



**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, FEBRUARY 24, 2021 – 3:00 P.M.**

BOARD MEMBERS PRESENT: Austin Black
Ehrlich Crain
Sonya Delley
Nicole Sherard-Freeman
Richard Hosey
James Jenkins
John Naglick

BOARD MEMBERS ABSENT: Marvin Beatty
David Blaszkiewicz
Charity Dean
Melvin Hollowell
Steve Ogden

OTHERS PRESENT: Kenyetta Bridges (DEGC/DDA)
Gary Brown (Diversity in Design)
Cora Capler (DEGC/DDA)
Charlotte Fisher (DEGC/DDA)
Jared Fleisher (Quicken Loans)
Amanda Hanlin (DEGC/DDA)
Gay Hilger (DEGC/DDA)
Malinda Jensen (DEGC/DDA)
Jennifer Kanalos (DEGC/DDA)
Chris Lawrence (Detroit Tigers)
Glen Long, Jr. (DEGC/DDA)
Mike McLauchlan (Ilitch Holdings)
Rebecca Navin (DEGC/DDA)
Tim Padgett (LCA)
Nevan Shokar (DEGC/DDA)



**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, FEBRUARY 24, 2021
ZOOM VIRTUAL MEETING – 3:00 P.M.**

GENERAL

Call to Order

Ms. Sherard-Freeman, the Chair's Representative, called the regular meeting of the Downtown Development Authority Board of Directors to order at 3:03 p.m. Roll call was conducted, and a quorum was established.

Approval of Minutes

Ms. Sherard-Freeman asked if there were any additions, deletions or corrections to the minutes of the January 27, 2021 Regular Board meeting. Hearing none, the Board took the following action:

Mr. Naglick made a motion approving the January 27, 2021 minutes, as written. Mr. Jenkins seconded the motion. A roll call vote was conducted with the following result:

Ayes: Mr. Black, Mr. Crain, Ms. Delley, Mr. Hosey, Mr. Jenkins, Mr. Naglick, and Ms. Sherard-Freeman.

Nays: None.

DDA Resolution Code 21-02-02-632 was approved.

Receipt of Treasurer's Report for January 2021

Treasurer Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the month of January 2021. Ms. Sherard-Freeman asked if there were questions. Hearing none, the Board took the following action:

Mr. Crain made a motion approving the Treasurer's Report for January 2021, as presented. Mr. Hosey seconded the motion. A roll call vote was conducted with the following result:

Ayes: Mr. Black, Mr. Crain, Ms. Delley, Mr. Hosey, Mr. Jenkins, Mr. Naglick, and Ms. Sherard-Freeman.

Nays: None.

DDA Resolution Code 21-02-03-518 was approved.



PROJECTS

Comerica Ballpark: Proposed 2021 Scheduled Repairs and Improvements

Mr. Brown advised that pursuant to that certain Amended and Restated Concession and Management Agreement (the “CMA”), by and between the DDA and the Detroit Tigers (the “Tigers”) relating to Comerica Park, the DDA and the Tigers contribute annually into a Major Repair and Replacement Fund (the “Repair Fund”) that can be used by the Tigers for certain repairs needed at Comerica Park. Use of the Repair Fund for non-emergency repairs requires DDA’s approval.

The Tigers submitted, for the DDA’s consideration and consent under the provisions of the CMA, the list attached as Exhibit A of proposed Scheduled Repairs and Improvements for 2021 (the “Proposed Repairs”) in the total amount of \$915,000.00. The current amount of uncommitted funds in the DDA held account is \$1,258,820.30 (after payment of the 2020 reimbursement and including the Tigers’ January contribution).

The DDA staff and Tigers’ representatives reviewed the scope of the Proposed Repairs for conformance with the comprehensive Restoration Master Plan developed by TPM for the Tigers, which includes repairs to the exterior stonework and painting of the entire ballpark over a ten-year cycle. The Proposed Repairs are consistent with the staff conditions reports previously reviewed by the DDA Board and the MLB consultant reports. In addition, certain of the Proposed Repairs consist of equipment upgrades in light of the COVID-19 pandemic, to meet new safety protocols and best practices.

The DDA staff finds the Tigers’ request to use the Repair Fund to fund the Proposed Repairs reasonable and recommends the Board’s approval. A resolution was included for the Board’s consideration.

Mr. Brown advised that Mike McLauchlan, Chris Lawrence and Tim Padgett were available to answer questions and Ms. Sherard-Freeman called for questions.

Mr. Crain stated he had two questions: 1) being that the stadium is now 21 years old, how far ahead is scheduled maintenance and repairs forecasted; and, 2) is there any plan for utilization of local contractors and suppliers as this maintenance work is implemented.

Mr. Lawrence introduced himself and stated that he would answer Mr. Crain’s second question first. He has been in his role for about a year and a half now. There has been a huge transition in staff, so a lot of the relationships and past practices that have been utilized at Comerica are not as strong as they have been traditionally, so that is an opportunity since many staff are new in their roles. They have a working list of local vendors that they are continuously updating and upgrading that they default to first for any repair and maintenance funds expenditures, as well as any other dollars to be spent,



to see what local businesses/vendors on the list could perform the required work or supply that service. They have a new purchasing department within their organization at their disposal, so if certain supplies/vendors/contractors are needed to perform work, the department helps vett that information as well. Through connections and resources as a whole organization, they are working with Arena and Fox Theatre staff, and more specifically, their ODM partners, who are continuously working on projects locally, again utilizing that working list of relationships and vendors. They are communicating in house and ensuring that they are checking that box and delivering opportunities to as many people as possible to keep that money in house.

In answer to Mr. Crain's first question, in terms of how far they are looking out, they have an ongoing five-year plan continuously looking at infrastructure, masonry, concrete, exterior work, safety work, and amenities as well. That plan is continuously evolving.

Mr. Crain thanked Mr. Lawrence and stated that it is good to hear that there is a focus on identifying local businesses. Based on the scope of work of what is being proposed, he asked if Mr. Lawrence had a sense of what a potential goal might be of local participation out of the funds that are being expended. Mr. Lawrence stated that he didn't want to put a percentage on it and identified two large projects that they are currently working on (replacement of an interior stairwell and glass replacement).

Mr. Crain advised that he just wanted to reinforce the desire of the Board to support local businesses and asked that they keep this on the forefront as they go through bidding for work.

Ms. Sherard-Freeman asked if there were any additional questions. Hearing none, the Board took the following action:

Ms. Delley made a motion approving the Comerica Ballpark Proposed 2021 Scheduled Repairs and Improvements, as presented. Mr. Crain seconded the motion. A roll call vote was conducted with the following result:

Ayes: Mr. Black, Mr. Crain, Ms. Delley, Mr. Hosey, Mr. Jenkins, Mr. Naglick, and Ms. Sherard-Freeman.

Nays: None.

DDA Resolution Code 21-02-83-160 was approved.

Monroe Blocks: Request for Approval of Amendment to Development Agreement

Mr. Shokar advised that he was going to share his screen for a PowerPoint presentation.

Mr. Shokar reported that in November 2016, the City of Detroit Downtown Development Authority (the "DDA") approved the sale of several properties consisting of the surface parking lot at Farmer and Monroe ("A Block") and the former Bates Garage ("B Block")



(collectively, the “**Property**”) to Rosko Development Company LLC (“**Rosko**”). In January, 2019, the DDA and Monroe Phase I LLC and Monroe Phase II LLC (collectively, “**Developer**”), as successors-in-interest to Rosko, closed on the Property under a Development Agreement (the “**Development Agreement**”) relating to the development of a mixed use project comprised primarily of office and retail on the surface parking lot at Farmer and Monroe and primarily residential and retail on the block consisting of the former Bates Garage and National Theatre (the “**Project**”).

Given market changes and uncertainties that have been amplified during the COVID-19 pandemic, the Project is currently behind schedule and, pursuant to the resolution adopted by the DDA Board of Directors on December 16, 2020, representatives of the DDA and Developer have proposed terms of an amendment to the Development Agreement to allow the Developer additional time to adjust the Project to meet changing market demands. The proposed amended terms were set forth in the term sheet which was attached as **Exhibit A** (the “**Proposed Terms**”) and generally summarized as follows:

- Within 2 years of the Board’s approval of the Proposed Terms, Developer must submit a revised proposed development plan for the Property (the “**Plan**”), which will include the incorporation of the National Theatre façade and which may include proposed phasing
- The initial phase of the Plan will include at least 30% of the total land area of the Property and will not consist exclusively of a parking facility
- Construction of the initial phase of the Plan will commence within one year of the Board’s approval of the Plan
- Other construction timelines will be described in the Plan
- Developer will activate A Block until 6 months prior to its construction commencement date or earlier if needed for construction staging or laydown
- Activation of Block A will consist of certain pre-approved interim uses described in the Proposed Terms and/or such other uses approved by the DDA, provided that there may be a period of up to 75 days between each interim use so long as A Block is activated at least 8 of 12 months of any calendar year
- For any period of non-use of A Block (other than the above described transition periods), the DDA will be compensated at a rate of \$66,000 per month up to an amount equal to \$990,000
- DDA will also receive a percentage of certain net revenues generated from interim uses on Block A as described in the Proposed Terms

DDA staff supported the Proposed Terms and recommended the Board’s approval. A resolution was included for the Board’s consideration.



Mr. Shokar introduced Mr. Jared Fleisher of the development team. Mr. Fleisher shared his screen and gave a detailed presentation on the development plan for the Monroe Blocks, including history of the project and an overview of the team's other downtown projects.

Ms. Navin advised that she wanted to correct two things from Mr. Shokar's presentation that were not quite reflective of the term sheet. Mr. Shokar mentioned that interim uses would be approved by the Board. The term sheet includes a list of certain interim uses that are preapproved, including concert venue, drive-in theater, outdoor recreation and surface parking. Any of those uses would not come back to the Board. Any use that is not included on that list would come to the Board for approval. Secondly, Ms. Navin made a clarification. On the Phase I programming, it could potentially be just one use, but that is not anticipated. The developer has agreed that it would never be just parking.

Ms. Sherard-Freeman called for questions.

Mr. Crain asked Mr. Fleisher about the drive-in theater and how long it will be open. Mr. Fleisher responded that there has been a great reception to the theater. It has been sold out every weekend night and is very popular with families. It will be kept in place through March 28, but it is possible that the date could be extended. Presently, there are no plans to do that, as they are working on a different summer activation that they are really excited about.

Ms. Delley asked Mr. Shokar to articulate again the profit sharing for interim use for Block A. Ms. Navin advised that the profit-sharing specifics are contained in the Term Sheet and is laid out on page 38 of the Board book. Mr. Shokar advised that the revenue splits are a little bit different. If there is a charge for parking, the fee is split right off the top. With the drive-in movie theater, once the developer's start-up costs are met, the split is 50-50. Ms. Delley thanked Mr. Shokar for the clarification.

Ms. Sherard-Freeman asked Mr. Fleisher to briefly explain the local, regional, and/or national economic markers that Team Bedrock watches to determine whether things are trending in the right direction. Mr. Fleisher reviewed the factors that they watch as they pertain to residential, retail, hospitality, food and beverage, ecommerce, and office trends.

Ms. Delley asked what scenarios and options there are in the event COVID continues and this development extends past the terms that are laid out. Ms. Navin stated that she would have to look at the exact language of this development agreement, but the standard terms of DDA's development agreements include provisions for force majeure if the specific obligation cannot be completed because of some act of God, or a pandemic in this case. If there were needs for other extensions that cannot be linked to a specific obligation that was not able to be performed because of the pandemic, then that would mean the developer must come back to this Board for an extension.



Ms. Sherard-Freeman asked if there were any other questions. Hearing none, the Board took the following action:

Mr. Jenkins made a motion approving the Monroe Blocks Amendment to the Development Agreement, as presented. Mr. Hosey seconded the motion. A roll call vote was conducted with the following result:

Ayes: Mr. Black, Mr. Crain, Ms. Delley, Mr. Hosey, Mr. Jenkins, Mr. Naglick, and Ms. Sherard-Freeman.

Nays: None.

DDA Resolution Code 21-02-112-20 was approved.

OTHER BUSINESS

None.

ADMINISTRATION

Ms. Jensen stated she wanted to correct the record. The DDA quorum requirement is seven members, not six as she stated earlier. Ms. Navin added, for the record, that when a vote was taken on the minutes, seven members were present, and apologized for her miscalculation.

PUBLIC COMMENT

None.

ADJOURNMENT

On a motion by Mr. Crain, seconded by Ms. Delley, Ms. Sherard-Freeman adjourned the meeting at 3:48 p.m.



CODE DDA 21-02-02-632

APPROVAL OF MINUTES OF JANUARY 27, 2021

RESOLVED that the minutes of the Regular meeting of January 27, 2021 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.

February 24, 2021



CODE DDA 21-02-03-518

RECEIPT OF TREASURER'S REPORT FOR JANUARY 2021

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending January 32, 2021, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

February 24, 2021



CODE DDA 21-02-83-160

COMERICA BALLPARK: RESOLUTION CONSENTING TO 2021 PROPOSED SCHEDULED REPAIRS & IMPROVEMENTS

WHEREAS, pursuant to that certain Amended and Restated Concession and Management Agreement (the “CMA”), by and between the DDA and the Detroit Tigers (the “Tigers”) relating to Comerica Park, the DDA and the Tigers contribute annually into a Major Repair and Replacement Fund (the “Repair Fund”) that can be used by the Tigers for certain repairs needed at Comerica Park; and

WHEREAS, the use of the Repair Fund for non-emergency repairs requires DDA’s approval; and

WHEREAS, the Tigers have provided the DDA with a proposal for scheduled repairs and improvements planned for 2021 in a letter dated January 15, 2021 attached hereto as **Exhibit A** (the “Proposed Repairs”) in an amount not to exceed \$915,000; and

WHEREAS, the DDA staff has reviewed and recommends for consent by the DDA Board the use of the Repair Fund for the Proposed Repairs, subject to the Tigers’ fulfillment of the requirements in section 11.5 of the CMA relative to the performance of the repairs and improvements and to the Tigers securing the necessary approvals and permits from the Building and Safety Engineering Department; and

WHEREAS, the DDA Board of Directors has determined that the Tigers’ request is reasonable and in the best interest of the Comerica Park.

NOW, THEREFORE, BE IT RESOLVED, that the DDA Board of Directors hereby authorizes the use of the Repair Fund for the Proposed Repairs, in an aggregate amount not to exceed \$915,000.00, subject to the Tigers’ fulfillment of the requirements in section 11.5 of the CMA relative to the performance of the repairs and improvements and to the Tigers securing the necessary approvals and permits from the Building and Safety Engineering Department.

BE IT FURTHER RESOLVED, that the DDA Board of Directors hereby authorizes any two of the Officers of the DDA or any two Authorized Agents of the DDA or combination thereof to execute any and all documents, contracts, or other papers and to take such other actions necessary or desirable 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 of the DDA, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions except such acts were taken prior to execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

February 24, 2021



DETROIT TIGERS, INC.

January 15, 2021

Gary Brown
Downtown Development Authority
500 Griswold, Suite 2200
Detroit, Michigan 48226

RE: Comerica Park 2021 Scheduled Repairs and Improvements

Dear Gary,

Pursuant to *Section 11.5* of the Concession and Management Agreement ("CMA") please find enclosed our Comerica Park 2020 Scheduled Repairs and Improvements budget, with a brief description of each of the repair/improvement categories. The total of this request is \$915,000.

If you should have any questions regarding this request, please do not hesitate to contact me @ 313-471-2005

Sincerely,

Chris Lawrence
VP of Park Operations

Enclosure

cc: Kelli Kollman



Detroit Tigers

Comerica Park 2021 Scheduled Repairs and Improvements

Elevator Maintenance and Repair

The monthly preventative maintenance agreement through Simplex as well as necessary repairs needed throughout the year that are not covered in the agreement. We will also have a scheduled escalator cleaning through Simplex in advance of fans attending in 2021.

Estimate: \$55,000

Expansion Joint Repairs

Due to building movement, the expansion joints are shifting and failing, as a result causing major water damage throughout Comerica Park including seating areas, suites, offices and concession stands.

Estimate: \$75,000

Comerica Park Restoration

To continue to uphold the expectations regularly scheduled repairs are made annually. Repairs to drywall including patching and repainting are due to water damage. Painting of beams, handrails, and safety rails need to be made. Repairs to rollup doors throughout Comerica Park will also be made. Repairs to motors, gears and mechanical equipment throughout the park.

Estimate: \$75,000

Safety (Fencing, door repairs, handrail repairs, glass rail repairs and added cameras on main concourse)

As the building ages replacement of fencing, doors, handrails, and glass rails are needed to maintain a safe environment for guests entering Comerica Park. We also need to increase our access control at the Brush St. entrance to deter trespassers via additional fencing, railings or screens as well as camera coverage on the main concourse.

Estimate: \$85,000



Detroit Tigers

Comerica Park 2021 Scheduled Repairs and Improvements

Electrical and Plumbing

The replacement of broken fixtures, ballasts, gaskets, and motor drives to the electrical system, spotlights, strobes, and general lighting throughout Comerica Park. In addition, valves, pumps, cracked lines and other general plumbing repairs.

Estimate: \$75,000

HVAC, Cooling Towers, and Mechanical

The installation and general upkeep of chilled water pumps, wall hydrants, and storm drains in Comerica Park.

Estimate: \$60,000

Life Safety Systems

The monthly preventative maintenance agreement as well as servicing and upgrades of the life safety systems within the ballpark to meet required fire and safety standards not covered under the maintenance agreement.

Estimate: \$65,000

Concrete/Masonry/Roof

Repairs to concrete cracks, spalling and delamination on the concourse, seating bowl, pedestrian handrails and sidewalks. Replacement of a complete stairwell as the gate B entrance. Masonry wall repairs throughout the facility. Roof inspections and membrane repair to the office tower and the 200-300 level concession stands

Estimate: \$150,000



Detroit Tigers

Comerica Park 2021 Scheduled Repairs and Improvements

COVID Upgrades

The purchase of specific equipment and upgrades to satisfy new COVID related needs to satisfy league mandates and industry best-practices. These would include three (3) new X-ray machines, 40 ticket pedestals, 3 cash-to-credit machines to allow for a fully touchless and cashless experience and 40 hand sanitizer stands.

Estimate: \$275,000

Comerica Park 2021 Scheduled Improvements
Total Estimate: \$915,000



CODE DDA 21-02-112-20

MONROE BLOCKS: REQUEST FOR APPROVAL OF AMENDMENT TO DEVELOPMENT AGREEMENT

WHEREAS, in November 2016, the City of Detroit Downtown Development Authority (the “**DDA**”) approved the sale of several properties consisting of the surface parking lot at Farmer and Monroe (“**A Block**”) and the former Bates Garage (“**B Block**”) (collectively, the “**Property**”) to Rosko Development Company LLC (“**Rosko**”); and

WHEREAS, in January, 2019, the DDA and Monroe Phase I LLC and Monroe Phase II LLC (collectively, “**Developer**”), as successors-in-interest to Rosko, closed on the Property under a Development Agreement (the “**Development Agreement**”) relating to the development of a mixed use project comprised primarily of office and retail on the surface parking lot at Farmer and Monroe and primarily residential and retail on the block consisting of the former Bates garage and National Theatre (the “**Project**”); and

WHEREAS, given market changes and uncertainties that have been amplified during the COVID-19 pandemic, the Project is currently behind schedule and, pursuant to the resolution adopted by the DDA Board of Directors on December 16, 2020, representatives of the DDA and Developer have proposed terms of an amendment to the Development Agreement to allow the Developer additional time to adjust the Project to meet changing market demands, such terms being set forth in **Exhibit A** hereto (the “**Proposed Terms**”); and

WHEREAS, the DDA Board of Directors has determined that it is in the best interests of the DDA, the downtown district, and the Project to approve the Proposed Terms.

NOW, THEREFORE, BE IT RESOLVED, that the DDA Board of Directors does hereby approve the Proposed Terms.

BE IT FURTHER RESOLVED that any two Officers, any two of the Authorized Agents of the DDA, or any one of the Officers and any one of the Authorized Agents of the DDA, shall hereafter have the authority to negotiate and execute an amendment to the Development Agreement in accordance with the Proposed Terms and 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 Proposed Terms.



BE IT FURTHER RESOLVED that any two Officers, any two of the Authorized Agents of the DDA, or any one of the Officers and any one of the Authorized Agents of the DDA, shall hereafter have the authority to negotiate and execute any and all other documents, contracts, or other papers, or take any and all actions, necessary or appropriate to implement the provisions and intent of this resolution on behalf of the DDA.

BE IT FINALLY RESOLVED that all of the acts and transactions of any Officer or Authorized Agent of the DDA, in the name and on behalf of the DDA, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions except that such acts were taken prior to execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

February 24, 2021



EXHIBIT A
Proposed Terms

TERM SHEET

2021 AMENDMENT AND RESTATEMENT OF MONROE BLOCKS DEVELOPMENT AGREEMENT

This term sheet (this “Term Sheet”) summarizes the principal terms of a proposed amendment and restatement of the existing Agreement to Purchase and Develop Land dated January 9, 2019 between The City of Detroit Downtown Development Authority (the “DDA”) and Monroe Phase I LLC and Monroe Phase II LLC (collectively, “Developer”), as successors-in-interest to Rosko Development Company LLC (as amended and assigned, the “Existing Agreement”). The date that the DDA approves this Term Sheet is hereinafter referred to as the “Effective Date”.

<u>Property:</u>	The “ <u>Property</u> ” means, collectively: (a) “ <u>Block A</u> ” (defined as the “Phase One Property” in the Existing Agreement); and (b) “ <u>Block B</u> ” (defined as the “Phase Two Property” in the Existing Agreement).
<u>Development Plan:</u>	<p>Developer will have 2 years after the Effective Date to submit an updated development plan for the Property (the “<u>Plan</u>”) to the DDA for its approval. The improvements to be developed on the Property pursuant to the approved Plan are referred to herein as the “<u>Development</u>”.</p> <p>The Plan will consist of a concept site plan and program summary of the Development and will show any proposed phasing. The Plan will include the incorporation of the National Theatre façade into the Development.</p> <p>Unless the DDA otherwise agrees in its sole discretion, the initial phase of the Development, as set forth in the Plan, (a) must include at least 30% of the total land area of the Property and (b) cannot be a parking facility only. The DDA may agree to deviate from the foregoing criteria in its sole discretion.</p> <p>Developer and the DDA will collaboratively work together in connection with Developer’s development of the Plan. During the 2 year period after the Effective Date, Developer may submit preliminary plans and drawings of the Plan for the DDA staff’s input and feedback, which the DDA staff will provide to Developer within a reasonable time frame after Developer’s request. If requested by</p>



DDA

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Detroit, MI 48226

	<p>the DDA, Developer will make a presentation to the DDA staff on a mutually agreeable date between 4 and 6 months prior to the expiration of the 2 year period after the Effective Date for the purpose of updating the DDA staff on Developer's progress to-date.</p> <p>If the DDA provides comments to the Plan that is submitted by Developer, then Developer shall respond to any such comments within 30 days. If the nature of the DDA's comments are such that 30 days is an insufficient period of time for Developer to appropriately address the DDA's comments (e.g., if the DDA's comments require material revisions to the proposed Plan), then Developer's response time shall be extended for a period of time as reasonably necessary for Developer to address the same so long as Developer commences revisions to the Plan within the original 30 day period and thereafter diligently pursues such revisions to completion. This process shall continue until the DDA has approved Developer's proposed Plan.</p> <p>An approved Plan may be modified by Developer, provided that the following changes will require the DDA's approval: (a) the addition of a new use; (b) the elimination of any use; or (c) a reduction in the square footage of a use by greater than a percentage to be agreed to in connection with the approval of the Plan.</p>
<p><u>Commencement of Construction:</u></p>	<p>Developer must commence construction of the initial phase of the Development by the later of: (a) 3 years after the Effective Date and (b) 1 year after the date that the DDA approves the Plan.</p> <p>The deadline(s) for the commencement of construction of any additional phases of the Development beyond the initial phase will be agreed to in connection with the approval of the Plan.</p> <p>The requirement to commence construction by an applicable commencement date shall be conditioned upon Developer receiving a foundation permit for the applicable phase, provided that Developer has applied for such foundation permit by no later than 90 days prior to the applicable commencement deadline.</p>
<p><u>Completion of Construction:</u></p>	<p>Deadlines for completion of construction of each phase of the Development, as applicable, will be agreed to in connection with the approval of the Plan.</p>



DDA

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**Interim Site
Activation:**

Prior to the End-Date (as hereinafter defined), Developer shall pursue one or more temporary uses of Block A, which shall each be subject to the DDA's approval (as approved by the DDA, each, a "Temporary Use"). The following Temporary Uses are hereby pre-approved by the DDA:

- Surface parking;
- Parks;
- Public seating areas;
- A drive-in movie theater and/or concert venue;
- Uses related to public health (e.g., for COVID-19 testing or vaccination);
- Uses in connection with a "social district" pursuant to MCL 436.1551; and
- Outdoor recreational activities.

Approved Temporary Uses shall include reasonably related ancillary uses.

The DDA shall have 45 days after its receipt of a written proposal from Developer to approve a proposed Temporary Use, and failure to approve or disapprove a proposed Temporary Use within such 45 day period shall be a deemed approval by the DDA of the proposed Temporary Use. Once the DDA approves of a Temporary Use, such Temporary Use shall be deemed pre-approved for any future use of Block A.

Developer is currently operating a drive-in theater on Block A (the "Existing Drive-In"), which is currently contemplated to end on or around March 28, 2021. No later than 75 days after the date that the drive-in theatre terminates (the "Start-Date") and subject to the other terms provided below, Developer agrees to commence and operate one or more additional Temporary Uses on Block A until the date that is 4 months prior to the date on which Developer reasonably expects to commence construction of the Development (or, if Developer needs to use Block A for construction staging or any other activities in connection with the preparation for commencement of construction of the Development, the date that is 6 months prior to the date on which Developer reasonably expects to commence such construction) (such applicable date, the "End-Date"). Notwithstanding the foregoing, if Developer terminates a Temporary Use of Block A, Developer shall have 75



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Detroit, MI 48226

days thereafter to commence or recommence a Temporary Use to the extent required above.

If Developer does not utilize Block A for a Temporary Use at any time between the Start-Date and the End-Date, then Developer shall pay the DDA a fee equal to \$66,000 per month (pro-rated for partial months) (the “Fee”) for each month thereafter until a Temporary Use has commenced on Block A; provided, however, that no Fee shall be due during the 75 day period after a Temporary Use ends. In no event shall the total amount of the Fee plus any payments of DDA Preferential Parking Revenue (as hereinafter defined) exceed \$990,000 in the aggregate (the “Cap”). Payment of the Fee up to such Cap will be the DDA’s sole remedy under such circumstances.

In addition, if Block A is not used for a Temporary Use for at least 8 months in any calendar year commencing on January 1, 2021 and ending on the End-Date, Developer will be obligated to pay the DDA the Fee for any portion of such 8 month period during which there is no Temporary Use being conducted on Block A (pro-rated for any partial months), subject to the Cap; provided, however, (a) for purposes of this paragraph only, Developer shall be deemed to have commenced operating the Existing Drive-In on January 1, 2021; (b) for the calendar year in which the End-Date occurs, the foregoing 8 month requirement shall be reduced proportionately based on when within such calendar year the End-Date occurs; and (c) in no event shall Developer be charged for the Fee twice in any given month as a result of this paragraph.

All of Developer’s obligations with respect to Temporary Uses and the payment of the Fee shall be tolled and relieved for any periods during which Developer is waiting for the DDA to approve a proposed Temporary Use that is not already pre-approved.

Developer will not have any obligation to conduct a Temporary Use on Block A to the extent that the construction or operation of such Temporary Use becomes impermissible under any governmental order(s) or restriction(s) issued in connection with a pandemic.

Net Operating Revenue (as defined below), if any, from a Temporary Use on Block A shall be shared between Developer and Owner as follows:



DDA

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- Net Operating Revenue from Temporary Uses on Block A other than parking:
 - (i) 100% to Developer, until Developer receives an amount equal to all of Developer's Start-Up Costs (as defined below); and
 - (ii) Thereafter, (a) 50% to Developer, and (b) 50% to the DDA.
- Net Operating Revenue which is generated from fees charged for parking on Block A:
 - (i) (a) 70% to Developer and (b) 30% to the DDA, until Developer receives an amount equal to all of Developer's Start-Up Costs;
 - (ii) Thereafter, (a) 40% to Developer, and (b) 60% to the DDA, until the DDA has received a total aggregate amount equal to the Cap from (x) payments pursuant to this subclause (ii) and the foregoing subclause (i) (collectively, "DDA Preferential Parking Revenue"); and (y) any payments of the Fee as provided above;
 - (iii) Thereafter, (a) 50% to Developer, and (b) 50% to the DDA.

"Net Operating Revenue" means: (a) all income actually received by Developer or its affiliates from the operation of a Temporary Use less (b) all costs, expenses, fees, charges, disbursements, and other amounts of any kind, nature, or description, incurred by Developer or its affiliates in connection with a Temporary Use (excluding Developer's Start-Up Costs).

"Developer's Start-Up Costs" means all costs, expenses and fees in the aggregate that Developer and its affiliates have incurred and continue to incur in connection with establishing and facilitating all then existing and previous Temporary Uses on Block A.

Developer may, but shall not be required to, use Block B for one or more Temporary Uses, which shall be subject to the same approval process set forth above. Developer shall not be required to pay the Fee if it fails to use Block B for a Temporary Use, and Developer will retain all revenues from all Temporary Uses on Block B.



<u>Milestones:</u>	Milestones under the Existing Agreement to be deleted. New interim milestones, if any, may be agreed to in connection with the approval of the Plan.
<u>Remedies and Guaranty:</u>	<p>Same general construct of remedies as set forth under the Existing Agreement, modified only as necessary to reflect the approved Plan.</p> <p>ZUP Ventures LLC will provide an amended and restated guaranty, in the same form and substance as the existing Guaranty, modified only as necessary to reflect the approved Plan, but with no additional obligations or liabilities than as provided under the existing Guaranty.</p>
<u>City Consent:</u>	The parties will seek the consent of the City of Detroit Planning and Development Director and the City of Detroit Corporation Counsel to the extent required under the existing Land Transfer Agreement.

The DDA and Developer agree to negotiate in good faith an amendment and restatement of the Existing Agreement based on the terms set forth in this Term Sheet. Counsel to Developer will prepare the initial draft, which will be based on and red-lined against the Existing Agreement. The DDA agrees to forbear from the enforcement of its rights under the Existing Agreement so long as Developer is exercising reasonable diligence to complete such amendment and restatement of the Existing Agreement based on the terms set forth in this Term Sheet.

This Term Sheet shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Term Sheet shall not be deemed or construed to create a partnership or joint venture between the parties hereto. This Term Sheet may be executed in any number of counterparts and may be transmitted by electronic mail of a .pdf document or signed by electronic signature technology (e.g., via DocuSign or similar electronic signature technology), each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]



**[SIGNATURE PAGE TO TERM SHEET AMONG THE CITY OF DETROIT
DOWNTOWN DEVELOPMENT AUTHORITY, MONROE PHASE I LLC AND MONROE
PHASE II LLC FOR THE 2021 AMENDMENT AND RESTATEMENT OF THE
MONROE BLOCKS DEVELOPMENT AGREEMENT**

The parties have executed the foregoing Term Sheet as of the date set forth next to their respective signatures below.

**THE CITY OF DETROIT DOWNTOWN
DEVELOPMENT AUTHORITY**, a Michigan
public authority and body corporate

By: _____
Name: _____
Its: Authorized Agent
Dated: February __, 2021

By: _____
Name: _____
Its: Authorized Agent
Dated: February __, 2021

MONROE PHASE I LLC,
a Delaware limited liability company

By: _____
Name: _____
Its: Authorized Representative
Dated: February __, 2021

MONROE PHASE II LLC,
a Delaware limited liability company

By: _____
Name: _____

Its: Authorized Representative
Dated: February __, 2021



Approved as to form only:
Counsel to DDA

By: _____

Rebecca A. Navin, Esq.

Dated: February __, 2021