



February 16, 2024

Honorable Detroit City Council  
City of Detroit  
2 Woodward Ave Suite 1340  
Detroit, Michigan 48226

Re: Request for the following relating to Music Hall Expansion Project (through Planning and Economic Development Standing Committee): (i) convening of a public hearing with respect to the (a) proposed Project Plan pursuant to the Economic Development Corporations Act of 1974, Act 338, Public Acts of Michigan, as amended, and (b) issuance of bonds by the EDC in an amount not to exceed \$80,000,000 pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended; and (ii) approval of resolution approving Economic Development Corporations Act Project Plan

Dear Honorable City Council Members:

The Economic Development Corporation of the City of Detroit (the "EDC") was established by the Detroit City Council in 1976 pursuant to the Economic Development Corporations Act of 1974, Act 338, Public Acts of Michigan, 1974, as amended (hereinafter called "Act 338"). Under Act 338, the EDC has the authority to undertake certain of its statutory powers, including but not limited to the issuance of revenue bonds, only when a duly adopted project plan is in place.

The Music Hall Center for the Performing Arts ("Music Hall"), a Michigan 501(c)(3) non-profit organization located in the City of Detroit (the "City"), has requested that the EDC issue its revenue bonds in an estimated amount of \$80.0 million on Music Hall's behalf for certain renovations of its existing building and the construction of a new 108,000 square foot building on an adjacent vacant parcel currently used by the Music Hall for outdoor events and programming (the "Project"). Through the Project, which will include a rooftop special events venue, state of the art concert venue, revolving music exhibition space, conference space, music academy, recording studio and several restaurants, Music Hall expects to increase its cultural and community programming in its Jazz Café, 3Fifty Terrace and Main Hall as well from approximately 300 annual events (250,000 annual attendees) to 650 events (600,000 annual attendees). Further, in addition to its current 278 employees, it expects to add 446 new jobs following the completion of the Project.

On September 26, 2023, the EDC Board of Directors approved the designation of a Project Area and Project District Area and authorized staff to request that the Mayor of the City appoint two Special Directors to the EDC Board of Directors (the "EDC Board") with respect to the Project and that City Council of the City approve the designated Project Area and Project District Area and confirm the Mayor's appointments. On November 7, 2023, your

Honorable Body adopted (i) a resolution approving the designation of the Project Area and the Project District Area, and (ii) a resolution confirming the Mayor's appointment of two Special Directors to the EDC Board with respect to this Project.

On February 13, 2024, the EDC Board adopted a resolution (Attachment 1) approving the proposed project plan for the Project (the "Project Plan") and authorizing this request. At the EDC Board's request, included with a copy of the resolution is a excerpt from draft meeting minutes summarizing comments from the Board during its deliberations regarding the Project Plan.

Attached for your consideration and approval, please find a resolution of the City Council of the City (Attachment 2) approving the Project Plan.

In furtherance of the foregoing, the EDC respectfully requests the following actions by this Honorable Body:

**February 20, 2024**

- City Council referral of a resolution approving the proposed Project Plan to the Planning and Economic Development Standing Committee.

**April 11, 2024**

- Public Hearing regarding the (a) proposed Project Plan pursuant to Act 338 and (b) issuance of bonds by the EDC in an amount not to exceed \$80,000,000 pursuant to Section 147(f) of the Internal Revenue Code of 1986 **during the Planning and Economic Development Standing Committee meeting scheduled for April 11, 2024.**

**April 16, 2024**

- City Council adoption of a resolution approving the proposed Project Plan for the Project.

Thank you for your consideration of this matter. We look forward to working together on this important and impactful Project for the residents of Detroit. Please do not hesitate to contact me should you have any questions.

Sincerely,




Kenyetta Hairston-Bridges,  
Authorized Agent, EDC

Attachment 1  
EDC Resolution

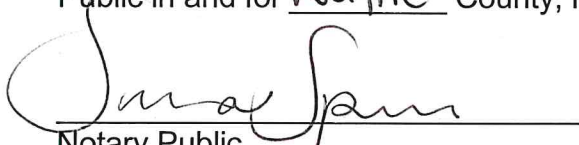
(see attached)



I, Marsha S. Bruhn, Secretary of the Economic Development Corporation of the City of Detroit, hereby certify that each of the foregoing Resolutions is a true and accurate copy of such Resolution adopted by the Board of Directors of the Economic Development Corporation of the City of Detroit at its Regular meeting on February 13, 2024, and that a copy of this certification may be attached to all Resolutions approved by the Board at this meeting and be deemed a certification with respect to each Resolution to which it is attached.

  
Marsha S. Bruhn  
Secretary

Subscribed and sworn to before me this 14 day of February, 2024 a Notary Public in and for Wayne County, Michigan.

  
Notary Public

My commission expires 18 August 2030





**CODE EDC 24-02-100-03**

**MUSIC HALL EXPANSION PROJECT – PROJECT PLAN AND REQUEST TO CITY COUNCIL FOR APPROVAL**

WHEREAS, there exists in the City of Detroit, Michigan (the "City") the need for programs to alleviate and prevent conditions of unemployment, to assist and retain local industrial and commercial enterprises in order to strengthen and revitalize the City's economy and to provide needed services and facilities to the City and its residents; and

WHEREAS, the Economic Development Corporations Act of 1974, Act 338, Public Acts of Michigan, 1974, as amended (hereinafter called "Act 338") constitutes a method for the encouragement and assistance of industrial and commercial enterprises in modernizing, improving, maintaining, repairing, furnishing, equipping and expanding in the City; and

WHEREAS, the City of Detroit has previously established and created The Economic Development Corporation of the City of Detroit (the "EDC") to exercise the power and authority granted by Act 338; and

WHEREAS, the Board of Directors of the EDC (the "EDC Board"), by resolution adopted on September 26, 2023, designated the Project Area and Project District Area for the Music Hall Expansion Project (the "Project") pursuant to the requirements of Act 338; and

WHEREAS, the same resolution requested the Mayor of the City to appoint two additional directors to the EDC Board to serve for the purposes of the Project; and

WHEREAS, the two additional Directors have been appointed to the EDC Board by the Mayor of the City; and

WHEREAS, the Project Area and Project District Area were recommended to City Council of the City, which certified its approval of such designations on November 7, 2023, and at the same time, confirmed the appointment of the two additional Directors to the EDC Board; and

WHEREAS, EDC staff in conjunction with the Music Hall Center for the Performing Arts in the City ("Music Hall") have developed a Project Plan (attached as Exhibit A) (the "Plan") in accordance with Act 338; and

WHEREAS, the EDC Board has duly considered such Plan and found the same to be in compliance with Act 338; and

WHEREAS, the EDC Board desires to adopt this resolution approving the Plan, along with the other actions described herein, and to recommend approval the Plan to the City Council of the City.



NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF DETROIT THAT:

1. The EDC Board find as follows with respect to the Plan:
  - a. That a project citizens district council is not required pursuant to Sections 20(b) and 20(e) of Act 338.
  - b. That the recommendation of the local public agency (as defined in Act 338) is not required pursuant to Section 9(3) of Act 338.
  - c. That the Plan meets all the requirements set forth in Section 8 of Act 338.
  - d. That the Plan and size of the Project are practicable and in the public interest.
  - e. That the persons who will be active in the management of the Project for not less than one (1) year after the approval of the Plan have sufficient ability and experience to manage the Plan properly.
  - f. That the proposed method of financing the Project is feasible and the EDC has the ability to arrange the financing.
  - g. That the Project is reasonable and necessary to carry out the purposes of Act 338.
  - h. That the Project shall not have the effect of transferring employment of more than 20 full-time persons from another municipality of this state to the City.
  - i. That any changes in streets, street levels, intersections, and utilities contemplated by the Plan are reasonably necessary for the Project and for the City.
2. The Board of Directors of the EDC hereby approves the Plan substantially in the form set forth in the document entitled "Detroit Music Hall Expansion Project Plan", attached hereto as Exhibit A, together with such revisions as required or recommended by counsel, which revisions shall not be inconsistent with this Resolution, and recommends the approval of the Plan to the City Council of the City.
3. The EDC Board hereby requests that the City Council of the City refer the Plan to the Planning and Economic Standing Committee to: 1) schedule and conduct a public hearing in accordance with Section 17 of Act 338; 2) review and approve the Plan as presented; and 3) submit its findings and recommendation for approval of the Plan to the City Council of the City.
4. The City Council of the City is hereby requested, following a public hearing in accordance with Act 338 to: 1) determine that the Plan constitutes a public purpose; 2) approve the Plan; and 3) authorize the EDC to take such steps as are necessary to implement the Project and the financing thereof through the means described in the Plan.
5. That any one of the officers and any one of the Authorized Agents of the EDC or any two of the Authorized Agents (as defined pursuant to resolution or other action of the EDC) of the EDC shall hereafter have the authority to negotiate and execute all



**EXCERPT FROM DRAFT MINUTES OF  
THE ECONOMIC DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS REGULAR MEETING  
DETROIT ECONOMIC GROWTH CORPORATION  
500 GRISWOLD, SUITE 2200, DETROIT, MI 48226  
TUESDAY, FEBRUARY 13, 2024 – 9:00 A.M.**

**BOARD MEMBERS PRESENT:**

Marsha Bruhn  
Kwaku Osei (9:07am)  
Clifford Brown  
Damon Hodge  
Chris Jackson (9:07am)  
Thomas Stallworth  
Kimberly Clayson

**BOARD MEMBERS ABSENT:**

Linda Forte  
Antoine Bryant (Ex-Officio)  
John Naglick (Ex-Officio)

**SPECIAL DIRECTORS  
PRESENT:**

Hiram Jackson

**SPECIAL DIRECTORS  
ABSENT:**

Dennis Archer Jr. (Attended via Zoom)

**OTHERS PRESENT:**

Jennifer Kanalos (DEGC/EDC)  
Sierra Spencer (DEGC/EDC)  
Cora Capler (DEGC/EDC)  
Brian Vosburg (DEGC/EDC)  
Glen Long, Jr. (DEGC/EDC)  
Kelly Shovan (DEGC/EDC)  
Rebecca Navin (DEGC/EDC)  
Nasri Sobh (DEGC/EDC)  
Maxwell Cameron (DEGC/EDC)  
Medvis Jackson (DEGC/EDC)  
Madison Schillig (DEGC/EDC)  
Kevin Johnson (DEGC/EDC)  
Sean Gray (DEGC/EDC)  
Jarrod Smith (Dykema)  
Ghebre Mehreteab (Music Hall)  
Vince Paul (Music Hall)  
Mark Owens



## **MUSIC HALL EXPANSION PROJECT – PROJECT PLAN**

Mr. Cameron stated that the Economic Development Corporation of the City of Detroit (the “EDC”) was established by the Detroit City Council in 1976 pursuant to the Economic Development Corporations Act of 1974, Act 338, Public Acts of Michigan, 1974, as amended (hereinafter called “Act 338”). Under Act 338, the EDC has the authority to undertake certain of its statutory powers, including but not limited to the issuance of revenue bonds, only when a duly adopted project plan is in place.

The Music Hall Expansion project is being undertaken by the Music Hall Center for the Performing Arts in the City of Detroit, a Michigan 501(c)3 non-profit organization (hereinafter called “Music Hall”). The Project will involve the development of land adjacent to the Music Hall building currently used as a parking lot and an outdoor event space into a new 108,000 square foot mixed use facility which will include a rooftop special events venue, state of the art concert venue, revolving music exhibition space, conference space, music academy, recording studio and several restaurants (the “Project”).

The EDC has become involved in the Project at the request of the Music Hall. Pursuant to Act 338, Public Acts of Michigan, 1974 as amended (“Act 338”), the EDC Board adopted a resolution on September 26, 2023, recommending City Council of the City of Detroit (the “City”) to designate the Project Area and Project District Area and to request the Mayor of the City to appoint and the City Council to confirm the appointment of two additional Directors to the EDC Board. Subsequently, on November 7, 2023, the City Council approved a resolution designating the Project Area and Project District Area and confirming the Mayor’s appointment of two special Directors to the EDC Board.

Further, pursuant to Act 388, staff has prepared a Project Plan (attached to the Resolution as Exhibit A) which sets forth the requisite information, including, but not limited to: the location of the proposed Project, the description of the existing and proposed site improvements, the estimated time of completion and the proposed method of financing.

Staff hereby respectfully requests that the Board approve the Project Plan and recommend that City Council approve the Project Plan.

A resolution was attached for the Board’s consideration.

Mr. Jackson asked if the EDC has an unlimited bond capacity that allows for agreements to be entered into for tax-exempt bonds. Ms. Navin explained that it is not an unlimited capacity but when a project plan contemplates the issuance of revenue bonds, the EDC can issue those bonds. Ms. Navin further explained that in the 1990’s the EDC had done this occasionally and the Music Hall Expansion Project is the first time since that period. Mr. Jackson asked what the interest rate for the project is projected to be. Mr. Mehreteab responded that in respect to the first question the limit is \$150 million, and the proposed project is estimated to be financing through bonds is \$80 million. Mr. Mehreteab stated that the interest rate will most likely be around 4%. Mr.



Jackson asked if there was an administrative fee to be charged. Mr. Mehreteab responded that there is an administrative fee with an option for annual payment or a one-time payment.

Ms. Navin added that the structure of the administrative fees had yet to be determined and would come before the Board with a bond authorizing resolution. Mr. Jackson asked if there had been negotiations regarding the administrative fee. Ms. Navin stated there had not been any negotiations thus far, but there are market ranges. Ms. Navin noted that because the EDC has not executed a plan in this way in a great deal of time there is a reliance on the EDC's advisors and bond counsel.

Mr. Jackson asked that as the bonds are being issued on behalf of the Music Hall project team someone is managing minority participation in terms of investment banking. Ms. Navin referenced the exhibits provided to the Board noting that a significant amount of minority participation and invited the Music Hall representatives to add further details. Mr. Mehreteab gave some examples stating that the core underwriter is Siebert Williams Shank, and the bond attorney will be Lewis and Munday PC. Mr. Mehreteab stated that he does not buy into the narrative that there is a shortage of qualified minorities to complete various aspects of the project.

Mr. Brown asked that as there is a struggle to find financing for projects in the city if DEGC staff could provide an overview of bonds to include underwriting and other aspects to explore if this is an avenue that can be taken to get more projects done and to explain reasons why the EDC has moved away from this option. Mr. Brown stated that special directors Hiram Jackson and Dennis Archer Jr. would be the most impacted by the project as their businesses are local and asked if they had any concerns.

Mr. Hiram Jackson stated that as he and Mr. Archer are business owners in the district they have a common goal to re-establish Paradise Valley as an entertainment and cultural district and believe that the Music Hall Expansion project does help move this agenda forward. Mr. Hiram Jackson added that there has been some conversation about alley access and noted that there is an agreement as to how the alley will be accessed. Mr. Hiram Jackson stated that he supports the project, and his only concern is to make sure the agreement regarding the alley is still in place.

Mr. Archer stated that a few years ago he had put funding into a parking study and hoped that it would be revisited as there is significant development happening in the area and that adequate parking needs to be provided. Mr. Archer further stated that business interruption is a concern as this massive project takes place and that traffic flow and parking need to be mitigated. Mr. Archer concluded that as a developer, property owner, and chairman of the conservancy he is in full support of the project.

Ms. Bruhn noted that in the material provided, there were several references to the North-South alley connecting to the East-West alley but did not see the alley as part of the project plan. Ms. Bruhn asked if the alley was pre-existent. Ms. Navin responded that there is an existing public alley that begins at Randolph Street and connects to Madison Street. Ms. Navin explained that



the Music Hall project has been in conversation for quite a while with the city and property owners adjacent to the alleyway to vacate a section of the alleyway. Ms. Navin further explained that there have been several mechanisms that have closed the alley for through traffic because it serves as an entry for musicians. Ms. Navin stated that there is a formal process being enacted that requires the consent of all property owners along the alley and that there'd be an easement granted. Ms. Navin explained that the Downtown Development Authority "DDA" owns 3 of the properties affected and so on behalf of the DDA and the other properties owners that an easement was reached through negotiation which allows for property owners and tenants access to the alley that would be vacated for periods throughout the day for actives such as garbage removal but access outside those hours could be requested. Ms. Navin added that at the back of the expansion parcel an informal alley will be created that is activated, and therefore when the alley cannot be accessed this portion of the parcel will be accessible.

Ms. Bruhn asked if Mr. Hiram Jackson still had concerns. Mr. Hiram Jackson responded that he did not but noted that there has been a million dollars invested in the park and is concerned about the alley matching the aesthetic of the park but stated he doubted this would be an issue. Mr. Hiram Jackson stated he was satisfied with the agreement and that his comments were to ensure the agreement made it to the final plan.

Ms. Bruhn asked if the loading area that was marked as a loading area and bus parking was a part of the project area. Mr. Paul stated that there is the North-South alley and there is 20 feet south of the expansion that will create an East-West alley that will have several functions such as tucking loading and pedestrian uses.

Mr. Stallworth asked if a bus pick-up would be included in the loading area that Mr. Paul mentioned. Mr. Paul agreed that this could be envisioned. Mr. Stallworth stated that Ms. Bruhn had seen this on a map.

Ms. Bruhn stated that 20 feet is not much space for this and noted this was an important issue that would affect traffic flow. Ms. Bruhn noted that she is aware that other agencies will investigate this but is concerned that this area will be quite congested with all the plans for the East-West alley.

Mr. Hodge stated that the Board needs a visual representation of the space.

Ms. Navin pointed out the East-West alley on the material provided to the Board.

Mr. Brown asked that at the next meeting where this project is on the agenda a circulation plan be provided that it shows how trucks can get in and out and would help the Board understand how all the activities described by the developers will be able to occur. Mr. Paul stated this could be provided and noted that the East-West alley is meant to be decorative but also provides some functionality if the North-South alley is closed for any reason. Mr. Brown stated that with the plan it will be beneficial to the developers to have a document to refer to if questions arise in the future.



Mr. Stallworth asked Mr. Brown to clarify his request made earlier in the meeting. Mr. Brown stated that his request was made to the DEGC to provide a high-level summary of the bonds and how they work. Mr. Brown further stated that staff does a great job but as the EDC Board has not dealt with this sort of plan in quite some time, that a refresher would be helpful.

Ms. Navin stated that when the bond authorizing resolution comes before the Board a detailed presentation on how the bonds work will be provided. Ms. Navin explained that she interpreted Mr. Brown's earlier request to be about other bond financing tools and how that might be able to help with other projects. Ms. Navin stated that both requests will be worked on but may not be presented at the same meeting.

Mr. Brown stated that some of the specifics he would like to know include the minimum and maximum size and what the underwriting standards are. Mr. Brown explained that with more knowledge the Board will know what to accept or reject while also being better advocates for the DEGC and the EDC.

Mr. Stallworth asked when the Board could expect to have a traffic flow report with attention to the loading area. Mr. Paul stated that this is something he and his team could draw up themselves. Mr. Brown clarified that this is a traffic flow report for the entire block. Mr. Paul explained the East-West alley is designed to be for pedestrians with the ability to handle traffic if the North-South alley is closed. Mr. Brown stated his understanding but responded that even if it is a small percentage of time that trucks are using the alleyway, it still needs to be functional. Mr. Paul agreed this would be completed.

Mr. Hodge noted that the Board has some sensitivity regarding going over budget and asked for some discussion regarding the 3% contingency. Mr. Mehreteab explained that 3.5 million dollars has been spent on pre-development in 18 months and that the budget has increased several times through discussion with their contractors making the numbers being presented as final figures.

Mr. Hodge asked what form of contract is being used to ensure that any overruns are absorbed by the builder and not the project. Mr. Brown asked if the contract was guaranteed maximum price. Mr. Mehreteab stated that it was a guaranteed maximum-price contract. Mr. Paul stated that they are proud of their development team and noted that this has been an ongoing process that has gone through a great deal of vetting. Mr. Paul explained that the Music Hall is a non-profit which allows funds to be raised for the project and continued that the project has stayed on budget and predicts that the project will stay on budget.

Mr. Hodge asked what the specific plan is in case the project goes over budget. Mr. Mehreteab explained they would increase the equity funds being raised. Mr. Cameron explained that the project team reports on the low end of their fundraising projections therefore there is an opportunity to raise additional funds. Mr. Brown asked if the project team could come before the



Board to request additional bond funds. Ms. Navin stated this would only be possible through a project plan amendment but could not be granted through the EDC Board alone.

Ms. Bruhn commented that perhaps the Board wasn't ready to vote on the Music Hall Expansion project given the requests for additional information. Mr. Brown commented that he was fine with proceeding with the vote but would like to review the answers at a subsequent meeting.

Hearing no further discussion, Mr. Stallworth called for a motion to approve the Music Hall Expansion Project, as presented.

Mr. Brown made a motion to approve the Music Hall Expansion Project. Mr. Jackson seconded the motion.

EDC Resolution Code 24-02-100-03 was approved.

Ms. Navin requested that a roll call vote be conducted:

Ayes: Bruhn, Brown, Clayson, Hodge, Christopher Jackson, Osei, Stallworth, and Hiram Jackson.

Nays: None

EDC Resolution Code 24-02-100-03 was approved.

**CITY COUNCIL RESOLUTION APPROVING  
PROJECT PLAN BY THE ECONOMIC DEVELOPMENT CORPORATION OF THE  
CITY OF DETROIT  
FOR THE MUSIC HALL EXPANSION PROJECT**

By Council Member \_\_\_\_\_ :

**WHEREAS**, there exists in the City of Detroit (the "City") the need for programs to alleviate and prevent conditions of unemployment, to assist and retain local industries and commercial enterprises in order to strengthen and revitalize the City's economy and to encourage the location and expansion of commercial enterprises to provide needed services and facilities to the City and its residents; and

**WHEREAS**, the Economic Development Corporations Act of 1974, Act 338, Public Acts of Michigan, 1974, as amended (hereinafter called "Act 338") constitutes a method for the encouragement and assistance of industrial and commercial enterprises in modernizing, improving, maintaining, repairing, furnishing, equipping and expanding in the City; and

**WHEREAS**, the City of Detroit has previously established and created The Economic Development Corporation of the City of Detroit (the "EDC") to exercise the power and authority granted by Act 338; and

**WHEREAS**, the EDC has initiated a project that is consistent with the purposes of Act 338 and is otherwise consistent with the EDC's statutory powers; and

**WHEREAS**, Music Hall Center for the Performing Arts, a Michigan 501(c)3 non-profit organization (hereinafter referred to as "Music Hall") proposes to construct and renovate certain commercial facilities comprised of land, buildings and equipment in the City that would result in certain renovations to its existing building and the construction of a new 108,000 square foot building to include a rooftop special events venue, state of the art concert venue, revolving music exhibition space, conference space, music academy, recording studio and several restaurants, and related activities and to finance the foregoing through multiple sources, including without limitation revenue bonds issued by the EDC (the "Project"), all designed for and capable of retaining and creating employment and providing services and cultural and educational opportunities to the residents of the City; and

**WHEREAS**, the EDC, in conformity with Act 338, has submitted its findings and recommendations for approval of the Detroit Music Hall Expansion Project Plan, in the form attached hereto as Exhibit A (the "Project Plan"), to this City Council for its consideration and this City Council has given due consideration to the findings and recommendations of the EDC prior to consideration of this Resolution; and

**WHEREAS**, the Board of Directors of the EDC duly considered the Project Plan, found it to be in compliance with Act 338 and approved the Project Plan on February 13, 2024; and

**WHEREAS**, notice of a public hearing to be held with respect to the Project Plan has been posted and given pursuant to Act 338 and a separate notice of a public hearing to be held with respect to the proposed issuance of bonds by the EDC in an amount not to exceed \$80,000,000 has been published pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

**WHEREAS**, such public hearings were held contemporaneously on February 29, 2024, in accordance with the provisions of Act 338 and the Code; and

**WHEREAS**, at said public hearings, the fullest opportunity was provided for interested persons to be heard, for expression of opinion, for argument on the merits, both orally and in writing and for introduction of documentary evidence pertinent to the proposed Project Plan, the proposed bond issue and the location and nature of the proposed Project to be financed and refinanced, and further, this City Council has given consideration to all communications received in writing with reference thereto; and

**WHEREAS**, this City Council made and preserved a record of the public hearings, including all data presented at said hearings; and

**WHEREAS**, this City Council, in accordance with Act 338, is required to determine whether the Project Plan constitutes a public purpose; and

**WHEREAS**, this City Council desires to express its approval of the Project Plan; and to request the EDC to proceed with the Project as described in the Project Plan including the financing thereof.

**NOW, THEREFORE, BE IT RESOLVED, THAT:**

1. It is hereby determined that the Project Plan for the Project submitted and approved by the EDC and as attached hereto as Exhibit A constitutes a public purpose of the City of Detroit and said Project Plan is hereby approved based on the following considerations:
  - a) The findings and recommendations of the EDC;
  - b) A project citizens district council is not required pursuant to Sections 20(b) and 20(e) of Act 338;
  - c) The recommendation of the local public agency is not required pursuant to Section 9(3) of Act 338;
  - d) The Project Plan meets the requirements set forth in Section 8 of Act 338;

- e) The persons who will be active in the management of the Project for not less than one year after the approval of the Project Plan have sufficient ability and experience to manage the Project Plan properly;
- f) The proposed method of financing the Project is feasible and the EDC has the ability to arrange, or caused to be arranged, the financing; and
- g) The Project is reasonable and necessary to carry out the purposes of Act 338.

- 2. The proposed use of the bond proceeds to finance and refinance the Project as described in the Project Plan is hereby approved.
- 3. In order to implement and facilitate the effectuation of the Project Plan hereby approved, this City Council hereby expresses its intention to do anything necessary or convenient to aid in the execution of the Project Plan as permitted by Act 338 and other applicable law.
- 4. The City Clerk of the City be, and hereby is, directed to provide a certified copy of this resolution to the Secretary of the Board of the EDC.
- 5. All resolutions or parts thereof in conflict with this Resolution are hereby repealed, but only to the extent of such conflict.

Adopted as follows:

YEAS – Council Members

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NAYS – Council Members

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WAIVER OF RECONSIDERATION IS REQUESTED

**EXHIBIT A TO RESOLUTION  
PROJECT PLAN**

**THE ECONOMIC DEVELOPMENT CORPORATION  
OF THE CITY OF DETROIT  
DETROIT MUSIC HALL EXPANSION PROJECT**

**Adopted by EDC Board of Directors: February 13, 2024**

**Approved by City Council: \_\_\_\_\_**

**THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF DETROIT**  
**PROJECT PLAN FOR DETROIT MUSIC HALL EXPANSION**

<b>APPLICANT:</b>	Detroit Music Hall for the Performing Arts 300 Madison Detroit, MI 48226
<b>CONTACT:</b>	Vincent Paul President and Artistic Director (313) 887-8506 vincep@musichall.org
<b>PROJECT:</b>	Expansion of Music Hall, including construction of new building and certain renovations to existing building
<b>LOCATION:</b>	300-350 Madison, in the City of Detroit, County of Wayne, State of Michigan (the "City")
<b>PROJECT AREA:</b>	See attached Exhibit A
<b>PROJECT EMPLOYMENT:</b>	Music Hall currently employs 278 persons. Upon completion of the Project, approximately 446 full time employees and 30 independent contractors will be needed to operate the Project.
<b>TOTAL COST:</b>	Approximately \$125 Million
<b>BONDS:</b>	Not to exceed \$80 Million in one or more series

This Project Plan was prepared in accordance with the Economic Development Corporations Act, Public Act No. 338 of the Michigan Public Acts of 1974, as amended (the "Act"). Attached is the requisite information based on Section 8(4) of the Act.

- A. Provide the location and extent of the existing streets and other public facilities within the development area and designate the location, character, and extent of the categories of public and private land uses now existing and proposed for the project area, including residential recreational, commercial, industrial, educational, and other uses. Attach a legal description of the project area as Exhibit A.**

The Project Area is comprised of the building that houses the Music Hall's existing performing arts center located at 350 Madison, the vacant parcel located at 300 Madison that is currently used by the Music Hall as a parking lot and an outdoor events space, and the public alley located in between such parcels, which is expected to be vacated prior to the completion of the Project.

The vacant parcel is the intended location for a newly constructed, approximately 100,000 square foot mixed-use performing arts center, further described below. The existing building will undergo minor modifications to support the expansion. The to-be-vacated alley will continue to include an easement for public utilities and will be used to permit access between buildings.

The Project Area is depicted and legally described in **Exhibit A**.

- B. Provide a description of existing improvements in the project area to be demolished, repaired, or altered, a description of repairs and alterations, and an estimate of the time required for completion.**

The Project Area includes the existing Music Hall building as well as adjacent vacant land currently used as a parking lot and an outdoor events space by the Music Hall and the public alley located between the two parcels, expected to be vacated prior to Project completion. The public alley will be vacated, subject to a grant of easement for limited ingress and egress for the benefit of other owners of the properties adjacent to the public alley located between Randolph and Madison.

This Project includes the construction of an approximately 100,000 square feet, seven floor building adjacent to the existing Music Hall building, at an estimated cost of \$125 million. The new space will add 350 annual events and attract thousands of performing artists, aggregating approximately 300,000 new annual attendees.

The proposed expansion will include:

- **Concert Venue** with a capacity of 1,900 people.
- **Recital Hall** with a capacity of 200 people.
- **Welcome Center** which will serve as a single point-of-purchase ticketing outlet for all entertainment venues and tourist attractions throughout the region.
- **Conference Spaces** with a capacity ranging from 100 -- 1,900 people.
- **Recording Studio** which will service as Downtown Detroit's only state-of-the-art recording facility.
- **Activated Alleyways** An open-to-the-public, activated alley exhibition running north/south between the new building and existing Music Hall, with an L-shaped

extension running east/west between the building at 1502 Randolph (currently, La Casa Cigars and Lounge) and the south side of the new building.

- **Academy of Music** which will increase the education and performing arts programming available to the underserved students in the Detroit Public School Community District and residents of Southeast Michigan.
- **Rooftop Space** to include a restaurant and special events venue.
- **Industry Office Space** for publishers, managers, labels, agents, promoters, sound engineers, and more.
- **Ground Level Restaurant** which will offer a music-themed, mid-market dining experience.

The proposed project also includes the construction of a skywalk connector that will bridge the alleyway and connect the existing building to the new building. This will result in minimal renovations to the Music Hall's current building; the rooftop parapet will be altered to accommodate the bridge. It is anticipated that the proposed renovations will enable the current facility to increase its cultural and community programming in the existing venues: Aretha's Jazz Café, 3Fifty Terrace and the Main Hall -- from a current total of approximately 425 annual events (272,000 attendees) to 650 events (600,000 attendees).

Detailed site plans and renderings for this project are included as **Exhibit B**.

The current estimate of time for completion of the project is set forth in Section D below.

**C. Provide the location, extent, character, and estimated cost of the improvements including rehabilitation contemplated for the project area and an estimate of the time required for completion.**

The objective is to increase Music Hall's sustainability as well as to stimulate economic activity in the central business district, especially in Paradise Valley, through the construction of a centralized Music Center.

The Project area is located in the heart of Detroit's entertainment district and adjacent to the City's central business district. The site is close to Ford Field, Little Caesars Arena, Comerica Park, Detroit Opera House, the Fox, Fillmore and Gem Theaters, and is within walking distance to the Hollywood Casino at Greektown and several downtown hotels. In addition, the expansion will serve as the "gateway" into the new Paradise Valley Entertainment District.

The Music Hall Center Expansion will be an exciting, interactive, inclusive, and culturally diverse institution that will provide the Detroit community with innovative and quality performing arts programming and education that reflects and attracts the diverse mix of cultures that make up Southeast Michigan. Through the construction of a centralized Music Center and Concert Hall, this Project will also enable the Music Hall to offer education and performing arts programming to the underserved students in the Detroit Public School Community District and residents of Southeast Michigan and Ontario, Canada.

The Project is expected to cost \$124,913,549. Project sources and uses are described in further detail in Section H below.

See Section D below for completion schedule.

**D. Provide a statement of the construction or stages of construction planned and the estimated time of completion of each stage.**

It is anticipated that from commencement of design to completion of construction this Project will take approximately 53 months to complete. As of the date of this Project Plan, Phase One has already been completed and Phase Two is underway.

**Phase I – Pre-construction** Analysis and Preparation began in July of 2022 and was completed in October of 2023

During the 15-month predevelopment period, the following was completed:

- o Secured grants of \$2.5 million from two local foundations
- o Worked with Stifel Public Finance, and Seibert Williams Shank as bond co-underwriters
- o Worked with Economic Development Corporation of the City of Detroit with request to act as a conduit issuer
- o Identified the public and private equity sources
- o Completed the Feasibility and Market study
- o Completed 100% of the architectural schematic design
- o Assembled the development team
- o Selected Barton Malow as a general contractor

**Phase II – Design Development and Initial Site Improvements** began in October of 2023 and are anticipated to be completed in March of 2024. Activities include final architectural and mechanical, electrical and plumbing designs together with the bidding process and engagement of sub-contractor on bid package one, which will clear and prepare the site for contractor mobilization and secant wall excavation.

**Phase III - Construction and Interior Fit-ups** are anticipated to begin in May of 2024 and be completed by December 31, 2026. Major excavation will begin in the summer of 2024, followed by the crane installation in the fall. We anticipate the crane to be in use for 24 months, after which the majority of the work will be related to the preparation of the interior space (fit-ups) and on final outdoor landscaping.

**E. Provide a description of the parts of the project area to be left as open space and the use contemplated for the space.**

Two areas of the project site will be left as open space, as further depicted in the attached **Exhibit C**: 1) The vacated alleyway running north/south between the existing Music Hall center and the planned new building (the “N/S Alley”); and 2) An area south of the new addition running

east/west between the new building and the adjacent property at 1502 Randolph (currently La Casa Cigars and Lounge) (the “E/W Alley”).

Plans for the open space include the construction of an *Activated Alleyway*. This will include an open-to-the-public, pedestrian-only activated alley exhibition in the N/S Alley and E/W Alley. This unique tourist attraction will utilize state-of-the-art technologies to create exhibits that allow visitors to choose from a list of Detroit’s many world-famous music legends and view their biographical histories, images, and videos as they stroll the alley promenade. Both alleyways will include daytime café amenities. The alleyway will be open at both ends to serve as a thoroughfare to Paradise Valley and adjacent points of interest.

The N/S Alley and E/W Alley will be limited to pedestrian use only, except during times when limited vehicular traffic from the other properties located within the project district area is permitted.

**F. Provide a description of the portions of the project area which the corporation (EDC) desires to sell, donate, exchange, lease to , or from the municipality and the proposed terms.**

N/A. The Music Hall owns 300 and 350 Madison and title to the portion of the alley to be vacated will pass to the Music Hall by operation of law once the alley is vacated.

**G. Provide a description of the desired zoning changes and changes in streets, street levels, intersections, and utilities.**

The Project area is zoned B4/B5 – General Business. Accordingly, it is anticipated that most of the planned site improvements related to the Project are available to the owner to develop as a matter of right. However, if it is determined that a planned use would not comply with the City’s zoning ordinance, then the Developer will be required to seek the requisite approvals from the appropriate City departments and agencies of jurisdiction, including possible rezoning.

No changes to street levels and intersections are anticipated. However, it is anticipated that the N/S Alley will be vacated. It is contemplated that private utilities may have to be relocated in connection with the Project. If the alleys are closed, the public utilities contained in them may have to be relocated or abandoned, or an easement for the utilities will be retained.

Zoning designations for the Project area are included as **Exhibit D**.

**H. Provide a statement of the proposed method of financing the project, including a statement of the ability of the EDC to arrange the financing.**

Financing Assumptions

The estimated cost of this project of \$124,913,549 will be financed with tax exempt qualified 501(c)(3) bonds, and equity from public and private grants and naming rights. It is important to note -- the prospective public and private funding sources require the issuance of the bonds by The Economic Development Corporation of the City of Detroit (EDC) prior to making grants.

The Project will be largely financed through the issuance by the EDC of fully registered limited obligation revenue bonds (the "Bonds") in an aggregate principal amount of not to exceed \$80,000,000. It is expected that the Bonds will be underwritten by Stifel Financial Services and Seibert, Williams and Shank Financial (the "Underwriters").

The proceeds of the Bonds will be lent to Music Hall pursuant to a loan agreement by and between Music Hall and the EDC and will be used by Music Hall and the EDC for the purposes of (i) financing the portion of the Project consisting of the construction of the Music Hall Expansion and interior fit up and (ii) paying certain costs of the issuance of the Bonds.

In accordance with the loan agreement, Music Hall will be obligated to make payments to a bond trustee sufficient for the bond trustee to make timely payments of principal and interest on the Bonds. The Bonds will not be a general obligation of the EDC or the City but will be secured by a pledge of revenues and other assets as described in the loan agreement and the indenture relating to the Bonds.

The Bonds will be structured as a rated, negotiated, variable/fixed rate demand limited obligation bond issue. The Bonds will be further secured by a letter of credit to be issued by the banking affiliate of one of the Underwriters. Music Hall is currently working with the Underwriters to finalize the terms of this financing but has been advised by the Underwriters that this method of financing is feasible.

Below are the projected funding sources:

1. Tax exempt qualified 501(c)(3) Bonds: \$80,000,000 (less \$10,000,000 for 3 years interest pre-payment ("capitalized interest") and funding of a Debt Service Reserve Fund)
3. Mission Impact Subordinated loan from foundations or from Michigan Strategic Fund MCRP at 1% interest.  
Loan target \$4,000,000 (in discussion)
4. Wayne County ARPA grant: \$5,000,000 (pending)
5. Naming Rights: \$27,000,000. Fundraising target is \$30,000,000 to \$40,000,000 (pending and in discussion)
6. Major Foundations and Trustees: \$9,000,000. Fundraising target is \$9,000,000 to \$13,000,000 (in discussion)
7. City of Detroit: \$5,000,000 (requested)
8. State of Michigan RAP Grant: \$5,000,000 (requested)

Music Hall Non-Cash Equity: \$9,600,000 (building and vacant lot)

Project costs and funding sources are further detailed in **Exhibit E** – Sources and Uses.

- I. **Please list the persons who will manage or be associated with the management of the project for a period of not less than one year from the date of approval of the project plan.**

Alex L. Parrish	Charman of the Board, Music Hall
Vincent Paul	President and Artistic Director, Music Hall
Ghebre Mehreteab	Financial Advisor
Larry Lipa	Ardent Advisors, Development Consultant
Tod Williams	Tod Williams Billie Tsien Architects, Architect of Record
Rainy Hamilton	Hamilton Anderson Associates, Local Architect
Ed Davis	Barton Malow, Construction Manager
Kenyetta Bridges	Chief Operating Officer, Detroit Economic Growth Corporation; Authorized Agent, EDC

**See Exhibit F** – Music Hall Expansion Development Team

- J. State the name of the person or persons, natural or corporate, to whom the project is to be leased, sold, or conveyed and for whose benefit the project is being undertaken if that information is available.**

The Project is being undertaken for the Music Hall Center for the Performing Arts, Inc., a Michigan non-profit corporation (and/or its affiliate to be designated). Music Hall is and will continue to be the fee title owner of the Project, so the Project will not be leased, sold or otherwise conveyed.

As a 501(c)(3) nonprofit organization, Music Hall is governed by a 65-member board comprised of community leaders and led by a 14-member Executive Committee. The professional staff is comprised of the President and Artistic Director, 28 full-time artistic, operations and development professionals, and a part-time staff of approximately 255 ushers, stagehands, maintenance staff and resident artists.

- K. If there is not an express or implied agreement between the corporation (EDC) and the person, natural or corporate, that the project will be leased, sold, or conveyed to those persons, please state the procedures for bidding for the leasing, purchasing, or conveying of the project upon its completion.**

N/A

- L. Estimate the number of persons residing in the project area and the number of families and individuals to be displaced. If occupied, residences are designated for acquisition and clearance by the EDC, a project plan must include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displaced families and individuals.**

There are no persons residing in the Project Area, nor any persons that will be displaced.

**M. Describe your plan for establishing priority for the relocation of persons displaced by the project in new housing in the project area.**

N/A

**N. Describe how you will make provision for the costs of relocating persons displaced by the project and financial assistance and reimbursement of expenses, including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1940, 40 U.S.C. 4601 to 4655.**

N/A

**O. State your plan for compliance with Act No. 227 of the Public Acts of 1972, being Sections 213.321 to 213.332 of the Michigan Compiled Laws (Michigan Relocation Assistance for Displaced Persons Act).**

N/A

**P. State such other material, as the corporation, local public agency, or governing body considers pertinent.**

**Multiplier Effect**

The Project will stimulate the local economy as Music Hall patrons invariably park, shop, occupy hotel rooms, attend events, and dine in the district before and after each Music Hall event. The market study completed for this Project estimates an economic multiplier of 1.4 to result in an annual estimated economic impact of over \$50 million to \$60 million. These estimates do not include the economic impact of the number of additional factors such as increased state and local taxes, marketing and advertising expenditures, equipment rental etc.

**Projected Economic Impact**

Americans for the Arts latest report on the economic impact of arts organizations notes that nonprofit arts and cultural organizations and their audiences in the United States are a \$166.3 billion industry—one that supports 4.6 million full-time equivalent jobs and generates \$27.5 billion in government revenue<sup>1</sup>.

Americans for the Arts recently commissioned a national audience survey of over 200,000 arts attendees to more accurately represent the total economic impact an arts organization and its participants create within a local region. The study concluded an average per person per event expenditure of \$31.4732. Additionally, based on these study metrics, Americans for the Arts created a Prosperity Calculator, which the Music Hall has utilized to determine the total economic value of the Music Hall expansion project through construction of the building and annually thereafter.

The following tables document the direct economic impacts resulting from this Project utilizing this tool:

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<sup>1</sup> Americans for the Arts: Arts and Economic Prosperity Report

TOTAL ECONOMIC IMPACT - CONSTRUCTION & OPENING YEAR					
	Total Expenditures	FTE Jobs	Household Income	Local Government Revenue	State Government Revenue
Expansion Project:	\$ 151,000,000	1,059.2	\$ 26,837,440	\$ 1,319,360	\$ 1,532,800
Audiences:	\$ 12,820,000	343.6	\$ 7,609,824	\$ 646,000	\$ 815,480
Total Economic Impact:	\$ 173,820,000	5,672.7	\$ 142,635,694	\$ 7,284,030	\$ 8,527,380

TOTAL ECONOMIC IMPACT ANNUALLY - POST CONSTRUCTION					
	Total Expenditures	FTE Jobs	Household Income	Local Government Revenue	State Government Revenue
Expansion Project:	\$ 32,000,000	1,059.2	\$ 26,837,440	\$ 1,319,360	\$ 1,532,800
Audiences:	\$ 12,820,000	343.6	\$ 7,609,824	\$ 646,000	\$ 815,480
Total Economic Impact:	\$ 44,820,000	1,270.4	\$ 31,092,584	\$ 1,800,440	\$ 2,156,680

### **The Future**

Over the past two decades, there is a nationwide trend that small not-for-profits and large not-for-profits economically sustain whereas mid-sized not-for-profits struggle. Music Hall currently falls into the middle ground of not-for-profits. The new addition will enable Music Hall to:

- Grow into a large not-for-profit with an anticipated annual projected budget of \$25 million and aggregate economic impact of more than \$50 million.
- Serve as a mixed-use facility, and produce revenue from its Concert Hall, Recital Hall, Music Academy, and several restaurants.
- Expand upon its current programming to include weddings, corporate parties, conferences, and special occasion rentals.
- Become a nationally renowned entertainment center enhancing its current philanthropic relationships with individuals, corporations, and foundations to ensure the continued sustainability of the new facility for decades.
- Complete an architecturally significant expansion to one of Downtown Detroit’s most iconic venues that will serve as a gateway to the Paradise Valley Cultural and Entertainment District.
- Reinvigorate Detroit’s infrastructure for musical training and production.
- Activate the daytime economy in a district that has long depended upon its nighttime economy.
- Help underpin and create awareness for the Paradise Valley Entertainment District

### **List of Exhibits**

**Exhibit A – Legal Description of Project Area**

**Exhibit B – Site Plans and Renderings**

**Exhibit C – Alley Vacation Detail**

**Exhibit D – Zoning Map**

**Exhibit E – Sources and Uses**

**Exhibit F – Music Hall Expansion Development Team**

**EXHIBIT A**

**EXHIBIT A**

**Project Area**



EXHIBIT A (continued)  
Project Area Legal Description

The following property located in the City of Detroit, County of Wayne, together with any alleys adjacent to such property:\*

Parcel ID	Address	Legal Description
01000267.002L	300 MADISON	S MADISON 86,83,80 & 77 HOUGHTONS SEC OF BRUSH FARM L7, P174 CITY RECORDS, W C R 1/23 100 X 160
01000267.003	350 MADISON	S MADISON 78,81,84 & 87 W 10 FT OF N 10 FT 90 HOUGHTONS SEC OF BRUSH FARM L7 P174 CITY RECORDS, W C R 1/23 100 IRREG 16,100 SQFT

\* Assessor's legal descriptions; subject to confirmation through survey as necessary

**EXHIBIT B**



Music Hall

Music Hall

Music Hall

HALL CENTER FOR THE PERFORMING ARTS

MUSIC HALL

POSTER

POSTER

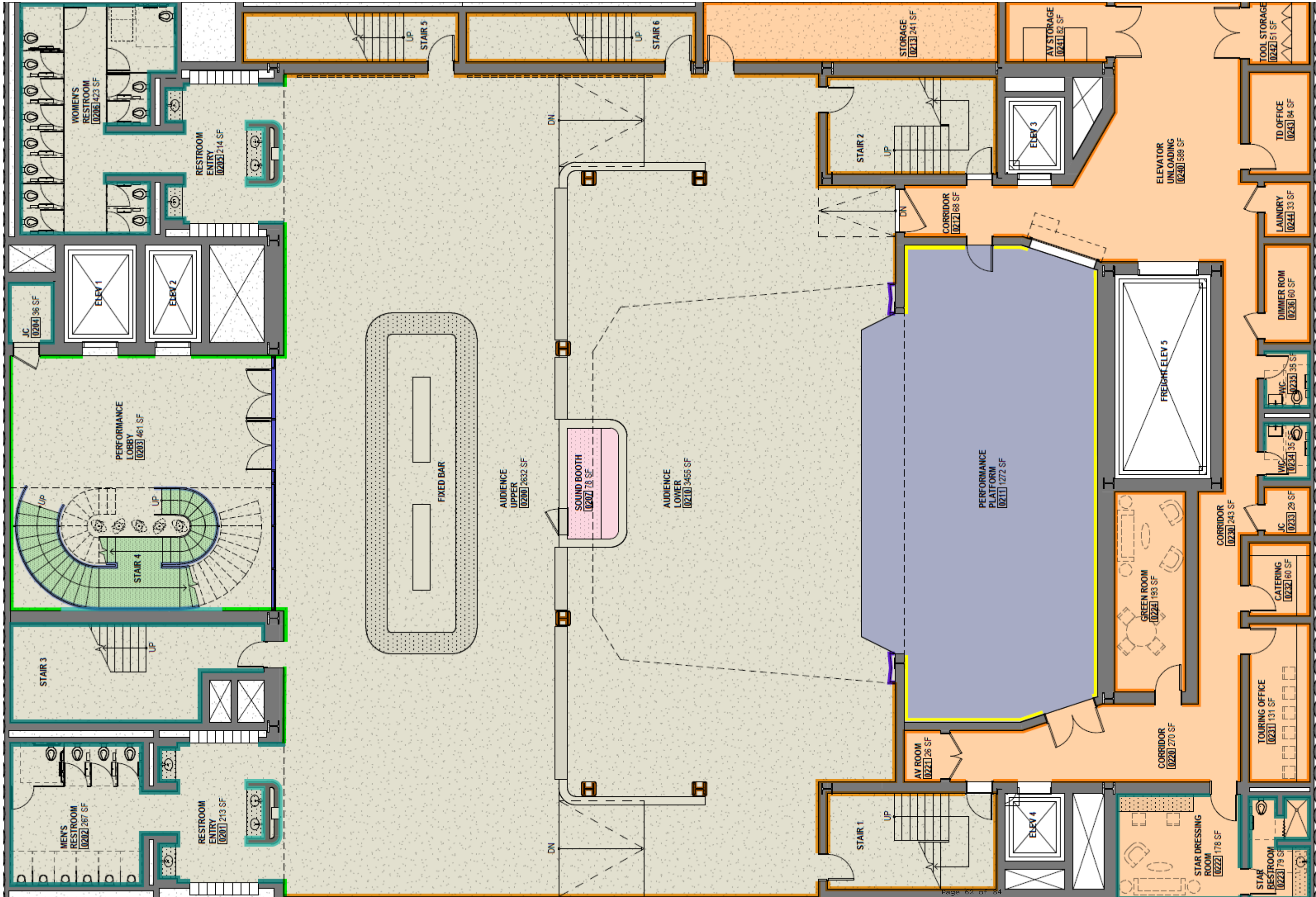
POSTER

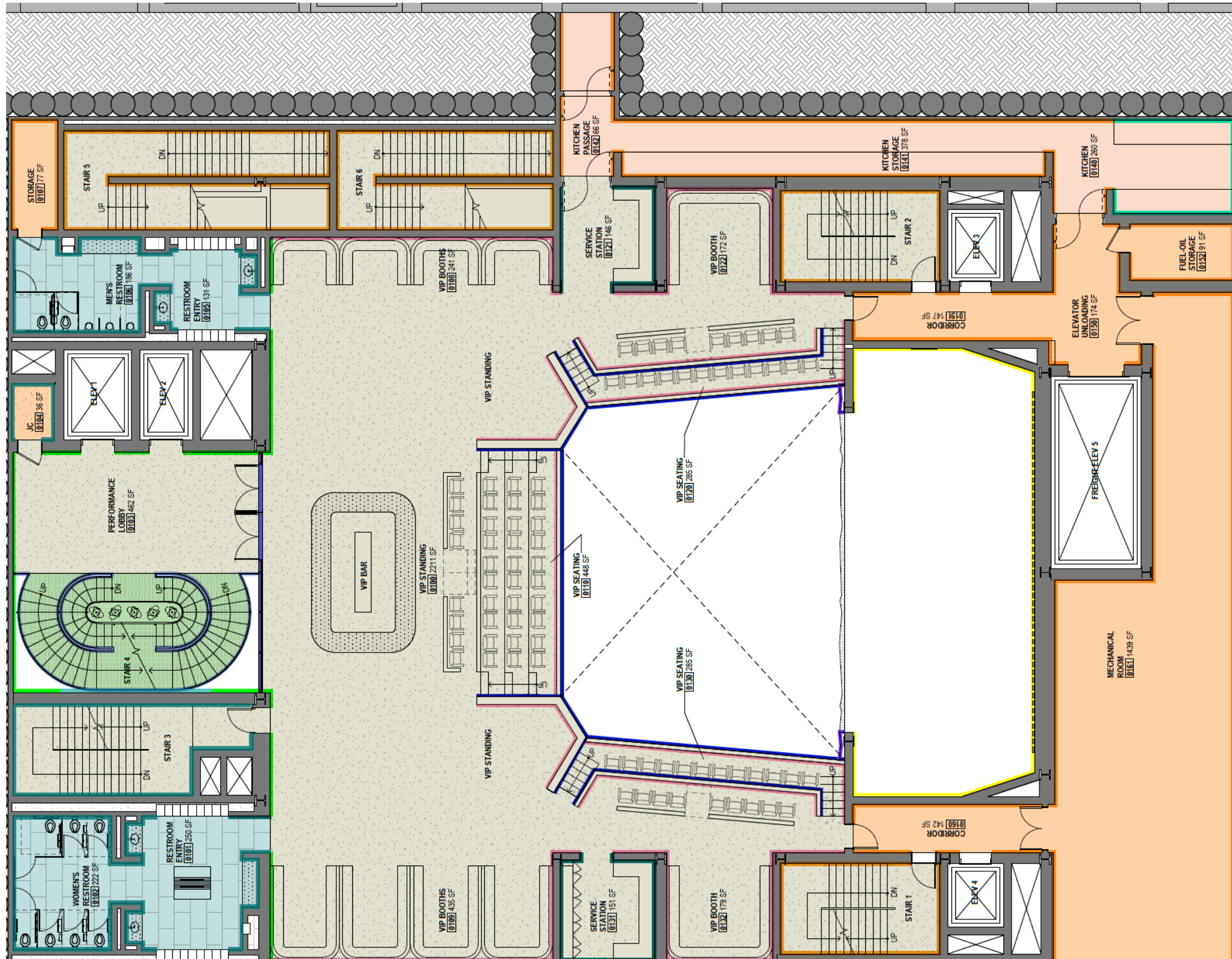


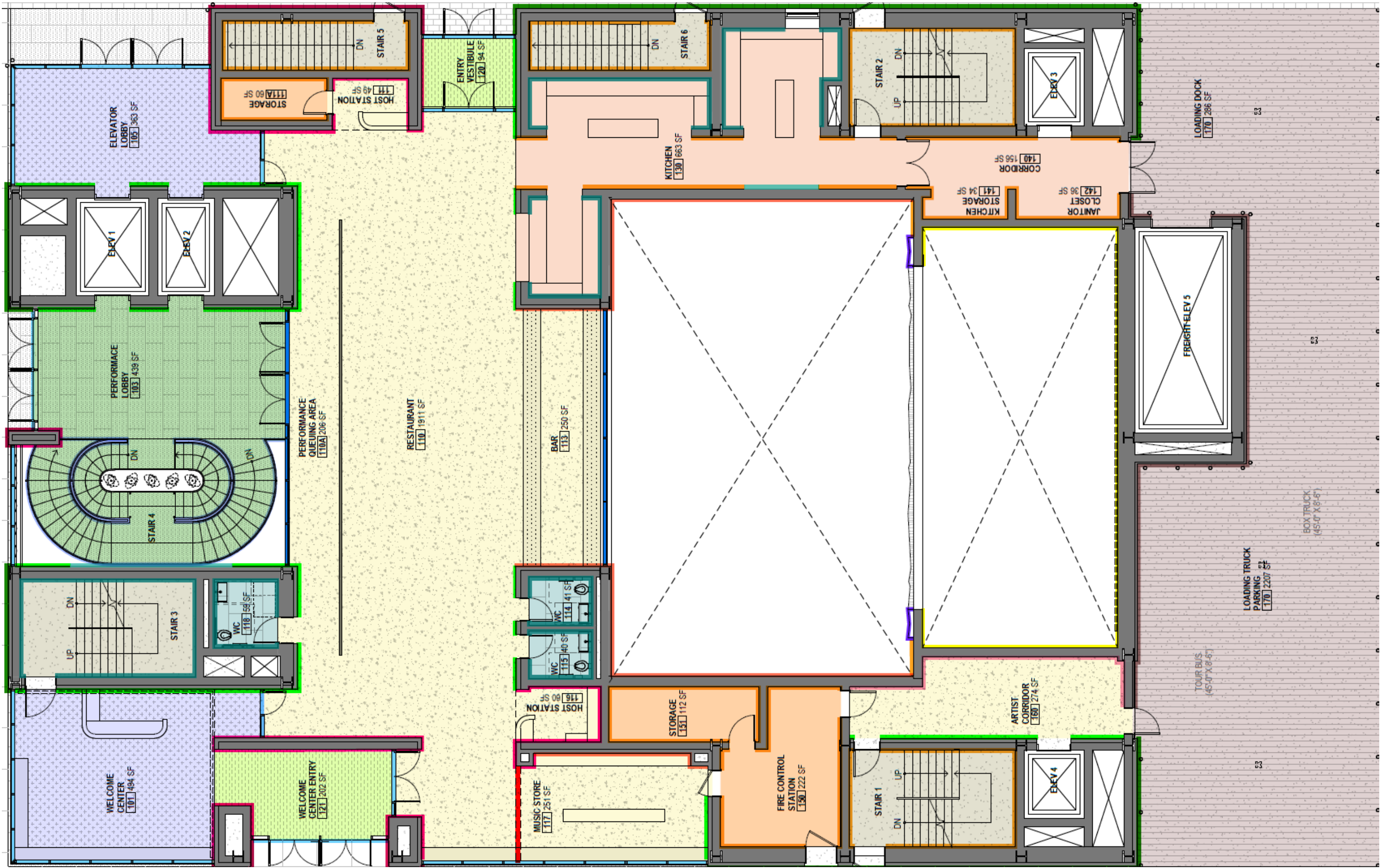
MUSIC HALL

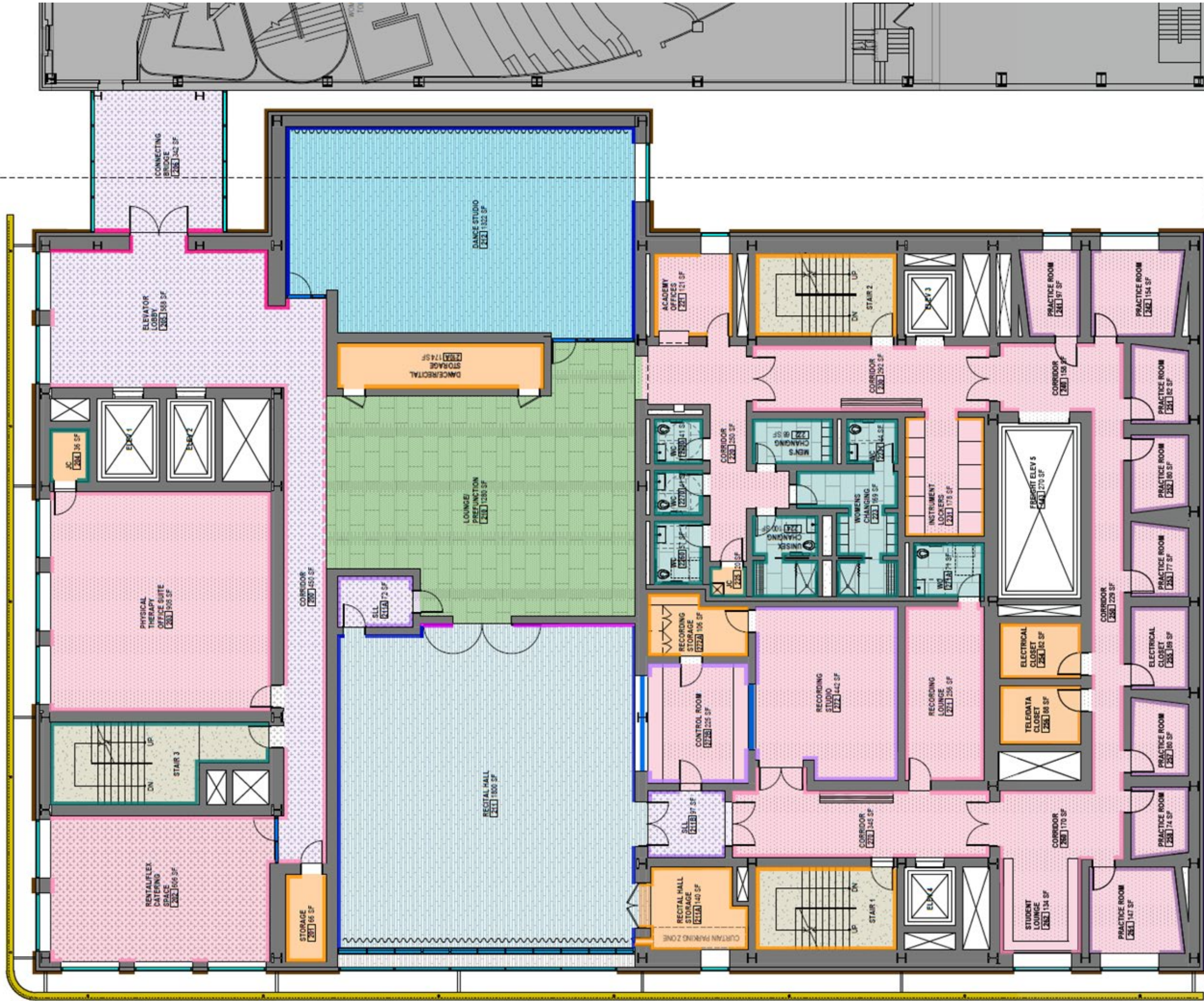
Detroit  
Tigers

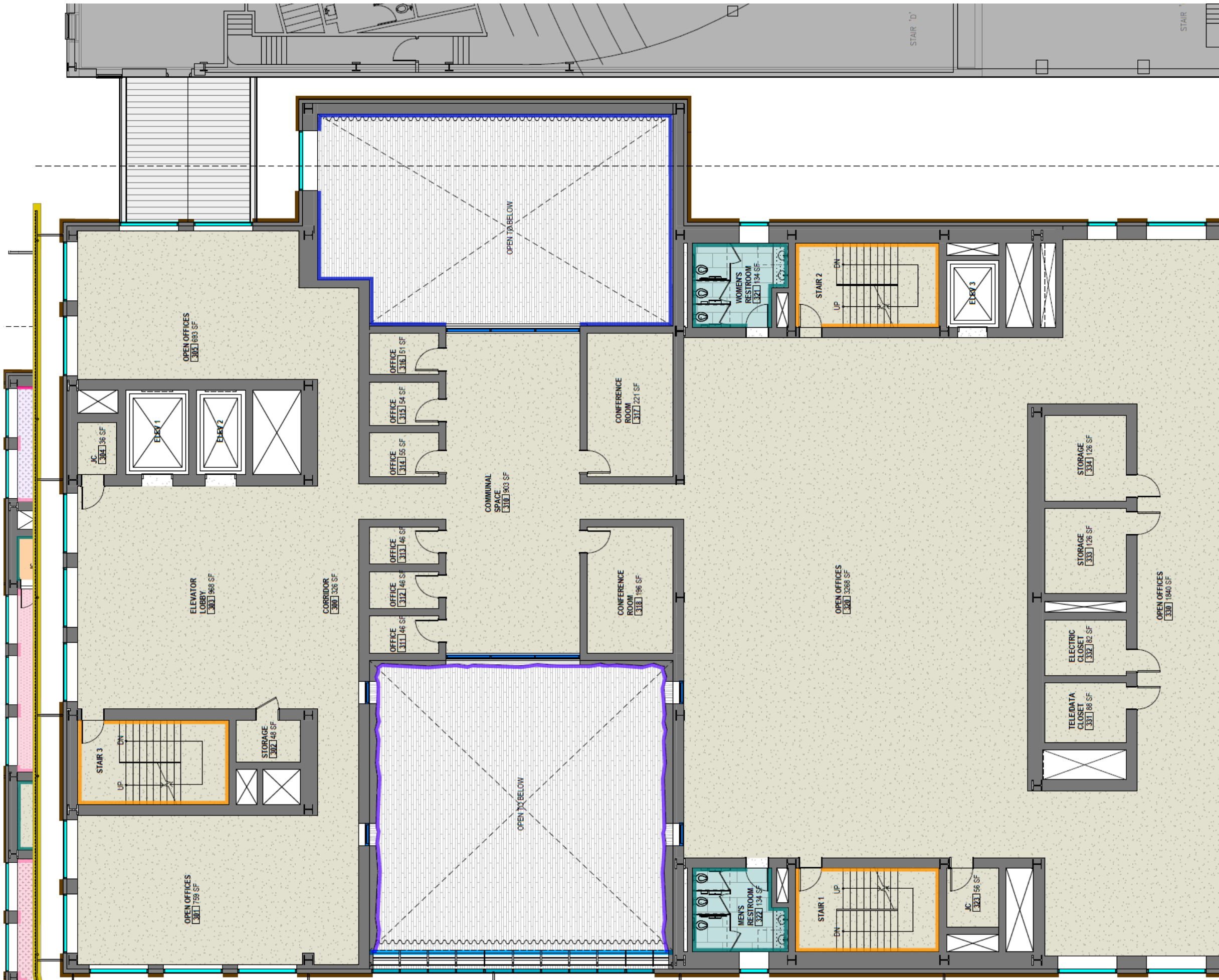
Tigers

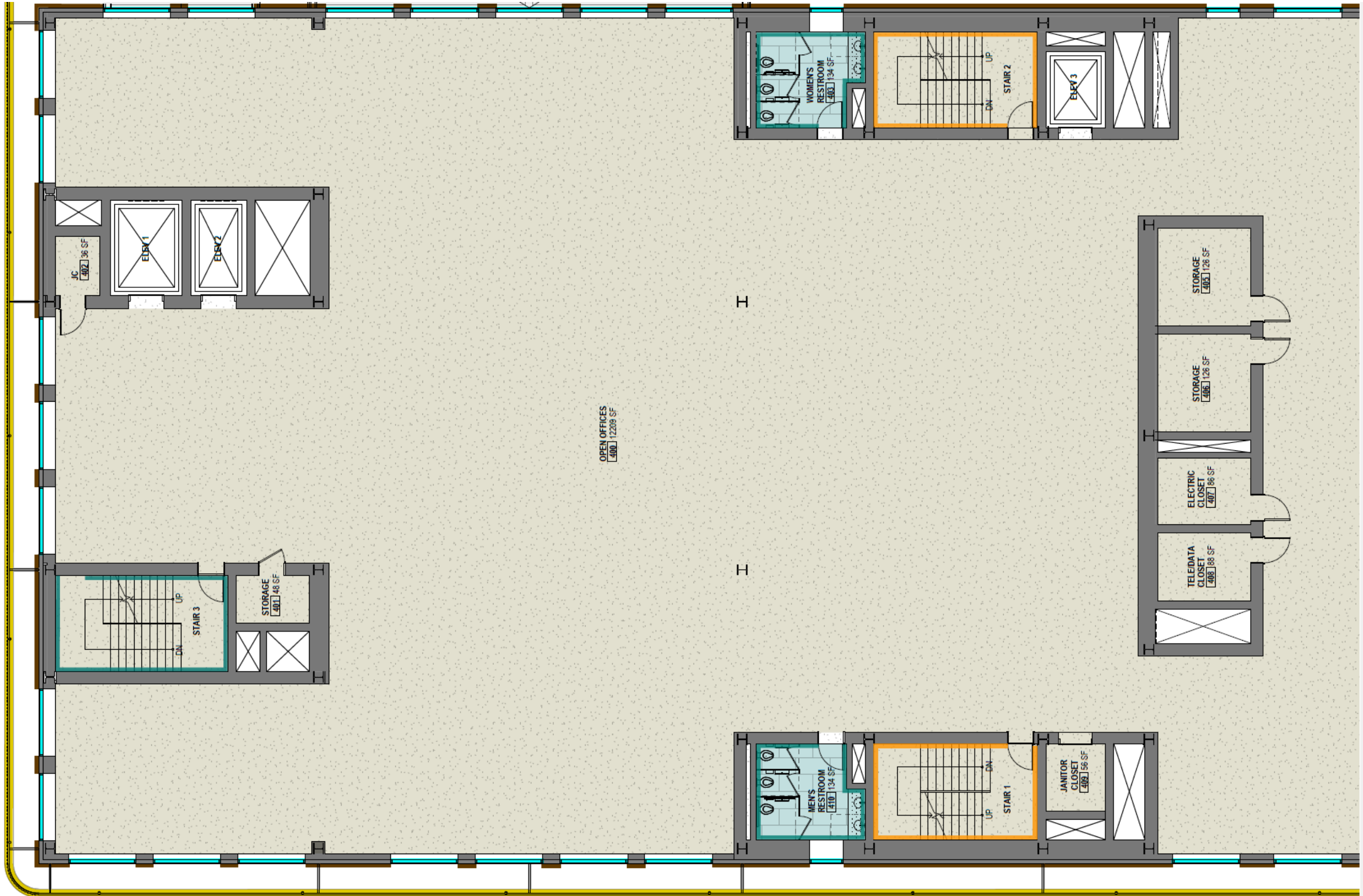














**EXHIBIT C**

EXHIBIT C

# Detail of N/S Alley Vacation



Petition  
**MAP-23-147**

Your Submission  
Attachments  
Guests (0)

**Vacation Application Review**

Welcome Letter  
Technical Review  
Payment  
Pre-Agency Review  
Final CED Review

## Vacation Application Review

**In progress.** This step is in progress.

Before we proceed, make sure you've uploaded your:

- 1) Site Plan
- 2) Cover Letter
- 3) Petition Form containing signatures from all owners adjacent to the street or alley proposed for vacation.

Provide the review ID for any related permits for this item.



**John Biggar**

Oct 10, 2023 at 3:16 pm

This the new request for the alley vacation between 300 and 350 Madison including the written approval of the Egress Ingress Easements Agreement for access to the alley by other property owners adjacent to the alley.

Message the reviewer

Send Message

MAP-23-120

MADISON AVE. 90 FT. WD.



SUSPENDED SUN SCREEN  
15'-64" ABOVE GRADE EXTENDS  
9' EAST PROPERTY BOUNDARY  
ON THE NORTH AND WEST  
SIDES OVER THE SIDEWALK

RANDOLPH ST. 39.48 FT. WD.

BUILDING FACADE  
15'-64" ABOVE GRADE EXTENDS  
EAST PROPERTY BOUNDARY  
ON THE NORTH AND WEST  
SIDES OVER THE SIDEWALK

300 MADISON

15'-64" ABOVE GRADE THE BUILDING  
FACADE EXTENDS EAST THE  
PROPERTY BOUNDARY ON THE  
EAST SIDE OVER THE ALLEYWAY

400% GRADE THE BUILDING IS HELD  
FARAW FROM THE PROPERTY LINE  
ON THE SOUTH SIDE

5'  
3'  
1'

ALLEY 20 FT. WD.

EXISTING MUSIC HALL  
WITH A GROUND

BRUSH ST. 50 FT. WD.

■ SUSPENDED SUN SCREEN 15'-64" ABOVE GRADE  
EXTENDS 9' EAST PROPERTY BOUNDARY ON THE  
NORTH AND WEST SIDES OVER THE SIDEWALK

□ BUILDING FACADE 15'-64" ABOVE GRADE  
EXTENDS 9' EAST PROPERTY BOUNDARY  
ON THE WEST, NORTH, AND EAST SIDES

MADISON AVE. 90 FT. WD.

77	78
80	81
83	84
86	87
89	90
92	93
95	96
98	99
101	102
104	105
107	108

RANDOLPH ST. 39.48 FT. WD.

BRUSH ST. 50 FT. WD.

(FOR OFFICE USE ONLY)

GRANDOT AVE. 120 FT. WD.

CARTO 28 A

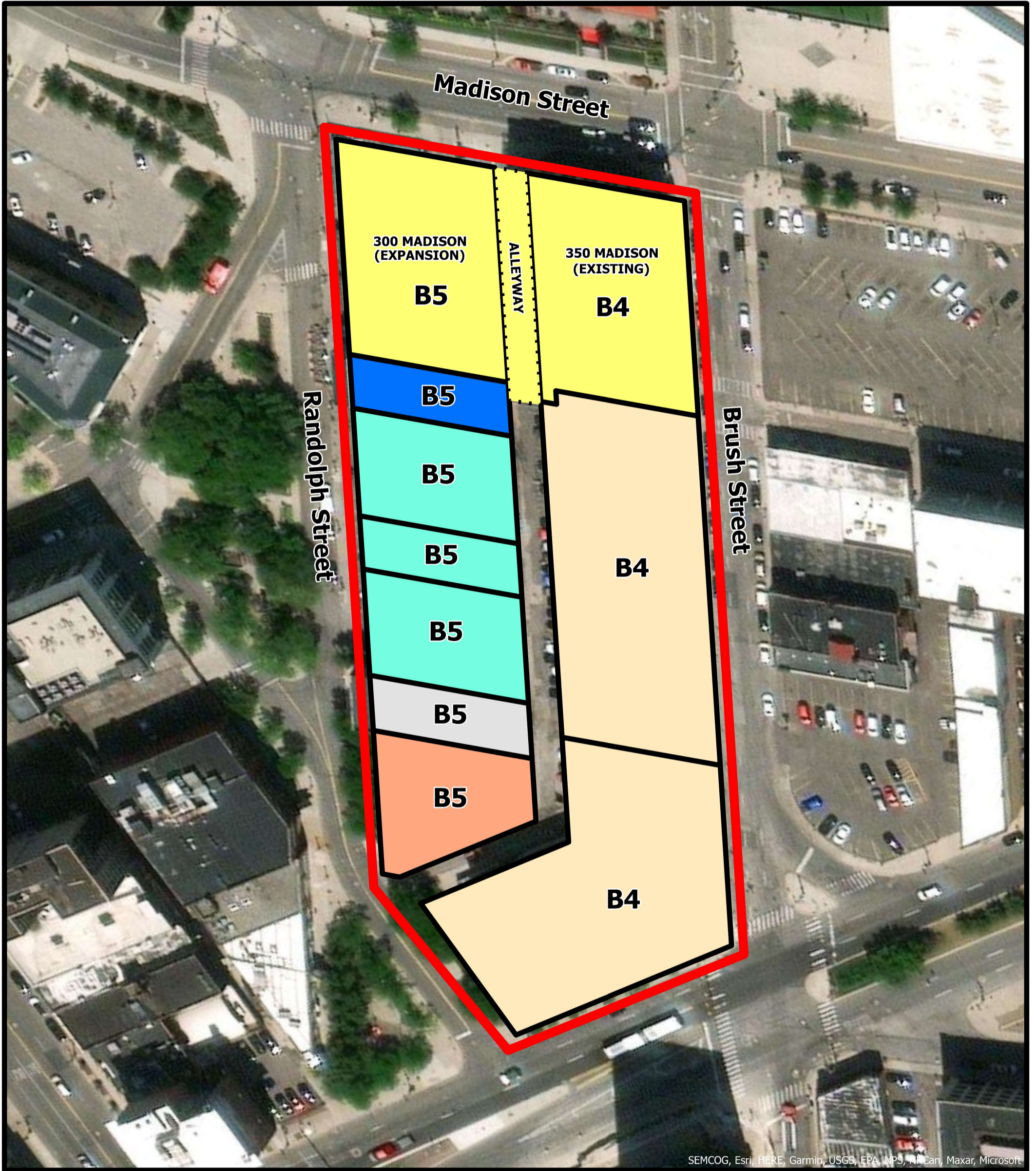
B				
A				
DESIGNED BY	REVISED	DATE	APP. BY	DATE
DRAWN BY	LC	CHECKED	AP	
DATE	10-20-2023	APPROVED	JD	

REQUEST ABOVE GRADE  
ENCROACHMENTS AROUND  
THE PROPOSED  
MUSIC HALL EXPANSION  
AT 300 MADISON AVE.

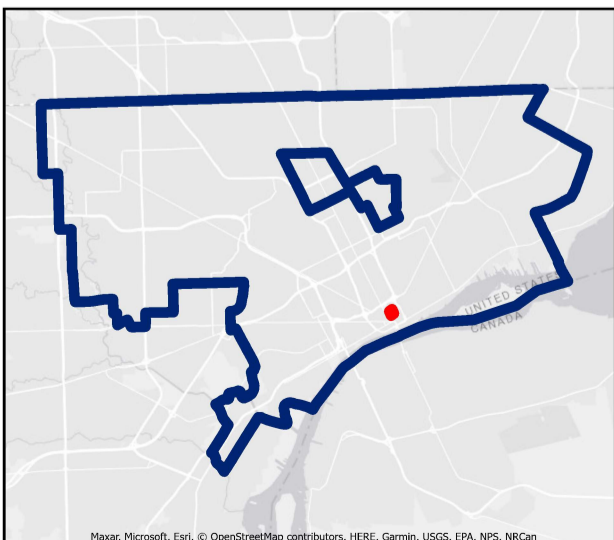
CITY OF DETROIT CITY ENGINEERING DIVISION SURVEY BUREAU	
JOB NO.	23-120
DEWG. NO.	23-120_2

**EXHIBIT D**

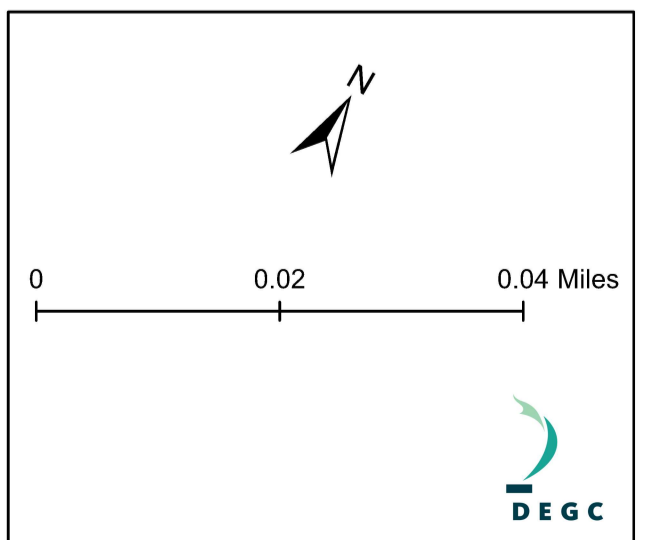
# MUSIC HALL PROJECT DISTRICT - ZONING



SEMCOG, Esri, HERE, Garmin, USGS, EPA, NPS, NRCAN, Maxar, Microsoft



- ALLEYWAY
- DETROIT HOSPITALITY DST
- DOWNTOWN DEVELOPMENT AUTHORITY
- LA CASA PROPERTIES LLC
- MUSIC HALL CENTER FOR THE PE et al
- MUSIC HALL LLC
- PARADISE VALLEY REAL ESTATE HOLDING
- POZEN, ROBERT (REVOCABLE TRUST OF)
- PROJECT DISTRICT AREA
- B4 GENERAL BUSINESS DISTRICT
- B5 MAJOR BUSINESS DISTRICT



**EXHIBIT E**

# Project Costs



Building Size: 100,000

November 21, 2023

## Hard Costs

	Projected Cost	\$/Bldg SF	Notes	Source	Date
<b>Land Value</b>					
Funds for Land Loan Payoff	\$3,800,000	\$38.00	1	VP	2/10/24
Funds for MH "Matilda" Loan Payoff	\$5,000,000	N.A.	1	VP	2/10/24
<b>Total Land Cost</b>	<b>\$8,800,000</b>	<b>\$88.00</b>			

					estimate date
<b>Building Construction</b>					
Subcontract Direct Cost	\$76,766,300	\$767.66	2	BM	5/22/23
General Conditions & Contractor Staff	\$7,254,400	\$72.54	2	BM	5/22/23
Insurances	\$2,116,000	\$21.16	2	BM	5/22/23
Construction Contingency	\$2,303,000		2	BM	5/22/23
Escalation Contingency	\$4,882,700	\$0.00	3	BM	5/22/23
Structural Steel allowance	\$750,000				
Contractor Fee	\$2,584,200	\$25.84	2	BM	5/22/23
<b>Total Building Construction Costs</b>	<b>\$96,656,600</b>	<b>\$966.57</b>			

<b>Furniture, Fixtures and Equipment</b>					
A/V Equipment	\$4,295,000	\$42.95	2	BM	5/22/23
Food Service Equipment	\$831,000	\$8.31	2	BM	5/22/23
Additional Acoustic Finishes	\$350,000	\$3.50	2	BM	5/22/23
Furniture	\$1,500,000	\$15.00		--	
<b>Total Furniture, Fixtures and Equipment</b>	<b>\$6,976,000</b>	<b>\$69.76</b>			

<b>TOTAL HARD COSTS</b>	<b>\$112,432,600</b>	<b>\$1,074</b>			
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## P H A S E S

PreDeveloppmt	Design & Eng	Construction
\$0	\$3,800,000	
\$0	\$5,000,000	
\$0	\$8,800,000	
\$0	\$0	\$76,766,300
\$100,000	\$0	\$7,154,400
\$0	\$0	\$2,116,000
\$0	\$0	\$2,303,000
\$0	\$0	\$4,882,700
\$0	\$750,000	
\$0	\$0	\$2,584,200
\$100,000	\$750,000	\$95,806,600
\$0	\$0	\$4,295,000
\$0	\$0	\$831,000
\$0	\$0	\$350,000
\$0	\$0	\$1,500,000
\$0	\$0	\$6,976,000
<b>\$100,000</b>	<b>\$9,550,000</b>	<b>\$102,782,600</b>

## Soft Costs- Direct

<b>Architectural Design &amp; Engineering</b>					
Architect Fees (TWBT), and Hamilton Andr	\$5,301,649	\$53.02		TWBT	5/22/23
Architect Consultants (MEP, Struct, etc.)	\$4,009,300	\$40.09			5/22/23
Civil Engineer	\$250,000				5/22/23
<b>Total Architectural Design &amp; Engineering</b>	<b>\$9,560,949</b>	<b>\$95.61</b>			

				due date
<b>City/Governmental/Utility Fees</b>				
Building Permit Fee	(incl. in GCs)	\$0.00		2/10/24
Utility Tap Fees- Sewer & Water	\$150,000	\$1.50		2/10/24
<b>Total City/Governmental/Utility Fees</b>	<b>\$150,000</b>	<b>\$1.50</b>		

<b>Marketing &amp; Promotion</b>				
Marketing	\$40,000	\$0.40		2/10/24
<b>Total</b>	<b>\$40,000</b>	<b>\$0.40</b>		

<b>Insurance</b>				
Quality Monitoring for Insurer	\$25,000	\$0.00		2/10/24
Developer Liability Insurance Premiums	\$50,000	\$0.00		2/10/24
<b>Total Insurance Premiums</b>	<b>\$75,000</b>	<b>\$0.75</b>		

<b>Development Expenses</b>				
Project Management Fees	\$900,000	\$9.00		2/10/25
Construction Monitor Fees	\$125,000	\$0.00		2/10/25
Legal Fees	\$230,000	\$2.30		2/10/25
Project Admin. Fees & Expenses	\$1,255,000	\$12.55		

<b>TOTAL SOFT COSTS- DIRECT</b>	<b>\$11,080,949</b>	<b>\$110.81</b>			
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\$1,500,000	\$2,800,800	\$1,000,849
\$250,000	\$2,640,000	\$260,000
\$50,000	\$150,000	\$50,000
<b>\$1,800,000</b>	<b>\$5,590,800</b>	<b>\$1,310,849</b>
\$0	\$0	\$0
\$0	\$150,000	\$0
<b>\$0</b>	<b>\$150,000</b>	<b>\$0</b>
\$40,000	\$0	\$0
<b>\$40,000</b>	<b>\$0</b>	<b>\$0</b>
\$0	\$0	\$25,000
\$0	\$0	\$50,000
\$0	\$0	\$75,000
\$200,000	\$500,000	\$200,000
\$0	\$0	\$125,000
\$50,000	\$75,000	\$105,000
\$250,000	\$575,000	\$430,000
<b>\$2,090,000</b>	<b>\$6,315,800</b>	<b>\$1,815,849</b>

## Soft Costs- Financial

**Financing Soft Costs** (excl. interest reserve)

Tax Exempt Bond Costs and legal	\$300,000	\$0.00	GM	2/1/24	\$0	\$0	\$300,000
MEDC Loan Costs	\$100,000	\$0.00	GM	2/1/24	\$0	\$0	\$100,000
<b>TOTAL SOFT COSTS- FINANCIAL</b>	<b>\$400,000</b>	<b>\$4.00</b>			<b>\$0</b>	<b>\$0</b>	<b>\$400,000</b>

<b>TOTAL SOFT COSTS: Direct &amp; Financi</b>	<b>\$11,480,949</b>	<b>\$115</b>			<b>\$2,090,000</b>	<b>\$6,315,800</b>	<b>\$2,215,849</b>
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<b>Project Contingency</b>	\$1,000,000	\$10.00	VP	1/1/25	\$100,000	\$200,000	\$700,000
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<b>TOTAL PROJECT COSTS: ALL-IN</b>	<b>\$124,913,549</b>	<b>\$1,249</b>			<b>\$2,290,000</b>	<b>\$16,065,800</b>	<b>\$105,698,449</b>
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# Capital Sources



November 21, 2023

## CASH CAPITAL STACK

Cash Equity Sources	\$51,000,000
Tax Exempt Bond (net proceeds)	\$70,000,000
MEDC Subordinated Bond	\$4,000,000
	<b>\$125,000,000</b>

## Sources of Equity

		Notes	Date
<b>CASH EQUITY SOURCES</b>			
State of Michigan RAP	\$5,000,000	pending	9/19/24
Wayne County ARPA	\$5,000,000	pending	5/19/24
City of Detroit ARPA	\$5,000,000	in discussion	9/19/24
Foundations/Corporations Short term	\$4,000,000	\$2.5MM rcd'	12/10/23
Foundations/Corporations Long term	\$4,000,000	CC has begun	1/10/25
Board of Trustee Gifts	\$1,000,000	CC has begun	7/10/24
Naming Rights	\$27,000,000	CC has begun	4/10/25
Cash Equity Available for Project Costs	<b>\$51,000,000</b>		

## Sources of Debt

### TAX EXEMPT BOND

Total Bond Face Amount	\$80,000,000	5/10/24
Bond Funds Held in Reserve	(\$10,000,000)	5/10/24
Bond Funds Available for Project Costs	<b>\$70,000,000</b>	5/10/24
Loan-to-Cost Ratio:	56.0%	5/10/24
Interest Rate:	6.00%	5/10/24
Term (years):	25	5/10/24
Amortization (years)		
Average Annual Debt Service:		

### MEDC Subordinated Loan

Loan Funds Available for Project Costs	<b>\$4,000,000</b>	2/10/25
Closing Costs	(\$150,000)	2/10/25
Net Loan	<b>\$3,850,000</b>	2/10/25

### Land and Music Hall Facility Equity

Appraised Value of Vacant Land	\$5,600,000
Debt Payoff (see Project Costs)	(\$3,800,000)
Equity	<b>\$1,800,000</b>
Appraised Value of Music Hall	\$12,800,000
Debt Payoff (see Project Costs)	(\$5,000,000)
Equity	<b>\$7,800,000</b>
Total Non-Cash Equity	<b>\$9,600,000</b>

**EXHIBIT F**

## Music Hall Expansion Development Team



### **DEVELOPER / OWNER**

Music Hall Center for the Performing Arts  
350 Madison Street  
Detroit, MI 48226  
T 313.887.8506

Contact: Alex Parrish, Chair, Board of Trustees,  
Vince Paul President & Artistic Director

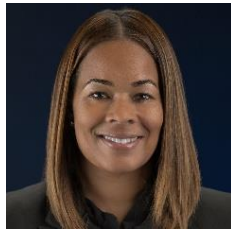


### **BOND UNDERWRITERS**

Seibert, Williams & Shank  
535 Griswold St.  
Detroit, MI 48226  
T 313 492-7857  
Contact: Suzanne Shank



Stifel Public Finance  
5th Floor  
787 7th Avenue  
New York NY 10019  
T 212 847-6610  
Contact: Christopher Moriarty



### **BOND ISSUER**

DEGC/EDC  
500 Griswold Street Suite 2200 Detroit MI 48826  
Contact: Kevin Johnson & Kenyetta Bridges-Hairston



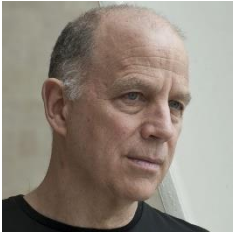
### **BOND COUNSEL – DEGC/EDC/ISSUER**

Dykema Gossett PLLC  
201 Townsend Street, Suite 900  
Lansing, Michigan 48933  
T 517-374-9124  
Contact: Jarrod T. Smith & N. Banu Colak



### **BOND COUNSEL – Music Hall**

Lewis Munday PLC  
660 Woodward Avenue  
Suite 2490, First National Building,  
Detroit MI 48226  
Contact: Karen Kendrick Brown, Esq & Ngozi E. Nwaesei, Esq



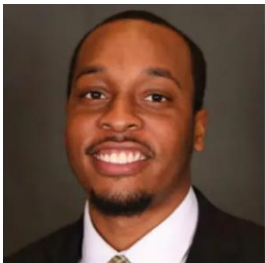
**BUILDING ARCHITECTS**

Tod Williams Billie Tsien Architects LLP  
222 Central Park South  
New York, NY 10019  
T 212.582.2385  
Contact: Tod Williams & Billie Tsien



**LANDSCAPE ARCHITECTS**

Hamilton Anderson Associates 1435 Randolph Street, Suite 200  
Detroit, MI 48226  
T 313.964.0270  
Contact: Rainy Hamilton Jr.



**CONSTRUCTION MANAGER**

Barton Malow  
1274 Library Street, Suite 500,  
Detroit, MI 48226  
T 313.293.8979  
Contact: Ed Davis



**DEVELOPER REPRESENTATIVE**

Ardent Advisors 241 Madison Street Suite 48  
Detroit, MI 48226  
T 248.766.5503  
Contact: Larry Lipa



**REAL ESTATE COUNSEL**

Butzel Long  
150 W. Jefferson, Suite 100  
Detroit, MI 48226  
T 313.225.7022  
Contact: Geaneen Arends



## **CONSTRUCTION PERMITTING**

Integrity Building Group  
350 Madison Avenue, 4th Floor  
Detroit, Michigan 48226  
T 313.300.0082 Contact: John Biggar



## **SENIOR FINANCIAL AND REAL ESTATE ADVISOR**

Ghebre Selassie Mehreteab  
600 Franklin Way  
West Chester, PA 19380  
Cell: 917.232.9618



## **COMPLIANCE AND REGULATIONS**

Activate Detroit  
28 West Adams, Suite 1300  
Detroit, MI 48226  
T 313.506.8505  
Contact: Buzz Thomas & Terence Thomas



## **CIVIL ENGINEER**

PEA Group  
45 W. Grand River Avenue Suite 501  
Detroit, MI 48226  
T 313.769.5770  
Contact: Emil Bunek



## **STRUCTURAL ENGINEER**

Thornton Tomasetti  
330 North Wabash Avenue Suite 1500  
Chicago, IL 60611  
T 312.596.2000  
Contact: Karen Grossett



**MEP FP IT ENGINEER**

Altieri Sebor Wieber  
31 Knight Street  
Norwalk, CT 06851  
T 203.866.5538  
Contact: Adam Trojanowski



**THEATRICAL DESIGNER**

Martin Vinik Planning for the Arts  
1026 Ulster Landing  
Saugerties, NY 12477  
T 845.336.6069  
Contact: Martin Vinik



**ACOUSTIC CONSULTANT (Acentech)**

33 Moulton Street  
Cambridge, MA 02138  
T 617.499.8000  
Contact: Ben Markham



**LIGHTING ENGINEER**

Fisher Marantz Stone  
22 West 19th Street, Floor 6  
New York, NY 10011  
T 212.857.9240  
Contact: Paula Martinez



**ENVELOPE CONSULTANT**

Forst Consulting & Architecture PLLC  
19 West 44th Street Suite 611,  
New York, NY 10036  
T 212.286.0900  
Contact: Bill Young



**VERTICAL TRANSPORT CONSULTANT**  
VDA Elevator & Escalator Consulting  
1420 Washington Blvd. Suite 301  
Detroit, MI 48226  
T 313.725.4500 Contact:  
Dion Cooper



**PUBLIC RELATIONS - Local**  
VVK PR + Creative  
Detroit, MI  
T: 248-202-6166 Contact: Stephen Jones and Peter Van Dyke



**CODE CONSULTANT**  
Jensen Hughes 10 South Wacker Drive Suite 1300  
Chicago, IL 60606  
T 312.869.8500  
Contact: Mark Slonina