

City of Detroit



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

CODE DDA 17-05-02-596

APPROVAL OF MINUTES OF APRIL 19, 2017

RESOLVED, that the minutes of the Special meeting of April 19, 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.

May 24, 2017

City of Detroit



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**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS SPECIAL MEETING
WEDNESDAY, APRIL 19, 2017 – 3:00 P.M.**

BOARD MEMBERS PRESENT:

Charles Beckham
Austin Black
David Blaszkiewicz
Ehrlich Crain
Sonya Delley
James Jenkins
John Naglick
Thomas Lewand (Mayor's Representative)

BOARD MEMBERS ABSENT:

Marvin Beatty
Melvin Hollowell
Richard Hosey
David Massaron
Steve Ogden

OTHERS PRESENT:

Awenate Cobbina (PSE)
John Gallagher (Free Press)
Richard Haddad (PSE)
Craig Hammond (Dickenson Wright)
Amanda Hanlin (DEGC)
Derrick Headd (LPD)
Gay Hilger (DEGC/DDA)
Marcel Hurt (LPD)
Malinda Jensen (DEGC/DDA)
Jennifer Kanalos (DEGC/DDA)
Steven Kantor (Hilltop Securities)
John Lauve (Public)
Glen Long (DEGC/DDA)
Ayesha Maxwell (DEGC/DDA)
Rebecca Navin (DEGC/DDA)
Ngozi Nwaesei (Lewis & Munday)
Stephen Palms (MCPS)
Sarah Pavelko (DEGC/DDA)
Bob Rossbach (MCCI)
Ed Saenz (ODM)
Zed Smith (Cordish)
Adrienne Zeigler (DEGC/DDA)

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**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS SPECIAL MEETING
WEDNESDAY, APRIL 19, 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 Mayor's Representative and Acting Chair, called the Regular meeting of the Downtown Development Authority Board of Directors to order at 3:02 p.m.

Approval of Minutes

Mr. Lewand questioned whether there were any additions, deletions or corrections to the minutes of the April 12, 2017 Regular Board meeting. Hearing none, the Board took the following action:

On a motion by Mr. Naglick, seconded by Ms. Delley, Resolution Code DDA 17-04-02-595

Receipt of Treasurer's Reports

Mr. Naglick review the Treasurer's Report of Receipts and Disbursements for the months of February and March, 2017 for the benefit of the Board and responded to questions. Subsequent to the discussion, the Board took the following action:

On a motion by Ms. Delley, seconded by Mr. Blaszkiewicz, Resolution Code DDA 17-04-03-469 and Code DDA 17-04-03-470 were unanimously approved.

PROJECTS

Proposed Amendments to Tax Increment Financing Plan and Development Plan for Development Area No. 1

Mr. Jensen advised that on November 22, 2016, pursuant to Resolution DDA 16-11-123-43, the Board of Directors of the City of Detroit Downtown Development Authority (the "DDA") (the "Board"), approved the execution of a Memorandum of Understanding between the DDA and Palace Sports & Entertainment LLC and a Memorandum of Understanding between the DDA and Olympia Entertainment Events Center LLC (together, the "MOU"), relating to modifications to the DDA's "Catalyst Development Project" as defined in Act No. 197 of Public Acts of 1975, as amended, in order to accommodate the relocation of the home venue for the Detroit Pistons from the Palace of Auburn Hills to the Events Center.

Each MOU contemplates, among other things, the issuance of additional tax increment revenue bonds in order to generate \$34.5 Million of proceeds to be used towards additional improvements necessary to the Events Center to accommodate NBA and Pistons requirements at the Events Center. Consummation of the transactions contemplated by the MOU requires amendments to the DDA's Restated Tax Increment Financing Plan and Development Plan for Development Area No. 1 (the "Plan") which, among other things, update the project description for the Catalyst Development Project, increase the DDA's maximum bonded indebtedness permitted under the Plan, increase the duration of the Plan in order to raise sufficient revenues to pay back the 2017 tax increment revenue bonds and the refunding of the 2014 and 2017 tax increment revenue bonds expected to occur prior to January 1, 2019, and certain other obligations of the DDA relating to the Catalyst Development Project.

Other proposed amendments to the Plan include, but are not limited to, updated revenues and expenditures to reflect the increased duration of the Plan, and project updates since the 2013 Plan amendments.

Included in the Board material were the following:

- (1) Executive summary of the proposed amendments to the Plan (Exhibit A)
- (2) Redlined pages indicating the proposed material amendments to the Plan (Exhibit B).

Ms. Jensen turned the floor over to Ms. Navin to review the Executive Summary and the proposed material amendments to the Plan with the Board and address Board members' questions.

Ms. Navin advised that the entire Plan, with redlined pages indicating the proposed amendments to the Plan, is available upon request.

Mr. Naglick, chair of the Finance Committee, stated that staff was unable to get a quorum for a Finance Committee meeting; however, the Finance Committee members have individually reviewed the documents thoroughly.

Mr. Lewand added that Steve Kantor is in attendance and would be happy to answer any additional questions that the Board may have regarding the bonds.

Staff requested that the DDA Board adopt the resolution included in the Board material approving the amendments to the Plan as described in the Exhibits.

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

On a motion by Mr. Naglick, seconded by Mr. Jenkins, Resolution Code DDA 17-04-17-86 was unanimously approved.

ADMINISTRATION

Election of Officers

Ms. Kanalos advised that the DDA Rules of Procedure, as amended, adopted by the Board on June 12, 2013, requires that the Board of Directors elect Officers annually.

A resolution was included for your review and approval to elect the Hon. Michael Duggan, Chairman, David Blaszkiwicz, Vice Chairman, Sonya Delley, Secretary, and John Naglick, Treasurer, of the Board of Directors of the City of Detroit Downtown Development Authority.

With there being no questions or discussion, the Board took the following action:

On a motion by Mr. Crain, seconded by Mr. Beckham, Resolution Code DDA 17-04-01-431 was unanimously approved.

OTHER MATTERS

PUBLIC COMMENT

Mr. Lewand 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:

"We got a little warm up of the children's tickets with the Tigers and they said 'well, where are the 1,000 kids that didn't get tickets that were used so forget about it, we're all set.' That's the way they run their business—the kids are last. It's very important though to get their money.

This \$34 million Pistons gift violates the hockey league. It says concessionaire shall pay such excess costs. That's what it says, but we don't want to stick with that. We want to give them more. Also, the Palace guys get to dump their property taxes of three-quarters of a million dollars. And what are the costs? What is the definition of costs? It is just here is the bill. When you signed the bond for a fourth of a billion dollars, you said you would not finance any more bonds. But forget about that. We will go into debt forever.

Then we have the Ilitch record of violating the leases. No Joe payment for three years because the bankruptcy doesn't need it. And the Event Center land—these eyesore buildings—here's the ones right her—they're not on the list. We're going to let this go because we don't care about this. We want to have basketball guys here. We'll pay them. We don't want to fix up the city. Let's have this last forever. Here's the actual lease terms right here. That's what is going on.

The kids don't get their tickets. We don't get the buildings. This was in the original Tiger deal to fix this up. This was 2009. They got a million dollars from the gracious taxpayers here.

The next stop on this deal you got going here is a City Council public hearing. It is required by the law. And if they don't have to live up to that requirement to have to mail a notice to every member in the district. So that's what coming ahead. But this isn't going to be in the news. I have to come down here to find out myself."

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. Naglick adjourned the meeting at 3:30 p.m.

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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

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CODE DDA 17-04-03-469

RECEIPT OF TREASURER'S REPORT FOR FEBRUARY 2017

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending February 28, 2017, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

April 19, 2017

City of Detroit



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CODE DDA 17-04-03-470

RECEIPT OF TREASURER'S REPORT FOR MARCH 2017

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending March 31, 2017, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

April 19, 2017



PROPOSED AMENDMENTS TO TAX INCREMENT FINANCING PLAN AND DEVELOPMENT PLAN FOR DEVELOPMENT AREA NO. 1

WHEREAS, the City of Detroit Downtown Development Authority (the "DDA") was created pursuant to Act No. 197 of the Public Acts of 1975 (the "DDA Act") and pursuant to Detroit City Ordinance #119-H; and

WHEREAS, the DDA was created to correct and prevent property value deterioration in the City of Detroit's downtown district (the "Downtown District") and to eliminate the causes of such deterioration in order to promote economic growth; and

WHEREAS, the DDA Board of Directors (the "Board") has determined that the Restated Tax Increment Financing Plan and Development Plan for Development Area No. 1 (as amended from time to time, the "Plan") is necessary to accomplish the purposes for which the DDA was created and to achieve the purposes of the DDA Act; and

WHEREAS, on November 22, 2016, pursuant to Resolution DDA 16-11-123-43, Board approved the execution of a Memorandum of Understanding between the DDA and Palace Sports & Entertainment LLC and a Memorandum of Understanding between the DDA and Olympia Entertainment Events Center LLC (together, the "MOU"), relating to modifications to the DDA's "Catalyst Development Project" as defined in the DDA Act, in order to accommodate the relocation of the home venue for the Detroit Pistons from the Palace of Auburn Hills to the Events Center; and

WHEREAS, consummation of the transactions contemplated by the MOU requires amendments to the DDA's Restated Tax Increment Financing Plan and Development Plan for Development Area No. 1 (the "Plan") which, among other things, update the project description for the Catalyst Development Project, increase the DDA's maximum bonded indebtedness permitted under the Plan, increase the duration of the Plan in order to raise sufficient revenues to pay back the 2017 tax increment revenue bonds and the refunding of the 2014 and 2017 tax increment revenue bonds expected to occur prior to January 1, 2019 and certain other obligations of the DDA relating to the Catalyst Development Project; and

WHEREAS, other proposed amendments to the Plan include, but are not limited to, updated revenues and expenditures to reflect the increased duration of the Plan, and project updates since the 2013 Plan amendments; and

WHEREAS, DDA Staff has prepared, and the Board has reviewed, amendments (the "Amendments") to the Plan, an executive summary of which is attached hereto as Exhibit A and redlined pages of the Plan reflecting material amendments are attached hereto as Exhibit B; and

WHEREAS, the DDA recognizes that there exists in the City of Detroit severe conditions of unemployment and under-employment which produce not only deterioration of property values but a deterioration of community spirit and investor confidence which are detrimental to the City of Detroit's and the State of Michigan's economy and economic growth; and

WHEREAS, the DDA understands that its statutory purpose of promoting economic development and preventing the deterioration of property values in the Downtown District cannot be accomplished if it fails to maximize and implement major development opportunities presented to it by proven and experienced developers; and

WHEREAS, the DDA has determined that the developments described in the Amendments will provide jobs for the jobless, help stabilize and increase property values in the DDA Downtown District, and encourage and increase business activity and investment in the Downtown District and surrounding areas; and

WHEREAS, the Board has determined that the DDA's statutory purposes of the prevention property value deterioration in the City of Detroit's downtown district, the elimination of the causes of such deterioration, and the promotion of economic growth will be advanced through the Amendments to the Plan, including but not limited to those summarized and reflected in Exhibits A and B.

NOW, THEREFORE, BE IT RESOLVED, that the proposed amendments to the Plan be and are hereby accepted and approved by the DDA Board, subject to minor revisions of form to be completed by the DDA staff and counsel, which minor revisions shall not be inconsistent with the are hereby authorized.

BE IT FURTHER RESOLVED, that the DDA Board hereby authorizes any two of its Officers, any two of its Authorized Agents, or any one Officer and any one Authorized Agent to execute any and all documents and take any and all actions necessary or appropriate to implement the provisions and intent of this resolution on behalf of the DDA, including but not limited to the pursuit of other required governmental approvals of the Amendments.

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 19, 2017

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CODE DDA 17-04-01-431

ADMINISTRATION: ELECTION OF OFFICERS

RESOLVED, that the following are hereby elected as Officers of the Board of Directors of the City of Detroit Downtown Development Authority:

Hon. Michael Duggan
David Blaszkiewicz
Sonya Delley
John Naglick

Chairman
Vice Chairman
Secretary
Treasurer

April 19, 2017