



**DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING  
WEDNESDAY, APRIL 27, 2022 – 3:00 P.M.**

**BOARD MEMBERS PRESENT:** David Blaszkiewicz  
Ehrlich Crain  
Charles Beckham  
Melvin Hollowell  
Richard Hosey  
John Naglick  
Donald Rencher  
Nicole Sherard-Freeman

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

**OTHERS PRESENT:** Malinda Jensen (DEGC/DDA)  
Jennifer Kanalos (DEGC/DDA)  
Cora Capler (DEGC/DDA)  
Brian Vosburg (DEGC/DDA)  
David Howell (DEGC/DDA)  
Rebecca Navin (DEGC/DDA)  
Paul Kako (DEGC/DDA)  
Lexi Shaw (DEGC/DDA)



**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING  
WEDNESDAY, APRIL 27, 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 3:07 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 March 23, 2022 Regular Board meeting. Hearing none, the Board took the following action:

Mr. Blaszkiewicz made a motion approving the March 23, 2022 minutes, as presented. Mr. Hosey seconded the motion. All were in favor with none opposed. DDA Resolution Code 22-04-02-645 was unanimously approved.

**PROJECTS**

**United Artists Building: Deferred Interest Approval for Bagley Development Group, LLC: Informational Only**

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

Ms. Navin reminded the Board that at the last DDA Board meeting staff presented the project and the proposed request for interest deferral during the 28-month construction period; however, due to the Mr. Hosey's interest as a member of the project's development team, the Board was unable to vote for at least 7 days following the disclosure of the interest in accordance with state law. She noted that it came to her attention that Mr. Hollowell also had a potential interest in the project that, although disclosed at the March 23 Finance Committee meeting, was not disclosed on the record at the Board meeting. Mr. Hollowell has provided a written disclosure of a promised ownership interest in the project that has not yet been effectuated. Although the financial



interest has not yet been effectuated, in order to be fully transparent, the disclosure is now being made on the record at the Board meeting and a vote will be taken at the next regular DDA Board meeting. In addition, Ms. Navin pointed out an additional provision in the proposed resolution for the request that the loan documents will be further amended to clarify that any individual admitted as a member of the developer or managing member will become a guarantor of the loans upon the same terms applicable to existing members. Finally, she reminded the Board that a super-majority of the DDA Board (excluding Mr. Hosey and Mr. Hollowell) will be required to be present at the time the item is brought for a vote as a result of Mr. Hosey's and Mr. Hollowell's interests in the project.

### **Proposed Loan to Grand Circus, LLC (N/K/A Grand Circus Detroit, LLC)**

Ms. Shaw presented the Proposed Loan to Grand Circus, LLC (N/K/A Grand Circus Detroit, LLC) to the DDA Board.

Grand Circus, LLC (N/K/A Grand Circus Detroit, LLC) (the "Borrower"), is a Delaware Limited Liability Company established in 2013. The Borrower is subleasing space at 1555 Broadway Street in the Broderick Tower where it operates a technology training school center that prepares people for careers in technology.

The Borrower had an idea to build a school that would train people in the skills of the modern digital economy and to be a hub for Detroit's tech community. In 2013, the Borrower launched partnerships with Google for Entrepreneurs, Facebook and Microsoft to bring the resources and support to entrepreneurs and tech workers in the City of Detroit. The Borrower also hosted a regular schedule of events and meetups with the partners and businesses in the community. During the first few months of operation, the Borrower focused on developing the product offering and designing and building a space that would excite and inspire the community. The Borrower officially launched the school opening and starting classes in the fall of 2013.

Damien Rocchi is the CEO and retains a 12.5% ownership stake in the Borrower. 75% of the ownership interest is owned by Detroit Venture Partners, L.P and the remaining ownership interest is retained by various senior management employees and advisors. Mr. Rocchi is an experienced general manager and strategist with a focus on building businesses in digital media and consumer products. His specialties are strategy design & implementation, business development & launch and post-merger integration. Detroit Venture Partners, L.P, founded by Dan Gilbert, since 2010, has been committed to backing and funding early-stage tech companies that they believe can move the world forward.

The Borrower employees 22 persons, 11 of whom are Detroit residents. Key Management positions include Frank Urso, VP of Business Development. He is a senior strategy, business development and sales leader with a record of creating, launching, and building



businesses, and delivering revenue in high-growth technology environments. April Watkins, Director of Operations, is a highly effective global operations executive with over 20 years of experience building and leading organizations. Scott Tribble, Director of Marketing is an experienced leader with a demonstrated history of developing and leading execution of digital-first marketing and communications strategies to drive growth and engagement. He possesses strong professional skills in digital strategy and integrated marketing. Bryan Benham, Director of Learning is a mission-driven, strategic leader drawing on over 25 years of experience in academic and corporate environments. He has proven success in designing and delivering award-winning, high-impact educational experiences using tested development processes, improving team expertise, and cultivating collaborative partnerships with key stakeholders. Finally, Ian Washington, Director of Admissions has worked in the tech industry recruiting one student at a time and has over 500 connections.

The Borrower offers training for individuals in technology and data engineering as well as trainings through partnerships with various companies to reskill and upskill the companies' existing employees. The technology and data engineering training classes are structured in a bootcamp style. The bootcamps classes are held virtually and in person. Each bootcamp lasts for 14 weeks for full time classes or 26 weeks for part time classes. The technology classes further educate individuals in JavaScript and C3#, which are commonly used programming languages and the core technology used in the world wide web; over 97% of websites uses JavaScript. The school is opened Monday through Friday from 9am to 10pm. Since 2013, almost 3,000 students have graduated, and the school has a placement rate of 90% within 180 days.

The headline tuition amount is \$11,750. Students of color, women, members of the LBGTQ+ community and veterans may receive a \$1,750 discount, as they are groups traditionally under-represented in the tech industry. Tuition scholarships are offered through Michigan National Guard State Tuition Assistance Program and Grace Hopper Celebration of Women in Boot Camp. The Borrower has also partnered with Ascent Funding and Climb Credit for low interest rate loans.

Some of the reskill/upskill partnerships are with Amazon, Apple, and Rocket, just to name a few. The Amazon partnership involved sourcing and training 20 Java Developers from across Southeast Michigan. The Apple partnership involved running a series of 1-month long foundation workshops for iOS development. The Rocket partnership involved a reskilling program called Dev Build. As part of the Dev Build program, the Borrower trains non-technical team members that want to become software developers. Since launching the program 5 years ago, the Borrower has trained several hundred individuals. An additional training program is planned for May 2022. The Borrower recently executed a partnership agreement with Disys, a global staffing firm, where the Borrower will train its consultants. The partnership further involves working with Disys' account representatives to source new talent for their clients. This partnership represents significant growth for



the Borrower over the course of 2022-2024. As part of the growth strategies, the Borrower continues to explore, foster, and gain additional partnerships opportunities.

To continue to grow the Borrower’s business through these new partnership opportunities, the Borrower has approached the DDA for funding from the Small Business Loan Transaction Program in the amount of \$200,000 (the “Loan”). The Loan funds will be used to pay for operating expenses associated with the new partnerships along with working capital and equipment purchases. In addition to the Loan, the Borrower received approval from the Detroit Economic Growth Corporation for a loan in the amount of \$200,000 and is also seeking funding from Invest Detroit in the amount of \$100,000. Borrower has an existing line of credit with Bank of Ann Arbor in the amount of \$350,000 that is secured by its business assets.

Sources and Uses

Sources:

DDA SBLT	\$200,000.00
DEGC RALF	\$200,000.00
Invest Detroit	\$100,000.00
Equity	<u>\$ 20,000.00</u>
Total	\$520,000.00

Uses:

Working Capital-Payroll	\$259,764.00
Working Capital-Rent	\$ 51,588.00
Working Capital-Marketing	\$100,371.00
Operating Expenses	\$ 95,277.00
Equipment	<u>\$ 3,000.00</u>
Total	\$520,000.00

Terms of Loan:

Borrower:	Grand Circus, LLC (N/K/A Grand Circus Detroit, LLC)
Amount:	\$200,000.00
Interest Rate:	4%
Amortization:	10 years, 12 months interest only payments
Term:	7-year term, with a balloon payment in the 7 <sup>th</sup> year
Security:	Subordinated lien on all business assets of the Borrower, pari passu with Invest Detroit and the DEGC. Pari Passu first position lien following maturity of senior loan.
Guaranty:	Corporate Guaranty of Detroit Venture Partners, L.P



Disbursement: Loan will be funded in one or multiple disbursement(s) at or shortly after closing on the loan.

Additional Conditions: Receipt of all required loan documentation and information.

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

Ms. Sherard-Freeman asked Mr. Naglick to report on the Finance Committee's review and recommendation on this item. Mr. Naglick stated that the Finance Committee received a presentation on the proposed loan by Ms. Shaw and received further information on the proposed loan from Ms. Navin and recommended approval of the proposed loan to the DDA Board with Mr. Blasziewicz abstaining from the recommendation due to Invest Detroit's interest in the project.

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

Mr. Crain made a motion to approve Proposed Loan to Grand Circus, LLC (N/K/A Grand Circus Detroit, LLC), as presented. Mr. Beckham seconded the motion. Mr. Blasziewicz abstained.

Resolution Code 22-04-74-72 was approved.

### **Kennedy Block Development: Installation of Condenser**

Ms. Navin presented the Kennedy Block Development: Installation of Condenser to the DDA Board.

As this Board may recall, the City of Detroit Downtown Development Authority ("DDA") has entered into a Master Lease Agreement (as amended, the "Lease") with Kennedy Square Garage, LLC, an affiliate of REDICO (the "Tenant"), to lease the Kennedy Square parking facility (the "Garage") in connection with operation of the One Kennedy Square office building (the "Building"). Pursuant to Section 8 of the Lease, Tenant must seek DDA consent prior to the making of certain alterations, additions, or improvements to the Garage.

The Tenant has received a request from Tenant for the installation of condenser units that would provide additional cooling to the Building's IT room. The condensers would sit on the floor of a small area in floor P1 of the garage and would be protected by a fence enclosure that would be bolted to the floor. The installation would require one or two small penetrations through the roof of the Garage under the Building for the refrigerant line sets to pass through.



DDA staff finds the request to be reasonable, has determined it will have no adverse impact on the operation of the Garage, and recommends approval of the request. Prior to the installation, staff will review Tenant's installation plans.

A resolution was attached for the Board's consideration.

Ms. Sherard-Freeman called for questions from the Board.

Mr. Hollowell asked if any parking spaces will be lost due to the addition of the condenser. Ms. Navin stated that the new condenser will be placed in an area that was not being used and that no parking spaces will be lost due to the addition of the condenser.

Mr. Crain asked for confirmation that there will be no cost to the DDA due to the addition of the condenser. Ms. Navin confirmed that there will be no cost to the DDA due to the addition of the condenser.

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

Mr. Hollowell made a motion to approve Kennedy Block Development: Installation of Condenser, as presented. Mr. Blaszkiewicz seconded the motion. Resolution Code 22-04-104-07 was unanimously approved.

## **ADMINISTRATION**

Ms. Jensen stated that a super-majority of the DDA Board will be needed at the next DDA Board meeting due to the United Artists Building: Deferred Interest Approval for Bagley Development Group, LLC item.

## **OTHER BUSINESS**

Mr. Crain asked for an update on the Detroit Tigers ticket program. Ms. Jensen stated that there is a meeting scheduled with the Detroit Tigers Association to discuss the ticket program. And to clarify, Ms. Navin stated that they will preview their proposal with DEGC staff first and then when ready, they will present the program to the Tigers Ticket Committee meeting and then to the full board.

Mr. Hollowell asked who was handling the ticket program. Ms. Navin stated that the Marketing Department of the Detroit Tigers Association is now managing the ticket program.

## **PUBLIC COMMENT**

None.



## **ADJOURNMENT**

With there being no further business to be brought before the Board, on a motion by Mr. Hosey, seconded by Mr. Blaszkiewicz, Ms. Sherard-Freeman adjourned the meeting at 3:25 p.m.



**CODE DDA 22-04-02-645**

**APPROVAL OF MINUTES OF MARCH 23, 2022**

**RESOLVED** that the minutes of the Regular meeting of March 23, 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.

April 27, 2022



**CODE DDA 22-04-74-72**

**PROPOSED LOAN TO GRANDCIRCUS, LLC (N/K/A GRAND CIRCUS DETROIT, LLC)**

**WHEREAS**, Grand Circus, LLC (N/K/A/ Grand Circus Detroit, LLC) (the “Borrower”) operates a technology training school center that prepares people for careers in technology (the “Project”); and

**WHEREAS**, in support of the Project, the Developer approached the DDA for a loan under its Small Business Loan Transaction Program (the “Loan”) for operating expenses associated with the expansion of the Borrower’s business along with working capital and equipment purchases; and

**WHEREAS**, DDA staff has reviewed the Borrower’s financial documentation and proposes the following terms and conditions for the DDA Loan between the Developer and the DDA:

Loan Amount:	\$200,000.00
Interest Rate:	4%
Amortization:	10 years, 12 months interest only payments
Term:	7-year term, with a balloon payment in the 7 <sup>th</sup> year
Security:	Subordinate lien on all business assets of the Borrower, pari passu with Invest Detroit and the DEGC. Pari Passu first position lien following maturity of senior loan.
Guaranty:	Corporate Guaranty of Detroit Venture Partners, L.P
Disbursement:	Loan will be funded in one or multiple disbursement(s) at or shortly after closing on the loan.
Additional Conditions:	Receipt of all required loan documentation and information.

; and

**WHEREAS**, DDA staff presented such information to the DDA Finance Committee which recommends the approval of the Loan in accordance with the terms noted above; and

**WHEREAS**, the DDA Board of Directors has reviewed the terms of the Loan and determined that providing the Loan is in the best interest of the DDA.

**NOW, THEREFORE, BE IT, RESOLVED**, that the DDA Board of Directors hereby approves the provision of the Loan to Borrower.



**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 the Loan together with such other terms and conditions that are determined by such Authorized Agents and/or Officers to be customary or appropriate and not inconsistent with this resolution, and 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 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.

April 27, 2022



**CODE DDA 22-04-104-07**

**KENNEDY BLOCK DEVELOPMENT: INSTALLATION OF CONDENSER UNITS**

**WHEREAS**, the City of Detroit Downtown Development Authority (“DDA”) has entered into a Master Lease Agreement (as amended, the “Lease”) with Kennedy Square Garage, LLC, an affiliate of REDICO (the “Tenant”), to lease the Kennedy Square parking facility (the “Garage”) in connection with operation of the One Kennedy Square office building (the “Building”); and

**WHEREAS**, Section 8 of the Lease requires DDA consent prior to the making of certain alterations, additions or improvements to the Garage; and

**WHEREAS**, the Tenant has requested DDA’s consent of the installation of condenser units that would provide additional cooling to the Building’s IT room; and

**WHEREAS**, DDA staff has reviewed and approves of Tenant’s request, subject to staff’s review of installation plans (the “Installation Request”); and

**WHEREAS**, the DDA Board has determined that the Installation Request is reasonable, consistent with the DDA’s purposes, and in the best interests of the operation of the Garage and Building.

**NOW THEREFORE BE IT RESOLVED** that the DDA Board hereby approves the Installation Request.

**BE IT FURTHER RESOLVED** that the DDA Board hereby authorizes any two of its Officers or any two of its Authorized Agents or one Officer and any one Authorized Agent to take any actions and execute any documents 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 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.

April 27, 2022