

City of Detroit



Downtown Development Authority
500 Griswold • Suite 2200
Detroit, Michigan 48226
Phone: 313 963 2940
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CODE DDA 17-04-02-595

APPROVAL OF MINUTES OF APRIL 12, 2017

RESOLVED, that the minutes of the Regular meeting of April 12, 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.

April 19, 2017

City of Detroit



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**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, APRIL 12, 2017 – 3:00 P.M.**

BOARD MEMBERS PRESENT:

Marvin Beatty
Charles Beckham
Austin Black
Ehrlich Crain
Melvin Hollowell
Richard Hosey
James Jenkins
John Naglick
Thomas Lewand (Mayor's Representative)
Steve Ogden

BOARD MEMBERS ABSENT:

David Blaszkiewicz
Sonya Delley
David Massaron

OTHERS PRESENT:

Gary Brown (DEGC/DDA)
Amanda Hanlin (DEGC)
Malinda Jensen (DEGC/DDA)
Jennifer Kanalos (DEGC/DDA)
John Lauve (Public)
Glen Long (DEGC/DDA)
Rebecca Navin (DEGC/DDA)
Ngozi Nwaesei (Lewis & Munday)
Sarah Pavelko (DEGC/DDA)
Robin Scales-Wooten (Scales & Associates)

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**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, APRIL 12, 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. Naglick, Treasurer and Acting Chair, called the Regular meeting of the Downtown Development Authority Board of Directors to order at 3:00 p.m.

Mr. Naglick informed the Board that several Board members had to leave early and as such, the agenda was revised to reflect time sensitive agenda items first.

Approval of Minutes

Mr. Naglick questioned whether there were any additions, deletions or corrections to the minutes of the February 22, 2017 Regular Board meeting. Hearing none, the Board took the following action:

On a motion by Mr. Beatty, seconded by Mr. Hollowell, Resolution Code DDA 17-04-02-594 was unanimously approved.

ADMINISTRATION

Designation of Authorized Signatories for Downtown Development Authority Bank Accounts

Mr. Long informed the Board of the need to approve signatories for all existing bank accounts of the Downtown Development Authority. As such, the signatories for the accounts are the Treasurer and Authorized Agents, as designated by the Detroit Economic Growth Corporation President.

A resolution was included for the Board's consideration.

Mr. Long provided additional information regarding the role of Authorized Agents for the Board.

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

On a motion by Mr. Ogden, seconded by Mr. Hollowell, Resolution Code DDA 17-04-01-432 was unanimously approved.

PROJECTS

Authorization to Return Excess Matching Funds Held by the DDA to the Detroit Regional Convention Facility Authority

Mr. Brown informed the Board that in 2010 the City's Department of Public Works (DPW) in cooperation with the Detroit Regional Convention Facility Authority (DRCFA) applied for a Category A Transportation Economic Development Fund Grant (application #1126) for improvements and enhancements to Congress Street, Jefferson Ave, Civic Center Drive and Washington Blvd which are related to the Cobo Hall expansion projects. MDOT approved the City's grant funding request, for actual construction costs up to the approved amount of \$2,586,500.00 with the provision that the DRCFA would provide matching funds for engineering and construction costs estimated at \$857,380.00. Subsequently MDOT as a result of delays increased the approved maximum TEDF grant amount by \$86,031.00 to \$ 2,625,231.00. The committed amounts to be received from MDOT-DPW and the DRCFA, managed and held by the DDA totaled \$ 3,529,881.00.

The Board of Directors of the DDA in and by its resolution code #DDA 12-04-47-07 authorized the DDA to negotiate and execute agreements with the City of Detroit Department of Public Works (DPW) and the Detroit Regional Convention Facility Authority pursuant to which the DDA will manage on behalf of the DPW and contract with the DRCFA for the design, construction and provision of matching funds to complete the improvements and enhancement specified in MDOT's approved Category A Transportation Economic Development Fund Grant (application #1126) and Federal Transportation Enhancement Grant (ENH201200004); provided that the agreements secure the DRCFA's commitment to provide the matching funds required to satisfy the grant requirements and provide for the reimbursement of the DDA for costs incurred by the DDA associated with preparing the agreements, processing invoices, and distributing reimbursements.

The Agreement negotiated and amended between the DPW (the Michigan Act 51 Local Recipient Agency for the TEDF) and the DDA provided that the DDA on behalf of the DPW receive and manage the MDOT grant funds and DRCFA matching funds, and further required that the DDA to enter directly into the primary construction contract for the eligible improvements. Accordingly, the Board authorized the DDA to secure bids and enter into a construction contract with Angelo lafrate Construction Company which was finally amended in the amount of \$3,184,665.00 (this amount is verified as an eligible MDOT cost in the DPW Final Reporting and Certification Form dated 11/2/2016 – refer to the summary attached.)

The corresponding Agreement negotiated between the DDA and the DRCFA obligated the DRCFA to pay to the DDA an estimated amount of \$857,380.00 in TEDF matching funds (this amount was paid on 11/12/2014) and further obligated the DRCFA to pay for all related engineering and construction cost exceeding the TEDF maximum grant proceed amount.

In the course of completing the project, due to delays in contracting, final approvals and in order to maintain required schedules, the DRCFA contracted and paid directly MDOT eligible engineering, CE&I services, and PLD utility relocations costs in the amount of \$1,013,932.00 in addition to the matching funds paid to the DDA. The total amount directly paid significantly exceeds the TEDF Grant matching fund requirement of 20%.

The DRCFA has requested reimbursement from the remaining TEDF Grant and matching funds held by the DDA for the direct payments made by the DRCFA for eligible construction costs (PLD utility relocations) in the amount of \$268,704.35. The DEGC CFO has confirmed an uncommitted balance of \$268,704.35 in TEDF Grant and matching funds held by the DDA.

The DRCFA has requested reimbursement from the TEDF Grant and matching funds held by the DDA for the direct payments made by the DRCFA for eligible costs associated with delays in the amount of \$86,031.00. DPW has committed to paying these funds to the DDA however the remaining pending at this time.

The DDA staff has reviewed the DRCFA reimbursement requests with the DPW & MDOT and recommends the Board's approval to pay from the TEDF Grant and DRFCA contributed matching funds the not to exceed amount of \$268,704.35 for MDOT and DPW confirmed eligible construction costs paid directly by the DRCFA for the relocation of existing PLD utilities in connection with the approved improvements and enhancements.

DDA staff further recommends the Board's consideration and approval to pay upon receipt of funds from MDOT / DPW an amount not to exceed \$86,031.00 to the DRCFA to reimburse MDOT and DPW confirmed eligible delay costs incurred in connection with the TEDF Grant improvements and enhancements.

A resolution was attached for the Board's consideration and use.

Mr. Long clarified for the Board that the funds were part of a matching grant and that it was anticipated that there wouldn't be any funds remaining but since there are remaining funds, DDA staff requires Board authorization to send the funds back.

Mr. Brown provided additional information regarding the improvements made with the funds and stated that the project has been complete for two years.

Mr. Ogden inquired as to whether the DDA was "made whole" and whether the DDA was owed any fees. Mr. Brown and Mr. Long responded that the DDA was "made whole" and that there were no fees owed.

Mr. Crain inquired regarding the close out of the project and whether it was complete. Mr. Brown responded that the project was officially closed.

Mr. Jenkins asked whether the City's Executive Orders were followed. Mr. Brown responded that although it wasn't a requirement, the Executive Orders were indeed followed.

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

On a motion by Mr. Jenkins, seconded by Mr. Hollowell, Resolution Code DDA 17-04-47-10 was unanimously approved.

Kennedy Garage Access Agreement

Ms. Navin informed the Board that the City of Detroit Downtown Development Authority ("DDA") has entered into a Master Lease Agreement (as amended, the "Lease") with Kennedy Square Garage, LLC, an affiliate of REDICO (the "Tenant"), to lease the Kennedy Square parking facility (the "Garage") in connection with operation of the One Kennedy Square office building (the "Building"). Pursuant to Section 8 of the Lease, Tenant must seek DDA consent prior to the making of any alterations, additions or improvements to the Garage.

The Tenant has received a request from building tenants, to have communications fiber and related facilities installed by Level 3 Communications LLC ("Level 3") in order to facilitate communications. In 2015, the DDA Board approved similar access to Rocket Fiber to communications fiber facilities.

DDA staff has reviewed and approves of Level 3's proposed installation plans and seeks authority to negotiate an access agreement with Level 3 with Level 3 and Tenant to permit Level 3's installation, construction, replacement, maintenance, operation, and removal of such facilities for an initial term of 10-years, subject to up to two (2) automatic 5-year renewals in the event that at the time of such renewal a Building tenant continues to use Level 3's facilities.

DDA staff believes the request is reasonable and recommends approval of the Access Agreement.

A resolution was attached for the Board's consideration.

Mr. Jenkins asked whether there would be an acceleration of costs for the leasing. Ms. Navin and Mr. Long explained that there would be for the master lease.

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

On a motion by Mr. Hollowell, seconded by Mr. Beatty, Resolution Code DDA 17-04-104-05 was unanimously approved.

Near West Riverfront Design Services

Ms. Pavelko explained that the City of Detroit Downtown Development Authority ("DDA") was asked by the City of Detroit Planning and Development Department ("PDD") to facilitate a planning process with multiple stakeholders to reach consensus on the development and master planning priorities for the near West Riverfront area adjacent to the Central Business District (see attached map).

DDA staff has negotiated a scope of work for the services described in the attached Exhibit A (the "Services") with the planning and architectural firm Skidmore, Owings and Merrill ("SOM"). SOM was selected through a competitive process to lead the East Riverfront District Framework planning process. The Detroit Riverfront Conservancy (the "DRFC") in collaboration with PDD and the Economic Development Corporation of the City of Detroit (the "EDC") recently completed the 10-month planning engagement and launched the East Riverfront Framework. For this planning process, a Request for Qualifications and Proposals (RFQP) was issued in November 2015 and twenty-four responses were received. After an internal review process, publicly held interviews were conducted with six selected firms that were open to the public in July 2016. Over 300 residents and stakeholders attended the interviews. SOM was the selected based on their experience on projects of similar scope, size and complexity, expertise in waterfront and community planning, and the local representation and partners.

The cost for the Services is \$80,000.00. The DDA is being asked to contribute \$15,000. The City and DDA staff have raised the remaining \$65,000.00 from those entities with property ownership in the project area.

Given the working relationship established between the participants, the DDA staff recommended (i) approval of the \$15,000.00 DDA contribution towards the Services, (ii) acceptance by the DDA of the balance of funds raised for the Services, and (iii) approval of DDA's execution of a professional services agreement to continue SOM's services for the West Riverfront planning Services.

Mr. Hollowell inquired as to whether the contract was for soft costs. Ms. Pavelko responded that it was for design services. Ms. Navin offered that the attached resolution allows for the DDA to accept third party funding for the contract.

Mr. Crain asked if it was the DDA that was contracting with SOM. Ms. Pavelko answered that it was the DDA contracting with SOM.

Mr. Hollowell commented that he would like to see the DDA maximize its use of Detroit based professional service businesses, that he would like the DDA to encourage joint ventures and reach out to Detroit based businesses and design businesses. Ms. Pavelko responded that SOM was partnering with Mannik and Smith.

Mr. Jenkins asked if SOM was joint venturing with Mannik and Smith.

Mr. Lewand stated that both Maurice Cox and Steve Lewis participated in the selection of firms, that he reviewed it with the appropriate people and they have no doubt that they will partner with local firms.

Ms. Navin clarified that it was not a joint venture but that Mannik and Smith would be a subcontractor to SOM.

Mr. Crain requested that an update on the results of the process be provided later.

A resolution was attached for the Board's consideration.

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

On a motion by Mr. Crain, seconded by Mr. Black, Resolution Code DDA 17-04-29-47 was unanimously approved.

ADMINISTRATION

Election of Officers

The Election of Officers was tabled until the next meeting.

GENERAL

Receipt of the February Treasurer's Report

The February Treasurer's Report was tabled until the next meeting.

OTHER MATTERS

Mr. Crain requested that DDA staff report on the Hart Plaza study that the DDA conducted a few years ago. DDA staff informed Mr. Crain that they would look into the study and report back to the Board.

PUBLIC COMMENT

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

Mr. John Lauve of Holly, Michigan provided two handouts and stated the following:

"I am providing two handouts: one is on property taxes and the other is on this \$24M parking structure. The problem with property taxes is that the law says that it has to be for a public purpose. Stadiums are not a public purpose. It's interesting, they will be leased to private individuals so the exemption from property taxes ends they need to start paying property taxes.

Include the parking lot as taxable instead of giving them a free ride which brings up another thing. In September you okayed a \$24M parking structure as part of the development plan for this big catalyst development project. What kinds of jobs does that generate? Parking attendants? To have that charged off as a development project that you okayed is incomprehensible.

Catalyst projects not parking lots. Instead they should have taken their money and fixed this eyesore and they should have done something about this scaffolding that collects the debris behind Fox Headquarters.

When you encourage this kind of behavior by these people it reflects on Detroit as the kind of place where 'oh well, just going to take care of the main man'."

Mr. Naglick 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. Naglick adjourned the meeting at 3:19 p.m.

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CODE DDA 17-04-02-594

APPROVAL OF MINUTES OF FEBRUARY 22, 2017

RESOLVED, that the minutes of the Regular meeting of February 22, 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.

April 12, 2017

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CODE DDA 17-04-01-432

ADMINISTRATION: DESIGNATION OF AUTHORIZED SIGNATORIES FOR DDA BANK ACCOUNTS

NOW, THEREFORE, BE IT RESOLVED:

1. That the authorized signatories for all existing bank accounts of the Downtown Development Authority (the "DDA") shall be the Treasurer and any one Authorized Agent, or any two Authorized Agents of the DDA.

2. Prior resolutions of the DDA with regard to authorized signatories for DDA bank accounts shall be rescinded upon adoption of this resolution.

April 12, 2017

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CODE DDA 17-04-47-10

AUTHORIZATION TO RETURN EXCESS MATCHING FUNDS HELD BY THE DDA TO THE DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

WHEREAS, the City of Detroit Downtown Development Authority (the, "DDA") exists to inspire and encourage economic development and enhancement within Detroit's Downtown District and

WHEREAS, the DDA has an approved a Development which provides for the DDA to undertake and complete improvement and enhancement projects within the Downtown District, and

WHEREAS, the City of Detroit Department of Public Works (DPW) in cooperation with the Detroit Regional Convention Facility Authority (DRCFA) applied and secured MDOT grant funding commitments for improvements and enhancements to the City streetscapes in the Downtown District and specifically the City streets surrounding Cobo Center and Joe Louis Arena, and

WHEREAS, the DDA board authorized the DDA to negotiate and enter into funding and construction agreements to undertake and manage the improvements and enhancements to Congress Street, Jefferson Ave, Civic Center Drive and Washington Blvd which are related to the Cobo Hall expansion projects according to the MDOT Category A Transportation Economic Development Fund Grant (application #1126), and

WHEREAS, the DDA staff has reviewed DRCFA reimbursement requests with the DPW & MDOT and recommends the Board's approval to pay from the confirmed uncommitted balance of TEDF Grant and DRFCA contributed matching funds the not to exceed amount of \$268,704.35 for MDOT and DPW confirmed eligible construction costs paid directly by the DRCFA for the relocation of existing PLD utilities in connection with the approved improvements and enhancements, and

WHEREAS, the DDA staff further recommends the Board's consideration and approval to pay upon receipt of funds from MDOT / DPW an amount not to exceed \$86,031.00 to the DRCFA to reimburse MDOT and DPW confirmed eligible delay costs incurred in connection with the TEDF Grant improvements and enhancements.

NOW THEREFORE, IT IS RESOLVED that the DDA Board of Directors hereby approves, in accordance with the Funding Agreement between the DDA and the Detroit Regional Convention Facility Authority, payment to the DRFCA the not to exceed amount of \$268,704.35 to reimburse MDOT confirmed eligible construction costs directly paid by

the DRCFA for the relocation of existing PLD utilities in connection with the approved improvements and enhancements, and

NOW THEREFORE, IT IS FURTHER RESOLVED that the DDA Board of Directors hereby approves, in accordance with the Funding Agreement between the DDA and the Detroit Regional Convention Facility Authority, payment to the DRFCA upon receipt of funds from MDOT / DPW the not to exceed amount of \$86,031.00 to reimburse MDOT confirmed eligible delay costs directly incurred by the DRCFA in connection with the approved improvements and enhancements, and

BE IT FURTHER RESOLVED that the DDA board of Directors hereby authorizes any two of its Officers or any one Officer and any one Authorized Agent of the DDA to execute any and all documents, contracts, other papers or take such other actions as are necessary 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.

April 12, 2017

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CODE DDA 17-04-104-05

KENNEDY BLOCK DEVELOPMENT: LEVEL 3 ACCESS AGREEMENT

WHEREAS, the City of Detroit Downtown Development Authority ("DDA") has entered into a Master Lease Agreement (as amended, the "Lease") with Kennedy Square Garage, LLC, an affiliate of REDICO (the "Tenant"), to lease the Kennedy Square parking facility (the "Garage") in connection with operation of the One Kennedy Square office building (the "Building"); and

WHEREAS, Section 8 of the Lease requires DDA consent prior to the making of any alterations, additions or improvements to the Garage; and

WHEREAS, the Tenant has requested DDA's consent of the installation by Level 3 Communications LLC ("Level 3") of telecommunications fiber and related facilities for the benefits of certain tenants of the Building; and

WHEREAS, DDA staff has reviewed and approves of Level 3's proposed installation plans; and

WHEREAS, staff seeks authority to negotiate an access agreement with Level 3 and Tenant to permit Level 3's installation, construction, replacement, maintenance, operation, and removal of such facilities for an initial term of 10-years, subject to up to two (2) automatic 5-year renewals in the event that at the time of such renewal a Building tenant continues to use Level 3's facilities the ("Access Agreement"); and

WHEREAS, the DDA Board has determined that the requested Access Agreement is reasonable, consistent with the DDA's purposes, and in the best interests of the operation of the Garage and Building.

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 negotiate and execute the Access Agreement, upon the terms described herein, together with such other terms as deemed appropriate by such Authorized Agents and counsel which are not inconsistent with this resolution.

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.

April 12, 2017

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CODE DDA 17-04-29-47

**APPROVAL OF PROFESSIONAL CONSULTANT SERVICES AGREEMENT
FOR NEAR WEST RIVERFRONT PLANNING SERVICES**

WHEREAS, the City of Detroit Downtown Development Authority (DDA) was asked by the City of Detroit Planning and Development Department ("PDD") to facilitate a planning process with multiple stakeholders to reach consensus on the development and master planning priorities for the near West Riverfront area adjacent to the Central Business District; and

WHEREAS, DDA staff has negotiated a scope of work for the services described in Exhibit A hereto (the "Services") with the planning and architectural firm Skidmore, Owings and Merrill ("SOM"), the firm that led the East Riverfront District Framework planning process, for a fee of \$80,000.00; and

WHEREAS, DDA is being asked to contribute \$15,000.00 and to accept the balance of funds raised for planning process; and

WHEREAS, the DDA Board of Directors has determined that a planning process for the West Riverfront is in the best interest of the DDA and otherwise consistent with its purposes, and that it is reasonable to engage SOM in light of the firm's recent experience with the planning process in the East Riverfront.

NOW, THEREFORE, BE IT RESOLVED, that the DDA Board of Directors hereby authorizes each of the following in connection with the Services: (i) \$15,000.00 DDA contribution towards the Services, (ii) acceptance by the DDA of the balance of funds raised for the Services, and (iii) the execution of a Professional Services Agreement with SOM for the provision of the Services for the aggregate amount not to exceed Eighty Thousand Dollars (\$80,000.00).

BE IT FURTHER RESOLVED, that any two Officers, or any one of the Officers and any one of the Authorized Agents or any two of the DDA's Authorized Agents, shall hereafter have the authority to negotiate and execute the professional services agreement any and all documents, contracts or other 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.

April 12, 2017