



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



**ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, DECEMBER 17, 2019 – 8:30 A.M.**

BOARD MEMBERS PRESENT: Clifford Brown
Marsha Bruhn
Linda Forte
Damon Hodge
Kwaku Osei
Jonathan Quarles
Thomas Stallworth

BOARD MEMBERS ABSENT: Kimberly Clayson
Chris Jackson
John Naglick (Ex-Officio)

**SPECIAL DIRECTORS
PRESENT:** None

**SPECIAL DIRECTORS
ABSENT:** Emily Black (I-94 Industrial Park Project)
Marvin Thomas (I-94 Industrial Park Project)
Jon Newton (Waterfront East Development Project)
Frank Taylor (Waterfront East Development Project)
Patrick Dozier (Mt. Elliott-Wight Project)
Dominic Pangborn (Mt. Elliott-Wight Project)

OTHERS PRESENT: Gay Hilger (DEGC/EDC)
Kaci Jackson (DEGC/EDC)
Robert Jamerson (Detroit PAL)
Kevin Johnson (DEGC/EDC)
Paul Kako (DEGC/EDC)
Jennifer Kanalos (DEGC/EDC)
Glen Long (DEGC/EDC)
Rebecca Navin (DEGC/EDC)
Mariangela Pledl (DEGC/EDC)
Martha Potere (DEGC/EDC)
Orza Robertson (DEGC/EDC)
Kelly Shovan (DEGC/EDC)



**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, DECEMBER 17, 2019
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 8:49 a.m.

Approval of Minutes

Ms. Forte asked if there were any additions, deletions or corrections to the minutes of the November 10, 2019 Special Board meeting. Hearing none, the Board took the following action:

On a motion by Mr. Hodge, seconded by Mr. Stallworth, Resolution Code EDC 19-12-02-325 was unanimously approved.

Receipt of Treasurer's Report for November 2019

Ms. Shovan reviewed the Treasurer's Report of Receipts and Disbursements for the month of November 2019 for the benefit of the Board. With there being no questions or discussion, the Board took the following action:

On a motion by Mr. Brown, seconded by Mr. Quarles, Resolution Code EDC 19-12-03-246 was unanimously approved.

PROJECTS

Streetscape Mitigation Loan Fund Program: Approval of Loan (Sherwood Forest Art Gallery)

Ms. Potere advised that 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.



Ms. Potere reviewed the proposed terms of the loan request as follows:

**SUMMARY OF PROPOSED TERMS
SHERWOOD FOREST ART GALLERY LLC LOAN REQUEST**

Borrower Name:	Sherwood Forest Art Gallery LLC
Borrower Business Location:	19496 Livernois, Detroit, MI 48221
Date:	12/2/2019
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:	9.4 – Low Risk
Analyst/Officer:	Martha Potere

LOAN PURPOSE AND BUSINESS DESCRIPTION/HISTORY

Toney Hughes, the owner of Sherwood Forest Art Gallery, is seeking a \$10,000.00 commercial business loan from the Economic Development Corporation of the City of Detroit Streetscape Mitigation Loan Fund to support business expenses throughout the construction season. The property's physical location is 19496 Livernois, Detroit. EDC financing will support payroll, advertising/marketing, insurance, repairs, accounting/legal, telephone and internet.

Sherwood Forest Art Gallery has been a staple on Livernois for over 12 years. In addition to the large selection of unique and diverse paintings and prints available for sale, the business also offers a host of related and complementary services, including framing, photo restoration, engraving, trophies and awards, etc. Revenue for Sherwood Forest Art Gallery from April through September 2019 is down 2% and net income is up about 26% in comparison to the comparable timeframe in 2018. Although net income for Sherwood Forest Art Gallery has gone up, this is the result of an artists' show Mr. Hughes hosted in May. During this event, Sherwood Forest Art Gallery made \$23,000 in sales from a special artists' show – an event he sought to recreate in order to offset his lost revenues. However, due to the streetscape construction, many attendees expressed their concerns and frustrations regarding the construction's disruptive nature and the two subsequent shows that were scheduled were canceled. Without the artists' show, Sherwood Forest Art Gallery's net income is down 230% - from a net profit of \$8,488 in April through September 2018 to -\$11,649 in 2019 during the comparable period of time.



SOURCES AND USES

Uses of Funds	Amount
Payroll	\$ 4,800
Advertising/Marketing	\$ 1,300
Insurance	\$ 900
Accounting and Legal	\$ 500
Repairs	\$ 1,300
Telephone/Internet	\$ 1,200
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. 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

The EDC Finance Committee met and reviewed the proposed loan and recommended approval.

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

On a motion by Mr. Osei, seconded by Mr. Stallworth, Resolution Code EDC 19-12-99-09 was unanimously approved.

I-94 Industrial Park Project/Mt. Elliott Improvement Project: Authorization to Enter into a Contract with Giffels Webster Engineers to Provide Design and Engineering Services

Mr. Robertson advised that the Economic Development Corporation of the City of Detroit ("EDC"), in coordination with the City of Detroit (the "City"), has been engaged in planning for and assessing the feasibility of redeveloping the Mt. Elliott Street as a key transportation route to support recent and future commercial and industrial investments in and around the I-94 Industrial Park District (the "Project"). Both parties have been working together to develop a scope of work and attract and secure funding for the Project. Most recently, the EDC Board approved committing \$850,000 (the "EDC Funds") to help pay for costs associated with the construction of the Project. These funds will help secure a commitment from the Michigan Department of Transportation ("MDOT") to provide the City with \$2.42 million of Transportation Economic Development Fund Dollars for eligible project costs.



Prior to the City seeking support for the Project from MDOT, a Request for Proposals (“RFP”) for the Project was initially issued in 2017, primarily as an Economic Development Administration (“EDA”) funded road improvement project that would have reconstructed Mt. Elliott from Georgia Street to the I-94 expressway. Giffels Webster Engineers (“GWE”) submitted a response to the RFP and staff determined that GWE was the most responsive bidder. GWE was hired to prepare the preliminary grant application, engineering layouts, and technical assistance required to apply for the state and federal grants for the project.

For various reasons, the EDA ultimately did not reward the funds to the project as conceived by the City and the EDC. The City and the EDC then re-scoped the project as a full reconstruction, all-season road on Mt. Elliott from Georgia Street to Conant. As a result, the EDC and the City were able to secure state grant funding from MDOT, as mentioned above. All parties would like the work to commence in 2020.

EDC staff is requesting that this Board authorize a professional services agreement with GWE in an amount not to exceed Two Hundred Ninety-Six Thousand Two Hundred Fifty and 00/100 (\$296,250.00) Dollars to prepare final design and engineering drawings and specifications for the Project. EDC staff is also recommending that a contingency representing ten (10%) percent of the contract value, or Twenty Nine Thousand Six Hundred Twenty Five and 00/100 (\$29,625.00) Dollars be established to be dispersed upon the authorization of any two Officers, or any one of the Officers and any of the Authorized Agents of the EDC, or any two Authorized Agents of the EDC. Payment of the services provided by GWE will be made from the EDC Funds.

A resolution was included for the Board’s consideration.

Ms. Forte asked if the contractor was paid anything from the initial work that they did. Mr. Robertson stated that, yes, they were paid from the I-94 funds and that amount is not included in this request which is for Design and Engineering Services.

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

On a motion by Mr. Quarles, seconded by Ms. Bruhn, Resolution Code EDC 19-12-13-58 and Code EDC 19-12-68-13 were unanimously approved.

Third Amendment to the Amended and Restated Development Agreement with Detroit Police Athletic League

Ms. Pavelko reported that in June, 2016, the Economic Development Corporation of the City of Detroit (“EDC”) executed the Amended and Restated Development Agreement (as amended, the “Agreement”) with Detroit Police Athletic League, LLC (the “Developer”) relating to the construction of an athletic field and permanent headquarters to provide unique programming to Detroit PAL participants and families (the “Project”). In June 2018, the EDC approved an amendment to reduce the required Reserve Fund Balance to \$750,000 and provide a one-year extension to raise the Reserve Fund Balance, complete the locker rooms and install the remaining 1,500 required seats.



In June 2019, the Developer met with Staff to tour the facility, discuss the Project's success and discuss progress on completing the development requirements in the Agreement. In addition, Staff reviewed the Project's current financial and operational performance. With the completion of the Project, the Developer has been able to increase the level of sponsorships and funding awards. However, there are three outstanding items that remain: 1) completion of the locker rooms; 2) 2,500 seats for spectators; and 3) maintaining a Reserve Fund Balance of \$750,000. Staff and the Developer determined that additional performance history was needed prior to taking a recommendation to the board on how to address these issues.

With nearly 2 years of operations completed, Developer has requested to amend the following two requirements of the three outstanding requirements as follows: 1) eliminate the requirement to install locker rooms; and 2) reduce the number of seats for spectators from 2,500 to 1,000.

Although the Developer has raised the funds to complete the locker rooms as originally planned, current demand of over 300 events in 24 months and execution of two long-term contracts (5 years) to host sport practices with 2 community colleges demonstrates that a locker room facility is not necessary to attract users to the facility. With respect to the second request, in the two years of operations with 235 events, the average attendance was 211 with one event of 750 guests and another of 2,500. Based on the foregoing, the Developer and Staff have determined that the approval of the requested amendments would not materially impact the long-term sustainability of the facility.

Furthermore, upon the Board's approval of the amended terms, the Developer will have met its remaining obligations as the Project currently has seating capacity for 1,000 spectators and the release of the funds currently reserved for the construction of the locker rooms will allow the Developer to exceed the current reserve requirement of \$750,000 with final reserves of over \$1,000,000.

Based on the foregoing, Staff requested approval an amendment to the Agreement to remove the required locker room and reduce the required amount of spectator seating to 1,000. A resolution was included for the Board's consideration.

Ms. Pavelko introduced Mr. Robert Jamerson, the new Executive Director/CEO of PAL, to answer Board members' questions.

Mr. Osei asked about the economic impact of having to build out the additional seats. Mr. Jamerson stated that he wasn't sure of the cost but expected it to be around \$500,000 to \$700,000. He added that if they were going to do something more practical, they would add some additional covered area and more picnic-type areas similar to Jimmy John's stadium for events like family reunions.

Ms. Bruhn stated that the revenue increase is really due to all of the events and asked if the use of the field for sports is pretty much flat. Mr. Jamerson said that the prime time for use of the field is in the summertime when they do a lot of programs. It was originally thought that the use of the field was going to be more commercialized, but what they've found is that attendance at those types of events is lower than expected, so they had to rethink how they looked at their event



management. Kosch Catering was there for roughly two years and gave them a good model for what they could do and what was profitable versus some of the things that they initially started doing. That jump came from what was mentioned earlier and Quicken Loans sitting down with the event team and looking at PAL hiring an event company to run that.

Mr. Brown noted that his child played in the PAL league this past summer and he also coached and asked whether he would be able to vote. Ms. Navin responded that there was not a conflict and he could vote.

Mr. Hodge inquired about the operating results from 2018 and 2019 and asked how they compared to the projections in terms of revenue and profitability. Mr. Jameson responded that 2019 was projected at \$160,000 and 2018 was approximately \$180,000. Areas where they made up some ground was utilizing their Workforce Development Program to supplement some of the cost for it and they partnered with a couple of other agencies that have services as well like, Urban League.

Mr. Stallworth summarized the request and asked what the long-term implications for success and sustainability are for this project. Ms. Pavelko explained that there were discussions with PAL and they were asked what they would do if the development agreement did not require the additional seating. PAL advised that after looking at the two years that they have been in operation, their revenue is not coming from sources that require the increased seating, so this removes the burden from them and allows them to focus their efforts on the areas and improvements that will continue to insure their long-term sustainability. Mr. Jamerson added that what Ms. Pavelko stated is exactly PAL's thinking and believes that partnering with Quicken Loans will bring greater opportunity to focus on the corporate-type events.

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

On a motion by Mr. Quarles, seconded by Mr. Osei, Resolution Code EDC 19-12-76-28 was unanimously approved.

East Riverfront: Authorization to Extend EDC Loan for East Riverfront Properties

Ms. Pavelko stated that on September 24, 2013, the Economic Development Corporation of the City of Detroit (the "EDC") and the City of Detroit Brownfield Redevelopment Authority (the "DBRA") executed an Interlocal Agreement to finance certain activities of the DBRA within the East Riverfront District Plan. The EDC approved the provision of loans to the DBRA to finance the acquisition and maintenance and/or completion of due diligence on the following properties located within the boundaries of the East Riverfront District Plan: 6149 East Jefferson; 1450 – 1490 Franklin St. (the "Stone Soap Building"); and the vacated Conrail right of way located within the Uniroyal site (the "Conrail Property").

The loan documents provided that proceeds received by DBRA from the eventual sale of the Stone Soap Building and Conrail Property to third-party developers would be used to cure outstanding indebtedness, and proceeds in excess of the outstanding indebtedness, would be



remitted to the EDC in full satisfaction of the loans (the “EDC Proceeds”), notwithstanding any deficiency of the sale proceeds to satisfy the then outstanding indebtedness.

The Stone Soap Building remains under the ownership of the City of Detroit and a developer was selected to develop the property through a public Request for Proposals. Upon the closing of the Stone Soap Building, which is anticipated to occur in the Summer of 2020, City Council has approved the reimbursement of the DBRA for all due diligence activities completed. It is anticipated that the DBRA will close on the sale of the Conrail Property in 2020. Upon the sale of the Stone Soap Building and the Conrail Property, the EDC will receive the EDC Proceeds. The DBRA will continue to hold 6149 E Jefferson until the market demonstrates demand for the site.

Based on the current plans for these properties, EDC staff requested the Board’s approval to execute a loan extension between the EDC and DBRA as follows: a two (2) year extension for the Stone Soap Building and the Conrail Property and a five (5) year extension for 6419 E Jefferson.

A draft resolution was included for the Board’s consideration.

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

On a motion by Mr. Brown, seconded by Mr. Stallworth, Resolution Code EDC 19-12-52-14 was unanimously approved.

I-94 Project Plan: Amendment to the Sale of 9.017 Acres to Flex-N-Gate Detroit, LLC

Ms. Belanger advised that in 2016, The Economic Development Corporation of the City of Detroit (the “EDC”) sold certain property in the I-94 Industrial Park to Flex-N-Gate Detroit, LLC (“Flex-N-Gate”) in support of an estimated \$95 million investment, with a commitment to create approximately 450 jobs (the “Project”). Ultimately, as a result of the Project, Flex-N-Gate invested \$160 million and created 650 jobs, of which more than 60% are Detroit residents. In January, 2019, the Board approved the sale of the adjacent 9.017 acres vacant land depicted in Exhibit A (the “Property”) to Flex-N-Gate to facilitate an approximately 325,000 square foot expansion of its facility.

Subsequent to that approval the business climate shifted and Flex-N-Gate no longer has immediate plans to expand the facility. However, consistent with a new business commitment from Ford, Flex-N-Gate is required to purchase new machinery and increase their parking and storage requirements to service their new contract and minimize any personnel losses that would be associated with reduced volumes of another product. In order to support this new business opportunity and in recognition of the level of investment and the commitment to Detroit and Detroit residents to date, staff remains supportive of the sale of the Property to Flex-N-Gate on the terms originally proposed; except that Flex-N-Gate’s obligations with respect to the Project and the Property would be modified to require (i) an investment by Flex-N-Gate into the existing facility that consists of the purchase of at least 50 new die sets and added assembly cells to support the new contract with Ford and (ii) the improvement of the Property in a manner that is consistent with incremental parking and storage needs.



A resolution was included in the Board material for consideration.

Ms. Forte stated that the Board approved the sale of the property, but that was conditioned on this expansion facility. Her understanding of what is being considered here is to remove the condition of the expansion in exchange for the purchase of these pieces of equipment and the other items mentioned. Ms. Belanger explained that Flex-N-Gate is going to need that additional 9 acres for the added employee parking and for storage for the new Ford contract. They originally planned on 400 employees and are now up to 650 of which 60 percent are Detroit residents. There may be additional new employees based on this new Ford contract.

Mr. Osei questioned what the conditions of the original sale were and if there were going to be additional jobs with the expansion. Ms. Belanger responded that, yes, there were going to be additional jobs, but they already have more employees than originally planned. Ms. Belanger stated that there was a risk of them downsizing, but now that they have secured the new Ford contract, it won't be necessary.

Mr. Quarles asked the length of the Ford contract. Ms. Belanger stated that she did not know but would get that information. Ms. Bridges advised that typically automotive contracts are for six years. Flex-N-Gate continues to grow their business. Most recently, Flex-N-Gate won another award from FCA and they needed 200,000 sq. feet of additional space right away, which they could not locate on the 9 acres because they had to have the facility ready by March or April. They had to put some of their business out of Detroit. They continue to receive awards and will eventually need this space, but right now, they are just looking at it for the parking and storage.

Ms. Forte questioned if consideration was given to leasing the land rather than selling it to Flex-N-Gate. Ms. Bridges stated that there is a condition in the agreement that allows EDC to repurchase the land if Flex-N-Gate doesn't make the investments that they were going to make.

Mr. Stallworth asked why the purchase of equipment would be a condition of the EDC agreement. Ms. Bridges explained that it was felt that Flex-N-Gate's purchase of about \$20 million in equipment was sufficient to justify this amendment. They must show us the purchase orders and if that is not done, EDC can repurchase the land at a similar cost and terms.

Ms. Bruhn asked, since it had been less than a year since the original agreement was approved, what had changed. Ms. Bridges explained that part of it was a timing issue in order to fulfil FCA's requirement.

Ms. Navin advised that she looked up the original deal and the expansion was expected to bring an additional 100 to 150 jobs. Ms. Navin added that job creation and job commitments are typically made to the City through an incentive request, and we typically don't tie our development transactions to a creation request.

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

On a motion by Mr. Stallworth, seconded by Mr. Brown, Resolution Code EDC 19-12-13-59 was unanimously approved.



Casino Loan Program: Laughter in the Sun, LLC – Loan Restructure

Mr. Kako reported that Laughter in the Sun, LLC (“LIS”) is a woman and minority owned Limited Liability Company owned by Regina Gaines, Andrea Dunbar and Terry Mullins. They operate the House of Pure Vin, a specialty retail wine store located at 1433 Woodward Avenue. The store occupies 2,200 sf of retail space and 745 sf of storage space. House of Pure Vin sells wine and offers such services as wine tastings, wine sampling and an online wine ordering club.

In October 2015, the EDC Board approved a loan from the Casino Development Funds in the amount of \$130,000.00 to LIS. EDC partnered with Invest Detroit and Detroit Development Fund (together with EDC, the “Lenders”). The collateral was a lien on all business assets and personal guarantees. Funds were used to assist in the buildout of the space. All loans matured November 2018.

LIS contacted the Lenders before loan maturity and advised that insufficient cash flow amongst other problems would not allow for loan payoffs. LIS requested relief from the Lenders. In 2017, the EDC Board approved a modification that reduced loan payments. All Lenders’ payments were reduced to principal and interest payments in the amount of \$1,333.33 per month. LIS also reached out to the its landlord, Merchants Row Webward LLC (the “Landlord”), an affiliate of Bedrock, seeking additional assistance. The Landlord provided financial support in the form of a \$75,000.00 subordinated Line of Credit through Rose Financial LLC (the “Creditor”). All Lenders also extended the maturity dates to March 2019.

Recently, on September 20, 2019, the EDC Board further approved a loan restructure which involved among other things, the following: 1) a revision of the loan terms to extend maturity 3 years, 2) the release of the personal guarantees of 2 partners exiting the business, 3) a revised subordinated line of credit from the Creditor which included an increase of \$75,000, allowing for a \$25,000 paydown on the EDC loan, and 4) a revised lease and a revised intercreditor agreement. Invest Detroit and Detroit Development received the same approvals.

The Landlord and Creditor have now come to LIS and the Lenders requesting that Landlord and Creditor assume a pari-passu position with the Lenders as it relates to the Lenders’ lien on LIS’ collateral. This request does not alter any other terms of the above referenced loan restructure that was recently approved by the EDC Board.

The Landlord and all Lenders have worked relentlessly to support and maintain the operation of this minority-owned business. The Landlord has and remains a true advocate and has initiated processes and procedures that will allow for a successful ongoing operation. Some include, but are not limited to: 1) previously providing a \$75,000 line of credit , 2) increasing the line of credit by \$75,000, thereby allowing a \$25,000 pay down of each Lenders’ debt, 3) engaging an accounting firm (J&F Advisors) to analyze all of LIS’ financial reporting, 4) revising and extending LIS’ lease to November 30, 2022, 5) providing ongoing marketing exposure of LIS’ business to Bedrock staff, and 6) providing the connection with an IT firm that will integrate a technology improvement plan for LIS.



The EDC Finance Committee has reviewed the proposed transaction and has recommended approval that will allow Landlord and Creditor to assume a pari-passu position with EDC as it relates to the Lenders' lien on the collateral and for the maturity date to be adjusted to coincide with the lease expiration (i.e., November 30, 2022).

A resolution was included in the Board material for consideration.

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

On a motion by Mr. Osei, seconded by Mr. Stallworth, Resolution Code EDC 19-12-74-44 was unanimously approved.

ADMINISTRATION

EDC Audited Financial Statements and Management Report as of June 30, 2019

Ms. Kanalos advised that an electronic copy of the above-referenced material was sent to each Board member on November 27, 2019.

The EDC Finance Committee met and reviewed the material and recommended 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, 2019, with comparative totals as of June 30, 2018, 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 Mr. Stallworth, seconded by Mr. Hodge, Resolution Code EDC 19-12-01-209 was unanimously approved.

Casino Development Fund – EDC Loan Late Fee Policy

Mr. Long reported that at City Council's request, the City's Auditor General has been conducting an audit of the EDC Casino Development Fund since 2017. On November 6, 2019 staff presented the final copy of the report relating to the Real Property Gap Fund and a final draft of report relating to the National and Non-Affiliated Retail Fund for the EDC Finance Committee's review and discussion. One finding of the reports was that EDC did not enforce the loan agreements because it did not charge late fees or report payment delinquencies to credit bureaus.

Based on direction given by the Finance Committee, Staff has prepared the below proposed policy on late fees for loans made under loan programs administered by the EDC under the Casino Development Fund. Staff expects to present a proposed policy regarding credit bureau reporting in the first quarter of 2020 when it presents updates to the EDC Credit Policy Manual.



Late Fee Policy

For loans made by the EDC under the Casino Development Fund, late fees on delinquent loan payments shall be charged and collected as follows:

- For any loan payment not received by the 10th business day of the month, EDC staff shall send a written communication to the borrower inquiring about the status of the payment and reminding the borrower about the late fee.
- For any loan payment not received by the last business day of the month, a late fee in the amount of 5% of the unpaid loan installment shall be charged and shall be immediately due and payable.
- A loan shall not be considered to be in default solely due to unpaid late fees.
- Interest shall not accrue on unpaid late fees, unless the loan goes into default, in which event the default interest rate shall be applied against the late fees.
- In the event a loan goes into default and is accelerated, any unpaid late fees shall be immediately due and payable.
- Any unpaid late fees shall be paid no later than the maturity date of the loan.

The EDC Finance Committee has reviewed and recommends the foregoing late fee policy for the EDC loans from the Casino Development Fund to the EDC Board. A resolution is attached for the Board's consideration.

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

On a motion by Mr. Hodge, seconded by Mr. Osei, Resolution Code EDC 19-12-01-210 was unanimously approved.

OTHER MATTERS

Mr. Quarles asked if the contract and funding for the MCM/MCR-S Programs had been renewed. Mr. Long replied that City Council extended the existing funding agreement to January 2021 and are doing an analysis on the funding amount. It is now under review and there may be some minor changes.

Ms. Bruhn advised that the Board still had not received a written report that she requested at the last Board meeting on the status of the cash awardees for Motor City Match, i.e., how much were they awarded, what is the timeframe, what is the current status.

PUBLIC COMMENT

ADJOURNMENT

On a motion by Mr. Brown, seconded by Mr. Osei, Ms. Forte adjourned the meeting at 9:41 a.m.



CODE EDC 19-12-99-09

STREETSCAPE MITIGATION LOAN FUND PROGRAM: APPROVAL OF LOAN (SHERWOOD FOREST ART GALLERY)

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 application from the business and for the purpose described on Exhibit A (the "Loan"); and

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

WHEREAS, the EDC Board has determined that the recommended Loan is reasonable and consistent with the Program.

NOW, THEREFORE BE IT RESOLVED that the EDC Board of Directors, hereby approves the Loan described on Exhibit A, 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 Loan, 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.

December 17, 2019



**EXHIBIT A
SUMMARY OF PROPOSED TERMS**

SHERWOOD FOREST ART GALLERY LLC LOAN REQUEST

Borrower Name:	Sherwood Forest Art Gallery LLC
Borrower Business Location:	19496 Livernois, Detroit, MI 48221
Date:	12/2/2019
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:	9.4 – Low Risk
Analyst/Officer:	Martha Potere

LOAN PURPOSE AND BUSINESS DESCRIPTION/HISTORY

Toney Hughes, the owner of Sherwood Forest Art Gallery, is seeking a \$10,000.00 commercial business loan from the Economic Development Corporation of the City of Detroit Streetscape Mitigation Loan Fund to support business expenses throughout the construction season. The property's physical location is 19496 Livernois, Detroit. EDC financing will support payroll, advertising/marketing, insurance, repairs, accounting/legal, telephone and internet.

Sherwood Forest Art Gallery has been a staple on Livernois for over 12 years. In addition to the large selection of unique and diverse paintings and prints available for sale, the business also offers a host of related and complementary services, including framing, photo restoration, engraving, trophies and awards, etc. Revenue for Sherwood Forest Art Gallery from April through September 2019 is down 2% and net income is up about 26% in comparison to the comparable timeframe in 2018. Although net income for Sherwood Forest Art Gallery has gone up, this is the result of an artists' show Mr. Hughes hosted in May. During this event, Sherwood Forest Art Gallery made \$23,000 in sales from a special artists' show – an event he sought to recreate in order to offset his lost revenues. However, due to the streetscape construction, many attendees expressed their concerns and frustrations regarding the construction's disruptive nature and the two subsequent shows that were scheduled were canceled. Without the artists' show, Sherwood Forest Art Gallery's net income is down 230% - from a net profit of \$8,488 in April through September 2018 to -\$11,649 in 2019 during the comparable period of time.



SOURCES AND USES

Uses of Funds	Amount
Payroll	\$ 4,800
Advertising/Marketing	\$ 1,300
Insurance	\$ 900
Accounting and Legal	\$ 500
Repairs	\$ 1,300
Telephone/Internet	\$ 1,200
Sources of Funds	
EDC Streetscape Mitigation Fund	\$ 10,000

SOURCE OF REPAYMENT

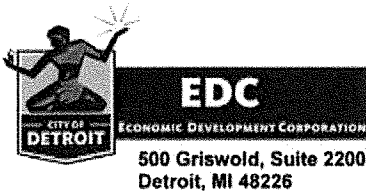
Primary: N/A
Secondary: N/A

COLLATERAL AND CONDITIONS

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

Conditions: Closing contingent upon EDC Board approval. 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



CODE EDC 19-12-13-58
CODE EDC 19-12-68-13

**I-94 INDUSTRIAL PARK PROJECT/MT. ELLIOTT IMPROVEMENT PROJECT -
AUTHORIZATION TO ENTER INTO A CONTRACT WITH GIFFELS WEBSTER ENGINEERS
TO PROVIDE DESIGN AND ENGINEERING SERVICES**

WHEREAS, the Economic Development Corporation of the City of Detroit (“EDC”) and the City of Detroit (the “City”) have been engaged in planning for and assessing the feasibility of redeveloping the Mt. Elliott Street as a key transportation route to support recent and future commercial and industrial investments in and around the I-94 Industrial Park District (the “Project”); and

WHEREAS, on November 12, 2019, the EDC Board approved committing \$850,000 (the “EDC Funds”) to help pay for costs associated with the construction of the Project; and

WHEREAS, prior to formulating the scope of the Project, the EDC issued a Request for Proposals (“RFP”) in 2017 for a road improvement project that would have reconstructed Mt. Elliott from Georgia street to the I-94 expressway.

WHEREAS, Giffels Webster Engineers (“GWE”) submitted a response to the RFP and, after staff determined that GWE was the most responsive bidder, GWE was hired to prepare the preliminary grant application, engineering layouts, and technical assistance required to apply for the state and federal grants for the project; and

WHEREAS, the City and the EDC re-scoped the project as a full reconstruction, all-season road on Mt. Elliott from Georgia street to Conant; and

WHEREAS, EDC staff recommends that the Board authorize the execution of a professional services agreement with GWE in an amount not to exceed Two Hundred Ninety-Six Thousand Two Hundred Fifty and 00/100 (\$296,250.00) Dollars for GWE to prepare final design and engineering drawings and specifications for the Project; and

WHEREAS, EDC staff is also recommending that a contingency of ten (10%) percent of the contract value, or Twenty-Nine Thousand Six Hundred Twenty-Five and 00/100 (\$29,625.00) Dollars be established; and

WHEREAS, the EDC Board determined that the staff’s recommendation is reasonable and consistent with the scope of work for the Project.

NOW THEREFORE BE IT RESOLVED, that the EDC Board of Directors hereby authorizes the execution of a professional services agreement with GWE in an amount not to exceed Two Hundred Ninety-Six Thousand Two Hundred Fifty and 00/100 (\$296,250.00) Dollars consistent with the terms contained in this Resolution.



BE IT FURTHER RESOLVED, that the EDC Board of Directors hereby authorizes the establishment of a contingency of ten (10%) percent of the contract value, or Twenty Nine Thousand Six Hundred Twenty Five and 00/100 (\$29,625.00) Dollars, to be dispersed upon the authorization of any two Officers, or any one of the Officers and any of the Authorized Agents of the EDC, or any two Authorized Agents of the EDC.

BE IT FURTHER RESOLVED, that the EDC Board of Directors hereby authorizes any two of the Officers of the EDC or any one Officer and one Authorized Agent of the EDC to execute the professional services agreement and any and all documents, contracts, or other papers or take such other actions as are necessary to implement the provisions and the 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 execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

December 17, 2019



CODE EDC 19-12-76-28

TIGER STADIUM SITE REDEVELOPMENT PROJECT: THIRD AMENDMENT TO THE AMENDED AND RESTATED DEVELOPMENT AGREEMENT WITH DETROIT POLICE ATHLETIC LEAGUE

WHEREAS, in June, 2016, the Economic Development Corporation of the City of Detroit (“EDC”) executed the Amended and Restated Development Agreement (as amended, the “Agreement”) with Detroit Police Athletic League, LLC (the “Developer”) relating to the construction of an athletic field and permanent headquarters on a portion of the former Tigers Stadium site to provide unique programming to Detroit PAL participants and families (the “Project”); and

WHEREAS, in June 2018, the EDC approved an amendment to reduce the required Reserve Fund Balance to \$750,000 and provide a one-year extension to raise the Reserve Fund Balance, complete the locker rooms, and install the remaining 1,500 required seats; and

WHEREAS, the completion of the locker rooms, the installation of 2,500 seats for spectators, and the maintenance of a Reserve Fund Balance of \$750,000 remain as the final outstanding items to be completed for the Project; and

WHEREAS, Developer has requested to further amend the terms of the Agreement by removing the requirement to install locker rooms and reducing the number of seats for spectators from 2,500 to 1,000 (the “Revised Terms”); and

WHEREAS, EDC staff is seeking this Board’s approval to execute an amendment to the Agreement in accordance with the Revised Terms; and

WHEREAS, the EDC Board of Directors has reviewed the Revised Terms and determined that such terms are consistent with the EDC’s goal of redeveloping the Tiger Stadium site and are otherwise appropriate and consistent with the EDC’s statutory purposes.

NOW, THEREFORE, BE IT, RESOLVED, that the Revised Terms are hereby approved.

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 an amendment to the Agreement in accordance with the Revised Terms, 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 execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

December 17, 2019



CODE EDC 19-12-52-14

EAST RIVERFRONT DISTRICT: AUTHORIZATION TO EXTEND EDC LOAN FOR THE STONE SOAP BUILDING AND CONRAIL PROPERTIES

WHEREAS, The Economic Development Corporation of the City of Detroit (the "EDC") and the City of Detroit Brownfield Redevelopment Authority (the "DBRA") entered into an Interlocal Agreement (the "Interlocal Agreement"); and

WHEREAS, the Interlocal Agreement permitted the EDC to finance redevelopment activities of the DBRA within the East Riverfront District; and

WHEREAS, the DBRA requested and was granted by the EDC, loans to fund and/or reimburse the DBRA for the acquisition and related costs of 1450-1490 Franklin (the "Stone Soap Building"), a vacant Conrail right of way located within the Uniroyal site (the "Conrail Property"), and the property located at 6149 E Jefferson; and

WHEREAS, upon the DBRA's sale of the Conrail Property and the Stone Soap Building, proceeds received by the DBRA from the third-party developers would be used to cure outstanding indebtedness, and proceeds in excess of the outstanding indebtedness, would be remitted to the EDC in full satisfaction of the loans; and

WHEREAS, EDC staff anticipates that the sale of the Stone Soap Building and the Conrail Property will occur in 2020 while the DBRA will continue to hold the property located at 6149 E Jefferson until the market demonstrates demand for the site;

WHEREAS, EDC staff requests that the terms of the loans between the EDC and DBRA be extended as follows: a two (2) year extension for the Stone Soap Building and the Conrail Property and a five (5) year extension for 6419 E Jefferson (collectively, the "Revised Terms").

WHEREAS, the EDC Board of Directors has reviewed the Revised Terms and determined that such terms are consistent with the EDC's goal of redeveloping the East Riverfront District Plan.

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

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 amendments to the loan agreements in accordance with the Revised Terms, 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, 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.

December 17, 2019



CODE EDC 19-12-13-59

I-94 INDUSTRIAL PARK PROJECT: AMENDMENT TO THE SALE OF 9.017 ACRES TO FLEX-N-GATE DETROIT, LLC

WHEREAS, in 2016, The Economic Development Corporation of the City of Detroit (the "EDC") sold certain property in the I-94 Industrial Park to Flex-N-Gate Detroit, LLC ("Flex-N-Gate") in support of an estimated \$95 million investment, with a commitment to create approximately 450 jobs (the "Project"); and

WHEREAS, in January, 2019, the Board approved a term sheet for the sale of the adjacent 9.017 acres vacant land depicted in Exhibit A (the "Property") to Flex-N-Gate to facilitate an approximately 325,000 square foot expansion of its facility; and

WHEREAS, Flex-N-Gate no longer has immediate plans to expand the facility, however, consistent with a new business commitment from Ford Motor Company, Flex-N-Gate is required to purchase new machinery and increase its parking and storage requirements to service the new contract; and

WHEREAS, EDC staff recommends the sale of the Property to Flex-N-Gate on the terms originally proposed; except that Flex-N-Gate's obligations with respect to the Project and the Property would be modified to require (i) an investment by Flex-N-Gate into the existing facility that consists of the purchase of at least 50 new die sets and added assembly cells to support the new contract with Ford and (ii) the improvement of the Property in a manner that is consistent with incremental parking and storage needs (the "Modified Terms"); and

WHEREAS, EDC Staff is seeking the Board's approval to consummate the sale of the Property in accordance with the Modified Terms; and

WHEREAS, the Board of Directors has determined that the Modified Terms are reasonable and consistent with the EDC's project plan for the I-94 Industrial Park and its statutory purposes.

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

BE IT FURTHER RESOLVED that the EDC Board of Directors hereby authorizes any two of the Officers or any two of the designated Authorized Agents or any combination thereof to execute any and all documents and take any and all actions necessary or appropriate to implement the provisions and intent of this resolution.



BE IT FINALLY RESOVLED that all of the acts and transactions of any officer or authorized agent of the EDC, in the name of the EDC 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.

December 17, 2019



CODE EDC 19-12-74-44

CASINO LOAN PROGRAM: LAUGHTER IN THE SUN, LLC – LOAN RESTRUCTURE

WHEREAS, in October 2015, the Board of Directors of the Economic Development Corporation of the City of Detroit (“EDC”) approved a loan from the Casino Development Funds in the amount of \$130,000.00 to Laughter in the Sun, LLC (“LIS”), a woman and minority-owned limited liability company which operates the House of Pure Vin, a specialty retail wine store located at 1433 Woodward Avenue; and

WHEREAS, EDC, Invest Detroit, and Detroit Development Fund (together with EDC, the “Lenders”) have previously modified the terms of their respective loans, including the approval of reduced payments, extended maturity, and the extension of a subordinated line of credit from Rose Financial LLC (the “Creditor”); and

WHEREAS, on September 20, 2019, the EDC Board further approved a loan restructure which involved a revision of the loan terms to extend maturity 3 years, the release of the personal guarantees of 2 partners exiting the business, a revised subordinated line of credit from the Creditor allowing for a \$25,000 paydown on the EDC loan, a revised lease, and a revised intercreditor agreement; and

WHEREAS, Merchants Row Webward LLC (the “Landlord”) and Creditor have now come to LIS and the Lenders requesting that Landlord and Creditor assume a pari-passu position with the Lenders as it relates to the Lenders’ lien on LIS’ collateral; and

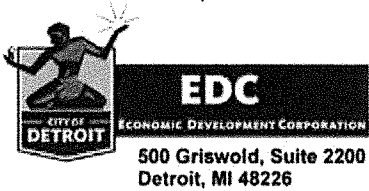
WHEREAS, EDC staff has reviewed the request and, in addition to the previous loan restructure terms approved by the EDC Board, finds it reasonable to allow Landlord and Creditor to assume a pari-passu position with the EDC as it relates to the Lenders’ lien on the collateral and for the maturity date to be adjusted to coincide with the lease expiration (i.e., November 30, 2022) (collectively, 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.

December 17, 2019



CODE EDC 19-12-01-209

**ADMINISTRATION: EDC AUDITED FINANCIAL STATEMENTS AND MANAGEMENT
REPORT AS OF JUNE 30, 2019**

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, 2019, with comparative totals as of June 30, 2018, as prepared by George Johnson and Company, Certified Public Accountants.

December 17, 2019



CODE EDC 19-12-01-210

CASINO DEVELOPMENT FUND – EDC LOAN LATE FEE POLICY

WHEREAS, at City Council's request, the City's Auditor General has been conducting an audit of the EDC Casino Development Fund since 2017; and

WHEREAS, the Auditor General's reports relating to the Real Property Gap Fund National and Non-Affiliated Retail Fund include a finding that EDC did not enforce the loan agreements because it did not charge late fees or report payment delinquencies to credit bureaus; and

WHEREAS, to address the finding relating to late fees, EDC staff proposes the following late fee policy (the "Late Fee Policy"):

Late Fee Policy

For loans made by the EDC under the Casino Development Fund, late fees on delinquent loan payments shall be charged and collected as follows:

- For any loan payment not received by the 10th business day of the month, EDC staff shall send a written communication to the borrower inquiring about the status of the payment and reminding the borrower about the late fee.
- For any loan payment not received by the last business day of the month, a late fee in the amount of 5% of the unpaid loan installment shall be charged and shall be immediately due and payable.
- A loan shall not be considered to be in default solely due to unpaid late fees.
- Interest shall not accrue on unpaid late fees, unless the loan goes into default, in which event the default interest rate shall be applied against the late fees.
- In the event a loan goes into default and is accelerated, any unpaid late fees shall be immediately due and payable.
- Any unpaid late fees shall be paid no later than the maturity date of the loan.

WHEREAS, the Finance Committee of the EDC has reviewed the proposed Late Fee Policy and recommends its approval to the Board of Directors; and

WHEREAS, the Board of Directors has reviewed proposed Late Fee Policy and has determined that the proposed Late Fee Policy are consistent with the goals of the loan program and with the intents and purposes of the EDC; and



WHEREAS, Staff expects to present a proposed policy regarding credit bureau reporting in the first quarter of 2020 when it presents updates to the EDC Credit Policy Manual.

NOW, THEREFORE, BE IT RESOLVED that the EDC Board of Directors hereby approves and adopts the Loan Fee Policy in the substantial form contained herein.

BE IT FURTHER RESOLVED that the EDC Board of Directors hereby authorizes any two of its Officers or any two of its Authorized Agents or one Officer and any one Authorized Agent to take any other actions and execute any documents 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 execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

December 17, 2019