

Casino Financed Business Development Fund

(Economic Development Corporation)

1. Generally the EDC shall provide project management services for the Project including a Project Coordinator/Manager, and accounting and administration staff as required for the proper completion of the Project.

2. In addition to the services set forth in Article III the EDC will provide underwriting services with respect to the following described aspects of the Project:

A. National/Regional Retail/Restaurant Chain Loan Program

Goal: Foster investment in recognized chain retail/restaurant ventures in the downtown/Rivertown area.

Geographic Limitation: Loans made will be limited to the geographic areas further detailed in site maps attached as Exhibit "A" and "B".

Credit Limitations: All loans will be subject to standard credit underwriting more specifically detailed in the EDC's "Credit Policy Manual" a copy of which is the possession of both parties.

Qualifications: Ownership of or demonstrated management responsibility for similar ventures; Valid license/operating agreement for proposed venture; Demonstrated financial capacity to complete build-out and provide necessary operating capital for a minimum of one (1) year.

Maximum Loan Amount: Loans will be limited to a maximum amount of \$500,000 or 40% of project costs, whichever is less.

Maximum Amount to be allocated: \$5,000,000.

B. Non-Affiliated Retail/Restaurant Chain Loan Program

Goal: Foster investment in in-fill ground floor retail/restaurant ventures in the downtown/Rivertown area. Preference will be given to full service restaurants and retail outlets providing services not otherwise available in the neighborhood.

Geographic Limitation: Loans made will be limited to the geographic areas further detailed in site maps label Attachment "1" and "2" attached.

Credit Limitations: All loans will be subject to standard credit underwriting more specifically detailed in the EDC's "Credit Policy Manual" a copy of which is in the possession of both parties.

Qualifications: Ownership of or demonstrated management responsibility for similar ventures; Demonstrated financial capacity to complete build-out and provide necessary operating capital for a minimum of one (1) year.

Maximum Loan Amount: Loans will be limited to a maximum amount of \$200,000 or 40% of project costs, whichever is less.

Maximum Amount to be allocated: \$2,000,000.

C. **Real Property Rehabilitation Gap Fund Program**

Goal: Foster greater investment in real property rehabilitation project by City of Detroit residents.

Geographic Limitation: Loans made will be limited to the geographic areas further detailed in site maps "A" and "B" attached.

Credit Limitations: All loans will be subject to standard credit underwriting more specifically detailed in attachment "C" entitled "Credit Policy Manual".

Qualifications: Loans will be limited to real property rehabilitation projects to be owned, operated, and financed by City of Detroit residents. City of Detroit resident ownership is defined as a minimum of 60 % of the ownership entity being comprised of City of Detroit residents (minimum two year residency requirement).

Maximum Loan Amount: Loans will be limited to a maximum amount of \$750,000 or 40% of project costs, whichever is less.

Maximum Amount to be allocated: \$6,000,000.

3. The EDC will provide grant underwriting and supervision for the following programs:

A. **Detroit Community Loan Fund**

Goal: Assist in building the small business infrastructure in the City of Detroit by providing loan funds for expanding the already successful small business loan fund jointly operated by Detroit Renaissance, ShoreBank Enterprise Detroit and the Detroit Investment Fund. Grant funds will be used for direct lending, conducting outreach activities, providing business assistance consulting and to leverage capital seeking investment in the loan fund from private and governmental sources. The objectives of these four programs and a preliminary budget for same are more further detailed in the document entitled "Detroit Community Loan Fund" a copy of which is the possession of both parties..

Maximum Amount Allocated: \$4,500,000.

B. **Black Chamber Research**

Goal: Grant funds to the Black Chamber of Commerce to be used in a joint research project with the University of Michigan to discover ways and means of assisting Black Business Development efforts in the City of Detroit. Specific program objectives and a budget to be negotiated by among parties.

Maximum Amount Allocated: \$500,000.

C. **Tech Town Business Development Fund**

Goal: Grant funds to Wayne State University's Tech Town initiative for investment in promising high-tech start-ups to create jobs in emerging sectors of the economy. Tech Town will provide an environment where start-ups can take advantage of University research, student internship opportunities and institutional assistance in contract procurement, grant-writing and consulting experience. Tech Town will provide both grants and loans, depending on

business needs. Specific program objectives and a budget to be negotiated among parties.

Maximum Grant Amount: \$4,000,000.

4. The EDC will provide project management, loan and grant underwriting services in connection with the following projects:

A. **African American Business District**

Goal: Assist in the establishment of an African American cultural district and provide economic assistance to retail/commercial/ entertainment businesses operating in the established district in the form of low interest rate loans. Funding first to go for land assembly, then for matching City, State and Federal grants, and finally to establish a loan program.

Geographic Limitation: To be determined.

Credit Limitations: All loans will be subject to standard credit underwriting more specifically detailed in attachment "C" entitled "Credit Policy Manual".

Qualifications: Ownership of or demonstrated management responsibility for similar ventures; Demonstrated financial capacity to complete build-out and provide necessary operating capital for a minimum of one (1) year.

Maximum Loan Amount: Loans will be limited to a maximum amount of \$500,000 or 40% of project costs, whichever is less.

Maximum Amount to be allocated to project: \$6,000,000.

Project management services will include assistance in the determination of the location of the District, evaluation of the whether grants for physical improvements to the District are appropriate, and possible construction of infrastructure improvements within the District. All costs of loans, grants, and infrastructure improvements will be charged against the Maximum Amount allocated to this project.

B. **Joint Employment and Procurement Advisory Board (JEPAB):**

Pursuant to the Revised Development Agreements with the Casino Developers the City is to work with the Casino Developers to form, staff, and fund the JEPAB. JEPAB's purpose is to monitor the activities of the Casino Developers with regard to resident employment and the use of targeted businesses as suppliers to the Casinos. The goals, targets, and obligations are set forth in the Casino Development Agreements. The City will monitor the activities of JEPAB and make recommendations to the EDC Board of Directors relating to the use of the allocated funds.

Maximum Amount to be allocated to project: \$2,000,000.

C. **New Markets Tax Credit Program**

The EDC will provide project management for the establishment of a Michigan limited liability company to make qualified investments pursuant to the New

Markets Tax Credit legislation provided by the federal government. The general guidelines for the Program will be consistent with the letter from the City of Detroit Planning & Development Department to the Wayne County-Detroit CDE, Inc. which is attached hereto as Attachment "3". The staff of the EDC shall act as the City of Detroit representatives as set forth in the Attachment "1" and the EDC shall have general programmatic responsibility for the associated matters.

If a New Markets Tax Credit program is instituted by Wayne County other than as described in Attachment 1, in consultation with the City's Director of Planning and Development (or the successor position to said office) the staff of the EDC shall act as the City of Detroit representatives as set forth in the Attachment "1" and the EDC shall have the option to contract with an alternative Community Development Entity (CDE) to meet the objectives of the New Markets Tax Credit Program as outlined in Attachment 1 and the EDC shall have general programmatic responsibility for the associated matters and the funds allocated pursuant to this section will be allocated to the said program.

Should the Wayne County-Detroit CDE, Inc. not obtain an allocation of new markets tax credits as required by the New Markets Tax Credit Program, and the EDC is unable to find a new markets tax credit CDE that meets the objectives of the New Markets Tax Credit Program as described in Attachment 1, the funds allocated pursuant to this New Markets Tax Credit Program will be reallocated by the EDC in consultation with the City of Detroit Director of Planning and Development or the successor position to said office to the programs and initiatives funded by this agreement..

Maximum Amount Allocated to Program: \$4,000,000.

SCOPE OF SERVICES

CITY ACTIVITIES

The City shall provide the following services to assist the EDC in its administration of those parts of the Project included in this Exhibit B the Project:

1. The City, acting through the ONCR (or its successor organization) will provide loan and grant underwriting services, project management services, accounting, loan servicing, collection, and document preparation for the following projects and make recommendations to the EDC Board of Directors in relation to making grants or loans pursuant to the following guidelines:

A. ONCR Targeted Business Fund

The Mission of the ONCR Targeted Business Fund Workplan is to enhance the City's support for small business at the City-wide level and to continue and expand our support for neighborhood commercial revitalization. This will be accomplished by establishing six loan/grant programs to be managed either by ONCR or independent contractors identified and approved by ONCR. The loan/grant programs are detailed below.

1. Small Business Detroit Community Capital Micro-Loan Program

Program Description: Microloan fund that will assist small retail, restaurant or service businesses to begin or expand. The Small Business Detroit Community Capital Loan Program will also serve as a coordinating and advocacy body to make small business technical assistance, City services, and other forms of small business technical assistance more accessible to Detroit small businesses.

Geographic Limitation: Loans made will be limited to business located or about to locate within the City limits of Detroit.

Credit Limitations: All loans will be subject to credit underwriting review. The stringency of the requirements will be less than a standard bank credit underwriting review in order to create access to capital by entrepreneurs and existing small business owners who otherwise might not be served by existing sources of capital.

Qualifications: To be determined by the ONCR Advisory Board and the ONCR in cooperation with a third party contracted service provider selected by ONCR.

Maximum Loan Amount: The maximum microloan allowable will be \$35,000. The fund will also allow for an additional loan product targeted solely for façade projects with a maximum amount of \$75,000.

Amount Allocated to Program: \$1,500,000.

2. ReFresh Detroit Façade Grant Program

Program Description: Allow for the expansion of the ReFresh Detroit! façade grant program by providing additional funding. Funding for this program will be awarded on a competitive basis to community based organizations that operate a qualified ReFresh Detroit program for their

district. Funds to be used as matching grants to property and small business owners and to provide architectural assistance for the improvements.

Geographic Limitation: Limited to service areas of grant recipients.

Qualifications: To be determined by the ONCR Advisory Board and the ONCR. At a minimum, qualifying organizations selected by ONCR must create a Design Committee made up of concerned local residents, business owners and property-owners to review applications, create and adopt an application process and operating procedures, and adopt guidelines which sets community standards on the quality of renovations they are willing to fund.

Maximum Grant Amount: To be determined by the ONCR Advisory Board and the ONCR in cooperation with the contracted service provider.

Amount Allocated to Program: \$2,150,000.

3. **ReFresh Detroit Streetscape Improvements Program**

Program Description: An additional facet of the expanded ReFresh Detroit! program is to address the need for streetscape improvements in order to create pedestrian-friendly shopping districts. The construction matching grants will provide a guaranteed source of funding for organizations to use when applying for Michigan Department of Transportation TEA-21 Streetscape enhancements. This would mean the Targeted Business Fund money could leverage as much as nine state dollars for each dollar of the Targeted Business Fund grant. Grant funds will also be available for streetscape design and engineering and to assist in the development of a business improvement districts if a significant portion of the funding raised from the BID will be dedicated to the ongoing maintenance of the proposed streetscape improvements.

Geographic Limitation: Grants will be made to qualifying nonprofit community-based organizations that operate a qualified ReFresh Detroit program for their district. Districts will be located within the City limits of Detroit.

Qualifications: Qualifying organizations will have met a threshold of private investment in the number of façade renovations occurring in the targeted stretch of commercial road.

Maximum Grant Amount: \$100,000.

Amount Allocated to Program: \$1,205,000.

4. **ReStore Detroit Expansion Program**

Program Description: Reinforce ReStore Detroit! program in the five pilot districts and expand the program to 3 additional districts.

Geographic Limitation: Grants will be made to qualifying nonprofit community-based organizations that operate a qualified ReStore Detroit

program for their district. Additional districts will be located within the City limits of Detroit.

Qualifications: Organizations will compete for the designation through a Request for Proposal process by the ONCR Advisory Board. Organizations will qualify for an annual grant based on the degree of accomplishment in the workplan, the amount of real-world change and the amount of matching funds raised.

Maximum Grant Amount: Organizations may qualify for up to \$640,000 over seven years.

Amount Allocated to Program: \$2,900,000.

5. **ReNew Detroit Program**

Program Description: Expand the knowledge and experience of community-based neighborhood commercial revitalization through ReNew Detroit, the technical assistance and training program for staff and neighborhood volunteers of potential districts.

Geographic Limitation: Grants made will be to qualifying nonprofit community-based organizations that seek to operate a qualified ReStore Detroit program for their district.

Qualifications: Must be nonprofit, community-based organization associated with a commercial district appropriate for the ReStore Detroit program.

Maximum Grant Amount: Organizations may qualify to access group and individual training at a minimal cost to be determined by the cost of technical assistance providers.

Amount Allocated to Program: \$250,000.

6. **ONCR Long-term Sustainability Program**

Program Description: Create a source of long-term funding for the ONCR in order to lessen demand for future CDBG funds to meet ONCR operating and program expenses. This reserve can also be used to meet currently unforeseen needs or in limited cases, provide seed capital for program needs not currently anticipated by the **ONCR Advisory Board**.

City Task: To recommend to the EDC Board of Directors a program for investing the allocated funds in a manner that will provide a method for sustaining the operations of the ONCR.

Amount Allocated to Program: \$495,000.

Maximum Amount to be allocated to project: \$8,500,000.