



**ECONOMIC DEVELOPMENT CORPORATION  
BOARD OF DIRECTOR S REGULAR MEETING  
TUESDAY, SEPTEMBER 10, 2019 – 8:30 A.M.**

**BOARD MEMBERS PRESENT:** Clifford Brown  
Marsha Bruhn  
Kimberly Clayson  
Linda Forte  
Damon Hodge  
Chris Jackson  
Kwaku Osei  
Jonathan Quarles

**BOARD MEMBERS ABSENT:** Maurice Cox (Ex-Officio)  
John Naglick (Ex-Officio)  
Thomas Stallworth

**SPECIAL DIRECTORS  
PRESENT:** None

**SPECIAL DIRECTORS  
ABSENT:** None

**OTHERS PRESENT:** Pierre Batton (DEGC/EDC)  
Gregoire Eugene-Louis (DEGC/EDC)  
Charlotte Fisher (DEGC/EDC)  
Lily Hamburger (DEGC/EDC)  
Gay Hilger (DEGC/EDC)  
Malinda Jensen (DEGC/EDC)  
Jennifer Kanalos (DEGC/EDC)  
Glen Long (DEGC/EDC)  
Rebecca Navin (DEGC/EDC)  
Mariangela Pledl (DEGC/EDC)  
Brianna Walker (DEGC/EDC)



**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS REGULAR MEETING  
TUESDAY, SEPTEMBER 10, 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 27, 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.

**PROJECTS**

**Streetscape Mitigation Loan Fund Program—Approval of Loans to Jo’s Gallery, JB Food Mart and Happy to be Nappy**

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, 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. Below are the EDC staff recommendations for approval of first three loans (Exhibits A, B, and C) under the Program.

Mr. Batton summarized the terms and conditions of the proposed loan to Jo’s Gallery as follows:



## EXHIBIT A SUMMARY OF PROPOSED TERMS

Borrower Name: Jo's Gallery Café LLC  
Date: 9/6/2019  
Request: \$20,000.00  
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: Residential Rental Property - 13925 Roselawn, 48221  
Analyst's Rating (1-10): 8.25 - Low Risk

### LOAN PRESENTATION

**Borrower:** Jo's Gallery

**Date:** September 6, 2019

**Analyst/Officer :** Martha Potere

### LOAN REQUEST

**Type:** Commercial Business Loan

**Amount:** \$20,000.00

### **Repayment**

**Terms:** 72 Months - Straight Line Amortization, payments begin Month 13

**Rate:** 0%

### LOAN PURPOSE AND BUSINESS DESCRIPTION/HISTORY

Garnette Archer, second-generation owner of Jo's Gallery, is seeking a \$20,000 commercial business loan from the Economic Development Corporation Streetscape Mitigation Loan Fund to support business expenses throughout the construction. The property's physical location is 19376



Livernois, Detroit, MI 48221. EDC financing will support rent, payroll, working capital and insurance.

Jo’s Gallery is an art gallery featuring women artists with a specific focus on African-American art. Garnette Archer is a second-generation owner of the business, which was launched on the Avenue of Fashion in 1996 by her mother. Jo’s clientele tends to be 40+ in age, however she actively markets to collectors and home decorators. She is a Re-Store and MCM winner investing, \$50,000 into the facade she shares with her tenant.

**SOURCES AND USES**

<u>Uses of Funds</u>	<u>Amount</u>
Rent	\$8,000
Working Capital	\$5,000
Payroll	\$5,000
Insurance	\$2,000
<b><u>Sources of Funds</u></b>	
EDC Streetscape Mitigation Fund	\$20,000

**SOURCE OF REPAYMENT**

**Primary:** Cash Flow from Jo’s Gallery

**Secondary:** Mortgage on Residential Rental Property at 13925 Roselawn, 48221  
 Limited Recourse Personal Guaranty of Garnette Archer (to support mortgage)

**COLLATERAL AND CONDITIONS**

**Business Assets:** N/A

**Real Estate:** Mortgage on Residential Rental Property at 13925 Roselawn, 48221

**Conditions:** 1.) Closing contingent upon EDC Board approval

**Reporting:** 1.) Quarterly Profit/ Loss Statement and Balance Sheet prepared by CPA  
 2.) Annual Business and Personal Financial statement/tax return

Mr. Batton advised that Jo’s Gallery has seen a 76% decline in net income in January through July 2019 from the same period in 2018, due to the streetscape improvements underway.

Mr. Batton asked if the Board had any questions on this loan.

Ms. Forte stated that before opening up to questions, she wanted the Board to know that the Finance Committee has reviewed each of the loans being presented today and is recommending approval to the Board.



Mr. Brown questioned if there is another tenant in the building. Mr. Batton said that he believes she is subleasing space and will be more than happy to get that information and share later. Mr. Brown stated that he just wanted to make sure there were no conflicts of interest before voting. Having looked up the information, Mr. Batton advised that the owner of the business is Garnette Archer and the address of the business is 19376 Livernois. Mr. Brown asked if the loan was made to her, would it create a problem if there was a conflict with the tenant. Ms. Navin advised that she is not aware of any conflict of interest. There are not any specific restrictions to this Program relating to conflicts of interest in terms of City of Detroit employees.

Mr. Batton introduced Ms. Walker who summarized the terms and conditions of the proposed loan to JB Food Mart as follows:

#### **EXHIBIT B SUMMARY OF PROPOSED TERMS**

<b>Borrower Name:</b>	DAB Family, Inc. d/b/a JB Food Mart
<b>Date:</b>	9/6/2019
<b>Request:</b>	\$20,000.00
<b>Interest Rate:</b>	0%
<b>Fee:</b>	\$0.00
<b>Repayment:</b>	Principal Only
<b>Term:</b>	72 Months - Straight Line Amortization, payments begin Month 13; principal balance forgivable after 24 on-time payments or equivalent
<b>Security:</b>	Mortgage on Commercial Building - 19910 Livernois
<b>Analyst's Rating (1-10):</b>	7.3 - Moderate Risk

#### **LOAN PRESENTATION**

<b>Borrower:</b>	DAB Family, Inc. d/b/a JB Food Mart	
<b>Date:</b>	September 6, 2019	<b>Analyst/Officer :</b> Brianna Walker



**LOAN REQUEST**

**Type:** Commercial Business Loan

**Amount:** \$20,000.00

**Repayment Terms:** 72 Months - Straight Line Amortization, payments begin Month 13

**Rate:** 0%

**LOAN PURPOSE AND BUSINESS DESCRIPTION/HISTORY**

Debbie Babbie, the owner of JB - Food Mart, a party store that doesn't sell liquor, is seeking a \$20,000 commercial business loan from the Economic Development Corporation Streetscape Mitigation Loan Fund to support business expenses throughout construction. The property's physical location is 19910 Livernois, Detroit, MI 48221. EDC financing will support rent, utilities and payroll expenses, in addition to repairs and maintenance of their coolers.

JB - Food Mart is a party/convenience store that does not sell liquor. Most clients live in the neighborhood and shop at the store due to its convenient location. Ms. Babbie and her husband originally opened the store in 1985. They ran it for some years before selling the business to a third party, though they remained the landlord. When their tenant decided he did not want to renew his lease in 2018, Ms. Babbie and her husband decided to buy the store back and run it themselves.

**SOURCES AND USES**

<b><u>Uses of Funds</u></b>	<b><u>Amount</u></b>
Rent	\$5,000
Utilities	\$5,000
Payroll	\$5,000
Repairs/Maintenance	\$5,000
<b><u>Sources of Funds</u></b>	
EDC Streetscape Mitigation Fund	\$20,000

**SOURCE OF REPAYMENT**

**Primary:** Cash Flow from JB - Food Mart

**Secondary:** Mortgage on Commercial Building at 19910 Livernois



## COLLATERAL AND CONDITIONS

- Business Assets:** N/A
- Real Estate:** Mortgage on Commercial Building at 19910 Livernois
- Conditions:** 1.) Closing contingent upon EDC Board approval
- Reporting:** 1.) Quarterly Profit/ Loss Statement and Balance Sheet prepared by CPA  
2.) Annual Business and Personal Financial statement/tax return

Ms. Walker noted about the uses that they do own the building, although it is under a separate entity, as they own the business. The rent will be going towards things like taxes, insurance, utilities, maintenance and grounds repairs. The repairs line item is going towards replacing her wall of coolers, which are in need of replacement.

Ms. Walker advised that between March and July 2019, as compared to the same time period in 2018, they have seen a 66 percent decline in sales.

Mr. Batton introduced Mr. Eugene-Louis who summarized the terms and conditions of the proposed loan to Happy to be Nappy as follows:

### EXHIBIT C SUMMARY OF PROPOSED TERMS

- Borrower Name:** Happy to be Nappy LLC
- Date:** 09/05/2019
- Request:** \$20,000.00
- Rate:** 0%
- Fee:** 0
- Repayment:** Principal Only
- Term:** 72 Months - Straight Line Amortization, payments begin Month 13; principal balance forgivable after 24 on-time payments or equivalent
- Security:** Mortgage on Commercial Property at 18945 Livernois, Detroit, MI 48221
- Analyst's Rating (1-10):** 7.5 – Moderate Risk



**LOAN PRESENTATION**

**Borrower:** Happy to be Nappy LLC

**Date:** September 5, 2019

**Analyst/Officer:** Gregoire Eugene-Louis

LOAN REQUEST

**Type:** Commercial Business Loan

**Amount:** \$20,000.00

**Repayment**

**Terms:** 72 Months - Straight Line Amortization, payments begin Month 13

**Rate:** 0%

**LOAN PURPOSE AND BUSINESS DESCRIPTION/HISTORY**

Ewanda Ferguson, the owner of Happy to be Nappy, a natural hair salon, is seeking a \$20,000 commercial business loan from the Economic Development Corporation Streetscape Mitigation Loan Fund to support business expenses throughout the construction. The property’s physical location is 18945 Livernois, Detroit, MI 48221. EDC financing will support working capital, utilities, and advertising, in addition to interior repairs.

Happy to be Nappy Natural Hair Salon and Afrocentric gift shop is one of the leading natural hair care salons in the United States and is right under your nose in Detroit. Native Detroiter Ewanda Ferguson has been a hair stylist for 30 years and is both the owner and a master celebrity stylist who specializes in 'fros, dreads, twist locks and all kinds of braids; Ewanda and her crew have styled such celebs as Erika Badu, gospel great Fred Hammond and the Oscar-winning Jennifer Hudson and over two decades of professional athletes. Happy to Be Nappy's waiting room also doubles as bookstore and gift shop packed with all kinds healthy living reading material, hair products for all your Afro up-keep and other natural needs. Snatch up a power-fisted Afro pick.

**SOURCES AND USES**

<b>Uses of Funds</b>	<b>Amount</b>
Working Capital	\$5,000
Utilities	\$2,000
Insurance	\$3,000
Payroll	\$2,000
Advertising	\$5,000
Repairs/Maintenance	\$3,000
<b>Sources of Funds</b>	
EDC Streetscape Mitigation Fund	\$20,000



## SOURCE OF REPAYMENT

**Primary:** Cash Flow from Happy to be Nappy

**Secondary:** Mortgage – Commercial Building at 18945 Livernois

## COLLATERAL AND CONDITIONS

**Business Assets:** N/A

**Real Estate:** Commercial Building at 18945 Livernois

**Conditions:** 1.) Closing contingent upon EDC Board approval

**Reporting:** 1.) Quarterly Profit/ Loss Statement and Balance Sheet prepared by CPA  
2.) Annual Business and Personal Financial statement/tax return

Mr. Eugene-Louis advised that Happy to be Nappy has experienced a 65 percent decline in sales in 2019 as compared to the same period in 2018.

Ms. Forte called for questions from the Board. Mr. Quarles asked what the total amount of dollars that are available to lend from the Fund. Mr. Batton replied that we have a total of \$400,000 available for this pilot streetscape fund.

Mr. Brown asked how many applications we potentially could receive. Mr. Batton responded that there are around 50 businesses on the strip. We currently have ten applications in que.

Ms. Forte asked about the timing. If these loans are approved this morning, when could the borrowers potentially expect to see funds. Mr. Batton stated that we are aiming to have the loans closed by the end of the month.

Mr. Brown asked if the money available is on a first-come, first-served basis. Mr. Batton stated yes and that staff is passing the information to the community, and of the 50 businesses eligible, we are expecting around 30 to 40 to apply. For some of the businesses, the micro loan does not meet their needs, and some of the businesses are in need of technical assistance, which the next item on the agenda will address.

Mr. Quarles asked where the money will be coming from. Mr. Batton explained that the money for the Fund was pledged through philanthropic sources. The loan amounts will be \$5,000 to \$20,000.

Mr. Brown stated that his fear is that towards the end, the Fund will run out of money. Mr. Batton said that is all the more reason why they are out in the community spreading the word and insisting that businesses get their application in as soon as possible. We are actively still fundraising.



Ms. Bruhn stated that at a previous meeting, Mr. Batton had said that there would be \$500,000 for the fund and asked if that had changed. Mr. Batton advised that had not changed. The \$400,000 is solely for the Fund and the other funding is for technical assistance.

A resolution approving each of the proposed loans was included in the Board material for consideration.

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

On a motion by Mr. Osei, seconded by Ms. Bruhn, Resolution Code EDC 19-09-99-02 was unanimously approved.

**Streetscape Mitigation Loan Fund Program: Technical Assistance Providers for Business Consulting and Accounting**

Mr. Batton advised that on August 27, 2019, the EDC approved a pilot Streetscape Mitigation Loan Fund Program (SMLF) (the “Program”) for Livernois between Margareta and 8 Mile with an initial \$400,000 loan pool. It is anticipated that the Detroit Economic Growth Association will receive several foundation grants in order to support the Program.

As a component to the Program, loan applicants, loan recipients, and other eligible businesses will have access to technical assistance services in accounting and business consulting. Through the Motor City Match program, the EDC has previously approved technical assistance providers in these areas.

On August 21, 2019 EDC staff contacted 10 approved Motor City Match technical assistance providers and invited them to submit a scope and budget for the proposed SMLF program technical assistance activities. Ten TA providers were contacted and seven replied; three for accounting and four for business consulting TA.

The following responses were received:

<b>Business Consulting Services Provider</b>	<b>Location</b>
Best Practices Consulting Services	Detroit MI
Lifeline Business Consulting Services	Detroit MI
QT Business Solution	Southfield MI
Tiva Capital	Detroit MI

<b>Accounting Services Provider</b>	<b>Location</b>
Accounting Aid Society	Detroit MI
MYISHA Tax Consultant	Detroit MI
Ashton Business Consulting	Southfield MI

Upon review and evaluation of the submissions, EDC staff recommends awarding Tiva Capital for business consulting services and Accounting Aid Society for accounting services, in



accordance with the scope and budget included in the Board material as Exhibits A and B. Tiva Capital and Accounting Aid society have the capacity and are positioned to provide the greatest range of services projected to be needed by the businesses.

A resolution was included for the Board's consideration.

Ms. Forted asked if business owners of the three loans that were just approved would be eligible for the technical assistance. Mr. Batton advised that they would qualify for the technical assistance.

Mr. Jackson stated that he understands the importance of the technical assistance, but because this technical assistance is already "baked" into the Motor City Match and Re-Store Programs, couldn't the providers for those programs also provide technical assistance for the loan applicants. Mr. Batton responded that the funding is coming from a different "bucket". The technical assistance is something that the philanthropic partners specifically mentioned.

Mr. Osei stated that he sees the TA contracts are an "up to" amount. Mr. Batton responded that the TA providers will invoice for each individual business that they work with, so we will only be billed for the assistance that is actually provided up to the maximum amount of the contract. The TA component is based on need and assessment of the underwriting staff.

Mr. Brown asked how evaluation will be done on the effectiveness of the TA providers. Mr. Batton explained that with Motor City Match, they contact the awardees and ask if they got the technical assistance that they wanted. We also look at the quality of what was being produced in instances where marketing assistance was provided. We've worked with both of the TA providers in the past that we are recommending for the Streetscape Mitigation Loan Fund Program and we've been pleased with the quality of their work.

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

On a motion by Mr. Jackson seconded by Ms. Clayson, Resolution Code EDC 19-09-99-03 was unanimously approved.

## **ADMINISTRATION**

Ms. Jensen reminded the Finance Committee members to respond to the email that was sent on August 27 so that dates can be set for future meetings.

## **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 19-09-99-02**

**APPROVAL OF STREETScape MITIGATION LOAN FUND PROGRAM – APPROVAL OF LOANS (JO’S GALLERY, JB FOOD MART, HAPPY TO BE NAPPY)**

**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 applications from the businesses and for the purposes described on Exhibits A, B, and C (the “Loans”); and

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

**WHEREAS**, the EDC Board has determined that the recommended Loans are reasonable and consistent with the Program.

**NOW, THEREFORE BE IT RESOLVED** that the EDC Board of Directors, hereby approves each of the Loans described on Exhibits A, B and C, 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, 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 Loans, 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.

September 10, 2019



**CODE EDC 19-09-99-03**

**STREETSCAPE MITIGATION LOAN FUND PROGRAM: TECHNICAL ASSISTANCE PROVIDERS FOR BUSINESS CONSULTING AND ACCOUNTING**

**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 Economic Development Corporation of the City of Detroit ("EDC") in coordination with the City of Detroit (the "City"), foundations and other partners, developed a streetscape mitigation loan fund program (the "Program") with zero-interest loan and technical assistance program to provide flexible capital and technical assistance to qualifying businesses; and

**WHEREAS**, the EDC Board of Directors approved the Program on August 27, 2019; and

**WHEREAS**, as a component to the Program, loan applicants, loan recipients and other eligible businesses will have access to technical assistance services in accounting and business consulting; and

**WHEREAS**, the EDC received submissions from technical assistance providers and selected a business consulting services and an accounting services technical assistance provider based on the qualifications and experiences per the submissions; and

**WHEREAS**, the EDC board of directors hereby approves the selection of the two identified technical assistance providers.

**NOW THEREFORE BE IT RESOLVED**, that the EDC Board of Directors hereby authorizes the execution of agreement with Tiva Capital to provide business consulting services for a term of one-year, as further described on the attached **Exhibit A**, in the amount not to exceed One Hundred Thirty-Five Thousand Dollars (\$135,000.00).

**BE IT RESOLVED FURTHER RESOLVED**, that the EDC Board of Directors hereby authorizes the execution of agreement with Accounting Aid Society to provide accounting services for a term of one-year, as further described on the attached **Exhibit B**, in the amount not to exceed Fifty-Six Thousand Dollars and 00/100 (\$56,000.00).

**BE IT RESOLVED 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 each of the above-described agreements 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.

September 10, 2019