



**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
MINUTES OF THE
REGULAR COMMUNITY ADVISORY COMMITTEE MEETING
WEDNESDAY, MAY 10, 2023 - 5:00 PM**

**COMMITTEE MEMBERS
PRESENT:**

Abir Ali
Omar Hasan
Byron Osbern
George Etheridge
Ponce Clay
Jeffrey Evans

**COMMITTEE MEMBERS
ABSENT:**

Marloshawn Franklin
Dr. Regina Randall
Rico Razo

OTHERS PRESENT:

Jennifer Kanalos (DEGC/DBRA)
Brian Vosburg (DEGC/DBRA)
Cora Capler (DEGC/DBRA)
Monika Mc-Kay Polly (DEGC/DBRA)
Sierra Spencer (DEGC/DBRA)
Nevan Shokar (Basco)
Elizabeth Masserang (PM Environmental)
Detroit's Otter.ai



Call to Order

Mr. Razo called the meeting to order at 5:07 p.m.

Ms. Kanalos took a roll call of the CAC Members present.

General

Approval of Minutes

Vice Chair Mr. Osborn called for approval of the minutes of the April 12, 2023 (resolution) DBRA-CAC meeting, as presented.

The Committee took the following action:

Mr. Etheridge made a motion approving the minutes of the April 12, 2023, meeting, as presented.

Mr. Clay seconded the motion.

DBRA-CAC Resolution Code 23-04-02-176 was unanimously approved.

Administrative

Rules for Public Meetings and Public Comment

Ms. Kanalos advised that pursuant to Sections 3(1) and 3(5) of Michigan's Open Meetings Act, a public body may establish reasonable rules to minimize the possibility of disruption to the meeting and to govern the public's right to provide comment during the meeting.

At the request of several DBRA Board members as well as DBRA-CAC members, the DBRA staff has proposed the following Rules for Public Meetings and Public Comment to the DBRA Board for consideration at the Regular May 10, 2023 Board meeting. The rules would govern public participation and comment for all DBRA Board and Committee meetings, including CAC meetings.

Since the DBRA Board approved the Rules at the Regular May 10, 2023 Board Meeting, the Rules will be in effect for the DBRA-CAC's Regular May 10, 2023 meeting and all future DBRA-CAC meetings.

Projects

Amended and Restated Harmonie Social Club Brownfield Redevelopment Plan

Mr. Vosburg and Mr. Shokar presented the Amended and Restated Harmonie Social Club Brownfield Redevelopment Plan.

Project Introduction

311 Grand River, LLC, an affiliate of Basco of Michigan, Inc., is the project developer (the "Developer") for the Plan which entails the renovation of the existing historic structure to include updated tenant spaces, including a speakeasy bar and dining room at the basement level and a bright restaurant and lounge on the main level. The second and third floor entailed the rehabilitation of the vacant office space and mezzanine for use by Lighthouse Immersive, which offers a destination art space totaling approximately 16,400 gross square feet. The renovation maintained and restored the historic features of the space, including the columns that dot the area. On a monthly basis, the current tenant attracts approximately 10,000 visitors to the space each month.

The total investment is estimated to be \$12.1 million. The Developer is requesting \$2,878,864.00 in TIF reimbursement, an increase of \$2,299,654.00 from the Original Plan.

Approximately 28 temporary construction jobs, 20 venue production and equipment installation jobs and 1 FTE job. The tenant has created 45 jobs to date (30 are Detroit residents) and is working to hire additional positions. Additional tenant jobs will also be created through the final buildout of the basement space.

Property Subject to the Plan

The eligible property (the "Property") consists of one (1) parcel located at 311 East Grand River on the eastern side of Detroit's Central Business District in the Paradise Valley neighborhood, just two blocks east

of Grand Circus Park, bounded by Centre Street to the south, the property line to the west, the alley between John R Street and Grand River Avenue to the north, and Grand River Avenue to the east.

Basis of Eligibility

The Property is considered “eligible property” as defined by Act 381, Section 2 because (a) the Property was previously utilized or is currently utilized for a commercial purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) the Property is determined to be a historic resource as defined by Act 381, as amended.

The property was listed as a Michigan Historic Site in 1975 and was individually listed in the National Register of Historic Places in 1980. In addition, the property is listed in Detroit’s local Madison-Harmonie Historic District.

Eligible Activities and Projected Costs

The “eligible activities” that are intended to be carried out at the Property are considered “eligible activities” as defined by Sec 2 of Act 381, because they include pre-approved activities, demolition and asbestos abatement, infrastructure improvements, site preparation, development/preparation and implementation of brownfield plan and/or 381 work plan, interest, and a 15% contingency. The eligible activities and budgeted costs are intended as part of the development of the Property and will be financed solely by the Developer. The Authority is not responsible for any costs of eligible activities and will incur no debt. The eligible activities are estimated to commence in summer of 2019 and be completed within 9 months.

Tax Increment Financing (TIF) Capture

The Developer desires to be reimbursed for the costs of eligible activities. Tax increment revenue generated by the Property will be captured by the DBRA and used to reimburse the cost of the eligible activities completed on the Property after approval of this Plan pursuant to the terms of a Reimbursement Agreement with the DBRA.

COSTS TO BE REIMBURSED WITH TIF

	<u>Original Plan</u>	<u>Amended Plan</u>
1. Environmental Assessments	\$7,600.00	\$7,186.00
2. Demolition	\$149,000.00	\$583,687.00
3. Asbestos Activities	\$50,000.00	\$168,620.00
4. Infrastructure Improvements	\$75,000.00	\$577,172.00
5. Site Preparation	\$201,313.00	\$115,404.00
6. Brownfield Plan & Act 381 Work Plan	\$25,000.00	\$60,000.00
7. Contingency (15%)	\$71,297.00	\$216,732.00
8. Interest		\$1,150,063.00
Total Reimbursement to Developer	\$579,210.00	\$2,878,864.00
9. Authority Administrative Costs	\$24,267.00	\$505,425.00
10. State Brownfield Redevelopment Fund	\$82,856.00	\$269,379.00
11. Local Brownfield Revolving Fund	\$55,643.00	\$0.00
TOTAL Estimated Costs	\$741,975.00	\$6,532,531.00

The actual cost of those eligible activities encompassed by this Plan that will qualify for reimbursement from tax increment revenues of the DBRA from the Property shall be governed by the terms of the Reimbursement Agreement.

Other Incentives

The Developer is seeking additional incentives, which will include local and/or state approval of Obsolete Property Rehabilitation Act (OPRA) Tax Abatement and Historic Tax Credits.

Attached for the CAC's review and approval were three (3) resolutions: 1.) a resolution supporting the Plan in the event the Committee does not deem it necessary to conduct a CAC public hearing and 2.) a resolution authorizing a public hearing in the project area and 3.) a resolution authorizing a public hearing in the project area and to appoint up to two special CAC members. The public hearing may be held jointly with any public hearing conducted by the Detroit Brownfield Redevelopment Authority.

Mr. Osbern thanked Mr. Vosburg and Mr. Shokar for the thorough presentation and opened the floor for Committee members for questions.

Mr. Clay asked Mr. Shokar what assistance was being requested, as the building is functional. Mr. Shokar explained that the original request amounted to \$500,000 and the new request is \$2.7 million dollars over twenty-nine years due to the unforeseen issues and extra costs faced in rehabilitating the property to make the project financially viable.

Mr. Etheridge asked Mr. Shokar to provide a greater distinction between what cost increases occurred for demolition and infrastructure improvement. Mr. Shokar responded that the unforeseen demolition that took place was due to the roof leaking, evidence of a fire, framework, and structural support. Mr. Shokar explained that infrastructure improvement is related to the alley behind the property, sewer lines, and sidewalk improvements.

Mr. Etheridge directed his question at DEGC staff and asked why the Local Brownfield Revolving Fund (LBRF) was not included in the Amended Plan. Mr. Vosburg explained that originally the TIF request of \$579,000 allowed for a full five year LBRF capture, but now with the increased costs, the developer will need the full allowable thirty years to capture TIF reimbursement for their costs.

Mr. Osbern called for further questions. Hearing none, he asked Mr. Vosburg what options the committee had in relation to the plan. Mr. Vosburg explained the three options (described as options A, B, C) that the committee had which were to, A. recommend approval, B. wait for the public hearing and vote afterward, or C. appoint two CAC committee members to the public hearing and vote afterward.

Mr. Osbern called for a motion to move forward with one of the options described by Mr. Vosburg.

Mr. Clay made a motion to hold off the Committees' recommendation until after the public hearing. Mr. Evans seconded the motion.

Mr. Etheridge asked for Mr. Clay's reasoning in making the motion, taking into account the letters of recommendation provided in the Plan. Mr. Clay stated he had no comment.

Mr. Osbern stated that he was unaware that the Detroit City Council had previously reviewed the Plan. Mr. Vosburg explained that the Detroit City Council had approved the Plan but has not approved the Amended Plan which would be presented for Detroit City Council approval, should the CAC and DBRA Board recommend approval of the Amended Plan. Ms. Kanalos added that an Amended Brownfield Plan must go through the same process as a new Brownfield Plan.

Mr. Osbern called for a roll call vote on Mr. Clay's motion. A roll call vote was conducted with the following result:

Ayes: Mr. Clay, Mr. Evans

Nays: Ms. Ali, Mr. Etheridge, Mr. Hasan, and Mr. Osbern

The motion to hold off the Committees' recommendation until after the public hearing failed.

Mr. Osbern called for another motion regarding the Amended and Restated Harmonie Social Club Brownfield Plan.

Mr. Etheridge made a motion to recommend approval of the Amended and Restated Harmonie Social Club Brownfield Plan to the DBRA Board. Mr. Clay seconded the motion.

Mr. Osbern called for a roll call vote on Mr. Etheridge's motion. A roll call vote was conducted with the following result:

Ayes: Mr. Clay, Mr. Evans, Ms. Ali, Mr. Etheridge, Mr. Hasan, and Mr. Osbern

Nays: None.

DBRA-CAC Resolution Code 23-05-267-02 was approved.

Other

Mr. Vosburg advised the Committee that the COVID-19 Pandemic would be officially ending the following day on May 11, 2023, and therefore holding virtual local public hearings needed to be addressed. Mr. Vosburg informed the Committee that given the official end of the pandemic, moving forward local public hearings would no longer be available virtually and will only be held in person near the project location per the DBRA Bylaws. Unfortunately, due to technology limitations, hybrid in-person and virtual meetings are not feasible at this time. Staff will continue to monitor the availability and pricing of technology to see if hybrid local public hearings may be able to be offered in the future.

Public Comment

None.

Adjournment

Citing no further business, on a motion by Mr. Clay, seconded by Mr. Etheridge, Mr. Osbern adjourned the meeting at 5:27 p.m.



CODE DBRA CAC 23-05-02-176

APPROVAL OF MINUTES OF APRIL 12, 2023

RESOLVED, that the minutes of the regular meeting of April 12, 2023 are hereby approved and all actions taken by the members present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Community Advisory Committee of the Detroit Brownfield Redevelopment Authority.

May 10, 2023



CODE DBRA-CAC 23-05-267-02

AMENDED AND RESTATED HARMONIE SOCIAL CLUB BROWNFIELD REDEVELOPMENT PLAN

WHEREAS, pursuant to 381 PA 1996, as amended (“Act 381”), the City of Detroit Brownfield Redevelopment Authority (the “DBRA”) has been established by resolution of the City Council of the City of Detroit (the “City”) for the purpose of promoting the revitalization of environmentally distressed areas in the City; and

WHEREAS, under Act 381, the DBRA is authorized to develop and propose for adoption by City Council a brownfield plan for one or more parcels of eligible property; and

WHEREAS, pursuant to the resolution establishing the DBRA and the bylaws of the DBRA, the DBRA has submitted the proposed **Amended and Restated Brownfield Plan for Harmonie Social Club** (the “Plan”) to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its May 10, 2023 meeting, received, evaluated and considered the proposed Plan; and

WHEREAS, in accordance with the provisions of the resolution establishing the DBRA and the bylaws of the DBRA, the Community Advisory Committee desires to make recommendations to the DBRA and the Detroit City Council on the proposed Plan.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. After consideration of the proposed Plan, the Community Advisory Committee makes the following comment and recommendations on the proposed Plan:
 - a. The Community Advisory Committee has determined that it is appropriate for the achievement of the purposes of Act 381 of the DBRA to adopt an Amended and Restated Brownfield Plan for the **Harmonie Social Club Brownfield Redevelopment Project**.
 - b. The Community Advisory Committee recommends support of the proposed Plan presented to it.
2. The Chairperson of the Community Advisory Committee is authorized and directed to transmit a copy of this Resolution and the minutes of the public hearing on the proposed Plan and of the meeting at which this Resolution was adopted to the DBRA and the Detroit City Council as the report of the findings and recommendations of the Community Advisory Committee on the proposed Plan.
3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded.

May 10, 2023