

City of Detroit



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

CODE DDA 16-11-02-588

APPROVAL OF MINUTES OF NOVEMBER 22, 2016

RESOLVED, that the minutes of the Special meeting of November 22, 2016 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.

November 30, 2016

**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS SPECIAL MEETING
TUESDAY, NOVEMBER 22, 2016 – 2:30 P.M.**

BOARD MEMBERS PRESENT: Hon. Michael Duggan, Chairman
Marvin Beatty
Austin Black
Charles Beckham
David Blaszkiewicz
Ehrlich Crain
Sonya Delley
Melvin Hollowell
James Jenkins
David Massaron
Richard Hosey
John Naglick

BOARD MEMBER ABSENT: Steve Ogden

OTHERS PRESENT: Richard Barr (Honigman)
Stan Berenbaum (IHI)
Bowden Brown (Dykema)
Ryan Felton (Metro Times)
John Gallagher (Free Press)
Richard Haddad (Pistons)
Gay Hilger (DEGC/DDA)
Malinda Jensen (DEGC/DDA)
Terry Jordan (DEGC/DDA)
Joyce Josaitis (DEGC/DDA)
Ryan Kane (Ilitch Holdings)
Jennifer Kanalos (DEGC/DDA)
Steve Kantor (First Southwest)
David Kate (DMC)
Jim Kiertznew (WXYZ TV)
John Lauve (Public)
Tom Lewand (Mayor's Office)
Eric London (Ilitch Holdings)
Glen Long (DEGC/DDA)
Denzel McCampbell (Public)
M. McLauchlin (IHI)
Rebecca Navin (DEGC/DDA)
Steve Phillips (Public)
Kirk Pinho (Crain's Detroit)
Geoff Robinson (Detroit News)
Cierra Rosier (DEGC/DDA)
Bob Rossbach (MCCI)
Robert Slathy (Midtown Dev.)
Arn Tellem (Pistons)
Nancy Tellem (Pistons)
Moddie Turay (DEGC/DDA)
Adrienne Zeigler (DEGC/DDA)

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**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS SPECIAL MEETING
TUESDAY, NOVEMBER 22, 2016
CASS TECHNICAL HIGH SCHOOL
GRAND THEATER STAGE
1501 SECOND AVENUE, DETROIT - 2:30 P.M.**

GENERAL

Call to Order

Noting that a quorum was present, Chairman Duggan called the Special meeting of the Downtown Development Authority Board of Directors to order at 2:30 p.m.

Approval of Minutes

Mr. Duggan asked if there were any additions, deletions or corrections to the minutes of the October 26, 2016 Regular Board meeting. Hearing none, the Board took the following action:

On a motion by Mr. Hollowell, seconded by Mr. Blaszkiewicz, Resolution Code DDA 16-11-02-587 was unanimously approved.

PROJECTS

Authorization to Enter into Memoranda of Understanding Relating to Catalyst Development Project

Mr. Duggan advised that the purpose of the Special meeting today is to discuss the prospect of the Pistons moving to Detroit. We are not looking for any final approvals today. Financial information will be before the Board the first part of next year. The purpose today is to get approval to enter into Memoranda of Understandings. Mr. Duggan introduced Mr. Turay to give a PowerPoint presentation and summary of the proposed development.

Mr. Turay reported that in 2013, the DDA expanded its Development Area No. 1 and made certain amendments to the Restated City of Detroit Downtown Development Authority Tax Increment Financing Plan and Development Plan For Development Area No. 1 (as amended, the "Plan") necessary to proceed with a "catalyst development project" under the DDA Act for the development and construction of a new multi-purpose events center and related facilities, now known as the Little Caesars Arena (the "Arena") and the development or redevelopment of vacant and/or underutilized properties in the area adjacent to or near the Arena (together with the Arena, the "Catalyst Development Project").

In 2014, the DDA, Olympia Entertainment Events Center, LLC, as successor in interest to Olympia Development of Michigan Events Center, LLC ("OEEC"), and the Detroit Red Wings (the "Red

Wings”) entered into that certain Amended and Restated Concession and Management Agreement dated as of December 11, 2014 (as amended, the “Arena Concession Agreement”) for the purpose of establishing a public-private partnership for development, construction and operation of the Arena. Further, the Michigan Strategic Fund (“MSF”) issued \$250,000,000 in tax-exempt bonds, secured by certain tax increment revenues captured by the DDA (the “Series 2014A Bonds”), and \$200,000,000 in taxable bonds, secured by a pledge of concession fees payable by OEEC under the Arena Concession Agreement, and loaned the proceeds of the bonds to the DDA.

Construction of the Arena is on track for a Fall 2017 opening and DDA has approved development plans for projects with anticipated investment of approximately \$175 Million in the vicinity of the Arena.

Palace Sports & Entertainment (“PS&E”) and the Detroit Pistons Basketball Company (“Pistons Basketball;” and together with PS&E and any affiliate thereof, the “Pistons”) have expressed a desire to relocate the venue for Pistons Basketball home games and related Pistons operations from the Palace of Auburn Hills to the Arena. DDA representatives have determined that the relocation of the Pistons to the Arena will act as a major economic development catalyst for the DDA’s downtown district and the City of Detroit (the “City”) and have been engaged in discussions with representatives from OEEC and Pistons to further develop, expand and enhance the Catalyst Development Project to induce such relocation.

DDA staff proposes to enter into a Memorandum of Understanding with each of PS&E and OEEC outlining proposed adjustments to the Catalyst Development Project necessary to facilitate a Pistons’ relocation and other commitments of each of DDA, PS&E and OEEC regarding such relocation.

An executive summary of the terms of the proposed Memoranda was included with the Board material as **Exhibit A**. A copy of the proposed form of Memorandum between the DDA and PS&E was included as **Exhibit B** (the “Pistons MOU”). A copy of the proposed Memoranda between the DDA and OEEC was included as **Exhibit C** (the “OEEC MOU”).

DDA Staff is seeking Board authorization to enter into each of the Pistons MOU and the OEEC MOU. The DDA Finance Committee has reviewed the terms of the proposed memoranda and recommends approval to the Board.

A resolution was included with the Board material for consideration.

Mr. Turay and representatives of the Pistons and Red Wings organizations responded to Board members’ questions.

Mr. Duggan advised that half of the \$34.5 million will be generated from anticipated savings by refinancing the bonds at a lower interest rate. The rest will be paid for by extending the terms of the bonds by an additional three years.

Ms. Navin added that the DDA TIF plan will need to be amended to reflect additional bonded indebtedness, so that would be the refinancing plus the increase on the existing tax-exempt bonds, as well as the possibility of issuing the revenue bonds. In addition, as referenced, we expect that the Plan will need to be extended by three years in order to accommodate an extension of the maturity on the existing 2014 bonds, and we expect that we will also seek an additional five-year extension on top of that in order to continue to promote economic growth in the area surrounding the arena. In addition, finally, the Scope of the project with respect to the arena and the incorporation of the NBA Basketball requirements into the arena, that also will be updated. Those Plan amendments will be brought back to the DDA Board. They will then be submitted to City Council for approval, which will include engagement with the DDA with a Development Area Citizens Council, will include a public hearing. Twenty days after the public hearing, City Council will be asked to take a vote. In addition, the Michigan Strategic Fund will have to approve the Plan

amendments to the extent that they apply to the catalyst development project and that is a requirement under the DDA Act. Essentially the Michigan Strategic Fund will also be asked to approve the extension of the capture on the catalyst project.

Ms. Delley added that the DDA Finance Committee diligently reviewed the details of the proposed transaction and are recommending approval to the Board.

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

On a motion by Ms. Delley, seconded by Mr. Hollowell, Resolution Code DDA 16-11-123-43 was unanimously approved.

ADMINISTRATION

NEW BUSINESS

PUBLIC COMMENT

Mr. Duggan called for public comment. John Lauve, Steve Phillips, Steve Neavling and Cliff Woodards were given one minute each to speak.

ADJOURNMENT

With there being no other business to be brought before the Board, Mr. Duggan adjourned the meeting at 2:59 p.m.

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City of Detroit



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CODE DDA 16-11-02-587

APPROVAL OF MINUTES OF OCTOBER 26, 2016

RESOLVED, that the minutes of the Regular meeting of October 26, 2016 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.

November 22, 2016



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CODE DDA 16-11-123-43

AUTHORIZATION TO ENTER INTO MEMORANDA OF UNDERSTANDING RELATING TO CATALYST DEVELOPMENT PROJECT

WHEREAS, in 2013, the DDA expanded its Development Area No. 1 and made certain amendments to the Restated City of Detroit Downtown Development Authority Tax Increment Financing Plan and Development Plan For Development Area No. 1 (as amended, the "Plan") necessary to proceed with a "catalyst development project" under the DDA Act for the development and construction of a new multi-purpose events center and related facilities, now known as the Little Caesars Arena (the "Arena") and the development or redevelopment of vacant and/or underutilized properties in the area adjacent to or near the Arena (together with the Arena, the "Catalyst Development Project");

WHEREAS, in 2014, the DDA, Olympia Entertainment Events Center, LLC, as successor in interest to Olympia Development of Michigan Events Center, LLC ("OEEC"), and the Detroit Red Wings (the "Red Wings") entered into that certain Amended and Restated Concession and Management Agreement dated as of December 11, 2014 (as amended, the "Arena Concession Agreement") for the purpose of establishing a public-private partnership for development, construction and operation of the Arena; and

WHEREAS, the Michigan Strategic Fund ("MSF") issued \$250,000,000 in tax-exempt bonds, secured by certain tax increment revenues captured by the DDA (the "Series 2014A Bonds"), and \$200,000,000 in taxable bonds, secured by a pledge of concession fees payable by OEEC under the Arena Concession Agreement, and loaned the proceeds of the bonds to the DDA; and

WHEREAS, construction of the Arena is on track for a Fall 2017 opening and DDA has approved development plans for projects with anticipated investment of approximately \$175 Million in the vicinity of the Arena; and

WHEREAS, Palace Sports & Entertainment ("PS&E") and the Detroit Pistons Basketball Company ("Pistons Basketball," and together with PS&E and any affiliate thereof, the "Pistons") have expressed a desire to relocate the venue for Pistons Basketball home games and related Pistons operations from the Palace of Auburn Hills to the Arena; and

WHEREAS, DDA representatives have determined that the relocation of the Pistons to the Arena will act as a major economic development catalyst for the DDA's downtown district and the City of Detroit (the "City") and have been engaged in discussions with representatives from OEEC and Pistons to further develop, expand and enhance the Catalyst Development Project to induce such relocation; and

WHEREAS, DDA staff proposes to enter into a Memorandum of Understanding with each of PS&E and OEEC outlining proposed adjustments to the Catalyst Development Project necessary to facilitate a Pistons' relocation and other commitments of each of DDA, PS&E and

OEEC regarding such relocation, an executive summary of which is attached hereto as **Exhibit A**; and

WHEREAS, a copy of the proposed form of Memorandum of Understanding between the DDA and PS&E is attached hereto as **Exhibit B** (the "Pistons MOU") and a copy of the proposed Memoranda between the DDA and OEEC is attached hereto as **Exhibit C** (the "OEEC MOU"); and

WHEREAS, the DDA Finance Committee has reviewed the terms of the proposed memoranda and recommends their approval to the Board of Directors; and

WHEREAS, the DDA Board of Directors has reviewed the Pistons MOU and the OEEC MOU and has determined that they are consistent with the DDA's statutory purposes of the prevention property value deterioration in the City of Detroit's downtown district and the elimination of the causes of such deterioration, that they are in the best interests of the Catalyst Development Project; and that the promotion of economic growth will be advanced through they implementation.

NOW THEREFORE BE IT RESOLVED that the DDA Board of Directors 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 each of the Pistons MOU and the OEEC MOU, substantially in the forms of the attached **Exhibit B** and **Exhibit C**, together with such modifications to the such forms as deemed appropriate by such Authorized Agents and counsel which are not inconsistent with this resolution and do not alter the substance of the either memoranda or adversely affect the rights and/or obligations of the DDA thereunder.

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 one Officer and any one Authorized Agent to execute to take any other actions and execute any other documents necessary in furtherance of the execution of the Pistons MOU and OEEC MOU on behalf of the DDA, including but not limited to the engagement of outside legal counsel to act as bond and/or transaction counsel with respect to the transactions contemplated by each of the Pistons MOU and the OEEC MOU.

BE IT FINALLY RESOLVED that 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.

November 22, 2016