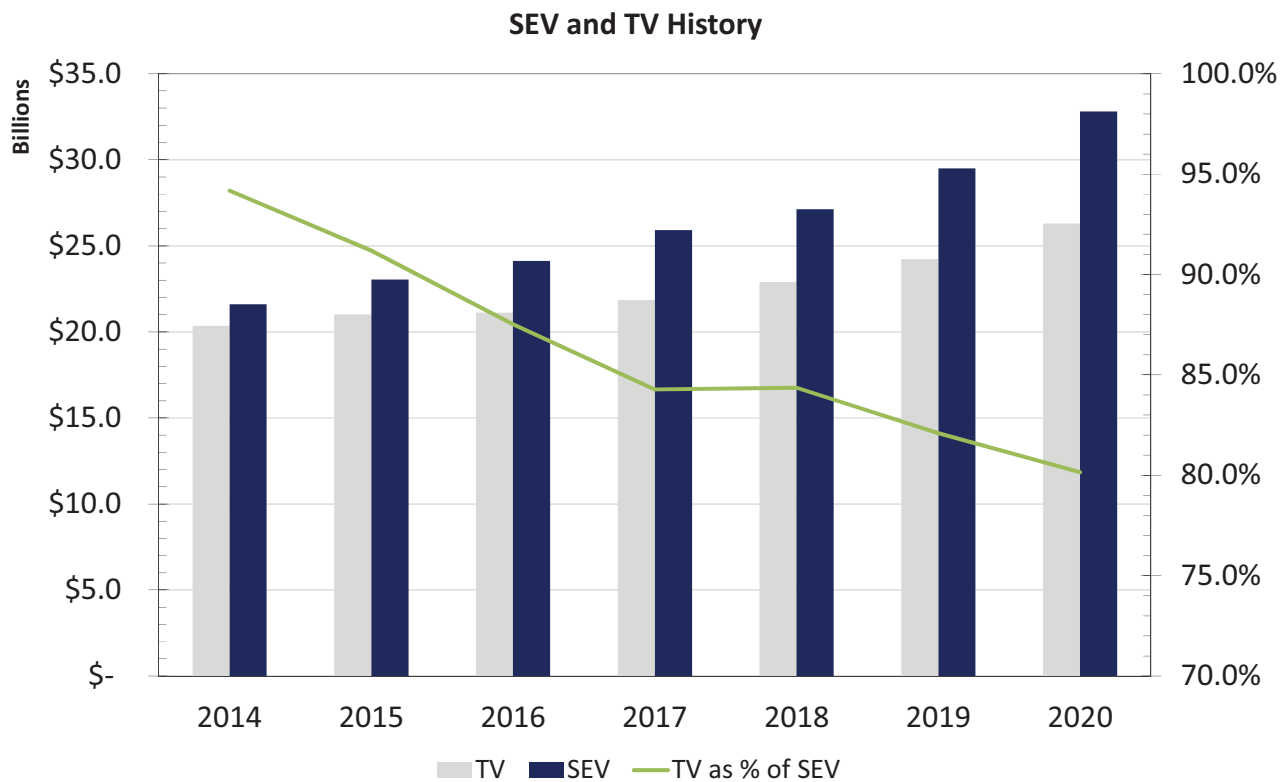
The County's total SEV has increased \$7,890,743,968 or 36.51% between 2014 and 2019 and the Taxable Value has increased \$3,866,323,421 or 19.00% between 2014 and 2019. Per capita 2019 SEV is \$45,125 and the per capita 2019 TV is \$37,045, both of which are based on the 2018 estimated Census population of 653,786.

Ad valorem Taxable Value does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198 or Act 146. The taxable value of the abatements granted under Act 198 and Act 146 for 2019 is estimated at \$299.2 million. (See "County Taxation and Limitations -- Property Tax Abatement" herein).

### SEV and Taxable Value History

Year of Valuation	State Equalized Valuation	Taxable Valuation	SEV Change from Prior Year	TV Change from Prior Year
2014	21,611,336,604	20,353,174,066	2.9%	1.6%
2015	23,036,449,123	21,007,679,592	6.6%	3.2%
2016	24,129,416,055	21,119,691,880	4.7%	0.5%
2017	25,914,411,675	21,838,346,564	7.4%	3.4%
2018	27,131,963,621	22,889,416,524	4.7%	4.8%
2019	29,502,080,572	24,219,497,487	8.7%	5.8%
2020*	32,810,938,800	26,298,692,083	11.2%	8.6%

\* Pending State Equalization.





### Current Equalized Taxable Valuation Components

By Use:		By Class:		By Municipality:	
Residential	66.8%	Real Property	93.2%	Cities	51.2%
Commercial	23.9%	Personal Property	6.8%	Townships	48.8%
Industrial	6.3%				
Utility	2.1%				
Agricultural	1.0%				
<b>Total</b>	<b>100.0%</b>		<b>100.0%</b>		<b>100.0%</b>

### Property Tax Abatement

The SEV and Taxable Values do not include valuation of certain facilities which have temporarily been removed from the ad valorem tax roll pursuant to Act 198. Act 198 was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities (“Rehab Properties”) and to build new facilities (“New Properties”). Except as indicated below, under the provisions of Act 198, a local governmental unit (i.e., a city, village or township) may establish plant rehabilitation districts and industrial development districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial facilities exemption certificate granted under Act 198 entitles an eligible facility to exemption from ad valorem taxes for a period of up to 12 years. In lieu of ad valorem taxes, the eligible facility will pay an industrial facilities tax (the “IFT Tax”). For properties granted tax abatement under Act 198, there exists a separate tax roll referred to as the industrial facilities tax roll (the “IFT Tax Roll”). The IFT Tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the ad valorem tax; the important difference being that the value of the property remains at the Taxable Value level prior to the improvements even though the restoration or replacement substantially increases the value of the facility. For a new facility, the IFT Tax is also determined the same as the ad valorem tax but instead of using the total mills levied as ad valorem taxes, a lower millage rate is applied. For abatements granted prior to 1994, this millage rate equals 1/2 of all tax rates levied by other than the State and local school district for operating purposes plus 1/2 of the 1993 rate levied by the local school district for operating purposes. For abatements granted after 1993, this millage rate equals 1/2 of all tax rates levied by other than the State plus 0%, 50% or 100% of the State Education Tax (as determined by the State Treasurer).

The County’s ad valorem Taxable Value also does not include the value of certain facilities which have been temporarily removed from the ad valorem tax roll pursuant to Act 146. Act 146 was designed to provide a stimulus in the form of significant tax incentives to renovate certain blighted, environmentally contaminated or functionally obsolete commercial property or commercial housing property (“OPRA Properties”). Except as indicated below, under the provisions of Act 146, a local governmental unit (i.e. a city, village or township) may establish obsolete property rehabilitation districts and offer tax incentives or abatements to encourage rehabilitation of OPRA Properties.

An obsolete property rehabilitation certificate granted under Act 146 entitles an eligible facility to an exemption from ad valorem taxes on the building only for a period of up to 12 years. A separate tax roll exists for OPRA Properties abated under Act 146 called the “Obsolete Properties Tax Roll.” An “Obsolete Properties Tax” is calculated using current year ad valorem millages times the taxable value of the obsolete building for the tax year immediately prior to the effective date of the obsolete property rehabilitation certificate except for the annual school operating and State Education Tax millages which are charged at the ad valorem tax rate on the current taxable value of the building.

The local units in the County have established goals, objectives and procedures to provide the opportunity for industrial and commercial development and expansion. Since 1974, local units in the County have approved

a number of applications for local property tax relief for industrial firms. The SEV of properties have been granted tax abatement under Act 198 and Act 146, removed from the ad valorem tax roll and placed on the IFT Tax Roll. Upon expiration of the industrial facilities exemption and obsolete property rehabilitation certificates, the current equalized valuation of the abated properties will return to the ad valorem tax roll as Taxable Value.

As an additional measure to stimulate private investment, several local units in the County also created Renaissance Zones (the “Zones”) pursuant to the provisions of Act 376 of the Public Acts of Michigan of 1996, as amended (“Act 376”). Under Act 376 individuals living in and local businesses that conduct business and own qualified property located within the Zones are entitled to, among other things, an exemption from ad valorem taxes on the qualified property. For the fiscal year ended December 31, 2019, the Taxable Value of property qualified for the benefits of the Zone program totaled \$104,596,351.

## Largest Businesses Based On Tax Roll Valuation

Top County Taxpayers	Parcels	Taxable Value
Consumers Energy	576	363,890,887
Amway Corp/Alticor	50	151,170,284
Meijer / Goodwill	65	125,348,393
DTE Energy	88	130,193,830
PR Woodland	9	78,133,507
Hearthside Food Solutions	12	53,068,964
Brookfield Properties Retail	12	57,318,400
Holland Home	28	49,533,631
Steelcase, Inc.	24	45,269,103
Centerpoint Owner LLC	6	31,260,366
Foremost Insurance	25	27,683,928
GCP LP	29	26,286,694
<b>Total Top Taxpayers</b>	<b>924</b>	<b>1,139,157,987</b>
Total County		24,219,497,487
Top Taxpayers/County		4.70%

Source: County of Kent - 2019 Apportionment Report

**Tax Increment Authorities.** Act 450 of the Public Acts of Michigan of 1980, as amended (the “TIFA Act”), Act 197 of the Public Acts of Michigan of 1975, as amended (the “DDA Act”), Act 281 of the Public Acts of Michigan of 1986, as amended (the “LDFA Act”), Act 530 of the Public Acts of Michigan of 2004, as amended (The “Historic Neighborhood Act”), Act 280 of the Public Acts of Michigan of 2005, as amended (The “CIA Act”) Act 61 of the Public Acts of Michigan 2007, as amended and Act 381 of the Public Acts of Michigan of 1996, as amended (the “Brownfield Act”) (together the “TIF Acts”) authorize the designation of specific districts known as Tax Increment Finance Authority (“TIFA”) Districts, Downtown Development Authority (“DDA”) Districts, Local Development Finance Authority (“LDFA”) Districts, Historic Neighborhood Finance Authority (“HNFA”) Districts, Corridor Improvement Authority (“CIA”) Districts, Neighborhood Improvement Authority (“NIA”) Districts or Brownfield Redevelopment Authority (“BRDA”) Districts, authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization, historic preservation and environmental cleanup within the districts.

Tax increment financing permits the TIFA, DDA, LDFA, HNFA, CIA, NIA or BRDA to capture tax revenues attributable to increases in value (“TIF Captured Value”) of real and personal property located within an approved development area while any tax increment financing plans by an established district are in place. These captured revenues are used by the tax increment finance authorities and are not passed on to the local taxing jurisdictions.

**Personal Property Tax Exemptions and Property Tax Proposals.** Act 328, Public Acts of Michigan 1998, as amended, allows certain eligible communities to designate specific existing areas as “eligible distressed areas” in which “new personal property” of “eligible businesses” would be exempt from ad valorem property taxation. The eligible communities could, with the approval of the State Tax Commission, designate one or more areas as eligible distressed areas.

## Property Tax Collections

The County’s fiscal year is the calendar year. County taxes were historically due and payable on December 1 of each prior year, at which time a lien on taxable property is created. Beginning in 2005 the County, as required by the State, began a shift of its operating millage from December 1 to July 1. Currently all of the operating

millage is now billed on July 1. Property taxes billed on December 1 are payable without penalty until February 14. Property taxes billed on July 1 are payable without penalty on various dates, based on the billing cycles of city and township treasurers, but not later than September 14. Unpaid real property taxes become delinquent on the following March 1 and are thereafter collected by the County Treasurer with penalties and interest. Real property returned to the County Treasurer for delinquent taxes is subject to forfeiture, foreclosure and sale as provided in Act 206, Public Acts of Michigan 1893, as amended. In recent years, the County has paid to the respective municipalities within the County, including the County, from the Delinquent Tax Revolving Fund (the "Fund"), the delinquent real property taxes of such municipalities; collections of delinquent real property taxes otherwise would be paid to such municipalities by the County Treasurer on a monthly basis following collection. Funding by the County of delinquent real property taxes is dependent upon the ability of the County, annually, to sell its notes for that purpose. There is no assurance the Fund will be continued in future years. Delinquent personal property taxes are less than 1% of the County's total levy. Suit may be brought to collect personal property taxes or personal property may be seized and sold to satisfy the tax lien thereon.

**Property Tax Collection History**

Year of Levy	Levy as of December 1 <sup>(1)</sup>	Collections to March 1 of the Year Following Levy		Collections to March 1, 2020	
2013	107,089,614	100,710,662	94.04%	107,084,804	100.00%
2014	113,079,325	106,850,820	94.49%	113,076,838	100.00%
2015	117,005,336	109,543,141	93.62%	117,000,958	100.00%
2016	127,153,181	118,842,367	93.46%	127,138,114	99.99%
2017	131,664,667	123,510,169	93.81%	131,575,655	99.93%
2018	143,744,229	134,267,071	93.41%	143,350,224	99.73%
2019	150,915,274	140,644,952	93.19%	140,644,952	93.19%

*(1) The County's fiscal year begins January 1st. Taxes are billed on July 1st and December 1st and recorded as delinquent the following March 1st.*

## State Revenue Sharing

The County receives revenue sharing payments from the State of Michigan under the State Revenue Sharing Act of 1971, as amended (the “Revenue Sharing Act”). Under the Revenue Sharing Act the County receives its pro rata share of State revenue sharing distributions on a per capita basis. The County’s receipts could vary depending on the population of the County compared to the population of the State as a whole. In addition to payments of revenue sharing moneys, the State pays the County to support judges’ salaries, as well as other miscellaneous State grants.

The State continues the distribution of 80% of county revenue sharing payments pursuant to the Revenue Sharing Act, but distributes 20% of county revenue sharing payments through an incentive-based program. The program is known as the County Incentive Program (“CIP”), under which eligible counties must meet all of the requirements of Accountability and Transparency in order to receive the full CIP payment. For purposes of accountability and transparency, each eligible county shall certify by December 1,

or the first day of a payment month, that it has produced a citizen’s guide of its most recent local finances, including a recognition of its unfunded liabilities; a performance dashboard; a debt service report containing a detailed listing of its debt service requirements, including, at a minimum, the issuance date, issuance amount, type of debt instrument, a listing of all revenues pledged to finance debt service by debt instrument, and a listing of the annual payment amounts until maturity; and a projected budget report, including, at a minimum, the current fiscal year and a projection for the immediately following fiscal year. The projected budget report shall include revenues and expenditures and an explanation of the assumptions used for the projections.

The County has met the requirements for all clauses in the past and anticipates meeting the requirements going forward.



Michigan State Capitol

## General Fund Revenue from the State of Michigan

	December 31,				
Category	2016	2017	2018	2019 <sup>(1)</sup>	2020 <sup>(2)</sup>
State Revenue Sharing	\$ 12,083,871	\$ 12,202,620	\$ 12,306,846	\$ 12,419,280	\$ 12,345,129
Local Community Stabilization Share	3,331,846	3,734,847	1,633,749	3,167,879	1,750,000
Court Equity Funding	2,823,471	2,880,749	3,083,430	2,895,442	3,000,000
Liquor Tax	2,992,747	3,300,055	3,378,810	3,461,891	3,500,000
Grants and Other	1,391,962	1,448,877	1,464,698	1,469,703	1,447,448
<b>Total</b>	<b>\$ 22,623,897</b>	<b>\$ 23,567,148</b>	<b>\$ 21,867,534</b>	<b>\$ 23,414,195</b>	<b>\$ 22,042,577</b>

(1) Preliminary, subject to audit

(2) Budget as adopted by the County Board of Commissioners

## Constitutional Debt Limitation

Article VII, Section 6 of the State Constitution states “No county shall incur any indebtedness which shall increase its total debt beyond 10%, of its assessed valuation.” The Notes pending are not included within this debt limitation.

### Statement of Legal Debt

2020 State Equalized Value (SEV) <sup>(1)</sup>	\$ 32,810,938,800
Legal Debt Limit (10% of SEV)	3,281,093,880
Debt Outstanding <sup>(2)</sup>	312,011,336
Margin of Additional Debt That Can Be Legally Incurred	\$ 2,969,082,544
Debt Outstanding as a percentage of SEV	1.0%

(1) Pending State Equalization

(2) Includes \$16,100,000 principal payment made on April 1, 2020. Does not include the pending notes.

## Debt Statement

The following table reflects a breakdown of the County’s direct and overlapping debt as of March 31, 2020. Bonds or notes designated LTGO, are limited tax pledge bonds or notes.

Debt Type	Gross	Self-supporting or Portion Paid Directly By Benefited Municipalities	Net	Net Debt	
				Per Capita <sup>(1)</sup>	% of SEV <sup>(2)</sup>
<b>Direct Debt</b>					
General Obligation Limited Tax Notes <sup>(3)</sup>	\$ 20,200,000	\$ 20,200,000	\$ -		
Airport Bonds (L.T.G.O.)	130,715,000	130,715,000	-		
County Building Authority (L.T.G.O.)	26,365,000	-	26,365,000		
County/City Building Authority Bonds (L.T.G.O.)	30,821,601	-	30,821,601		
Capital Improvement Bonds (L.T.G.O.)	80,570,000	33,823,126	46,746,874		
Capital Leases	5,199,735	-	5,199,735		
Refuse and Solid Waste Bonds (L.T.G.O.)	6,600,000	6,600,000	-		
Drain Bonds (L.T.G.O.)	11,540,000	11,540,000	-		
<b>Total Direct Debt</b>	<b>\$ 312,011,336</b>	<b>\$ 202,878,126</b>	<b>\$ 109,133,210</b>	<b>\$ 166.92</b>	<b>0.3%</b>
<b>Overlapping Debt <sup>(4)</sup></b>					
Cities, Villages and Townships			\$ 217,255,283		
School Districts			1,536,593,128		
Community Colleges and Intermediate School Districts			32,561,992		
<b>Total Overlapping Debt</b>			<b>\$ 1,786,410,403</b>	<b>2,732.41</b>	<b>5.4%</b>
<b>Total Direct and Overlapping</b>			<b>\$ 1,895,543,613</b>	<b>\$ 2,899.33</b>	<b>5.8%</b>

(1) Based on 2018 US Census population estimate of 653,786.

(2) Based on 2020 State Equalized Value (SEV) of \$32,810,938,800 pending State Equalization.

(3) Includes \$16,100,000 principal payment made on April 1, 2020. Does not include the pending notes.

(4) Overlapping debt is the portion of other public debt for which a County taxpayer is liable in addition to the Direct Debt of the County.

Source: Municipal Advisory Council of Michigan and County of Kent

### Debt Amortization Schedule as of March 31, 2020

Year	Tax Notes <sup>(1)(2)</sup>	Refuse & Solid Waste Bonds	Airport Bonds	Drain Bonds	City/County Building Authority Bonds	County Building Authority Bonds	Capital Improvement Bonds	Capital Leases	Total
2020	16,100,000	540,000	-	805,000	3,200,176	3,775,000	5,025,000	1,039,947	30,485,123
2021	4,100,000	560,000	8,265,000	515,000	3,152,569	3,980,000	5,200,000	1,039,947	26,812,516
2022	-	585,000	8,680,000	530,000	3,129,531	3,410,000	5,435,000	1,039,947	22,809,478
2023	-	610,000	9,110,000	555,000	3,101,469	3,500,000	5,680,000	1,039,947	23,596,416
2024	-	635,000	9,570,000	580,000	2,433,499	3,700,000	5,935,000	1,039,947	23,893,446
2025	-	670,000	10,045,000	600,000	2,385,378	3,900,000	5,660,000	-	23,260,378
2026	-	700,000	8,010,000	625,000	2,344,096	4,100,000	5,925,000	-	21,704,096
2027	-	735,000	8,380,000	650,000	2,298,194	-	6,195,000	-	18,258,194
2028	-	765,000	8,765,000	680,000	2,257,832	-	6,500,000	-	18,967,832
2029	-	800,000	5,750,000	705,000	2,211,380	-	5,945,000	-	15,411,380
2030	-	-	6,035,000	740,000	2,172,718	-	4,455,000	-	13,402,718
2031	-	-	6,335,000	775,000	2,134,758	-	2,500,000	-	11,744,758
2032	-	-	6,635,000	810,000	-	-	2,630,000	-	10,075,000
2033	-	-	6,895,000	840,000	-	-	2,760,000	-	10,495,000
2034	-	-	7,165,000	880,000	-	-	2,890,000	-	10,935,000
2035	-	-	7,460,000	610,000	-	-	3,020,000	-	11,090,000
2036	-	-	6,640,000	640,000	-	-	3,165,000	-	10,445,000
2037	-	-	6,975,000	-	-	-	1,650,000	-	8,625,000
<b>Total</b>	<b>\$20,200,000</b>	<b>\$6,600,000</b>	<b>\$130,715,000</b>	<b>\$11,540,000</b>	<b>\$30,821,601</b>	<b>\$26,365,000</b>	<b>\$80,570,000</b>	<b>\$5,199,735</b>	<b>\$312,011,336</b>

(1) Does not include the pending notes.

(2) \$16,100,000 principal payment made on April 1, 2020.



## Debt History

There is no record of default on any obligation of the County.

## Short-Term Financing

The County does not issue short-term obligations for cash flow purposes. The County has in the years 1974 through 2019 issued short-term notes in order to establish a Delinquent Tax Revolving Fund. Notes issued in each of these years have been in a face amount, which has been less than the actual real property tax delinquency. The primary security for these notes is the collection of the delinquent taxes pledged to the payment of principal of and interest on the notes issued. The County has pledged its full faith and credit and limited taxing power to the payment of the principal and interest on notes issued. The County may or may not issue notes to fund the Delinquent Tax Revolving Fund in future years. The amount of notes issued in 2011 through 2019 and their outstanding balance as of March 31, 2020, are as follows:

### Outstanding Notes

Tax Year	Year Issued	Notes Issued	Amount Outstanding <sup>(1)</sup>
2011	2012	28,500,000	\$ -
2012	2013	24,000,000	-
2013	2014	20,400,000	-
2014	2015	19,200,000	-
2015	2016	18,100,000	-
2016	2017	17,100,000	-
2017	2018	15,800,000	4,000,000 <sup>(2)</sup>
2018	2019	16,200,000	16,200,000 <sup>(3)</sup>

<sup>(1)</sup> Does not include the pending notes.

<sup>(2)</sup> \$4,000,000 principal payment made on April 1, 2020.

<sup>(3)</sup> \$12,100,000 principal payment made on April 1, 2020.

## Future Financing

The County is considering issuing up to \$60.0 million of general obligation limited tax bonds to finance a renovation of the existing County owned facility at 320 Ottawa Avenue NW. This renovation would be used to house several existing County departments into a new centralized location allowing the sale of an outdated County owned property at 82 Ionia. Certain functions could also be housed at a new location at the Fuller Complex. The Fuller Complex plans are still in the developmental stage.

The Gerald R. Ford International Airport Authority is current planning on issuing \$145.0 million in bonds in May 2020. The proceeds will be used to finance the extension of Concourse A (adding eight gates and widening the existing concourse) and a new parking structure in conjunction with the rental car agencies.

The Department of Public Works is exploring a few projects that they may need to issue revenue bonds for over the next 12 to 48 months. Projects under consideration include the development of a Sustainable Business Park, improvements at the North Kent Transfer Station, and possibly adding a third combustion train to the Waste to Energy facility. Specific amounts and the exact timing are yet to be determined.

The Kent County Road Commission will be issuing approximately \$25.0 million in bonds within the next 18 months. The bonds will be used to complete a new Central Complex as they complete the sale and relocation from their current location along the Grand River to a new complex in Walker.

The before mentioned is contingent on the COVID-19 pandemic economic impact and recovery.



## Vacation and Sick Leave Liabilities

As of December 31, 2019, the County had an estimated unfunded vacation liability of \$8.7 million and no unfunded sick leave liabilities.

## Pension Benefits

The County sponsors and administers the Kent County Employees' Retirement Plan (the "Plan"), a single-employer, defined benefit pension plan, which covers all employees of Kent County, except employees of the Road Commission, Land Bank Authority, and Airport Authority. The Plan was established by the Kent County Board of Commissioners and is administered by a seven member Board called the Kent County Employees' Retirement Plan Pension Board (referred to herein as the "Board of Trustees"). The Board is comprised of the Chairman of the Finance Committee of the Commissioners, one other Commissioner appointed by the Board of Commissioners, three employees covered by the Plan, and two residents of the County that are independent of the County and the Plan. Employee contribution requirements were established and may be amended subject to collective bargaining agreements and approval by the Kent County Board of Commissioners. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. It is accounted for as a separate pension trust fund. Stand-alone financial reports are issued that include financial statements and required supplementary information for the Plan, which may be obtained from the County of Kent Human Resources Department, 300 Monroe Ave. N.W., Grand Rapids, MI 49503-2222.

Plan members hired through December 31, 2010 are eligible to receive pension benefits upon retirement at age 60 with 5 years of service or at any age with 25 years of service. Members hired on or after January 1, 2011 (January 1, 2012 for the Teamsters-Parks, Circuit Court Referees, and Teamsters-Public Health Nurses) are eligible at age 62 with 5 years of service or at age 60 (55 for captains and lieutenants) with 25 years of service. Members of the KCDSA bargaining unit hired on or after January 1, 2013 are eligible to receive this benefit at age 60 with 5 years of service or age 50 with 25 years of service. An early retirement option is offered for retirement at age 55 with 15 or more years of service. Members of the FOP bargaining unit hired on or after January 1, 2015 are eligible to receive this benefit at age 60 with 5 or more years of service or age 50 with 25 years of service.

Cost-of-living adjustments (COLAs) vary based on bargaining unit and hire date and range from 1%-3%.

**Benefits Provided.** Employees who retire with minimum age and years of service requirements are entitled to annual retirement benefits, payable in monthly installments for life, in an amount equal to a percentage of their final average compensation times years of credited service.

**Employees Covered by Benefit Terms.** At December 31, 2018, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	1,475
Terminated employees entitled to but not yet receiving benefits	259
Vested and non-vested active participants	1,528
<b>Total Membership</b>	<b>3,262</b>

**Contributions.** The contribution requirements of Plan members are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and Plan provisions. After meeting eligibility requirements, active Plan members are required to contribute to the Plan based on their bargaining unit or management group contribution rate. The variable rate was 8.63% for the year ended December 31, 2018. The additional amounts paid for COLAs by the members of the three unions covering public safety officers are a fixed amount added to the variable rate and ranged from 1.75%-3.50%. The County is required to contribute at actuarially determined rates that are expressed as a percentage of covered payroll and are designed to accumulate sufficient assets to pay benefits when due. The County's contribution rate for the

year ended December 31, 2018 was 9.22% of projected valuation payroll. The normal cost and amortization payment were determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a closed period of 22 years.

**Investment Policy.** The plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the Board deems appropriate. The Plan's asset allocation policy is detailed below.

**Rate of Return.** For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -5.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Concentrations.** Information on the Plan's concentration of credit risk policy and compliance with that policy at December 31, 2018 is disclosed in Note 3 to the separately issued financial statements.

**Net Pension Asset.** The components of the net pension liability of the Plan at December 31, 2018, were as follows:

Total pension liability	\$ 900,799,146
Plan fiduciary net position	823,240,227
County's net pension (asset)/liability	<u>\$ 77,558,919</u>
Plan fiduciary net position as percentage of total pension liability	91.39%

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of December 31, 2017 (rolled forward to December 31, 2018), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% (price inflation of 2.5%)
Salary Increases	3.5%-10.5%, including inflation
Investment rate of return	6.75%

Mortality rates were based on the RP-2014 Mortality Tables with 2-dimensional, fully generational improvements projected with the MP-2018 Mortality Improvement Scales.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2008 to December 31, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2018 (see the discussion of the pension plan's investment policy in Note 3) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-weighted Rate of Return
Core bonds	18.00%	2.62%	0.47%
Multi-sector fixed income	10.00%	3.49%	0.35%
Absolute return	5.00%	3.75%	0.19%
U.S. large cap equity	30.00%	7.20%	2.16%
U.S. small cap equity	10.00%	8.41%	0.84%
International developed equity	15.00%	8.14%	1.22%
Emerging market equity	5.00%	9.39%	0.47%
Core real estate	5.00%	6.75%	0.34%
Infrastructure	2.00%	9.79%	0.20%
	100.00%		6.24%
Inflation			2.50%
Risk adjustment			-1.99%
<b>Investment rate of return</b>			<b>6.75%</b>

**Discount Rate.** The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Plan contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability (Asset).** The components of the change in the net pension liability (asset) are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at December 31, 2017</b>	<b>\$ 859,986,247</b>	<b>\$ 896,919,895</b>	<b>\$ (36,933,648)</b>
Changes for the year:			
Service cost	17,404,156	-	17,404,156
Interest on total pension liability	59,367,396	-	59,367,396
Differences between expected and actuarial experience	5,037,610	-	5,037,610
Assumption changes	169,077	-	169,077
Employer contributions	-	8,939,628	(8,939,628)
Employee contributions	-	9,315,169	(9,315,169)
Net investment income/(loss)	-	(50,232,182)	50,232,182
Benefit payments	(40,615,954)	(40,615,954)	-
Administrative expenses	-	(536,943)	536,943
Refund of contributions	(549,386)	(549,386)	-
<b>Net changes</b>	<b>40,812,899</b>	<b>(73,679,668)</b>	<b>114,492,567</b>
<b>Balances at December 31, 2018</b>	<b>\$ 900,799,146</b>	<b>\$ 823,240,227</b>	<b>\$ 77,558,919</b>

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.** The following presents the net pension liability (asset) of the Plan, calculated using the discount rate of 6.75%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	One Percent Decrease (5.75%)	Current Discount Rate (6.75%)	One Percent Increase (7.75%)
County's net pension liability (asset)	\$ 199,475,158	\$ 77,558,919	\$ (26,069,333)

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the combining statements of fiduciary net position and changes in fiduciary net position in the supplementary information section of this report.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended December 31, 2018, the County recognized pension expense of \$29,971,314. The pension liability attributable to the governmental activities will be liquidated by the General Fund and substantially all the special revenue funds. At December 31, 2018, the County reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 8,293,440	\$ 5,697,256	\$ 2,596,184
Changes in assumptions	4,049,694	-	4,049,694
Net difference btwn projected and actual earnings on plan investments	101,041,526	46,682,119	54,359,407
Changes in proportion and share of contributions	382,202	382,202	-
<b>Total</b>	<b>\$ 113,766,862</b>	<b>\$ 52,761,577</b>	<b>\$ 61,005,285</b>

Amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2019	\$ 22,608,304
2020	7,686,322
2021	7,720,687
2022	22,989,972
<b>Total</b>	<b>\$ 61,005,285</b>

**Payable to the Pension Plan.** At December 31, 2018, the County reported a payable of \$368,196 to the pension plan.

## Other Post-retirement Employee Benefits (OPEB)

**Plan Description.** The County administers a single-employer defined benefit healthcare plan (the “Plan”) accounted for in the VEBA Trust Fund. In addition to the retirement benefits described in Note 15, the Plan provides health insurance benefits to certain retirees, which are advance funded on an actuarial basis. Stand-alone financial reports are issued that include financial statements and required supplementary information for the Plan, which may be obtained from the County of Kent Fiscal Services Department, 300 Monroe Ave. N.W., Grand Rapids, MI 49503-2221.

**Benefits Provided.** The County pays a monthly fixed subsidy for retirees of up to \$350 per month (\$400 for retirees after December 31, 2018). In addition, the County provides an implicit subsidy due to having one premium based on a blended rate that treats current employees, retirees, eligible beneficiaries and dependents as one homogeneous group. The implicit subsidy is factored into the actuarial computation of the OPEB liability.

Membership of the Plan consisted of the following at December 31, 2018, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	652
Active plan members	<u>1,530</u>
<b>Total membership</b>	<b>2,182</b>

**Contributions.** The contribution requirements of the Plan members and the County are established and may be amended by the County Board of Commissioners, in accordance with County policies, union contracts, and Plan provisions. The Plan covers the Management Pay Plan, both exempt and non-exempt, elected officials, including judges, and ten collective bargaining units. Retirees and their beneficiaries are eligible for postemployment healthcare benefits if they are receiving a pension from the Kent County Employees’ Retirement Plan. The County’s funding policy provides for periodic employer contributions at actuarially determined rates that are expressed as percentages of annual covered payroll, and are designed to accumulate sufficient assets to pay benefits when due. The County’s required cash contribution rate for the year ended December 31, 2018 was 1.64% of projected valuation payroll. For the year ended December 31, 2018, the County contributed \$5,321,892, including cash contributions of \$3,765,098 and an implicit rate subsidy (which did not require cash) of \$1,556,794. Cash payments included \$1,547,545 for current premiums and an additional \$2,217,553 to prefund benefits.

Retirees are responsible for reimbursing the County for the cost of premiums for the selected level of coverage in excess of the subsidy. The retiree’s share of premiums can be deducted automatically from their monthly pension distribution, or paid directly to the County Treasurer. Since retirees must participate in one of the County’s health insurance plans in order to receive the benefit, the entire cost of retiree health care premiums is accounted for in the County’s health insurance internal service fund. Retiree reimbursements are reported as operating revenue in the internal service fund. On a quarterly basis, the total amount of retiree subsidies for the previous period is billed to the VEBA. This portion of premium costs, which includes the County subsidy only, comprises the entire amount of benefit payments in the Statement of Changes in Fiduciary Net Position.

**Investment Policy.** The plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the Board deems appropriate. The Plan’s asset allocation policy is detailed below.

**Rate of Return.** For the year ended December 31, 2018, the annual money-weighted rate of return on investments, net of investment expense, was -6.09%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Concentrations.** Information on the Plan's concentration of credit risk policy and compliance with that policy at December 31, 2018 is disclosed in Note 3 to the separately issued financial statements.

**Net OPEB Liability.** The components of the net OPEB liability of the Plan at December 31, 2018, were as follows:

Total OPEB liability	\$ 57,226,018
Plan fiduciary net position	<u>25,891,112</u>
Net OPEB liability	\$ 31,334,906

Plan fiduciary net position as percentage of total OPEB liability	45.24%
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**Actuarial Assumptions.** The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, Closed
Remaining amortization period	22 years
Asset valuation method	Market value of assets
Price inflation	2.5%
Salary increases	3.5% to 10.5%, including inflation
Investment rate of return	6.75%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2013 valuation pursuant to the January 1, 2008 – December 31, 2012 Experience Study for the Retirement Plan and Trust
Mortality	The RP-2014 Mortality Tables with 2-dimensional, fully generational improvements projected with the MP-2018 Mortality Improvement Scales. These tables were first used for the December 31, 2018 valuation
Health care trend rates	Trend starting at 8.5% gradually decreasing to an ultimate trend rate of 4.5%
Aging factors	The tables used in developing the retiree premium are based on a recent Society of Actuaries study of health costs

The long-term expected rate of return on VEBA plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of VEBA plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the VEBA plan's target asset allocation as of December 31, 2018 (see the discussion of the VEBA plan's investment policy in Note 3) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-weighted Rate of Return
Core bonds	15.00%	2.62%	0.39%
Multi-sector fixed income	15.00%	3.49%	0.52%
Liquid absolute return	5.00%	3.75%	0.19%
U.S. large cap equity	30.00%	7.20%	2.16%
U.S. small cap equity	10.00%	8.41%	0.84%
Non U.S. equity	20.00%	8.14%	1.63%
Core real estate	5.00%	6.79%	0.34%
	100.00%		6.07%
Inflation			2.50%
Risk adjustment			-1.82%
<b>Investment rate of return</b>			<b>6.75%</b>

**Discount Rate.** The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Plan contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the VEBA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on VEBA plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability.** The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balances at December 31, 2017</b>	<b>\$ 58,712,816</b>	<b>\$ 25,315,572</b>	<b>\$ 33,397,244</b>
Changes for the year:			
Service cost	1,072,729	-	1,072,729
Interest on total OPEB liability	4,038,791	-	4,038,791
Changes of benefit terms	1,527,575		1,527,575
Difference between expected and actual experience	(5,733,050)		(5,733,050)
Changes of assumptions	711,496	-	711,496
Employer contributions	-	5,321,892	(5,321,892)
Net investment income	-	(1,599,916)	1,599,916
Benefit payments, including refunds of employee contributions	(3,104,339)	(3,104,339)	-
Administrative expenses	-	(48,229)	48,229
Other	-	6,132	(6,132)
<b>Net changes</b>	<b>(1,486,798)</b>	<b>575,540</b>	<b>(2,062,338)</b>
<b>Balances at December 31, 2018</b>	<b>\$57,226,018</b>	<b>\$ 25,891,112</b>	<b>\$ 31,334,906</b>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the County, calculated using the discount rate of 6.75%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (5.75%) or 1% higher (7.75%) than the current rate:



	One Percent Decrease (5.75%)	Current Discount Rate (6.75%)	One Percent Increase (7.75%)
County's net OPEB Liability	\$ 37,725,597	\$ 31,334,906	\$ 25,871,463

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption.** The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.50% decreasing to 3.50%) or 1% higher (9.50% decreasing to 5.50%) than the current healthcare cost trend rates:

	One percent Decrease (7.5% to 3.5%)	Healthcare Cost Trend Rates (8.5% to 4.5%)	One Percent Increase (9.5% to 5.5%)
County's net OPEB Liability	\$ 28,419,423	\$ 31,334,906	\$ 34,736,775

**OPEB Plan Fiduciary Net Position.** Detailed information about the OPEB plan's fiduciary net position is available in the combining statements of fiduciary net position and changes in fiduciary net position in the supplementary information section of this report.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefit Obligations.** For the year ended December 31, 2018, the County recognized OPEB expense of \$4,855,851. The OPEB liability attributable to the governmental activities will be liquidated by the General Fund and substantially all the special revenue funds. At December 31, 2018, the County reported OPEB-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 4,877,230	\$ (4,877,230)
Changes in assumptions	2,525,119	-	2,525,119
Net difference btwn projected and actual earnings on OPEB plan investments	2,701,199	1,182,859	1,518,340
Changes in proportion and share of contributions	1,546,690	1,546,690	-
<b>Total</b>	<b>\$ 6,773,008</b>	<b>\$ 7,606,779</b>	<b>\$ (833,771)</b>

Amounts reported as OPEB-related deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended December 31,	Amount
2019	\$ (48,758)
2020	(48,758)
2021	(48,756)
2022	345,528
2023	(509,127)
Thereafter	(523,900)
<b>Total</b>	<b>\$ (833,771)</b>

**Payable to the OPEB Plan.** At December 31, 2018, the County reported a payable of \$154,272 to the VEBA plan.

## Cash Balances and Net Change in Balances

Fund	December 31,		
	2018	2019	Net Change Inc/(Dec)
101 County General	\$ 82,402,463	\$ 88,506,899	\$ 6,104,436
201 County Roads	22,789,656	23,371,063	581,408
215 Friend of the Court	(1,427,895)	(822,285)	605,609
221 Public Health	(1,137,273)	778,366	1,915,639
229 Hotel/Motel Tax	6,093,983	7,007,468	913,486
254 Correction and Detention Facility	13,107,081	15,835,576	2,728,495
256 Register of Deeds	1,527,032	798,329	(728,703)
259 Senior Millage	1,856,941	2,067,403	210,462
292 Child Care	(248,737)	(408,714)	(159,976)
292 Family Court	(13,135)	-	13,135
292 Juvenile Detention	(3,708,564)	(3,682,420)	26,143
516 100% Tax Payment Funds	19,808,199	19,379,122	(429,077)
517 S. Kent Operations	62,343,495	67,171,200	4,827,706
677 Risk Management	14,073,620	11,023,165	(3,050,455)
721 Library Penal Fines	691,177	608,130	(83,047)
751 Convention & Arena Auth	24,876,525	28,924,208	4,047,683
751 Other Trust and Agency	44,665,909	51,322,973	6,657,065
800 Drains and Lake Level	7,147,479	7,640,688	493,209
Various Other Funds	13,302,073	20,854,457	7,552,384
<b>Total</b>	<b>\$ 355,642,341</b>	<b>\$ 386,510,178</b>	<b>\$ 30,867,837</b>

## Cash Activity Summary and Analysis

### Cash Equity

	December 31,	
	2018	2019
Cash balance - January 1	\$ 356,600,845	\$ 355,642,341
Receipts	973,377,861	1,344,407,245
Less: Disbursements	974,336,365	1,313,539,408
<b>Cash balance - December 31</b>	<b>\$ 355,642,341</b>	<b>\$ 386,510,178</b>

### Analysis of Cash Balances

	December 31,	
	2018	2019
Pooled investments	\$ 349,419,202	\$ 379,393,465
Demand deposits	4,551,190	3,749,932
Imprest cash	61,635	60,355
Accrued interest on pooled investments	3,105,271	4,376,970
Less: Outstanding disbursement checks	1,494,957	1,070,545
<b>Cash balance - December 31</b>	<b>\$ 355,642,341</b>	<b>\$ 386,510,178</b>

## Pooled Investments Summary of Investments

December 31, 2019

Broker Name	Book Value				Total
	Municipal Tax Note	Money Market / GIC	Government Agency	Certificates of Deposit	
<b>Brokered Securities:</b>					
UBS Paine Webber	\$ -	\$ -	\$ 10,930,435	\$ -	\$ 10,930,435
Wells Fargo	-	-	15,019,290	-	15,019,290
Suntrust	-	-	13,649,672	-	13,649,672
Cantella Co	-	-	7,001,948	-	7,001,948
CitiGroup	-	-	2,526,000	-	2,526,000
<b>U.S. Treasury Strips Subtotal</b>	-	-	<b>49,127,345</b>	-	<b>49,127,345</b>
<b>Certificates of Deposit (CD):</b>					
Huntington Bank MM	-	3,535,008	-	-	3,535,008
Macatawa Bank	-	12,453,042	-	-	12,453,042
MBIA Class	-	21,989,423	-	-	21,989,423
Michigan Liquid Asset Fund (MILAF)	-	20,474,783	-	-	20,474,783
PNC NOW	-	26,855,756	-	-	26,855,756
Bank of America MM	-	1,009,001	-	-	1,009,001
Bank of America	-	-	-	36,202,665	36,202,665
Canadian Imperial Bank of Commerce	-	-	-	30,341,685	30,341,685
Chemical Bank West	-	-	-	20,990,130	20,990,130
Choice One Bank	-	-	-	6,144,047	6,144,047
Comerica	-	-	-	32,676,890	32,676,890
Consumers Credit Union	-	-	-	514,580	514,580
Commerce Bank	-	-	-	2,000,000	2,000,000
Fifth Third Bank	-	-	-	15,096,737	15,096,737
First Community Bank	-	-	-	1,236,844	1,236,844
First National Bank of America	-	-	-	1,096,368	1,096,368
First National Bank of Michigan	-	-	-	1,579,936	1,579,936
Flagstar Bank	-	-	-	19,097,697	19,097,697
Grand River Bank	-	-	-	500,000	500,000
Horizon Bank	-	-	-	11,196,761	11,196,761
Huntington Bank	-	-	-	6,405,059	6,405,059
Independent Bank	-	-	-	8,875,069	8,875,069
Level One Bank	-	-	-	9,269,935	9,269,935
Macatawa Bank	-	-	-	5,191,557	5,191,557
Mercantile Bank of W MI	-	-	-	17,430,409	17,430,409
Old National Bank	-	-	-	9,028,832	9,028,832
Union Bank	-	-	-	1,510,646	1,510,646
United Bank of Michigan	-	-	-	3,337,608	3,337,608
West Michigan Comm Bank	-	-	-	4,225,655	4,225,655
<b>CD Subtotal</b>	-	<b>86,317,012</b>	-	<b>243,949,108</b>	<b>330,266,121</b>
<b>Total</b>	<b>\$ -</b>	<b>\$ 86,317,012</b>	<b>\$ 49,127,345</b>	<b>\$ 243,949,108</b>	<b>\$ 379,393,465</b>

## Pooled Investment Fund <sup>(1)</sup>

December 31, 2019

Investments By Type	Par Value	Book Value	Percent
Certificates of Deposit	\$ 243,949,108	\$ 243,949,108	64.3%
Passbook & Money Market	86,317,012	86,317,012	22.8%
Federal Home Loan Banks	20,700,000	20,788,527	5.5%
Federal National Mortgage Assoc.	6,000,000	5,918,409	1.6%
Federal Home Loan Mortgage Cor.	5,000,000	4,959,850	1.3%
Federal Farm Credit Bank	17,425,000	17,460,559	4.6%
Municipal Bonds	-	-	0.0%
<b>Total</b>	<b>\$ 379,391,121</b>	<b>\$ 379,393,465</b>	<b>100.0%</b>

December 31, 2019

Investment Yield	Book Value	Percent
0.00% to 0.25%	\$ -	0.0%
0.25% to 0.50%	-	0.0%
0.50% to 0.75%	-	0.0%
0.75% to 1.00%	3,535,008	0.9%
1.00% to 1.25%	12,453,042	3.3%
1.25% to 1.50%	11,338,203	3.0%
1.50% to 1.75%	78,074,293	20.6%
1.75% to 2.00%	90,594,540	23.9%
2.00% to 2.25%	24,812,069	6.5%
2.25% to 2.50%	60,139,220	15.9%
2.50% to 2.75%	70,650,451	18.6%
2.75% to 3.00%	22,215,504	5.9%
3.00% to 3.25%	5,581,137	1.5%
<b>Total</b>	<b>\$ 379,393,465</b>	<b>100.0%</b>

December 31, 2019

Investment Maturity	Date Range	Book Value	Percent
0 to 1 Month	01/01/20 - 01/31/20	\$ 104,787,348	27.6%
1 to 2 Months	02/01/20 - 02/28/20	39,816,118	10.5%
2 to 3 Months	03/01/20 - 03/31/20	40,037,524	10.6%
3 to 6 Months	04/01/20 - 06/30/20	62,149,647	16.4%
6 to 12 Months	07/01/20 - 12/31/20	77,238,778	20.4%
12 to 18 Months	01/01/21 - 06/30/21	20,639,558	5.4%
18 to 24 Months	07/01/21 - 12/31/21	18,751,122	4.9%
24 to 36 Months	01/01/22 - 12/31/22	12,812,686	3.4%
36 to 48 Months	01/01/23 - 12/31/23	3,160,685	0.8%
<b>Total</b>		<b>\$ 379,393,465</b>	<b>100.0%</b>

(1) The Investment Pool has an open-ended maturity date.

## Pooled Investments Earnings Performance

December 31,

Month	2018			2019		
	Average Daily Balance	Interest Earned Accrual Basis	Earned Interest Yield	Average Daily Balance	Interest Earned Accrual Basis	Earned Interest Yield
Jan	\$ 348,348,298	\$ 357,533	1.217	\$ 358,050,656	\$ 638,584	2.071
Feb	349,815,856	341,892	1.257	361,898,216	613,464	2.179
Mar	350,061,055	401,160	1.331	372,893,105	715,688	2.229
Apr	335,226,117	390,647	1.398	363,329,341	689,696	2.278
May	343,137,834	428,731	1.451	377,732,880	743,653	2.286
Jun	320,311,405	404,130	1.514	356,064,599	680,734	2.294
Jul	309,672,592	418,207	1.568	350,980,547	697,119	2.307
Aug	331,090,930	472,699	1.658	374,196,160	713,077	2.213
Sep	371,898,489	552,377	1.782	417,420,905	763,178	2.194
Oct	400,441,544	675,404	1.959	442,600,857	806,292	2.116
Nov	372,819,908	617,596	1.988	402,553,421	701,298	2.091
Dec	350,271,388	608,860	2.019	382,014,513	688,231	2.105
<b>Annual</b>	<b>\$ 348,591,285</b>	<b>\$ 5,669,237</b>		<b>\$ 379,977,933</b>	<b>\$ 8,451,014</b>	

Investment Fund Balance - 1/1/19 \$ 349,419,202

Investment Fund Balance - 12/31/19 \$ 379,393,465

The following table illustrates the various labor organizations that represent the County of Kent’s employees, the number of members and the expiration dates of the present contracts. The County considers its relations with its employees to be excellent and there are no labor problems at the present time and anticipates no strikes or work stoppages.

<b>March 6, 2020</b>		
<b>Bargaining Unit</b>	<b>Number of Positions <sup>(1)</sup></b>	<b>Contract Expiration Date</b>
United Auto Workers (General)	403	12/31/2023
Technical, Professional & Office Workers of Michigan -- TPOAM	372	12/31/2023
Kent County Deputy Sheriff's Association	240	12/31/2023
Kent County Law Enforcement Association - FOP	260	12/31/2023
Lieutenants-Captains – POLC	21	12/31/2023
Prosecuting Attorneys Assoc.	34	12/31/2022
Circuit Court Referee Assoc.	8	12/31/2022
Teamsters (Public Health)	60	12/31/2023
Teamsters (Parks Employees)	17	12/31/2022
Elected Officials	5	NA
Judges	17	NA
Board of Commissioners	19	NA
Management Pay Plan Group	288	NA
<b>Total</b>	<b>1,744</b>	

*(1) Includes vacant positions - does not include employees on extended leave or temporary employees.*



## Statement of Revenues, Expenditures and Changes in Fund Balance

	Year ended December 31,			
	2018	2019		2020
	Actual	Budget	Actual <sup>(1)</sup>	Budget <sup>(2)</sup>
<b>Revenues:</b>				
Taxes	\$ 95,594,567	\$ 100,158,010	\$ 99,734,111	\$ 104,624,710
Intergovernmental	23,399,643	23,491,349	24,948,659	23,533,577
Charges for services	28,285,035	28,719,080	29,987,106	29,093,822
Investments, Rents & Royalties	4,943,334	4,407,458	5,533,446	5,031,555
Other Revenue	10,757,758	7,299,100	7,422,070	7,071,350
Transfers In	13,313,855	18,603,000	19,018,039	20,534,338
<b>Total Revenues</b>	<b>176,294,191</b>	<b>182,677,997</b>	<b>186,643,431</b>	<b>189,889,352</b>
<b>Expenditures:</b>				
Sheriff	60,538,898	65,082,583	62,594,748	67,730,797
Circuit Court	16,005,101	16,656,669	14,583,318	16,119,887
Facilities Management	12,163,834	13,331,295	12,158,581	13,535,905
Prosecuting Attorney	4,603,522	4,834,688	4,762,488	5,133,073
Information Technology	5,927,113	6,935,796	6,193,023	7,237,442
Policy/Administration	2,676,620	3,174,345	2,722,958	3,165,872
Parks Department	5,464,492	5,995,796	5,907,994	6,147,176
Zoo	20,924	27,141	27,141	21,448
Fiscal Services	3,542,435	4,298,447	3,846,139	4,419,891
Clerk/Register of Deeds	3,206,540	3,508,886	3,106,966	4,135,398
District Court	3,042,366	3,233,900	3,007,243	3,272,767
Human Resources	1,823,014	1,990,760	1,906,139	1,979,773
Bureau of Equalization	1,396,878	1,600,813	1,394,707	1,601,894
Treasurer's Office	1,185,164	1,270,267	1,194,551	1,278,918
Drain Commission	664,910	730,513	683,476	760,513
Other Social Services	1,452,500	1,525,000	1,407,526	1,455,000
Other	7,701,402	8,426,826	7,815,134	8,659,002
Transfers Out-Childcare	13,992,511	15,531,891	13,975,747	15,635,127
Transfers Out-Health	5,428,573	7,416,254	4,645,920	8,577,369
Transfers Out-CIP	12,172,340	11,519,738	14,726,795	10,828,713
Transfers Out-FOC	1,680,845	2,136,854	1,901,251	2,136,854
Transfers Out-Debt Svc	3,359,175	3,360,560	3,365,559	3,302,960
Transfers Out-Special Proj	3,175,974	3,973,486	3,433,363	3,648,207
Transfers Out-Other	1,373,874	3,256,377	4,991,241	3,598,630
Appropriation lapse	-	(6,500,000)	-	(6,500,000)
<b>Total Expenditures</b>	<b>172,599,005</b>	<b>183,318,885</b>	<b>180,352,005</b>	<b>187,882,616</b>
<b>Net Revenues/(Expenditures)</b>	<b>3,695,186</b>	<b>(640,888)</b>	<b>6,291,425</b>	<b>2,006,736</b>
Fund Balance, beginning of year	70,791,813	74,486,999	74,486,999	80,778,424
<b>Fund Balance, end of year</b>	<b>\$ 74,486,999</b>	<b>\$ 73,846,112</b>	<b>\$ 80,778,424</b>	<b>\$ 82,785,160</b>

(1) Pending audit adjustments

(2) As adopted

## Components of Fund Balance

	Year ended December 31,	
	2018 Actual	2019 <sup>(1)</sup> Actual
Inventory	\$ 58,675	\$ 74,879
Prepays	186,782	259,813
Long-term advances	599,511	560,286
<b>Total Nonspendable</b>	<b>844,969</b>	<b>894,978</b>
Economic stabilization <sup>(2)</sup>	26,635,550	27,513,807
<b>Total Committed</b>	<b>26,635,550</b>	<b>27,513,807</b>
Cash flow <sup>(3)</sup>	39,263,204	41,849,844
Encumbrances	2,220,558	2,921,941
<b>Total Assigned</b>	<b>41,483,762</b>	<b>44,771,785</b>
<b>Unassigned<sup>(4)</sup></b>	<b>5,522,717</b>	<b>7,597,854</b>
<b>Total Fund Balance<sup>(5)</sup></b>	<b>\$ 74,486,999</b>	<b>\$ 80,778,424</b>

(1) Preliminary, subject to audit.

(2) 10% of the subsequent year's adopted General Fund and subsidized governmental fund budgets

(3) 40% of the subsequent year's budget estimate for property tax revenue

(4) Fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund

(5) The County will maintain a minimum fund balance equal to at least 40% of the subsequent year's adopted General Fund budgeted expenditures and transfers out

## Debt Service As a Percentage of General Fund Expenditures <sup>(1)</sup>

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Debt Outstanding</b>			
Series 2005 - Courthouse	\$ 27,785,000	\$ 24,890,000	\$ 21,995,000
Series 2008 - CIP	7,410,000	-	-
Series 2010 - Sheriff Administration	2,170,000	1,475,000	780,000
Series 2014 - Park Meadows	3,000,000	-	(3,000,000)
Series 2014A - 82 Ionia/Courthouse Land	2,850,000	2,420,000	1,990,000
Series 2017B - DHHS	21,680,000	20,030,000	18,380,000
<b>Total Debt Outstanding</b>	<b>\$ 64,895,000</b>	<b>\$ 48,815,000</b>	<b>\$ 40,145,000</b>
<b>Debt Service</b>			
Series 2005 - Courthouse	\$ 4,343,125	\$ 4,339,944	\$ 4,339,938
Series 2008 - CIP	810,900	-	-
Series 2010 - Sheriff Administration	766,788	767,031	764,600
Series 2014 - Park Meadows	60,600	3,060,600	-
Series 2014A - 82 Ionia/Courthouse Land	541,450	544,000	546,800
Series 2017B - DHHS	1,810,850	2,633,300	2,632,800
<b>Total Debt Service</b>	<b>\$ 8,333,713</b>	<b>\$ 11,344,875</b>	<b>\$ 8,284,138</b>
<b>General Fund Expenditures/Transfers <sup>(2)</sup></b>	<b>\$ 172,599,005</b>	<b>\$ 180,352,005</b>	<b>\$ 187,882,616</b>
<b>Debt Services as a % of General Fund Expenditures</b>	<b>4.8%</b>	<b>6.3%</b>	<b>4.4%</b>

(1) Does not include capital leases.

(2) 2020 budget as adopted.

## Statement of Revenues, Expenditures and Changes in Fund Net Assets

	Year Ended December 31,	
	2018	2019 <sup>(1)</sup>
<b>Operating Revenues:</b>		
Charges for services	\$ 585,805	\$ 537,220
Interest and penalties	1,857,256	1,896,173
Collection fees	624,655	646,087
Auction proceeds, net	369,929	111,398
Other	45,204	42,725
<b>Total Operating Revenues</b>	<b>3,482,849</b>	<b>3,233,603</b>
<b>Operating Expenses:</b>		
Contractual services	384,367	402,615
Other expense	127,554	99,831
<b>Total Operating Expenses</b>	<b>511,921</b>	<b>502,446</b>
<b>Operating Income (Loss)</b>	<b>2,970,928</b>	<b>2,731,157</b>
<b>Non-Operating Revenues (Expenses)</b>		
Investment earnings	317,196	395,057
Interest expense	(367,437)	(433,887)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(50,240)</b>	<b>(38,830)</b>
Income (Loss) Before Contributions and Transfers	2,920,688	2,692,327
Transfers out	(4,100,000)	(4,100,000)
<b>Change in Net Assets</b>	<b>(1,179,312)</b>	<b>(1,407,673)</b>
Net Assets, Beginning of Year	11,793,186	10,613,874
<b>Net Assets, End of Year</b>	<b>\$ 10,613,874</b>	<b>\$ 9,206,201</b>

(1) Pending audit adjustments

## Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2018	2019 <sup>(1)</sup>
<b>Revenues:</b>		
Intergovernmental	\$ 212,156	\$ 2,513,638
Contributions and reimbursements	625,000	771,414
Other	91,000	-
<b>Total Revenues</b>	<b>928,156</b>	<b>3,285,052</b>
<b>Expenditures:</b>		
Capital outlay	4,099,616	12,640,986
<b>Total Expenditures</b>	<b>4,099,616</b>	<b>12,640,986</b>
<b>Revenues over (under) expenditures</b>	<b>(3,171,460)</b>	<b>(9,355,934)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	16,017,430	15,278,072
Transfers out	(2,281,302)	(1,305,255)
Proceeds from sale of capital assets	1,647,020	-
<b>Total Other Financing Sources (Uses)</b>	<b>15,383,148</b>	<b>13,972,817</b>
<b>Net change in fund balance</b>	<b>12,211,688</b>	<b>4,616,882</b>
Fund Balance, beginning of year	13,179,659	25,391,347
<b>Fund Balance, end of year</b>	<b>\$ 25,391,347</b>	<b>\$ 30,008,229</b>

(1) Pending audit adjustments

## Statement of Revenues, Expenditures and Changes in Fund Net Assets

	Year Ended December 31,	
	2018	2019 <sup>(1)</sup>
<b>Operating Revenues:</b>		
Charges for Services	\$ 49,175,215	\$ 56,730,860
<b>Total Operating Revenues</b>	<b>49,175,215</b>	<b>56,730,860</b>
<b>Operating Expenses:</b>		
Personnel Service	9,655,579	11,236,764
Materials and Supplies	1,212,095	1,390,939
Other	14,483,179	15,858,812
<b>Total Operating Expenses</b>	<b>25,350,853</b>	<b>28,486,515</b>
<b>Operating Income (Loss)</b>	<b>23,824,362</b>	<b>28,244,345</b>
<b>Non-Operating Revenues (Expenses):</b>		
Investment Earnings	241,089	513,613
Passenger Facilities Charges	6,886,079	7,251,102
Gain (Loss) on Sale of Fixed Assets	77,416	45,103
Customer Facility Charges	2,383,246	2,615,844
Depreciation	(19,608,256)	(20,521,818)
Interest Expense and Charges	(6,506,679)	(5,878,458)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(16,527,105)</b>	<b>(15,974,614)</b>
Income (Loss) Before Contributions	7,297,257	12,269,731
Capital Contributions	20,644,145	23,687,619
<b>Change in Net Assets</b>	<b>27,941,402</b>	<b>35,957,350</b>
Net Assets, Beginning of Year	216,036,748	243,978,150
<b>Net Assets, End of Year</b>	<b>\$ 243,978,150</b>	<b>\$ 279,935,500</b>

(1) Pending audit adjustments

## Debt Service Coverage

	Year Ended December 31,	
	2018	2019 <sup>(1)</sup>
Operating Revenues	\$ 49,175,215	\$ 56,730,860
Investment Earnings	241,089	513,613
Customer Facility Charges	2,383,246	2,615,844
Passenger Facility Charges	6,886,079	7,251,102
Gain (Loss) on Sale of Fixed Assets	77,416	45,103
Operating Expenses	(25,350,854)	(28,383,167)
<b>Net Revenues (as defined in the resolution)</b>	<b>\$ 33,412,191</b>	<b>\$ 38,773,355</b>
<b>Debt Service Requirements</b>	<b>\$ 14,352,266</b>	<b>\$ 14,431,799</b>
<b>Debt Service Coverage</b>	<b>2.33x</b>	<b>2.69x</b>

(1) Pending audit adjustments





## Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2018	2019 <sup>(1)</sup>
<b>Operating Revenues:</b>		
Charges for Services	\$ 37,771,639	\$ 41,509,409
<b>Total Operating Revenues</b>	<b>37,771,639</b>	<b>41,509,409</b>
<b>Operating Expenses:</b>		
Personnel, Materials, Contractual, Other	31,270,754	34,231,802
Depreciation and Amortization	5,345,343	5,493,927
<b>Total Operating Expenses</b>	<b>36,616,097</b>	<b>39,725,729</b>
<b>Operating Income (Loss)</b>	<b>1,155,542</b>	<b>1,783,680</b>
<b>Non-Operating Revenues (Expenses)</b>		
Investment Earnings	1,329,814	2,125,046
Interest Expense and Charges	(270,276)	(248,509)
Gain (Loss) on Capital Assets	(56,288)	137,507
<b>Total Non-Operating Revenues (Expenses)</b>	<b>1,003,250</b>	<b>2,014,044</b>
<b>Capital Contributions</b>	<b>319,946</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>2,478,738</b>	<b>3,797,724</b>
Net Assets, Beginning of Year	91,697,216	94,175,954
<b>Net Assets, End of Year</b>	<b>\$ 94,175,954</b>	<b>\$ 97,973,678</b>

(1) Pending audit adjustments

## Debt Service Coverage

	Year Ended December 31,	
	2018	2019 <sup>(1)</sup>
Operating Revenues	\$ 37,771,639	\$ 41,509,409
Non-Operating Revenues (Expenses)	1,003,250	2,014,044
Operating Expenses Before Depreciation	(31,270,754)	(34,231,802)
<b>Net Revenues</b>	<b>\$ 7,504,135</b>	<b>\$ 9,291,651</b>
<b>Debt Service Requirements</b>	<b>\$ 837,103</b>	<b>\$ 880,350</b>
<b>Debt Service Coverage</b>	<b>8.96x</b>	<b>10.55x</b>

(1) Pending audit adjustments

## Statement of Revenues, Expenditures and Changes in Fund Balance

	Year Ended December 31,	
	2018	2019 <sup>(1)</sup>
<b>Revenues:</b>		
Taxes	\$ 16,717,878	\$ 17,438,187
Intergovernmental	662,056	323,633
Investment Earnings	276,770	522,417
<b>Total Revenues</b>	<b>17,656,704</b>	<b>18,284,237</b>
<b>Expenditures:</b>		
Building Rent	2,405,535	1,888,105
Facility Improvements	770,370	-
<b>Total Expenditures</b>	<b>3,175,905</b>	<b>1,888,105</b>
<b>Revenues over (under) expenditures</b>	<b>14,480,799</b>	<b>16,396,132</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	-	155,101
Facility Operations	(9,209,736)	(13,400,000)
Debt Service	(1,637,250)	(1,808,606)
<b>Total Other Financing Sources (Uses)</b>	<b>(10,846,986)</b>	<b>(15,053,504)</b>
<b>Net Change in Fund Balance</b>	<b>3,633,813</b>	<b>1,342,627</b>
Fund Balance, Beginning of Year	9,113,675	12,747,488
<b>Fund Balance, End of Year</b>	<b>\$ 12,747,488</b>	<b>\$ 14,090,115</b>

(1) Pending audit adjustments

## Debt Service Coverage

	Year Ended December 31,	
	2018	2019 <sup>(1)</sup>
Property Tax Revenues	\$ 16,717,878	\$ 17,438,187
Debt Service/Building Rent Requirements	4,042,785	3,696,711
<b>Debt Service Coverage</b>	<b>4.14x</b>	<b>4.72x</b>

(1) Pending audit adjustments

## Statement of Revenues, Expenditures and Changes in Fund Balance

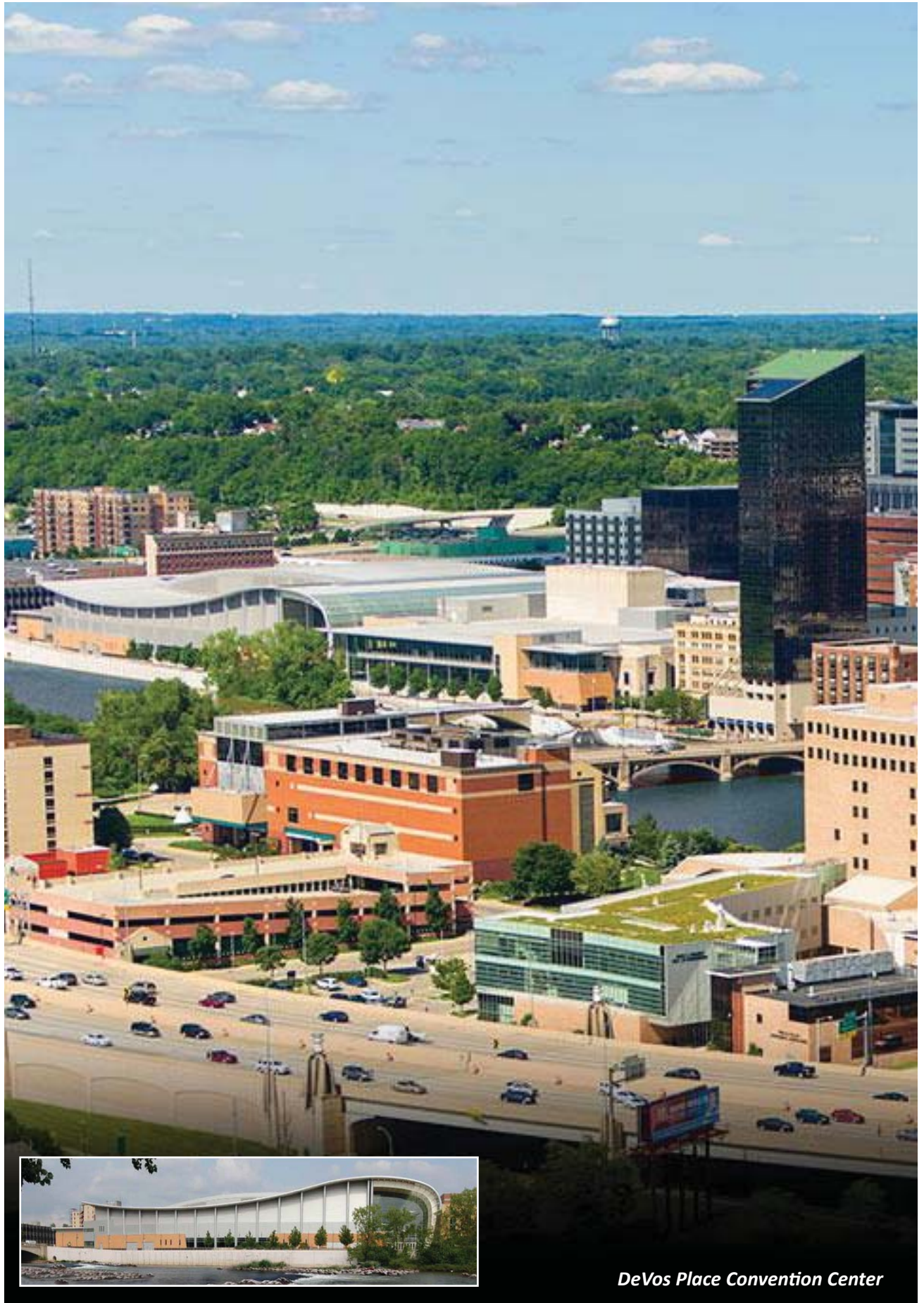
	Year Ended December 31,	
	2018	2019 <sup>(1)</sup>
<b>Revenues:</b>		
Hotel/Motel Taxes	\$ 10,807,009	\$ 11,432,225
Investment Earnings	153,358	221,367
Fines and Forfeitures	12,212	8,124
<b>Total Revenues</b>	<b>10,972,578</b>	<b>11,661,716</b>
<b>Expenditures:</b>		
Administration	120,809	121,468
Experience Grand Rapids CVB	1,891,227	2,029,220
Arts Festival	10,000	10,000
DeVos Place Debt Service	7,169,350	7,436,000
<b>Total Expenditures</b>	<b>9,191,386</b>	<b>9,596,688</b>
<b>Revenues over (under) expenditures</b>	<b>1,781,193</b>	<b>2,065,028</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	-	-
Transfers out	(1,800,000)	(1,100,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,800,000)</b>	<b>(1,100,000)</b>
<b>Net change in fund balance</b>	<b>(18,807)</b>	<b>965,028</b>
Fund Balance, Beginning of Year	6,473,475	6,454,668
<b>Fund Balance, End of Year</b>	<b>\$ 6,454,668</b>	<b>\$ 7,419,696</b>

(1) Pending audit adjustments

## Debt Service Coverage

	Year Ended December 31,	
	2018	2019 <sup>(1)</sup>
Hotel/Motel Tax Revenues	\$ 10,972,578	\$ 11,661,716
Debt Service Requirements	7,169,350	7,436,000
<b>Debt Service Coverage</b>	<b>1.53x</b>	<b>1.57x</b>

(1) Pending audit adjustments



*DeVos Place Convention Center*

**FISCAL POLICY - DEBT****I. POLICY**

1. **Policy:** Kent County shall endeavor to maintain the highest possible credit ratings so borrowing costs are minimized and access to credit is preserved.
2. **Financial Planning and Overview:** Kent County shall demonstrate to rating agencies, investment bankers, creditors, and taxpayers that a prescribed financial plan is being followed. As part of this commitment, the Fiscal Services Department will annually prepare an overview of the County's General Fund financial condition for distribution to rating agencies and other interested parties.

**II. PRINCIPLES**

1. **Statutory References:** The Kent County Board of Commissioners may establish rules and regulations in reference to managing the interests and business of the County under of Public Act 156 of 1851 [MCLA 46.11(m)].
  - 1.a. **Financing:** Various statutes, including but not limited to Public Act 34 of 2001, (The Revised Municipal Finance Act) [MCLA 141.2101 to 141.2821], as amended, Public Act 327 of 1945 (The Aeronautics Code) [MCLA 259 et seq.], as amended, and Public Act 94 of 1933 (The Revenue Bond Act) [MCLA 141.101-138], as amended, and PA 185 of 1957 [MCLA 123.731-786], as amended, enable the County to issue bonds, notes, and other certificates of indebtedness for specific purposes.
  - 1.b. **Debt Limit:** Section 6 of Article 7 of the Michigan Constitution of 1963 states "No County shall incur any indebtedness which shall increase its total debt beyond 10 percent of its assessed value."
  - 1.c. **Disclosures:** Effective July 3, 1995, the Securities and Exchange Commission (SEC) enacted amendments to Rule 15c2-12 requiring underwriters of municipal bonds to obtain certain representations from municipal bond issuers regarding disclosure of information after the issuance of bonds. The Rule also contains requirements for immediate disclosure of certain events by borrowers..
2. **County Legislative or Historical References:** Resolution 6-26-97-89, adopted by the Board of Commissioners on June 26, 1997, established rules and guidelines for managing the financial interests of the County. Such a resolution has been adopted annually since 1987.
  - 2.a. **Conflicts:** This document restates, clarifies, expands or alters the rules set forth in the Resolution 6-26-97-89. This Policy and the procedures promulgated under it supersede all previous regulations regarding County debt practices.
3. **Operational Guidelines -** Short-term borrowing to finance operating needs will not be used. Interim financing in anticipation of a definite, fixed source of revenue, such as property taxes, an authorized but unsold bond issue, or an awarded grant, is acceptable. Such tax, bond, or grant anticipation notes should not have maturities greater than three years.
4. **Operational Guidelines - Additional:** The County Administrator/Controller shall evaluate each proposed financing package and its impact on the County's credit worthiness, and report the evaluation to the Finance and Physical Resources Committee.
  - 4.a. **Evaluation Requirements:** As part of the review process, the Finance and Physical Resources Committee shall review all aspects of the project and recommend to the Board of Commissioners the most appropriate structure of the debt. Options available include notes, installment contracts, industrial development bonds, general obligation bonds, limited tax general obligation bonds, and revenue bonds.



5. **Exceptions:** The Board of Commissioners, upon recommendation of the Finance and Physical Resources Committee, may consider requests to waive any requirement or guideline contained in this policy.
6. **Implementation Authority:** Upon adoption of this Statement of Policy and Principles, the Kent County Board of Commissioners authorizes the County Administrator/Controller to establish any standards and procedures which may be necessary for implementation.
7. **Periodic Review:** The County Administrator/Controller shall review this policy at least every two years and make any recommendations for changes to the Finance and Physical Resources Committee.

Board of Commissioners Resolution No. 05-14-09-50

Name and Revision Number: Debt Policy, Revision 4

Date of Last Review: 4/8/2022

Related Policies: Fiscal Policy on Accounting and Auditing

Approved as to form: Not applicable

**FISCAL POLICY - FUND BALANCE/FUND EQUITY****I. POLICY**

1. **Policy:** The Board of Commissioners, by adoption of an annual budget, shall maintain adequate General Fund equity (classifications) to provide for contingent liabilities not covered by the County's insurance programs and to provide reasonable coverage for long-term Limited Tax General Obligation debt service.

**II. PRINCIPLES**

1. **Statutory References:** The Kent County Board of Commissioners may establish rules and regulations in reference to managing the interests and business of the County under Public Act 156 of 1851 [MCLA 46.11(m)].
2. **County Legislative or Historical References:** Resolution 3-27-11-18, adopted by the Board of Commissioners on March 27, 2011, established rules and guidelines for managing the financial interests of the County.
  - 2.a. **Lodging Excise (Hotel/Motel) Tax:** Resolution 9-11-97-118 approved the use of the Lodging Excise (Hotel/Motel) tax proceeds and established levels of project funding.
  - 2.b. **Governmental Accounting Standards Board (GASB):** This document clarifies and expands on pronouncements of the GASB as applicable to local governmental entities and the fund balance for Kent County.
  - 2.c. **Conflicts:** This document restates, clarifies, expands or alters the rules set forth in resolution 9-11-97-118. This Policy and the procedures promulgated under it supersede all previous regulations regarding the County's fund balance and reserve policies.
3. **Operational Guidelines – General:** Classification and use of fund balance amounts.
  - 3.a. **Classifying Fund Balance Amounts –** Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The General Fund may also include an unassigned amount.
    - 3.a.1. **Encumbrance Reporting –** Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in Statement No. 54 of the GASB.
    - 3.a.2. **Prioritization of Fund Balance Use –** When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of Kent County to consider restricted amounts to have been reduced first.
      - 3.a.2.a. When an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used, it shall be the policy of Kent County that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.
4. **Operational Guidelines – Additional:** The County will establish "commitments" for the purpose of maintaining constraints regarding the utilization of fund balance noting the Board of Commissioner's intent regarding the utilization of spendable fund balance.



- 4.a. Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. These amounts will be determined before all other classifications.
- 4.a.1. Long Term Advances** – The County will maintain a fund balance equal to the balance of any long-term outstanding balances due from other County funds which exist at year-end.
- 4.a.2. Inventory/Prepays/Other** – The County will maintain a provision of fund balance equal to the value of inventory balances and prepaid expenses.
- 4.a.3. Corpus of a Permanent Fund** – The County will maintain a provision equal to the corpus (principal) of any permanent funds that are legally or contractually required to be maintained intact.
- 4.b. Restricted** – Fund balance will be reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- 4.c. Committed** – This classification can only be used for specific purposes pursuant to formal action of the Board of Commissioners. A majority vote of the members elect is required to approve a commitment and a two-thirds majority vote of the members elect is required to remove a commitment.
- 4.c.1. Budget Stabilization** – Kent County commits General Fund fund balance in an amount equal to 10% of the subsequent year’s adopted General Fund and subsidized governmental fund budgets to insulate County programs and current service levels from large (\$1 million or more) and unanticipated one-time General Fund expenditure requirements, reductions in budgeted General Fund revenues due to a change in state or federal requirements, adverse litigation, catastrophic loss, or any similar swift unforeseen event. This commitment may be used if one of the qualifying events listed below occurs, and the County Administrator/Controller estimates the qualifying event will cost \$1 million or more and the Board of Commissioners by majority vote of the members present affirms the qualifying event.
- 4.c.1.a. Qualifying Events**
- A flood, tornado or other catastrophic event that results in a declared state of emergency by an appropriate authority, which would require cash up front for response and/or match for disaster relief funds for such an event.
  - Loss of an individual revenue source, such as state revenue sharing, for which official notification was not received until after the budget for the affected year was adopted.
  - Unanticipated public health or public safety events such as a pandemic or civil unrest requiring cash flow until and if sustaining, replacement, or reimbursement funding is available.
  - A Self-Insured Retention (SIR) for an insured claim for which the loss fund has an inadequate reserve.
- 4.d. Assigned** – Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. This would include all remaining amounts (except negative balances) reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted or committed. The Board of Commissioners delegates to the County Administrator/Controller or his/her designee the authority to assign amounts to be used for other specific purposes.

- 4.e. Unassigned** – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance can never be negative.
- 4.f. Minimum Fund Balance** – The County will maintain a minimum fund balance equal to at least 40% of the subsequent year’s adopted General Fund budgeted expenditures and transfers out, to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment. Cash flow shortfalls are related to property tax revenues, in anticipation of a July 1 (Mid Year) property tax billing.
- 4.f.1. Replenishing deficiencies** – When fund balance falls below the minimum 40% range, the County will replenish shortages or deficiencies using the budget strategies and timeframes delineated below.
- 4.f.1.a.** The following budgetary strategies shall be utilized by the County to replenish funding deficiencies:
- The County will reduce recurring expenditures to eliminate any structural deficit: or,
  - The County will increase taxes, fees for services or pursue other funding sources, or
  - Some combination of the two options above.
- 4.f.1.b.** Minimum fund balance deficiencies shall be replenished within the following time periods:
- Deficiency resulting in a minimum fund balance between 39% and 40% shall be replenished over a period not to exceed one year.
  - Deficiency resulting in a minimum fund balance between 37% and 39% shall be replenished over a period not to exceed three years.
  - Deficiency resulting in a minimum fund balance of less than 37% shall be replenished over a period not to exceed five years.
- 5. Exceptions:** None.
- 6. Implementation Authority:** Upon adoption of this Statement of Policy and Principles, the Kent County Board of Commissioners authorizes the County Administrator/Controller to establish any standards and procedures which may be necessary for implementation.
- 7. Periodic Review:** The County Administrator/Controller shall review this policy at least every two years and make any recommendations for changes to the Finance and Physical Resources Committee.

Board of Commissioners Resolution No. 03-24-11-18

Name and Revision Number: Fund Balance/Fund Equity Policy, Revision 7

Date of Last Review: 4/8/2020

Related Policies: None

Approved as to form: Not applicable

**I. POLICY**

1. **Policy:** The Kent County Board of Commissioners requires all County capital improvement/replacement projects to be evaluated for funding within a framework of priorities and the financial capabilities of the County, and as part of a comprehensive budget process.
2. **Capital Improvement Program:** The Capital Improvement Program (CIP) is a primary tool for evaluating the physical improvement, tangible personal property or real property improvements to successfully implement the County budget process. The CIP outlines the schedule of County needs over a five-year period, and contains funding recommendations on an annual basis.

**II. PRINCIPLES**

1. **Statutory References:** Public Act 2 of 1968 as amended (The Uniform Budget and Accounting Act) [MCLA 141.435] sets forth the minimum requirements for items to be contained in the proposed budget submitted to the Board by the County Administrator/Controller, including the amount of proposed capital outlay expenditures, the estimated total cost and proposed method of financing each capital project.
2. **County Legislative or Historical References:** Resolution 3-28-96-38, adopted by the Board of Commissioners on March 28, 1996, established policies and set forth procedures for project submittal and evaluation for the Capital Improvement Program.
  - 2.a. **Conflicts:** This document codifies and amends the policies and procedures set forth in the Resolution 3-28-96-38. Any previous policies or procedures, insofar as they conflict with this policy, are hereby repealed.
3. **Operational Guidelines - General:** The County will establish and maintain a Capital Improvement Fund to account for the acquisition or construction of major capital items not otherwise provided for in enterprise or trust funds. The County will annually deposit, to this fund, a not-less-than sum of monies equivalent to the revenues to be generated from 0.2 mills of the general property tax levy.
  - 3.a. **Project Initiation:** Each department, office and agency of the County will annually submit a proposed list of its capital improvement needs for the next five fiscal years to the County Administrator/Controller's Office, according to a format and schedule developed by the County Administrator/Controller.
  - 3.b. **CIP Inclusion Required:** Any physical improvement or tangible personal and/or real property costing \$25,000 or more and having expected useful life of three years or greater must be included in the CIP in order to be considered for funding.
4. **Operational Guidelines - Additional:** Items submitted for consideration will be evaluated by a Capital Improvement Review Team which shall include, at a minimum, representatives of the Administrator's Office, Fiscal Services, Purchasing, Information Technology and Facilities Management.
  - 4.a. **Evaluation:** Items submitted for consideration will be rated according to established criteria. Items rated by the Review Team will be included in the proposed capital budget submitted to the Finance and Physical Resources Committee.
  - 4.b. **Annual Programming:** It is recognized that the County has limited resources and only a certain number of projects can be funded in any given year. Those projects that are not funded for a fiscal year, as determined by the Board of Commissioners, may be resubmitted for consideration in future years' CIP process.

- 4.c. Purchasing Procedures:** Projects included in the CIP must be acquired through the Purchasing Division and follow established County purchasing procedures.
- 4.d. Project Extension and Carry Forward of Funding:** The County Administrator/ Controller may approve the carry forward of unspent funds from one budget year to a subsequent year.
- 4.e. Approval of Transfers Between and Substitutions of Projects:** The Controller/Administrator can transfer up to and including \$25,000 from any one project to another with the approval of the affected department(s). Transfers of more than \$25,000 must be approved by the Finance and Physical Resources Committee.
- 5. Exceptions:** The Board of Commissioners, upon recommendation of the Finance and Physical Resources Committee, may consider requests to waive any requirement or guideline contained in this policy that is not in conflict with state law.
- 5.a. Project Substitution:** Recognizing that some projects may be tied to grant funding or needs may arise due to emergency situations, a department director or a member of the judiciary may submit a written request to substitute a project for an approved project of equal or greater cost. The County Administrator/Controller shall be responsible for approving the substitute project.
- 5.b. Emergent Projects:** Recognizing that some projects may arise, due to emergencies or other unforeseen events, between the annual CIP budget cycles, the Board of Commissioners may, by two-thirds majority of the members elect, consider adding and funding projects, including those necessary to implement a decision or priority of the Board. Any project presented for consideration must include information delineating the reason(s) why the project cannot wait until the next CIP budget cycle.
- 6. Implementation Authority:** Upon adoption of this Statement of Policy and Principles, the Kent County Board of Commissioners authorizes the County Administrator/Controller to establish any standards and procedures which may be necessary for implementation.
- 7. Periodic Review:** The County Administrator/Controller will review this policy at least every two years and make any recommendations for changes to the Finance and Physical Resources Committee.

Board of Commissioners Resolution No. 07-24-03-92

Name and Revision Number: Capital Improvement Program Policy, Revision 4

Date of Last Review: 4/8/2020

Related Policies: None.

Approved as to form: Not applicable

**FISCAL POLICY – ECONOMIC DEVELOPMENT PARTICIPATION**

I. **POLICY** - To correct and prevent deterioration in neighborhood and business districts within the local units of the County, the County may participate with the local units of government in the establishment of tax abatement or capture programs as authorized by State enabling legislation.

II. **PRINCIPLES**

1. **Statutory References (as may be amended by the State of Michigan periodically):**

Tax Capture

- Public Act 197 of 1975 – Downtown Development Authority Act
- Public Act 281 of 1986 – Local Development Financing Act
- Public Act 530 of 2004 – Historic Neighborhood Tax Increment Finance Authority Act
- Public Act 280 of 2005 – Corridor Improvement Authority Act
- Public Act 450 of 1980 – Tax Increment Finance Authority Act
- Public Act 381 of 1996 – Brownfield Redevelopment Financing Act
- Public Act 101 of 2005 – Brownfield Redevelop. Fin. Act – Infrastructure Improvements
- Public Act 61 of 2007 – Neighborhood Improvement Authority Act
- Public Act 94 of 2008 – Water Improvement Authority Act
- Public Act 481 of 2008 – Nonprofit Street Railway Act
- Public Act 250 of 2010 – Private Investment Infrastructure Funding Act

Tax Abatement

- Public Act 198 of 1974 – Industrial Facilities Property Tax Abatement Act
- Public Act 147 of 1992 – Neighborhood Enterprise Zone Act
- Public Act 376 of 1996 – Renaissance Zone Act
- Public Act 328 of 1998 – Personal Property Tax Abatement Act
- Public Act 146 of 2000 – Obsolete Property Rehabilitation Act
- Public Act 210 of 2005 – Commercial Rehabilitation Act
- Public Act 255 of 1978 – Commercial Redevelopment Act

Tax Capture/Abatement

- Public Act 275 of 2010 – Next Michigan Development Act

Economic Development Tax Exemption

- Public Act 274 of 2014 – General Property Tax act

2. **County Legislative or Historical References:** None

3. **Operational Guidelines - General:**

- 3.a. The County pledges up to 7 percent of its general operating property tax levy in support of economic development activities undertaken by local governmental units through local tax abatement/capture programs as authorized by State enabling legislation.
- 3.b. Participation is contingent upon exclusion of capture or abatement of “dedicated” millage levies (e.g. Correctional and Senior Services). To the extent that these dedicated millages are already captured or abated by a local governmental unit under an existing program, the County will not voluntarily participate in any new or expanded districts.

4. **Operational Guidelines - Additional:**

- 4.a. As allowed by law, the County may “opt out” of participation in any new or expanded district, and enter into a contractual agreement with the sponsoring local units according to the following general terms and conditions:

- 4.a.1. Participation in any capture or abatement district will be limited to 10-year renewable terms. Twenty-year terms may be considered if specific project requests would require debt financing.
  - 4.a.2. Local government unit will pledge 100% of its own operating tax levy for capture or abatement.
  - 4.a.3. County participation in tax capture districts will be on a “match” basis. The County will pledge \$1 of its operating tax levy to match \$1 of city/township tax levy generated for deposit to the Tax Increment Authority.
  - 4.b. County participation will be suspended for any calendar year, if the total County General Revenues and Transfers-In do not increase by at least 3 percent over the prior year’s General Revenues/Transfers In.
  - 4.c. County participation will be suspended if the local governmental unit’s total of all tax abatements’ or captures’ taxable values exceed 10 percent of the combined equivalent taxable value of the local unit.
- 5. Exceptions:**
- 5.a. County participation with individual local government units will be limited to the capture/exemption of tax levy on up to 10 percent of the combined equivalent taxable value in any individual local governmental unit. (See Attachment A).
  - 5.b. In the event that the total of all tax abatement/captures taxable values exceed 10 percent of the combined equivalent taxable value in a specified local government unit, the County will decline participation in the program. In the case of existing programs, County participation will be suspended in the calendar year following determination of the capture/abatement reaching the limit.
  - 5.c. In the event the local governmental unit tax abatement/tax capture exceeds 10 percent of the combined equivalent taxable value, but the local governmental unit enters into an agreement with the County to reimburse lost annual property tax revenues until such time as the percentage of capture is determined to fall below the 10 percent cap, then the County may consent (renaissance zone extension application) to the approval of additional tax abatements.
  - 5.d. Notwithstanding Section 4 above, in the event that a tax capture district provides for “gainsharing” of tax increment proceeds of at least 10 percent, the County may determine if it is in its best interest to not “opt out” of any existing, new, or expanded district to participate in “gainsharing” of tax increment proceeds.
- 6. Implementation Authority:** Upon adoption of this Statement of Policy and Principles, the Kent County Board of Commissioners authorizes the County Administrator/Controller to establish any standards and procedures which may be necessary for implementation.
- 7. Periodic Review:** The County Administrator/Controller shall review this policy at least every two years and make any recommendations for changes to the Finance and Physical Resources Committee.

Board of Commissioners Resolution No. 1-26-17-6

Name and Revision Number: Economic Development Participation Policy, Revision 1

Date of Last Review: 3/1/2019

Related Policies: Fiscal Policy – Economic Development Participation

Approved as to form: Not applicable

**I. POLICY**

1. **Policy:** Kent County will invest funds in a manner which will ensure the preservation of capital while providing the highest investment return with maximum security, meeting the daily cash flow demands of the County and conforming to all state statutes governing the investment of public funds.

**II. PRINCIPLES**

1. **Statutory References:** Public Act 20 of 1943 [MCLA 129.91], as amended, requires the County to have a written investment policy which, at a minimum, includes the purpose, scope and objectives of the policy, including safety, diversification and return on investment; a delegation of authority to make investments; a list of authorized investment instruments; and statements addressing safekeeping, custody and prudence.
2. **County Legislative or Historical References:** This policy was reviewed and adopted by the Board of Commissioners in 2015 and confirmed rules and guidelines for managing the financial interests of the County.
  - 2.a. **Conflicts:** This document restates, clarifies, expands or alters the rules set forth in the 2015 Resolution. This Policy and the procedures promulgated under it supersede all previous regulations regarding County investments.
3. **Scope:** This policy applies to the investment of all funds, excluding the investment of employees' retirement funds.
  - 3.a. **Pooling of Funds:** Except for cash in certain restricted and special funds, the County will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.
4. **General Objectives:** The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:
  - 4.a. **Safety:** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
    - 4.a.1 **Credit Risk:** The County will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
      - 4.a.1.a. Limiting investments to the types of securities authorized by PA 20 of 1943 (MCL: 129.91), as amended, except commercial paper investments must have a rating of not less than P1 from Moody's or A1 from Standard & Poor's and mutual fund investments must have a par share value intended to maintain a net asset value of at least \$1.00 per share. For purposes of this policy, such investments are referred to as securities.
      - 4.a.1.b. Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. With the exception of U.S. Treasury Securities and authorized pools, no more than 25 percent of the total investment portfolio will be invested in a single security type or with a single financial institution.



**4.a.2. Interest Rate Risk:** The County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

**4.a.2.a.** Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

**4.a.2.b.** Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

**4.a.2.c.** The County stratifies its pooled investments by maturity (less than one year, 1-2 years, 2-3 years and 3-5 years). Investments maturing in less than one year shall represent at least 40% of the total value of the portfolio. No other maturity band may represent more than 30% of the portfolio and the total of all investments greater than one year shall represent no more than 60 percent of the total portfolio.

**4.b. Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. To that end, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

**4.c. Yield:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

**4.c.1.** A security with declining credit may be sold early to minimize loss of principal

**4.c.2.** A security swap would improve the quality, yield, or target duration in the portfolio.

**4.c.3.** Liquidity needs of the portfolio require that the security be sold.

## 5. Standards of Care:

**5.a. Prudence:** The standard of prudence to be used by the Treasurer shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The “prudent person” standard states that, “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

**5.b. Ethics and Conflicts of Interest:** The Treasurer and other employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

## 6. Safekeeping and Custody

- 6.a. Delivery vs. Payment:** All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.
- 6.b. Safekeeping:** Marketable securities will be held by an independent third-party custodian selected by the Treasurer as evidenced by safekeeping receipts in the County's name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).
- 6.c. Internal Controls:** The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.
- 7. Reporting Methods:** The Treasurer shall prepare quarterly investment reports, including a certification regarding compliance with all applicable laws and policies. These reports shall be filed with the Board of Commissioners not later than sixty days following the end of each calendar quarter.
- 8. Implementation Authority:** Upon adoption of this Statement of Policy and Principles, the Kent County Board of Commissioners delegates to the County Treasurer the management responsibility for the investment program as required by state statute.
- 9. Periodic Review:** The County Administrator/Controller shall review this policy at least every two years and make any recommendations for changes to the Finance and Physical Resources Committee.

Board of Commissioners Resolution No. 05-14-09-50  
Name and Revision Number: Investments Policy, Revision 7  
Date of Last Review: 4/8/2020  
Related Policies: None  
Approved as to form: Not applicable

## Grand Rapids ranks seventh in fastest rising incomes

By **Ehren Wynder**

Grand Rapids has one of the fastest rising incomes among major U.S. metros, according to a recent study.

After several decades of stagnation, real earnings for full-time U.S. workers are on the upswing. Data from the U.S. Bureau of Labor Statistics shows that between 2015 and 2018, inflation-adjusted earnings for full-time wage and salary workers increased by more than 3%.

Newly released data from the Census Bureau also showed inflation-adjusted earnings across all full-time workers increased by 2.2% over the same period.

The analysis found the Grand Rapids metropolitan area has the seventh-fastest rising incomes among midsize metros in the U.S. with workers experiencing a 6.1% change in earnings after adjusting for inflation.

At the state level, Oregon and Iowa led the nation in earnings gains from 2015 to 2018 with workers in those states seeing wage increases of more than 5% after adjusting for inflation.

Summary of the data for the Grand Rapids-Wyoming area compared to national data is as follows:

Change in earnings for full-time workers (inflation adjusted): 6.1% (2.2% nationally)  
2018 median earnings for full-time workers (2018 dollars): \$47,466 (\$48,565 nationally)  
2015 median earnings for full-time workers (2015 dollars): \$42,201 (\$44,819 nationally)  
Occupation with the most wage growth: family and general practitioners (flight attendants nationally)

Despite wage gains at the national level, not all workers are seeing larger paychecks. According to BLS data, flight attendants had a nearly 18% increase in inflation-adjusted earnings from 2015 to 2018, outranking all other occupations with at least 100,000 workers.

Farmworkers and laborers, food preparation workers and dishwashers also experienced large increases in real earnings, ranging from nearly 11% to over 16%.

Postal service workers and financial services sales agents experienced the largest declines in real earnings among the nation's most popular occupations at 11% and 15%, respectively.

### **Methodology**

Researchers at 360 Quote analyzed data from the U.S. Census Bureau and the BLS over three years.

Income growth was measured as the inflation-adjusted percentage change in earnings for full-time workers from 2015 to 2018. Researchers also calculated the occupation with the most wage growth in each metro out of all occupations with at least 100,000 workers nationally.

## MSU to open satellite Conquer Accelerator in Grand Rapids

By [Mark Sanchez](#)

GRAND RAPIDS — A business accelerator in East Lansing wants to extend into Grand Rapids this fall to tap into the local entrepreneurial ecosystem and support more high-tech startups.

Grand Rapids would become the second location for Conquer Accelerator, a partnership between Spartan Innovations L3C and venture capital fund Red Cedar Ventures, both of which are subsidiaries of the Michigan State University Foundation.

“What we’re doing is taking our program that we’ve had success with here and bringing it over to Grand Rapids,” said Frank Urban, director of venture creation in life sciences for Spartan Innovations.

“That’s definitely an ecosystem we’re interested in,” Urban said of Grand Rapids. “We have been fairly MSU-centric in the past, but we’re starting to open up a little bit to the surrounding ecosystems around our MSU community.”

Founded in 2015 with a goal of building profitable, self-sustaining companies, Conquer Accelerator annually selects five high-tech, startup businesses for 10 weeks of extensive training, and ongoing entrepreneurial support and mentoring. Each of the startups chosen from a field of applicants also receives a \$20,000 investment from Red Cedar Ventures in exchange for 5 percent equity or a convertible note.

Urban specifically cites Spectrum Health as a partner that Spartan Innovations already works closely with, plus the university’s College of Human Medicine and the Grand Rapids Research Center that could support Conquer Accelerator in Grand Rapids.

“We have some strategic partners and potential strategic partners in Grand Rapids,” he said.

In its first four years, the business accelerator supported the formation and funding of 20 startups, 15 of which are still operating. Nine of the 15 companies are based in East Lansing, and four of those operate out of the incubator space.

The startups going through the program were able to leverage the initial backing from Red Cedar Ventures to collectively attract \$2.3 million in follow-up capital investments and create 30 jobs.



COURTESY PHOTO - Michigan State University is bringing its Conquer Accelerator to Grand Rapids, where it aims to leverage the school’s growing presence at the College of Human Medicine and Grand Rapids Research Center, as well as connections with other organizations, to help develop startups.

Red Cedar Ventures and Spartan Innovations have since recorded one exit and are in negotiations for another of its portfolio companies, Urban said.

“We’re getting a lot of traction out of the startups,” Urban said.

### **Local support**

The Grand Rapids Local Development Finance Authority, which operates the city’s SmartZone, last month approved a memorandum of understanding with the MSU Foundation for a local Conquer Accelerator. The LDFA would pay up to \$120,000 to cover a portion of the costs to extend the business accelerator to Grand Rapids.

Conquer Accelerator’s goals are “exactly in line with the goals and priorities of the SmartZone” to nurture and build profitable high-tech startups that create jobs, said Jonathan Klooster, acting economic development director for the City of Grand Rapids.

“It actually is a perfect fit to achieve the priorities of the SmartZone,” Klooster said.

The MSU Foundation intends to base a Conquer Accelerator out of MSU’s Grand Rapids Research Center on Michigan Street in downtown, Urban said.

Pending negotiation of a final contract with the LDFA for Conquer Accelerator, Spartan Innovations tentatively plans to launch the 10-week program in Grand Rapids in mid September, Urban said. Advertisements and requests for proposals from startup businesses likely will go out in March, he said.

Urban expects to receive interest from 15 to 20 startups.

“We don’t think we’ll have a problem getting five teams,” he said. “There’s enough entrepreneurship and ideas out of Grand Rapids.”

### **Finding partners**

The LDFA can bring to Conquer Accelerator several partners that are in the SmartZone, such as Spectrum Health, the Van Andel Institute, Grand Valley State University, Start Garden and The Right Place Inc., to identify startups that are prepared to participate in the training, Klooster said.

The program “is not going to be for everybody,” he said.

“It’s very intensive and it’s really intended for those companies that are ready to spend an intense 10 weeks with a lot of experts coming in to help them move the needle on their business, and they’re going to have to be companies that Red Cedar Ventures wants to invest in,” Klooster said.

Startups should have founders that “demonstrate a willingness to learn and the ability to accept and integrate feedback without being defensive,” and offer a product or service “that solves a problem for a specific customer,” Klooster said. They should operate with less than \$1 million in external funding and have a scalable distribution model or proven ability to scale sales, he said.

“Ideally they’ll have a functional prototype or proven product success,” Klooster said. “This isn’t the program for somebody with an idea where they haven’t had some work put into evaluating that idea yet.”

Spartan Innovations initially plans to operate the Grand Rapids Conquer Accelerator with staff from East Lansing. The organization intends to train and turn over control of the business accelerator to a local team within a few years to “make it strictly a Grand Rapids thing with all Grand Rapids mentors and all Grand Rapids teachers and utilizing everything from Grand Rapids,” Urban said.

“Our goal is not to go out there and run this program like we run it in East Lansing and using all of our people. The goal is to take the program that we built in East Lansing and bring it out to Grand Rapids, train people in Grand Rapids how to run the program, and allow Grand Rapids to eventually run the program, and then they can tailor it for Grand Rapids,” he said.

### **Expanded offerings**

In its first few years, Conquer Accelerator primarily selected student-run startups and broadened eligibility beyond campus in the fourth year. In the fifth year, the business accelerator will consider startups formed by university staff and faculty.

The training focuses on areas such as business planning, patent and copyrights, customer discovery, securing capital, and seeking federal grants for technology development from the National Institutes of Health, National Science Foundation and the Small Business Innovation Research (SBIR) program.

Conquer Accelerator in the 2018-19 fiscal year submitted 16 SBIR applications for highly competitive federal grants for startup clients, Urban said, noting that eight were funded.

Spartan Innovations eventually wants to extend Conquer Accelerator beyond just Grand Rapids and into other markets around the state. It will focus first on areas where “MSU has assets” that can support the business accelerator, Urban said.



## Amazon hiring 1,000 full-time employees for West Michigan facility

By Monica Scott | [msscott2@mlive.com](mailto:msscott2@mlive.com)



*On Monday, Feb. 10 Amazon started hiring the 1,000 people needed for its new facility in Gaines Township. The regional distribution center, located at 4500 68th Street is expected to open in the next month or two. (Monica Scott | MLive.com)*

GRAND RAPIDS, MI – Amazon is hiring for more than 1,000 full-time employees for its new fulfillment center in Kent County’s Gaines Township.

The Seattle-based online retail giant’s 850,000-square-foot facility is on the corner of 68th Street and Patterson Avenue SE, about four miles south of Gerald R. Ford International Airport.

“All Amazon employees — full-time, part-time, temporary and seasonal — receive a \$15/hour minimum wage,” Amazon spokesperson Andre Woodson said in an email to MLive, about starting the hiring process on Monday, Feb. 10.

“This compensation is in addition to our industry-leading benefits package which includes comprehensive health, vision and dental insurance, a 401(k) with a 50% match, generous parental leave, and training for in-demand jobs through our Career Choice program for all full-time employees working in fulfillment centers across the U.S.”

Job candidates must be 18 years or older and have a high school diploma or equivalent to be considered. All interested candidates can apply online at <http://www.amazon.com/grandrapidsjobs>.

In 2018, the Michigan Strategic Fund approved a \$4 million performance-based grant to help Amazon open the new fulfillment center. Fulfillment centers are Amazon’s regional distribution centers.



Woodson said the associates will be picking, packing, and shipping customer orders in a highly technological environment. He said employees will also get to work alongside advanced technology and automation.

Gaines Township Supervisor Robert DeWard said the new facility benefits the entire region, serving as a catalyst for more businesses in the community and West Michigan. He said the opportunity for jobs will also draw more people to the area.

DeWard said the township is already attracting interest from new businesses, including restaurants, gas stations and warehouses because of Amazon.

“As someone who worked in Human Resources for 45 years, I know the value of providing employment to this many people,” he said.

“This is a good opportunity for people with the salary and benefits. I am also hoping we can also provide jobs to a lot of marginalized people in the area having trouble getting employment.”

In anticipation of the growth with Amazon and future businesses, DeWard is already planning for transportation and other needs.

For example, he said he has been bouncing ideas around with The Rapid and others about expanding the bus service to the 68th Street area that currently drops off at the Meijer at Kalamazoo and M-6 in Caledonia.

DeWard said local companies have benefited from Amazon’s \$150 million investment in the facility. He said he asked the company to hire some local contractors for some of work and they did, including electricians, plumbers and asphalt companies.

The Amazon facility, located at 4500 68th St., could open in March or April, given Woodson told MLive the hiring process starts anywhere between one to two months prior to launch.

Prospective employees can indicate a shift preference and select an appointment time to attend an upcoming hiring event and orientation when they apply online. Shift schedules will vary. Veterans and military spouses are encouraged to apply.

## Grand Rapids named fourth 'safest' metro

By Justin Dawes

A real estate data company named Grand Rapids the fourth safest U.S. metro.

St. Louis-based Clever Real Estate investigated the danger of living in each of the 50 most populated metros in the U.S. based on a resident's likelihood to experience crime, natural disaster, traffic fatality and contaminated drinking water.

To assign scores, the company weighed violent crime most heavily, followed by natural disasters and transport fatalities, property crime and drinking water contamination.



*Grand Rapids ranked behind Denver, Colorado; San Jose, California; and Chicago as "safest" metros, according to Clever Real Estate. Courtesy Experience Grand Rapids*

### Five "most dangerous" U.S. metros

1. Memphis, Tennessee
2. Birmingham, Alabama
3. Oklahoma City, Oklahoma
4. Louisville, Kentucky
5. Nashville, Tennessee

### Five "safest" U.S. metros

1. Denver, Colorado
2. San Jose, California
3. Chicago, Illinois
- 4. Grand Rapids**
5. Providence, Rhode Island

## Region ranks among top places with high investment activity

By [Rachel Watson](#)

The Grand Rapids-Wyoming metropolitan statistical area has been listed among U.S. cities where residents are racking up the most investment income.

SmartAsset published its second annual study, “Places Where Residents Invest the Most,” and the 2020 edition reports Grand Rapids-Wyoming tied for No. 24, with an index score of 69.73, alongside Dallas-Fort Worth-Arlington, Texas; Houston-The Woodlands-Sugarland, Texas; and Jacksonville, Florida.

### Methodology

The study compared 100 of the largest metro areas in the U.S. across three metrics: investment income as a percentage of overall income, percentage of tax returns with capital gains income and average investment income as a percentage of annual housing costs.

To create the final rankings, each metro area was ranked across every metric with equal weighting.

The area’s average ranking was then used to determine a final score. The metro area with the highest average ranking received a score of 100. The metro area with the lowest average ranking received a score of 0.

### Top 10

1. Bridgeport-Stamford-Norwalk, Connecticut: 100
2. Northport-Sarasota-Bradenton, Florida: 99.32
3. San Jose-Sunnyvale-Santa Clara, California: 98.3
4. San Francisco-Oakland-Hayward, California (tie): 96.94
4. Cape Coral-Fort Myers, Florida (tie): 96.94
6. Boston-Cambridge-Newton, Massachusetts-New Hampshire: 94.9
7. Seattle-Tacoma-Bellevue, Washington: 93.88
8. Austin-Round Rock, Texas: 89.8
9. New York-Newark-Jersey City, New York-New Jersey: 88.1
10. Durham-Chapel Hill, North Carolina: 81.29

## Grand Rapids was ranked third among large cities where manufacturing is “thriving,” according to a new study.

By [Rachel Watson](#)

AdvisorSmith, a financial services advisory startup based in New York, ranked Grand Rapids at No. 3 over other large cities such as Hartford, Connecticut; Greenville, South Carolina; Detroit; and San Francisco.

According to the report, manufacturing output per capita was \$13,931 in Grand Rapids compared with a national average of \$7,032.

Grand Rapids ranked No. 20 among cities of all sizes, beating out Kalamazoo at No. 33 and Battle Creek at No. 44.

Major manufacturing industries in Grand Rapids that were listed in the study include office furniture, automotive and medical devices.

### Methodology

AdvisorSmith analyzed cities using data from the U.S. Bureau of Labor Statistics, the Census Bureau and the Bureau of Economic Analysis.

The study ranked cities based on their manufacturing output per capita, manufacturing employment and other factors, then categorized the results by small, medium and large cities.

### Top 10 large cities where manufacturing is thriving

1. San Jose, California
2. Wichita, Kansas
- 3. Grand Rapids**
4. Palm Bay, Florida
5. Hartford, Connecticut
6. Ogden, Utah
7. Greenville, South Carolina
8. Durham, North Carolina
9. Detroit
10. San Francisco

## 24-story, mixed-use building proposed for downtown Grand Rapids

By [Brian McVicar](#) | [bmcvicar@MLive.com](mailto:bmcvicar@MLive.com)

GRAND RAPIDS, MI — A developer wants to build a 24-story, mixed-use building — containing 118 apartments, a five-floor parking garage, and retail and office space — across the street from Van Andel Arena.

The proposed building would be located on what is now a small, city-owned parking lot.

Grand Rapids city officials on Tuesday, Jan. 21, will ask the city commission to approve a one-year option agreement that would create a path for Grand Rapids-based Wheeler Development Group to purchase a parcel at 22 Ottawa Ave. NW and move forward with the project.

“We’re honored to have been considered for this project,” said Jason Wheeler, a spokesperson for the group, formerly known as Orion Real Estate Solutions.

“That site itself is really exciting to us mainly because the way it will continue to activate our arena district.”

Located across from Van Andel Arena, the city-owned property under consideration is currently home to a small surface parking lot and the city’s Ottawa/Fulton parking ramp. The proposed building would be built on the surface lot portion of the property, which is about 17,400 square feet in size.

The building, which would connect to the Ottawa/Fulton parking ramp, is estimated to cost about \$55 million to develop, according to a city memo. Construction, at the earliest, could begin this fall, and would take roughly 28 months to complete.

The city began pushing for development at 22 Ottawa in October when it issued requests for proposals for the site.

The city requested that the proposals include up to 200 new parking spaces, a residential component — a portion of which should be “affordable” — as well as the inclusion of women- and minority-owned contractors.

Jono Klooster, the city’s acting economic development director, said the city received four proposals for the site. He declined to name the other firms that submitted proposals but said they all came from Michigan-based entities.

He said the project is “extremely important” to the city, and that the proposal submitted by Wheeler Development Group meets many of the goals laid out in the city’s strategic plan.

“This project really checks a lot of boxes,” Klooster said. “If you go from top-to-bottom we’ve got for sale housing, we’ve got apartments both affordable and market rate, office space, expansion of parking and then first floor activation with retail.”

Wheeler said the 24-story mixed-used building represents his firm’s vision for the property. If the city commission approves his firm’s request for a one-year option to purchase the property, Wheeler said his firm will begin doing further due-diligence on the project. That would include design work as well as a further examination of the demand for downtown housing, office and retail space, he said.



*Wheeler Development Group is proposing a 24-story, 280-foot mixed use building at what is now a city-owned lot at 22 Ottawa Ave. NW. (Courtesy Wheeler Development Group)*

“It’s a real complex site because of its small footprint, and that will require a lot of extensive planning from our teams,” he said.

In addition to the 118 apartments, a city memo indicates the building would include 19 condos on five-floors, 44,000-square-feet of office space on three-floors, 185 parking spaces, and 5,215-square-feet of ground-floor retail space.

Wheeler Development Group has indicated between 10

percent and 20 percent of the apartments “can be made affordable to households earning 80 percent or less than the area median income.” For a one-person household, for example, 80 percent of Kent County’s area median income translates to an annual income of \$42,960.

Wheeler said he’s confident there’s demand for more downtown housing, and that the site under consideration is attractive because of its proximity to the arena and other downtown amenities.

“We feel there’s a lot of excitement here for people to continue to live in this area,” he said.

If the city commission approves Wheeler Development Group’s request for the one-year option, the firm would be required to pay the city \$30,000. If Wheeler Development Group were to purchase the property, a formal development agreement would come before the city commission for approval.

Wheeler said his firm is working on the project with Integrated Architecture.

## Van Andel Arena No. 2 in ticket sales for U.S. venues of its size in 2019

By Edward Pevos | [epevos@MLive.com](mailto:epevos@MLive.com)

GRAND RAPIDS, MI - Van Andel Arena was officially the second highest grossing venue in the United States for venues of its size in 2019. According to Billboard's year-end Boxscore Charts, the arena in Grand Rapids was also number 7 in the world.

Van Andel Arena hosted 69 shows last year with a total attendance of 537,855. Gross ticket sales were \$37,661,357. That's second only to MGM Grand Garden in Las Vegas which had nearly \$55 million. Globally, the SSE Hydro in Glasgow had just over \$72 million in gross ticket sales.

The Billboard list is for all venues with a capacity range of 10,001 to 15,000. Van Andel Arena holds 12,860. Billboard's list reported gross ticket sales for shows between November 1, 2018 and October 31, 2019. In that span, the arena hosted some huge concerts including: Metallica, KISS, Jonas Brothers, Justin Timberlake and Bob Seger.

"2019 was another great year for us at Van Andel Arena, and we are grateful that we can continue building our reputation as one of the top arenas in the world," said ASM Regional General Manager Richard MacKeigan. "The immense support from the community here and the Grand Rapids-Kent County Convention/Arena Authority as well as promoters worldwide and ASM Global corporate is a powerful springboard for us to keep attracting top shows and appearing on these lists."

Some huge concerts have already been announced for 2020 with Post Malone scheduled for February 12, Dan + Shay on March 26, Elton John on April 23 and Journey on July 8.

### The top 10 venues in the world for 2019 in Van Andel Arena's capacity range are:

1. SSE Hydro in Glasgow
2. Mercedes-Benz Arena in Berlin
3. MGM Grand Garden in Las Vegas
4. Hallenstadion in Zurich
5. Barclaycard Arena in Hamburg
6. SSE Arena Wembley in London
- 7. Van Andel Arena**
8. Brisbane Entertainment Centre
9. Rac Arena in Perth
10. 3Arena in Dublin



Courtesy Van Andel Arena



## Ford airport finishes \$30M project

By Justin Dawes

Gerald R. Ford International Airport has completed its \$30 million apron reconstruction project.

The project started in March 2018 and was completed in seven phases over 21 months.

The apron area is the space where aircraft are parked, unloaded/loaded and re-fueled.

The project removed aging concrete pavement and replaced it with 153,000 square yards of new concrete for future airport development and aircraft loadings.

Of the total project cost, 90% was financed by FAA funding, 5% through MDOT funding and 5% from airport revenue.

The amount of concrete placed equates to a nearly 250-mile stretch of sidewalk, 4-feet wide and 4-inches thick — enough to walk from the airport to the Mackinac Bridge.

“We had over 195,000 cubic yards of excavation on this project — that’s enough to fill 60 Olympic-sized swimming pools,” said Tory Richardson, president and CEO, Ford airport.

“We are also proud of the fact that 99% of the materials removed from airport property during this project were reused or recycled, and we did this construction with minimal impacts to our passengers.”

Ford airport also installed all-new LED lighting in the apron area to reduce energy usage and upgraded the storm water drainage system and underground utilities to accommodate future airport development.

Syracuse, New York-based C&S Companies was the architect on the project.

Kentwood-based Kamminga & Roodvoets was the project’s contractor.



*Courtesy Experience Grand Rapids*

## Forget a recession, 2020 economy will remain strong, says forecasters

By [Daniel Boothe](#)

Despite economists predicting that a recession should have hit West Michigan by now, the economy is strong and will remain strong in 2020. That's according to regional development organization The Right Place, which hosted its annual economic outlook for West Michigan Wednesday morning at the Amway Grand Hotel in downtown Grand Rapids.

2019 marks the end of a 3-year-strategic plan for the Right Place, and not only did the organization meet the goals it set for itself, the end result was better than expected.

Tracking against The Right Place's 2017-2019 3-year strategic plan, the organization has spurred the creation of 5,192 new and retained jobs, on a goal of 4,200.

With a goal of \$150 million in new and retained payroll, the Right Place ended with over double at \$309 million and with a goal of \$500 million in new capital investment, the Right Place brought in nearly \$800 million far exceeding its expectations.

Economist Jim Robey is with the W.E. Upjohn Institute and gave the 2020 West Michigan economic forecast Tuesday. He says despite the earlier predictions of a recession hitting in 2019, the economy is strong, and will remain strong in 2020.

"The reality is if you look at gdp forecasts from a number of sources...the fundamentals of the economy are in place," Robey said. "Certainly from our read of it the next year or two should be good."

Robey said however, that the economy will slow down some over the next two years, but still far from the recession that so many economists were predicting just two years ago.

## Grand Rapids is the 15th ‘best’ housing market in US

Grand Rapids ranks among the “best” cities in the country for buying a home.

WalletHub, a Washington, D.C.-based personal finance website, recently published its 2019 “Best Real Estate Markets” report, showing Grand Rapids is high on the ranking compared to most major cities.

To determine the best housing markets in the U.S., WalletHub compared 300 cities of varying sizes across 23 indicators of “housing market attractiveness and economic strength.” The data set includes median home-price appreciation, home sales turnover rate and job growth.

Each metric was graded on a 100-point scale, with 100 representing the healthiest housing market.

Coming in at No. 15 overall, Grand Rapids received an overall score of 67.88, ranking No. 8 in the “real estate market” sub-category and No. 103 in “affordability and economic environment” sub-category.

Grand Rapids also ranks No. 9 overall among mid-size cities (150,000 to 300,000 residents) with a score of 67.88.

The report also looked at small cities (under 150,000 residents).

### Top 10 “best” housing markets

1. Boise, Idaho: 73.68
2. Frisco, Texas: 72.44
3. Overland Park, Kansas: 71.69
4. Cary, North Carolina: 71.07
5. Denton, Texas: 70.51
6. McKinney, Texas: 70.23
7. Carrollton, Texas: 70.02
8. Durham, North Carolina: 69.67
9. Allen, Texas: 69.52
10. Fort Wayne, Indiana: 69.51

### Top 10 “best” mid-size housing markets

1. Boise, Idaho: 73.68
2. Frisco, Texas: 72.44
3. Overland Park, Kansas: 71.69
4. Cary, North Carolina: 71.07
5. McKinney, Texas: 70.32
6. Durham, North Carolina: 69.67
7. Fort Wayne, Indiana: 69.51
8. Gilbert, Arizona: 67.99
9. **Grand Rapids: 67.88**
10. Laredo, Texas: 65.29

## Grand Rapids airport announces \$90M expansion

By [Sydney Smith](#)

GRAND RAPIDS — A \$90 million expansion at the Gerald R. Ford International Airport will aid in economic development in West Michigan, the airport authority board said Wednesday.

Airport officials gathered to announce “Project Elevate,” which includes several components meant to ease and expand passenger experience.

The project begins with the extension of Concourse A to accommodate projected passenger growth over the next 20 years. Construction will begin in 2020 to add eight gates to the concourse and other amenities.

“Project Elevate will change the face of the airport while providing additional capacity and a reimagined customer experience,” said Casey Ries, engineering and planning director for the airport authority.

The expansion of a terminal apron to support the concourse expansion is already underway because of more than \$14.4 million secured through federal and state commitments from the Federal Aviation Administration and the Michigan Department of Transportation.

The airport is also seeking federal approval for a second development associated with Project Elevate: the addition of a federal inspection station to screen international commercial passenger flights. A third planned project would relocate the airport’s current air traffic control tower to make way for additional tenant hangars and parking.

The addition of the federal inspection station will expand capabilities to service international flights, according to airport officials. Currently when an international flight lands, U.S. Customs & Border Protection agents meet and screen the passengers at the aircraft. The inspection station will provide a permanent, centralized location for the agents.

The airport authority board has worked with legislators and The Right Place Inc. to secure a \$5 million grant from the Michigan Economic Development Corp. for the inspection station, which is estimated to cost \$24 million total.

Funding for the Project Elevate comes from federal and state grants, municipal bonds issued by the airport and user fees. Design and construction partners include Dallas-based architecture firm HKS Inc. and Lansing-based contractor Christman Co., which has an office in Grand Rapids.

When complete in 2022, the project will position the airport to accept additional daily flights. Airport officials also anticipate the creation of 300 jobs as a result of the projects.

The project announced Wednesday builds off of the \$47 million gateway transformation project at the airport that began in 2014, and is set to conclude in 2020. Currently the second phase of that project is underway,



*Courtesy rendering*

which includes the relocation of TSA equipment, additional bathrooms and dining and beverage options near baggage claim.

Birgit Klohs, president and CEO of The Right Place, said economic development in the region and the airport are “joined at the hip,” noting the airport is part of attracting companies and workers to the area. Project Elevate will enhance that, she said.

“The airport needs to meet future travelers’ needs,” Klohs said. “Project Elevate will do that, and will provide an impressive welcome for all of those who come through this front door to West Michigan.”

## Smaller Markets Draw Attention Away From Big City Metros

Each year we analyze over 16,000 ZIP codes based on the time it takes properties to sell and how frequently homes are viewed in each ZIP code on realtor.com®. These are the hottest ZIP codes of 2019.

The hottest ZIP codes in America are on the move from big cities like San Francisco and New York to quieter metros with a more suburban feel such as Omaha, Neb. and Goffstown, N.H. Five ZIP codes in up-and-coming neighborhoods made their debut on the list boosted by extremely low home prices and even more millennial home buyers.

The 2019 hottest ZIP codes America, in rank order, are:

Rank	Zip Code	Zip Name
1	49505	Grand Rapids, MI
2	68144	Omaha, NE
3	83704	Boise, ID
4	66203	Shawnee, KS
5	14609	Rochester, NY
6	48154	Livonia, MI
7	02176	Melrose, MA
8	76018	Arlington, Tx
9	03045	Goffstown, NH
10	80916	Colorado Springs, CO

Homes in this year’s top 10 sell in an average of 17 days, 40 days faster than the rest of the country and 20 days faster than their respective metros, on average. Realtor.com® users view homes in these markets 3 times more often than homes in the rest of the country and 1.9 times more often than in their respective metro areas, on average.

### Affordability ignites even more demand in smaller, less dense locales

As buyers continue to be priced out of big cities, demand is sparking up in smaller, less dense markets where housing is more affordable. Last year, the top 10 hottest ZIP codes in America included towns on the outskirts of some of the largest, most densely populated cities in the country such as New York and San Francisco. But these markets rotated off the list this year to make way for Omaha, Neb. and Manchester, N.H. and smaller metros from previous years such as Boise, Idaho; Kansas City, Mo. and Colorado Springs, Colo. In fact, this year’s top 10 hottest markets have half of the total number of households of the market’s on last year’s list and 7 percent fewer households per square mile.

Even though buyers are moving to smaller markets, they are looking to retain an urban lifestyle by living closer to the city center. This tells us that today’s home buyers are trying to have it all — proximity to downtown, room to grow, and affordability—and they’re finding it outside of the biggest cities in the country. The average commute distance from this year’s hottest 10 ZIPs to their downtown area is 9 miles, which is 31 percent or 4 miles closer compared to last year’s top 10.



### Newbie ZIPs bring new trends to the top 10

Among the top 10 hottest ZIPs in America, five are making their debut on the list this year, including: No.1 Grand Rapids, Mich. (49505); No. 4 Shawnee, Kan. (66203); No. 5 Rochester, N.Y. (14609); No. 8 Arlington, Texas (76018); and No. 9 Goffstown, N.H. (03045). Although some of the traditional drivers of market hotness are represented in these areas, there are also some emerging trends of extremely low home prices, developing local economies, and even larger populations of millennials.

#1

49505

GRAND RAPIDS, MICH.

Median listing price: **\$178,050**Days on market: **10 Days**Job growth: **1.6%**Unemployment: **3.1%**

Affordability has been a key factor driving the hottest ZIP codes for the last five years. But among 2019's new ZIPs, the trend is even more extreme. When compared to the top 10 as a whole the average median listing price for the five new ZIPs is 36 percent less expensive. They are also 32 percent less expensive than both the metro and the national median home price.

Although these areas are thriving in many ways, local economic indicators signal these up-and-coming neighborhoods still have a way to go. The median income of the five newbie ZIPs is \$64,000, 9 percent lower than the median of the others in the top 10. But their average unemployment rate is strong at 3.2 percent, which is 0.2 percentage points lower than the average of the returning ZIPs, and 0.4 percentage points lower than the national rate of 3.6 percent. The number of households in these markets is projected to grow by 4.3 percent this year, faster than the national rate of 1.1 percent, but not quite as fast as expected in the returning ZIP codes, projected to grow at a rate of 7.6 percent.

Millennials have played a critical part of market hotness for some time, but their role is even larger in these new ZIPs. In fact, on average, the millennial homeownership rate in these areas is 5 percent higher than their returning counterparts and exceeds the national rate by 13 percent.

### Overall trends driving hotness in the top 10

Among this year's top 10 hottest markets in America, there are some consistent factors driving their popularity, including: large numbers of high earning millennials scooping up homes, relatively affordable home prices and strong local job markets. In the top 10 ZIPs, millennials' salaries are on average, 13 percent greater than the national millennial median income. They also make up the greatest share of homebuyers taking on a mortgage, averaging 39 percent. Part of the appeal of these top 10 ZIPs is their relatively affordable average home price of \$272,000, well below the current national median of \$316,000.

Another factor contributing to these hot housing market is residents have money to spend. On average, resident incomes in each of these areas are 6.5 percent higher than the national median. Additionally, jobs are expected to grow 1.3 percent this year, exceeding the projected national growth of 1.0 percent.



## **Grand Rapids MSA receives two top rankings for job growth and economic potential**

The Grand Rapids MSA has recently landed at the top of two rankings for job growth and economic potential. Reuters named Grand Rapids one of the top cities in the nation for job growth and Business Facilities ranked Grand Rapids the number one mid-sized city for economic growth potential.

### **Grand Rapids named ‘superstar’ city by Reuters**

International news organization, Reuters, recently published an analysis of seven-year job growth in metropolitan statistical areas (MSAs) throughout the United States. This analysis found that 40% of the new jobs generated during that time went to 20 top ‘superstar’ cities. These high performing cities represent about a quarter of the population and are experiencing out-sized job growth. The Grand Rapids area is one of only two cities in the Midwest on the list. The rest of the top 20 cities are clustered around fast growing regions in the south and coastal areas, such as Atlanta, Austin, San Francisco, and Seattle.

### **Grand Rapids ranked #1 mid-size city for economic growth potential by Business Facilities**

In its 15th annual ranking, Business Facilities’ 2019 Metro Rankings Report named Grand Rapids the No.1 mid-sized city in the country for economic growth potential. The magazine highlighted the region for its diverse economic strengths in automotive, food processing, office furniture, metals, plastics, biopharmaceuticals, medical devices, and production technology.

Grand Rapids out-ranked several other notable cities, including Madison, WI and Birmingham, AL.

“The Grand Rapids region has experienced tremendous economic growth over the past several years,” said Birgit Klohs, President and CEO, The Right Place, Inc. “These rankings recognize our region as a national leader, and further solidify our area as a destination for business success. There is no better time than now to be doing business and living in West Michigan.”

## Grand Rapids, MI: Mid-sized metro with heavyweight potential

By Business Facilities Staff

Grand Rapids, MI, Madison, WI and Birmingham, AL are our top three mid-sized metros for Economic Growth Potential, respectively.

The Grand Rapids region is home to industry leaders in applied technology, sustainable practices and industrial design. The region has some of the nation's largest industry concentrations in metals, plastics, biopharmaceuticals, medical devices, production technology, automotive, office furniture and food processing.

With approximately four out of five manufacturers having less than 250 employees, West Michigan manufacturers are lean, innovative and offer a wide variety of capabilities. Manufacturing currently accounts for 15 percent of all jobs in the region and remains the heart of West Michigan's economy.

In 2009, manufacturing in West Michigan began an era of unprecedented job creation and investment, surpassing both state and national averages year after year. This trend continues today with more than 2,500 manufacturing companies growing in the region.

Recent manufacturing projects in the Grand Rapids region include a \$10 million capital investment by Bissell Inc. that will create 100 new jobs, a \$140 million capital investment by Dicastal North America that will create 300 new jobs and a \$29 million capital investment from Plasan Carbon Composites expected to generate more than 600 new jobs.

West Michigan's manufacturers are also supported by commercialization partners, including the Van Andel Institute, the Michigan Alternative and Renewable Energy Center (MAREC), the University Research Corridor and MSU Business Connect.

From full-service, large-scale managed IT solutions to custom software, online and app development, West Michigan's high-tech industry can build solutions from the ground up. Whether it's a pure digital solution or developing integrated technology products, the region's tech companies have the knowledge and resources to make it happen. The region boasts a tech pipeline fueled by a network of 17 regional colleges and universities. The Grand Rapids region's IT industry is one of the fastest growing in the nation, growing at a rate of 18.5 percent. Average earnings per job in West Michigan's IT industry are \$85,692.

### Economic Growth Potential (Mid-Sized)

- 1 GRAND RAPIDS, MI
- 2 MADISON, WI
- 3 BIRMINGHAM, AL
- 4 RICHMOND, VA
- 5 LEXINGTON, KY
- 6 JERSEY CITY, NJ
- 7 RENO, NV
- 8 BOISE, ID
- 9 VIRGINIA BEACH, VA
- 10 LUBBOCK, TX

## Grand Rapids market ranks 2nd in US for hiring plans

By [Ehren Wynder](#)

In terms of hiring plans, Grand Rapids employers are among the most optimistic in the country.

Grand Rapids is the No. 2 large metropolitan market in the country for hiring plans, according to ManpowerGroup's "Employment Outlook Survey" for the third quarter of 2019.

Employers nationwide, across 13 industries, reported double-digit hiring intentions, suggesting continued strength in the labor market at a time when open jobs have outnumbered unemployed U.S. workers for 13 consecutive months, according to the Bureau of Labor Statistics.

Grand Rapids had a positive "net employment outlook" of 36%, coming behind Charlotte, North Carolina, which had an outlook of 37%.

Regionally, both the Western (22%) and Midwest (21%) U.S. have the strongest regional outlooks in the country and the highest reported outlooks in 11 and 18 years, according to ManpowerGroup. Hiring prospects in the South (20%) are close behind, with employers in the Northeast (19%) not far behind.

Industry-wise, the most optimistic outlooks are reported in professional and business services (28%) and leisure and hospitality (27%), reflecting an increase in automated processes and consumer spending that hit a six-month high in Q2, which fuels demand for workers with both digital and soft skills, according to the report. Prospects are also good for jobseekers in transportation and utilities (25%) and wholesale and retail trade (24%), as customer demand for last-mile delivery continues to grow.

### Top five metros

1. Charlotte, North Carolina: 37%
- 2. Grand Rapids: 36%**
3. Madison, Wisconsin: 34%
4. Columbia, South Carolina: 33%
5. Milwaukee: 33%

The ManpowerGroup Employment Outlook Survey is conducted quarterly to measure employers' intentions to increase or decrease the number of employees in their workforces during the next quarter.

The net employment outlook is determined by taking the percentage of employers anticipating an increase in hiring activity and subtracting the percentage of employers expecting a decrease in hiring activity.

## Grand Rapids Rankings

We think Grand Rapids is one of the best places in the world to live and work. Thankfully, many unbiased sources agree with our opinion. Browse through the rankings below to learn more.

### 2020

- #3 - Top Cities Where U.S. Manufacturing is Thriving - Grand Rapids, [AdvisorSmith](#)
- #7 - Top 10 Metros for Millennials - Grand Rapids, [New York Times/CommercialCafe](#)

### 2019

- Top 10 Cities to Buy Affordable Homes on a \$60k Salary - Grand Rapids, [CNBC](#)
- #5 - Top U.S. Growth Cities for 2018 - Grand Rapids/Wyoming, [U-Haul](#)
- #1 - Best City in Michigan - East Grand Rapids, [USA Today](#)
- #51 - Best Metro for STEM Professionals - Grand Rapids, [WalletHub](#)
- Top Up and Coming Cities in the U.S. in 2019 - Grand Rapids, [Thrillist](#)
- #10 - Annual International Housing Affordability Survey - Grand Rapids, [Demographia](#)
- #45 - 2019 Top 100 Best Places to Live - Grand Rapids, [Livability](#)
- #6 - Best Places to Retire in the U.S. - Grand Rapids, [U.S. News & World Report](#)
- #6 - 25 Best Affordable Places to Live in the U.S. in 2019 - Grand Rapids, [U.S. News & World Report](#)
- #13 - 25 Best Places to Live in the U.S. in 2019 - Grand Rapids, [U.S. News & World Report](#)
- 16 Incredibly Romantic Getaways in the Midwest - Grand Rapids, [TripAdvisor](#)
- #1 - Best Small Cities for Starting a Business - Holland, [WalletHub](#)
- #2 - The Top Five Most Popular Destinations for Millennials - Grand Rapids, [National Association of Realtors](#)
- #2 - Top Hiring Metro Areas in the U.S. - Grand Rapids, [ManpowerGroup](#)
- #4 - Best Cities for First-Time Home Buyers - Grand Rapids, [WalletHub](#)
- Top 20 Cities for 7-Year Job Growth - Grand Rapids, [Reuters](#)
- #1 - Mid-Sized Metro for Economic Growth Potential - Grand Rapids, [Business Facilities](#)
- #1 - America's 10 Hottest Neighborhoods, Grand Rapids (49505 - Creston), [Realtor.com](#)
- #1 - Top Metro for Sustainable Development, [Site Selection Magazine](#)
- #15 - Best Places to Buy a House in 2019, Grand Rapids - [WalletHub](#)
- #9 - Best Midsize Cities to Buy a House in 2019, Grand Rapids - [WalletHub](#)
- #59 - Best Places to Live in 2019, Wyoming, MI - [Money Magazine](#)
- #25 - Best Food Cities in America, Grand Rapids - [WalletHub](#)
- #12 - 2020 State Business Tax Climate Index - [MEDC](#)
- #2 & #6 - Hottest U.S. Housing Markets of 2019, Grand Rapids (Alger Heights & Creston) - [Redfin](#)

### 2018

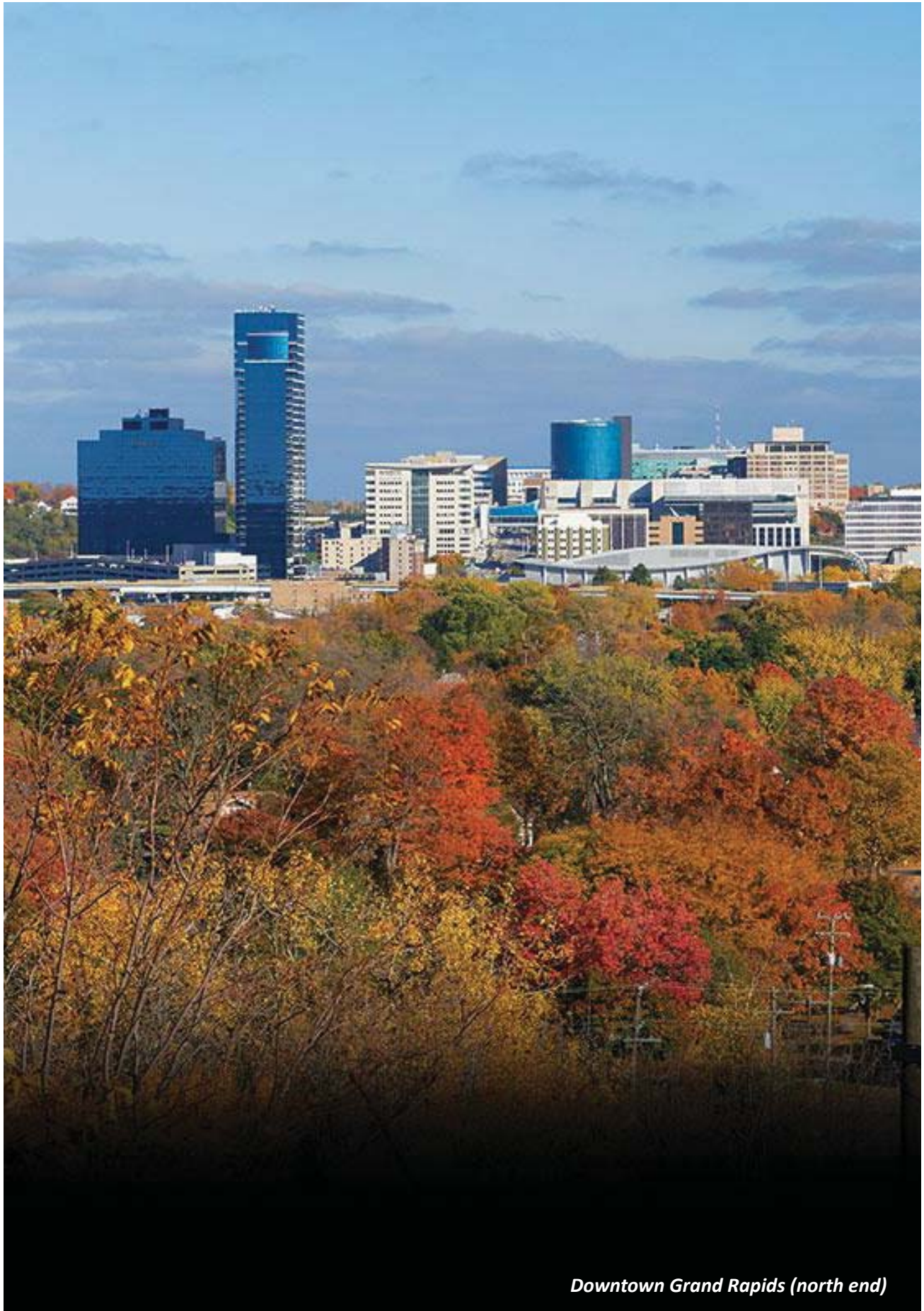
- #26 - Best Metro in the U.S. for STEM Professionals - Grand Rapids, [WalletHub](#)
- #1 - Region for End-of-Life Care Quality - Grand Rapids, [Washington Post](#)
- #4 - Top Counties in Michigan for Manufacturing Jobs - Kent County, [U.S. Census Bureau](#)
- #1 - Metro for Living a Balanced Lifestyle - Grand Rapids, [MagnifyMoney](#)
- #3 - Best Cities for First-Time Home Buyers - Grand Rapids, [LendingTree](#)
- #7 - Fastest Growing Economy in the U.S. - Grand Rapids, [Forbes and Headlight Data](#)
- #2 - Most Improved Metros for Percentage Growth in GRP - Grand Rapids, [Headlight Data](#)
- #2 - City for New Small Businesses - Grand Rapids, [Lending Tree](#)
- #5 - Best Places to Live in Michigan - East Grand Rapids, [Niche](#)
- #54 - Best Places to Live in the U.S. - East Grand Rapids, [Niche](#)
- #28 - Most Hipster City in the World - Grand Rapids, [MoveHub](#)

- #1 - Small City to Start a Business in the U.S. - Holland, [WalletHub](#)
- High-Performing City - Grand Rapids, [Governing and Living Cities](#)
- #13 - Best Large City to Start a Business - Grand Rapids, [WalletHub](#)
- #2 - Best Place to Make the Most of a Tight Budget - Grand Rapids, [MagnifyMoney](#)
- #6 - Smaller City Poised to Skyrocket - Grand Rapids, [Realtor.com](#)
- #10 - Best Cities to Start a Career - Grand Rapids, [WalletHub](#)
- #27 - America's Biggest Boomtowns - Grand Rapids, [MagnifyMoney](#)
- #1 - America's Hottest ZIP Code - Kentwood, 49508, [Realtor.com](#)
- #14 - Top 50 Best Destinations for Millennials in 2019, [hometogo.com](#)
- #2 - Top 10 Markets and Neighborhoods to watch in 2019, [Trulia.com](#)
- #49 - Comeback Cities: Declining Crime Across the U.S., [SecurityChoice.com](#)

## **2017**

- #2 - Aerospace Manufacturing Attractiveness - Michigan, [PricewaterhouseCoopers](#)
- #1 - Fastest Growing U.S. Economy - Grand Rapids, [HeadlightData.com](#)
- #19 - Best Cities in the U.S. - Grand Rapids, [US News.com](#)
- #2 - Best Place to be a Millennial - Grand Rapids, [Trulia.com](#)
- #3 - Big Cities with the Healthiest Housing Markets - Grand Rapids, [SmartAsset.com](#)
- #4 - Housing Market to Watch - Grand Rapids, [Trulia](#)
- #5 - Best Large Cities to Start a Business - Grand Rapids, [WalletHub](#)
- #9 - Hottest Hipster Markets in the U.S. - Grand Rapids, [Realtor.com](#) and [Yelp](#)
- #3 - Hottest Housing Markets in the U.S. - Kentwood, [Realtor.com](#)
- #5 - America's Most Underrated Cities - Grand Rapids, [Travel + Leisure](#)
- #1 - Housing Market in the Nation - Grand Rapids, [Trulia](#)





*Downtown Grand Rapids (north end)*