500 Griswold, Suite 2200
Detroit, MI 48226

ECONOMIC DEVELOPMENT CORPORATION
FINANCE COMMITTEE MEETING
MONDAY, OCTOBER 18, 2021 – 1:00 P.M.

MEMBERS PRESENT:	Linda Forte, Chair Damon Hodge Kwaku Osei
MEMBERS ABSENT:	Thomas Stallworth
OTHERS PRESENT:	Pierre Batton (DEGC/EDC) David Esshaki (George Johnson & Company) Gay Hilger (DEGC/EDC) David Howell (DEGC/EDC) Kaci Jackson (DEGC/EDC) Malinda Jensen (DEGC/EDC) Paul Kako (DEGC/EDC) Jennifer Kanalos (DEGC/EDC) Glen Long (DEGC/EDC) Lexi Mabry (DEGC/EDC) Rebecca Navin (DEGC/EDC) Mike Nicholas (George Johnson & Company) Mariangela Pledl (DEGC/EDC) Kelly Shovan (DEGC/EDC)

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MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION
FINANCE COMMITTEE MEETING
MONDAY, OCTOBER 18, 2021
ZOOM VIRTUAL MEETING – 1:00 P.M.

CALL TO ORDER

Chairperson Forte called the meeting of the Finance Committee of the Economic Development Corporation to order at 1:05 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 September 27, 2021 Finance Committee meeting. Hearing none, the Committee took the following action:

> Mr. Hodge made a motion approving the minutes of the September 27, 2021 Finance Committee meeting, as written. Mr. Osei seconded the motion. All were in favor with none opposed.
> The minutes of the September 27, 2021 Finance Committee meeting were approved.

ADMINISTRATION

Approval of Audited Financial Statements and Management Report for Fiscal Year Ending June 30, 2021

Mr. Long introduced the auditors from George Johnson and Company. Mr. Michael Nicholas and Mr. David Esshaki reviewed the information on the Audit Wrap-up document included in the Committee material.

Ms. Forte commended the auditors and staff for the clean audit and their hard work getting it done in a timely fashion during these extenuating circumstances.

Ms. Forte asked if there were any questions for the auditors. Hearing none, she called for a motion.

> Mr. Hodge made a motion to recommend approval of the Audited Financial Statements and Management Report for Fiscal Year Ending June 30, 2021 to the Board. Mr. Osei seconded the motion. All were in favor with none opposed. The Committee recommended approval of the FY 2020-21 Audit to the EDC Board of Directors.

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PROJECTS

CBDA Green Grocer Revolving Loan Fund: Loan Request For Twin Value LLC

Ms. Pledl reported that on June 22, 2021, the Board of Directors of The Economic Development Corporation of the City of Detroit (the "EDC") approved Program Guidelines for new loans to be made from approximately $400,000 in loan repayment proceeds from the Green Grocer Revolving Loan Fund originally operated by the EDC from 2012-2014 (the "Loan Fund"). On June 25, 2021, EDC staff issued an RFP seeking proposals for loans to qualified grocers in the City of Detroit. EDC staff received 5 responses and selected 3 projects for consideration by the EDC Board for loans from the Loan Fund.

Twin Value, LLC ("Borrower") has been doing business in the city of Detroit at 18330 W. Chicago since 2004 under the name of Seaway Marketplace. Seaway Marketplace is a full-service supermarket with fresh produce, fresh meats and dairy. There is a pharmacy located in the store. It was originally purchased by the Aboona family's three brothers, though since 2014, it has been owned 95% by Eddi Aboona and 5% by his son Brandon.

Eddi Aboona has worked in the supermarket business since 1983. He has operated the Seaway Marketplace in Detroit since 2004 and also operates the Seaway Marketplace in Toledo. Other supermarkets Eddi Aboona is involved with include Public Foods on East Warren and Americana Food Store on Plymouth Road, both in Detroit.

Currently, Borrower owns vacant land adjacent to the existing Seaway Marketplace supermarket. Borrower would like to increase store operations by expanding to the west and increasing the size of the building by approximately 5,000 square feet. This would allow the supermarket to offer more fresh produce, meat, dairy and prepared foods.

In addition to the store expansion, Borrower seeks to replace and upgrade its trade fixtures and equipment by adding additional refrigerated counters for produce, meat, prepared foods and juices as well as new equipment for bakery and hot prepared food items (the "Project"). The Borrower currently has 20 employees (12 full-time and 8 part-time) of which 11 are Detroit residents. The expanded store expects to create 5 new jobs, increasing overall store staffing to 25. The Borrower has committed to seeking and hiring qualified Detroit residents for these new jobs.

EDC staff seeks to provide the Borrower with a $150,000 loan (the "Loan") to support the Project and finds this proposal to be supported by the projected sales of the Borrower's business. EDC staff recommends the approval of the Loan to Borrower through the Loan Fund based on the following terms and conditions.

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Project Sources

GGP CDBG Loan	$	150,000.00
Owner Equity	$	400,000.00
	$	550,000.00

Project Uses

Construction	$	250,000.00
FF&E	$	200,000.00
Leasehold Improvements	$	50,000.00
Inventory	$	50,000.00
Total Expansion Expenses	$	550,000.00

Use of GGP CDBG Loan

FF&E	$ 150,000.00
Total GGP CDBG Loan	$ 150,000.00

Borrower Name:	Twin Value LLC
Borrower Business Location:	18330 W. Chicago
Loan Amount:	$150,000
Interest Rate:	3%
Term:	8 Years, Seven-year amortization
Repayment:	96 months, interest only months 1-12, principal and interest begin month 13, balance forgivable upon grocery store being open and in good standing for 18 months and minimum of 5 full time jobs created.
Security:	Lien on all business assets of Borrower, Subordinate mortgage on existing real estate located at 18330 West Chicago, subject to senior lender consent requirements.
Guaranty:	Personal Guaranty of Eddi Aboona, and his living trust, if any.
Conditions:	Satisfactory review and acceptance of standard due diligence items. Execution of mutually agreeable loan documents.
Additional Conditions:	Receipt, review and approval of any and all information requested by EDC staff. Evidence of equity investment for the construction of the Project prior to the disbursement of the Loan.

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Debt Service Analysis:

Proforma

	Year 1	Year 2
Revenue	$5,200,000	$5,600,000
Costs of Goods Sold	$4,092,765	$4,441,500
Gross Profit	$1,107,235	$1,158,500
Total Operating Expenses	$442,998	$492,220
Cash for Debt Service	$664,237	$705,014
3%, 7 Year Amortization (GGP Loan)	$4,500	$23,784
Principal and Interest $1,982		
Debt Coverage Ratio	147	29.6

EDC staff requested Finance Committee recommendation of this proposal to the EDC Board for approval.

Ms. Forte called for a motion to approve this project.

Mr. Hodge made a motion and Mr. Osei supported the motion.

Ms. Forte called for questions/discussion.

Mr. Hodge questioned what the owner's equity of $400,000 is made up of. Ms. Pledl answered that it is cash into the project by the owner. As a follow-up, Ms. Forte asked, as this project gets underway, are we requiring that the owner's equity is inserted first into the project. Ms. Pledl answered that the loan is going to be FFE, so $150,000 will be FFE of the $200,000 equipment. Ms. Forte said that she sees there is construction as well as FFE. Ms. Navin added that it will depend. Typically, we do like the owner's equity to go in first, but these funds are restricted and cannot be used for construction. It is going to depend on the timing. It may not be that all of the owner's equity is expended before they need cash to place orders and deposits on the FFE.

Ms. Forte stated that she noticed that the Borrower has committed to seeking and hiring Detroit residents and asked how that is monitored. Ms. Pledl advised that they typically follow up with the grocer to ensure that they have hired Detroit residents and ask what efforts have been made to seek Detroit residents. Ms. Forte stated that since the program is just beginning, not now, but sometime in the future, she would like to see something on how this all pans out. Ms. Pledl advised that she certainly could provide a report in the future.

Going back to the owner's equity piece, Mr. Hodge asked if the borrower is required to prove they have the owner's equity. Ms. Navin stated that they typically do, and we will have to figure out how to do that here since the owner's equity is typically spent down first. Staff will work with the borrower and figure out what the schedule is and what the best way would be to confirm the owner's equity. Mr. Hodge advised that he is generally supportive, since the borrower is putting in $400,000 of his own cash, but since that is such a significant amount, he wanted to make sure we truly have the proceeds available to finish this project.

Ms. Forte asked if there were any other questions. Hearing none, the Committee took the following action:

> Mr. Hodge made a motion to recommend approval of the Green Grocer Loan to Twin Value LLC to the EDC Board of Directors. Mr. Osei seconded the motion. All were in favor with none opposed. The Committee recommended approval of the Loan to Twin Value LLC to the Board of Directors.

Proposed CDBG Green Grocer Revolving Loan Fund Loan Request for Riverbend Market

Ms. Pledl advised that Jason Kado, owner of Riverbend Market (the "Borrower"), is seeking a $200,000 loan (the "Loan") from the Loan Fund for the establishment of a full-service grocery store at 13208 E. Jefferson (the "Project"). To facilitate this Project, Borrower will lease 8,000 square feet of space at the property located in the Riverbend Shopping Plaza in the Jefferson Chalmers neighborhood. The Loan will support the purchase of equipment. Borrower aims to service this community with fresh food options and superb experience.

Jason Kado and his brother Paul Kado own City Market at 575 Brush Street in the Millender Center. Prior to its current operations, the Millender Center Food Plaza at 575 Brush Street first operated as a small service grocery store, which over the years evolved into a full-service liquor store. Brothers, Paul and Jason Kado sought to take the store in a new direction and the current City Market was converted from a full-service liquor and convenience store to its present urban format full-service grocery store with fresh produce, meat, dairy, frozen foods and an extensive line of prepared foods. The store has also been awarded Metro Times "Best Specialty Market."

Building on the successful City Market model, Jason Kado will bring the same quality, customer service and fresh food options to Riverbend Market. Riverbend Market, a

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Detroit, MI 48226

unique grocery experience will have a wide selection of fresh, frozen and prepared foods. This community grocery store will create 30 jobs (18 full-time employees and 12 part-time employees) and Jason Kado will strive to hire Detroit and neighborhood residents for this Project.

EDC staff seeks to provide the Borrower with financing to support the Project and finds this proposal to be supported by the projected sales of the Borrower's business. EDC staff recommends the approval of the Loan to Borrower through the Loan Fund based on the terms and conditions below.

Project Sources

Landlord	$	400,000.00
GGP CDBG Loan	$	200,000.00
Spartan Nash Contribution	$	200,000.00
Owner Equity	$	600,000.00
Total Start-Up Expenses	$	1,400,000.00

Project Uses

Equipment Purchase and Installation	$	800,000.00
Inventory	$	400,000.00
Landlord Improvements (property costs: (electrical, mechanical, plumbing)	$	200,000.00
Total Start-Up Expenses	$	1,400,000.00

Use of GGP CDBG Loan

Meat Fresh/Frozen Equipment	$	108,000.00
Deli Equipment	$	25,000.00
Produce Cooler	$	67,000.00
Total GGP CDBG Loan	$	200,000.00

Borrower Name	Riverbend Market (exact borrower name to be determined)
Borrower Business Location:	13208 E. Jefferson
Loan Amount:	$200,000
Interest Rate:	3%

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ECONOMIC DEVELOPMENT CORPORATION
500 Griswold, Suite 2200
Detroit, MI 48226

Term:	8 years, Seven-year amortization
Repayment:	96 months, interest only months 1-12, principal and interest begin month 13, balance forgivable upon grocery store being open and in good standing for 18 months and minimum of 6 full time jobs created.
Security:	First priority lien on all business assets of Borrower.
Guaranty:	Personal Guaranty of Jason Kado, and his living trust, if any.
Conditions:	Satisfactory review and acceptance of standard due diligence items. Execution of mutually agreeable loan documents, including a landlord waiver. Execution of a lease for the premises located at 13208 E. Jefferson.
Additional Conditions:	Receipt, review and approval of any and all information requested by EDC staff.

Debt Service Analysis:

Pro Forma

	Year 1	Year 2
Revenue	$2,500,000	$2,550,000
Costs of Goods Sold	$1,960,000	$1,999,200
Gross Profit	$540,000	$550,800
Total Operating Expenses	$433,000	$441,660
Cash for Debt Service	$107,000	$109,140
3%, 7 Year Amortization	$6,000	$31,704
Principal and Interest $2,642.12		
Debt Coverage Ratio	17.8	3.4

EDC staff requested Finance Committee recommendation of this proposal to the EDC Board for approval.

Ms. Forte asked if there was a motion. Mr. Hodge made a motion to approve, and Mr. Osei supported the motion.

Ms. Forte called for questions/discussion.

Mr. Hodge asked about the location and if it was the former Dollar Store. Ms. Pledl advised it was Parkway Foods several years ago. The space was originally 20,000 sq. ft. and has been divided to 8,000 for the store and the other 12,000 sq. ft. is a senior health facility.

Mr. Hodge asked about the Spartan Nash contribution and asked if there is a loan note tied to that or if it is dependent on anything. Ms. Pledl replied that there is no repayment. It is dependent on the relationship they have had with Spartan Nash. Ms. Forte asked if the contribution is in the form of cash, inventory or what. Ms. Pledl stated that it is typically in the form of inventory, but she will confirm that.

Ms. Forte stated looking at the Spartan Nash contribution, is it really a contribution of cash, inventory, a reduction in cost of inventory. Ms. Pledl stated that she does not know the conditions of this and will speak with Jason.

Ms. Forte asked about the landlord and that she thought she heard that the source is a lease arrangement. Ms. Pledl advised that it is a long-term lease arrangement, and he is in the process of white boxing the interior and has committed to a small amount of rent for the first couple of years. Ms. Navin added that he is also funding the $200,000 worth of landlord improvements.

Ms. Forte stated that she knows there is a huge store, Parkway Market, in the area and she worries a little bit about market saturation in that area. Ms. Pledl responded that they are looking for this to be a small specialty market based on the City Market model with foods such as prepared foods and specialty items that would not be available at the other markets in the area.

Ms. Forte asked if there were any other questions or comments.

Mr. Hodge stated that he knows there is a new small footprint Meijer store in the area and wondered if that will affect this market. Ms. Pledl stated that this smaller store is for quick trips and getting something different and will serve a different customer base. Ms. Forte added that she is very familiar with the area and this store is probably five miles east of the new Meijer.

> Mr. Hodge made a motion to recommend approval of the Green Grocer Loan to Riverbend Market to the EDC Board of Directors. Mr. Osei seconded the motion. All were in favor with none opposed. The Committee recommended approval of the Loan to Riverbend Market to the Board of Directors.

500 Griswold, Suite 2200
Detroit, MI 48226

Proposed CDBG Green Grocer Revolving Loan Fund Loan Request for Urban Plug L3C.

Ms. Pledl stated that Raphael Wright, owner of Urban Plug L3C (the "Borrower") is seeking a $50,000 loan (the "Loan") from the Loan Fund for the establishment of a neighborhood grocery store in the Jefferson Chalmers neighborhood in a leased 6,000 square feet of space, of which 3,500 square feet will be store selling space at the property located at 500 Manistique, at the intersection of Manistique and Essex (the "Project"). The Loan will support the purchase of equipment.

Neighborhood grocery stores can anchor a community with healthy food options, jobs for neighborhood residents and a community meeting place. That is the essence of Borrower's planned neighborhood grocery store located in the Jefferson Chalmers neighborhood. Raphael Wright, an African American entrepreneur, is committed to investing in this community to have a place with fresh produce, prepared foods, apps with new recipes, public events and an inclusive environment.

Raphael Wright comes to this project with his mind and heart. Having experienced diet-related illness at a young age and aware of health challenges in his community, he has been motivated to perfect his concept of an inclusive, healthy, vibrant neighborhood grocery store. He is devoted to learning the grocery space and has taken advantage of the wealth of technical assistance and expertise in the Detroit food ecosystem. He has completed TechTown Retail Boot Camp, Impact Challenge with University of Michigan, Fair Food Network Farmstand Small Format Grocery training, the Good Food Accelerator with Good Food Detroit, Bodega Bootcamp with Fair Food Network and the American Heart Association Power to Serve.

Raphael is poised to open this community grocery store with three full-time employees and four part-time employees. Raphael will strive to hire Detroit and neighborhood residents for this Project. Raphael Wright has received significant community support as evidenced by over $250,000 in crowdfunding, of which $180,000 is in the form of crowdfunding equity.

To further support this Project, Raphael seeks to supply the grocery store with produce grown at various locations owned by Raphael within the City of Detroit. Raphael Wright was previously approved for a DEGC DIRLF loan in the amount of $100,000 which is included the project sources and uses and debt service analysis.

EDC staff seeks to provide the Borrower with financing to support the project and finds this proposal to be supported by the projected sales of the Borrower's business. EDC

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Detroit, MI 48226

staff recommends the approval of the Loan to Borrower through the Loan Fund based on the following terms and conditions.

Project Sources

Crowdfunding	$	86,975.00
Crowdfunding Equity	$	180,000.00
DIRLF Loan	$	100,000.00
GGP CDBG Loan	$	50,000.00
Owner Equity	$	50,000.00
Total	$	466,975.00

Project Uses

Labor costs (before opening)	$	15,000.00
Marketing expense (before open)	$	50,000.00
Equipment Purchase	$	280,000.00
Inventory	$	50,000.00
Property Costs (POS, security, shelving, hardware)	$	71,975.00
Total	$	466,975.00

Use of DIRLF Loan

Meat/Produce Equipment	$	34,000.00
Deli Cases	$	6,000.00
Open Air Merchandisers	$	50,000.00
Beverage Coolers	$	10,000.00
Total	$	100,000.00

Use of GGP CDBG Loan

Freezers	$	50,000.00
Total	$	50,000.00

Loan Amount: $50,000

Interest Rate: 3%

Term: 8 Year, 7-year amortization

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ECONOMIC DEVELOPMENT CORPORATION
500 Griswold, Suite 2200
Detroit, MI 48226

Repayment:	96 months, interest only months 1-12, principal and interest begin month 13, balance forgivable upon grocery store being open and in good standing for 18 months and minimum of 2 full time jobs created.
Amortization:	Seven-year amortization period
Security:	Subordinated lien on all business assets of Borrower. Subordinated mortgage on lots owned by Raphael Wright at 2560 Chalmers, 2566 Chalmers, 2555 Marlborough, and 2581 Marlborough.
Guaranty:	Personal Guaranty of Raphael Wright, and his living trust, if any.
Conditions:	Satisfactory review and acceptance of standard due diligence items. Execution of mutually agreeable loan documents.
Additional Conditions:	Receipt, review and approval of any and all information requested by EDC staff.

Debt Service Analysis:

Proforma

	Year 1	Year 2
Revenue	$1,074,174	$1,097,437
Costs of Goods Sold	$710,828	$726,573
Gross Profit	$363.346	$370,864
Total Operating Expenses	$302,012	$308,051
Cash for Debt Service	$61,334	$62,813
DEGC Debt Service (DRLIF Loan)	$12,329	$12,329
3%, 7 Year Amortization (GGP Loan)	$1,500	$7,928
Principal and Interest $660.67		
Debt Coverage Ratio	4.41	3.1

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City of Detroit
500 Griswold, Suite 2200
Detroit, MI 48226

EDC staff requested Finance Committee recommendation of this proposal to the EDC Board for approval.

Ms. Forte asked if there was a motion. Mr. Hodge made a motion for approval and Mr. Osei seconded the motion.

Ms. Forte called for questions/discussion.

Mr. Hodge noted that the equity is slightly different and unique and asked Ms. Pledl to walk the committee through the equity. Ms. Pledl stated the owner's equity is cash. The owner was very successful at crowd funding had nearly $90,000 in crowd funding. The owner recently sent the crowd funding agreement, and the equity was from $50 to $10,000, with two investors at the $10,000 level but the majority were at the $50 level. That money is available for the project. Ms. Pledl advised that time did not permit review of the terms of the crowd funding equity agreement. She will look at it and get back to the Committee.

Ms. Forte stated that the crowd funding equity is much greater than the owner equity and asked how that breaks down as to who is in control of decision making and operations. Ms. Pledl stated she is sorry she doesn't have the detail on the agreement, but there are 330 crowd funding equity investors. Ms. Navin stated that staff will review the agreement and get an answer before Tuesday. In other deals where there has been a crowd funding agreement, the owner retains control, and the crowd funding agreement is just a passive investment. We will make sure the Board is aware of any rights that the equity owners might have in terms of operational control, but she doesn't believe there will be any based on past experience.

Ms. Forte asked if there were any other questions/comments. Hearing none, the Board took the following action.

> Mr. Hodge made a motion to recommend approval of the Green Grocer Loan to Urban Plug L3C to the EDC Board of Directors. Mr. Osei seconded the motion. All were in favor with none opposed. The Committee recommended approval of the Loan to Urban Plug L3c to the Board of Directors.

Proposed EDC Loan Fund Loan Request to Woodborn Partners, LLC.

Ms. Jackson shared her screen and reported that Woodborn Partners, LLC (the "Developer") is a Detroit-based development team led by Cliff Brown. The Developer is seeking to redevelop three vacant parcels located on the southwest corner of Bagley and the northeast corner of 16th Street in Southwest Detroit. The addresses of the vacant parcels are 2420 Bagley, 1725 16th and 1729 16th St. (collectively, the "Property"). The Property will be purchased from the City of Detroit and the Developer seeks to construct residential housing units and approximately 2,600 square feet of commercial space on the Property (the “Project”). The Project, estimated at $21.1 million, will include 78 residential units and 20% will be reserved for households at 80% AMI. Furthermore, the Project is located in a southwest Detroit Strategic Neighborhood identified by the City of Detroit’s Planning & Development Department.

The Developer has assembled a project team consisting of Sachse Construction as general contractor and Gensler as the Design and Architecture firm. The Developer is targeting a Q4, 2021 groundbreaking with a 24-month construction period. Upon completion, the Project will activate vacant land adding density and activity to a once blighted area The Project will create 105 skilled labor construction jobs and it is anticipated the project will employ 3 FTE.

The Project has received a $10,265,956 construction financing letter of interest from Mercantile Bank (the “Construction Loan”) and it is anticipated that the Project will include financing from Invest Detroit, Michigan Strategic Fund’s (“MSF”) Michigan Community Revitalization Program funds, the City of Detroit Brownfield Redevelopment Authority, and sponsor equity. In addition, the Project will utilize Brownfield TIF, a PA 210 abatement, and an EGLE grant.

To facilitate the development of the Project and to assist in filling the financing gap, the Developer is seeking financing from the Economic Development Corporation of the City of Detroit (“EDC”) in the form of a loan in the amount not to exceed $1,111,000 (the “Loan”). As the EDC Board may recall, in September 2021, the EDC Board of Directors authorized a pay-off of a loan made. in connection with the Inn on Ferry Street project with a condition that the repayment proceeds of such loan will be used to provide financing for a project designated in writing by the City of Detroit Housing and Revitalization Department (“HRD”). HRD has designated this Project to receive the loan repayment proceeds, in the amount of $911,000. The remaining $200,000 of the Loan will be funded from the EDC Casino Development Loan Fund. The Loan will fund the purchase of the Property and certain construction costs incurred for the Project, an exact list of which will be agreed between EDC staff and Borrower.

Please find the proposed Loan terms, sources and uses and debt service analysis attached.

Borrower Name:	Woodborn Partners, LLC
Borrower Location:	3663 Woodward, Suite 500, Detroit, MI 48201
Request:	Not to exceed $1,111,400
Rate:	4%
Term:	120 months, amortized over 30 years

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500 Griswold, Suite 2200
Detroit, MI 48226

Repayment:	The Loan will be evidence by and payable through two promissory notes. Promissory Note "A" will be in the amount of $200,000 with interest only payments due each month for 24 months followed by principal and interest payments due each month through maturity. Promissory Note "B" will be in an amount not to exceed $911,400 with interest only payments due each month for 36 months followed by principal and interest payments due each month through maturity. Remaining principal and interest will be due at maturity.
Security:	Subordinated Lien position on all business assets, Assignment of Leases and Rents, Subordinated Mortgage on the Property. EDC's security interest will be subordinated to that of the senior lender and pari passu with the MSF and Invest Detroit.
Guaranty:	Personal Guaranty of Clifford Brown, in which EDC will be subordinated to senior lender.
Eligible Uses:	Site improvements, construction, and acquisition of Property.
Disbursement:	Owner equity contributions are first, followed by Loan funds, followed by the other project lenders. The Loan will be funded through multiple disbursements following closing.
Conditions:	Satisfactory review and acceptance of standard due diligence items. Binding commitments for all project loans. Execution of mutually agreeable loan documents. Borrower will provide itemized schedule and use of funds. Issuance of a Loan Policy of Title Insurance at closing.

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Detroit, MI 48226

Debt Service Analysis

		Year 1	Year 2	Year 3
Gross Income		$ 1,413,006.00	$ 1,454,286.00	$ 1,496,788.00
Total Expenses		$ (459,533.00)	$ (471,760.00)	$ (484,315.00)
Net Operating Income		$ 953,473.00	$ 982,526.00	$ 1,012,473.00
Debt Service				
Sr. Loan | Mercantile Bank	*(24 months I/O, then P&I)*	$ (410,638.00)	$ (410,638.00)	$ (650,250.00)
EDC Loan #1 ($200K)	*(24 months I/O, then P&I)*	$ (8,000.00)	$ (8,000.00)	$ (14,544.00)
EDC Loan #2 ($912K)	*(36 months I/O, then P&I)*	$ (36,800.00)	$ (36,800.00)	$ (36,800.00)
Brownfield Revolving Loan Fund	*(48 months I/O, then P&I)*	$ (12,640.00)	$ (12,640.00)	$ (12,640.00)
Invest Detroit SNF	*(24 months I/O, then P&I)*	$ (61,537.00)	$ (61,537.00)	$ -
MEDC CRP Loan	*(36 months I/O, then P&I)*	$ (37,719.00)	$ (37,719.00)	$ (37,719.00)
Leveraged Cash Flow		$ 384,130.00	$ 413,183.00	$ 258,511.00
Total Debt Service Coverage Ratio		1.68	1.73	1.35

SOURCES AND USES

Sources	Cost	%
Senior Loan - Mercantile Bank	$ 10,265,956.00	49%
EDC Loan #1	$ 200,000.00	1%
EDC Loan #2	$ 911,400.00	4%
Brownfield Revolving Loan Fund (loan)	$ 732,439.00	3%
Invest Detroit SNF	$ 1,693,408.00	8%
CRP	$ 3,771,862.00	18%
EGLE Grant	$ 1,000,000.00	5%
Brownfield Revolving Grant	$ 100,000.00	0%
Deferred Developer Fee	$ 203,484.00	1%
Cash Equity	$ 2,215,192.00	10%
Total Sources	$ 21,102,341.00	100%

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Detroit, MI 48226

Use of Funds			
Land Acquisition		$ 1,457,000.00	8%
Hard Costs			
	Site Improvements (ROW, landscaping, fencing, site lighting, drainage, utilities)	$ 273,825.00	1%
	Demolition	$ -	0%
	Structures	$ 12,665,701.00	68%
	Earthwork	$ 273,957.00	1%
	Builder Overhead/Profit/General Requirements/Temp Facilities	$ 2,023,211.00	11%
	Permits/Tap Fees/Bond/Bost Certification	$ 145,249.00	1%
	Soft Cost Contingency	$ 82,404.00	0%
	Construction Contingency	$ 1,614,818.00	9%
	Furniture & Fixtures	$ 220,001.00	1%
	Subtotal Hard Costs	$ 18,756,166.00	89%
Soft Costs			
	Architectural & Engineering	$ 510,000.00	2%
	Loan Fees	$ 181,000.00	1%
	Construction Interest, Taxes, and Insurance	$ 493,904.00	2%
	Title Work	$ 20,000.00	0%
	Operating Reserve, Administrative, Marketing & Leasing	$ 107,371.00	1%
	Soft Cost Contingency	$ 82,404.00	0%
	Project Management Fee	$ 25,000.00	0%
	Developer Fee	$ 813,936.00	4%
	Marketing Study	$ 112,560.00	1%
	Subtotal Soft Costs	$ 2,346,175.00	11%
	TOTAL DEVELOPMENT COSTS	$ 21,102,341.00	100%

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Proforma

	Year 1	Year 2
Revenue	$5,200,000	$5,600,000
Costs of Goods Sold	$4,092,765	$4,441,500
Gross Profit	$1,107,235	$1,158,500
Total Operating Expenses	$442,998	$492,220
Cash for Debt Service	$664,237	$705,014
3%, 7 Year Amortization (GGP Loan)	$4,500	$23,784
Principal and Interest $1,982		
Debt Coverage Ratio	147	29.6

EDC staff requested Finance Committee recommendation of this proposal to the EDC Board for approval.

Ms. Forte asked if there was a motion. Mr. Osei made a motion which was supported by Mr. Hodge.

Ms. Forte called for questions/discussion.

Mr. Hodge stated that he knows there is a component for low-income units and asked what is known about the price point for the various market price units. Ms. Jackson advised that the one-bedroom units will rent for $1,400 per month and two-bedroom units are $1,800 per month.

Ms. Forte asked what percentage will be designated affordable. Ms. Jackson responded that 20 percent of the 78 units will be affordable housing.

Ms. Forte asked if the developer, Cliff Brown, is the Cliff Brown that sits on the EDC Board. Ms. Navin responded yes and thanked Ms. Forte for pointing that out. Disclosure is being made today that Mr. Brown has a fiduciary interest in this project as the developer. At the Board meeting on Tuesday, Mr. Brown will make a disclosure to the full Board. Because of State law, and because he is a Board member, there is a seven-day waiting period before the Board can vote on approval of this project.

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Ms. Forte asked about the involvement of Mercantile Bank what stage the approval was in. Ms. Jackson informed that right now they have a letter of interest, but the developer expects to receive a letter of commitment within the next two weeks.

Ms. Forte questioned how the $2.3 million of developer's equity is coming into the project. Ms. Jackson answered that it will be coming in the form of cash.

Mr. Hodge asked about the cash equity in. He read in the memo that the loan is funding the purchase of the property and asked if that means that EDC is going to be funding prior to the borrower equity going in. Ms. Jackson replied that the Developer equity will be in the project first and then the funds from the lenders will follow.

With there being no further questions, the Committee took the following action:

> Mr. Osei made a motion to recommend approval of the Loan to Woodborn Partners, LLC to the EDC Board of Directors. Mr. Hodge seconded the motion. All were in favor with none opposed. The Committee recommended approval of the Loan to Woodborn Partners, LLC to the Board of Directors.

OTHER MATTERS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

On a motion by Mr. Hodge, seconded by Mr. Osei, Chairperson Forte adjourned the meeting at 2:10 p.m.