

Inter Office Memo

TO: BOARD OF DIRECTORS
DOWNTOWN DEVELOPMENT AUTHORITY

FROM: REBECCA NAVIN

DATE: JUNE 28, 2017

RE: AMENDMENT TO CMA RELATING TO PISTONS RELOCATION TO
EVENTS CENTER

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 ("PS&E") (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 (the "Pistons") from the Palace of Auburn Hills to the Events Center, now known as Little Caesars Arena (the "LCA").

The MOU contemplates, among other things, that the Pistons will join the Amended and Restated Concession and Management Agreement relating to the LCA (the "CMA") in order to commit to certain undertakings by the Pistons for the benefit of the DDA consistent with certain undertakings made by the concessionaire or the Detroit Red Wings and that the CMA will otherwise be amended in order to permit the transactions contemplated by the MOU.

Staff is seeking DDA Board approval of an amendment to the CMA on the below terms (the "CMA Amendment Terms"):

- The additional improvements to the LCA to accommodate Pistons' basketball, operations and facility requirements (the "Pistons EC Improvements") are approved and incorporated into the definition of the Events Center Project under the CMA.
- The definition of "Costs of the Events Center Project" shall include cost of the Pistons EC Improvements, as set forth in the MOU.
- The DDA agrees to issue the Series 2017 DDA Bonds, of which \$34.5 Million in proceeds shall be used by pay or reimburse the costs of the Pistons EC Improvements.
- Pistons shall maintain insurance in a manner consistent with the requirements of the Red Wings under the CMA.
- Pistons shall agree to indemnify and defend the DDA in the same manner as the Red Wings under the CMA.
- Detroit Pistons Basketball Company will be a party to the CMA with respect to the relevant sections of the CMA applicable to the Pistons.
- DDA acknowledges the Pistons as a sub-concessionaire under the CMA and agrees to certain standard non-disturbance provisions.

A resolution is attached for the Board's consideration.



AMENDMENT TO CMA RELATING TO PISTONS RELOCATION TO EVENTS CENTER

WHEREAS, 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 ("PS&E") (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 (the "Pistons") from the Palace of Auburn Hills to the Events Center, now known as Little Caesars Arena (the "LCA"); and

WHEREAS, the MOU contemplates, among other things, that the Pistons will join the Amended and Restated Concession and Management Agreement relating to the LCA (the "CMA") in order to commit to certain undertakings by the Pistons for the benefit of the DDA consistent with certain undertakings made by the concessionaire or the Detroit Red Wings and that the CMA will otherwise be amended in order to permit the transactions contemplated by the MOU; and

WHEREAS, Staff is seeking DDA Board approval of an amendment to the CMA on the below terms (the "CMA Amendment Terms"):

- The additional improvements to the LCA to accommodate Pistons' basketball, operations and facility requirements (the "Pistons EC Improvements") are approved and incorporated into the definition of the Events Center Project under the CMA.
- The definition of "Costs of the Events Center Project" includes cost of the Pistons EC Improvements, as set forth in the MOU.
- The DDA agrees to issue the Series 2017 DDA Bonds, of which \$34.5 Million in proceeds shall be used by pay or reimburse the costs of the Pistons EC Improvements.
- Pistons shall maintain insurance in a manner consistent with the requirements of the Red Wings under the CMA.
- Pistons will indemnify and defend the DDA in the same manner as the Red Wings under the CMA.
- Detroit Pistons Basketball Company will be a party to the CMA with respect to the relevant sections of the CMA applicable to the Pistons.
- DDA acknowledges the Pistons as a sub-concessionaire under the CMA and agrees to certain standard non-disturbance provisions.

WHEREAS, upon review of the proposed CMA Amendment Terms, the DDA Board has determined that the proposed CMA Amendment Terms as proposed are consistent with the terms of the MOU, DDA's statutory purposes and otherwise in the best interests of the DDA.

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 an amendment to the CMA, 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 and that do not otherwise alter the substance of the CMA or adversely affect the rights and/or obligations of the DDA under the CMA.

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.

June 28, 2017