



# Rochester Hills

## Minutes - Draft

### Economic Development Corporation

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

*Kurt Dawson, Dianah Foster, Johnathan Muenk, Vince Mungoli, Ralph Pisani, Keith Sawdon, Samuel Seabright, Charles Tischer, Pamela Valentik*

Wednesday, May 18, 2016

6:00 PM

1000 Rochester Hills Drive, Conf. Room 221

## CALL TO ORDER

Chairperson Pamela Valentik called the Special Meeting to order at 6:00 p.m. in Conference Room 221.

## ROLL CALL

**Present** 7 - Kurt Dawson, Vince Mungoli, Ralph Pisani, Samuel Seabright, Johnathan Muenk, Charles Tischer and Pamela Valentik  
**Absent** 2 - Keith Sawdon and Dianah Foster

## APPROVAL OF MINUTES

[2016-0214](#) April 23, 2015 Annual Meeting

**A motion was made by Tischer, seconded by Pisani, that this matter be Approved as Presented. The motion carried by the following vote:**

**Aye** 7 - Dawson, Mungoli, Pisani, Seabright, Muenk, Tischer and Valentik  
**Absent** 2 - Sawdon and Foster

## COMMUNICATIONS

*There were no Communications presented.*

## NEW BUSINESS

[2016-0216](#) Request for Election of Officers - Chairperson, Vice Chairperson, Secretary and Treasurer for a one year term to expire at the Annual Meeting in April 2017.

*Upon motion by Dawson, seconded by Mungoli, Pamela Valentik was unanimously re-elected as Chairperson for a one year term to expire at the Annual Meeting in April 2017.*

*Upon motion by Pisani, seconded by Tischer, Vincent Mungoli was unanimously elected as Vice Chairperson for a one-year term to expire at*

*the Annual Meeting in April 2017.*

*Upon motion by Seabright, seconded by Dawson, Maureen Gentry was unanimously re-elected as Secretary for a one year term to expire at the Annual Meeting in April 2017.*

*Upon motion by Pisani, seconded by Valentik, Kurt Dawson was unanimously re-elected as Treasurer for a one year term to expire at the Annual Meeting in April 2017.*

**A motion was made that these matters be Approved. The motion carried by the following vote:**

**Aye** 7 - Dawson, Mungoli, Pisani, Seabright, Muenk, Tischler and Valentik

**Absent** 2 - Sawdon and Foster

**2016-0215**

Request for Approval of the 2017-2019 EDC Budgets

*Ms. Valentik advised that the budget for the ECD Board was acted upon separately from the City's budget. However, the Fiscal Dept. put together the City's budget as a whole starting in June and would present it to Council in August, and it was recommended that the Board reviewed and approved the EDC budget prior to its inclusion in the overall budget. She noted that City Council voted to increase the wage per meeting for Board members to \$90.00. It had previously been \$65.00.*

*Mr. Seabright asked how many other cities had a three-year rolling budget. He remarked that most had trouble just planning the same year, let alone three. Mr. Dawson said that the County started doing it, and the City followed. He maintained that it really helped when the recession came. Mr. Tischler noted that he used to work for the County, and he agreed that it had worked well for them and for the City. Ms. Valentik added that it still allowed for adjustments, if things came up, but it at least gave a general path to know what to be prepared for in the future. Mr. Dawson advised that Mr. Sawdon, Fiscal Director, prepared a seven-year forecast for finances, which was updated every year. There was also a Capital Improvement Plan. Mr. Seabright stated that it made sense, because Rochester Hills was a long-term enterprise. He mentioned that Detroit Edison planned 50 years in advance.*

*Ms. Valentik said that it had also been helpful for the City's Local Development Finance Authority. One of the things affecting that budget was the elimination of personal property taxes. There would be a phasing out of the tax, so they would see a significant reduction in the revenue that*

went into the LDFA budget, and looking out three years had helped them plan projects accordingly.

**MOTION** by Tischer, seconded by Seabright, that at the May 18, 2016 Special Annual EDC Meeting, the Rochester Hills Economic Development Corporation hereby approves the 2017-2019 EDC Budget.

A motion was made by Tischer, seconded by Seabright, that this matter be Approved. The motion carried by the following vote:

**Aye** 7 - Dawson, Mungoli, Pisani, Seabright, Muenk, Tischer and Valentik

**Absent** 2 - Sawdon and Foster

## ANY OTHER BUSINESS

Ms. Valentik next shared some updates from an economic development standpoint. She indicated that one of the elements of an EDC Board was having the ability to issue Industrial Development Revenue Bonds (IDRBs). The Board had not approved one in a long time, but it was nice to have the EDC in place so that if there was a project that needed financing, the City could make it available. They had kept the EDC going because for 17 years, the City had owned 15-acres of vacant land on Hamlin Rd. between Crooks and Livernois. The City had always been trying to find the right buyer to develop it and construct something that would create good jobs, be a good neighbor, and be a good investment for the community. They thought that the bonds could be a good tool in the toolbox in trying to market the property. She was very happy to announce that the City finally did sell the property last month. It was sold to JENOPTIK, a German-owned company that was currently in Rochester Hills across the street on Hamlin. Mr. Seabright asked if it would be an expansion for them, and Ms. Valentik agreed. JENOPTIK would be moving out of the existing 50,000 square-foot building they were currently leasing. They had purchased all 15 acres, and the development would be done in three phases over five years or so. The initial phase would involve construction of a 100,000 square-foot building. It would act as their technology center for sales and engineering. The company was involved in industrial metrology, which included developing quality measuring devices. When it was all said and done, there would be a \$19 million investment. They planned to grow to 400 jobs with salaries averaging \$85,000. She had been working on it for five years, and her predecessors had also worked very hard to find the right buyer, and they were very excited. However, the company did not need bond financing as an incentive.

*Ms. Valentik advised that the EDC still only had one bond outstanding, which would mature next month. It was with Peachwood Apartments on South Blvd. and issued in 1985. Those apartments were now known as the Boulevard Health Center. She noted that the County also offered IDRBs, but they would keep the EDC going to see if there were any projects to assist.*

*Ms. Valentik stated that the City had been working aggressively the last couple of years trying to attract the right businesses and fill vacancies. A good concentration was on the industrial and technology parks, because those companies created great jobs. The vacancy rate in the parks was 1.9%, which was the lowest in the City in 10 years. She added that it did create other challenges because space was limited for businesses looking to come to town. Mr. Mungioli remarked that there would be a 50,000 square-foot building opening up soon.*

*Ms. Valentik advised that with all of the commercial activity - retail, office and industrial - the City had a 3.8% vacancy rate. The highest it had been was 12% in 2010. She mentioned that the former VW building on Hamlin Rd. recently sold to Molex. They were currently in Auburn Hills, and they were relocating their North American headquarters to Rochester Hills and would grow to 300 employees. It would be their technical center, and the first floor would house lab space.*

*Ms. Valentik noted that the City offered the PACE Program to commercial property owners. PACE was a financing program for owners that wanted to do energy efficient modifications. It was a national program, and 30 states in the country participated. The City Council adopted the program two years ago as a tool for property owners to make investments in their buildings. The caveat was that the loan was repaid through a special assessment on the property. When the property taxes were paid, a payment on the loan was made. She thought that there would be a lot of property owners taking advantage of that program, but no one had. Most of the response had been that owners were just self-financing and did not want to take on debt for any improvements. She suspected that was the reason they were not seeing as much interest in bond financing, but they would keep promoting it.*

*Mr. Mungioli asked when the City bought the Hamlin Rd. property recently sold to JENOPTIK. Ms. Valentik related that it was 17 years ago. Mr. Mungioli said that it was originally going to be a joint venture with the school district for a maintenance facility, and he asked if the City finally got that money back. Ms. Valentik said that it was purchased with Water*

*and Sewer funds, so the money went back into that fund. Mr. Mungoli said that one of the things that was great about the W&S money they used to have was that under Mayor Somerville, when the City ran out of money to do things, and he noted that there was a proposed road millage under Mayor Snell that failed, there was money to replace all the sewers and pipes which she wanted done. After that, the roads had to be repaved. That was how the subdivision between Adams and Brewster just north of the Village was redone. They replaced all the water and sewer lines and then put down a new road. He explained that he brought it up because knowing what happened in Flint, he wondered how old the pipes in the City were. Ms. Valentik said that she could look into it. She did know that the Mayor, through his representation on the Executive Council of the U.S. Conference of Mayors, had been tasked with working with the City of Flint's Mayor and others to help them strategize and see how Mayors across the U.S. could help. That assignment prompted a look at the City's systems as well to check into the infrastructure the City was continuously investing in, and there had been no bad reports so far.*

*Mr. Tischer stated that he used to work for the Water Resources Commissioner's office, and County-wide, Rochester Hills had a newer system. It was not as old as Pontiac, Royal Oak or Hazel Park, for example, so Rochester Hills was in better shape. Mr. Mungoli knew that Lansing had been replacing its pipes over the past ten years, and the Mayor there said that they could recommend the most economical way to begin replacing pipes, because they had the experience. The money they had allocated was under budget, because every couple of years of finding the pitfalls and the traps they had to work around, once they got through it, it just started rolling.*

*Mr. Seabright considered that the City should take a look at the older schools' water fountains, because oftentimes, they had old air conditioning coils that were lead soldered. The water going in was good, but the water coming out was not. Ms. Valentik said that was brought up at the Community Outlook breakfast. The Mayor was there, as was the Mayor of Rochester, the Supervisor from Oakland Township and the Superintendent of Rochester Schools, Rob Shaner. Dr. Shaner said that they did a complete analysis of all the schools' water systems.*

*Mr. Seabright asked if the packets could be copied on both sides to save paper. Ms. Gentry said that she would be happy to do that next time.*

## **NEXT MEETING DATE**

Chairperson Valentik reminded the Board Members that the next Annual

Meeting was scheduled for April 27, 2017.

## **ADJOURNMENT**

Hearing no further business to come before the EDC Board, Chairperson Valentik adjourned the Special Meeting at 6:23 p.m.

Respectfully submitted,

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Pamela Valentik, Chairperson  
Rochester Hills  
Economic Development Corporation

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Maureen Gentry, Secretary