CITY OF LIVONIA
PUBLIC HEARING

Minutes of Meeting Held on Monday, July 22, 2024

A Public Hearing of the Council of the City of Livonia was held at the Livonia City Hall Auditorium on July 22, 2024.

MEMBERS PRESENT: Brandon McCullough, President
Martha Ptashnik, Vice President
Carrie Budzinski
Rob Donovic
Jim Jolly
Scott Morgan

MEMBERS ABSENT: Laura M. Toy

OTHERS PRESENT: Eric Goldstein, Assistant City Attorney
Mark Taormina, Planning and Economic Development Director
Sara Kasprowicz, Recording Secretary

The Public Hearing was called to order at 7:01 p.m. with Council President Brandon McCullough presiding. This item is regarding an appeal of the denial of the Planning Commission for Petition 2024-04-02-07 submitted by Health Vista L.L.C. requesting waiver use approval under Section 6.37 of the Livonia Zoning Ordinance, as amended, to operate a massage establishment at 33242 Seven Mile Road, located on the north side of Seven Mile Road between Farmington Road and Mayfield Avenue in the Southwest ¼ of Section 3.

This item will be moved to the Regular Meeting of **August 7, 2024**.

The Public Hearing is now open. There were approximately 7 persons in the audience.

McCullough I'm going to jump right in. Right now, we are showing everyone, with the exception of Councilwoman Toy from Council dais, we're going to jump right into item number one. Mr. Taormina, take it away.

Taormina Sure thing, Mr. President. This is an appeal of the denial by Planning Commission for a massage establishment, This plaza, two unit plaza, located on the north side of Seven Mile Road. It's just east of Farmington Road. It's called Westmore Plaza. Currently the building is divided into two units, Genesis Hair Salon occupies the western unit, and a Health Vista would occupy the easterly unit, which is about 1100 square feet. There are two special requirements that apply to massage establishments. One is that it cannot be located within 400 feet of another massage establishment, and it must also be at least 400 feet from any school, place of worship, state license, daycare facility, library, playground or public park. This location complies with both of those separation requirements.

The floor plan was provided showing the layout of the business. It includes massage rooms, individual rooms, laundry, restroom, waiting area, all with typical things you expect to see in a business like this. The Planning Commission reviewed this at their meeting on May 14th and denied the application. With that, I'll answer any questions you might have.

McCullough Councilman Jolly.

Jolly Mark, I didn't get a chance to read the minutes. Do they point to a specific reason?

Taormina You know, I read the minutes as well, and my take on that was, they were concerned about the number of massage establishments, not only throughout the city, but also the general vicinity. That probably came out as the number one concern. Also, I think, a lack of demonstrated need for the business in this location, and I believe the applicant has responded to some of those concerns that were expressed at the Planning Commission meeting. There's been some supplemental data provided to you.

McCullough Anything else from Council? The petitioner is here. Would you mind coming up and just stating your name and address for the record, and just giving us a brief history of your business and what you're looking for on this waiver. Just name and address for the record and just maybe give an overview of what you got going on here with us.

Zehn Yeah, so let me introduce myself first. So, I'm Kay, and this is Lisa, the realtor, and also friend of Lisa, so I'm helping her, being her translator, and also just helping her throughout this business to get the store as well as having this business system ready. And yeah, so today, I will be representing her, and I maybe do some translation and get her information as well. If I don't know the information, but if I know the information, I will just like talk to you guys directly.

McCullough Sounds good. If you want to give a quick overview on how you got here, just with the Planning Commission and what you've done to this point.

Zehn Yeah sure. So, we started by definitely looking at the building zoning requirements and several on this location, which it's like meeting all the requirements that is like showing on the zoning document. And then so we went through the first private lesson with the committee, and that was good. And then the second, and then we went to the public hearing last time, which is where this got rejected. I was not the translator at the time, so these are accompanied with the girls who's helping her with the translation. And then, we already have a very deep connection with the landlord. As you see, the plan is already developed. And then also the landlord is actually the owner of the salon next to it. And then the owner, also the son, also have a construction company, so he will be also helping us having this building out. Yeah. And a little bit more about this business.

So, Lisa has 14 years of experience doing massage, so she has been working in New York and then, as well as in Michigan, as a Massage Therapist. And then, so for now, she's because she had, like, a big surgery two years ago, and then she's like, Okay, I have this skill. And then now I want to have my own business as I am, like, working for other people for a long time, and she's also helping out other practitioner to, like, develop their skills while she's working for other company at other store she is like a manager. So, she's like, oh, why don't I just open up a store myself? I do everything managing myself. So, she has been saving up money for this store, so she got enough saving for having this startup, so this business specifically is focusing on traditional Chinese massage, and last time, so there's concern about there's a lot of business. There's like five, six other massage stores nearby, and then I do deeper research and found out that there's only two that have some kind of touch on, like acupressure and cupping. And then they are trying to cover all kinds of massage, whatever that is fancy. Then they will cover all of those. But then, because, I mean, like Chinese medicine and then Chinese massage, it's more likely a long-time practice to get to a point where you actually solve the problem and provide the get to the pain point of the patient. And that's what Lisa will be bringing to the community. And also, Lisa, as she mentioned, she has a lot of returning clients that is following her, not the store itself. So, she has been working in a store in Madison Heights previously, and then a store in Beverly Hills, and then, so when she's, like, changing location, some of the clients will be like, oh, let me, like, just go to you instead of staying in the store. So, that also is another kind of, like, proof of how skilled she is and she's now she'll be also working as, as the massage therapist in the store as like a main one, and then she'll hire one to two person helping her out to start with the business. And because at first, we all know that we need the time to do marketing and do like, just like, get the first batch of clients here to experience the store. And, yeah, so maybe start with one first, and then another one later, if there's more business for sure. And then she's also last time in the appeal. I think it also mentioned that, what if you don't get clients? How would you stay in business? So that is also something that Lisa has been planning for multiple years on, like saving up her money. And then she also had her son support, who's a manager of a restaurant, so there's definitely a lot of support on her side, if it's not going well. And then also this location, I think, in terms of, like the brand, in terms of at least who we are working with so far, the landlord and the landlord's son, we do feel like very happy about like having them as the neighbor. So yeah, so that's why we wanted to continue appeal and see whether we have the opportunity to do business in this area.

McCullough Thank you so much. That was a really good overview, and we appreciate it. And now I'm going to go back to the Council. Councilman Donovic.

Donovic	Thank you, Mr. President, good evening. Thank you both for being here. I know that there's been a lot of discussion on the amount of these sorts of businesses in the area. How long is your lease, your lease that you're going to be signing on. How long will it be? A three-year lease? Five-year lease?
Zehn	Yeah, we'll start with a three-year lease.
Donovic	And I asked that just because, again, I know there's some concern about how many of these types of businesses are in the city, and we've gotten multiple of these types of businesses in the last couple years. And you do wonder, I know the Planning Commission reading through some of the minutes, also have that worry. However, I don't necessarily believe that is a reason we can deny you so long as you meet all the other requirements. But I am concerned how these establishments are going to be successful with so many of them in the community, but that's up the petitioner. So, thank you. I appreciate being here today.
Zehn	Yeah, talking about the concern, a little bit more research of the area. So, I found that, like those already exist, massage are on the southside mostly, and then when it gets to, up on the east side, three to four block. There's only one more massage store so, and then there's like, golf course a dance studio, fitness class. There's like, a lot of like activity going on in this community. And I believe it's like filling out more of those kind of gym, gymnastic and activity, and it kind of like proves the meat of the relaxation. And then there's also a clinic, I think solving more like a spine kind of like problem nearby, but that was really expensive. And then I think this could be like a substitute for people who just, like, want to get, like, a short-term relaxation.
McCullough	Thank you. Vice President.
Ptashnik	Thank you. So, I watched the Planning Commission meeting to kind of get some of the history on this. One of their concerns, I know, was need. I appreciate that effort you put into that. Another thing was that it would it just be compatible with the area because it's right up against the residential. What are the hours of operation that we're looking at here?
Zehn	So, it will be as normal store, like, from 930 to 830ish. And then I believe there's also rules on, like low opening until up to, like 10pm so we're not thinking about opening up that late. And I really don't know the answer.
Ptashnik	Do you know what the time or the hours for Genesis?
Zehn	I think it's like 10, 10:30ish. Yeah, but it would be more like because in this area, definitely not seeing a lot of traffic after getting dark. So, we're pretty much stay as like, whatever the other businesses stay open.

Ptashnik Okay, so my colleague just looked up Genesis closes at 7pm so just kind of looking to be kind of consistent with that. We want to make sure that you're going to fit into the area. And so that's a big concern, and that was one of the reasons the Planning Commission denied, to be honest, demonstration of need. They talked about the six other locations fairly but now you're saying this is a special type of massage. I guess I'm not familiar. What makes a Chinese massage different? I really don't know.

Zehn Yeah, so the Chinese massage therapy, I need to go through my notes. So, what we see most often here is acupressure. And people know about acupuncture, but we are not going to cover acupuncture, because that's another license. And then so there's the acupressure is always definitely something that will be included. And then also Gua Sha, which is like a scraping, the scraping where, I think we see a lot in like facial store, where it has the scraping to your face. But that actually, I started from for like a body scraping, where it kind of spread out your, some of your kind of, like spine and other things to get the effect, I would say. And then there's cupping therapy. There's the cupping therapy that we see most of the time here is the plastic one where you get, like, the pressure out. But then Lisa will be like doing some of the more, like traditional cupping, where it's using, like a glass one, so it's not using the one that you can use at home, but some things that should like, especially order all the things from China, and then just like something that she got used to. And then there's also, I think this one is most fashion, so it's more like, like, a sense of, there's a medicine where we It's like, that translation gets a little bit hard.

Ptashnik But its unique. This is definitely unique from the other six locations, yeah, within that, radius around. Yes, and that was the big concern is that, did you adequately establish.

Zehn Yeah and then also. All because you see that there's a lot of research, so it's another thing that demonstrate the need. And it means that people would continue, they are continue staying in their business for many years. It means that there's a need in this area.

Ptashnik Would you be open to not staying open quite as late, like kind of more matching up to the studio next door?

Zehn (Translation) Okay, so, there's a part requirement, we definitely want that requirement. The reason why we want to stay till like 8:30 is because in her past experience, we see a lot of people will be getting this service after work. So, like from five to seven, it only two hours, which like a good traffic. I

Ptashnik I was just kind of more looking at it, when you leave the notes from the Planning Commission meeting, there was talk of going to, 10pm and I'm just kind of trying to keep away from that. If you're going to tell me 8:30 I can work with that. I just want to make sure we're all on the same page.

McCullough Councilman Jolly.

Jolly So, I appreciate the questions that you've answered and the information that you've provided so far. One of my concerns when we look at establishments of this type is, is there a plan to hire a regular staff that will be a semi-permanent staff in regards to people assigned specifically to this location for the long haul? Sometimes with massage establishments, there are people who are traveling from elsewhere, either other locations that are shared between this location and another location, or they sometimes even have been explained to us that they travel from out of town to come for a specific period of time. What are the plans for staffing this location if approved?

Zehn (Translation) So, the goal is to hire a stable person for the first one. And then there's also some very competitive practitioner out there. So those type of people, if we want to invite her to the store, they might be more like, prefer to take, a part time position instead of full time. So first, full time in addition to Lisa. And then we would probably look for people who she worked with before.

Jolly I think the concern is always that we just want to have, no matter what type of business it is, a stable business that's has a stable workforce, and then something about that makes sense. At this time, I'll offer an approving and a denying for consideration at the next regular meeting.

McCullough So, we have an approving and denying from Council. We can go to the audience now. So right now, you have an approving and denying that are the motion on the table, it's going to be for the Regular meeting on August 7th. I would make time to be here at seven o'clock.

Zehn So, do you mean that we make time to be here?

McCullough I mean, you don't have to, but I would highly recommend it. That's the voting meeting. Thank you for hanging out. Well, hey, you're good, right now, I'm going to go to the audience. If the audience has any communication on this matter Seeing none, let's see you on August 7th, thanks for coming.

As there were no further questions or comments, the Public Hearing was declared closed at 7:21 p.m.

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The Public Hearing was called to order at 7:21 p.m. with Council President Brandon McCullough presiding. This item is regarding a request to consider the approval of the issuance of refunding bonds, from the Economic Development Corporation of the City of Livonia, for Madonna University, pursuant to the requirements of Act 338, Public Acts of Michigan of 1974, as amended and the Internal Revenue Code of 1986, as amended. This item will be moved to the Regular Meeting of **August 7, 2024**.

The Public Hearing is now open. There were approximately 8 persons in the audience.

McCullough All right, we're going to move on to item number two. Mr. Taormina.

Taormina Well, rather than have me trying to describe what a variable rate demand, limited revenue, refunding bond is, I would like to pass the baton over to Mr. Colis and present this item.

McCullough Please, teach us something.

Colis Well, good evening. Tom Colis from Miller Canfield. We’ve had the pleasure of serving the city of Livonia and Economic Development Corporation for many, many years. So, this is a project that started back in 2007 so just a little bit of background. The EDC is a separate entity of the city, and it has the ability to issue bonds for economic development purposes. Historically, back in the early 70s, when they started off, the EDC was issuing a lot of debt for a lot of different types of entities, because the code provided for tax exemption for a lot of those for those bonds to be issued. In 1986 they changed the code and really limited the entities that can get the benefit of taxes and financing. So, you have private entities getting the benefit of taxes and financing. And the reason that the IRS did that is, they want to target certain types of entities. What we see nowadays are pretty much qualified 501-C3, organizations getting the benefit of tax and financing, like Madonna University. And when I started practicing back in the early 90s, we were doing a lot of industrial development revenue bonds, small issue manufacturing. So, if you think a small, little stamping plant that wants to expand their line, they could actually get the benefit of tax and financing if they were small enough. And then defined what small was, really less than $20 million with the capital expenditures in a six-year window in that location. So, the idea was, the EDCs were formed years ago to promote this kind of activity in the communities. And so, a project was started back in 2007 from Madonna University. They did the EDC issued bonds for the benefit of the university. They built a number of buildings on campus and renovated some additional educational facilities in 2009 so remember 2007 we're at a rough time, right? We were in a recession. They go out, they issue bonds, they refinance them relatively quickly, and they secure them with a letter of credit, direct pay, letter of credit from First American bank. So, at that time, that's how a lot of transactions were being done. So, we're selling bonds out to the market. And instead of the investors, kind of kicking the tires of Madonna University, they relied upon a bank to provide a guaranteed direct pay letter of credit, and that was a rated bank. So, they could just say, I know where that bank is. I know what their rating is. And then they let the bank do a kind of credit analysis on the university. So that's why the bank would say, okay, I'm willing to put a direct pay letter of credit. I'm going to get reimbursed every time I make a payment to the bond holder from the university, but I'm the one that's really doing the credit analysis on the university. So, these economic development corporation deals, they're not coming from a pot of money that the EDC has sitting around, right? So typically, the borrower is bringing the bondholder to the table, whether we're going to sell the bonds out to the market or it's going to be a bank. So, in this circumstance, but where they're coming to you this time is, those letter of credits are starting to expire, so now it's time to refinance the existing debt and bring new bondholders into place. So, the university has already negotiated a term sheet with Horizon Bank where they'll buy the bonds, and they'll hold them in house for 10 years. So, the documentation, you paper it up with. Now we're taking bonds out of the market that are sold out to bondholders, and now we're going to issue new bonds, and they're going to go directly and be held by Horizon Bank. And the process really is the EDC issues the bonds pursuant to a loan agreement. They loan the funds to Madonna, who agrees to pay all the debt service indemnifies the city, identifies the EDC for any activities, because in this circumstance, the EDC is strictly a conduit, just a conduit to get access to the taxes at market from Madonna University, because they cannot issue taxes and debt directly on their own. They have to go through a governmental entity. So, the EDC serves that purpose. The state also has a similar entity for certain types of projects, the Michigan Finance Authority or the Michigan Strategic Fund, depending upon the scope of what it is. So, if it was a manufacturing deal, you go through the Strategic Fund. If it was an educational facility, you go to Michigan Finance Authority. So, the process here, from the from the IRS standpoint, is because the project is located here in the city, geographically, the city conducts what they call the governing entity, conducts a public hearing to answer any questions if the community has with respect to the to the issuance of the bonds. And then I think you would consider a resolution at your next meeting approving the issuance bonds by the EDC, and then the EDC would itself meet on its own and then actually approve the bond, authorizing the resolution. Sorry if that was too much dragging it out there.

McCullough I'm going to go to Councilman Donovic.

Donovic Thanks, Mr. President, thanks for being here this evening. Pretty interesting. I was talking with my colleagues today to try to wrap our minds around this. This is the first time I've dealt with this since I've been on council, this $22 million, so it's my understanding the city, essentially, is that conduit, that third party, and that's just essentially to meet the legal ramifications of what the state says that for them to get these bonds, the $22 million, is that used for buildings, just regular cash flow? I mean, or is it our business to know what that $22 million is being used for? Since it's not technically our money?

Colis No, excellent question. So originally it was used for construction, for capitalizable costs, no operating cost for finance at that time. So, if we're financing a new project where you're building something new, the process is slightly different, because there's actually a project plan that's required under the statute. So, we go back to the 2007 transaction, there will actually be a 15-page document that's called the Project Plan that the statute requires that the university prepare and gets approved by the EDC that lays out, okay, what are you financing? What's your construction schedule? What are the zoning requirements, where are the streets? So, there's a process, a diagram, as to what this project actually entails. Then what we're talking about here is just refinancing the existing debt. So, what would happen would be the proceeds that would come from Horizon Bank would be used to pay the letter of credit banks, because they would have paid the bondholders, right? So really, what we're doing here is just taking out the existing debt, paying some cost of issuance, so the cost associated with the transaction, so any of the lawyer fees, things like that, get financed as part of the project, and then the university is then responsible to repaying all the debt directly to Horizon Bank. But typically, you would be financing, again, these are tax exempt, so there's real restrictions as to what they can use the proceeds for on taxes and basis. And it's not for cash flow purposes. It's for capital. So, these programs, issuance of bonds through the EDC, would be for capital items, for buildings and equipment and things like that.

Donovic Thank you, Mr. President.

McCullough Thank you. Councilman Morgan.

Morgan Yes, I have a question regarding this. Is the project that Madonna is going to be starting here for the Senior Living Area, is this what this is for mainly, or is this just a general draw?

Colis This financing is just refinancing what originally was the 2007 bonds that constructed buildings on the campus. So, that's the original deal financed. All we're doing now is think like we're refinancing the mortgage, so to speak. If you think about it in that kind of context. They used the bond proceeds to build buildings on campus. I want to say it was the science building and media center, and then various renovations to other facilities on campus. That was done back in 2007, 2008 time period.

Morgan So, it's just refinance.

Colis It's just refinance.

Morgan Okay, so all they're looking for now is refinancing. My other question is, I know you mentioned being a conduit to the government, and my question for that is, anywhere in that conduit, is the City of Livonia on the hook for anything, if they default on this loan? Does this come back on us?

Colis Not at all. So, the bondholder buys these based on the understanding or the knowledge that this is not a debt or liability of the city. It's strictly a debt of Madonna University. So even though you're the conduit, you're not liable. There is no funds that are pledged by the city or the EDC to support this bond issue, it's strictly the revenues and resources of the university that are placed in the bondholder.

Morgan One other question to our City Attorney, is there anything that could connect us to this whatsoever and is this standard procedure. because I have not seen this before.

Goldstein Based upon the representations of Mr. Colis, I see and cannot conceive of a way that we have liability or have exposure to liability. We are a pass through. We are not engaged in any oversight responsibility. We are not engaged in any or were not engaged in any analysis or due diligence of lender or borrower at any stage. My understanding is we are involved because the laws that authorize this type of thing, require us to be a conduit. The policy reason behind that, I could not explain to you, perhaps Mr. Colis could, but based upon all of this, I'm I see no actual exposure to us as the City of Livonia.

Morgan All right. Thank you very much. That answers my question. So, I'll offer an approving for the Regular.

McCullough Just one last question, Councilman Donovic.

Donovic You're not representing the interest so to speak of Madonna, you are our bond representative?

Colis That's correct, I represent the city, and then you represent us. So, Madonna will have its own has its own Councilman connection to the transaction.

Donovic Yeah, because if there were any issues, you would be looking out for the city's best interest. Thank you, Mr. President.

McCullough Councilman Jolly.

Jolly Thank you, Mr. President, thank you for the information. Is that Dr. Dougherty? Will you come to the podium for a moment? I don't want to put you on the spot. So, you are the new President, the eighth President of Madonna University, and you're already doing a lot better than your two previous predecessors, because they never attended a City Council meeting. Can you give us a little snippet of what your plan is for Madonna, or what we have to look forward to? I'll give you some background. I work at Lawrence Tech in the Administration. We have an amazing relationship with the city of Southfield. They are truly our partners on a daily basis. I would love for us to build that up with Madonna. Is that on the horizon?

Dougherty Yeah, delighted to be here, and thanks for that. Yeah. In fact, we've conducted a number of outreach activities in my first year. It's an extension of all the work that we've done at the University, and that's included outreach to our university partners. We've had a number of wonderful meetings with Schoolcraft College as part of that agreement, we've taken a look at our transfer function. I think you might be aware that we've developed the residential capacity on campus. We now have 500 resident students on our campus. That being said, we continue to have a commitment to our transfer population, to our commuting student population. We see an enormous opportunity to be a partner in economic development on an ongoing basis with the city. I'm very excited about that.

Jolly We're glad to hear it, and I just want to make sure that we want to partner with you. Madonna has had a very historical position in regards to building out the city. From starting with St Mary's Hospital, the relationship and nuns and everything else has happened. But over the course of the years, there have been really great partnerships that almost came through in regards to building out different things. I think at some point we kind of worked on a thing with the recreation center to make it available for monad students, because you don't necessarily have a facility like that on campus, or you didn't at the time. But just listen, any good idea, we are willing to listen to it and welcome aboard. And you know, much success to you.

Dougherty Yeah, thanks for your question. I should introduce myself. I am Chris Dougherty, the new President at Madonna and one of the things we're very excited about is reaching out to some of the community organizations to see how we might be a resource, particularly for youth organizations, particularly athletics organizations in the in the region, to see how we might become a partner, just in terms of having our capacity, our facilities, be available to those to those students. We have a number of camps that we host on campus, and it's great for us to use ourselves to emerging learners at the at the elementary and high school level. So, we look forward to continuing the conversation, and great to join you this evening.

McCullough Thank you, sir. Who are you going to root for at a Lawerence Tech/Madonna football game?

Jolly I won't comment on anything that was happening. Yeah, we won't have a great season.

Dougherty I will say, the men's basketball coach from Lawrence Tech was a really great partner to us when we moved into the AIA playoffs this year. We hosted the AIA playoffs at the Pack and was a great partnership. We competed pretty intensely against Lawrence Tech, but then I think we're partners. When we competed with others outside of the conference, it was terrific.

Ptashnik So, I just wanted to throw out that I have a Master's degree from Madonna University, so I will say go to Crusaders.

Thank you. I just spoke with an incoming group of transfer students this evening, and I shared with him. And this is true, there hasn't been a circumstance when I've been out in the community where I don't meet someone who is a graduate of Madonna, or a friend or a colleague is a graduate of Madonna family member. So thank you for sharing that. Great. It's awesome to see. Yeah, thanks for. Stopping by. I know you have big thing coming up in a few months. I think too, right? Isn't there, like, a grand opening or something? We got emails for it, but anything you need from the city let us know.

Dougherty Thank you so much. Yeah, a number of events happening all the time.

McCullough Before I close this out, is anything from the audience in regards to item number two? Alright, I'm going to show 6 at 7:37pm to close.

As there were no further questions or comments, the Public Hearing was declared closed at 7:37 pm.