



**ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTOR S REGULAR MEETING
TUESDAY, AUGUST 27, 2019 – 8:30 A.M.**

BOARD MEMBERS PRESENT: Clifford Brown
Marsha Bruhn
Kimberly Clayson
Linda Forte
Damon Hodge
Chris Jackson
Kwaku Osei
Thomas Stallworth

BOARD MEMBERS ABSENT: Maurice Cox (Ex-Officio)
Jonathan Quarles
John Naglick (Ex-Officio)

**SPECIAL DIRECTORS
PRESENT:** None

**SPECIAL DIRECTORS
ABSENT:** None

OTHERS PRESENT: Pierre Batton (DEGC/EDC)
Charlotte Fisher (DEGC/EDC)
Lily Hamburger (DEGC/EDC)
Gay Hilger (DEGC/EDC)
Christine Holmes (Detroit Documenters)
Malinda Jensen (DEGC/EDC)
Paul Kako (DEGC/EDC)
Jennifer Kanalos (DEGC/EDC)
Glen Long (DEGC/EDC)
Lamar Lyons (Public)
Michelle Matthews (DEGC/EDC)
Rebecca Navin (DEGC/EDC)
Sarah Pavelko (DEGC/EDC)
Mariangela Pledl (DEGC/EDC)
Orza Robertson (DEGC/EDC)
Kelly Shovan (DEGC/EDC)



**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, AUGUST 27, 2019
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 8:49 a.m.

GENERAL

Approval of Minutes

Ms. Forte asked if there were any additions, deletions or corrections to the minutes of the August 13, 2019 Regular Board meeting. Hearing none, the Board took the following action:

On a motion by Ms. Bruhn, seconded by Mr. Jackson, Resolution Code EDC 19-08-02-319 was unanimously approved.

Acceptance of Treasurer's Report

Ms. Shovan reviewed the Treasurer's Report of Receipts and Disbursements for the month of July 2019 for the benefit of the Board and responded to questions.

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

On a motion by Mr. Jackson, seconded by Ms. Bruhn, Resolution Code EDC 19-08-03-242 was unanimously approve.

PROJECTS

Streetscape Mitigation Loan Fund Program

Mr. Batton 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, the staff of the Economic Development Corporation of the City of Detroit ("EDC") in coordination with the City of Detroit (the "City"), foundations and other partners, is seeking approval to fund a zero-interest loan and technical assistance program to provide flexible capital and technical assistance to qualifying businesses. The City has initiated streetscape improvement projects throughout the City with the goal of revitalizing street life through retail attraction and of improving multi-modal access to the neighborhoods. Each of these projects will be located along



commercial corridors where longstanding businesses may experience decreased access and visibility due to construction.

EDC staff proposes that the EDC administer the Streetscape Mitigation Loan Fund Program (the “Program”) to support businesses who are experiencing decreased sales during these construction projects. Administration of the Program will include the following activities in order to increase economic activity and physical revitalization of commercial areas throughout the City:

1. Raise funds in cooperation with the Detroit Economic Growth Association (“DEGA”) and other partners to support neighborhood small businesses impacted by streetscape construction projects;
2. Market the Program and attract applicants;
3. Provide technical assistance to applicants, borrowers, and other impacted businesses;
4. Review applications and make recommendations to the EDC Finance Committee, where feasible, and the EDC Board based on borrowers’ need, financial capacity to support debt prior to the construction project, and other considerations; and
5. Administer funds and monitor debt service through the life of the loan (6 years).

The Program will be piloted on Livernois between Margareta and 8 Mile, with a \$400,000 loan pool, with the expectation that as additional funds are raised, the Program will be implemented in other areas impacted by planned streetscape improvement projects.

The proposed Program Guidelines, included in the Board material as **Exhibit A**, are summarized as follows:

Key Terms of Loans

Eligibility: Non-franchised, for-profit businesses that are open and operating in a commercial space within a commercial corridor affected by the City’s streetscape improvement project may apply to the Program.

Underwriting: Applicants must complete a loan application substantially in the form provided in the Board material as **Exhibit B** and provide the EDC with supporting financial records and documents to document use of and need for loan proceeds. Such documentation could include, but is not limited to, lease, payroll, utility bills, etc.

Loan Amount: Single disbursement loans of a minimum of \$5,000 and up to \$20,000.

Eligible uses: To (a) pay for overhead costs; (b) act as working capital during and after the streetscape project; (c) pay for operating expenses; or (d) bridge financing need through project until bank or CDFI funding is obtained.



Collateral: Loans at or above \$10,000 shall include sufficient collateral. Loans under \$10,000 may require collateral, at the EDC's discretion.

Interest Rate: 0% interest rate.

Closing and Servicing Fees: \$0.00.

Maturity: 6 years.

Equity: The Program shall take no equity or stake in borrower businesses.

Payments: Payments tolled for 12 months of operations beginning one year from disbursement of the loan (no payments for the first year). If payments are regularly made for 24 months, remainder of principal shall be forgiven.

Technical Assistance

In addition, technical assistance provided by third parties, subject to standard EDC approval processes, will be made available under the Program as follows:

- Assistance to applicants in preparing financial documentation requested as part of the application process.
- Assistance to loan recipients in preparing financial documentation required to meet loan reporting requirements.
- Assistance to loan recipients in preparing a business sustainability plan, as may be required as a condition to a loan.
- Other forms of assistance to impacted businesses (including businesses that are not applying for or receiving loans) aimed to sustain the business through the construction period and beyond.

The Program will be funded primarily through philanthropic funds raised by the DEGA and transferred to the EDC pursuant to a Funding Agreement between the EDC and DEGA, with some support using city funds under the EDC's existing contract with the City.

EDC staff recommended that the EDC Board of Directors approve each of the following:

- (i) The Administration of the Program by the EDC, pursuant to the Program Guidelines included in the Board material as **Exhibit A**;
- (ii) The acceptance of loan applications, using the form included in the Board material as **Exhibit B**, as same may be modified from time to time as EDC authorized agents deem necessary or appropriate; and
- (iii) The negotiation and execution of a Funding Agreement with the DEGA for the acceptance of philanthropic funds raised for the Program by the DEGA.

A resolution was included for the Board's consideration.



Mr. Jackson commended the EDC and DEGC staff for its work on this business. Initially just the businesses on Livernois were affected, but it is really going to be an issue for all of the other commercial corridors that the city is starting to improve. This is a great model for how we are going to be helping those businesses in the other corridors for business disruption. Staff worked very quickly working with the Administration in putting something together and they are to be commended for that because there are businesses out there that are really suffering.

Ms. Forte echoed Mr. Jackson's comments. The swiftness with which this Program was put together in response to the misery of the businesses along the Avenue is commendable.

Ms. Bruhn echoed the comments also. She questioned whether the businesses are still going to benefit given the fact that there is a 90-day approval process. Mr. Batton stated we are looking at an "up to" 90-day approval process. He believes that we can turn these loans around at a faster speed than that. We are looking at internally a 45-day turnaround. We are engaging with all of the businesses on the corridor to help speed the process up. In a lot of cases, the collection of documentation is what slows the process. We are meeting with loan applicants twice weekly pulling the documents necessary to make sure they meet the requirements so we can underwrite the loans quicker than traditional loans.

Ms. Bruhn stated that she knows that some businesses in the Grandmont-Rosedale area are really concerned and there has been a lot of effort to mobilize the community to support the businesses during construction and make some parking available, adding signage. Ms. Bruhn questioned how much this program, if expanded, will be able to benefit these other areas.

Mr. Batton stated that the goal here is to be able to expand to those other areas as soon as possible if we can raise the funds. We are actively working with philanthropic partners and the City to try to meet that need as soon as possible. As it relates to Grand River and Bagley, we do have other resources that the DEGC has been able to provide to those areas, specifically through our District Liaison Program. They have been interacting with businesses over the last couple of months letting them know what is happening with the construction project.

Mr. Bruhn asked how much money has been received from the philanthropic community and how much the City provided. Mr. Batton stated, to date, we have raised approximately \$500,000 from philanthropic partners. Ms. Navin advised that a portion of the Motor City Match/Re-Store Program funds from the City General Fund will be allocated, if needed, to help with the Program. Mr. Batton advised the amount pledged from those Programs is \$100,000.

Mr. Stallworth said that it is important to note that, of the planned streetscape improvements, Livernois was the most intrusive. The others should be able to be completed much more quickly.

Mr. Jackson just wanted to make sure that no one in the Motor City Match/Re-Store Programs is penalized or is disqualified in the other programs. Mr. Batton stated that this is a separate Program and has no impact on the Motor City Match/Re-Store participants.

Ms. Forte questioned how many requests are anticipated. Mr. Batton stated that last Tuesday they had a meeting and there were about 55 business owners who attended.



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

On a motion by Mr. Jackson, seconded by Mr. Hodge, Resolution Code EDC 18-08-99-01 was unanimously approved.

ADMINISTRATION

Appointment of Finance Committee Members

Ms. Jensen advised that two vacancies exist on the EDC Finance Committee. After consulting with the Chair, the recommendation was made to contact the Treasurer, Mr. Stallworth, and Mr. Osei regarding their willingness to serve. Both have responded that they would welcome the opportunity to serve on the Finance Committee.

Ms. Navin added that with the new loan program that was just approved, we do expect that there will be an increase in the frequency of the Finance Committee meetings through the end of the year. We will attempt to convene a meeting to review those loans before bringing them to the Board for approval whenever possible. We are looking to convene the Finance Committee meetings on the off week of the Board meeting.

A resolution was provided for consideration and approval.

On a motion by Ms. Bruhn, seconded by Mr. Clayson, Resolution Code EDC 19-08-01-208 was unanimously approved.

Delegation of Authority Report for July 2019

Ms. Jensen reported that the only activity under the Delegation of Authority Resolution was a contract with George Johnson and Company for the annual audit.

This report was for information only and no action was taken by the Board.

OTHER MATTERS

PUBLIC COMMENT

ADJOURNMENT

On a motion by Mr. Jackson, seconded by Mr. Osei, Ms. Forte adjourned the meeting at 9:11 a.m.



CODE EDC 19-08-02-319

APPROVAL OF MINUTES OF AUGUST 13, 2019 REGULAR MEETING

RESOLVED, that the minutes of the Regular meeting of August 13, 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.

August 27, 2019



CODE EDC 19-08-03-242

ACCEPTANCE OF TREASURER'S REPORT FOR JULY 2019

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending July 31, 2019, as presented at this meeting, is hereby in all respects accepted as action of the Economic Development Corporation.

August 27, 2019



CODE EDC 18-08-99-01

STREETSCAPE MITIGATION LOAN FUND PROGRAM

WHEREAS, to support the financial stability of Detroit's businesses during the streetscape improvement construction projects on key commercial corridors in Detroit's neighborhoods, the staff of the Economic Development Corporation of the City of Detroit ("EDC") in coordination with the City of Detroit (the "City"), foundations and other partners, is seeking approval to fund a zero-interest loan and technical assistance program to provide flexible capital and technical assistance to qualifying businesses; and

WHEREAS, EDC staff proposes that the EDC administer the Streetscape Mitigation Loan Fund Program (the "Program") to support businesses who are experiencing decreased sales during these construction projects where such administration of the Program will include the following activities in order to increase economic activity and physical revitalization of commercial areas throughout the City:

1. Raise funds in cooperation with the Detroit Economic Growth Association ("DEGA") and other partners to support neighborhood small businesses impacted by streetscape construction projects;
2. Market the Program and attract applicants;
3. Provide technical assistance to applicants, borrowers, and other impacted businesses;
4. Review applications and make recommendations to the EDC Finance Committee, where feasible, and the EDC Board based on borrowers' need, financial capacity to support debt prior to the construction project, and other considerations; and
5. Administer funds and monitor debt service through the life of the loan (6 years).

WHEREAS, EDC staff have developed Program Guidelines attached hereto as **Exhibit A** and reflected in the loan application attached hereto as **Exhibit B**.

WHEREAS, in order to develop and implement the Program, EDC staff seeks to negotiate and execute a funding agreement (the "Funding Agreement") between the DEGA and EDC pursuant to which the EDC would receive philanthropic funds raised by the DEGA to manage and implement the Program; and

WHEREAS, the EDC Board of Directors has determined that Program is consistent with the EDC's statutory purposes and the execution of the Agreement is appropriate and desirable.



NOW, THEREFORE, BE IT, RESOLVED, that the EDC board of Directors hereby approves the following: (i) the Administration of the Program by the EDC, pursuant to the Program Guidelines attached hereto as **Exhibit A**; (ii) the acceptance of loan applications, using the form attached hereto as **Exhibit B**, together with such changes that are necessary or appropriate due to minor inaccuracies contained in the application, unforeseen events or circumstances, or technical matters, as determined by the Officers and/or Authorized Agents monitoring the Program, provided that such changes do not alter the intent of this resolution or the Program Guidelines; and (iii) the negotiation and execution of a Funding Agreement with the DEGA for the acceptance of philanthropic funds raised for the Program by the DEGA.

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 Funding Agreement and 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.

August 27, 2019



CODE EDC 19-08-01-208

ADMINISTRATION: APPOINTMENT OF FINANCE COMMITTEE MEMBERS

RESOLVED, that Thomas Stallworth and Kwaku Osei are hereby appointed to serve on the Finance Committee of the Economic Development Corporation of the City of Detroit:

August 27, 2019