



CODE DDA 20-01-02-622

APPROVAL OF MINUTES OF DECEMBER 11, 2019

RESOLVED that the minutes of the Special meeting of December 11, 2019 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 22, 2020



**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS SPECIAL MEETING
WEDNESDAY, DECEMBER 11, 2019 – 3:00 P.M.**

BOARD MEMBERS PRESENT: Marvin Beatty
Ehrlich Crain
Charity Dean
Melvin Hollowell
Richard Hosey
James Jenkins
John Naglick
Steve Ogden

BOARD MEMBERS ABSENT: Austin Black
David Blaszkiewicz
Sonya Delley
Michael Duggan
David Massaron

OTHERS PRESENT: Dennis Archer, Jr. (Randolph Capital Partners)
Rian Barnhill (ODM)
Cora Capler (DEGC/DDA)
Gina Cavaliere (DDP/Downtown Biz)
Brad Dick (City of Detroit/GSD)
Megan Elliott (City of Detroit/GSD)
Kenyetta Hairston-Bridges (DEGC/DDA)
Gay Hilger (DEGC/DDA)
Denise Hundley (DEGC/DDA)
Kaci Jackson (DEGC)
Malinda Jensen (DEGC/DDA)
Paul Kako (DEGC/DDA)
John Lauve (Public)
Glen Long, Jr. (DEGC/DDA)
Caitlin Mellax-Marian (City of Detroit/DPW)
Mike McLauchlan (IHI)
Rebecca Navin (DEGC/DDA)
Sarah Pavelko (DEGC/DDA)
Orza Robertson (DEGC/DDA)
Ed Saenz (ODM)
Alana Tucker (Downtown Detroit Partnership)
John Valentine (ODM)



**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS SPECIAL MEETING
WEDNESDAY, DECEMBER 11, 2019
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD STREET, SUITE 2200 – 3:00 P.M.**

GENERAL

Call to Order

Noting that a quorum was present, Treasurer and Acting Chair Naglick called the Regular meeting of the Downtown Development Authority Board of Directors to order at 3:06 p.m.

Approval of Minutes

Mr. Naglick asked if there were any additions, deletions or corrections to the minutes of the November 13, 2019 Regular Board meeting. Hearing none, the Board took the following action:

On a motion by Mr. Beatty, seconded by Mr. Hollowell, Resolution Code DDA 19-12-02-621 was unanimously approved.

Receipt of Treasurer's Report for October 2019

Mr. Long reviewed the Treasurer's Report of Receipts and Disbursements for the Month of October 2019. With there being no questions or discussion, the Board took the following action:

On a motion by Mr. Hollowell, seconded by Mr. Beatty, Resolution Code DDA 19-12-03-503 was unanimously approved.

PROJECTS

Mr. Naglick informed that there was a request to move Project Item No. III up, so he will begin with that item.

Catalyst Development Project: Sixth Amendment to Master Development Agreement

Ms. Pavelko reported that on December 11, 2014, the City of Detroit Downtown Development Authority (the "DDA") and Olympia Development of Michigan, LLC ("ODM") executed that certain Master Development and Reimbursement Agreement (as amended, the "MDA") relating to the commitment by ODM to invest, or cause the investment of, at least \$200 Million in private investment as part of the EC Ancillary Development Project. To date, ODM has presented, and the DDA has approved, Development Plans for projects in excess of \$200 million towards this obligation.

Pursuant to the terms of the MDA, property was conveyed by DDA to ODM for appraised value, and properties so conveyed by DDA to ODM that were located on Woodward were required to be subject to a Development Plan within three (3) years after the Effective Date of the MDA. All other properties conveyed by the DDA under the MDA must be subject to a Development Plan within



five (5) years after the commencement date for the Concession and Management Agreement for the Little Caesars Arena (i.e., by September 12, 2022). The DDA has approved Development Plans for all of the properties located on Woodward, except for the parcel located at 2473 Woodward, and in June, 2018, DDA approved an extension of the deadline for that parcel to June 28, 2019.

ODM failed to submit a formal development plan to the DDA with respect to the 2473 Woodward parcel by the above-deadline and DDA issued a default notice to ODM. ODM's response noted that it had, except for the western end of the parcel, developed the 2473 Woodward parcel with sidewalks, pavers, water supply lines, sewers and other infrastructure improvements, as that area is being used as an entry and exit point to Little Caesars Arena, consistent with the pedestrian plaza and outdoor gathering and entertainment space approved by the DDA in the Second Amendment to the MDA. ODM and DDA representatives engaged in discussions and continued to work on a mutually beneficial resolution.

ODM proposes extending the deadline for approval of a development plan for 2473 Woodward to September 12, 2022 to coincide with the deadline for the other properties transferred by DDA to ODM. Based on the location and size of the property, DDA and ODM representatives agree that the highest and best development potential for the site is for the site to be developed in conjunction with the adjacent parcels owned by ODM and DDA staff supports additional time to allow an appropriate development for this site.

As consideration for this extension, ODM has agreed to contribute two (2) parcels, 3118 Fourth and 242 Watson, to the City. The City has identified these parcels as key to support the establishment of neighborhood parks in Midtown and Brush Park, respectively. ODM has agreed to irrevocably commit to the donation of the parcels, with the actual transfer subject to the City's completion of its due diligence and City Council approval. The parcels located at 2473 Woodward, 3118 Fourth and 242 Watson were depicted on Exhibit A in the Board material for reference.

A resolution approving the proposed extension was included for the Board's consideration.

Ms. Navin made a point of clarification. She advised that proposal in front of the Board is not that the extension being contingent on the actual conveyance of the parcel, but rather, on ODM's irrevocable written commitment to convey the parcel, assuming that the City is satisfied with its due diligence and that City Council approves the transaction.

Mr. Hollowell wanted to clarify if the extension would coincide with the other parcels to September 12, 2022. Ms. Navin advised that was correct.

Mr. Naglick asked if the developer would like to make any comments.

Mr. Mike McLaughlan of Ilitch Holdings thanked the DEGC staff and the City Administration for their efforts on this project. He stated that they look at this as an opportunity to support the efforts of the City in some neighborhoods to increase the greenspace available to help neighborhoods thrive. In addition to that, it will allow them to continue to have time to put together an excellent project that the City and the community will support.

Mr. Hollowell summarized the resolution as follows in order to help facilitate discussion.



- Request to amend the timeline for the development of the 8,000 sq. ft. parcel at the entrance to LCA, under the Master Development and Reimbursement Agreement, to coincide with the date of development of the other parcels at the site (September 12, 2022).
- In exchange, there will be two different tracts of land that would be gifted to the City for parks (3118 Fourth and 242 Watson) that involves Brush Park and Midtown West. The Brush Park parcel would double the recreation area presently there for residents that are moving into approximately 450 total units. Midtown West would essentially be a new park for the thousands of new residents that have moved to the area in the last 18 months.

Mr. Hollowell went on to say that on best practices as it relates to how master plans are laid out, particularly in downtown areas and areas that we have jurisdiction over, Detroit is on the low end in terms of recreational space provided for its residents. In his mind, this would be a significant trade in order to line things back up and to bring Detroit closer to what the national standard is for recreational space for its residents.

Mr. Jenkins asked if there has been an environmental study on these two properties to make sure that they are clean. Ms. Pavelko advised that the City would not accept land without an environmental analysis having been done first.

Ms. Dean asked someone from ODM to explain the reason for the delay and also what the plan moving forward will be to work with the community. Mr. McLauchlan responded that what the Board is considering today is a very small piece of a much larger parcel of land. It is a very important piece though because of its proximity to Little Caesars Arena and I-75. ODM has added new people to their team and are looking for the best use of this piece of land that suits the City. As their plans continue to develop, they will be working very closely with the City Administration, DEGC and the community. Ms. Dean asked if they are currently working with community on it. Mr. McLauchlan stated that they were working with a Community Advisory Committee that terminated earlier this year. While they still have contact with some of the members, many have moved away. They do continue to engage many of the stakeholders in the neighborhood.

Mr. Crain asked if Areas 1 and 2 depicted on Exhibit A are outside of the DDA boundaries. Ms. Navin stated that they are outside of the boundaries, so DDA does not have jurisdiction to take on these parcels and that is why this transaction is structured the way it is.

Mr. Naglick called on Mr. Brad Dick of the City who explained why these parcels are important to the City. Ms. Dean asked Mr. Dick if they anticipate any City Council issues. Mr. Dick stated that he expects City Council to be supportive of the transaction.

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

On a motion by Mr. Hollowell, seconded by Mr. Beatty, Resolution Code DDA 19-12-123-71 was unanimously approved.



Fort Street Streetscape Improvement Project Proposal: Authorization To Enter Into A Funding Agreement With Downtown Detroit Partnership

Mr. Robertson reported that the City of Detroit, through its Department of Public Works and Office of Mobility Innovation, together with the Downtown Detroit Partnership (“DDP”), has requested the assistance of the Downtown Development Authority (“DDA”) with proposed streetscape improvements to Fort Street at Woodward, adjacent to Campus Martius Park (the “Project”). The scope of the Project is more particularly described in **Exhibit A** included in the Board material and is based on the results of Downtown Detroit Transportation Study (“DDTS”) undertaken by the City and DDP. The DDTS recommends a rework of the Fort Street and Campus Martius intersection to improve traffic circulation and accommodate desired pedestrian movements. The Project will enhance pedestrian access and safety in the core of Downtown Detroit.

Representatives from the City, DDA and DDP met to discuss the Project. Initially, DDA is being asked to fund site design and engineering services for the Project, which will be managed by DDP. DDA staff expects future requests relating to the funding of the construction of the Project (currently estimated at \$800,000) to come at a later date. The desired schedule is to complete all design for construction is June 30, 2020.

DDP solicited proposals from three firms, Giffels Webster, Smith Group and OHM Advisors and only received one response from OHM Advisors which a Detroit-based business, to perform site design and engineering services for the Project. Based on DDP’s past work on similar projects of this scope and size, DDP believes this is a competitive cost proposal. The total fee for design services and project management is \$41,800, which includes a 10% fee for DDP’s management of the Project (the “Service Fee”).

DDP will oversee the following services:

- Oversight of the design services contract with OHM Advisors;
- Convening conversations with appropriate stakeholders during the design phase as needed, such as surrounding property owners, project managers and City and State officials; and
- Communicating updates on the progress of the project with the City of Detroit and DDA.

DDA staff is recommending that the DDA Board approve the execution of a funding agreement with DDP in the amount of the Service Fee for the Project and DDP’s provision of project management services. This contribution is consistent with the DDA’s mission to improve the walkability and vitality of the central business district. A resolution was included for the Board’s consideration.

Mr. Robertson introduced Ms. Caitlin Mellax-Marian, Director of the Department of Public Works for the City of Detroit. Ms. Mellax-Marian gave a PowerPoint presentation on the project for the Board’s information.

Ms. Mellax-Marian introduced Ms. Alana Tucker of the Downtown Detroit Partnership who is going to manage this project. Ms. Tucker reviewed the project and answered Board members’ questions.



Mr. Hollowell disclosed that DDP is a client of his and he would abstain from voting. Mr. Beatty advised that he is on the Board of DDP and would also abstain. Mr. Hosey stated that they are one of his tenants and would also abstain. Ms. Navin advised that none of the recusals are necessary, particularly because DDP is a nonprofit organization, and none of the Board members abstaining have a monetary interest in this project.

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

On a motion by Mr. Hollowell, seconded by Mr. Ogden, Resolution Code DDA 19-12-127-01 was unanimously approved.

Paradise Valley Business & Entertainment District: Second Amendment to the Development Agreement for 1407 & 1427 Randolph

Ms. Pavelko advised that in April 2017, the City of Detroit Downtown Development Authority (the "DDA") entered into a development agreement (the "Agreement") with Gotham Capital Partners, LLC (the "Developer") for the redevelopment of properties located at 1407 & 1427 Randolph (collectively, the "Properties"). Pursuant to the terms of the Agreement, the Developer will renovate the Properties into a mixed-use facility with office and retail space (the "Project"). In June 2019, the DDA Board authorized the execution of an amendment to the Agreement extending the closing deadline and reducing the purchase price as a result of the delays caused by a lawsuit filed against the DDA with respect to a tenant in a rentable space located on the Properties. The date of closing on the Properties was thereby extended to October 31, 2019.

The Developer and DDA were prepared to move forward with a closing to occur on or before October 31, 2019, however, given the delays in the Project relating to the litigation and the amendments previously approved by the Board, certain additional amendments to the Agreement are necessary to effectuate a closing, as described on **Exhibit A** included with the memorandum.

A draft resolution has been prepared and was included in the Board material for consideration.

Mr. Hollowell reviewed and summarized the terms of the amendment to the development agreement and proposed a motion to approve.

Mr. Ogden questioned if the amendments are tied to the developer's loss of private equity. Ms. Pavelko responded that the change in the deal structure changed his financing structure and the leasing space was unrealistic.

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

On a motion by Mr. Hollowell, seconded by Mr. Jenkins, Resolution Code DDA 19-12-110-58 was unanimously approved.



ADMINISTRATION

DDA Audited Financial Statements and Management Report as of June 30, 2018

Ms. Jensen advised that an electronic copy of the above-referenced material was sent to each Board member on November 27, 2019.

The DDA Finance Committee met and reviewed the material and recommends formal receipt by the DDA Board.

A resolution was provided in the Board material that indicates the Board's formal receipt of the DDA Audited Financial Statements and Management Report as of June 30, 2019, with comparative totals as of June 30, 2018, as prepared by George Johnson and Company, Certified Public Accountants.

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

On a motion by Mr. Hollowell, seconded by Mr. Crain, Resolution Code DDA 19-12-01-453 was unanimously approved.

DDA UDAG Loan – Atheneum Hotel Corporation - Loan Discounted Payoff

Ms. Hundley reported that on February 25, 1988, the City of Detroit Downtown Development Authority ("DDA") extended a loan in the amount of \$4,800,000.00 (the "Loan"), evidenced by a UDAG Note of even date therewith, to 400 Monroe Associates in connection with a Development and Loan Agreement dated April 27, 1988 (the "Development Agreement"). 400 Monroe Associates assigned all of its obligations under the Loan, Development Agreement, and all other loan documents in connection therewith to Atheneum Hotel Corporation (the "Borrower") pursuant to an Allonge to the UDAG Note dated February 28, 2006. The Borrower's obligations under the UDAG Note are secured by a subordinated UDAG mortgage. Comerica Bank was the senior Lender. The Loan remains the last UDAG-type loan on the DDA's portfolio. The Loan maturity date is March 1, 2021.

The Borrower's hotel operates in a very viable part of Detroit's Greektown area. The Borrower has endured the economic ups and downs of the City of Detroit through the years. DDA has served as an advocate in the process by providing various loan modifications. These modifications include adjustments to loan payments, modifications to the amortization schedules, and extensions to the maturity dates; thereby easing some of the borrower's financial burdens.

In order to keep the hotel viable, necessary improvements and renovations have been ongoing through the years. Some of these improvements include major lobby renovations, complete overhaul of rooms, banquet facilities, and overall hotel lighting. The Borrower desires the hotel to remain relevant in the current downtown environment, which will require additional investments in the hotel. The investments will result in additional improvements and renovations. These improvements include purchasing completely new furniture for the entire hotel and a new kitchen that will greatly increase the capacity and menu selections. A budget of approximately \$3,000,000.00 has been assessed for hotel upgrades. The funding of the investment dollars will be achieved by a consolidation of Borrower's outstanding debt.



The Borrower has now approached the DDA and is requesting a discounted loan payoff. The Comerica loan has been paid. To date, the Borrower has paid interest in the amount of \$2,737,829.58 and principal in the amount of \$2,531,850.87. The remaining principal loan balance is \$2,268,149.13. The Borrower is offering a discounted payoff in the amount of \$1,900,000.00 in immediate available funds. The remaining loan balance will be written off.

The Borrower's hotel has remained a cornerstone in the Greektown area and will be utilized by visitors for many years to come. It has remained a destination for lodging, food, and entertainment during challenging economic times in the City of Detroit. The hotel has and will remain a growing source of employment for the City of Detroit. Furthermore, the borrower has remained responsive to DDA through the years. Timely loan payments and documentation have always been remitted.

DDA staff has reviewed the request and finds it reasonable to accept the discounted loan payoff in the amount of \$1,900,000.00.

The DDA Finance Committee has reviewed the proposed transaction. In response to the Borrower's initial offer of a \$1,700,000 payoff, the Finance Committee was supportive of a discounted payoff at a higher amount and directed Staff to discuss with the Borrower. The Borrower has subsequently agreed to a discounted \$1,900,000.00 payoff for the Loan, which falls within the recommendation of the Finance Committee.

A resolution included for the Board's consideration.

Mr. Naglick thanked Ms. Hundley for going back to the borrower and getting what the Finance Committee recommended.

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

On a motion by Mr. Ogden, seconded by Mr. Hollowell, resolution Code DDA 19-12-01-122-06 was unanimously approved.

OTHER MATTERS

Mr. Crain raised the matter of the pedestrian plaza that was added at the intersection of Gratiot and Randolph and explained that he was asking about it because he sits on the Board of the Detroit Athletic Club. The issue is that the access to get over to Madison is not cut off and so it has caused a traffic back-log from Randolph to get through to John R. You now cannot make a left turn to go to Paradise Valley. Ms. Mellax-Marian commented that MDOT will be coming next spring and they will be resurfacing that section. She will also get that plan, look at the drawing to see if the issue will be addressed, and report back to the Board.

Mr. Ogden stated that he noticed that there is a new member of the Olympia Development team in attendance and asked for an introduction. Mr. McLauchlan introduced Rian Barnhill, Vice President of Government and Community relations for Olympia Development. Ms. Dean requested that at the January meeting, the Board review again ODM's report on the utilization of Detroit-based businesses.



PUBLIC COMMENT

Mr. Naglick called for public comment and advised they would have two minutes.

Mr. John Lauve of Holly, Michigan stated the following:

I gave you a Christmas card.[inaudible]...the other side is the ticket donation program of the Ilitches—the problem is the agreement doesn't have a ticket donation policy, it has an additional obligation of the Tigers to provide tickets to children of low-income families—50,000 of them—tickets to go to the game, to provide for them to go to the game. I know one family that went down and couldn't go to the game because they couldn't afford the parking. This is an obligation that has not been enforced. This particular meeting was back in 2016 so we're moving right along on that project. If you don't like the obligation, change it. This is for children of low-income families, not for the person that did the best in school. Okay, we'll reward those people and the children of low-income families, they're just going to be dirt. No, they need to get the tickets so that they have some esteem, some presence and some respect.

Mr. Naglick thanked Mr. Lauve for his comments and stated that the ticket report will be on the agenda of the January meeting.

Mr. Hollowell stated that the ticket donation program is incredibly important to us and we are not satisfied with the direction that it is going. If there is an opportunity for some of the Board members (not a quorum) to meet prior to the January meeting just to be sure that we are all moving in the same direction, he would like to do that.

ADJOURNMENT

On a motion by Mr. Ogden, seconded by Mr. Hollowell, Mr. Naglick adjourned the meeting at 4:16 p.m.



CODE DDA 19-12-123-71

CATALYST DEVELOPMENT PROJECT: SIXTH AMENDMENT TO MASTER DEVELOPMENT AGREEMENT

WHEREAS, on December 11, 2014, the City of Detroit Downtown Development Authority (the "DDA") and Olympia Development of Michigan, LLC ("ODM") executed that certain Master Development and Reimbursement Agreement relating to the commitment by ODM to invest, or cause the investment of, at least \$200 Million in private investment as part of the EC Ancillary Development Project (as amended, the "MDA"); and

WHEREAS, pursuant to the terms of the MDA, properties conveyed by DDA to ODM that were located on Woodward were required to be subject to a Development Plan within three (3) years after the Effective Date of the MDA and all other properties conveyed by the DDA under the MDA must be subject to a Development Plan within five (5) years after the commencement date for the Concession and Management Agreement for the Little Caesars Arena (i.e., by September 12, 2022); and

WHEREAS, the DDA has approved Development Plans for all of the properties located on Woodward, except for the property located at 2473 Woodward, and in June, 2018, DDA approved an extension of the deadline for such property to June 28, 2019; and

WHEREAS, ODM proposes extending the deadline for approval of a development plan for 2473 Woodward to September 12, 2022 to coincide with the deadline for the other properties transferred by DDA to ODM, and ODM has agreed, as consideration for this extension, to irrevocably commit to the contribution of two (2) parcels, 3118 Fourth and 242 Watson, to the City, the actual transfer of which is subject to the City's completion of its due diligence of the parcels and City Council approval (the "Proposed Amendment Terms"); and

WHEREAS, the parcels located at 2473 Woodward, 3118 Fourth and 242 Watson are depicted on the attached Exhibit A; and

WHEREAS, upon review of the Proposed Amendment Terms, the DDA Board has determined that the Proposed Amendment Terms are consistent with the 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 MDA incorporating the Proposed Amendment Terms, together with such other terms and conditions not materially inconsistent with this resolution and deemed reasonable by DDA's counsel and Authorized Agents.

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.

December 11, 2019



CODE DDA 19-12-127-01

FORT STREET STREETScape IMPROVEMENT PROJECT PROPOSAL: AUTHORIZATION TO ENTER INTO A FUNDING AGREEMENT WITH DOWNTOWN DETROIT PARTNERSHIP

WHEREAS, the City of Detroit Downtown Development Authority (the "DDA") supports private investments, business growth through loans, sponsorships and grants, capital improvements to public infrastructure and additional programs designed to increase economic activity; and

WHEREAS, the Downtown Detroit Transportation Study recommends streetscape improvements to Fort Street and Woodward intersection to improve traffic circulation and accommodate desired pedestrian movement as more particularly described in **Exhibit A** hereto (the "Project"); and

WHEREAS, the City of Detroit, through its Department of Public Works and Office of Mobility Innovation, together with the Downtown Detroit Partnership ("DDP"), has requested the assistance of the DDA to provide funds for the Project and DDP's management of the Project; and

WHEREAS, DDP seeks to engage OHM Advisors to perform site design and engineering services for the Project and oversee the performance of such services at a cost of Forty-One Thousand Eight Hundred and 00/100 Dollars (\$41,800.00) (the "Service Fee"), which includes a 10% fee for DDP's management of the Project; and

WHEREAS, DDA staff is recommending that the DDA Board approve the execution of a funding agreement with DDP in the amount of the Service Fee for the Project and DDP's provision of project management services; and

NOW, THEREFORE, BE IT RESOLVED, that the DDA Board of Directors hereby authorizes the execution of a funding agreement with DDP up to the Service Fee for design services, site engineering and project management services for the Project.

BE IT FURTHER RESOLVED, that the DDA Board of Directors hereby authorizes any two of its Officers, any one Officer and any one designated Authorized Agent, or any two Authorized Agents to execute a funding agreement and any and all documents 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.

December 11, 2019



CODE DDA 19-12-110-58

PARADISE VALLEY BUSINESS & ENTERTAINMENT DISTRICT: AMENDMENT TO DEVELOPMENT AGREEMENT 1407 AND 1427 RANDOLPH

WHEREAS, in April 2017, the City of Detroit Downtown Development Authority (the "DDA") entered into a development agreement (the "Agreement") with Gotham Capital Partners, LLC (the "Developer") for the redevelopment of properties located at 1407 & 1427 Randolph (collectively, the "Properties"); and

WHEREAS, in June 2019, the DDA Board authorized the execution of an amendment to the Agreement extending the closing deadline to October 31, 2019 and reducing the purchase price; and

WHEREAS, given the delays in the Project relating to the litigation and the amendments previously approved by the Board, certain additional amendments to the Agreement are necessary to effectuate a closing, as described on **Exhibit A** hereto (the "Revised Terms"); and

WHEREAS, DDA staff is seeking this Board's approval (i) of Developer's assignment of the Agreement, as further described on **Exhibit A** and (ii) to execute an amendment to the Agreement (an "Amendment") in accordance with the terms contained herein (the "Revised Terms"); and

WHEREAS, the DDA Board has determined that approval of the proposed assignment and the Revised Terms is in the best interests of the DDA.

NOW, THEREFORE, BE IT RESOLVED, that the DDA Board of Directors hereby approves the proposed assignment and the Revised Terms.

BE IT FURTHER RESOLVED that any two Officers, any two of the Authorized Agents of the DDA, or any one of the Officers and any one of the Authorized Agents of the DDA, shall hereafter have the authority to negotiate and execute the Amendment in accordance with the Revised Terms and other modifications to the Agreement as deemed appropriate by such Authorized Agents and counsel which are not inconsistent with this resolution and do not alter the substance of the Revised Terms

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

December 11, 2019



EXHIBIT A Revised Terms

Equity Structure. Due to Project delays, the proposed equity structure of the Developer's entity has changed and under section 18.01 of the Agreement, changes in equity ownership of greater than 10% require the DDA's approval.

Proposed Revised Terms

- The proposed ownership structure is attached hereto as **Exhibit A-1**.
- Further, Developer seeks to assign its rights to a newly formed entity, Randolph Capital Partners LLC, which new entity will have the ownership structure described on **Exhibit A-1**.

Leasing. As a condition to closing under the Agreement, the entirety of the Properties' rentable space must be subject to a lease agreement. Currently, more than 50% of the space is leased with an existing tenant and affiliated companies from the development team; however, as the Board was advised at the time of the June extension, due to the unanticipated delays from the former tenant litigation, Developer lost a major prospective tenant. The Developer is committed to leasing the entire rentable space of the Properties and the development team includes an experienced Detroit based brokerage firm that is currently marketing the remaining available space.

Proposed Revised Terms

- DDA staff recommends that the condition to closing contained in the Agreement requiring that all rentable space must be subject to a lease agreement be removed.

Evidence of Financing. Under the terms of the Agreement, Developer must close on all equity and debt transactions prior to closing. Due to Project delays, the Developer must seek an alternative financing source.

Proposed Revised Terms

- Developer has requested to close on the basis of cash liquidity in an aggregate amount of at least \$2,000,000 (the estimated Project cost) of all or some of its equity members, as verified by a CPA having reviewed financial statement of individual equity members.
- Developer has agreed to subsequently close on all debt and equity needed for the Project within 6 months following closing.

Construction documents. The Agreement requires the delivery of certain construction-related documents, namely, a construction cost estimate, construction schedule, and Construction Plans, 30 days prior to closing.

Proposed Revised Terms

- Given the nature of the anticipated improvements, DDA staff recommends deliver of these documents at or prior to Closing.
- In addition, with respect to the Construction Plans, to date, the only planned interior improvement requiring Construction Plans is the opening of the partition wall between the two buildings. DDA staff recommends limiting the closing delivery to schematic plans of this improvements, with full Construction Plans for this improvement and any other improvement



determined at a later date to require Construction Plans to be submitted to the DDA contemporaneously with any City approval requests.

Closing Date. Developer was unable to close by October 31, 2019 due to the above terms of the Agreement.

Proposed Revised Terms

- On or before January 31, 2020.



CODE DDA 19-12-01-453

ADMINISTRATION: DDA AUDITED FINANCIAL STATEMENTS AND MANAGEMENT REPORT AS OF JUNE 30, 2019

RESOLVED, that the Board of Directors of the Downtown Development Authority (the "DDA") hereby receives the DDA Audited Financial Statements and Management Report as of June 30, 2019, with comparative totals as of June 30, 2018, as prepared by George Johnson and Company, Certified Public Accountants.

December 11, 2019



CODE DDA 19-12-01-122-06

DDA UDAG LOAN – ATHENEUM HOTEL CORPORATION - LOAN DISCOUNTED PAYOFF

WHEREAS, on February 25, 1988, the City of Detroit Downtown Development Authority (“DDA”) extended a loan in the amount of \$4,800,000.00 (the “Loan”) to 400 Monroe Associates in connection with a Development and Loan Agreement dated April 27, 1988 (the “Development Agreement”); and

WHEREAS, 400 Monroe Associates assigned all of its obligations under the Loan, Development Agreement, and all other loan documents in connection therewith to Atheneum Hotel Corporation (the “Borrower”); and

WHEREAS, the Borrower seeks to renovate the Atheneum Hotel with the funding for such renovations being achieved by a consolidation of Borrower’s outstanding debt; and

WHEREAS, the Borrower has approached the DDA and is requesting a discounted loan payoff in the amount of \$1,900,000.00 (the “Discounted Payoff”), providing the DDA with immediate available funds; and

WHEREAS, to date, the Borrower has paid interest in the amount of \$2,737,829.58 and principal in the amount of \$2,531,850.87; the remaining principal loan balance is \$2,268,149.13; and

WHEREAS, DDA staff has reviewed the request and finds it reasonable to accept the Discounted Payoff; and

WHEREAS, the DDA Finance Committee has reviewed the request for a Discounted Payoff and recommends its approval to the Board of Directors; and

WHEREAS, the DDA Board has determined that approval of a Discounted Payoff is in the best interests of the DDA.

NOW, THEREFORE, BE IT RESOLVED, that the DDA Board of Directors hereby approves the Discounted Payoff.

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

December 11, 2019