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**TO:** Detroit City Council

**FROM:** David Whitaker, Director   
Legislative Policy Division Staff

**DATE:** September 17, 2020

**RE: Proposed Sale by the City of Detroit of the State Fairgrounds Property**

**Introduction**

The Legislative Policy Division (LPD) has undertaken a review of the proposed State Fairgrounds Property Project. This report to City Council provides a summary of the proposed transaction and highlights pertinent provisions of the proposed Purchase Agreement. Attachment I represents a copy of the Purchase Agreement.

Given that Mayor Duggan announced on Tuesday, August 11, 2020 the proposed State Fairgrounds redevelopment project, LPD presented questions to the Administration regarding the project soon thereafter. Attachment II represents responses from the Administration to LPD's first set of questions regarding the project. Attachment III represents responses from the Administration to LPD's second set of questions regarding the project. LPD appreciates the responses to our questions.

In addition, LPD received information from community organizations regarding the State Fairgrounds redevelopment project. Attachment IV represents responses from the Administration to questions raised by the Greenacres Woodward Civic Association regarding the project. Attachment V represents the State Fairgrounds Development Coalition's evaluation of the State Fairgrounds sale price.

It is also important to note that LPD's City Planning Commission (CPC)/Historic Designation Advisory Board staff will issue reports on the State Fairgrounds redevelopment project as well.

## **Project Timeline and Approvals**

The State Fairgrounds redevelopment project timeline proposed by the Administration is very tight. They aim to file both the Master Plan Amendment report and the resolution for the land sale with the clerk by Sept. 25<sup>th</sup> for the Sept. 29<sup>th</sup> referral agenda to the Planning and Economic Development Committee (PED). The Administration wants to have PED review and approve to send to formal session on October 1<sup>st</sup>, the Master Plan Amendment report and the resolution for the land sale. The Administration expects to seek necessary approvals from City Council by Council's Formal Session on Tuesday, October 6, 2020. The Administration expects to close on the project with the purchaser on Friday, October 30, 2020.

The Administration seeks the following approval from the City Planning Commission:

- According to the Administration, the Future General Land Use designation under the Master Plan of Policies for the proposed development property is currently Regional Park (PR). The proposed warehousing use is inconsistent with the PR designation. The Future General Land Use designation under the Master Plan of Policies will need to be amended to Light Industrial (IL) for the subject site. A request to amend the Future General Land Use designation under the Master Plan of Policies was made by the Planning and Development Department on August 10, 2020.
- The administration will present the request to amend the Master Plan of Policies to City Planning Commission for a public hearing and same day approval on September 24, 2020 before seeking Council's approval.

The Administration seeks the following approvals from the City Council:

- The Purchase Agreement regarding the State Fairgrounds redevelopment (Attachment I).
- The amendment to the Master Plan of Policies as described previously.
- A supplemental appropriation to the capital fund to support the construction of a new Transit Center (described below).
- A Contract of Lease with the Detroit Building Authority to support the construction of the Transit Center project.

## **Project Description**

The Administration has reported and indicated through media accounts that the property will be acquired by Hillwood Investment Properties, L.P.<sup>1</sup> and its partner The Sterling Group<sup>2</sup>. It has

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<sup>1</sup> According to research obtained by LPD, [Hillwood Investment Properties, L.P.](#), is an affiliate of the Perot company (founder Ross Perot) based out of Dallas Texas. It is a full-service industrial real estate developer, investor and advisor focusing on high quality institutional grade industrial properties. The company originated at the end of 1998 and has acquired industrial properties in locations across the nation, including its flagship property Alliance Texas in Fort Worth, Texas. The company is in 52 markets in North America and Europe and to date, 200.8 million square feet of industrial properties have been developed or acquired (Q2-2020). Hillwood has developed a number of multi-story warehouse facilities with Amazon as the tenant across the U.S.

been indicated that Hillwood Investment Properties has been in negotiations with Amazon.com, Inc. (Amazon) as the initial Phase I tenant for the Tenant Facility. It is also indicated that the Phase II tenants will potentially be automotive suppliers and other entities. The sale of 138 acres of land at the State Fairground site would be developed to include a 3.8-million square-foot facility on 78 acres designed as a multi-level warehouse that would employ a minimum of 1,200 workers. The City of Detroit acquired the State of Michigan Land Bank Authority's (MLBA) portion of the State Fairgrounds in April 2019 for \$7 million. The transaction with the MLBA required \$3.5 million of the sale be paid at closing and the remaining balance to be paid from the proceeds of any future sale of the property at the State Fairgrounds.<sup>3</sup>

The sale price of the 138-acre site to Purchaser would be \$16 million. According to information obtained from the Administration, an appraisal from Integra Realty Resources, less other deductions, gave a net appraised value of \$9 million<sup>4</sup>. In addition to paying the appraised value of \$9 million for the land at closing, the City will get an additional \$7 million at closing for construction of the to be relocated transit center. According to the Administration, \$3.5 million of the initial \$9 million received will go to the State of Michigan, and \$3.5 million will go to the City's general fund to repay the upfront purchase price of the State Fairgrounds from MLBA. The remaining \$2 million will be deposited to an account at the City of Detroit Housing and Revitalization Department, with \$400,000 of that amount contributed to the City's Affordable Housing Development and Preservation Fund.

If City Council approves the land sale, the additional \$7 million will be earmarked for the Detroit Department of Transportation budget for construction of the state-of-the-art DDOT Transit Center at another location on the project site.<sup>5</sup> Under the current version of the Purchase Agreement, the closing date is scheduled for Friday, October 30, 2020 at 10:00 a.m. However, when asked that this closing date could necessitate a Council vote to approve the purchase transaction by Tuesday, September 29, 2020, the Administration responded by indicating it would work with the Purchaser to be able to close this transaction later than October 1, 2020. Then the Administration went on to state that the Purchaser has agreed to reschedule closing for no earlier than October 30, 2020.

The purchaser agrees to develop in Phase I, a multi-story warehouse and distribution center with parking and landscaping on approximately 78 acres of the property. The construction of the

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<sup>2</sup> Sterling Group founded in 1988 is a privately held investment and real estate firm that acquires and manages high potential properties and companies, with expertise in real estate development, construction, architecture, planning, estimating, and construction management. Its office is located at 333 W. Fort St., Detroit, MI.

<sup>3</sup> The purchase agreement between the City and the MLBA Section 2, *Purchase Price/ Closing* provided that \$3.5 million be paid at Closing and the balance of \$3.5 million be paid according to Exhibit B, Sale Proceeds Waterfall Methodology.

<sup>4</sup> Attachment II includes a memo from the Jobs & Economy Team that the Integra Realty Resources appraisal established an appraisal value of \$11.1 million for the project site; however, this is being offset by \$3.2 million in land retained by the City for roads and costs of demolition for a net value of \$7.8 million. The memo goes on to say that the City and the fairgrounds developer agreed on a land purchase price of \$9 million. Council should note that as indicated in Attachment V, the State Fairgrounds Development Coalition (SFDC) questions the final sale price of the project site. Council should seek the Administration's response to the issues raised by the SFDC.

<sup>5</sup> The Administration indicates the entire cost of construction for the new Detroit Department of Transportation Transit Center will be \$7,000,000. According to the Administration "The costs estimates were completed by the City. After several rounds of negotiation, the purchaser's team agreed to contribute \$7,000,000 for the construction costs." If the construction cost is less than \$7 million, the City will use the residual dollars for other capital improvements. The Purchase Agreement provides that any demolition cost at the relocation site shall be undertaken by SFP.

Phase I Tenant Facility is to begin within 12 months of the Effective Date<sup>6</sup> and is to be completed within 48 months of the Closing. Within 24 months of the Closing, Purchaser shall commence construction of Phase II on the remaining approximate 64 acres, and within forty-eight (48) months of Closing complete construction of single or multiple level, industrial building or buildings of approximately 300,000 gross square feet in a location on the Property not used for Phase I.

Based upon information provided by the Administration and media accounts, it is anticipated that the Phase I Tenant Facility will be utilized by Amazon. The Phase I Tenant Facility as set forth under the Purchase Agreement shall employ no fewer than 1,200 employees in the first year at \$15 per hour exclusive of benefits. The Administration has indicated that the following will apply to the 1,200 employees as employees of Amazon:

#### Amazon Warehouse Team Member

##### Requirements

- 18 years or older with ability to speak and understand English for safety
- High school, GED, or equivalent diploma
- No Resume or previous work experience required
- Hourly pay rate: Earn \$15/hr. or more

##### Job Description

- Receive and put away inventory
- Get customer orders ready and pack up
- Load boxes into trucks for shipment.
- Work around moving machines like order pickers, forklifts, mobile carts, and possibly robots
- Use scanners to scan bar codes on products

##### Employee Benefits

- Career development, competitive wage and reliable paycheck
- Health care starting on day one
- Employee discounts, 401(k) savings plans, paid time off and more

LPD notes the employment criteria listed may actually be implemented through Amazon, however, the Purchase Agreement only provides that there shall be no less than 1,200 employees the first year at the Tenant Facility at \$15 per hour exclusive of benefits. There is no reference to any other benefits. In addition, the Purchase Agreement does not identify the status of the 1,200 employees as full time or part time. The Purchase Agreement provides that the Phase I Tenant will work with the City of Detroit with regard to job fairs and hiring announcements, as well as collaborating with Detroit at Work on employment opportunities at the Tenant's facility.

The Purchase Agreement also provides that Mayor's Executive Order 2016-1 will apply to the construction work done at the Property. In addition, the Administration has indicated that there have been 2 community meetings. "The first meeting took place with the Mayor and a small group of community members prior to announcement of the planned development. The second

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<sup>6</sup> The Effective Date is identified as the date the Agreement has been fully executed by the last Party's signing.

meeting took place on Thursday, August 13, 2020 and included the Mayor speaking with community members about potential concerns. There are additional community meetings planned that will address traffic, transit, environmental, public safety, and employment concerns.”

The Purchase Agreement specifically states that the purchaser will not request any economic incentives from the City. LPD notes that the Administration may have assurances from Amazon to not request any economic incentives, however, the Purchase Agreement only reflects that the Purchaser will not seek economic incentives from the City. The Agreement does not state the Tenant in either Phase I or Phase II will not seek public incentives. The Administration has indicated that the project is a \$400 million investment<sup>7</sup> to construct the Amazon distribution center with a net benefit to the City of Detroit of approximately \$43 million over 10 years, as detailed below:

**Summary of Benefits to the City of Detroit**

<b>City of Detroit - 10 Year Analysis</b>	
City of Detroit Revenue with no Incentives	\$55,508,174
Total Incentives	\$0
Cost of Services	(\$5,542,060)
<b><u>City of Detroit Only</u></b>	
Land Sale	\$9,000,000
Funding for Transit Center	\$7,000,000
Property Taxes	\$20,742,341
Income Taxes - Direct Workers	\$6,361,617
Income Taxes - Indirect Workers	\$1,256,901
Income Taxes - Construction Workers	\$1,134,000
Corporate Income Taxes	\$1,484,377
Utility Users Excise Taxes	\$446,083
State Revenue Sharing - Sales Tax	\$3,308,584
Miscellaneous Taxes & User Fees	\$4,774,271
New Transit Center Cost	(\$7,000,000)
<b>Net Benefit City of Detroit</b>	<b>\$42,966,114</b>

Council should note that “Cost of Services” estimates what additional monies the City will have to spend to provide municipal services to households of new workers who may move to the city and to the new business. “Municipal services” include police, fire, trash collection, road repair, street cleaning, etc. provided by the City’s General Fund and Solid Waste Fund.

**Summary of Purchase Agreement Transaction**

**Section 1, Property:**

The Purchase Agreement is for the sale and development of the 138 acres of land at the former Michigan State Fairgrounds (the “Property”). The parties of the sales transaction are the City of

<sup>7</sup> The \$400 million figure is not codified in the Purchase Agreement. The Administration indicated that the Agreement sets the Purchaser’s development obligations in the specific terms of the “Phase I Development” without reference to the anticipated investment figure, and that the figure does not describe the parameters of the development as specifically, and so it was not codified.

Detroit (City) as seller and State Fair Partners, LLC<sup>8</sup> (SFP) as the purchaser. The City under the Purchase Agreement (Agreement) will transfer all rights and interest in the Property as set forth in Section 1 of the Agreement and includes but is not limited to all easements, air, mineral, oil and gas rights privileges and appurtenances, subject to Section 4(g) and 4(h) regarding the Relocation of the Transit Center. SFP shall provide a \$100,000 earnest money deposit that will be placed in escrow and released upon consummation of the Agreement.

The Administration indicates that the 78 acre portion of the State Fairgrounds project site for the Phase I, Amazon warehouse and distribution center development is currently zoned B4, General Business District. This zoning designation allows for use of wholesaling, warehousing, storage buildings, or public storage housing facilities. This use is permitted conditionally per Sections 50-9-113(13) of the City of Detroit Zoning Ordinance. As a result, No zoning modifications will be required for this phase of the planned development. It is possible that future phases of the development may require a zoning modification; however, that will be determined by future uses for Phase 2 and Phase 3.

Phase 1, the Amazon part of the project appears to include a major logistics operation. LPD inquired what steps are being made to ensure that this new operation will not be injurious to the daily living of residents in the surrounding area, with truck traffic and disruptive noise at odd hours.

The Administration's response is as follows. As part of the site planning process potential transit, traffic, landscaping and environmental impacts have been closely reviewed. For example, a traffic study has been completed in connection with the project that shows there will be minimal impact to the adjacent community. Additionally, certain landscaping elements have been included in the site plan to create a robust buffer between the Amazon facility and the residential areas to the south, including an earthen berm that will be 15-feet in height above street level bordering the southern portion to the development site.

In addition, the Purchase Agreement does not commit the Purchaser to use Detroit based businesses in the construction of the Phase 1-Amazon warehouse and distribution center development. The Greenacres Woodward Civic Association raised this question (see questions 16 and 17 in Attachment IV). The Administration's response was that the Sterling Group (part of SFP, the Purchaser) has a strong track record both employing local residents and utilizing local firms for development projects.

The Administration also indicated that an additional 800 jobs could be created from Phase 2 and Phase 3 of the development.

## **Section 2, Purchase Price of Property:**

The purchase price of the 138 acres of land is \$16 million in cash by wire transfer to the City at the time of closing which is broken down as follows:

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<sup>8</sup> It is LPD's understanding that State Fair Partners, LLC is a limited liability company registered in the State of Delaware, created by Hillwood Investment Properties and its partner The Sterling Group for this proposed transaction. LPD has identified with the State of Delaware that State Fair Partners, LLC was incorporated on August 18, 2020. Its registered agent is the Corporation Trust Company, Corporation Trust Center, 1209 Orange St. Wilmington, DE.

- (i) Nine million dollars (\$9,000,000) cash.
- (ii) Seven million dollars (\$7,000,000) paid to the City to be used for the construction of the Relocation Transit Center, as described in Section 4(g)
- (iii) The demolition cost associated with removal of the current Transit Center as described in Section 4(h).
- (iv) Sole cost of environmental remediation as described in Section 3.

### **Section 3, Demolition and Remediation:**

The Agreement indicates that SFP will be responsible at its sole cost and expense, except as set forth in Section 4(h) below, perform any demolition of existing buildings necessary in its discretion to redevelop the Property under the terms of this Agreement. SFP shall also be responsible for any environmental remediation required for its redevelopment of the Property (the "Environmental Remediation") at its sole cost and expense. The City, except as set forth in Section 4(h) below, shall not be responsible for any repair, maintenance, upkeep or other cost related to the Property after Closing.

According to the Administration, the following buildings currently located on the project site are subject to demolition: (1) The Michigan State Fair Riding Coliseum; (2) The Dairy Cattle Building; and (3) The Agricultural Building. The Administration further indicates that these buildings are on the National Register of Historic Places, but they have not been designated historic by the City. The Administration also indicates that since none of the structures on the State Fairgrounds are designated by the City of Detroit under its historic district ordinance, no additional approvals will be required for demolition of any structures; and that inclusion on the National Register of Historic Places does not preclude these structures from demolition.

It is also important to note that according to the Administration, the Joe Dumars Fieldhouse is currently located in the Agricultural Building and the East Mall. There is a Joe Dumars Fieldhouse lease with the City regarding these buildings. The lease will not terminate if the agreement with the developer is approved by City Council. The lease will be assigned to the developer at closing. The Joe Dumars Fieldhouse is located within Phase 3 of the proposed development site. It is not located within the proposed development area for the distribution center. There are currently several years left on the lease of the facility and the development team will continue conversations with the operator of the Fieldhouse postclosing the proposed deal. There are currently no plans to relocate the fieldhouse elsewhere in the City of Detroit.

### **Section 4, City's and Purchaser's Ongoing Obligations:**

The Agreement indicates that the City will use its best efforts to assist SFP at no out of pocket cost to the City to provide any necessary approvals or authorizations as set forth in Section 4 including but not limited to zoning changes or variances, easements, street vacations permits of all types and lot splits as SFP reasonably determines are necessary to operate or develop the Property. The City's obligations under this Section will survive the closing and delivery of the deed for eight (8) years.

SFP agrees that it shall not seek any economic incentives applicable to the Property. LPD notes that the language in the agreement to not seek incentives does not address whether the Tenants of either Phase I or Phase II development can or will seek economic incentives. Should the Phase I

or Phase II Tenants seek any economic incentives they will be subject to the City's policies regarding tax abatements or incentives.

Within 10 days of the Effective Date, the City shall deliver to SFP: (i) any title policy and title commitments, (ii) any surveys or plans pertaining to the property, (iii) any engineering plans regarding the infrastructure and or improvements, (iv) any leases or occupancy agreements covering any portion of the Property, (v) any environmental studies or reports relative to the Property, and (vi) other due diligence material SFP may reasonably request.

Prior to Closing, the City shall complete the following:

- (i) The City shall grant and declare of public record, such rights, if any, that City has to any easements and irrevocable licenses benefiting the Property.
- (ii) shall use its best efforts to elicit for SFP a height variance (for construction of a building up to 110 feet in height) for the Phase I Development building/facility and a conditional/special use permit for the construction and operation of the Phase I Development building/facility as a multi-story warehouse and distribution center in accordance with its performance based design.
- (iii) The City shall use its best efforts to vacate any and all streets lying in, under or through the Property without any reservation of rights, including reservations for utilities (Except as provided under the Agreement).
- (iv) The City shall remove the Ulysses S. Grant house.
- (v) The City and SFP shall mutually agree on a legal description of the current Transit Center not to exceed 1.5 acres in size, which will not be included in the legal description conveyed at closing. The Transit Center legal description shall be delivered to SFP no later than 18 months after the Closing.
- (vi) The City shall construct within 18 months from the Closing a Replacement Transit Center (Replacement TC) on a mutually agreed upon location near Eight Mile Road up to 2.7 acres on the Property. The legal description of the Replacement TC shall be agreed upon by the Parties, surveyed and removed from the legal description of the Property. It is important to note that the Administration indicated that the construction of the replacement transit center will be overseen by the Detroit Building Authority, pursuant to a contract of lease. The Building Authority will follow its normal procurement process and comply with Executive Order 2016-1 to construct the new transit center.
- (vii) The City shall notify SFP if the demolition of any structure is necessary because of the location of the Replacement TC. If so, SFP will procure bids for the complete demolition of the structure which will be the maximum amount SFP will contribute to the cost of demolition of the structure.
- (viii) The City agrees to cooperate with SFP to consolidate tax parcels prior to Closing so that the Property that is being purchased by SFP is covered by tax identification numbers that do not cover any other property that is not owned by SFP.

## **Section 5, SFP Development Obligations:**

### **Phase I Tenant Facility**

- (a) This subsection indicates the following:



- (i) Within 12 months from Closing, SFP shall use commercially reasonable efforts<sup>9</sup> to commence construction on Phase I of development (described in Exhibit B) consisting of a Tenant Facility, a multi-story warehouse building, parking and landscaping on approximately 78 acre portion of the Property
  - (ii) Tenant of SFP will employ no fewer than 1,200 employees within one (1) year of "Substantial Completion" which shall occur upon the issuance by the City of a Certificate of Occupancy for the Tenant Facility. Employees working within the Phase I Development will be paid a minimum of \$15 per hour exclusive of benefits, Tenant will work with the City regarding job fairs and hiring announcements and collaborating with Detroit at Work on employment opportunities at the Tenant Facility<sup>10</sup>.
  - (iii) In the event SFP fails to commence construction<sup>11</sup> of Tenant Facility within the 12 month period, City shall have the right to repurchase all of the property by paying all the consideration paid by SFP in Section 2 and Section 5(d). Failure of the City to exercise and Close on its right to repurchase within 6 months of the prescribed 12-month Commencement Date shall constitute a waiver of such rights.
- (b) This subsection indicates that within 48 months of closing:
- (i) SFP completes or cause the completion of construction of the Tenant Facility
  - (ii) If the Tenant Facility is not complete or cause to be completed within the prescribed forty-eight (48) month period, City shall have the right to repurchase all land in Phase II, which SFP has not Commenced Construction or caused the Commencement of Construction on. (specifically excluding any right to repurchase any land in Phase II containing any storm water or road infrastructure) by paying to SFP the pro-rata share of the consideration paid by SFP to City in Section 2 and Section 5(d).

<sup>9</sup> Commercially Reasonable means, with respect to the efforts to be expended or considerations to be undertaken by a party related to any objective, activity or decision to be undertaken hereunder, reasonable, good faith efforts to accomplish a similar objective, activity or decision under similar circumstances. Such efforts will be similar to those efforts, considerations and resources commonly used by a party for a similar product owned by it or to which it has rights, which product is at a similar stage in its product life and is of similar market potential taking into account the competitiveness of alternative products sold by third parties in the marketplace, the regulatory status, market conditions and the profitability of the product. [www.lawinsider.com/dictionary/commercially-reasonable](http://www.lawinsider.com/dictionary/commercially-reasonable).

<sup>10</sup> The enforcement of these provisions are not supported by promises being made by Amazon, as Amazon is not a party to this agreement. Therefore, the City's subsequent attempt to enforce these provisions may become problematic. LPD reached out to the Administration regarding this issue. The Administration's response is as follows: "The enforcement mechanism for this commitment is the "\$2MM Payment" described in Section 5(d). This penalty is enforceable against the developer/Purchaser. The developer would not have agreed to be subject to that significant enforceable penalty unless they were absolutely convinced that Amazon would meet these obligations. We too are confident these obligations will be met."

<sup>11</sup> Commencement of Construction as provided under Section 5(a)(iii) consist of the (a) execution by SFP of construction contract with a general contractor for construction of vertical improvements constituting the (b) Issuance of notice to proceed to its general contractor (c) SFP's application for permit required to construct the improvements and use best efforts to obtain same (d) Commencement of construction activities contemplated by construction contract and permits.

- (iii) SFP's complete construction at its cost of a North-South roadway from Eight Mile Road on its North terminus through and to State Fair Avenue on its South terminus (as set forth on the site-plan accompanying Phase I) (the "North-South Roadway")
- (c) This subsection indicates regarding Phase II Remainder Acreage, that within 24 months of Closing:
- (i) SFP shall Commence Construction and within forty-eight (48) months of Closing, complete construction or cause the Completion of Construction, of single or multiple level, speculative industrial building or buildings of approximately 300,000 gross square feet in a location on the Property not otherwise used for Phase I. If the Property is not rezoned and/or the requested conditional use is not approved within twelve (12) months of Closing, the foregoing obligations of SFP to Commence Construction and Complete Construction shall each be automatically extended by one (1) year. If SFP is unable to obtain a Conditional Use Permit requested, then SFP shall not be obligated to Commence Construction as to Phase II and City shall have a six (6) month period thereafter to repurchase any land in Phase II upon which SFP has not Commenced Construction as set forth in this Section.
  - (ii) If SFP fails to Commence Construction of Phase II within the 24-month period or fails to Complete Construction within 48 months, City shall have the right to repurchase any Phase II land that has not commenced Construction as set forth under this subsection. The City must exercise its right to repurchase within 6 months of the prescribed 24-month period or waives its right to do so.
  - (iii) Any developable land in Phase II that SFP has failed to Commence Construction within the 48 months of Closing that is of no less than 5,000 square feet per acre shall be subject to the City having 6 months from the prescribed 48 months to repurchase the developable land in Phase II as set forth in the subsection.
- (d) This subsection indicates that if SFP fails to achieve item 5(a)(ii) within the time period prescribed therein, it shall make a Two Million Dollar (\$2,000,000.00) cash payment to the City (the "\$2MM Payment"). The payment shall be the sole consequence of SFP's failure to timely take the action described in 5(a)(ii)<sup>12</sup>. No

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<sup>12</sup> Section 5(a)(ii) represents the assurances made by SFP that the Tenant (Amazon) will employ 1,200 employees within a certain timeframe. However, the failure to achieve this level of employment limits the City's recourse to \$2 million paid by SFP. See footnote 10 on page 9 of this report for further information. LPD reached out to the Administration regarding this issue. The Administration's response is as follows: "As noted in response to FN10, the \$2MM Payment would be paid by the developer/SFP. The developer would not have agreed to be subject to that significant enforceable penalty unless they were absolutely convinced that Amazon would meet these obligations."

liens or other encumbrances shall be placed by City on the Property with regard to the \$2MM Payment.

- (e) This subsection indicates that for the purposes of this Section 5, any pro-rata calculation of consideration shall be based upon acreage, provided however as to that portion of the consideration consisting of Demolition and Environmental Remediation those amounts shall consist of the actual Demolition and Environmental Remediation costs specifically expended by SFP on the Property being repurchased by City.

**Section 6, Executive Order:**

Indicates that SFP voluntarily agrees for itself and its General Contractor(s) that it shall, via this Agreement, comply with Executive Order No. 2016-1 as herein modified (the "Executive Order") which Executive Order shall apply solely to the construction of the Phase I Development and not the subsequent operation of Phase I.

**Section 8, Conditions Precedent (City's Obligations):**

Indicates that SFP shall have no obligation to consummate this transaction unless the following conditions shall have either been satisfied or waived by SFP in writing. The conditions include the following:

- (a) The termination, release or discharge of any rights of reverted other than those set forth in the Quit Claim Deed recorded in Liber 55017, Page 1218, Wayne County Records;
- (b) All representations and covenants of City hereunder shall be true and correct on the Closing Date;
- (c) As of the Closing Date there is no pending or threatened litigation, administrative action or examination, claim or demand whatsoever relating to the Property;
- (d) City shall have obtained such approvals and authorizations to enter into this Agreement and to consummate the transactions contemplated hereby as necessary, and such approvals and authorizations shall remain unrevoked and in full force and effect;
- (e) At Closing, the Title Company shall be prepared to issue an owner's title insurance policy conforming to the requirements of Section 7(a);
- (f) Between the date of the Agreement and the Closing Date, there shall have been no intervening destruction, damage to or proposed or actual condemnation of the Property, or any portion thereof, which would materially delay or interfere with the Phase I and Phase II Developments;

- (g) City shall substantially have performed all of its other obligations under the Agreement; and
- (h) City shall not be in default under the Agreement.

**Section 9, Conditions Precedent (SFP's Obligations):**

Indicates the City shall have no obligation to consummate this transaction unless the conditions set forth in Section 9 shall have either been satisfied or waived by City in writing. The conditions include the following:

- (a) All representations and covenants of SFP shall be true and correct on the Closing Date.
- (b) SFP shall have obtained such approvals and authorizations to enter into this Agreement and to consummate the transactions contemplated as necessary.
- (c) SFP shall have performed all of its obligations under this Agreement which obligations are required to be performed prior to Closing.
- (d) SFP shall not be in default under this Agreement.

**Section 11, Closing Transaction:**

The Section indicates that the "Closing" shall occur upon the "Closing Date" which for the purposes of the Agreement shall be held on Friday, October 30, 2020 at 10:00 a.m. local time, at the Title Company, or at such other date and/or time as may be mutually agreeable to the parties, at a mutual agreeable location.

SFP shall have the one time right to extend the Closing Date from October 30, 2020 to any date up to and including February 1, 2021 upon written notice to City sent or delivered on or prior to October 15, 2020.

However, as indicated previously, the Administration indicates that the Purchaser has agreed to reschedule closing for October 30, 2020 in order to enable the Administration to hopefully obtain necessary approvals from the City Planning Commission and the City Council by Council's Formal Session on Tuesday, October 6, 2020.

**Section 13, Defaults:**

Indicates if SFP defaults the City may elect to receive the Earnest Money Deposit as liquidated damages as its sole remedy.

If City breaches its obligations under this Agreement, after reasonable notice and opportunity to cure, SFP will have the right to seek injunctive relief, specific performance or other equitable remedies. In no event and under no circumstances will SFP seek or be entitled to monetary, direct, indirect, consequential, punitive, compensatory or other damages.

### **Section 17, SFP Due Diligence; No Assumption of Liabilities; As Is Condition:**

This Section indicates that SFP shall be entitled to conduct due diligence on the Property to conduct such investigations, environmental reviews, tests, surveys and studies as it shall elect in its sole discretion. If not satisfied for any reason prior to Closing, SFP may provide notice to the City and thereby terminate the Agreement with no further obligation to City (except such specific obligations, if any, which are described therein as surviving such a termination) and SFP shall be entitled to the immediate return of its Earnest Money from the Escrow Agent. SFP has agreed with the City's Right of Entry process ("ROE") in connection with certain soil test borings and environmental investigations conducted by SFP's contractors, Langan MI, Inc. and Stock Drilling, Inc. on the Property. SFP shall or its contractor shall comply with the insurance requirements set forth in this Section.

From and after the date of Closing, the City shall not be responsible or liable to SFP, and SFP releases the City from liability, subject to its representations and warranties set forth in the Agreement. From or after the date of Closing or the date SFP takes possession of the Property, whichever is earlier, SFP shall be solely responsible for all injuries to persons and property resulting from any accident, explosion, leak or other cause arising in or about the use of the Property and its appurtenances after the date of Closing except as to the City or any of its affiliates which continue to occupy or operate on any portion of the Property.

Upon the Closing, SFP takes such Property as it finds it, "AS IS", and the City makes no express or implied representations or warranties as to its fitness for absolutely any purpose whatsoever, including but not limited to any warranty that the Property is fit for the SFP's purpose or regarding the presence or absence of hazardous materials at, on, in, under, at, or from the Property and compliance with the Property with environmental laws.

### **Section 18, Miscellaneous:**

This section contains various provisions that include but are not limited to:

- The Agreement being the entire agreement and no oral or parole agreements exist and the Agreement may not be modified except in writing signed by all parties.
- Notice shall be deemed as given upon personal delivery to the individuals at the addresses set forth in the Agreement, or, if properly addressed, two (2) business days following depositing such notice, certified mail, return receipt requested, with postage prepaid, in a United States mailbox, one (1) business day following depositing such notice in the custody of a nationally recognized overnight delivery service for next business day delivery or, one (1) business day following the emailing of such notice.
- The Agreement and/or the membership interests of SFP may not be assigned, sold or transferred by SFP without the express prior written consent of the City, which may be withheld in the sole discretion of City, except as follows:

SFP has the right to assign its right, title and interest in this Agreement to purchase the Property to one or more existing related affiliated entities or affiliated entities to be formed, or to the Tenant of the Phase I Development, or to any of such Tenant's affiliated entities, without personal liability, provided such entities (i) are identified and disclosed to City no later than seven (7) days prior to Closing (ii) agree to be bound by the terms of this Agreement and (iii) are not banned from doing business with City. City consents to the assignment of SFP's rights hereunder to any such person or entity on or prior to the Closing Date and City agrees to cooperate with any such permitted assignee.

- City shall not be authorized or obligated to sell the Property to SFP, and this Agreement shall be of no force or effect and may not in any way be enforced against the City, unless and until the date that this Agreement has been fully executed by the duly authorized representative of the City pursuant to the resolution of the Detroit City Council, as approved by the Mayor of the City of Detroit, and approved by the City of Detroit Law Department.

Any amendments or modifications must likewise be duly authorized by resolution of the City Council, as approved by the Mayor, and be approved by the Law Department.

#### **Section 19, Force Majeure:**

This Section indicates that if a party's performance is suspended pursuant to a Force Majeure Occurrence (as defined in this Section) and such suspension delays, makes impossible or commercially impracticable, or materially hampers the other party in the performance of its obligations, including, without limitation, meeting time sensitive achievements, then such other party's performance shall also be suspended or tolled hereunder.

#### **Other Information**

LPD inquired what is status of the Magic Plus developments at the 11 acres and 6 acres sites that are a part of the former Michigan State Fairgrounds site. The Administration's response indicated it is in communication with the Magic Plus development team regarding their programming needs and concerns. The development team has indicated that they expect to provide specific development plans soon.

Please let us know if we can be of any more assistance or need to provide any additional research.

Attachments

cc: Nick Khouri, Jobs and Economy Team  
Kenyetta Bridges, Executive Vice President, Detroit Economic Growth Corporation  
David Massaron, Chief Financial Officer

Tanya Stoudemire, Deputy CFO/Budget Director  
Avery Peoples, Mayor's Office





Attachment I

Copy of Purchase and Sale Agreement regarding the State Fairgrounds  
Redevelopment Project

Handwritten text, possibly a title or header, located at the top of the page. The text is faint and difficult to read.

## AGREEMENT OF PURCHASE AND SALE

(Former Michigan State Fairgrounds, Detroit, Michigan)

THIS AGREEMENT OF PURCHASE AND SALE is made effective this \_\_\_\_ day of \_\_\_\_\_, 2020 ("Effective Date"), by and between THE CITY OF DETROIT, a Michigan public body corporate, acting through its Department of Planning and Development, whose address is Coleman A. Young Municipal Center, 2 Woodward Avenue, Suite 808, Detroit, MI 48226 (hereinafter sometimes called "Seller" or "City") and STATE FAIR PARTNERS, LLC, a Delaware limited liability company, on behalf of an entity to be formed whose address is 3000 Turtle Creek Blvd., Dallas, TX 75219 (hereinafter called "Purchaser").

### Recitals:

A. Purchaser desires to buy and Seller is willing to sell Seller's rights, title, and interest in a certain parcel of real estate located in the City of Detroit, Wayne County, Michigan commonly known as: the State Fair Grounds and more particularly described on Exhibit A (the "Land"); and

B. Seller has agreed to sell all of its right, title and interest, and Purchaser has agreed to purchase all of Seller's right, title and interest, in the Property (as defined below) in accordance with the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereinafter set forth, it is mutually agreed as follows:

1. **PROPERTY.** Subject to the terms and conditions herein contained, Seller agrees to sell the "Property" to Purchaser, and Purchaser agrees to purchase the Property from Seller. Except as otherwise provided herein, the term "Property" shall be deemed to include the entire right, title and interest of Seller, if any, in and to:
  - (a) Subject to Section 4(g) and 4(h) below regarding the Transit Center Relocation, approximately 138 acres of land (the "Land") together with: (i) all buildings and improvements located thereon, and (ii) all easements, air, mineral and oil and gas rights, and all tenements, hereditaments, privileges and appurtenances thereunto belonging or in any way appertaining thereto;
  - (b) All fixtures, equipment and personal property owned by Seller and located in, on or about the Property at Closing and used in conjunction therewith;
  - (c) The Billboard/display sign(s), if any, located on the Property;
  - (d) Licenses to all utility services (including storm drains, sanitary sewer, electricity, gas and water) servicing the Property;
  - (e) All goodwill associated with the Property;
  - (f) Any land lying in the bed of any street, road, alley, right-of-way, or avenue, adjoining the Land, only to the extent such street, road, alley, right-of-way or avenue is not presently open for the general benefit of the public;
  - (g) The use of appurtenant easements, whether or not of record, adjacent, contiguous or adjoining the Land;

- (h) All assignable licenses, permits and franchises issued by any federal, state or local municipal authorities relating to the use, maintenance or operation of the Property, including all development rights derived therefrom; and
- (i) All plans and specifications in the possession of Seller relating to the construction of any improvements on the Land and all unexpired warranties received by Seller in connection with the construction, improvement or equipment located at the Property.

Subject to the terms and conditions herein contained, Seller agrees to sell the Property to Purchaser, and Purchaser agrees to purchase the Property from Seller.

2. **PURCHASE PRICE.**

(a) The parties agree that the consideration to be paid by Purchaser to Seller for the Property shall be Sixteen Million (\$16,000,000.00) Dollars payable in cash by wire transfer to Seller at the Closing comprised of (i) Nine Million (\$9,000,000.00) Dollars; (ii) Seven Million (\$7,000,000.00) Dollars for the relocation of the Transit Center (as hereinafter described); (iii) the Demolition described herein; and (iv) the Environmental Remediation described herein.

(b) Earnest Money.

(i) Within five (5) days of the Effective Date (hereinafter defined), Purchaser shall deliver to the Title Company (hereinafter defined), as escrow agent (the "Escrow Agent"), an initial earnest money deposit in the sum of One Hundred Thousand and 00/100 (\$100,000.00) Dollars (the "Earnest Money"). The Earnest Money is to be held in escrow by Escrow Agent until the completion of the transaction described herein or as otherwise set forth herein.

(ii) In the event that the transaction pertaining to the Property, contemplated hereby is consummated in accordance with the terms and conditions hereof, Escrow Agent shall deliver the Earnest Money to Seller for application against the consideration amount of the Property due on Closing thereof. In the event that the transaction contemplated hereby is not so consummated, Escrow Agent shall apply the money as otherwise set forth herein.

3. **DEMOLITION AND REMEDIATION.**

(a) In the event the transaction contemplated by this Agreement is consummated, the Purchaser shall, at its sole cost and expense, except as set forth in Section 4(h) below, perform any demolition of existing buildings necessary in its discretion to redevelop the Property under the terms of this Agreement (collectively, the "Demolition")

(b) Purchaser agrees to be responsible for any environmental remediation required for its redevelopment of the Property (the "Environmental Remediation") at its sole cost and expense and Seller shall not be responsible for the same.

(c) Except as set forth in Section 4(h) below, Seller shall not be responsible for any repair, maintenance, upkeep or other cost related to the Property after Closing.

4. **ON-GOING DEVELOPMENT SUPPORT OBLIGATIONS AND RELATED TERMS.**

Subject to all legally required approvals of the Detroit City Council, if any, the Seller shall use its best good faith efforts to assist Purchaser, at no additional out-of-pocket cost to Seller, with

Purchaser's procuring any additional necessary easements, street vacations, development rights, certificates of occupancy, unlimited lot splits, permits of any and all types including construction permits, site plan approvals, authorizations or licenses that Purchaser determines are reasonably necessary or useful to allow Purchaser to operate or redevelop the Property for its intended use. This obligation of the Seller shall survive the Closing (as hereinafter defined) and delivery of the Deed for eight (8) years. Such on-going assistance shall include, but is not limited to:

- (a) At or prior to Closing, the Seller shall grant and declare of public record, such rights, if any, that Seller has to any easements and irrevocable licenses benefiting the Property.
- (b) Seller shall use its best good faith efforts to assist Purchaser in its efforts to obtain approval of such changes in zoning, variances in zoning, special use permits, demolition permits, building permits or other orders appropriate under applicable zoning laws and regulations as are required for Purchaser's intended use of the Property. At Closing Seller shall provide a lot split as requested by Purchaser as to the primary intended development on the Property, the Phase I Development (as hereinafter defined). Prior to Closing Seller shall use its best efforts to elicit for Purchaser a height variance (for construction of a building up to 110 feet in height) for the Phase I Development building/facility and a conditional/special use permit for the construction and operation of the Phase I Development building/facility as a multi-story warehouse and distribution center in accordance with its performance based design.
- (c) Purchaser agrees not to request from Seller any economic incentives applicable to the Property.
- (d) Prior to Closing, Seller shall use its best efforts to vacate any and all streets lying in, under or through the Property without any reservation of rights, including reservations for utilities (except for such reservation of easements for utilities that currently physically exist in place and which Seller needs to maintain in place in which case Seller shall cooperate with Purchaser to relocate the same if necessary in Purchaser's judgment to redevelop the Property as intended hereby).
- (e) Within ten (10) business days from the Effective Date, Seller shall deliver to Purchaser all of the following in its possession or control:
  - (i) Any title policy and title commitments pertaining to the Property;
  - (ii) Any surveys or plans pertaining to the Property;
  - (iii) Any engineering plans pertaining to the infrastructure and/or improvements (including buildings and structures) on the Property including, without limitation, the existing Transit Center;
  - (iv) Any leases or occupancy agreements of any kind covering any portion of the Property, including, without limitation, the lease with The Fieldhouse, LLC;
  - (v) Any environmental studies or reports pertaining to the Property; and
  - (vi) Such other due diligence materials which Purchaser may reasonably request;
- (f) Seller shall remove or cause to be removed from the Property the Ulysses S. Grant home prior to Closing.

- (g) The parties shall agree prior to Closing on a legal description identifying and containing the existing Transit Center not to exceed 1.5 acres in size. The property so described by that legal description (the "Existing TC Legal") shall not be included in the legal description of the property to be conveyed at Closing but such property described by the Existing TC Legal constitutes a part of the Property and shall be conveyed by Seller to Purchaser (by quit claim deed) subsequently, no later than eighteen (18) months from Closing for no additional consideration. Purchaser agrees not to materially impair or impede vehicular and pedestrian public access to the existing Transit Center prior to such conveyance. Notwithstanding anything herein to the contrary, the obligation of Seller to convey the existing Transit Center shall survive Closing. Seller shall not be required to perform any demolition of the existing Transit Center prior to its conveyance.
- (h) Seller shall construct within eighteen (18) months from Closing a replacement "Transit Center" on a mutually agreeable location to the parties up to 2.7 acres in size near 8 Mile Road currently within the Property. Prior to Closing, the legal description of the replacement Transit Center (the "Replacement TC Legal") and its location shall be agreed upon by the parties, surveyed and removed from the legal description of the Property to be conveyed by this Agreement at Closing. Also prior to Closing Seller shall determine and notify Purchaser if the complete demolition of an existing building will be necessary because of the agreed upon location of the replacement Transit Center. In the event Purchaser receives a notice from Seller prior to Closing that the complete demolition of an existing building is necessary, Purchaser shall procure a demolition bid for the entire building so identified from a reputable demolition company, the amount of which shall be the maximum amount that Purchaser will contribute to such demolition cost. In the event Purchaser receives a notice from Seller prior to Closing that a partial demolition of the existing building is necessary, Purchaser will contribute to such demolition cost up to an amount that does not exceed the cost of a complete demolition. In all events Seller shall be responsible for all aspects of the actual demolition. In the event the Tenant Facility opens for business and the replacement Transit Center is not yet operational then the City will cooperate with the Tenant to provide interim transit capacity as necessary to support the ongoing operations of the Tenant Facility.
- (i) Upon Purchaser's completion of the North-South Roadway (hereinafter defined), Seller shall have (i) completed and placed into operation the replacement Transit Center and (ii) conveyed to Purchaser the existing Transit Center. Purchaser shall give Seller ninety (90) days prior notice of the completion date of the North-South Roadway. In the event the Seller has not achieved items (i) and (ii) above by the North-South Roadway completion date, then Purchaser shall have unfettered access to the Property over and through State Fair Avenue for all purposes including, but not limited to, trucks and employee personally owned vehicles. Such access shall continue until Seller has achieved items (i) and (ii) above and Purchaser has completed and placed into operation the east-west connector roadway from Woodward Avenue to the North-South Roadway (the "East-West Connector") and the same has been dedicated to and accepted by the City as a public road.

5. **PURCHASER'S DEVELOPMENT OBLIGATIONS.**

[PHASE I – TENANT FACILITY]

- (a)
  - (i) Within 12 months from Closing, Purchaser shall use its best commercially reasonable efforts to Commence Construction (as hereinafter defined) on Phase I of the development (as described on Exhibit B hereto) ("Phase I Development" or "Phase I") which will consist

of a Tenant Facility consisting of a multi-story warehouse building with parking and landscaping on an approximately 78 acre portion of the Property;

- (ii) Tenant will employ no fewer than 1,200 employees within one (1) year of "Substantial Completion" which for the purposes of this jobs provision shall be deemed to occur upon the issuance by the City (or other applicable governmental authority) of a certificate of occupancy or temporary certificate of occupancy for the Tenant Facility. Employees working within the Phase I Development will be paid a minimum of \$15 per hour exclusive of benefits. In the interest of clarity and for the avoidance of doubt, this requirement 5(a)(ii) shall only apply in the event Purchaser Commences Construction on Phase I. Tenant will work with the City of Detroit with regard to job fairs and hiring announcements, as well as collaborating with Detroit at Work on employment opportunities at the Tenant's facility; and
- (iii) In the event Purchaser fails to Commence Construction of the Tenant Facility within the prescribed 12 month period, Seller shall have the right to repurchase all of the Property from Purchaser by paying to Purchaser all of the consideration paid by Purchaser in Section 2 and Section 5 (d) hereof. The failure of Seller to exercise and close on its right to repurchase within six (6) months of the prescribed twelve (12) month period shall constitute its waiver of such right under this Section 5(a)(iii).

In the interest of clarity and for the avoidance of doubt, once Purchaser has Commenced Construction as to Phase I, notwithstanding anything else herein to the contrary, the Phase I Development shall no longer be subject to any right of repurchase by Seller.

For the purposes of this Agreement, "Commence Construction", "Commences Construction", "Commenced Construction", or "Commencement of Construction" shall be defined as: the commencement of actual on-site construction activities pursuant to a construction program evidenced by the occurrence of each of the following: (i) execution by Purchaser of a construction contract with a general contractor (the "General Contractor") for construction of the vertical improvements constituting the project (the "Improvements"); (ii) the issuance of a notice to proceed to its General Contractor; (iii) Purchaser's application for the permits required to construct the Improvements and use of its best efforts to obtain the same and (iv) the commencement of construction activities contemplated by such construction contract and permits.

- (b) Within forty-eight (48) months of Closing:
  - (i) Purchaser shall complete or cause to be completed the Completion of Construction (as hereinafter defined) of the Tenant Facility.
  - (ii) In the event Purchaser fails to complete or cause to be completed the construction of the Tenant Facility within the prescribed forty-eight (48) month period, Seller shall have the right to repurchase all land in Phase II (as hereinafter defined) upon which Purchaser has not Commenced Construction or caused the Commencement of Construction on (specifically excluding any right to repurchase any land in Phase II containing any storm water or road infrastructure) by paying to Purchaser the pro-rata share of the consideration paid by Purchaser to Seller in Section 2 and Section 5(d) hereof. For the purpose of this Agreement, "Completion of Construction" or "Complete Construction" shall be defined as: the substantial completion of the Improvements contemplated by the construction contract and permits for that applicable Phase and Purchaser's best commercial efforts to elicit from the City's Building, Safety Engineering and Environmental Department the issuance of a temporary certificate of occupancy for such Phase.

- (iii) Complete Construction at its cost of a North-South roadway from Eight Mile Road on its North terminus through and to State Fair Avenue on its South terminus (as set forth on the site-plan accompanying Phase I) (the "North-South Roadway") which North-South Roadway shall service the replacement Transit Center, the Phase I Development and Phase II Development and which roadway upon completion the Purchaser agrees to dedicate to the City of Detroit and which dedication the City of Detroit agrees to accept from the Purchaser thereby creating a publicly dedicated roadway. The North-South Roadway and any other roadway to be built by Purchaser and dedicated (including the East-West Connector) to the City of Detroit shall be built as a truck bearing road to the City's standards for such truck bearing roadways.

[PHASE II – REMAINDER ACREAGE FOR INDUSTRIAL USERS]

- (c) Within twenty-four (24) months of Closing:

- (i) Purchaser shall Commence Construction or cause to be Commenced Construction and within forty-eight (48) months of Closing complete construction or cause the Completion of Construction, of single or multiple level, speculative industrial building or buildings of approximately 300,000 gross square feet in a location on the Property not otherwise used for Phase I and pursuant to a design and development of Purchaser's choice and in accordance with plans and specifications as prepared by Purchaser, and Seller shall rezone the applicable portion of the Property, if so required by Purchaser ("Phase II Development" or "Phase II") (Phase II is described on Exhibit C hereto). The Seller shall diligently pursue and use its best efforts to assist Purchaser with any applications to rezone the Property and/or diligently pursue and use its best efforts to provide approval of any conditional uses requested by Purchaser for the Property as necessary to enable the Phase II Development. If the Property is not rezoned and/or the requested conditional use is not approved within twelve (12) months of Closing, the foregoing obligations of Purchaser to Commence Construction and Complete Construction shall each be automatically extended by one (1) year. In the event Purchaser is unable to receive rezoning as requested and/or the Seller does not grant a Conditional Use Permit requested by Purchaser (as that term is used in Chapter 50 of the Detroit City Code), then Purchaser shall not be obligated to Commence Construction as to Phase II and Seller shall have a six (6) month period thereafter to repurchase any land in Phase II upon which Purchaser has not Commenced Construction (specifically excluding any right to repurchase any land in Phase II containing any storm water or road infrastructure) by paying to Purchaser the pro-rata share of the consideration paid by Seller in Section 2 and Section 5(e) hereof. The failure of Seller to exercise and close on its right to repurchase within the prescribed six (6) month period shall constitute its waiver of such right.
- (ii) In the event Purchaser fails to Commence Construction or cause to be Commenced Construction on Phase II as described above in (c)(i) within the prescribed twenty-four (24) month period, or fails to complete or cause to be completed the construction within the prescribed forty-eight (48) month period, Seller shall have the right to repurchase any land in Phase II upon which Purchaser has not Commenced Construction (specifically excluding any right to repurchase any land in or Phase II containing any storm water or road infrastructure, used or to be used by Phase I or Phase II Improvements) by paying to Purchaser the pro-rata share of the consideration paid by Purchaser to Seller in Section 2 and Section 5(d) hereof. The failure of Seller to exercise its right to repurchase and close within six (6) months of the prescribed twenty-four (24) month period shall constitute its waiver of such right.



In the interest of clarity and for the avoidance of doubt, once Purchaser has Commenced Construction as to Phase II, notwithstanding anything herein to the contrary, that portion of Phase II is no longer subject to any right of repurchase by Seller.

- (iii) Any developable land in Phase II on which Purchaser has not Commenced Construction or caused to Commence Construction within forty-eight (48) months from Closing, of improvements of no less than 5,000 square feet per acre thereof shall be subject to Seller having a six (6) month period from such prescribed forty-eight (48) month period to repurchase such developable land in Phase II, specifically excluding any right to repurchase any land in Phase II, containing any storm water or road infrastructure servicing any of the developed property in either Phase I or Phase II, by paying to Purchaser the pro-rata share of the consideration paid by Seller under Section 2 and Section 5(d) hereof. The failure of Seller to exercise its right to repurchase and close within the prescribed six (6) month period shall constitute its waiver of such right.
  - (d) In the event the Purchaser fails to achieve item 5(a)(ii) described above within the time period prescribed therein, Purchaser shall make a Two Million Dollar (\$2,000,000.00) cash payment to Seller (the "\$2MM Payment"). The \$2MM Payment shall be the sole consequence of Purchaser's failure to timely take the action herein described above. No liens or other encumbrances shall be placed by Seller on the Property with regard to the \$2MM Payment.
  - (e) For the purposes of this Section 5, any pro-rata calculation of consideration shall be based upon acreage, provided however as to that portion of the consideration consisting of Demolition and Environmental Remediation those amounts shall consist of the actual Demolition and Environmental Remediation costs specifically expended by Purchaser on the Property being repurchased by Seller.
6. **EXECUTIVE ORDER NO. 2016-1.** Purchaser voluntarily agrees for itself and its General Contractor(s) that it shall, via this Agreement, comply with Executive Order No. 2016-1 as herein modified (the "Executive Order") which Executive Order shall apply solely to the construction of the Phase I Development and not the subsequent operation of Phase I. Any failure by Purchaser to do so shall not constitute a default under this Agreement. The City's sole remedy for any failure of Purchaser to comply with the Executive order shall be Purchaser's obligation to comply with any monetary recourse available to the City identified in the Executive Order to which Purchaser hereby agrees to be bound subject to the terms of this Section 6. Consistent with the Executive Order, Purchaser's obligations as to the electrical, plumbing, carpentry and laborer trades may be met by contracting with a union meeting the goals set for it under the Detroit Skilled Trades Employment Program. Purchaser shall only be required to make best efforts to comply with its obligations as to sheet metal and iron workers, and to that end Purchaser shall deliver to the City documents evidencing engagement with any labor union(s) representing those trades and requesting that those unions endeavor to maximize the number of Detroit residents in the workforces they assemble for construction of the improvements. Any failure of Purchaser to comply with regard to the sheet metal and iron worker trades shall not be subject to any remedy or penalty. In the interest of clarity and for the avoidance of doubt, the parties agree that the Executive Order shall apply as described herein only to the construction of Phase I and not to any ongoing operations thereon.

7. **TITLE AND SURVEY.**

- (a) Within twenty (20) business days after the Effective Date, Purchaser shall obtain a commitment from Seaver Title Agency/ATA-National Title Group (the "Title Company"), to issue to Purchaser, at Purchaser's expense, at Closing, its ALTA Form B owner's title insurance policy, without standard exceptions, in the form of a marked-up commitment in a form and of a substance acceptable to Purchaser and containing such endorsements as Purchaser may require including, but

not limited to, a zoning (Form 3.1) endorsement and an ALTA Form 9 endorsement, in the amount of the consideration amount, insuring fee simple title to the Property to be in good and marketable condition, free and clear of any liens and encumbrances, except the Permitted Exceptions (as defined in Section 7(c) below), the commitment to be referred to as the "Commitment" and the title insurance policy to be referred to as the "Title Policy".

(b) Purchaser shall obtain within twenty (20) business days after the Effective Date from a surveyor of Purchaser's choice an ALTA Survey of the Property, (the "Survey"). Prior to Closing the Purchaser may have the Survey updated at Purchaser's expense to conform the legal description of the Property set forth in the Commitment exactly to the legal description set forth in the Survey required under this Section 7(b). The Survey shall, in all respects, be satisfactory to Purchaser. Purchaser will cause the Surveyor to certify the final Survey to the Seller and deliver a certified copy to Seller at Closing.

(c) The term "Permitted Exceptions" as used herein shall mean the exceptions in the title insurance Commitment or Survey that are either (i) not objected to by Purchaser, and still remain as an exception in the Title Commitment, or (ii) are objected to by Purchaser, but then waived by Purchaser; and (iii) property taxes not yet due and payable. In the interest of clarity and for the avoidance of doubt, the portions of the Property constituting Phase I shall be conveyed free and clear of all leases, occupancy agreements of any kind and other contracts, and the Ulysses S. Grant home shall have been removed from the Property.

8. **CONDITIONS PRECEDENT TO CLOSING FOR THE BENEFIT OF PURCHASER.**

Anything contained in this Agreement to the contrary notwithstanding, Purchaser shall have no obligation to consummate this transaction unless the following conditions shall have either been satisfied or waived by Purchaser in writing. Such conditions are as follows:

- (a) Other than the rights of reverter set forth in the Quit Claim Deed recorded in Liber 55017, Page 1218, Wayne County Records, all other rights of reverter encumbering the Property and all development agreements affecting the Property, and any Indian tribal rights, shall be terminated, released, or discharged;
- (b) All representations and covenants of Seller hereunder shall be true and correct on the Closing Date;
- (c) As of the Closing Date there is no pending or threatened litigation, administrative action or examination, claim or demand whatsoever relating to the Property;
- (d) Seller shall have obtained such approvals and authorizations to enter into this Agreement and to consummate the transactions contemplated hereby as necessary, and such approvals and authorizations shall remain unrevoked and in full force and effect;
- (e) At Closing, the Title Company shall be prepared to issue an owner's title insurance policy conforming to the requirements of Section 7(a) hereof;
- (f) Between the date of this Agreement and the Closing Date, there shall have been no intervening destruction, damage to or proposed or actual condemnation of the Property, or any portion thereof, which would materially delay or interfere with the Phase I and Phase II Developments;
- (g) Seller shall substantially have performed all of its other obligations under this Agreement; and
- (h) Seller shall not be in default under this Agreement;

In the event any of the foregoing conditions (which do not set forth a time period within which such conditions must be satisfied) are not satisfied by the Closing Date and Purchaser fails to waive any such unsatisfied condition, then this Agreement, at the option of Purchaser, shall be null and void, all obligations of the parties hereunder shall terminate and Purchaser shall be entitled to receive back all deposit monies being held in escrow (except in the event of a default by Purchaser) or Purchaser shall be entitled to enforce the foregoing conditions by specific performance, injunctive relief or other equitable remedies, or Purchaser may unilaterally extend the Closing Date up to ninety (90) additional days in any increments, at its discretion. By Closing, Purchaser shall be deemed to have acknowledged the satisfaction or waiver of all conditions precedent set forth hereinabove, or elsewhere in this Agreement, unless any such conditions precedent in Sections 8(a), (c), (d), and (f), are known to Seller to be unsatisfied or inaccurate, and Seller has not disclosed such information to Purchaser.

9. **CONDITIONS PRECEDENT TO CLOSING FOR THE BENEFIT OF SELLER.** Anything contained in this Agreement to the contrary notwithstanding, Seller shall have no obligation to consummate this transaction unless the conditions set forth in this Section 9 shall have either been satisfied or waived by Seller in writing. Such conditions are as follows:

- (a) All representations and covenants of Purchaser hereunder shall be true and correct on the Closing Date.
- (b) Purchaser shall have obtained such approvals and authorizations to enter into this Agreement and to consummate the transactions contemplated hereby as necessary, and such approvals and authorizations shall remain unrevoked and in full force and effect.
- (c) Purchaser shall have performed all of its obligations under this Agreement which obligations are required to be performed prior to Closing.
- (d) Purchaser shall not be in default under this Agreement.

In the event any of the foregoing conditions (which do not set forth a time period within which such conditions must be satisfied) are not satisfied by the Closing Date and Seller fails to waive any such unsatisfied condition, then this Agreement, at the option of Seller, shall be null and void, all obligations of the parties hereunder shall terminate and Purchaser shall be entitled to receive back all deposit monies being held in escrow (except in the event of a default by Purchaser). Notwithstanding the foregoing, Purchaser shall be provided a period of Ninety (90) days to satisfy any such unmet conditions set forth above (to the extent that such conditions are capable of being satisfied by Purchaser) from the date it is notified in writing by Seller that any such conditions are not satisfied.

10. **CONDUCT OF SELLER'S BUSINESS.** Seller agrees that from the date of this Agreement to the Closing Date or such later date if Seller either occupies or operates from any portion of the Property after the Closing Date, Seller shall conduct its business involving the Property in the ordinary course, consistent with the prior operations of the Property, and during said period will:

- (a) Refrain from transferring any of the Property (and the replacement Transit Center) or creating on the Property (or on the replacement Transit Center) any easements, liens, mortgages, encumbrances or other interest which would materially adversely affect the Property or Seller's ability to comply with the terms of this Agreement;
- (b) Refrain from entering into any contracts or other commitments regarding the Property, other than in the ordinary and usual course of business; or as required to complete the Work, without the prior written consent of Purchaser. These obligations shall survive the Closing

and delivery of the deed(s);

- (c) Refrain from entering into any leases of the Property which are not terminable in 30 days or less;
- (d) Within three (3) business days of obtaining knowledge of any pending or threatened litigation or administrative proceeding affecting the Property or operation of the Property, provide the Purchaser with notice thereof, copies of all notices, summonses or pleadings, if any, and a description of the nature of the pending or threatened claim;
- (e) Within three (3) business days after receipt thereof, furnish Purchaser with a copy of all notices of violations of laws regulations, orders or requirements of governmental authorities having jurisdiction against or affecting the Property or the use or operation thereof; and
- (f) Keep in effect Seller's existing policies of public liability and hazard and extended coverage insurance insuring the Property, if any.

11. **CLOSING OF TRANSACTION.**

- (a) "Closing" shall occur upon the "Closing Date" which for the purposes of this Agreement shall be held on Friday, October 30, 2020 at 10:00 a.m. local time, at the Title Company, or at such other date and/or time as may be mutually agreeable to the parties, at a mutual agreeable location. The date on which the Closing occurs is referred to as the "Closing Date"; provided, however, that if the Closing Date is to be other than October 30, 2020 and is a Saturday, Sunday or legal/religious holiday, the Closing shall occur on the next immediately following business day. At the time and place of Closing, all of the closing items described in Section 14, including all applicable closing proceeds, shall be tendered to the Title Company. The Title Company shall be authorized to consummate the Closing of the transaction contemplated hereunder at such time as the applicable documents have been delivered to the Title Company and it is prepared to issue the owner's policy of title insurance in accordance with the provisions of Section 7(a) above. Notwithstanding anything herein to the contrary, the Purchaser shall have the one time right to extend the Closing Date from October 30, 2020 to any date up to and including February 1, 2021 upon written notice to Seller sent or delivered on or prior to October 15, 2020.

12. **SELLER'S REPRESENTATION.** Seller represents and covenants with Purchaser the following as of the date hereof, which representations and covenants shall survive the consummation of the within contemplated transactions, and upon each of which Purchaser does and shall continue to rely:

- (a) As of the Closing Date, Seller will have the right, power and authority to convey the Property in the condition and in the manner provided for in this Agreement.
- (b) Seller has not within the last 90 days contracted for repairs, alterations, remodeling or new construction to the Property and will not do so prior to Closing. There will be no unpaid bills or claims for labor, services or materials in connection with any activity by Seller pertaining to the Property.
- (d) To the knowledge of Seller's Corporation Counsel, there is no pending litigation, administrative action or examination, claim or demand whatsoever relating to the Property, nor does Seller's Corporation Counsel have knowledge as to any threatened litigation or administrative action relating to the Property.

(e) In the event any claim is made by any party for the payment of any amount due for the furnishing of labor and/or materials to the Property prior to Closing, or in the event any lien is filed against the Property subsequent to Closing as a result of the furnishing of such materials and/or labor prior to Closing, Seller shall immediately bond over such claim or pay said claim and discharge said lien.

(f) To the actual knowledge of Seller's Corporation Counsel, there are no unrecorded or undisclosed legal or equitable interests in the Property owned or claimed by any party other than Seller.

13. **DEFAULTS.**

(a) In the event of a default by Purchaser hereunder, Seller may elect to receive, Purchaser's Earnest Money deposit as liquidated damages as its sole remedy.

(b) If Seller breaches its obligations under this Agreement, after reasonable notice and opportunity to cure, Purchaser will have the right to seek injunctive relief, specific performance or other equitable remedies. In no event and under no circumstances will Purchaser seek or be entitled to monetary, direct, indirect, consequential, punitive, compensatory or other damages.

14. **CLOSING; CLOSING DOCUMENTS.** At the Closing, Seller shall execute and deliver to Purchaser (as required), and Purchaser shall execute and deliver to Seller (as required), the following:

(a) Seller shall deliver to Purchaser a Quit Claim Deed in the form attached hereto as Exhibit D conveying Seller's title to the Property to Purchaser, expressly subject to the Permitted Exceptions. Purchaser shall pay at Closing all closing costs, including any title policy premiums or charges, title endorsement fees, recording fees and escrow closing charges.

(b) Seller shall execute and deliver to Purchaser an assignment, in form acceptable to Seller and Purchaser, of all warranties, if any, which Seller has with regard to the Property or related equipment.

(c) Seller shall execute and deliver to Purchaser a Bill of Sale, in form acceptable to Purchaser, quit claiming all furniture, furnishings, fixtures, equipment and other personal property, if any, included in the definition of the Property.

(d) Seller shall execute, provide and assign to Purchaser all other agreements or easements, if any, included in the definition of the Property and the parties shall execute and record any easements and air rights agreements contemplated hereunder, if any.

(e) Any title insurance policy insuring Purchaser's title to the Property, whether an owner's or mortgage policy, with or without standard exceptions, will be at Purchaser's expense. Seller will provide a title company estoppel or seller's certificate to the title insurance company, provided that it is accurate in all respects and is reasonably acceptable to Seller.

(f) Seller and Purchaser shall execute and deliver to each other a Closing Statement showing the amounts by which the cash portion of the consideration amount shall have been adjusted as of the Closing Date in the following manner.

(g) All real estate taxes and assessments which are a lien against the Property as of the date of

Closing, if any, shall be paid in full by Seller. Current real estate taxes, if any, billed in the July and December preceding the closing shall be prorated based upon the due date method of pro rating taxes and on the number of days the Property is owned by Seller and Purchaser, respectively. Seller agrees to cooperate with Purchaser to consolidate tax parcels prior to Closing so that the Property that is being purchased by Purchaser is covered by tax identification numbers that do not cover any other property that is not owned by Purchaser.

- (h) the Earnest Money deposit held by Escrow Agent shall be credited against the consideration amount due on the Closing Date;
- (i) Purchaser shall receive a credit for any delinquent taxes, assessments or other charges, including, without limitation any associated fees, interest or penalties, against the Property of any nature whatsoever owe to the federal government and any other public authority for which a lien has been or could be asserted against Seller or the Property and which will not be fully paid and discharged or released upon or prior to Closing.
- (j) Seller shall pay all water, sewer, utility charges, and other operating expenditures through the Closing Date either immediately prior to Closing or promptly upon receipt of bills therefor.
- (k) Purchaser shall have tendered payment of the applicable consideration amount and the closing costs payable by Purchaser in accordance with the terms of this Agreement.
- (l) Purchaser shall furnish to the Seller a certified copy of a resolution in form and substance reasonably acceptable to the Seller, duly authorizing the Purchaser's execution, delivery and performance of this Agreement and all other documents and actions contemplated hereunder.
- (m) Seller shall deliver to Purchaser a certified resolution of the Detroit City Council evidencing Seller's authorization to enter into and consummate this transaction and the authority of Seller's signatory to execute and deliver all documents relating to this transaction on its behalf.
- (n) Seller shall furnish Purchaser with an affidavit stating that Seller is not a "foreign person" within the meaning of IRC Section 1445(f)(3), if requested by the Title Company.
- (o) Seller shall furnish Purchaser with satisfactory evidence demonstrating that any security interests or liens on any portion of the Property, if any, including personal property located on the Property have been discharged.
- (p) Seller shall furnish the Purchaser and the Title Company with satisfactory evidence demonstrating payment of all costs related to any work at the Property, including without limitation, sworn statements and waivers of lien if required by the Title Company.
- (q) Any and all other documentation reasonably required by Purchaser, Seller, their attorneys and/or the Title Company to consummate the transaction described herein and to cause the owner's title insurance policy described in Section 7(a) hereof to be issued and delivered to Purchaser consistent with the other provisions of this Agreement.
- (r) At Closing, Seller shall deliver the Property to Purchaser, free and clear of any tenancy or right of occupancy, except as may be set forth in the Permitted Encumbrances.

15. **CONDEMNATION.** Seller has no present intention to initiate a condemnation affecting the

Property. In the event that notice of any action, suit or proceeding shall be given prior to the Closing Date by any other condemning authority for the purpose of condemning any part of the Property, then Purchaser shall have the right to terminate its obligations hereunder within fifteen (15) days after receiving notice of such condemnation proceeding, and upon such termination, the proceeds resulting from such condemnation shall be paid to Seller. In the event Purchaser shall not elect to terminate its obligations hereunder, the proceeds of such condemnation shall be assigned to and belong to Purchaser.

16. **BROKERS.** Each party represents and warrants to the other that it has not dealt with any real estate broker or salesperson in connection with the purchase and sale contemplated hereby. Each party agrees to indemnify and hold the other harmless from all loss, damage, costs and expenses (including attorneys' fees) that the other party may suffer as a result of any claim brought by any broker, salesperson or finder with whom such party may have dealt in connection with this transaction.
17. **PURCHASER DUE DILIGENCE; NO ASSUMPTION OF LIABILITIES; "AS-IS" CONDITION.**

- (a) Purchaser shall be entitled to conduct any and all due diligence, including but not limited to inspection of the Property, it deems appropriate. Purchaser shall have full and unfettered access to the entire Property to conduct such investigations, environmental reviews, tests, surveys and studies as it shall elect in its sole discretion. If Purchaser is not satisfied for any reason or no reason whatsoever, then at any time prior to the Closing, Purchaser may send notice of the same to Seller and thereby terminate this Agreement with no further obligation to Seller (except such specific obligations, if any, which are described herein as surviving such a termination) and Purchaser shall be entitled to the immediate return of its Earnest Money from the Escrow Agent.

Purchaser has previously coordinated with the Seller's Right of Entry process ("ROE") in connection with certain soil test borings and environmental investigations conducted by Purchaser's contractors, Langan MI, Inc. and Stock Drilling, Inc. on the Property. If any additional invasive testing of the Property is required, Purchaser shall provide Seller with five (5) business day's prior notice of such request for entry, identifying the contractor requesting such entry and the scope of the proposed activity. The Seller's failure to respond to such a request within such five (5) business day period shall be deemed as Seller's approval of such request. In either event, Purchaser or its contractor shall comply with the following insurance requirements and provide the Seller with:

Commercial General Liability Insurance (Broad Form Comprehensive) written on an occurrence-based coverage, with a minimum combined single limit of \$1,000,000.00 for each occurrence of bodily injury and property damage, and \$2,000,000.00 in the aggregate, with the general aggregate limit applying per location.

Automobile Liability Insurance covering all owned, hired, and non-owned vehicles with Michigan No-Fault Coverage plus residual liability coverage with a minimum combined single limit of \$1,000,000.00 for each occurrence of bodily injury and property damage.

Worker's Compensation Insurance for employees which meets Michigan's Statutory minimum requirements and Employer's Liability Insurance with the minimum limits of \$500,000.00 for each disease, person, and accident.

Contractor Pollution Liability Insurance with minimum limits of \$1,000,000.00 per occurrence, and \$2,000,000.00 in the aggregate.

- (b) Non-Liability of the Seller and Purchaser. From and after the date of Closing, the Seller shall not be responsible or liable to Purchaser, and Purchaser hereby releases the Seller from liability, subject to its representations and warranties set forth in this Agreement, if any, for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying any part of the Property except as to the Seller or any of its affiliates which continue to occupy or operate on any portion of the Property. From or after the date of Closing or the date Purchaser takes possession of the Property, whichever is earlier, Purchaser shall be solely responsible for all injuries to persons and property resulting from any accident, explosion, leak or other cause arising in or about the use of the Property and its appurtenances after the date of Closing except as to the Seller or any of its affiliates which continue to occupy or operate on any portion of the Property. The Seller shall not be responsible for any loss or damage resulting to Purchaser or its property or to any other person or persons on their property which may be caused by the bursting, stopping, or leaking of water, gas, sewer or steam pipes or from overflow or backing up of any sewer or water main, unless caused by the Seller's gross negligence or willful misconduct.
- (c) Except and subject to the matters set forth in any other provisions of this Agreement, including but not limited to the foregoing subsections (a) and (b) of this Section, the parties acknowledge that this transaction contemplates only the sale and purchase of the Property and that Seller is not selling a business nor do the parties intend that Purchaser be deemed a successor of Seller with respect to any liabilities of Seller to any third parties in connection with Seller's business operation. Accordingly, Purchaser shall neither assume nor be liable for any of the debts, liabilities, taxes or obligations of, or claims against, Seller or of any other person or entity, of any kind or nature, whether existing now, on the Closing Date or at any time thereafter related to Seller's business operation, except for the Environmental Remediation and any title or survey related claims or liabilities. The debts, liabilities, taxes, obligations and claims, if any, for which Seller alone is liable shall include, without limitation, (a) all payments and benefits to past and/or present employees of Seller in connection with the business operation being conducted on or from the Property which may have accrued through the Closing Date or thereafter in the event Seller and/or an affiliate of Seller continues to occupy or operate from any portion of the Property after the Closing Date (including, but not limited to, salaries, wages, commissions, bonuses, vacation pay, health and welfare contributions, pensions and profit sharing contributions, severance or termination pay or any other form of compensation or fringe benefit), (b) all obligations of Seller under any contracts related to Seller's business operation, other than the contracts which have been assigned to, and accepted by, Purchaser pursuant to the terms hereof, if any, and (c) claims against Seller or liabilities of Seller that accrued prior to the date of Closing or prior to such later date that Seller and/or any affiliate of Seller no longer occupies or operates from any portion of the Property, whether or not any such claim is brought after the applicable Closing, except for the Environmental Remediation and any title or survey related claims or liabilities. Seller shall be fully responsible for, and shall defend and hold Purchaser harmless with respect to, Seller's business operation of the Property prior to the Closing Date and thereafter in the event of continuing occupancy or operations on the Property, all suits, actions, damages and claims which may be asserted or threatened against Purchaser from and after the last date Seller or any affiliate occupies or operates from any portion of the Property but which shall have arisen out of Seller's business operation at the Property from the later of the Closing Date or the last date Seller or its affiliates occupy or



operate from any portion of the Property, except for the Environmental Remediation and any title or survey related claims or liabilities.

- (d) Except as to any representations specifically set forth in this Agreement, the Seller makes no implied or express representations or warranties of any kind as to any condition of the Property that may adversely affect the development, or its fitness for absolutely any purpose whatsoever. Upon each Closing, Purchaser will be deemed to have acknowledged that it is satisfied with the condition of the Property or portion thereof conveyed, and shall be deemed to have waived any right to object to the condition of the Property. Upon the Closing, Purchaser takes such Property as it finds it, "AS IS", and the Seller makes no express or implied representations or warranties as to its fitness for absolutely any purpose whatsoever, including but not limited to any warranty that the Property is fit for the Purchaser's purpose or regarding the presence or absence of hazardous materials at, on, in, under, at, or from the Property and compliance with the Property with environmental laws.
- (e) Purchaser acknowledges that except as set forth in this Agreement neither the Seller nor any agent or employee of the Seller has made any representation, warranty or agreement, either express or implied regarding the condition of the Property, and Purchaser has not relied on any representation, warranty or agreement of any kind made by the Seller or any agent or employee of the Seller as to the condition of the Property. Purchaser expressly acknowledges that, except as specifically set forth in this Agreement, neither the Seller nor any agent or employee of the Seller has made any representation, warranty or agreement, either express or implied, concerning (a) the physical or environmental condition of the Property, or (b) the presence or absence of any condition, substance or material, including but not limited to any waste material, equipment or device at, on, in, under, about, or from the Property. Purchaser agrees that the disclosures of the Seller concerning the Property and its condition are intended to satisfy any duties the Seller may have under the law, including but not limited to the statutes, environmental laws, and common law. By executing this Agreement Purchaser acknowledges that it is entitled to conduct its due diligence, including but not limited to inspection of the Property, and obtaining the results of the tests, investigations and surveys permitted under this Agreement. If, prior to Closing, Purchaser fails to undertake such investigations and/or obtain such test results and surveys, and Purchaser thereafter elects to proceed to Closing, Purchaser shall thereupon be deemed to have waived any right to object to the condition of the Property and shall be deemed to have declared its full satisfaction therewith.

18. **MISCELLANEOUS.**

- (a) This Agreement embodies the entire agreement between the parties in connection with this transaction, and there are no oral or parole agreements existing between the parties relating to this transaction which are not expressly set forth herein and covered hereby. This Agreement may not be modified, except in writing signed by all parties.
- (b) Failure of either party to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by such party of any of its or its rights hereunder. No waiver by any party at any time, express or implied, of any breach of any provision of this Agreement shall be deemed a waiver or a breach of any other provision of this Agreement or a consent to any subsequent breach of the same or any other provision. If any action by any party shall require the consent or approval of another party, such consent or approval of such action on any one occasion shall not be deemed a consent to or approval of said action on any subsequent occasion or a consent to or approval of any action on the same or any subsequent occasion.

- (c) The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience, and do not define, limit, construe or describe the scope or intent of such sections of this Agreement or in any way affect this Agreement.
- (d) No party other than Seller and Purchaser, and their respective heirs, personal representatives, successors and assigns, shall have any rights to enforce or rely upon this Agreement, which is binding upon and made solely for the benefit of Seller and Purchaser, and their respective heirs, personal representatives, successors and assigns, and not for the benefit of any other party.
- (e) Notice shall be deemed as given hereunder upon personal delivery to the individuals at the addresses set forth below, or, if properly addressed, two (2) business days following depositing such notice, certified mail, return receipt requested, with postage prepaid, in a United States mailbox, one (1) business day following depositing such notice in the custody of a nationally-recognized overnight delivery service for next business day delivery or, one (1) business day following the emailing of such notice. Notice shall be deemed properly addressed if sent to the following addresses:

If to Seller:

Katharine G. Trudeau, Deputy Director  
City of Detroit Planning and Development Department

2 Woodward Avenue, Suite 808  
Detroit, Michigan 48226  
[trudeak@detroitmi.gov](mailto:trudeak@detroitmi.gov)

With a copy to:

Lawrence Garcia, Corporation Counsel  
City of Detroit Law Department  
2 Woodward Avenue, Suite 500  
Detroit, Michigan 48226  
[garcia@detroitmi.gov](mailto:garcia@detroitmi.gov)

With a copy to:

Nick Khouri, Group Executive  
Jobs & Economy Team  
2 Woodward Avenue  
Detroit, Michigan 48226  
[nickkhouri@detroitmi.gov](mailto:nickkhouri@detroitmi.gov)

If to Purchaser:

State Fair Partners, LLC  
3000 Turtle Creek Blvd.  
Dallas, TX 75219  
[scott.norman@hillwood.com](mailto:scott.norman@hillwood.com)

With a copy to:

James S. Fontichiaro, Esq.  
Barris, Sott, Denn & Driker, P.L.L.C.  
333 West Fort Street, Suite 1200  
Detroit, Michigan 48226  
[jfontichiaro@bsdd.com](mailto:jfontichiaro@bsdd.com)

With a copy to:

Eli Halpern, Esq.  
333 W. Fort Street, Suite 1350  
Detroit, MI 48226  
[eli@halpernpllc.com](mailto:eli@halpernpllc.com)

- (f) This Agreement and/or the membership interests of Purchaser may not be assigned, sold or transferred by Purchaser without the express prior written consent of Seller, which may be withheld in the sole discretion of Seller, except as follows: Purchaser has executed this Agreement as "Purchaser", without personal liability, subject to the right to assign its right, title and interest in this Agreement to purchase the Property to one or more existing related affiliated entities or affiliated entities to be formed, or to the Tenant of the Phase I Development, or to any of such Tenant's affiliated entities, without personal liability, provided such entities (i) are identified and disclosed to Seller no later than seven (7) days prior to Closing (ii) agree to be bound by the terms of this Agreement and (iii) are not banned from doing business with Seller. Seller consents to the assignment of Purchaser's rights hereunder to any such person or entity on or prior to the Closing Date and Seller agrees to cooperate with any such permitted assignee.
- (g) **Time is of the essence to this Agreement.**
- (h) Both parties to this Agreement have participated fully and equally in the negotiation and preparation hereof. Therefore, this Agreement shall not be more strictly constructed or any ambiguities within this Agreement resolved against either party hereto.
- (i) This Agreement shall be governed by the laws of the State of Michigan.
- (j) The execution and delivery of this Agreement by Purchaser shall constitute Purchaser's offer to Seller to acquire the Property upon the terms and conditions herein set forth, and execution hereof by Seller shall be deemed its acceptance of such offer and agreement to sell the Property upon such terms and conditions. This Agreement may be executed in separate counterparts, each of which shall be deemed to be an original document but together shall constitute one instrument. This Agreement shall not be effective unless Purchaser and Seller have executed this Agreement. The later date on which Seller and Purchaser executes this Agreement is referred to as the "Effective Date". Each party shall insert the date upon which it executes this Agreement under its signature.
- (k) **Seller's Authority. Notwithstanding anything in this Agreement, in law or in equity, or otherwise, to the contrary, the Seller shall not be authorized or obligated to sell the Property to Purchaser, and this Agreement shall be of no force or effect and may not in any way be enforced against the Seller, unless and until the date that this Agreement has been fully executed by the duly authorized representative of the Seller pursuant to the resolution of the Detroit City Council, as approved by the Mayor of the City of Detroit, and approved by the City of Detroit Law Department. Any amendments or modifications must likewise be duly authorized by resolution of the City Council, as approved by the Mayor, and be approved by the Law Department.**
19. **FORCE MAJEURE.** If due to an act of God; inevitable accident; fire or other casualty; lockout, strike or other labor dispute; riot or civil commotion; act of public enemy; war (or threat thereof); acts of terrorism (or threat thereof); enactment, rule, order or act of any government or governmental instrumentality (whether federal, state, local or foreign); natural disasters; flood; earthquake; tornado; blizzard; snow storm; severe weather (wind or rain); epidemics; pandemics; quarantine restrictions; power or utility outage or failure; other cause of a similar or different nature not reasonably within either party's control; or either party is materially hampered in the performance of its obligations under this Agreement or its normal business operations are delayed or become impossible or commercially impracticable (collectively, a "Force Majeure Occurrence"), then, without limiting either party's rights or obligations, the party affected by the Force Majeure Occurrence may, upon notice to the other party, suspend its obligations hereunder for the duration

(or any portion thereof) of the Force Majeure Occurrence, and this Agreement shall be suspended during the period of the Force Majeure Occurrence (or portion thereof if applicable), and such suspension shall not be deemed a breach of this Agreement. In the interest of clarity and for the avoidance of doubt in the event a party's performance is suspended pursuant to a Force Majeure Occurrence and such suspension delays, makes impossible or commercially impracticable, or materially hampers the other party in the performance of its obligations, including, without limitation, meeting time sensitive achievements, then such other party's performance shall also be suspended or tolled hereunder.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement of Purchase and Sale as of the day and year first above written.

Signed:

CITY OF DETROIT, a Michigan public body corporate

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_, 2020

“Seller”

<p>Pursuant to § 18-5-4 of the Detroit City Code, I hereby certify that proper and fair consideration has been received by the City pursuant to this instrument:</p> <p>_____</p> <p>Finance Director</p>	<p>Approved by City Council on:</p> <p>_____</p> <p>Approved by the Mayor on:</p> <p>_____</p>
<p>Approved by Corporation Counsel pursuant to § 7.5-206 of the 2012 Detroit City Charter:</p> <p>_____</p> <p>Corporation Counsel</p>	

(Signatures continued on next page)

STATE FAIR PARTNERS, LLC,  
a Delaware limited liability company

By: <sup>DocuSigned by:</sup>  
Don Schneider  
007B6081151C4EA

Its: Senior Vice President

Dated: 8/28/2020 | 5:34:40 PM CDT, 2020

“Purchaser”

{00006085}20

{00006085}20

**Receipt of Escrow Agent**

Seaver Title Agency hereby acknowledges receipt of the sum of One Hundred Thousand and 00/100 (\$100,000.00) Dollars which it agrees to hold in escrow in accordance with the terms of the foregoing Agreement.

Seaver Title Agency

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_, 2020

“Escrow Agent”

Exhibit A

Description of Property

LEGAL DESCRIPTION - AS SURVEYED

Said Land being further described as follows:

A parcel of land in a part of the Northwest and Northeast Quarters of Section 2, Township 01 South, Range 11 East, City of Detroit, Wayne County, Michigan, being described as:

Commencing at the Northwest corner of said Section 2, thence South 02 degrees 34 minutes 24 seconds East, 33.00 feet along the West line of said Section 2 to the South right-of-way line of Eight Mile Road (width varies), being the North line of GERMAN'S MONTROSE-PARK SUBDIVISION as shown in Liber 29 of Plats, page 83 of the Wayne County Records; thence North 87 degrees 11 minute 23 seconds East (Basis of Bearings), 1323.68 feet along said South right-of-way line of Eight Mile Road and the North line of said GERMAN'S MONTROSE-PARK SUBDIVISION to the Northeast corner of said subdivision and the POINT OF BEGINNING; thence continuing along said south right-of-way line North 87 degrees 11 minutes 23 seconds East, 1249.15 feet to the Southwesterly right-of-way line of the CN Railroad (formerly Grand Trunk Western Railroad); thence along said right of way the following five courses: 1) South 32 degrees 02 minutes 36 seconds East, 169.96 feet; 2) South 45 degrees 07 minutes 32 seconds East, 110.43 feet; 3) South 32 degrees 02 minutes 36 seconds East, 2503.17 feet; 4) South 02 degree 04 minutes 21 seconds East, 40.04 feet; 5) South 32 degrees 02 minutes 36 seconds East, 188.24 feet to north line of State Fair Avenue (66 feet wide); thence along said north line South 88 degrees 20 minutes 01 seconds West 1405.91 feet; thence continuing along said north line to the east line of a 5 acre parcel, described in a Resolution passed on July 24, 2018 and Certified by the City Clerk's Office on August 2, 2018, said line being the northerly extension of the westerly right of way line of Ralston Avenue (66 feet wide) South 87 degrees 46 minutes 09 seconds West, 1325.45 feet, thence along the lines of said 5 acre parcel the following three courses: 1) North 02 degree 34 minutes 57 seconds West, 277.92 feet; 2) South 87 degrees 46 minutes 08 seconds West, 588.68 feet; 3) North 02 degree 13 minutes 52 seconds West, 86.11 feet to the South line of the DNR Pocket Park, as described in Liber 36120, page 404 of said Wayne County Records; thence along the lines of said DNR Pocket Park the following five courses: 1) North 87 degrees 18 minutes 04 seconds East, 53.51 feet; 2) North 01 degree 17 minutes 09 seconds West, 252.35 feet; 3) South 87 degrees 54 minutes 36 seconds West, 169.82 feet; 4) North 02 degree 05 minutes 24 seconds West, 13.00 feet; 5) South 87 degrees 34 minutes 25 seconds West, 251.60 feet to the easterly right-of-way line of Woodward Avenue (204 feet wide); thence North 27 degrees 25 minutes 30 seconds West, 290.70 feet along said easterly line to the south line of an 11 acre parcel, as described in a Resolution dated August 2, 2018; thence along the lines of said 11 acre parcel the following six courses: 1) North 87 degrees 31 minutes 34 seconds East, 531.35 feet; 2) North 02 degree 26 minutes 39 seconds West, 312.98 feet; 3) North 87 degrees 50 minutes 31 seconds East, 30.51 feet; 4) North 02 degree 26 minutes 39 seconds West 30.01 feet; 5) North 35 degrees 27 minutes 14 seconds East, 28.78 feet; 6) North 02 degree 26 minutes 39 seconds West 306.83 feet to the South line of STATE FAIR SUBDIVISION NO. 2, as shown in Liber 28 of Plats, page 20 of said Wayne County Records; thence North 88 degrees 22 minutes 33 seconds East, 490.27 feet along said South line to the East line of said STATE FAIR SUBDIVISION NO. 2; thence North 02 degree 30 minutes 30 seconds West, 1008.14 along the East lines of said STATE FAIR SUBDIVISION NO. 2, and said GERMAN'S MONTROSE-PARK SUBDIVISION to the POINT OF BEGINNING.



ALSO described AS

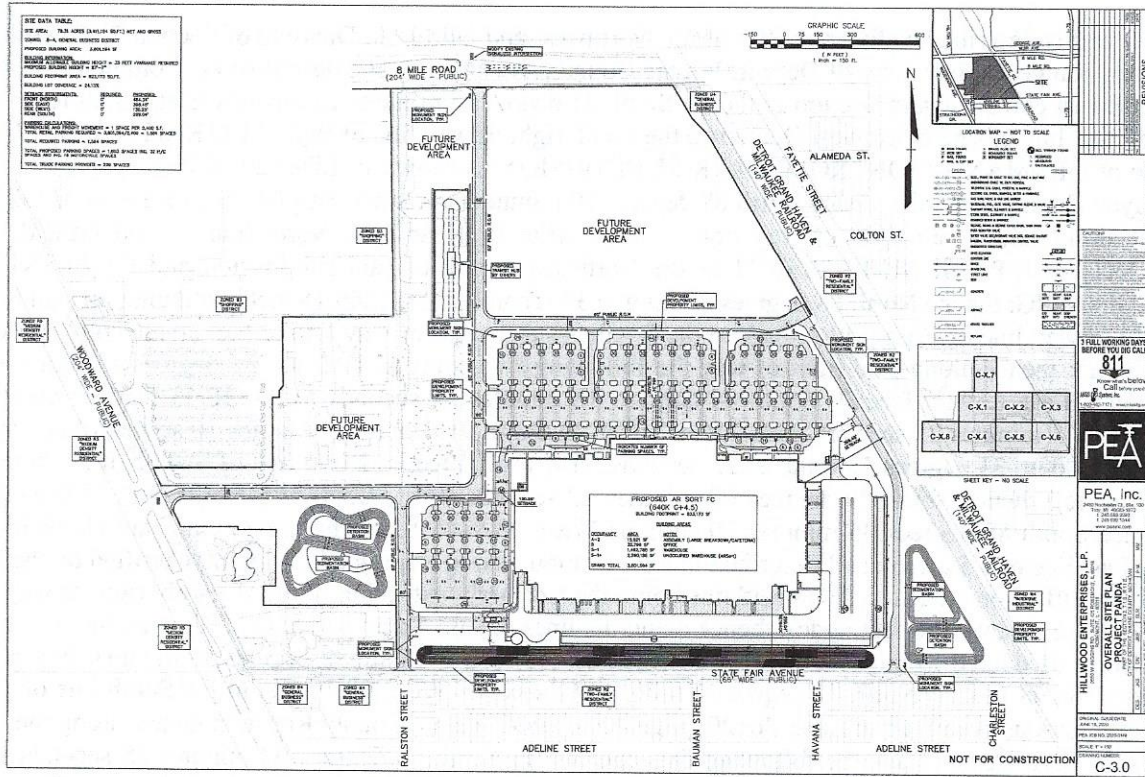
LEGAL DESCRIPTION

(Per First American Title Insurance Company Commitment No. 1002-304695-RTT Revision 1,  
Commitment  
Date May 19, 2020)

The land is described as follows: Part of the Northwest and Northeast Quarters of Section 2, Township 1 South, Range 11 East, City of Detroit, Wayne County, Michigan, being described as: Commencing at the Northwest corner of said Section 2; thence South 01 degree 45 minutes 13 seconds East, 33.00 feet along the West line of said Northwest Quarter to the South right of way line of Eight Mile Road being the North line of GERMAN'S MONTROSE-PARK SUBDIVISION as shown in Liber 29 of Plats, page 83 of the Wayne County Records; thence North 88 degrees 00 minute 34 seconds East (Basis of Bearings), 1323.68 feet along said South right of way line of Eight Mile Road and the North line of said GERMAN'S MONTROSE-PARK SUBDIVISION to the Northeast corner of said subdivision and the POINT OF BEGINNING; thence North 88 degrees 00 minute 34 seconds East, 1249.15 feet continuing on said South right of way line of Eight Mile Road, to the Southwesterly right of way line of the Grand Trunk Western Railroad; thence along said right of way the following five courses; 1) South 31 degrees 13 minutes 25 seconds East, 169.96 feet; 2) South 44 degrees 18 minutes 21 seconds East, 110.43 feet; 3) South 31 degrees 13 minutes 25 seconds East, 2503.17 feet; 4) South 01 degree 15 minutes 10 seconds East, 40.04 feet; 5) South 31 degrees 13 minutes 25 seconds East, 188.24 feet to North line of State Fair Avenue (66 feet wide); thence South 89 degrees 09 minutes 12 seconds West, along said North line, 1405.91 feet; thence South 88 degrees 35 minutes 20 seconds West, 1325.45 feet continuing along said North line to the East line of a 5 acre parcel described in a Resolution passed on July 24, 2018 and Certified by the City Clerk's Office on August 2, 2018 said line being the Northerly extension of the Westerly right of way line of Ralston Avenue (66 feet wide); thence along the lines of said 5 acre parcel the following three courses: 1) North 01 degree 45 minutes 46 seconds West, 277.92 feet; 2) South 88 degrees 35 minutes 19 seconds West, 588.68 feet; 3) North 01 degree 24 minutes 41 seconds West, 86.11 feet to the South line of DNR Pocket Park as described in Liber 36120, page 404 of said Wayne County Records; thence along the lines of said DNR Pocket Park the following five courses: 1) North 88 degrees 07 minutes 15 seconds East, 53.51 feet; 2) North 00 degree 27 minutes 58 seconds West, 252.35 feet; 3) South 88 degrees 43 minutes 47 seconds West, 169.82 feet; 4) North 01 degree 16 minutes 13 seconds West, 13.00 feet; 5) South 88 degrees 23 minutes 36 seconds West, 251.60 feet to the Easterly right of way line of Woodward Avenue (204 feet wide); thence North 26 degrees 36 minutes 19 seconds West, 290.70 feet along said Easterly right of way line to the South line of an 11 acre parcel as described in said Resolution dated August 2, 2018; thence along the lines of said 11 acre parcel the following six courses: 1) North 88 degrees 20 minutes 45 seconds East, 531.35 feet; 2) North 01 degree 37 minutes 28 seconds West, 312.98 feet; 3) North 88 degrees 39 minutes 42 seconds East, 30.51 feet; 4) North 01 degree 37 minutes 28 seconds West 30.01 feet; 5) North 36 degrees 16 minutes 25 seconds East, 28.78 feet; 6) North 01 degree 37 minutes 28 seconds West. 306.83 feet to the South line of STATE FAIR SUBDIVISION NO. 2, as shown in Liber 28 of Plats, page 20 of said Wayne County Records; thence North 88 degrees 22 minutes 33 seconds East, 490.27 feet along said South line to the East line of said STATE FAIR SUBDIVISION NO. 2; thence North 01 degree 41 minutes 19 seconds West, 1008.14 along the East lines of said STATE FAIR SUBDIVISION NO. 2, and said GERMAN'S MONTROSE-PARK SUBDIVISION to the point of beginning.

# Exhibit B

## Description of Phase I



# Exhibit C

## Description of Phase II

Note: Phase I to be subtracted from overall plan.

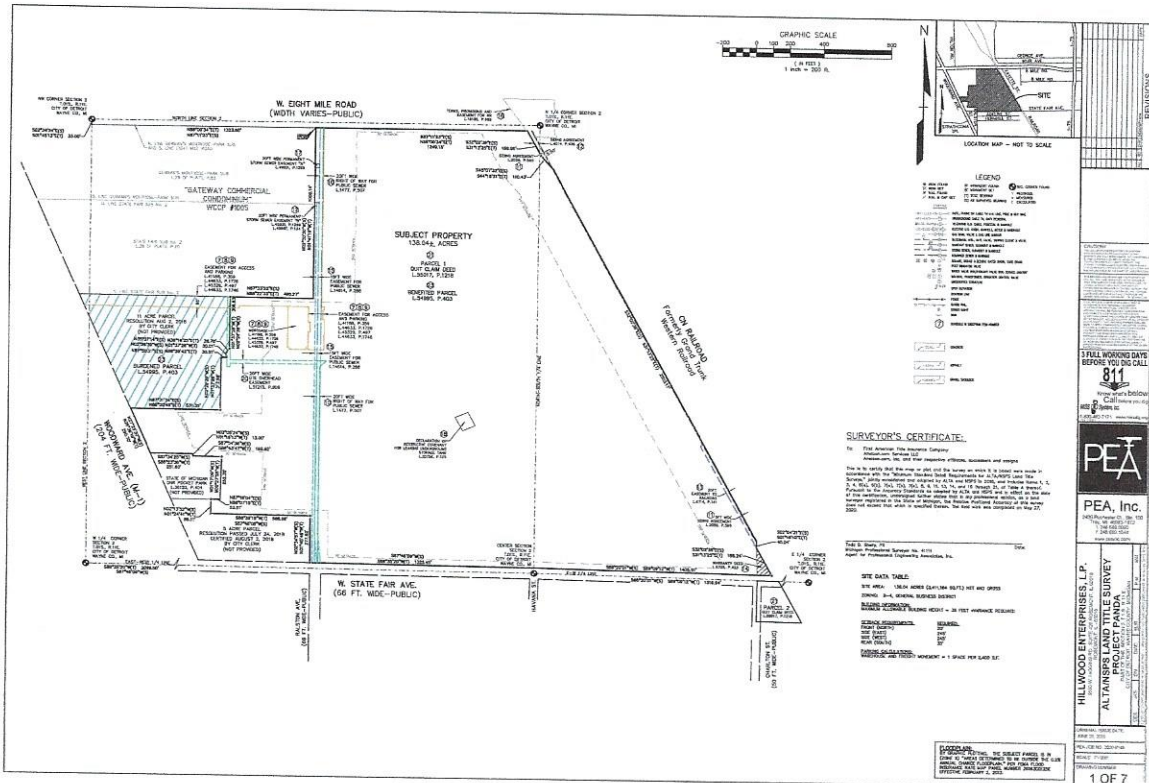


EXHIBIT D  
QUIT CLAIM DEED

Attachment II

Responses from the Administration to LPD's first set of questions regarding the  
State Fairgrounds Redevelopment Project

REPORT

THE STATE OF TEXAS,  
COUNTY OF DALLAS.I, the undersigned, Clerk of the County of Dallas, Texas, do hereby certify that the within and foregoing is a true and correct copy of the original as the same appears in the records of the County of Dallas, Texas.

Regarding the State Fairgrounds proposal, we have the following questions:

- **It is being reported that the City owned property at the State Fairgrounds is being sold to the Sterling Group at \$9 million, reportedly at a fair market value. What is the basis of this statement?**

An appraisal for the property at the State Fairgrounds was completed by Integra Realty Resources with an effective date March 1, 2020. Based on this appraisal (after accounting for environmental remediation costs), the net appraised value of the property is \$9,000,000.

- **To what appropriation will the proceeds of the land sale be deposited?**

Under the terms of the City's agreement with the State Land Bank Fast Track Authority, the City is required to pay the State Land Bank Fast Track Authority \$3,500,000 (50 percent of the initial \$7,000,000 purchase price), from the proceeds of any future sale of the property at the State Fairgrounds. As a result, the first \$3,500,000 will be paid to the State Land Bank Fast Track Authority for the sale of the property to the City. Next, \$3,500,000 will be reimbursed to the City General Fund to repay the up-front purchase price for the property at the State Fairgrounds. Next, \$2,000,000 will be deposited to an account at the City of Detroit Housing and Revitalization Department, with \$400,000 of that amount contributed to the City's Affordable Housing Development and Preservation Fund.

At the point of City Council's approval of the land sale, an additional \$7,000,000 will be earmarked for the Detroit Department of Transportation budget for the construction of a transit center located on the property.

- **When did the City come into possession of this formerly State-owned land and for what price?**

The property at the State Fairgrounds was purchased from the Michigan State Land Bank Fast Track Authority on April 21, 2019.

- **When was the most recent appraisal of the property, who conducted the appraisal and at the time of the appraisal, what was its appraised value?**

The most recent appraisal of the property at the State Fairgrounds was completed effective March 1, 2020 by Integra Realty Resources. The net appraised value for the property (after accounting for environmental remediation costs) is \$9,000,000.

- **Is the property federally and/or locally designated historical?**

There are currently no buildings located on the property at the State Fairgrounds that have been designated historic by the City.

Three of the buildings located on the property are on the National Register of Historic Places: (1) The Michigan State Fair Riding Coliseum; (2) The Dairy Cattle Building; and (3) The Agricultural Building.

- **Are there any historically designated structures on the property that will need to be demolished? If so, will this require any additional approvals?**

Since none of the structures on the State Fairgrounds are designated by the City of Detroit under its historic district ordinance, no additional approvals will be required for demolition of any structures. Inclusion on the National Register of Historic Places does not preclude these structures from demolition.

- **A new DDOT transit center valued at \$7 million is also included in the deal. Will the Sterling Group pay for the entire cost of construction? How was this deal negotiated?**

The entire cost of construction for the new Detroit Department of Transportation Transit Center will be \$7,000,000. The costs estimates were completed by the City. After several rounds of negotiation, the purchaser's team agreed to contribute \$7,000,000 for the construction costs.

- **According to the Mayor, there will be no economic incentives or any break on the land sale price. What assurances are there that this will be the case?**

Under the terms of the purchase agreement, the purchaser has agreed not to request from the City any economic incentives applicable to the property located at the State Fairgrounds.

- **Other than the approval of the land sale, what other items will the City Council be asked to approve for this project?**

Closing on the sale of the property will require City Council's approval of the land sale, an amendment to the City master plan, and other items ancillary to delivering the property to the purchaser.

- **Will any zoning changes or modification be required to complete this project?**

No zoning modifications will be required for this phase of the planned development. It is possible that future phases of the development may require a zoning modification; however, that will be determined by future uses for Phase 2 and Phase 3.



- **When does the Administration anticipate it will bring this deal to the Council for approval?**

The Administration anticipates that this land sale will be brought before City Council for approval in late September or early October.

- **It has been reported that Amazon is planning on creating 1,200 jobs as a part of the completed project. What efforts does the Administration plan to take to assure that as many of these new jobs as possible will go to Detroiters?**

Under the terms of the purchase agreement, the tenant will work with the City with regard to job fairs and hiring announcements, as well as collaborating with Detroit at Work on employment opportunities at the tenant's facility.

Additionally, the purchaser voluntarily agrees for itself and its general contractors to comply with Executive Order No. 2016-1 in the construction of the Amazon facility.

- **The Amazon part of the project appears to include a major logistics operation. What steps are being made to ensure that this new operation will not be injurious to the daily living of residents in the surrounding area, with truck traffic and disruptive noise at odd hours?**

As part of the site planning process potential transit, traffic, landscaping and environmental impacts have been closely reviewed. For example, a traffic study has been completed in connection with the project that shows there will be minimal impact to the adjacent community. Additionally, certain landscaping elements have been included in the site plan to create a robust buffer between the Amazon facility and the residential areas to the south, including an earthen berm that will be 15-feet in height above street level bordering the southern portion to the development site.

- **It has also been reported that this project may create as many as 2,000 jobs. What is the basis for this figure?**

Under the terms of the purchase agreement, the tenant will employ no fewer than 1,200 employees within one year of the issuance by the City of a certificate of occupancy or temporary certificate of occupancy for the tenant facility. The additional 800 jobs are anticipated from Phase 2 and Phase 3 of the development.

- **There is also a mention of an automotive supplier being included on the site. What are the details related to this initiative? Is it included in this phase of the project? Will the current zoning designation of the property allow for a manufacturing operation?**

There are currently no details related to an automotive supplier for the property at the State Fairgrounds. The mention of an automotive supplier was the result of contemplated potential future uses for Phase 2 and Phase 3. At the moment, the purchaser is committed to building a 300,000 sq. ft. speculative industrial building within 48 months of closing on the purchase of the property as part of Phase 2 of the development. There are currently no development plans for Phase 3.

- **Has there been any community engagement activity associated with this project? If so, what was it? Will there be any future community engagement activity? If no, why?**

To date, there have been 2 community meetings. The first meeting took place with the Mayor and small group of community members prior to announcement of the planned development. The second meeting took place on Thursday, August 13, 2020 and included the Mayor speaking with community members about potential concerns. There are additional community meetings planned that will address traffic, transit, environmental, public safety, and employment concerns.



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## Memorandum

**To: Nick Khouri**  
**From: Luke Polcyn**  
**Date: August 24, 2020**  
**Re: Fairgrounds Appraisals**

You have asked me for a summary and documents related to the valuation of the State Fairgrounds leading up to the proposed Hillwood/Sterling Group transaction. There have been two appraisals done in the last three years: one by the State of Michigan in 2018 and one by the City of Detroit in April, 2020. The final report of the City of Detroit appraiser is due by the end of this month.

I've attached a full set of the two appraisals completed. The summary is as follows:

### **State of Michigan Appraisal, February 2018: Net \$5.3 million**

In February 2018, the State of Michigan's land bank commissioned an appraisal of the former fairgrounds property. This appraisal initially valued the fairgrounds at approximately \$75,000 per acre based on comparable sales – as if the fairgrounds were vacant, developable land. In fact, the fairgrounds property requires both environmental remediation and demolition to bring it to that standard. To determine the as-is value, the appraisal then deducted the estimated costs of environmental remediation (\$1,510,000) and demolition (\$2,640,000), along with a \$2,400,000 termination fee for the Joe Dumars Fieldhouse lease (which the City did not intend to continue). From this \$5,300,000 as-is market value, the appraisal further applied a 35% discount to account for a 12-month marketing period to calculate the valuation.

### **Summary of State of Michigan 2018 Appraisal**

<b>Base Value (\$75,000 per acre)</b>		<b>\$11,810,250</b>
<b>Less Deductions:</b>		
<b>Costs of Environmental Remediation:</b>	<b>\$1,510,000</b>	
<b>Costs of Demolition:</b>	<b>2,640,000</b>	
<b>Fieldhouse termination fee</b>	<b><u>2,400,000</u></b>	
<b>Total Deductions:</b>		<b><u>\$6,550,000</u></b>
<b>Total Appraised Value</b>		<b>\$5,260,250</b>



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The State of Michigan noted that the appraised value would be \$7.7 million if the immediate termination of the Fieldhouse lease were not necessary. The lease ran through September, 2024, with reduced termination fee payments required over time. The State took the position that it was the City of Detroit's decision as the buyer when to terminate the lease and the State should not have to pay that fee. The City and State ultimately reached a compromise, with the City agreeing to buy the property for \$3.5 million up front and another \$3.5 million contingent on a future sale by the City. The City closed on the purchase in 2019.

### **City of Detroit Appraisal, April 2020: Net \$8 million**

In April 2020, the Detroit Economic Growth Corporation commissioned an appraisal of 135 acres of the former fairgrounds property. The Integra Realty Resources ("IRR") appraisal valued the property at \$11,070,000. This figure consists of 130 acres valued at \$85,000 per acre, a significant appreciation in value from the amount the City paid just last year.

Another 5 acres of possible retail land along 8 Mile was appraised at approximately \$305,000 per acre.

This valuation applied a deduction of \$1,500,000 for environmental remediation, based on the same 2012 estimate used in the 2018 appraisal. Because of the age of those estimates, the 2020 IRR appraisal noted the estimated costs actually "may be higher at present." In other words, they could merit a larger deduction.

Unlike the 2018 appraisal, the 2020 IRR appraisal did not take the additional step of applying deductions for demolition to determine an as-is value. Demolition costs and Fieldhouse termination fees would both have to be deducted from the appraised value to arrive at the purchase price.

In addition, the City is not selling the full acreage to the buyer. Under the negotiated purchase agreement, 3 acres for the transit center and approximately 7 acres for a public roadway to service the transit center are being retained by the City of Detroit.

From the appraised value, the "as is" sales price had to account for these deductions:



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### Summary of City of Detroit 2020 Appraisal

Base Value (\$85,000 - 305,000 per acre), Less \$1.5 million Environmental Remediation		<b>\$11,070,000</b>
<b>Less Other Deductions:</b>		
Land Retained by City for Roads (7 acres x \$85,000 per acre)	<b>\$ 595,000</b>	
Costs of Demolition:	<b>\$2,640,000</b>	
Total Deductions:		<b><u>\$3,235,000</u></b>
"As Is" Value Before Fieldhouse Fee		<b>\$7,835,000</b>

The \$7.8 million figure still leaves the buyer responsible for the Fieldhouse termination fee. The lease runs through September, 2024 and, if exercised at closing, the termination fee would be \$1.8 million. Since the Fieldhouse was not in phase 1 of the development plan and did not need to be terminated immediately, the buyer assumed the liability of the Fieldhouse lease and potential termination fee without further reduction in purchase price.

### **Total Consideration Received by City for Sale of Land: \$16 million+**

While the appraisal supports an "as-is" purchase price of \$8-9 million, total consideration paid by the buyer will actually run to over \$16 million.

The City and the fairgrounds developer agreed on a land purchase price of \$9 million. At closing, the purchaser will also pay the City \$7 million to fund the construction of a new transit center on approximately 3 acres of fairgrounds property being retained by the City. If the City selects a site for the transit center that requires the demolition of any structures, the purchaser will fund the cost of demolition. The City will not be required to fund it from the \$7 million received for construction. Based on the currently anticipated location of the transit center, demolition costs might be as high as \$1 million. That being so, the City would receive \$8 million in value for construction of the transit center.



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The purchaser will also construct new interior roads within the fairgrounds property, then dedicate the as-constructed roads as public right-of-way. The purchaser estimates construction of these roads will cost around \$2.2 million.

The overall compensation received by the City is the following:

**Summary of Consideration Paid by Hillwood/Sterling**

<b>Cash for land</b>	<b>\$9 million</b>
<b>Cash to build city's transit center:</b>	<b>\$7 million</b>
<b>Cost to build city street</b>	<b><u>\$2.2 million</u></b>
<b>Total consideration:</b>	<b>\$18.2 million</b>

The total consideration being received by the City of Detroit is more than double the appraised value of \$8 million.

**Final City of Detroit Appraisal**

The appraiser is finalizing its appraisal based upon terms of the purchase agreement. We expect the final appraisal to be delivered to City Council before the end of August.

Attachment III

Responses from the Administration to LPD's second set of questions regarding the  
State Fairgrounds Redevelopment Project

## APPENDIX

1. The following information is provided for the purpose of illustrating the format of the information required to be submitted in accordance with the provisions of the Act.



August 31, 2020

Attachment II ~~I~~

Additional Questions on the State Fairgrounds Proposal

By the Legislative Policy Division (LPD)

Attachment I to this email thread represents the responses to LPD's first set of questions on the proposed State Fairgrounds redevelopment, which we appreciate. The following represents follow up questions to these responses, referenced by bullet number per Attachment I:

1. Bullet 2: Please provide a copy of the City's agreement with the State Land Bank Fast Track Authority.

~~Response: Attached. (see folder)~~

2. Bullet 2: If City Council approves the State Fairgrounds redevelopment project, it is indicated that \$7 million would be earmarked in the Detroit Department of Transportation (DDOT) budget for the construction of the DDOT Transit Center located on the State Fairgrounds redevelopment project site property. Would the City keep the \$7 million even if the cost of the development of the Transit Center falls below \$7 million? If so, where is this codified?

~~Response: See attached response from OCFO's office. (see folder)~~

3. Bullet 9: Please describe the needed amendment to the City's master plan for the proposed State Fairgrounds redevelopment project. When would the Administration present the master plan amendment to the City Planning Commission for approval before seeking Council's approval?

~~Response: The Future General Land Use designation under the Master Plan of Policies for the proposed development property is currently Regional Park (PR). The proposed warehousing use is nonconforming with the PR designation. The Future General Land Use designation under the Master Plan of Policies will need to be amended to Light Industrial (IL) for the subject site. A request to amend the Future General Land Use designation under the Master Plan of Policies was made by the Planning and Development Department on August 10, 2020. The administration will present the request to amend the Master Plan of Policies to City Planning Commission for approval on September 24, 2020 before seeking Council's approval.~~

4. Bullet 9: Please describe the other items ancillary to delivering the property to the purchaser that would require City Council's approval. Would the Administration seek these approvals in September 2020?

~~Response: See attached response from OCFO's office. (see folder)~~

5. Bullet 10: It's indicated that no zoning modifications will be required for this phase of the planned development. However, according to the March 2020 Integra Realty Resources appraisal report, it was indicated that a rezoning of the site is likely for an industrial use of the

proposed State Fairgrounds site. The property is currently zoned B4, General Business District. Does this zoning designation allow for the construction of a distribution center because this usage is considered non-industrial?

**Response:** As noted, the property is currently zoned B4, General Business District. This zoning designation allows for use of wholesaling, warehousing, storage buildings, or public storage housing facilities. This use is permitted conditionally per Sections 50-9-113(13) of the City of Detroit Zoning Ordinance.

6. Bullet 13: Please share a copy of the traffic study and landscaping plans associated with the State Fairgrounds project site with LPD CPC staff for their review.

**Response:** Attached. (see folder) This is included in a zip drive

7. Bullet 14: It is reported that Amazon is planning on creating 1,200 jobs as a part of the completed contracts. Please provide the estimated annual income taxes generated from these jobs. Please provide assumptions, including average salary. Please provide the estimated number of construction jobs and the income taxes generated from these jobs. Please provide the estimated annual property taxes generated from this proposed project, including assumptions. Please provide the estimated annual users utility taxes generated from the proposed project, including assumptions.

**Response:** Attached. (see folder) This is included in LPO's report

Questions based on Jobs and Economic Development team's memo on the appraisals related to the State Fairgrounds property:

8. It's indicated that a final report of the City of Detroit appraiser, Integra Realty Resources, will be due by the end of August 2020. Does the Administration anticipate a material difference in the appraised value of the State Fairgrounds property in the final report due by the end of August? Does the developer agree to pay a higher price for the land if the final appraisal indicates a significantly higher appraised value for the State Fairgrounds property? If the final report is available, please email a copy.

**Response:** The administration does not anticipate a material difference in the appraised value of the State Fairgrounds property in the final report. Accordingly, there is no structure currently in the Agreement by which the developer has agreed to pay more if there is a material difference. The final report will be made available once received.

9. Is the reason why the Joe Dumars Fieldhouse lease is being terminated with a termination fee of \$2.4 million is because the fieldhouse is located within the proposed development area for the distribution center? Will the fieldhouse reopen elsewhere in the City of Detroit?

Response: The Joe Dumars Fieldhouse is located within Phase 3 of the proposed development site. It is not located within the proposed development area for the distribution center. The lease will not be terminated at closing, and no termination fee will be paid in connection with the closing and the land transfer. The lease will be assigned to the developer. There are currently several years left on the lease of the facility and the development team will continue conversations with the operator of the Fieldhouse post-closing the proposed deal. There are currently no plans to relocate the fieldhouse elsewhere in the City of Detroit.

10. According to the February 2018 JLL appraisal report, the Agricultural Building and the East Mall building are being leased to a recreation center operator. Has the State or the City received the revenue from these leases? Will these leases terminate if the purchase agreement with the developer is approved by City Council?

Response: The Joe Dumars Fieldhouse is currently located in the Agricultural Building and the East Mall. The lease referenced in the 2018 JLL appraisal report is referencing the Joe Dumars Fieldhouse lease. The leases will not terminate if the agreement with the developer is approved by City Council. As noted above, the lease will be assigned to the developer at closing.

11. According to the February 2018 JLL appraisal report, the State Fairgrounds property is encumbered by a rail yard lease with the Grand Trunk Western Company. Has this lease been terminated? If not, would it terminate if the purchase agreement with the developer is approved by City Council, or would the developer take on this lease?

Response: The Grand Trunk Western Company lease has not yet been terminated. The lease is month-to-month. The City has the power to terminate this lease at-will upon prior written notice. The City has connected the Grand Trunk Western Company with the development team to determine how this lease will be handled moving forward.

Questions based on review of the proposed purchase and sale agreement associated with the State Fairgrounds redevelopment proposal:

12. Page 1, first paragraph: Purchaser, Newco LLC, is acting on behalf of an entity “to be formed”. Is Hillwood Investment Properties/Sterling Group the entity that will be formed to complete the purchasing transaction?

Response: The entity that has been formed to complete the transaction is State Fair Partners, LLC, a Delaware limited liability company.

13. Page 3, Section 4(e)(iv): Will the seller assume the Fieldhouse lease? If so, why is there a need for a \$2.4 million termination fee regarding this lease?

Response: The lease will be assigned to and assumed by the developer at closing. There are currently several years left on the lease of the facility and the development team will continue conversations with the operator of the Fieldhouse post-closing the proposed deal. The \$2.4 million termination fee was referenced due to the possibility the lease is terminated.

14. Page 4, Section 4(h): It's indicated that the Seller (the City) will construct within 18 months of closing a replacement transit center. Will DDOT oversee the construction of the new transit center? Will the Administration follow the normal procurement process to construct the new transit center with the goal of selecting Detroit based businesses to construct the new facility? Will the Administration comply with Executive Order 2016-1 regarding the construction of the new transit center?

Response: The construction of the replacement transit center will be overseen by the Detroit Building Authority, pursuant to a contract of lease. The Building Authority will follow its normal procurement process and comply with Executive Order 2016-1 to construct the new transit center.

15. Page 8, Section 8 (a): Please explain how the rights of reverter set forth in the Quit Claim Deed recorded in Liber 55017, Page 1218 Wayne County Records benefit the City of Detroit.

Response: The rights of reverter set forth in the Michigan Land Bank's deed to the City (Liber 55017, Page 1218) are reserved to the State of Michigan. They do not benefit the City of Detroit. That deed says the property shall not be used as provided in Section 2(4) of Public Act 74 of 2012, the legislation authorizing the sale of the former State Fairgrounds property. Section 2(4)(a) of that act provides the "property conveyed shall not be used for a horse racing track, auto racing track, casino, railroad freight yard, jail, or prison." Section 2(4)(b) provides that if "the property conveyed is used in a manner inconsistent with" with the prohibited uses, "this state may reenter and repossess that property, terminating the grantee's or successor's estate in that property."

16. Page 10, Section 11 (a): It's indicated that the closing of the purchase and sale transaction is to take place on Thursday, October 1, 2020 at 10 am, or at such other date and/or time as may be mutually agreeable to the parties. It is further stated "Notwithstanding anything herein to the contrary, the Purchaser shall have the one time right to extend the Closing Date from October 1, 2020 to any date up to and including February 1, 2021 upon written notice to Seller sent or delivered on or prior to September 1, 2020". Is the Administration seeking the necessary approvals from the City Planning Commission and the City Council by Council's Formal Session on Tuesday, September 29, 2020? If not, will the Administration work with the Purchaser to be able to close on this transaction later than October 1, 2020?

Response: The Administration expects to seek necessary approvals from City Planning Commission and the City Council by Council's Formal Session on Tuesday, October 6, 2020. The Administration will work with the Purchaser to be able to close this transaction later than October 1, 2020. The Purchaser has agreed to reschedule closing for no earlier than October 15, 2020.

17. Please explain why the up to \$400 million investment in the Amazon distribution center is not codified in the purchase and sale agreement.

Response: The \$400 million figure represents an estimate of the total development costs for the Amazon distribution center. The Agreement sets the Purchaser's development obligations in the specific terms of the "Phase I Development," without reference to the anticipated investment figure. That figure does not describe the parameters of the development as specifically, and so it was not codified.

General questions relative to the proposed State Fairgrounds redevelopment proposal:

18. What is status of the Magic Plus developments at the 11 acres and 6 acres sites that are a part of the former Michigan State Fairgrounds site?

Response: The Administration is in communication with the Magic Plus development team regarding their programming needs and concerns. The development team has indicated that they expect to provide specific development plans soon.



TRUE COPY CERTIFICATE

Form C of D-16-CB

STATE OF MICHIGAN, }  
City of Detroit } ss.

CITY CLERK'S OFFICE, DETROIT

I, JANICE M. WINFREY, City Clerk of the City of Detroit, in said State, do hereby certify that the annexed paper is a TRUE COPY OF RESOLUTION

adopted (passed) by the City Council at session of

JULY 24, 2018

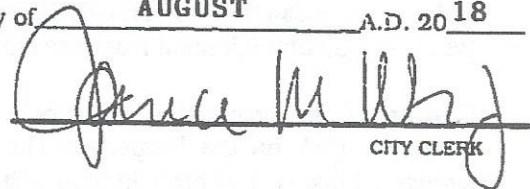
and approved by Mayor

JULY 25, 2018

as appears from the Journal of said City Council in the office of the City Clerk of Detroit, aforesaid; that I have compared the same with the original, and the same is a correct transcript therefrom, and of the whole of such original.

In Witness Whereof, I have hereunto set my hand and affixed the corporate seal of said City, at Detroit, this 2nd

day of AUGUST A.D. 2018

  
CITY CLERK



CITY OF DETROIT  
PLANNING AND DEVELOPMENT DEPARTMENT

#d479 #16  
JUL 16 2018

COLEMAN A. YOUNG MUNICIPAL CENTER  
2 WOODWARD AVENUE SUITE 808  
DETROIT, MICHIGAN 48226  
(313) 224-1339 • TTY:711  
(313) 224-1310  
WWW.DETROITMI.GOV

76.

July 13, 2018

Detroit City Council  
1340 Coleman A. Young Municipal Center  
Detroit, MI 48226

**RE: Acquisition of Property from State of Michigan Land Bank Fast Track Authority  
Part of 20110 Woodward (Formerly known as Michigan State Fairgrounds)**

Honorable City Council:

The City of Detroit, Planning and Development Department ("P&DD") is hereby requesting authorization from your Honorable Body to acquire certain real property at 20110 Woodward Avenue (the "Property") from the State of Michigan Land Bank Fast Track Authority ("MLBA"), a public body corporate, for the purchase price of Seven Million and 00/100 Dollars (\$7,000,000.00) (the "Purchase Price") subject to certain other terms and conditions. The Property being acquired consists of approximately 142 acres, more or less, within the general area bounded by Woodward Avenue (West), Eight Mile Road (North), the Grand Trunk Western Railroad (East) and State Fair Avenue (South).

The City wishes to acquire the Property for certain public purposes and/or to market for sale for development. Given the existing commercial uses of the adjacent sites, we feel this Property presents a prime opportunity for the City to plan and implement a variety of projects on a site that has sat vacant and underutilized for a number of years. Currently, the Property is within a B4 zoning district (General Business District).

Closing of the acquisition shall be contingent upon survey, environmental and other due diligence work on the Property to be completed by Detroit Brownfield Authority under an agreement that will be brought before this Honorable Body for separate approval.

We, therefore, request that your Honorable Body adopt the attached resolution to authorize acquisition of the Property from MLBA for the Purchase Price.

Respectfully Submitted,

Maurice Cox  
Director

2/16/18  
APPROVED  
Jerry N. Stodolnick  
BUDGET DIRECTOR  
Date 7/16/2018

cc: S. Washington, Mayor's Office

(Received at the table 7/19/18)



**RESOLUTION**

**BY COUNCIL MEMBER:** Tate

**WHEREAS**, the City of Detroit ("City") through the Planning and Development Department ("PDD") wishes to acquire that certain portion of 20110 Woodward, Detroit, MI as more particularly described in the attached Exhibit A (the "Property") from the State of Michigan Land Bank Fast Track Authority, a Michigan public body corporate, for the sum of Seven Million and 00/100 Dollars (\$7,000,000.00) (the "Purchase Price") subject to certain other terms and conditions; and

**WHEREAS**, the acquired Property will be used for certain public purposes and/or marketed for sale for development; and

**WHEREAS**, the Buildings, Safety Engineering and Environmental Department ("BSEED") has reviewed the environmental inquiry completed for the Properties; and

**WHEREAS**, in accordance with Chapter 2, Article I, Division 2. of the Detroit City Code: (1) the City Council finds that the Property has received an environmental inquiry in accordance with the review referred to in the preceding paragraph; (2) pursuant to the request of P&DD, the City Council finds that despite the possibility of environmental contamination, acquisition of the Property is necessary to protect the health, safety and welfare of the public; furthermore, acquisition of the Property is necessary as it is included in a project plan and that acquisition of the Property will not prejudice the right of the City to recover response costs from any potential responsible parties under State and/or Federal law; (3) the City Council finds and declares that the preservation of the promotion of the public health, safety, welfare or good outweighs the cost of the environmental assessment and therefore waives the requirement that the seller bear the cost of the environmental assessment; and (4) within 45 days of recording a deed to the Property, P&DD shall have prepared and submit to the Michigan Department of Environmental Quality a Baseline Environmental Assessments for the Properties; now therefore be it

**RESOLVED**, that prior to closing and before title to the Property vests in the City, the City shall: 1) have a survey completed to confirm the legal description of the Property and 2) have environmental assessments completed for the Property. If either the survey or environmental assessments return unexpected concerns, the City, at its sole discretion, may refuse to accept the Property from the MLBA; and be it further

**RESOLVED**, that the legal description of the Property as given in Exhibit A may be corrected or revised at the discretion of the P&DD Director based on the outcome of the survey required above; and be it further

**RESOLVED**, that in accordance with the foregoing, the P&DD Director, or his authorized designee, be and is hereby authorized to accept and record a deed to the City of Detroit for the Property, as well as execute any such other documents as may be necessary to effectuate transfer of the Property from the MLBA to the City of Detroit for the Purchase Price; and be it further

**RESOLVED**, at closing, the City shall only be required to remit one half (1/2) of the Purchase Price to MLBA. Such payment at closing in the amount of Three Million Five Hundred Thousand and 00/100 Dollars (\$3,500,000.00) shall be paid from the City's Appropriation No.

20507. The remaining one half (1/2) of the Purchase Price shall not be due to the MLBA until such time as the City sells the Property, or any portion thereof, or ten (10) years from the date of closing have passed without any portion of the Property having been sold; and be it further

**RESOLVED**, that the P&DD Director, or his authorized designee, is authorized to execute any required instruments to make and incorporate technical amendments or changes to the quit claim deed and/or other documents (including but not limited to corrections to or confirmations of legal descriptions, or timing of tender of possession of particular parcels) in the event that changes are required to correct minor inaccuracies or are required due to unforeseen circumstances or technical matters that may arise prior to the City's acquisition of the Property, provided that the changes do not materially alter the substance or terms of the transfer and acquisition; and be it finally

**RESOLVED**, that the Finance Director be and is hereby authorized to increase the necessary accounts and honor expenditures and vouchers, when presented in accordance with the foregoing communication and standard City procedures.

**A WAIVER OF RECONSIDERATION IS REQUESTED.**

**EXHIBIT A**

**LEGAL DESCRIPTION**

Property situated in the City of Detroit, Wayne County, Michigan, comprised of approximately 142 acres, more or less, that is part of 20110 Woodward, Tax Parcel ID 01009845 and described as follows:

A parcel of land in the NE 1/4, NW 1/4 & SE 1/4 of Section 2 and the NE 1/4 of Section 3, T1S R11E, City of Detroit, Wayne County, Michigan and more particularly described as commencing at the Northwest corner of said Section 2; thence S01°59'26"E, 33.00 feet to the North line of Germans Montrose Park Subdivision and the south right of way of Eight Mile Road; thence N88°00'34"E, 1323.68 feet, on the north line of Germans Montrose Subdivision to the Northeast corner of said Subdivision and the Point of Beginning of this description; thence N88°00'34"E, on the South right of way line of Eight Mile Road, 1249.15 feet, to the Southwesterly right of way of the Grand Trunk Western Railroad; thence on said right of way on the next five calls; thence S31°13'25" E, 169.96 feet; thence S44°18'21"E, 110.43 feet; thence S31°13'25"E, 2503.17 feet; thence S01°15'10"E, 40.04 feet; thence S31°13'25"E, 226.77 feet to the centerline of State Fair Avenue and the E-W 1/4 line of said Section 2; thence N89°08'56"E, on said E-W 1/4 Line, 17.39 feet; thence S31°13'25"E, on the westerly line of the Grand Trunk Westerly Railroad, 317.18 feet; thence S88°52'19"W, 280.64 feet; thence N01°19'28"W, 275.02 feet to the E-W 1/4 line of said Section 2; thence S89°08'56"W, 1319.94 feet, on said E-W 1/4 line and centerline of State Fair Avenue to the center of said Section 2; thence S88°32'46"W, 1290.77 feet, on said E-W 1/4 line and centerline of State Fair Avenue; thence N01°32'55"W, 33.00 feet to the North line of State Fair Avenue; thence S88°32'46"W, 692.91 feet, on the North line of State Fair Avenue to the Northeast right of way line of Woodward Avenue; thence N26°34'10"W, on said Woodward Avenue right of way, 400.14 feet: thence along the boundary of the DNR Pocket Park the following five calls: thence N88°09'24"E, 291.51 feet; thence N00°25'49", 252.35 feet; thence S88°45'56"W, 169.82 feet; thence N01°14'04"W, 13.00 feet thence S88°25'45"W; 251.61 feet to the Northeast right of way line of Woodward Avenue; thence N26°34'10"W, 1033.60 feet, on said Woodward Avenue right of way to the Southwest corner of lot #24, Plat of State Fair Subdivision #2; thence N88°21'23"E, 1382.91 feet, on the south line of said State Fair Subdivision #2; thence N01°41'24"W, 1008.30 feet, on the East line of said State Fair Subdivision #2 & the East line of said Germans Montrose Park Subdivision to the point of beginning, containing 157.47 acres.

However, excluding the following 5 acre parcel and 11 acre parcel:

**5 acre parcel**

PART OF THE NORTHWEST QUARTER OF SECTION 2, TOWN 1 SOUTH, RANGE 11 EAST, CITY OF DETROIT, WAYNE COUNTY, MICHIGAN, BEING DESCRIBED AS:

COMMENCING AT THE WEST QUARTER POST OF SECTION 2; THENCE NORTH 87 DEGREES 46 MINUTES 05 SECONDS EAST 666.33 FEET ALONG THE EAST AND WEST QUARTER LINE OF SECTION 2; THENCE NORTH 02 DEGREES 13 MINUTES 55 SECONDS WEST 33.00 FEET TO THE INTERSECTION OF THE EASTERLY RIGHT OF WAY LINE OF WOODWARD AVENUE (204.00 FEET WIDE) AND THE NORTH RIGHT OF WAY LINE OF STATE FAIR AVENUE (66.00 FEET WIDE) AND THE POINT OF

BEGINNING; THENCE NORTH 27 DEGREES 27 MINUTES 59 SECONDS WEST 400.00 FEET ALONG THE EASTERLY RIGHT OF WAY LINE OF WOODWARD AVENUE; THENCE NORTH 87 DEGREES 46 MINUTES 04 SECONDS EAST 238.00 FEET; THENCE SOUTH 02 DEGREES 13 MINUTES 56 SECONDS EAST 86.11 FEET; THENCE NORTH 87 DEGREES 46 MINUTES 04 SECONDS EAST 588.63 FEET TO THE NORTHERLY EXTENSION OF THE WESTERLY RIGHT OF WAY LINE OF RALSTON AVENUE (66.00 FEET WIDE); THENCE SOUTH 02 DEGREES 35 MINUTES 19 SECONDS EAST 275.73 FEET ALONG THE NORTHERLY EXTENSION OF THE WESTERLY RIGHT OF WAY LINE OF RALSTON AVENUE TO THE NORTHERLY RIGHT OF WAY LINE OF STATE FAIR AVENUE; THENCE SOUTH 87 DEGREES 46 MINUTES 05 SECONDS WEST 657.81 FEET ALONG THE NORTHERLY RIGHT OF WAY LINE OF STATE FAIR AVENUE TO THE POINT OF BEGINNING. CONTAINING 5.00 ACRES, MORE OR LESS.

11 acre parcel

PART OF THE NORTHWEST QUARTER OF SECTION 2 AND THE NORTHEAST QUARTER OF SECTION 3, TOWN 1 SOUTH, RANGE 11 EAST, CITY OF DETROIT, WAYNE COUNTY, MICHIGAN, BEGIN DESCRIBED AS:

COMMENCING AT THE WEST QUARTER POST OF SECTION 2; THENCE NORTH 87 DEGREES 46 MINUTES 05 SECONDS EAST 666.33 FEET ALONG THE EAST AND WEST QUARTER LINE OF SECTION 2; THENCE NORTH 02 DEGREES 13 MINUTES 55 SECONDS WEST 33.00 FEET TO THE INTERSECTION OF THE EASTERLY RIGHT OF WAY LINE OF WOODWARD AVENUE (204.00 FEET WIDE) AND THE NORTH LINE OF STATE FAIR AVENUE (66.00 FEET WIDE); THENCE NORTH 27 DEGREES 27 MINUTES 59 SECONDS WEST 986.19 FEET ALONG THE EASTERLY RIGHT OF WAY LINE OF WOODWARD AVENUE TO THE POINT OF BEGINNING; THENCE NORTH 27 DEGREES 27 MINUTES 59 SECONDS WEST 741.91 FEET ALONG THE EASTERLY RIGHT OF WAY LINE OF WOODWARD AVENUE; THENCE NORTH 87 DEGREES 32 MINUTES 11 SECONDS EAST 892.93 FEET; THENCE SOUTH 02 DEGREES 27 MINUTES 50 SECONDS EAST 306.83 FEET; THENCE SOUTH 35 DEGREES 26 MINUTES 03 SECONDS WEST 28.78 FEET; THENCE SOUTH 02 DEGREES 27 MINUTES 50 SECONDS EAST 30.01 FEET; THENCE SOUTH 87 DEGREES 49 MINUTES 20 SECONDS WEST 30.51 FEET; THENCE SOUTH 02 DEGREES 27 MINUTES 50 SECONDS EAST 312.98 FEET; THENCE SOUTH 87 DEGREES 32 MINUTES 10 SECONDS WEST 531.16 FEET TO THE POINT OF BEGINNING. CONTAINING 11.00 ACRES, MORE OR LESS.

76

**ADOPTED AS FOLLOWS  
COUNCIL MEMBERS**

	<b>YEAS</b>	<b>NAYS</b>
<b>Janee AYERS</b>		
<del><b>Scott BENSON</b></del>		
<b>Raquel CASTANEDA-LOPEZ</b>		
<b>Gabe LELAND</b>		
<b>Roy MCCALISTER, JR.</b>		
<b>*Mary SHEFFIELD</b>		
<b>Andre SPIVEY</b>		
<b>James TATE</b>		
<b>Brenda PRESIDENT JONES</b>		
<b>*PRESIDENT PRO TEM</b>		
	8	0
<b>WAIVER OF RECONSIDERATION (No. _____)</b>		
Per motions before adjournment.		



## PURCHASE AGREEMENT FOR REAL PROPERTY

(State Fairgrounds)

This Purchase Agreement for Real Property (this "**Agreement**"), is by and between the **State of Michigan**, by its Land Bank Fast Track Authority (the "**Seller**"), a public body corporate and politic whose address is 300 N. Washington Square, Lansing, Michigan 48913, and the **City of Detroit** (the "**Purchaser**"), a Michigan municipal corporation acting by and through its Planning & Development Department whose address is 2 Woodward Avenue, Suite 808, Detroit, Michigan 48226.

### Recitals

A. Seller is the owner of certain property commonly known as the Michigan State Fairgrounds, generally bounded by Woodward Avenue to the west, Eight Mile Road to the north, railroad tracks to the east and State Fair Avenue to the south, consisting of approximately 140.97 acres as shown and more particularly described in the attached **Exhibit A** (the "**Property**").

B. The Seller and Purchaser desire to establish the terms, covenants and conditions upon which the Seller will sell and the Purchaser will purchase the Property.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, receipt of which is severally acknowledged, Seller and Purchaser hereby agree as follows:

1. **Transaction.** Seller agrees to sell and Purchaser agrees to purchase the Property upon the terms and conditions set forth in this Agreement (the "**Purchase Transaction**").

2. **Purchase Price; Closing.** The purchase price of the Property is **Seven Million and 00/100 Dollars (\$7,000,000.00)** (the "**Purchase Price**"). At Closing, Purchaser shall pay to Seller the sum of Three Million Five Hundred Thousand and 00/100 Dollars (\$3,500,000.00). The Three Million Five Hundred Thousand and 00/100 Dollars (\$3,500,000.00) balance of the Purchase Price shall be paid to the Seller in accordance with the sales proceeds waterfall methodology specified in **Exhibit B** (the "**Balance Payment**"). The Purchase Transaction shall be consummated within forty-five (45) days after the end of the Inspection Period, as defined below (the "**Closing**").

3. **Effective Date.** This Agreement shall be effective from and after the date of the last signature to this Agreement by Seller or Purchaser (the "**Effective Date**").

4. **Title and Survey.**

a. **Title Insurance; Permitted Exceptions.** The Purchaser may obtain a commitment (the "**Commitment**") to be issued by a title insurance company satisfactory to the Purchaser (the "**Title Company**"), which agrees to furnish to the Purchaser at or within a reasonable period following the Closing, an ALTA Owner's Policy of Title Insurance (the "**Policy**") for the Property. Seller agrees to provide copies of its organizational documents and such reasonable affidavits, including but not limited to an owner's affidavit (without warranty or indemnification) and a non-foreign

affidavit, and other documentation as may be reasonably required by the Title Company to enable it to issue the Policy to the Purchaser without standard exceptions.

b. Title Objections. The Title Company may update the Commitment anytime or from time to time before the Closing. Copies of all Commitments shall be provided to Seller along with copies of all supporting documents. If the Commitment identifies exceptions or matters of record affecting the condition of title, the Purchaser shall have the right to specifically object to any or all of them (the "Objections") by written notice to Seller within sixty (60) days after the Effective Date. Seller shall respond to the Purchaser's Objections within ten (10) business days, specifying those Objections that it will cure and those that it is unwilling to cure. Seller shall have up to thirty (30) days from the date first notified of the Purchaser's Objections in which to cure the Objections, either by discharging or otherwise correcting them of record and causing the Title Company to delete them from the Commitment or to cause the Title Company to expressly insure over them, as the case may be. Seller has no obligation or duty to correct or cure any Objections or defects in title. If the Objections cannot be corrected by that date or Seller refuses to do so, the Purchaser may (i) terminate this Agreement and immediately receive a refund of any deposit or advance paid by Purchaser in which event the parties shall have no further obligation or liabilities hereunder other than those that specifically survive the termination of this Agreement, or (ii) close on the Purchase Transaction in which event the Objections and all other exceptions from the Commitment shall be included as Permitted Exceptions (the "**Permitted Exceptions**") on the Policy issued after the Closing.

c. Survey. The Purchaser may obtain an ALTA/ACSM survey of the Property prepared by a registered land surveyor licensed in the State of Michigan which shall be certified to the Seller (the "**Survey**") and may object to any condition of the Property ("Survey Objections") shown on the Survey by written notice to Seller within one hundred twenty (120) days after the Effective Date. Seller shall respond to the Purchaser's Survey Objections within ten (10) business days, specifying those Survey Objections that it will cure and those that it is unwilling to cure. Seller has no obligation or duty to correct or cure any Survey Objections. If the Survey Objections cannot be corrected by the expiration of the Inspection Period, as defined below, or Seller refuses to do so, the Purchaser may (i) terminate this Agreement and immediately receive a refund of any deposit or advance paid by Purchaser in which event the parties shall have no further obligation or liabilities hereunder other than those that specifically survive the termination of this Agreement, or (ii) close on the Purchase Transaction. Purchaser acknowledges that there is a 5 acre parcel and 11 acre parcel that is to be split from certain property owned by the Seller such that the remaining Property resulting from the parcel split shall be approximately 142 acres, more or less, when conveyed to the Purchaser. Such legal description contained in **Exhibit A** will be confirmed by the Survey, and that the Purchaser may substitute the legal description(s) contained on attached **Exhibit A** with the legal description of the Property contained on the Survey.

5. Inspections and Due Diligence. From and after the Effective Date Purchaser and/or its agents, at Purchaser's sole cost and expense, with twenty-four (24) hour prior notice to and consent of Seller, which shall not be unreasonably delayed or withheld, upon providing Seller with such proof of insurance as Seller shall reasonably require, including pollution liability coverage provided by Purchaser's environmental consultants, and subject to suitable arrangements being made with the tenants for access to their portions of the Property, shall have one hundred fifty (150) calendar days to enter the Property to take soil borings, perform bearing tests, perform



surveying activities, and environmental evaluations, and conduct such other investigations and pursue such other due diligence as the Purchaser deems appropriate (the "**Inspection Period**"). Seller consents and agrees that the Purchaser, and its employees, designees, agents, and contractors, may enter upon the Property for such purposes and subject to the conditions set forth above during the Inspection Period. Copies of all investigative reports, tests results, surveys, environmental reports, and all other reports, assessments, or findings, in Seller's possession or under Seller's control, pertaining to the Property, including but not limited to the physical condition of the land, as well as any and all matters affecting or which could affect the Purchaser's ownership or use of the Property are available to the Purchaser at <http://www.michigan.gov/landbank/0,3190,7-298-61310-276847--,00.html>.

Purchaser hereby releases Seller of any and all liability associated with entry and inspection, and warrants that it will comply with applicable regulations regarding environmental and other matters. Purchaser shall provide Seller with such proof of insurance as Seller shall reasonably require, including pollution liability coverage provided by its environmental consultant. Purchaser shall restore the Property and/or any damage to the Property occasioned by Purchaser's inspection activities, and shall require its contractors and consultants that access the property during the Inspection Period to indemnify, defend and hold Seller harmless against any loss or liability arising from any inspection activities on the Property. Such indemnity shall survive termination of this Agreement or the Closing, as the case may be, for a period of one (1) year.

At any time prior to the expiration of the Inspection Period, Purchaser may provide written notice to the Seller that Purchaser is not satisfied with the condition of the Property and that Purchaser is terminating this Agreement, in which case the parties shall have no further obligation or liabilities hereunder other than those that specifically survive the termination of this Agreement.

Seller will, not later than the expiration of the Inspection Period, provide Purchaser with a copy of all current contracts and agreements Seller has for security, maintenance or other services for the Property.

6. **Possession.** Possession of the Property shall be delivered to Purchaser at the Closing free and clear of all tenancies, occupancies and rights of possession, except for those tenancies that Purchaser expressly states below:

- Fieldhouse, L.L.C., its successors, assigns and subtenants, if any, under and pursuant to a lease, dated December 3, 2007, between the State of Michigan, Michigan Exposition and Fairgrounds Authority and Fieldhouse L.L.C. This shall be referred to as the Lease (the "**Lease**").

7. **Tenants.** Within ten (10) business days after the Effective Date, Seller will provide Purchaser with copies of all Leases and a list showing (1) a description of the property each tenant occupies, (2) the commencement and termination dates of each tenant's lease, (3) which tenants have prepaid rent and the amount of prepayments, and (4) which tenants have paid a security deposit to Seller and the amount of security deposits. Seller will pay any security deposits and prepaid rents to Purchaser on the date of the Closing. Seller will assign all its interests in the leases,

security deposit agreements, inventories, and any other agreements that Seller has entered into with the tenants to Purchaser at the Closing.

8. **Estoppel Certificates.** Within thirty (30) days prior to Closing, Seller will attempt to provide to Purchaser an estoppel certificate in a form acceptable to Purchaser, from Fieldhouse, L.L.C. certifying for its respective Lease: (a) the commencement date; (b) the expiration date; (c) that the Lease is unmodified and in full force and effect, or is in full force and effect as modified, stating the modifications; (d) that the Lease is not in default, or a list of any defaults; (e) that the tenant does not claim any rights of setoff, or a list of rights of setoff; (f) the amount of rent due as of the date of the certificate, or the date to which the rent has been paid in advance; (g) the amount of any security deposit; (h) other matters reasonably requested by Purchaser, and (i) that Purchaser may rely on the certificate.

9. **Proration of Rent and Expenses.**

a. All rent will be prorated to the date of the Closing, with the date of Closing attributed to Purchaser.

b. The expenses for the Property will be prorated to the date of Closing, with the date of Closing attributed to Purchaser. All invoices that have been received by Seller will be paid before the date of Closing. Invoices for all services and contracts for the Property covering the time period before Closing and the date of Closing that have not been received by Seller before Closing will be prorated based on good-faith estimates using the invoices for those services and contracts for the immediately prior invoicing period and the prior year's invoicing period for the period of time including the Closing date. For invoices paid before Closing that cover a period of time after Closing, Seller will receive a credit at Closing for the amount paid for the period of time after Closing. For invoices that will be received after Closing to cover a period of time before Closing, Purchaser will receive a credit at Closing for the amount that will be paid after Closing for the period of time before Closing.

10. **Obligations of Seller Prior to Closing.** During the period commencing on the Effective Date and ending on the date of the Closing, Seller shall, in addition to such other duties and obligations set forth in this Agreement:

a. Seller shall have identified an easement area across such portion of its 11-acre property that Seller contemplates selling to Magic Plus, LLC. Such easement area shall be included in an irrevocable easement, running with the land, that benefits the Purchaser for the Purchaser's use as ingress/egress from Woodward Avenue to the Property (the "**Easement**").

b. Not enter into any agreement, lease, use or occupancy arrangement, easement, or other agreement with respect to possession or use of the Property without the Purchaser's prior written consent, except any agreement or amendment with Magic Plus, LLC that benefits the Purchaser at Closing by the Easement.

c. Not offer or market the Property for sale or lease, or create, grant or accept any agreement for the sale or lease of all or any portion of the Property without the Purchaser's prior written consent, except any agreement or amendment with Magic Plus, LLC that benefits the Purchaser at Closing by the Easement.

d. Not create or suffer any right, claim, lien, or encumbrance of any kind whatsoever on all or any portion of the Property.

e. Pay all utility bills, insurance premiums and other charges applicable to all or any part of the Property before any penalty for nonpayment shall accrue.

f. Furnish to the Purchaser within ten (10) business days after the Effective Date and thereafter within ten (10) business days after receipt by Seller any and all notices of proposed assessments, and notices of any proposed action under or violation of any law, statute, ordinance, rule or regulation affecting all or any portion of the Property.

g. Pay in full on or before the date of Closing all utility charges with respect to the Property, all charges for public water and sewer service for the Property, and all *ad valorem* property taxes with respect to the Property which became due and payable during the twelve (12) months preceding the Closing Date.

h. Maintain and on the date of Closing deliver the Property in substantially the same condition as on the Effective Date.

i. Terminate the leases and tenancies of any and all tenants at the Property (other than the Lease) and guarantee that such tenants have been completely removed from the Property as of the date of Closing or before. Such tenants shall include, but not be limited to, the following:

- Grand Trunk Western Railroad Company, its successors, assigns and subtenants, if any under and pursuant to a lease beginning February 1, 2018, between the State of Michigan, Department of Technology, Management and Budget and Grand Trunk Western Railroad Company.
- Vascor, Ltd., its successors, assigns and subtenants, if any under and pursuant to a lease beginning March 19, 2018, between the State of Michigan, Department of Technology, Management and Budget and Vascor, Ltd.

11. **Casualty Loss or Condemnation.** Seller shall give the Purchaser prompt notice of any material damage to or destruction of all or any part of the Property or of the institution of any proceedings for condemnation thereof.

a. If the Property suffers material damage prior to Closing, then the Purchaser may (i) terminate this Agreement, or (ii) accept the Property in its then condition and proceed with the Closing.

b. If the Property is subject to a material taking by any public authority other than the Purchaser prior to the Closing, then the Purchaser may (i) terminate this Agreement and receive an immediate refund of any deposit or advance paid by Purchaser, or (ii) accept the Property in its then condition, without a reduction in the Purchase Price, and receive an assignment of all of Seller's rights to any condemnation award payable by reason of such taking, including without limitation any payments in respect thereof, theretofore, or thereafter received by Seller. If the Purchaser elects to accept the Property, Seller shall not compromise, settle, or adjust any claims to such award without the Purchaser's prior written consent.

12. **Representations of Seller.** Seller represents to the Purchaser, as of the Effective Date and as of the Closing Date, that:

a. **Corporate Authority.** Seller (i) a public body corporate and politic created by Section 15 of the Land Bank Fast Track Act, MCL 124.765, (ii) has complete and full authority to execute this Agreement and will have at Closing complete and full authority to convey to the Purchaser good and marketable fee simple title to the Property subject to the Permitted Exceptions, except for approval as to form by the State of Michigan Department of Attorney General (“AG”) of the deed (as required by 2012 PA 74) to be delivered by Seller to consummate the Purchase Transaction, (iii) will execute and deliver any reasonable documents, instruments, and agreements including, but not limited to, affidavits and certificates necessary to consummate the transaction contemplated herein, and (iv) will take all additional action that is reasonably necessary or appropriate to effect and facilitate the consummation of the sale and purchase transaction contemplated herein, as may be reasonably required by the Title Company.

b. **No Lien Rights.** To the best of Seller’s knowledge, Seller has not contracted for any services or entered into any other agreements which could bind the Purchaser, as a successor in interest with respect to the Property. No work has been performed or is in process or contemplated and no materials have been or are to be furnished which might provide the basis for construction or other liens against all or any portion of the Property, except for routine maintenance and repair for which Seller will pay in full before Closing. To the best of Seller’s knowledge, Seller has not been notified of and has no knowledge pertaining to any possible existing or future improvements that might create an assessment against any part of the Property.

As used herein, “to the best of Seller’s knowledge” means the conscious awareness of facts or other information, without any investigation or inquiry of any kind, of any director or staff member of Seller who has actively participated in the process of preparing and negotiating this Agreement. It specifically does not include any information or facts known by the Department of Technology, Management and Budget (“DTMB”) not explicitly disclosed to Seller.

c. **Other Property Rights or Interests.** No party is in possession of all or any portion of the Property, whether as a lessee or a tenant at sufferance, other than that party identified in Section 6 of this Agreement, nor has any person or entity been granted a license or other right to use all or any part of the Property for any purpose. Seller will not further sell, encumber, convey, or assign, offer or contract to sell, encumber, convey, assign, pledge, or lease all or any part of the Property or restrict the use of all or any part of the Property or take or cause to be taken any action in conflict with this Agreement at any time after Seller’s acceptance hereof. Seller additionally hereby represents that no rights-of-first refusal or similar agreements exist in connection with the Property which would in any way interfere with the Purchaser’s ability to purchase the Property as provided herein or which are in any way in contravention of the spirit and intent of this Agreement.

d. **No Legal Actions or Impediments.** Seller is not a party to or bound by any contract or agreement of any kind or whatsoever, written or verbal, which might affect the Property, except any agreement or amendment with Magic Plus, LLC that benefits the Purchaser by the Easement. Neither the entering into of this Agreement nor the consummation of the transaction contemplated hereby will constitute or result in a violation or breach by Seller of any judgment, order, writ, injunction, or decree issued against or imposed upon it or contract to which it is a party or will result in a violation by Seller of any applicable law, order, rule, or regulation of any governmental authority. To the best of Seller’s knowledge, there is no action, suit, proceeding or investigation

pending which would become a cloud on the title to the Property or any portion thereof or which questions the validity or enforceability of the transaction contemplated by this Agreement or any action taken pursuant hereto in any court or before or by any federal, district, county, or municipal department, commission, board, bureau, agency or other governmental instrumentality, nor does Seller have any knowledge that any such action, suit, proceeding or investigation is threatened or contemplated.

e. No Violation of Laws; Condemnation. To the best of Seller's knowledge, Seller has not received notice of any violations of law or of any municipal or county ordinances, agency rules or regulations, court orders or decrees, or other legal requirements with respect to the Property or with respect to the use of the property, occupancy or construction thereon. To the best of Seller's knowledge, Seller has not received any notice and has no knowledge of any pending or threatened taking or condemnation of the Property or any portion thereof. To the best of Seller's knowledge, Seller has not received any notice of, any actual or threatened action, litigation, or proceeding by any organization, person, individual or governmental agency (including governmental actions under condemnation authority or proceedings similar thereto) against the Property or Seller, in Seller's capacity as the owner of the Property, nor has any such organization, person, individual or governmental agency communicated to Seller anything which Seller believes to be a threat of any such action, litigation or proceeding.

f. No Violation of Environmental Laws. To the best of Seller's knowledge, at all times while owned by the Michigan Land Bank Fast Track Authority to the date of Closing (i) none of the Property has been or will be excavated or used as a landfill, (ii) no fill has been or will be deposited on or taken from the Property, (iii) no construction debris or other debris (including, without limitation, rocks, stumps, or concrete) has been or will be stored upon or buried upon any of the Property, and (iv) no Hazardous Substances have been or will be generated, manufactured, refined, treated, stored, handled, disposed of, produced, processed, deposited and/or released in, on or about the Property.

The environmental reports identified in **Exhibit C** attached hereto (the "**Environmental Reports**"), copies of which are available to the Purchaser at <http://www.michigan.gov/landbank/0,3190,7-298-61310-276847--,00.html>, describe the general nature and extent of known environmental impacts on or in the Property and indicate that the Property is a "facility" as defined in Section 20101(s) of the Natural Resources Environmental Protection Act (the "**NREPA**"), MCL 324.20101(s).

For purposes hereof, "Hazardous Substances" means any, hazardous or toxic substances, materials or wastes, pollutants or contaminants defined, listed or regulated by the Environmental Laws or by any other federal, state or local law, regulation or order or by common law decision, and shall include, without limitation, asbestos, polychlorinated biphenyls, radon, urea formaldehyde, petroleum (including gasoline, crude oil and natural or synthetic gas), and related substances.

For purposes hereof, "Environmental Laws" means and includes any federal, state or local law, rule, ordinance, regulation or other legal requirement now or hereinafter in effect relating to land use, air, soil, surface water, groundwater (including the protection, cleanup, removal, remediation or damage thereof, human health and safety or any other environmental matter, including, without limitation, the following laws as the same may be amended from time to time: The National Resources and Environmental Protection Act, MCL §24.101, *et seq.*; Comprehensive

Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9602, *et seq*; Federal Resource Conservation and Recovery Act, 42 U.S.C. §6901, *et seq*; Clean Water Act, 33 U.S.C. §1251, *et seq*; Toxic Substances Control Act, 15 U. S. C. §2601, *et seq*; Refuse Act, 33 U.S.C. §407 and Occupational Safety and Health Act, 29 U.S.C. §651, *et seq.*, Clean Air Act, 42 U.S.C §740 1, *et seq.*

13. **Representations of Purchaser.** Purchaser represents to the Seller, as of the Effective Date and as of the Closing Date, that:

a. Purchaser (i) is a Michigan municipal corporation, (ii) has complete and full authority to execute this Agreement and will have at Closing complete and full authority to consummate the Purchase Transaction, (iii) will execute and deliver any reasonable documents, instruments, and agreements including, but not limited to, affidavits and certificates necessary to consummate the transaction contemplated herein, and (iv) will take all additional action that is reasonably necessary or appropriate to effect and facilitate the consummation of the sale and purchase transaction contemplated herein, as may be reasonably required by the Title Company.

b. This Agreement constitutes the legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms. Purchaser's execution and delivery of this Agreement and performance of its obligations hereunder will not violate any agreement to which it is a party or by which it is bound.

c. To the best of Purchaser's knowledge, there is no litigation pending, or to Purchaser's knowledge threatened, to prevent Purchaser from entering into this Agreement and purchasing the Property.

The foregoing representation shall be continuing and shall be true and correct as of the date of Closing.

14. **Conditions Precedent to the Purchaser's Obligation to Close.** The Purchaser's obligation to close on the Purchase Transaction shall be subject to each of the following conditions precedent:

a. **Purchaser Council Approvals.** The Detroit City Council shall have adopted a resolution authorizing the acquisition of the Property.

b. **Condition of the Property.** The Property shall be in substantially the same condition on the Closing Date as it is on the Effective Date.

c. **Title.** Title to the Property shall be in the form required by this Agreement such that Title Company shall undertake at the Closing to issue the Policy without standard exceptions, but subject only to the Permitted Exceptions.

d. **Documents and Legal Matters.** All documents required to be delivered to the Purchaser or reasonably requested by the Purchaser shall have been provided to the Purchaser.

e. **Tenants.** All tenants, except for Fieldhouse, L.L.C., have vacated the Property.

f. **Utilities.** Seller has paid all utility bills related to the Property in full up to the date of Closing.

g. **Easement.** Purchaser shall have approved of the form and legal description of the Easement.

h. No Default. Seller shall have performed all of its obligations under this Agreement that were required to be performed prior to the Closing. All of Seller's representations contained herein shall be true and correct as of the Effective Date and as of the Closing Date.

In the event of the failure of any condition precedent described above, Seller shall promptly undertake with diligence a course of conduct reasonably calculated to satisfy the relevant condition within a reasonable period of time. In such event, the Purchaser may, until the condition may be satisfied, (i) defer the Closing Date, and during any such period of delay, the Purchase Price shall not increase; (ii) terminate this Agreement; or (iii) waive noncompliance, proceed to Closing, and Seller shall remove any encumbrances placed on the Property by the act or omission of Seller after the date of this Agreement.

## 15. Closing.

a. Closing Date and Location. Unless this Agreement shall have been terminated in accordance herewith, the Purchaser and Seller shall close on the Purchase Transaction on such date on or before the time required in Section 2, and at such time and at the offices of the Title Company or such office of the Purchaser, as shall be determined by the Purchaser and set forth in a written notice to Seller at least five (5) business days' prior to such date (the "Closing Date"). If the Purchaser shall not have provided such notice on or before the time required in Section 2, the Seller may set the Closing Date by giving Purchaser two (2) days advance written notice of the Closing Date.

b. Closing Documents. At the Closing, Seller shall deliver to the Purchaser the following documents:

1. Quit Claim Deed to the Property, approved as to form by the AG (as required by 2012 PA 74), subject only to the Permitted Exceptions, if any, and specifying that it is exempt from transfer tax pursuant to MCL 207.505(h) and MCL 207.526(h) and otherwise compliant with the following requirements of 2012 PA 74 (the "Deed"). The Deed shall further:

- i. Prohibit use of the Property for a horse racing track, auto racing track, casino, railroad freight yard, jail or prison and shall provide for a right of re-entry in the event that the use restriction is violated, such right to be exercised, after notice and opportunity to cure, by means of a quiet title action brought on behalf of the State by the AG;
- ii. Provide that the State shall be paid fifty percent (50%) of the gross revenues generated from the development, if any, of oil, gas, or mineral interest in or under the Property; and
- iii. Reserve to the State all aboriginal antiquities, including mounds, earthworks, forts, burial and village sites, mines, or other relics lying on, within, or under the Property, with power to the State and all others acting under its authority to enter the Property for any purpose related to exploring, excavating and taking away the aboriginal antiquities.

2. Affidavit in the form required by the Title Company (and reasonably acceptable to Seller, but without warranty or indemnification) to remove standard exceptions from the Policy, it being understood that the deletion of standard survey exceptions from the Policy will be based on the Survey.

3. Affidavit certifying that Seller is not a Foreign Person within the meaning of the Internal Revenue Code.

4. Resolutions of the governing body of Seller authorizing the sale of the Property in accordance herewith, including delivery of the Closing Documents, in form and substance acceptable to the Title Company.

5. The Easement.

c. Closing Costs. The Purchaser shall pay the cost of recording the Deed. Seller shall pay for (i) the basic premium for the Policy, but not for any endorsements thereto or additional coverages; and (ii) all recording costs of any documents required to clear Seller's title to the Property.

d. Closing Statement. At the Closing, the Purchaser and Seller shall each deliver to the other a closing statement reflecting the Purchase Price and the applicable credits and allocations of closing costs, in form reasonably satisfactory to the Purchaser and Seller (the "Closing Statement"). On the Closing Statement, the net amount of all adjustments shall be added to or deducted from, as the case may be, the Purchase Price to determine the actual amount of the payment to be disbursed to Seller at the Closing. The portion of the Purchase Price payable at Closing as provided in Section 2, as so adjusted, shall be paid to Seller in immediately available funds.

e. Possession. Seller shall deliver exclusive possession of the Property to the Purchaser on the Closing Date, subject only to the Permitted Exceptions, if any, and the party identified in Section 6 of this Agreement.

16. Liability and "As Is" Sale. During the period between the date of this Agreement and the date of Closing, Seller hereby expressly agrees to pay all costs and expenses and discharge all liabilities, obligations and claims arising out of its ownership of the Property.

To the fullest extent possible under law, the Purchaser shall not be liable to Seller for any violation or alleged violation of any Environmental Law occurring or arising out of an occurrence prior to the Closing. However, other than as expressly set forth herein, Seller has made no representation or warranty with respect to the Property. Purchaser shall accept the Property at Closing in its "as is, where is" condition. Seller assumes no liability or responsibility for the presence of any Hazardous Substances on or in the Property, whether for remediation, for cost recovery, contribution or otherwise. Purchaser acknowledges that Purchaser, having been given the opportunity to inspect the Property, will rely solely on its own investigation of the Property and not on any information provided or to be provided by or on behalf of Seller in order to determine its condition and suitability for Purchaser's intended use. Purchaser further acknowledges that no independent investigation or verification has been or will be made by Seller with respect to any information supplied by or on behalf of Seller concerning the Property; it being intended by the parties that Purchaser shall verify the accuracy and completion of such information itself. Purchaser acknowledges that the disclaimers, agreements and other statements set forth in this paragraph are an integral portion of this Agreement and that Seller would not agree to sell the Property to Purchaser for the Purchase Price without the disclaimers, agreements and other statements in this paragraph



Upon Closing, Purchaser will be deemed to have accepted the Property in "as is condition, with all faults," including the location and extent of boundaries, the condition of all improvements, and the environmental condition of the Property.

**17. Remedies Upon Default.**

a. Purchaser's Remedies. In the event the Purchaser discovers prior to the Closing that any representation of Seller made herein is materially false or misleading, or in the event Seller fails to substantially keep or perform any covenant, agreement or obligation to be kept or performed by Seller under this Agreement and Seller fails to cure such failure within thirty (30) days after receiving written notice thereof, the Purchaser may terminate this Agreement by written notice to Seller, in which event the Purchaser shall be entitled to an immediate refund of any deposit or advance paid by Purchaser. In the event of such termination, all obligations of the parties hereunder shall be released and held for naught other than those that specifically survive the termination of this Agreement. If the Purchaser shall elect not to terminate, all claims for damages in respect of false or misleading representations or warranties discovered or otherwise known by the Purchaser prior to the Closing shall be waived, but the Purchaser shall be entitled to seek specific enforcement of other aspects of this Agreement. In the event the Purchaser or Purchaser's agents discovers within twelve (12) months after the Closing that any representation of Seller made herein or in any Closing Document was materially false or misleading when made, Purchaser shall give written notice of the relevant circumstances to Seller within thirty (30) days after Purchaser shall have knowledge thereof. If Seller fails to make such representations effectively true as of the date of Closing and so long as Purchaser shall file its claim in a court of competent jurisdiction, Purchaser shall be entitled to recover its actual damages suffered as a direct consequence of any such representations being materially false when made. In no event shall Seller be liable for incidental, consequential, exemplary or punitive damages. In no event shall Seller's liability for damages exceed the Purchase Price paid and Seller shall be entitled to set off such liability, pro tanto, against the unpaid balance thereof.

b. Seller's Remedy. In the event the Seller discovers prior to the Closing that any representation of Purchaser made herein is materially false or misleading, or if the Purchaser materially breaches any duty or obligation of the Purchaser hereunder, and fails to cure such failure within thirty (30) days after written notice from Seller, then Seller may elect, but shall not be obligated, to (i) terminate this Agreement by written notice to the Purchaser, whereupon neither party hereto shall have any further rights or obligations under this Agreement other than those that specifically survive the termination of this Agreement; or (ii) seek the equitable remedy of specific performance. In the event Seller terminated pursuant to subsection (i) above, Seller and Purchaser agree that Seller's damages would be difficult or impossible to ascertain, and therefore, as a reasonable estimate of such damages, the parties agree that Purchaser shall pay Seller the sum of five thousand (\$5,000.00) dollars as liquidated damages. Receipt of such payment by the Seller shall be the Seller's only remedy and, in no event, may Seller seek or be entitled to any award of money damages other than such payment.

18. Notices. Notices shall be in writing and shall be deemed as given and received to or by the Purchaser or Seller, as the case may be, at the addresses set forth below (or to such other notice address as shall be established by written notice provided in accordance with this paragraph 18): (a) one (1) business day after personal delivery, or (b) three business (3) days after posting if sent by certified mail, postage prepaid, or (c) two (2) business days after receipt by a nationally

recognized overnight delivery service for such overnight delivery to such address. Notices shall be addressed as follows:

If to Seller: State of Michigan  
Land Bank Fast Track Authority  
300 N. Washington Square  
Lansing, MI 48913  
Attn: Josh Burgett, Director

With a copy to: State of Michigan  
Land Bank Fast Track Authority  
300 N. Washington Square  
Lansing, MI 48913  
Attn: General Counsel

If to the Purchaser: City of Detroit  
Planning & Development Department  
Two Woodward Avenue, Ste 808  
Detroit, MI 48226-3535  
Attn: Maurice Cox, Director

With a copy to: City of Detroit, Law Department  
Two Woodward Avenue, Suite 500  
Detroit MI 48226-3535  
Attn: Corporation Counsel

19. **Headings.** The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provisions of this Agreement.

20. **Saturdays, Sundays and Holidays.** Whenever in this Agreement it is provided that notice must be given or an act performed or payment made on or by a certain day, if such day falls on a Saturday or a Sunday, or on a federal, state, or local holiday, or on any other day that Purchaser offices are closed to the public (i.e. "holiday closedown"), then the day for the notice of performance or payment shall be the next following business day.

21. **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, then the remainder of the provisions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

22. **Entire Agreement; Integration.** This instrument, including any exhibits which are attached hereto and which are made a part of this Agreement, contains the entire agreement between the parties relating to the sale and purchase of the Property, and all prior negotiations and agreements are merged herein. Seller acknowledges that neither the Purchaser nor the Purchaser's agents have made any representations except those expressly set forth herein, and no rights or

remedies are or shall be acquired by Seller by implication or otherwise unless expressly set forth herein. Purchaser acknowledges that neither the Seller nor the Seller's agents have made any representations except those expressly set forth herein, and no rights or remedies are or shall be acquired by Purchaser by implication or otherwise unless expressly set forth herein. Any change in, addition to, or amendment or modification of the terms hereof shall be of no effect unless in a writing executed by both parties and approved as required by this Agreement or applicable law.

23. **Survival.** This Agreement shall not be merged into any instruments or documents executed and delivered at the Closing but shall survive the Closing. All covenants and agreements contained herein shall survive the Closing and remain in full force and effect, including but not limited to the obligations of Purchaser to pay the Purchase Price and to indemnify Seller against loss or liability arising from Purchaser's inspections and activities pursuant to paragraph 5.

24. **Time is of the Essence.** Time is of the essence of this Agreement and for the performance of all covenants, duties, agreements, and obligations hereunder.

25. **Brokers.** Purchaser and Seller each represent to the other that there has been no involvement of any real estate broker in this Agreement or in the Purchase Transaction.

26. **Binding Effect.** From and after the Effective Date, this Agreement shall bind the parties and their respective successors and permitted assigns. Neither party to this Agreement may assign all or any of its rights or obligations hereunder without the prior written consent of the other party. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their respective successors and permitted assigns, any rights or remedies whatsoever. No amendment or modification to this Agreement shall be effective and binding upon the parties unless it is in writing, expressly makes reference to this Agreement, and is signed and acknowledged by duly authorized representatives of both parties.

27. **Counterpart Originals.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and all counterparts, when taken together, will constitute one and the same instrument.

28. **Governing Law; Jurisdiction; Venue.** All actions arising under this Agreement shall be governed by, subject to, and construed according to the laws of the State of Michigan.

29. **Assignment.** Neither party to this Agreement may assign all or any of its rights or obligations hereunder without the prior written consent of the other party. Any purported assignment in violation of this section shall be void.

30. **Publicity.** Prior to the Closing, any news or other media releases to the public by either party of information regarding the Purchase Transaction will be provided in advance to the other party with sufficient lead time for comment or coordination, as the case may be.

31. **State Mandated Contract Provisions.**

a. **Zoning, Safety and Regulatory Compliance.** When title passes to the Purchaser at Closing, the Property will immediately become subject to certain State of Michigan safety and

regulatory laws and to certain local ordinances and regulations (including zoning and use requirements) to which the Property was not previously subject to because it was owned by the State. Purchaser acknowledges that in certain substantial respects the Property may not comply with such statutes, rules, ordinances and regulations and may have to be substantially altered or repaired to become compliant. Purchaser acknowledges that it will comply with all zoning and use requirements. The Purchaser acknowledges that the Seller is under no obligation to take any action to bring the Property into compliance with such statutes, and that the Purchaser has had the opportunity to make a personal inspection of the Property. The Purchaser further acknowledges that it is the Purchaser's responsibility to consult with all State and local regulatory agencies, which have and will continue to have, or will obtain jurisdiction.

b. Nondiscrimination. Pursuant to MCL 37.2209 and MCL 37.1209, Purchaser will comply with the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101 et seq.; the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101 et seq.; and all other federal, state and local fair employment practices and equal opportunity laws and covenants that it will not discriminate against any employee or applicant for employment, to be employed in the performance of this Agreement, with respect to his or her hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment, because of his or her race, religion, color, national origin, age, sex, height, weight, marital status, or physical or mental disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Purchaser agrees to include in every subcontract entered into for the performance of this Agreement this covenant not to discriminate in employment. A breach of this covenant will constitute a material breach of a contract arising out of this Agreement.

c. Unfair Labor Practices. Pursuant to MCL 423.324, the State may void a contract if Purchaser or any of its contractors, subcontractors, manufacturers, or suppliers appear in the register compiled pursuant to 1980 PA 278, MCL 423.321 et seq. A breach of this covenant will constitute a material breach of a contract arising out of this Agreement.

32. Authority of Purchaser. In accordance with the City Charter and the Detroit City Code, and notwithstanding anything in this Agreement or otherwise to the contrary, the Purchaser shall not be authorized or obligated to purchase the Property unless and until this Agreement has been fully executed by the duly authorized representative of the Purchaser, pursuant to a resolution of the Detroit City Council as approved by the Mayor of the City of Detroit, and approved by the City of Detroit Law Department. Any amendments or modifications to this Agreement must likewise be duly authorized by resolution of the City Council as approved by the Mayor, and be approved by the Law Department.

[Signatures contained on following page]

IN WITNESS WHEREOF, the parties execute this Agreement on the dates written below and this Agreement shall be effective as of Effective Date.

**SELLER:**

**STATE OF MICHIGAN LAND BANK FAST  
TRACK AUTHORITY**

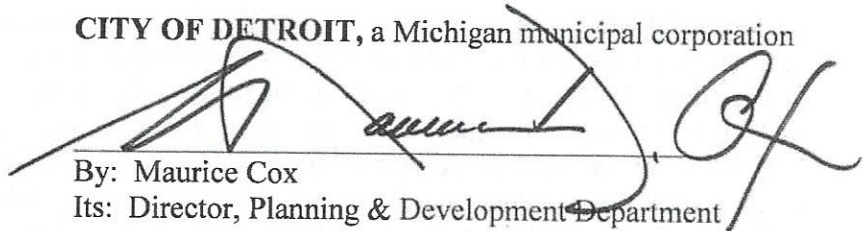


By: Josh Burgett  
Its: Director

Dated: 9.28.18

**PURCHASER:**

**CITY OF DETROIT**, a Michigan municipal corporation



By: Maurice Cox  
Its: Director, Planning & Development Department

Dated: 7/18/2018

<p>Approved by Corporation Counsel pursuant to Sec. 7.5-206 of the 2012 Charter of the City of Detroit</p> <p><i>Patricia T. Parush</i> <u>Chief Legal Counsel I</u> Supervising Assistant Corporation Counsel</p>	<p>Approved by the City Council on 07 / 24 / 2018.</p> <p>Approved by the Mayor on 07 / 25 / 2018.</p>
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## EXHIBIT A

### LEGAL DESCRIPTION

**Property situated in the City of Detroit, Wayne County, Michigan, comprised of approximately 142 acres, more or less, that is part of 20110 Woodward, Tax Parcel ID 01009845 and described as follows:**

A parcel of land in the NE 1/4, NW 1/4 & SE 1/4 of Section 2 and the NE 1/4 of Section 3, T1S R11E, City of Detroit, Wayne County, Michigan and more particularly described as commencing at the Northwest corner of said Section 2; thence S01°59'26"E, 33.00 feet to the North line of Germans Montrose Park Subdivision and the south right of way of Eight Mile Road; thence N88°00'34"E, 1323.68 feet, on the north line of Germans Montrose Subdivision to the Northeast corner of said Subdivision and the Point of Beginning of this description; thence N88°00'34"E, on the South right of way line of Eight Mile Road, 1249.15 feet, to the Southwesterly right of way of the Grand Trunk Western Railroad; thence on said right of way on the next five calls; thence S31°13'25" E, 169.96 feet; thence S44°18'21"E, 110.43 feet; thence S31°13'25"E, 2503.17 feet; thence S01°15'10"E, 40.04 feet; thence S31°13'25"E, 226.77 feet to the centerline of State Fair Avenue and the E-W 1/4 line of said Section 2; thence N89°08'56"E, on said E-W 1/4 Line, 17.39 feet; thence S31°13'25"E, on the westerly line of the Grand Trunk Westerly Railroad, 317.18 feet; thence S88°52'19"W, 280.64 feet; thence N01°19'28"W, 275.02 feet to the E-W 1/4 line of said Section 2; thence S89°08'56"W, 1319.94 feet, on said E-W 1/4 line and centerline of State Fair Avenue to the center of said Section 2; thence S88°32'46"W, 1290.77 feet, on said E-W 1/4 line and centerline of State Fair Avenue; thence N01°32'55"W, 33.00 feet to the North line of State Fair Avenue; thence S88°32'46"W, 692.91 feet, on the North line of State Fair Avenue to the Northeast right of way line of Woodward Avenue; thence N26°34'10"W, on said Woodward Avenue right of way, 400.14 feet: thence along the boundary of the DNR Pocket Park the following five calls: thence N88°09'24"E, 291.51 feet; thence N00°25'49"W, 252.35 feet; thence S88°45'56"W, 169.82 feet; thence N01°14'04"W, 13.00 feet thence S88°25'45"W; 251.61 feet to the Northeast right of way line of Woodward Avenue; thence N26°34'10"W, 1033.60 feet, on said Woodward Avenue right of way to the Southwest corner of lot #24, Plat of State Fair Subdivision #2; thence N88°21'23"E, 1382.91 feet, on the south line of said State Fair Subdivision #2; thence N01°41'24"W, 1008.30 feet, on the East line of said State Fair Subdivision #2 & the East line of said Germans Montrose Park Subdivision to the point of beginning, containing 157.47 acres.

**However, excluding the following 5 acre parcel and 11 acre parcel:**

#### 5 acre parcel

PART OF THE NORTHWEST QUARTER OF SECTION 2, TOWN 1 SOUTH, RANGE 11 EAST, CITY OF DETROIT, WAYNE COUNTY, MICHIGAN, BEING DESCRIBED AS:

COMMENCING AT THE WEST QUARTER POST OF SECTION 2; THENCE NORTH 87 DEGREES 46 MINUTES 05 SECONDS EAST 666.33 FEET ALONG THE EAST AND WEST QUARTER LINE OF SECTION 2; THENCE NORTH 02 DEGREES 13 MINUTES 55 SECONDS WEST 33.00 FEET TO THE INTERSECTION OF THE EASTERLY RIGHT OF WAY LINE OF WOODWARD AVENUE (204.00 FEET WIDE) AND THE NORTH RIGHT OF WAY LINE OF STATE FAIR AVENUE (66.00 FEET WIDE) AND THE POINT OF

## EXHIBIT B

### **SALE PROCEED WATERFALL METHODOLOGY**

Proceeds from the sale of all or any portion of the Property by the Purchaser shall be distributed in the order set forth below and as set forth below to cover the Balance Payment:

First, the Purchaser will be reimbursed for its annual carry costs of the Property. Purchaser and Seller agree that the annual carry costs are \$1.8 million for each year or prorated for each part thereof after Closing (the "annual carry costs"). The annual carry costs for the Property will be prorated to the date of each subsequent sale closing and for the reduction in acreage of the Property, with the date of each subsequent sale closing attributed to Purchaser. (By way of example only to illustrate this, if exactly one year after the Closing half of the Property were sold, the annual carry costs going forward would be reduced by 50% or to \$900,000. Similarly, if six months after the Closing half of the Property were sold, then the annual carry costs going forward would be reduced by 50% for the reduction in the land area of the Property.) The annual carry costs accrued will be reimbursed to Purchaser on the date of each subsequent sale closing thereafter and will accrue and be owed to the Purchaser until all of the Property has been sold by Purchaser. The accrued annual carry costs amount will be paid to (retained by) the Purchaser from the sale proceeds prior to any distribution to Seller for the Balance Payment;

Second, the Purchaser will be reimbursed for "development costs," including all environmental and hard and soft costs, which may be necessary to put the Property in a "pad-ready" condition. Purchaser and Seller agree that this amount is \$4.15 million. The development costs amount will be paid to (retained by) Purchaser from the sale proceeds prior to any distribution to Seller for the Balance Payment;

Third, the Seller will be paid the \$3.5 million Balance Payment only after the Purchaser has been reimbursed the full amount of all accrued annual carry costs and the full amount of the developments costs as set forth above. However, if at a subsequent closing the sale proceeds from a portion or the balance of the Property exceed the then accrued and owing annual carry costs and development costs, then those excess sale proceeds shall be paid to Seller to be applied against the outstanding balance of the Balance Payment;

Fourth, after the final portion of the Property is sold and closed, and any accrued and owing annual carry costs and development costs are reimbursed to Purchaser, then any excess sale proceeds shall be paid to Seller to be applied against the outstanding balance of the Balance Payment. Seller shall not be entitled to an amount that exceeds the balance of the Balance Payment. Any remaining sale proceeds after payment of all of the above amounts shall be paid to (retained by) Purchaser. Once all of the Property is sold, the annual carry costs shall no longer accrue; and,

Fifth, in the event the sale proceeds are insufficient to pay the balance of the Balance Payment, then the Purchaser shall pay Seller the outstanding balance of the Balance Payment no later than ten (10) years after the date of Closing.

BEGINNING; THENCE NORTH 27 DEGREES 27 MINUTES 59 SECONDS WEST 400.00 FEET ALONG THE EASTERLY RIGHT OF WAY LINE OF WOODWARD AVENUE; THENCE NORTH 87 DEGREES 46 MINUTES 04 SECONDS EAST 238.00 FEET; THENCE SOUTH 02 DEGREES 13 MINUTES 56 SECONDS EAST 86.11 FEET; THENCE NORTH 87 DEGREES 46 MINUTES 04 SECONDS EAST 588.63 FEET TO THE NORTHERLY EXTENSION OF THE WESTERLY RIGHT OF WAY LINE OF RALSTON AVENUE (66.00 FEET WIDE); THENCE SOUTH 02 DEGREES 35 MINUTES 19 SECONDS EAST 275.73 FEET ALONG THE NORTHERLY EXTENSION OF THE WESTERLY RIGHT OF WAY LINE OF RALSTON AVENUE TO THE NORTHERLY RIGHT OF WAY LINE OF STATE FAIR AVENUE; THENCE SOUTH 87 DEGREES 46 MINUTES 05 SECONDS WEST 657.81 FEET ALONG THE NORTHERLY RIGHT OF WAY LINE OF STATE FAIR AVENUE TO THE POINT OF BEGINNING. CONTAINING 5.00 ACRES, MORE OR LESS.

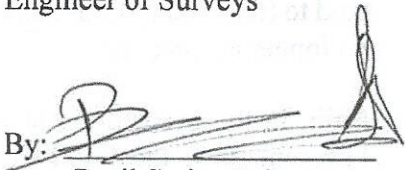
**11 acre parcel**

PART OF THE NORTHWEST QUARTER OF SECTION 2 AND THE NORTHEAST QUARTER OF SECTION 3, TOWN 1 SOUTH, RANGE 11 EAST, CITY OF DETROIT, WAYNE COUNTY, MICHIGAN, BEGIN DESCRIBED AS:

COMMENCING AT THE WEST QUARTER POST OF SECTION 2; THENCE NORTH 87 DEGREES 46 MINUTES 05 SECONDS EAST 666.33 FEET ALONG THE EAST AND WEST QUARTER LINE OF SECTION 2; THENCE NORTH 02 DEGREES 13 MINUTES 55 SECONDS WEST 33.00 FEET TO THE INTERSECTION OF THE EASTERLY RIGHT OF WAY LINE OF WOODWARD AVENUE (204.00 FEET WIDE) AND THE NORTH LINE OF STATE FAIR AVENUE (66.00 FEET WIDE); THENCE NORTH 27 DEGREES 27 MINUTES 59 SECONDS WEST 986.19 FEET ALONG THE EASTERLY RIGHT OF WAY LINE OF WOODWARD AVENUE TO THE POINT OF BEGINNING; THENCE NORTH 27 DEGREES 27 MINUTES 59 SECONDS WEST 741.91 FEET ALONG THE EASTERLY RIGHT OF WAY LINE OF WOODWARD AVENUE; THENCE NORTH 87 DEGREES 32 MINUTES 11 SECONDS EAST 892.93 FEET; THENCE SOUTH 02 DEGREES 27 MINUTES 50 SECONDS EAST 306.83 FEET; THENCE SOUTH 35 DEGREES 26 MINUTES 03 SECONDS WEST 28.78 FEET; THENCE SOUTH 02 DEGREES 27 MINUTES 50 SECONDS EAST 30.01 FEET; THENCE SOUTH 87 DEGREES 49 MINUTES 20 SECONDS WEST 30.51 FEET; THENCE SOUTH 02 DEGREES 27 MINUTES 50 SECONDS EAST 312.98 FEET; THENCE SOUTH 87 DEGREES 32 MINUTES 10 SECONDS WEST 531.16 FEET TO THE POINT OF BEGINNING. CONTAINING 11.00 ACRES, MORE OR LESS.

Description Correct  
Engineer of Surveys

By:

  
Basil Sarim, P.S.  
Professional Surveyor  
City of Detroit/DPW, CED



**EXHIBIT C**

**ENVIRONMENTAL REPORTS**

All available at: <http://www.michigan.gov/landbank/0,3190,7-298-61310-276847-,-00.html>.

Seller acknowledges and agrees that the Purchaser's obligation to pay any portion of the Balance Payment not otherwise paid at Closing will be without interest and unsecured. Seller further acknowledges and agrees that the Purchaser may at any time or from time to time after Closing, sell, assign, transfer, or otherwise convey all or any part of the Property, or any right, title, or interest in or to all or any parts the Property, to any person or legal entity for any consideration, in cash or in kind, or for nominal or no consideration at all, for any purpose, public or private, to the extent permitted by the Constitution of the State of Michigan of 1963, as amended, and the laws enacted thereunder; however, this shall not affect Purchaser's obligation to pay the full outstanding balance of the Balance Payment no later than ten (10) years after the date of Closing.



Office of the  
Chief Financial Officer

Coleman A. Young Municipal Center  
2 Woodward Avenue, suite 1100  
Detroit, Michigan 48226

Phone: 313 -628-2535  
Fax: 313 -224-2135  
www.detroitmi.gov

## MEMORANDUM

**TO:** Legislative Policy Division Staff

**FROM:** David Massaron, Chief Financial Officer, City of Detroit

**DATE:** September 4, 2020

**RE:** Updates to Questions Regarding State Fair

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The Jobs and Economy Team alerted the Office of the Chief Financial Officer to your August 31 questions concerning the State Fair revenue and appropriations. This memo provides a clarification to the mechanics:

### **Question 2**

**Bullet 2: If City Council approves the State Fairgrounds redevelopment project, it is indicated that \$7 million would be earmarked in the Detroit Department of Transportation (DDOT) budget for the construction of the DDOT Transit Center located on the State Fairgrounds redevelopment project site property. Would the City keep the \$7 million even if the cost of the development of the Transit Center falls below \$7 million? If so, where is this codified?**

All of the proceeds would be deposited into the General Fund through the Sale of City Real Property Revenue Account at HRD. As you know, the City has put significant investment into this property for purchase, survey, environmentals, and carrying costs. For the Fiscal Year 2022 Budget, the Office of Budget will recommend an appropriation of 20% net Sale of Real Property proceeds to the Affordable Housing Trust Fund, as applicable.

The City will submit to City Council a recommended supplemental appropriation for \$7 million to the capital fund to support the construction of the Transit Center. To the extent the full \$7 million isn't needed to construct the Transit Center, the remainder will be available to support other approved cash capital projects. As LPD is aware, the City had to reduce cash capital appropriations in FY2020 to cover the projected revenue shortfall.

### **Question 4**

**Bullet 9: Please describe the other items ancillary to delivering the property to the purchaser that would require City Council's approval. Would the Administration seek these approvals in September 2020?**



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Chief Financial Officer

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City Council will be asked to vote on a \$7 million appropriation to the Capital Fund to support the construction of the Transit Center and a "Contract of Lease" with the DBA to support the construction of the Transit Center project.

Attachment IV

Responses from the Administration to questions raised by the Greenacres  
Woodward Civic Association regarding the State Fairgrounds Redevelopment  
Project

1900

The first of the year was a very dry one, and the crops were much injured by the drought. The weather was very hot and the ground was very hard. The crops were much injured by the drought. The weather was very hot and the ground was very hard.

August 19, 2020

Honorable Roy McCalister, Jr, Councilman, District 2

2 Woodward Ave, Suite 1340  
Detroit, Michigan 48226

Re: State Fairgrounds sale to Newco LLC (Hillwood Enterprises & Sterling Group) for Phase 1 [Amazon] Distribution Warehouse, Phase 2 "Industrial Users"

Dear Councilman McCalister,

On behalf of the Greenacres Woodward Civic Association, I am writing to you because we have questions and concerns regarding the proposed sale of the Fairgrounds property to "Newco, LLC," an entity comprised of Dallas, Tx based Hillwood Enterprises, and the Sterling Group in Detroit.

The residents of our great City were publicly promised by the Duggan administration in July 2018 - when the Detroit City Council approved the City's purchase of 142 acres of the Fairgrounds - that there would be "participation and input" from the community during the redevelopment process.

In the two years since, the administration did just the opposite, secretly choosing developers and negotiating a purchase agreement behind closed doors. The agreement to convert the historic and iconic Fairgrounds into an industrial park, with an Amazon distribution warehouse as a tenant, was revealed just 8 days ago at a press conference (which you attended). Not only were we denied a role that was promised to us, the Administration is now going to work at breakneck speed to get the deal approved by you and the other members of the City Council in time for a scheduled closing on October 1<sup>st</sup>. The Council returns from recess on Sept 7<sup>th</sup>, so councilmembers will have 2-3 weeks to hold public hearings, evaluate the deal's terms and conditions, and consider its compliance with various laws, regulations, and ordinances.

While we applaud the developers' refraining from demanding tax abatements, we fear it is for the wrong reason - their unwillingness to listen to Detroiters and specifically the constituency you represent in District 2, as part of an engagement leading to a Community Benefits Agreement. This is wrong!

Mayor Duggan blindsided the all-volunteer State Fairgrounds Development Coalition (SFDC) which the GWCA has consistently supported and been a member of. The SFDC as well as the GWCA appreciate the consistent support that you have shown for our work in the past. We therefore need to understand your statement, on the day of the press conference, supporting the deal announced by Duggan and urging the Council to approve it.

Mayor Duggan justifies his action on the grounds that no commercial entity came forward embracing the 7 Elements championed by the SFDC. That's no surprise. Contrary to the administration's initial announcement - that it would set out an RFP for soliciting proposals - it issued no RFP and relied on a no-bid process instead.

Compare that to the process pursued by the Detroit Riverfront Conservancy in 2018, (supported by the administration) whereby 22 national and international design firms submitted their proposals as part of what the Conservancy described as a "unique community-led design process in which the public was encouraged to share ideas and input throughout the project." Why didn't the City emulate that process for the iconic State Fairgrounds site?

Having reviewed the Purchase Agreement, we have many questions, which we've attached with this letter. We look forward to your reply and look forward to continuing our work with you for the best possible outcome for the City of Detroit. One positive step in that direction is holding that public meetings (virtual or otherwise) as soon as possible to facilitate community input into a community benefits engagement with the relevant parties.

Sincerely yours,

Frank Hammer, Chair  
GWCA State Fairgrounds Development Committee & GWCA Board of Directors

Cc: Mayor Michael Duggan, Detroit City Council



State Fairgrounds Development Coalition

Date: August 19, 2020

RE: Questions regarding the proposed sale of the City of Detroit's 142-acre property at the former Michigan State Fairgrounds site

1. **CBA** – Is Newco, LLC open to entering into a community benefits agreement?

**Response:** The developer is participating in a series of community meetings and has already attended four City-led community meetings. As far as the community benefits process, the developer is paying full price (\$9 million) for the property and \$7 million for the construction of a new transit center. It is the responsibility of the City Council and Mayor to determine how those proceeds are spent. It is not the role of the developer to be a party to the decision on how the City spends the proceeds of the sale.

2. **RFP** - The City did not issue an RFP for the site. Why?

3. **Bidding** - There was no open bidding. Why was a no-bid process used to develop the site?

**Response:** A 1,200 employee facility outside the auto industry is a once in a generation development. These facilities are sited only at the time a major company is ready to build, not when a City decides to put out a bid for land. As the City did with the FCA plant, the Flexngate plant, and the Dakkota plant, the City offered the property at the time the company was doing a site competition. No employer of this size has ever been landed by an RFP put out on the City's timetable. The State Fairgrounds property has been vacant and publicly available for proposals for over 10 years. During that period there have been no financially viable development plans presented for the property. The City is receiving consideration at nearly double fair market value for the land. The proposed sale is in full compliance with all State and City laws and policies for land sale.

4. **Sale price** - How was the price negotiated for the land? What was the appraised value of the land? Who did the appraisal and when? Please provide documents.

**Response:** An appraisal memo was provided to your organization on August 25, 2020 via email correspondence. That memo included valuation methodology as well as copies of the appraisal used to determine the purchase price.

5. **Choice of developer** - What was the criteria used for choosing the Newco LLC? Is it a coincidence that the site's Detroit developer – Sterling Group - is related to a principal of TCF Bank that announced a billion-dollar loan fund for businesses in Detroit?

**Response:** The proposal was accepted because it offered a minimum of 1,200 jobs at a minimum of \$15 an hour and the developer paid well above fair market value appraisal. The development team has already demonstrated prior success developing an Amazon distribution center in neighboring Shelby Township. TCF is not a party to this agreement.

6. **Alternative developers/proposals** – Were any proposals, large or small, submitted by developers for the site? Why were they rejected?

**Response:** The City has at no time been presented with any feasible development plan and has never been approached about any idea that would bring 1,200 jobs.

7. **Industrial Users** – What are the other planned industrial uses for the site?

**Response:** The development team is committed to building a 300,000 sq. ft. speculative light industrial building within 48 months of closing on the purchase of the property as part of Phase 2 of the development. The development team intends to construct similar facilities of a to-be-determined size on the remaining land for Phase 3.

8. **Jobs for Detroit** - Out of the 1,200 jobs agreed to in the purchase agreement, is there a defined number (or percentage) of Detroit residents who will be required to be employed? At Amazon? Other employers on site? If so, why is this number not included in the purchase agreement?

**Response:** Amazon has committed to working with the City of Detroit with regard to job fairs and hiring announcements, as well as collaborating with Detroit At Work regarding job placement. Our administration plans to play an active role in ensuring that Detroiters receive job placement. This will be handled by Detroit At Work which has had tremendous success helping Detroiters find employment. There are currently no future employers identified for Phase 2 or Phase 3 of the development. Under the proposed deal, the development team is providing total consideration that is twice the value of the land and will not receive any tax abatements or incentives.

To our knowledge, no employer nationally ever agreed to give full preference to the local city in its internal hiring process until this administration made that agreement with FCA. The FCA employment commitment was made in exchange for the City providing FCA 200 acres of land at no cost and a 12-year tax abatement. In this case, the City elected instead to get full price for the land, full taxes for 30 years in the future, and a promise to coordinate with Detroit At Work.

9. **Environmental impact** - Will an environmental impact report be prepared and be made public?

**Response:** There will be a city-wide community meeting and presentation on September 17, 2020 that will review environmental impact concerns related to the proposed development.

10. **Climate Sustainability** – The agreement does not require Newco LLC or its tenants to comply with the Detroit Action Sustainability Agenda, or the Detroit Climate Action plan? Why?

**Response:** The administration is committed to a sustainable future for the City of Detroit. The proposed development team and Amazon are committed to creating sustainable developments that are consistent with the City's sustainability agenda. For more information on sustainability initiatives at Hillwood Development Company see [here](#). For more information on Amazon's sustainability initiatives see [here](#). There will be a city-wide community meeting and presentation on September 17, 2020 that will review sustainability concerns.

11. **Storm water** - How will storm water run-off on the site be handled? Is there a need for a detention pond to manage storm water run-off?

**Response:** The development will have a total of four storm water detention ponds. The four ponds will be divided into two fully landscaped green spaces located at the southeast corner and west edge of the development property. These ponds will mitigate water accumulation and slow down storm water release to the City sewer system. The ponds will also filter the storm water prior to its entry into the City sewer system. The western most ponds will feed the

Ralston Street sewer system. The southeastern ponds will feed the State Fair Avenue sewer system. The detention ponds will run dry after 40 hours.

12. **Traffic Study** - Will there be a traffic study to identify the impact of noise and CO2 emissions in the area? Will monitoring equipment be set up to capture data on emission discharges in the area?

**Response:** A traffic study has been completed as part of the planning process. The study has been released to your organization.

13. **Recreation** - What are the plans to create outdoors recreational space on site?

**Response:** City officials are currently in serious conversation with the neighbors adjoining the State Fairgrounds property to discuss outdoor recreation. The overwhelming sentiment in those meetings is that they would like outdoor recreation space built in the neighborhood where their families can access it conveniently, not on the Fairgrounds property. The City is working with the neighbors to develop a plan to support their recreation request.

14. **Minority Vendors** - What is Hillwood's and/or Amazon's and any other expected tenants) record of working with minority vendors? Please provide data.

**Response:** Amazon has partnered with local Delivery Service Partners across the United States who operate their own independent package delivery business that helps Amazon deliver thousands of packages to customers every day. In August 2020, Amazon announced a new diversity grant to help reduce the barriers to entry for Black, Latinx, and Native American entrepreneurs to join their network of Amazon Delivery Service Partners. In an effort to capitalize on this program, starting in late 2020, Detroit At Work is piloting an Entrepreneurship Training Academy for aspiring entrepreneurs to learn about starting and maintaining a small business. The academy is for those wanting to become Amazon Delivery Service Partners or who have their own business idea. As a Delivery Service Partner, residents can own their own business. The Entrepreneurship Training Academy will provide two learning tracks: Own Your Own Business 101 and Amazon Delivery Service Partner Business Basics.

15. **Community benefits** - Besides the 35 ft trees to be planted along State Fair Ave to buffer the 4-story, 4-million square foot warehouse from residents on the south side of the street, what other local community benefits will flow from this project?

**Response:** 1,200 jobs, new entrepreneurial opportunities, elimination of the blighted appearance of the property, a new transit center, new public interior roads, and millions of dollars in new taxes for City and County services, as well as for the Detroit Public Schools. Whether the City Council also chooses to spend some of the sale proceeds in the community is a decision to be made.

16. **Detroit contractors** - Where is the firm commitment to hiring Detroit businesses to develop the site (not including the Executive Order 2016-1, which basically has an opt-out provision)? Why is it not included in the purchase agreement? How will you enforce a requirement if it is not included in the agreement between the parties?

**Response:** The development team has voluntarily committed to Executive Order 2016-1, which requires that 51% of the workforce used for the construction project shall be bona-fide Detroit residents. Note that the development team will not receive any tax abatement or incentive as part of the development project and the decision to comply with Executive Order 2016-1 is voluntary, but enforceable per the terms of the purchase agreement. There is reason to expect success; local developer Sterling Group has a strong track record working with local union labor during construction.

17. **Collateral benefits** - What are other communities' experiences in this regard with Hillwood Enterprises and/or Amazon facilities, especially the latter as it is not part of a written expressed agreement? What's Amazon's record?

**Response:** An Amazon distribution facility has been developed in four nearby communities: Grand Rapids, Romulus, Livonia and Shelby Township. Each development received some combination of tax abatements and incentives. The proposed development of the State Fairgrounds property does not include any tax abatements or incentives. As a result, the City will not be seeking any additional commitments from the development team or the intended tenant. As noted above, the Sterling Group has a strong track record both employing local residents and utilizing local firms for development projects.

18. **Employee rights** - While the agreement specifies that Newco LLC will require a \$15/hr. wage, it does not require Newco LLC to require Amazon or any other onsite employer to agree to non-interference regarding union organizing. In light of Amazon's checkered history regarding its treatment of its workforce, why?

**Response:** The right of workers to organize is governed by the Federal Labor Relations Act. The City of Detroit may not lawfully engage in pressuring any private party to give up the rights provided to them by federal law.

19. **Transit Center** - Please explain the details of the transfer of the current transit center. How will \$7 million of the purchase price suffice for the "state of the art" transit center when the Rosa Parks Transit Center (to which it has been compared) cost \$22.6 million to construct? What entity will be responsible for cost overruns, should they occur? Who will own and operate it?

**Response:** The cost of construction for the new Detroit Department of Transportation transit center is not expected to exceed \$7 million. The construction budget is informed by preliminary design work and includes contingencies for cost overruns. At the point of City Council's approval of the land sale, the administration will request that City Council allocate \$7 million of the sale proceeds for the construction of a transit center located on the property. The new transit center will improve pedestrian safety, be equipped with an indoor waiting area for customers with heat and air conditioning and offer clean bathrooms for both customers and operators.

20. **Amtrak** - Why will the site not be accessible via Amtrak, as was required in an RFP issued when the State owned the land?

**Response:** The transit center is designed for the benefit of the 30,000 weekly DDOT and SMART bus riders, overwhelmingly residents of the City of Detroit. AMTRAK has expressed no interest in adding a stop at 8 Mile for its 1-2 trips a day into the City. The transit center is sited for the convenience of Detroiters actually using it every day.

21. **Historic preservation** - Why can't the historic structures of the site be saved and repurposed?

**Response:** In ten years since the State Fair closed, no party has come forward with a single financially or operationally viable use for these buildings. If a group wishes to preserve one or more of these by raising the money to move the buildings to a different site as was recently done with the U.S. Grant house, the City will facilitate that.

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the success of any business and for the protection of the interests of all parties involved. The document then outlines the various methods and procedures that should be followed to ensure the accuracy and reliability of the records.

The second part of the document provides a detailed description of the accounting system that has been implemented. It explains how the system is designed to handle all aspects of the business's financial operations, from the recording of transactions to the preparation of financial statements. The document also discusses the various controls and checks that are in place to prevent errors and fraud.

The third part of the document discusses the importance of regular audits and reviews. It explains that audits are necessary to ensure that the accounting system is working properly and that the records are accurate. The document also provides information on how to conduct an audit and what to look for during the process.

The fourth part of the document discusses the importance of maintaining up-to-date financial information. It explains that financial information is essential for making informed decisions about the business and for identifying areas for improvement. The document also provides information on how to collect and analyze financial data.

The fifth part of the document discusses the importance of maintaining accurate tax records. It explains that accurate tax records are essential for calculating the correct amount of taxes and for claiming any applicable deductions and credits. The document also provides information on how to maintain accurate tax records and how to file tax returns.

Attachment V

State Fairgrounds Development Coalition's Evaluation of the State Fairgrounds  
Sale Price





## MEMORANDUM

**TO** STATE FAIRGROUNDS DEVELOPMENT COALITION (SFDC)  
&  
MEMBERS OF DETROIT CITY COUNCIL

**FROM** Peter Rhoades and Frank Hammer, SFDC Steering Committee

**RE** Evaluation of the State Fairgrounds sale price

**DATE** September 7, 2020

On August 11, 2020, Mayor Duggan of the City of Detroit announced the proposed sale of 142 acres of the former Michigan State Fairgrounds to a new corporation formed by two real estate developers. The sale price was \$9 Million. Mayor Duggan stated that: (1) the developers were not requesting tax abatements, and (2) would not request that the City of Detroit (or the Detroit Brownfield Redevelopment Authority or any other government entity) cover the costs of demolition or environmental remediation.

The SFDC obtained copies of the April 2020 real estate appraisal and a memorandum addressed to Mr. Nick Khouri, Director, Jobs and Economy Team (JET) dated August 24, 2020 (two weeks *after* the Mayor's announcement).

This memorandum evaluates the August 24, 2020 JET memorandum. After careful review, we determined it suffers from discrepancies, and several serious errors in valuation. On page 3, for example, it states that the appraised value of the State Fairgrounds property up for sale to the developers is "\$8 million." However, on page 1, the appraised value – per the company that performed the appraisal – is \$11,070,000.

This value is mysteriously  $\frac{3}{4}$  of a million dollars *less* than the appraisal performed for the State of Michigan in 2018, even though the price per acre increased in the intervening two years from \$75,000/acre to \$85,000/acre.

It must be noted that the 2020 valuation of \$11,070,000 is arrived at *after* a subtraction of remediation costs pegged at \$1,510,000. The valuation of the land – as is - is, therefore, \$12,570,000.

There is a deduction of \$595,000 for 7 acres that will be retained by the city for roads in the Fairgrounds site, bringing down the appraised value of the total acreage to be sold to the developers to \$11,975,000.

**Remediation:** The August 24, 2020 memorandum incorrectly allows the \$1.51 million cost of remediation to be subtracted from the appraised value. This contradicts Mayor Duggan's statement during the sale announcement that the developers were not requesting government assistance in covering the costs of environmental remediation. This \$1.51 Million off set is exactly what Mayor Duggan stated would *not* be done.

**Demolition:** The cost of demolition is estimated at \$2,640,000 and it too is subtracted from the appraised value. Again, this contradicts Mayor Duggan's statement during the sale announcement that the developers were not requesting that the City of Detroit or any other governmental entity cover the cost of demolition. This off set does exactly what Mayor Duggan said would *not* be part of the real estate deal.

Also troubling is the fact that the off set for demolition costs takes \$2.6 Million from the city taxpayers to cover the costs of demolition of the historic buildings. The JET position not only rejects Mayor Duggan's public statements but may also violate federal and state law - since the taxpayers are covering the costs of demolishing three buildings listed on the Federal Registry of Historic Places. The \$2.6 Million off set is contradictory, insulting and may be illegal under federal law, depending on the details. The JET memorandum is a complete rejection of the stated position of the Mayor of the City of Detroit.

Contrary to the Mayor's claims that the \$9,000,000 sale price is equal to the appraised value of the property, that dollar amount is nearly \$3 million *below* the appraised value, per the City's own memorandum. That triggers the City of Detroit Community Benefits Ordinance per Chapter 14. Community Development Article XII.

The JET memorandum cannot justify the sale of a city owned asset valued at \$11.975 Million for the discount price of \$9 Million and claim it is a remarkable deal. That is a \$2,975,000 mistake.

**Transit Center:** The JET memorandum attempts to justify the sale in other ways, including the developers' agreement to: (1) build a new \$7 Million transit center (which increases the value to the purchase agreement by that amount), and (2) pay an additional amount, up to \$1 Million, for the costs of demolition, if necessary, for the agreed transit center location. The JET memorandum adds this amount to the benefits of the agreement. The JET logic is flawed. The City of Detroit currently has a D-DOT turn around located on Woodward Avenue near West State Fair Avenue. The municipality holds the deed to this land and the turnaround land has value since the developers need this land for access to Woodward Avenue to accommodate Amazon employee and truck traffic. As part of the purchase agreement, the City of Detroit will convey this extremely valuable property to the developers. The cost of this conveyance is the new location of a new transit center as described in previous paragraph. This is an allowable trade off but it is only an even deal, not a basis for JET claiming more than what it actually states.

**Roadways:** The JET memorandum claims that the City of Detroit also benefits because it will retain, as mentioned above, seven acres of land for roads thereby reducing the sale price by \$595,000 (7 acres x \$85,000 per acre) because this land cannot be used by the developers. The JET logic is flawed.

- (a) Normally, a developer will cover the cost of road construction and offer the new road system to the local government at no cost. The government entity in turn accepts the roadway dedication and incorporates the new road into its roadway grid system. This is common with residential subdivisions and some industrial parks. This is not common with shopping centers and other uses. Shopping center developers usually retain ownership of the roadways (actually, driveways) within the development because the roadways are for the benefit of its retail tenants, employees, and retail business invitees. The road system is not incorporated into the larger traffic grid system.
- (b) The State Fairgrounds road system is for the benefit of the developer and its corporate tenants, employees, business invitee truck traffic and tenant truck

traffic. There is little cause for other traffic on the roadways. The proposed road system is not intended for everyday public use.

- (c) The proposed road system is actually for the benefit of the developers and their corporate tenants. The City of Detroit could allow the proposed road system to remain a private road with the cost of construction, normal maintenance and eventual rebuild to be covered by the developer, not the taxpayer. The \$2.2 Million benefit claimed by JET does not exist.

In Conclusion, the appraised value of the city's Fairgrounds property, per the City's own memorandum, is \$11,975,000. The proposed Purchase Agreement with a sale price of \$9,000,000 cannot go forward without a major modification of the sale terms - unless the City of Detroit acknowledges that the sale price is clearly less than the appraised value and triggers Detroit's Community Benefits Ordinance.