

Lamphier, Wendy (Treasury)

From: Gelisse, Ashley (TREASURY)
Sent: Wednesday, March 18, 2015 12:43 PM
To: Bowman, Matthew (Treasury)
Cc: Workman, Wayne (TREASURY); Storberg, Ann Marie (TREASURY)
Subject: RE: Flint Drinking Water Loans
Attachments: Approval for Contracts Related to Joe Louis Arena.pdf

Follow Up Flag: Follow up
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Matt,

Thanks for sending this along. Wayne and I have previously discussed this, I don't have any concerns. Note - I'm copying Ann here because she'll be taking over these PA 436 approvals going forward, keeping her in the loop.

Two things we will need before we can finalize:

- 1) Please place on City of Flint letterhead
- 2) The EM should sign the request letter so it's clear that he's supportive before we ask Kevin to sign (see attached example from Detroit)

In terms of timing, Kevin is out of pocket all afternoon on Friday. So, if you can get us the aforementioned changes by tomorrow, that would be optimal. Thanks!

Ashley

From: Bowman, Matthew (Treasury)
Sent: Wednesday, March 18, 2015 10:49 AM
To: Gelisse, Ashley (TREASURY)
Subject: Flint Drinking Water Loans

Ashley,

As you are probably aware, we are in the process of amending the City of Flint's four Drinking Water loans through the MFA to provide some up-front cash relief. To accomplish this, the Treasurer will be required to give his approval on the attached memo. Please let me know by tomorrow if you have any concerns with this approval. The tentative plan is to have all the documents signed on Friday. If you have any questions, please let me know.

Thanks,

Matt Bowman
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Michigan Department of Treasury
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517.335.6102

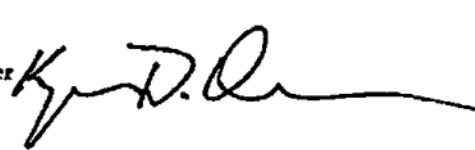


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MEMORANDUM

To: Governor Rick Snyder
State of Michigan

From: Kevyn D. Orr, Emergency Manager
City of Detroit 

Date: March 18, 2014

Re: PA 436 Approval for Contracts Related to the Joe Louis Arena

The Emergency Manager ("EM") has determined that it is in the best interests of the City of Detroit (the "City") and is consistent with the City's restructuring efforts and will promote the goals and purposes of Public Act 436 ("PA 436") to enter into the following contracts related to the Joe Louis Arena (the "JLA"):

- Sublease of Riverfront Arena (the "Sublease") between the City, Olympia Entertainment, Inc. ("OEI") and the Detroit Red Wings, Inc. (the "Red Wings")
- The Mutual Waiver and Release Agreement (the "Release") by and among the City, OEI and the Red Wings
- The Operating and Management Agreement (the "Parking Agreement", together with the Sublease and the Release, the "JLA Documents") between the City, OEI for the Riverfront Arena Parking Facility (the "JLA Garage").

The salient terms and benefits of the JLA Documents are as summarized below and shown on the attached term sheet, respectively:

- OEI will continue to sublease, operate and maintain the JLA from the City retroactive to July 1, 2010 through July 15, 2015, with the option to extend for five one-year terms during which time OEI will pay the City \$1 million per year in rent less the amounts paid by OEI as property taxes on the JLA;
- OEI and the City each have the right to terminate the Sublease upon completion of a new arena for the Red Wings currently being designed and constructed, provided that OEI can extend the termination date if it were to occur during the NHL season or if it would impact events scheduled within 180 days of the proposed termination date;
- OEI will maintain all insurance for the JLA from January 1, 2014 going forward;
- OEI will have no obligation to make any major capital repairs to the JLA, and the costs of such repairs shall be allocated between the City and the OEI as agreed upon, provided that if such allocation cannot be agreed to, either OEI or the City can terminate the Sublease, provided, further, that the City can only terminate if such capital items are catastrophic capital items;
- OEI will pay an additional \$250,000 in security payments to the City for the additional required police services during the initial term of the Sublease and an additional \$100,000 per year thereafter;
- Following the termination of the Sublease, the City will demolish the JLA if it receives sufficient funds from the State of Michigan;
- OEI will continue to manage and operate the JLA Garage during such time as the Sublease is in effect and will be reimbursed for all operating expenses and be paid a 7% management fee;
- OEI will repair 600 parking spaces that are currently unusable in the JLA Garage by September 1, 2014;
- The City will be responsible for making any major repairs, i.e., those over \$5,000, to the JLA Garage in such a manner as the City decides; and
- The City, OEI and the Red Wings have collectively released and waived all claims with respect to the JLA and the JLA Garage up to the date of execution including, but not limited to, such claims related to back rent, rent attributable to cable revenues, property taxes, operating expenses, capital repairs, or indemnification, provided that OEI shall pay the City \$5.175 million over the next three years and the City and OEI shall reconcile current accounts to ensure that no amounts are due or owing on execution of the JLA Documents.

KEVYN D. ORR, EMERGENCY MANAGER