



**ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, JUNE 22, 2021 – 9:00 A.M.**

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

BOARD MEMBERS ABSENT: Linda Forte
Jonathan Quarles
John Naglick (Ex-Officio)
Katy Trudeau (Ex-Officio)

**SPECIAL DIRECTORS
PRESENT:** None

**SPECIAL DIRECTORS
ABSENT:** None

OTHERS PRESENT: Pierre Batton (DEGC/EDC)
Kenyetta Bridges (DEGC/EDC)
Cora Capler (DEGC/EDC)
Gay Hilger (DEGC/EDC)
Malinda Jensen (DEGC/EDC)
Paul Kako (DEGC/EDC)
Jennifer Kanalos (DEGC/EDC)
Glen Long (DEGC/EDC)
Drew Lucco (DEGC/EDC)
Lexi Mabry (DEGC/EDC)
Rebecca Navin (DEGC/EDC)
Mariangela Pledl (DEGC/EDC)



**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
JUNE 22, 2021
HELD VIA ZOOM VIRTUAL MEETING
9:00 A.M.**

GENERAL

Call to Order

Ms. Bruhn, Secretary and Acting Chair, called the Regular meeting of the Economic Development Corporation Board of Directors to order at 9:04 a.m. Roll call was conducted, and a quorum was established.

Approval of Minutes

Ms. Bruhn asked if there were any additions, deletions, or corrections to the minutes of the May 25, 2021 Regular Board meeting. Hearing none, Ms. Bruhn called for a motion:

Mr. Osei made a motion approving the minutes of the May 25, 2021 Regular Board meeting, as presented. Mr. Jackson seconded the motion. A roll call was conducted with the following result:

Ayes: Mr. Brown, Ms. Clayson, Mr. Jackson, Mr. Osei, Mr. Stallworth, and Ms. Bruhn.

Nays: None.

EDC Resolution Code 21-06-02-347 was unanimously approved.

PROJECTS

Ms. Bruhn advised that she understands that Mr. Lucco needs to leave early and stated that if there were no objections, she would like to start with the Motor City Match Technical Assistance item first.

Motor City Match Request to Contract Technical Assistance

Mr. Lucco reported that since 2015 the Economic Development Corporation of the City of Detroit (“EDC”) has administered the Motor City Match program (the “Program”) which has provided awards to over 1,400 business in four tracks – Business Plan, Space, Design, and Cash. Motor City Match awards in the Business Plan, Space and Design tracks include access to a technical assistance allowance that covers a broad range of services including but not limited to legal consultation, business consultation, accounting and financial planning, architecture and design services, marketing, and construction consultation. The Cash Award track does not offer a technical assistance allowance, but instead access to business consulting and financial planning throughout the start-up process.

The challenges presented by the changing context of the pandemic have left businesses in urgent need of technical assistance services. Recently, EDC staff has been contacted by various awardees seeking additional technical assistance for various services and while the Program is



able to offer some of these services directly through staff consultation, many services require the attention and expertise of industry professionals. Therefore, to provide Program participants with continued support, EDC staff believes that it is in the best interest of the Program to offer awardees additional technical assistance funding through the Program.

Given the short time frame that is available to disburse the Program funds, EDC staff requests the authorization to provide up to \$150,000 in the aggregate to various past or present Program awardees identified and selected by EDC staff to contract for technical assistance services. Eligible awardees may receive up to \$10,000 to fund various technical assistance services, subject to EDC staff's review and approval of a budget and scope of work for the technical assistance services and the execution of a Technical Services Agreement between the EDC, the awardee, and the technical service provider.

A resolution approving the staff's recommendation of the ability to enter into technical assistance contracts with Motor City Match program participants up to \$10,000 per awardee for an aggregate not-to-exceed amount of up to \$150,000 was included for the Board's consideration.

Mr. Lucco addressed the Chair's questions provided to him before the meeting and are listed below:

1. Is there a plan to notify potential awardees of the additional funding? If so, what is it?

Answer: Yes, active awardees will be notified via email from their track manager. They will be asked to fill out a Technical Assistance Request form that requires them to outline the scope and cost of the services they are requesting as well as how the service will help them achieve the goals set forth in their original applications. Many awardees have been communicating the need for Technical Assistance services to the MCM team for over the last few months.

2. What criteria will staff use to select awardees?

Answer: Over the last month, staff has sent repeated requests to past awardees of all rounds to complete an annual business update. Awardees that have completed the form will be notified that they are eligible to request additional Technical Assistance services. As under normal circumstances, MCM staff will review the request to ensure that the services requested will help the awardee achieve their business goals and that those goals are within the parameters of the program – e.g. that the business activity will remain in Detroit and that the business goals remain aligned with the overriding program goals of reactivating commercial spaces and providing services to all Detroiters with particular consideration given to low to moderate income residents.

3. Will the EDC board approve staff recommendations, consistent with prior MCM awardees?

Answer: Given the short time frame during which requests must be reviewed and approved, and that services will only be authorized for businesses that have already had their projects reviewed, scored and approved by MCM staff and the EDC board, MCM staff does not anticipate requesting board approval for individual Technical Assistance



services. All funds will be paid directly to contracted service providers and will not exceed an aggregate sum of \$10,000 for any 1 business. MCM staff does not anticipate most businesses will use the full \$10,000 in services that is available but wants to ensure that adequate funding is available for businesses in urgent need.

Ms. Bruhn called for questions/comments.

Mr. Jackson asked about the status of the RFP for Motor City Match. Mr. Batton advised that staff received positive indicators from the City as being the vendor moving forward with the 2.0 version of Motor City Match. EDC was the sole applicant, and staff was interviewed two weeks ago but have not received an offer from the City. When received, we will bring it to the EDC Board for approval.

Ms. Bruhn requested that the Board receive a list of the technical assistance that is given to the awardees. Mr. Jackson added that the list should include the name of the provider of the technical assistance, as well as the name of the recipient. Mr. Lucco advised that he should be able to provide that information fairly quickly and will get it to the Board by the next regular meeting.

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

Mr. Osei made a motion approving the Motor City Match Request to Contract Technical Assistance, as presented. Mr. Jackson seconded the motion. A roll call was conducted with the following result:

Ayes: Mr. Brown, Ms. Clayson, Mr. Hodge, Mr. Jackson, Mr. Osei, Mr. Stallworth, and Ms. Bruhn.

Nays: None.

EDC Resolution Code 21-06-91-115 was unanimously approved.

Restart of Green Grocer Loan Program

Ms. Pledl advised that the Green Grocer Project (“GGP”) was a grant and loan program undertaken by the Detroit Economic Growth Association (“DEGA”) and the Economic Development Corporation of the City of Detroit (“EDC”) from approximately 2011 – 2015. GGP was developed to strengthen the grocery economy in the city of Detroit and improve fresh food access for residents. GGP supported improvements in Detroit’s grocery sector by providing technical and financial assistance to Detroit’s existing grocery stores operating in underserved areas. These investments in grocery stores have created and retained jobs, with the improved stores serving as community anchors and providing improved access to nutritious, healthy food.

Some of the GGP program highlights include:

- Engagement with over 50 Detroit grocery stores to improve their operations and physical locations.
- Total investment for stores’ new construction, expansions, renovations and improvements exceeds \$50 Million.
- Transformational Supermarket financial support for Whole Foods Detroit.



- \$540,000 in GGP façade improvement grants awarded to 18 Detroit stores, resulting in over \$5 Million in investment.
- DEGC funding sources (Federal DIRLF, EDC CDBG, Casino Loan Fund) provided loans to 7 Detroit grocery stores ranging from \$150,000 to \$200,000 each for renovation and equipment costs.
- 19 Detroit grocery stores received technical assistance grants of up to \$30,000 each for technical assistance activities that included market analysis, healthy eating seminars, architectural/design, environmental assessments and customer service training.
- 30 Detroit Grocery Stores were part of We've Got the Goods Program which aimed to promote the sale of nutritious and healthy groceries to customers.
- Innovative community outreach included a first ever "grocery crawl" in Southwest Detroit at four GGP stores in November 2015 followed by other GGP Detroit grocery/food tours.

On July 21, 2010, the EDC Board authorized the establishment of the Green Grocer Revolving Loan Fund (the "Loan Fund") that was funded pursuant to a Funding Agreement with the City of Detroit (the "Funding Agreement") for the use of a portion of the City of Detroit's American Recovery and Reinvestment Act, Community Development Block Grant Funds, known as CDBG-R funds. Pursuant to the Funding Agreement, CDBG-R funds in the amount of approximately \$530,000.00 were made available to the GGP and utilized for grocery store improvements in the city of Detroit.

To be eligible for financing from the Loan Fund, projects were required to have a verifiable, demonstrative impact on the physical, financial, or operational capacity of the store which included but was not exclusive to product quality, product affordability, operational productivity, interior aesthetics, layout, design/traffic flow, exterior/facade aesthetics, cleanliness, site design, and customer service. Further, Loan Fund eligibility requirements included compliance with various U.S. Department of Housing and Urban Development ("HUD") and GGP program requirements, including that projects funded through the Loan Fund have a positive impact on the neighborhood and/or citywide economy of Detroit and its residents. Loans ranged from \$50,000 to \$200,000 with a below market interest rate no less than 3%.

The Funding Agreement expired in 2015; however, pursuant to the terms of the Funding Agreement and subject to the approval of the City of Detroit, the program income from the CDBG-R funds may be used to make additional loans. There is now over \$400,000 in program income from loan repayment proceeds. EDC staff believe that there still remains a need for gap financing for grocery projects in the City of Detroit and, with the support of the City's Housing and Revitalization Department, seek to provide additional loans through the Loan Fund in accordance with the program guidelines attached to the resolution as **Exhibit A** (the "Program Guidelines"). Any financing provided through the Loan Fund will remain subject to various HUD requirements, as noted in the Program Guidelines.

Ms. Pledl answered Ms. Bruhn's questions that were provided before the meeting and are listed below:

1. **Why has maximum amount of loans increased to \$300,000?**



Answer: In discussions with HRD regarding gap financing for Detroit grocery projects, they indicated that there may be a need for larger loans to complete current projects.

2. Has board ever received a report showing grocers who benefitted, and in what amounts? Status of these?

Answer: The 7 loans to Detroit grocers during the term of the Green Grocer Project included 3 EDC CDBG loans, 3 DIRLF loans and one Casino Loan. All the grocery loans are part of the DEGC loan portfolio and have been included in the EDC Loan Report.

3. Seven Mile Foods is a Green Grocer program; have any others defaulted?

Answer: Of the 7 loans identified above, only Seven Mile Foods defaulted and was subsequently restructured.

EDC staff requested the EDC Board's approval of the Program Guidelines, including such reasonable changes as determined necessary by program staff and counsel. A draft resolution was included for the Board's consideration.

Ms. Bruhn called for questions/discussion.

Mr. Osei asked if the new program was for only existing grocers in the City or if it is available to potential new grocers. Ms. Pledl answered that the program is for new as well, but the requirement is that they must be full service grocers.

Mr. Jackson noted that the fund relaunch is \$400,000 and the grants are to range from \$50,000 to \$300,000 and asked if it was possible that one grocer could receive \$300,000 out of the \$400,000. Ms. Pledl stated that yes it is possible that up to \$300,000 could go to one grocer.

Mr. Hodge asked if we have any projects currently under consideration for this fund. Ms. Pledl stated that we are aware at both DEGC and HRD that there are some projects that have some gaps in their financing and HRD has been in discussions with several projects. Mr. Hodge asked what the expectation is in terms of what amounts will be funded to the various projects. Ms. Pledl advised that of the seven loans that have been made from the Green Grocer Program, they have ranged from \$150,000 to \$200,000.

Ms. Bruhn asked if there were any other questions/comments. Hearing none, Ms. Bruhn called for a motion:

Mr. Osei made a motion approving the Restart of the Green Grocer Loan Program, as presented. Mr. Hodge seconded the motion. A roll call was conducted with the following result:

Ayes: Mr. Brown, Ms. Clayson, Mr. Hodge, Mr. Jackson, Mr. Osei, Mr. Stallworth, and Ms. Bruhn.

Nays: None.

EDC Resolution Code 21-06-80-08 was unanimously approved.



Ms. Jensen requested that the Chair go back to the Treasurer's Report, which Mr. Long will present. The Report is included in the agenda book but was inadvertently not listed on the agenda.

GENERAL

Receipt of Treasurer's Report

Mr. Long reviewed the Treasurer's Report of Receipts and Disbursements for the month of May 2021. With there being no questions or discussion, Ms. Bruhn called for a motion.

Mr. Hodge made a motion approving the May 2021 Treasurer's Report, as presented. Mr. Jackson seconded the motion. A roll call was conducted with the following result:
Ayes: Mr. Brown, Ms. Clayson, Mr. Hodge, Mr. Jackson, Mr. Osei, Mr. Stallworth, and Ms. Bruhn.
Nays: None
EDC Resolution Code 21-06-03-243 was unanimously approved.

ADMINISTRATION

None.

OTHER MATTERS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

On a motion by Ms. Clayson, which was seconded by Mr. Brown, Ms. Bruhn adjourned the meeting at 9:32 a.m.



CODE EDC 21-06-02-347

APPROVAL OF MINUTES OF MAY 25, 2021 REGULAR MEETING

RESOLVED, that the minutes of the regular meeting of May 25, 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.

June 22, 2021



CODE EDC 21-06-03-243

RECEIPT OF TREASURER'S REPORT FOR MAY 2021

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

June 22, 2021



CODE EDC 21-06-91-115

MOTOR CITY MATCH: AUTHORIZATION FOR TECHNICAL ASSISTANCE CONTRACTS

WHEREAS, the Economic Development Corporation of the City of Detroit (“EDC”) has administered the Motor City Match program (the “Program”) which has provided various Program participants with a technical assistance allowance that covers a broad range of services; and

WHEREAS, the challenges presented by the changing context of the Covid-19 pandemic have left businesses in urgent need of technical assistance services; and

WHEREAS, to provide Program participants with continued support, EDC staff believes that it is in the best interest of the Program to offer awardees additional technical assistance funding through the Program; and

WHEREAS, EDC staff requests the authorization to allocate \$150,000 amongst past or present Program awardees, with a maximum award of \$10,000 per awardee, to contract for technical assistance services.

NOW THEREFORE, BE IT RESOLVED the EDC Board of Directors authorizes EDC staff to enter into technical assistance contracts with Motor City Match program participants up to \$10,000 per awardee for an aggregate not-to-exceed amount of up to \$150,000.

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 documents, contracts, or other papers and to take such actions as are 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 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.

June 22, 2021



CODE EDC 21-06-80-08

RESTART OF GREEN GROCER LOAN PROGRAM

WHEREAS, on July 21, 2010, the Board of Directors of the Economic Development Corporation of the City of Detroit (“EDC”) authorized the establishment of the Green Grocer Revolving Loan Fund (the “Loan Fund”) that was funded by a portion of the City of Detroit’s American Recovery and Reinvestment Act Community Development Block Grant Funds known as CDBG-R funds; and

WHEREAS, the Loan Fund in the amount of \$531,657.00 was available for Detroit full-service grocery stores to improve their stores; and

WHEREAS, the CDBG-R portion of the Loan Fund has expired, necessitating program redesign in order to utilize the funds currently in the account; and

WHEREAS, per the original CDBG-R program guidelines, proceeds from loan payments are treated as CDBG Program Income (PI), and subsequently follow CDBG regulations for use;

WHEREAS, subject to the approval of the City of Detroit, EDC staff seeks to use the balance of the Loan Fund to provide financing to grocery stores in the City of Detroit in accordance with the Program Guidelines attached hereto as Exhibit A (the “Program Guidelines”); and

WHEREAS, EDC staff recommends that the EDC Board of Directors approve the Program Guidelines, including such reasonable changes as determined necessary by program staff and counsel.

NOW, THEREFORE BE IT RESOLVED that the EDC Board of Directors, hereby approves the Program Guidelines and use of the remaining balance of the Loan Funds upon the terms and conditions therein described, with such modifications which are necessary or appropriate due to minor inaccuracies contained in the Program Guidelines, unforeseen events or circumstances, or technical matters, as determined by counsel or Authorized Agents of the EDC, provided that such changes do not alter the intent of this resolution.

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 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.

June 22, 2021



EXHIBIT A

Green Grocer Project Loan Program Guidelines

The Green Grocer Loan Fund (the “Loan Fund”) seeks to assist in the improvement of the quality of the grocery sector in Detroit. Projects seeking these funds must have a verifiable, demonstrative impact on the physical, financial or operational capacity of the store. Loans ranging from \$50,000 to \$300,000 can be used for pre-development, construction, renovation, and operating costs, along with the purchase of grocery related equipment, technology and security equipment.

Loan Fund Requirements and Guidelines

- Applicant must be an owner or partner of a full-service grocery store in the city of Detroit.
- Applicant must own the building where the grocery store is located or otherwise demonstrate site control through an agreement with the property owner with minimum 5-year lease agreement.
- The loan must have a positive impact on the neighborhood and/or citywide economy of Detroit and its residents.
- Loans are exclusively for “gap” financing.
- Use of this funding must comply with requirements to meet the CDBG Low-Moderate Income (LMI) Area Benefit National Objective for Special Economic Development Activities.
- The service area for applicant grocery stores shall be defined as the land area within a one mile radius of the store, per U.S. Department of Agriculture standards for urban grocery store service areas. Within the defined service area, the Public Benefits threshold must be met to ensure that at least 1 LMI person is served for every \$350 of CDBG funds applied for through the loan program. When making this count, any non-residential areas or non-income eligible areas within the service area must be excluded; exclusions of these areas does not allow for expansion of the service area to maintain a full 3.14 square mile area.



- Construction/Rehab costs are subject to environmental review and Davis Bacon Requirements

Application, Underwriting, and Approval Process

- EDC staff will market the Loan Fund to grocery stores within the City of Detroit and the owners will be invited to submit an application and supporting materials to the EDC for review and consideration.
- Applicants will be required to demonstrate that a “gap” in funding exists and all other funding available to an applicant shall be demonstratable through a pro forma submitted to the EDC.
- Applications will be reviewed by EDC to determine whether the project will further the goals of the Loan Fund. Thereafter, applications will be underwritten in accordance with EDC credit policies and CDBG underwriting criteria, as applicable.
- Following the review and underwriting process, all loans will be presented to the EDC Finance Committee and the EDC Board of Directors for review and approval.
- Following the approval by the EDC Board of Directors and subject to further due diligence by EDC staff, the EDC will enter into a loan agreements and other documents after obtaining appropriate approvals.

Loan Terms and Conditions

- Amount: loan amounts may range from \$50,000 to \$300,000.
- Interest Rate: interest rates on financing provided through the Loan Fund will be below-market interest rate, but in no event below 3%. A flexible monthly no-interest and/or interest-only payment period may be included at the beginning of a loan in order to let the borrower become established. The utilization and length of the interest-only period for any loan will be determined on an individual case by case basis.
- Collateral: Loans will be secured by the collateral of the borrower, including a lien on the equipment funded by loan and/or a mortgage on the real estate. The sufficiency of the collateral will be determined by EDC staff. EDC’s interest in any collateral may be subordinated to a private sector lender



and/or public agency lender where required by such public agency lender's lending guidelines.

- **Eligible Uses of Loan Proceeds:** Funds can be used for pre-development, construction, renovation, and operating costs. Construction and renovation activities are subject to Federal Section 3 and Davis Bacon regulations as applicable; the payment of prevailing wages will be required and the hiring of Section 3 business interests or individuals is highly encouraged. Funds may also be used for the purchase furniture, fixtures and equipment related to the operation of a grocery store; inventory expenses; and technology and security. Requests to fund other types of business support activities may be considered and are also subject to the discretion of both EDC and HRD.
- **Prohibited Lending Activities:** projects located outside the City of Detroit, projects on which there is not a reasonable assurance of repayment of the proposed loan, projects that will not have a net positive impact on Detroit communities, subsidy of interest payments on loans, any activity that would violate any applicable HUB or CDBG requirements or restrictions.
- EDC has the discretion to issue loans as forgivable, with potential considerations of a forgivable loan such as opening within 18 months of award and/or remaining in business for at least 3 years following the funding of the loan. In addition to the foregoing, in order to be eligible for forgiveness, a borrower must maintain a business model for a grocery store that offers a price point for products that will serve LMI clientele for the term of the loan. Partnership with federal and State assistance programs such as Double Up Food Bucks, Supplemental Nutrition Assistance Program (SNAP)/ Food Assistance Program (FAP)/ Bridge Cards, and WIC are highly encouraged.
- Businesses that are owned, led, and/ or provide equity by or to minorities or women are strongly encouraged to apply; business owners are also encouraged to hire minority, Section 3, and/ or LMI residents from within the neighborhood the grocery store serves.



In accordance with federal law and United States Department of Housing and Urban Development (HUD) policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, disability, or familial status.

ADA Information Line: 1-800-514-0301
1-800-514-0383 (TTY)