

City of Detroit



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

CODE DDA 16-10-02-586

APPROVAL OF MINUTES OF SEPTEMBER 14, 2016

RESOLVED, that the minutes of the Regular meeting of September 14, 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.

October 26, 2016

**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, SEPTEMBER 14, 2016 – 3:00 P.M.**

BOARD MEMBERS PRESENT: Austin Black
Ehrlich Crain
Sonya Delley
Melvin Hollowell
James Jenkins
David Massaron
Richard Hosey
Tom Lewand (Mayor's Representative)
John Naglick
Steve Ogden

BOARD MEMBERS ABSENT: David Blaszkiewicz
Marvin Beatty
Charles Beckham

OTHERS PRESENT: Erica Bush (MCCI)
Nick Cinqueraneli (Transwestern)
Richard Heapes (SWB)
Gay Hilger (DEGC/DDA)
Odell Jones (Heritage)
Jennifer Kanalos (DEGC/DDA)
John Lauve (Public)
Glen Long (DEGC/DDA)
M. McLaughlin (IHI)
Rebecca Navin (DEGC/DDA)
Stephen Palms (Miller Canfield)
Tamra Talmadge (ODM)
Moddie Turay (DEGC/DDA)

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**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, SEPTEMBER 14, 2016
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 Special 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 August 24, 2016 Regular Board meeting. Hearing none, the Board took the following action:

On a motion by Ms. Delley, seconded by Mr. Massaron, Resolution Code DDA 16-09-02-585 was unanimously approved.

PROJECTS

Catalyst Development Project: Little Caesars Global Resource Center Development Proposal

Mr. Turay reported that as the Board may recall, 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 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").

Pursuant to the terms of the MDA, ODM must seek approval of proposed development plans in the event that it seeks to develop one or more "Ancillary Development Properties" (i.e., properties that were formerly owned by the City or the Economic Development Corporation and were transferred to ODM or its affiliates per the MDA) and/or if it seeks to include the investment into the proposed development project in its \$200 Million private investment commitment.

ODM is seeking approval of a proposed development plan relating to the property located at Columbia and Woodward for the development of a new 234,000 square foot mixed use development to serve as Little Caesar's new headquarters (the "Project"). ODM's affiliate, Columbia Parking, LLC is the owner of the site and will act as the developer on the Project. ODM is seeking to include the Project in its \$200 Million private investment commitment.

An overview of the project is set forth below. The detailed proposed development plan, as well as attached site plan, initial conceptual drawings and elevations, and project budget were included with the Board material as **Exhibit A** (the "Development Plan"). The Proposed Project Specific Development Agreement contemplated by the MDA for any "Accepted Development Agreement" was also provided as **Exhibit B**.

Project Overview:

- 234,000 square feet of mixed use
 - 8 floors of office
 - 24,000 square feet of ground floor retail
 - Sky bridge connecting to Fox Theatre
 - Pedestrian "Festival Street" through vacated Columbia
- Construction Schedule:
 - Commencement - 3Q 2016
 - Completion - 4Q 2018
- \$150 Million overall budget
 - \$106,000,000 debt financing
 - Balance to be paid through equity plus tenant costs

The Finance Committee reviewed the Project and recommends approval of the Development Plan by the Board. A resolution was included for the Board's consideration.

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

On a motion by Mr. Naglick, seconded by Mr. Massaron, Resolution Code DDA 16-09-123-39 was unanimously approved.

Catalyst Development Project: Henry Street Garage Development Proposal

Mr. Turay advised 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 relating to the commitment 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").

Pursuant to the terms of the MDA, ODM must seek approval of proposed development plans in the event that it seeks to develop one or more "Ancillary Development Properties" (i.e., properties that were formerly owned by the City or the Economic Development Corporation and were transferred to ODM or its affiliates per the MDA) and/or if it seeks to include the investment into the proposed development project in its \$200 Million private investment commitment.

ODM is seeking approval of a proposed development plan relating to the property located at Henry and Cass for the development of a new 7 story above-grade parking structure with approximately 530 spaces and 7,000 ground floor retail on Henry Street (the "Project"). ODM's affiliate, ODM Parking, LLC is the owner of the site and will act as the developer on the Project. ODM is seeking to include the Project in its \$200 Million private investment commitment.

An overview of the project is set forth below. The detailed proposed development plan, as well as attached site plan, initial conceptual drawings and elevations, and project budget were included with the Board material as **Exhibit A** (the "Development Plan"). The Proposed Project Specific Development Agreement contemplated by the MDA for any "Accepted Development Agreement" was also included as **Exhibit B**.

Project Overview:

- Mixed use retail/parking designed to accommodate residential or office above retail/in front of garage (not part of project)
 - 7,000 ground floor retail on Henry
 - 7 story above-grade parking structure (532 spaces)
- Construction Schedule:
 - Commencement - 3Q 2016
 - Completion - 3Q 2017
- \$24.4 Million overall budget
 - \$16,150,000 debt financing
 - Balance to be paid through equity contribution

The Finance Committee reviewed the Project and recommends approval of the Development Plan by the Board. A resolution was included for the Board's consideration.

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

On a motion by Mr. Naglick, seconded by Mr. Black, Resolution Code DDA 16-09-123-40 was unanimously approved.

Book Cadillac Transaction – Sale of Notes

Ms. Navin advised that in connection with the rehabilitation of the Book Cadillac Hotel, the City of Detroit Downtown Development Authority (the "DDA") made 4 loans. As subrecipient of the City of Detroit (the "City"), the DDA acted as lender for two Section 108 loans in an aggregate amount of \$18,000,000 (collectively, the "Section 108 Loans"). Pursuant to a resolution of the DDA Board in February, 2015 (DDA 15-0244-47), the DDA assigned its interest in the Section 108 Loans to the City. Subsequent to such assignment, the City joined in a lawsuit brought by the Policy and Fire Retirement System ("PFRS") and General Retirement System ("GRS") against the first position lender on the project.

In addition, the DDA made a \$5.7 Million loan to fund project costs, which loan is in a 4th priority position (the "Redevelopment Loan"), and a \$6.8 Million forgivable remediation loan to fund certain project costs in connection with the remediation of the property, which loan is in a 6th priority position (the "Remediation Loan"). The Redevelopment Loan is reserved on the DDA's books at \$500,000 and the Remediation Loan is fully reserved.

PFRS has offered to purchase from the City and the DDA all of the City's interest in the Section 108 Loans and all of the DDA's interest in the Redevelopment Loan and the Remediation Loan. The DDA would receive \$500,000 in consideration and City would receive \$10 Million. A proposed Agreement to Purchase was attached to the Agreement as Exhibit A (the "Agreement").

The City has approved the proposed sale. Staff recommends the sale upon the terms described in the Agreement. The Finance Committee has also reviewed the proposed sale and recommends it for approval to the Board.

A Resolution was included for the Board's consideration.

Mr. Naglick advised that the Finance Committee had met and discussed the transaction and recommends approval by the Board.

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

On a motion by Ms. Delley, seconded by Mr. Ogden, Resolution Code DDA 16-09-44-49 was unanimously approved.

ADMINISTRATION

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:

"I received a copy of this resolution about the tickets and there are a couple of problems in here. This section of the lease specifically refers to Attendance of children from low income families. It is not a ticket donation policy. That is an inaccurate description of it. You need to put down you need to comply with the lease, what they signed, that is what it says— 50,000 kids. That is what they signed. They are not in compliance. You should write a letter to them saying they are not in compliance with the lease that you agreed to. There should be an analysis of some of the items that should be included in this discussion to rectify this typical Ilitch tactic of doing something and not being held accountable because the people responsible for overseeing the lease are not following up. Some other issues too, apparently we have the Ilitch property in Grand Circus Park. DDA gave them \$1 million in 2009. They need to be held accountable for that. This needs to be fixed up now. Not fix up their Fox headquarters. Here is another one of their buildings they were going to fix up but they haven't gotten around to this. Here is the Wayne State University School of corruption. They cut it in half from the presentation. It is a bait and switch project. That is how their tactics are run. You need to sharpen up a little bit here and raise the stakes. On top of that, Mr. Lewand is not a member of the Board. He could be a member of the Board but he isn't. You need to take care of that--join the Board and you can assume that position."

Mr. Lewand advised Mr. Lauve that his time was up and inquired if there were any other public comments.

Mr. Nick Cinqueranelli of Transwestern stated the following:

"For those of you who do not know me, my name is Nick Cinqueranell. I was at the previous board meeting and I will be at all of the ones in the future. I want to say congratulations to catalysts and Moddie for all the great things going on in the City of Detroit. What I do as a profession is a commercial real estate broker or a realtor and I have a vested interest in the city of Detroit. I don't want to just bring companies here, I don't want to bring individuals here and see them fail. I live in the city of Detroit, my taxes go to the city of Detroit. I am here just to make you guys aware of who I am and what I do. If anyone would like to speak to me after, I would be more than happy to speak to you about buying properties, selling properties, leasing properties, anything. Thank you for your time."

Mr. Lewand thanked Mr. Cinqueranelli for his comments.

ADJOURNMENT

With there being no other business to be brought before the Board, Mr. Lewand adjourned the meeting at 3:21 p.m.

City of Detroit



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CODE DDA 16-09-02-585

APPROVAL OF MINUTES OF AUGUST 24, 2016

RESOLVED, that the minutes of the regular meeting of August 24, 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.

September 14, 2016



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CATALYST DEVELOPMENT PROJECT: LITTLE CAESARS GLOBAL RESOURCE CENTER DEVELOPMENT PROPOSAL

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 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, ODM must seek approval of proposed development plans in the event that it seeks to develop one or more "Ancillary Development Properties" (i.e., properties that were formerly owned by the City or the Economic Development Corporation and were transferred to ODM or its affiliates per the MDA) and/or if it seeks to include the investment into the proposed development project in its \$200 Million private investment commitment; and

WHEREAS, ODM is seeking approval of a proposed development plan relating to the property located at Columbia and Woodward for the development of a new 234,000 square foot mixed use development to serve has Little Caesar's new headquarters (the "Project") for which ODM is seeking to include the Project in its \$200 Million private investment commitment; and

WHEREAS, the proposed development plan, as well as attached site plan, initial conceptual drawings and elevations, and project budget are attached hereto as Exhibit A (the "Development Plan") and the proposed Project Specific Development Agreement for the Development Plan is attached hereto as Exhibit B (the "Development Agreement"); and

WHEREAS, the Finance Committee reviewed the Project and recommends approval of the Development Plan by the Board; and

WHEREAS, upon review of the proposed Development Plan, the DDA Board has determined that the Development Plan as proposed is consistent with the Catalyst Development Project and DDA's statutory purposes and otherwise in the best interests of the DDA.

NOW THEREFORE BE IT RESOLVED that the Development Plan is hereby approved.

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 execute Development Agreement, substantially in the form of the attached, together with such other modifications to the Development 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 Development Agreement or adversely affect the rights and/or obligations of the DDA under the Development Agreement.

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.

September 14, 2016



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CODE DDA 16-09-123-40

CATALYST DEVELOPMENT PROJECT: HENRY STREET PARKING GARAGE DEVELOPMENT PROPOSAL

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 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, ODM must seek approval of proposed development plans in the event that it seeks to develop one or more "Ancillary Development Properties" (i.e., properties that were formerly owned by the City or the Economic Development Corporation and were transferred to ODM or its affiliates per the MDA) and/or if it seeks to include the investment into the proposed development project in its \$200 Million private investment commitment; and

WHEREAS, ODM is seeking approval of a proposed development plan relating to the property located at Henry and Cass for the development of a new 7 story above-grade parking structure with approximately 530 spaces and 7,000 ground floor retail on Henry Street (the "Project") for which ODM is seeking to include the Project in its \$200 Million private investment commitment; and

WHEREAS, the proposed development plan, as well as attached site plan, initial conceptual drawings and elevations, and project budget are attached hereto as **Exhibit A** (the "Development Plan") and the proposed Project Specific Development Agreement for the Development Plan is attached hereto as **Exhibit B** (the "Development Agreement"); and

WHEREAS, the Finance Committee reviewed the Project and recommends approval of the Development Plan by the Board; and

WHEREAS, upon review of the proposed Development Plan, the DDA Board has determined that the Development Plan as proposed is consistent with the Catalyst Development Project and DDA's statutory purposes and otherwise in the best interests of the DDA.

NOW THEREFORE BE IT RESOLVED that the Development Plan is hereby approved.

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 execute Development Agreement, substantially in the form of the attached, together with such other modifications to the Development 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 Development Agreement or adversely affect the rights and/or obligations of the DDA under the Development Agreement.

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.

September 14, 2016



BOOK CADILLAC TRANSACTION – RESOLUTION AUTHORIZING THE SALE OF NOTES

WHEREAS, in connection with the rehabilitation of the Book Cadillac Hotel, the City of Detroit Downtown Development Authority (the “DDA”) made 4 loans, including two Section 108 loans in an aggregate amount of \$18,000,000 (collectively, the “Section 108 Loans”) which have subsequently been assigned to the City of Detroit (the “City”); and

WHEREAS, subsequent to such assignment, the City joined in a lawsuit brought by the Policy and Fire Retirement System (“PFRS”) and General Retirement System against the first position lender on the project; and

WHEREAS, in addition DDA made a \$5.7 Million loan to fund project costs, which loan is in a 4th priority position (the “Redevelopment Loan”), and a \$6.8 Million forgivable remediation loan to fund certain project costs in connection with the remediation of the property, which loan is in a 6th priority position (the “Remediation Loan”); and

WHEREAS, the Redevelopment Loan is reserved on the DDA’s books at \$500,000 and the Remediation Loan is fully reserved; and

WHEREAS, PFRS has offered to purchase from the City and the DDA all of the City’s interest in the Section 108 Loans and all of the DDA’s interest in the Redevelopment Loan and the Remediation Loan; and

WHEREAS, pursuant to the proposed Agreement to Purchase, a copy of which is attached hereto as Exhibit A (the “Agreement”), the DDA would receive \$500,000 in consideration and City would receive \$10 Million; and

WHEREAS, the City has approved the terms of the Agreement the Finance Committee has reviewed the proposed sale and recommends it for approval to the Board; and

WHEREAS, the Board of Directors of the DDA has determined that the proposed sale is appropriate.

NOW THEREFORE BE IT RESOLVED THAT Board of Directors does hereby authorize the sale by the DDA of the DDA’s interest in the Redevelopment Loan and the Remediation Loan.

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 Authorized Agents of the DDA, shall hereafter have the authority to negotiate and execute the Agreement and any and all other documents, contracts, or other papers 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.

September 14, 2016