

Inter Office Memo

City of Detroit
Downtown Development Authority



TO: BOARD OF DIRECTORS
DOWNTOWN DEVELOPMENT AUTHORITY

FROM: BRIAN HOLDWICK

DATE: JUNE 19, 2013

RE: **AUTHORIZATION TO ENTER INTO MEMORANDUM OF UNDERSTANDING
RELATING TO CATALYST DEVELOPMENT PROJECT**

2012 Amendments to Act No. 197 of Public Acts of 1975, as amended, the Downtown Development Authority Act (the "DDA Act") permit the DDA to use specified tax increment revenues levied on or after July 1, 2010 (the "Catalyst Project Revenues") to fund a Catalyst Development Project approved by the Michigan Strategic Fund ("MSF"). A Catalyst Development Project is defined in the DDA Act as a project occurring in a city with a population greater than 600,000 resulting in at least \$300,000,000 in capital investment.

The DDA staff has been engaged in discussions with Olympia Development of Michigan, LLC ("ODM"), the MSF, and Wayne County (the "County") to establish a Catalyst Development Project northwest of the current DDA Downtown District. Representatives of the parties have prepared a proposed Memorandum of Understanding relating to the Catalyst Development Project to be executed by the DDA, ODM and the County (the "MOU"). A copy of the proposed MOU is attached hereto as Exhibit A.

A summary of the terms of the proposed MOU are as follows:

1. The Catalyst Development Project will consist of two components: (i) the development of a new events center consisting of approximately 650,000 square feet, approximately 18,000 seats, attached parking and ground floor retail to serve as a new home arena for the Detroit Red Wings and as a year-round venue for a wide range of sports and entertainment events (the "Events Center"), the Events Center will be located in the area depicted on Exhibit B attached hereto (the "EC Project Area"), and (ii) the development or redevelopment of vacant and/or underutilized properties within the area depicted as the "Catalyst Development Area" in Exhibit C, attached hereto (the "Catalyst Development Area").
2. The total cost of the Catalyst Development Project is estimated at \$650 Million, in 2013 dollars, with an estimated private investment of \$365.5 Million and an estimated public investment of \$284.5 Million.
3. The development of the Events Center will cost approximately \$450 Million, to be funded through a contribution by the DDA of existing Catalyst Project Revenues, private land acquisition and other project related costs incurred by ODM, and revenue bonds having a term of 30 years to be issued by MSF (the "MSF Bonds").
4. The MSF Bonds will be repaid over the term of the MSF Bonds through the following sources: (i) a pledge by the DDA of at least \$12.8 Million per year but not to exceed \$15 Million per year in Catalyst Project Revenues; (ii) a contribution by the DDA of \$64.5 Million from other tax increment revenues, including but not limited to tax increment revenues attributable to certain County assessments of approximately \$4.75 Million, payable pursuant to an agreed upon schedule; (iii) an annual payment by ODM of \$11.5 Million; and (iv) other financial support from the County as may be identified by the

County. In addition to debt service on the MSF Revenue Bonds, the above sources will also fund a debt service reserve, coverage reserve and maintenance and repair reserve.

5. Subject to approvals by Wayne County contemplated in Paragraph 12 below, the DDA and the County will enter into an Intergovernmental Agreement (the "IGA") identifying the capture of County taxes from the expanded portion of the DDA downtown district to be used towards the Events Center.
6. Subject to approvals contemplated in Paragraph 12 below, it is anticipated that each of the City of Detroit (the "City"), The Economic Development Corporation of the City of Detroit (the "EDC") and ODM will transfer to the DDA their respective lands located within the EC Project Area for no cash consideration.
7. The DDA will own the Events Center and the DDA and ODM will enter into a concession management agreement pursuant to the terms of which ODM will assume operational control of the Events Center and be responsible for the costs of its operations and maintenance.
8. In addition to the Events Center, ODM has committed, and/or will induce other private developers to commit, at least \$200 Million for other developments within the Catalyst Development Area.
9. The DDA and ODM (or its affiliates) will enter into a development agreement or agreements relating to such additional developments.
10. Subject to approvals contemplated in Paragraph 12 below, it is anticipated that certain City-owned and EDC-owned properties will be conveyed to the DDA to be held for additional development projects.
11. Provided that ODM has entered into development agreements on or before five (5) years after the Events Center is open and pursuant to the terms of those agreements ODM is obligated to commence projects with aggregate budgeted costs in the amount of at least \$200 Million, the DDA will contribute up to \$62 Million over approximately 30 years in Catalyst Project Revenues in excess of those pledged to the repayment of the MSF Bonds to support such additional development projects, to be allocated between the projects on a pro-rata basis.
12. The transactions contemplated by the MOU are subject to various approvals further described in Section XIII of the MOU by the parties to the MOU, MSF, the EDC, and the City, including, but not limited to the approval by the DDA Board and the City of the expansion of the existing DDA downtown district and amendments to the DDA's Tax Increment and Development Plan and the approval by the EDC, and the City of contemplated land transfers. Upon approval of the MOU by the Board of Directors of the DDA, DDA staff will present the Board the proposed amendments to DDA Plan and related matters in the near future.

DDA Staff is seeking Board authorization of the MOU and the IGA. A resolution authorizing the execution of the MOU is attached for Board consideration.



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

AUTHORIZATION TO ENTER INTO MEMORANDUM OF UNDERSTANDING RELATING TO CATALYST DEVELOPMENT PROJECT

WHEREAS, 2012 Amendments to Act No. 197 of Public Acts of 1975, as amended, the Downtown Development Authority Act (the "DDA Act") permit the DDA to use specified tax increment revenues assessed after July 1, 2010 to fund a Catalyst Development Project approved by the Michigan Strategic Fund ("MSF"); and

WHEREAS, a Catalyst Development Project is defined in the DDA Act as a project occurring in a city with a population greater than 600,000 resulting in at least \$300,000,000 in capital investment; and

WHEREAS, the DDA staff has been engaged in discussions with Olympia Development of Michigan, LLC, the MSF, and Wayne County to establish a Catalyst Development Project northwest of the current DDA Downtown District; and

WHEREAS, representatives of the parties have prepared a proposed Memorandum of Understanding relating to the Catalyst Development Project to be executed by the DDA, ODM and the County (the "MOU"), a copy of which is attached hereto as Exhibit A; and

WHEREAS, the MOU contemplates the execution by the DDA and Wayne County of an intergovernmental agreement (the "IGA") identifying the capture of County taxes from the expanded portion of the DDA downtown district to be used towards the Events Center; and

WHEREAS, the DDA Board of Directors has reviewed the MOU and has determined that it is consistent with the DDA's statutory purposes of the prevention property value deterioration in the City of Detroit's downtown district and the elimination of the causes of such deterioration, and that the promotion of economic growth will be advanced through its implementation.

.NOW THEREFORE BE IT 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 any one Authorized Agent to execute the MOU, substantially in the form of the attached Exhibit A, together with such changes that are necessary or appropriate due to minor inaccuracies contained in the MOU, unforeseen events or circumstances, or technical matters, as determined by the Officers and/or Authorized Agents executing the MOU, provided that such changes do not alter the material substance of the MOU.

BE IT FURTHER RESOLVED that DDA Board of Directors hereby authorizes any two of its Officers or any two of its Authorized Agents or one Officer and any one Authorized Agent to execute the IGA.

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 any one Authorized Agent to execute to take any other actions and execute any other documents necessary in furtherance of the execution of the MOU and the IGA on behalf of the DDA.

BE IT FINALLY RESOLVED that 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 19, 2013

EXHIBIT A

Memorandum of Understanding

Execution Copy

1

MEMORANDUM OF UNDERSTANDING

2 This Memorandum of Understanding (“MOU”) is executed on this ___ day of _____,
3 2013 by and between the City of Detroit Downtown Development Authority
4 (“DDA”), the Charter County of Wayne (“County”) and Olympia Development of
5 Michigan, LLC (“ODM”) (collectively, “Parties”).

6

7

Recitals

8 **A.** In the spirit of providing the highest benefit to our community and consistent
9 with how most successful projects throughout our country are structured, a public-
10 private partnership is being created to develop a Catalyst Development Project that
11 will serve the citizens of our City, County, Region and State.
12

13 **B.** The DDA and the County have determined that the construction of a new
14 events center, which will attract concerts and other sports and entertainment
15 events, and related facilities (“Events Center”), will act as a major economic
16 development catalyst for the City of Detroit (the “City”) and the County, will have a
17 beneficial effect on the property values of property within the City and will create
18 new business and employment opportunities.

19 **C.** The DDA has determined that there is a public purpose for construction of:
20 (1) a new multipurpose Events Center; (2) commercial, residential, retail and
21 mixed-use development adjacent to the new Events Center; and (3) other public
22 facilities, public infrastructure, public parking facilities, and public spaces in the
23 development area.

24 **D.** The Parties have determined that it is in the best interest of the public, the
25 City, the County, the region, the State and the Parties to this MOU to relocate the
26 sports and entertainment activities now conducted at the Joe Louis Arena, which
27 include Detroit Red Wings hockey, to the new Events Center.

28 **E.** In conjunction with the Events Center, ODM, or its affiliates, will commit to
29 make, or will cause private parties to commit to make an investment of
30 approximately \$200 million in projects adjacent to the Events Center and within
31 the area defined as the “Catalyst Development Area” (these projects, together with
32 the Events Center, are referred to herein as the “Catalyst Development Project”),
33 subject to the terms and conditions of a development agreement or agreements to be
34 entered into in accordance with the terms hereof.

35 **F.** The Parties estimate that the total cost of the Catalyst Development Project
36 will be approximately \$650 million and the Parties anticipate that the private
37 investment in the Catalyst Development Area will be approximately \$367 million
38 and the public investment will be approximately \$283 million, in 2013 dollars.

1 G. The Parties desire to memorialize their mutual understandings and
2 intentions relative to the terms of the Catalyst Development Project and the
3 intended roles of each party in assuring the successful completion of the Catalyst
4 Development Project, and the respective contributions toward the costs of land
5 acquisition and infrastructure improvements for, and construction of, a first-class
6 professional sports and entertainment complex (the Events Center) and
7 commitment to the other developments that comprise the Catalyst Development
8 Project.

9 **I. General Description of the Catalyst Development Project**

10 **A. Events Center**

11 The Events Center portion of the Catalyst Development Project will include an
12 approximately 650,000 square foot NHL caliber arena, with approximately 18,000
13 seats. The Events Center will be designed to be multipurpose and to host a variety
14 of entertainment and other sporting events in addition to NHL hockey. It will also
15 include premium seating and amenities of a contemporary first-class professional
16 sports and entertainment complex.

17 **B. Other Catalyst Development Projects**

18 The development plan may include retail, office, business, business innovation,
19 housing, education, entertainment and recreation projects. Subject to approval of
20 the Michigan Strategic Fund (“MSF”), projects that are a part of the “Catalyst
21 Development Project” are described in **Exhibit A**, although the parties may
22 mutually agree that other projects may be substituted for these projects, and the
23 Catalyst Development Project may also include additional projects to be identified
24 later. Infrastructure shall be a part of the definition of a “Catalyst Development
25 Project” to the extent that such infrastructure supports development in the Catalyst
26 Development Area.

27 **II. Costs of the Catalyst Development Project**

28 It is understood that costs will include all costs (“Costs”) of the Catalyst
29 Development Project, including the following: (i) all land acquisition costs; (ii) site
30 development costs, including demolition, environmental remediation, public
31 infrastructure, public parking facilities and utilities; (iii) the specifications and
32 designs for the Events Center; (iv) costs of construction, equipment, furniture, and
33 furnishings; (v) financing costs, including underwriting costs, fees, and expenses,
34 and the fees and expenses of attorneys, market analysts, consultants, and the costs
35 of credit enhancements, if any; (vi) capitalized interest during construction and
36 reserve fund requirements (capital repairs, replacements and improvements, and
37 deferred maintenance) attendant to financing; (vii) DDA and County administrative
38 costs associated with monitoring the development and construction of the Events

1 Center, including internal personnel and third party consultants; (viii) out-of-pocket
2 costs of the State, City, County, DDA and ODM and its affiliates for attorneys,
3 appraisers, environmental and other consultants, inspecting architects, and a
4 disbursing agent, paid out or incurred in connection with the creation, negotiation,
5 documentation, and delivery of all agreements and memoranda and other
6 documents related to the design and construction of the Catalyst Development
7 Project; (ix) all costs associated with the issuance of bonds; (x) relocation costs from
8 JLA to new Events Center and (xi) such other costs and expenses as the Parties
9 shall mutually approve, which approval shall not be unreasonably withheld. Costs
10 shall include any costs described above whether incurred prior to or after the date
11 hereof.

12 **III. Ownership Structure**

13 **A. Events Center**

14 The Events Center Complex, including the attached parking deck, and all
15 associated infrastructure, shall be owned by the DDA, and the DDA will enter into a
16 Concession Management Agreement (“CMA”) with an affiliate of ODM. The parties
17 anticipate that the Events Center Complex will be located in the area generally
18 depicted on **Exhibit B** attached hereto (referred to herein as the “Events Center
19 Complex”).

20 **B. Other Catalyst Development Projects**

21 The remainder of the Catalyst Development projects, which shall include related
22 infrastructure (as described above and on **Exhibit A**), will be made by ODM, its
23 affiliates or other developers (unless otherwise funded from other public or private
24 sources), and completed in accordance with a time schedule established by the
25 Parties and such other terms and conditions to be included in one or more
26 development agreements to be entered into between the DDA and ODM, or an
27 affiliate of ODM, or other private developers (the “Development Agreement(s)”)
28 relating to the other projects. These projects will be located within the area
29 outlined on **Exhibit C** attached hereto and identified as the “Catalyst Development
30 Area”. Each developer shall retain ownership of the land and improvements which
31 are part of its project, unless another agreement has otherwise been made.

32 **IV. Land Acquisition and Related Development**

33 **A. Events Center Complex**

34 The DDA will acquire the land necessary for the Events Center Complex
35 development as follows: (1) the DDA will work with the City and the Economic
36 Development Corporation of the City of Detroit (“Detroit EDC”) in order to enable
37 the DDA to acquire the land described on Part A of the Schedule of City/Detroit

1 EDC Property attached hereto as **Exhibit D** (the “Public Property”), and (2) ODM
2 will cause the owners of the property identified on the Schedule of ODM Property
3 attached hereto as **Exhibit E**, to convey such property to the DDA. The acquisition
4 of the land shall be without payment to the Detroit EDC, the City, the DDA or
5 ODM. The DDA and ODM, and/or its affiliates, will work cooperatively in
6 submitting a request to the City to vacate all streets, alleys and utilities in the
7 Events Center Complex that are required for the Events Center Complex.

8 **B. Other Development Area Property**

9 The DDA will request that the City and the Detroit EDC convey to the DDA the
10 property they own within the Catalyst Development Area which is identified on
11 Part B of Exhibit D attached hereto. In accordance with the Development
12 Agreement, the DDA shall agree to convey all such property to ODM, or an affiliate,
13 as developer for the purpose of redeveloping the neighborhoods around the Events
14 Center Complex. In accordance with the Development Agreement(s), ODM, or its
15 designated affiliate, will agree to pursue development of the property conveyed by
16 the DDA at a time and manner provided in, and subject to other terms of, the
17 Development Agreement. The Parties will cooperate in requesting that the City
18 vacate all streets, alleys and utilities in the Catalyst Development Area that are
19 required to further development of the area surrounding the Events Center
20 Complex.

21 **V. Financing and Contributions**

22 The Parties estimate that the total cost of the Catalyst Development Project will be
23 approximately \$650 million.

24 **A. Events Center**

25 The Events Center Complex will cost approximately \$450 million, including
26 financing costs, but excluding debt service and coverage reserves. The Parties
27 anticipate that the MSF will issue one or more series of revenue bonds to fund the
28 Events Center Complex (the “MSF Bonds”). The costs of the Events Center
29 Complex shall be paid from money deposited into a fund to be established by the
30 MSF (“Events Center Fund”), which funds shall be controlled by the bond trustee
31 and disbursed to ODM (or its affiliate) as construction progresses in accordance
32 with the CMA and bond-related agreements, including any draw requests. Except
33 for the obligations set forth herein, the MSF Bonds shall be non-recourse to the
34 governmental parties to this MOU. The MSF Bonds and the interest obligation
35 thereon shall never constitute an obligation of the State of Michigan or a general
36 obligation of the MSF within the meaning of any constitutional or statutory
37 limitation and shall never constitute nor give rise to a charge against the general
38 credit or taxing power of the State, but shall be a limited obligation of MSF payable
39 solely from the security pledged. The MSF has no taxing power. ODM, or its

1 affiliates, shall be solely responsible for any construction cost overruns relating to
2 the construction of the Events Center. The obligations of the governmental parties
3 with respect to debt service on the MSF Bonds shall not exceed the amounts
4 specified herein.

5 Upon closing of the MSF Bonds, approximately \$450 million will be deposited in the
6 Events Center Fund from the following sources: all funds that the DDA has
7 obtained as a result of certain captured property taxes, continues to hold, and is
8 authorized by MCL 125.1651 or, if necessary, by the State of Michigan (the "State")
9 to contribute to the Events Center Fund ("Catalyst Project Funds"); funds from
10 other sources for application to pay costs of infrastructure within the Events Center
11 Complex; and proceeds of the MSF Bonds to be issued by the MSF.

12 It is anticipated that the MSF Bonds will be repaid from the following sources:

- 13 1. An irrevocable pledge of annual property tax capture by the DDA
14 pursuant to MCL 125.1664(6) (the "Catalyst Project Revenues") of
15 approximately \$12.8 million, to be applied to debt service on the MSF
16 Bonds, provided that the maximum annual payment from this source
17 shall be \$15 million, plus such additional sum as may be necessary in the
18 event that any annual payment amount in a prior year was less than
19 \$12.8 million, to restore the difference plus any deficit caused by the
20 delay in payment.
- 21 2. The sum of \$64.5 million, scheduled to be paid by the DDA during the
22 term of the MSF Bonds, in accordance with the Schedule attached hereto
23 as **Exhibit F**, as such schedule may be modified or adjusted by
24 agreement between the DDA and ODM (or its affiliate), from the local
25 incremental tax revenues captured by the DDA (the "DDA Contribution").
26 The payment obligation of DDA shall terminate when the MSF Bonds
27 have been paid in full.
- 28 3. \$11.5 million annually payable by ODM (or its affiliate) pursuant to the
29 CMA (the "Concession Management Fee"); such payment shall terminate
30 when the MSF Bonds have been paid in full.

31 In addition to repayment of the MSF Bonds, any of the foregoing funds may be used
32 for all costs permitted by statute, including but not limited to: costs associated with
33 development of other components of the Catalyst Development Project, the
34 establishment of appropriate reserves (including bond reserves, maintenance
35 reserves, and capital reserves). The Parties specifically acknowledge that a reserve
36 for maintenance and capital improvements will be established from these funds,
37 and that, commencing in the fourth year after the closing on the MSF Bonds, the
38 sum of \$500,000 per year, escalating at the rate of 4% per year, will be placed in
39 this reserve.

1 Recourse to the parties herein in connection with the obligations under the MSF
2 Bonds shall be limited to the payment obligations described above in Section V.A.1
3 and 2, for which they are responsible pursuant to this MOU, the CMA, the
4 Development Agreement or any other agreement related to the contribution of
5 public funds for the Events Center.

6 **B. Other Catalyst Development Projects**

7 The Parties will cooperate in an effort to obtain such public support, financial and
8 otherwise, as necessary for the development projects located within the Catalyst
9 Development Area so as to encourage private development activity in the area.

10 ODM will commit to make, or to cause other parties to commit to make, financial
11 investments in projects in the Catalyst Development Area in an amount not less
12 than \$200 million (the “ODM Investment in Other Catalyst Development Projects”),
13 subject to the terms and conditions to be set forth in a development agreement or
14 agreements between ODM (or an affiliate) and the DDA. Such commitments shall
15 be made in accordance with a development agreement or agreements, which, among
16 other terms and provisions, include an obligation to commence projects with
17 aggregate budgeted costs in the amount of at least \$200 million on or before that
18 date which is five (5) years after the date that the Events Center is open to the
19 public for its first event. The \$62 million to be provided by the DDA as set forth
20 below shall be a credit against the \$200 million commitment.

21 Subject to compliance by ODM or its affiliates with the terms of the Development
22 Agreement(s) described above, including both the aggregate amount committed and
23 the time period within which the aggregate commitment must be made, the DDA
24 will provide all funds generated from the Catalyst Project Revenues which are not
25 applied to the payment of the MSF Bonds (the “Additional Catalyst Project
26 Revenues”) up to a maximum of \$62 million, as a contribution towards the costs of
27 such projects. Such funds shall be allocated between the development projects
28 commenced by ODM (or its affiliates) on a pro-rata basis (based on an overall
29 project cost of \$200 million), as such projects are commenced, and shall be paid if
30 and when excess funds are available from the Catalyst Project Revenues. The
31 foregoing commitment shall not be interpreted to restrict the ability of the Parties
32 hereto or any other public entity to support development in other areas as well.

33 **VI. Concession/Management Agreement (“CMA”)**

34 The DDA and ODM (or its affiliate) will enter into a Concession Management
35 Agreement (“CMA”) relating to the construction, operation and management of the
36 Events Center. Pursuant to the CMA, and in consideration for the annual payment
37 set forth in Section V, the DDA will grant to ODM (or its affiliate) the exclusive
38 right:

- 1 A. To use, manage and operate the Events Center during the term of the CMA.
- 2 B. To all revenues derived from the Events Center and the Events Center
3 Complex, including but not limited to revenues and concessions from all
4 events, activities and operations in or on the Events Center Complex,
5 including surface and deck parking, all of which will be more specifically set
6 forth in the CMA.
- 7 C. To naming rights to the Events Center; ODM (or its affiliate) shall own the
8 naming rights for the Events Center Complex and all rights of ownership
9 with respect to the naming of the Events Center Complex, including the right
10 to sell, market, copyright, secure a trademark for or otherwise exploit the
11 same.

12 The Term of the CMA shall be 35 years, with twelve five year renewal options in
13 favor of ODM (or its affiliate). The annual payment set forth above shall commence
14 upon occupancy and shall be paid until the MSF Bonds are paid in full. ODM shall
15 be entitled to assign its rights and obligations under the CMA to an affiliate.

16 **VII. Design and Construction Management**

17 ODM (or its affiliate) in consultation with the DDA and the County, will develop
18 minimum program requirements, designs, plans and specifications and construction
19 delivery systems for the Events Center, and will further define and finalize costs of
20 constructing and developing the Events Center. The construction process shall
21 comply with all laws, including applicable bidding and bonding requirements. ODM
22 (or its affiliate) and the DDA shall agree to minimum requirements as part of the
23 design of the Events Center. ODM (or its affiliate) shall have control over the
24 design and construction of the Events Center. Some of the material terms and
25 conditions to be incorporated into an agreement related to the construction of the
26 Events Center are attached to this MOU as **Exhibit G**.

27 **VIII. Disadvantaged, Minority, Women, City and County Resident Owned**
28 **Businesses.**

29 ODM (or its affiliate) will cause the general contractor for the Events Center to
30 develop and administer a program or programs for involving Disadvantaged,
31 Minority, Women, City and County Resident Owned Businesses in the work to be
32 performed and materials to be supplied in connection with the construction of the
33 Events Center, including a minority apprenticeship program. The City, County and
34 ODM shall agree on a third party to assist in the development and administration
35 of such programs. ODM (or its affiliate) will develop and administer a program or
36 programs for involving such Businesses in the services to be performed at the
37 Events Center after completion. The construction of the Events Center will comply
38 with the City's Executive Order 2007-1, as well as other applicable laws and

1 regulations of other governmental entities that pertain to workforce composition
2 and business capital structure and ownership.

3 **IX. Approvals of MSF**

4 The DDA will work with the MSF to obtain any required review or approvals
5 needed for the Catalyst Development Project plan and financing as outlined in this
6 MOU.

7 **X. Agreements and Responsibilities of DDA**

8 **A.** The DDA will prepare and submit to the City for approval an expansion of the
9 DDA district, expansion of Development Area No. 1 of the DDA and an amendment
10 to the DDA's Tax Increment and Development Plan ("DDA Plan Amendment").

11 **B.** The DDA Plan Amendment will include provisions that expand the DDA district
12 and expand Development Area No. 1 of the DDA to encompass the entire Catalyst
13 Development Area.

14 In addition, the DDA Plan Amendment will expand the projects which may be
15 supported thereunder to include:

16 (1) site acquisition for the Events Center complex, (2) the purchase, renovation and
17 construction of ancillary facilities, (3) support for the Events Center as set forth in
18 this MOU, and (4) support for retail, mixed use, residential and commercial
19 development and other projects in the development area.

20 **C.** The DDA will work with the City and the Detroit EDC to transfer to the DDA all
21 real property within the Catalyst Development Area, or interests therein, which are
22 owned directly or indirectly by the City or Detroit EDC and which are necessary for
23 the Catalyst Development Project.

24 **D.** The DDA agrees to pledge the sum of \$64.5 million (to be paid as described in
25 Section V.A.2 of this MOU) toward repayment of the bonds (such obligation to
26 terminate upon repayment of the Bonds in full) and will cooperate in connection
27 with the structure outlined in this MOU.

28 **XI. Agreements and Responsibilities of the County**

29 **A.** The County will review and submit to the Wayne County Commission an
30 Intergovernmental Agreement ("IGA") approving the DDA's Tax Increment and
31 Development Plan as it relates to the DDA expansion area. The IGA will identify
32 the capture of County taxes to be used towards the Events Center.

33 **B.** The County is a party to this MOU in order to confirm its support for the
34 Catalyst Development Project and its desire to provide funds to support the

1 financing and/or the costs of the project. Upon confirmation by the County that it
2 has identified a particular source or sources of funds, the Parties will discuss the
3 most effective way in which to maximize the benefits available from such additional
4 funding and will cooperate in an effort to re-structure the transaction, if necessary,
5 including modifications to the CMA which may then include the County as a party,
6 in order to establish a legal basis for the County participation.

7 **XII. Agreements and Responsibilities of ODM (or its affiliates)**

8 Pursuant to a separate Development Agreement or the CMA, ODM (or one or more
9 of its affiliates) will commit to: (1) developing publicly owned property transferred to
10 it for such purposes pursuant to the Development Agreement; and (2) pay all
11 construction costs overruns for the Events Center complex to the extent not funded
12 with Bond proceeds; (3) pay the maintenance costs and the costs of necessary
13 capital improvements of the Events Center Complex and (4) pay an annual
14 Concession Management Fee throughout the term of the bonds. Except as expressly
15 set forth herein, neither the DDA nor the MSF shall have any obligation to make
16 payments of debt service on the Bonds.

17 **XIII. Conditions Precedent**

18 The acquisition and construction of the Events Center Project and consummation of
19 the transactions contemplated in this MOU are subject to the following conditions
20 precedent, which conditions may be waived by subsequent agreement of the Parties
21 hereto.

22 A. Approvals by the DDA. The approval by the Board of the DDA of the DDA
23 Plan Amendment, including the expansion of the DDA District, the expansion
24 of the Development Area No. 1 of the DDA, this MOU, the CMA and the
25 other agreements and documents described herein.

26 B. Approvals by the City. The approval by the City of:

27 a. The DDA Plan Amendment;

28 b. Expansion of the DDA district and the expansion of Development Area
29 No. 1 of the DDA;

30 c. The transfer of City-owned and Detroit EDC owned property to the
31 DDA and the termination of the EDC project plans as described in
32 paragraph D below;

33 d. Street vacations and zoning changes and such other governmental
34 approvals as may be needed.

- 1 e. Joe Louis Arena lease extension through 2015-2016 hockey seasons;
2 and, in order to protect the substantial investment of time, resources
3 and money devoted to ensuring the success of the Events Center and
4 the Catalyst Development Project, such lease extension (or another
5 agreement between the City and ODM) shall include reasonable and
6 mutually agreed-upon provisions limiting the ability of the Joe Louis
7 Arena to compete with the Events Center with respect to the
8 presentation of sports and entertainment events.
- 9 C. Approvals by Wayne County. The approval by the County Commission of:
- 10 a. The IGA with the DDA regarding the capture of property taxes and the
11 approval of projects and the waiver of the right to opt out of the
12 expansion area.
- 13 b. Such documents and agreements as may be entered into by the County
14 pursuant to the terms of this MOU which require approval by the
15 County Commission.
- 16 D. Approvals by Detroit EDC. The approval by the Detroit EDC of:
- 17 a. The transfer of EDC owned land; and
- 18 b. The termination of the Villages of Woodward Project Plan and the
19 Motown Center Project Plan.
- 20 E. Approvals by the MSF. The approval by the Board of the MSF of that part of
21 the DDA Plan Amendment constituting the Catalyst Development Project
22 and approval of the projects included in the Catalyst Development Project.
- 23 F. Approvals by the State of Michigan. Such approvals as may be required by
24 the State in order to complete and finance the Catalyst Development Project
25 and the Events Center as set forth herein.
- 26 G. Regulatory Approvals. The issuance of any and all federal, state and local
27 orders, licenses and permits needed to complete the acquisition and
28 construction of the Events Center Complex.
- 29 H. Issuance of Bonds. The issuance and sale of one or more series of bonds by
30 the MSF to fund certain undertakings under this MOU.
- 31 I. ODM Approval. The approval by the Board of ODM (and/or any necessary
32 affiliates) of this MOU, the Development Agreement, Joe Louis Arena Lease
33 Extension, and of the CMA

J. Execution of Agreements. The execution by all relevant parties on or before October 1, 2013 of the CMA, Joe Louis Arena Lease Extension, the Development Agreement and all other agreements as may be necessary or desirable in connection with the consummation of the transactions contemplated in this MOU.

This Memorandum of Understanding expresses the present understanding and intention of the Parties and their respective willingness, upon the approval of the proposed financing structure and agreement, subject to compliance with applicable statutes, codes, ordinances and regulations and to necessary approvals by the Board of the DDA, City, ODM, the MSF, any and all necessary County Boards, Agencies or Authorities and any other governing authority, to take all actions necessary to implement the proposed responsibilities. In addition, in the event that this Memorandum of Understanding is not executed by all of the named Parties, it shall nevertheless be deemed to express the present understanding of those Parties which have executed it.

Signatories:

City of Detroit Downtown Development Authority

By: _____
Its: _____

Charter County of Wayne

By: _____
Its: _____

Olympia Development of Michigan, LLC

By: _____
Its: _____

By: _____
Its: _____

Approved as to form only:
Lewis & Munday, a Professional Corporation
Counsel to the DDA

By: _____
Brian J. Kott, Esq.

EXHIBIT A

The Catalyst Development Project

- 1
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- 3
- 4 A. Events Center Complex
- 5 B. Parking Structure with 10,000 sf Ground Floor Retail to support Events
- 6 Center and Ancillary Development
- 7 C. DTE Substation
- 8 D. Surface Parking Lot Improvements
- 9 E. New Construction at Woodward near Sproat (105,000 sf office and 35,000
- 10 sf retail)
- 11 F. 25,000 sf of Office/Retail on Woodward
- 12 G. Detroit Life Building Renovation (3,645 sf retail and 35 units residential)
- 13 H. Blenheim Building Renovation (1,833 sf retail and 16 units residential)
- 14 I. 1922 Cass Building Renovation (70,000 sf office)
- 15 J. New Parking Deck (700 cars) with 15,000 sf ground floor retail at
- 16 Clifford
- 17 K. New Hotel/Retail – 20,000 sf floor plate
- 18 L. The development or redevelopment of other vacant properties or
- 19 abandoned buildings within the Catalyst Development area, subject to
- 20 further approval by the DDA and the MSF.

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EXHIBIT B

Sketch of Location of Events Center Complex

[See attached]



NORTH PLAN NORTH
0 25 50 100
2013-03-07

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4

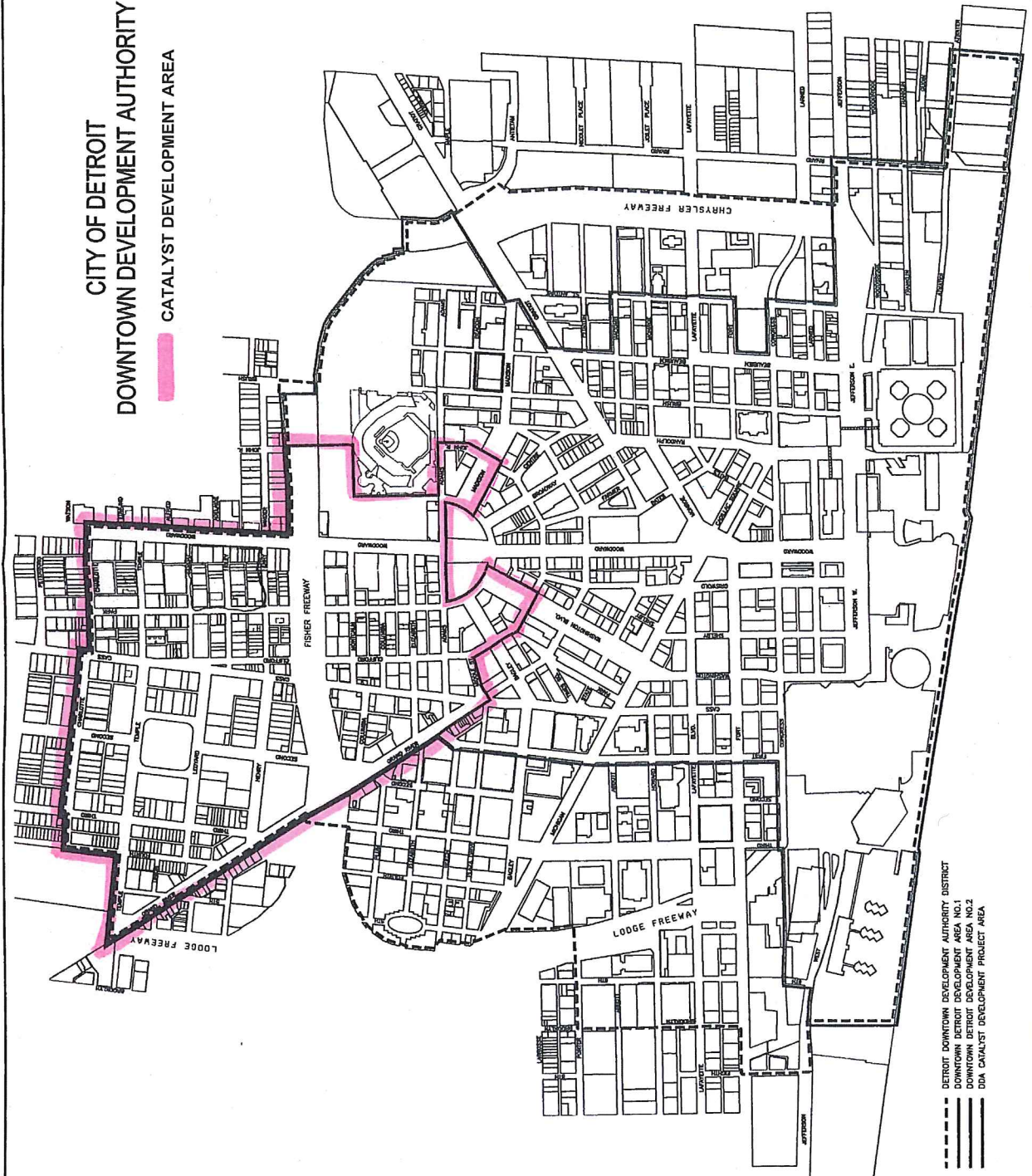
EXHIBIT C

Map Identifying the Catalyst Development Area

[See attached]

DATE	03/25/2010
BY	WJW
CHKD	WJW
APPD	WJW
REV	01
SCALE	AS SHOWN

CITY OF DETROIT
DOWNTOWN DEVELOPMENT AUTHORITY
CATALYST DEVELOPMENT AREA



DATE	03/25/2010
BY	WJW
CHKD	WJW
APPD	WJW
REV	01
SCALE	AS SHOWN

DATE	03/25/2010
BY	WJW
CHKD	WJW
APPD	WJW
REV	01
SCALE	AS SHOWN

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EXHIBIT D

Schedule of City/Detroit EDC Owned Properties to be Conveyed to DDA

Part A

Property Included within Events Center Complex

1	48 Henry	Ward 02 Item 000585.002L	Economic Development Corporation of the City of Detroit
2	2515 Woodward	Ward 02 Item 001849	Economic Development Corporation of the City of Detroit
3	2521 Woodward	Ward 02 Item 001848	Economic Development Corporation of the City of Detroit
4	2529 Woodward	Ward 02 Item 001847	Economic Development Corporation of the City of Detroit
5	2533 Woodward	Ward 02 Item 001846	Economic Development Corporation of the City of Detroit
6	2539 Woodward	Ward 02 Item 001845	Economic Development Corporation of the City of Detroit
7	21 Sibley	Ward 02 Item 000589	Economic Development Corporation of the City of Detroit
8	29 Sibley	Ward 02 Item 000590	Economic Development Corporation of the City of Detroit
9	43 Sibley	Ward 02 Item 000591	Economic Development Corporation of the City of Detroit
10	73 Sibley	Ward 02 Item 000593	Economic Development Corporation of the City of Detroit
11	2550 Park	Ward 02 Item 000594.002L	Economic Development Corporation of the City of Detroit
12	76 Henry	Ward 02 Item 000582-4	Economic Development Corporation of the City of Detroit
13	44 Sibley	Ward 02 Item 000615	City of Detroit
14	40 Sibley	Ward 02 Item 000616	City of Detroit

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15	34 Sibley	Ward 02 Item 000617	City of Detroit
16	2603 Woodward	Ward 02 Item 001844	City of Detroit
17	2631 Woodward	Ward 02 Item 001843	City of Detroit
18	2645 Woodward	Ward 02 Item 001842	City of Detroit
19	25 Sproat	Ward 02 Item 000625	City of Detroit
20	51 Sproat	Ward 02 Item 000627-9	City of Detroit
21	61 Sproat	Ward 02 Item 000630	City of Detroit
22	67 Sproat	Ward 02 Item 000631-2	City of Detroit
23	2743 Woodward	Ward 02 Item 001838-9	City of Detroit
24	2771 Woodward	Ward 02 Item 001835-7	City of Detroit
25	2720 Park	Ward 02 Item 001928	City of Detroit
26	84 Sproat	Ward 02 Item 001927	City of Detroit
27	2715 Woodward	Ward 02 Item 001840-1	City of Detroit
28	54 W. Fisher	Ward 02 Item 000543	Economic Development Corporation of the City of Detroit
29	83 Henry	Ward 02 Item 000550-1	Economic Development Corporation of the City of Detroit
30	2473 Woodward	Ward 02 Item 001851	Economic Development Corporation of the City of Detroit

Memorandum of Understanding

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31	128 Henry	Ward 02 Item 000575	City of Detroit
32	122 Henry	Ward 02 Item 000576	City of Detroit
33	106 Henry	Ward 02 Item 000579-80	City of Detroit
34	2531 Park	Ward 02 Item 001976	City of Detroit
35	129 Sibley	Ward 02 Item 000595	City of Detroit
36	135 Sibley	Ward 02 Item 000596	City of Detroit
37	2723 Park	Ward 02 Item 001967	City of Detroit

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Schedule of City/Detroit EDC Owned Properties to be Conveyed to DDA

Part B

Property within Catalyst Development Area Outside the Events Center Complex

1	140 Henry	Ward 02 Item 000573	City of Detroit
2	134 Henry	Ward 02 Item 000574	City of Detroit
3	155 Sibley	Ward 02 Item 000599	City of Detroit
4	154 Sibley	Ward 02 Item 000605	City of Detroit
5	202 Sibley	Ward 02 Item 000603	City of Detroit
6	643 Temple	Ward 04 Item 000564	City of Detroit
7	2770 Third	Ward 04 Item 003374	City of Detroit
8	2733 Second (Cass Park)	Ward 02 Item 002329-30	City of Detroit*
9	28 Temple	Ward 02 Item 000660	City of Detroit.
10	2901 Woodward	Ward 02 Item 001834	Economic Development Corporation of the City of Detroit
11	2929 Woodward	Ward 02 Item 001833	Economic Development Corporation of the City of Detroit
12	2939 Woodward	Ward 02 Item 001832	Economic Development Corporation of the City of Detroit
13	2913/2915 Third	Ward 04 Item 003597-8	City of Detroit
14	2923 Third	Ward 04 Item 003596	City of Detroit
15	2931 Third	Ward 04 Item 003595	City of Detroit
16	2939 Third	Ward 04 Item 003594	City of Detroit
17	2951/2953 Third	Ward 04 Item 003592	City of Detroit
18	2961 Third	Ward 04 Item 003591	City of Detroit
19	2969 Third	Ward 04 Item 003590	City of Detroit
20	2981 Third	Ward 04 Item 003589	City of Detroit
21	3008 Fourth	Ward 04 Item 003715-20	City of Detroit
22	3000 Fourth	Ward 04 Item 003714	City of Detroit
23	2940 Fourth	Ward 04 Item 003713	City of Detroit
24	2934 Fourth	Ward 04 Item 003712	City of Detroit
25	2928 Fourth	Ward 04 Item 003711	City of Detroit
26	2922 Fourth	Ward 04 Item 003710	City of Detroit
27	2916 Fourth	Ward 04 Item 003709	City of Detroit
28	2841 Fourth	Ward 04 Item 004050	City of Detroit
29	2837 Fourth	Ward 04 Item 004051	City of Detroit
30	2831 Fourth	Ward 04 Item 004052	City of Detroit
31	2825 Fourth	Ward 04 Item 004053	City of Detroit
32	2811 Fourth	Ward 04 Item 004055	City of Detroit
33	2727 Fourth	Ward 04 Item 004058	City of Detroit
34	2719 Fourth	Ward 04 Item 004059	City of Detroit
35	2713 Fourth	Ward 04 Item 004060	City of Detroit
36	2709 Fourth	Ward 04 Item 004061	City of Detroit
37	200 W. Montcalm	Ward 02 Item 000465	City of Detroit

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*Parcel to be "adopted" not acquired.

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EXHIBIT E

Schedule of ODM Controlled Properties to be Conveyed to DDA
Included Within the Events Center Complex

	Address	Parcel Identification Number
1	2530 Park	Ward 02 Item 001926
2	2500 Park	Ward 02 Item 000581
3	34 Henry	Ward 02 Item 000587
4	42 Henry	Ward 02 Item 000586
5	28 Henry	Ward 02 Item 000588
6	2501 Woodward	Ward 02 Item 001850
7	59 Sibley	Ward 02 Item 000592
8	2540 Park	Ward 02 Item 000594.001
9	52 Henry	Ward 02 Item 000585.001
10	66 Sibley	Ward 02 Item 000609-14
11	31 Sproat	Ward 02 Item 000626
12	2734 Park	Ward 02 Item 001930
13	2728 Park	Ward 02 Item 001929
14	48 Sproat	Ward 02 Item 000640-3
15	33 Temple	Ward 02 Item 000644-5
16	2776 Park	Ward 02 Item 001931
17	63 Temple	Ward 02 Item 000646
18	84 W. Fisher	Ward 02 Item 000539
19	76 W. Fisher	Ward 02 Item 000540
20	68 W. Fisher	Ward 02 Item 000541
21	60 W. Fisher	Ward 02 Item 000542
22	48 W. Fisher	Ward 02 Item 000544
23	42 W. Fisher	Ward 02 Item 000545
24	41 Henry	Ward 02 Item 000546
25	47 Henry	Ward 02 Item 000547
26	59 Henry	Ward 02 Item 000548.001
27	67 Henry	Ward 02 Item 000548.002L
28	71 Henry	Ward 02 Item 000549
29	2457 Woodward	Ward 02 Item 001853-6
30	2465 Woodward	Ward 02 Item 001852
31	150 W. Fisher	Ward 02 Item 000535
32	138 W. Fisher	Ward 02 Item 000536
33	132 W. Fisher	Ward 02 Item 000537
34	128 W. Fisher	Ward 02 Item 000538
35	2453 Park	Ward 02 Item 001977-9
36	127 Henry	Ward 02 Item 000552.001
37	131 Henry	Ward 02 Item 000552-3
38	143 Henry	Ward 02 Item 000554
39	136 Henry	Ward 02 Item 000577
40	124 Henry	Ward 02 Item 000578
41	2571 Park	Ward 02 Item 001975

Memorandum of Understanding

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	Address	Parcel Identification Number
42	141 Sibley	Ward 02 Item 000597-8
43	2601/2605 Park	Ward 02 Item 001974
44	2607/2611 Park	Ward 02 Item 0001973
45	2617/2621 Park	Ward 02 Item 01971-2
46	2643 Park (Partial)	Ward 02 Item 00633-8
47	124 Sibley	Ward 02 Item 00608
48	140 Sibley	Ward 02 Item 00607
49	110 Sproat	Ward 02 Item 001969-70
50	2727 Park	Ward 02 Item 001968
51	2733 Park	Ward 02 Item 001964-6
52	2753 Park	Ward 02 Item 001963
53	2763 Park	Ward 02 Item 001961-2
54	131 Temple	Ward 02 Item 000647
55	145 Temple	Ward 02 Item 000648
56	124 Sproat	Ward 02 Item 000639

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EXHIBIT F
Schedule of DDA Payments

DDA PROPOSED SCHEDULE OF PAYMENT TO EVENTS CENTER PROJECT

		DDA
1	6/30/2014	
2	6/30/2015	
3	6/30/2016	
4	6/30/2017	
5	6/30/2018	
6	6/30/2019	2,000,000
7	6/30/2020	2,000,000
8	6/30/2021	2,000,000
9	6/30/2022	2,000,000
10	6/30/2023	2,000,000
11	6/30/2024	2,250,000
12	6/30/2025	2,500,000
13	6/30/2026	3,250,000
14	6/30/2027	3,500,000
15	6/30/2028	3,500,000
16	6/30/2029	3,500,000
17	6/30/2030	4,000,000
18	6/30/2031	4,000,000
19	6/30/2032	2,000,000
20	6/30/2033	2,000,000
21	6/30/2034	2,000,000
22	6/30/2035	2,000,000
23	6/30/2036	2,000,000
24	6/30/2037	2,000,000
25	6/30/2038	2,000,000
26	6/30/2039	2,000,000
27	6/30/2040	2,000,000
28	6/30/2041	2,000,000
29	6/30/2042	2,000,000
30	6/30/2043	2,000,000
31	6/30/2044	2,000,000
32	6/30/2045	2,000,000
		64,500,000

4

1 as not to cause any delay in the design and construction of the new Events Center
2 or the Events Center Complex, but in any event, at least 48 hours before the
3 expiration of any deadline imposed upon ODM (or its affiliate) by the architect for
4 the Events Center or any contractor for the Events Center provided ODM (or its
5 affiliate) has delivered, within 36 hours of receipt by ODM (or its affiliate) of any
6 notice to ODM (or its affiliate) from such architect or contractor, a written notice to
7 the DDA specifying the nature of the participation or decision required and the
8 requisite deadline.

9 3. Approval of Contracts. The DDA shall be entitled to approve any subcontract
10 for the construction of the Events Center in excess of the amount to be specified in
11 the CMA, which approval shall not be unreasonably withheld. The DDA shall grant
12 ODM (or its affiliate) the right to approve any contract, which approval shall not be
13 unreasonably withheld, proposed to be entered into by the DDA which is payable
14 from funds provided by the MSF, the DDA or ODM (or its affiliate, as applicable).

15 4. Change Orders.

16 (a) The DDA shall not be entitled to initiate or require, without the
17 approval of ODM (or its affiliate), any change order to the construction contract for
18 the Events Center.

19 (b) All costs of change orders to the construction contract for the Events
20 Center that are requested by ODM (or its affiliate) or required by law shall be paid
21 by ODM (or its affiliate). Any change order authorizing work in excess of the
22 amount to be specified in the CMA or which results in an increase or decrease in the
23 Project Budget in excess of the amount to be specified in the CMA shall be approved
24 by the DDA, which approval shall not be unreasonably withheld.

25 5. DDA's Failure to Consent. The DDA shall agree to reimburse ODM (or its
26 affiliate) for any increase in the Costs of the Events Center or any reduction in
27 revenues available from the Events Center associated with the failure of the DDA to
28 exercise any right of consent or approval granted to the DDA by this MOU,
29 including any increased costs associated with the failure of the DDA to consent to
30 proposed modifications of the final design of the stadium, provided, however, such
31 obligation to reimburse shall arise only if a court of competent jurisdiction
32 determines in a final non-appealable order that the failure of the DDA to give its
33 consent or approval, as the case may be, was not reasonable.

34 6. Construction Disbursement Procedures. The Events Center Fund shall be
35 held by a financial institution selected by the DDA and approved by ODM, or its
36 affiliate (the "Disbursing Agent"). Moneys shall be disbursed from the Events
37 Center Fund by the Disbursing Agent to pay Costs of the Events Center upon
38 satisfaction of the following conditions:

1 (a) ODM (or its affiliate) is not in default under the
2 Concession/Management Agreement.

3 (b) Presentation by ODM (or its affiliate) of a requisition certificate that (i)
4 specifies the Costs of the Events Center for which payment is being requested, (ii)
5 affirms that the work for which payment is being requested is in place and that
6 such work has been completed in accordance with the approved plans and
7 specifications for the Events Center, and (iii) certifies that the moneys remaining on
8 deposit in the Events Center Fund or irrevocably committed to be available for
9 deposit in the Events Center Fund will be sufficient to pay the remaining costs of
10 the Events Center.

11 (c) Approval of the above requisition certificate as correct by the architect
12 for the Events Center and by an inspecting architect hired by the DDA.

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14 21240056.3\130774-00001

EXHIBIT B

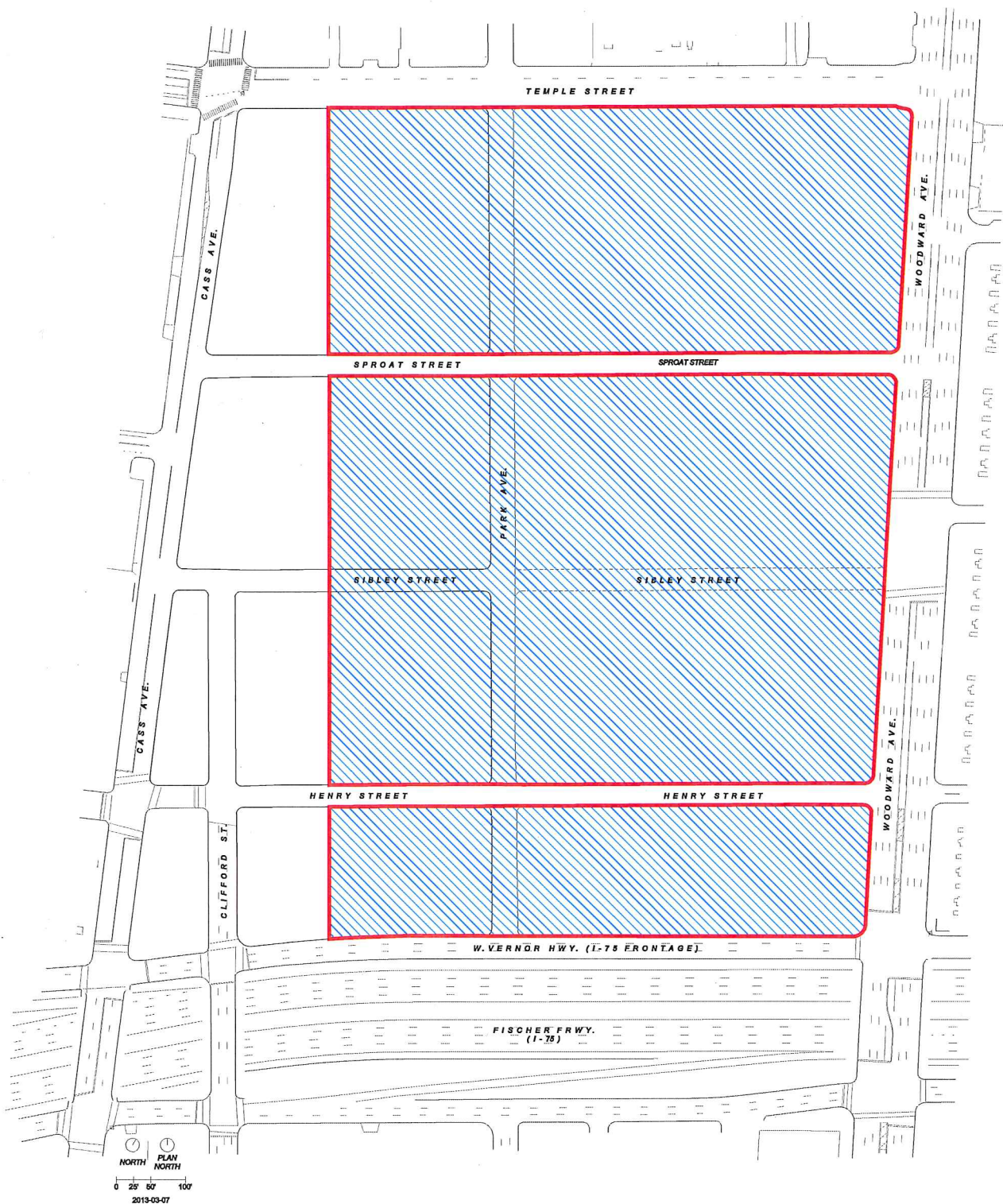


EXHIBIT C

giffels
webster

City of Detroit
Department of Public Works
211 Adams Blvd
Ann Arbor, MI 48106
313.224.2200
www.detroitmi.gov

DATE	03/23/10
BY	WJW
FOR	03/23/10
BY	WJW
FOR	03/23/10



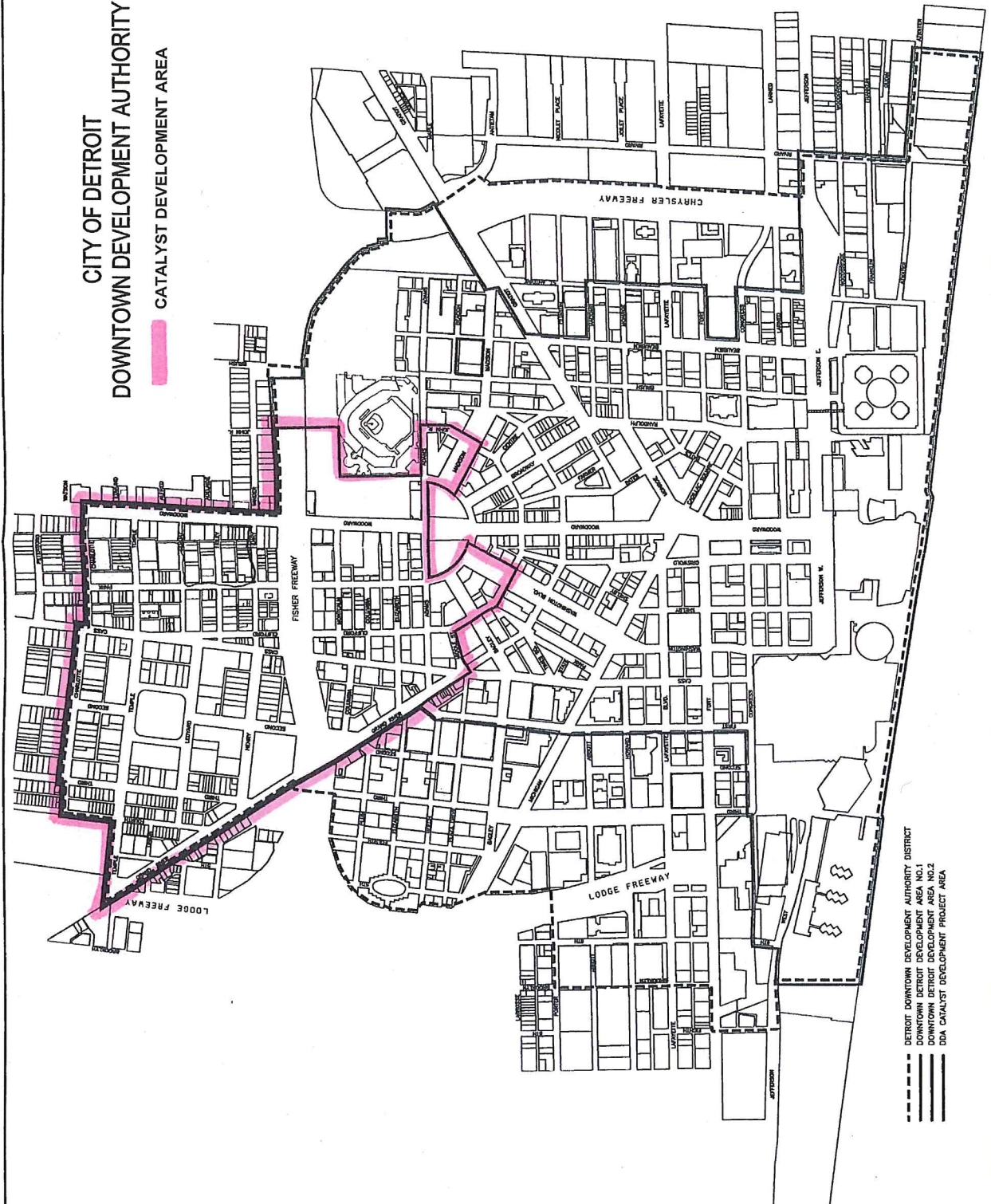
DATE	03/23/10
BY	WJW
FOR	03/23/10
BY	WJW
FOR	03/23/10

City of Detroit
Downtown Development Authority
200 Grand Ave 200
Detroit, MI 48226

City of Detroit
Downtown Development Authority

DATE	03/23/10
BY	WJW
FOR	03/23/10
BY	WJW
FOR	03/23/10

CITY OF DETROIT
DOWNTOWN DEVELOPMENT AUTHORITY
CATALYST DEVELOPMENT AREA



- DETROIT DOWNTOWN DEVELOPMENT AUTHORITY DISTRICT
- DOWNTOWN DETROIT DEVELOPMENT AREA NO. 1
- DOWNTOWN DETROIT DEVELOPMENT AREA NO. 2
- ODA CATALYST DEVELOPMENT PROJECT AREA