



**ECONOMIC DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS REGULAR MEETING  
TUESDAY, AUGUST 24, 2021 – 9:00 A.M.**

**BOARD MEMBERS PRESENT:** Clifford Brown  
Damon Hodge  
Marsha Bruhn  
Kimberly Clayson  
Linda Forte  
Kwaku Osei  
Jonathan Quarles  
Thomas Stallworth

**BOARD MEMBERS ABSENT:** Chris Jackson  
John Naglick (Ex-Officio)  
Katy Trudeau (Ex-Officio)

**SPECIAL DIRECTORS  
PRESENT:** None

**SPECIAL DIRECTORS  
ABSENT:** None

**OTHERS PRESENT:** Pierre Batton (DEGC/EDC)  
Rebecca Colett  
Gay Hilger (DEGC/EDC)  
David Howell (DEGC/EDC)  
Malinda Jensen (DEGC/EDC)  
Paul Kako (DEGC/EDC)  
Glen Long (DEGC/EDC)  
Drew Lucco (DEGC/EDC)  
Eric Morasset  
Rebecca Navin (DEGC/EDC)  
Mariangela Pledl (DEGC/EDC)  
Kelly Shovan (DEGC/EDC)  
Brian Vosburg (DEGC/EDC)  
Isaac Wolf (City of Detroit HRD)



**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS REGULAR MEETING  
AUGUST 24, 2021 – 9:00 A.M.  
DETROIT ECONOMIC GROWTH CORPORATION  
500 GRISWOLD, SUITE 2200  
DETROIT, MI 49226**

**GENERAL**

**Call to Order**

Chairperson Forte called the Regular meeting of the Economic Development Corporation Board of Directors to order at 9:05 a.m. and welcomed the Board members to the first in-person meeting in quite a while and commented that it was good to see everyone in person. Roll call was conducted, and a quorum was established. Mr. Stallworth joined via Zoom and is not included for purposes of establishing a quorum.

**Approval of Minutes**

Ms. Forte asked if there were any additions, deletions, or corrections to the minutes of the June 29, 2021 Special Board meeting. Hearing none, Ms. Forte indicated that she had a question about the minutes on page 8 in the agenda book, second paragraph, and asked if the \$5.5 million figure was correct. Ms. Navin advised \$5.5 million was a typo. It should read \$4.75 million, because the first-year allocation is \$2.25 million, and the second year is \$2.5 million.

Ms. Forte asked if there was a motion approving the minutes, as amended.

Mr. Hodge made a motion approving the minutes of the June 29, 2021 Special Board meeting, as amended. Mr. Quarles seconded the motion. All were in favor with none opposed.

EDC Resolution Code 21-08-02-350 was unanimously approved, as amended.

**Receipt of Treasurer's Reports**

Ms. Shovan reviewed the Treasurer's Report of Receipts and Disbursements for the month of June 2021. With there being no questions, Ms. Forte called for a motion:

Mr. Brown made a motion to receive the Treasurer's Reports for June 2021. Mr. Hodge seconded the motion. All were in favor with none opposed.

EDC Resolution Code 21-08-03-265 was unanimously approved.

Ms. Shovan reviewed the Treasurer's Report of Receipts and Disbursements for the month of July 2021. With there being no questions, Ms. Forte called for a motion:

Mr. Brown made a motion to receive the Treasurer's Report for July 2021. Mr. Hodge seconded the motion. All were in favor with none opposed.

EDC Resolution Code 21-08-03-266 was unanimously approved.



## **PROJECTS**

### **Motor City Match Revised Program Guidelines**

Mr. Lucco reported that in 2015, the Economic Development Corporation of the City of Detroit (“EDC”) launched the Motor City Match Program (the “Program”). Since that time, the EDC Board has approved Program Business awards for 1,418 Detroit businesses and Building awards for 413 commercial spaces. These awards occurred while the Program operated uninterrupted for over 17 rounds. Currently, 130 Motor City Match awardees are operating new businesses in formerly vacant commercial spaces throughout the city of Detroit. Additionally, over 300 Motor City Match awardees have created or expanded home-based, mobile, and pop-up businesses in the city of Detroit.

On March 31, 2021, the Office of Contracting and Procurement of the City of Detroit (“OCP”) advertised a request for proposals on behalf of the Housing and Revitalization Department of the City of Detroit soliciting proposals for the program administrator of the Motor City Match Small Business and Microenterprise Technical Assistance and Grant Program. The request for proposals sought qualified candidates to operate a second phase of the Program to operate subsequent rounds of awards and programming.

The EDC submitted a proposal and was selected as the operator of the next phase of the Program. On June 29, 2021, the EDC Board authorized the execution of contracts with the City of Detroit to accept funding for the Program, which includes \$2.25 million for FY 20-21 from the City of Detroit’s General Fund and \$1.5 million for FY 20-21 from Department of Housing and Urban Development through Community Development Block Grants (“CDBG”).

In order to operate the second phase of the Program, EDC Staff recommended the approval of new program guidelines, attached as Exhibit A (the “Program Guidelines”). A summary of the Program Guidelines and description of changes to the prior guidelines is provided below.

### **Program Overview**

The Program retains the same structure as its previous iteration – four award tracks for business owners, a separate track for building owners, and quarterly applications and awards. Technical Assistance Awards for early-stage and pre-development assistance will be funded using the \$1.5 million of funding available through CDBG. Technical Assistance Awards include the Plan, Develop, and Design Award Tracks. Financial Assistance Awards are operated using \$2.25 million of funding available through the City of Detroit General Fund and/or philanthropic funds. The Cash Track is the only award track considered a Financial Assistance Award. Funding and eligibility for both Technical Assistance Awards and Financial Assistance Awards is summarized in the chart below. Eligibility remains the same with one exception – the Develop Award Track (formerly “Make a Match” or “Space”) now requires awardees to be transactional prior to award. Non-transactional businesses can apply for the Plan track.



## Description of Award Tracks

Business and building owners may apply for financial and technical assistance through the four tracks available: Plan, Develop, Design, and Cash, with awards anticipated on a quarterly basis.

1. **Plan** – one-on-one consulting, classes and workshops, and access to technical assistance **for up to 15 entrepreneurs** seeking to refine, formalize, and launch a business idea
2. **Develop** – one-on-one consulting, classes and workshops, access to technical assistance and professional services for **up to 25 businesses** seeking to develop their idea, create a plan for growth, and choose an appropriate location for their next phase of development
3. **Design** – one-on-one consulting, classes and workshops, access to technical assistance and professional services **for up to 10 businesses** that have secured a location, settled on an appropriate growth plan, and need to create a design and program specific to that location
4. **Cash** – **Up to \$500,000 in grants for up to 15 projects** that have secured a location, settled on an appropriate growth plan, and created a design and program specific to that location. The maximum grant award is \$100,000 per project. Businesses must have money ready to invest, whether it's their own equity, financing, or both. Loans are facilitated through Program lending partners.



	Plan	Develop	Design	Cash
<b>Who is eligible:</b>	<ul style="list-style-type: none"> <li>Micro-enterprises and small business with no permanent location owned by Detroit residents</li> <li>Micro-enterprises and small business with a brick &amp; mortar location in Detroit</li> </ul>			<ul style="list-style-type: none"> <li>Micro-enterprises and small business with a brick &amp; mortar location in Detroit</li> </ul>
<b>Award Type:</b>	<b>Technical Assistance Awards</b>			<b>Financial Award</b>
<b>What do you need to qualify:</b>	<ul style="list-style-type: none"> <li>A business idea that needs formalizing and refining before launching</li> </ul>	<ul style="list-style-type: none"> <li>A business that is transactional needs assistances developing and growing into its next phase</li> </ul>	<ul style="list-style-type: none"> <li>A brick-and-mortar location if appropriate for your business model.</li> <li>A space secured with a deed, signed lease or signed letter of intent</li> <li>A budget for business startup and building improvements.</li> <li>An understanding of your branding and business identity</li> </ul>	<ul style="list-style-type: none"> <li>A building secured with a deed, signed lease or signed letter of intent that is current on taxes, water and blight tickets</li> <li>Architectural drawings for tenant improvements               <ul style="list-style-type: none"> <li>Quotes for construction, equipment, furnishings or inventory</li> </ul> </li> <li>A clear understanding of total project or start-up costs               <ul style="list-style-type: none"> <li>Funds ready to invest</li> </ul> </li> </ul>
<b>Program goals for awardees:</b>	<ul style="list-style-type: none"> <li>Refined business plan with sales projections and a realistic revenue model</li> <li>An understanding of target customers and your market</li> <li>Completed necessary administrative documents to become transactional</li> </ul>	<ul style="list-style-type: none"> <li>A growth plan appropriate to the business's model</li> <li>Determination of the appropriate location model (virtual, mobile, coworking, brick &amp; mortar, etc.)</li> <li>A budget for business startup or space improvements in appropriate location</li> <li>Completion of technical assistance or services for growth</li> </ul>	<ul style="list-style-type: none"> <li>A completed design specific to the selected location               <ul style="list-style-type: none"> <li>Signed and sealed construction documents ready for permitting and construction</li> </ul> </li> <li>Contractor quotes for all construction work, fixtures, equipment &amp; furnishings opening and first six months of operation</li> <li>Financing secured or under consideration with a lender</li> </ul>	<ul style="list-style-type: none"> <li>Grant funds fully disbursed</li> <li>Loans approved, closed, and funds in disbursement</li> <li>Completed construction, renovation, or expansion project</li> <li>Fully licensed and properly permitted new, renovated or expanded business</li> <li>Business open in the manner described in application</li> </ul>
<b>Awardees get access to:</b>	<ul style="list-style-type: none"> <li>One-on-one consulting</li> <li>Classes &amp; Workshops</li> <li>Technical Assistance</li> </ul>	<ul style="list-style-type: none"> <li>One-on-one consulting</li> <li>Classes &amp; Workshops</li> <li>Technical Assistance</li> <li>Professional Services</li> </ul>	<ul style="list-style-type: none"> <li>One-on-one consulting</li> <li>Classes &amp; Workshops</li> <li>Technical Assistance</li> <li>Professional Services               <ul style="list-style-type: none"> <li>Design Services</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>One-on-one consulting</li> <li>Classes &amp; Workshops</li> <li>Technical Assistance</li> <li>Professional Services               <ul style="list-style-type: none"> <li>Design Services</li> <li>Grant Funding</li> </ul> </li> </ul>

## Operational Changes

Additional changes to specific Program operations are recommended to ensure compliance with federal CDBG underwriting criteria and national objectives, to make Program administration more efficient, to better enable early-stage businesses to become transactional, and to increase access capital for businesses of all stages. These changes are summarized in the following table.



Original MCM Guidelines	Updated MCM Guidelines	Reason For Update
Business Plan Track – up to 50 awardees per round	Plan Track – up to 15 awards per round	Allow staff to spend more time with awardees to get awardees formalized and transactional more quickly; more business planning classes are available in Detroit
Space Track – completed business plan to be eligible	Develop Track – transactional business to be eligible	Necessary to be transactional to secure funding necessary to move into a permanent space; eases CDBG compliance
Design Track – up to 7 awardees per round	Design Track – up to 10 awardees per round	Bolster pipeline for Cash awards; maximize CDBG funding
Each Awardee allocated a set amount of Technical Assistance per track – Business Plan \$1,000, Space \$4,000, Design \$5,000	Technical Assistance Awardees can receive a maximum of \$50k in TA per yearly award cycle based on completion of program milestones and compliance with HUD CDBG guidelines	Targeting TA to specific needs of individual businesses allows more effective use of CDBG funding while maintaining compliance
Building owner awards were separate from business only tracks	Building owners and business can apply for awards under same criteria	Lowers administrative burden; integrates building owners into business services and potentially increases availability of white-box space
Program funds a building condition assessment as part of Building award	Buildings do not receive an award - are only listed on the MCM Buildings Map	Building condition assessments on unoccupied properties create high burden of compliance
Buildings added to the MCM Buildings Map on quarterly basis	Buildings added to MCM Buildings Map on rolling basis	Allows for more up to date and effective matching inventory
Building awards are approved by EDC staff	Buildings can be added to MCM Buildings Map by Program staff if they meet criteria, do not require EDC Board Approval	Allows for more up to date and effective matching inventory

Following the approval by the EDC Board of the 2021 Program Guidelines, staff will draft all related Program documents, including but not limited to a Program application, and award agreements in accordance with the approved Program Guidelines.

A resolution was included in the agenda book approving the 2021 Program Guidelines for the Board's consideration.

Ms. Forte called for questions.

Mr. Brown stated that he, as a developer, had two questions. First, what outreach was done to business owners in the neighborhoods, particularly in Strategic Neighborhood Fund neighborhoods, and secondly, is this program only for old buildings or does it also serve buildings that are being built.

Mr. Lucco informed that the outreach strategy hasn't really kicked into high gear yet because they have not operated since last December. Once timelines and application deadlines are set, we



will use social media, our community partners, the media, and will be hosting public information sessions.

Mr. Brown offered to engage with staff in conversation offline regarding additional ideas to get the word out. Mr. Batton thanked Mr. Brown and stated that he would love to connect with him.

Mr. Batton advised that in addition to what was previously mentioned, there is also the Detroit Means Business application--the online platform, as well as in person, so we are able to leverage the entire small business ecosystem a little more effectively now in Detroit. With just our newsletters and mailers alone, we have more than 7,000 businesses to date that have signed up for Detroit Means Business.

Mr. Brown suggested contacting the Equitable Development Initiative, the Strategic Neighborhood Fund through the City, and the Detroit Developers Roundtable, beyond the newsletter, to actively reach out to additional people and businesses.

Mr. Lucco responded to Mr. Brown's second questions advising that technically new buildings would qualify as long as they have been vacant for a period of time and may need structural improvements. What is recognized is that Detroit entrepreneurs should locate in places where they will have the best chances to succeed.

Mr. Osei stated he had a question about the Develop Track and if a business must be transactional to get into the program. Mr. Lucco advised that businesses that were not yet transactional would be able to enter the program through the Plan Tract.

Mr. Lucco explained in detail all of the changes that were made to the Program. One of the most important changes was that everyone will now have access to all workshops, regardless of what track they are in

Mr. Osei stated that the challenge he can see is that, for some businesses, particularly smaller businesses will have to be in a space before they can become transactional. Mr. Lucco informed that another part of the Program that they are actively trying to bolster is access to temporary spaces, temporary markets, or pop-up spaces. There is an entire network of short-term and non-traditional spaces that we want to utilize. It is recognized that businesses operate differently now than when the Program first began, and there is more of an online market.

Ms. Bruhn requested that Mr. Lucco expand on what is meant by transactional, and asked, in terms of Block Grant funding, what businesses would be eligible.

Mr. Lucco advised that transactional is defined as a business that has had any kind of sales. In answer to the second question, the distinction between CDBG and general funds, CDBG has a full set of national objectives and eligibility requirements, and staff will make an assessment based on location, income, whether the business is transactional, etc., if the business qualifies, and they will make sure that the businesses are checking the boxes as they progress through the Program and try to guide that business so that it will possibly qualify.



Ms. Bruhn asked if the previously funded Motor City Match grant awardees will now be ineligible because of the block grant regulations. Mr. Lucco answered that all would be eligible except ones that may have won a business plan award and are not City of Detroit residents and are not a transactional business. However, if a non-resident already has a building in Detroit and has money to invest, they would be eligible.

Ms. Forte asked if the target for results overall is to launch or support more business at a higher level of success. Mr. Lucco stated that, while we may award fewer businesses early in the program than the last rounds, what we want to do is make sure that the services we provide are more effective and geared toward getting businesses formalized and transactional. The emphasis will be on being more effective and measuring that effectiveness better by counting who came in, did we get them registered with the State with the proper licensing, and did we get them operational, and to make sure that the goals that they set for their businesses are practical, measurable and achievable.

Ms. Forte thanked Mr. Lucco and asked if there were any other questions. Hearing none, she called for a motion.

Mr. Osei made a motion approving the Motor City Match Revised Program Guidelines. Mr. Brown seconded the motion. All were in favor with none opposed. EDC Resolution Code 21-08-91-117 was unanimously approved.

### **Ferry Street Inn Rehabilitation Project – Acceptance of Pay-Off and Agreement Regarding Proceeds**

Ms. Navin advised that in January, 2000, The Economic Development Corporation of the City of Detroit (the “EDC”) made a \$500,000 loan using recycled UDAG proceeds (the “Loan”) to Ferry Street Development Company (the “Borrower”) for the historic rehabilitation and conversion of four turn-of-the-century Victorian homes and two carriage houses located on Ferry Street between Woodward Ave. and John R into a guest house and conference and meeting space known as the Ferry Street Inn (the “Project”). Under the terms of the Loan, interest would begin to accrue on January 1, 2008 and annual principal and interest payments were due on December 31 of each year starting on December 31, 2008, until Loan maturity on December 31, 2020.

The Project had insufficient cash flow through the term of the Loan to make the required annual payments. In addition to the Loan, the Project received loans from private philanthropic sources and public sources, including a Section 108 loan in the amount of \$2.9 million and a UDAG loan in the amount of \$452,012 from the City (the “City Loans”). In response to additional economic stresses caused by the Covid-19 pandemic, the Borrower approached the City and EDC about loan/forgiveness and or pay-off options, in order to restructure its debt on the Project and reposition and / or dispose the asset.

Subject to final approval by the United States Department of Housing and Urban Development, the City has agreed to discharge and release the City Loans upon the following conditions:



1. The Loan, including regular interest, be repaid in full.
2. The EDC transfer all of the proceeds from the Loan received to a project designated in writing by the City of Detroit Housing and Revitalization Department (“HRD”), on terms approved by HRD in HRD’s sole discretion, as further described in the Agreement attached hereto as Exhibit A (the “Loan Proceeds Agreement”).

The outstanding balance of the Loan, as of August 31, 2021, is \$910,000, including interest.

EDC staff recommended the Board’s approval of (i) acceptance of the payoff of the Loan and waiver of any accrued and unpaid late fees and default interest and (ii) execution of the Loan Proceeds Agreement.

A resolution was included in the agenda book for the Board’s consideration.

Ms. Forte called for questions.

Mr. Hodge asked for clarification on what was going to be done with the proceeds. Ms. Navin advised that EDC would accept the proceeds and EDC would agree to hold those proceeds until the City designates a project, and then EDC would be the lender of those proceeds to the project. Ms. Navin added that the EDC was originally the lender of these recycled UDAG funds to the Ferry Street Project, so in any event, for UDAG recycled proceeds, we would have to go back to the City for approval of a project. What is a little different in this instance is instead of us taking a project to the City for use of these funds, the City will be designating a project.

Mr. Hodge asked if this meant that this Board would not have the authority to review said project. Ms. Navin advised that the use of those proceeds would still come before this Board for approval. It would just be relative to a project that was designated by HRD, and before we present the project to the Board, we would make sure that HRD had approved the proposed terms.

Ms. Forte asked what the dollar value of the defaulted interest is. Mr. Long advised that it is roughly \$170,000.

Ms. Bruhn questioned if that meant essentially \$3.5 million was written off. Ms. Navin answered that is correct. Ms. Bruhn asked if there was a learning experience here. Mr. Long advised that nothing was written off by EDC. He doesn’t believe we can answer that question for the City. That was over 20 years ago and none of the people involved are still at the City. It is hoped that the current people at the City are doing an analysis. Mr. Long stated that he believes the value the City received for this project would have met the goal, as the City did get a serviceable hotel and conference center.

Ms. Forte asked if the Ferry Street Inn was still operational. Mr. Howell advised that it closed due to COVID and never reopened.

Ms. Forte asked about the City’s analysis and stated that she hoped that it determined what kind of economic value this entity provided over the 20-year period in terms of jobs and value for hotel



operation supporting whatever out-of-town and in-town visitors there were. That is what will offset the write-off.

Ms. Navin advised that Isaac Wolf from the City's Housing and Revitalization Department is on the conference and can speak to that. Mr. Wolf reported that the properties were doing well prior to the pandemic. The hotel occupancy rate ranged from 74 to 77 percent and the average daily room rate was up at about \$177.41, which was the last full year before the pandemic, and then severely dropped due to the pandemic. The project created 59 jobs as a result of the loan and the operation of the hotel. They are currently trying to figure out what the best interests of the hotel and of the City are moving forward.

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

Mr. Osei made a motion approving the Ferry Street Inn Project Acceptance of Pay-Off and Agreement Regarding Proceeds. Mr. Hodge seconded the motion. Mr. Brown advised that he needed to abstain. All were in favor with none opposed, and one abstention. Resolution Code EDC 21-08-38-02 was approved.

#### **ADMINISTRATION**

None.

#### **OTHER MATTERS**

None.

#### **PUBLIC COMMENT**

None.

#### **ADJOURNMENT**

On a motion by Mr. Brown, which was seconded by Mr. Hodge, Ms. Forte adjourned the meeting at 9:52 a.m.



CODE EDC 21-08-02-350

**APPROVAL OF MINUTES OF JUNE 29, 2021 SPECIAL MEETING**

**RESOLVED**, that the minutes of the Special meeting of June 29, 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 Economic Development Corporation.

August 24, 2021



**CODE EDC 21-08-03-265**

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

**RESOLVED**, that the Treasurer's Report of Receipts and Disbursements for the period ending June 30, 2021, as presented at this meeting, is hereby in all respects accepted as action of the Economic Development Corporation.

August 24, 2021



**CODE EDC 21-08-03-266**

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

**RESOLVED**, that the Treasurer's Report of Receipts and Disbursements for the period ending July 31, 2021, as presented at this meeting, is hereby in all respects accepted as action of the Economic Development Corporation.

August 24, 2021



**CODE EDC 21-08-91-117**

## **MOTOR CITY MATCH: REVISED PROGRAM GUIDELINES**

**WHEREAS**, in 2015, the Economic Development Corporation of the City of Detroit (“EDC”) launched the Motor City Match Program (the “Program”) s; and

**WHEREAS**, in June, 2021, pursuant to a request for proposal issued by the City of Detroit, the EDC was selected to be the program administrator of the second phase of the Program; and

**WHEREAS**, the EDC and the City have executed contracts funding for the Program, which includes \$2.25 million from the City of Detroit’s General Fund and \$1.5 million from Department of Housing and Urban Development through Community Development Block Grants (“CDBG”); and

**WHEREAS**, in order to operate the second phase of the Program, EDC staff recommends the approval of new program guidelines, substantially in the form attached as **Exhibit A** (the “Program Guidelines”); and

**WHEREAS**, the EDC Board of Directors has determined that staff’s recommendation is appropriate and in the best interests of the EDC and the Program.

**NOW, THEREFORE BE IT RESOLVED**, that the EDC Board of Directors hereby approves the updated Motor City Match Program Guidelines in substantially the form as attached hereto as **Exhibit A** with such modifications which are necessary or appropriate for compliance with City and/or CDBG requirements, and/or due to minor inaccuracies contained in the Program Guidelines, unforeseen events or circumstances, or technical matters, as determined by counsel or Authorized Agents of the EDC, provided that such changes do not alter the intent of this resolution.

**BE IT FURTHER RESOLVED**, that EDC staff is hereby authorized to draft all supporting Program documents, including but not limited to a Program application, and award agreements, in accordance with the approved Program Guidelines.

**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 EDC’s Authorized Agents shall hereafter have the authority to negotiate and execute all documents, contracts, or other papers necessary to implement the Program and to take such actions as are 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 EDC, in the name and on behalf of the EDC, 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 the execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

August 24, 2021



## **Exhibit A**

### **Motor City Match Program Guidelines**

(see attached)



**CODE EDC 21-08-38-02**

**FERRY STREET INN REHABILITATION PROJECT – ACCEPTANCE OF PAY-OFF AND AGREEMENT REGARDING PROCEEDS**

**WHEREAS**, in January, 2000, The Economic Development Corporation of the City of Detroit (the “EDC”) made a \$500,000 loan using recycled UDAG proceeds (the “Loan”) to Ferry Street Development Company (the “Borrower”) for the historic rehabilitation and conversion of four turn-of-the-century Victorian homes and two carriage houses located on Ferry Street between Woodward Ave. and John R into a guest house and conference and meeting space known as the Ferry Street Inn (the “Project”); and

**WHEREAS**, the also Project received loans from private philanthropic sources and public sources, including a Section 108 loan in the amount of \$2.9 million and a UDAG loan in the amount of \$452,012 from the City (the “City Loans”); and

**WHEREAS**, the Loan matured on December 31, 2020 and has an outstanding balance of principal and accrued and unpaid interest of \$910,000 as of August 31, 2021.

**WHEREAS**, Borrower approached the City and EDC about loan/forgiveness and or pay-off options, in order to restructure its debt on the Project and reposition the asset, and subject to final approval by the United States Department of Housing and Urban Development, the City has agreed to discharge and release the City Loans upon the following conditions:

1. The Loan, including regular interest but excluding late fees and default interest, be repaid in full (the “Pay-off”) and
2. The EDC transfer all of the proceeds from the Loan received to a project designated in writing by the City of Detroit Housing and Revitalization Department (“HRD”), on terms approved by HRD in HRD’s sole discretion, as further described in the Agreement attached hereto as Exhibit A (the “Loan Proceeds Agreement”).

**WHEREAS**, the EDC Board has determined that the acceptance of the Pay-off upon the terms of the Loan Proceeds Agreement is in the best interests of the EDC.

**NOW, THEREFORE, BE IT RESOLVED**, that the EDC Board of Directors hereby approves (i) the acceptance of the Pay-off and waiver of any accrued and unpaid late fees and default interest and (ii) execution of the Loan Proceeds Agreement.

**BE IT FURTHER RESOLVED** that any two Officers, any two of the Authorized Agents of the EDC, or any one of the Officers and any one of the Authorized Agents of



the EDC, shall hereafter have the authority to execute the Loan Proceeds Agreement, in substantially the form attached as Exhibit A, 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 EDC.

**BE IT FINALLY RESOLVED** that all of the acts and transactions of any Officer or Authorized Agent of the EDC, in the name and on behalf of the EDC, 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.

August 24, 2021



**EXHIBIT A**  
**Form of Loan Proceeds Agreement**

**AGREEMENT**  
**(Ferry Street Inn)**

**THIS AGREEMENT** ("Agreement") is entered and effective this 16<sup>th</sup> day of August, 2021, by and between The Economic Development Corporation of the City of Detroit ("EDC"), a Michigan public authority and body corporate organized and existing pursuant to Act 338 of the Public Acts of Michigan of 1974, as amended, and the City of Detroit ("City"), a Michigan municipal corporation acting by and through its Housing & Revitalization Department ("HRD"). The City and the EDC may also be known individually as a "Party" or collectively as the "Parties".

**WITNESSETH:**

**WHEREAS**, the City and the EDC are each a party to that certain Development and Loan Agreement dated January 31, 2000 whereby the Parties have each separately loaned certain funds to Ferry Street Development Company L.L.C. ("Developer"); and

**WHEREAS**, the City loaned Two Million Nine Hundred Thousand and 00/100 Dollars (\$2,900,000.00) to Developer evidenced by that certain Section 108 Note dated January 31, 2000 (the "Section 108 Loan") to improve those certain properties in Detroit, Michigan as further described in the attached Exhibit A that is incorporated herein by reference (the "Properties"); and

**WHEREAS**, the City also loaned the Developer Four Hundred Fifty Two Thousand Twelve and 00/100 Dollars (\$452,012.00) evidenced by that certain UDAG Note dated January 31, 2000 (the "UDAG Loan") to improve the Properties; and

**WHEREAS**, the EDC loaned the Developer Five Hundred Thousand and 00/100 Dollars (\$500,000.00) evidenced by that certain EDC Note dated January 31, 2000 (the "EDC Loan") to improve the Properties; and

**WHEREAS**, the EDC Loan was made with Federal Urban Development Action Grant Program funds that the EDC received from the City; and

**WHEREAS**, the Section 108 Loan, the UDAG Loan and the EDC Loan are all in default without sufficient equity in the Properties to cover these debts, as well as other outstanding debt associated with the Properties; and

**WHEREAS**, the EDC Loan is subordinate to both the Section 108 Loan and the UDAG Loan; and



**WHEREAS**, in support of economic development and affordable housing in Detroit, the City has agreed to discharge both the Section 108 Loan and the UDAG Loan, provided that EDC agrees to utilize all amounts paid to EDC on the EDC Loan towards a separate development project pursuant to the terms of this Agreement; and

**WHEREAS**, the Board of Directors of the EDC authorized the EDC to enter into this Agreement and to utilize the EDC Loan Proceeds pursuant to EDC Resolution CODE EDC 21-08-38-02.

**NOW, THEREFORE**, it is agreed that:

1. The above recitals are incorporated into this Agreement as if fully set out word for word.
2. The City hereby agrees to discharge and release both the Section 108 Loan and the UDAG Loan.
3. It is anticipated that upon the City's closing on the discharge and release of both the Section 108 Loan and the UDAG Loan, the current outstanding balance of the EDC Loan, including any principal, interest and fees accumulated to date, will be received by the EDC (the "EDC Loan Proceeds"). It is further anticipated that the total amount of EDC Loan Proceeds received by the EDC will be approximately Nine Hundred Ten Thousand and 00/100 Dollars (\$910,000.00), more or less.
4. EDC hereby agrees to transfer all of the EDC Loan Proceeds received to a project designated in writing by HRD, on terms approved by HRD in HRD's sole discretion.
5. City may terminate this Agreement at its convenience at any time by giving the EDC a written Notice of Termination at least thirty (30) days before the effective date thereof.
6. This Agreement may be executed in any number of counterparts. All such counterparts shall be deemed originals and together shall constitute one and the same instrument.
7. This instrument contains the entire agreement between the Parties respecting the subject matter of this Agreement, and all prior negotiations and agreements are merged herein. Neither Party nor its agents have made any representations except those expressly set forth herein, and no rights or remedies are or shall be acquired by the Parties by implication or otherwise unless expressly set forth herein.
8. No amendment to this Agreement will be effective unless it is in writing, expressly makes reference to this Agreement and is executed by a duly authorized representative of each Party.



9. This Agreement shall bind, and the rights, benefits and advantages of this agreement shall inure to the successors of the City and the EDC.

[Signatures are on the following page]



The City and EDC, by and through their authorized officers and representatives, have executed this Agreement as follows:

**CITY OF DETROIT**  
HOUSING & REVITALIZATION DEPARTMENT

BY: \_\_\_\_\_

Print: \_\_\_\_\_

ITS: \_\_\_\_\_

**THE ECONOMIC DEVELOPMENT CORPORATION OF THE  
CITY OF DETROIT**

BY: \_\_\_\_\_

Print: \_\_\_\_\_

ITS: Authorized Agent

BY: \_\_\_\_\_

Print: \_\_\_\_\_

ITS: Authorized Agent

Approved as to Form Only:

BY: \_\_\_\_\_

Rebecca A. Navin  
Counsel to the EDC



## **EXHIBIT A**

### LEGAL DESCRIPTION OF THE PROPERTIES

Property in the City of Detroit, Wayne County, Michigan described as:

The south part of Lot 20 measuring 50.94 feet along the east lot line, and 50.52 feet along the west lot line, and all of Lots 21 through 24, inclusive, plat of D. M. Ferry's Subdivision, according to the recorded plat thereof, as recorded in Liber 10 of Plats, Page 4, Wayne County Records.

Commonly known as 110-1/2 E. Ferry (also known as 5439 John R), 100 E. Ferry, 84 E. Ferry, 70-1/2 E. Ferry, 70 E. Ferry, 60-1/2 E. Ferry and 60 E. Ferry, Detroit, Michigan

Ward 01, Item 1493.002L; Ward 01, Item 1494; and Ward 01, Item 1495