



**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, MARCH 23, 2022 – 3:00 P.M.**

BOARD MEMBERS PRESENT: David Blaszkiewicz
Ehrlich Crain
James Jenkins
Melvin Hollowell
Richard Hosey
John Naglick
Steve Ogden
Donald Rencher
Nicole Sherard-Freeman

BOARD MEMBERS ABSENT: Kimberly Rustem
Charles Beckham
Austin Black
Marvin Beatty

OTHERS PRESENT: Kenyetta Bridges (DEGC/DDA)
Cora Capler (DEGC/DDA)
David Howell (DEGC/DDA)
Jennifer Kanalos (DEGC/DDA)
Brian Vosburg (DEGC/DDA)
Paul Kako (DEGC/DDA)
Danielle Parker (DEGC/DDA)
Nevan Shokar (DEGC/DDA)
Glen Long (DEGC/DDA)
Lexi Shaw (DEGC/DDA)
Ben Smith III
Dennis Archer, Jr.
Ed Saenz (Olympia Development of Michigan)
(XXX) XXX-1625

**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, MARCH 23, 2022
500 GRISWOLD, SUITE 2200, DETROIT, MI – 3:00 P.M.**

GENERAL

Call to Order



Ms. Sherard-Freeman, Chairperson, called the regular meeting of the Downtown Development Authority Board of Directors to order at 3:02 p.m. Roll call was conducted, and a quorum was established.

GENERAL

Approval of Minutes

Ms. Sherard-Freeman asked if there were any additions, deletions, or corrections to the minutes of the January 26, 2022 Regular Board meeting. Mr. Hollowell stated that Mr. Howell's name was incorrect in the minutes. The Board took the following action:

Mr. Blaszkiewicz made a motion approving the January 26, 2022 minutes, with a correction to Mr. Howell's name. Mr. Hollowell seconded the motion. All were in favor with none opposed.

DDA Resolution Code 22-03-02-644 was unanimously approved.

Receipt of Treasurer's Report for January 2022

Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the Month of January 2022.

Ms. Sherard-Freeman called for a motion.

Mr. Crain made a motion approving the January 2022 Treasurer's Report, as presented. Mr. Hollowell seconded the motion. All were in favor with none opposed. Resolution Code DDA 22-03-03-530 was unanimously approved.

Receipt of Treasurer's Report for February 2022

Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the Month of February 2022.

Ms. Sherard-Freeman called for a motion.

Mr. Jenkins made a motion approving the February 2022 Treasurer's Report, as presented. Mr. Ogden seconded the motion. All were in favor with none opposed. Resolution Code DDA 22-03-03-531 was unanimously approved.

PROJECTS

Amended Loan Terms for Proposed DDA Loan to Bagley Development Group LLC

Ms. Sherard-Freeman noted that this item was informational only due to Mr. Hosey's membership on the board and ownership interest in the project.



Mr. Howell presented the Amended Loan Terms for Proposed DDA Loan to Bagley Development Group LLC to the DDA Board.

LOAN PURPOSE AND DEVELOPMENT DESCRIPTION

Project Background

Bagley Development Group, LLC, (the “Developer”) is a development team formed in 2015 led by Emmet Moten and Richard Hosey. The Developer is redeveloping the United Artists Building located at 150 Bagley into a mixed-use commercial development. (the “Project”). The Project will consist of 148 residential units, of which 20% or 30 units will be income restricted for residents with incomes at or below 80% of the Area Median Income, with affordable unit rental rates inclusive of utilities. The Project will also feature approximately 10,500 square feet of ground floor retail. The development team is committed to reaching out to Detroit-based and minority owned businesses who are looking for brick and mortar locations. The total development costs are estimated to be \$73 million.

To facilitate the development, on July 8, 2020, the Downtown Development Authority (“DDA”) approved a \$2.5 million loan (the “DDA Loan”) from the DDA Housing/Office/Retail Development and Absorption Fund. The approval also included approval for the DDA to service a \$5 million loan from the Michigan Strategic Fund (“MSF”). The Project is also receiving loans from the U.S. Department of Housing and Urban Development (“HUD”) and the City of Detroit’s Community Development Block Grant (“CDBG”) funds, and equity from the sale of historic tax credits.

On January 26, 2022, the DDA approved the Developer’s request to increase the DDA Loan to \$7.1 Million and to make a loan to 150 Bagley Managing Member, LLC, Developer’s managing member, (the “Managing Member”) in the amount of \$1.4 Million. The increase in loan proceeds was made to address the lingering effects of the ongoing pandemic as well as substantial increases in hard and soft construction. The MSF also approved an additional \$2 million in loan funds, and the City of Detroit Housing and Revitalization Department agreed to seek additional funding of \$1 million from next year’s CDBG allocation.

Current Status and Developer’s Request

On March 10, 2022, the Developer officially closed on its construction financing, including a HUD insured loan in the amount of \$42.3 million and the DDA and MSF-funded loans totaling \$15.5 million. Construction is expected to commence later this month. The DDA loans contemplate a 28-month interest-only period, to coincide with the Project’s construction and lease-up schedules. The DDA-funded portion of the loans to the Developer and the Managing Member accrues interest at 1.5%. The Developer has made a request to the DDA and MSF that the interest be deferred during this period in order to lower Developer’s out-of-pocket costs. The deferred interest would be added to the principal loan balances of the DDA and MSF loans at the end of the 28-month period, after which principal and interest payment will commence. MSF Staff plans to seek MSF Board Approval for the deferral of interest in September of 2022. If approved, deferral of interest on the DDA-funded portions of the loans would commence immediately.



Ms. Sherard-Freeman called for remarks from the Finance Committee Chair. Mr. Naglick stated that the Finance Committee met, reviewed the proposed amended loan terms, and found them to be a reasonable request that will add to the success of the project and will help the cash flows for the project given the uncertainty of the world today and that the Finance Committee recommended approval to the Board.

Ms. Sherard-Freeman called for Board member questions.

Mr. Jenkins asked for clarification on when construction is anticipated to begin for the project. Mr. Howell stated that construction on the project is expected to begin this month.

Mr. Rencher asked for clarification on why the DDA Board was unable to vote on this item at the meeting. Mr. Blaszkiewicz advised the Board that per state law, there is a mandatory seven-day waiting period after the disclosure is made before a vote can be taken by the Board. Mr. Blaszkiewicz reminded the Board that at the next meeting, a super quorum, or two-thirds of the members, excluding Mr. Hosey, must be present to vote on this item.

Mr. Jenkins stated that he is looking forward to the project being completed.

Amendment to the Development Agreement for 1407 & 1427 Randolph

Mr. Shokar presented the Amendment to the Development Agreement for 1407 & 1427 Randolph to the DDA Board.

In April 2017, the City of Detroit Downtown Development Authority (the “DDA”) entered into a development agreement (as amended, the “Agreement”) with Gotham Capital Partners, LLC (“Gotham”) for the redevelopment of properties located at 1407 & 1427 Randolph (collectively, the “Properties”). With the Board’s approval, Gotham assigned the Agreement to Randolph Capital Partners, LLC (“Developer”) and the Developer closed on the Properties in January, 2020.

In January 2021, due to challenges and delays presented by the Covid-19 pandemic, the Board approved the Third Amendment to the Agreement which extended the date that Developer was required to close on construction financing to March 31, 2021 and the date by which construction was to be completed to the date that was six (6) months from the construction financing closing.

The Developer closed on its construction financing within the Board-approved timeframe and while the Developer has made significant construction improvements to the Properties, there have been a number of unforeseen issues that have caused construction delays. Some specific items are below:

- Developer was required to re-design the third floor of the Properties since the two adjoining buildings have a floor height differential of 4’5” instead of the architect’s assumption of 2’. The Developer requested and received a variance from the City to meet ADA requirements.
- The Developer and the Historic District Commission (“HDC”) were not able to schedule a hearing until October 13, 2021, which is beyond the Board’s previously approved construction completion date. The HDC determined that although the new windows met



the fit and finish of the historic windows, the HDC asked the Developer to maintain and re-build the existing windows. The Developer sought out a new contractor who would remove the windows, repair them, and then have them reinstalled.

- The redevelopment plans called for new skylights in the roof of 1427 Randolph. The general contractor cut holes in the roof prior to significant rainfall without covering the roof. This caused significant damage to the third floor of the building requiring mitigation and remediation.

Developer has requested, and DDA staff supports, a further extension of the date by which Developer must complete its construction to August 31, 2022.

A draft resolution was prepared for the Board's consideration.

Mr. Archer Jr. stated that he hopes this is the last time that the project comes to the DDA Board for an approval and unfortunately there have been some unexpected challenges but that overall the development team has been pleased with the progress of the project and that tenants will begin occupying the space in April and May of 2022. Mr. Smith added that financing is going smoothly with the bank and that they have continued to make progress on the project even with the few unexpected hiccups on the construction.

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

Mr. Ogden stated that development in Detroit is hard and there are many challenges and obstacles and the DDA Board has heard them all but also wanted to draw attention to the fact that the developer closed on its construction financing and did so around the agreed upon timeline with the DDA and that there are so many projects that that DDA has seen that haven't closed their financing, so he is more than happy to approve an extension for this project because though this has been a project on the DDA books for a while now, there has been consistent progress, even through the pandemic.

Mr. Crain asked who the architect is for the project. Mr. Smith stated that Hannah and Associates is the architect for the project.

Mr. Crain asked for clarification purposes, with the date of August 31, 2022, what's the criteria for the designation of completing construction, a Certificate of Occupancy for the entire building, for parts of the building, etc. Mr. Smith stated that he thinks the arrangement with the DDA is that significant construction is complete and that there's at least a temporary Certificate of Occupancy.

Mr. Shokar stated that he believes a temporary Certificate of Occupancy is the requirement for the DDA for completing construction for this project.

Mr. Hollowell stated that under the Building Safety Engineering and Environment Department's regulations, substantial completion of construction is documented as a temporary Certificate of Occupancy.



Mr. Kako stated that the DDA performs a final walk through of the project and issues a certificate of completion which serves as a confirmation that the minimum development requirements contained in the Development Agreement have been met.

Mr. Hollowell stated that he is happy to see that the project is nearing completion given the DDA's efforts in Paradise Valley dating back to 2015.

Hearing no further questions, the Board took the following action:

Mr. Jenkins made a motion to approve Amendment to the Development Agreement for 1407 & 1427 Randolph, as presented. Mr. Hollowell seconded the motion. Resolution Code 22-03-110-66 was unanimously approved.

ADMINISTRATION

None.

OTHER BUSINESS

Ms. Sherard-Freeman informed the DDA Board that Ms. Rustem, who was the Director of the Civil Rights, Inclusion, and Opportunity Department of the City, has accepted a position with Dr. Khaldun at CBS as the new National Director of Health Equity and as such she will be resigning her position on the DDA Board.

PUBLIC COMMENT

None.

ADJOURNMENT

With there being no further business to be brought before the Board, on a motion by Mr. Ogden, seconded by Mr. Jenkins, Ms. Sherard-Freeman adjourned the meeting at 3:32 p.m.



CODE DDA 22-03-02-644

APPROVAL OF MINUTES OF JANUARY 26, 2022

RESOLVED that the minutes of the Regular meeting of January 26, 2022 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.

March 23, 2022



CODE DDA 22-03-03-530

RECEIPT OF TREASURER'S REPORT FOR JANUARY 2022

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending January 31, 2022, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

March 23, 2022



CODE DDA 22-03-03-531

RECEIPT OF TREASURER'S REPORT FOR FEBRUARY 2022

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending February 28, 2022, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

March 23, 2022



CODE DDA 22-03-110-66

PARADISE VALLEY BUSINESS & ENTERTAINMENT DISTRICT: AMENDMENT TO DEVELOPMENT AGREEMENT 1407 AND 1427 RANDOLPH

WHEREAS, in April 2017, the City of Detroit Downtown Development Authority (the “DDA”) entered into a development agreement (the “Agreement”) with Gotham Capital Partners, LLC (“Gotham”) for the redevelopment of properties located at 1407 & 1427 Randolph (collectively, the “Properties”); and

WHEREAS, with the Board’s approval, Gotham assigned the Agreement to Randolph Capital Partners, LLC (“Developer”) and the Developer closed on the Properties in January, 2020; and

WHEREAS, due to the challenges presented by the COVID-19 global pandemic, the DDA Board of Directors approved an amendment to the Agreement which extended the date that Developer was required to close on construction financing to March 31, 2021 and the date by which construction was to be completed to the date that was six (6) months from the construction financing closing; and

WHEREAS, the Developer closed on its construction financing by March 31, 2021 but ran into unforeseen construction delayed and is seeking until August 31, 2022 to complete construction;

WHEREAS, the DDA Board has determined that approval of the proposed extension is in the best interests of the DDA.

NOW, THEREFORE, BE IT RESOLVED, that the DDA Board of Directors hereby approves the proposed extension for construction financing and construction completion date referenced above.

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 in accordance with the proposed extension 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 Agreement and/or the proposed extension.

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.

March 23, 2022



CODE DDA 22-04-93-35

AMENDED LOAN TERMS FOR PROPOSED DDA LOAN TO BAGLEY DEVELOPMENT GROUP LLC

WHEREAS, Bagley Development Group, LLC, (the “Developer”) is seeking to redevelop the United Artists Building located at 150 Bagley into a mixed-use commercial development (the “Project”); and

WHEREAS, in March, 2022, the Downtown Development Authority (“DDA”) closed on loans the support the Project consisting of (i) a \$7.1 million loan to the Developer funded by the DDA; (ii) a \$7.0 million loan funded to the Developer by the Michigan Strategic Fund (the “MSF”), to be serviced by the DDA; and (ii) a \$1.4 million loan funded by the DDA to Developer’s managing member; and

WHEREAS, the aforementioned loans contemplate a 28-month interest only period to coincide with the Project’s construction and lease-up schedules; and

WHEREAS, Developer has submitted requests to the DDA and MSF that interest on the loans be deferred during such 28-month period, with the accrued interest to be added to the principal loan balance at the end of such period (such request as it relates solely to the DDA-funded portions of the loans, the “Modification Request”); and

WHEREAS, following presentation of the Modification Request, the DDA Finance Committee has recommended its approval to the DDA Board; and

WHEREAS, in addition, as a condition to the Modification Request, staff seeks to amend the loan documents to provide that upon admission of any new member to Developer or its managing member, such new member shall become a guarantor on the loans upon the same terms and conditions as the other members; and

WHEREAS, the DDA Board of Directors has reviewed the Modification Request and determined that its approval is in the best interest of the Project and the DDA.

NOW, THEREFORE, BE IT, RESOLVED, that the DDA Board of Directors hereby approves the Modification Request, subject to the condition described above.

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 DDA’s Authorized Agents, shall hereafter have the authority to negotiate and execute all documents, contracts, or papers, and take 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.