

Tom Walsh

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TOM WALSH: Port Authority comes through with bond OK

Garage makes group an important player

December 7, 2004

BY TOM WALSH
FREE PRESS COLUMNIST

Let's hear it for the Detroit/Wayne County Port Authority, which Friday, for the first time in its 26-year history, sealed a deal to sell bonds to finance a construction project along the Detroit River.

The project is (drum roll, please) a big parking garage!

OK, OK, so it's not exactly as cool as the Rock and Roll Hall of Fame or anything. But that's the general idea, to borrow money for a bunch of big projects -- sexy and otherwise -- to revitalize Detroit's sorry-looking stretches of riverfront.

And Detroit's Port Authority had to start somewhere.

The potential for kick-starting high-impact projects with Port Authority bonds is considerable, as Cleveland showed with its Rock and Roll Hall of Fame and Museum overlooking Lake Erie, financed in large part with \$60 million in Cleveland-Cuyahoga County Port Authority bonds. Port Authority bonds also helped fund the Cleveland Browns' football stadium.

With city, county and state budgets so strained these days, look for more use of Port Authority bonds to finance Detroit projects. There's even talk of using the Port Authority to help fund expansion or replacement of the Cobo Center convention complex.

Here's how the deal works in the Detroit/Wayne County Port Authority's first bonding project, to raise \$43 million for a parking deck next to **General Motors Corp.**'s Renaissance Center headquarters. The structure will provide 1,174 parking spaces and have 18,000 square feet of retail space on the first floor. Completion is expected by mid-2006.

The Port Authority will issue bonds, at about 5-percent annual interest, to pay for 100 percent of the construction cost. GM will lease and operate the garage for use by its employees, including **OnStar** workers who are relocating from Troy to Detroit.

The bonds are underwritten by **Fifth Third Securities**, a unit of **Fifth Third Bank**.

Because the Port Authority actually owns the parking deck and is responsible for payments to bondholders, neither GM nor the City of Detroit has to carry the equity for the structure or the debt obligation on their balance sheets.

"This was a perfect first deal to do because GM is a big creditworthy tenant, which makes it easy for Fifth Third to go out and resell the bonds," says John Kerr, economic development specialist for the Port Authority.

If bonding via the Port Authority is such a good deal for all concerned, why has it taken 26 years to do the first such deal in Detroit?

The answer has much to do with politics and the fact that people in power in Detroit, Lansing and Wayne County governments often did not get along during the last few decades.

But that's changed since Curtis Hertel, a longtime legislator and former speaker of the state House of Representatives, took over as executive director of the Port Authority in August. Hertel is pushing to make the Port Authority a more active player in development deals along the waterfront.

Ground was broken in June for an \$11-million public dock and terminal building at the foot of Bates Street near the RenCen. (Federal grants are paying for that project.) Hertel and Detroit Mayor Kwame Kilpatrick hope the dock will be completed in time to host a Great Lakes cruise ship during festivities surrounding the Major League Baseball All-Star Game, to be played July 12 at Comerica Park.

Hertel is encouraging developers to explore using Port Authority revenue bonds for a wide range of projects, from parking decks to the renovation of Ford Auditorium for conversion to an expanded Motorsports Hall of Fame, as one local entrepreneur is proposing.

Even L. Brooks Patterson, the Oakland County executive who has no direct role in the Detroit/Wayne entity, is intrigued by the Port Authority as a financing tool.

The sugar-plum vision dancing in Patterson's head is this: Every dollar of a Cobo Center expansion that could be funded by a Port Authority bond issue -- and supported by revenues from a private partner like a casino -- is a dollar Oakland County taxpayers or businesses wouldn't have to fork out.

Farfetched? Hey, if Cleveland can conjure up a Rock and Roll Hall of Fame on its waterfront .

Contact **TOM WALSH** at 313-223-4430 or twalsh@freepress.com.