



**ECONOMIC DEVELOPMENT CORPORATION  
FINANCE COMMITTEE MEETING  
TUESDAY, JUNE 25, 2024 – 9:00 A.M.**

**MEMBERS PRESENT:** Thomas Stallworth  
Damon Hodge  
Kwaku Osei

**MEMBER ABSENT:** Linda Forte

**OTHERS PRESENT:** Jennifer Kanalos (DEGC/EDC)  
Glen Long (DEGC/EDC)  
Rebecca Navin (DEGC/EDC)  
Nasri Sobh (DEGC/EDC)  
Ashley Dreyer (DEGC/EDC)  
Sierra Spencer (DEGC/EDC)  
Sean Gray (DEGC/EDC)  
Rebecca Windecker (DEGC/EDC)  
Mariangela Pledl (DEGC/EDC)  
Kwaku Osei  
Damon Hodge  
Thomas Stallworth  
Kimberly Clayson  
Chris Jackson  
Clifford Brown  
Marsha Bruhn



**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION  
FINANCE COMMITTEE MEETING  
TUESDAY, JUNE 25, 2024 – 9:00 A.M.  
DETROIT ECONOMIC GROWTH CORPORATION  
500 GRISWOLD, SUITE 2200, DETROIT, MI 48226**

**CALL TO ORDER**

Vice Chair Osei called the meeting of the Finance Committee of the Economic Development Corporation to order at 9:11 a.m. Roll call was conducted, and a quorum was established.

**APPROVAL OF MINUTES**

Mr. Osei asked if there were any additions, deletions, or corrections to the minutes of the May 28, 2024 Finance Committee meeting. Hearing none, the Committee took the following action:

Mr. Hodge made a motion approving the minutes of the May 28, 2024 Finance Committee meeting, as written. Mr. Stallworth seconded the motion. All were in favor with none opposed.

The minutes of the May 28, 2024 Finance Committee meeting were approved.

**PROJECTS**

**3536 Michigan Ave LLC and Back Bar Detroit LLC Casino Loan Program**

Ms. Shaw stated that 3536 Michigan Avenue LLC (the “Borrower”) owns real estate located at 3536 Michigan Ave, Detroit, Michigan (the “Property”). The Borrower intends to redevelop the 950 square foot Property into a neighborhood bar mixed with a cocktail destination, an inviting mid-day cafe combined with warmly lit world class evening cocktail service which will be operated by an entity to be called Back Bar Detroit LLC and will be known as Back Bar (the “Business and Co-Borrower”). Back Bar will rent all 950 square feet of space at the Property.

3536 Michigan is owned 50/50 by Carlo Liburdi and EBK, LLC which is owned by Benjamin Smith. Carlo and EBK, LLC will also be 50/50 owners of Back Bar. Carlo Liburdi will act as the architect and general contractor for the project. Liburdi has over 15 years of architecture and construction and has led 30 projects with the City of Detroit including but not limited to Milwaukee Lofts, Kiesling Detroit, Milwaukee Café, 312 Watson, The Edmund, and many more.

The Property, formerly known as the Staar Bar, is located on Michigan Avenue in the shadow of the newly renovated Michigan Central Station, just west of the rapidly developing Corktown neighborhood. The Business will operate as a cafe gathering spot during the day, progressing into beer, wine, and craft cocktail service during the afternoon and evening hours. Food options will be limited to rotating freshly prepared onsite items requiring no actual cooking. The building



will be improved with a unique and creative buildout to facilitate the ambiance, look, and feel of Back Bar but also intend to preserve some of the original finishes of the building.

Benjamin Smith is an entrepreneur and real estate investor with a passion for unique projects that center around creative food and beverage offerings. With a background in real estate development and finance, Ben helps to structure financing mechanisms to support entrepreneurial hospitality ventures within the broader context of a real estate project with a keen sense of placemaking coupled with a creative spirit, Ben helps bring ideas to life. Ben holds a bachelor's degree in economics, and a master's degree in urban planning real estate development from the University of Michigan.

Carlo Liburdi, founder of Kiesling and Milwaukee Caffe, brings over five years of experience in the food and beverage industry. His oversight of operations during the COVID-19 pandemic navigated Kiesling and Milwaukee Caffe through turmoil and industry uncertainty, keeping the businesses operational and eventually back to profitability. He is currently in the process of opening his second coffee shop, Alba, in Detroit's Corktown neighborhood later this year. Carlo attended the University of Detroit Mercy where he received a master's degree in architecture before relocating to New York City for 10 years. Since returning to Detroit in 2017, he has worked on a multitude of mixed use, residential and hospitality projects throughout metro Detroit. His keen eye for identifying real estate opportunities in overlooked areas has led to success both in hospitality and in real estate. As a licensed architect and contractor, Carlo also brings valuable design and construction insight.

Lastly, Mikey Leonard will operate as the bar manager of Back Bar. Mikey began a career in hospitality 17 years ago with a love for good company and a curious palate. While working every position available in high volume cocktail, gastropub, nightclub, private event and catering settings, Mikey has developed a vast range of guest focused service expertise. The result is a winning mixture of creative, technical bartending, an attention to detail required at premier bars worldwide, and a firm base of genuine hospitality. Mikey developed as a bartender in Ypsilanti and Ann Arbor, including a pop-up series involving original cocktails above Blind Pig Ann Arbor, and as the opening lead bartender of Nightcap Ann Arbor (2016 Metro Times Detroit Best New Bar). As an integral senior staff member of Kiesling in Detroit, Mikey was part of the team nominated for Tales of the Cocktail 2023 Best Bar, the only Michigan nomination and one of 8 selected in the Midwest this year. He has continued to reinvest in professional hospitality by maintaining spirits and service standards education, developing relationships within the industry, and providing consulting services to home and professional bartenders.

The project will initially provide an estimated four (4) jobs filled by qualified Detroit residents and will grow to approximately eight (8) jobs as business increases.

The Borrower has approached EDC for financing from the EDC's Casino Loan Program (Non-Affiliated Retail/Restaurant category) in the amount of \$200,000.00 (the "Loan"). The Loan will be used to assist in construction and to purchase fixtures, furniture, and equipment to be used at the Property by the business. To further assist the project, Invest Detroit will support the project in the amount of \$200,000.00. Additionally, the Borrower has injected \$124,064.00 of equity into the project.



Sources and uses, terms of the Loan, a profit and loss statement, and a debt service analysis were attached for the committee's review.

Sources

EDC	\$200,000.00
Invest Detroit	\$200,000.00
Equity	\$124,064.00
<b>TOTAL</b>	<b>\$524,064.00</b>

Uses

Construction	\$237,262.00
Liquor License	\$70,000.00
Acquisition	\$44,778.00
FFE	\$52,625.00
ID Interest Reserve/Working Capital	\$15,900.00
Permit, Building, Legal Fees	\$34,910.00
Carrying Costs and Contingency	\$68,589.00
<b>TOTAL</b>	<b>\$524,064.00</b>

Proposed Terms and Conditions:

Borrowers:	3536 Michigan Avenue LLC and Back Bar Detroit LLC
Loan Amount:	\$200,000
Interest Rate:	4%
Term:	5 years
Payment Schedule:	24 months interest only, payable through an interest reserve account. Principal and Interest being in month 25 and will be amortized for a period of 6 years, with balloon payment due at maturity.
Security:	First Priority Pari Passu lien Position on the Property, 1 <sup>st</sup> lien Pari Passu of Co-Borrower's business assets. Corporate Guaranty of EBK, LLC. Personal Guaranties of Benjamin Smith and Carlo Liburdi, and their respective trusts, if any.
Permitted Uses:	Construction costs and FFE; EDC funds will not be used for the Liquor License.
Additional Conditions:	Title, survey, and/or environmental reports acceptable to EDC staff. Receipt, review and approval of any and all information requested by EDC staff.



Debt Service Analysis:

	2025	2026
Total Revenue	\$552,000.00	\$563,040.00
Costs of Goods Sold	\$337,800.00	\$347,934.00
Gross Profit	\$214,200.00	\$215,106.00
Total Operating Expenses	<u>\$161,812.00</u>	<u>\$165,586.00</u>
Cash for Debt Service	\$52,388.00	\$49,520.00
EDC Debt Service 4%, 6-year amortization (P/I Payment-\$1,575.93)	<div style="text-align: center;">2025</div> <div style="text-align: right;">\$8,000.04</div>	<div style="text-align: center;">2026</div> <div style="text-align: right;">\$8,000.04</div>
Invest Detroit Debt Service 5.5%, 20-year amortization (P/I Payment-\$1,375.77)	<div style="text-align: center;">2025</div> <div style="text-align: right;">\$13,754.64</div>	<div style="text-align: center;">2026</div> <div style="text-align: right;">\$16,509.24</div>
Debt Coverage Ratio	2.4	2.0

EDC staff requested that its Finance Committee recommend this proposal to the EDC Board for approval.

Mr. Osei called for questions.

Mr. Hodge asked about the anticipated timeline for this project. Ms. Shaw responded that the developer is anticipating late fall or early winter of this year. Ms. Shaw added that Invest Detroit has already approved the project.

Mr. Osei called for further questions or discussion. Hearing none, he called for a motion.

Mr. Osei made a motion to approve the EDC Budget for FY 2024-2025, as presented. Mr. Hodge seconded the motion. All were in favor with none opposed.



### **ADMINISTRATION**

None.

### **OTHER MATTERS**

None.

### **PUBLIC COMMENT**

None.

### **ADJOURNMENT**

On a motion by Mr. Hodge, seconded by Mr. Stallworth, Mr. Osei adjourned the meeting at 9:16 a.m.