MINUTES
Committee of the Whole
Monday, March 11, 2024 @ 5:30 p.m.
Tony Benavides Lansing City Council Chambers

CALL TO ORDER
Council President Garza called the meeting to order at 5:30 p.m.

PRESENT
Councilmember Peter Spadafore
Councilmember Adam Hussain
Councilmember Tamera Carter
Councilmember Trini Pehlivanoglu
Councilmember Jeffrey Brown
Councilmember Ryan Kost
Councilmember Jeremy Garza
Councilmember Brian T. Jackson

OTHERS PRESENT
Sherrie Boak, Council Staff
Jim Smiertka, City Attorney
Mayor Schor
Lisa Hagen-Lawrence, OCA
Greg Venker, OCA
Emily Linden, Internal Auditor
Barb Kimmel, Economic Development & Planning
Rawley Van Fossen, Economic Development & Planning
Nick Montry, Economic Development & Planning
Karl Dorshimer, LEDC
Shelbi Frayer, Deputy Mayor
Loretta Stanaway
David Hollister, Former Mayor
Dustin Howard, Local 333
Tim Damon, Chamber of Commerce
Dale Schrader
Norma Bauer
Ben Shuldiner, Lansing School District
Paul Gentilozzi

Minutes
MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE MINUTES FROM FEBRUARY 26, 2024 AS PRESENTED. MOTION CARRIED 8-0.

Public Comment

Ms. Stanaway spoke in opposition to selling the current City Hall and purchase in ACT-1-2024.

Mr. Hollister submitted written comments to the Committee, speaking in support of the ACT-1-2024 purchase agreement.

Mr. Howard spoke in support of the Gentilozzi project.

Mr. Damon spoke in support of the projects on the agenda in representing the Lansing Chamber members.

Mr. Schrader spoke in support of the ACT-1-2024 agenda item, and repurposing the current City Hall.

Ms. Bauer questioned the Gentilozzi projects presented at the earlier meeting in February, and outlined issues. Ms. Bauer spoke in support of the Charter Commission work to be done, and changes with the Mayoral position.

Mr. Shuldiner explained that on behalf of the LSD district, he explained the current administrative offices of the LSD, and informed the Committee that they have not agreed to anything with the new City Hall, but would need to see numbers. He added that there are a lot of ideas that he spoke in support of that would work will the City and the school district. He concluded that the school district is interested, but he always works for the parents, teacher, students and tax payers.

Mr. Lynn asked the Committee if they got all the information they asked for in February, and voiced his concerns that there appears to be a lack of information.

Discussion/Action

RESOLUTION – Set a Public Hearing; Community Development Block Grant (CDBG) Annual Action Plan for Fiscal year 2024-2025

Ms. Kimmel and Mr. Van Fossen spoke on the projected plan. A brief overview of the project which is discussed annually, which is a formula based plan and a public hearing was held at the Planning Commission.

Council Member Kost stepped away from the meeting at 5:48 p.m.

Ms. Kimmel spoke to the process which includes a 30 day comment period ending April 14th, and this request currently in front of Council is to set the public hearing for April. These are estimation amounts because they have not received the actual numbers from HUD. If they do not receive the funds by April 15th, they will still hold the hearing but ask Council not to take action on the Plan until the final numbers are in. Ms. Kimmel outlined the plan goals, budget categories for CDBG technical assistance, CDBG general, HOME down payment assistance, homeowner housing construction and rehabilitation, CHDO set aside and CHDO operating, HOME general administration, street outreach, homeless prevention, homeless management, shelter operation an ESG.
The projection includes estimates and again once the final numbers come in from HUD they will provide those current numbers to Council.

Council Member Kost returned at 5:56 p.m.

Ms. Kimmel continued outlining the plan.

Ms. Linden had no comments.

comment. Mr. Van Fossen stated on March 5th there was public comment at the Planning Commission, and there were 3 people present with public comment. Council Member Jackson asked about the draft document. Ms. Kimmel stated it will be available this week on the website, in the City Clerks office and in their office. The 30 day public comment period begins this Wednesday. Council Member Jackson asked a draft can be created if there is still public comment coming in. Mr. Van Fossen stated the community input in on the draft action plan, so the draft plan has to be published to get the input.

Council Member Spadafore asked why a place holder for blight if those funds are not used for that. Ms. Kimmel stated there is a FEMA grant that is used to demolish homes, and there is a possibility that these funds would need to supplement that.

Council Member Brown asked them to expand on the programs, funds and matching funds. Ms. Kimmel explained that HOME funds require a 25% match, and the city requires the developers to bring the 25% to their proposal. The HOME is advertised in a RFP with non-profit and profit applicants with projects. Some CDBG funds have match for lead-safe projects, and the CDBG funds are used for lead remediation.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR APRIL 15, 2024. MOTION CARRIED 8-0.

<u>RESOLUTION- Grant Acceptance; Michigan State Housing Development Authority (MSHDA) Housing Development Fund Grant for Transformational Housing</u>
MOTION BY COUNCIL MEMBER HUSSAIN TO REMOVE THE ITEM FROM THE TABLE. MOTION CARRIED 8-0.

Council Member Hussain outlined the one time grant, with no City match, it was appropriated in Public Act for enhancement grants to MSHDA to award. The funds are to assist with low and moderate low income housing. Council Member Hussain then outlined the proposed Gentilozzi family projects as outlined at the February 26, 2024 meeting.

Council Member Kost made a comment speaking to developments asking that project labor agreements are completed before it gets to a Council vote. There is currently no document signed for this, and cannot put this statement in writing.

Council President Garza spoke in support of the project, acknowledged the legislative support, and local labor, feeling confident that local labor will sign the contracts.

Council Member Hussain spoke in support of the projects and financial impact. The proposed 26 floor of housing, commercial tower is the only transformational project. The ask was made of the OCA what assurances does the City have that these three projects are built. The fear is that the funds are distributed and there is something that stops. He asked for any legal binding document to make sure those funds are used. Mr. Smeirtka assured the Council that this is a reimbursable and so the City has control over the funds. Council Member Hussain asked if the agreements that are in the works have language to make sure it is accountable. Mr. Smiertka stated he spoke to the Deputy Mayor and they are going to look at the agreements to see where language would fit and focus on that. Council Member Hussain asked Mr. Gentilozzi about an NDA but was looking for a policy. He read part of an email where it stated the MEDC gave permission to give the City to provide their statement. He asked what they had in writing. Mr. Gentilozzi stated the City LEDC is part of all the conversations with MSHDA, and MSHDA has told them directly that the transformational designation is approved by MSHDA. Regarding the distribution of the $40 million was in the documents with the LEDC; $20 million tower project and $20 million with the other projects.

Council Member Hussain reiterated that he wants to make sure that it is documented so that the City does not have to return the $40 million back to the state, and the City does not get a transformational project. He asked if a transformational brownfield is not approved, what then. Mr. Gentilozzi stated they have been told the Brownfield will be approved, and the LEDC has a distribution document from them. He outline the funding and contracts they have already invested for the Tower. He assured Council that the fund distribution is in the LEDC document and can be in the agreement as well.

Council Member Brown asked for Mr. Dorshimer with LEDC to verify that all the information is accurate and has been fact checked. Mr. Dorshimer assured the Committee that they have been working with MEDC and Gentilozzi on their performa on all three projects, and he stated they are confident with seeing the information, and with the NDA he is not able to release information. He also confirmed MEDC is on board. Council Member Brown asked about the guarantee funds they are putting up. Mr. Dorshimer stated he has not seen it but that would be between the developer and their finance institution.

Council Member Jackson stated his concerns that there appears to be a labor agreement with the local unions done before Council votes, and there has been financial endorsements of people during their election campaigns, and persuasion from the Lansing Chamber, but he would make his decision for this project not based on the influence from the unions or financial backing, but has spoken to the developer.

Council Member Kost asked Mr. Gentilozzi about the statement that if they didn't get the brownfield he would change, and then Mr. Dorshimer stated if they did not get the funding it would be hard to get the project done. Mr. Dorshimer confirmed that the transformational brownfield is key because that captures the taxes on the new development to reimburse the developer on the projects above and beyond. If they do not have those funds, then the developer would have to come up with more funds. Without the transformational brownfield plan being approved it would be difficult. Council Member Kost asked Mr. Gentilozzi how to do all three without the brownfield. Mr. Gentilozzi stated the Washington Avenue project will use a small funding from the transformational brownfield and again assured the Committee the project is perfect for the transformational brownfield. With recent law changes done by Senator Singh it allowed Lansing based on the population requirement changes. Can stipulate in agreement $20 million to Tower and $20 million to the other three projects.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE MSHDA HOUSING DEVELOPMENT FUND GRANT FOR TRANSFORMATIONAL HOUSING. MOTION 8-0.

<u>RESOLUTION – Grant Acceptance; Michigan Economic Development Corporation Transformational Muni Infrastructure for new City Campus</u>
MOTION BY COUNCIL MEMBER HUSSAIN TO REMOVE THE ITEM FROM THE TABLE. MOTION CARRIED 8-0.

Council Member Hussain outlined the grant specifically to support the new City campus in the downtown corridor. This includes design, engineering, infrastructure improvements, and currently the project proposed by the BOJI Group.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR GRANT ACCEPTANCE; MICHIGAN ECONOMIC DEVELOPMENT CORPORATION TRANSFORMATIONAL MUNI INFRASTRUCUTRE FOR NEW CITY CAMPUS.

Council Member Kost asked OCA if the votes are 5 or 6 votes item. Mr. Smiertka stated the action on this and the next item, ACT-1-2024 are 5 votes at Committee, but 6 for this one at Council, but the purchase of property is 5 votes at Council.
Council Member Kost voiced his concerns that if approved there would be something that there is a creative fund disbursement because once allocated Council cannot do anything. He spoke in opposition to the plan currently in front of Council.

Council Member Brown referenced the documents provided to Council on the bids, the scoring of the bids, how the process started and voice his concerns.

Council Member Pehlivanoglu acknowledged the additional time to ask questions, speak to developers, review documents, and looking at the City hall proposal it is different than housing because no one is asking for a new City hall. She concluded in support of the project.

Council Member Hussain acknowledged the developers and spoke in support of the resolution.

Council Member Carter acknowledged the developers.

Council Member Kost explained his rationale behind his opinion because everything that the school is looking at can be done in this building, he does not believe the estimate for the repairs on this building are not accurate, and to spend the funds for a new building he could not support. He then referenced the other bids, and the proposal recently submitted was not the same project in the 2022 bids, and Boji has worked hard with the State, but visually he cannot compromise his ethics to vote for something paid for by the endorsements to legislature.

Council Member Brown asked if the appropriation can be accepted, can Council then look at bids, and asked for OCA. The exact question to OCA is if Council can accept the $40 million and potentially for City Hall, can the City Council bid out City hall options. Mr. Smiertka said this was bid out, and OCA watched the process all the way through to comply with ordinances and law. Council Member Hussain said he is not saying that, but he is asking can Council support the resolution on the funds, but Council cannot act on the ACT-1-2024. Council Member Brown clarified asking if Council can accept it and appropriate it later. Mr. Smiertka stated the opinion goes back to 1997, and when the Mayor proposes Council can either accept or reject which is in conjunction with the acts. So only option is to accept or reject. Council President Garza stated that is why the resolutions were tabled.

Council Member Kost added that is why he asked for the number of votes, because per OCA at Council the grant is 6 votes, but the ACT-1-2024 which is 5 votes. Council Member Brown asked what happens if the approve the grant but not the sale. Mayor Schor explained that if approved for the funds, but if the Council does not approve the purchase, he can spend it on something else. Council Member Brown asked the Mayor if the support is not for the actual building proposed in ACT-1-2024, and Mayor Schor stated he does not know at this time. Mr. Smiertka stated that if that occurs, the money is appropriated to the Mayor, and a purchase of a building will have to come back to Council.

MOTION CARRIED 7-1.

<u>RESOLUTION – ACT-1-2024; Purchase Agreement, Masonic Temple, 217 S Capitol Avenue</u>
MOTION BY COUNCIL MEMBER HUSSAIN TO REMOVE THE ITEM FROM THE TABLE.
MOTION CARRIED 8-0.

Mr. Venker explained to the Committee that with discussions that the original resolution referenced a 1.35 million a visibility easement, and that was removed, so a new purchase agreement was placed on file taking that out and reference to. A new resolution was prepared if Council wanted to advance forward the new purchase agreement. This new resolution takes out spending the additional funds and the visibility easement.

Council Member Brown acknowledged the Administration and developer for addressing the concerns.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR ACT-1-2024 PURCHASE AGREEMENT, MASONIC TEMPLE, 217 S CAPITOL AVENUE. MOTION CARRIED 7-1.

OTHER
No other topics.

Adjourn
The meeting adjourned at: 7:04 pm
Respectfully Submitted by, Sherrie Boak, Recording Secretary,
Lansing City Council
Approved by the Committee March 18, 2024