



**DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING  
WEDNESDAY, MAY 25, 2022 – 3:00 P.M.**

**BOARD MEMBERS PRESENT:** Charles Beckham  
David Blaszkiewicz  
Ehrlich Crain  
Melvin Hollowell  
Steve Ogden  
John Naglick  
Nicole Sherard-Freeman

**BOARD MEMBERS ABSENT:** Marvin Beatty  
Austin Black  
Richard Hosey  
James Jenkins  
Donald Rencher

**OTHERS PRESENT:** Roger Basmajian (Broadway Detroit Properties LLC)  
Jennifer Beebe-Dimmer (Crossfit Detroit)  
Cora Capler (DEGC/DDA)  
Dave Finlay (Crossfit Detroit)  
Gay Hilger (DEGC/DDA)  
David Howell (DEGC/DDA)  
Malinda Jensen (DEGC/DDA)  
Paul Kako (DEGC/DDA)  
Jennifer Kanalos (DEGC/DDA)  
Glen Long, Jr. (DEGC/DDA)  
Rebecca Navin (DEGC/DDA)  
Nevan Shokar (DEGC/DDA)  
Mary Waters (Detroit City Council)



**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING  
DETROIT ECONOMIC GROWTH CORPORATION  
500 GRISWOLD, SUITE 2200, DETROIT, MI 48226  
WEDNESDAY, MAY 25, 2022 – 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 3:00 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 April 27, 2022 Regular Board meeting. Hearing none, the Board took the following action:

Mr. Ogden made a motion approving the April 27, 2022 minutes, as written. Mr. Hollowell seconded the motion. All were in favor with none opposed. DDA Resolution Code 22-05-02-646 was unanimously approved.

**Receipt of Treasurer's Report for March and April 2022**

Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the month of March 2022 and asked if there were questions.

Hearing none, Ms. Sherard-Freeman called for a motion:

Mr. Blaszkiewicz made a motion to approve the March 2022 Treasurer's Report, as presented. Mr. Hollowell seconded the motion. All were in favor with none opposed. DDA Resolution Code 22-05-03-532 was unanimously approved.

Mr. Naglick reviewed the Treasurer's Report of Receipts and Disbursements for the month of April 2022 and asked if there were questions.

Hearing none, Ms. Sherard-Freeman called for a motion:



Mr. Crain made a motion to approve the April 2022 Treasurer's Report, as presented. Mr. Ogden seconded the motion. All were in favor with none opposed. DDA Resolution Code 22-05-03-533 was unanimously approved.

## **PROJECTS**

### **XLR8 Athletix (DBA Crossfit Detroit) Lease Modification**

Mr. Shokar presented the XR8 Athletix (DBA Crossfit Detroit) Lease Modification to the Board.

On September 26, 2014, the City of Detroit Downtown Development Authority ("DDA") and XLR8 Athletix, LLC entered into a lease agreement (the "Lease") for the ground level retail space located at 150 Michigan Ave (the "Property"). The Lease has an initial term of 10 years with the option for the Tenant to extend the term of the Lease by two additional five-year periods. The Tenant operates its CrossFit business at the Property and has brought world class training techniques to the City of Detroit with the vision of a leaner, stronger, faster and happier community. The Tenant has invested nearly \$1 million into the renovations, furnishings, IT, and office equipment in the location. Prior to the Covid-19 pandemic, Crossfit had over 250 active members and supported three different local non-profits: Motor City Church, Capable (a Karmanos Cancer Institute sponsored exercise program for cancer survivors), and Detroit City Lions (a youth athletic program).

The onset of the Covid-19 pandemic devastated the Tenant's business's bottom-line. As a result, the DDA, pursuant to the Lease's force majeure provision and a July 2021 Board approval, previously agreed to defer rent through October, 2021, with the possibility of rent forgiveness provided that Tenant remained in lease compliance and in business through September, 2022. While Tenant has remained open since the July 2021 Board approval, with the ongoing impacts of the Covid-19 pandemic, including but not limited to a slower than anticipated return of office workers to the central business district, Tenant continues to operate at well below pre-pandemic levels and, other than a rent payment in December 2021, Tenant has not been able to pay rent since the expiration of the previously approved deferral.

The Tenant's owner and its key employees have forgone salaries due to the financial hardship that the pandemic has caused. The Tenant has struggled to maintain and grow the membership base through discounted membership rates. Most of the membership attrition is from members who commuted downtown to their employers and no longer spend the majority of their time in corporate offices. Additionally, the newer members are mainly renters living in nearby neighborhoods that are generally younger and more transient.



Due to Tenant's ongoing membership struggles described above, to provide support to Tenant's ongoing operations and return to future profitability, the Tenant and DDA staff have worked together to propose an additional modification to the Lease as follows (the "Proposed Modification"):

Rent would be payable at a reduced rate through June 30, 2023 as outlined below (the "Modification Period"), after which time it would return to the regular rental rates under the Lease through Lease expiration (August 31, 2024):

- Rent from April 1, 2021 through June 30, 2022 - \$4,500 per month
- Rent from July 1, 2022 through December 31, 2022 - \$5,500 per month
- Rent from January 1, 2023 through June 30, 2023 - \$6,500 per month
- Rent from July 1, 2023 through August 31, 2024 per the Lease

The rent deferral that commenced in April, 2021 would continue through May 31, 2022 (the "Deferral Period"), after which monthly rental payments on the first of every month would resume at the above rates through Lease termination.

Rent deferred during the Deferral Period will be paid by (i) application of a credit for the December 2021 rent paid (credit to be applied at the reduced rental rate) and (ii) application of a credit in the amount by which any monthly rent payment during the Modification Period exceeds \$4,500. Any remaining balance of deferred rent will be due and payable at the conclusion of the Modification Period, no later than June 30, 2023.

DDA staff supports the Proposed Modification. A resolution approving the Proposed Modification was included in the Board book for consideration.

Ms. Sherard-Freeman called for questions.

Mr. Hollowell commented that his office is right next to this business, and he walks past it ever day. There is no doubt that they are trying. The market has changed through no fault of theirs and it sounds like we have a plan to make it as viable as it can be. DDA is in business for supporting businesses like this one, and so from that perspective, he is supportive of staff's recommendation.

Mr. Crain asked how their hours and days of operation have changed since the last time they came to the Board. Mr. Finlay of Crossfit answered that they have reduced their class schedule by two hours, and they are doing open gym even when they are doing classes. It has worked out for some of those members that can't make class times.

Ms. Sherard-Freeman asked Mr. Finlay what trends in traffic they are seeing that make them hopeful. Mr. Finlay responded that they are actually doing a better job with people that live downtown. Where they have been wiped out is they are seeing no traffic from



downtown offices. Businesses are not requiring workers to come back downtown full time. Most workers are at most working two days a week in the office. Membership is down approximately 100 people due to the loss of downtown office workers.

Mr. Ogden asked how much back rent is due. Mr. Shokar responded that as of May 31, the back balance is \$24,332. Over the course of the next 12 months, it will be paid down. Mr. Ogden stated that all this is predicated on the downtown office workers coming back downtown. At a board meeting yesterday, he had some conversations and none of the large employers downtown are planning to require their workers to come back downtown anytime soon. They are still on a volunteer basis, and if you give team members a choice, they aren't coming back voluntarily.

Mr. Finley commented that they are working with downtown property owners to market new renters. They are also setting up a meeting with the Detroit Police Department to get them into the gym. The way the rent is structured now, they should be able to afford to pay it for the next 18 months. After 18 months, he believes he will be okay. He recently saw in a document that downtown was down 50,000 office workers. Mr. Finley stated that they will only need half of one percent of those office workers to come back to the gym.

Mr. Hollowell asked Mr. Ogden if he was bullish on the return of downtown rental. Mr. Ogden answered yes, on the rental side, but not on the purchase side. He went on to say that he chairs the business committee, and a study was done using cell phone pings and heat mapping downtown, and it showed that we are at 39 percent the capacity downtown now from 9:00 to 5:00 that we were in April of 2019. This study was very specific to the CBD Monday through Friday 9:00 a.m. to 5:00 p.m. The study showed different heat maps for 5:00 p.m. to 10:00 p.m. and 10:00 p.m. to 2:00 a.m., and it showed a lot of activity downtown on the weekends. So, people don't want to come downtown to work, but they are coming downtown to the bars, restaurants, and events.

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

Mr. Hollowell made a motion to approve the Lease Modification for XLR8 Athletix (DBA Crossfit Detroit), as presented. Mr. Beckham seconded the motion. All were in favor with none opposed.

DDA Resolution Code 22-05-44-55 was unanimously approved.

### **Amendment to the Development Agreement and Loan for Broadway Lofts**

Mr. Shokar presented the Amendment to the Development Agreement and Loan for Broadway Lofts to the Board.



In 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”). Developer’s original proposal for the redevelopment of the Property, together with Developer’s adjacent property, included a 47,000 square foot, five-story mixed-use project, with 36 residential units, at an estimated cost of \$11,000,000 was approved by the DDA Board following a competitive RFP process.

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. The project received an extension in November 2020 when the Property’s design shifted to 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”). In June 2021, the DDA Board granted an additional extension to further architectural drawings and identify financing. At that time, the DDA Board also approved \$800,000 in seller financing to mitigate a gap in funding.

Since the last extension, Developer has continued to progress towards closing. All architectural drawings and approvals necessary from the Planning and Historic District Commission have been completed as evidenced by site plan approval. Developer has also engaged the MEDC for Revitalization and Placemaking (“RAP”) Program and Community Revitalization (“CRP”) funds and received positive preliminary feedback and a letter of support from the City of Detroit. Further, Developer has amended the Brownfield Plan to improve the project’s cashflow and intends to seek MSF approval on the CRP and Brownfield Plan in Summer 2022. However, due to setbacks created by the Covid-19 pandemic, increases in the cost of materials, and persistent labor shortages, the Developer has encountered additional timing delays and cost increases. Also, since the Property’s floorplates in the existing structures are at different heights, the units cannot be combined across buildings, which, in keeping the existing façade of the building intact, results in inefficient units and suboptimal rents. The Developer has since researched value engineering techniques and implemented ‘cold form’ construction into the upper floors of the Project to shorten the construction period, lessening costs, and creating more efficient units.

Accordingly, DDA staff is recommending an additional extension to the closing date provided in the Development Agreement to December 31, 2022 to provide Developer additional time to complete its amendment of the Brownfield Plan at the local and state level, receive approval by Fall 2022 for RAP and/or CRP funds, and satisfy any outstanding requirements to close and begin construction on the Project.

Further, due to rising construction costs and a reduction in the anticipated amount of the senior loan, based on underwriting completed by DDA staff using current construction



costs and revenue projections, the gap in funding has increased from \$800,000 to \$5.5 million and DDA staff recommends the approval of a loan to Developer in accordance with the proposed terms attached to the resolution as Exhibit A (the “Proposed Terms”).

In these challenging times for development, DDA staff remains confident in Developer’s ability to complete the Project given Developer’s demonstrated success with completing other developments in and around the greater downtown, including Developer’s recent completion of the former DDA-owned property at 311 Grand River in Paradise Valley. Further, given Developer’s ownership of the adjacent building, DDA staff believes that Developer’s is uniquely situated to maximize the development potential for the DDA-owned Property.

Based on the foregoing, DDA staff is supportive of the Project and based on a review of the underwriting, has determined that the Project would not be viable without the DDA’s financing at the terms indicated on Exhibit A. 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 and DDA staff now seeks such approval from the DDA Board of Directors.

A resolution was included in the Board book consideration.

Ms. Sherard-Freeman thanked Mr. Shokar for the presentation and asked if there were any questions for Mr. Shokar or the developer, Mr. Basmajian.

Mr. Hollowell stated that he would reiterate what he said at the Finance Committee meeting, that the developer is “all in” as it related to the city of Detroit and his projects have been successful. The Committee did a deep dive and believed there will be a return and is supportive of the deal.

Mr. Naglick advised that there were many properties owned by the DDA in Paradise Valley and their mission has been to get those properties in the hands of developers and they have. All of the developers have had challenges trying to preserve the history and the development that was there which makes it harder and have come to this Board. One of the things that the Finance Committee did was went through the financing of this project and ask Mr. Basmajian how he was going to handle each item if the financing does not work out. He has plans and contingencies if things do not work out with the State. The Committee unanimously approved what is before the Board and recommends approval to the Board. This approval will keep this project alive, and we will see what happens with the State. With the other developers and properties in this project area, perseverance had paid off, and the Committee believes it will here too.

Ms. Sherard-Freeman asked Mr. Basmajian if he would like to speak. Mr. Basmajian thanked the Board and advised that this has been a very challenging project, but they



have gotten through other challenging projects before, and they will make it happen. They are putting their money up and their time up and appreciate the Board's trust in them.

Mr. Crain questioned if Mr. Basmajian is comfortable with the amount of time allotted here for closing. Mr. Basmajian answered yes, they hope to close in October.

Ms. Sherard Freeman asked if there was a motion.

Mr. Crain made a motion to approve the Amendment to the Development Agreement and Loan to Broadway Lofts, as presented. Mr. Blaszkiewicz seconded the motion. All were in favor with none opposed. Resolution Code DDA 22-05-110-66 was unanimously approved.

## **ADMINISTRATION**

### **DDA Budget for FY 2022-23**

Ms. Kanalos presented the DDA Budget for FY 2022-23 to the Board.

Pursuant to Article 228, Act 57, DDA staff has prepared the attached DDA budget for FY 2022-23 Downtown Development Authority's General Fund Budget for your review prior to its submission to City Council for approval.

On the revenue side, the amount of funds available from the one mill tax for FY 2022-23 has been estimated at \$1,050,000, net of collection delinquencies and reserves for tax settlements representing no change from the FY 2021-22 budget. Due to current projections, Earnings on Investments for FY 2022-23 is estimated at \$25,000, representing no change from FY 2021-22. Transfer from the DDA's Tax Increment Fund will also remain unchanged from the 2021-22 budgeted allocation of \$750,000.

The FY 2022-23 budget reflects revenues of \$800,000 to be generated from the Parking Operations, representing no change in parking revenues from the FY 2021-22 budget. Other/Events Center Revenues are estimated at \$15,000, also representing no change from FY 2021-22. A Fund balance transfer of \$350,000 represents an expected accumulation of expenses over revenues.

On the expenses side, Contractual Services of \$1,940,000, reflects no increase from FY 2021-22. The budgeted amount of \$550,000 for Professional Services and Fees, inclusive of a \$10,000 expense for Computer Support, represents no change from FY 2021-22. Finally, \$500,000 of allocated funds for Special Projects and Contingencies for FY 2022-23 remains the same as FY 2021-22.



The DDA Finance Committee has reviewed the FY 2022-2023 Budget and has recommended its approval to the DDA Board of Directors.

A resolution is enclosed for the Board's review and authorization of the DDA staff to submit the DDA budget for FY 2022-23 to City Council for its approval, in accordance with Section 228(1) of Act 57, Public Acts of Michigan, prior to its adoption by the DDA Board.

Ms. Kanalos advised that the contract amount may need to be increased next year.

Mr. Naglick stated that the Finance Committee met and recommends approval to the Board.

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

Mr. Ogden made a motion to approve the DDA Budget for FY 2022-2023, as presented. Mr. Blaszkiewicz seconded the motion. All were in favor with none opposed.

Resolution Code DDA 22-05-02-18-74 was unanimously approved.

### **Renewal of DDA/DEGC Agreement for FY 2022-2023**

Ms. Kanalos presented the Renewal of DDA/DEGC Agreement for FY 2022-2023 to the Board.

The present term of the contract dated July 1, 2021 (the "Contract") between the Downtown Development Authority (the "DDA") and the Detroit Economic Growth Corporation (the "DEGC") will expire June 30, 2022.

Article II of the Contract provides that the Contract may be renewed and extended for additional twelve (12) month periods upon delivery of a written notice by DDA to the DEGC on or before the ninetieth (90th) day prior to the end of the Contract term, provided such renewal is accepted by DEGC prior to the end of such term.

Enclosed for your consideration is a resolution that authorizes execution of the attached DDA/DEGC Contract (Exhibit "A") in an amount not to exceed One Million, Nine Hundred Thousand and 00/100 (\$1,900,000.00) Dollars, to expire June 30, 2023.

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



Mr. Hollowell made a motion to approve the DDA/DEGC Agreement for FY 2022-2023, as presented. Mr. Blaszkiewicz seconded the motion. All were in favor with none opposed.

Resolution Code DDA 22-05-02-01-465 was unanimously approved.

### **2022 Tax Rate Request Report to the County Board of Commissioners**

Ms. Kanalos presented the 2022 Tax Rate Request Report to the County of Board of Commissioners to the Board.

According to the provision in Section 212(1) of Public Act 57 of 2018, the Detroit Downtown Development Authority (the "DDA") is allowed to levy 1 mill on real and personal property in the downtown district. The proceeds of the levy are to be used to fund the DDA's operating budget.

Included in the Board book is the 2022 tax rate, to be signed by the Chair, or his representative, and the Secretary of the DDA Board of Directors. A resolution authorizing its submission was also included for consideration.

Mr. Naglick explained, mechanically, how the tax captures work each year, for the benefit of the Board members who did not know.

Ms. Sherard-Freeman called for a motion:

Mr. Blaszkiewicz made a motion to approve the 2022 Tax Rate Request Report to the County Board of Commissioners, as presented. Mr. Naglick seconded the motion. All were in favor, with none opposed.

Resolution Code DDA 22-05-01-466 was unanimously approved.

### **Schedule of Regular DDA Board Meetings for FY 2022-23**

Ms. Kanalos presented the Schedule of Regular DDA Board Meetings for FY 2022-23.

A resolution adopting the following dates of the DDA Board's regular meetings for the fiscal year 2022-23 was included in the Board book.



## 2022

July 13, 2022  
July 27, 2022  
August 10, 2022  
August 24, 2022  
September 14, 2022  
September 28, 2022  
October 12, 2022  
October 26, 2022  
November 9, 2022  
November 16, 2022\*  
December 7, 2022\*  
December 14, 2022\*

## 2023

January 11, 2023  
January 25, 2023  
February 8, 2023  
February 22, 2023  
March 8, 2023  
March 22, 2023  
April 12, 2023  
April 26, 2023  
May 10, 2023  
May 24, 2023  
June 14, 2023  
June 28, 2023

\*Due to a holiday, this meeting date varies from the regular schedule.

Hearing no objection to the proposed schedule, Ms. Sherard-Freeman called for a motion.

Mr. Naglick made a motion to approve the proposed Schedule of Regular DDA Board Meetings for FY 2022-23. Mr. Hollowell seconded the motion. All were in favor with none opposed.

Resolution Code DDA 22-05-01-467 was unanimously approved.

## OTHER BUSINESS

None.

## 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. Blaszkiewicz, Ms. Sherard-Freeman adjourned the meeting at 3:44 p.m.



**CODE DDA 22-05-02-646**

**APPROVAL OF MINUTES OF APRIL 27, 2022**

**RESOLVED** that the minutes of the Regular meeting of April 27, 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.

May 25, 2022



**CODE DDA 22-05-03-532**

**RECEIPT OF TREASURER'S REPORT FOR MARCH 2022**

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

May 25, 2022



**CODE DDA 22-05-03-533**

**RECEIPT OF TREASURER'S REPORT FOR APRIL 2022**

**RESOLVED**, that the Treasurer's Report of Receipts and Disbursements for the period ending April 30, 2022, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

May 25, 2022



**CODE DDA 22-04-44-55**

## **XLR8 ATHLETIX (DBA CROSSFIT DETROIT) LEASE MODIFICATION**

**WHEREAS**, on September 26, 2014, the City of Detroit Downtown Development Authority (“DDA”) and XLR8 Athletix, LLC (the “Tenant”) entered into a lease agreement (the “Lease”) for the ground level retail space located at 150 Michigan Ave. (the “Property”); and

**WHEREAS**, due to impacts of the Covid-19 pandemic on Tenant’s business the DDA, pursuant to the Lease’s force majeure provision and a July 2021 Board approval, previously agreed to defer rent through October, 2021, with the possibility of rent forgiveness provided that Tenant remained in lease compliance and in business through September, 2022: and

**WHEREAS**, in order to further support the Tenant as it continues to experience the impacts of the Covid-19 pandemic, DDA staff is recommending that the Lease be amended as follows (the “Proposed Modification”):

Rent would be payable at a reduced rate through June 30, 2023 as outlined below (the “Modification Period”), after which time it would return to the regular rental rates under the Lease through Lease expiration (August 31, 2024):

- Rent from April 1, 2021 through June 30, 2022 - \$4,500 per month
- Rent from July 1, 2022 through December 31, 2022 - \$5,500 per month
- Rent from January 1, 2023 through June 30, 2023 - \$6,500 per month
- Rent from July 1, 2023 through August 31, 2024- per the Lease

The rent deferral that commenced in April, 2021 would continue through May 31, 2022 (the “Deferral Period”), after which monthly rental payments on the first of every month would resume at the above rates through Lease termination.

Rent deferred during the Deferral Period will be paid by (i) application of a credit for the December 2021 rent paid (credit to be applied at the reduced rental rate) and (ii) application of a credit in the amount by which any monthly rent payment during the Modification Period exceeds \$4,500. Any remaining balance of deferred rent will be due and payable at the conclusion of the Modification Period, no later than June 30, 2023.

; and



**WHEREAS**, the DDA Board of Directors has determined that the Proposed Modification is reasonable and consistent with the DDA's goals and 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 Lease 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.

May 25, 2022



**CODE DDA 22-05-110-66**

**PARADISE VALLEY BUSINESS AND ENTERTAINMENT DISTRICT: AMENDMENT TO THE DEVELOPMENT AGREEMENT AND LOAN 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, changes in project scope, and delays caused by the Covid-19 pandemic; and

**WHEREAS**, in order to provide the Developer with additional time to complete an amendment of the Brownfield Plan at the local and state level, receive approval by Fall 2022 for Revitalization and Placemaking (“RAP”) Program and/or Community Revitalization (“CRP”) funds, and satisfy any outstanding requirements to close and begin construction on the Project, Developer is seeking an extension to the closing date provided for in the Development Agreement to December 31, 2022; and

**WHEREAS**, in addition to the foregoing, due to rising construction costs and a reduction in the amount of the senior loan, based on underwriting completed by DDA staff using current construction costs and revenue projections, the gap in funding has increased from \$800,000 to \$5.5 million and DDA staff recommends the approval of a loan to Developer 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>, 2022 and the provision of a loan 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 a loan 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, 2022 and the provision of a loan 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 a loan 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.

May 25, 2022



## EXHIBIT A PROJECT FINANCING TERMS

**Loan:** \$5,500,000 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.

**Fee:** 1% of the total loan amount due at closing. Additional fees to be applied and paid throughout the term of the loan for servicing the MSF CRP loan, if any.

**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.

**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 all equity members of development team, including those admitted prior to maturity.

**Additional Conditions:** Issuance of loan policy of title insurance at closing; Developer shall provide evidence to DDA staff that Developer has received RAP and/or CRP funding approval or funding commitments from other sources that, when combined with the DDA loan, senior loan, and Developer equity, are in an amount sufficient to complete the Project; closing and funding of the DDA loan shall be conditioned upon the closing of all other project financing; receipt, review, and approval of such other documents reasonably and typically required by the DDA staff for such a transaction.



**Servicing:** In the event an MSF CRP loan is awarded, DDA may, at MSF's request, service such loan, subject to DDA's discretion. A servicing fee would be payable by Developer in the amount of \$25,000 per annum during the term of the Loan.



**CODE DDA 22-05-18-74**

**ADMINISTRATION: APPROVAL OF BUDGET FOR FY 2022-23**

WHEREAS, Section 228(1) of the Recodified Tax Increment Financing Act 57, as amended, requires the City of Detroit Downtown Development Authority (the “DDA”) to prepare a budget (the “Budget”) for the operation of the DDA for each fiscal year; and

WHEREAS, said Budget must be prepared in a manner and contain the information required of the municipal departments of the City of Detroit; and

WHEREAS, said Budget must be approved by the Detroit City Council prior to its adoption by the DDA Board of Directors; and

WHEREAS, the DDA Staff has prepared the attached DDA Budget for Fiscal Year 2022-23 (Exhibit “A”).

NOW, THEREFORE, BE IT RESOLVED, that the DDA Board of Directors hereby authorizes the DDA staff to submit the FY 2022-23 Budget to the Detroit City Council for approval, in accordance with Section 228(1) of Act 57, Public Acts of Michigan, 2018, prior to its adoption by the DDA Board.

May 25, 2022

**DOWNTOWN DEVELOPMENT AUTHORITY  
BUDGET  
2022-2023**

|   | 2021-22<br>BUDGET          | 2021-2022<br>PROJECTED<br>ACTUAL | DIFFERENCE                 | 2022-23<br>BUDGET          |
|---|----------------------------|----------------------------------|----------------------------|----------------------------|
| <b>REVENUES:</b>                            |                            |                                  |                            |                            |
| Current taxes - one mil                     | \$ 1,050,000               | \$ 1,052,831                     | \$ 2,831                   | \$ 1,050,000               |
| Earnings on investments                     | 25,000                     | 2,378                            | (22,622)                   | 25,000                     |
| Transfer from Tax Increment Fund            | 750,000                    | 750,000                          | -                          | 750,000                    |
| Parking Operations                          | 800,000                    | 836,837                          | 36,837                     | 800,000                    |
| Other                                       | 15,000                     | 117,375                          | 102,375                    | 15,000                     |
| From/(To) prior year balance                | 350,000                    | (133,047)                        | (483,047)                  | 350,000                    |
| <b>TOTAL REVENUES</b>                       | <b><u>\$ 2,990,000</u></b> | <b><u>\$ 2,626,374</u></b>       | <b><u>\$ (363,626)</u></b> | <b><u>\$ 2,990,000</u></b> |
| <b>EXPENSES:</b>                            |                            |                                  |                            |                            |
| <b>Contractual Services</b>                 |                            |                                  |                            |                            |
| Detroit Economic Growth Corp                | \$ 1,900,000               | \$ 1,900,000                     | \$ -                       | \$ 1,900,000               |
| Annual Audit                                | 40,000                     | 40,000                           | \$ -                       | 40,000                     |
| <b>Sub-Total</b>                            | <b>\$ 1,940,000</b>        | <b>\$ 1,940,000</b>              | <b>\$ -</b>                | <b>\$ 1,940,000</b>        |
| <b>Professional Service Fees</b>            |                            |                                  |                            |                            |
| Legal Services                              | \$ 200,000                 | \$ 192,258                       | \$ 7,742                   | \$ 200,000                 |
| Insurance                                   | 325,000                    | 300,852                          | \$ 24,148                  | 325,000                    |
| Advertising/Marketing                       | 15,000                     | 12,840                           | \$ 2,160                   | 15,000                     |
| Computer Support                            | 10,000                     | 10,000                           | \$ -                       | 10,000                     |
| <b>Sub-Total</b>                            | <b>\$ 550,000</b>          | <b>\$ 515,950</b>                | <b>\$ 34,050</b>           | <b>\$ 550,000</b>          |
| <b>Parking Lots Management</b>              | <b>\$ -</b>                | <b>\$ -</b>                      | <b>\$ -</b>                | <b>\$ -</b>                |
| <b>Special Projects &amp; Contingencies</b> | <b>\$ 500,000</b>          | <b>\$ 170,424</b>                | <b>\$ 329,576</b>          | <b>\$ 500,000</b>          |
| <b>TOTAL EXPENSES</b>                       | <b><u>\$ 2,990,000</u></b> | <b><u>\$ 2,626,374</u></b>       | <b><u>\$ 363,626</u></b>   | <b><u>\$ 2,990,000</u></b> |



**CODE DDA 22-05-01-465**

**ADMINISTRATION: RENEWAL OF DDA/DEGC PROFESSIONAL SERVICES AGREEMENT FOR 2022-23**

**WHEREAS**, the present term of the professional services contract (the “Contract”), dated July 1, 2021, by and between the Detroit Economic Growth Corporation (the “DEGC”) and the City of Detroit Downtown Development Authority (the “DDA”) will expire on June 30, 2022; and

**WHEREAS**, the DDA desires to extend the term of the Contract for an additional renewal term of twelve (12) months, commencing on July 1, 2022 and expiring on June 30, 2023.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the DDA hereby approves the execution of a contract (the “Contract”) substantially in the form of Exhibit “A” attached hereto for FY 2022-2023 and further authorizes any two of its Officers or any two of its Authorized Agents or any one Officer and any one Authorized Agent to execute the Contract for an amount not to exceed One Million, Nine Hundred Thousand and 00/100 (\$1,900,000.00) Dollars and extending its term from July 1, 2022 through June 30, 2023.

**BE IT FINALLY RESOLVED** that the DDA Treasurer is hereby authorized to pay to DEGC, out of the General Fund, up to One Million, Nine Hundred Thousand and 00/100 (\$1,900,000.00) Dollars for the proper performance of the services under the terms of the Contract.

May 25, 2022



**CODE DDA 22-05-01-466**

**ADMINISTRATION: 2022 TAX RATE REQUEST REPORT TO THE COUNTY BOARD OF COMMISSIONERS**

**WHEREAS**, according to the provision in Section 212(1) of Public Act 57 of 2018, the Detroit Downtown Development Authority (the “DDA”) is allowed to levy 1 mill on real and personal property in the downtown district to be used to fund the DDA’s operating budget.

**NOW THEREFORE BE IT RESOLVED** that the Detroit Downtown Development Authority (the “DDA”) Board of Directors hereby authorizes the submittal of the 2022 Tax Rate Request Report to the County Board of Commissioners.

**BE IT FINALLY RESOLVED** that the DDA Board of Directors hereby authorizes the DDA Chair, or his representative, and the DDA Secretary, to take any actions and execute any documents to implement the provisions of this Resolution.

May 25, 2022



**CODE DDA 22-05-01-467**

**ADMINISTRATION: SCHEDULE OF REGULAR DDA MEETINGS FOR FY 2022-23**

**RESOLVED** that the Board of Directors of the Downtown Development Authority (the “DDA”) hereby adopts the following as its schedule of regular meetings for its fiscal year beginning July 1, 2022 and ending June 30, 2023. Unless otherwise posted, such meetings will be held on the **second and fourth Wednesday of each month at 3:00 P.M.** in the offices of the DEGC, 500 Griswold Street, Suite 2200, Conference Room A, as follows:

**2022**

July 13, 2022  
July 27, 2022  
August 10, 2022  
August 24, 2022  
September 14, 2022  
September 28, 2022  
October 12, 2022  
October 26, 2022  
November 9, 2022  
November 16, 2022\*  
December 7, 2022\*  
December 14, 2022\*

**2023**

January 11, 2023  
January 25, 2023  
February 8, 2023  
February 22, 2023  
March 8, 2023  
March 22, 2023  
April 12, 2023  
April 26, 2023  
May 10, 2023  
May 24, 2023  
June 14, 2023  
June 28, 2023

\*Due to a holiday, this meeting date varies from the regular schedule.

May 25, 2022