



Rochester Hills

Minutes - Draft

Local Development Finance Authority

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*Jeremy Brown, Michael Damone, Michael Ellis, Daniel Hunter, Darlene Janulis,
Michael Kaszubski, Donald Price, Stephan Slavik, Doug Smith and Dana Taylor*

Thursday, July 20, 2017

7:30 AM

1500 W. Hamlin Rd.

CALL TO ORDER

Chairperson Stephan Slavik called the Special Meeting to order at 7:30 a.m. at JENOPTIK North America, 1500 W. Hamlin.

ROLL CALL

Present 8 - Michael Damone, Michael Ellis, Darlene Janulis, Jeremy Brown, Daniel Hunter, Michael Kaszubski, Donald Price and Stephan Slavik

Absent 2 - Doug Smith and Dana Taylor

Quorum present.

Also Present: Paul Davis, Deputy Director of DPS/Engineering
Kurt Dawson, Director of Assessing
Sara Roediger, Director of Planning & Econ. Dev.
Steve Rudnicki, Alternate Rochester Schools
Joe Snyder, CFO, Director of Fiscal/Treasury
Laurie Taylor, Deputy Director of Assessing
Pamela Valentik, Manager of Economic Dev.
Maureen Gentry, Recording Secretary

APPROVAL OF MINUTES

[2017-0270](#) April 13, 2017 Regular Meeting

A motion was made that this matter be Approved as Presented. The motion carried by the following vote:

Aye 8 - Damone, Ellis, Janulis, Brown, Hunter, Kaszubski, Price and Slavik

Absent 2 - Smith and Taylor

COMMUNICATIONS

A) Aerial map of pathway connection and proposed sidewalk by Hi-Lex to the Clinton River Trail.

Ms. Valentik disclosed that A. Raymond had selected Rochester Hills, in

the LDFA district, to locate its North American headquarters. They chose Michigan over Ohio. She noted that A. Raymond was the parent company of Rayconnect. The LDFA had previously paid a portion to pave Devondale and Austin Ave. to accommodate Rayconnect's new facility on Austin Ave., and A. Raymond was going to build across the street. The A. Raymond facility would be 22,000 square feet. City Council approved a tax abatement for the project, and the MEDC gave a business development incentive. There was minimal space left in the LDFA district for new, real property to be developed, so she was very excited that the City convinced them to choose Michigan.

Ms. Valentik advised that she was also working with the MEDC on another project. It was not ready to be announced, as the company, based in California, had not made its final decision. It would be a new company to the district that would develop its own line of electric transit busses. They wished to establish an R&D facility in the Midwest, and a site in Rochester Hills had been identified. She hoped to have an announcement at the next meeting.

Ms. Valentik mentioned that Molex was working on its addition. The steel was up, and the underground work had been done. She thought they were on target to be completed by the end of the year. She advised that there was a 2.8% vacancy rate in the industrial areas. That was up from the last meeting, when it was just below one percent. There was a warehouse building at 150,000 square feet that just went on the market. It was one of the largest buildings in town, and that one building had affected the numbers. She added that the sale price was \$69 per square-foot on average for industrial and flex.

Mr. Ellis asked how many buildings the vacancy rate represented. Ms. Valentik said that she did not have the number, but she thought it was minimal. There were a couple of buildings in transition. JENOPTIK's old building was vacant, but she was just notified that it had sold. There was another building on Research Drive that had just gone on the market, and that was the building the California company was looking at. Mr. Ellis thought that the rate mostly represented turnover. Ms. Valentik pointed out that the former Sunlogics building at 2910 Waterview was still on the market. She had been at Rochester Hills for six years, and it had never been occupied. That building was 140,000 square feet.

Chairperson Slavik said that at one time, they were doing engineering tests at the old Softball City site. He asked what was happening with that, and if they were years away from putting in any foundations.

Ms. Roediger responded that she and Ms. Valentik had quite a few meetings about that site and the one to the north. There had been interest and progress, but they had not seen any official plans. Both sites were under consent judgments and both were brownfields, so the consents would need to be modified. They thought they had a solid tenant for the southeast corner of Hamlin and Adams (Suburban), but they were still in discussions with other sites. It was a matter of finding the right business that wanted to have a headquarters or a substantial facility on Hamlin.

Ms. Valentik said that one of the problems was the timing. Companies spent a lot of time researching and planning, and then they wanted a building ready to go in a year, and that site would not work. She agreed that there was interest. They needed that first user to land on the site so others could see what could be created there. Regarding Chairperson Slavik's question, she said that it was feasible to build on the site, but they had to determine the price tag. She asked Mr. Davis to talk about road projects next.

Mr. Davis stated that they were very busy. There was a lot of work going on in the City, not only with public road projects and other infrastructure improvements, but also with the inspections they did for private development. They were so swamped that they were supplementing with outside contractors for inspection work. He said that most of the road projects that were going on were in the south part of the City. That always resulted in a lot of complaints, such as people asking why they were doing three roads at one time in the same area. Auburn was MDOT's road, and they were doing signalization modernization and ADA improvements. They were constructing a continuous center turn lane between Crooks and Livernois. The Road Commission was working on South Boulevard. There was project at the intersection of Livernois and South Boulevard. That had been going on for seven weeks to relocate utilities, and there were a lot of complaints about that, but the City could not control that work. There were two overlay sections on South Boulevard being done by the Road Commission's contractor. The City was down there as well with a very large subdivision project, where they were going to be replacing about five miles of water main in Section 33 and following that up with overlays. Another project outside of the LDFA district but very important to the City was a new traffic signal going in at a relocated Eddington Blvd. and Drexelgate. That project started the previous Monday, and they hoped to get a portion of both open to traffic by the time school started.

Mr. Davis mentioned the Hamlin Rd. project by Molex, and said that it was a stretch of Hamlin the City did not own - the Road Commission did. They owned it because before Adams Rd. was relocated, it went up over M-59 and east to where Adams continued to the north. They needed that section for continuity, but ever since it was relocated, they did not have a need for that portion of Hamlin. The road had deteriorated to where it really needed a major fix and reconstruction. There was a \$1.2 million Category A grant applied for by the City in February, which it did not get. There were five other projects throughout the region competing for those dollars. That did not mean that the City would not do the project. In order to get the Road Commission to commit to any kind of funding, the City agreed to share 50-50 of the construction costs. The City had been doing that for other projects to accelerate them. It was done for Tienken Rd., and the City fronted all the money until the Road Commission could pay it back. It was done with the Avon and Livernois bridges as well. He commented that the City was lucky to be in the position financially to be able to do those kinds of things.

Ms. Janulis asked if the City ever got its money back. She recalled that it was dubious that they would ever get the bridge money. Mr. Davis said that they would get the money for Tienken, but there was no guarantee exactly when it would happen. With Federal funding, a lot of times when road projects got delayed, it was nice to have an advance construct option. They would get regional funding back. He agreed that they would not get back the engineering costs for the bridges. The City agreed to pay for that. Hamlin Rd. would be that way. They were looking, with the Road Commission, at reconstructing Hamlin next year. He stated that it was not slated for Federal funding at all, because there were a lot of bad roads in the region, and Hamlin did not rate high enough to receive funding yet. The City would be moving forward, with the understanding that after the road was reconstructed, the City would take it over. The City would also look at the sections of Old Adams Rd. north and south of M-59. They were fairly low priority, dead end roads. On the north side, it serviced a building and on the south side, it would possibly service a development that was being considered near the Meijer site. The Hamlin project by Molex was estimated at \$5.4 million, so even with the grant, it would have been just \$1.2 million less to cover. That cost would probably go up, because the City oftentimes took the opportunity to do other things such as installing irrigation along the boulevard. There were some street lights that might need to be removed or upgraded to LED. Usually, they looked at pathways to see if an overlay or repair was needed. He thought that they would start construction next year.

Ms. Valentik asked Mr. Davis if he still had to go out for engineering. Mr. Davis said that they had not hired anyone to design it yet, but they would need to get moving on it soon. He added that it was fortunate that they probably did not need any right-of-way.

NEW BUSINESS

[2017-0159](#) Request for approval of the 2018-2020 LDFA Budget

Ms. Valentik noted that it was that time of the year when the City worked on its budget. It would be presented to Council in August, but at the July meeting, staff was first asking the LDFA for approval of its budget.

Mr. Snyder stated that the budget was largely the same as was presented last quarter. There were some slight tweaks to some incoming property values. The most significant note for the 2018 projected budget was that they had discussed a \$1 million contribution from the LDFA towards the City's Major Road Fund to help with a portion of the Hamlin Rd. project. Mr. Davis had mentioned a cost of \$5.4 million, and a 50-50 match with the County would be \$2.7 million, and \$1 million would help the City a great deal. That section of Hamlin was the northern border of the LDFA district, and it was one of the main thoroughfares into the City. He said that he would be happy to answer any questions.

Mr. Ellis asked about the tweaks to property values. Mr. Snyder said that they finalized the personal property numbers for the upcoming year. It was \$1,000 here or there on the revenue side. They did not change anything on the expenditure side, other than to add the \$1 million.

Chairperson Slavik said that with all the values soaring and with the vacancy factors being favorable, he wondered why they ended up flat-lining with revenues. Mr. Snyder said that they were conservative in their estimates. They would rather aim a little low on the revenue and over exceed. He considered that it was better to do than the other way around.

Ms. Taylor added that they were seeing high market value in the value of properties, and the taxable value was capped at the rate of inflation.

Mr. Damone observed that there was an item called fund balance in the LDFA revenue. He asked if that came out of cash reserves. Mr. Snyder said that was correct. The reason why they were projecting a proposed decrease of \$620k was due to the contribution of \$1 million. In the future,

they would contribute \$350k per year into the fund balance. Mr. Damone asked how much would be left if the \$620k was taken out. Mr. Snyder advised that there would be just under \$3 million. Mr. Damone remarked that it was quite generous. He stated that basically, fund balance was an asset.

Ms. Janulis said that she had read the Minutes, and she was very much in favor of the transfer, and felt that it was a very prudent thing to do. She questioned the language and the way it was written, where it said "Transfer Out: Major Road Fund." It was explained at the bottom at MR-02J Hamlin Rd. Reconstruction 50-50. She wondered if the words Hamlin Rd. project should be bolded, next to where it said "Transfer Out." She did not know if the explanation would follow the money, but if there was, for some reason, some left over, she understood that it would be returned to the LDFA. If it were just transferred as Major Road dollars and there was no explanation, she wondered if it could get lost to the LDFA forever. The LDFA knew there was an understanding, but if it was not specifically stated, she wondered if the understanding could be lost.

Mr. Snyder explained that they had the language that the \$1 million was for Hamlin Rd. On the Major Road Fund side, it would be transferred in with the same explanation. Ms. Janulis clarified that it would follow that money. Mr. Snyder said that a transfer out of one fund would be a transfer in to another, and they knew what it was for. For the Major Road Fund, there would be \$1 million contributed from the LDFA, and there would be a line item and documentation, and within that same bucket, the \$2.8 million cost would go. Ms. Janulis just questioned whether the explanation would follow, and Mr. Snyder confirmed that it absolutely would.

Mr. Brown recalled that at the last meeting, there was not a direct yes or no. Mr. Snyder said that it was not a direct yes, due to the fact that there was a grant they were trying to obtain. He believed that the idea was for 50-50. That would be fine if it were a \$2 million project. Due to the fact that it would be a \$2.7 million City share, it would be \$1 million from the LDFA and \$1.8 million from the City, so he would imagine the full \$1 million would go to offset the costs.

Mr. Davis said that it was proposed for the 2018 budget, so if they were going to move the project, they would probably have to an amendment with Council in 2017 in order to get the engineering going. The transfer from LDFA would not occur until the project was already committed and agreed to by Council this year. If for some reason the Road Commission

backed out, and they worried about the \$1 million being transferred and forgotten, he did not think that would happen, because the project would already be started before Mr. Snyder looked at doing the transfer in next year's budget. Mr. Snyder agreed that if the project did not happen, the transfer would not occur. When they signed the contract, it would. However, Hamlin was one of the City's highest-priority projects. He indicated that there was the opportunity that the County could pull out.

Ms. Valentik said that the Hamlin project was really driven by the business community. At her first meeting with Molex, they requested to see Hamlin fixed. Mr. Hunter, from Oakland County, gave kudos to Rochester Hills and the LDFA for stepping up. There were many communities that were not on a Federal list, and it helped to have economic development projects like Molex. He had worked with Molex when they were in Rochester Hills as the Cardell Corporation. They went through several iterations to become Molex. He asked if they would re-apply next year for the MDOT grant. Ms. Valentik said that they were advised to apply next year, but they were also advised that part of the reason why they did not get the grant was that the company had already announced that they were coming to Rochester Hills. Ms. Valentik said that when they were going through the grant process, they heard that the pool of money was getting smaller and smaller, and that there were other projects to be funded. Oakland County talked with the City of Auburn Hills and the Vice President of Government Affairs for Borg Warner, whose headquarters was right there on the border of Hamlin. They said that the road needed to get fixed. In a matter of a week, they had State reps and Senator Trott's office calling and writing letters to MDOT. The Vice President of Borg Warner even made a YouTube video driving down Hamlin and sent it to MDOT. Borg Warner said that it was not the image they wanted to project from their world headquarters.

MOTION by Janulis, seconded by Ellis,

Whereas, in accordance with the provisions of Public Act 2 of 1968, Public Act 621 of 1978, the Uniform Budgeting and Accounting Act for Local Government, the Special Appropriations Act pursuant to PA 493 of 2000, and Section III of the Charter for the City of Rochester Hills, the Mayor, as the Chief Executive Officer, prepared the proposed budget for the ensuing year and submitted it to the LDFA Board for its July 20, 2017 meeting; and

Resolved, that the following Local Development Finance Authority budget for the City of Rochester Hills is approved and ready for submittal to the City Council for final adoption for Fiscal year 2018.

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

Aye 8 - Damone, Ellis, Janulis, Brown, Hunter, Kaszubski, Price and Slavik

Absent 2 - Smith and Taylor

Chairperson Slavik stated for the record that the motion had passed unanimously.

2008-0355

Request for approval of a Beautification Grant Application for Rochester Hills Executive Park, Stacy Fields, General Development, Applicant

Ms. Valentik advised that the City had received an application for its Entrance Way Beautification Grant Program. About two years ago, she was approached by members of the board of the Rochester Hills Executive Park, which encompassed Technology and Research Dr. They had taken advantage of the program in 2009 to put an entranceway sign into the Park at Auburn. The board would like to do a similar sign at Adams and wanted to know if they could apply again. She had asked the LDFA for permission to put monies in the budget to provide a match. The board also wanted to do a partnership with the City to connect a pathway to the Clinton River Trail. Hi-Lex Controls was experiencing a lot of people walking through their parking lot to try to access the Trail and for safety reasons, they wanted to have a more defined pathway that would allow employees and even the public to get to the Trail. The City was always trying to find ways to get more people to use the Trail and make the technology parks more attractive to businesses. It was a means to provide their employees with an amenity and help support their wellness programs. The board paid for construction of the pathway along their property, and the LDFA Board paid for the piece that connected the pathway to the Trail. The Park board recently shared that they would like to put signage at the entranceway of the pathway off of their driveway. Some people did not realize where the pathway went, and the board wanted to put in a directional sign and landscaping. She provided information on the design and schematics of other directional signs along the Trail. They asked if they could apply for a matching grant, and she accepted an application for the LDFA to review. It was only for the directional sign and the landscaping. They were still working on the details for the entranceway sign into the Park. For the subject application, the board had gotten three quotes; they had secured the necessary approvals; and they would submit invoices for reimbursement.

Ms. Janulis noted that it stated that the sign would go someplace in the

landscaped area, either side, “to your recommendation.” She did not think that the LDFA should be making that decision. Ms. Valentik said that she spoke to the Building Dept. to see if any permits were required, and there were not, but they did want to see schematics and would make the decision. Ms. Janulis said that she had been in favor two years ago, and she was excited to see them move forward. She thought that people who lived in the area (not just employees of the Park) would take advantage of the pathway to the Trail.

Chairperson Slavik thought it would be good to have a pathway that connected to Auburn, since there were no sidewalks in the park. Ms. Valentik pointed out that the pathway was in the budget. It was for Technology Dr., and this year the engineering would be done. Construction would be in 2019. When she met with the board for the Park, they were considering putting in street lighting along Technology. They would like to time those projects and work together. She noted that they were getting more interest from businesses and others who wanted to connect to the Trail.

Ms. Roediger said that staff met with the Friends of the Clinton River Trail regarding JENOPTIK’s connection to the Trail. They talked about creating standardized criteria for the design for other connections. When sites nearby were getting developed or remodeled, they talked about ways to improve pedestrian connectivity to the Trail, and throughout the City, pedestrian activity and connection was encouraged.

***Motion** by Janulis, seconded by Hunter, in the matter of Rochester Hills Executive Park’s request for an Entranceway Grant, the Rochester Hills Local Development Finance Authority moves the following:*

***Whereas**, the Board of the Rochester Hills Local Development Finance Authority has approved a reinstated budget allocation of \$10,000 in its 2016-2018 budget as matching funds for entranceway grants; and*

***Whereas**, the maximum grant amount is \$5,000 per application; and*

***Whereas**, on July 20, 2017 the Board received an application for a grant request of \$3,317.00 from the Rochester Hills Executive Park Owners Association to support its proposed replacement sign and landscaping; and*

***Whereas**, City staff has conducted a review of the proposed sign and application and finds that it meets the requirements of the grant program.*

Resolved, the Rochester Hills Local Development Finance Authority approves that the grant request in the amount of \$3,317.00 will occur at project conclusion after submission of proof of paid invoices.

Approved

Aye 8 - Damone, Ellis, Janulis, Brown, Hunter, Kaszubski, Price and Slavik

Absent 2 - Smith and Taylor

Chairperson Slavik stated that the motion was approved.

ANY OTHER BUSINESS

2016-0011

Presentation from JENOPTIK Automotive North America, Andreas Blind, Vice President Marketing and Sales

Ms. Valentik stated that as the LDFA Board knew, the JENOPTIK site had been a project of the City's for a long time. It was always the City's vision to sell the property to a fantastic neighbor and a company that would do great things. They found just that in JENOPTIK. She thought that Mr. Blind probably felt the project took a long time, but it was a year later, and they were sitting in the building. She turned it over to Mr. Blind.

Mr. Blind indicated that it was a pleasure, and he welcomed the Board. He related that five or six years ago, they started to think about the future of their company. Then, about a year-and-a-half ago, they got the go ahead and entered into an agreement with the City to purchase two properties it owned. The overall idea was to create a JENOPTIK campus. They were in the first building of the campus, and he expected to submit plans for phase II soon. He gave an informative presentation about the company and then led the members on a tour.

NEXT MEETING DATE

The next Regular Meeting is scheduled for October 12, 2017.

ADJOURNMENT

Hearing no further business to come before the LDFA Board and upon motion by Ms. Janulis, the meeting was adjourned at 9:15 a.m.

Respectfully Submitted,

Stephan Slavik
Rochester Hills
Local Development Finance Authority

Maureen Gentry, Recording Secretary