



# Rochester Hills

## Minutes

### Local Development Finance Authority

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

*Jennifer Berwick, Clarence Brantley, Michael Damone, Michael Ellis, Lois Golden,  
Tammy Muczynski, William Mull, Theresa Mungiolli, Kris Pawlowski,  
Cassie Patterson, Romaneir Polley, Stephan Slavik, Owen Winnie*

---

Thursday, January 14, 2010

7:30 AM

Conference Room 221

---

#### CALL TO ORDER

Chairperson Stephan Slavik called the Regular LDFA Meeting to order at 7:32 a.m. in Conference Room 221.

#### ROLL CALL

**Present** 6 - Clarence Brantley, Michael Damone, Michael Ellis, Stephan Slavik, Romaneir Polley and Jennifer Berwick

**Absent** 7 - Lois Golden, Theresa Mungiolli, Kris Pawlowski, Owen Winnie, Tammy Muczynski, William Mull and Cassie Patterson

Quorum Present.

Also Present: Dan Casey, Manager of Economic Development  
Derek Delacourt, Deputy Director, Planning  
Paul Davis, City Engineer  
Kurt Dawson, Director, Assessing and Treasury  
Keith Sawdon, Director, Fiscal  
Maureen Gentry, Recording Secretary

#### APPROVAL OF MINUTES

2010-0009 October 8, 2009 Special Meeting

**A motion was made by Damone, seconded by Ellis, that this matter be Approved as Presented. The motion CARRIED by the following vote:**

**Aye** 6 - Brantley, Damone, Ellis, Slavik, Polley and Berwick

**Absent** 7 - Golden, Mungiolli, Pawlowski, Winnie, Muczynski, Mull and Patterson

#### COMMUNICATIONS

There were no Communications brought forward.

## NEW BUSINESS

### 2010-0011 Request for Approval of the 2010 SmartZone Budget

*Mr. Casey recapped that the LDFA and SmartZone budgets were typically approved at the first meeting of the year. Mr. Sawdon noted that the overall budget had been approved by Council and was currently running, and unless there were amendments, he suggested that they move forward with adoption.*

*Mr. Casey stated that one of the primary capital projects in the plan was the Technology Drive connection. There was also a new project called the M-59 Corridor Study and Update of the LDFA's Master Infrastructure Plan. Upon questioning, he clarified that all the revenues for the SmartZone were passed to the OU INCubator for its operations. They used those funds for staff costs, improvements and other operating costs, and there was an annual audit done every year which showed how the funds were handled.*

*Mr. Ellis asked how the revenues went up between 2008 and 2009 in the SmartZone budget, and Mr. Casey explained that there was a lot of new construction in the district, which accounted for some of the revenue increases. The 2010 revenues decreased over 2009 by about \$30k. The Rayconnect headquarters opened about three months ago, which was partially assessed in the budget, and Wal-Mart came on board fully assessed. He noted that next year, Meijer would have a similar situation and be completely assessed, and that declining assessments obviously had an effect on the capture.*

*Mr. Dawson pointed out that there would be some major changes to next year's budget and to the year after, especially in the SmartZone, because of the declining values in the commercial and industrial market, which were dropping off quite rapidly. That capture would probably cease within two years. Mr. Ellis questioned whether there would be any revenue at all going to the SmartZone. Mr. Dawson said that the LDFA was fortunate that it started earlier, because within a year and a half, they would be back below the 2004 values for SmartZone capture.*

*Mr. Casey indicated that it was somewhat of a crisis situation. The administration had been in discussion with the INCubator because they would effectively lose all of their revenue. There were a record number of tax appeals last year, and the decision was made that for the 2010*

*budget, they would reserve all of the capture for potential paybacks. Mr. Dawson added that there had been a market increase in commercial and industrial appeals across the State, and although Rochester Hills had been pretty fortunate, because assessments lagged behind the market in setting the values, more people were appealing.*

*Mr. Ellis indicated that it was one of the concerns he had toward the SmartZone in general. If they were not going to have any money to fund it and appeals occurred and they normally had to pay the City back, if they were not getting money, he wondered if the City would ever get paid back. He questioned whether the City would be required to cover the SmartZone. Mr. Dawson said they were starting to do holdbacks to have funds available for potential paybacks as a worst case scenario. As they settled the appeals and there was extra funding, the money would be passed back through to the SmartZone. Mr. Ellis was concerned about spending money on a SmartZone that could not contribute in the future. Mr. Dawson reminded that Oakland University had to make that decision because they were funding it to a greater degree. The City was looking at other alternatives for revenue and when they could begin generating it again, which would be a number of years in the future.*

*Mr. Pawlowski and Mr. Mull entered at 7:43 a.m.*

*Mr. Casey noted that they had started making staff changes at the INCubator and they were pursuing grants. Several directors would split their time between the Macomb INCubator and OU's, and part of their administrative costs would be covered by Macomb. He discussed the Economic Development Administration grant as a potential matching funding source and about doing a public/private version of an INCubator with a business owner as another funding source and partner.*

*Mr. Sawdon exited at 7:49 a.m.*

**A motion was made by Damone, seconded by Polley, that this matter be Approved. The motion CARRIED by the following vote:**

**Aye** 8 - Brantley, Damone, Ellis, Slavik, Polley, Pawlowski, Mull and Berwick

**Absent** 5 - Golden, Munglioli, Winnie, Muczynski and Patterson

2010-0010

Request for Approval of the 2010 LDFA Budget

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

**Aye** 8 - Brantley, Damone, Ellis, Slavik, Polley, Pawlowski, Mull and Berwick

**Absent** 5 - Golden, Mungioli, Winnie, Muczynski and Patterson

## UNFINISHED BUSINESS

### 2008-0159 M-59 Corridor Study & Master Infrastructure Plan Update

*Mr. Casey reported that the Master Infrastructure Plan and the M-59 Corridor Study had been combined into one project, and that Mr. Delacourt and Mr. Anzek of the Planning and Development Department were taking the lead.*

*Mr. Delacourt stated that the intent of the project was to evaluate the LDFA, the SmartZone, and the Master Land Use Plan's Regional Employment Center - the area that encompassed most of the industrial parks and associated offices. They wanted to see how the City could put tools in place to best support the existing development and incentivize and encourage future development and future uses the LDFA had targeted for economic development. They wanted to support the people and businesses in the area and put infrastructure in place. During the Master Land Use process, there was a lot of discussion about how the area should look going forward and how the City could keep it viable. He recalled older industrial parks in other cities that had not adapted, and that companies ended up moving on to the next industrial park. The City did not want that to happen within the LDFA. An RFP was sent out for the project, and several consultants were interviewed. They decided on a group that included Spalding DeDecker, McKenna Associates and Alexander Bogaerts, all of which had a good deal of experience in the City and were very familiar with the Ordinances. The infrastructure had to be very coordinated, and they were going to start talking with business owners as to how they might grow and what types of buildings and uses they would like to see. After that, they would prioritize the infrastructure projects and develop a flexible and responsive Ordinance for that area that allowed the City to be supportive of development by doing things more quickly and effectively.*

*Mr. Casey pointed out that the prime area of study is the LDFA district. He said there were certain development areas within it that had consent judgments, which dictated how the uses might occur, including Madison*

*Park north of M-59. Once the plan was completed, there would be a vision they could take to the development community and there would be associated marketing pieces developed. They would like to get a common vision for the "hodge podge" business and residential uses on Auburn between Crooks and Adams. The project would look at areas that were underdeveloped, such as the land around Rayconnect's new building on Austin.*

*Mr. Damone considered that it was not only how the Ordinances were written, but how the whole City functioned when they executed them. Sometimes, one department might not be on the same page as another, and there was more of an attitude needed to understand that it was much bigger than the Ordinances.*

*Mr. Delacourt agreed, and said they needed to coordinate the development and approval process within all departments. Mr. Damone suggested that attitude made people feel welcomed, and it made the process work. Mr. Casey offered that the City was making a lot of changes through the Mayor's Business Council.*

*Mr. Casey said that one primary goal of the study and the development of the Master Infrastructure Plan was to put a ten-year plan in place in terms of future projects that would need to be funded. They would be evaluating the road systems and identifying those that would be funded in the redevelopment process. It was something that City Council had been asking for, and they were in need of it because the majority of the projects in the existing plan had been constructed or would be completed by the end of the year. One of the projects in the plan was the Research Drive reconstruction. They needed to determine how that all balanced with the revenues they anticipated generating over the ten-year period. It was important for the LDFA to make sure that the existing infrastructure was sound and adequate. He noted that City Council had approved the amended LDFA Plan several days ago, and said that the ten-year plan would be included in the next major amendment in about a year.*

**This matter was Discussed**

**2009-0042**

### **Technology Drive Update**

*Mr. Davis handed out a letter he recently wrote to MDOT, stating that it had been difficult to get MDOT to move the project forward, and that he wanted to try to involve more people at MDOT. He felt the project was a low priority for them, and if he did not get much response from the letter, he was going to send another to the Regional Office and involve more*

people. The real estate people in Lansing said they needed additional information, but he was not sure what that was. They were supposed to construct the project this summer, but they still needed to get through the final design, bid the project and construct it. He said he wished he had better news. Mr. Casey thought he might be able to help get things moving and offered to call some people.

Mr. Pawlowski also offered to put Mr. Davis in contact with someone in Lansing, advising that it was a different entity than the local MDOT.

Chairperson Slavik stressed that the impact on the park with the connection would be great, and it would help its marketability tremendously. Mr. Pawlowski agreed that it would be an asset, and said that he had two new tenants in that area and another that might be going in. Mr. Casey maintained that the lack of connection had been viewed by companies that had toured buildings as a deterrent. There were two significant companies that located in the park because they believed that the connection would go forward, and he felt the City had an obligation to them to make it happen.

Mr. Davis thought the City might have to pay for breaching limited access right-of-way. MDOT felt that if they were going to encumber the right-of-way, they should be compensated in some manner, and he thought that was the issue. He did not think they were against the encroachment being proposed; they were trying to figure out if there should be some type of payment of the Federal funding.

Mr. Ellis asked if there was any danger of the Federal approval ceasing if they waited too much longer. Mr. Davis did not think it went indefinitely, and he agreed there was a risk the longer it went.

**This matter was Discussed**

2010-0012

### Crooks Road/M-59 Interchange Update

Mr. Davis handed out another letter he had sent to MDOT. He stated that MDOT was going to bid the project this past October, but he became aware of an Oakland Press article that said MDOT was putting 243 projects on hold, and the Crooks/M-59 project was on hold indefinitely. He called a person associated who said they were going ahead with the design. He hoped that the project would be poised and ready for the second round of funding. He also handed out a copy of MDOT's five-year plan, which showed that the interchange was scheduled for

*construction in 2011. Those documents are on file in the Planning and Economic Development Department.*

*Mr. Davis said that another project in the five-year plan was a resurfacing of Auburn Road from the corporate boundary on Adams Road all the way to Dequindre. That was expected to be a three to five year fix. After that, the City would need to go in and do a more significant repair on Auburn. At the conclusion of that project, MDOT wanted the City or the County to take over jurisdiction of Auburn. They asked if the City would take over the road if they did the project. The Road Commission said they were not interested, and the City responded with a wish list.*

*Mr. Davis concluded that the Crooks Road interchange put the City in a questionable situation. They wanted to use the tri-party funding to resurface Crooks, because it was in such terrible condition, but as soon as the interchange looked like it was coming back on board, the City scrapped the plan to resurface Crooks. Now it was a couple of years later, the pavement was worse, and they still did not know if MDOT would do the interchange. In light of that, they would again talk to City Council and the Mayor to determine if they should use the remaining tri-party monies to resurface that portion of Crooks up to Hamlin.*

**This matter was Discussed**

## **OTHER NEW BUSINESS**

### **2010-0008 Request for Approval of Branding Project Funding**

*Mr. Casey recalled the difficult budget cycle, with revenues projected to decline over the next couple of years. The City was able to approve a balanced budget, but that was done because of significant cuts. The Mayor had been very concerned about assessments going forward, and was concerned that City Council would scrap the whole branding project altogether, so he put a proposal forward for the LDFA Board to consider. He would like to proceed with the project, and Mr. Casey advised that the City had entered into a contract with a company and started the branding portion recently. The Mayor would like to make the project economic development-focused, as opposed to a general branding project. The LDFA put money in the budget for an economic development piece, which was supposed to be a companion to the branding project. The Mayor would like to promote the district and the SmartZone,*

*understanding that part of the solution to get out of the budgetary constraints of the next few years would be to generate more tax dollars in the LDFA district. He would like the Board to consider funding the rest of the program. It would eliminate the need for City Council to participate, other than to do a first quarter budget amendment. The proposal would be to take \$10k currently in the budget to fund some of the project, leaving \$15k that the LDFA would have to pick up, but he reminded that at the end of each year, the LDFA had projects that went unfunded. The extra costs could be absorbed into the budget, and the fund balance would not be changed. He asked if the LDFA was comfortable taking on the whole project and becoming more involved in the process. There would be 50-55 people, including people from the LDFA, who would be taking an extensive survey to gauge impressions of the community and help the marketing company understand the brand, and the board would be involved in a lot of the decisions.*

*Mr. Damone asked if the \$50k was a one time charge, which was confirmed. Mr. Casey said they always budgeted yearly for marketing, but it was not used. Chairperson Slavik asked about the current contract, and told it was a not-to-exceed \$50k. Mr. Damone asked if printing was included, which Mr. Casey also confirmed.*

*Mr. Casey referred to a Resolution of Support for City Council that was included in the packet. It would be provided prior to the first budget amendments. Mr. Damone said he did not have an objection because they needed to have a piece to market the area. He was not sure they could create a brand in the sense of a commercial product, but he felt they needed something.*

*Chairperson Slavik asked if the logos on the city's vehicles and other places would be changed. Mr. Casey said that some of the deliverables did not include things like repainting logos on trucks or garbage cans in parks. Those would be additionally funded items in the future through the City's normal marketing effort. The LDFA might want to look at signage in the future because there were no SmartZone signs in the community anywhere to identify the district. He mentioned that in the future, the LDFA could discuss whether they wanted to fund landscaping in the median on Hamlin, to make it look more corporate.*

*Chairperson Slavik called for a motion, which was moved by Ellis, seconded by Damone:*

***Whereas, the LDFA Board has approved a budget allocation of \$25,000***



*as its share of the overall cost to conduct the Rochester Hills branding and marketing project in 2010; and*

**Whereas**, *the Mayor's Office and the Planning and Economic Development Department budgets were expected to fund the balance of \$25,000; and*

**Whereas**, *due to the current difficulties in the economy, the Mayor of Rochester Hills would like to utilize the branding and marketing project to develop materials that will primarily be used to support the City of Rochester Hills' economic development program, and market the LDFA District and Certified Technology Park; and*

**Whereas**, *the Mayor of the City of Rochester Hills is requesting that the LDFA fully fund this project; and*

**Whereas**, *the LDFA Board, as part of their meeting on January 14, 2009 received input about the branding project funding request.*

**Resolved**, *that the Rochester Hills Local Finance Development Authority supports the Administration's efforts to further its economic development objectives and agrees to fund the balance of the marketing project.*

**Be it Further Resolved** *that this Resolution of Support be sent to the Mayor and City Council prior to the 2010 first quarter Budget Amendments.*

**A motion was made by Ellis, seconded by Damone, that this matter be Accepted. The motion CARRIED by the following vote:**

**Aye** 8 - Brantley, Damone, Ellis, Slavik, Polley, Pawlowski, Mull and Berwick

**Absent** 5 - Golden, Mungioli, Winnie, Muczynski and Patterson

## **ANY OTHER BUSINESS**

*Mr. Casey discussed a potential project on Hamlin he had been working on for a while. It was a major automotive company that would bring 300 new jobs and \$30 million in investment and would occupy a building that had been vacant for about seven years. It was next to the City's property on Hamlin, and it could potentially be the first phase of a campus that would utilize the City's property.*

*The building owner and the company were very close to final lease*

*negotiations, but the company found another building at the last minute in Auburn Hills, which was newer and competitive. The older building needed about \$1 million in upgrades, and the newer building needed only \$150k. Mr. Casey wished to determine if the LDFA would agree to support some incentives he was proposing the City provide, such as adding parking, a transformer or offering a rehabilitation tax abatement, which would take a functionally obsolete building and cap the assessment of the building at its current level for up to 12 years. Any additional investment that improved the real property value would be exempted from tax collection during that time period. He suggested that they could ask the company to allow INCubator space in their building, so the City could use public funds to make certain improvements to the lobby and ADA areas, by adding office space, etc. They were also looking at a PA328, which would make their new personal property tax exempt for a negotiated period of time of two or three years, as opposed to a normal tax abatement of 12 years.*

*Mr. Pawlowski exited at 8:50 a.m.*

*Mr. Ellis asked if this would be a start up or existing company, and Mr. Casey said it was a new division of a Fortune 500 company.*

*Mr. Casey asked the Board if they were willing to consider any of the things he discussed. Mr. Ellis said that he did not mind incentives, as long as they had some sense that the company would not leave two or three years down the road. He had seen that happen in other communities in the past.*

*Mr. Casey asked the board about using a Development Agreement, which would require the company to pay the City back for expenses if they were to leave. Mr. Ellis said he would feel more comfortable with that, and he would like to see something long term and positive. Mr. Casey reminded that the responsibility of the LDFA was to ensure that the tax base of the community was maintained and enhanced. He added that the timeline for occupancy was very soon, and since the company had received a proposal from Auburn Hills several days ago, the City needed to move forward.*

*Mr. Ellis left at 8:57 a.m.*

*Chairperson Slavik asked how much latitude Mr. Casey needed. He did not think there would be an objection from the board to being a part of it. Hearing support from the members, Mr. Casey said that he just needed*

*to know that there were no objections, and he would next talk with the Mayor.*

### **NEXT MEETING DATE**

The Chair reminded the LDFA Board Members that the next Regular Meeting was scheduled for April 1, 2010.

### **ADJOURNMENT**

Hearing no further business to come before the Board, the Chair adjourned the Regular Meeting at 9:03 a.m.

Respectfully Submitted,

---

Stephan Slavik, Chairperson  
Local Development Finance Authority