

**Application  
for  
\$2.1 Million HUD 108 Guaranteed Loan  
TechTown Project, Detroit, Michigan**

**Applicant:  
Wayne County  
600 Randolph Street  
Detroit, Michigan 48226**

**Department:  
Economic Development Growth Engine (EDGE)  
Turkia Awada Mullin, Director**

## *Table of Contents*

<i>Table of Contents</i>	<i>1</i>
<hr/>	
<b>1. Project Description</b>	<b>2</b>
<hr/>	
<b>a. History</b>	<b>2</b>
<hr/>	
<b>b. Description of HUD 108/BEDI Work Scope</b>	<b>4</b>
<hr/>	
<b>2. Sources and Uses</b>	<b>4</b>
<hr/>	
<b>3. Project Structure and Participants</b>	<b>5</b>
<hr/>	
<b>4. Repayment Schedule</b>	<b>6</b>
<hr/>	
<b>5. Collateral</b>	<b>6</b>
<hr/>	
<b>6. Project Implementation</b>	<b>7</b>
<hr/>	
<b>7. Eligible Activity &amp; CDBG National Objectives</b>	<b>8</b>
<hr/>	
<b>8. Public Benefit Standards</b>	<b>10</b>
<hr/>	
<b>9. Public Participation</b>	<b>11</b>
<hr/>	
<b>10. Whom May We Contact</b>	<b>11</b>
<hr/>	
<b>Attachment A: TechTown Pro Forma</b>	<b>12</b>
<hr/>	
<b>Attachment B: Copy of Public Notice</b>	<b>14</b>
<hr/>	

1. **Project Description**

**The Project**

TechTown is the owner of the project and it is located at:  
TechTown  
440 Burroughs Street  
Detroit, MI 48202



a. **History of TechTown**

Irvin D. Reid, then-president of Wayne State University, conceived the idea for an economic catalyst that would galvanize local business while also turning around the state's flagging economy.

TechTown was designed as a research and technology park to stimulate job growth and small business creation by developing companies in emerging high-technology industries including advanced engineering, life sciences and alternative energy. An overall plan for the 12-block area was produced that envisioned a mixed-use community including schools, renovated and new housing, shops, lofts, an entertainment complex and dozens of small technology-based start-up and early-stage enterprises.

**Minds and means connect**

General Motors donated the Chevy Creative Services Building to the TechTown project, and it was designated as TechOne, the first of three business incubator facilities. GM also provided TechTown with parking spaces and maintains its involvement through participation in TechTown's board of directors.

Wayne State University designated two of its buildings as future business incubator facilities: the former Criminal Justice Building as TechTwo and the American Beauty Electric Iron Building as TechThree.



The Henry Ford Health System donated office space, services and supplies to TechTown staff for a full year prior to occupancy of TechOne. Jim Connelly, CFO of the Henry Ford Health System, has been a board member and treasurer of TechTown since its inception.

TechTown has continued to receive generous donations since its opening in 2004. In December 2007, the Kresge Foundation made a generous contribution of \$1.5 million for buildout of the TechOne facility. TechTown also received grants from the Herbert and Grace A. Dow Foundation, the U.S. Department of Housing and Urban

Wayne County  
 HUD 108 Guaranteed loan Application  
 TechTown Project

Development, the Detroit Economic Growth Corp., the City of Detroit, the Michigan Economic Development Corporation and the Wayne County Land Bank.

**TechTown today**

TechTown was incorporated in 2000, and Gov. Jennifer Granholm and former Wayne State University President Irvin D. Reid opened the partially-renovated TechOne business incubator facility on April 20, 2004.

In the four years since the opening of TechOne, there have been a number of critical and substantial accomplishments achieved by TechTown:

- The TechOne building has gone through a complete renovation of its primary mechanical systems, and more than than half of the building has been renovated.
- All completed space is fully occupied and there is a waiting list of tenants. More than 70 startup or early-stage companies are tenants. One of these tenants, Asterand, was no more than an idea in 2000 when it was launched at Wayne State University; today, it is an international public company traded on the London Stock Exchange.
- TechTown has developed a series of support services to help new companies grow and prosper. *SmartStart* is TechTown’s business development program, designed to inject essential resources into emerging companies at critical stages in their development. The program has enrolled more than 30 high-tech startup companies.
- Every month TechTown hosts business seminars, workshops and networking events that attract hundreds of entrepreneurs and investors from around Southeast Michigan.
- The Henry Ford Health System relocated its genetics labs to approximately 13,600 square feet of high-quality research space in TechOne in 2008.

The total TechTown project cost is estimated to be \$24.4 million, with \$20.3 million coming from non BEDI/108 sources, and \$4.1 million coming from BEDI/108 sources. The non-BEDI 108 funds have already been received. The table shows leveraging of other financial resources,

Name	Type	Amount	Use
Michigan Economic Growth Corp	Financial	\$2M	Development
Wayne County Land Bank	Financial	\$750K	Development
Henry Ford Health System	Financial	\$2M	Construction
Kresge Foundation	Financial	\$1M	Construction
Herbert & Grace Dow Foundation	Financial	\$250K	Construction
General Motors Corp.	Land & Bldg Donation	\$1.3M	Land and buildings
Wayne State University/NCB	Loan	\$13M	Construction

**b. Description of HUD 108/BEDI Work Scope**

The combined HUD 108 guaranteed loan and BEDI grant will be used to implement Phase IV of the Development Plan. It will focus on completing of most the 2<sup>nd</sup> floor and retrofitting the 4<sup>th</sup> and 5<sup>th</sup> floor.

The funds will be used for of the build-out of a 17,249 square foot dedicated bio-bank facility on the 2<sup>nd</sup> floor. It will require a high capacity HVAC and a backup generator as well as dedicated electrical switch gear.

The BEDI/108 funds would be used to complete Phase IV and Phase V which consists of the build-out of a 10,000 square foot multi-tenant high-tech lab center on the 4<sup>th</sup> and 5<sup>th</sup> floors  
The remainder of the available funds would be used for the following urgent projects:

- Repair roof
- Resurface the building's primary parking lot
- Refurbish the loading dock to facilitate loading and unloading bio-banking freezers
- Implement ADA compliance for the facility
- Rebuild the original HVAC chiller and air handler
- Upgrade building management system and implement energy recovery and alternative energy system

As part of the due diligence prior to the opening of TechTown K-Tech Environment Consultants were engaged to evaluate the asbestos level in the building. There were significant level of asbestos in the floor coverings as well as the window glazing. The wrap-on material mounted on ducts and ducts in the air handling room were also found to have significant asbestos content. Some of the trawled-on plaster also tested positive for asbestos. Arsenic levels were also found to be beyond the established Michigan residential threshold limits.

An abatement program was undertaken before opening Techone for general construction to address the elevated levels of arsenic, asbestos and lead. February, 2004 TechTown received a Brownfield Redevelopment Credit Project Preapproval. Pending receipt of adequate funding the entire project is scheduled to be completed August 1, 2010.

The BEDI/HUD 108 funds will always be drawn down so that the ratio of HUD 108 to BEDI funds remains at a ratio of 1.05 to 1 (2.1/2.0). The HUD 108 will always be at least 51.22% of the draw until the HUD 108 funds are completely drawn down.

**2. Sources and Uses**

Wayne County has a commitment from HUD for \$2.0 million BEDI grant and is applying for a \$2.1 million HUD 108 guaranteed loan to match the grant.

The funds will be to build out the 17,249 foot second floor for the Wayne State University Bio-bank Facility. WSU will have a lease as shown in the attached pro forma. In addition, TechTown intends to build out the 10,000 sq ft on the 4<sup>th</sup> and 5<sup>th</sup> floor for a High Tech Lab Center which will be rented to entrepreneurial professors at the university for the development of new products and businesses.

Wayne County  
 HUD 108 Guaranteed loan Application  
 TechTown Project

<b>Sources and Uses</b>		
<b>Sources of Capital</b>	<b>Percent of Total</b>	<b>Total</b>
TechTown Equity	7.24%	\$110,000
BEDI Grant	45.25%	\$2,000,000
HUD 108 Loan	47.51%	\$2,100,000
<b>Total Sources of Capital</b>	<b>100.00%</b>	<b>\$4,210,000</b>
<b>Uses of Capital</b>	<b>Per SF</b>	<b>Total</b>
<b>Construction Costs</b>		
Wayne State (PRB) Build-out (17,249 sf)	\$112.00	\$1,931,888
High-Tech Lab Center Build-out (10,000 sf)	\$140.00	\$630,000
Loading Dock Upgrades		\$15,000
Roof Repair Allowance		\$200,000
Building System and HVAC Upgrades		\$140,000
Additional Infrastructure Allowance		\$100,000
Permits (1.5%)		\$45,253
GC Fee (5%)		\$150,844
General Conditions (8%)		\$241,351
Contingency (5%)		\$150,844
<b>Total Construction Costs</b>		<b>\$3,605,181</b>
<b>Development Soft Costs</b>		
Admin and Legal Fees		\$38,628
Financing Fees		\$30,000
Project Management Fee (5% of total costs)		\$183,690
<b>Development Soft Costs</b>		<b>\$252,319</b>
<b>Other</b>		
Debt Service During Construction		\$52,500
One-year Debt Service Reserve		\$300,000
<b>Other Costs</b>		<b>\$352,500</b>
<b>Total Uses of Capital</b>		<b>\$4,210,000</b>

The HUD Section 108 funds will be repaid from the cash flow generated by the rents paid to TechTown. Please see the Pro forma statement shown in Attachment A. By creating the additional space, TechTown will be able to expand their rent revenue. Based on their pro forma, TechTown will be able to generate enough projected operating income to provide a debt service coverage ratio of their entire debt service of \$1.27 for every dollar of debt service or better. The cash flow will be backed by the Collateral documented in Section 6 herein.

**3 Project Structure and Participants**

- a. TechOne Development LLC, a Michigan for-profit corporation is a wholly owned subsidiary of TechTown, a Michigan nonprofit corporation.
  - i. TechOne Development, LLC is the owner of the property located at 440 Burroughs Street Detroit, MI 48202

Wayne County  
 HUD 108 Guaranteed loan Application  
 TechTown Project

- ii. TechTown, Inc. has the same address
- b. TechTown will be the developer of the property. The Contact Person is Al Bacon, CFO of the firm.
- c. TechTown will act as leasing agent as they presently do for the balance of the project.
- d. TechTown will provide the equity as shown in the Sources and Uses
- e. TechTown was initially established as a 501-c-3 nonprofit and then established a for-profit subsidiary to take advantage of the historic tax credits. As soon as the holding period has ended, TechTown will be the borrower of the funds from Wayne County.
- f. TechTown is the assumed name of Wayne State University Research And Technology Park In The City Of Detroit, a Michigan non-profit and the trade name for the building and its operations. When generally used, it refers to the nonprofit, its for-profit subsidiaries, and programs.
- g. The responsibility for implementing the program at Wayne County will be Economic Development Growth Engine headed by Turkia Awada Mullin. The department is responsible for the management of all HUD programs including CDBG and HOME..

**4 Repayment Schedule**

**Proposed Amortization Schedule of \$2.1 million HUD 108 loan**

Interest = 5.00%

Term = 10

Year	Principal	February interest	August Interest Payment	Principal Payment	Annual Payment
2010	\$ 2,100,000		\$ 52,500	\$ -	\$ 52,500
2011	\$ 2,100,000	\$ 52,500	\$ 52,500	\$ 190,000	\$ 295,000
2012	\$ 1,910,000	\$ 47,750	\$ 47,750	\$ 200,000	\$ 295,500
2013	\$ 1,710,000	\$ 42,750	\$ 42,750	\$ 210,000	\$ 295,500
2014	\$ 1,500,000	\$ 37,500	\$ 37,500	\$ 220,000	\$ 295,000
2015	\$ 1,280,000	\$ 32,000	\$ 32,000	\$ 230,000	\$ 294,000
2016	\$ 1,050,000	\$ 26,250	\$ 26,250	\$ 245,000	\$ 297,500
2017	\$ 805,000	\$ 20,125	\$ 20,125	\$ 255,000	\$ 295,250
2018	\$ 550,000	\$ 13,750	\$ 13,750	\$ 270,000	\$ 297,500
2019	\$ 280,000	\$ 7,000	\$ 7,000	\$ 280,000	\$ 294,000
	<b>Total Paid</b>	<b>\$ 309,375</b>	<b>\$ 361,875</b>	<b>\$ 2,100,000</b>	<b>\$ 2,771,250</b>

**5 Collateral**

TechTown is in the process of negotiating a payment guarantee for the HUD 108 guaranteed loan as required by HUD from a creditworthy public entity. The guaranteeing entity is expected to vote on the issue prior to October 15. The application will be modified to include the guarantee when obtained. HUD attorneys have provided us a form of a guarantee acceptable to HUD which is being merged by Corporation Counsel with a Wayne County form document.

Wayne County  
 HUD 108 Guaranteed loan Application  
 TechTown Project

**6 Project Implementation**

As soon as this proposal is accepted, HUD, Wayne County and TechTown will enter into the necessary agreements to release the funds. TechTown will manage the implementation of the project with the support and assistance of Wayne County. TechTown will promptly hire architects to design the expansion space and to prepare the necessary RFP to then go out for bids. All bids will require the use of prevailing wage under the Davis-Bacon Act. Since almost all of the work is inside the building, work can become as soon as the funds can be closed. Selection of contractors will be based on qualifications and cost. At this stage it is contemplated that the HUD 108 closing will occur by January, 31, 2010, Construction begin by March 1, 2010 and the expansion space should be completed as shown below

Project Outcome	Benchmark	Time Frame	Performance Indicators
Rehabilitation of TechOne and its adjacent parking lot	Roof repair	3 month after funding	Leaks repaired
	Cleaning and preparing construction space	3 month after funding	Space ready
	Repave parking lot	4 months after funding	<u>Lot paved</u>
	HVAC overhaul	4 months after funding	City HVAC certification obtained
	Drywall, painting, and carpeting	6 months after funding	Certificate of occupancy obtained
	Environmentally outfitting space to green standards	8 months after funding	Completed
	Outfitting space for the purpose of meeting ADA standards	8 months after funding	ADA certification obtained
Opportunities for persons of low- to moderate-income	Urban entrepreneurship program is launched	Within four months of funding	Program Initiated
	Businesses created in areas of 70% low-to-moderate income population	Within 3 years	150 businesses
	Neighborhood initiative program launched	Within four months of funding	Program Initiated
	Businesses created to operate and employ persons from 70% low-to-moderate-income population areas	Within 3 years	150 service and low-tech retail
Stimulate businesses and jobs that lead to economic revitalization	TechTown entrepreneurial programs graduate their first round of recruits	By the end of 2010	100 new companies in <i>SmartStart</i> program; 400 jobs created
	TechTown entrepreneurial programs graduate their second round of recruits	By the end of 2011	100 new companies in <i>SmartStart</i> program; 400 jobs created
	TechTown entrepreneurial programs graduate their third round of recruiting	By the end of 2012	100 new companies in <i>SmartStart</i> program; 400 jobs created

**7 Eligible Activity and CDBG National Objectives**

TechTown's use of proposed BEDI and HUD 108 funds qualifies as eligible under CFR 570.703(f), site preparation including reconstruction and property improvement for an economic development purpose. TechTown proposes to rehabilitate a previously blighted building for the purpose of housing economic development and business incubation programs.

TechTown meets the national objectives of the CDBG program under 24 CFR 570.208(a) (4), job creation or retention activities.

In addition to funding the urban entrepreneur initiative, the \$9.5 million NEI dollars (facilitated by Kaufman Foundation) are going to fund entrepreneurial and neighborhood initiative programs. This program will focus on creating service and retail jobs more than 51% of which will be available to low- and moderate-income employees based on the criteria in 24 CFR 570.208(a)(4)(iii)(A). Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs. The businesses would also be located in areas that have at least 70% low- to moderate-income residents, namely, Detroit, Highland Park and Hamtramck. These newly-created businesses will be offered space in the area built out by BEDI /108 dollars.

Furthermore, TechTown in conjunction with its partner company, Detroit Microenterprise Loan Fund, makes grants and loans exclusively to persons identified as low- and moderate-income by HUD standards. According to the business plan, these loans and grants are to be given out exclusively for business and community development and job creation in Detroit and the six communities designated as high needs by the Wayne County's consolidation/strategic plan: Hamtramck, Highland Park, Melvindale, River Rouge, Ecorse and Inkster. Thus far only Hamtramck, Highland Park and Detroit have received funding. Upon the completion of TechOne there would be sufficient rental revenue to follow the business plan to fund the additional four high-needs communities, as well as increasing funding in Detroit, Highland Park and Hamtramck. Currently, TechTown is working with the Highland Park and Hamtramck unemployment offices to fill positions in companies created with this fund. Tecjtown is located within one-half mile of the Dexter, Woodward, Grand Boulevard, and Warren bus lines, some of which have direct drop-offs at downtown Detroit's elevated train allowing inexpensive and easy access to places of employment.

**Distress/Extent of the Problem**

- (1) Poverty Rate.** Manufacturing job loss has been continuous in Wayne County since the 1950s, with company relocations or out sourcing of production activities to lower cost markets. There was an acceleration of these activities starting in the late 1990s through this decade. The resulting job loss and loss in major tax payers currently and over the decades in once middle income communities such as Detroit, Highland Park and Hamtramck could be repeated in throughout Wayne County communities if the automotive base of employment is not diversified here in a meaningful way. As Wayne County unemployment and job loss has grown, these conditions have exacerbated poverty and unemployment in the older, once manufacturing-based communities like Detroit, Highland Park and Hamtramck. In 2007, Detroit, Highland Park, and Hamtramck had poverty rates of 33%, 51.1%, and 35.9%,

respectively. ([City-Data.com](http://City-Data.com)). The national average is 12.5 percent. ([www.npc.umich.edu/poverty/](http://www.npc.umich.edu/poverty/)).

- (2) **Unemployment Rate.** The economic restructuring of the automotive industry began in Michigan long before the current economic crisis. The automotive industry was already struggling at the beginning of this decade with its legacy (pension and health care) costs. As such, they had started to downsize and by 2005 had implemented employee buyouts and layoffs. The average unemployment rates for 2008 were 13.8% for Detroit; 19.7% for Highland Park and 14.6% for Hamtramck. (Sperling's Best Places & U.S. Bureau Labor Stat April '09). The average national unemployment rate in 2008 was 5.8%. Seasonally adjusted, the current national unemployment rate is 9.4%. (<http://www.bls.gov/cps/>). University of Michigan economists expect jobs to decline by 239,000 in 2009, the largest decline since 1956.

According to Michigan Department of Energy, Labor and Economic Growth's (DELEG) comparison between first quarter 2008 and 2009, the Wayne County-Detroit MSA had a decline of 7.3% in overall wage and salary employment greater than the state of Michigan's decline of 6.5% and nationally of 4.5%. In the same period, Wayne County-Detroit area manufacturing employment declined by 19%; construction employment declined by 14.8%; professional and business services employment declined by 12.9%; and Financial Services employment declined by 7.3%, while employment in education and health services increased by a modest 1.0%.

- (3) **Other Indicators of Social and/or Economic Decline.** In Wayne County, other economic credit factors which have long been credit risks such as population losses, below average income levels, and automotive tax base concentration have become more pronounced. Significant, minority tier one, two and three automotive suppliers are being forced into bank as the Big Three downsized and restructure. These companies' revenues have declined between 75% and 100%. (Center for Automotive Research) The opportunity to assist these companies to diversify is short. It will be critical to provide an environment like TechTown to assist highly skilled advanced manufacturing, and design technology companies, and other suppliers to reconfigure their businesses to accommodate production in other industries where their engineering, manufacturing, and production skills could be applied.

Historically, the County benefited from strong growth in its tax base, averaging 7.9% annually over the last decade. (Wayne County/Fitch Ratings) This is no longer true, as tax revenues are declining from the contraction of the tax base as companies close or reduce capacity, and the added decline in home values from job loss and the sub prime mortgage meltdown. State and County government financial resources are forecast to remain severely stressed through 2014. (Fitch Ratings)

Between 2008 and 2009, the foreclosure rate in Wayne County has averaged 6,000 units per month. With expectations of rising unemployment and future, planned employment reductions to the workforce, no one expects these figures to improve in the near term.

Wayne County  
 HUD 108 Guaranteed loan Application  
 TechTown Project

	Indicator	Target Neighborhood	Jurisdiction	Data Source & Date
1	Poverty Rate	Detroit 26.1%	Wayne County 20.7%	<a href="#">City-Data.com</a> & U.S. Census Bureau 2007
2	Unemployment	23%	14.6%	U.S Bureau Labor Statistics for April 2009
3	Median Income	\$29,526	\$42,529	U.S. Census Bureau for 2007
4	Foreclosure		6,000 units/mo	Wayne County Foreclosure Program 2007-2009
5	Children Living In Poverty	47.8%	29.0%	2007 & 2005 respectively; U.S. Census Bureau
6	Percentage w/o HS Diploma	30.4%		<a href="#">City-Data.com</a> for 2000

	Indicator	Target Neighborhood	Jurisdiction	Data Source & Date
1	Poverty Rate	Highland Park 38.3%	Wayne County 20.7%	<a href="#">City-Data.com</a> & U.S. Census Bureau 2007
2	Unemployment	19.3%	14.6%	U.S. Bureau Labor Stat Dec '08 & April' 09,
3	Median Income	\$18,474	\$42,529	U.S. Census Bureau for 2007
4	Foreclosure		6,000 units/mo	Wayne County Foreclosure Program 2007-2009
5	Children Living In Poverty	57.3%	29.0%	2007 & 2005 respectively; U.S. Census Bureau
6	Percentage w/o HS Diploma	78.4%		Cit -Data.com for 2007 estimate extrapolated)

	Indicator	Target Neighborhood	Jurisdiction	Data Source & Date
1	Poverty Rate	Hamtramck 27.0%	Wayne County 20.7%	<a href="#">City-Data.com</a> & U.S. Census Bureau 2007
2	Unemployment	14.6%	14.6%	Sperling's Best Places & US Bureau Labor Stat Apr '09
3	Median Income	\$26,616	\$42,529	U.S. Census Bureau for 2007
4	Foreclosure		6,000 units/mo	Wayne County Foreclosure Program 2007-2009
5	Children Living in Poverty	46.8%	29.0%	2007 & 2005 respectively; U.S. Census Bureau
6	Percentage w/o HS Diploma	76.6%		<a href="#">City-Data.com</a> for 2007 (estimate extrapolated)

**8. Public Benefit Standards**

The National Objectives for the program are Low-Mod Area Benefit 24 CFR 570.208(a)(1) and Low-Mod Job Creation/Retention 24 CFR 570.208(a)(4)

The TechTown projects plans to spend funds on eligible economic development activities as defined by 24 CFR 570.703(i).

- a. This project will meet the public benefit standard based upon the number of jobs created [see CFR 570.209(b)(3)(i)(A)]. The total projected number of jobs is 300:
- b. This project will meet the public benefit standard based upon the number of low- and moderate-income persons served in the project area [see 24 CFR 570.209(3)(i)(B)], The number of low-and moderate-income persons living in the project area is 531,000.

Wayne County Annual CDBG Budget = \$5,885,731

Ratio Annual CDBG Coverage of Debt Service = \$5,885,731/297,500 = \$21.48/1

Wayne County  
HUD 108 Guaranteed loan Application  
TechTown Project

Existing HUD 108 Financing – City of Hamtramck	\$ 1,500,000
Proposed New HUD 108 Financing – TechTown	<u>\$ 2,100,000</u>
Total	\$ 3,600,000

Total Wayne County HUD 108 Financing Permitted	\$29,428,655
Projected HUD 108 Loans as % of Permitted Loans	12.23%

Wayne County allocates its CDBG funds to its participating communities on an agreed upon formula taking into account population and distress. Wayne County will use funds from its centralized housing rehabilitation fund of an estimated \$753,300 in case of default or late payments. All of the Wayne County communities will continue to receive their annual formula-based CDBG allocation.

**9. Public Participation**

Public Notice for the Public Hearing was published on October 2<sup>th</sup> for a Public Hearing to be Held on October 12<sup>th</sup>. A copy of the notice is attached as Attachment B.

Comments at the Public Hearing included the following:

**10. Whom May We Contact**

Contact name: Al Bogdan @ [bogdanaa@aabds.com](mailto:bogdanaa@aabds.com) 313 445-1843:

**Attachment A Pro Forma for TechTown**

10 Year Cash Flow	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenue</b>										
<b>Rental Revenue (expiration)</b>										
Henry Ford Health System (5/31/15)	286,781	290,215	293,650	297,084	300,519	126,647				
Asterand (2012)	336,696	336,696	336,696							
Wayne State University (NIH/PRB) (9/30/17)	281,467	325,320	334,034	344,576	354,565	364,951	375,167	289,037		
Michigan Neonatal Blood Bank (10/31/09)										
Schrader Labs (8/31/2011)	60,000	40,000								
	964,943	992,232	964,379	641,660	655,084	491,598	375,167	289,037		
<b>Renewal Revenue</b>										
Henry Ford Health System						177,306	313,072	322,464	332,138	342,102
Asterand				346,797	357,201	367,917	378,954	390,323	402,033	414,094
Wayne State University (NIH/PRB)								96,346	396,945	408,853
Michigan Neonatal Blood Bank	61,197	63,033	64,924	66,872	68,878	70,945	73,073	75,265	77,523	79,849
Schrader Labs		20,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006
TechTown Incubator Tenants	445,000	458,350	472,101	486,264	500,851	515,877	531,353	547,294	563,713	580,624
First Floor Space (6,165 sf) (\$15/sf)	92,475	95,249	98,107	101,050	104,081	107,204	110,420	113,733	117,145	120,659
<i>Less: Vacancy Loss (5%)</i>	-29,934	-31,832	-34,847	-53,232	-54,829	-65,339	-73,821	-80,853	-98,164	-101,109
	568,739	604,801	662,085	1,011,405	1,041,747	1,241,440	1,402,607	1,536,214	1,865,124	1,921,078
<b>CAM / Utility Reimbursement</b>	185,000	190,550	196,267	202,154	208,219	214,466	220,900	227,527	234,352	241,383
<b>New Tenancy / Expansion</b>										
Wayne State University (NIH/PRB) (\$34/sf)	98,430	202,766	398,256	410,203	422,509	435,185	448,240	461,687	475,538	489,804
Logistics Accelerator (\$15/sf)	77,280	79,598								
High-Tech Lab Center (10,000 sf) (\$34.50/sf/yr)	172,500	355,350	366,011	376,991	388,301	399,950	411,948	424,306	437,036	450,147
Additional New Lab Tenancy (10,000 sf) (\$35/sf/yr)		350,000	360,500	371,315	382,454	393,928	405,746	417,918	430,456	443,370
	348,210	987,714	1,124,766	1,158,509	1,193,264	1,229,062	1,265,934	1,303,912	1,343,029	1,383,320
<b>Total Revenue</b>	2,066,892	2,775,297	2,947,497	3,013,729	3,098,314	3,176,566	3,264,608	3,356,690	3,442,506	3,545,781
<b>Operating Expenses</b>										
<b>Utilities</b>										
Electric	323,950	333,669	343,679	353,989	364,609	375,547	386,813	398,418	410,370	422,681
Gas	104,000	107,120	110,334	113,644	117,053	120,565	124,181	127,907	131,744	135,696
Water / Sewer	1,200	1,236	1,273	1,311	1,351	1,391	1,433	1,476	1,520	1,566
<b>Cleaning and Janitorial</b>										
Janitorial	34,100	35,123	36,177	37,262	38,380	39,531	40,717	41,939	43,197	44,493
Day Porter Services	16,800	17,304	17,823	18,358	18,909	19,476	20,060	20,662	21,282	21,920
Supplies and Materials	13,010	13,400	13,802	14,216	14,643	15,082	15,535	16,001	16,481	16,975

Wayne County  
 HUD 108 Guaranteed loan Application  
 TechTown Project

10 Year Cash Flow	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Carpet Cleaning	2,400	2,472	2,546	2,623	2,701	2,782	2,866	2,952	3,040	3,131
Window Cleaning	3,810	3,924	4,042	4,163	4,288	4,417	4,549	4,686	4,826	4,971
<b>Repairs and Maintenance</b>										
General Maintenance	130,522	134,438	138,471	142,625	146,904	151,311	155,850	160,526	165,341	170,302
Building Engineer	48,720	50,182	51,687	53,238	54,835	56,480	58,174	59,919	61,717	63,569
NetFacilities	1,800	1,854	1,910	1,967	2,026	2,087	2,149	2,214	2,280	2,349
Maintenance – Other	840	865	891	918	945	974	1,003	1,033	1,064	1,096
<b>Outside Services and Grounds</b>										
Interior Plants	2,664	2,744	2,826	2,911	2,998	3,088	3,181	3,276	3,375	3,476
Snow Removal	10,700	11,021	11,352	11,692	12,043	12,404	12,776	13,160	13,554	13,961
Real Estate Taxes	0	0	0	0	0	0	0	0	0	0
Insurance	36,304	37,393	38,515	39,670	40,860	42,086	43,349	44,649	45,989	47,368
Professional Fees / Permits	3,200	3,296	3,395	3,497	3,602	3,710	3,821	3,936	4,054	4,175
<b>Administrative</b>										
Building Staff and Benefits	218,352	224,903	231,650	238,599	245,757	253,130	260,724	268,545	276,602	284,900
Office Supplies and Services	108,204	111,450	114,794	118,237	121,785	125,438	129,201	133,077	137,070	141,182
Parking Charges	2,700	2,781	2,864	2,950	3,039	3,130	3,224	3,321	3,420	3,523
<b>Total Operating Expenses</b>	<b>1,063,276</b>	<b>1,095,174</b>	<b>1,125,165</b>	<b>1,158,920</b>	<b>1,193,688</b>	<b>1,229,498</b>	<b>1,266,383</b>	<b>1,304,375</b>	<b>1,343,506</b>	<b>1,383,811</b>
<b>Operating Income Before Reserves</b>	<b>1,003,616</b>	<b>1,680,123</b>	<b>1,822,332</b>	<b>1,854,808</b>	<b>1,904,627</b>	<b>1,947,068</b>	<b>1,998,225</b>	<b>2,052,316</b>	<b>2,099,000</b>	<b>2,161,970</b>
<i>Less: Capital Reserves (5%)</i>	<i>(50,181)</i>	<i>(84,006)</i>	<i>(91,117)</i>	<i>(92,740)</i>	<i>(95,231)</i>	<i>(97,353)</i>	<i>(99,911)</i>	<i>(102,616)</i>	<i>(104,950)</i>	<i>(108,098)</i>
<b>Net Operating Income</b>	<b>953,435</b>	<b>1,596,116</b>	<b>1,731,215</b>	<b>1,762,068</b>	<b>1,809,395</b>	<b>1,849,714</b>	<b>1,898,314</b>	<b>1,949,700</b>	<b>1,994,050</b>	<b>2,053,871</b>
<b>Current Debt Service</b>										
Nat City (\$7.1 mm - 20 yr am @ 6.5%)	495,114	635,228	635,228	635,228	635,228	635,228	635,228	635,228	635,228	635,228
Nat City (\$5.4 mm - 20 yr am @ 6.5%)	162,000	322,566	483,131	483,131	483,131	483,131	483,131	483,131	483,131	483,131
<b>Current Debt Service</b>	<b>657,114</b>	<b>957,794</b>	<b>1,118,360</b>	<b>1,118,360</b>	<b>1,118,360</b>	<b>1,118,360</b>	<b>1,118,360</b>	<b>1,118,360</b>	<b>1,118,360</b>	<b>1,118,360</b>
HUD 108 Debt Payments (\$2.1 - 10 yr am @ 4.75%)		295,000	295,500	295,500	295,500	294,000	297,500	295,250	297,500	294,000
<b>Total Debt Service</b>	<b>657,114</b>	<b>1,252,794</b>	<b>1,413,860</b>	<b>1,413,860</b>	<b>1,413,860</b>	<b>1,412,360</b>	<b>1,415,860</b>	<b>1,413,610</b>	<b>1,415,860</b>	<b>1,412,360</b>
<i>Debt Coverage Ratio</i>	<i>1.45</i>	<i>1.27</i>	<i>1.22</i>	<i>1.25</i>	<i>1.28</i>	<i>1.31</i>	<i>1.34</i>	<i>1.38</i>	<i>1.41</i>	<i>1.45</i>
<b>Cash Flow After Debt Service</b>	<b>296,321</b>	<b>343,322</b>	<b>317,356</b>	<b>348,208</b>	<b>395,536</b>	<b>437,354</b>	<b>482,454</b>	<b>536,090</b>	<b>578,190</b>	<b>641,512</b>

**Attachment B**  
**Public Notice 10/02/09**

**Wayne County**  
**Community Development Block Grant (CDBG) Program**  
**HOME Investment Partnerships Program (HOME)**  
**American Dream Downpayment Initiative (ADDI)**  
**Emergency Shelter Grant (ESG) Program**

**NOTICE OF PUBLIC HEARING & COMMENT PERIOD FOR CHANGES TO  
CONSOLIDATED PLAN, 2009 ACTION PLAN AND FOR A \$2.1 MILLION HUD 108  
GUARANTEED LOAN FOR THE TECHTOWN PROJECT**

**Notice is hereby given** that the County of Wayne is proposing the following changes to the 2009 Action Plan and Consolidated Plan for the CDBG, HOME, HOPWA, and ESG programs:

1. Under Citizen Participation Plan section Add the Guaranteed Loan Program to CDBG, HOME, HOPWA and ESG programs
2. Add a \$2.1 million HUD 108 Guaranteed Loan and \$2.0 million BEDI grant for the purposes of making tenant improvements to the TechTown Building located at 440 Burroughs in the City of Detroit. The space will be used to expand entrepreneurial businesses creation which in turn will create jobs in Detroit, Highland Park, Hamtramck and the balance of Wayne County

**Notice is hereby also given** that County of Wayne is applying for a \$2.1 million HUD Section 108 guaranteed loan to match a \$2.0 million BEDI Grant already awarded to Wayne County to finance the tenant improvement for the TechTown Building at 440 Burroughs in the City of Detroit to expand the space available for entrepreneurial businesses and Technology based programs. No program income is anticipated. The programs are projected to create up to 1100 jobs over the next three years.

The loan will be secured by independent collateral and guaranteed by the CDBG allocation to Wayne County. The annual distribution of CDBG funds to Wayne County Primary Jurisdiction communities are not effected.

The program meets the national objectives by serving areas of low income and providing business loans and job opportunities to low to moderate income residents of Detroit, Highland Park, Hamtramck, Ecorse, River Rouge, Melvindale, and Inkster.

A copy of the proposed application can be found on <http://www.waynecounty.com/edge> .

**Public Hearing:** Wayne County will conduct a public hearing on Tuesday, October 13, 2009 at approximately 9:30 a.m. at the Wayne County Building, 600 Randolph, Detroit, MI 48226 Atrium. The public is encouraged to comment on both actions.

Persons with disabilities who require auxiliary aids or services in using public facilities, services or programs may contact:

Patrick Dostine, Community Development Manager  
County of Wayne, Department of Economic Development/Community Development  
Wayne County Building, 600 Randolph, L-13, Detroit, MI 48226  
Telephone: 313/224-5228 • E-mail: [pdostine@co.wayne.mi.us](mailto:pdostine@co.wayne.mi.us)

**TECHTOWN HUD SECTION 108 LOAN GUARANTEE  
WAYNE COUNTY CERTIFICATIONS**

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the Wayne County certifies that:

**Drug Free Workplace -- It will or will continue to provide a drug-free workplace by**

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about -
  - (a) The dangers of drug abuse in the workplace;
  - (b) The grantee's policy of maintaining a drug-free workplace;
  - (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
  - (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will -
  - (a) Abide by the terms of the statement; and
  - (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted -
  - (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
  - (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

## **Wayne County Certifications**

### **TechTown HUD Section 108 Loan Guarantee**

#### **Anti-Lobbying -- To the best of the Wayne County's knowledge and belief:**

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of paragraph 1 and 2 of this anti-lobbying certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subgrantees shall certify and disclose accordingly.

#### **Special Assessments.**

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

#### **Authority of Jurisdiction**

The consolidated plan is authorized under State and local law and the Wayne County possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations.

#### **Affirmatively Further Fair Housing**

The Wayne County will affirmatively further fair housing, and the guaranteed loan funds will be administered in compliance with:

1. Title VI of the Civil rights Act of 1964 (42 USC 2000d et seq.) and
2. The Fair Housing Act (42 USC 3601-3619)

#### **Anti-displacement and Relocation Plan**

It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

#### **Consistency with plan**

**Wayne County Certifications  
TechTown HUD Section 108 Loan Guarantee**

The activities to be undertaken with HUD Section 108 Loan Guarantee funds are consistent with the Consolidated Plan.

**Citizen Participation**

It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.105.

**Community Development Plan**

Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that provide decent housing, expand economic opportunities primarily for persons of low and moderate income. (See CFR 24 570.2 and CFR 24 part 570)

**Following a Plan**

It is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.

**Compliance with Laws**

It will comply with applicable laws.

**Signature/Authorized Official**

**Date**

**Robert Ficano  
County Executive**