



**DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING  
WEDNESDAY, OCTOBER 27, 2021 – 3:00 P.M.**

**BOARD MEMBERS PRESENT:** Marvin Beatty  
Charles Beckham  
Austin Black  
David Blaszkiewicz  
Ehrlich Crain  
Melvin Hollowell  
Richard Hosey  
James Jenkins  
John Naglick  
Steve Ogden  
Kimberly Rustem  
Nicole Sherard-Freeman

**BOARD MEMBER ABSENT:** None

**OTHERS PRESENT:** Rainy Hamilton (Randolph Centre 2020, LLC)  
Gay Hilger (DEGC/DDA)  
David Howell (DEGC/DDA)  
Chante Jackson (Randolph Centre 2020, LLC)  
Malinda Jensen (DEGC/DDA)  
Paul Kako (DEGC/DDA)  
Jennifer Kanalos (DEGC/DDA)  
Glen Long, Jr. (DEGC/DDA)  
Lexi Mabry (DEGC/DDA)  
Rebecca Navin (DEGC/DDA)  
Jim Pfeuffer  
David Schervish (Randolph Centre 2020, LLC)



**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING  
WEDNESDAY, OCTOBER 27, 2021  
ZOOM VIRTUAL MEETING – 3:00 P.M.**

**GENERAL**

Chairperson Sherard-Freeman advised the Board that Board Member Delley had resigned due to moving out of state and thanked her for her service to the DDA. With her resignation, and the other two vacancies that already existed, there were three vacancies on the Board. The Chair informed that she was pleased to announce the Mayor's appointment of two new Board members. Mr. Charlie Beckham, who everybody knows, has filled one of the vacant positions. Ms. Kimberly Rustem, who has filled Ms. Charity Dean's position at the City's CRIO Department, has been appointed to fill the vacancy on the DDA Board created by Ms. Dean's resignation. Ms. Sherard-Freeman welcomed the new Board members.

**Call to Order**

Chairperson Sherard-Freeman called the regular meeting of the Downtown Development Authority Board of Directors to order at 3:07 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 July 28, 2021 Regular Board meeting. Hearing none, the Chair called for a motion.

Mr. Hollowell made a motion approving the July 28, 2021 minutes, as written. Mr. Beatty seconded the motion. All were in favor with none opposed. DDA Resolution Code 21-10-02-639 was unanimously approved.

**Receipt of Treasurer's Reports**

Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the month of June 2021. Ms. Sherard-Freeman asked if there were any questions. Hearing none, she called for a motion.

Mr. Ogden made a motion to receive the Treasurer's Report for June 2021, as presented. Mr. Jenkins seconded the motion. All were in favor with none opposed. DDA Resolution Code 21-10-03-523 was unanimously approved.



Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the month of July 2021. Ms. Sherard-Freeman asked if there were any questions. Hearing none, she called for a motion.

Mr. Crain made a motion to receive the Treasurer's Report for July 2021, as presented. Mr. Ogden seconded the motion. All were in favor with none opposed. DDA Resolution Code 21-10-03-524 was unanimously approved.

Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the month of August 2021. Ms. Sherard-Freeman asked if there were any questions. Hearing none, she called for a motion.

Mr. Ogden made a motion to receive the Treasurer's Report for August 2021, as presented. Mr. Hosey seconded the motion. All were in favor with none opposed. DDA Resolution Code 21-10-03-525 was unanimously approved.

Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the month of September 2021. Ms. Sherard-Freeman asked if there were any questions. Hearing none, she called for a motion.

Mr. Ogden made a motion to receive the Treasurer's Report for September 2021, as presented. Mr. Hollowell seconded the motion. All were in favor with none opposed. DDA Resolution Code 21-10-03-526 was unanimously approved.

## **PROJECTS**

### **Paradise Valley Business & Entertainment District: Amendment to Development Agreement for 1435 Randolph and 1455 Centre**

Mr. Howell stated that the City of Detroit Downtown Development Authority (the "DDA") approved the award of a development agreement (as amended, the "Development Agreement") for 1435 Randolph and 1455 Centre (the "Property") to Randolph Centre 2020, LLC (the "Developer") following a Request for Proposals issued by DDA staff. In June, 2017 and August, 2019, the DDA approved certain amendments to the Development Agreement, including a reduction of the purchase price and the provision of seller financing in the form of a loan and a development credit. Developer closed on the Property in October, 2019 with a requirement of closing on senior construction financing (the "Senior Loan") within six months.

On April 28, 2021, the DDA approved amendments to Development Agreement and the loan agreement. The key terms of which are summarized below:



- 1) Disburse a portion of the remaining \$435,000 DDA Loan prior to the Senior Loan closing;
- 2) Increase the Development Credit from \$400,000 to \$835,000 for construction and increased and unanticipated soft costs; provided that Developer closes on the Senior Loan by October 29, 2021;
- 3) Extend the amount of time the Developer has to lease the ground floor retail space from 24 months to 36 months and reduce the leasing requirement from 9,000 SF to 6,000 SF;
- 4) Forgive the unpaid interest that has accrued on the principal balance of \$1,400,000 from April, 2020 through December 31, 2020 and add unpaid interest accrued from January 1, 2021 through the DDA Loan closing to the principal balance of the DDA Loan; and,
- 5) Extend the maturity date of the DDA Loan to September 30, 2043, provided that the maturity date shall automatically be extended for up to 12 months to match the initial maturity date of the Senior Loan.

To date, the Developer has not closed on its construction financing. Flagstar Bank, the prospective lender for the construction and permanent financing at the time of the April DDA Board meeting, declined to move forward, but the Developer has indicated that Flagstar remains interested in providing the permanent financing. The Developer is also discussing financing with Level One Bank and Huntington Bank. However, Invest Detroit has issued a term sheet for the construction financing and is scheduled to present the term sheet and financing request to its Investment Committee on October 28, 2021. According to conversations with the senior leadership of Invest Detroit, provided the loan receives approval from the Investment Committee, the estimated timeframe for closing is sixty (60) to seventy-five (75) days.

Based on the foregoing, DDA staff recommended an amendment to Development Agreement and the loan agreement that allows for an extension of the closing on the Construction Financing of up to seven-five (75) days provided the Developer receives lender committee approval of its loan request by October 29, 2021. Notwithstanding the extension of the Construction Financing, the terms and conditions of the Development Agreement and Loan Documents remain in effect.

A resolution was included for the Board's consideration.

Mr. Howell advised that he or the developer, Mr. Hamilton, who is present, would be happy to answer any questions.

Ms. Sherard-Freeman called for questions.

Mr. Hollowell asked Board Member Blaszkiewicz if he would like to say anything about the proposed Amendment.



Mr. Blaszkiewicz advised that he obviously would be recusing himself from this vote, since Invest Detroit will be voting on this at its committee meeting tomorrow morning. Mr. Howell did an excellent job framing the challenges with securing the bank financing. We did work with a couple of different banks trying to secure the senior debt for the project but were unable to do so. The intent is to present that financing to committee tomorrow with our opportunity to come back to this body letting you know that financing will be put in place. The request for the extension exclusively is for the amount of time it will take to get through documentation and closing, since we are in the fourth quarter of this year and have a number of projects in the pipeline. That is why the request is being made for 75 days. Mr. Blaszkiewicz advised that he supports everything that Mr. Howell has said and supports the request.

Ms. Sherard-Freeman thanked Mr. Blaszkiewicz and asked if there were any other questions.

Mr. Hosey asked if more time should be added to the 75 days. Ms. Navin advised that if 75 days is not enough time there are other means that we can look at depending on how close it is, such as a short-term forbearance if Invest Detroit comes to us and really needs that, but we are comfortable that 75 days should be enough time.

Mr. Beckham advised that he is Co-Chair of the Paradise Valley Conservancy Board and, as such, would like to register his vote on this as an abstention.

Mr. Hollowell stated that Mr. Hamilton is on the line, and he would like to hear from him based on the fact that there was some contention at the meeting when the last extension for this agreement was requested.

Mr. Hamilton advised that he is very excited to be here today, not that they are making this extension request, but that Invest Detroit is supporting the project and they are one day away from securing the construction loan in terms of getting to closing. They are at a very key and pivotal moment in terms of this project. It has been a long haul and a challenge to get other banks to sign up quickly for this, especially in the time of COVID and all of its impacts, with labor shortages and material shortages. The banks are nervous about lending in this environment. We thought we were right there with Flagstar, but Level One is in second place to Invest Detroit's ability to move quickly on this. We think the other banks, Level One Bank, Huntington Bank and Flagstar Bank, will all be good candidates for the permanent financing for this project. They are hoping to begin construction in the first quarter of next year. Mr. Hamilton thanked the Board for its patience and support.

Mr. Jenkins stated that he, too, supports Mr. Hamilton on his project.



Mr. Hamilton added that he wanted to acknowledge that he heard the message loud and clear at the last board meeting about not coming back again. He also wanted to acknowledge David Schervish and Chante Jackson, who are part of his development team, and have been working literally every day to secure financing for this project.

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

Mr. Jenkins made a motion to approve the Amendment to Development Agreement for 1435 Randolph and 1455 Centre, as presented. Mr. Hollowell seconded the motion. All were in favor with none opposed and two abstentions. DDA Resolution Code 21-10-110-65 was approved, with Mr. Beckham and Mr. Blaszkiewicz abstaining.

Mr. Hamilton questioned the Chair if the vote was for a 75 or 90-day extension. Ms. Sherard-Freeman clarified that it was for 75 days.

Mr. Hollowell added that he would heed the advice of General Counsel Navin indicating that there could be the opportunity to extend that if it were needed.

Ms. Sherard-Freeman asked Ms. Navin if there is anything that needs to be done to accommodate Mr. Hollowell's remarks. Ms. Navin stated that her recommendation to the Board is that it move forward with the 75-day extension, and then, to the extent that staff deems that the deal is close to closing but not quite ready to close at 75 days, we take appropriate action at that time.

## **ADMINISTRATION**

### **DDA Audited Financial Statements and Management Report as of June 30, 2021**

Ms. Kanalos advised that an electronic copy of the above-referenced material was sent to each Board member under separate cover.

The DDA Finance Committee met and reviewed the material and recommends formal receipt by the DDA Board.

The resolution included in the Board material indicates the Board's formal receipt of the DDA Audited Financial Statements and Management Report as of June 30, 2021, with comparative totals as of June 30, 2020, as prepared by George Johnson and Company, Certified Public Accountants.

Ms. Sherard-Freeman asked if there were any questions or comments.



Mr. Naglick indicated that the Finance Committee did meet with the auditors, George Johnson & Company, one of the finest minority-owned CPA firms in the state, and one of the things that the Board should know is that auditors are required to communicate to those charged with governments if they need to come in and make correcting journal entries to fix the financial statements. What is remarkable here is that there were no adjusting journal entries. It was a very clean audit, as it always has been in the past.

Ms. Sherard-Freeman thanked Mr. Naglick and the Finance Committee for taking time to meet with the auditors, and thanked Mr. Long and his team for their hard work and another clean audit.

With there being no other questions or comments, Ms. Sherard-Freeman called for a motion.

Mr. Ogden made a motion to receive and accept the DDA Audited Financial Statements and Management Report as of June 30, 2021, as prepared by the auditors. Mr. Hosey seconded the motion. All were in favor with none opposed. DDA Resolution Code 21-10-01-464 was unanimously approved.

### **Election of Board Secretary**

Ms. Sherard-Freeman advised that with the resignation of Ms. Delley, the officer position of Board Secretary needs to be filled and opened the floor to nominations for Board Secretary.

Mr. Blaszkiewicz made a motion to nominate Mr. Ehrlich Crain to serve as Board Secretary. He stated that Mr. Crain is an outstanding civic steward and volunteer for this Board, a man of high integrity, and would be excellent for this position. Mr. Hosey supported the motion. All were in favor with none opposed. DDA Resolution Code 21-10-01-465 was unanimously approved.

Ms. Sherard-Freeman congratulated Mr. Crain and thanked him for his willingness to serve as Board Secretary.

### **OTHER BUSINESS**

None.

### **PUBLIC COMMENT**

None.



## **ADJOURNMENT**

On a motion by Mr. Hollowell, which was seconded by Mr. Beatty, Ms. Sherard-Freeman adjourned the meeting at 3:42 p.m.



**CODE DDA 21-010-02-639**

**APPROVAL OF MINUTES OF JULY 28, 2021**

**RESOLVED** that the minutes of the Regular meeting of July 28, 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.

October 27, 2021



**CODE DDA 21-10-03-523**

**RECEIPT OF TREASURER'S REPORT FOR JUNE 2021**

**RESOLVED**, that the Treasurer's Report of Receipts and Disbursements for the period ending June 30, 2021, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

October 27, 2021



**CODE DDA 21-10-03-524**

**RECEIPT OF TREASURER'S REPORT FOR JULY 2021**

**RESOLVED**, that the Treasurer's Report of Receipts and Disbursements for the period ending July 31, 2021, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

October 27, 2021



**CODE DDA 21-10-03-525**

**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 received by the Downtown Development Authority.

October 27, 2021



**CODE DDA 21-10-03-526**

**RECEIPT OF TREASURER'S REPORT FOR SEPTEMBER 2021**

**RESOLVED**, that the Treasurer's Report of Receipts and Disbursements for the period ending September 30, 2021, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

October 27, 2021



**CODE DDA 21-10-110-65**

**PARADISE VALLEY BUSINESS & ENTERTAINMENT DISTRICT: AMENDMENT TO DEVELOPMENT AGREEMENT FOR 1435 RANDOLPH AND 1455 CENTRE**

**WHEREAS**, in July 2017, the City of Detroit Downtown Development Authority (the “DDA”) entered into a development agreement (as amended, the “Development Agreement”) with Randolph Centre 2020, LLC (the “Developer”) for the redevelopment of properties located at 1435 Randolph and 1455 Centre (the “Property”); and

**WHEREAS**, in October 2019, the Developer closed on the acquisition of the Property, DDA seller financing, and a portion of a \$835,000 loan to be provided by the DDA, with the closing of Developer’s senior construction financing (the “Senior Loan”) to close within six months thereafter; and

**WHEREAS**, in April 2021, the DDA Board approved additional amendments to the development and loan terms, including an extension of the date by which Developer was required to close on its Senior Loan to October 29, 2021; and

**WHEREAS**, Developer is unable to close on its Senior Loan prior to October 29, 2021 and has executed term sheet for a Senior Loan, which term sheet is subject to committee approval; and

**WHEREAS**, the Developer has requested an additional time extension for its Senior Loan Closing; and

**WHEREAS**, DDA staff is seeking this Board’s approval of a 75-day extension of Developer’s obligation to close on the Senior Loan; subject to the approval by the senior lender’s loan committee of the terms of the Senior Loan on or prior to October 29, 2021 (the “Extension Request”); and

**WHEREAS**, the DDA Board has determined that approval of the Extension Request is in the best interests of the DDA.

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

**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 amendments to the



Development Agreement and /or loan documents to reflect the Extension Request and other modifications to the Agreement as deemed appropriate by such Authorized Agents and counsel which are not inconsistent with this resolution and do not alter the substance of the Extension Request.

**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.

October 27, 2021



**CODE DDA 21-10-01-464**

**ADMINISTRATION: DDA AUDITED FINANCIAL STATEMENTS AND MANAGEMENT REPORT AS OF JUNE 30, 2021**

**RESOLVED**, that the Board of Directors of the Downtown Development Authority (the “DDA”) hereby receives the DDA Audited Financial Statements and Management Report as of June 30, 2021, with comparative totals as of June 30, 2020, as prepared by George Johnson and Company, Certified Public Accountants.

October 27, 2021



**CODE DDA 21-10-01-465**

**ADMINISTRATION: ELECTION OF BOARD SECRETARY**

**RESOLVED**, that the Board of Directors of the Downtown Development Authority (the “DDA”) hereby elects Ehrlich Crain to serve in the officer position of Board Secretary.

October 27, 2021