Paradise Valley Cultural and Entertainment District

Introduction

In anticipation of rebuilding and recreating the once thriving cultural and economic neighborhood known as “Paradise Valley”, the Downtown Development Authority (DDA) has acquired several buildings and parking lots within the greater downtown area. The DDA has since invested millions in infrastructure upgrades and building amenities to make the district attractive and desirable to both businesses and residents within the district formerly known as, Harmonie Park and now called the Paradise Valley Cultural and Entertainment District (PVCED). The PVCED currently offers a variety of businesses with diverse ownership and patronage featuring, restaurants, night clubs, retail, architectural and engineering firms, web based marketing firms, a recording studio, a center for the arts and eight residential units. The DDA is seeking proposals from qualified developers to acquire the DDA properties (see list below) to help establish a district with the cultural vibrancy and economic vitality and resilience of the old Paradise Valley.

Background

In the first half of the 20th Century, a thriving business, cultural and residential community known as “Paradise Valley” existed in what was then known as Detroit’s “Black Bottom.” It was sixty-six square block area on the near-east side of Detroit’s downtown, and from the 1920’s through the 1950’s it was where the vast majority of Detroit’s African-American population lived. The crowded neighborhood was one of the very few areas blacks were allowed to reside. The needs of the residents were generously met by more than 300 black-owned businesses in Paradise Valley, ranging from drugstores, beauty salons and restaurants to places of leisure such as nightclubs, bowling alleys with bars, theaters and mini-golf courses.

Paradise Valley has immense cultural and historical significance to the City of Detroit and the State of Michigan. During the 1930’s, a commercial center emerged in the Paradise Valley area (roughly bounded by Adams, Brush, Alexandrine and Hastings Streets (replaced by I-75)). By the 1940’s it was teeming with new immigrant African-Americans from the South who moved...
North for good paying factory jobs in Detroit’s emerging auto industry. This area had its own medical offices and retail shops, as well as swank restaurants and hotels created and patronized by the newly established African-American community comprised of Southern immigrants. The area once hosted the performances of entertainers like Ethel Waters, Pearl Bailey, Ella Fitzgerald and the Inkspots. The Paradise Theatre, opened in 1941, was the place to hear jazz greats such as Duke Ellington, Billie Holiday, Louis Armstrong, and Dizzy Gillespie.

In the late 1950’s and early 1960’s, Detroit’s Paradise Valley and Black Bottom along with the dense and important cultural contributions and economic support of the area were demolished to make room for the Interstate 75 Freeway. At the time, insufficient consideration was given to what was being lost by the destruction of the area.

The goals and mission of the PVCED are to recover, some of what the City lost, and to honor, revive, restore, evoke, continue and maintain the rich cultural, economic and historical heritage of Paradise Valley in a manner that celebrates the thriving nature of Paradise Valley at its prime. The PVCED will help to promote significant economic and cultural benefits to the City of Detroit.
Proposals:

The DDA is now seeking proposals to acquire and develop the DDA-owned properties within the Paradise Valley Cultural and Entertainment District (PVCED), consisting of the following five structures and two parking lots:

- 311 E. Grand River Avenue (Harmonie Club Building)
- 1407 Randolph (Harmonie Pointe Building)
- 1427 Randolph (Harmonie Recording Studio)
- 1435 Randolph (Randolph Centre Building)
- 1455 Centre St. (Parking lot adjacent to Randolph Ctr. Bldg.)
- 1468 Randolph (Parking lot adjacent to 1502 Randolph)
- 1502 Randolph (Harmonie Studios Building)

Attached you will find (a) maps of the PVCED, (b) summary of appraisals for each of the properties (electronic copies of full appraisals will also be available), and (c) photos of certain of the properties and public space. (Exhibits A, B and C, respectively)

The proposer may choose to submit proposals for one or several properties (see Other Considerations p. 8). Local participation is greatly encouraged (see City Requirements p. 4 and Local Participation, p. 8).

Interest Offered: Fee simple interest in the properties listed and described in this document.

Terms: Cash due at transaction closing.

Submittal: Development proposals must be submitted no later than 3:00 PM, November 11, 2015. Proposals received after this deadline may not be considered at the discretion of the DDA. Please refer to Pages 5 - 6 of this document for additional information on submission requirements.

Condition: The properties are to be sold ‘as-is, where-is’, without any representation or warranty of any kind.

Agent Representation: The DDA is acting as its own agent for sale of the properties. All sales and development agreements for DDA parcels will require the approval of the DDA Board of Directors prior to transaction execution. Proposer will be responsible for any broker fees and commissions.

Owner: The DDA owns the property offered as the subject of this RFP.

Zoning: The development parcels are zoned B4 - Mixed Use. No rezoning is contemplated for the mixed-use development program contemplated in this RFP.

Additional details of the B4 zoning classification may be found in the City of Detroit Zoning Ordinance (Article XI, Division 12).
City Requirements: As a public authority, the DDA requires developers to comply with the goals of City of Detroit Executive Orders Number 2014-4 and 2014-5. Executive Order Number 2014-4 directs City departments and authorities to impose a requirement on construction contracts that 51% of the workforce must be Detroit residents, and that 51% of the actual work hours are performed by Detroit residents. Executive Order 2014-5 directs City Departments and authorities to require its contractors and developers to provide at least 30% of the contract or project value through Detroit Based businesses. In addition, the selected developer(s) will be required to partner with the City and, when appropriate, a workforce development agency to promote the hiring, training and employability of Detroit residents, and, to the extent consistent with federal and state law, maximize full and part-time construction and post-construction opportunities in connection with the project for Detroit residents, including the setting of an appropriate hiring goal for Detroit residents based on the specific needs and requirements of the proposed project.

Disclaimer: No warranty or representation, expressed or implied, is made as to the accuracy of the information contained in this offering package. The information may be subject to unintentional errors, omissions, changes of price or other conditions, withdrawal without notice, and to any special listing conditions from the Owner. The Property is being offered “AS-IS, WHERE-IS”.

Confidentiality: Proposals will not be opened in a public opening. Reasonable precautions will be taken to avoid disclosure of contents and proprietary or confidential information to competing proposers or the public, up to the time of issuance of a development agreement. However, proposing proposers are advised that, after the closure of submission period, the qualifications responses may become a public record and may be subject to the terms of the Freedom of Information Act.

The DDA reserves the right to reject any and all proposals or to negotiate with any sources whatsoever, in any manner the DDA deems proper and necessary, to serve the best interests of the DDA and the City. The DDA reserves the right, as a precondition for any proposer to be considered for selection, to request that the proposer provide any additional information as the DDA may require related to the proposal and to the proposer and/or to the proposer’s directors, officers, shareholders/owners and any other individual associated with a proposal. The DDA further reserves the right to verify any information received from third parties in connection with the proposal.

Any information received by the proposer or any party receiving such information on behalf of the proposer which is related to a proposal gained through the RFP process, or otherwise, is to be treated in strict confidence. A proposer must not disclose any details pertaining to its proposal and the selection process in whole or in part to anyone not specifically involved in its proposal, unless written consent is secured from the DDA prior to such disclosure; provided that, the proposer shall identify all parties working with the proposer who will receive such confidential information. In particular, proposers shall not issue a news release or other public announcement pertaining to details of their proposal or the selection process without the prior written approval of the DDA. Issuance of any news release or release of information may result in the DDA immediately disqualifying that proposer and rejecting their proposal.
Proposers' Costs: Each proposer agrees and understands that submission of a proposal is a voluntary action on the part of the proposer. The DDA will not reimburse any costs incurred by a proposer or any of the proposer’s associated team members (“sub proposers”) in the preparation of any proposal.

Pre-Proposal Meeting and Property Viewing:

The DDA will hold a pre-proposal meeting for all interested parties. The purpose of the meeting is to publicly receive and answer any questions regarding the properties and the RFP.

The pre-proposal meeting shall take place on October 15, 2015.

The meeting will be held at the offices of the

Detroit Economic Growth Corporation  
500 Griswold Street  
Suite 2200  
Detroit, MI 48226

Proposal Required Information:

Proposers wishing to submit a proposal must submit ten (10) bound copies of a Statement of Qualifications and Development Proposal as described below to Downtown Development Authority, c/o Detroit Economic Growth Corporation, 500 Griswold Street, Suite 2200, Detroit, MI 48226 by no later than 3:00 p.m. on November 11, 2015.

The Proposal must contain the following elements in the order specified. Please be sure to clearly mark each section for ease of reference. Incomplete proposals or proposals that do not adhere to the following format will be rejected and will not be considered.

1. A letter of introduction stating the name of the proposing development team and designating one (1) authorized representative as the official point of contact for the team along with the contact’s address and telephone number, with the resume of each team member attached.

2. A description of the development team and its organizational structure, including all member organizations and designated lead personnel in each team member organization.

3. A conceptual description of the proposed developments, including but not limited to:
   - Description of which parcels are being included in the proposal.
   - Description of the proposed new construction uses, market rate or affordable housing, or adaptive reuse of the historic structures.
   - Preliminary site plan renderings of the proposed development.
   - Preliminary renderings of the relevant elevations of the proposed development.
   - Preliminary schedule with major milestones.
• Methods for maintenance and creative programming of the public spaces within the PVCED.
• A conceptual description on how the proposer will incorporate the goals and mission of the PVCED vision including the Goals (as defined below under “Selection Process and Proposal Evaluation – Development Plan”).

4. Documentation of the development team’s equity capacity and other evidence of financing capacity required to complete the project. Inclusion of any expected government contributions or support toward the project (e.g., anticipated tax abatements, brownfield plans, etc.). Proposed purchase price and conditions.

5. A preliminary financial sources and uses statement for the proposed development that shows all sources of funds to be used for project and a line item budget that shows their disbursement. Include any expectations for public subsidy, identified sources of subsidy or finance, preliminary written letters of support. The statement shall include details of the proposed development, proposed uses, estimated sale and lease revenue as applicable and such other information as the DDA may require.

6. A Pro Forma that shows the operations of the projects.

7. Completed Statement of Qualifications, including examples of proposer’s portfolio of similar projects, and governmental or other contact information which have the most significant experience with the proposer and project. Proposers may attach additional marketing material as they feel appropriate.

8. Copies of the financial statements of the previous three years of the proposer. If a new entity has been created for this project, all entity partners must submit their financial statements for the previous three years.

NO RFP RESPONSE (“No-Bid” Proposal): Proposers who receive this RFP but do not submit a Proposal are asked to submit a notice stating the reason(s) for not responding.

WITHDRAWAL: Proposals may only be withdrawn by written notice prior to the date and time set forth as the deadline for submission. No Proposal may be withdrawn after the deadline for submission.

REJECTION OF PROPOSALS: Proposals will be rejected without consideration for the following reasons:

a) Proposer’s failure to submit all required information of by this RFP.

b) Proposer is in arrears or in default to the City or DDA on any contract, debt, or other obligation.

c) Proposer has a contract or other relationship with a client that is determined by the DDA to be a legal or business conflict that is unwaivable or that the DDA at its sole discretion, is unwilling to waive.
d) In the event a proposer, including its subsidiaries, affiliated companies and franchises, submits more than one (1) proposal, the DDA, at its sole option, will have the right to determine which proposal will be considered, or reject all such multiple proposals.

SELECTION PROCESS AND PROPOSAL EVALUATION

DEGC and City staff will establish a proposal review committee, which shall review the proposals and recommend qualified developer(s) of the properties. Several finalist candidates may be selected. Finalists will likely be required to interview with the review committee. If a preferred developer or developers are determined, a recommendation will be made and approvals must be secured from the Board of Directors of the DDA. Such recommendation shall be based on the proposal or proposals that best meet the interests of the City of Detroit and the DDA, and meet the Goals (as defined below). The DDA reserves the right to reject any or all proposals or waive any informalities or conditions for any or all proposals. Specifically, the DDA will consider the following attributes when evaluating a development proposal:

Proposer Capacity (15 points)

- Qualified development team that demonstrates the experience and financial capacity to expeditiously complete the project.
- The Proposer needs to demonstrate that they have completed projects similar to the level of quality and scope of this Project.

Project Financials (15 points)

- Strength of financial proposal including proposed purchase price, viability of sources and use statement, and pro forma analysis.
- Proposed Purchase Price.

Development Plan (40 points)

- Strength and creativity of development concept and its consistency with the PVCED Goals and responsiveness to items outlined below:
  - Addressing the PVCED’s theme, with respect to the historical significance and cultural/entertainment components.
  - Creative support of a cultural influence, reflective of the historical “Paradise Valley”.
  - A local appeal in its composition of commercial, retail, entertainment, educational, and cultural offerings, serve niche markets, also having a cross-cultural appeal.
  - A capacity to serve as a year-round destination point for Detroit, Michigan, becoming a local, regional, and national draw.
  - Incorporating in the development plan a strategy for business retention that is respectful for those tenants that are in good standing with the DDA within the PVCED.
  - Incorporating a development strategy that includes maintenance and creative programing of public spaces within the PVCED.
  - Incorporating the mission and goals of the PVCED including the following (the “Goals”):
o Honor, revive, restore and evoke the rich cultural, business and historical heritage of Paradise Valley in a manner that celebrates the thriving nature of Paradise Valley when it was at its prime.

o Provide ownership and operational opportunities for Detroit residents and for businesses headquartered in Detroit.

o Promote job creation with an emphasis on Detroit residents.

o Promote area beautification, maintenance and programming, including active support of the Downtown Detroit Business Improvement Zone (BIZ).

o Establish a destination for both visitors/tourists and city residents, with emphasis on the park, park events and the establishment of a cultural and entertainment area.

o Increase opportunities for developers which have not historically worked with the DDA or in the downtown Detroit area.

o Make a unique contribution to Paradise Valley to embody, celebrate, honor and reflect the history of Paradise Valley which contribution will stand the test of time.

o Establish tools and methodologies to ensure the implementation and maintenance of the above-stated goals for a specified number of years after the completion of the sale process. The DDA desires to have the ability to meaningfully ensure the implementation and continuation of the Goals for at least the first 10 years of the development. This could include the formation of a limited liability company with the DDA as a voting manager or member, a property association with the DDA as voting member or some other structure or agreement.

- Acceptability of the development schedule.
- A governance structure that encourages cooperation and superior customer service among existing businesses and new businesses to be located within PVCED and includes management and supervision of the DDA for at least 10 years.

**Local Participation (30 points)**

- Development team that incorporates Detroit-based team members, in addition to the Detroit-based contractors, sub-contractors, suppliers, and employees required under Executive Orders #2014-4 and 2014-5, as further described on page 3. (15 Points)

- Inclusion of existing tenants as part of the development team. (15 points)

- Proposals which include current/future Detroit business operators and residents having ownership and entrepreneurial participation may receive additional credit. The District is to promote business development and opportunities for entrepreneurship/business start-ups.

**Other Considerations**

In addition to the aforementioned criteria, the DDA may give additional consideration to proposals that include more than one property. A proposal for a unique contribution to PVCED that the proposer will make to embody, celebrate, honor and reflect the history of Paradise Valley may also be considered.
Development Agreement

Upon confirmation of the selected developer(s) by the DDA Board of Directors, the selected developer(s) will be provided a Memorandum of Understanding describing agreed to terms and permitting the developer(s) to complete its diligence review of the properties. Simultaneous with the diligence review, DDA staff and the qualified developer(s) will negotiate a development agreement(s) to purchase and develop the property(ies) (the “Development Agreement”). Failure to execute a development agreement will result in the termination of all of the obligations contemplated under any of the proposed development agreement(s). Development must commence and be completed according to the terms of development agreement(s) or the property(ies) will revert back to the DDA and the qualified developer will forfeit its investment. Successful developer(s) will be responsible for all survey and title requirements. DDA will transfer ownership of the property upon payment in full of purchase price at the time of transaction closing.

Certain uses will be prohibited by the Development Agreement, such as:

- Any operation primarily used as a warehouse operation, any manufacturing, assembling, refining, smelting agricultural or mining operation, a factory, any industrial operation, any processing or rendering plant, or any lumber yard, provided that the foregoing shall not be deemed to limit or restrict any brewery or any distillery or any brewing or distilling operations that are in accordance with governmental rules, regulations and requirements applicable thereto.
- The sale, rental or storage of guns, firearms, ammunition, explosives or other unusually hazardous materials.
- Any dumping, incineration or reduction of garbage.
- Any dry cleaning plant (provided that such prohibition shall not be deemed to prohibit the operation of a retail dry cleaner store).
- Any veterinary hospital or animal-raising facilities.
- Any funeral parlor or mortuary.
- Any establishment selling or exhibiting pornographic materials; any establishment selling or exhibiting paraphernalia for use with illicit drugs; or any adult bookstore, adult video store or adult movie theater.
- Any massage parlor, topless club, strip joint, exotic or erotic dance clubs.
- Any pawn shop, flea market, junk yard, carnival or shooting gallery.
- Any church, temple, synagogue or other house of worship.
- Any video or game centers or arcades, provided that the foregoing shall not be deemed to limit or restrict pinball machines, electronic games, and other similar coin operated amusement machines which are incidental to the operation of any other permitted use.
- Any psychic, tarot card reading or similar services.
- Any bail bondsman services.
- Any alcohol/drug rehabilitation clinics or offices.
- Any commercial surface parking except for existing surface parking lots.
• Operation of a casino, provided that the foregoing shall not be deemed to limit or restrict the conducting of any lawful raffle (including, without limitation, any 50/50 raffle), bingo or other gaming or lottery which does not require a casino license under the Michigan Gaming Control and Revenue Act (Initiated Law 1 of 1996), the sale of tickets therefor and the payment of prizes and awards in connection therewith.

Certain affirmative covenants will be required, such as:

• compliance with the PVCED Goals.
• during the term of the applicable agreement / association, the subject properties shall be managed by an agreed list of persons.
• compliance with the terms and conditions of an agreed upon development plan;
• compliance with applicable laws and codes.
• compliance with non-discrimination and equal opportunity requirements.
• maintenance and repair the property.
• maintenance of casualty and commercial liability insurance as customary for similar types of property.
• payment of its pro rata share of funds necessary to maintain district in good order and condition, if such funding is in an area not maintained by the City or the BIZ.
• requirement to participate in the BIZ.
• restriction on the sale, transfer or assignment of all or any portion of the property or any interest in the property, except for a transfer of an ownership interest in the Proposer pursuant to an agreed “permitted transfer” (e.g., a transfer for estate planning purposes).
• restriction on encumbering, mortgaging or permitting any security interest or lien to attach to the Premises, except for mortgages made in connection with the financing of the acquisition of the property and the improvements to a building or other improvements located upon the property, with a requirement that any permitted security interest or lien shall only secure debt related to the property.

ANTICIPATED TIMELINE

Below is the DDA’s expected schedule for proposal submission, evaluation and selection, subject to change in DDA’s sole discretion.

<table>
<thead>
<tr>
<th>RFP Schedule</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP published</td>
<td>September 28, 2015</td>
</tr>
<tr>
<td>Pre Bid Meeting</td>
<td>October 15, 2015, at 10:00 am, DEGC office</td>
</tr>
<tr>
<td>District Tour</td>
<td>October 15, 2015, following Pre Bid Meeting</td>
</tr>
<tr>
<td>Proposal Due Date</td>
<td>November 11, 2015</td>
</tr>
<tr>
<td>Interviews</td>
<td>Times to be determined</td>
</tr>
<tr>
<td>Final Selection</td>
<td>December 16, 2015</td>
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<tr>
<td>DDA Board Presentation</td>
<td>January 13, 2016</td>
</tr>
<tr>
<td>Notification of Winning Developer</td>
<td>January 13, 2016</td>
</tr>
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</table>
Exhibit A
District Maps
## Exhibit B

**Summary of Appraisals**

### Paradise Valley

<table>
<thead>
<tr>
<th>Property</th>
<th>Description/Current Tenants</th>
<th>Levels</th>
<th>Sq. Ft.</th>
<th>% Leased</th>
<th>Appraised Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>33 Grand River</td>
<td>Carr Center - performing Arts Lower level restaurant - COLORS</td>
<td>4</td>
<td>35,904</td>
<td>75%</td>
<td>$1,436,000</td>
</tr>
<tr>
<td>1502 Randolph</td>
<td>La Casa Martini Bar &amp; Cigar Retail (1st/2nd flr) 3rd and 4th level - residential</td>
<td>4</td>
<td>10,200</td>
<td>100%</td>
<td>$1,415,000</td>
</tr>
<tr>
<td>1407 Randolph</td>
<td>Centre Restaurant (1st flr) Lotus Industries (2nd flr) Atomic Object (3rd flr)</td>
<td>3.5</td>
<td>8,300</td>
<td>100%</td>
<td>$1,213,000</td>
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<tr>
<td>1427 Randolph</td>
<td>Recording Studio (3rd flr)</td>
<td>3</td>
<td>7,200</td>
<td>33%</td>
<td>$410,000</td>
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<tr>
<td>1435 Randolph</td>
<td>Detroit Seafood Market (1st flr) Hamilton Anderson Assoc (2nd/3rd &amp; 4th flr) Spalding Dedecker; Velocity Cow; Ferrier Brand (2nd flr) Residential (2nd - 4th flr)</td>
<td>4</td>
<td>31,000</td>
<td>75%</td>
<td>$2,131,000</td>
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<tr>
<td>Parking lot</td>
<td>Adjacent parking lot</td>
<td></td>
<td></td>
<td></td>
<td>$603,000</td>
</tr>
<tr>
<td>1468 Randolph</td>
<td>Parking Lot</td>
<td></td>
<td>7,900</td>
<td></td>
<td>$790,000</td>
</tr>
</tbody>
</table>

Total: $7,998,000
Exhibit C

Photos

(current tenants in parentheses, where applicable)

Beatrice Buck Park
Park at Gratiot and Centre Streets
311 Grand River Ave. (Arts League of Michigan)
311 Grand River - Lower level (Colors Restaurant)
1435 Randolph (The Detroit Seafood Market – Restaurant)

1435 Randolph (Hamilton Anderson & Associates - Architect)

1502 Randolph (La Casa De Habana – Cigar & Martini Bar)