

City of Detroit



Downtown Development Authority
500 Griswold • Suite 2200
Detroit, Michigan 48226
Phone: 313 963 2940
Fax: 313 963 8839

CODE DDA 17-06-02-597

APPROVAL OF MINUTES OF MAY 24, 2017

RESOLVED, that the minutes of the Special meeting of May 24, 2017 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.

June 28, 2017

City of Detroit



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**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, MAY 24, 2017 – 3:00 P.M.**

BOARD MEMBERS PRESENT:

Charles Beckham
Ehrlich Crain
Sonya Delley
Melvin Hollowell
Richard Hosey
Thomas Lewand (Mayor's Representative)
David Massaron
John Naglick
Steve Ogden

BOARD MEMBERS ABSENT:

Marvin Beatty
Austin Black
David Blaszkiewicz
James Jenkins

OTHERS PRESENT:

Robert Davis (A Felon's Crusade)
John Gallagher (Free Press)
Rainey Hamilton (Hamilton Anderson)
Gay Hilger (DEGC/DDA)
Malinda Jensen (DEGC/DDA)
Jennifer Kanalos (DEGC/DDA)
John Lauve (Public)
Denise Lewis (Honigman)
Glen Long (DEGC/DDA)
Rebecca Navin (DEGC/DDA)
Ngozi Nwaesei (Lewis & Munday)
Steve Palms (Miller Canfield)

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**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, MAY 24, 2017
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 Mayor's Representative and Acting Chair, called the Regular meeting of the Downtown Development Authority Board of Directors to order at 3:02 p.m.

Approval of Minutes

Mr. Lewand questioned whether there were any additions, deletions or corrections to the minutes of the April 19, 2017 Special Board meeting. Hearing none, the Board took the following action:

On a motion by Mr. Hollowell, seconded by Ms. Delley, Resolution Code DDA 17-05-02-596 was unanimously approved.

Receipt of Treasurer's Reports

Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the month of April, 2017 for the benefit of the Board. With there being no questions or discussion, the Board took the following action:

On a motion by Mr. Hollowell, seconded by Mr. Hosey, Resolution Code DDA 17-05-03-471 was unanimously approved.

PROJECTS

Paradise Valley: Amendment to the Development Proposal For 1502 Randolph

Ms. Pavelko reported that the City of Detroit Downtown Development Authority (the "DDA") approved the award of a development agreement for 1502 Randolph to La Casa Properties, LLC (the "Developer") following a Request for Proposals issued by DDA staff. Based on due diligence activities conducted after execution of the Development Agreement, the Developer requested a change to the required number of residential units from six to five, for a minimum of five residential units in the building.

Based on an analysis completed by the Developer's architect, reconfiguring the fifth floor to accommodate two apartments would require changing the historic façade. The property is located in a local historic district and any changes to the façade require approval from the Historic District Commission (the "HCD"). After meeting with the historic planner from the City of Detroit, it was determined that the changes to the façade would not meet the historic district standards. Thus, DDA staff recommends changing the minimum number of units required to five residential units.

DDA staff requested the Board's approval to amend the terms of the development agreement previously approved by the DDA Board to reflect the changed terms just stated.

A resolution was included with the Board material for consideration.

With there being no questions, the Board took the following action:

On a motion by Mr. Crain, seconded by Ms. Delley, Resolution Code DDA 17-05-110-40 was unanimously approved.

Paradise Valley: Amendment to Development Terms for 1435 Randolph and 1455 Centre

Ms. Pavelko stated that the City of Detroit Downtown Development Authority (the "DDA") approved the award of a development agreement for 1435 Randolph and 1455 Centre to Randolph Centre 2020, LLC (the "Developer") following a Request for Proposals issued by DDA staff. Based on due diligence activities conducted after approval of the term sheet, the Developer requested a reduction in the purchase price and a 3-year grace period to provide first floor retail in the new construction proposed for 1455 Centre. In the interim, the Developer has requested to allow parking on the ground level of the new construction.

Based on market conditions affecting the development project and the cost to renovate historic structures, DDA staff is recommending a \$700,000 reduction in the purchase price to \$1,430,000 for 1435 Randolph and 3 years from the completion of construction to provide first floor retail at 1455 Centre. After the 3 years, DDA staff recommends an annual fee be assessed of \$100,000 to incentivize the development of retail space.

DDA staff requested the Board's approval to amend the terms of the development agreement previously approved by the DDA Board to reflect the changed terms stated.

A resolution was included for the Board's consideration.

Mr. Lewand questioned if this proposed transaction had been reviewed by the DDA Finance Committee. Ms. Pavelko said that it had not. Mr. Lewand directed that the Committee review all terms of the agreement prior to it coming back to the Board.

On a motion by Mr. Hollowell, seconded by Mr. Naglick, Resolution Code DDA 17-05-110-41 was tabled, to be brought back to the Board subsequent to Finance Committee review.

Statler City Apartments – Modification of Closing Date

Ms. Navin advised that the City of Detroit Downtown Development Authority (the "DDA") is party to that certain development agreement (the "Development Agreement") with VG Statler City LLC (the "Developer") for the redevelopment of the sites of the former Statler Hotel and AAA Building (collectively, the "Site"). Per the terms approved by the Board, the Site will be redeveloped by the Developer into a mixed-use project consisting of 200-300 residential units, ground floor retail, and underground parking.

The Developer has requested to extend the closing to June 15, 2017, with GMP delivery to occur and construction to commence within 45 days thereafter. Staff is supportive of this request as the Developer has diligently pursued the closing of the transaction.

A resolution was included with the Board material for consideration.

Ms. Denise Lewis, attorney for the project and Ms. Navin explained the obstacles and unforeseen circumstances that they have encountered in the project and the reasons for the delay in closing. A discussion took place and Ms. Lewis responded to Board members' questions.

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

On a motion by Mr. Naglick, seconded by Mr. Hollowell, Resolution Code DDA 17-05-126-4 was unanimously approved.

Catalyst Development Project: Approval of Master Deed for Events Center Building D/E

Ms. Navin reported that the City of Detroit Downtown Development Authority (the "DDA") and Olympia Entertainment Events Center, LLC ("Olympia") are parties to that certain Amended and Restated Concession and Management Agreement dated December 11, 2014 (as amended, the "CMA") relating to the development and operation of the Events Center, now known as Little Caesars Arena.

Olympia has requested that Building D/E, depicted on the zoning site plan and in the elevations attached to the memorandum as **Exhibit A** (the "Building"), be subject to a condominium, as authorized by Section 2.5(d) of the CMA. Generally speaking, Unit 1 of the condominium will consist of the first floor, and Unit 2 will consist of the second through fifth floors of the Building. This would allow the upper floors of the Building to be deeded out of the DDA for a taxable purpose. A proposed master deed prepared by Olympia and reviewed by DDA's counsel was attached to the memorandum as **Exhibit B** (the "Master Deed").

A resolution approving the Master Deed was included in the Board material for consideration.

Ms. Navin added that DDA's real estate attorney has reviewed and approved the Master Deed.

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

On a motion by Mr. Hollowell, seconded by Mr. Beckham, Resolution Code DDA 17-05-123-52 was unanimously approved.

ADMINISTRATION

DDA Budget for FY 2017-2018

Ms. Kanalos advised that pursuant to Article 28, Act 197, as amended, staff has prepared the FY 2017-2018 Downtown Development Authority's General Fund Budget for the Board's review prior to its submission to the City Council for its approval.

A resolution is included authorizing DDA staff to submit the DDA budget for FY 2017-2018 to City Council for its approval, in accordance with Section 28(1) of Act 197, Public Acts of Michigan, as amended, prior to its adoption by the DDA Board.

Mr. Naglick advised that prior to this meeting, the DDA Finance Committee had met and reviewed the budget and recommend its submittal to City Council.

With there being no questions, the Board took the following action:

On a motion by Ms. Delley, seconded by Mr. Crain, Resolution Code DDA 17-05-18-65 was unanimously approved.

2017 Tax Rate Request Report to the County Board of Commissioners

Ms. Kanalos reported that according to the provision in Section 12(1) of Public Act 197 of 1975, the Detroit Downtown Development Authority (the "DDA") is allowed to levy 1 mill on real and personal property in the downtown district. The proceeds of the levy are to be used to fund the DDA's operating budget.

The 2017 tax rate, to be signed by the DDA Board of Directors Chair or his representative, and the DDA Board of Directors Secretary was included with the Board material, along with a resolution authorizing its submission.

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

On a motion by Mr. Hosey, seconded by Mr. Hollowell, Resolution Code DDA 17-05-01-433 was unanimously approved.

OTHER MATTERS

PUBLIC COMMENT

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

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

"Tomorrow we are having a public hearing by the City Council on the Plan for this project. Planning is something that is done in advance of the project, but you guys have taken care of it because you have watched very diligently and seen that you don't have to follow the rules. That also has to be mailed out to every taxpayer the notice.

Apparently, the Arena deal, this property was sold to Ilitch. This property for the Wayne State deal was sold to Ilitch, and now you are going to give him this other piece of property over here. Here is the layout of what has taken place.

They came up with this catalyst deal. Notice how they came along here, they came around and swooped around this piece of property right next to the ball park and continued all around. This whole thing was constructed for one purpose and that was to help out Ilitch. He's gotten enough and now he wants \$100 million more because he deserves it.

He promised to fix these buildings up when he put the stadium in and then he used it as a temptation to justify this. And here is our favorite right here. That project is in the catalyst project and instead we are going to build a new Fox headquarters instead of fixing up these buildings. Here's two buildings that he owns. This is from the Arena site on Cass. He owns that Hotel next to the Masonic Temple. If we took the money and made the Masonic Temple a project, then we could fix up that neighborhood instead of a garage and these little headquarters.

Here is another set of buildings that he owns right across the street. Notice the windows are air windows. So we are not fixing up properties that need to be fixed up. We are being irresponsible by just rubber stamping his new headquarters. And that is corruption—that is what it is."

Mr. Lewand advised Mr. Lauve that his time was up and thanked him for his comments.

ADJOURNMENT

With there being no other business to be brought before the Board, Mr. Lewand adjourned the meeting at 3:35 p.m.

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CODE DDA 17-05-02-596

APPROVAL OF MINUTES OF APRIL 19, 2017

RESOLVED, that the minutes of the Special meeting of April 19, 2017 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.

May 24, 2017

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CODE DDA 17-05-03-471

RECEIPT OF TREASURER'S REPORT FOR APRIL 2017

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending April 30, 2017, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

May 24, 2017



PARADISE VALLEY: AMENDMENT TO THE DEVELOPMENT AGREEMENT FOR 1502 RANDOLPH

WHEREAS, the City of Detroit Downtown Development Authority (the "DDA") approved the award of a development agreement for 1502 Randolph to La Casa Properties, LLC (the "Developer") following a Request for Proposals issued by DDA staff; and

WHEREAS, based on an analysis completed by the Developer's architect, reconfiguring the fifth floor to accommodate two apartments would require changing the historic façade and, following discussions with historic planner from the City of Detroit, it was determined that the changes to the façade would not meet the historic district standards and

WHEREAS, based on the foregoing, DDA staff recommends changing the minimum number of units required under the development agreement from six to five residential units (the "Revised Terms"); and

WHEREAS, the DDA Board has reviewed the Revised Terms, determined that they are reasonable and otherwise consistent with the DDA's purposes and in the best interests of the project.

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

BE IT FURTHER RESOLVED that the DDA Board of Directors authorizes the negotiation and execution of a development agreement consistent with the terms previously approved by the Board, as modified to reflect the Revised Terms, upon the terms and conditions previously or herein approved, together with the same such terms and conditions deemed reasonable by DDA's counsel and Authorized Agents.

BE IT FURTHER RESOLVED that any two officers, any two of the Authorized Agents or any one of the Officer and any one of the Authorized Agents of the DDA, shall hereafter have the authority to negotiate and execute any and all other documents, contracts or other papers, or take any and all 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.

May 24, 2017



STATLER CITY APARTMENTS – REVISIONS TO DEVELOPMENT AGREEMENT

WHEREAS, the City of Detroit Downtown Development Authority (the "DDA") is party to that certain development agreement (the "Development Agreement") with VG Statler City LLC (the "Developer") for the redevelopment of the sites of the former Statler Hotel and AAA Building into a mixed-use project consisting of 200-300 residential units, ground floor retail, and underground parking (the "Project"); and

WHEREAS, Developer has requested to extend the closing to June 15, 2017, with GMP delivery and construction to commence within 45 days thereafter (the "Requested Extension"); and

WHEREAS, the Board has determined that authorizing the Requested Extension is reasonable, consistent with the DDA's statutory purposes, and otherwise in the best interests of the Project.

NOW, THEREFORE, BE IT RESOLVED, that the DDA Board of Directors hereby authorizes Authorized Agents and counsel of the DDA to amend the Development Agreement to reflect the Requested Extension.

BE IT FURTHER RESOLVED that any two Officers of the DDA, or any one of the Officers and any one of the Authorized Agents of the DDA, or any two of the Authorized Agents of the DDA, shall hereafter have the authority to execute and implement the Development Agreement, as amended, and negotiate and execute all other documents, contracts, or papers, and take all 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.

May 24, 2017



**CATALYST DEVELOPMENT PROJECT: APPROVAL OF MASTER DEED FOR
EVENTS CENTER BUILDING D/E**

WHEREAS, City of Detroit Downtown Development Authority (the "DDA") and Olympia Entertainment Events Center, LLC ("Olympia") are parties to that certain Amended and Restated Concession and Management Agreement dated December 11, 2014 (as amended, the "CMA") relating to the development and operation of the Events Center, now known as Little Caesars Arena; and

WHEREAS, Olympia has requested that Building D/E, depicted on the zoning site plan and in the elevations attached hereto as **Exhibit A** (the "Building"), be subject to a condominium, as authorized by Section 2.5(d) of the CMA; and

WHEREAS, a proposed master deed for the Building prepared by Olympia and reviewed by DDA's counsel is attached hereto as **Exhibit B** (the "Master Deed"); and

WHEREAS, the DDA Board has determined that the approval of the Master Deed is consistent with the CMA and otherwise in the best interests of the DDA and the Events Center Project.

NOW THEREFORE BE IT 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 execute the Master Deed, substantially in the form of the attached **Exhibit B**, together with such other modifications to the Master Deed as deemed appropriate by such Authorized Agents and counsel which are not inconsistent with this resolution and/or are necessary for compliance with the requirements of the Michigan Condominium Act and do not adversely affect the rights or obligations of the DDA under the CMA.

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 other 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.

May 24, 2017

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CODE DDA 17-05-18-65

BUDGET: FY 2017-2018

WHEREAS, Section 28(1) of the Downtown Development Authority Act 197, as amended, requires the City of Detroit Downtown Development Authority (the "DDA") to prepare a budget (the "Budget") for the operation of the DDA for each fiscal year; and

WHEREAS, said Budget must be prepared in a manner and contain the information required of the municipal departments of the City of Detroit; and

WHEREAS, said Budget must be approved by the Detroit City Council prior to its adoption by the DDA Board of Directors; and

WHEREAS, the DDA Staff has prepared the attached DDA Budget for Fiscal Year 2017-2018 (Exhibit "A").

NOW, THEREFORE, BE IT RESOLVED, that the DDA Board of Directors hereby authorizes the DDA staff to submit the FY 2017-2018 Budget to the Detroit City Council for approval, in accordance with Section 28(1) of Act 197, Public Acts of Michigan, 1975, as amended, prior to its adoption by the DDA Board.

May 24, 2017

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CODE DDA 17-05-01-433

ADMINISTRATION: 2017 TAX RATE REQUEST REPORT TO THE COUNTY BOARD OF COMMISSIONERS

WEREAS, according to the provision in Section 12(1) of Public Act 197 of 1975, the Detroit Downtown Development Authority (the "DDA") is allowed to levy 1 mill on real and personal property in the downtown district to be used to fund the DDA's operating budget.

IT IS RESOLVED, that the Detroit Downtown Development Authority (the "DDA") Board of Directors hereby authorizes the submittal of the 2017 Tax Rate Request Report to the County Board of Commissioners.

IT IS FINALLY RESOLVED, that the DDA Board of Directors hereby authorizes the DDA Chair, or his representative, and the DDA Secretary, to take any actions and execute any documents to implement the provisions of this Resolution.

May 24, 2017