

DOWNTOWN DETROIT PARTNERSHIP

March 12, 2013

The Honorable Mike Kowall
State Senator
Chair, Senate Committee on Economic Development
P.O. Box 30036
Lansing, MI 48933

Dear Senator Kowall,

Creation of a safe, clean and prosperous environment is necessary for the success of the downtown area of any urban core. Many cities around the United States use Business Improvement Districts (or Zones) to supplement baseline city services in order to create a more inviting atmosphere for individuals and businesses. New York City famously used this tool to clean up Times Square to the point where it is now both a family-friendly district and a desirable location for business investment.

A Michigan statute currently allows for the creation of Business Improvement Zones (BIZ), but their use has been limited due to the difficulty of creating the Zones and the ease of dissolution. A BIZ is created and managed by property owners who together decide to raise funds to pay for activities that supplement public services. The amount levied, board management, and uses of funds are all controlled by the property owners within the designated zone. The governing body of the city or village also must approve the creation of the BIZ.

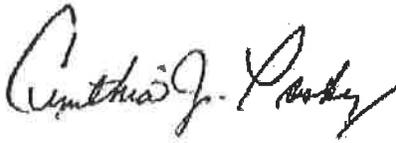
The hurdles to implementation in current law deter even some of the most engaged business leaders around the state from pulling together to improve downtowns via this tool. Many business leaders are willing to pay extra to supplement city services knowing they can manage the expenditures like their own business and that their efforts will have a positive economic impact.

We support efforts to streamline the process of implementing a BIZ while strengthening requirements related to dissolution. Statutes governing these zones should be balanced between ensuring adequate protections for taxpayers and the ability for civic-minded leaders to improve the safety and cleanliness of their surroundings. Legislation that would accomplish these goals is needed to help improve the urban centers of many of our cities.

We urge you to move forward with legislation that would improve upon Michigan's BIZ statute by providing greater balance and stability to the process of implementation and dissolution.

Regards,

Downtown Detroit Partnership Executive Committee



Cynthia J. Pasky
President & Chief Executive Officer
Strategic Staffing Solutions



Daniel J. Loepp
President & Chief Executive Officer
Blue Cross Blue Shield of Michigan



Dave Blaszkiewicz
President & CEO
Downtown Detroit Partnership



Matthew P. Cullen
President & Chief Operating Officer
Rock Ventures LLC



Roger S. Penske
Chairman
Penske Corporation



S. Martin Taylor
SM Taylor Ventures LLC



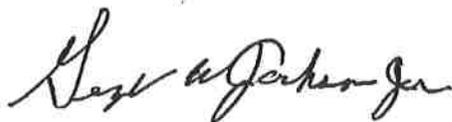
Gerard M. Anderson
Chairman, President & Chief Executive Officer
DTE Energy Corporation



Stacy Fox
Principal
The Roxbury Group



Christopher Ilitch
President & Chief Executive Officer
Ilitch Holdings, Inc.



George W. Jackson, Jr.
President & Chief Executive Officer
Detroit Economic Growth Corporation



Cameron H. Piggott
Member
Dykema Gossett PLLC



Denise Starr
Chief Administrative Officer
Compuware Corporation

DOWNTOWN DETROIT PARTNERSHIP

Who We Are

The Downtown Detroit Partnership is a private/public partnership of corporate and civic leaders that supports, advocates and develops programs and initiatives that create a clean, safe and inviting and economically strong Downtown Detroit community.

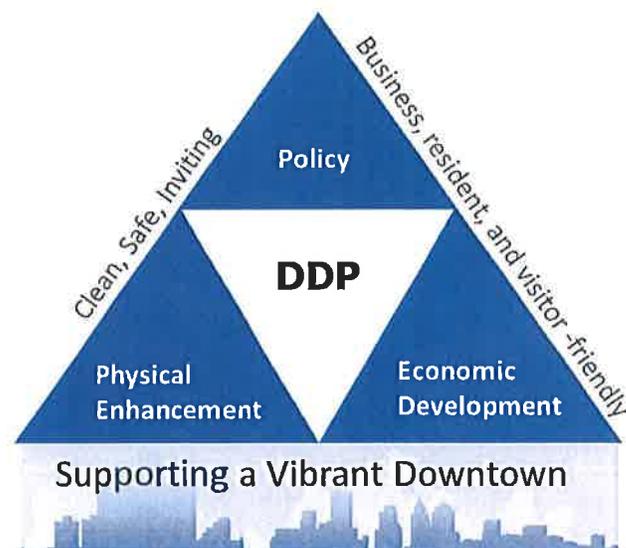
Our public partners are the City of Detroit, the Detroit Economic Growth Corporation, Wayne County and the State of Michigan. We are funded through membership dues as well as private, public and philanthropic support.

Our Mission

The Downtown Detroit Partnership is a private/public partnership of corporate and civic leaders that coordinates, supports, advocates and develops programs and initiatives that create a clean, safe, beautiful, inviting, vibrant, and economically strong Downtown Detroit Community.

What We Do

DDP implements 15 different programs and initiatives within a three-pronged strategic framework of (1) Physical Enhancement (2) Economic Development and (3) Policy.



Our Programs

Clean Downtown, Landscaping, Safety and Security, D:Hive, Live Downtown, Transit Oriented Development, Capitol Park Development Initiative, Stakeholder Engagement, CBD Transformation Plan with DEGC, Business Improvement Zone, Corporate Communications and Outreach, Campus Martius Park, Holiday Lighting, 2-1-1- On The Go!

What is a BIZ?

A business improvement zone (BIZ) is created and managed by property owners who together decide to raise funds to pay for activities that supplement public services. The amount levied, board management, and uses of funds are all controlled by the property owners within the designated zone.

The BIZ is an **investment by property owners and business owners** to create a clean, safe, and inviting downtown.



About the Request (LSB Request 01961'13*)

This legislation amends the current principal shopping district / business improvement district statute, which authorizes the establishment of business improvement zones. For historical reasons, the current statute makes it very difficult to establish a BIZ and relatively easy to dissolve a BIZ. Streamlining the statute would make the process for establishing and maintaining a BIZ considerably easier but still fair to the property owners.

The hurdles to implementation in current law deter even some of the most engaged business leaders around the state from pulling together to improve downtowns via this tool. Many business leaders are willing to pay extra to supplement city services knowing they can manage the expenditures like their own business and that their efforts will have a positive economic impact.



Proposed amendments to the legislation

The proposed amendments will:

- Streamline the voting process
- Align the vote weighting with the assessment method
- Authorize BIZs to merge with other BIZs
- Include an enforcement mechanism for the lien of unpaid assessments.
- Create a balance with the dissolution process.



More detail on the reverse side...

Summary authored by the Downtown Detroit Partnership, February 2013

Streamlines the voting process. Under the current statute, the establishment of a BIZ requires two votes of the property owners. The first vote is taken at a meeting after the Petition has been submitted. If the BIZ Plan is adopted by the property owners at the meeting, it is submitted for a vote by the City Council. The second vote of the property owners is a vote-by-mail election after the City Council has approved the BIZ Plan. The proposed changes require that a BIZ Plan be incorporated into the original Petition and eliminate the requirement for the first vote of the property owners.

The proposed formation sequence will be: (1) Filing of a Petition (2) Approval of the BIZ Plan by City Council and (3) Vote (by mail) of the property owners.

The BIZ Plan will still require approval by sixty (60%) percent or more of the property owners, with their votes weighted as described below.

Aligns vote weighting with assessment method. Under the current statute, voting must be weighted in accordance with the taxable value of the property, regardless of how the BIZ assessment was calculated (e.g. assessed value, square footage, linear footage, etc). Current law creates a disconnect between how property owners voted and how their assessments would be determined. The proposed changes will ensure that voting will be weighted according to the method in which the assessments will be calculated.

Requires more transparency and information in the BIZ plan including list of Board of Directors, method for appointment and removal of Board, description of planned projects, estimate of total amount of expenditures, proposed source of financing, projected rate of assessments, and plan for dissolution of the BIZ.

Authorizes a BIZ to merge with other BIZs. The current statute is silent as to whether a BIZ may merge with another BIZ. If the proponents of a BIZ decide to forego one comprehensive BIZ, but instead establish separate BIZs for separate parts of downtown, the probability exists that several BIZs will be established. If they are established, there should be a mechanism for allowing them to merge at a future date.

Includes an enforcement mechanism for the lien of unpaid assessments. Under the current statute, an unpaid assessment (but not interest thereon) is a lien on the land that requires the filing of a judicial action to foreclose. The proposed changes include interest on unpaid assessment as part of the lien and provide the BIZ with the authority to collect an assessment through the process for collecting special assessments (which the local treasurer may foreclose).

Creates a balance with the dissolution process. Under the current statute it is considerably easier to dissolve a BIZ than it is to establish it. The proposed modifications are fourfold: (1) a BIZ should will not be subject to a dissolution petition until after the second anniversary of its adoption; (2) a Dissolution Petition will require the signature of at least thirty (30%) percent (versus the current 20%) of property owners; (3) the voting on a dissolution petition should be clarified to provide that dissolution is approved only if more than sixty (60%) percent of the property owners voting at the meeting vote in favor of dissolution, and that the votes on dissolution be weighted in the same manner as they were weighted in the vote to establish the BIZ; (4) no dissolution should take effect until two (2) years after the dissolution vote, in order to give the BIZ ample time to wind down.

DETROIT ECONOMIC GROWTH CORPORATION

500 GRISWOLD STREET SUITE 2200 · DETROIT MI 48226 · 313.963.2940 FAX 313.963.8839

March 11, 2013

The Honorable Mike Kowall
State Senator
Chair, Senate Committee on Economic Growth
P.O. Box 30036
Lansing, MI 48933

Dear Senator Kowall,

The Detroit Economic Growth Corporation strives to attract and retain businesses in the city of Detroit and to create a better environment in which they can operate. For more than thirty years DEGC has helped guide these investments across the city. Recently a number of high-profile relocations and expansions have been concentrated in the central business district. This influx of new employees is joined by hundreds of new residents and millions of visitors every year. All of these successes help change the perception of Detroit as a world-class city.

Services that create and maintain a clean and safe environment are instrumental in being the kind of city that is expected and deserved by workers, visitors, and residents. Our partners at the Downtown Detroit Partnership have filled an important role in providing these services to the central business district for years and we support their efforts to modify the current Business Improvement Zone statute.

These zones, or districts, have proven to be effective supplements to city services across the country. Changing legislation to allow Detroit's committed business leaders to more easily form and maintain Business Improvement Zones, will complement the work of the Downtown Development Authority, and will allow Detroit's positive momentum to continue benefiting all who live, work, and play in the city of Detroit. Thank you for your consideration.

Sincerely,



Brian Holdwick

Executive Vice President, Business Development

Detroit Economic Growth Corporation



DOWNTOWN DETROIT PARTNERSHIP

March 13, 2013

The Honorable Mike Kowall
State Senator
Chair, Senate Committee on Economic Development
P.O. Box 30036, Lansing, MI 48933

Dear Senator Kowall,

Creation of a safe, clean and prosperous environment is necessary for the success of the downtown area of any urban core. Many cities around the United States use Business Improvement Districts (or Zones) to supplement baseline city services in order to create a more inviting atmosphere for individuals and businesses. New York City famously used this tool to clean up Times Square to the point where it is now both a family-friendly district and a desirable location for business investment.

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We support efforts to streamline the process of implementing a BIZ while strengthening requirements related to dissolution. Statutes governing these zones should be balanced between ensuring adequate protections for taxpayers and the ability for civic-minded leaders to improve the safety and cleanliness of their surroundings. Legislation that would accomplish these goals is needed to help improve the urban centers of many of our cities.

On behalf of the Downtown Detroit Partnership, our Board of Directors and Executive Committee, we urge you to move forward with legislation that would improve upon Michigan's BIZ statute by providing greater balance and stability to the process of implementation and dissolution.

Regards,



Dave Blaszkievicz
President & CEO, Downtown Detroit Partnership

**Blue Cross
Blue Shield**
of Michigan



Daniel J. Loepf
President and
Chief Executive Officer

600 E. Lafayette Blvd.
Detroit, Michigan 48226-2998

March 13, 2013

The Honorable Mike Kowall
State Senator
Chair, Senate Committee on Economic Development
P.O. Box 30036
Lansing, MI 48933

Dear Senator Kowall,

In 2012, Blue Cross Blue Shield of Michigan completed an initiative to consolidate our workforce in downtown Detroit. We have created an urban campus in a three block radius of downtown with over 6,000 employees in the district. This consolidation followed other investments in Michigan's urban cores of Lansing and Grand Rapids. We are committed to Michigan, to Detroit and to downtown districts.

The creation of a safe, clean and prosperous environment is necessary for the success of the downtown area. Many cities around the United States use business improvement districts (or zones) to supplement baseline city services to create a more inviting atmosphere for individuals and businesses. New York City famously used this tool to clean up Times Square to the point where it is now both a family-friendly district and a desirable location for business investment.

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Blue Cross Blue Shield of Michigan supports efforts to streamline the process of implementing a BIZ while strengthening requirements related to dissolution. Statutes governing these zones should be balanced between ensuring adequate protections for taxpayers and the ability for civic-minded leaders to improve the safety and cleanliness of their surroundings. Legislation that would accomplish these goals is needed to help improve the urban centers of many of our cities.

Honorable Mike Kowall
March 13, 2013
Page Two

As Chairman of the Executive Committee of the Downtown Detroit Partnership, I urge you to move forward with legislation that would improve upon Michigan's BIZ statute by providing greater balance and stability to the process of implementation and dissolution.

Regards,

A handwritten signature in black ink, appearing to read "Daniel J. Loep", with a long horizontal flourish extending to the right.

Daniel J. Loep

Downtown Detroit Partnership, Inc.

Board of Directors

As of January 17, 2013

Executive Committee

Chair, Board of Directors
Cynthia J. Pasky
President and Chief Executive
Officer
Strategic Staffing Solutions

Chair, Executive Committee
Daniel J. Loepp
President and Chief Executive
Officer
Blue Cross Blue Shield of
Michigan

Vice Chair
Matthew P. Cullen
President and Chief Executive
Officer
Rock Ventures LLC

Vice Chair
Roger S. Penske
Chairman
Penske Corporation

Vice Chair
S. Martin Taylor
SM Taylor Ventures LLC

President and Chief Executive
Officer
David Blaszkiewicz

Member
Gerard M. Anderson
Chairman, President, and
Chief Executive Officer
DTE Energy Company

Member
Stacy Fox
Principal
The Roxbury Group

Member
Christopher Ilitch
President and Chief Executive
Officer
Ilitch Holdings, Inc.

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George W. Jackson, Jr.
President and Chief Executive
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Detroit Economic Growth
Corporation

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Cameron H. Piggott
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Dykema Gossett PLLC

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Denise Starr
Chief Administrative Officer
Compuware Corporation

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Marvin Beatty
Chief Community Officer
Greektown Casino-Hotel

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Keith Crain
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Crain Communications Inc

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Michigan Managing Partner
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Hudson-Webber Foundation

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Wayne County

David Foltyn
Chairman and Chief Executive
Officer
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and Cohn, LLP

Dan Gilbert
Chairman and Founder
Rock Ventures LLC

J.G. Ted Gillary
Executive Manager
Detroit Athletic Club

Roderick D. Gillum
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Jackson Lewis

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President
Wayne State University

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Eric B. Larson
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Detroit Lions, Inc.

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Interim Chief, Police
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Vice President
PVS Chemicals Inc.

Mariam C. Noland
President
Community Foundation for
Southeast Michigan

Thomas D. Ogden
Michigan President
Comerica Bank

Richard (Rip) Rapson
President and Chief Executive
Officer
The Kresge Foundation

Carl D. Roehling, FAIA, LEED
AP
President and Chief Executive
Officer
SmithGroup JJR

Doug Rothwell
President and Chief Executive
Officer
Business Leaders for
Michigan

Andra Rush
President
Rush Trucking Corporation

Nancy Schlichting
President and Chief Executive
Officer
Henry Ford Health System

John W. Stroh III
Chairman and Chief Executive
Officer
The Stroh Companies, Inc.

Gary H. Torgow
President and Founder
The Sterling Group

Edgar L. Vann II
Pastor
Second Ebenezer Church

Steven A. White
Chairman and Chief Executive
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Detroit Renewable Energy

Secretary / Treasurer
Paul Trulik
President
Apparatus Solutions, In