

City of Detroit



Downtown Development Authority
500 Griswold • Suite 2200
Detroit, Michigan 48226
Phone: 313 963 2940
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CODE DDA 16-11-02-587

APPROVAL OF MINUTES OF OCTOBER 26, 2016

RESOLVED, that the minutes of the Regular meeting of October 26, 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.

November 22, 2016

**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, OCTOBER 26, 2016 – 3:00 P.M.**

BOARD MEMBERS PRESENT: Austin Black
Charles Beckham
David Blaszkiewicz
Sonya Delley
Melvin Hollowell
David Massaron
Richard Hosey
Tom Lewand (Mayor's Representative)
John Naglick
Steve Ogden

BOARD MEMBERS ABSENT: Marvin Beatty
Ehrlich Crain
James Jenkins

OTHERS PRESENT: Erica Bush (MCCI)
Rochelle Collins (Heritage)
Douglass Diggs (Heritage)
Ryan Felton (Metro Times)
John Gallagher (Free Press)
Gay Hilger (DEGC/DDA)
Malinda Jensen (DEGC/DDA)
Odell Jones (Heritage)
John Lauve (Public)
Glen Long (DEGC/DDA)
M. McLauchlin (IHI)
Rebecca Navin (DEGC/DDA)
T. Parker (City)
Portia Robertson (City of Detroit)
Ed Saenz (ODM)
Moddie Turay (DEGC/DDA)

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**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, OCTOBER 26, 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 Regular meeting of the Downtown Development Authority Board of Directors to order at 3:00 p.m.

Approval of Minutes

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

On a motion by Mr. Massaron, seconded by Ms. Delley, Resolution Code DDA 16-10-02-586 was unanimously approved.

Receipt of Treasurer's Reports

Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the months of August and September 2016 for the benefit of the Board and responded to questions.

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

On a motion by Mr. Hollowell, seconded by Ms. Delley, Resolution Codes DDA 16-10-03-462 and 16-10-03-463 were unanimously approved.

PROJECTS

Events Center Financial Status Update

Mr. Miles reviewed the financial information contained in the Board material and responded to Board members' questions. This presentation was for the Board's information only and no action was taken.

Events Center Project– Approval of Amendment 1 to the Construction Contract & Change Orders 85, 86, 90 & 91

Mr. Brown advised that pursuant to Article 4.1c of the Amended and Restated Concession and Management Agreement dated as of December 11, 2014 (as amended, the "CMA") by and

between the City of Detroit Downtown Development Authority (the "DDA") and Olympia Development of Michigan Events Center, LLC ("ODM"), the DDA approved the Construction Contract between ODM and Barton Malow Hunt White joint venture, as the general contractor ("BMHW"). The terms of the CMA entitle the DDA to approve Subcontracts awarded by BMHW over \$500,000.00.

ODM and BMHW have executed Amendment 1 to the Construction Contract revising certain terms and conditions governing the obligations of each party based on the progression of the design, scope and procurement of the Project including an increase in the projected cost of construction by \$135,000,000.00. The Construction Contract entitles BMHW to an appropriate increase in the general conditions costs and fees for Construction Costs exceeding \$500,000,000.00.

ODM has requested the Board's approval of Amendment 1 to the Construction Contract and Change Orders 85, 86, 90 & 91 for increased general conditions costs and fees totaling \$6,989,980.83.

The DDA staff met and discussed the details of the Amendment & Change Orders with members of the 4.1(c) committee and ODM's advisors on October 18, 2016. The Committee recommended presentation to the Board with explanation. Mr. Hollowell advised that now that the explanation has been presented to the Board and questions have been answered, the Committee recommends approval to the Board.

A draft resolution was included with the Board material for consideration.

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

On a motion by Mr. Hollowell, seconded by Mr. Blaszkiewicz, Resolution Code DDA 16-10-123-41 was unanimously approved.

Events Center Project– Approval of Subcontract Awards to:

- **Christman Constructors, Inc.**, Bid Package # 3H-03 Bldgs A, B, C & Parking Garage/Elevated Walkway General Trades
- **Blaze-lafrate JV**, Bid Package #4-26 Site Concrete [COR #447 – CO to Site Utility Contract]

Mr. Brown reported that BMHW solicited and received bids for the work specified in reference bid packages.

The DDA staff participated with ODM, its advisors, and its project development manager in the evaluations of the proposals and post bid interviews based on the totality of the bid responses, including, among other factors: 1) ability to partner with Detroit-based businesses; 2) ability to comply with the Business & Workforce Participation Plan requirements; 3) qualifications on projects of similar use, size and complexity; 4) staff qualifications; 5) proposed price compared to the project cost estimates & current industry cost data; 6) availability to complete all aspects of the work as scheduled; 7) track record of budget and schedule adherence; 8) acceptance of or revisions to the terms and conditions of the construction contract and general conditions documents; 9) site logistics and construction plan; 10) compliance with specified scope; 11) safety planning and incident (EMR) track record..

The subcontract awards recommended by ODM and BMHW are identified in Exhibit A of the draft resolution (the "Recommended Subcontracts").

The DDA staff met and discussed the details of the referenced ROA's with members of the 4.1(c) committee and ODM's advisors on October 4, 2016.

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

On a motion by Mr. Hollowell, seconded by Mr. Blaszkiewicz, Resolution Code DDA 16-10-123-42 was unanimously approved.

Sales Listing Agreement to Provide Sales Listing and Brokerage Services for the Parking Facility at 150 Michigan Avenue

Mr. Turay advised that the City of Detroit Downtown Development Authority (the "DDA") undertook construction of the Parking Facility at 150 Michigan Avenue ("Parking Facility") to support catalytic development projects at a time when the ongoing livelihood of the area was threatened by the financial crisis. DDA staff are recommending the sale of the Parking Facility as existing market conditions provide an opportune time for the sale of the property.

Based on a review of proposals from 3 brokerage firms, DDA staff recommends procurement of CBRE to facilitate the listing and sale of the Parking Facility. DDA staff has negotiated the terms of a Sales Listing Agreement ("Agreement") in the form attached as Exhibit A with CBRE for the sale of the Parking Facility.

CBRE will create and implement a sales strategy for the Parking Facility including preparation of appropriate and customary marketing materials. The listing agreement has a term of nine (9) months and commission has been agreed to three and 25/100 percent (3.25%) of the gross sales price with a breakup fee of up to \$48,000 based on specific benchmarks.

The terms of any proposed sale of the Parking Facility will be subject to prior approval of the DDA Board.

A draft resolution was included for the Board's consideration.

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

On a motion by Ms. Delley, seconded by Mr. Naglick, Resolution Code DDA 16-10-44-50 was unanimously approved.

Mr. Lewand advised that he was skipping to the Administration section of the agenda and will go back to the informational presentation on the Events Center Executive Order Compliance.

ADMINISTRATION

DDA Audited Financial Statements and Management Report as of June 30, 2016

Mr. Naglick reported that copies of the above-referenced materials were distributed to each Board member under separate cover on October 6, 2016. The DDA Finance Committee reviewed the material and recommends formal receipt by the DDA Board.

Mr. Lewand commended Mr. Long and his staff for another clean audit.

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

On a motion by Mr. Naglick, seconded by Ms. Delley, Resolution Code DDA 16-10-01-426 was unanimously approved.

PROJECTS

Informational Presentation on Events Center Executive Order Compliance

Mr. Lewand introduced Ms. Portia Robertson of the City's Civil Rights, Inclusion and Opportunity Department (formerly Human Rights Department). Ms. Robertson gave background on the responsibilities of the Department and described the monitoring process that the Department has implemented.

Mr. Diggs of Heritage spoke about the efforts that have been made by the Events Center developer to comply with the Executive Order.

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:

"Ilitch is in violation of his contract for the arena. It is quite clear he is obligated to provide 50,000 tickets to low-income kids but instead the City of Utica Fire Department gets them, a senior center gets them, the Marine Corps League gets them, the University Health Service gets them, the University of Michigan Sports Business Association business students get them, the City of Southfield elderly get them and the people of Toronto get them. So he is in violation of the contract. That is the way he works and you have an obligation to enforce the contract and you can do that while they're in violation through arbitration, but if you don't have the time or ability or desire to do something about it, it needs to be resolved in a way that requires him to obey the contract that he signed. He is doing all this fancy footwork. I don't know what the status is of the Wayne State University sale, what the price has been, what the arrangements have been. Is it now going to go on the tax rolls or stay off the tax rolls? What is the status of these out buildings? These things should be resolved instead of just giving him a free pass and don't worry about it. I have a copy of the 2015 annual report and the City was out \$8 million, the school district \$8 million, Wayne \$1 million. And then it lists here, number of jobs created, oh wow, N/A. So we are really working on jobs. That is what the annual report states. So this is not doing the job that needs to be done. Giving them these tax-free properties at no cost, it is off the chart for the city that needs the income. You gave more money to Ilitch's stadium than they gave to the pensioners in the grand bargain. That is the kind of thing that is going on. We need schools. We're not going to get schools".

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 3:55 p.m.

City of Detroit



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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

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CODE DDA 16-10-03-463

RECEIPT OF TREASURER'S REPORT FOR AUGUST 2015

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending August 31, 2016, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

October 26, 2016

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CODE DDA 16-10-03-464

RECEIPT OF TREASURER'S REPORT FOR SEPTEMBER 2015

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

October 26, 2016



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CODE DDA 16-10-123-41

CATALYST DEVELOPMENT PROJECT: EVENTS CENTER PROJECT – APPROVAL OF AMENDMENT 1 TO THE CONSTRUCTION CONTRACT & CHANGE ORDERS

- Barton Malow Hunt White, Change Orders 85, 86, 90 & 091 to the Construction Contract

WHEREAS, pursuant to Article 4.1c of the Amended and Restated Concession and Management Agreement dated as of December 11, 2014 (as amended, the "CMA") by and between the City of Detroit Downtown Development Authority (the "DDA") and Olympia Development of Michigan Events Center, LLC ("ODM"), the DDA approved the Construction Contract (the "GMP Contract") between ODM and Barton Malow Hunt White joint venture, as the general contractor ("BMHW"); and

WHEREAS, the terms of the CMA entitle the DDA approve Subcontracts awarded by BMHW over \$500,000.00; and

WHEREAS, ODM and BMHW have executed Amendment 1 revising certain terms and conditions to the Construction Contract including an increase in the cost of construction by \$135,437,800.00 to a revised total projected amount of \$635,437,800.00 and; and

WHEREAS, ODM and BMHW have negotiated a corresponding increase in the general condition costs and fees as a result of the projected increase in the cost of construction and have requested the DDA's approval of Change Orders 85, 86, 90 and 91 identified in Exhibit A; and

WHEREAS, the DDA staff reviewed ODM's request with members of the 4.1(c) subcommittee and DDA staff and support the DDA Board's consideration and approval of Amendment 1 to the Construction Contract and approval for ODM to execute change orders 85, 86, 90 and 91 to the GMP Contract; and

WHEREAS, the DDA Board of Directors has determined that approval of the Recommended changes are in the best interest of the Events Center Project.

NOW THEREFORE BE IT RESOLVED that the DDA Board hereby approves Amendment 1 to the GMP Contract and ODM's request to execute change orders 90 and 91 to the GMP Contract incorporating the increases in the general conditions and fees identified in Exhibit A.

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 any documents or take any actions 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.

October 26, 2016



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CODE DDA 16-10-123-42

EVENTS CENTER PROJECT – APPROVAL OF SUBCONTRACT AWARDS TO:

- **Christman Constructors, Inc.**, Bid Package # 3H-03 Bldgs A, B, C & Parking Garage/Elevated Walkway General Trades
- **Blaze-lafrate JV**, Bid Package #4-26 Site Concrete [COR #447 – CO to Site Utility Contract]

WHEREAS, pursuant to Article 4.1c of the Amended and Restated Concession and Management Agreement dated as of December 11, 2014 (as amended, the "CMA") by and between the City of Detroit Downtown Development Authority (the "DDA") and Olympia Development of Michigan Events Center, LLC ("ODM"), the DDA approved the Construction Contract (the "GMP Contract") between ODM and Barton Malow Hunt White joint venture, as the general contractor ("BMHW"); and

WHEREAS, the terms of the CMA entitle the DDA approve Subcontracts awarded by BMHW for \$500,000.00; and

WHEREAS, pursuant to Article 4.1d BMHW prepared bidding documents and solicited bids for the portions of the Event Center construction according to approved construction documents in conformance with the Minimum Requirements set forth in the CMA; and

WHEREAS, following post-bid reviews undertaken by the BMHW, ODM, its advisors, its project development manager and DDA staff, ODM has requested the DDA's approval to execute a change order to the GMP Contract incorporating the proposed subcontractor(s) and subcontract amounts identified in Exhibit A (the "Recommended Subcontracts"); and

WHEREAS, the DDA staff reviewed ODM's request with members of the 4.1(c) subcommittee and DDA staff and support the DDA Board's consideration and approval for ODM to execute a change order to the GMP Contract incorporating the Recommended Subcontracts; and

WHEREAS, the DDA Board of Directors has determined that approval of the Recommended Subcontracts is in the best interest of the Events Center Project.

NOW THEREFORE BE IT RESOLVED that the DDA Board hereby approves ODM's request to execute a change order(s) to the GMP Contract incorporating the Recommended Subcontracts and Trade Package Allowances.

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 any documents or take any actions 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.

October 26, 2016

Exhibit A

Recommended Subcontract Awards

Bid Package #3H-03 Bldgs A, B, C & Parking Garage/Elevated Walkway Painting awarded to Christman Constructors, Inc. in the Lump Sum NTE amount of \$ 1,407,777.00

DBB / DHB utilization	\$632,030.00	44.8 %	
Subcontracting to: RAM Services, DBB			\$ 251,000.00
Eagle Specialties DHB			\$ 211,430.00
Industrial Fence DBB			\$ 169,600.00

Bid Package #BP 4-26 Arena - Site Concrete (change order to existing contract for BP 2.3 Site Utilities) awarded by change order (COR 447) to Blaze - lafrate, JV. a certified DHB in the Lump Sum NTE - \$10,465,095.00

DBB/DHB Utilization	\$ 9,116,395.00	87.1%	
Subcontracting to: Blaze-lafrate – self perform			\$ 5,783,030.00
Industrial Fence Co, DHB			\$ 185,500.00
Ram Construction Services DBB			\$ 135,500.00
Tooles Contracting Group, LLC DBB			\$ 2,475,000.00
Dixon Masonry Construction Inc. DBB			\$ 472,765.00
Cadillac Asphalt DBB			\$ 64,600.00

Summary total ROA amount this resolution \$ 11,872,872.00; DBB/DHB committed participation amount for these ROAs is \$9,748,425.00 (82.1%)



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PARKING FACILITY AT 150 MICHIGAN AVENUE – APPROVAL OF SALES LISTING AGREEMENT WITH CBRE

WHEREAS the City of Detroit Downtown Development Authority (the "DDA") undertook construction of the Parking Facility at 150 Michigan Avenue ("Parking Facility") to support catalytic development projects at a time when the ongoing livelihood of the area was threatened by the financial crisis;

WHEREAS DDA staff are recommending the sale of the Parking Facility as existing market conditions provide an opportune time for the sale of the property;

WHEREAS based on a review of proposals from 3 brokerage firms, DDA staff recommends procurement of CBRE to facilitate the listing and sale of the Parking Facility;

WHEREAS DDA staff has negotiated the terms of a Sales Listing Agreement ("Agreement") in the form attached as Exhibit A with CBRE for the sale of the Parking Facility.

WHEREAS the listing agreement has a term of nine (9) months and commission has been agreed to three and 25/100 percent (3.25%) of the gross sales price with a breakup fee of up to \$48,000 based on specific benchmarks; and

WHEREAS the terms of any proposed sale of the Parking Facility will be subject to prior approval of the DDA Board.

NOW, THEREFORE, BE IT RESOLVED that the DDA Board of Directors hereby approves the execution of the Sales Listing Agreement substantially in the form attached hereto as Exhibit A between the DDA, and CBRE, Inc in which term, commission and other fees are articulated.

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 anyone 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.

October 26, 2016

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CODE DDA 16-10-01-426

**ADMINISTRATION: DDA AUDITED FINANCIAL STATEMENTS AND MANAGEMENT REPORT
AS OF JUNE 30, 2016**

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, 2016, with comparative totals as of June 30, 2015, as prepared by George Johnson and Company, Certified Public Accountants.

October 26, 2016

EVENT CENTER - Summary BMHW Approved Contract & Earn Value thru August 31, 2016
 DDA Extraction

October 18, 2016
 revision r 31

		DBB/DHB First tier Contracted Amount	DBB/DBH First & Second Tier
Total Revised BMHW Contract Amount - Public Funded Construction plus pending	\$ 451,439,729.07	\$ 252,874,856.61	56.02%
Total Revised BMHW Contract Amount - Private Funded Construction plus pending	\$ 146,904,281.47	\$ 85,991,762.94	58.5%
Total ODM Committed & Budgeted Soft Costs (private funded after series A & B bonds)	\$ 97,312,470.00	\$ 78,669,638.27	53.6%
Current Total Project Approved / Pending Committed Costs	\$ 695,656,480.54		
Projected Uncommitted Public Funded BMHW Construction Costs - estimated balance			Projected Based on Amendment 1
Private Funded BMHW Construction Costs - current estimated balance to complete	\$ 37,000,000.00		Projected Based on Amendment 1
Projected Total Contract Amount - Public & Private Funded	\$ 732,656,480.54		
BMHW Earned Value - Public Funded (completed construction as of August 31, 2016)	\$ 205,758,537.00	42.8%	completed public funded construction
ODM Soft Costs - Public Funded (value provided as of August 31, 2016)	\$ 48,436,706.00	49.8%	completed public funded soft costs
Total Earned Value of Construction & Soft Costs Invoiced thru July 31, 2016	\$ 254,195,243.00		reimbursed from series A bond proceeds