



**ECONOMIC DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS REGULAR MEETING  
TUESDAY, MARCH 9, 2021 – 9:00 A.M.**

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

**BOARD MEMBERS ABSENT:** John Naglick (Ex-Officio)  
Katy Trudeau (Ex-Officio)

**SPECIAL DIRECTORS  
PRESENT:** None

**SPECIAL DIRECTORS  
ABSENT:** None

**OTHERS PRESENT:** Cora Capler (DEGC/EDC)  
Charlotte Fisher (DEGC/EDC)  
Gay Hilger (DEGC/EDC)  
Kaci Jackson (DEGC/EDC)  
Malinda Jensen (DEGC/EDC)  
Paul Kako (DEGC/EDC)  
Jennifer Kanalos (DEGC/EDC)  
Kayleigh Licklitter (Detroit Documenters)  
Glen Long (DEGC/EDC)  
Lexi Mabry (DEGC/EDC)  
Rebecca Navin (DEGC/EDC)  
Kelly Shovan (DEGC/EDC)



**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS REGULAR MEETING  
MARCH 9, 2021  
HELD VIA ZOOM VIRTUAL MEETING  
9:00 A.M.**

**GENERAL**

**Call to Order**

Chairperson Forte called the meeting of the Economic Development Corporation Board of Directors to order at 9:01 a.m. Roll call was conducted, and a quorum was established.

**Approval of Minutes**

Ms. Forte asked if there were any additions, deletions, or corrections to the minutes of the February 9, 2021 Regular Board meeting. Hearing none, Ms. Forte called for a motion:

Ms. Bruhn made a motion approving the minutes of the February 9, 2021 Regular Board meeting, as presented. Mr. Quarles seconded the motion. A roll call vote was conducted with the following result:

Ayes: Mr. Brown, Ms. Bruhn, Ms. Clayson, Mr. Hodge, Mr. Jackson, Mr. Osei, Mr. Quarles, and Ms. Forte.

Nays: None.

EDC Resolution Code 21-03-02-342 was approved.

**Receipt of Treasurer's Report**

Ms. Shovan reviewed the Treasurer's Report of Receipts and Disbursements for the month of January 2021. With there being no questions or discussion, Ms. Forte called for a motion.

Mr. Brown made a motion approving the January 2021 Treasurer's Report, as presented. Mr. Hodge seconded the motion. A roll call vote was conducted with the following result:

Ayes: Mr. Brown, Ms. Bruhn, Ms. Clayson, Mr. Hodge, Mr. Jackson, Mr. Osei, Mr. Quarles, and Ms. Forte.

Nays: None.

EDC Resolution Code 21-03-03-260 was approved.



## **PROJECTS**

### **UDAG Recycled Funds--EDC Development Gap Financing Loan: Proposed Loan Modification Request for Spearamus Partners LLC**

Ms. Jackson reported that Spearamus Partners, LLC. (the “Developer”) is a Detroit-based development team formed in 2015 comprised of Detroit residents Chase Cantrell and Jason Headen. The Developer will be redeveloping the blighted property located at 7400 W. McNichols (the “Property”) into two bar and restaurant retail spaces. To facilitate the development, the Developer received approval in September 2020 for a \$275,000 loan from the Economic Development Corporation of the City of Detroit (“EDC”) Economic Development Gap Financing Loan Fund (the “EDC Loan”). The loan request was a result of the reduction of the Michigan Strategic Fund (“MSF”) 2019-2020 annual budget, which reduced the amount of Community Revitalization Program funding dollars available to development projects statewide and resulted in a no funding from MSF.

The EDC Loan will support a \$2.8 MM redevelopment of the 7,000 square foot, single-story building located on the Property into restaurant and bar retail spaces (the “Project”).

In preparation to close Invest Detroit’s construction loan and the SNF grant for this Project and complete final analysis and underwriting, Invest Detroit has come to the EDC requesting a modification in the terms of the EDC Loan in order to satisfy the New Market Tax Credit true debt analysis for the Project (the “Modification Request”).

The Modification Request is as follows:

EDC will agree in advance to resubordinate the EDC Loan and extend the maturity date to match the maturity of any takeout/refinance loans (“Refi Loans”) that are put in place to refinance the original loans senior to EDC (“Senior Debt”) or any subsequent refinances of the Refi Loans, provided the following conditions are met:

1. Borrower has made good faith efforts to maximize the refinance/takeout proceeds available to the project and is unable to fully repay the EDC Loan at the time of any maturity extension and resubordination.
2. The total combined term of the EDC loan extensions shall not exceed 25 years (i.e. 33-year maximum maturity including the initial 8-year term).
3. Any new refinance loans senior to EDC are equal to or less than the then-current principal amount of the loans they are refinancing plus closing costs of the refinance loan(s).
4. EDC will not be required to resubordinate to any refinance of the New Markets Tax Credit “C” Note.



5. No original senior lender to the Project is providing refinance debt with a higher interest rate or increased annual amortization payments as compared to the original debt.

The original terms approved by the Board contemplated extensions of up to four (4) years on the 8-year EDC Loan term. Given the overall capital stack and Project proforma, staff believes it is likely that full repayment will be feasible within the first twelve (12) years of the loan, but with the Modification Request, a 33-year term will be permissible. Nonetheless, in light of the importance of this Project in the Liv-6 Strategic Neighborhood and its potential impact as an anchor to this commercial corridor and to the neighborhood, staff believes that the Modification Request is reasonable.

The EDC Finance Committee has recommended the approval of the proposed loan modification to the EDC Board of Directors and EDC staff requested approval of the loan modification consistent with the terms noted herein. A resolution was included for the Board's consideration.

Ms. Forte opened the floor for a motion. Mr. Brown made a motion, which was seconded by Mr. Hodge.

Ms. Forte called for questions or comments.

Ms. Bruhn asked what the EDC's position is now. Ms. Jackson advised that EDC is a subordinate lender and is third in this capital stack.

Ms. Bruhn stated that she would be interested in hearing from the Finance Committee members, and what their rationale was for supporting this project, given the turnover in this type of business and the 33-year term.

Mr. Hodge advised that the Committee looked at this request and recognized a couple of factors. First, this was already approved funding by the EDC Board, which evidenced support for the project as a whole. Secondly, it was recognized that we are stretching out our amortization. We looked at the fact that we were matching out our amortization with the maturity of the other take-out debt. So, this was not EDC granting more favorable terms than the rest of the dollars in the project, and we will be simply matching the potential for terms that are out there. The goal was to help the cashflow work in the short term in order to help the project get off the ground. Mr. Hodge asked Ms. Jackson to address the need for EDC to extend the debt along with the debt of the other lenders.

Ms. Jackson advised that it was to satisfy the New Market Tax Credit analysis for the project and the final underwriting so that the project can fund.



Ms. Clayson asked for a clarification and stated that it was her understanding that this is for developing the property and acting as the landlord and was not for running the restaurant or the retail. Ms. Jackson responded that her understanding was correct.

Ms. Forte asked if there were additional questions. Hearing none, the Board took the following action:

Mr. Brown made a motion approving the Proposed Loan Modification for Spearamus Partners LLC, as presented. Mr. Hodge seconded the motion. A roll call vote was conducted with the following result:

Ayes: Mr. Brown, Ms. Clayson, Mr. Hodge, Mr. Jackson, Mr. Osei, Mr. Quarles, Mr. Stallworth, and Ms. Forte.

Nays: None.

Abstentions: Ms. Bruhn.

EDC Resolution Code 21-03-84-12 was approved.

### **Casino Loan Program – Non-Affiliated Retail/ Restaurant: Tabor Way LLC Loan Modification**

Ms. Mabry reported that in July 2020, the Economic Development Corporation of the City of Detroit (“EDC”) Board of Directors approved a loan request in the amount of \$150,000 (the “Loan”) for Tabor Way, LLC, (the “Borrower”). The Borrower operates the business known as Terri’s Cakes Detroit, an award-winning specialty cake shop that is owned by Garnet Terri Conerway. In 2018, a separate real estate holding company operated by Garnet and affiliated with Borrower (the “Holding Company”) purchased a 6,000 SF two story building to expand the bakery business located at 16311 East Warren, Detroit, MI 48224 (the “Property”). Upon completion, the Borrower will occupy 3,676 SF on the ground floor of the Property, with the opportunity for the Holding Company to rent the second story residential unit for additional income.

Currently the Borrower and the Holding Company have each received financing commitments for the rehab and renovations of the Property, along with the purchase of necessary equipment for the operation of Borrower’s business. Invest Detroit will provide financing to the Holding Company in the form of a construction loan of \$413,000 and an additional \$597,700 through Invest Detroit’s Strategic Neighborhood Fund Recoverable Grant (“SNF”). SNF is a recoverable grant utilized in 10 micro neighborhoods to build a focused retail strategy. In addition to the SNF grant and Invest Detroit’s Construction Loan being provided to the Holding Company, EDC is partnering with Invest Detroit Foundation General Fund to provide financing to the Borrower to purchase fixtures, furniture, and equipment.



In the Board's original approval of the Loan, the security for the Loan included a lien on all business assets of the Borrower as well as a subordinated mortgage on property owned by Garnet Conerway. In addition, the previously approved terms required that the Loan be cross-lien and match the liens and security interests held by Invest Detroit for the provision of the SNF grant to the Holding Company. Part of Invest Detroit's security for the SNF grant includes a mortgage on the Property. In the beginning stages of closing Invest Detroit's construction loan and the SNF grant with the Holding Company, Invest Detroit has come to the EDC requesting that the EDC agree to remove its crossed lien position with the SNF grant provided to the Holding Company. EDC will keep its cross defaulted position with the SNF grant.

With the structure of the SNF grant being a second lien position on the Property, the EDC's pari passu position with Invest Detroit would not be realized under the original collateral structure. In the case of a loan default by the Holding Company, EDC would be deeply subordinated as a third shared collateral position, and EDC would not receive any additional funds if we were cross collateralized. For this reason, and to allow the project to move forward, EDC staff believes that this request is reasonable and recommends that the requirement for the Loan to have a cross-lien security position with the SNF funds be omitted.

Below are the modified terms of loan:

Sources

Invest Detroit Foundation General Fund	\$150,000
Motor City Match	\$75,000
EDC Loan	\$150,000
<b>TOTAL</b>	<b>\$375,000</b>

Uses

Tenant Improvements	\$150,924
Equipment	\$150,000
Interest/Operating Reserve (12 mos.)	\$38,163
Contingency	\$35,913
<b>TOTAL</b>	<b>\$375,000</b>

Proposed Terms and Conditions:

Loan Amount:	\$150,000
Interest Rate:	5%
Term:	5 years
Amortization:	Ten-year amortization period



Security: Pari Passu Position on All Business Assets. Cross defaulted with the grant provided by SNF to the Holding Company. Personal Guaranties of Garnet Conerway and Terri Conerway, and their respective trusts, if any. A subordinated mortgage on personal property owned by Garnet Conerway, pari-passu with Invest Detroit.

Additional Conditions: Receipt, review and approval of any and all information requested by EDC staff.

The EDC Finance Committee has recommended the approval of the proposed loan modification to the EDC Board of Directors and EDC staff requested approval of the loan modification consistent with the terms noted herein. A resolution was included for the Board's consideration.

Ms. Forte asked if there was a motion to approve this modification. Ms. Clayson made a motion, which was seconded by Mr. Hodge.

Ms. Forte called for questions/comments. Hearing none, the Board took the following action:

Ms. Clayson made a motion approving the Proposed Loan Modification for Tabor Way LLC, as presented. Mr. Hodge seconded the motion. A roll call vote was conducted with the following result:

Ayes: Mr. Brown, Ms. Bruhn, Ms. Clayson, Mr. Hodge, Mr. Jackson, Mr. Osei, Mr. Quarles, Mr. Stallworth, and Ms. Forte.

Nays: None.

EDC Resolution Code 21-03-84-12 was approved.

## **ADMINISTRATION**

Ms. Bruhn asked about the Motor City Match Program and stated that she requested at the last meeting that staff present an update at this meeting on the Motor City Match projects and how staff was interfacing with the awardees, as well as an update on the HUD review of the Program. Ms. Jensen advised that she spoke with Mr. Batton and he has respectfully requested that the update be provided at the March 24, 2021 EDC Board meeting. Staff is waiting to see whether the City issues an RFP, and Mr. Batton wants to be able to provide a comprehensive update. Ms. Bruhn asked if Mr. Batton could also address at that time the status of the HUD review of the program.

## **OTHER MATTERS**

None.



## **PUBLIC COMMENT**

None.

## **ADJOURNMENT**

On a motion by Mr. Hodge, which was seconded by Mr. Jackson, Ms. Forte adjourned the meeting at 9:21 a.m.





**CODE EDC 21-03-02-342**

**APPROVAL OF MINUTES OF FEBRUARY 9, 2021 REGULAR MEETING**

**RESOLVED**, that the minutes of the regular meeting of February 9, 2021 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.

March 9, 2021



**CODE EDC 21-03-03-260**

**RECEIPT OF TREASURER'S REPORT FOR JANUARY 2021**

**RESOLVED**, that the Treasurer's Report of Receipts and Disbursements for the period ending January 31, 2021, as presented at this meeting, is hereby in all respects accepted as action of the Economic Development Corporation.

March 9, 2021



**CODE EDC 21-03-84-12**

**RECYCLED UDAG FUNDS: EDC DEVELOPMENT GAP FINANCING LOAN - PROPOSED LOAN MODIFICATION REQUEST FOR SPEARAMUS PARTNERS LLC**

**WHEREAS** In September 2020, the Economic Development Corporation of the City of Detroit (“EDC”) Board of Directors approved a loan request in the amount of \$275,000 from the Economic Development Gap Financing Loan Fund (the “Loan”) for Spearamus Partners, LLC, (the “Developer”), a Detroit-based development team which will be redeveloping the blighted property located at 7400 W. McNichols (the “Property”); and

**WHEREAS**, in preparation to close on other financing for this project and complete final analysis and underwriting, Invest Detroit has come to the EDC requesting a modification in the terms of the Loan in order to satisfy the New Market Tax Credit true debt analysis for the project (the “Modification Request”); and

**WHEREAS**, the Modification Request requires the EDC to agree in advance to resubordinate the Loan and extend the maturity date to match the maturity of any takeout/refinance loans (“Refi Loans”) that are put in place to refinance the original loans senior to EDC (“Senior Debt”) or any subsequent refinances of the Refi Loans, provided the following conditions are met:

1. Developer has made good faith efforts to maximize the refinance/takeout proceeds available to the project and is unable to fully repay the Loan at the time of any maturity extension and resubordination.
2. The total combined term of the Loan extensions shall not exceed 25 years (i.e. 33-year maximum maturity including the initial 8 year term).
3. Any new refinance loans senior to the Loan are equal to or less than the then-current principal amount of the loans they are refinancing plus closing costs of the refinance loan(s).
4. EDC will not be required to resubordinate to any refinance of the New Markets Tax Credit “C” Note.
5. No original senior lender to the project is providing refinance debt with a higher interest rate or increased annual amortization payments as compared to the original debt.

; and

**WHEREAS**, the EDC Finance Committee has reviewed the Modification Request and recommends its approval to the Board of Directors; and



**WHEREAS**, the EDC Board has determined that approval of the Modification Request is in the best interests of the EDC.

**NOW, THEREFORE, BE IT RESOLVED**, that the EDC Board of Directors hereby approves the Modification Request.

**BE IT FURTHER RESOLVED** that any two Officers, any two of the Authorized Agents of the EDC, or any one of the Officers and any one of the Authorized Agents of the EDC, shall hereafter have the authority to negotiate and execute any and all 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.

March 9, 2021



**CODE EDC 21-03-74-48**

**CASINO LOAN PROGRAM-NON-AFFILIATED RETAIL/RESTAURANT: TABOR WAY LLC LOAN MODIFICATION**

**WHEREAS** In July 2020, the Economic Development Corporation of the City of Detroit (“EDC”) Board of Directors approved a loan request in the amount of \$150,000 (the “Loan”) for Tabor Way, LLC, (the “Borrower”), the entity operating the business known as Terri’s Cakes Detroit, an award-winning specialty cake shop that is owned by Garnet Terri Conerway; and

**WHEREAS**, financing for the project includes the Loan and a loan from Invest Detroit Foundation to Borrower along with a construction loan of \$413,000 and an additional \$597,700 through Invest Detroit’s Strategic Neighborhood Fund Recoverable Grant (“SNF”) to a separate real estate holding company operated by Garnet and affiliated with Borrower (the “Holding Company”); and

**WHEREAS**, in the Board’s original approval of the Loan, the security for the Loan included a lien on all business assets of the Borrower, a subordinated mortgage on property owned by Garnet Conerway, and a requirement that the Loan be cross-lien and match the liens and security interests held by Invest Detroit for the provision of the SNF grant to the Holding Company; and

**WHEREAS**, Invest Detroit has come to the EDC requesting that the EDC agree to remove its crossed lien position with the SNF grant provided to the Holding Company but maintain its cross defaulted position with the SNF grant; and

**WHEREAS**, EDC staff has reviewed the request and believes that this request is reasonable and recommends that the requirement for the Loan to have a cross-lien security position with the SNF funds be omitted (the “Modified Terms”); and

**WHEREAS**, the EDC Finance Committee has reviewed the Modified Terms and recommends their approval to the Board of Directors; and

**WHEREAS**, the EDC Board has determined that approval of the Modified Terms is in the best interests of the EDC.

**NOW, THEREFORE, BE IT RESOLVED**, that the EDC Board of Directors hereby approves the Modified Terms.



**BE IT FURTHER RESOLVED** that any two Officers, any two of the Authorized Agents of the EDC, or any one of the Officers and any one of the Authorized Agents of the EDC, shall hereafter have the authority to negotiate and execute any and all 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.

March 9, 2021