

**CITY OF DETROIT
AMENDMENT NO. 2
CONTRACT NO. 6001511**

THIS AMENDMENT NO. 2 (“Amendment”) is entered by and between the City of Detroit (“City”), a Michigan municipal corporation acting by and through its Planning and Development Department and its Housing and Revitalization Department, and the City of Detroit Building Authority (“DBA”), a public authority and body corporate of the State of Michigan, organized and existing under the Authority of Act 31, Public Acts of Michigan, 1948 (First Extra Session) as amended.

WITNESSETH:

WHEREAS, the City and DBA entered into that certain Property Management Agreement that was approved by Detroit City Council on June 26, 2018 and amended by Amendment No. 1 approved by Detroit City Council on July 20, 2021 (together the “Agreement”) for the DBA to perform certain property management and real estate services with respect to the operation and management of surplus commercial/industrial/residential buildings and/or vacant land owned and/or leased by the City (the “Services”); and

WHEREAS, Article 10 of the Agreement permits the parties to amend the Agreement by mutual agreed upon written amendment; and

WHEREAS, the City and DBA now desire to amend the Agreement to: (1) extend the Agreement term and (2) provide for additional compensation to the DBA to continue the Services for the extended time; and

NOW THEREFORE, in consideration of the foregoing, and of the benefits to accrue to the parties from this Amendment, the parties agree as follows:

1. Defined/Capitalized Terms. The defined/capitalized terms used in this Amendment that are not otherwise defined herein shall have the same meaning as set forth in the Agreement.
2. Extension of Agreement Term. Article 4. Agreement Term, Section 4.01 is hereby amended to extend the expiration date of the Agreement from “June 30, 2022” to “June 30, 2023”. The Contract term shall expire on June 30, 2023.
3. Increased Compensation. Article 6. Compensation, Section 6.01 is hereby amended by deleting the existing language and replacing it with the following:
 - 6.01 Compensation to the DBA for Services provided shall not exceed the amount of:
 - (a) Four Million Five Hundred Thousand and 00/100 Dollars (\$4,500,000.00) (“Management Fee”), inclusive of travel and other expenses; plus

- (b) Two Million Two Hundred Fifty Thousand and 00/100 Dollars (\$2,250,000.00) for the As-Needed Services Allowance Fees; plus
- (c) Property Sales Services Fees (if any) and Lease Services Fees (if any).

The Management Fee and As-Needed Services Allowance Fees that total Six Million Seven Hundred Fifty Thousand and 00/100 Dollars (\$6,750,000.00) will be paid directly to the DBA by the City in the manner set forth in Amended Exhibit B, which is attached hereto and incorporated by reference herein.

The Property Sales Services Fees are paid to the DBA at closing from the proceeds of any applicable sale of the Properties in the manner set forth in Amended Exhibit B. The Lease Services Fees are paid to the DBA from the actual rents collected under any applicable lease agreements in the manner set forth in Amended Exhibit B.

The Management Fee, As-Needed Services Allowance Fees, Property Sales Services Fees and Lease Services Fees are collectively referred to herein as the "Fees".


- 4. Amended Exhibit A. Exhibit A, II. Additional Clarifications & Assumptions, E. is hereby amended by adding the following language:

"Year Five" of the Agreement shall be July 1, 2022 to June 30, 2023.
- 5. Amended Exhibit B. Exhibit B is hereby deleted in its entirety and replaced with the attached Amended Exhibit B that is incorporated herein by reference.
- 6. Except as specifically amended herein, all other terms, covenants and conditions of the Contract shall remain in full force and effect, and the same are ratified and confirmed.
- 7. Amendment Authorization. Notwithstanding anything in this Amendment or otherwise to the contrary, this Amendment is not approved until it has been fully executed by duly authorized representatives of the City, as well as approved by the Detroit City Council, the Mayor of the City of Detroit, the City of Detroit Law Department and any other City financial review commission or board as required by law.

[Signatures are on the following pages]

IN WITNESS WHEREOF, the CITY and the DBA, by and through their duly authorized officers and representatives, have executed this Amendment as follows:

**ON BEHALF OF THE
CITY OF DETROIT BUILDING AUTHORITY,**
a public authority and body corporate

By: 

Print Name: Hakim W. Berry

Its: Chairman

Date: _____


By: 

Print Name: Christopher T. Jackson


Its: Treasurer

Date: _____

APPROVED AS TO FORM:


General Counsel, City of
Detroit Building Authority

**ON BEHALF OF THE
CITY OF DETROIT,**
a Michigan municipal corporation

By: 
Antoine Bryant

Its: Director,
Planning and Development Department

Date: May 9, 2022

By: 
Julie M. Schneider

Its: Director,
Housing and Revitalization Department

Date: May 3, 2022

APPROVED AS TO FORM:

OFFICE OF CONTRACTING AND
PROCUREMENT

Corporation Counsel
City of Detroit

Chief Procurement Officer
City of Detroit

This Agreement was approved by
Detroit City Council on:

Date

AMENDED EXHIBIT B

FEE SCHEDULE

I. BUDGET SUMMARY

Original Agreement	\$4,050,000.00
Amendment No. 1	\$1,350,000.00
<u>Amendment No. 2</u>	<u>\$1,350,000.00</u>
Revised Agreement Total	\$6,750,000.00

II. MANAGEMENT FEE

A. The City shall pay the DBA for performance of the Services a management fee of Nine Hundred Thousand and 00/100 Dollars (\$900,000.00) per year (“Management Fee”) for the term of the Agreement.

B. The Management Fee shall be paid to the DBA in monthly installments of Seventy Five Thousand and 00/100 Dollars (\$75,000.00) per month.

C. The Management Fee includes all travel and personnel expenses of the DBA under this Agreement.

D. Management Fee Schedule

Year One	\$900,000.00
Year Two	\$900,000.00
Year Three	\$900,000.00
Year Four	\$900,000.00
<u>Five</u>	<u>\$900,000.00</u>

Total Management Fee\$4,500,000.00

III. ADDITIONAL FEES

In addition to the Management Fee, the City shall pay the following additional fees as follows:

A. Property Sales Services Fees

When Properties under the jurisdiction and/or control of either P&DD or HRD are sold to a third-party pursuant to this Agreement, the City shall pay transaction fees from the proceeds of any applicable sale of the Properties equal to a sum calculated as follows (collectively the “Property Sales Services Fees”):

1. The DBA shall receive at closing only one of the following as applicable:
 - a. When the gross sale proceeds equal Forty Two Thousand and 00/100 Dollars (\$42,000.00) or more, the DBA shall be paid six percent (6%) of the gross sale proceeds from the sale of real estate; or
 - b. When the gross sale proceeds equal less than Forty Two Thousand and 00/100 Dollars (\$42,000.00) but more than Five Thousand Three Hundred and 00/100 Dollars (\$5,300.00), the DBA shall be paid Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00); or
 - c. When the gross sale proceeds are less than Five Thousand Three Hundred and 00/100 Dollars (\$5,300.00), the DBA shall be paid six percent (6%) of the gross sale proceeds from the sale of real estate.
2. The DBA's real estate brokerage firm shall be paid at closing five percent (5%) of the gross sale proceeds from the sale of real estate.
3. The DBA shall be paid at closing customary closing costs to cover such things as property appraisals, procurement of necessary property legal descriptions, recording fees, title policy premiums, escrow closing costs and all other such real estate related documents and/or services costs that are pre-approved by HRD.

Notwithstanding anything stated herein to the contrary, (1) all Property Sales Services Fees shall require the prior written approval of HRD and (2) in no event shall the total Property Sales Services Fees for a respective real estate sales transaction exceed the net sale proceeds paid to the City by a purchaser. If applicable, Property Sales Services Fees shall be proportionately reduced across the three categories above such that the total Property Sales Services Fees amount is less than the respective net sale proceeds paid to the City by a purchaser.

B. Lease Services Fees

For lease of Properties under City lease agreements that are new, renegotiated or prior/ongoing in which rents to the City are collected by the DBA, the City shall pay transaction fees to the DBA from the actual rents collected in an amount equal to eleven percent (11%) of the rent in cash to the City under such lease agreements ("Lease Services Fees").

Notwithstanding anything stated herein to the contrary, (1) all Lease Services Fees require the prior written approval of HRD, (2) the City shall only be obligated to pay Lease Services Fees after rent is collected, and (3) for purposes of this Section "rent" shall include cash only and not any other fair value to the City. The City shall be under no obligation to

pay Lease Services Fees on uncollected rent.

C. As-Needed Services Allowance Fees

1. For Task Proposals approved by HRD pursuant to this Agreement, the City shall pay the DBA the amount given for each Task up to a total amount for all Tasks under this Agreement not to exceed Four Hundred Fifty Thousand and 00/100 Dollars (\$450,000.00) (“As-Needed Services Allowance Fees”) per year of the Agreement.
2. Payment of As-Needed Services Allowance Fees to the DBA are contingent upon HRD’s receipt of an approved invoice for payment pursuant this Agreement.

3. As-Needed Services Allowance Fees Schedule

Year One	\$450,000.00
Year Two	\$450,000.00
Year Three	\$450,000.00
Year Four	\$450,000.00
<u>Year Five.....</u>	<u>\$450,000.00</u>
Total As-Needed Services Allowance	\$2,250,000.00
