



APPROVAL OF MINUTES OF AUGUST 7, 2018 MEETING

RESOLVED, that the minutes of the Special meeting of August 7, 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.

September 25, 2018

**ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS SPECIAL MEETING
TUESDAY, AUGUST 7, 2018 – 8:30 A.M.**

BOARD MEMBERS PRESENT: Marsha Bruhn
Linda Forte
Chris Jackson
Matthew Roling
Thomas Stallworth

BOARD MEMBERS ABSENT: Kimberly Clayson
Maurice Cox (Ex-Officio)
John Naglick (Ex-Officio)
Jonathan Quarles
Two Vacancies

**SPECIAL DIRECTORS
PRESENT:** None

**SPECIAL DIRECTORS
ABSENT:** None

OTHERS PRESENT: Pierre Batton (DEGC/EDC)
Kyla Carlsen (DEGC/EDC)
Gay Hilger (DEGC/EDC)
Paul Kako (DEGC/EDC)
Jennifer Kanalos (DEGC/EDC)
Glen Long (DEGC/EDC)
Ja Lisia Melendez (DEGC/EDC)
Rebecca Navin (DEGC/EDC)
Mariangela Pledl (DEGC/EDC)
Mike Rafferty (DEGC/EDC)



Economic Development Corporation of the City of Detroit

**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS SPECIAL MEETING
TUESDAY, AUGUST 7, 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 Special meeting of the Economic Development Corporation Board of Directors to order at 8:40 a.m.

GENERAL

Approval of Minutes

Ms. Forte asked if there were any additions, deletions or corrections to the minutes of the July 24, 2018 Regular Board meeting. Hearing none, the Board took the following action:

On a motion by Ms. Bruhn, seconded by Mr. Roling, Resolution Code EDC 18-08-02-302 was unanimously approved.

PROJECTS

Motor City Re-Store: Recommendations for Round 4 Business Awards

Mr. Batton reported that on March 1, 2018, the EDC's Motor City Re-Store program began accepting applications for Round 4 Design and Construction Track Awards. Motor City Re-Store is a matching façade grant program for existing businesses in Detroit. The table below describes the levels of award and qualifications.

| | Awards | Awardees must have: |
|---------------------------|--|--|
| CONSTRUCTION AWARD | <ul style="list-style-type: none"> • Up to \$25,000 matching grant per winner • Refer to lending partners for financing • \$2M year | <ul style="list-style-type: none"> • An existing business in the city of Detroit • A plan for improvements • Funds ready for investment |

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| | Awards | Awardees must have: |
|---------------------|--|---|
| DESIGN AWARD | <ul style="list-style-type: none"> • Up to \$10,000 in architectural TA per winner • Access to design professionals • Refer to lending partners for financing | <ul style="list-style-type: none"> • An existing business in the city of Detroit |

When applications closed on April 2, 2018, Motor City Re-Store had received 60 applications for Round 4.

This memorandum and resolution focus on the selection and recommendation of awardees for:

- Foundation-funded "Construction" award track receiving cashback grants and financing assistance
- CDBG-Funded "Design" award track receiving cost-shared architectural design, permitting and bidding assistance for pre-development; and connection to financing assistance as needed.

First, staff verified business eligibility based on self-reported data submitted in the application for the following five criteria:

1. The business is incorporated and has a registered EIN and DUNS prior to receiving a grant award
2. The business is located in and wishes to remain in Detroit for at least five years
3. The business is majority-owned by a person who is at least 18 years or older
4. The business and all owners are in good standing with the City of Detroit, State of Michigan and IRS, and
5. The business is not part of a franchise.

Second, staff sorted applications into appropriate award tracks and reviewed all applications to determine finalists. Finalist applicants were identified as follows:

- "Design" track applicants are existing Detroit business needing CDBG-funded architectural design assistance. Finalists were selected based on eligibility and feasibility of their project. In total, thirty-one (36) "Design" finalists were selected.
- "Construction" track applicants have signed and sealed construction drawings or ready-to-bid projects that do not require construction drawings. Finalists were selected based on eligibility and feasibility of their project. In total, seven (7) finalists were selected.

Third, a team of staff evaluated finalist applications based on seven criteria. "Construction" and "Design" applications were scored on a scale of 1-100. Selection criteria are as follows:

1. Vision and plan
2. Experience
3. Market support
4. Community benefit
5. Leverage
6. Age of Business

Based on the evaluations, EDC staff recommends:

- Twenty-one (21) awardees for "Design" presented in Exhibit A: CDBG-funded "Design" awards estimated at \$210,000.
- Foundation-Funded "Construction" awards estimated at \$148,000 in an approval amount not to exceed \$175,000.
- Total estimated investment is \$358,000.

EDC staff will connect awardees with architects to deliver services to "Design" awardees per the CDBG procurement processes. EDC staff will connect awardees to construction professionals to deliver services to "Construction" awardees if needed.

The EDC will enter into grant agreements with Round 4 Motor City Re-Store awardees and facilitate introductions to lending partners to pursue gap financing through these independent sources.

A resolution approving the staff's recommendation of "Design" and "Construction" awardees was included in the Board material for consideration.

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

On a motion by Mr. Jackson, seconded by Mr. Roling, Resolution Code EDC 18-08-91-69 was unanimously approved.

Motor City Match: Recommendations for Round 12 Building Awards

Mr. Batton advised that on March 1, 2018, the EDC's Motor City Match program began accepting applications from interested building owners for Round 12 of the Building Application Track ("Round 12"). The Building Application Track is for Detroit property owners with a vacant space looking for quality new tenants. Awards include pre-development assistance, marketing and tenant recruiting. Properties that are matched with businesses are considered for grants, financing and priority permitting. The table below describes the levels of award and qualifications.

| | | Awards | Awardees must: |
|-----------------------------|---------------|---|---|
| TECHNICAL ASSISTANCE | SPACE | <ul style="list-style-type: none"> Listed as an available property viewable by hundreds of Business Competition candidates Top 25 scoring buildings will be marketed as a "top destination for new business" Pre-development building assessment Match making with top businesses | <ul style="list-style-type: none"> Be current and compliant Judged most feasible for business |
| | DESIGN | <ul style="list-style-type: none"> Up to 7 awardees each round across both the building and business tracks Design/build assistance Priority permitting Financial planning assistance | <ul style="list-style-type: none"> Be current and compliant Judged most feasible for business Have a tenant secured |
| FINANCIAL ASSISTANCE | CASH | <ul style="list-style-type: none"> Up to 10 awardees each round across both the building and business tracks Up to \$100,000 matching grant per winner \$500,000 in grants per round for building and business owners Pitch to lending partners for financing | <ul style="list-style-type: none"> Be current and compliant Judged most feasible for business Have a tenant secured Have a plan for building renovations Have funds ready for investment |

When applications closed on April 2, 2018, the EDC had received twenty-three (23) applications ("Application") for spaces all across the city of Detroit. An Application typically refers to a single tenantable space within a property. One property may have submitted multiple Applications and the properties may have previously matched but have leaseable space.

Staff completed the following due diligence and evaluation process:

- Verified that the space referenced in the Application is current and compliant on property taxes, tickets, and water bills.

Each Application was evaluated and scored on a scale of 1-100 as follows:

- Each of the following factors contributed up to 20 points: (1) Building characteristics and vision; (2) Building conditions; (3) Community and market support; (4) Leverage; and (5) Compliance.
- Evaluations were conducted by EDC staff.

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- EDC staff scores were averaged together to achieve the final score for building characteristics and vision, community and market support, and leverage.
- The score for building conditions was derived from the self-reported data from the property owner.
- The score for compliance was derived based on the payment of taxes, water bills, and tickets.

The selection process is described in greater detail in Section 6 of the Motor City Match Building Owner Guidelines.

The results of the due diligence and evaluation process are the following:

- Of the fourteen (14) applications considered for Round 12, two (2) applications were deemed ineligible because of condition or compliance, leaving twelve (12) eligible Building Applications to be considered for Round 12 awards.
- Eight (8) eligible Round 12 building applications indicated they had space available for lease. These building owners are recommended to receive “Space” awards to assist with marketing their property and recruiting tenants.

The remaining four (4) eligible applicants indicated that they had a tenant secured and no additional space to lease. This makes these applicants eligible for consideration for “Design” or “Cash” awards in partnership with their tenants.

- Based on eligible applications and review of scores, EDC staff recommends the following Round 12 Building Owner Awards:
 - **Space awards.** Eight (8) properties are recommended to receive Space awards as presented in Exhibit A, which includes marketing, a professional building assessment, real estate tours and other matchmaking activities with top Motor City Match business applicants. These top scoring buildings are recommended to receive “Top Property” designation to assist with marketing and tenant recruiting.
 - **Design Awards.** Seven (7) properties are recommended to receive “Design” awards in partnership with their tenants presented in Exhibit B, which includes architectural technical assistance for tenant build-out and building renovations.

EDC staff requested that the Board accept the current results of the Round 12 Building Application evaluation process and to confirm the Applications that have been awarded “Space” and “Design” awards.

A resolution was included in the material for the Board’s consideration.

Mr. Jackson asked about a business that is getting a design award, Brix Wine & Charcuterie. He questioned how an existing business fell under Motor City Match rather

than Re-Store. Ms. Carlsen responded that this is for an existing business to open a second location.

Ms. Navin disclosed that following the selection of one of the awardees, it was discovered the spouse of one of the awardees is an employee of the City of Detroit DWSD. It currently is part of the program guidelines that employees of the City of Detroit and the DEGC and their family members are not eligible. However, we looked at this situation with counsel and, given that the spouse is an employee of DWSD and DWSD has no relationship to the program or the DEGC, we thought that it was prudent and reasonable to seek a waiver of the eligibility requirement in this circumstance. We are looking at with counsel revising the eligibility requirements. This is not the first time that this has come up with respect to a City of Detroit awardee. We have gone through the waiver process before last year and even sought out counsel from City Corporation Counsel. We are currently looking at an appropriate adjustment to the eligibility requirements so that it is not such a stringent white-line rule for City of Detroit employees, so that we can offer that flexibility where there really is no real or apparent conflict. Ms. Navin asked that the Board consider a waiver of that eligibility requirement when considering the award to Good Cookies LLC. Ms. Forte questioned if this was a space awardee. Ms. Carlsen replied that Good Cookies LLC is a cash awardee and she doesn't believe that we have gotten to that yet. Ms. Navin apologized and stated that the waiver is being requested on the next item before the Board, the Business Awards.

Ms. Forte questioned if the new location of the wine bar is on Kercheval. Ms. Carlsen responded no, that was the current location. The new location is on Livernois.

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

On a motion by Ms. Bruhn, seconded by Mr. Jackson, Resolution Code EDC 18-08-91-70 was unanimously approved.

Motor City Match: Recommendations for Round 12 Business Awards

Mr. Batton advised that on March 1, 2018, the EDC's Motor City Match program began accepting applications for Round 12 of the Business Owner Application Track. The Business Owner Application Track is for businesses from Detroit and around the world that are looking to start or expand in Detroit. The table below describes the levels of award and qualifications.

| | | Awards | Awardees must have: |
|-----------------------------|----------------------|---|--|
| TECHNICAL ASSISTANCE | BUSINESS PLAN | <ul style="list-style-type: none"> • Up to 50 winners • Free business planning class | <ul style="list-style-type: none"> • A great idea |
| | SPACE | <ul style="list-style-type: none"> • Up to 25 winners each round • Match making with top real estate • Financial planning assistance | <ul style="list-style-type: none"> • Be current and compliant • Judged most feasible for business |
| | DESIGN | <ul style="list-style-type: none"> • Up to 7 winners each round • Design/build assistance • Priority permitting • Financial planning assistance | <ul style="list-style-type: none"> • Be current and compliant • Judged most feasible for business • Have a tenant secured |

| | | | |
|-----------------------------|-------------|---|---|
| FINANCIAL ASSISTANCE | CASH | <ul style="list-style-type: none"> • Up to 10 winners each round • Up to \$100,000 matching grant per winner • \$500,000 in grants per round for building and business owners • Pitch to lending partners for financing | <ul style="list-style-type: none"> • Be current and compliant • Judged most feasible for business • Have a tenant secured • Have a plan for building renovations • Have funds ready for investment |
|-----------------------------|-------------|---|---|

When applications closed on April 2, 2018, the EDC had received 199 business applications (“Application”) for Round 12.

This memorandum and resolution focus on the selection and recommendation of awardees for:

- "Business Plan" award track receiving business planning assistance
- “Space” award track receiving site selection assistance
- “Cash” award track receiving grants and financing assistance

First, staff verified business eligibility based on self-reported data submitted in the application for the following five criteria:

1. The business is incorporated and has a registered EIN and DUNS prior to receiving a grant award
2. The business wishes to locate in Detroit for at least two years
3. The business is majority-owned by a person who is at least 18 years or older
4. The business and all owners are in good standing with the City of Detroit, State of Michigan and IRS, and
5. The business is not part of a franchise.

Second, staff sorted applications into various award tracks and reviewed eligible business applications to determine finalists. The awards were selected using the 100-point scale detailed below. Finalist applicants were identified as follows:

- “Business Plan” applicants have great business ideas but haven’t formulated a business plan yet or need help strengthening their business plans before pursuing space. In total, sixty (60) Business Plan finalists were selected.
- “Space” applicants are actively looking for space. These business applicants are either new business ventures that have a solid business plan or they are existing businesses with a track record of success and a plan to grow it. Thirty (30) space awardees were selected.

- “Cash” applicants have a location secured, a plan for build-out and strong understanding of the money needed to start their business and complete renovations at their space. In total, thirty-one (31) Cash finalists were selected.

Third, a team of outside jurors evaluated finalist applications based on five criteria. “Business Plan” applications were initially reviewed by a team of business planning service providers, as well as members of the Motor City Match staff. “Space” finalists were reviewed by a team of community stakeholders from across various parts of the city and “Cash” finalists were reviewed by a team of business leaders and lenders. “Business Plan”, “Space”, and “Cash” applications were scored on a scale of 1-100. Each of the five criteria is worth 20 points to contribute to the 100-point score. Selection criteria are as follows:

1. Vision and plan
2. Experience
3. Market support
4. Community support
5. Leverage

“Cash” finalists were required to submit supplemental information. “Cash” finalists submitted comprehensive financial information, including a standard loan application and personal financial statement. Motor City Match staff compiled this supplemental information to determine the financial need, equity investment and “financial gap” for each business. Next, Motor City Match staff met with a team of six local Community Development Financial Institution (CDFI) lending partners on June 25, 2018, to determine grant and loan investment required to fill the financial gap on each project. CDFI partners include Invest Detroit, Detroit Development Fund, Capital Impact Partners, LISC, Michigan Women’s Foundation and Detroit Micro-Enterprise Fund. CDFI partners made commitments to explore lending the balance of the financial gap based on recommended grant investment from Motor City Match. Motor City Match staff used lender interest, participant scores, supplemental information and readiness to accept additional investment to determine “Cash” awardees and associated grant investment.

Finally, staff compiled juror scores to identify top ranking candidates for awards.

EDC staff recommends:

- Fifty (50) “Business Plan” awardees for business planning are presented in Exhibit A.
- Thirty (30) “Space” awardees for site selection are presented in Exhibit B.
- Fourteen (14) “Cash” awardees to receive a total of \$500,000 in grant investment, as described on Exhibit C.

EDC staff will contract with independent business planning service providers to deliver services to “Business Plan” awardees that will provide business planning training for up to 50 Round 12 Motor City Match “Business Plan” awardees.

EDC staff will facilitate one-on-one match making between top ranking businesses and building owners recognized as “Space” awardees. Match making services will include

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open houses and networking sessions between business owners and building owners. In addition, technical assistance will include expert guidance on leasing, financial planning and assessing market opportunities.

The EDC will enter into grant agreements with Round 12 Motor City Match "Cash" awardees and facilitate introductions to lending partners to pursue gap financing through these independent sources.

A resolution approving the staff's recommendation of "Business Plan", and "Space" awardees and recommending to the Board staff's recommendation of "Cash" awardees was included in the Board material for consideration.

Ms. Bruhn questioned the discrepancy in the number of cash awardees. The information states there could be up to 10 awardees and this round there are 14. Ms. Carlsen advised there is a total of \$500,000 cash available each quarter.

Ms. Navin commented that the Board resolution each round gives the authority to reallocate cash awards that are not designated in one round to future rounds in the event when something like this happens, when we have more than 10 qualified applicants. There are other rounds where there have been less than 10 and funds were available to be reallocated.

Ms. Forte asked that staff be sure the resolution does not tie the Board to 10 awardees versus the 14 number.

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

On a motion by Ms. Bruhn, seconded by Mr. Stallworth, Resolution Code EDC 18-08-91-71 was unanimously approved.

Ms. Bruhn reminded that this resolution needed to be amended to include a waiver, as mentioned by Ms. Navin earlier.

On a motion by Ms. Bruhn, seconded by Mr. Stallworth, Resolution Code EDC 18-08-91-71 was unanimously approved, as amended, with a waiver of the eligibility requirements for Good Cookies LLC.

Mr. Jackson proposed that the MCM application be amended to allow for City of Detroit employees to apply and request a waiver, so that it doesn't discourage entrepreneurship and City employees from applying. Ms. Navin responded that staff is working with Motor City Match counsel to draft an amendment and the proposed change will be brought to the board at the next meeting.

ADMINISTRATION

Ms. Kanalos advised that two new EDC Board members, Damon Hodge and Kwaku Osei, were approved by City Council on Tuesday.

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OTHER MATTERS

Mr. Rafferty stated that the EDC Board members should have received an invitation to the Motor City Match Awards at the Osborn Community Center/Pharmacy 4 Less on 7 Mile at 4:00 p.m. tomorrow.

Ms. Forte said that those events are always exciting and encouraged Board members to attend if possible.

PUBLIC COMMENT

ADJOURNMENT

With there being no further business to come before the Board, Ms. Forte adjourned the meeting at 9:07 a.m.



APPROVAL OF MINUTES OF JULY 24, 2018 MEETING

RESOLVED, that the minutes of the Regular meeting of July 24, 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.

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MOTOR CITY RE-STORE: ROUND 4 AWARDS

WHEREAS, EDC staff has completed due diligence and evaluation for applications ("Applications) in the fourth round ("Round 4") of the Motor City Re-Store Program; and

WHEREAS, the EDC staff has provided recommendations to the Board, to receive grant investment subject to EDC Board approval; and

WHEREAS, the EDC Board has determined that the staff recommendation is reasonable and consistent with the Motor City Re-Store program; and

NOW, THEREFORE BE IT RESOLVED that the EDC Board of Directors, accepts the current results of the Round 4 evaluation process, and approves the Applications that have been recommended for Motor City Re-Store "Construction" awards, attached hereto as Exhibit A and "Design" awards, attached hereto as Exhibit B.

BE IT FURTHER RESOLVED, that the EDC Board of Directors, recommends that grant amounts not fully allocated each round (i.e., the remaining funds when quarterly "Construction" awards total less than \$500,000) be repurposed and distributed in future rounds. In such cases, Staff would have the authority to recommend more than \$500,000 in awards in future rounds, subject to the approval of the Board.

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.

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MOTOR CITY MATCH RECOMMENDATION FOR ROUND 12 BUILDING AWARDS

WHEREAS, EDC staff has completed extensive due diligence and evaluation for applications ("Applications") for the twelfth round ("Round 12") of the Motor City Match Building Application Track; and

WHEREAS, the EDC staff has provided recommendations to the EDC Board of Directors, to receive technical assistance in the "Space," and "Design" Building Owner award categories; and

WHEREAS, the Board determined that the staff recommendation is reasonable and consistent with the Motor City Match program; and

NOW, THEREFORE BE IT RESOLVED, that the EDC Board of Directors accepts the current results of the Round 12 Building Application evaluation process, and approves the Applications that have been recommended for "Space" awards, attached hereto as Exhibit A.

BE IT FURTHER RESOLVED, that the EDC Board of Directors accepts the current results of the Round 12 Building Application evaluation process, and approves the Applications that have been recommended for "Design" awards, attached hereto as Exhibit B.

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.

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MOTOR CITY MATCH: ROUND 12 BUSINESS AWARDS

WHEREAS, EDC staff has completed due diligence and evaluation for applications ("Applications") in the twelfth round ("ROUND 12") of the Motor City Match Business Application Track; and

WHEREAS, the EDC staff has provided recommendations to the Board to receive technical assistance for the "Business Plan" awards, "Space" awards, and cash grant investment for the "Cash" award categories; and

WHEREAS, the EDC Board has determined that the staff recommendation is reasonable and consistent with the Motor City Match program; and

NOW, THEREFORE BE IT RESOLVED that the EDC Board of Directors, accepts the current results of the ROUND 12 Business Application evaluation process, and approves the Applications that have been recommended for "Business Plan" awards, attached hereto as Exhibit A.

BE IT FURTHER RESOLVED, that the EDC Board of Directors, accepts the current results of the ROUND 12 Business Application evaluation process, and approves the Applications that have been recommended for "Space" awards, attached hereto as Exhibit B.

BE IT FURTHER RESOLVED, that the EDC Board of Directors, recommends to the EDC Board of Directors the approval of the "Cash" grant awards that were recommended by Staff pursuant to the ROUND 12 Business Application evaluation process, attached hereto as Exhibit C.

BE IT FURTHER RESOLVED, that the EDC Board of Directors, recommends that grant amounts not fully allocated each round (i.e., the remaining funds when quarterly "Cash" awards total less than \$500,000) be repurposed and distributed in future rounds. In such cases, Staff would have the authority to recommend more than \$500,000 in "Cash" awards in future rounds, subject to the approval of the Board.

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.

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