

July 28, 2000

Honorable City Council:

Re: Proposed Resolution For Kennedy Square.

On December 8, 1999, your Honorable Body adopted a resolution authorizing execution of the proposed Development Agreement (referred to herein as the "KWA Development Agreement") by and among Kern Woodward Associates, L.L.C. ("KWA"), the City of Detroit, and the City of Detroit Downtown Development Authority (the "DDA").

On December 8, 1999, your Honorable Body adopted a resolution authorizing execution of the proposed Development Agreement (referred to herein as the "Original Compuware Development Agreement") by and among Compuware Corporation, the City, and the DDA. On July 21, 2000, your Honorable Body approved changes to the Original Compuware Development Agreement and adopted a resolution authorizing execution of a Restated Development Agreement by and among Compuware Corporation, the City and the DDA (referred to herein as the "Restated Compuware Development Agreement").

As set forth in the KWA Development Agreement, the City and the DDA have certain obligations regarding preparing the Kennedy Square Block for development. Certain encumbrances to title, identified in Exhibit B to the KWA Development Agreement, must be eliminated. Kennedy Square is currently under the jurisdiction of the Recreation Department. Attached to this communication is a copy of a memorandum from Ernest Burkeen, Jr., Director of the Recreation Department, to Paul Bernard, Director of the Planning & Development Department, declaring Kennedy Square surplus to the Recreation Department's needs and transferring jurisdiction of Kennedy Square to the Planning & Development Department.

Under the KWA Development Agreement, the DDA is to construct a new parking garage under Kennedy Square Block, which will replace the existing parking garage. The existing Kennedy Square

Parking Garage is owned by the City of Detroit Building Authority (the "Building Authority") in accordance with Contract of Lease No. 2. The Building Authority has taken action to remove the Kennedy Square Parking Garage from its inventory and reconvey it to the City. Such action is effective upon adoption of a resolution by your Honorable Body authorizing such action.

Additionally, the Restated Compuware Development Agreement obligates the City and/or the DDA to coordinate the completion of certain Infrastructure Improvements (as that term is defined therein), with the completion of construction of the Compuware headquarters building. The Infrastructure Improvements include the construction of the new Campus Martius Park and the new perimeter roads around the new Park. A portion of these Infrastructure Improvements will be constructed above the new parking garage. In order to be able to have the Infrastructure Improvements properly coordinated with the construction of the Compuware headquarters building, it is imperative that the DDA be in a position to commence construction of the new parking garage as soon as possible.

Attached to this communication is a resolution authorizing the reconveyance of the Kennedy Square site from the Building Authority to the City, approving transfer of jurisdiction of the Kennedy Square site from the Recreation Department to the Planning & Development Department, eliminating title encum-

brances, and authorizing the conveyance of the Kennedy Square site from the City to the DDA. The proposed resolution is consistent with and enables the City to implement its Policy 301-12G of the City of Detroit Master Plan of Policies to "redevelop Kennedy Square block as an office/retail site," as set forth in Revised Master Plan Change #30 adopted by your Honorable Body on May 4, 2000. The proposed resolution, when adopted, will also enable the City to carry out its obligations under the KWA Development Agreement and the Restated Compuware Development Agreement.

It is respectfully requested that you adopt the attached resolution with a waiver of reconsideration.

Respectfully submitted,

PHYLLIS A. JAMES

Corporation Counsel

Recreation Department

July 28, 2000

Honorable City Council:

Re: Transfer of Jurisdiction John Fitzgerald Kennedy Square (#39).

On December 19, 1972 (J.C.C. pp. 3079-80) the City Council adopted a resolution assigning jurisdiction of John Fitzgerald Kennedy Square to the Department of Parks and Recreation for

park, recreation and other municipal public purposes. You have advised us that in order to permit the development of the Campus Martius Project in accordance with the KWA and Compuware development agreements approved by City Council on December 8, 1999, and the Master Plan of Policies as amended by Revised Master Plan Change #30, it is necessary to transfer jurisdiction of John Fitzgerald Kennedy Square from the Recreation Department to the Planning & Development Department.

In light of the anticipated development of the Campus Martius Park, the Recreation Department declares the property lying west of Woodward Avenue, south of Michigan Avenue, east of Griswold Street and north of Fort Street, officially known as "John Fitzgerald Kennedy Square," and commonly known as Kennedy Square, surplus to its inventory. The Department transfers Kennedy Square to the Planning & Development Department to facilitate in the development of the Campus Martius Project.

Should you require further information, please contact Angela Bradby at 224-1103.

Respectfully submitted,

ERNEST W. BURKEEN, JR.

Director

By Council Member Mahaffey:

Whereas, the City of Detroit Building Authority (the "Building Authority") has been duly created and incorporated as a public authority and body corporate by the City Council of the City of Detroit (the "City") pursuant to the provisions of Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended, for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating or maintaining a building or buildings, including but not limited to automobile parking lots or structures, independently or adjunct to other buildings, recreational facilities, stadiums and the necessary site or sites therefor, for the use of any legitimate public purpose of the City; and

Whereas, the Building Authority and the City previously entered into that certain Contract of Lease No. 2, dated as of October 15, 1985, as amended and supplemented on October 5, 1990, on June 11, 1992, on February 1, 1997, on July 1, 1998 and on October 1, 1999 ("Contract of Lease No. 2"), pursuant to which (i) the Building Authority acquired from the City certain municipal parking facilities defined in Contract of Lease No. 2 as the Initial Project, consisting of Cobo Arena, Joe Louis Arena and Joe Louis Arena Parking

Garage and the Kennedy Square Parking Garage (hereinafter referred to as the "Initial Project"); (ii) leased the Initial Project back to the City; and (iii) financed the acquisition of the Initial Project through the issuance of the Building

Authority's Parking and Arena System Revenue Bonds; and

Whereas, pursuant to resolution of City Council dated April 3, 1978 (J.C.C. pp. 752-53) the City conveyed the Kennedy Square Parking Garage to the Building Authority by deed dated April 18, 1980 and recorded April 28, 1980, in Liber 20846, Page 755, Wayne County Records, Register Number G499128; and

Whereas, the Kennedy Square Parking Garage is situated within the area generally bounded by Woodward, Fort, Griswold, and Michigan, extending under portions of each of these streets, as described in the deed identified in the preceding paragraph (the "Kennedy Square Parking Garage Site"); and

Whereas, in connection with the 1999 supplement to Contract of Lease No. 2, the Building Authority issued and sold revenue bonds in the aggregate principal amount of \$29,900,000 (the "1999 Bonds") to finance the acquisition and construction of a new 1100 space below-grade parking facility to be located on Woodward Avenue (at the site of the former Hudson's Building) in the City to accommodate future above-grade improvements that are expected to comprise a part of the Campus Martius Project (the "Campus Martius Project"), an economic development project being undertaken by the City of Detroit Downtown Development Authority (the "DDA"); and

Whereas, on December 8, 1999, the City of Detroit City Council (the "City Council") adopted its resolution authorizing the Director of the City of Detroit Planning and Development Department ("P&DD") to (i) execute that certain development agreement (hereinafter referred to as the "KWA Development Agreement") by and among the City, the DDA and Kern Woodward Associates, L.L.C. ("KWA"), which contemplates the transfer of those certain properties comprising the Campus Martius Project, commonly known as the Hudson Block, the Monroe Block, the Kern Block, the Crowley Block and the Kennedy Square Block, as those terms are defined in the KWA Development Agreement, to the DDA, for reconveyance to and development by KWA, subject to certain terms and conditions and rights of the City; and (ii) execute that certain land transfer agreement (the "KWA Land Transfer Agreement") by and between the City and the DDA for the transfer to the DDA of the Monroe Block, the Kern Block, the Crowley Block and the Kennedy Square Block in accordance with the KWA Development Agreement (A condominium was previously created on the Hudson Block comprised of two (2) units. The Master Deed generally describes unit 1 as constituting the subterranean area of the Hudson Block ("Unit 1") and unit 2 consisting of the parallelepiped air space extending vertically upward from grade on the Hudson Block ("Unit 2"). As indicated above, the Building Authority currently holds title to and is constructing a below-grade parking facility in Unit 1. The DDA holds title in fee to Unit 2.); and

Whereas, also on December 8, 1999, the City Council adopted its resolution authorizing the Director of P&DD to (i) execute that certain development agreement by and among the City, the DDA and Compuware Corporation ("Compuware"), which development agreement contemplates the transfer of the Kern and Crowley blocks to the DDA, for reconveyance to and development by Compuware of its new corporate headquarters (the

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"Compuware Development Agreement"), subject to certain rights of KWA pursuant to the KWA Development Agreement; and (ii) execute certain land transfer agreements (the "Compuware Land Transfer Agreements") by and between the City and the DDA for transfer to the DDA of the Kern Block and the Crowley Block, subject to certain rights of KWA pursuant to the VA Land Transfer Agreement, and a portion of Farmer Street, all in accordance with the Compuware Development Agreement; and

Whereas, on July 21, 2000, the City Council adopted a resolution approving certain changes to the Compuware Development Agreement and authorizing the Director of P&DD to execute a Restated Compuware Development Agreement containing such changes (the "Restated Compuware Development Agreement"); and

Whereas, the Restated Compuware Development Agreement obligates the City and/or the DDA to coordinate the completion of certain Infrastructure Improvements (as that term is defined therein), with the completion of construction of the Compuware headquarters building; and

Whereas, the creation of the perimeter roads surrounding the new Campus Martius Park (the "Park") is among the Infrastructure Improvements to be completed as provided above; and

Whereas, it is anticipated that certain of the perimeter roads and part of the Park will be developed over a portion of the Kennedy Square Parking Garage Site; and

Whereas, in connection with the KWA Development Agreement and the Restated Compuware Development Agreement, the City has requested the Building Authority to enter into a land transfer agreement (hereinafter referred to as the "Kennedy Square Land Transfer Agreement") pursuant to which the Building Authority will reconvey the Kennedy Square Parking Garage Site to the City, thereby removing the Kennedy Square Parking Garage from the City's municipal parking system; and

Whereas, Contract of Lease No. 2 authorizes the Building Authority to sell, remove or dispose of any property constituting part of the municipal parking system, provided that prior to any sale, removal or disposal, there must be filed with the Building Authority, the City and the trustee for the bondholders, a report from the City's parking consultant to the effect that for each of the first five (5) full fiscal years following the date of such sale, removal or disposition, the revenue derived from the municipal parking system (taking into account such sale, removal or disposal) will not fall below (a) 175% of the amounts needed to pay principal and interest and sinking fund requirements for all outstanding bonds and (b) amounts required to be paid into the debt service reserve account, the operating and contingency reserve fund and the operating and maintenance reimbursement fund; and

Whereas, the City's parking consultant has filed such a report with the Building Authority, the City and the trustee for the bondholders confirming that the requirements for removal of the Kennedy Square Parking Garage from the municipal parking system have been satisfied; and

Whereas, Contract of Lease No. 2 provides that upon the filing of the parking consultant's report with the Building Authority, the City and the trustee for the bondholders, the property subject to sale, removal or disposal shall no longer be part of the municipal parking system and the revenues derived therefrom shall no

longer be considered revenues dedicated to support the operation of the municipal parking system or pledged to the bondholders for that purpose upon passage of a resolution to that effect by the City Council; and

Whereas, Contract of Lease No. 2 further provides that the Building Authority may remove property from the municipal parking system with the approval of the City by ordinance or by resolution; and

Whereas, on January 7, 2000, the Board of Commissioners of the Building Authority adopted its resolution authorizing the Building Authority to reconvey the Kennedy Square Parking Garage Site to the City and to remove the Kennedy Square Parking Garage from the municipal parking system of the City; and

Whereas, pursuant to the Kennedy Square Land Transfer Agreement, the City desires to remove the Kennedy Square Parking Garage from the Initial Project under Contract of Lease No. 2, and reacquire the Kennedy Square Parking Garage Site from the Building Authority; and

Whereas, in accordance with the KWA Development Agreement, the City desires

to transfer the Kennedy Square Parking Garage Site to the DDA so that the DDA may (i) construct a new underground parking garage on the Kennedy Square Parking Garage Site, and (ii) transfer the Kennedy Square Block to KWA for development in accordance with the KWA Development Agreement, the Restated Compuware Development Agreement, and the KWA Land Transfer Agreement for the Campus Martius Project; and

Whereas, the City of Detroit Municipal Parking Department ("MPD") shall operate and manage the Kennedy Square Parking Garage as a public parking facility until the transfer of the Kennedy Square Parking Garage Site to the DDA, provided that the DDA shall give the MPD sixty-five (65) days' notice of the need to transfer the Kennedy Square Parking Garage Site; and

Whereas, in accordance with the KWA Development approved by the Detroit City Council on December 8, 1999, and in accordance with the request of the Recreation Department to transfer jurisdiction of the Kennedy Square to the Planning & Development Department, the City Council desires to rescind the resolution adopted by City Council on December 19, 1972 (J.C.C. pp. 3079-80) assigning jurisdiction of John Fitzgerald Kennedy Square to the Department of Parks and Recreation for park, recreational, and other municipal public purposes for the purposes of rescinding any express or implied dedication or declaration of use of the Kennedy Square Block for park, recreational or public open space purposes and to declare the Kennedy Square Block surplus to the City's needs in order to permit the development of the Campus Martius Project; and

Whereas, in accordance with the KWA Development Agreement approved by the Detroit City Council on December 8, 1999, the City desires to rescind the resolution adopted by the City of Detroit Common Council on December 3, 1963 (J.C.C. p.2946) requiring that the land "lying west of Woodward Avenue, south of Michigan Avenue, east of Griswold Street and north of Fort Street...shall henceforth be known as 'JOHN FITZGERALD KENNEDY SQUARE' " to permit the development of the Campus Martius Project; and

Whereas, the City Council has determined that repurchasing the Kennedy Square Parking Garage Site from the Building Authority and removing the Kennedy Square Parking Garage from the municipal parking system, and conveying the Kennedy Square Parking Garage Site to the DDA for construction of a new underground parking garage and for conveyance by the DDA of the Kennedy Square Block to KWA for development in accordance with the KWA Development

Agreement and the Restated Compuware Development Agreement, and assisting in the development of the Campus Martius Project, is in the best interest of the City, will serve a valid public purpose and will benefit the public by increasing employment opportunities within the City, promoting the location, relocation, expansion and retention of commercial enterprises within the City, enhancing tourists amenities within the City, preserving and improving the aesthetic quality and economic health of the City, and increasing taxes and other revenues of the City;

Now, Therefore, Be It Resolved By The City of Detroit City Council, as follows:

1. That the Director of the City of Detroit Planning and Development Department is authorized to execute the Kennedy Square Land Transfer Agreement with the Building Authority and accept a deed from the Building Authority of the transfer of the Kennedy Square Parking Garage Site for One (\$1.00) Dollar and other good and valuable consideration.

2. That the Kennedy Square Land Transfer Agreement shall be considered confirmed when executed by the Director of the City of Detroit Planning and Development Department, and approved as to form by the Corporation Counsel.

3. That upon the execution of the Kennedy Square Land Transfer Agreement, the Kennedy Square Parking Garage shall be deemed removed from the municipal parking system and the revenues therefrom shall no longer be dedicated to support the debt of the City's municipal parking system or pledged to the bondholders for that purpose.

4. That the Kennedy Square Land transfer Agreement shall be executed effective as of the sixty-fifth (65th) day after the DDA gives notice to the MPD that it is necessary to close the Kennedy Square Parking Garage for the purpose of commencing the Infrastructure Improvements.

5. That in accordance with the request of the Recreation Department to transfer jurisdiction of John Fitzgerald Kennedy Square to the Planning & Development Department, the resolution adopted by City Council on December 19, 1972 (J.C.C. pp. 3079-80) assigning jurisdiction of John Fitzgerald Kennedy Square to the Department of Parks and Recreation for park, recreational, and other municipal public purposes is rescinded, and any express or implied dedication or declaration of use of John Fitzgerald Kennedy Square for park, recreational or public open space purposes is vacated and rescinded.

6. That the declaration of John Fitzgerald Kennedy Square as surplus and the transfer of jurisdiction of John Fitzgerald Kennedy Square from the

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Recreation Department to the Planning & Development Department is approved.

7. That in accordance with the KWA Development Agreement approved by the Detroit City Council on December 8, 1999, the resolution adopted by the City of Detroit Common Council on December 3, 1963 (J.C.C. p. 2946) requiring that the land "lying west of Woodward Avenue, south of Michigan Avenue, east of Griswold Street and north of Fort Street...shall henceforth be known as 'JOHN FITZGERALD KENNEDY SQUARE' " is rescinded

8. That the Director of the City of Detroit Planning and Development Department is authorized to transfer the Kennedy Square Parking Garage Site, together with appropriate easements, to the DDA for One Dollar (\$1.00) and other good and valuable consideration, and to execute a deed and any other required documents to effectuate such transfer in accordance with the terms of this resolution.

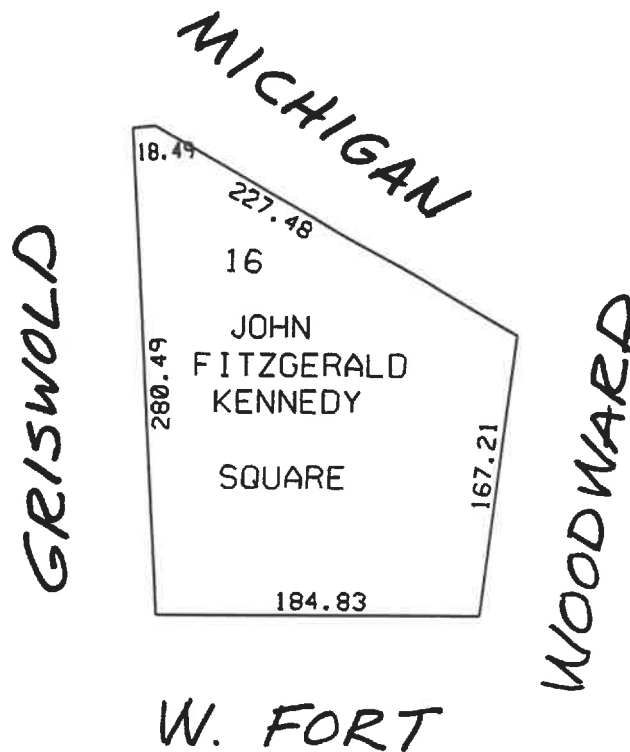
9. That the deed and other documents referred to in the preceding paragraph shall be considered confirmed when executed by the Director of the Planning & Development Department and approved as to form by the Corporation Counsel.

Adopted as follows:

Yeas — Members Cleveland, K. Cockrel, Jr., S. Cockrel, Everett, Hood, Mahaffey, Scott, Tinsley-Talabi, and President Hill — 9.

Nays — None.

*WAIVER OF RECONSIDERATION (No. 55) per motions before adjournment.



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