

Detroit Downtown Development Authority Approves \$650 Million Concession Management Agreement for Downtown Events Center and Entertainment District

Vote represents next step in the public process for building a sports and entertainment center and redeveloping new areas of Downtown

Detroit, Mich., 12/13/13 -- The Detroit Downtown Development Authority (DDA) has approved a concession management agreement between the DDA and Olympia Development of Michigan (ODM) that refines additional details regarding the development of a new sports and entertainment district Downtown.

The new district will include a \$450 million sports and entertainment arena funded by a combination of public and private sources, and \$200 million in private investment in new residential, retail and office developments. The district covers an approximately 45-block area that generally reaches from Grand Circus Park to Charlotte St. between Woodward Ave. and Grand River Ave.

The multipurpose event center is anticipated to be a 650,000 sq. ft. facility with 18,000 seats that can accommodate Red Wings hockey games, as well as other sports and entertainment events year-round. It will also include premium seating and amenities of a contemporary first-class professional sports and entertainment complex.

The new development is anticipated to create approximately 500 new permanent jobs for the events center alone and approximately 8,300 construction jobs for the entire residential and commercial mixed-use district. In the agreement ODM and its contractors are committed to outreach, recruiting and training efforts to hire significant numbers of Detroit residents during construction, and to use Detroit-based companies for suppliers once the Events Center is in operation.

The CMA is contingent on approvals by the City of Detroit for the expansion of the DDA District, proposed changes to the District Plan, and transfer of City-owned properties to the DDA. It also anticipates a final resolution of all issues related to ODM's use of Joe Louis Arena.

“There is still plenty of work to be done, but this is a huge step forward toward the complete transformation of a very important part of Detroit,” said George W. Jackson, Jr., president and CEO of Detroit Economic Growth Corporation, which managed negotiations on behalf of the DDA. “When it’s done, Detroit will have a 365-day-a-year sports and entertainment district that will rival anything like it around the world. It’s a huge undertaking that requires strong commitments

from both private and public partners, but the long-term payoff for the entire city and the region will be well worth it.”

The Michigan Strategic Fund has agreed to issue \$450 million in activity bonds to fund construction of the event center. The bonds will be repaid over a 30-year period from a combination of public and private sources.

- The primary public funding will come from a state-subsidized capture of \$12.8 million to \$15 million per year of property taxes dedicated to economic development. By state statute they are collected only within DDA boundaries and can only be spent there.
- The DDA is also expected to contribute an average of just over \$2 million per year.
- Olympia Development is committed to contributing \$11.5 million per year.

The CMA commits ODM to investing, or causing other private developers to invest an additional \$200 million to revitalize the entire 45-block project area. Proposed projects include renovations of existing buildings and new construction. Overall, approximately 56 percent of the total development costs would be privately funded and approximately 44 percent would come from public economic development funds.

Similar to the arrangements for Comerica Park and Ford Field, the DDA will own the events center and Olympia Development will manage it under the long-term contract. Before the concession management agreement (CMA) can be implemented, the City of Detroit has to approve the expansion of the DDA boundaries and other matters related to the development. The Economic Development Corporation of the City of Detroit also has to review and amend plans for the area and transfer property it owns.

Background

Detroit Economic Growth Corporation. DEGC is a non-profit organization that serves as the lead implementing agency for business retention, attraction and economic development initiatives in the city of Detroit. DEGC is led by a 60-member board comprised of business, civic, labor and community leaders. Its 40 professionals provide staff services for key public authorities that offer tax credits and other forms of financing for projects that bring new jobs or economic activity to the city. Among them: the Downtown Development Authority (DDA), Detroit Brownfield Redevelopment Authority (DBRA), Economic Development Corporation (EDC), Neighborhood Development Corporation (NDC), Local Development Finance Authority (LDFA), and Tax Increment Finance Authority (TIFA). DEGC also provides planning, project management and other services under contract to the City of Detroit. □ (www.degc.org)

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