

**CITY OF ROCHESTER HILLS  
LOCAL DEVELOPMENT FINANCE AUTHORITY  
SPECIAL MEETING**

Thursday, October 8, 2009 – 7:30 a.m.  
Rochester Hills Municipal Office, Conference Room #221

The special meeting was called to order at 7:35 a.m. by Chairperson Slavik.

**ROLL CALL:**

Present: Clarence Brantley, Michael Damone, Michael Ellis, Lois Golden (*enter 7:40 a.m.*),  
Theresa Munglioli (*exit 8:45 a.m.*), Stephan Slavik, Owen Winnie

**Quorum Present**

Absent: Tammy Muczynski, William Mull, Cassie Patterson, Kris Pawlowski, Romaneir Polley,  
Mike Reno

Also Present: Dan Casey, Manager, Economic Development  
Paul Davis, City Engineer  
Kurt Dawson, Director, Treasury & Assessing  
Keith Sawdon, Director, Finance

**COMMUNICATIONS:** Mr. Casey explained the City has applied for a Tiger Grant to cover construction costs for Crooks Rd., Avon Industrial, Start Ct., and Star Batt Dr. Mr. Davis indicated the Tiger Grants will be awarded in February 2010 and stated he attended a County meeting wherein it was learned there was no shortage of projects submitted for these grants.

**APPROVAL OF MINUTES – July 23, 2009 Special Meeting:**

**MOTION** by Winnie, seconded by Ellis, *Resolved*, to approve the Minutes of the Local Development Finance Authority Special Meeting of July 23, 2009 as presented.

Ayes: All      Nays: None

**MOTION CARRIED.**

**FIBEROPTICS UPGRADE – UPS/3 Dimensional Services:** Mr. Casey stated he has been working with two sister companies located in the Tan Industrial Park. In a retention visit a few weeks ago, they indicated they were trying to upgrade their fiber capacity to both the buildings, but the type of fiber they need is not available in the park – only at Crooks Road. They thought they were going to have to pay to extend that fiber from the road to their buildings. This is why the infrastructure funding is in place. This is a SmartZone initiative and one of the key projects we can complete in the SmartZone area – to provide intelligent capacity specifically to the industrial and high-tech parks through public rights-of-way or deeded easements. There is \$50,000 in this year's budget to fund this type of project. In speaking with the business yesterday, they indicated AT&T will cover the cost to run the fiber into the park, and then UPS will have to cover the cost of running the fiber to their building. So it appears at this time, the LDFA will not have to get involved in the project. Mr. Casey further explained that any type of fiber that is run in a park funded by the LDFA must service multiple properties. No action needs to be taken at this time.

**LAND ACQUISITION – Paul Colwell Property:** Mr. Casey indicated this is an informational issue to see if the Board has any thoughts on this opportunity. On the new section of Austin across the street from Rayconnect's building, there are 10 acres of land currently on the market. The property owner is pretty desperate to sell and is offering a good deal for immediate sale. The City purchased an easement from him for Austin Avenue a few months ago, and appraisals were done of the property at that time. The value came back at \$550,000. There is a six-acre pond on the parcel, which renders that portion unusable. But there are four acres of contiguous property that are developable. The property is zoned residential and bordered by light industrial. The City has looked at that property with the potential of rezoning it

some day to some other use. The property is listed for immediate sale at \$225,000 - \$250,000. That equates to about \$1.74/sq. ft. for the usable land. The pond might have some residual value because the City is looking to put a regional retention basin in this area. There is some opportunity to expand the pond on the west side so it could hold more storm water capacity. Mr. Casey explained that the Green Space Advisory Board has previously looked at this property, but they wanted to use it as a park, whereas the City would like to see it developed. It's one of the few parcels of land available for development within the SmartZone. One of Mr. Casey's concerns is that right now the property could be split three ways for three homes. To maximize the value to the City and the SmartZone, the land should probably be rezoned to light industrial or office use to increase the tax base for the community as opposed to leaving it residentially zoned. If funding is available, Mr. Casey is in favor, at some point in the future, of the LDFA investing in land where it makes sense to do so, and promoting it for development. No action is necessary at this time.

**APPROVE 2009 AMENDED LDFA DEVELOPMENT AND FINANCING PLAN:** Mr. Casey stated the amended plan is ready to be approved by this Board so that it can be passed along to Council for their approval. Mr. Casey then summarized the amendments to the Plan. Three new projects have been added, the Entranceway Grant Program, Master Infrastructure Plan Update and Research Drive Reconstruction. Project 4a, the alternative to the Technology Drive connection to Adams Road, and Project 6b, Leach Street paving north of Clinton River Trail, have been eliminated. Project 5, Waterview Drive connection to Leach Street has been completed and removed from the Plan. The project numbers have been reordered to include the new projects and eliminate completed ones. The 2009 tax roll has replaced the previous 2007 tax roll of all the properties. The construction schedule and cost estimates have been revised for all projects. Minor formatting changes, including cover pages for maps and attachments, have been completed. 2009 is the final year of the three-year Intelligent Infrastructure project; however, it is anticipated that there still is a need for this in the industrial parks. It is proposed the project become a permanent project in the plan, but not provide annual funding. Any future intelligent infrastructure upgrade requests will be handled by fund balance as approved by the Board. Finally, the M-59 Corridor Study and Master Infrastructure Plan Update, slated for completion in 2010, will necessitate another amendment to the Plan in another year or two. It was suggested that an appendix of completed projects, including the year completed, be included in the Plan.

**MOTION** by Mungioli, seconded by Golden,

***Be It Resolved*** to approve the Restated Development Plan and Tax Increment Financing Plan, add an appendix of completed projects, and forward it to the Rochester Hills City Council for adoption.

Ayes: All      Nays: None

**MOTION CARRIED.**

**MEMORANDUM OF UNDERSTANDING:** Mr. Casey explained that at previous meetings it has been discussed that a contract between the City and LDFA should be drafted to define the City's role and responsibility relative to administering the LDFA. After discussion by administration, it has been determined that the city does not want to enter into a contract as this would require City Council approval; however, it believes that a memorandum of understanding would serve this purpose. The primary reason relates to the stipulation in Public Act 281 that the "executive director" be privately insured and bonded. The City has been providing administrative services to the LDFA at no cost since 1996. In 2010, the LDFA will begin funding half of the wages and benefits of the Manager of Economic Development in exchange for the services provided to the Board by the City. Administration feels that a memorandum of understanding is the simplest and best way to achieve this and does not require the Manager of Economic Development to be bonded or self-insured. The draft memorandum of understanding was included in the packet for consideration.

**MOTION** by Ellis, seconded by Winnie,

**Whereas** the Rochester Hills Local Development Finance Authority and City of Rochester Hills wish to memorialize the roles and responsibilities of the City in regards to its administration of the Board's activities.

**Be It Resolved** that the Rochester Hills Local Development Finance Authority hereby approves the Memorandum of Understanding by and between the Board and the City of Rochester Hills; and

**Be It Further Resolved** to authorize the Chairman of the Local Development Finance Authority to sign the Memorandum of Understanding on behalf of the Board.

Ayes: All      Nays: None

**MOTION CARRIED.**

**CROOKS ROAD FUNDING UPDATE:** Mr. Davis stated he has not heard anything more on the Crooks Road funding issue. It has not been decided if roundabouts or off-set ramps will be used for the intersection configuration. Once that has been determined, the design phase will begin. MDOT will then go out for bids, probably in the fall of 2010.

**M59 CORRIDOR STUDY & MASTER INFRASTRUCTURE PLAN UPDATE:** No update was given.

**ANY OTHER BUSINESS:** Mr. Dawson stated that through the valuation projections for the next few years, it was determined that commercial and industrial properties will realize an average 15% decline. The impact on the SmartZone is quite substantial because their base value is the year 2004 and their capture has been very limited in the last five years. It is possible the SmartZone can potentially run out of capture two years from now, and other funding sources and grants will need to be looked at. Because of declining property values and decreased revenue, there will also be an impact to the LDFA, but not as critical as the SmartZone. Mr. Casey reported that the vacancy rate in the industrial and high-tech parks is about 8-1/2%, which is the same as last year. The City has added 16 new companies this year – which translates to approximately 350 new jobs. Some of these companies are relocations and some are a company's first facility in the US or Michigan. Only four businesses have been lost, three due to bankruptcy. Mr. Davis indicated we should receive draft design plans for Technology Drive next month, and also commented he will attend an MDOT meeting in a couple of weeks relative to an overlay on Auburn Road. MDOT would really like the county or the city to take ownership of Auburn Rd.

**NEXT MEETING DATE:** January 14, 2010 Regular Meeting

**ADJOURNMENT:**

**MOTION** by Winnie, supported by Damone, to adjourn the LDFA Special Meeting of October 8, 2009 at 8:47 a.m.

Respectfully submitted,

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STEPHAN SLAVIK, Chairperson  
Local Development Finance Authority