



**DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING  
WEDNESDAY, NOVEMBER 9, 2022 – 3:00 P.M.**

**BOARD MEMBERS PRESENT:** Marvin Beatty  
Austin Black  
Charles Beckham  
David Blaszkiewicz  
Ehrlich Crain  
Melvin Hollowell  
James Jenkins  
John Naglick  
Steve Ogden  
Donald Rencher

**BOARD MEMBERS ABSENT:** Richard Hosey  
Nicole Sherard-Freeman

**OTHERS PRESENT:** Dennis Archer, Jr. (Gotham Capital Partners, LLC)  
Kenyetta Bridges (DEGC/DDA)  
Cora Capler (DEGC/DDA)  
Detroit's Otter.ai  
Catherine Frazier (DEGC/DDA)  
Gay Hilger (DEGC/DDA)  
Lanard Ingram (DEGC/DDA)  
Malinda Jensen (DEGC/DDA)  
Jennifer Kanalos (DEGC/DDA)  
Glen Long, Jr. (DEGC/DDA)  
Monika McKay-Polly (DEGC/DDA)  
Rebecca Navin (DEGC/DDA)  
Bunia Parker  
JC Reindl (Detroit Free Press)  
Amy Senese  
Lexi Shaw (DEGC/DDA)  
Nevan Shokar (DEGC/DDA)  
Malak Silmi  
Ashley Williams  
(248) \*\*\*-1075



**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING  
DETROIT ECONOMIC GROWTH CORPORATION  
500 GRISWOLD, SUITE 2200, DETROIT, MI 48226  
WEDNESDAY, NOVEMBER 9, 2022 – 3:00 P.M.**

**GENERAL**

**Call to Order**

Noting that a quorum was present, Vice Chair Blaszkiewicz called the regular meeting of the Downtown Development Authority Board of Directors to order at 3:00 p.m.

**GENERAL**

**Approval of Minutes**

Mr. Blaszkiewicz asked if there were any additions, deletions, or corrections to the minutes of the September 14, 2022 Regular Board meeting. Hearing none, the Board took the following action:

Mr. Beckham made a motion approving the September 24, 2022 minutes, as written. Mr. Beatty seconded the motion. All were in favor with none opposed. DDA Resolution Code 22-11-02-649 was unanimously approved.

**Receipt of Treasurer's Reports**

Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the month of August 2022 and responded to questions.

Mr. Blaszkiewicz called for a motion.

Mr. Crain made a motion approving the DDA Treasurer's Report for the month of August 2022, as presented. Mr. Jenkins seconded the motion. All were in favor with none opposed. DDA Resolution Code 22-11-03-537 was unanimously approved.

Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the month of September 2022 and responded to questions.



Mr. Blaszkiewicz called for a motion.

Mr. Ogden made a motion approving the DDA Treasurer's Report for the month of September 2022, as presented. Mr. Hollowell seconded the motion. All were in favor with none opposed.

DDA Resolution Code 22-11-03-538 was unanimously approved.

## **PROJECTS**

### **Amendment to the Development Agreement and Development Credit Note for 1407 & 1427 Randolph**

Mr. Shokar advised that in April 2017, the City of Detroit Downtown Development Authority (the "DDA") entered into a development agreement (as amended, the "Agreement") with Gotham Capital Partners, LLC ("Gotham") for the redevelopment of properties located at 1407 & 1427 Randolph (collectively, the "Properties"). With the Board's approval, Gotham assigned the Agreement to Randolph Capital Partners, LLC ("Developer") and the Developer closed on the Properties in January 2020.

In April 2019, due to project delays stemming from litigation related to the Properties and changing marketing conditions, the DDA Board approved the provision of seller financing in the form of a development credit in the amount of \$150,000 (the "Credit"). The Credit was issued to Developer in January 2020 upon closing of the Properties. Pursuant to the terms of the Credit, the Credit would be forgiven, and no payments would be due to the DDA by Developer upon Developer's satisfaction of each of the following conditions within 12 months of commencement of construction: i) Developer receives a certificate of occupancy for the Properties, and ii) Developer obtains a letter of intent(s) for the entire leasable space of the Properties. In January 2021 and March 2022, due to unexpected delays and rising construction costs, the DDA Board approved various extensions to the completion date for the redevelopment of the Properties. The most recent extension approved by the DDA Board extended the construction completion date to August 31, 2022. Although the development timelines were extended by the DDA Board, as an unintended oversight, these extensions did not include a corresponding extension to the twelve-month forgiveness timeline contained in the Credit.

As of today, the Developer has substantially completed the redevelopment of the Properties, has obtained a certificate of occupancy for the Properties, and has executed lease agreements for the entire leasable space located in Properties. Given DDA's staff support for the previous extensions to the development timelines and the Developer's completion of the project, DDA staff is seeking a retroactive extension of the forgiveness timeline provided in the Credit to coincide with the previously approved extension to the



project completion date, being August 31, 2022. The approval of such extension to the Credit will result in the forgiveness of the Credit.

DDA staff is supportive of this request as the Developer has persevered through numerous challenges, including the Covid-19 pandemic, to complete the project. The DDA Finance Committee has recommended the approval of the extension of the timeframe provided in the Credit and ultimate forgiveness of the Credit as outlined herein and DDA staff requested approval from the DDA Board of Directors.

A resolution was included in the Board materials for consideration.

Mr. Naglick advised that the Finance Committee went through the details of this transaction and viewed it exactly as characterized by Mr. Shokar here--a miniscule error that probably should have been caught when we were extending. The Finance Committee viewed this as totally reasonable and recommends approval to the Board.

Mr. Beatty commented that he has had an opportunity to tour the project and they have done an outstanding job and it is going to be a real credit to Paradise Valley. Mr. Jenkins seconded Mr. Beatty's comments.

Mr. Blaszkiewicz stated that it sounds like there is strong support for the project and asked if there was a motion.

Mr. Hollowell made a motion approving the Amendment to the Development Agreement and Development Credit Note for 1407 & 1427 Randolph, as presented. Mr. Beatty seconded the motion. All were in favor with none opposed.

DDA Resolution Code 22-11-110-67 was unanimously approved.

### **Housing, Office, Retail Development and Absorption Fund – Additional Loan Parameters for Affordable Housing Units**

Mr. Shokar reported that the DDA Development and Tax Increment Finance Plan for Development Area No. 1 (the "DDA Plan") established a Housing, Office, Retail Development and Absorption Fund (the "Program") pursuant to which the DDA may make loans to support housing, office, and retail projects in the Development Area. The DDA Plan provides, among other things, that the DDA shall adjust the procedures and parameters of the Program to be consistent with market demand.

As demand for housing within the Development Area continues to increase as it has in recent years, ensuring that new housing stock is inclusive will be of the utmost importance. In particular, DDA staff has identified a need to encourage affordable housing units reserved for households with incomes less than 80% of the Area Median



Income for the Detroit-Warren-Livonia Metropolitan Statistical Area (“AMI”) as well as occupancy of such affordable housing units by existing Detroit residents within the DDA Development Area No. 1.

As such, DDA staff proposes adding the following loan parameters under the Program for housing developments where at least 20% of the residential rental units will be reserved for households making 70% of AMI or less (the “Affordable Housing Program Parameters”):

**Affordable Housing** (where at least 20% of the residential rental units will be reserved for households making 70% of AMI or less)

<b><u>Affordability Target</u></b>	<b><u>Loan Amount</u></b>
50% AMI	40% of Hard Construction Cost
60% AMI	30% of Hard Construction Costs
70% AMI	20% of Hard Construction Costs
80% AMI	<i>No loan available under Affordable Housing Program Parameters</i>

**Terms:**

- (1) Project must include at least 10 affordable units
- (2) Interest rate not-to-exceed 2%. The terms and conditions of each loan will vary and will be determined based on the development project economics and market conditions at the time of underwriting and closing.
- (3) If affordable units are occupied by individuals who have been residents of the City of Detroit for at least 5 years prior to occupancy, then a portion of the loan may be eligible for forgiveness, upon terms to be approved by DDA Board of Directors.
- (4) Maximum Loan Amount = \$200k/affordable unit

The DDA Finance Committee has reviewed the Affordable Housing Program Parameters and recommends approval to the DDA Board.

A resolution was included in the Board material for consideration.



Mr. Naglick stated that the Finance Committee reviewed the proposed changes and thinks it is a tremendous idea and supports this change in the Affordable Housing Program Parameters.

Mr. Blaszkiewicz asked if there were any questions.

Mr. Ogden stated that he is trying to understand the breadth and depth of this pot of money. It is his understanding that if you hit the threshold, DDA can provide you with 40% incentives and this is 40% of hard costs. Mr. Ogden asked if there is an idea of how many projects this fund can support and if this was a perpetual fund or just a pilot program. Mr. Shokar answered that this fund is intended to service many projects and have an endless life cycle subject to availability of funds. Right now, there is \$9 million of unencumbered cash on hand and there will be another \$9 million available next year and there are no projects “teed up” to receive these funds at this time.

Mr. Black asked how we could expand this program. Right now, Downtown Detroit does not have a perception problem, but from people that he has talked to, it is felt that it is more affordable to live in Chicago that has more affordable housing with more amenities and good mass transit available. Because there is more affordable housing available in Chicago, the rates are lower than Detroit, plus the income tax and insurance rates are lower, and you have to park your car and in Chicago you don’t need a car because of a good mass transit system.

Mr. Blaszkiewicz stated that it sounds like there is a strong endorsement and support for the proposed change in parameters and called for a motion.

Mr. Beatty made a motion approving the Housing, Office, Retail and Development Absorption Fund—Additional Loan Parameters for Affordable Housing Units, as presented. Mr. Jenkins seconded the motion. All were in favor with none opposed.

DDA Resolution Code 22-11-93-36 was unanimously approved.

## **ADMINISTRATION**

### **DDA Audited Financial Statements and Management Report as of June 30, 2022**

Ms. Kanalos advised that an electronic copy of the above-referenced material was sent to each Board member under separate cover on October 28, 2022.

The DDA Finance Committee met and reviewed the material and recommends formal acceptance by the DDA Board.



A resolution indicating the Board's formal acceptance of the DDA Audited Financial Statements and Management Report as of June 30, 2022, with comparative totals as of June 30, 2021, as prepared by George Johnson and Company, Certified Public Accountants, was included in the Board book.

Mr. Naglick advised that the auditors from George Johnson and Company did a presentation to the Finance Committee. Mr. Naglick complimented Mr. Long and his staff for a perfectly clean audit with no findings, as well as clean audits for the rest of the City authorities managed by the DEGC. Mr. Long thanked Mr. Naglick for the recognition and stated it could not have been done without the hard work of his staff.

Mr. Blaszkiewicz called for a motion.

Mr. Ogden made a motion approving the DDA Audited Financial Statements and Management Report as of June 30, 2022, as presented. Mr. Crain seconded the motion. All were in favor with none opposed.

DDA Resolution Code 22-11-01-468 was unanimously approved.

### **OTHER BUSINESS**

None.

### **PUBLIC COMMENT**

None.

### **ADJOURNMENT**

With there being no further business to be brought before the Board, on a motion by Mr. Jenkins, seconded by Mr. Beatty, Mr. Blaszkiewicz adjourned the meeting at 3:19 p.m.



**CODE DDA 22-11-02-649**

**APPROVAL OF MINUTES OF SEPTEMBER 14, 2022**

**RESOLVED** that the minutes of the Regular meeting of September 14, 2022 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 Downtown Development Authority.

November 9, 2022





**CODE DDA 22119-03-537**

**RECEIPT OF TREASURER'S REPORT FOR AUGUST 2022**

**RESOLVED**, that the Treasurer's Report of Receipts and Disbursements for the period ending August 31, 2022, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

November 9, 2022



**CODE DDA 22-11-03-538**

**RECEIPT OF TREASURER'S REPORT FOR SEPTEMBER 2022**

**RESOLVED**, that the Treasurer's Report of Receipts and Disbursements for the period ending September 30, 2022, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

November 9, 2022



**CODE DDA 22-11-110 67**

**PARADISE VALLEY BUSINESS & ENTERTAINMENT DISTRICT: AMENDMENT TO THE DEVELOPMENT AGREEMENT AND DEVELOPMENT CREDIT NOTE FOR 1407 & 1427 RANDOLPH**

**WHEREAS**, in April 2017, the City of Detroit Downtown Development Authority (the “DDA”) entered into a development agreement (the “Agreement”) with Gotham Capital Partners, LLC (“Gotham”) for the redevelopment of properties located at 1407 & 1427 Randolph (collectively, the “Properties”); and

**WHEREAS**, with the Board’s approval, Gotham assigned the Agreement to Randolph Capital Partners, LLC (“Developer”) and the Developer closed on the Properties in January, 2020; and

**WHEREAS**, in April 2019, the DDA Board approved the provision of seller financing in the form of a development credit in the amount of \$150,000 (the “Credit”) whereby, pursuant to the terms of the Credit, the Credit would be forgiven and no payments would be due to the DDA by Developer upon Developer’s satisfaction of each of the following conditions within 12 months of commencement of construction: i) Developer receives a certificate of occupancy for the Properties, and ii) Developer obtains a letter of intent(s) for the entire leasable space of the Properties; and

**WHEREAS**, in January 2021 and March 2022, due to unexpected delays and rising construction costs, the DDA Board approved various extensions to the completion date for the redevelopment of the Properties however, as an unintended oversight, these extensions did not include a corresponding extension to the twelve-month forgiveness timeline contained in the Credit; and

**WHEREAS**, given DDA’s staff support for the previous extensions to the development timelines and the Developer’s completion of the project and satisfaction of the conditions contained in the Credit, DDA staff is seeking a retroactive extension of the forgiveness timeline provided in the Credit to coincide with the previously approved extension to the project completion date, being August 31, 2022; and

**WHEREAS**, the DDA Finance Committee has reviewed the proposed extension and recommends its approval to the DDA Board; and

**WHEREAS**, the DDA Board has determined that approval of the proposed extension is in the best interests of the DDA.



**NOW, THEREFORE, BE IT RESOLVED**, that the DDA Board of Directors hereby approves the proposed extension to the forgiveness timeline contained in the Credit as referenced above.

**BE IT FURTHER RESOLVED** that any two Officers, any two of the Authorized Agents of the DDA, or any one of the Officers and any one of the Authorized Agents of the DDA, shall hereafter have the authority to negotiate and execute an amendment to the Agreement and documents evidencing the Credit in accordance with the proposed extension and other modifications to the Agreement as deemed appropriate by such Authorized Agents and counsel which are not inconsistent with this resolution and do not alter the substance of the Agreement and/or the proposed extension.

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

**BE IT FINALLY RESOLVED** that all of the acts and transactions of any Officer or Authorized Agent of the DDA, in the name and on behalf of the DDA, 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.

November 9, 2022



**CODE DDA 22-11-93-36**

**HOUSING, OFFICE, RETAIL DEVELOPMENT AND ABSORPTION FUND –  
ADDITIONAL LOAN PARAMETERS FOR AFFORDABLE HOUSING UNITS**

**WHEREAS**, the City of Detroit Downtown Development Authority’s (“DDA”) Development and Tax Increment Finance Plan for Development Area No. 1 (the “DDA Plan”) established a Housing, Office, Retail Development and Absorption Fund (the “Program”) pursuant to which the DDA may make loans to support housing, office, and retail projects in the Development Area; and

**WHEREAS**, the DDA Plan provides, among other things, that the DDA shall adjust the procedures and parameters of the Program to be consistent with market demand; and

**WHEREAS**, DDA staff has identified a need to encourage the establishment of affordable housing units reserved for households with incomes less than 80% of the Area Median Income for the Detroit-Warren-Livonia Metropolitan Statistical Area (“AMI”) as well as occupancy of such affordable housing units by existing Detroit residents within the DDA’s Development Area No. 1; and

**WHEREAS**, DDA staff proposes adding the following loan parameters under the Program for housing developments where at least 20% of the residential rental units will be reserved for households making 70% of AMI or less (the “Affordable Housing Program Parameters”):

**Affordable Housing** (where at least 20% of the residential rental units will be reserved for households making 70% of AMI or less)

<b><u>Affordability Target</u></b>	<b><u>Loan Amount</u></b>
50% AMI	40% of Hard Construction Cost
60% AMI	30% of Hard Construction Costs
70% AMI	20% of Hard Construction Costs
80% AMI	<i>No loan available under Affordable Housing Program Parameters</i>

**Terms:**

- (1) Project must include at least 10 affordable units.



- (2) Interest rate not-to-exceed 2%. The terms and conditions of each loan will vary and will be determined based on the development project economics and market conditions at the time of underwriting and closing.
- (3) If affordable units are occupied by individuals who have been residents of the City of Detroit for at least 5 years prior to occupancy, then a portion of the loan may be eligible for forgiveness, upon terms to be approved by DDA Board of Directors.
- (4) Maximum Loan Amount = \$200k/affordable unit.

**WHEREAS**, the DDA Finance Committee has reviewed the Affordable Housing Program Parameters and recommends their approval to the DDA Board; and

**WHEREAS**, the DDA Board has determined that the Affordable Housing Program Parameters is consistent with the goals of the Program, the DDA Plan and DDA's statutory purposes and otherwise in the best interests of the DDA.

**NOW THEREFORE BE IT RESOLVED** that DDA Board hereby approves the Affordable Housing Program Parameters.

**BE IT FURTHER RESOLVED** that the DDA Board hereby authorizes any two of its Officers, or any two of its Authorized Agents, or one Officer and any one Authorized Agent to take such actions and execute such 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 DDA, in the name and on behalf of the DDA, 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.

November 9, 2022



**CODE DDA 22-11-01-468**

**ADMINISTRATION: DDA AUDITED FINANCIAL STATEMENTS AND MANAGEMENT REPORT AS OF JUNE 30, 2022**

**RESOLVED, THAT THE** Board of Directors of the Downtown Development Authority (the “DDA”) hereby receives and accepts the DDA Audited Financial Statements and Management Report as of June 30, 2022, with comparative totals as of June 30, 2021, as prepared by George Johnson and Company, Certified Public Accountants.

November 9, 2022