



APPROVAL OF MINUTES OF AUGUST 22, 2017 MEETING

RESOLVED, that the minutes of the Regular meeting of August 22, 2017 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Economic Development Corporation.

September 12, 2017

**ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, AUGUST 22, 2017 – 8:30 A.M.**

BOARD MEMBERS PRESENT: Marsha Bruhn
Monique Claiborne
Linda Forte
Chris Jackson
Jonathan Quarles
Matthew Roling

BOARD MEMBERS ABSENT: Kimberly Clayson
Maurice Cox (Ex-Officio)
John Naglick (Ex-Officio)
William Ritsema
Thomas Stallworth

**SPECIAL DIRECTORS
PRESENT:** Lisa Randon (Tiger Stadium Site Redevelopment)

**SPECIAL DIRECTORS
ABSENT:** Sharon Malinowski (Tiger Stadium Site Redevelopment)

OTHERS PRESENT: Anthony Askew (DEGC/EDC)
Kyla Carlsen (DEGC/EDC)
Gay Hilger (DEGC/EDC)
Denise Hundley (DEGC/EDC)
Malinda Jensen (DEGC/EDC)
Eric Larson (Larson Realty Group)
Glen Long (DEGC/EDC)
Rebecca Navin (DEGC/EDC)
Kelly Shoven (DEGC/EDC)
Moddie Turay (DEGC/EDC)



Economic Development Corporation of the City of Detroit

**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, AUGUST 22, 2017
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD, SUITE 2200 - 8:30 A.M.**

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 8:40 a.m.

GENERAL

Approval of Minutes

Ms. Forte asked if there were any additions, deletions or corrections to the minutes of the August 14, 2017 Special Board meeting.

Hearing none, the Board took the following action:

On a motion by Ms. Bruhn, seconded by Mr. Quarles, Resolution Code EDC 17-08-02-285 was unanimously approved.

Receipt of Treasurer's Report

Ms. Shovan reviewed the Treasurer's Report of Receipts and Disbursements for the month of July 2017 for the benefit of the Board and responded to questions. Mr. Jackson asked a question regarding the Casino Loan Fund that Ms. Shovan deferred to Mr. Long when he arrives.

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

On a motion by Mr. Roling, seconded by Mr. Jackson, Resolution Code EDC 17-08-03-217 was unanimously approved.

PROJECTS

Because a quorum was not present for Item No. 1, Ms. Forte skipped to Item No. II.

Laughter in the Sun, LLC – Casino Loan Program – Loan Modification

Ms. Hundley advised 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. It is a specialty retail wine store located at 1433

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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 as a Subordinated Lender with Invest Detroit and Detroit Development Fund. EDC funds were used to assist in the buildout of the space. The terms of the EDC loan were 4% interest with a balloon payment in year 3. The loan payments included 9 months' interest only, thereafter, 3 months and 2 years of principal and interest.

The store opened in November 2015 and interest only payments (\$433.33) were scheduled to begin in December and principal and interest payments (\$2,394.15) September 2016. Interest payments were remitted timely and in August 2016, LIS informed all lenders they could not remit the principal and interest payments due. Store sales had been decent, but not as anticipated. Cash flow could not support principal and interest payments so soon. LIS requested a 6-month extension for continued interest only payments from all Lenders. EDC staff reviewed the loan file and found it reasonable to extend the interest only payment period. The other lenders also extended interest only payment periods.

LIS immediately put a plan into action to reestablish their financial infrastructure. The plan supported the ability to better manage cash flow, sales, inventory and budget management. The plan also included a more vigorous marketing campaign to enhance sales.

After the 6-month extension, LIS still could not remit principal and interest payments. LIS needed more time to increase cash flow. LIS requested an additional 6-month interest only period. EDC staff reviewed the loan and found it reasonable to allow LIS an additional interest only payment period; but asked LIS to remit an additional \$100.00. LIS concurred, payments of \$533.33 was be remitted. LIS, pursuant to a discussion with all lenders, would deliver another financial plan within 6 months that allowed for principal and interest payments.

EDC and other lenders further met with LIS. LIS has finalized its financial infrastructure plans. LIS is current on all interest payments to EDC and other Lenders. They have remained responsive. LIS has received positive feedback from their marketing campaign and is experiencing success with its monthly wine club and sales have increased.

LIS has requested to continue to pay interest only thru July 1, 2017 and on August 1, 2017 will remit principal and interest payments to EDC and other lenders in the amount of \$1,333.33. The balance of the EDC loan is \$129,379.34.

EDC staff has reviewed the loan file and finds it reasonable to allow LIS to continue interest only payments thru July 1, 2017 in the amount of \$533.33. The principal and interest loan payments will be amended from \$2,394.15 to \$1,333.33, effective August 1, 2017. The maturity date of November, 2018 will remain the same. Invest Detroit also continues to work with LIS to obtain bank financing at maturity. At that time the EDC loan will be paid off.

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The EDC Finance Committee has reviewed the proposed terms of the loan modification and recommends approval to the Board of Directors.

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. Jackson, seconded by Mr. Roling, Resolution Code EDC 17-08-74-39 was unanimously approved.

Mr. Quarles commented that there is a program that Google is getting ready to implement that provides free training for digital coaching for two years, that he will provide to Ms. Hundley to share.

Third Amendment to the Development Agreement with Tiger Stadium Partners, LLC for the Tiger Stadium Site

An additional Board member arrived and a quorum was now present for this project.

Mr. Turay reported that in July, 2017, the Economic Development Corporation of the City of Detroit ("EDC") executed the second amendment to the Development Agreement (as amended, the "Agreement") with Tiger Stadium Partners, LLC (the "Developer") for the redevelopment of the portions of the old Tiger Stadium site to provide an extension to close. The Developer's project will incorporate a 4-story building along Michigan (Parcel 4) with approximately 25,000 square feet of ground floor retail and 102 residential units (the "Mixed Use Project"). In addition, the Developer, or, subject to Article 18 of the Agreement, Developer's affiliate, Tiger Stadium Partners 2, LLC ("TSP2"), will build a minimum of 24 townhomes along Trumbull Ave (Parcel 3) (the "Townhomes Project").

The Developer had anticipated closing on the land and all equity and financing transactions by August 15, 2017. The New Market Tax Credit (NMTC) equity has been committed to the project and the Developer has \$4.4 million of equity committed and deposited. However, the completion of the financing agreements between the NMTC investor and the lending institutions, including the Michigan Strategic Fund, encountered certain delays subsequent to the requested extension. These delays require additional time to close on the financing required by the Agreement. With equity funds already committed, the Developer would like to begin site work and provide a down payment for the modular construction being utilized. As a result, the Developer has requested an additional extension for closing and the right to close on the purchase of the land prior to closing on all financing.

Staff has reviewed the request and timeline to move this project to completion. Based on this review, Staff proposed an amendment to the Agreement as follows (the "Proposed Amendment"):

1. Closing Date for Mixed Use and Townhouse projects is extended to October 15, 2017, provided, however, Developer may elect to close on the purchase of Parcel 3 and/or 4 from the EDC prior to closing on all financing and equity transactions for the Mixed-Use Project or Townhouse Project, subject to the requirements below.

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2. For the Mixed-Use Project, Developer must deliver for the EDC's review and approval 90% construction documents by September 15, regardless of the closing date for the real estate. Failure to deliver 90% construction documents acceptable to EDC and PDD within the allotted time would be considered a default.
3. For the Townhouse Project, Developer must deliver the site plan, renderings, and floor plans and a written sign-off on the plans from the City of Detroit's Planning and Development Department prior to closing on the real estate. These documents will constitute the minimum development requirements for the Townhouse Project. Developer must deliver for the EDC's review and approval 90% construction documents consistent with the minimum development requirements created by November 15. Failure to deliver 90% construction documents acceptable to EDC and PDD within the allotted time would be considered a default.
4. In the event that all financing and equity transactions for the Mixed-Use Project are not closed by October 15, and the real estate closing has already occurred, deeds for both the Townhouse and Mixed-Use Project will revert back to the EDC pursuant covenant deeds to be escrowed by Developer at the real estate closing.
5. In the event that all financing and equity transactions for the Townhouse Project are not closed by October 15, but all financing and equity transactions for the Mixed Use are closed by October 15, and the real estate closing has already occurred, the deed for the Townhouse Project only will revert back to the EDC pursuant to a covenant deed to be escrowed by Developer at the real estate closing.
6. Construction shall be completed on both the Mixed-Use Project and the Townhouse Project by August 15, 2019.
7. Unless otherwise approved by the EDC Board, any further delay to closing will result in automatic termination of the development agreement as to both the Mixed-Use and the Townhouse Project.

EDC staff requested the Board's approval to amend the terms of the development agreement previously approved by the EDC Board to reflect the changed terms above. A draft resolution was included in the Board material consideration.

On a motion by Ms. Bruhn, seconded by Mr. Quarles, Resolution Code EDC 17-08-76-23 was unanimously approved.

ADMINISTRATION

OTHER MATTERS

Mr. Long apologized for his tardiness and responded to Mr. Jackson's question that he had earlier regarding the Casino Loan funds.

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Ms. Forted thanked Mr. Long for the clarification.

PUBLIC COMMENT

ADJOURNMENT

With there being no further business, Ms. Forte adjourned the meeting at 9:01 a.m.

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APPROVAL OF MINUTES OF AUGUST 14, 2017 MEETING

RESOLVED, that the minutes of the Special meeting of August 14, 2017 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Economic Development Corporation.

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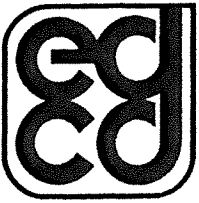


Economic Development Corporation of the City of Detroit **CODE EDC 17-08-03-217**

ACCEPTANCE OF TREASURER'S REPORT FOR JULY 2017

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending July 31, 2017, as presented at this meeting, is hereby in all respects accepted as action of the Economic Development Corporation.

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**THIRD AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH LARSON
REALTY FOR THE TIGER STADIUM SITE**

WHEREAS, in January, 2016, the Economic Development Corporation of the City of Detroit ("EDC") executed a Development Agreement (as amended, the "Agreement") with Tiger Stadium Partners, LLC (the "Developer") for the redevelopment of the portions of the old Tiger Stadium site, relating to the development of a 4-story building along Michigan (Parcel 4) with approximately 25,000 square feet of ground floor retail and 102 residential units (the "Mixed Use Project") and a minimum of 24 townhomes along Trumbull Ave (Parcel 3) (the "Townhouse Project" and together with the Mixed Use Project, the "Project"); and

WHEREAS, Developer previously received an extension for closing on the land and all equity and financing transactions to August 15, 2017 that also required as a condition the closing on the financing rather than just having commitments for funding; however, although Developer has \$4.4 million of equity committed and deposited, completion of the financing agreements between the NMTC investor and the lending institutions encountered certain delays subsequent to the requested extension; and

WHEREAS, these delays require additional time to close on the financing by the Agreement; and

WHEREAS, the EDC Board has reviewed the terms of amendment to the Agreement as follows (the "Proposed Amendment"):

1. Closing Date for Mixed Use and Townhouse projects is extended to October 15, 2017, provided, however, Developer may elect to close on the purchase of Parcel 3 and/or 4 from the EDC prior to closing on all financing and equity transactions for the Mixed-Use Project or Townhouse Project, subject to the requirements below.
2. For the Mixed-Use Project, Developer must deliver for the EDC's review and approval 90% construction documents by September 15, regardless of the closing date for the real estate. Failure to deliver 90% construction documents acceptable to EDC and PDD within the allotted time would be considered a default.
3. For the Townhouse Project, Developer must deliver the site plan, renderings, and floor plans and a written sign-off on the plans from the City of Detroit's Planning and Development Department prior to closing on the real estate. These documents will constitute the minimum development requirements for the Townhouse Project. Developer must deliver for the EDC's review and approval 90% construction documents consistent with the minimum development requirements created by November 15. Failure to deliver 90%

construction documents acceptable to EDC and PDD within the allotted time would be considered a default.

4. In the event that all financing and equity transactions for the Mixed-Use Project are not closed by October 15, and the real estate closing has already occurred, deeds for both the Townhouse and Mixed-Use Project will revert back to the EDC pursuant covenant deeds to be escrowed by Developer at the real estate closing.
5. In the event that all financing and equity transactions for the Townhouse Project are not closed by October 15, but all financing and equity transactions for the Mixed Use are closed by October 15, and the real estate closing has already occurred, the deed for the Townhouse Project only will revert back to the EDC pursuant to a covenant deed to be escrowed by Developer at the real estate closing.
6. Construction shall be completed on both the Mixed-Use Project and the Townhouse Project by August 15, 2019.
7. Unless otherwise approved by the EDC Board, any further delay to closing will result in automatic termination of the development agreement as to both the Mixed-Use and the Townhouse Project.

WHEREAS, the EDC Board of Directors has reviewed the Proposed Amendment determined it is 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 Proposed Amendment is 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 Development Agreement, 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.

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LAUGHTER IN THE SUN, LLC – CASINO LOAN PROGRAM – LOAN MODIFICATION

WHEREAS, in October 2015, the EDC Board approved a loan from the Casino Development Funds in the amount of \$130,000.00 to Laughter in the Sun, LLC (LIS) which operates House of Pure Vin located at 1433 Woodward Avenue, which loan was subordinate to loans made by Invest Detroit and Detroit Development Fund; and

WHEREAS, the terms of the EDC loan were 4% interest with a balloon payment in year 3, with 9-months interest only (\$433.33), thereafter, 3 months and 2 years of principal and interest (\$2,394.15), with a balloon payment due at the November, 2018 maturity; and

WHEREAS, LIS has requested accommodations from each of its lenders and staff recommends allowing LIS to make monthly payments of \$533.33 through July 1, 2017 and monthly principal and interest payments of \$1,333.33 effective August 1, 2017, with a balloon due at the original maturity date of November, 2018 (the "Loan Modification"); and

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

WHEREAS, the EDC Board of Directors has determined that approval of the proposed Loan Modification is reasonable and consistent with its statutory purposes.

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

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

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