

City of Detroit



Downtown Development Authority
500 Griswold • Suite 2200
Detroit, Michigan 48226
Phone: 313 963 2940
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CODE DDA 17-01-02-591

APPROVAL OF MINUTES OF JANUARY 11, 2017

RESOLVED, that the minutes of the Regular meeting of January 11, 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.

January 25, 2017

**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, JANUARY 11, 2017 – 3:00 P.M.**

BOARD MEMBERS PRESENT: Marvin Beatty
Charles Beckham
David Blaszkiewicz
Richard Hosey
James Jenkins
Thomas Lewand (Mayor's Representative)
David Massaron
John Naglick
Steve Ogden

BOARD MEMBERS ABSENT: Austin Black
Ehrlich Crain
Sonya Delley
Melvin Hollowell

OTHERS PRESENT: Derrick Headd (City Council/LPD)
Gay Hilger (DEGC/DDA)
Marcel Hurt (City Council/LPD)
Malinda Jensen (DEGC/DDA)
Jennifer Kanalos (DEGC/DDA)
John Lauve (Public)
Glen Long (DEGC/DDA)
Rebecca Navin (DEGC/DDA)
J. C. Reinell (Free Press)

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**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, JANUARY 11, 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 Chairman's Representative, called the Regular meeting of the Downtown Development Authority Board of Directors to order at 3:06 p.m.

Approval of Minutes

Mr. Lewand asked if there were any additions, deletions or corrections to the minutes of the December 14, 2016 Regular Board meeting. Hearing none, the Board took the following action:

On a motion by Mr. Blaszkiewicz, seconded by Mr. Beatty, Resolution Code DDA 17-01-02-590 was unanimously approved.

Receipt of Treasurer's Report

Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the month of November 2016 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. Jenkins, seconded by Mr. Beatty, Resolution Code DDA 17-01-03-466 was unanimously approved.

PROJECTS

Resolution Declaring Bond Reimbursement Intent (Additional Catalyst Development Project Improvements)

Ms. Navin explained 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 events center to be named the Little Caesars Arena (the "Events Center"). In December, 2014, the DDA issued tax-exempt and taxable bonds in the aggregate principal sum of \$450,000,000.00 to finance the construction of the Events Center, and the DDA intends to issue additional tax increment revenue bonds in an aggregate principal amount sufficient to enable the DDA to finance \$34,500,000 of additional improvements to the Events Center, including improvements to accommodate the basketball, operational and facility requirements of the Detroit Pistons Basketball Company, in connection with the relocation of its home venue for professional

basketball games and related operations from the Palace of Auburn Hills to the Events Center commencing with the fall 2017 NBA season (the "Additional Tax Increment Revenue Bonds").

Due to recent amendments to the DDA Act, DDA staff believes that necessary DDA Plan amendment approvals required for the issuance of the Additional Tax Increment Revenue Bonds will not be in place before late April, 2017. However, in order for the Events Center to open in Fall, 2017 as anticipated, additional improvements to the Events Center intended to be paid with proceeds of the Additional Tax Increment Revenue Bonds will need to be undertaken and expended prior to the closing on the bonds.

In order for such expenditures to be eligible for reimbursement once the Additional Tax Increment Revenue Bonds are issued, bond counsel has recommended the adoption of the attached resolution. In short, the adoption of this resolution is for the purpose of preserving the opportunity for tax-exempt bond financing, to the extent funds are to be advanced for capital improvements and later reimbursed with tax-exempt bond proceeds. The resolution must be adopted no later than 60 days after the expenditures expected to be later reimbursed with bond proceeds. Therefore, if adopted today, bond proceeds could be used to reimburse capital improvement expenditures dating back 60 days, or mid-November.

It is important to note that the DDA will not be advancing any of its own funds for such expenditures; rather, any such advances would be made by Olympia or the Pistons organization.

A resolution was included with the Board material for consideration.

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

On a motion by Mr. Naglick, seconded by Mr. Massaron, Resolution Code DDA 17-01-123-45 was unanimously approved.

ADMINISTRATION

Freedom of Information Act Procedures and Guidelines

Ms. Navin advised that pursuant to 2015 amendments to Michigan's Freedom of Information Act (MCL 15.231 et seq.) ("FOIA"), the DDA is required to establish procedures and guidelines to implement FOIA (the "Guidelines") and a written public summary of the Guidelines written in a way to be easily understood by the public.

Staff and counsel have prepared proposed Guidelines which comport to the requirements of FOIA and describe the manner in which the DDA will comply with FOIA, including but not limited to the acceptance of and response to FOIA requests, fee calculations, deposit requirements, and appeals and challenges. Notably, the proposed Guidelines provide that the DEGC's Vice President of Board Administration will act as the FOIA Coordinator and be responsible for FOIA compliance.

The proposed Guidelines are attached hereto as **Exhibit A**. Staff is seeking the board's approval of the Guidelines in the substantial form attached hereto as **Exhibit A** and authority to prepare the written public summary of the Guidelines as required by FOIA.

A resolution was included with the Board material for consideration.

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

On a motion by Mr. Blaszkiewicz, seconded by Mr. Beatty, Resolution Code DDA 17-01-01-428 was unanimously approved.

Mr. Massaron requested that staff take time at the next Board meeting to bring back ways that DDA can ensure that it is open and transparent, even going beyond what is required by the Open Meetings Act or the Freedom of Information Act request so that we can make sure that we adhere to the Mayor's policy of being open and honest. The Board agreed that a discussion would be appropriate.

Ms. Navin added that last year, at the end of the Legislative Session, some amendments to the DDA Act were adopted that had been under consideration for quite some time. These amendments will require additional reporting.

NEW BUSINESS

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:

This new Piston's/Illitch deal is the stupidest thing I have ever seen—three losing teams all in one spot. Beyond that, this is a deal where you move out of your Palace and you move down into the inner city here and you get to keep your old home and you get to have the City buy you a new home. That is ridiculous. There should be some stipulations where they can turn their Palace over to the City and sell it or do something to dispose of it instead of just saying, well just let us do whatever we want to do. The other thing is when you made the original deal, you signed the deal saying you would not have any more projects and no more financing. This was supposed to be a catalyst project. Well the catalyst is to catalyze a way of getting more money out of the taxpayers. That's what off the rails in this. Also, it has to be approved by the City Council before you go to a, b or c. That is in the DDA Act. And, they have to have public hearings about it and so it is not just something that is done here and that process has to go ahead. You go out here and make all of these deals before you do that. I know there is a great sense of urgency to accommodate them. On top of that, he is going to build a few basketball courts here for less than he pays in property taxes now. And he is going to fire all of those employees out there because they will all be people that are left over. And of course we can't go without the main street eyesore that was paid for by the DDA by 2009. But Illitch, we don't want to have to talk to him about it. We're going to give him more money. No, he has to start living up to the deals. He has cheated us out of this and millions of dollars in the Joe Louis Arena lease.

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 3:18 p.m.

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CODE DDA 17-01-02-590

APPROVAL OF MINUTES OF NOVEMBER 30, 2016

RESOLVED, that the minutes of the Special meeting of November 30, 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.

January 11, 2017

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CODE DDA 17-01-03-466

RECEIPT OF TREASURER'S REPORT FOR NOVEMBER 2016

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending November 30, 2016, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

January 11, 2017



**RESOLUTION OF THE CITY OF DETROIT DOWNTOWN
DEVELOPMENT AUTHORITY DECLARING BOND REIMBURSEMENT INTENT
(ADDITIONAL CATALYST DEVELOPMENT PROJECT IMPROVEMENTS)**

At a regular meeting of the Board of the City of Detroit Downtown Development Authority (the "Authority"), County of Wayne, State of Michigan, held at the offices of the Detroit Economic Growth Corporation, 500 Griswold Street, Suite 2200, Detroit, Michigan, on Wednesday, January 11, 2017, at 3:00 p.m., Michigan time, there were

Present: Marvin Beatty, Charles Beckham, David Blaszkiewicz, Richard Hosey, James Jenkins, Thomas Lewand (Mayor's Representative), David Massaron, John Naglick and Steve Ogden.

Absent: Austin Black, Ehrlich Crain, Sonya Delley and Melvin Hollowell.

The following preamble and resolution were offered by Mr. Naglick and seconded by Mr. Massaron:

Recitals

WHEREAS pursuant to Act No. 197, Michigan Public Acts of 1975, as amended ("Act 197"), the Authority has undertaken the financing and development of a "catalyst development project" (as defined in Act 197), consisting of the acquisition, construction, installation, furnishing and equipping of a new multipurpose events center comprised of approximately 650,000 square feet, approximately 18,000 seats, attached parking and ground floor retail to serve as the home arena of the Detroit Red Wings National Hockey League franchise and as a year-round venue for a wide range of sports and entertainment events (the "Events Center"), and the development or redevelopment of vacant and/or underutilized properties within the area adjacent to or near the Events Center (collectively, with the Events Center, the "Catalyst Development Project"); and

WHEREAS, the Authority has entered into a Memorandum of Understanding ("MOU") with Palace Sports & Entertainment, LLC, a Delaware limited liability company ("PS&E"), with respect to the terms upon which the Authority will, among other matters, assist in the financing and development of (a) additional improvements to the Events Center, which is currently under construction, to accommodate the basketball, operational and facility requirements of the Detroit Pistons Basketball Company, in connection with the relocation of its home venue for professional basketball games and related operations from the Palace of Auburn Hills to the Events Center commencing with the fall 2017 NBA season, (b) other eligible costs of construction of the Catalyst Development Project, and (c) other public facilities, public infrastructure and public spaces in the DDA's Development Area No. 1 relating to the foregoing (collectively, the "Additional Catalyst Development Project Improvements"); and

WHEREAS, the Authority intends, subject to the terms and conditions enumerated in the MOU, to issue additional tax increment revenue bonds in an aggregate principal

amount sufficient to enable the Authority to finance \$34,500,000 of the Additional Catalyst Development Project Improvements, together with reasonably required debt service reserves, capitalized interest, if necessary, and costs of issuance of such bonds (the "Additional Tax Increment Revenue Bonds"); and

WHEREAS, the Authority expects to pay certain expenses of the Additional Catalyst Development Project Improvements prior to the issuance of the Additional Tax Increment Revenue Bonds, and to reimburse itself for such expenditures from the proceeds of the Additional Tax Increment Revenue Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

1. Reimbursement. The Authority makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

(a) The Authority reasonably expects to reimburse itself for certain expenditures for the costs of the Additional Catalyst Development Project Improvements with proceeds of the Additional Tax Increment Revenue Bonds.

(b) The maximum principal amount of debt expected to be issued for the reimbursement purposes described herein is \$34,500,000.

(c) Reimbursement of expenditures for the cost of the Additional Catalyst Development Project Improvements with the proceeds of the borrowing described herein will occur not earlier than the date on which the expenditure is paid and not later than the later of 18 months after either (1) the date on which the expenditure is paid, or (2) the date on which the Additional Catalyst Development Project Improvements are placed in service or abandoned (but in no case more than 3 years after the day on which the expenditure is paid).

(d) The expenditures described in (a) above are "capital expenditures" as defined in Treas. Reg. §1.150-1, which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election) under general Federal income tax principles (as determined at the time the expenditure is paid).

2. Conflicting Resolutions. All resolutions and parts of resolutions insofar as they conflict with the provisions of this Resolution be and they are hereby rescinded.

January 11, 2017



FREEDOM OF INFORMATION ACT PROCEDURES AND GUIDELINES

WHEREAS, pursuant to 2015 amendments to Michigan's Freedom of Information Act (MCL 15.231 et seq.) ("FOIA"), the DDA is required to establish procedures and guidelines to implement FOIA (the "Guidelines") and a written public summary of the Guidelines written in a way to be easily understood by the public; and

WHEREAS, staff and counsel have prepared proposed Guidelines which comport to the requirements of FOIA and describe the manner in which the DDA will comply with FOIA, including but not limited to the acceptance of and response to FOIA requests, fee calculations, deposit requirements, and appeals and challenges; and

WHEREAS, the Board of Directors has reviewed proposed Guidelines attached hereto as **Exhibit A**, has determined that the proposed Guidelines are consistent with the requirements of FOIA and with the intents and purposes of the DDA.

NOW, THEREFORE, BE IT RESOLVED that the DDA Board of Directors hereby approves and adopts the Guidelines in the substantial form attached hereto as **Exhibit A**.

BE IT FURTHER RESOLVED that the DDA Board of Directors hereby authorizes staff and counsel to prepare the written public summary of the Guidelines as required by FOIA.

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 take any other 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.

January 11, 2017