



# **Rochester Hills**

## **Minutes**

### **Brownfield Redevelopment Authority**

1000 Rochester Hills Dr  
Rochester Hills, MI  
48309  
(248) 656-4600  
Home Page:  
[www.rochesterhills.org](http://www.rochesterhills.org)

*Chairperson Stephen McGarry*  
*Vice-Chairperson Thomas Turnbull*  
*Members: Bill Chalmers, Robert Justin, Mark Sera, Del Stanley*  
*Council Member Stephanie Morita*

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Thursday, June 19, 2014

7:00 PM

1000 Rochester Hills Drive

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#### **CALL TO ORDER**

Chairperson Stephen McGarry called the Special Brownfield Redevelopment Authority Meeting to order at 7:02 p.m. in the Auditorium.

#### **ROLL CALL**

**Present** 7 - Mark Sera, Del Stanley, Stephen McGarry, Thomas Turnbull, Robert Justin, Bill Chalmers and Stephanie Morita

#### Quorum Present

Also present: Ed Anzek, Director of Planning and Economic Dev.  
Thomas Wackerman, President, ASTI Environmental  
Maureen Gentry, Recording Secretary

#### **APPROVAL OF MINUTES**

2014-0241 March 20, 2014 Special Meeting

A motion was made by Justin, seconded by Turnbull, that this matter be Approved as Presented . The motion PASSED by an unanimous vote.

#### **COMMUNICATIONS**

A) *Cancellation Notice for the July 17, 2014 Regular BRA Meeting*

#### **NEW BUSINESS**

2014-0240 Request for approval of a Brownfield Redevelopment Plan for General Trucking, City File No. 14-002, an 18.4-acre vacant property for which an industrial trucking and warehousing facility is proposed at the northwest corner of Hamlin and Dequindre, Parcel No. 15-24-401-041, zoned I, Industrial, General Trucking, Applicant

*Present for the applicant were Jessica Besaw and Jennifer Ritchie, PM*

*Environmental, 4080 W. 11 Mile Rd., Berkley, MI 48072; J. Bennett Donaldson, JB Donaldson, 37610 Hills Tech Dr., Farmington Hills, MI 48331; and Emil Jakupovic, owner of General Trucking, 24121 Mound Road, Warren, MI 48091.*

*Ms. Besaw stated that they were present to introduce the project, which included a new, 40,000 square-foot General Trucking facility at the northwest corner of Hamlin and Dequindre, which would create and retain about 100 jobs.*

*Mr. Emil Jakupovic advised that General Trucking started as a new company in 2006. They had outgrown their existing facility, and they had been looking for two years for a site to expand their business and for future growth. They looked at numerous existing facilities and stumbled upon a former landfill in Rochester Hills. They were interested in building a 40,000 square-foot building, along with parking, for approximately 80 traffic/trailer combinations. Their current facility allowed 40 trucks, and they had 60 with the company. In order to grow, they needed extra space. They employed about 100 people between the office staff, drivers and contractors.*

*Mr. Justin asked what type of trucking they did. Mr. Jakupovic replied that they did local in the Metro Detroit area and some regional from Metro Detroit to other metro areas within a 250 mile radius, and long haul. He asked if there were any other questions.*

*Chairperson McGarry said that Mr. Jakupovic mentioned that the new facility would have room for up to 80 tractor/trailer combinations, and he asked if Mr. Jakupovic envisioned needing more at some point. Mr. Jakupovic said that at this time, he did not. If they needed additional room, they would probably establish a secondary terminal outside of the area. Other trucking companies that were well established usually had capacity at around 100 tractor/trailers at a terminal. Their main terminal, which he hoped to be in Rochester Hills, would be more than sufficient for current and future expansion needs.*

*Ms. Besaw advised that the property was deemed a facility, and the applicant was eligible for brownfield funding via tax increment financing.*

*Ms. Ritchie summarized that the site had been a landfill which was closed in 1977. It was capped with about six feet of fill. Below that, down to about 20 feet to the clay was waste material, mainly household refuse and some construction debris. They found plastic and glass that had not broken*

down yet. As far as soil and groundwater impact, she claimed that it was not horrible. They only got "stuff" above GSI and drinking water, so there would be no due care involved with the groundwater and the soil. The only issue they had was methane. They planned to put in a vapor barrier to mitigate anything within the building. Environmentally, that was the only issue.

Ms. Besaw continued that based on the facility's status, the eligible activities that were included in the plan were environmental assessments that had taken place on the property. The due care activities would include the methane venting system, and an engineered barrier at the detention pond was anticipated to avoid any contact issues or contamination of the water and to maintain the cap, and the vapor barrier design and installation for the building was also included to address the methane issues. Additionally, there would be storm corridor mitigation barriers, or liners, and water and sanitary utility line slurry walls to prevent any of the contamination from being exacerbated by going offsite or causing issues at the surface. In addition to the due care activities, there were additional response activities on the site they had discussed with the DEQ. Those included the transfer and disposal of any of the soil or material that might have to come offsite associated with the development activities and special foundation considerations that must be made to prevent penetrating the cap. Also, they would address holding the weight of the building due to the historic use of the landfill. There was also preparation of the Brownfield Plan and a 15% contingency.

Ms. Besaw said that also included in the Plan was the TIF capture for the Revolving Loan Fund at 3% annually and for five years additionally after that, and 5% taxes captured annually for the administrative fee. Overall, they were estimating 24 years for reimbursement on the property. They worked with Laurie Taylor, the City's Deputy Assessor on establishing what a similar property might go for to establish the taxable value. They went with the middle ground, so it could be a little lower or higher. They estimated it at \$800,000, which did not include personal property. The taxes would continue to be captured at the base taxable value of \$13,110, which totaled just over \$16,000 over the duration of the plan. The non-capturable millages, such as the Zoo, Art Institute and debt millages would see an immediate increase, totaling just over \$213,000 through the duration of the Plan.

Ms. Besaw advised that the DEQ had reviewed the Brownfield Plan, and they did not have any concerns about the eligible activities. She asked if there were any questions.

*Mr. Justin asked Ms. Besaw if she could go over the details of what made up the \$739,000 that was needed to put the land into usable condition - that it would not cost if it were a greenfield. Ms. Besaw responded that essentially, all of those activities she had mentioned were included in the \$739,000. Mr. Justin asked if she had an itemized list for that. Ms. Besaw referred to a table in the Plan, which was an itemization of everything she had discussed, including administrative fees, the contingency and the capture for the Revolving Loan Fund.*

*Mr. Donaldson clarified some points about the construction aspects or extraordinary measures they would have to put into place. He noted that for the utilities they would be digging out, the foundation spoils from the building would have to be hauled off to a Class 2 landfill. Whatever they could berm on the site, they would, but as the Site Plan indicated, there was not a lot of opportunity to lose the dirt on site. Another piece of the cost was that the entire building could not be supported by the compaction of the soil, so they would have to use auger piles to get down to good, hard ground. They would have to put grade beams in, which were concrete in nature, and they would bridge from pier to pier or auger pile to auger pile, creating sort of a tic tac toe network. They would pour a floor over the top of that. If the earth underneath the floor were to settle, the grade beams would support the floor. The earth could sink a foot-and-a-half, and they would see no difference in the settlement.*

*Chairperson McGarry referred to Transport and Disposal of Contaminated Soils, and asked if that was estimated at 7,655 yards. It had a dollar sign in front of it, so he was not sure. Mr. Donaldson confirmed that it should be yards.*

*Ms. Morita asked if the property had been purchased. Mr. Donaldson advised that it was currently under contract. Ms. Morita noted that the paperwork they had said that the purchase was scheduled to occur by June 1st, and she clarified that it had not occurred. Mr. Donaldson agreed, and said that there was an extension. They had been trying to get on the May BRA agenda, but they could not, so they pushed the closing off until they knew that the applicants could build what they needed. Ms. Morita asked if the purchase was contingent upon the approval of the Brownfield Plan, which Mr. Donaldson confirmed. She asked the current purchase price under contract. Mr. Donaldson believed that it was \$395,000.00. Ms. Morita pointed out that \$400,000.00 was listed in their documentation. Mr. Donaldson thought that there might have been an extension fee included after the initial estimate. Ms. Morita*

*asked if the property would be rented. Mr. Donaldson advised that General Trucking would own the site and building. Ms. Morita had observed a lease rate of \$5.50 per square-foot in the documents, and she asked where that came from. Mr. Donaldson related that he was asked to make a comparison between what type of investment it would look like in the marketplace, so they took a market rental rate for this type of facility. It was meant to be a comparison from a return on investment standpoint that the brownfield application process dictated.*

*Ms. Morita questioned Mr. Donaldson as to how he fit into everything. Mr. Donaldson indicated that he was the builder, and he was helping Mr. Jakupovic and PM Environmental get through the process, including Site Plan Approval. He added that it was a design-build project.*

*Ms. Morita had noticed a line item of \$50,000 for new equipment, and she asked what that was for. Mr. Jakupovic said that it was an estimate to set up new maintenance equipment, PC's, desks and items of that nature in the new facility. Ms. Morita maintained that it was for personal property, so she wondered how the \$50,000 figured into the estimates of value. She asked if it was included in the end value.*

*Ms. Besaw explained that in the Tax Increment Financing estimates, they only included the real property estimate. Ms. Morita referred to Appendix E, which showed the acquisition at \$400,000, which might be \$395,000; there was construction of the new building at \$3.4 m plus; soft costs of \$241,000 and personal property at \$50,000. The total uses of capital without the personal property should be just under \$4.1 m. She asked Ms. Besaw what number she used in determining the payback and the value.*

*Ms. Besaw said that they estimated \$40 per square-foot if the property was sold. Ms. Morita asked how many square feet the building would be, and Ms. Besaw said 40,000. Ms. Morita asked if that was determined for right after construction, which Ms. Besaw confirmed.*

*Ms. Morita asked Ms. Besaw to put up Table 2 on the overhead. Ms. Morita clarified that Ms. Besaw was estimating an increase of \$1.6 m in true cash value. Ms. Besaw agreed, and added that there was an estimated taxable value of \$800,000.*

*Mr. Donaldson noted that they had talked with Assessing about that valuation. They talked about how the property would be assessed and what they typically saw in the market for a brand new, similar project.*

*Assessing was kind of throwing a dart at the board, but after the conversation, that was what they came away with. It was at the high end of what they felt the taxable value would be after completion.*

*Ms. Morita questioned whether Assessing was considering less than \$20 per square-foot after completion. Mr. Donaldson agreed, from a State Equalized Value. Ms. Morita indicated that the taxable value was shown at \$1.6 m. Mr. Donaldson reminded that half of the assessed value would be the State Equalized Value. Ms. Morita pointed out that the State Equalized Value on new construction should be close to assessed value. Mr. Donaldson meant that the taxable value would be half. Ms. Morita clarified that it would be half of the true cash value.*

*Mr. Wackerman advised that he had also spoken with Ms. Taylor about it. She was very comfortable with the \$800,000 taxable value number on "clean land." She was having a hard time correlating building on a landfill with clean land, and they came to the agreement that it would be cleaned up land that could be used for its intended purpose. At the end of the conversation, she was very comfortable that \$800,000 would be a fairly representative taxable value for that type of property at that location. Ms. Morita asked if it was for the land or just the improvements. Mr. Wackerman said it would be for the whole thing. Ms. Morita said that hypothetically speaking, if it were a green property, she would wonder how much the parcel would be worth. Mr. Wackerman said that he did not know, because when they talked about the \$800,000 number, they talked about making sure the property was cleaned up and ready for that type of development. Without doing the things they were talking about, the property would not be ready for development, so he did not really know how to make that jump backwards. Ms. Morita was a little regretful that Mr. Dawson was not present to explain.*

*Mr. Turnbull thought that \$1.6 m was a fair value. They had to discount the fact that it was dirty. They were taking steps to mitigate the problems, and that would be the market value going forward. He wondered if it could even be sold at that price.*

*Mr. Wackerman noted that he had provided two memos, and the most recent one had two items for discussion. One was how to structure the Plan. It was a 24-year payback, and there was a 30-year statutory limit. They would want five years for the Revolving Loan Fund. He commented that there was not much wiggle room, even if the value was lower or the costs were higher. If the Board established that the Plan included the phrase, "24 years or the amount being requested, whichever came first,"*

*then if the taxable value went down, the payout would be 24 years, and they would be done. If it went up, the applicants would get paid back sooner, and the City would get full taxes sooner. From a practical point of view, if they were in the ballpark, and because there was not a lot of wiggle room to add extra years, he commented that it would play out how it would play out. He thought the Board would want to reserve the right to have the back five years for the Revolving Loan Fund, and let the taxable value go how it would.*

*Mr. Justin said that he was curious why, in the recommendation, it would be put out five years for construction to start. He wondered why they would not want construction to start sooner.*

*Mr. Wackerman advised that it was part of the recently approved BRA Policy. There were conditions regarding construction and reimbursement, so it was just verbatim from the Policy.*

*Ms. Morita thought that they also had to make the Plan contingent on the actual purchase of the property. She reminded that the applicants did not own it yet.*

*Mr. Wackerman said that the Board had the ability to do that. If they never purchased it, they would never develop it or get any money. Ms. Morita wondered what would happen if they approved the Plan, but they did not make it particular to the applicant, and then the owner decided to develop it. Mr. Wackerman believed that the Plan was written independent of the developer or the development. That was in the beginning preamble to the Plan. In essence, what the Board would be agreeing to was that, in a 24-year period, a development must occur within five years, and the eligible activities that were listed in the Plan would be reimbursed. The place to address the specifics of that would be in the reimbursement agreement. The Board could require that the proposed development for a set number of jobs or level of investment, which was always a key issue, had to occur if they were going to get reimbursed.*

*Chairperson McGarry asked the Board if they had any other thoughts regarding that. Mr. Chalmers asked PM Environmental to walk him through the vapor intrusion assessment. He asked if they performed one.*

*Ms. Ritchie explained that they did soil gas points for vapor intrusion. In a portion of the wells, they put in vapor pins to pull up the vapors and then they analyzed them for methane and BOCs. They only found methane in*

*the northern portion of the property, but when it was a landfill, there was constant methane off-gassing. That was why the vapor barrier was necessary, because they could not guarantee that in five years that there would not be a methane problem under the building. Methane moved, and there was not one path; it took the path of least resistance. Mr. Chalmers believed that the corrective action for methane was something more than just a vapor barrier. Ms. Ritchie said that there would be a vapor barrier and a passive venting system. They did not have methane at such high levels that they had to do anything else. Mr. Chalmers considered that the methane was at the northern end of the property, and so was the detention. Ms. Ritchie indicated that the methane in that part of the property would off-gassed to the ambient air. They would be concerned about methane building up under the building and explosion hazards. She added that methane was only for explosion, not for breathing. Mr. Chalmers was thinking about the residents seeing bubbles and having some concerns. Ms. Ritchie advised that they would not have anything that someone could see. If they did have something there, someone would not know what it was.*

*Chairperson McGarry clarified that it was the Sand-Fill Landfill No. 2. He remembered, in looking through the packet, that there was also a No. 1. He asked if anything needed to be done between No. 1 and No. 2. He confirmed that No. 1 was not in the site. Ms. Ritchie said that was correct - it was just No. 2, and No. 2 was in the northern parcel, too. The J&L Landfill was to the west. She was not quite sure where Sand-Fill No. 1 was. Mr. Wackerman advised that it was on the other side of J&L.*

*Mr. Justin asked the timing for building and completing the development. Mr. Donaldson said that they just turned in revised engineering drawings. They were trying to get in the ground August 1st. Mr. Justin asked if financing was in place. Mr. Donaldson advised that it was partially in place. They spent a great deal of time working with Comerica and getting them comfortable with the environmental and the loan documents, and PM Environmental was a big part of that approval. They had done a lot of homework and had a commitment from Comerica.*

*Chairperson McGarry asked Mr. Donaldson to explain what he meant by partially complete. Mr. Jakupovic responded that Comerica was currently performing due diligence on the project. They had started an appraisal of the property and the finished project. They were also looking at the results of this meeting and if the Plan was approved, because that would be used in the appraisal. One of their concerns was that once they put up a \$4 m site, if it would actually be worth that much. The tax credits from*



*the City would be used to offset the cost. Within the next two to four weeks, they should know more.*

*Mr. Wackerman had talked with Ms. Taylor, and she indicated that a split was not going to occur. He asked Mr. Jakupovic if that was true. Mr. Jakupovic was not familiar with that. Mr. Wackerman said that on May 28, Mr. Jakupovic received a letter denying the split. Mr. Jakupovic asked if he meant that Mr. Nichols, the current owner, had received the letter. Mr. Wackerman said that the Plan called for a split of the property in the legal description, and the project would be for only a ten-acre subsection of the property. He wondered if that was the way it would go forward, because if not, they would have to change the legal description in the Plan. Mr. Jakupovic stated that their contract with the seller was to purchase 10.9 acres (he noted that the site was currently 18 acres).*

*Mr. Wackerman noted that in his memo of June 10, there was a recommendation to discuss the issues associated with the additional response activities. Those were the activities that would be done on the property that were not remediation or DEQ specific, but were required to maintain the cap, and were necessary because of the cap. He knew that the applicants had talked with the DEQ, and he thought that their answer was that if the locals approved the Plan, they would.*

*Ms. Besaw said that was correct and what the DEQ had indicated. Ms. Besaw spoke with someone there and went over each of the additional response activities to ensure that putting them in the Plan was not prima facie. Mr. Wackerman explained that the way it worked in non-core communities was that things having to do with site redevelopment, such as unstable soils, were not eligible to be included in the Plan. The three items that were included, which were enumerated in his previous memo of May - the installation of lift stations, the installation of the geo-grid system and the installation of the piers and grid beam system - were really development costs. In a typical situation in non-core communities, those would not be eligible. However, he commented that this was not a typical situation. Looking at the need for those because it was a landfill and because of the cap, he felt that they could make a case that they were additional response activities. That was a decision the Board would have to make. It was his understanding that the DEQ said that if the City was comfortable that those were extraordinary costs for rebuilding on a landfill, the DEQ would be comfortable. When looking at the purpose of Act 381, the Brownfield Act, having someone with a landfill put it back into taxable, productive service was exactly the point of the Act. He would recommend approval, but he wanted them to keep their eyes open as to what the*

*applicants were asking the Board to approve.*

*Chairperson McGarry asked the total amount of those extraordinary items. Mr. Wackerman advised that it was approximately \$276,750.*

*Mr. Chalmers asked Mr. Wackerman if that was in the proposal, or if they would need to add them. Mr. Wackerman said that it was included in the Plan and in the request for reimbursement. Mr. Chalmers clarified that Mr. Wackerman was letting the Board know that it was debatable. Mr. Wackerman agreed, and he was letting them know that under normal circumstances, it would not be an eligible activity in a non-core community. If they considered the things that had to be done to make sure the cap stayed intact and to make sure a building could be constructed, he thought that there was a case to be made that they were not really development costs - they were really related to the cap.*

*Chairperson McGarry asked Mr. Turnbull if he agreed with that. Mr. Turnbull said that he would totally agree, and he felt that was the only way they could do it. He referred to the back storage area, and asked if they would just mill it and not pave it. He asked if they considered paving it. Mr. Donaldson said that they did, and they still were. Mr. Turnbull said it would be part of the due care of the cap, and he asked if they would rather figure that out first. Mr. Donaldson said that they were close to figuring it out. He said that since the cap was still in place, and they would be putting milling over the top of it, he thought they had determined that it would be part of the cap. Ms. Ritchie answered that the millings would be the 6" cap. Mr. Turnbull noted that the millings would be permeable, whereas an asphalt layer would be impermeable. Ms. Ritchie said that all they would need for direct contact was something that people could not touch. Mr. Turnbull said that he understood that, but it would probably sheet flow with millings on it as it did as vegetation, but they would still be adding water, and if they capped it with asphalt, it would sheet flow to the detention pond.*

*Mr. Donaldson said that they understood it to mean that the cap would still be in place with the millings. There would be the penetration factor that there was currently on the site. He did not think that there was a determination that asphalt or millings would impact that piece of the decision one way or another, as far as the cap. Mr. Turnbull asked if they would just mill and sheet flow to the back, and if they would not put in storm sewers. Mr. Donald said that the consideration about paving was not driven by the cap; it was driven by maintenance for General Trucking. Mr. Turnbull presumed the trucks would be semi-trailers, not road trains.*

*Mr. Donaldson agreed. Ms. Ritchie said that if the millings were left down for a few years until the ground settled, then perhaps they could do asphalt. Mr. Turnbull agreed that he had done it that way, as well.*

*Mr. Anzek noted that the Site Plan Ordinance required it to be paved. He did not believe that being a brownfield was a basis to waive the Ordinance. Mr. Turnbull asked if the Site Plan had been brought before the Planning Commission. Mr. Anzek advised that they were still going through a technical review, and that he has had numerous conversations with the landscape architect. The detention basin was very large to accommodate the hard surface parking lot. He did not think they could ask for a variance regarding the paving, unless there was an environmental threat. Mr. Turnbull asked if he thought the Planning Commission would not allow millings. Mr. Anzek explained that the Planning Commission could not waive the asphalt requirement; it would have to go before the Zoning Board of Appeals. The hardship could not be financial, but he thought that if there was an environmental threat by capping with asphalt that it might be something the ZBA would consider. That would add another month or so.*

*Chairperson McGarry clarified that it would add another month if the applicants did not want to do asphalt and took it to the ZBA. Mr. Anzek agreed, and said that there was no guarantee they would get a variance. They would have to demonstrate a solid hardship, and really show that asphalt would create a problem. Mr. Turnbull thought it would be the opposite. There would be less infiltration if it was paved over millings. Ms. Ritchie reminded that there was six-feet of clay, and what they had sampled was barely above drinking water and GSI, so it was not an issue for the property.*

*Ms. Morita commented that they were talking their way out of a variance. Mr. Ritchie said that for the applicant's sake, she would not put down asphalt right away. She thought it would be a mess and within six months, it would be torn up because of the trucks. Mr. Donaldson said that would happen because they would not be on a compacted site, but a landfill. Ms. Ritchie added that there would be 15 feet of landfill debris underneath that would settle when all the weight was put on it.*

*Mr. Anzek asked when it would be time to asphalt. Ms. Ritchie indicated that she would recommend doing it after a couple of years. She would wait until the trucks had compacted it to a point where it was not going to settle much more and then add asphalt. That way, they would not get the cracks. Chairperson McGarry said that made sense to him. Mr. Turnbull*

*agreed that Ms. Ritchie was exactly right. Chairperson McGarry said that the question was whether the City could approve it without it going to the ZBA and be delayed for some time. Mr. Anzek thought that Staff could find a way to get support from the Planning Commission. They were on board with the BRA and bringing brownfields back into taxable, viable uses for the City. If they knew those were the types of things that had to happen, they would consider them. They would be concerned with dust control, but there were treatments for that. He thought that it was reasonable to ask for a two-year delay in paving the property. It could be bonded for two-years. He thought that if the BRA made that a supporting motion, it would help him work with the Planning Commission. Mr. Turnbull pointed out that there was data to back it up. He stated that there would be compaction. He asked how many inches of millings they were proposing. Mr. Donaldson said six. Mr. Turnbull suggested that they could put in six this year and another four next year and fill potholes. It could be a repository for all the millings from Rochester Hills. Mr. Anzek related that the City had used millings in numerous places, and it worked very well. Mr. Turnbull stated that he had done hundreds of acres. Mr. Anzek noted that the Clinton River Trail was all millings. They were asphalt millings that came out of Shadow Woods.*

*The members discussed including a resolution to direct the Planning Commission to allow millings rather than asphalt for two years. Ms. Morita did not believe that the BRA could direct the Planning Commission. She felt they should send the message that they would like them to consider rather than direct. Mr. Stanley moved the following, seconded by Mr. Turnbull:*

***MOTION*** *by Stanley, seconded by Turnbull, in the matter of City File No. 14-002, General Trucking Site Plan, the Brownfield Redevelopment Authority hereby recommends that the Planning Commission considers the use of millings for the trucking storage area for a period of up to two years after construction to provide for and enable the settling of the site prior to installing asphalt. Provision of a bond, in an amount to be determined by Staff to ensure that the asphalt paving will be accomplished by the end of the two-year period, shall be incorporated.*

*Mr. Anzek noted that the Planning Commission had, in the past, taken recommendations from the Zoning Board of Appeals and the Historic Districts Commission regarding items similar. The resolution would be passed along to the Planning Commission as the matter moved forward for Site Plan Approval.*

*Hearing no further discussion, Chairperson McGarry called for a voice vote, and stated that the resolution was passed unanimously.*

*Mr. Wackerman brought up one of his recommendations regarding not allowing a tax appeal during the repayment period. He was not sure if it had been done in the past, but he said that he would like the BRA to consider it for discussion during the reimbursement agreement period.*

*Chairperson McGarry asked the members if they had any thoughts regarding that. Mr. Justin suggested that they waited until the reimbursement agreement period. Ms. Morita thought that sometimes, it was a useful tool, depending upon the types of projects and especially in dealing with TIFs. They were talking about a project where the potential property value could far exceed the amount of the reimbursement. She indicated that while she appreciated the fact that they could say no to tax appeals, if they appealed the taxes and got them reduced, there would be less reimbursement. They could add a clause stating that there would be no tax appeals, but that would presume that the property would be much more valuable than what they were seeing. She did not know how Council had handled that with other reimbursement programs or TIFs.*

*Mr. Anzek said that they had found with some tax abatements for businesses that had an eight or 12-year program that two years after a project was built, the owners filed for a tax appeal. It was part of the TIF, but if it reduced the value, it would also reduce the City's half. In this case, if they reduced the value, although it was a minimal amount, it would be a lesser amount going into the Revolving Fund, and at the end of the last five years of capture, it would potentially be a lot less also. The Assessing Department would always set the value based on its best judgment every two years, so it might go up or down as the market dictated. Without an appeal, they would not be dealing with a tribunal or paybacks or those types of issues. Mr. Anzek noted that they were going to start putting that rule into tax abatement applications going forward. They had clawbacks; if a company did not stay in town for the length of the abatement, they would have to pay back all the taxes that were abated.*

*Ms. Morita clarified that they would be asking the applicant not to appeal taxes for three years. Mr. Anzek said that he and Ms. Taylor thought that was a good idea, and Mr. Wackerman had seen it in other communities. Ms. Morita asked if that should be part of tonight's motion, and Mr. Anzek said that he did not necessarily think so. Ms. Morita asked if it had been discussed with the applicant, and Mr. Anzek said it had not been. Mr. Turnbull wondered how the applicant felt about that. Ms. Morita referred*

*to the 30-years, and said that it would only be that amount if it took that long to pay everything back, and if they did it faster, it would be less. Mr. Wackerman advised that it would be 24 years during the reimbursement period. There was still one recommendation on the table for the BRA to consider, which was not included in the amended Plan, and that was to limit the payback to 24 years or the amount requested, whichever came first. The way it was written now, 24 years was an estimate, and it could go to 30, which would eliminate the back five years for the Revolving Loan Fund.*

*Mr. Jakupovic said that regarding a tax appeal, he stated that he personally had a concern relative to General Trucking having no ability or opportunity to appeal taxes. Mr. Anzek felt that was a fair statement. He said that as Ms. Morita pointed out, the bulk of the money was being paid by the applicant, but was also being paid by other taxing jurisdictions. The City would be concerned about the last five years' payments into the Revolving Loan Fund at a much lower amount than what was on the chart because of tax appeals. The solution to that might be if the City took the first five years and the applicant took the last 24. Mr. Jakupovic asked how that would work.*

*Mr. Wackerman explained that what Mr. Anzek was recommending was that instead of back ending the Revolving Loan Fund on years 25-30, the applicant would pay the Fund in years one through five and begin reimbursement on year six, or some combination. Mr. Anzek added that there would be a higher percentage at the beginning instead of 3%. Ms. Morita asked if the Plan would say that "no tax appeals would be allowed in the first five years." Mr. Anzek thought that could be lowered over time if they were relying on the last five years. If the City got it in the first five years, he would not even worry about an appeal, because they would have gotten the major share for the Loan Fund.*

*Mr. Turnbull stated that if the Loan Fund was repaid in the first five years, if there was an appeal in year six, the applicant would be holding onto his money, so Mr. Turnbull did not think it mattered. In any case, if it were paid off in year 20, and if he (Mr. Jakupovic) felt that he was assessed too highly in year 21, he could always appeal. Mr. Anzek said that Mr. Jakupovic could appeal, but he wondered if he would be entitled to back taxes if he was bound by the reimbursement agreement. A tribunal could go back many years. Mr. Morita disagreed. Mr. Anzek said that he knew of several in the City that went back, but he considered that perhaps it was because they had been waiting for the tribunal. Ms. Morita advised that it*

*could not go back, only forward from when it was appealed.*

*Mr. Jakupovic reiterated that his concern was that without the ability to appeal any tax increases, the City and its employees could assess taxes that were higher than what the market could dictate. Without that right, a potentially large portion of the brownfield would no longer be applicable. He felt that appealing taxes was a right that any business owner should have, regardless of a Brownfield Plan. Mr. Anzek said that it was a very respectful response; however, he had never worked with anyone in the City who knowingly upped anyone's taxes to try to beat up a business. The City was bound by some very tight guidelines. He did not think that the City was in the business of boosting anyone's taxes to get more money. Mr. Jakupovic did not mean to sound harsh, he was just stating it as a business owner's right. Whether it was justified or not, the right to appeal was something he believed a business should have, regardless of whether an assessment was accurate. If the appeal proved that what he was requesting was inaccurate, that would be the outcome, but he did not want to be denied the ability to appeal. Mr. Anzek thought that when they discussed the reimbursement agreement, if a tax appeal ability was something Mr. Jakupovic felt was of value, they could revisit the reimbursement agreement and negotiate it somehow. Mr. Anzek assured that he was not trying to get rich from Mr. Jakupovic, he just wanted to make sure the City got its Revolving Loan Fund share.*

*Mr. Turnbull said that if they put the Loan Fund reimbursement at the beginning, they would all be on even ground. If Mr. Jakupovic appealed, he would not be paying in as much, so he would not get as much back, if they put the Loan Fund reimbursement at the front. The only exposure the City would have was if it were at the back end. Chairperson McGarry wondered if that would affect the finalization of the financing. Mr. Turnbull said that it might. Mr. Jakupovic added that they were talking about the time value of money, as well. They were talking about six years 24 years from now versus six years now. If their intent was to reimburse General Trucking with \$32,000 per year based on the current estimates, it would be about \$192,000 in the next six years. If they put that on the back burner in years 25-30, the \$192,000 would not be worth the same.*

*Ms. Morita wanted to make sure that the Board was staying on course. She wanted them to keep in mind that the taxable value of the parcel currently was \$14,000. Whether or not the applicant appealed in year five, ten or twenty, the City was only getting taxes on \$14,000 because of the state of the property. She did not think their discussion was very productive at this point. She felt that they needed to consider whether it*

*was a Plan they wanted to approve, and whether they wanted to include Mr. Wackerman's recommendation, and then they could work the details out later. She did not want to "lose the forest through the trees."*

*Chairperson McGarry agreed with Ms. Morita. To sink it for that clause was probably not the way they wanted to go. Ms. Morita agreed that she really did not want to go there. She stressed that the amount of tax dollars they were getting currently was \$700 per year.*

*Hearing no further discussion, Mr. Justin moved the following motion, seconded by Mr. Chalmers:*

***MOTION*** *by Justin, seconded by Chalmers, in the matter of City File No.14-002, the Brownfield Redevelopment Authority recommends that City Council approves the Brownfield Plan dated June 2, 2014 for General Trucking, with the following findings and subject to the following conditions:*

*Findings:*

- 1. The submitted plan meets the requirements for a Brownfield Plan under State Act 381 and the City of Rochester Hills.*
- 2. The subject parcels qualify as a "facility" under the terms of Act 381.*
- 3. The submitted plan qualifies for the use of tax increment financing based on the policies and goals of the Brownfield Redevelopment Authority.*
- 4. If implemented, the amount, pay-back period, and use of tax increment financing is reasonable for the eligible activities proposed.*

*Conditions:*

- 1. Compliance with the recommendations of the ASTI memo dated June 10, 2014.*
- 2. Revision of the plan to limit local tax capture to the proportional share in the event that the MDEQ does not approve any or all activities for school tax capture.*
- 3. A reimbursement agreement shall be negotiated between the City and the applicant prior to any TIF monies being paid out for eligible activities. The reimbursement agreement and the brownfield plan will dictate the total cost of eligible activities subject to payment, provided that the total cost of eligible activities subject to payment or reimbursement under the reimbursement agreement shall not exceed the estimated costs set forth in the brownfield plan. The applicant*



*shall come forward with an amended Brownfield Plan should the estimated costs set forth in the Plan be increased by more than 15%.*

- 4. That if the extent of due care activities related to the subject site is altered or revised due to a change in the proposed development plans or proposed use of the site, the applicant shall submit for an amended Brownfield Plan to the Brownfield Redevelopment Authority.*
- 5. In order to assure sufficient funding for the local revolving loan fund, the Brownfield Redevelopment Authority will be limited recapture to \$759,573 (including contingency) or 24 years, whichever comes first.*
- 6. Correct calculation error in determining the tax revenue amounts for the ZOO and Art Institute, as they are slightly overstated. The formula is not accessible to determine the source of this calculation error.*

*Chairperson McGarry stated for the record that the motion had passed, and he wished the applicants good luck with everything.*

## **ANY OTHER BUSINESS**

*Mr. Justin brought up the matter of a Special Meeting that had been proposed to discuss the Rochester Retail site (there were conflicts with the Regular July 17th meeting). It was decided to hold the meeting on July 31, 2014.*

## **NEXT MEETING DATE**

Chairperson McGarry reminded the Brownfield Redevelopment Authority Board that the next Special Meeting was scheduled for July 31, 2014.

## **ADJOURNMENT**

Hearing no further business to come before the Brownfield Redevelopment Authority, Chairperson McGarry adjourned the Special Meeting at 8:09 p.m.

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Stephen McGarry, Chairperson  
City of Rochester Hills  
Brownfield Redevelopment Authority

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Maureen Gentry, Recording Secretary