



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2018-0142 V2

TO: Mayor and City Council Members

FROM: Sara Roediger, Director of Planning & Economic Development

DATE: April 25, 2018

SUBJECT: Dissolution of the Economic Development Corporation for the City of Rochester Hills

REQUEST:

Request for City Council to approve the dissolution of the Economic Development Corporation for the City of Rochester Hills.

BACKGROUND:

The Economic Development Corporation (EDC) for Avon Township (later referred to the Economic Development Corporation for the City of Rochester Hills), was created in 1979 to allow tax-exempt bond financing for industrial and non-profit development projects within the City of Rochester Hills. The last bond approved by the EDC was in 1986 for Peachwood Center Associates and there has been no new business before the EDC since that time. State law requires that the EDC remain in place during the duration of any outstanding bonds. The last bond expired in 2016. The EDC maintains a small budget of \$950 a year which is used to pay board members for their meeting attendance. The Board's only activities have been to hold an annual meeting to elect officers.

Oakland County maintains an EDC that has the ability to provide bond financing for development projects across the entire county. It has staff and legal counsel with current experience in bond financing, and could provide the same benefits as the Rochester Hills' EDC and having the two distinct boards creates an unnecessary redundancy.

In determining the feasibility of maintaining the EDC board, staff researched any requirements of an EDC for eligibility of any state programs or grants. At this time, there are no programs that require a community to have an active EDC. As we are pursuing certification as a Redevelopment Ready Community (RRC), the RRC program manager shared that they prefer obsolete and boards and commissions be dissolved.

Therefore, the City of Rochester Hills is requesting that the City Council dissolve the EDC. In accordance with the Economic Development Corporation Act (Michigan P.A. 338 of 1974) this process requires a 2/3 majority vote of the EDC board and then final approval by City Council. On April 12, 2018, the EDC Board met and unanimously approved dissolving the EDC. If City Council approves the dissolution, The City's Fiscal's Department will close the 893 - EDC Fund and the amount to the General Fund and eliminate the General Fund Transfer-Out going forward.

RECOMMENDATION:

Staff and the Economic Development Corporation recommend City Council approve the resolution to dissolve the EDC for the City of Rochester Hills.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
Deputy Clerk		