

City of Detroit



Downtown Development Authority

500 Griswold, Suite 2200, 22<sup>nd</sup> Floor

Detroit, Michigan 48226

Phone: 313 963 2940

Fax: 313 963 8839

**CODE DDA 18-05-02-607**

**APPROVAL OF MINUTES OF MAY 9, 2018**

RESOLVED, that the minutes of the Regular meeting of May 9, 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.

May 23, 2018

City of Detroit



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**DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING  
WEDESDAY, MAY 9, 2018 – 3:00 P.M.**

**BOARD MEMBERS PRESENT:**

Charles Beckham  
Austin Black  
David Blaszkiewicz  
Sonya Delley  
Richard Hosey  
James Jenkins  
Steve Ogden

**BOARD MEMBERS ABSENT:**

Marvin Beatty  
Ehrlich Crain  
Michael Duggan  
David Massaron  
John Naglick  
Vacancy (Melvin Hollowell)

**OTHERS PRESENT:**

Gay Hilger (DEGC/DDA)  
Malinda Jensen (DEGC/DDA)  
Jennifer Kanalos (DEGC/DDA)  
Paul Kako (DEGC/DDA)  
John Lauve (The World)  
Glen Long, Jr. (DEGC/DDA)  
Chris McClain (Self)  
Rebecca Navin (DEGC/DDA)  
Joanna Underwood (DBWC)

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**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING  
WEDNESDAY, MAY 9, 2018  
DETROIT ECONOMIC GROWTH CORPORATION  
500 GRISWOLD STREET, SUITE 2200 – 3:00 P.M.**

**GENERAL**

**Call to Order**

Noting that a quorum was present, Vice Chair Blaszkiewicz called the Regular meeting of the Downtown Development Authority Board of Directors to order at 3:10 p.m.

**Approval of Minutes**

Mr. Blaszkiewicz stated that on Page 9 of the meeting packet, the minutes state that Mr. Jenkins requested a copy of the Detroit headquartered businesses list that is used to solicit bids and reminded staff to provide Mr. Jenkins this information.

Mr. Blaszkiewicz questioned whether there were any additions, deletions or corrections to the minutes of the March 28, 2018 Regular Board meeting. Hearing none, the Board took the following action:

On a motion by Ms. Delley, seconded by Mr. Hosey, Resolution Code DDA 18-05-02-606 was unanimously approved.

**Receipt of Treasurer's Report**

Mr. Long reviewed the Treasurer's Report of Receipts and Disbursements for the Month of March 2018 for the benefit of the Board and responded to questions. Subsequent to the discussion, the Board took the following action:

On a motion by Mr. Hosey, seconded by Ms. Delley, Resolution Code 18-05-03-482 was unanimously approved.

**PROJECTS**

**Catalyst Development Project: Events Center Project – Engagement of Feasibility Study Consultant of 2018 Bond Remarketing Transaction**

Mr. Long advised that, as the Board is aware, the DDA has undertaken the financing and development of a "catalyst development project" (as defined in Act 197), including the development of the Little Caesars Arena (the "LCA"). In December, 2014, the DDA and the Michigan Strategic Fund issued tax-exempt bonds of \$250,000,000.00 (the "2014A Bonds") to finance a portion of the

development costs of the LCA and in August, 2017, the DDA issued tax-exempt bonds of \$36,000,000.00 (the "2017 Bonds") for additional development costs to assist with the relocation of the Detroit Pistons to the LCA.

Under the transaction structure for both the 2014A Bonds and the 2017 Bonds, the bonds are subject to mandatory remarketing or refinancing prior to January 1, 2019 (the "Bond Refinancing"). In anticipation of underwriter requirements for a new tax increment revenue projection feasibility study for the Bond Refinancing, DDA staff issued a Request for Proposals ("RFP") on March 28, 2018 seeking qualified firms to undertake the study. Specifically, the RFP sought proposals to provide the following services (collectively, the "Services"):

1. Obtain from the DDA the current parcels located in the development area and the development area base value.
2. Research real estate assessed values of property, current land uses, and historical collection and appellate activity within each development area.
3. Review proposed and existing development, along with development pro forma and any applicable third-party studies regarding the development.
4. Conduct preliminary research regarding assessment and taxation practices, including due dates, applicable rates, and reassessment calendar.
5. Discuss the Project with development team to review uses, absorption, targeted rents, etc.
6. Conduct preliminary research of comparable properties and existing assessed value.
7. Prepare initial projections showing preliminary forecasts of revenue and supportable debt service, along with existing outstanding debt.
8. Conduct advanced research on assessment and taxation procedures, including historic collection and tax rates, historic appreciation in values, and current market conditions.
9. Interview county and City staff as appropriate regarding assessment and taxation procedures;
10. Refine projections of revenue;
11. Prepare draft report showing findings, with supporting tables and charts;
12. Review draft report with development and financing team and conduct any outstanding research;
13. Prepare final tax increment report, incorporating comments to draft, as well as any subsequent updates to data, assumptions, or methodology;
14. Coordinate with financing team to ensure document is consistent with other due diligence items.

The DDA received one proposal from MuniCap, Inc., ("MuniCap"), the firm that performed the feasibility study in connection with the 2014A Bonds. MuniCap proposes a not to exceed fee of \$50,000.00 to cover fees and expenses for the Services, which is consistent with the fees payable in 2014. Staff recommends the engagement of MuniCap to perform the Services.

A resolution was included for the Board's consideration.

Mr. Ogden stated that he has a history of not supporting one respondent RFPs, but as a member of the Finance Committee, he knows the sense of urgency and is comfortable with supporting this.

Mr. Long advised that the DDA Treasurer, Mr. Naglick, who has been part of the selection process, strongly supports this transaction.

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

On a motion by Mr. Ogden, seconded by Mr. Hosey, Resolution Code DDA 18-05-123-62 was unanimously approved.

## ADMINISTRATION

## OTHER MATTERS

## PUBLIC COMMENT

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

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

“Two things--The kids project is a legal obligation that Ilitch had signed with the Stadium Authority has not been fulfilled and it has been over two years. I've been to two meetings on it. They said they are 10,000 short of being able to take care of the tickets. They give—you know what the story. If you're too busy to do this enforcement of the contract, why don't you put it out for a quote and I'll turn a proposal in and I'll be a consultant and I'll take of it. But it's your responsibility not to give away money to Ilitch, Pistons and all that, to enforce the contract that he signed, and you haven't done it, and I don't know what the problem is—you're too busy, it's too hard to do, it's too confusing—well then take some action to fix it. It's unconscionable. I've got another one for you. Here is a deal that Ilitch signed and I have here a copy of the minutes of the DDA meeting when they dealt with this project. They gave away \$2.5 million dollars to Ilitch for his little projects. This one was a million and a half. It isn't on the catalyst list, it isn't on any list of projects to fix, this 48 West Adams. This is an eyesore, Matty Maroon-type project right here. And you're responsible for enforcing these things. Well just give him some more money and forget about it. Here is the view from the back of the hockey rink. The windows aren't even boarded up. These historic buildings have been like this for years.”

Mr. Blaszkiewicz advised Mr. Lauve that his two minutes were up and thanked him for his comments.

Ms. Joanna Underwood of DBWC stated the following:

“I am an advocate for the residents of the city of Detroit and I would just like the DDA, it's like a mystery around the DDA, how you guys function and your operations. So I would like you guys to make a little bit of an effort to do more community engagement so that the residents of the city of Detroit actually know what TIF is, because I've tried to explain it and I'm probably not as good at explaining it. Do you got any public pamphlets that can be given out? I'd be willing to take any public information that you got and spread it around so we can understand what TIF, which I understand is Tax Increment Financing, and so the public can be very aware of where their property tax is invested into the Downtown Development Authority and what kind of development you guys are doing in our city, and, hopefully, this development can actually bring jobs into the city of Detroit, which I hope is all of you guys' goal.”

Mr. Blaszkiewicz thanked Ms. Underwood for her comments and asked if anyone from the staff would like to respond to available information or how to engage with the community around some of the programs and program understanding.

Ms. Jensen responded that there is new legislation just passed that will go into effect January 2019 where it is a consolidation act of the tax increment financing authorities where part of that legislation will require that we hold at least two informational meetings per year, giving at least 20 days' notice in advance.

Ms. Underwood stated that she would like to see the meetings held in the community because people with disabilities are not able to get downtown, possibly a town hall format.

Ms. Jensen stated that we work very closely with City Council and we attend community meetings and try to explain the role of the Downtown Development Authority and try to "demystify" DEGC and all of the public authorities, as well as explain the services that DEGC provides. We will work with Council on a district-by-district level to do that in our effort to be more transparent about the work.

Ms. Jensen referred Ms. Underwood to the DEGC website that has information about each of the authorities, as well as meeting agendas, minutes and other information.

Ms. Underwood requested written information, since many residents do not have access to a computer.

### **ADJOURNMENT**

With there being no other business to be brought before the Board, Mr. Blaszkiewicz adjourned the meeting at 3:31 p.m.

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**CODE DDA 18-05-02-606**

**APPROVAL OF MINUTES OF MARCH 14, 2018**

RESOLVED, that the minutes of the Regular meeting of March 14, 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.

May 9, 2018

City of Detroit



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**CODE DDA 18-05-03-483**

**RECEIPT OF TREASURER'S REPORT FOR MARCH 2018**

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending March 31, 2018, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

May 9, 2018





**CATALYST DEVELOPMENT PROJECT: EVENTS CENTER PROJECT –  
ENGAGEMENT OF FEASIBILITY STUDY CONSULTANT FOR 2018 BOND  
REMARKETING TRANSACTION**

**WHEREAS**, the DDA has undertaken the financing and development of a “catalyst development project” (as defined in Act 197), including the Little Caesars Arena, including, the December, 2014 issuance of tax-exempt bonds of \$250,000,000 and the August, 2017 issuance of tax-exempt bonds of \$36,000,000, to finance the construction of the Events Center; and

**WHEREAS**, under the transaction structure for both the 2014A Bonds and the 2017 Bonds, the bonds are subject to mandatory remarketing or refinancing prior to January 1, 2019 (the “Bond Refinancing”); and

**WHEREAS**, in anticipation of underwriter requirements for a new tax increment revenue projection feasibility study, DDA staff issued an RFP on March 28, 2018 seeking qualified firms to undertake the study. Specifically, the RFP sought proposals to provide the following services (collectively, the “Services”):

1. Obtain from the DDA the current parcels located in the development area and the development area base value.
2. Research real estate assessed values of property, current land uses, and historical collection and appellate activity within each development area.
3. Review proposed and existing development, along with development pro forma and any applicable third-party studies regarding the development.
4. Conduct preliminary research regarding assessment and taxation practices, including due dates, applicable rates, and reassessment calendar.
5. Discuss the Project with development team to review uses, absorption, targeted rents, etc.
6. Conduct preliminary research of comparable properties and existing assessed value.
7. Prepare initial projections showing preliminary forecasts of revenue and supportable debt service, along with existing outstanding debt.
8. Conduct advanced research on assessment and taxation procedures, including historic collection and tax rates, historic appreciation in values, and current market conditions.
9. Interview county and City staff as appropriate regarding assessment and taxation procedures;
10. Refine projections of revenue;
11. Prepare draft report showing findings, with supporting tables and charts;
12. Review draft report with development and financing team and conduct any outstanding research;
13. Prepare final tax increment report, incorporating comments to draft, as well as any subsequent updates to data, assumptions, or methodology;

14. Coordinate with financing team to ensure document is consistent with other due diligence items.

**WHEREAS**, Staff recommends the engagement of MuniCap, Inc., ("MuniCap"), the firm that performed the feasibility study in connection with the 2014A Bonds, for not to exceed fee of \$50,000.00 to cover fees and expenses for the Services.

**WHEREAS**, upon review of staff's recommendation, the DDA Board has determined that the engagement of MuniCap as the DDA's feasibility consultant for the Bond Refinancing upon the above terms is consistent with the DDA's statutory purposes and otherwise in the best interests of the DDA and the Events Center Project.

**NOW THEREFORE BE IT RESOLVED** that the DDA Board hereby approves the engagement of MuniCap as the DDA's feasibility consultant for the Bond Refinancing to perform the Services for a not to exceed fee of \$50,000.00.

**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 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.

May 9, 2018

145 Elizabeth Street - Parking garage is in very poor condition with windows, a flooded basement mechanical room, and other unsafe conditions. Remediation is being undertaken by BDS, Inc. with demolition to be done by Homrich, Inc.  
Total cost to demolish structure \$567,500

2115 Cass - The structure is in extremely poor condition with a leaking roof, deteriorating walls and ceiling, and evidence of black mold. Fixtures have been ripped out of the building, and the structure is unsafe to enter. Remediation is being undertaken by JC Beal, Inc. with demolition being done by Adamo Wrecking, Inc.  
Total cost to demolish structure \$125,000

48 → 44-62 West Adams/45 West Elizabeth - These are two structures that comprise the Fine Arts/Adams Theatre Building. The structures are in extremely poor condition and structurally unsound, with roof has collapsed over large areas of the structures. The Owner obtained approval from the Historic District Commission to proceed with demolition if the Adams Street

façade is retained. The project costs are only for demolition and not to retain the facade. The Owner must provide the necessary funding to stabilize and retain the facade. Three firms responded to the Owner's bid for this project. Adamo Wrecking, Inc. is the firm that will be doing the remediation and demolition.  
PAID for by City DDA

Total cost to demolish structure \$1,481,500

DDA staff recommended approval of the proposed resolution with a grant total not to exceed cost of \$2,534,700 for demolition, abatement, contingencies and project oversight of the six (6) buildings. The contingency of \$111,600 would be available only upon approval of the DDA staff with the necessary supporting documentation.

Mr. Watkins requested that Mr. Veldhuis give a brief overview of the Demolition Program to refresh everyone's memory and for the benefit of the new Board members, and Mr. Veldhuis explained the program. Mr. Papapanos added that this is money from TIF capture that the State gave back specifically to be used for demolition.

Mr. Appel questioned whether there were any requirements of the property owners after the buildings had been demolished. Mr. Veldhuis advised that the grant agreement only requires that the property be prepared for a hard surface parking lot.

ONLY → Mr. Gatzaros questioned who were the property owners applying for the grants. Mr. Veldhuis responded that the Olympia Development organization owned the properties.

Several Board members questioned the notification process. Mr. Veldhuis explained that the program was very well publicized and had been marketed extensively. The dilapidated buildings in the DDA District were identified and notices of the program were mailed to all of the identified building owners. The Board requested Mr. Veldhuis provide a list of the identified properties.

Mr. Watkins reminded that the State's intent of this program was to target the DDA area before the Superbowl. It was well advertised and had the support of the Downtown Detroit Partnership and the Superbowl Committee. Feb 6, 2006

Mr. Appel inquired as to the time sensitivity of approval of the four demolition grants. Mr. Veldhuis stated that they would like to get the buildings down before the Final Four Conference in March. Mr. Fred Beal of JC Beal Co., representing Olympia Development, informed that it was critical to begin the work on the Adams Theater building immediately because public safety was a concern.

Mr. Appel suggested that the resolution is tabled until such time that staff can investigate what givebacks are appropriate and provide a report to the Board. If the conclusion is reached that givebacks are not appropriate, information should be provided supporting that recommendation.

Mr. Crain stated that he agreed that it would be prudent to investigate ways to get something back; however, action is needed now. It was his recommendation to proceed with these four