



APPROVAL OF MINUTES OF OCTOBER 9, 2018 MEETING

RESOLVED, that the minutes of the Regular meeting of October 9, 2018 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Economic Development Corporation.

October 23, 2018

**ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, OCTOBER 9, 2018 – 8:30 A.M.**

BOARD MEMBERS PRESENT: Marsha Bruhn
Kimberly Clayson
Linda Forte
Damon Hodge
Chris Jackson
Kwaku Osei
Jonathan Quarles

BOARD MEMBERS ABSENT: Maurice Cox (Ex-Officio)
John Naglick (Ex-Officio)
Matthew Roling
Thomas Stallworth

**SPECIAL DIRECTORS
PRESENT:** None

**SPECIAL DIRECTORS
ABSENT:** Jonathan Newton (Waterfront East Development Project)

OTHERS PRESENT: Pierre Batton (DEGC/EDC)
Kyla Carlsen (DEGC/EDC)
Catherine Frazier (DEGC/EDC)
John Gallagher (Free Press)
Gay Hilger (DEGC/EDC)
Malinda Jensen (DEGC/EDC)
Jennifer Kanalos (DEGC/EDC)
Hafsa Kahn (DEGC/EDC)
Paul Kako (DEGC/EDC)
Rebecca Navin (DEGC/EDC)
Sarah Pavelko (DEGC/EDC)
Mariangela Pledl (DEGC/EDC)
Kelly Shovan (DEGC/EDC)
Moddie Turray (CGP)
Matt Walters (City of Detroit)



Economic Development Corporation of the City of Detroit

**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, OCTOBER 9, 2018
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD, SUITE 2200
8:30 A.M.**

CALL TO ORDER

Noting that a quorum was present, Chair Forte called the Regular meeting of the Economic Development Corporation Board of Directors to order at 8:35 a.m.

GENERAL

Approval of Minutes

Ms. Forte asked if there were any additions, deletions or corrections to the minutes of the September 25, 2018 Regular Board meeting. Hearing none, the Board took the following action:

On a motion by Ms. Bruhn, seconded by Mr. Quarles, Resolution Code EDC 18-10-02-304 was unanimously approved.

PROJECTS

Motor City Match Pop-Up Track

Mr. Batton reported that the Motor City Match (MCM) program connects buildings in Detroit to new or expanding businesses, while providing competitive grants, loans, and businesses services. The program has been administered through four tracks – three pre-development tracks and one development track.

MCM program staff propose a new track, “Pop-Up”, which will better prepare entrepreneurs in the Motor City Match pipeline by providing an opportunity to test their business model in a temporary incubator space before opening a brick and mortar location. The aim of the track is to: (1) provide more robust support and training for entrepreneurs by leveraging existing resources and partnerships, (2) strengthen grant investment by building stronger, more sustainable small businesses, and in the long-term, (3) strategically activate buildings in target corridors to encourage catalytic activity through temporary activation.

To qualify for the Pop-Up track, an entrepreneur must have a written business plan that includes financial projections or solid experience selling their product or service and are post-revenue. The selection process will consist of:

October 9, 2018

- A quarterly application,
- Community partner and staff scoring

If selected, the entrepreneur will receive:

- Educational workshops,
- Merchandising and marketing assistance,
- Financial readiness consulting,
- Mentoring with other small business owners, and
- Match making with pop-up spaces

Businesses will be allotted \$4,000 in Technical Assistance to be used within an eighteen (18) month award period. The entrepreneur will be expected to cover the cost of pop-up space rent and inventory and will also be connected with financial planning resources and microlending options for additional financial business needs. Businesses will be expected to test their concept in a physical space during their award period. Timing of the pop-up will vary based on each individual business situation, experience and capacity ranging from one-day market style pop-ups to three-month short-term lease arrangements.

Below is a summary of the proposed "Pop-Up" track, which will officially be launched in March 2019 for Round 16:

	Awards	Awardees must have:
POP-UP AWARD	<ul style="list-style-type: none"> • Educational workshops • Merchandising and marketing assistance • Financial readiness consulting and refer to lending partners • Match making with pop-up spaces • Small business mentoring • Up to \$320k per year targeting 20 awardees per quarter (\$4,000 per awardee) 	<ul style="list-style-type: none"> • A written business plan with financial projections <u>Or</u> • Solid experience selling their product or service and are post-revenue. The selection process will consist of:

In preparation for the Pop-Up track, MCM staff invited forty-six (46) MCM businesses to apply for a Pop-Up track pilot cohort following the recommendation by MCM staff and community partners based on strong business concepts and active participation in the program. Of the forty-six (46) invitees, twelve (12) businesses applied.

A team of jurors selected awardees for the pilot cohort based on five criteria: vision and plan, experience, market support, leverage and community support. Twelve (12) "Pop-Up" awardees for the pilot round are presented in Exhibit A attached.

A resolution approving the Pop-Up track and the pilot cohort awardees was included for the Board's consideration.

Ms. Forte asked for clarification of the term “post revenue”. Mr. Batton stated that they want individuals who are actually selling their goods or their service and who have made transactions.

Mr. Jackson questioned whether the buildings are part of the MCM buildings. Mr. Batton stated that, for the pilot tract, they are working with community partners to identify various locations within the commercial corridors where there could be a pop-up. Given the condition of MCM properties at this time, they would not be ready from a zoning and permitting standpoint for a pop-up.

Mr. Jackson asked who would be responsible for the rent for the property. Mr. Batton responded the pop-up business would pay their own rent. There is no cash grant going into this. The participants would be eligible for the same services provided to the other MCM tracks. The big take away from the pop-up track would be that there are a lot business models that need to be tested in the Detroit marketplace, and this is a way for the businesses to get experience in a commercial space and prove that their concept or business model can be viable, which is an important factor when approaching a commercial lender.

Mr. Quarles asked what the term of the lease would be. Mr. Batton stated that they wanted a lot of flexibility, so it could be as short as one week to six months.

Ms. Forte questioned if all the Pop-Up Track awardees would be allotted \$4,000. Mr. Batton informed that they would receive up to \$4,000. Ms. Forte proposed amendment of the resolution to state, “up to \$4,000”.

Subsequent to the discussion, the Board took the following action:

On a motion by Mr. Quarles, seconded by Mr. Jackson, Resolution Code EDC 18-10-91-74 was unanimously approved, as amended.

Waterfront East Development Project: Approval of ERF Atwater, LLC Development Agreement

Ms. Pavelko advised that in August 2014, the Economic Development Corporation (the “EDC”) executed a Development Agreement (the “Original Agreement”) for the Orleans Landing Project with Rivertown Phase I, LLC, a subsidiary of the development firm, McCormack Baron Salazar (the “Orleans Landing Developer”). The Original Agreement provided a purchase option for a second phase of the project on 3.11 acres of vacant land at the corner of Riopelle and E Atwater (the “Property”).

The Orleans Landing Developer exercised the purchase option in Fall 2017 and in April, 2018 assigned the purchase option to City Growth Partners, LLC, a development firm managed by Mr. Moddie Turay. City Growth Partners, through its affiliate ERF Atwater, LLC (the “Developer”) presented EDC staff with a project plan for a \$120 million minimum investment in a mixed-use development with approximately 25,000 square feet of street level retail, 300 residential units, 100 hotel rooms and a fee-based parking deck open to the public (the “Project”). The Project plan included a full financial proforma, conceptual design drawings and site plan, project timeline. In addition, Developer has negotiated a LOI with a national hotel flag.

The purchase option requires the final sale price be set by independent appraisals. In order to support the appraised value for the sale of the project and ensure timely execution of the Project, the Developer requested the EDC facilitate the sale and financing of the property acquisition by allowing a portion of the purchase price for the Property to be paid over time.

EDC staff fully evaluated the Project plan and reviewed the plan with the Mayor. Based on this review, the EDC staff is seeking the Board's approval to negotiate, execute and consummate a Development Agreement consistent with the terms and conditions described in the Term Sheet which was included in the Board material as Exhibit A (the "Proposed Terms"). As outlined in the Proposed Terms, under the Development Agreement, the purchase price for the Property will be paid in part at closing, with the balance to be paid pursuant to the terms of a promissory note.

A resolution approving the Proposed Terms and authorizing the Development Agreement and loan documents contemplated thereby was included for the Board's review and consideration.

Mr. Jackson commented that this is a great project and asked how the purchase price was set. Ms. Navin responded that back when the purchase price was negotiated for McCormack Barron, it was anticipated that the market would be different at the time of the exercise of the option than it was in 2013 when they were negotiating. An appraisal was done to set the purchase price and we stood firm on the appraisal price.

Subsequent to the discussion, the Board took the following action:

On a motion by Mr. Jackson, seconded by Mr. Quarles, Resolution Code EDC 18-10-70-91 was unanimously approved.

ADMINISTRATION

EDC Audited Financial Statements and Management Report as of June 30, 2018

Ms. Kanalos stated that an electronic copy of the above-referenced material was sent to each Board member on September 27, 2018.

The EDC Finance Committee met and reviewed the material on September 5, 2018 and recommends formal receipt by the EDC Board.

The resolution included in the Board material indicates the Board's formal receipt of the EDC Audited Financial Statements and Management Report as of June 30, 2018, with comparative totals as of June 30, 2017, as prepared by George Johnson and Company, Certified Public Accountants.

With there being no questions or discussion, the Board took the following action:

On a motion by Ms. Bruhn, seconded by Mr. Jackson, Resolution Code EDC 18-10-01-202 was unanimously approved.

OTHER MATTERS

October 9, 2018

PUBLIC COMMENT

ADJOURNMENT

With there being no further business to come before the Board, Ms. Forte adjourned the meeting at 9:02 a.m.

October 9, 2018



APPROVAL OF MINUTES OF SEPTEMBER 25, 2018 MEETING

RESOLVED, that the minutes of the Regular meeting of September 25, 2018 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Economic Development Corporation.

October 9, 2018



MOTOR CITY MATCH POP-UP TRACK

WHEREAS the Motor City Match (MCM) program connects buildings in Detroit to new or expanding businesses, while providing competitive grants, loans, and businesses services through four tracks – three pre-development tracks and one development track; and

WHEREAS, the MCM staff has identified a need for MCM awardees with a business plan to test their product or service in a temporary space prior to opening a permanent brick and mortar location; and

WHEREAS, MCM staff propose adding a “Pop Up” track commencing in March, 2019 with Round 16 of the MCM program, providing awardees with Technical Assistance (TA) services from the MCM approved TA Provider list to support financial counseling, preparation to run a successful pop-up, design and merchandise assistance, marketing assistance, as summarized below:

	Awards	Awardees must have:
POP-UP AWARD	<ul style="list-style-type: none"> • Educational workshops • Merchandising and marketing assistance • Financial readiness consulting and refer to lending partners • Match making with pop-up spaces • Small business mentoring • Up to \$320k per year targeting 20 awardees per quarter (up to \$4,000 per awardee) 	<ul style="list-style-type: none"> • A written business plan with financial projections <u>Or</u> • Solid experience selling their product or service and are post-revenue. The selection process will consist of:

; and

WHEREAS, in preparation for the Pop-Up track, MCM staff solicited applications from recommended existing MCM participants and recommends the approval of the businesses set forth on Exhibit A for Pop-Up awards for a pilot cohort: and

WHEREAS, the Board has determined that adding the Pop-Up track as outlined above is in the best interests of the MCM program and accepts the awardee recommendation of MCM staff for the Pop-Up track pilot cohort

NOW, THEREFORE, BE IT RESOLVED the EDC Board of Directors hereby approves the development and execution of the Pop-Up track as herein described.

BE IT FURTHER RESOLVED, that the EDC Board of Directors hereby approves the awardees that have been recommended the pilot cohort for Pop-Up track awards, attached hereto as Exhibit A

BE IT FURTHER RESOLVED, that any two Officers, or any one of the Officers and any one of the Authorized Agents or any two of the EDC's Authorized Agents shall hereafter have the authority to negotiate and execute all documents, contracts, or other papers and to take such actions as are necessary or appropriate to implement the provisions and intent of this resolution.

BE IT FINALLY RESOLVED, that all of the acts and transactions of any Officer or Authorized Agent of the EDC, in the name and on behalf of the EDC, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions, except that such acts were taken prior to the execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

October 9, 2018

Exhibit A
Recommended "Pop-Up" Awardees

1. Detroit is dope/ love Over Everything	Clothing brand
2. Crepe City, LLC	Creperie and catering company with sweet and savory menu items
3. COUP D'ETAT	Contemporary women's boutique with accessories, lifestyle objects, and apparel
4. Bixck Market	Clothing, arts and crafts store focused on artisans and designers of African descent
5. The Standard Detroit	Clothing retailer
6. Beauty Couture by Xtian	Esthetician
7. Artistic Flesh	Tattoo parlor and supply shop
8. SHADE Non-Toxic Beauty	Non-toxic cosmetic retailer
9. Flamingo Vintage LLC	Vintage clothing and accessories store with fashions from 1920's-1970's
10. Grit and Glamour by Pink Pump	Women's clothing store with shoes, accessories, home decor and trendy gifts
11. Drizzle Dreams	Chocolatier and café with hand-dipped chocolate products
12. Albert's	Home décor and gift store



WATERFRONT EAST DEVELOPMENT PROJECT: ERF ATWATER, LLC DEVELOPMENT AGREEMENT

WHEREAS, pursuant to that certain Development Agreement dated August, 2014 between the Economic Development Corporation of the City of Detroit (the "EDC") and Rivertown Phase I, LLC, an affiliate of McCormack Baron Salazar ("MBS") for the Orleans Landing project, MBS was granted a purchase option for a second phase of the project on 3.11 acres of vacant land at the corner of Riopelle and E Atwater (the "Property"); and

WHEREAS, MBS exercised the purchase option in Fall 2017 and in April, 2018 assigned the purchase option to City Growth Partners, LLC; and

WHEREAS, City Growth Partners, LLC through its affiliate ERF Atwater, LLC (the "Developer") presented EDC staff with a project plan for a \$120 million minimum investment in a mixed-use development with approximately 25,000 square feet of street level retail, 300 residential units, 100 hotel rooms and a fee-based parking deck open to the public (the "Project"); and

WHEREAS, EDC staff is seeking the Board's approval to negotiate, execute and consummate a Development Agreement for the Project consistent with the terms and conditions described in the Term Sheet attached hereto as Exhibit A (the "Proposed Terms"), which Proposed Terms include the financing of a portion of the purchase price, which, pursuant to MBS's option, was established pursuant to an independent appraisal process.

WHEREAS, the EDC Board of Directors has reviewed the Proposed Terms and determined they are consistent with the EDC's goal for the revitalization of the East Riverfront and are otherwise appropriate and consistent with the EDC's statutory purposes;

NOW, THEREFORE, BE IT RESOLVED that the EDC Board of Directors hereby authorizes the negotiation and execution of the Term Sheet in substantially the same form attached hereto as Exhibit A and the negotiation and execution of a Development Agreement, and loan documents upon the terms and conditions set forth in the Proposed Terms, together with the same such terms and conditions deemed reasonable and not materially inconsistent with the Proposed Terms by EDC's counsel and Authorized Agents.

BE IT FURTHER RESOLVED that any two officers, any two of the Authorized Agents or any one of the Officer and any one of the Authorized Agents of the EDC, shall hereafter have the authority to negotiate and execute the Term Sheet, the Development Agreement, and the any and all other documents, contracts or other papers, or take any and all actions, necessary or appropriate to implement the provisions and intent of this resolution on behalf of the EDC.

BE IT FINALLY RESOLVED that all of the acts and transactions of any Officer or Authorized Agent of the EDC, in the name and on behalf of the EDC, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions except that such acts were taken prior to execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

October 9, 2018



Economic Development Corporation of the City of Detroit **CODE EDC 18-10-01-202**

ADMINISTRATION: EDC AUDITED FINANCIAL STATEMENTS AND MANAGEMENT REPORT AS OF JUNE 30, 2018

RESOLVED, THAT THE Board of Directors of the Economic Development Corporation (the "EDC") hereby receives the EDC Audited Financial Statements and Management Report as of June 30, 2018, with comparative totals as of June 30, 2017, as prepared by George Johnson and Company, Certified Public Accountants.

October 9, 2018