



**DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING  
WEDNESDAY, DECEMBER 15, 2021 – 3:00 P.M.**

**BOARD MEMBERS PRESENT:** Marvin Beatty  
Charles Beckham  
David Blaszkiewicz  
Ehrlich Crain  
Melvin Hollowell  
Richard Hosey  
John Naglick  
Steve Ogden  
Donald Rencher  
Kimberly Rustem

**BOARD MEMBER ABSENT:** Austin Black  
James Jenkins  
Nicole Sherard-Freeman

**OTHERS PRESENT:** Gay Hilger (DEGC/DDA)  
Malinda Jensen (DEGC/DDA)  
Kevin Johnson (DEGC/DDA)  
Paul Kako (DEGC/DDA)  
Jennifer Kanalos (DEGC/DDA)  
Lexi Mabry (DEGC/DDA)  
Rebecca Navin (DEGC/DDA)



**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING  
WEDNESDAY, DECEMBER 15, 2021  
ZOOM VIRTUAL MEETING – 3:00 P.M.**

**GENERAL**

**Call to Order**

Vice Chair Blaszkiewicz called the regular meeting of the Downtown Development Authority Board of Directors to order at 3:04 p.m. Roll call was conducted, and a quorum was established.

**Approval of Minutes**

Mr. Blaszkiewicz asked if there were any additions, deletions, or corrections to the minutes of the December 1, 2021 Regular Board meeting. Hearing none, the Board took the following action:

Mr. Hollowell made a motion approving the December 1, 2021 minutes, as written. Mr. Beckham seconded the motion. All were in favor with none opposed. DDA Resolution Code 21-12-02-641 was unanimously approved.

**PROJECTS**

**Housing/Office/Retail Loan Fund: Proposal for Discounted Payoff of Hudson Business Enterprises, Inc. Loan**

Ms. Shaw reported that in 2006, the City of Detroit Downtown Development Authority (“DDA”) approved a \$175,000.00 loan (the “Loan”) to Hudson Business Enterprises, Inc (the “Borrower”). The interest rate on the Loan was 4% and the Loan has a maturity date of January 2026. The collateral for the Loan includes a UCC filing and Personal Guarantees of the principals of the Borrower. Invest Detroit also provided funding to the Borrower and is the senior lender. The balance of Invest Detroit’s loan is \$2,116 and the maturity date of this loan is February 2022.

The Borrower utilized the Loan funds for the build-out and opening of its day spa business, the Woodhouse Day Spa (the “Woodhouse Spa”). The Woodhouse Spa opened in 2007 and occupies 5,525 square feet of ground floor retail space at 1441 Woodward. The landlord is a Bedrock-affiliated entity, Merchants Row Webward LLC (the “Landlord”). The Borrower has endured the economic ups and downs of the City of Detroit through the years. DDA has served as an advocate in the process by providing various loan modifications. These modifications included adjustments to loan payments, modifications



to the amortization schedules, and extensions to the maturity dates; thereby easing some of the Borrower's financial burdens.

In addition to challenges over the years, the Borrower faced issues in finalizing the terms of a franchise agreement, amending the lease between Landlord and Borrower, the effect the COVID-19 pandemic has had on local businesses, and most recently, flood damage that occurred in June 2021. As a result of the flood, Woodhouse Spa suffered significant flood damage to supplies, flooring and baseboards, drywall, and equipment. Slowly, the Borrower has been able to address about 70% of these issues with equity and personal funds. With the ongoing construction, the Borrower took this opportunity to design the space under the newest corporate-focused expansion of services including an additional area for facials. While making these changes and anticipating the increase in rent, the Borrower would like to free up its debt obligations. Despite a myriad of changes and challenges, the Borrower has maintained its business operations with minor impact, has brought on additional staff to accommodate the new spa menu, and will be undergoing its busiest season yet.

The Borrower has now approached the DDA and is requesting a discounted loan payoff. To date, the Borrower has paid interest in the amount of \$102,922.16 and principal in the amount of \$27,648.10. The remaining balance of the Loan is \$149,464.15. The Borrower is offering a discounted payoff in the amount of \$100,000 to be paid in two payments of \$50,000 in December 2021 and March 2022. This amount allows the DDA to receive about 67 cents on the dollar. The remaining Loan balance will be written off.

The Woodhouse Spa has remained a cornerstone in the Downtown area and will be utilized by patrons for many years to come. Furthermore, the Borrower has remained responsive to DDA through the years and has always remitted timely loan payments and documentation. DDA staff has reviewed the request and finds it reasonable to accept the discounted loan payoff in the amount of \$100,000.00.

The DDA Finance Committee has reviewed the proposed discounted payoff and has recommended its approval to the DDA Board of Directors.

A draft resolution was provided for the Board's consideration. Ms. Shaw advised that the resolution states that the first payment of \$50,000 would be made in December 2021, but because the DEGC offices will be closed after December 23, the first payment will be accepted in January, 2022. The March 2022 payment of \$50,000 remains the same.

Mr. Blaszkiewicz advised that he would be abstaining from voting and asked Mr. Naglick to comment on the Finance Committee's discussion. Mr. Naglick summarized that the DDA would not lose any principal, and, in fact, there would be a slight return on the money. It is a very important project in the Downtown District and the Committee was very supportive of this transaction.



Mr. Blaszkiewicz asked if there were other comments/questions or discussion.

Mr. Ogden advised that he also would be abstaining from voting and does not object to the payoff and is supportive of this project.

Mr. Hollowell stated that this project is what the DDA is all about—supporting projects like this and expanding occupancy and improving space downtown. DDA was created to facilitate projects like this.

Mr. Crain asked Ms. Shaw to quantify what the current timeframe is for payoff of the loan. Ms. Shaw said that the current note would be paid off in January 2026.

Mr. Rencher stated that as a new Board member, he was wondering if DDA has standards that it follows for payoff of a loans such as this, and added that he is supportive of the payoff. Mr. Blaszkiewicz informed that they take into consideration all factors.

Ms. Navin added that all loans are risk rated and they look at the rating and amount of the reserve. Ms. Shaw said that she and Ms. Hundley reviewed the risk rating and the reserve, and although Mr. Long is out of the office, they believe he would approve of this discounted payoff. Mr. Blaszkiewicz added that Mr. Long has a very long history of being conservative.

Mr. Hosey stated that he is also very supportive of this project.

Mr. Blaszkiewicz asked if there were any other questions or comments. Hearing none, the Board took the following action:

Mr. Hosey made a motion to approve the Hudson Business Enterprises, LLC Discounted Loan Payoff, as presented. Mr. Hollowell seconded the motion. All were in favor with none opposed.

DDA Resolution Code 21-12-93-33 was approved, with Mr. Blaszkiewicz and Mr. Ogden abstaining.

## **ADMINISTRATION**

Ms. Navin advised that there is an important, time-sensitive matter that will need Finance Committee review and Board approval. There is the possibility that a Finance Committee meeting will be scheduled before the end of the year. Mr. Blaszkiewicz advised that he is sure the Finance Committee members will make every effort to be able to attend.



### **OTHER BUSINESS**

None.

### **PUBLIC COMMENT**

None.

### **ADJOURNMENT**

With there being no further business to be brought before the Board, Mr. Blaszkiewicz adjourned the meeting at 3:24 p.m.



**CODE DDA 21-12-02-641**

**APPROVAL OF MINUTES OF DECEMBER 1, 2021**

**RESOLVED** that the minutes of the Regular meeting of December 1, 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.

December 15, 2021



**CODE DDA 21-12-93-33**

**HOUSING/OFFICE/RETAIL LOAN FUND: PROPOSAL FOR DISCOUNTED PAYOFF OF HUDSON BUSINESS ENTERPRISES, INC. LOAN PAYOFF**

**WHEREAS**, in 2006, the City of Detroit Downtown Development Authority (“DDA”) approved a \$175,000.00 loan (the “Loan”) to Hudson Business Enterprises, Inc (the “Borrower”) for the build-out and opening of its day spa business, the Woodhouse Day Spa; and

**WHEREAS**, in an effort for Borrower to reduce its outstanding debt and position itself to successfully expand and continue the operation of its business, Borrower has approached the DDA and is requesting a discounted loan payoff in the amount of \$100,000.00 to be paid in two payments of \$50,000 in December 2021 and March 2022 (the “Proposed Modification”); and

**WHEREAS**, to date, the Borrower has paid interest in the amount of \$102,922.16, principal in the amount of \$27,648.10, and the remaining balance of the Loan is \$149,464.15; and

**WHEREAS**, DDA staff has reviewed the request and finds it reasonable to accept the Proposed Modification; and

**WHEREAS**, the DDA Finance Committee has reviewed the request for a Proposed Modification and recommends its approval to the Board of Directors; and

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

**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 any and all 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.

December 15, 2021