



**ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, SEPTEMBER 28, 2021 – 9:00 A.M.**

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

BOARD MEMBERS ABSENT: Antoine Bryant (Ex-Officio)
John Naglick (Ex-Officio)
Kwaku Osei

**SPECIAL DIRECTORS
PRESENT:** None

**SPECIAL DIRECTORS
ABSENT:** None

OTHERS PRESENT: Cora Capler (DEGC/EDC)
Gay Hilger (DEGC/EDC)
Malinda Jensen (DEGC/EDC)
Paul Kako (DEGC/EDC)
Jennifer Kanalos (DEGC/EDC)
Glen Long (DEGC/EDC)
Rebecca Navin (DEGC/EDC)
Ed Potus (Cinnaire Solutions)
Lexi Shaw (DEGC/EDC)
Mike Viergge (Invest Detroit)



**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
SEPTEMBER 28, 2021 – 9:00 A.M.
ZOOM VIRTUAL MEETING**

GENERAL

Call to Order

Chairperson Forte called the Regular meeting of the Economic Development Corporation Board of Directors to order at 9:00 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 21, 2021 Special Board meeting. Hearing none, Ms. Forte called for a motion approving the minutes.

Mr. Hodge made a motion approving the minutes of the September 21, 2021 Special Board meeting, as written. Ms. Bruhn seconded the motion. All were in favor with none opposed.

EDC Resolution Code 21-09-02-352 was unanimously approved.

Receipt of Treasurer's Report

Ms. Shovan Reviewed the Treasurer's Report of Receipts and Disbursements for the Month of August 2021. With there being no questions, Ms. Forte called for a motion.

Mr. Brown made a motion approving the August 2021 Treasurer's Report, as presented. Mr. Hodge seconded the motion. All were in favor with none opposed. EDC Resolution Code 21-09-03-267 was unanimously approved.

PROJECTS

Revised Funding Terms for La Joya Gardens Project

Mr. Shokar shared his screen to give a brief overview of the Project and reported that in December 2020, the Board of Directors of the Economic Development Corporation of the City of Detroit ("EDC") approved funding in the amount of \$1,500,000.00 for the La Joya Gardens project (the "Project"), located on a vacant site at the main street commercial corridor of West Vernor Hwy and Hubbard St. The Project is a planned 53-unit residential building with over 7,200 square feet of retail space. The Project is led by Cinnaire



Solutions & Southwest Detroit Business Association (the “Developer”). The Project is a cornerstone of the comprehensive implementation actions coming from the City’s Southwest Detroit Planning Framework and is being supported by the Strategic Neighborhood Fund. It is also a priority project for the City’s Housing and Revitalization Department. Of the 53-units, it is anticipated that just a fraction will be market-rate, with approximately 75% of the units being reserved for households between 40-80% AMI for a period of at least 45 years. The Developer is committed to working with the Small Business Association of Michigan to attract minority-owned, Detroit based businesses to the Project. This Project is adjacent to a historic residential neighborhood and will bring much needed affordable housing and jobs to one of the City of Detroit’s key commercial corridors.

The funding terms originally approved by the EDC Board of Directors consisted of \$1,000,000 of recycled Urban Development Action Grant (“UDAG”) funding in the form of a loan to Borrower and \$500,000 in UDAG funds provided in the form of a UDAG grant to Developer (the “Grant”). Since the approval, Developer and EDC became aware of certain regulations relating to the senior financing being provided by MSHDA that would have required the EDC to release most of its security for the Loan post-project completion. As a result, Developer worked to identify a suitable substitute in the capital stack for the Loan. For this reason, the Developer now requests to proceed with the Grant funding only. EDC staff has evaluated the Project and its capital stack in detail and recommends the EDC’s continued support of this Project by providing a Grant in accordance with the terms described in **Exhibit A** of the Resolution (the “Grant Terms”).

The EDC Finance Committee met and reviewed the Grant Terms and recommended the Grant Terms to the Board for approval.

A resolution was included for the Board’s consideration.

Ms. Forte called for a motion. Ms. Bruhn made a motion and Mr. Jackson seconded the motion.

Ms. Forte called for questions/comments.

Mr. Jackson questioned how the project made up the \$1 million. Mr. Shokar directed the question to the developer, Mr. Ed Potus, Development Manager for Cinnaire Solutions Corporation. Mr. Potus advised that it was a series of several things that happened earlier this year. First, there was a change in MSHDA’s interest rate, so it allowed us to expand our debt capacity on their permanent mortgage. Second, additional project-based vouchers for the low-income units became available to us, so that also helped our debt capacity. Third was the biggest change that came out of some of the Federal recovery actions around COVID that allowed the 4% LIHTC credit to move to a fixed 4%. It



previously floated and was hovering around 3.08%. Between those three things, it allowed us to cover the debt.

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

Ms. Bruhn made a motion approving the Revised Funding Terms for La Joya Gardens Project. Mr. Jackson seconded the motion. All were in favor with none opposed.

Resolution Code EDC 21-09-84-13 was approved.

ADMINISTRATION

None.

OTHER MATTERS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

On a motion by Mr. Hodge, seconded by Ms. Clayson, Ms. Forte adjourned the meeting at 9:09 a.m.



CODE EDC 21-09-02-352

APPROVAL OF MINUTES OF SEPTEMBER 21, 2021 SPECIAL MEETING

RESOLVED, that the minutes of the Special meeting of September 21, 2021 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 28, 2021



CODE EDC 21-09-03-267

RECEIPT OF TREASURER'S REPORT FOR AUGUST 2021

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending August 31, 2021, as presented at this meeting, is hereby in all respects accepted as action of the Economic Development Corporation.

September 28, 2021



CODE EDC 21-09-84-13

UDAG RECYCLED ROUNDS: REVISED FUNDING TERMS FOR LA JOYA GARDENS PROJECT

WHEREAS, the La Joya Gardens project (the “Project”), led by Cinnaire Solutions & Southwest Detroit Business Association (the “Developer”), is located on a vacant site at the main street commercial corridor of West Vernor Hwy and Hubbard St, is a planned 53-unit residential building with over 7,200 square feet of retail space; and

WHEREAS, in December 2020, the Board of Directors of the Economic Development Corporation of the City of Detroit (“EDC”) approved funding in the amount of \$1,500,000.00, consisting of a \$1,000,000 loan (the “Loan”) and a \$500,000 grant (the “Grant”), payable from recycled Urban Development Action Grant proceeds; and

WHEREAS, following the December, 2020 approval, Developer and EDC became aware of certain regulations relating to the senior financing being provided by MSHDA that would have required the EDC to release most of its security for the Loan post-project completion and, as a result, Developer worked to identify a suitable substitute in the capital stack for the Loan and has requested that the EDC proceed with its support of the Grant, upon the terms and conditions set forth in **Exhibit A** (the “Grant Terms”); and

WHEREAS, EDC staff presented the Grant Terms to the EDC Finance Committee which recommends the approval of the Grant in accordance with the Grant Terms; and

WHEREAS, the EDC Board of Directors has reviewed the Grant Terms and determined it is consistent with the EDC’s statutory purposes and in the best interest of the Project.

NOW, THEREFORE, BE IT, RESOLVED, that the provision of a Grant consistent with the Grant Terms 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 the Grant in accordance with the Grant Terms, 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.

September 28, 2021



EXHIBIT A

GRANT TERMS

Grant: \$500,000.00 to be paid to Cinnaire, or such other non-profit corporation designated by Borrower, Cinnaire and Borrower's tax credit lender, to avoid a taxable event for the Project. Grant recipient will then use the grant proceeds to make a long-term cash flow contingent loan to Borrower. Grant will be recoverable from grant recipient to the extent of any loan proceeds received by grant recipient pursuant to the above-described loan.

Disbursement: Owner equity contributions and MSHDA HOME funds will be first, followed by disbursements of the Grant, and then followed by senior lenders' funds. It is anticipated that the Grant will be provided to Cinnaire Solutions Corporation in a single disbursement.

Eligible Uses: New construction, site improvements, purchase of additional machinery, equipment or fixtures for the Project, architectural and engineering or similar fees.

Conditions: Satisfactory review and acceptance of standard due diligence items. Binding commitments for all project loans. Execution of mutually agreeable Grant documents. Borrower will provide itemized schedule and use of funds. Approval by City of Detroit Housing and Revitalization Department Director of EDC Project financing.