

City of Detroit



Downtown Development Authority

500 Griswold, Suite 2200, 22nd Floor

Detroit, Michigan 48226

Phone: 313 963 2940

Fax: 313 963 8839

CODE DDA 18-08-02-611

APPROVAL OF MINUTES OF AUGUST 8, 2018

RESOLVED, that the minutes of the Regular meeting of August 8, 2018 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Downtown Development Authority.

August 22, 2018

City of Detroit



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**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, AUGUST 8, 2018 – 3:00 P.M.**

BOARD MEMBERS PRESENT: Marvin Beatty
Austin Black
Ehrlich Crain
Sonya Delley
James Jenkins
Tom Lewand (Mayor's Representative)
David Massaron
John Naglick

BOARD MEMBERS ABSENT: Charles Beckham
David Blaszkiewicz
Richard Hosey
Steve Ogden
Vacancy (Melvin Hollowell)

OTHERS PRESENT: Roger Basmajian (Basco)
Kenyetta Bridges (DEGC/DDA)
Gay Hilger (DEGC/DDA)
Malinda Jensen (DEGC/DDA)
Matt Jobin (Rich & Assoc.)
Kevin Johnson (DEGC/DDA)
Paul Kako (DEGC/DDA)
Jennifer Kanalos (DEGC/DDA)
John Lauve (Citizen)
Glen Long, Jr. (DEGC/DDA)
Rebecca Navin (DEGC/DDA)
Stephen Palms (MCPS)
Ed Saenz (ODM)
Eric Toumey (DEGC/DDA)

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**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, AUGUST 8, 2018
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD STREET, SUITE 2200 – 3:00 P.M.**

GENERAL

Call to Order

Noting that a quorum was present, Mr. Lewand, the Chairman's Representative, called the Regular meeting of the Downtown Development Authority Board of Directors to order at 3:07 p.m.

Approval of Minutes

Mr. Lewand questioned whether there were any additions, deletions or corrections to the minutes of the July 25, 2018 Regular Board meeting. Hearing none, the Board took the following action:

On a motion by Mr. Beatty, seconded by Mr. Naglick, Resolution Code DDA 18-08-02-610 was unanimously approved.

PROJECTS

**Catalyst Development Project: Events Center Concession and Management Agreement—
Request to Modify Parking Garage**

Ms. Navin advised that the City of Detroit Downtown Development Authority ("DDA") and Olympia Entertainment Events Center ("**Concessionaire**") are parties to that certain Amended and Restated Concession and Management Agreement dated as of December 11, 2014 (as amended, the "**CMA**") pursuant to which Concessionaire developed and operate the Little Caesars Arena. The properties subject to the CMA include those properties owned by the DDA generally bounded by Woodward on the east, Henry Street on the south Cass on the west and Sproat on the north (the "**Event Center Property**"). Pursuant to Sections 3.2 and 12.5 of the OCMA, Concessionaire is permitted to make certain improvements to the Events Center Property, subject to the prior consent of the DDA.

Concessionaire proposes certain modifications to the parking structure that is located on Event Center Property (the "**LCA Garage**"). More specifically, Concessionaire proposes additional improvements to the LCA Garage to include re-configuration of the public entrance on the South side of the garage and the addition of a new entrance to the east of the public entrance for players only (the "**Proposed Improvements**"). The cost of the Improvements is estimated at \$550,000, which cost would be the sole responsibility of Concessionaire. The contractor for the Improvements is Colasanti, which is the Detroit-based contractor that has completed two recent parking structures

in the District for Concessionaire's affiliate, ODM Parking. Colasanti has agreed to comply with applicable Executive Orders.

DDA staff has reviewed the Proposed Improvements and has received plans and specifications therefore. DDA staff believes that the Proposed Improvements are reasonable and in the best interest of the overall project. DDA staff recommended the approval of the Proposed Improvements in a manner consistent with the terms of the CMA.

A proposed resolution was included for the Board's consideration.

Subsequent to a discussion, the Board took the following action:

On a motion by Mr. Crain, seconded by Mr. Beatty, Resolution Code DDA 18-08-123-65 was unanimously approved.

Paradise Valley Business & Entertainment District: Proposed Amendment to the Agreement to Purchase and Develop Land Located At 311 E. Grand River

Mr. Toumey reported that with respect to the DDA and the City of Detroit's efforts to establish a vibrant economic and cultural district in Detroit, the DDA issued a Request for Proposals for properties located in the area now referred to as Paradise Valley. After DDA staff received and reviewed the submitted proposals, on June 29, 2016 this Board of Directors adopted a resolution (Code 16-06-110-35) approving a proposal by 311 Grand River, LLC (the "Developer") to redevelop the building located at 311 E. Grand River, Detroit MI 48226 (the "Property"). The original proposal submitted to the DDA involved the redevelopment of the Property into a twenty-four-room boutique-style hotel. The terms of the proposal were formalized in an agreement between the DDA and Developer to purchase and develop the Property, which was entered into on April 12, 2017 (the "Agreement").

After assessing the possible methods of financing the redevelopment of the Property, the Developer determined that the financial feasibility of the project depended on securing historic tax credits. However, due to the vast amount of changes necessary to convert the Property into a twenty-four-room boutique-style hotel, many historic aspects of the Property would be lost, making certain historic tax credits unavailable for the redevelopment of the Property.

The Developer has proposed an alternative use for the Property which now includes programming for a restaurant and bar, co-working office space, and event space. DDA staff has reviewed the proposed changes and consulted with a third-party architect and agrees with Developer's assessment that the proposed changes are a viable alternative use for the Property while maintaining the Property's historic aspect.

DDA staff members and the Developer propose an amendment to the Agreement to account for the change in use of the Property and to adjust the timeline for the development as follows (the "Amended Terms"):

- Inspection Period is waived by the Developer.
- Closing will occur within eight (8) months after August 1, 2018.
- Financing Plan, including pledged debt and equity, must be submitted within six (6) months from August 1, 2018, with an additional one (1) month extension at the Developer's option.
- Development Proposal will be amended to reflect the following changes in proposed use of the Property:
 - Maintain the \$10 MM investment
 - Basement Use: Bar/Restaurant
 - 1st Floor: Bar/Restaurant
 - 2nd Floor: Office/Co-Working/Event Space
 - 3rd Floor: Entertainment / Event Space with a mezzanine for two guest suites

- A public agency will be granted a First Right of Leasing for the office space located on the second floor of the Property, which will expire upon ninety (90) days after the effective date of the Amendment.

A resolution approving the proposed Amended Terms was included for the Board's consideration.

Ms. Navin added that the agreement would become effective August 1, 2018. Another important note is that the purchase price has not changed and so there have been no requests for additional financial concessions of the DDA.

Subsequent to a discussion, the Board took the following action:

On a motion by Mr. Jenkins, seconded by Mr. Naglick, Resolution Code DDA 18-08-110-45 was unanimously approved.

Capital Park: Proposed Amended and Restated Parking Lease Agreement for Parking Facilities Located at 150 Michigan Avenue (No Action Requested)

Ms. Navin explained that the DDA and 1145 Griswold Street LLC, 1212 Griswold Street LLC, and 1249 Griswold Street LLC, (hereinafter referred to collectively as "Developer") entered into certain development agreements relating to 1145, 1212, and 1249 Griswold, all located in Capital Park ("Development Agreements"). Pursuant to the terms of the Development Agreements, the DDA entered into a lease agreement with the Developer (the "Lease Agreement") on December 30, 2013 for the lease of up to 100 parking spaces for the exclusive use by Developer and its assignees on a parking facility located at 150 Michigan Avenue (the "Parking Facility"). Developer commenced utilizing the Parking Facility in April, 2017.

For several months, DDA staff and representatives from the Developer have discussed amending the terms of the Lease Agreement in order to accommodate Developer's future financing needs and DDA's need for increased certainty in rent projections. Proposed terms have been reached, but the terms have not yet been reviewed by the DDA finance committee as we were unable to secure a quorum prior to the August 8, 2018 DDA Board meeting.

As the Board is aware, DDA Board Member Richard Hosey is also a member of the Developer's equity team and as such, Member Hosey desires to make the public disclosure of his equity interest required by 317 PA 1968, as amended, MCL 15.321 et seq. ("Act 317") at least seven (7) days prior to any action being taken with respect to the proposed amended terms, as required by Act 317.

Subject to review by the DDA Finance Committee, the proposed terms will be brought back to the Board at a subsequent meeting for consideration in accordance with Act 317.

This item was for the Board's information only and no action was taken.

ADMINISTRATION

PUBLIC COMMENT

Mr. Lewand called for public comment and advised that they would be given two minutes.

Mr. John Laue of Holly, Michigan stated the following:

Two things—the obligation of the Tigers to provide 50,000 tickets to the kids. They never gave us a report of how many tickets were given to kids. It is just we gave away so many tickets. They have an obligation to have an approved plan. There is no record of an approved plan. But forget about it. We're not going to follow the lease. That is the

unfortunate thing about these tickets. The other thing I gave you here is a protest by Senator Whitmer who is now the Democratic nominee. And she says, "You know what I am sick of, \$700 million to build a stadium money is coming out of our schools." [inaudible] Lastly, we are moving along on Grand Circus Park. We might as well leave that eyesore there. Ittich is too busy doing an enrichment program for himself and nothing [inaudible]. But this is downtown development, forget about it.

Mr. Lewand thanked Mr. Lauve for his comments.

OTHER MATTERS

ADJOURNMENT

With there being no other business to be brought before the Board, Mr. Lewand adjourned the meeting at 3:17 p.m.

City of Detroit



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CODE DDA 18-08-02-610

APPROVAL OF MINUTES OF JULY 25, 2018

RESOLVED, that the minutes of the Regular meeting of July 25, 2018 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Downtown Development Authority.

August 8, 2018

City of Detroit



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CODE DDA 18-08-123-65

EVENTS CENTER CONCESSION AND MANAGEMENT AGREEMENT – REQUEST TO MODIFY PARKING GARAGE

WHEREAS, the City of Detroit Downtown Development Authority (“**DDA**”) Olympia Entertainment Events Center (“**Concessionaire**”) are parties to that certain Amended and Restated Concession and Management Agreement dated as of December 11, 2014 (as amended, the “**CMA**”) pursuant to which Concessionaire developed and operate the Little Caesars Arena; and

WHEREAS, the properties subject to the CMA include those properties owned by the DDA generally bounded by Woodward on the east, Henry Street on the south Cass on the west and Sproat on the north (the “**Event Center Property**”); and

WHEREAS, pursuant to Sections 3.2 and 12.5 of the CMA, Concessionaire is permitted to make certain improvements to the Events Center Property, subject to the prior consent of the DDA; and

WHEREAS, DDA staff has reviewed and supports Concessionaire’s proposal to make proposes certain modifications to the parking structure that is located on Event Center Property (the “**LCA Garage**”), which proposed improvements include re-configuration of the public entrance on the South side of the garage and the addition of a new entrance to the east of the public entrance for players only (the “**Proposed Improvements**”), the cost of which shall be the sole responsibility of Concessionaire.

WHEREAS, the DDA Board has determined that the Proposed Improvements are reasonable and is in the best interests of the overall project.

NOW THEREFORE BE IT RESOLVED that construction of the Proposed Improvements, in a manner consistent with the terms of the CMA, is hereby approved.

BE IT FURTHER RESOLVED that the DDA Board hereby authorizes any two of its Officers or any two of its Authorized Agents or one Officer and any one Authorized Agent to take any other actions and execute any documents necessary or appropriate to implement the provisions and intent of this resolution.

BE IT FINALLY RESOLVED that all of the acts and transactions of any Officer or Authorized Agent of the DDA, in the name and on behalf of the DDA, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions except that such acts were taken prior to execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

August 8, 2018

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CODE DDA 18-08-110-45

PARADISE VALLEY BUSINESS & ENTERTAINMENT DISTRICT: PROPOSED AMENDMENT TO THE AGREEMENT TO PURCHASE AND DEVELOP LAND LOCATED AT 311 E. GRAND RIVER

WHEREAS, on or about June 29, 2016, the DDA Board of Directors adopted a resolution (Code 16-06-110-35) approving a proposal by 311 Grand River, LLC (the "Developer") to redevelop the building located at 311 E. Grand River, Detroit MI 48226 (the "Property"); and

WHEREAS, on April 12, 2017, the DDA and the Developer entered into an agreement to purchase and develop the Property (the "Agreement") into a twenty-four-room boutique-style hotel; and

WHEREAS, pursuant to Section 1.19 of the Agreement, modifications to initial redevelopment proposal contained in the Agreement may be made by the Developer with the consent of the DDA; and

WHEREAS, due to the financial feasibility and historical preservation concerns of the initial redevelopment proposal, the Developer has requested the DDA's consent that the proposed twenty-four-room boutique-style hotel redevelopment of the Property be amended; and

WHEREAS, DDA staff members and the Developer propose an amendment to the Agreement to account for the change in use of the Property and to adjust the timeline for the development as follows (the "Amended Terms"):

- Inspection Period is waived by the Developer.
- Closing will occur within eight (8) months after August 1, 2018.
- Financing Plan, including pledged debt and equity, must be submitted within six (6) months from August 1, 2018, with an additional one (1) month extension at the Developer's option.
- Development Proposal will be amended to reflect the following changes in proposed use of the Property:
 - Maintain the \$10 MM investment
 - Basement Use: Bar/Restaurant
 - 1st Floor: Bar/Restaurant
 - 2nd Floor: Office/Co-Working/Event Space

- o 3rd Floor: Entertainment / Event Space with a mezzanine for two guest suites
- A public agency will be granted a First Right of Leasing for the office space located on the second floor of the Property, which will expire upon ninety (90) days after the effective date of the Amendment; and

WHEREAS, the DDA Board has determined that approval of the Amended Terms is in the best interests of the DDA.

NOW, THEREFORE, BE IT RESOLVED, that the DDA Board of Directors hereby approves the Amended Terms.

BE IT FURTHER RESOLVED that the DDA Board of Directors hereby authorizes any two of its Officers or any two of its Authorized Agents or any one Officer and any one Authorized Agent to negotiate and execute an amendment incorporating Amended Terms, together with such modifications to the Amended Terms and other modifications to the Agreement as deemed appropriate by such Authorized Agents and counsel which are not inconsistent with this resolution and do not alter the substance of the Amended Terms or the Agreement or adversely affect the rights and/or obligations of the DDA thereunder.

BE IT FURTHER RESOLVED the DDA Board of Directors hereby authorizes any two of its Officers or any two of its Authorized Agents or any one Officer and any one Authorized Agent to execute and all other documents, contracts and papers and take such other actions necessary or appropriate to implement the provisions and intent of this resolution on behalf of the DDA.

BE IT FINALLY RESOLVED, that all of the acts and transactions of any Officer or Authorized Agent of the DDA, in the name and on behalf of the DDA, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions except that such acts were taken prior to execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

August 8, 2018

CITY OF DETROIT BOARD OF ETHICS

PUBLIC SERVANT DISCLOSURE OF INTEREST

Name of Public Servant*: RICHARD HOSEY Date 8/8/18

Work Address: 1234 WASHINGTON Blvd Detroit MI 48226
Street City State Zip Code

Public Servant Work Telephone Number: (832)654-2842

Current Public Servant: Yes No

Position/Elected Office/Title: MEMBER, BOARD OF DIRECTORS OF CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY ("DDA")

Nature of Authority Exercised: THOSE OF A VOTING BOARD MEMBER OF PUBLIC AUTHORITY

As a City of Detroit Public Servant, I hereby disclose interest* in the following:

Interest in real or personal property (see Sec. 2-6-31, printed on the reverse side), and/or

Interest in City contracts (see Sec. 2-6-32, printed on the reverse side).

The interest is (check one or both): Personal Immediate family member interest

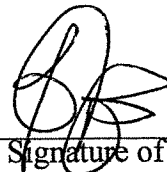
Name of immediate family* member (if applicable): _____

* See the Definitions of exercises significant authority, ≅ Immediate family, ≅ Ownership interest, ≅ and Apublic servant ≅ on the reverse side of this form.

Relationship to Public Servant: _____

Describe the particular facts and circumstances that constitute the interest being disclosed, including the authority being exercised and the decision that is relevant:

MR. HOSEY IS A MEMBER OF 1145 GRISWOLD, LLC, 1249 GRISWOLD, LLC AND 1212 GRISWOLD, LLC, EACH OF WHICH IS LIMITED LIABILITY COMPANY THAT HAS A PARKING AGREEMENT WITH THE DDA. THE DDA BOARD WILL BE ASKED IN THE NEXT 30-60 DAYS TO APPROVE AMENDMENTS MODIFYING THE TERMS OF SUCH PARKING AGREEMENT.



Signature of Public Servant

Submit Disclosure to: *Detroit City Clerk
200 Coleman A. Young Municipal Center
Detroit, Michigan 48226*

With a copy to: *Your City Department Director or City Agency Head*