



**ECONOMIC DEVELOPMENT CORPORATION
FINANCE COMMITTEE MEETING
WEDNESDAY, NOVEMBER 20, 2019 – 10:00 A.M.**

MEMBERS PRESENT: Linda Forte, Chair
Damon Hodge
Thomas Stallworth

MEMBERS ABSENT: Kwaku Osei

OTHERS PRESENT: Lily Hamburger (DEGC/EDC)
Gay Hilger (DEGC/EDC)
Denise Hundley (DEGC/EDC)
Malinda Jensen (DEGC/EDC)
Paul Kako (DEGC/EDC)
Jennifer Kanalos (DEGC/EDC)
Glen Long (DEGC/EDC)
Michelle Matthews (DEGC/EDC)
Rebecca Navin (DEGC/EDC)
Mariangela Pledl (DEGC/EDC)
Martha Potere (DEGC/EDC)



**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION
FINANCE COMMITTEE MEETING
WEDNESDAY, NOVEMBER 20, 2019
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD, SUITE 2200 – 10:00 A.M.**

CALL TO ORDER

Noting that a quorum was present, Chairperson Forte called the meeting of the Finance Committee of the Economic Development Corporation to order at 10:00 a.m.

APPROVAL OF MINUTES

Ms. Forte asked if there were any additions, deletions or corrections to the minutes of the November 6, 2019 Finance Committee meeting. Hearing none, the Committee took the following action:

On a motion by Mr. Hodge, seconded by Mr. Stallworth, the Committee unanimously approved the minutes.

PROJECTS

Streetscape Mitigation Loan Fund Program

Ms. Hamburger reported that to support the financial stability of Detroit's businesses during the streetscape improvement construction projects on key commercial corridors in Detroit's neighborhoods, Economic Development Corporation of the City of Detroit ("EDC") in coordination with the City of Detroit (the "City"), foundations and other partners, is implementing a program that will fund zero-interest loans and technical assistance to qualifying businesses. On August 27, 2019, the EDC approved a pilot Streetscape Mitigation Loan Fund Program (the "Program") for Livernois between Margareta and 8 Mile with an initial \$400,000 loan pool. It is anticipated that as additional funds are raised, the Program will be implemented in other areas impacted by planned streetscape improvement projects.

Ms. Hamburger called on Ms. Matthews who summarized the first loan request to Teaser's Boutique, LLC as follows:

**EXHIBIT A
SUMMARY OF PROPOSED TERMS
TEASERS BOUTIQUE, LLC LOAN REQUEST**

Borrower Name:	Teasers Boutique, LLC
Borrower Business Location:	19355 Livernois Detroit, MI 48221
Date:	11/20/2019
Request:	\$20,000.00 Commercial Business Loan
Rate:	0%



Fee: \$0.00
Repayment: Principal Only
Term: 72 Months – Straight Line Amortization, payments begin Month 13; principal balance forgivable after 24 on-time payments or equivalent.
Security: Personal Guarantee
Analyst’s Rating: 7 – Moderate Risk
Analyst/Officer: Michelle Matthews

LOAN PURPOSE AND BUSINESS DESCRIPTION/HISTORY

Jeanne Paulette Williams, owner of Teasers Boutique, is seeking a \$20,000.00 commercial business loan from the Economic Development Corporation of the City of Detroit Streetscape Mitigation Loan Fund to support business expenses throughout the construction season. Ms. Williams learned to sew in high school and worked to refine her skills as a seamstress before opening her store on Livernois in 2006. Ms. Williams creates high-fashion, custom formal wear for anyone seeking a unique, hand-made outfit. Teasers Boutique is a staple on the Avenue of Fashion and a long-time fixture in the neighborhood.

Teasers Boutique is on the West side of Livernois, where much of the construction barrels lay strewn about. Ms. Williams has invested heavily in advertising and community events, including donating time and space to Light Up Livernois to increase traffic to her store. Ms. Williams has had countless days since construction began with zero sales and leveraged her personal credit to keep the business afloat. Revenue for Teasers Boutique from April through July of 2019 is down 15% and net income is down 22% in comparison to the comparable time frame in 2018.

SOURCES AND USES

Uses of Funds	Amount
Rent	\$ 2,200
Utilities	\$ 1,250
Working Capital	\$ 2,659
Insurance	\$ 1,704
Advertising/Marketing	\$ 1,500
Business Debt Repayment	\$ 9,601
Telephone / Internet	\$ 1,086
Sources of Funds	
EDC Streetscape Mitigation Fund	\$20,000

SOURCE OF REPAYMENT

Primary: Revenue from Teasers Boutique
Secondary: Personal Guarantee

COLLATERAL AND CONDITIONS

Business Assets: N/A
Personal Assets: N/A



- Conditions:** Closing contingent upon EDC Board approval. Borrower will be required to engage in technical assistance to improve financial planning, marketing and accounting.
- Reporting:**
- 1.) Quarterly Profit/Loss Statement and Balance Sheet prepared by CPA
 - 2.) Annual Business and Personal Financial statement/tax return

Ms. Forte stated that the decline in revenue for this business seems to be a little less than other loan requests. Ms. Matthews responded that part of it might have to do with the fact that she has been in business so long and has a really strong client base and a lot of her business relies on repeat customers and she needs to turn over her inventory to satisfy those repeat customers. That is why she has incurred some business debt, repayment of which will be part of her uses.

Ms. Forte called for other comments/questions. Hearing none, Ms. Forte stated she would move on to the next loan.

Ms. Hamburger called on Ms. Potere who summarized the loan request of Tom's Liquor Palace as follows:

EXHIBIT B
SUMMARY OF PROPOSED TERMS
TOM'S LIQUOR PALACE, INC. LOAN REQUEST

Borrower Name:	Tom's Liquor Palace, Inc.
Borrower Business Location:	20078 Livernois, Detroit, MI 48221
Date:	11/20/2019
Request:	\$20,000.00 Commercial Business Loan
Rate:	0%
Fee:	\$0.00
Repayment:	Principal Only
Term:	72 Months – Straight Line Amortization, payments begin Month 13; principal balance forgivable after 24 on-time payments or equivalent.
Security:	Personal Guarantee
Analyst's Rating:	7.7 – Moderate Risk
Analyst/Officer:	Martha Potere

LOAN PURPOSE AND BUSINESS DESCRIPTION/HISTORY

Tim Foumia, one of three owners of Tom's Liquor Palace, is seeking a \$20,000.00 commercial business loan from the Economic Development Corporation of the City of Detroit Streetscape Mitigation Loan Fund to support business expenses throughout the construction season. The property's physical location is 20078 Livernois, Detroit. EDC financing will support working capital, insurance expenses, repairs and utilities.

Family-owned and operated since 1994, Tom's has been through two streetscape projects now, the first being in 2007 when the Livernois median was installed. Mr. Foumia has invested a



significant amount of money into the business - \$125,000 into the exterior and almost \$10,000 in LED lighting alone. These are just two of his most recent renovations. He wanted to redo the floors in his business this year, but slow sales have forced him to go out of pocket to maintain inventory. Revenue is down 12% and net profit for the business is down 38% for the first three quarters of 2019 compared to the same time frame in 2018.

SOURCES AND USES

Uses of Funds	Amount
Working capital	\$ 2,000
Insurance	\$ 6,000
Repairs	\$ 9,000
Utilities	\$ 3,000
Sources of Funds	
EDC Streetscape Mitigation Fund	\$ 20,000

SOURCE OF REPAYMENT

Primary: Revenue from Tom’s Liquor Palace
Secondary: Personal Guarantee

COLLATERAL AND CONDITIONS

Business Assets: N/A
Personal Assets: N/A

Conditions: Closing contingent upon EDC Board approval. Borrower will be required to engage in technical assistance to improve financial planning, marketing and accounting.

Reporting: 1.) Quarterly Profit/Loss Statement and Balance Sheet prepared by CPA
 2.) Annual Business and Personal Financial statement/tax return

Mr. Hodge questioned if Tom’s Liquor Palace has a private parking lot. Ms. Potere respond that he does have a private lot. Mr. Hodge stated that his only reason for bringing that up is that a lot of the loan requests the Finance Committee has considered have been because there is no street parking, coupled with walkability of the area due to the sidewalk construction. Mr. Hodge added that he doesn’t dispute that Tom’s has certainly had some business disruption but noted that 12 percent goes back to the Chair’s earlier point that the Committee has seen many loan requests with much larger losses of revenue.

Ms. Potere stated that she would like to confirm that he has off-street parking. Mr. Stallworth advised that, as he recalls, there is a private lot, but it is very small.

Ms. Forte asked if there were other questions/comments. Hearing none, the Chair moved on to the next loan request.

Ms. Hamburger called on Ms. Pledl who summarized the loan request of Narrow Way Café, LLC as follows:



**EXHIBIT C
SUMMARY OF PROPOSED TERMS
NARROW WAY CAFÉ, LLC LOAN REQUEST**

Borrower Name: Narrow Way Café, LLC
Borrower Business Location: 19331 Livernois, Detroit, MI 48221
Date: 11/20/2019
Request: \$20,000.00 Commercial Business Loan
Rate: 0%
Fee: \$0.00
Repayment: Principal Only
Term: 72 Months – Straight Line Amortization, payments begin Month 13; principal balance forgivable after 24 on-time payments.
Security: Personal Guarantee
Analyst’s Rating: 8.00 – Low Risk
Analyst/Officer: Mimi Pledl

LOAN PURPOSE AND BUSINESS DESCRIPTION/HISTORY

Andrew and David Merritt are owners and founders of Narrow Way Café and are seeking a \$20,000.00 commercial business loan from the Economic Development Corporation of the City of Detroit Streetscape Mitigation Loan Fund. The property’s physical location is 19331 Livernois, Detroit. EDC financing will support rent, payroll, marketing and working capital.

Narrow Way Café is a high-end community café that has a unique partnership with Zingerman’s Coffee Company and Avalon Bakery. They provide a stress-free environment that attracts neighborhood residents, students and others from outside the Livernois commercial corridor. The location has been used for book signings, political events and baby showers. They are developing a catering business and are exploring health and beauty products that can utilize existing café materials. Narrow Way Café had a 15% revenue decline and a 34% decline in net profit from March through July 2019 as compared with the same period in 2018. Narrow Way Café is a Motor City Match cash awardee.

SOURCES AND USES

Uses of Funds	Amount
Rent	\$5300.00
Payroll	\$8500.00
Marketing	\$1000.00
Working Capital	\$5200.00
Total	\$20000.00
Sources of Funds	
EDC Streetscape Mitigation Fund	\$20,000.00



SOURCE OF REPAYMENT

Primary: Cash Flow from Narrow Way Café
Secondary: Personal Guarantee

COLLATERAL AND CONDITIONS

Business Assets: N/A
Real Estate: N/A
Conditions: Closing contingent upon EDC Board approval. Borrower will be required to engage in technical assistance to improve financial planning, marketing and accounting.
Reporting: 1.) Quarterly Profit/Loss Statement and Balance Sheet prepared by CPA
2.) Annual Business and Personal Financial statement/tax return

Mr. Hodge asked if this business has remained open throughout the construction. Ms. Pledl responded yes.

Ms. Forte asked if there were other questions/discussion. Hearing none, the Chair asked if there was a motion:

On a motion by Mr. Hodge, seconded by Mr. Stallworth, the Committee unanimously agreed to recommend Board approval of the three loan requests presented.

ADMINISTRATION

EDC Loan Portfolio Report – October 31, 2019

Ms. Hundley reported that the October 31, 2019 EDC Loan Portfolio Report was included in the Committee meeting material and advised that the Streetscape loans that have been approved have been added to the Report.

Mr. Long reviewed the report for the benefit of the Board and staff responded to questions.

Ms. Forte thanked staff for the Report, as it helps give the Finance Committee perspective on where the Loan Portfolio stands.

OTHER MATTERS

PUBLIC COMMENT



ADJOURNMENT

With there being no other business to come before the Committee, on a motion by Mr. Stallworth, seconded by Mr. Hodge, Chairperson Forte adjourned the meeting at 10:17 a.m.