

CODE EDC 20-02-02-327

APPROVAL OF MINUTES OF JANUARY 14, 2020 REGULAR MEETING

RESOLVED, that the minutes of the Regular meeting of January 14, 2020 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.

February 4, 2020



**ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, JANUARY 14, 2020 – 8:30 A.M.**

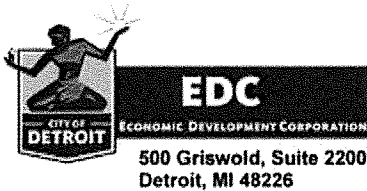
BOARD MEMBERS PRESENT: Marsha Bruhn
Kimberly Clayson
Linda Forte
Damon Hodge
Chris Jackson
Kwaku Osei
Jonathan Quarles
Thomas Stallworth

BOARD MEMBERS ABSENT: Clifford Brown
John Naglick (Ex-Officio)

**SPECIAL DIRECTORS
PRESENT:** None

**SPECIAL DIRECTORS
ABSENT:** None

OTHERS PRESENT: Pierre Batton (DEGC/EDC)
Lily Hamburger (DEGC/EDC)
Gay Hilger (DEGC/EDC)
Paul Kako (DEGC/EDC)
Malinda Jensen (DEGC/EDC)
Jennifer Kanalos (DEGC/EDC)
Glen Long (DEGC/EDC)
Michelle Matthews (DEGC/EDC)
Rebecca Navin (DEGC/EDC)
Mariangela Pledl (DEGC/EDC)



**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, JANUARY 14, 2020
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD, SUITE 2200
8:30 A.M.**

GENERAL

Call to Order

Noting that a quorum was present, Chairperson Forte called the Regular meeting of the Economic Development Corporation Board of Directors to order at 8:38 a.m.

Approval of Minutes

Ms. Forte asked if there were any additions, deletions or corrections to the minutes of the December 17, 2019 Special Board meeting. Hearing none, the Board took the following action:

On a motion by Mr. Hodge, seconded by Mr. Osei, Resolution Code EDC 20-01-02-326 was unanimously approved.

PROJECTS

Streetscape Mitigation Loan Fund Program: Approval of Loans (Three Thirteen Detroit's Brand Name, Inc and ET Wireless, Inc.)

To support the financial stability of Detroit's businesses during the streetscape improvement construction projects on key commercial corridors in Detroit's neighborhoods, Economic Development Corporation of the City of Detroit ("EDC") in coordination with the City of Detroit (the "City"), foundations and other partners, is implementing a program that will fund zero-interest loans and technical assistance to qualifying businesses. On August 27, 2019, the EDC approved a pilot Streetscape Mitigation Loan Fund Program (the "Program") for Livernois between Margareta and 8 Mile with an initial \$400,000 loan pool. It is anticipated that as additional funds are raised, the Program will be implemented in other areas impacted by planned streetscape improvement projects. Below are the EDC staff's recommendation for approval of two loans under the Program, as further described on Exhibit A and Exhibit B.

Ms. Forte called on Ms. Walker who reviewed the terms of the first loan as follows:

EXHIBIT A

THREE THIRTEEN DETROIT'S BRAND NAME, INC LOAN REQUEST

Borrower Name: Three Thirteen Detroit's Brand Name, Inc
Borrower Business Location: 19495 Livernois, Detroit, MI 48221



Date: 1/14/20
Request: \$15,000.00 Commercial Business Loan
Rate: 0%
Fee: \$0.00
Repayment: Principal Only
Term: 72 Months – Straight Line Amortization, payments begin Month 13; principal balance forgivable after 24 on-time payments or equivalent.
Security: Personal Guarantee
Analyst’s Rating: 6 – Acceptable Risk
Analyst/Officer: Brianna Walker

LOAN PURPOSE AND BUSINESS DESCRIPTION/HISTORY

Clement Brown Jr., the owner of Three Thirteen Detroit’s Brand Name, Inc is seeking a \$15,000.00 commercial business loan from the Economic Development Corporation of the City of Detroit’s Streetscape Mitigation Loan Fund to support business expenses following the construction period. The property’s physical location is 19495 Livernois, Detroit. EDC financing will support rent, utilities, payroll, working capital, accounting and legal services, advertising and repairs.

Three Thirteen is a retail store that offers streetwear and gift items. Their niche is local Detroit-branded merchandise, including Mr. Brown’s brand Three Thirteen, which he launched in 2015. The first brick and mortar store opened in 2015 at Jefferson and Chene, but Mr. Brown wanted to be “in the neighborhood” and on the Avenue of Fashion. He planned to open the Livernois location in early 2018, but a major break-in at his Jefferson location pushed back the opening to March of 2019, right before the start of streetscape construction. He faced some additional hardships related to construction, such as porta-potties being placed next to his shop and large construction vehicles being parked in front of his storefront for weeks. Revenue for Three Thirteen from January 2019 through August 2019 is down 0.28% compared to an average for the same period in 2018 but net income is down 126% for the same period. Expenses have gone up because he has increased his inventory, hired more staff and invested in Project Greenlight for security purposes.

SOURCES AND USES

Uses of Funds	Amount
Rent	\$3,000.00
Utilities	\$500.00
Working Capital (seasonal inventory)	\$3,500.00
Payroll	\$3,000.00
Advertising	\$2,000.00
Repairs (Signage and Lighting)	\$500.00
Accounting and Legal	\$2,000.00
Telephone and Internet	\$500.00
Sources of Funds	
EDC Streetscape Mitigation Fund	\$15,000.00



SOURCE OF REPAYMENT

Primary: Cash Flow from Three Thirteen Detroit's Brand Name, Inc
Secondary: Personal Guarantee

COLLATERAL AND CONDITIONS

Personal Assets N/A
Real Estate: N/A
Conditions: Closing contingent upon EDC Board approval. Borrower will be required to engage in technical assistance to improve financial planning, marketing and accounting.
Reporting: 1.) Quarterly Profit/Loss Statement and Balance Sheet prepared by CPA
 2.) Annual Business and Personal Financial statement/tax return

Ms. Forte asked if there were any questions. Mr. Jackson questioned if this company had participated in Motor City Match and Ms. Walker responded that they had not. Mr. Jackson asked if the business would qualify to apply for the Motor City Re-Store program. Ms. Navin responded that they would qualify for the program, however, they would need the building owner's permissions. The Re-Store Program is a matching grant so the tenant would have to be willing to put capital into a building that they do not own.

Ms. Forte called on Ms. Matthews who presented the terms of the next loan as follows:

EXHIBIT B

ET WIRELESS, INC LOAN REQUEST

Borrower Name: ET Wireless, INC.
Borrower Business Location: 18984 Livernois Detroit, MI 48221
Date: 1/14/2020
Request: \$10,000.00 Commercial Business Loan
Rate: 0%
Fee: \$0.00
Repayment: Principal Only
Term: 72 Months – Straight Line Amortization, payments begin Month 13; principal balance forgivable after 24 on-time payments or equivalent.
Security: N/A
Analyst's Rating: 6 – Acceptable Risk
Analyst/Officer: Michelle Matthews



LOAN PURPOSE AND BUSINESS DESCRIPTION/HISTORY

Otur Tallo the owner of ET Wireless is seeking a \$10,000.00 commercial business loan from the Economic Development Corporation for the City of Detroit Streetscape Mitigation Loan Fund to support business expenses throughout the construction season. The property’s physical location is 18984 Livernois, Detroit. EDC financing will support rent, utilities, payroll, and business debt repayment.

The Tallo’s acquired the business in December 2018 from a family member, only a few months before streetscape improvements began. Ms. Tallo’s son, Donovan Tallo is the general manager at ET Wireless. Donovan manages the day to day operations, as well as sales and inventory management. Donovan guarantees his customer’s cell phones, plans, and accessories for every budget. In the spring of 2019, Donovan had to lay off his part-time employee due to the impact that the streetscape construction had on the business. Once construction ends, they plan to rehire their former employee. The Tallo’s will benefit from the technical assistance offered by Accounting Aid Society and the loan will afford ET Wireless the opportunity to pay off the business debt incurred over the construction period along with paying other business expenses as noted below. Revenue for ET Wireless is down 28% and net income is down 55% when comparing December 2018 through March 2019 and April through July 2019.

SOURCES AND USES

Uses of Funds	Amount
Rent	\$ 2,025
Utilities	\$1,475
Payroll	\$1,500
Business Debt Repayment	\$5,000
Sources of Funds	
EDC Streetscape Mitigation Fund	\$10,000

SOURCE OF REPAYMENT

Primary: N/A
Secondary: N/A

COLLATERAL AND CONDITIONS

Business Assets: N/A
Personal Assets: N/A

Conditions: Closing contingent upon EDC Board approval. The borrower will be required to engage in technical assistance to improve financial planning, marketing, and accounting.

Reporting: 1.) Quarterly Profit/Loss Statement and Balance Sheet prepared by CPA
2.) Annual Business and Personal Financial statement/tax return



Uses of Funds	Amount
Rent	\$3,000.00
Utilities	\$500.00
Working Capital (seasonal inventory)	\$3,500.00
Payroll	\$3,000.00
Advertising	\$2,000.00
Repairs (Signage and Lighting)	\$500.00
Accounting and Legal	\$2,000.00
Telephone and Internet	\$500.00
Sources of Funds	
EDC Streetscape Mitigation Fund	\$15,000.00

SOURCE OF REPAYMENT

Primary: Cash Flow from Three Thirteen Detroit's Brand Name, Inc
Secondary: Personal Guarantee

COLLATERAL AND CONDITIONS

Personal Assets N/A
Real Estate: N/A
Conditions: Closing contingent upon EDC Board approval. Borrower will be required to engage in technical assistance to improve financial planning, marketing and accounting.
Reporting: 1.) Quarterly Profit/Loss Statement and Balance Sheet prepared by CPA
 2.) Annual Business and Personal Financial statement/tax return

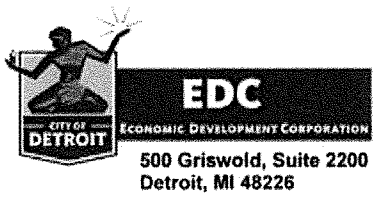
Ms. Forte called for Board members' questions.

Mr. Hodge questioned the Business Debt Repayment and what it consists of. Ms. Matthews responded that it was inventory.

Ms. Bruhn stated that she had a general question. Since the streetscape work is done now, is there a cutoff time for businesses to apply. Mr. Batton stated that the cutoff date was the end of 2019. He explained that they had a number of individuals that they were working with back in November. Since there was still funding left, they wanted the businesses to have the opportunity to have their package presented to the Board for approval.

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

On a motion by Mr. Quarles, seconded by Mr. Hodge, Resolution Code EDC 20-01-99-10 was unanimously approved.



ADMINISTRATION

OTHER MATTERS

PUBLIC COMMENT

ADJOURNMENT

On a motion by Mr. Hodge, seconded by Mr. Osei, Ms. Forte adjourned the meeting at 8:48 a.m.



CODE EDC 20-01-02-326

APPROVAL OF MINUTES OF DECEMBER 17, 2019 REGULAR MEETING

RESOLVED, that the minutes of the Regular meeting of December 17, 2019 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.

January 14, 2020



CODE EDC 20-01-99-10

STREETSCAPE MITIGATION LOAN FUND PROGRAM: APPROVAL OF LOANS (THREE THIRTEEN DETROIT'S BRAND NAME, INC AND ET WIRELESS, INC.)

WHEREAS, to support the financial stability of Detroit's businesses during the streetscape improvement construction projects on key commercial corridors in Detroit's neighborhoods, Economic Development Corporation of the City of Detroit ("EDC") in coordination with the City of Detroit (the "City"), foundations and other partners, is implementing a program that will fund zero-interest loans and technical assistance to qualifying businesses; and

WHEREAS, on August 27, 2019, the EDC approved a pilot Streetscape Mitigation Loan Fund Program (the "Program") and related program guidelines (the "Program Guidelines") for Livernois between Margareta and 8 Mile with an initial \$400,000 loan pool; and

WHEREAS, Staff has received, reviewed and recommends for approval the loan applications from the businesses and for the purposes described on Exhibit A and Exhibit B (the "Loans"); and

WHEREAS, the EDC Finance Committee has review and recommends the Loans for approval; and

WHEREAS, the EDC Board has determined that the recommended Loans are reasonable and consistent with the Program.

NOW, THEREFORE BE IT RESOLVED that the EDC Board of Directors, hereby approves the Loans described on Exhibit A and Exhibit B, upon the terms and conditions therein described, with such modifications to the terms as determined by the Officers and/or Authorized Agents monitoring the Program, including but not limited to the nature of security granted, provided that such changes do not alter the intent of this resolution or the Program Guidelines.

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 the Loans, together with such other terms and conditions that are determined by such Authorized Agents and/or Officers to be customary or appropriate and not inconsistent with this resolution, and to negotiate and execute all other documents, contracts, or papers, and take 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 the execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

January 14, 2020