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train depot seems complete



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A review of legal documents filed in recent weeks indicates that Ford Motor Co. has consummated months of intense negotiations with the Moroun family and has purchased the Michigan Central Station, according to a property law expert who specializes in such deals.

Something could still go wrong, but "this is a very exciting moment," said David Findling, a Royal Oak lawyer who has handled real estate transfers for 30 years.

"In all likelihood, we can say to ourselves that Ford is moving into Corktown in a big way," he said. "This isn't hypothetical anymore. This isn't speculative. Ford is doing it. This is going to happen."

Documents filed with the Wayne County Register of Deeds in May confirm that ownership of the long-vacant train station changed from the Moroun-affiliated MCS Crown Land Development Co. LLC to New Investment Properties I LLC, which lists as its address that of a New York law firm that has represented Ford Motor Credit for more than a decade.

A nearby building, a former school book depository also long held by Moroun, was sold to New Investment Properties II LLC, also linked to the Phillips Lytle law firm.

Said Deep, a spokesman for Ford, declined Thursday to confirm or deny whether Phillips Lytle is representing the Dearborn-based automaker in the deal. He said only that news would be forthcoming.

More on Detroit train depot:

Detroit train depot ownership transferred to company with ties to Ford

Detroit train station: Ford purchase would be pivotal moment for city

Ford for months has said it plans to expand its Corktown presence beyond a old hosiery factory that it bought to locate about 200 advanced technology workers who moved into that building last week.

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Here's a snapshot of where things stand:

Companies set up LLC entities to buy property because it's so easy and limits disclosure. The process has been used by many big developers, including Dan Gilbert in Detroit and Donald Trump in New York.

The key to an LLC is "limited liability," under which risk is contained to only that property. Liability is limited to the assets of that LLC, not, for example, all of Ford. The paperwork doesn't reveal the officers of the LLC. Michigan law doesn't require a listing of who owns or runs the entity.

Once a buyer and a seller complete their negotiations, a purchase agreement is drafted and an LLC is formed.

It is unlikely the public will ever know the sale price because the paperwork lists only, "for the full consideration of One Dollar (\$1.00), subject to all items of record." "This is typical," Findling said. "When you buy real estate, sometimes you don't want anybody to know how much paid for it. So you put down \$1, subject to all items of record."

Due diligence

After any conditions are cleared, such as an engineering study, for example, another LLC could be created or a land transfer could be made to Ford, Findling said. "This LLC was done purely for the purpose of acquiring title. It doesn't mean it's the final way station. There's no need to go through all the gymnastics until after you own it. The deal may fall through. The period between having the agreement executed and closing is the due diligence period."

He added, "Ford would not want to spend \$5 million on engineering and evaluation and not know they have agreement. The agreement itself would have a due diligence period to do all these things. One of the most important is environmental. It's like a stain from Macbeth. The blood doesn't come off your hands. Once you take title of contaminated property, you're responsible."

Buyers can get out of the deal during this period because, like a home purchase, there's an inspection clause in the agreement.

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"These are corporate documents that the public can't see. The new investment company is still the owner, but the owner of the new investment company changes. It's a legal version of three-card Monte. You don't know what's happening behind the scenes. They show you only what they want you to see. Who wouldn't want it that way? They don't have to tell you how much they paid. Their only obligation is to comply with the law."

Susan Pace Hamill, a professor of law at the University of Alabama who specializes in LLC formation, said the entities were designed to level the playing field for small businesses seeking simple tax and liability protections.

"LLCs were not created to obscure the true owners of real estate," she said. "Now, the way development is going, there's the ability for an LLC to own property as the record owner but, at the same time, you wonder, 'Who's the real owner?' An LLC is not a living person, not someone who can authorize payment of taxes or make sure property is kept up properly."

These days, it's tough to figure out whether a family has sold property or dumped it into an LLC, Hamill said.

"When you have separate LLCs owning separate properties, you've essentially erected a corporate veil around each property," she said. "So if someone is hurt in a building or it burns down, the liability is limited to that property. This was meant to even the playing field for small business. It was never intended to make it possible to conceal ownership and decision-making power regarding real estate."

Ford's statement

Deep on Thursday re-issued the official statement from Wednesday: "We are very excited about our return to Detroit this year beginning with our electric vehicle and autonomous vehicle teams relocating to a historic former factory in Corktown. We expect to grow our presence in Detroit and will share more details in the future."

Even given Detroit's downtown resurgence in the past six years, Ford buying and renovating the train station would be one of the most significant redevelopment projects in the city so far.

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A deal like this will probably take some time to work out. Patience is key while this unfolds," said Dave Sullivan, manager of product analyst at AutoPacific Inc. "The new owner will make an announcement when the i's are dotted and the t's are crossed. There is a new owner now. Let's wait to see what happens to the property in the meantime. There is likely to be some legal hurdles yet to jump over, contractors to line up, and architects to preserve yet modernize the building. It will all come together in due time. We've waited 30 years for some progress on this building. What's another few weeks or months?"

Findling said that growing up in Detroit, he and his family have marveled at the city's recent resurrection.

"My mother, when she came back to visit from Palm Springs, took pictures down at Campus Martius Park with all the people there. She thought they were actors," he said. "And now, the western part of the city, Corktown, is going to have an influx of people and talent and financial resources it hasn't seen since the Tigers. This is not just anybody buying the train station. This is Ford coming in. I mean, their stock symbol is just "F." They're an original. This is all just inconceivable."

Sullivan said a Ford acquisition, if really happening, makes sense.

"That train station opened the day before Henry Ford announced the \$5-a-day wage. Trains back then were still a popular and affordable means of travel," he said. "I think as Ford replants their roots in Detroit, they are looking for some spiritual innovation from this location about the future of mobility. This building is as iconic as anything in the city and a new tenant working on the future of mobility from the Motor City really looks to polish the old iron image that Detroit has around the world."

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