



**DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS SPECIAL MEETING  
WEDNESDAY, JUNE 30, 2021 – 2:00 P.M.**

**BOARD MEMBERS PRESENT:** David Blaszkiewicz  
Ehrlich Crain  
Sonya Delley  
Melvin Hollowell  
Richard Hosey  
James Jenkins  
John Naglick  
Nicole Sherard-Freeman

**BOARD MEMBERS ABSENT:** Marvin Beatty  
Austin Black  
Steve Ogden

**OTHERS PRESENT:** Roger Basmajian (BASCO)  
Kenyetta Bridges (DEGC/DDA)  
Gay Hilger (DEGC/DDA)  
Joe Hooker (BASCO)  
Malinda Jensen (DEGC/DDA)  
Kevin Johnson (DEGC/DDA)  
Paul Kako (DEGC/DDA)  
Jennifer Kanalos (DEGC/DDA)  
Glen Long, Jr. (DEGC/DDA)  
Lexi Mabry (DEGC/DDA)  
Rebecca Navin (DEGC/DDA)  
Nevan Shokar (DEGC/DDA)



**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS SPECIAL MEETING  
WEDNESDAY, JUNE 30, 2021  
ZOOM VIRTUAL MEETING – 2:00 P.M.**

**GENERAL**

**Call to Order**

Chairperson Sherard-Freeman called the regular meeting of the Downtown Development Authority Board of Directors to order at 2:02 p.m. Roll call was conducted, and a quorum was established.

**Approval of Minutes**

Ms. Sherard-Freeman asked if there were any additions, deletions, or corrections to the minutes of the May 26, 2021 Regular Board meeting. Hearing none, the Chair called for a motion.

Mr. Hollowell made a motion approving the May 26, 2021 minutes, as written. Mr. Blaszkiewicz seconded the motion. All were in favor with no opposition.  
DDA Resolution Code 21-06-02-637 was unanimously approved.

**Receipt of Treasurer's Report May 2021**

Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the Month of May 2021. With there being no questions or comments, Ms. Sherard-Freeman called for a motion.

Mr. Crain made a motion approving the May 2021 Treasurer's Report, as presented. Ms. Delley seconded the motion. All were in favor with no opposition.  
DDA Resolution Code 21-06-03-522 was unanimously approved.

**PROJECTS**

**Amendment to the Development Agreement for Broadway Lofts**

Mr. Shokar advised that on November 30, 2017, the City of Detroit Downtown Development Authority ("DDA") entered into an Agreement to Purchase and Develop Land (as amended, the "Development Agreement") with Broadway Detroit Properties, LLC (the "Developer") for the purchase and development of the properties located at 1326 Broadway and 1332 Broadway (collectively, the "Property"). Originally, the Developer planned develop the Property, together with Developer's adjacent property, into a 47,000 square foot, five-story mixed-use project, with 36 residential units, at an estimated cost of \$11,000,000.

Due to a fire at the Property in April 2017, and other circumstances, including change in project scope, timeline extensions for the project have previously been approved by the Board. At the time of the most recent extension approved in November, 2020, the Developer also announced a significant increase to the project scope, which now contemplates a 9-story mixed-use project



comprised of over 83,000 square feet, 75 residential units and an estimated cost of \$27,000,000 (the "Project"). The onset of the Covid-19 pandemic caused additional Project delays; however, the Project has now received all required approves from both the Planning Department and the Historic District Commission and the Developer is moving forward with full construction drawings and Project financing.

The DDA staff is recommending an extension to the closing date provided in the Development Agreement to December 31, 2021 to provide the Developer with additional time to secure financing, complete architectural drawings, and satisfactorily complete the requirements to close. Additionally, based on underwriting completed by DDA staff using current construction costs and revenue projections, DDA has identified a gap in funding and recommends the provision of \$800,000 in seller financing for the project in accordance with the proposed terms attached to the resolution as **Exhibit A** (the "Proposed Terms").

DDA staff is supportive of the project and based on staff's review, it has been determined that the project would not be viable without the seller financing at the terms indicated on **Exhibit A** attached to the resolution. The DDA Finance Committee has recommended the approval of the extension of the closing date under the Development Agreement and the provision of seller financing in accordance with the Proposed Terms. DDA staff now seeks such approval from the DDA Board of Directors.

A resolution was included in the Board book for consideration.

Ms. Sherard-Freeman advised that she had a question and asked what is driving up construction costs. Mr. Shokar responded that it is a combination of labor and materials and called on Mr. Hooker of BASCO to respond in more detail. Mr. Hooker expressed that what caused the \$1.8 million shortage was significant increases in footings, foundations, drywall and structural steel, which were the primary categories of increase, extreme pressure on the price of materials as well as a shortage of labor.

Mr. Hollowell asked Mr. Shokar to state for the record the name of the developer and the specific address. Mr. Shokar advised that the developer is Mr. Roger Basmajian and the LLC is Broadway Detroit Properties LLC. The two properties being discussed here are 1326 and 1322 Broadway.

Mr. Naglick added that the Finance Committee met and thoroughly discussed these projects and recommended they move forward to the full Board for approval.

Ms. Sherard-Freeman asked if there were other questions. Hearing none, she called for a motion:

Mr. Hollowell made a motion approving the Amendment to the Development Agreement for Broadway Lofts, as presented. Mr. Blaszkiewicz seconded the motion. All were in favor with no opposition.

DDA Resolution Code 21-06-110-63 was unanimously approved.



## **Amendment to the Loan Agreement for 311 E Grand River**

Mr. Shokar advised that this project is the same developer, Mr. Roger Basmajian, who is a Managing Member of BASCO.

In April 2017, the City of Detroit Downtown Development Authority (the “DDA”) entered into an Agreement to Purchase and Develop Land (as amended, the “Agreement”) with 311 E Grand River, LLC (the “Developer”) for the redevelopment of the property located 311 Grand River (the “Property”) as a result of a Request for Proposals issued by DDA staff.

Following the execution of the Agreement, the DDA Board of Directors approved various amendments to the Agreement which amended the scope of the project, reduced the purchase price of the Property, extended the date of Closing, and allowed for the provision of DDA financing for the project. Such DDA financing totaled \$2,700,000 (the “Loan”) and included a \$1,500,000 loan for construction and related activities and seller financing of the \$1,200,000 purchase price for the Property. The Developer closed on the Loan and the purchase of the Property on January 31, 2021.

Prior to closing on the Loan, the Developer requested a modification to the approved Loan term requiring repayment of the Loan upon sale or a refinancing of any mortgage debt on the Property, but given the parties’ desire to timely close, Staff and Developer agreed to seek Board approval post-closing. Specifically, given that Developer’s senior loan has a term of five years and will need to be refinanced prior to the 20-year maturity of the Loan, Developer has requested the ability to refinance the senior loan without having to pay off the Loan. Staff and Developer propose permitting such a refinance, provided that (i) the interest rate on any refinanced debt does not exceed the U.S 10 Year Treasury Rate + 450 basis points and (ii) the DDA is furnished with satisfactory evidence that the cash flow post-refinance exceeds a minimum of 1.0x DSCR (the “Proposed Modification”).

The DDA Finance Committee has recommended the approval of the Proposed Modification to the DDA Board of Directors and DDA staff now seeks approval of the Proposed Modification. A resolution was included for the Board’s consideration.

Ms. Sherard-Freeman asked if there were any questions. Hearing none, she called a motion:

Mr. Hollowell made a motion approving the Amendment to the Development Agreement for 311 E Grand River, as presented. Ms. Delley seconded the motion. All were in favor with no opposition.

DDA Resolution Code 21-06-110-64 was unanimously approved.

## **ADMINISTRATION**

### **Adoption of DDA Budget for FY 2021-2022**

Ms. Kanalos advised that on May 26, 2021, the DDA Board authorized staff to submit the DDA budget for FY 2021-2022 to City Council for approval. The Budget was approved on June 8, 2021



by the Detroit City Council as submitted. Therefore, the DDA Board of Directors was requested to adopt the budget as approved by City Council.

Ms. Sherard-Freeman called for a motion:

Mr. Blaszkiewicz made a motion adopting the DDA Budget for FY 2021-2022, as presented. Mr. Crain seconded the motion. All were in favor with no opposition. DDA Resolution Code 21-06-18-73 was unanimously approved.

### **OTHER BUSINESS**

None.

### **PUBLIC COMMENT**

None.

### **ADJOURNMENT**

On a motion by Mr. Hollowell, seconded by Mr. Crain, Ms. Sherard-Freeman adjourned the meeting at 2:19 p.m.



**CODE DDA 21-06-02-637**

**APPROVAL OF MINUTES OF MAY 26, 2021**

**RESOLVED** that the minutes of the regular meeting of May 26, 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 Downtown Development Authority.

June 30, 2021



**CODE DDA 21-06-03-522**

**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 received by the Downtown Development Authority.

June 30, 2021



**CODE DDA 21-06-110-63**

**PARADISE VALLEY BUSINESS AND ENTERTAINMENT DISTRICT: AMENDMENT TO THE DEVELOPMENT AGREEMENT FOR BROADWAY LOFTS**

**WHEREAS**, On November 30, 2017, the City of Detroit Downtown Development Authority (“DDA”) entered into an Agreement to Purchase and Develop Land (as amended, the “Development Agreement”) with Broadway Detroit Properties, LLC (the “Developer”) for the purchase and development of the properties located at 1326 Broadway and 1332 Broadway (collectively, the “Property”); and

**WHEREAS**, the DDA Board has previously approved timeline extensions for the project due to a fire at the Property in April 2017 and changes in project scope; and

**WHEREAS**, the onset of the Covid-19 pandemic caused additional project delays; however, the project has now received all required approves from both the Planning Department and the Historic District Commission and the Developer is moving forward with full construction drawings and project financing; and

**WHEREAS**, in order to provide the Developer with additional time to secure financing, complete architectural drawings, and satisfactorily complete the requirements to close on the purchase of the Property, Developer is seeking an extension to the closing date provided for in the Development Agreement to December 31, 2021; and

**WHEREAS**, in addition to the foregoing, based on underwriting completed by DDA staff using current construction costs and revenue projections, DDA has identified a gap in funding and recommends the provision of \$800,000 in seller financing for the project in accordance with the proposed terms attached hereto as **Exhibit A** (the “Proposed Terms”); and

**WHEREAS**, DDA staff is recommending the Board’s approval of an extension to the closing date to December 31<sup>st</sup>, 2021 and seller financing for the purchase price of the building in accordance with the Proposed Terms, which will be incorporated into an amendment to the Development Agreement; and

**WHEREAS**, the DDA Board of Directors has determined that the extension to the closing date and the provision of seller financing in accordance with the Proposed Terms are consistent with the DDA’s goal of redeveloping Paradise Valley and the surrounding area and they are consistent with the DDA’s statutory purposes.

**NOW, THEREFORE, BE IT, RESOLVED**, that the DDA Board of Directors hereby approves the extension of the closing date to December 31, 2021 and the provision of seller financing in accordance with the Proposed Terms.



**BE IT FURTHER RESOLVED** that any two Officers, any two of the Authorized Agents of the DDA, or any one of the Officers and any one of the Authorized Agents of the DDA, shall hereafter have the authority to negotiate and execute an amendment to the Development Agreement and all other documents necessary for the provision of seller financing consistent with this resolution and the Proposed Terms, together with such other terms and conditions deemed reasonable by DDA's counsel and Authorized Agents.

**BE IT FURTHER RESOLVED** that any two Officers, any two of the Authorized Agents of the DDA, or any one of the Officers and any one of the Authorized Agents of the DDA, shall hereafter have the authority to negotiate and execute any and all other documents, contracts, or other papers, or take any and all actions, necessary or appropriate to implement the provisions and intent of this resolution on behalf of the DDA.

**BE IT FINALLY RESOLVED**, that all of the acts and transactions of any officer or authorized agent of the DDA, in the name and on behalf of the DDA, 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.

June 30, 2021



## EXHIBIT A PROJECT FINANCING TERMS

**Loan:** \$800,000 of seller financing of the purchase price pursuant to a promissory note to be paid by Developer (the "Developer Note"). The Developer Note shall include the following terms and conditions:

**Interest:** 1.5% annual interest. Interest payments will be calculated annually based on the remaining principal. Interest not paid will accrue into the outstanding principal balance.

**Term:** 240 months. No prepayment penalties will be applied. Repayment of the loan will be due upon the maturity date of the Developer Note or sale of the property, or upon refinance of the senior mortgage, provided that Developer may refinance the senior loan at an interest rate not to exceed the U.S 10 Year Treasury Rate + 450 basis points, provided that the DDA is furnished with satisfactory evidence that the cash flow post-refinance exceeds a minimum of 1.0x DSCR.

**Amortization:** 240 months.

**Payments:** Interest only payments due commencing on the first business day of the month following Closing, and every month until the earlier of the receipt of Certificate of Occupancy and 30 months. Principal and interest payments on a 20-year amortization schedule. All unpaid principal and accrued but unpaid interest shall be due and payable on the maturity date or such other event triggering repayment of the Developer Note, as described by the loan documents.

**Reporting:** Annual financial statements prepared certified by a certified public accountant in accordance with Generally Accepted Accounting Procedures will be provided to the DDA staff.

**Security:** Subordinated mortgage on the Property; personal guaranty of development team, and such other documents reasonably and typically required by the DDA staff for such a transaction.



**CODE DDA 21-06-110-64**

**PARADISE VALLEY BUSINESS & ENTERTAINMENT DISTRICT: AMENDMENT TO THE LOAN AGREEMENT FOR 311 E GRAND RIVER**

**WHEREAS**, in April 2017, the City of Detroit Downtown Development Authority (the “DDA”) entered into an Agreement to Purchase and Develop Land (as amended, the “Agreement”) with 311 E Grand River, LLC (the “Developer”) for the redevelopment of the property located 311 Grand River (the “Property”); and

**WHEREAS**, in April, 2019, the DDA Board approved a \$2,700,000 loan to Developer (the “Loan”) for the redevelopment of the Property, which included a \$1,500,000 loan for construction and related activities and seller financing in the amount of the \$1,200,000 for the purchase price for the Property; and

**WHEREAS**, the Developer closed on the Loan and the purchase of the Property on January 31, 2021; and

**WHEREAS**, the Developer has requested a modification to the approved Loan term requiring repayment of the Loan upon sale or a refinancing of any mortgage debt on the Property; and

**WHEREAS**, DDA Staff is supportive of the proposed change permitting such a refinance, provided that (i) the interest rate on any refinanced debt does not exceed the U.S 10 Year Treasury Rate + 450 basis points and (ii) the DDA is furnished with satisfactory evidence that the cash flow post-refinance exceeds a minimum of 1.0x DSCR (the “Proposed Modification”); and

**WHEREAS**, the Board of Directors has determined that the Proposed Modification is reasonable and consistent with the DDA’s goal of redeveloping Paradise Valley and the surrounding area and it is consistent with the DDA’s statutory purposes.

**NOW, THEREFORE, BE IT RESOLVED**, that the DDA Board of Directors hereby approves the Proposed Modification.

**BE IT FURTHER RESOLVED** that any two Officers, any two of the Authorized Agents of the DDA, or any one of the Officers and any one of the Authorized Agents of the DDA, shall hereafter have the authority to negotiate and execute an amendment to the Agreement incorporating the Proposed Modification and any and all other documents, contracts, or other papers, or take any and all actions, necessary or appropriate to implement the provisions and intent of this resolution on behalf of the DDA.

**BE IT FINALLY RESOLVED** that all of the acts and transactions of any Officer or Authorized Agent of the DDA, in the name and on behalf of the DDA, 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.

June 30, 2021



**CODE DDA 21-06-18-73**

**BUDGET: FY 2021-2022**

**WHEREAS**, the Downtown Development Authority (the “DDA”) Board of Directors, at its May 26, 2021 meeting, adopted a resolution authorizing staff to submit DDA’s budget for FY 2021-2022 (the “Budget”) to the City Council for approval; and

**WHEREAS**, City Council subsequently approved the DDA’s Budget on June 8, 2021.

**NOW, THEREFORE, BE IT RESOLVED**, that the DDA Board of Directors hereby adopts the DDA Budget for FY 2021-2022 (Exhibit A) as approved by City Council of the City of Detroit.

June 30, 2021