

**REQUEST FOR PROPOSALS  
FOR UNDERWRITING/PRIVATE PLACEMENT SERVICES**

**March 13, 2024**

**CITY OF DETROIT  
DOWNTOWN DEVELOPMENT AUTHORITY**

**Issued by: Glen W. Long, Jr.  
Authorized Agent**

## GENERAL INFORMATION

### PART I

#### 1-1 DEFINITIONS

For the purposes of this Request for Proposal, “Proposer” shall mean corporations, firms of other entities or persons submitting a response to the Request for Proposal.

#### 1-2 PURPOSE

This Request for Proposal (“RFP”) provides standards and guidelines for the submission of proposals for the selection of a firm or firms to provide underwriting and/or private placement agent services to the City of Detroit Downtown Development Authority (“DDA”). The DDA is seeking the services of a qualified firm or firms in connection with the remarketing (or potentially, refunding) of the following bonds issued in 2018 by the DDA: 1) \$287,425,000 Tax Increment Revenue Refunding Bonds, Series 2018A (Catalyst Development Project) and 2) \$24,105,000 Subordinate Tax Increment Revenue Refunding Bonds, Series 2018B (together, the “2018 Bonds”). The DDA intends to issue its remarketing/refunding bonds (“2024 Bonds”) pursuant to the December 1, 2018 Trust Indenture to refinance the 2018 Bonds on or prior to their anticipated first available mandatory tender and conversion date of July 1, 2024.

Alternatively, the DDA will entertain proposals to directly purchase the 2024 Bonds, as opposed to underwriting, remarketing or privately placing the 2024 Bonds.

#### 1-3 PROPOSAL SUBMISSION AND WITHDRAWAL

Proposals should be provided in electronic format as described below.

#### **Proposals should be addressed as follows:**

Joyce Josaitis  
jjosaitis@degc.org

An electronic copy of the proposal must be submitted in PDF format by the submission deadline. Electronic copies submitted via email should not exceed 20 MB and cannot be submitted in zip file format. If the proposal exceeds 20 MB, the Proposer shall provide a link to a secured site for proposal download (such as Drop Box or Google Drive).

**THE DDA MUST RECEIVE ALL PROPOSALS BY 1:00 P.M. ON WEDNESDAY, April 3, 2024.**

The DDA cautions Proposers to assure submission of proposals **directly** to the above-stated email address prior to the submission deadline. Telephone confirmation of timely receipt of the proposal may be made by calling 313-237-4634 before the deadline. A proposal received after the established deadline may not be read.

The Proposer acknowledges that any failure to conform with the requirements stated above for electronic proposals submitted to the DDA may result in the DDA's rejection of such proposal for consideration.

Proposers may withdraw their proposals by notifying the DDA in writing at any time prior to the submission deadline. After the deadline, proposals shall become a record of the DDA and will not be returned to the Proposers.

Once received by the DDA, proposals are subject to public disclosure consistent with Michigan law. Proposers must invoke the exemptions to disclosure provided by law and must identify in the proposal the data or other materials to be protected and state both the reasons why such exemption from public disclosure is necessary and the legal basis for such exemption.

**1-4 INVITATION TO PROPOSE & INTENT TO RESPOND**

The DDA solicits offers for the services of responsible, qualified Proposers to provide quality underwriting or private placement services. In addition, a Proposer may offer to purchase 2024 Bonds directly.

Any firm who intends to respond to the RFP must submit their intent to via email to Steven Kantor at [steven.kantor@mastersonadvisors.com](mailto:steven.kantor@mastersonadvisors.com) and should include the subject line "INTENT TO RESPOND TO DDA UNDERWRITING RFP" by **1:00 p.m. ET on Wednesday, March 20, 2024.**

**1-5 ELIGIBILITY**

To be eligible to qualify as the DDA's underwriter/private placement agent/purchaser (the "Proposer"), the following minimum requirements must be met:

- A. The Proposer must be qualified to do business in the State of Michigan.
- B. Any person or persons representing the Proposer assigned to this engagement must be familiar with the history of the Little Caesars Arena financings.

**1-6 CONTRACT AWARDS**

The DDA anticipates engaging the Proposer(s) who submits the proposal judged by the DDA to be the most advantageous. The DDA reserves the right to award separate engagements with respect to the refunding, remarketing and direct purchase of the 2024 Bonds. The Proposer understands that this RFP does not constitute an offer or a contract with the DDA. An official contract or agreement is not binding until proposals are reviewed and accepted by appointed staff, approved by the appropriate level of authority within the DDA and executed by the parties.

The DDA reserves the right to reject all proposals, to abandon the transaction, or to re-advertise for and solicit other proposals. The DDA may, in its discretion, waive any informalities and irregularities contained in the proposal or in the manner of its submittal and award this engagement thereafter. The DDA further reserves the right to negotiate any and all terms of the proposal.

**1-7 PREPARATION COSTS**

Neither the DDA nor its representatives shall be liable for any expenses incurred in connection with preparing a response to this RFP. Proposers are encouraged to prepare their proposals simply and economically, providing a straightforward and concise description of the Proposer's ability to meet the requirements of the RFP.

**1-8 INQUIRIES**

Interested Proposers with questions about the RFP may email questions to the DDA's independent registered municipal advisor, Masterson Advisors. Specific inquiries should be directed to Steven Kantor at [steven.kantor@mastersonadvisors.com](mailto:steven.kantor@mastersonadvisors.com) and should include the subject line "QUESTION REGARDING DDA UNDERWRITING RFP". All questions or requests for clarification concerning the meaning or interpretation of this RFP must be received by Masterson Advisors by the question submission deadline. All questions will be answered and circulated to all intended proposers by 5:00 p.m. ET on Tuesday, March 26, 2024.

All Proposers are expected to carefully examine the proposal documents. Any ambiguities or inconsistencies should be brought to the attention of the DDA in the same manner and time as provided above for questions and requests.

**1-9 TIMETABLES**

The DDA and Proposers shall adhere to the following schedule in all actions concerning this RFP:

<b>Issuance of RFP:</b>	Wednesday, March 13, 2024
<b>Confirm Intent to Respond:</b>	Wednesday, March 20, 2024
<b>Question Submission Deadline:</b>	Friday, March 22, 2024 by 1p.m. EST
<b>Question Response Date:</b>	Tuesday March 26, 2024 by 5p.m. EST
<b>RFP Response Deadline:</b>	Wednesday, April 3, 2024, by 1p.m. EST

The DDA Staff and advisors will review and evaluate the proposals in a timely manner and select the most qualified proposals. The DDA Staff and advisors may interview selected Proposers at a time and place to be announced. The DDA may finalize the engagement after obtaining appropriate approvals, including but not limited to DDA Board approvals and conducting negotiations.

**1-10 DELAYS**

The DDA may delay scheduled due dates if it is necessary or otherwise to the advantage of the DDA to do so. The DDA will notify known, potential Proposers of all schedule changes by written addenda.

## **1-11 ADDENDA**

If revisions to the RFP become necessary, the DDA will provide written addenda to all known, intended Proposers. All addenda issued by the DDA will include a receipt form which must be signed and included with any proposal submitted to the DDA. If multiple addenda are issued, a separate receipt for each addendum must be included with the proposal when it is submitted to the DDA.

All Proposers wishing to be notified of any addenda should provide to the DDA the Proposer's name, address, telephone number, and e-mail address.

## **1-12 SELECTION PROCESS**

The proposals will be reviewed by DDA staff and advisors. The reviewers will evaluate and rate each proposal utilizing a number of criteria, including but not limited to:

- A. Overall responsiveness and quality of the proposal in clearly stating an understanding of the work to be performed.
- B. Technical ability of the Proposer to perform the required services.
- C. The experience, background and availability of the Primary Contact hereinafter defined, and his/her prior experience, if any, with the DDA.
- D. The experience and availability of support staff for the Primary Contact.
- E. The nature and quality of the expertise the Proposer possesses as underwriter, placement agent and/or remarketing agent, as applicable.
- F. The experience and reputation of the Proposer as represented in the response and the quality of the references.
- G. The Proposer's demonstrated knowledge of the aspects of the Little Caesars Arena financings.
- H. Cost of services. Although a significant factor, fees and expenses may not be the dominant factor. Fees and expenses will be a particularly important factor when all other evaluation criteria are relatively equal.
- I. Prior working experience of the Proposer with DDA.

The DDA will evaluate proposals and will select the Proposer which meets the best interests of the DDA. The DDA shall be the sole judge of its own best interests, the proposals, and the resulting terms of engagement. The DDA's decisions will be final.

After evaluating the proposals, the DDA may request additional information. In its discretion, the DDA may require any Proposer to make an oral presentation, either in person or over the telephone. These oral presentations provide an opportunity for the Proposer to clarify the proposal for the DDA. The DDA will schedule any such presentations. After completing the

selection process, the reviewers will present a recommendation for approval to DDA's Board of Directors.

The DDA reserves the right to negotiate any and all elements of this proposal, including but not limited to the fee structure, transaction structure and length of the engagement, with the Proposer selected.

### **1-13 NO COLLUSION**

By submitting a proposal in response to this RFP, the Proposer certifies the Proposer has not divulged to, discussed or compared the proposal with other Proposers and has not colluded with any other Proposers or competitive parties. Also, Proposer certifies, and in the case of a joint competitive proposal each party thereto certifies as to its own organization, that in connection with the competitive proposal:

- A. All prices and/or cost data submitted have been arrived at independently, without consultation, communication, or agreement for the purpose of restricting competition as to any matter relating to such prices and/or cost data with any other Proposer or with any competitor.
- B. No prices and/or cost data quoted in the proposal has been knowingly disclosed by the Proposer, and will not knowingly be disclosed by the Proposer, to any competitor.
- C. No attempt has been made or will be made by the Proposer to induce any other person or company to submit or not to submit a competitive proposal.
- D. The only person(s) or principal(s) interested in the proposal is/are named therein, and no person other than those named has/have any interest in the proposal or in the agreement to be entered into.
- E. No person or agency has been employed or retained to solicit or secure the agreement for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or established commercial agencies maintained by the purchaser for the purpose of doing business.

## **STATEMENT OF WORK**

### **PART II**

#### **2-1 WORK OBJECTIVE**

The DDA is seeking proposals to retain the services of a firm experienced in the underwriting, placement and remarketing of tax-exempt bonds, particularly with respect to tax increment revenue bonds. The firm will be responsible for the underwriting, placement and/or remarketing of the 2024 Bonds prior to the July 1, 2024 first available optional redemption or mandatory tender date for the 2018 Bonds. The DDA will also be considering proposals for the direct purchase of one or more series of the 2024 Bonds.

#### **BACKGROUND**

Act 57, Public Acts of Michigan, 2018, as amended (the “DDA Act”), provides for the recodification and establishment of certain tax increment finance authorities, including, under Part 2, the creation of Downtown Development Authorities as a mechanism to correct and prevent deterioration in business districts and to promote their economic growth. The City of Detroit created the DDA in May 1976. The DDA is empowered to utilize tax increment financing, a method of funding public purpose investment in a designated redevelopment area by recapturing the incremental increase in tax revenues resulting from the difference between the established base year and the current year. These revenues are then dedicated to finance capital projects, or to the debt service on bonds for capital projects, in order to further development in the designated area.

In February 1978, the Detroit City Council adopted the Tax Increment Financing and Development Plan for Development Area No. 1 (as amended, the “DDA Plan”), pursuant to which (i) Development Area No.1 was created as the first focal point of the DDA’s development activities in the downtown district, (ii) a development plan for Development Area No.1 was established, identifying specific projects to be undertaken in the area, and (iii) a tax increment financing plan for Development Area No. 1 was established, providing for the payment each year of certain tax increment revenues to the DDA by the taxing jurisdictions authorized by law to levy ad valorem taxes on real and personal property located within Development Area No.1 or by their tax collecting units. Subsequently, the DDA Plan has been amended and Development Area No. 1 expanded at various times through the years. The DDA Plan allows the DDA to capture tax increment revenues generally attributable to increases in the assessed valuation of property within Development Area No.1 over the base year valuations established upon adoption or subsequent amendment of the DDA Plan.

Together with the capture of general (or local, non-school) tax increment revenues pursuant to the DDA Act and DDA Plan (the “General Tax Increment Revenues”), 2012 Amendments to the DDA Act permitted the DDA to capture and use specified tax increment revenues derived from state and local school taxes levied on or after July 1, 2010 (the “Catalyst Project Revenues”) to fund a Catalyst Development Project approved by the Michigan Strategic Fund (“MSF”). A Catalyst Development Project is defined in the DDA Act as a project occurring in a city with a population greater than 600,000 resulting in at least \$300,000,000 in capital investment. In 2013 the DDA, the Detroit City Council and the MSF approved the DDA’s Catalyst Development Project consisting, in part, of the development of the multi-use arena now known as Little Caesars Arena (the “LCA”). The DDA’s latest financials and continuing disclosure update is available at [P11725190-P11326003-P11759612.pdf \(msrb.org\)](https://www.msrb.org/P11725190-P11326003-P11759612.pdf)

In December 2014, for the purpose of financing a portion of the DDA's costs to develop the LCA, the MSF, as conduit bond issuer, issued its \$250,000,000 Michigan Strategic Fund Limited Obligation Revenue Bonds, Series 2014A (Events Center Project) (the "MSF Series 2014A Bonds") and then loaned the bond proceeds to the DDA, and the DDA issued to the MSF its Tax Increment Revenue Bond (Development Area No. 1 Projects), Series 2014A (together with the MSF Series 2014A Bonds, the "2014A Bonds"), secured by liens on both the General Tax Increment Revenues (subordinate to certain senior DDA bonds issued in 1996 and 1998 ((the "Senior Lien Bonds"))) and Catalyst Project Revenues.

Following the announcement by the Detroit Pistons that it intended to relocate its home venue to the LCA, in August 2017 the DDA issued its \$36,000,000 DDA Subordinate Tax Increment Revenue Bonds, Series 2017 (the "2017 Bonds" and, together with the 2014A Bonds, the "DDA LCA Bonds") in order to provide an additional \$34,500,000 in proceeds to the construction of the LCA to facilitate the relocation of the Pistons. The 2017 Bonds were also secured by liens on both the General Tax Increment Revenues (subordinate to the Senior Lien Bonds and 2014A Bonds) and Catalyst Project Revenues (subordinate to the 2014A Bonds).

The DDA LCA Bonds were all issued as special, limited obligations of the DDA, payable solely from the tax increment revenues captured by the DDA as generally described above.

In 2018, DDA issued the 2018 Bonds to refund the outstanding DDA LCA Bonds, as well as certain of the DDA's senior lien 1998A bonds secured solely by General Tax Increment Revenues. The Official Statement for the Series 2018 Bonds, dated November 30, 2018, which includes the report prepared by the feasibility consultant (the "2018 Feasibility Report"), is available at <https://emma.msrb.org/ER1173878-ER917543-ER1318083.pdf>

The DDA has contracted with Municap to complete an updated tax increment revenue and feasibility report in order to obtain a reasonable estimate of future tax increment revenues to be generated and captured in Development Area No. 1 over the life of the 2024 Bonds, and to calculate projected debt service coverage for each series of the 2024 Bonds. Municap will project tax increment revenue and debt service coverages, comparable to the approach in its 2018 Feasibility Report, based on updated data and assumptions.

## **2-2 SCOPE OF WORK**

The Proposer shall work with DDA's Chief Financial Officer and Authorized Agents, DDA's general and bond counsel, and the DDA's municipal advisor on matters as described below:

1. Provide a financing plan based upon the projections in the DDA consultant's feasibility report, which maximizes the term of the 2024 Bonds and minimizes the interest costs to the DDA.
2. Provide a marketing plan and financing schedule which provides for a closing as soon as practical.
3. Provide analytical support for the plan.



4. Execute the financing plan.

**Additional Services** – In addition to those services set forth herein, the Proposer shall provide all services customarily provided by the following additional services:

1. With reasonable notice, attend all meetings of the DDA Board or DDA staff which DDA staff deem necessary.
2. Other services as reasonably requested by the DDA.

**Non-Exclusive Services** – Although the Proposer will be given the majority of the DDA's business outlined in this Scope of Services, this agreement does not preclude the DDA from retaining such other consultants and advisors from time to time as the DDA, in its sole discretion, decides. This appointment is non-exclusive and further, the successful Proposer agrees to work with and coordinate efforts with (if requested by the DDA) any other consultants and advisors retained by the DDA.

### **2-3 CONFLICT OF INTEREST**

The Proposer shall provide an affirmative statement that retention as Underwriter/Purchaser to the DDA will not result in any conflict of interest or potential conflict with the DDA or others potentially affected in the DDA's financing. If any conflict or potential conflict exists, the Proposer shall state the nature of the potential conflict and any proposed resolution of such conflict.

## **INSTRUCTIONS FOR PREPARING PROPOSALS**

### **PART III**

#### **3-1 RULES FOR PROPOSALS**

The proposal must name all persons or entities interested in the proposal as principals. The proposal must declare that it is made without collusion with any other person or entity submitting a proposal pursuant to this RFP.

#### **3-2 PROPOSAL FORMAT**

Proposers shall prepare their proposals using the following format:

- A. **Letter of Transmittal** – This letter will summarize in a brief and concise manner, the Proposer's understanding of the scope of work and make a positive commitment to timely perform the work. The letter must name all the persons authorized to make representations for the Proposer, including the titles, addresses, and telephone numbers of such persons. An authorized agent of the Proposer must sign the Letter of Transmittal indicating that agent's title or authority.
- B. **Statement of Addendum** – Statement acknowledging receipt of each addendum issued by the DDA (if any).
- C. **Qualifications and Experience**
  1. Provide a description of the Proposer's general capabilities, including

information relating total size and staffing, research capability, professional staff and clerical.

2. Identify the person who will be primarily responsible for providing service to the DDA (the "Primary Contact") and specify that person's office location and a listing of other staff who will participate in the day-to-day provision of services. Please provide a brief resume for each person. Describe the anticipated division of duties among all persons listed, identifying both the type of work such person is anticipated to perform and the percent of the total work expected to be performed by that person in connection with the DDA's services.
3. Identify the Primary Contacts and Proposer's engagements for similar services in Michigan, with particular emphasis on tax increment financings, within the last five years, if any.

If the Proposer intends to use the services of any other organization to perform any of the services identified in this RFP, then you must submit the above information for each and every such organization or person, as applicable, with and as a part of the proposal. Each such informational sheet shall identify, at the top of the front page, the role of the organization or person. Also, include a brief statement as to the need for and benefit to the DDA of using these additional or specialized services.

4. Identify at least three (3) governmental clients the DDA may contact as references with respect to the Primary Contact's work performance, preferably governmental clients in Michigan. For each reference include organization, name, title, email address, and phone number.
5. Provide a statement of the Proposer's local availability and degree of accessibility to the DDA. If the Proposer is not located in Wayne County, give specifics as to how the requisite accessibility will be provided and charged to the DDA.
6. If the Proposer has provided unique or innovative solutions or approaches for any local governmental units in connection with any of the services listed under Section 2-2 "Scope of Services," provide a brief description of the solutions or approaches.
7. Provide a work plan and timeline to complete and execute the financing plan.
8. Identify any challenges you see to complete the financing plan and issue the 2024 Bonds. Please also discuss whether you would recommend DDA obtain a rating on the 2024 Bonds, which rating agency(s) would you recommend, and what ratings should be expected. Also discuss whether you believe bond insurance would be available and advisable.
9. Propose a financing plan that maximizes the term of the 2024 Bonds which likely may not exceed the current maturity of the 2018 Bonds and minimizes the interest rate (subject to reissuance analysis and the parameters of the current DDA Plan, which will not be amended). Please provide a summary

of your plan in addition to the DBC or Excel calculations. Assume an existing DSRF of \$5.2 million.

10. Describe the disclosure, if any, that you would require to be provided by DDA in connection with the issuance of the 2024 Bonds.
11. Provide any other information (in as brief a format as possible) which is relevant to the DDA's consideration of the proposal.

D. **Fees and Expenses** – This section of the proposal should include (i) a fee schedule for this engagement, (e.g., proposed underwriter compensation, including takedown and management fee (if any), or placement agent or remarketing agent compensation, as applicable) and (ii) a list of expenses that you expect to be reimbursed on this engagement, and a cap on those both fees and expenses.

E. **Underwriter's Counsel.** Provide your firm's recommended underwriter's counsel (or placement agent's or remarketing agent's counsel as applicable) and a not to exceed cap for such counsel's compensation. The DDA requests that not more than one firm be designated to serve as counsel to the underwriter, placement agent or remarketing agent.

F. **Scope of Work** – This section of the proposal should explain the Scope of Work as understood by the Proposer and detail any exception, qualifications or additions. Explain the Proposer's approach, activities, work products.

G. **Availability** – Indicate current and anticipated workloads and availability for other activities. Identify the extent and nature of any anticipated outside support.

H. **Other**

1. Provide evidence of current levels of insurance in the areas of Workers' Compensation and Professional Liability. If self-insured for Professional Liability, provide the most recent audited financials.
2. Provide a statement of the Proposer's financial stability, including information as to current or prior bankruptcy proceedings.
3. Provide a summary of any litigation filed against the Proposer in the past five years which is related to the services that Proposer provides in the regular course of business. The summary shall state the nature of the litigation, a brief description of the case, the outcome or projected outcome, and the monetary amount involved.
4. Identify the type of business entity involved (e.g., sole proprietorship, corporation, etc.). Identify whether the business entity is incorporated in Michigan, another state or a foreign country.
5. If Proposer is a corporation, provide certification from the Michigan Secretary of State verifying Proposer's corporate status and good standing, and in the case of out-of-state corporations, evidence of authority to do

business in the State of Michigan.

6. Provide the Federal Employer ID number of the Proposer.

- I. **Additional Data** – Any additional information which the Proposer considers pertinent for consideration should be included in a separate section of the proposal. The DDA solicits a statement about why the Proposer feels its approach would be the most cost effective to the DDA.