

# **Joe Louis Arena Deal**

October 24<sup>th</sup>, 2019



Wayne County  
Community College...

TCF Ce

Comerica Bank - ATM

Steve Yzerman Dr

Steve Yzerman Dr

Joe Louis Arena  
Parking Garage

Joe Louis Arena

# Joe Louis Arena Deal

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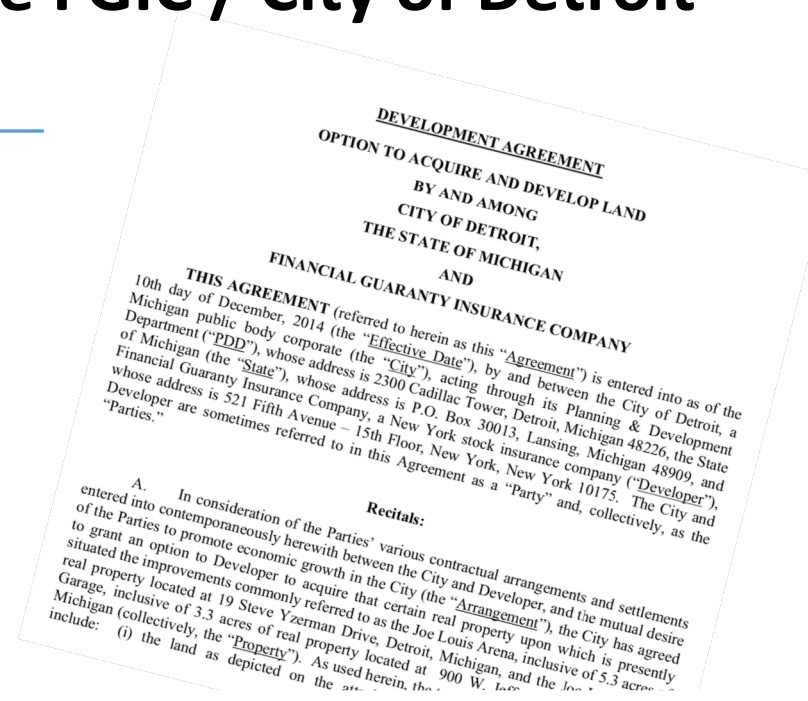
- **Development Agreement and City Obligations with FGIC**
- What Has Taken Place Since 2014
- Proposed Deal with Sterling Group



# City Obligations (Covenants) in the FGIC / City of Detroit Development/Option Agreement

Under the Development Agreement (settlement) between the City of Detroit and FGIC, the City is legally obligated to perform the following:

- 1) Complete demolition of the Joe Louis Arena (the improvements) within one year upon Olympia terminating the sub lease.
- 2) Complete "Sufficient Environmental Remediation" on the Arena site.
- 3) Fund the costs and repairs for the Joe Louis Arena Parking garage, to the degree specified in the 2014 Desman Associates Report.
- 4) Provide FGIC with up to \$18 million in TIF incentives.
- 5) Establish an NEZ, PA 255 or PA 210 tax abatements for the site.
- 6) Change the zoning of the site to B5.



## (H) City Covenants.

(a) Prior to Closing, the City shall (1) subject to Demolition, maintain the Property in at least the same condition and repair (except for environmental condition and repair thereof, which is addressed in sub-clause (2) below) as such exists on the Effective Date, (2) not, through its own action, alter the environmental condition of the Property, as such exists on the Effective Date, in a material and adverse manner, (3) not take zoning or land use action on the Property without Developer's prior written consent, and (4) not execute or grant any lease, contract, agreement, lien, security interest, encumbrance, easement, or restriction with respect to such Property, or amend, modify, renew or extend any of the foregoing, without prior written consent of the Developer, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, without the consent of the Developer, the City shall be permitted to (i) enter into, amend, modify or renew any contract, agreement or lease with respect to the Property to the extent that such instrument is terminable at will by the City and is terminated by the City prior to the Closing or the term of such instrument does not extend beyond Closing, and (ii) amend or modify the JLA Lease in any manner which would not materially, adversely alter the rights of the Developer hereunder (for avoidance of doubt, the City shall be permitted to terminate the JLA Lease without the Developer's prior consent); provided, however, in no event shall the City renew or otherwise extend the JLA Lease, subject to the right of the existing tenant thereunder to so extend the JLA Lease. The City shall pass no charter, ordinance or other provision that solely affects or primarily targets the Developer or its rights under this Agreement which charter, ordinance or other provision has a material adverse impact on the Developer or its rights under this Agreement (it being understood that a "material adverse impact" shall include any adverse financial impact on or any contradiction, or adverse impact on the enforceability of, the terms of this Agreement or the Economic Incentive Agreements). To the extent any COBO Interests are intended to benefit the owner of the Property, but are not otherwise in the name of, or held by, the City, upon written request of the Developer given to the City not less than ninety (90) days prior to Closing, the City shall use reasonable efforts to cause such COBO Interests to be conveyed to the Developer at Closing.

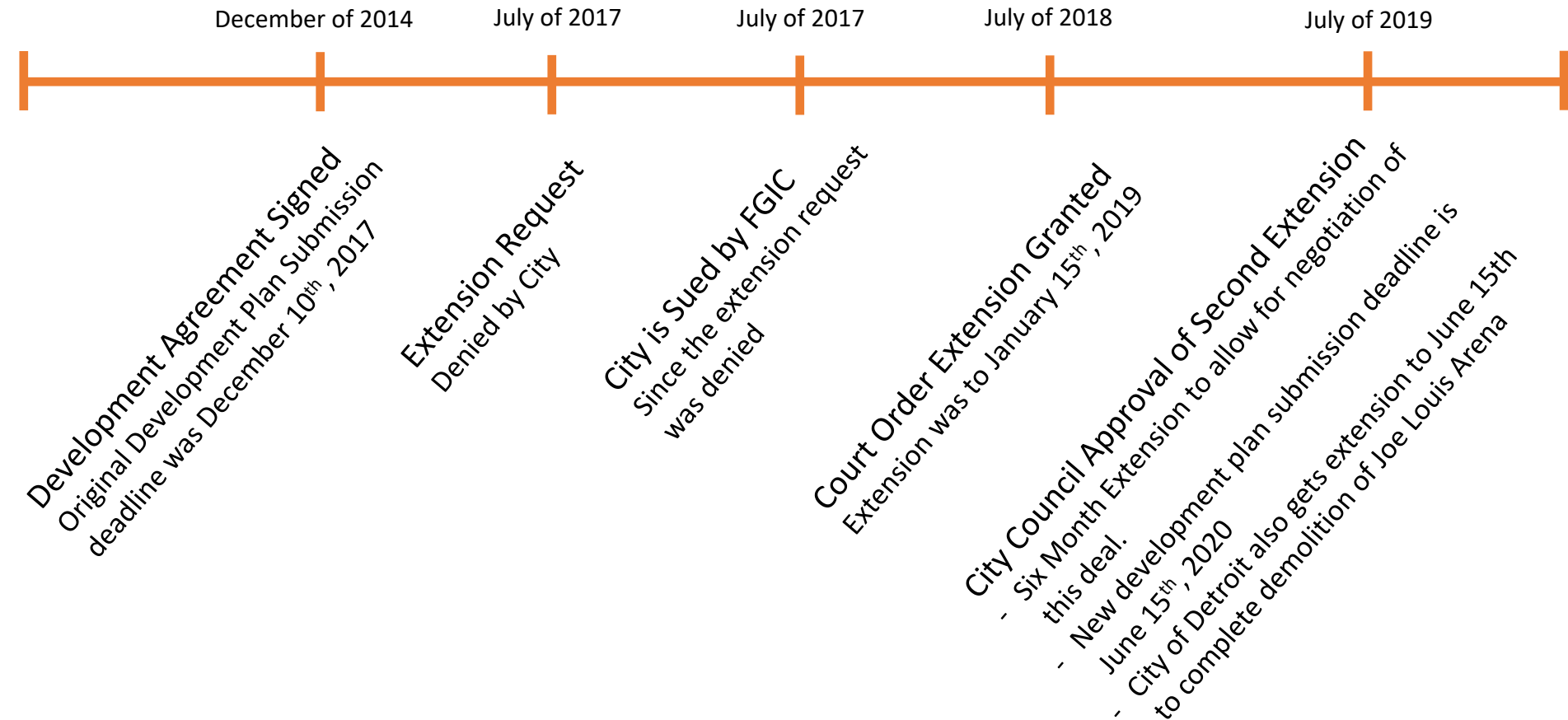


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# Timeline of the City of Detroit and FGIC Relationship



# Joe Louis Arena Demolition

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- 1) Detroit City Council and Michigan Strategic Fund approval of the Joe Louis Arena demolition loan and the Brownfield TIF in fall of 2018. This loan has a 20 year term, at a 1% to 2% interest rate.
- 2) The City of Detroit's plan was to pay the loan back from the general fund over the next 20 years, with support from the Brownfield TIF revenue once a project commenced.
- 3) Commencement of the Joe Louis Arena demolition was on May 28<sup>th</sup>, 2019
- 4) The Detroit Building Authority is managing the Joe Louis Arena demolition and is targeting March 31<sup>st</sup>, 2020 as a completion date.





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# City of Detroit / Sterling Group Deal

Property	Cash	Savings to City	TIF Payment
<b>JLA Garage</b>			
At Closing	\$2 Million		
Rehabilitation Work		\$2.7 Million	
<b>Arena Property</b>			
Environmental Remediation		\$4 Million at a minimum	
Demolition	\$10 Million (or \$12.1 Million over life of the MSF loan)		
Future Brownfield TIF			City of Detroit receives first \$7 Million of future Brownfield TIF
<b>Development Requirement</b>	Purchaser must break ground and apply for Brownfield TIF on new JLA development within 5 years of closing or pay an additional \$1 Million to City		
<b>Incentives</b>	In the future, City agrees to assist Purchaser to obtain a Brownfield TIF, PA 255 or PA 210, and NEZ (if future plans include residential)		
<b>Environmental</b>	Purchaser releases City of Detroit from all environmental obligations		
<b>Zoning</b>	City Agrees to assist purchaser with rezoning property to B5		
<b>Street Vacation</b>	City Agrees to vacate streets located within the Arena Property (There are not physical streets on the arena site, only "legal" Right of Way)		