



# Rochester Hills

## Minutes

### Local Development Finance Authority

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*Brandy Boyd, Michael Damone, Michael Ellis, Lois Golden, Darlene Janulis, Michael Kaszubski, Daniel Romzek, Stephan Slavik, John Stoner, Charles Thomas*

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Thursday, April 10, 2014

7:30 AM

1000 Rochester Hills Drive

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## CALL TO ORDER

Chairperson Stephan Slavik called the Regular LDFA Meeting to order at 7:30 a.m. in Conference Room 221.

## ROLL CALL

**Present** 8 - Michael Kaszubski, Michael Damone, Michael Ellis, Lois Golden, Stephan Slavik, Darlene Janulis, Brandy Boyd and John Stoner

**Absent** 2 - Daniel Romzek and Charles Thomas

### Quorum Present

Also present: Ed Anzek, Director of Planning and Economic Development

Pamela Valentik, Manager of Economic Development  
Kurt Dawson, Director of Assessing/Treasury  
Keith Sawdon, Director of Fiscal  
Paul Davis, Deputy Director of DPS/Engineering  
Maureen Gentry, Recording Secretary

## APPROVAL OF MINUTES

2014-0118 July 11, 2013 Regular Meeting

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

**Aye** 8 - Kaszubski, Damone, Ellis, Golden, Slavik, Janulis, Boyd and Stoner

**Absent** 2 - Romzek and Thomas

## COMMUNICATIONS

There were no Communications presented (subsequently, a letter from L. Brooks Patterson was handed out regarding Downtown Development Authorities).

## NEW BUSINESS

**2014-0144** Request for Election of Officers - Chairperson, Vice Chairperson, Secretary and Treasurer for a one-year term to expire the first meeting in 2015.

Upon motion by Ellis, seconded by Janulis, Mr. Slavik was unanimously re-elected as Chairperson for a one-year term to expire the first meeting in 2015;

Upon motion by Slavik, seconded by Janulis, Mr. Ellis was unanimously re-elected as Vice Chairperson for a one-year term to expire the first meeting in 2015;

Upon motion by Ellis, seconded by Kaszubski, Mr. Dawson was unanimously re-elected as Treasurer for a one-year term to expire the first meeting in 2015;

Upon motion by Ellis, seconded by Slavik, Ms. Gentry was unanimously re-elected as Secretary for a one-year term to expire the first meeting in 2015.

**Approved**

## DISCUSSION

**2013-0139** Update from Strategic Communication Solutions - John Kerr, SCS

*Mr. Anzek noted that Mr. Kerr had attended previous meetings. His firm was hired by the City to seek assistance in Lansing with legislation. SCS was also very strong in its pursuits of grants for various departments of the City. Mr. Kerr and his associates had been working very closely with Mr. Anzek and Ms. Valentik on organizing a restart of the Madison Park (former Softball City) project. Mr. Anzek advised that Mr. Kerr would give an update on the Personal Property Tax (PPT) and how it might affect the LDFA Board.*

*Mr. Kerr mentioned that his colleague, Mr. Bullard, was unable to join the meeting. He explained that Mr. Bullard was the legislative half who was on the ground in Lansing, and he had been closely monitoring and staying on top of the PPT reform issue. Mr. Kerr advised that last month, an agreement had been reached between the stakeholders and Governor Snyder's office to replace the revenue that would have been lost to local communities with PPT reform. The issue was from where that lost*

revenue would come. There was an issue that would have been placed on the ballot this August requesting that the State Use Tax be used to refund local communities for services that would be impacted by the loss of PPT revenue. Mr. Kerr informed that the solution was that the State would be on the hook for reimbursing local communities the portion of revenues that they would have lost through the Use Tax. Instead of having the locals collect it and be on the hook for putting it before their local voters (that is, having Mayors and City Councils decide whether or not it would be something they would levy), the State would be doing it on behalf of the locals. The State would be responsible for shortfalls, which would potentially be a hit to the State's General Fund.

Mr. Kerr advised that there would still be a vote in August, but this time around, there was support from the Michigan Municipal League and the Michigan Chamber. Most, if not all, local communities had endorsed the package, and for August, all parties would be championing voters to say yes. It was anticipated that the vote would pass.

Mr. Anzek added that they would have to make sure that the appropriate reimbursement was assigned to the LDFA. It had been projected at the last meeting that there would have been a loss of about \$6 million over the life of the LDFA, which was significant. At that time, they discussed not spending on things such as beautification projects or sidewalks until they understood the money situation. They would probably still maintain that until everything went through, and just continue improving the streets.

Mr. Kerr said that the other issue that was percolating was the concept behind tax capture reform. There was a trend nationally, which had happened in California, and there had been an elimination of all tax capture authorities, and revenue was being rerouted back to the municipalities. There were a few proposals in other states as well. In Michigan, it was not being considered, in terms of the outright elimination, but there was still very strong discussion about tax capture reforms, specifically to Downtown Development Authorities (DDAs). It was his feeling that it would have a trickle down affect to the other tax capture entities, including LDFAs. He noted that Eileen Kowall, Representative in the State House, had been successful about a year ago mandating that special tax revenues being collected be dedicated towards the Detroit Zoo and the DIA. There were 12 communities in Wayne County that were not paying their share of that tax that was approved by the voters to go to the Zoo. As he anticipated, that opened Pandora's Box, and got people thinking about what the other special tax capture authorities were spending their money on, and whether they should be looked at more

closely.

*Mr. Kerr advised that the Michigan Association of Counties, in particular, was looking to streamline, eliminate or somehow put down language that would give the legislative authorities the ability to capture revenue back. There had been several iterations of the legislation, and he expected it to be introduced sometime this summer. There were much higher priorities for the legislature, including transportation, but it seemed to be a hallmark piece of legislation. It was getting a lot of pushback from DDAs and local units of government, especially those who had successful models for tax capture entities working within their districts. Some tax capture authorities comprised the entire bondings for certain local communities. He referenced Commerce and Highland Township, which had been cited as having examples of DDAs that were quite expansive and did not have defined downtowns, and seemed to be capturing something that the local units felt they would be better suited to use.*

*Mr. Kerr continued that it was boiling down to some type of a showdown within the legislature in terms of what was appropriate and what was not. There would be reforms, at a minimum, towards higher accounting standards and transparency issues coming into play. For tax capture entities such as Rochester Hills, that compiled reports as they were supposed to and kept their local units informed, he did not feel they would see a lot of "heartache" and problems. Now that the PPT had reached its compromise, the other issue had taken center stage for SCS in Lansing. For clients that had successful working models, like Rochester Hills, SCS would keep them informed on where it headed. There had been working groups established, and often, when legislation like that was introduced, those working groups would include stakeholders who were impacted. SCS had been asked to come to the table and weigh in and provide feedback as to what they felt worked and what did not. SCS represented the Michigan Downtown Association, which was the State Association of DDAs, so they were directly involved in negotiations and the education campaign that was taking place to let legislators know how important those tax capture entities had been. They were tried and true models of economic development, and when times were tight with revenue sharing and declining property values, local units were looking for any sources of income in order to carry out the services they provided. It was not a huge surprise to him that they were looking at the possibility, but their message had been that it might make sense to look elsewhere because those tax capture entities had been successful in leveraging economic development, and they should continue.*

*Mr. Kerr assured that Rochester Hills' interests were represented, and if SCS saw any developments that they felt would have a negative impact on the LDFA, they would let Mr. Anzek and Ms. Valentik know right away.*

*Mr. Anzek referred to the letter from Mr. Patterson that was handed out, and he advised that it was sent to Oakland County communities to ask them to join in the opposition to a change in TIF. Mr. Anzek noted Oakland County's Main Street initiative, and advised that downtown Rochester, Lake Orion and Oxford had main street programs. He believed that there were about ten in Oakland County. He did not believe that brownfields were included, but if TIF went away, brownfields probably would too. He commented that the City was in a lot better shape financially regarding the PPT reimbursement than it was six months ago.*

*Mr. Dawson agreed that revenues were increasing again. The estimated revenues would be going up about \$71k in 2014, which would be in the 2015 budget. Last year, there was \$645k in the LDFA, and it would go up to \$716k. He noted that most of that was in the personal property side. Real estate improvements in industrial and commercial were still fairly flat, but investment in personal property was increasing. If they started to take that away in 2016 and did not reimburse it, it would have a big impact, but things were looking better. Chairperson Slavik remarked that there would be money to fix potholes, too.*

**Discussed**

## **ANY OTHER BUSINESS**

*Mr. Davis next gave an update regarding the City's road projects. He mentioned that his group was very busy, and that the summer would be very demanding on his department. There were projects that might not get a lot of publicity and were in the preliminary stages, but one that did affect the LDFA district was the 2013 Concrete Slab Replacement Program. They got a later start on that project last year because the contractor they used waited until the very end to provide certain information to the City. They had used the contractor before and never had a problem, but last year, they were ready to go with the next lowest bidder, but then the first one came through. As a result, they were not able to complete the work planned within the LDFA district in 2013. The project would be restarting very soon. He noted that the 2014 project was just awarded by City Council on April 7, 2014, and that would also move forward. That project was about \$4.8 million, and it included a lot of local road work, some work in the LDFA district and some on major roads.*

*Another \$5 million project was planned for Christian Hills. There were about five miles of water main to be replaced, and some overlay would be done. Each of the projects took a full time member of his staff to inspect. They had enough work that people would have multiple projects assigned to them.*

*Mr. Davis thought that most people would be most immediately affected by the Avon Road project. After the winter, he was not expecting the contractor to be able to get going by April 15. Last year, the frost law came off on April 15, and he thought it would go until May this year. The warm weather had caused the frost to almost be completely out of the ground. They would start to set up barricades on April 14. It was important for City Hall, because there would be one barricade on Avon Road between Old Perch and Crooks and another one by Livernois Road. That would be the first segment of the project that would eventually go from Adams to Livernois. The first segment would allow local traffic and emergency vehicles. To get to City Hall, someone could come either way - from Crooks or Livernois - but Livernois was preferred. Someone could not drive all the way through, however. The sheriff would show a presence and ticket people if they tried that.*

*Mr. Davis advised that the first segment would be under construction from mid-April to July 1st. The road would be mostly intact until the last few weeks. It would have a fairly decent driving surface through the time period, but eventually, they would have some machines that would mill the road, remove the asphalt and then pulverize some of it. They would then put 6 ½" of new asphalt down. That process would go pretty quickly, and once they finished that in July, they would switch over to the second phase, which would be to close the section between Adams and Crooks. He noted that Dan's Excavating, the biggest in the State, would be doing the work. There would be a day where they would have to do a sanitary sewer lead across Avon, and that would require Avon to be fully closed. That would be done April 21 or 22nd. That day people could not come from Crooks to City Hall; they would have to come in from Livernois. He asked the contractor to consider allowing people coming down Old Perch to be able to turn left onto Avon by moving the closure between Crooks and Old Perch east of Old Perch. Prior to that, people would not be able to turn onto Avon from Old Perch. The contractor was not obligated to do that, nor were they planning to do that, but he thought that the contractor would consider it.*

*Mr. Davis noted that in addition to Avon, the next project would be Tienken Rd. between Livernois and Rochester. That would begin in late*

*April or early May. There would be two primary east-west roads under construction for the summer, and Walton would probably bear the brunt of the traffic. Mr. Davis explained that by Pine and Winry (off of Tienken), there was a hill, and the project would try to improve site distance by cutting the hill down about five feet. That was one of the first things they would do, and it would require a total closure of Tienken. The intent was to put in some temporary paving to direct everyone towards Livernois. At the same time, a dual-lane roundabout would be constructed at Livernois and Tienken. The roundabout would look similar to the one at Hamlin and Livernois with two lanes of circulation, but it would have a slip lane. That would be for people going northbound on Livernois to go east onto Tienken. There would be an auxiliary lane next to the roundabout, but people would actually bypass the roundabout, and it would allow the right turn movement without physically entering the limits of the roundabout. He indicated that the roundabout would take a while, and traffic through the intersection would still have to be accommodated.*

*Ms. Janulis mentioned the walking traffic and the Clinton River Trail. Mr. Davis said that the Trail would be kept open all the time, but he believed that they would not keep the parking lot open. The contract specifically stated that the parking area could not be used as a staging area, however. He suggested that Mike Hartner would be the contact. Ms. Janulis commented that re-routing cars was one thing, but walking traffic entering a construction area could be quite dangerous. Mr. Davis agreed. He added that the roundabout would have pedestrian signals. They would be actuated through push buttons, and it would assist people through the roundabout. One was not installed at Hamlin and Livernois, but he did not think the pedestrian movements were the same, since the Livernois and Tienken intersection was closer to the Paint Creek Trail.*

*Mr. Davis next brought up that his group had been meeting with some other communities - Auburn Hills, Pontiac - whose water and sewer facilities were being managed by Oakland County Water Resources Commission - and Orion Township. There had been a discussion about forming a regional water authority. It was termed NOCWA for the North Oakland County Water Authority. They were trying to form the authority in order to offset future rate increases or to try to minimize what the communities collectively paid for water. Currently, each of those communities was a Tier 1 customer, meaning that they had a direct contract with Detroit. Forming an authority would make them Tier 2 customers. The authority would directly contract with Detroit, and then each community would have an interest in the authority. It would accomplish a couple of things. The City of Pontiac had water storage*

reservoirs that were underutilized. They had much more capacity than they were using. When Rochester Hills looked at a water reservoir, the residents and Council said that they wanted to save money, but they were not interested in building a reservoir in Rochester Hills. He stated that the NOCWA initiative would accomplish that. It would allow Rochester Hills to take advantage of other communities' ability to store water regionally, and it would also be a benefit regarding redundancy. All four communities would each gain something. One thing they would not give up was control of their own systems. The communities felt very strongly about their own distribution systems and having their staff maintain them. Nothing had been finalized, but there had been a lot of discussion about moving forward.

Mr. Davis said that Oakland Township was looked at, but they had not committed. Oakland Township currently had a couple of subdivisions that Rochester Hills serviced, but it was largely on a well system. Years ago, there was a project from Detroit Water and Sewer Department (DWSD) to connect the 32 Mile, North Oakland transmission system project, and Oakland Township was going to become a DWSD customer. The project was dropped by DWSD, so NOCWA could become another option for Oakland Township, and it could benefit the other communities.

Ms. Janulis commented that the Detroit Water system was a mess. There had been reports in the paper, and she indicated that it was nice that staff was looking at alternatives to help the City. She pointed out that Detroit was deeply in debt. Mr. Davis said that it was scary that the Emergency Manager had such great control of Detroit's future. There had been a lot of discussion about forming a regional authority to replace DWSD's management of the system. There was also the possibility that DWSD could be sold to a private company. At the last technical meeting he went to, someone asked the likelihood of that happening, because a private company would have to assume all of Detroit's debt. He knew there were companies in the world that were capable of doing that. He talked about one company from France that owned all of the public water facilities in Africa. He thought that they could strongly consider taking over DWSD. If NOCWA did not go forward, how the Emergency Manager in Detroit handled the water system could affect all of the communities.

Mr. Ellis asked if the State or a regional authority could condemn the DWSD and prevent private ownership. Ms. Janulis said it could not happen with an Emergency Manager, because he had way too much power. What he was going to do made people nervous. He was not touching the unions, so instead of cutting back, DSWD was looking at



*laying off over 700 people, but the Emergency Manager was not doing that.*

*Mr. Davis said that the Director at the DWSD was looking at a significant reduction in staff. Ms. Janulis remarked that it would not fix the \$5 billion debt, and Mr. Davis agreed.*

*Mr. Sawdon said that the rate paid to Oakland County for DWSD sewer or to DWSD for water was half related to debt. When they (DWSD) built their rate model, it showed that half of the money was for debt service.*

*Ms. Golden asked if they were even up to date on things. Years ago, there was a proposal to improve the sewer, and she did not think it ever went through. She had a presentation that she could email to anyone interested in the numbers.*

*Mr. Davis advised that there was another project where some of the work would be within the limits of the LDFA - the Sanitary Sewer Rehab Program. It was a program for which the City had obtained some grant assistance. It was in the southwest quadrant of the City, which was a tributary to the Rouge system. They would make repairs either to the pipes underground by lining some of the sewers or by repairing some of the manholes to remove leaky points in the system where stormwater could enter. It was a program that was on the ropes a couple of times, because they bid it twice but did not get a single bidder. The third time, they got one bidder, and they were almost in the position where they were not going to be able to use the money to do the repairs. He said that fortunately, that program should start next week. He mentioned the Saw Grant Program, and said that a lot of communities had applied for the funding. Rochester Hills had two \$1 million projects; one for sanitary and one for stormwater. They did not get selected in the first round, but it was likely that they would be selected in the fall during the second round.*

*Ms. Golden asked if the huge electrical poles on Tienken would be permanent. Mr. Davis agreed that they would not be temporary, and that they looked terrible. There was a DTE substation by the poles. Ms. Golden realized that, but she maintained that they looked pretty bad. Mr. Davis said that one criticism of the project was the poles. He hoped that the roundabout poles went over well. There would be street lighting in the roundabout, which would be similar to what had been recently redone at the roundabout at Sheldon and Tienken. Ms. Golden remarked that he should expect some phone calls this season. Chairperson Slavik considered that they lost a lot of trees and got a lot of poles in exchange.*

*Mr. Davis noted that the utility relocation on Tienken had been going on for a long time. ITC and Detroit Edison were doing a lot of line relocation and tree trimming.*

*Mr. Davis mentioned another Tienken Rd. project that, at the earliest, would happen next year, but it was already in the planning stages. He walked with the Road Commission, and Federal funding had been appropriated to the Road Commission for Tienken Rd. between Adams and Livernois. He emphasized that the road section was in terrible shape. He saw about ten smashed hubcaps through that section on the side of the road while he was walking through, and there were potholes all over. The funding was appropriated for 2017, but the City was looking at the possibility of fronting the money to make that project go next year. The Road Commission was on board, so it was possible it could happen next year. From a business owner's standpoint, Tienken Rd. had been difficult. There was the Paint Creek bridge, Stony Creek bridge, the intersection improvements at Rochester and Tienken, the Rochester to Sheldon stretch, Tienken from Livernois to Rochester and next year, Tienken from Adams to Livernois. He stated that it would be great when it was done, but every year or two, there had been a major project along that corridor. He thought that everyone would welcome the work, because it was probably one of the worst roads in the community. The Road Commission believed that every community had a road just as bad. Mr. Davis explained that from Adams to Livernois, it would be similar to the Avon project. Avon was termed a 3-R project. A 4-R project was a full reconstruction; a 3-R was a step short of that. A 3-R was restoring, resurfacing and rehabilitating. There would be more work done in really bad areas where the base might be, and there might be some intersections that saw limited widening. They were trying to design and set it up for a possible signal at Grandview and Brookwood on Tienken. That area had met warrants for a signal, but the intersection geometry would not support one currently. They could do some work to widen the intersection to accommodate a signal in the future, but for the most part, they would take out what was there and repave it. There would also probably be some intersection improvements at Adams Rd.*

*Ms. Janulis pointed out that there was a high school there, and joked with Mr. Stoner (from Rochester Community Schools) that they would start that project in September. Mr. Davis commented that creating designated right-turn lane improvements at the Tienken/Adams intersection would remove the current custom of the through and right-turning traffic, creating two travel lanes from the existing single-wide lane. He added that right-turn and center-turn lane extensions at the intersection would also*

*improve efficiency during the morning peak traffic congestion on school days.*

*Mr. Stoner advised that they were doing a study for the traffic problem there. They needed to see how far the intersection work would go, and then they would have the discussion about what the best thing to do might be. He thought that Mr. Davis probably got calls about that, too. Chairperson Slavik thanked Mr. Davis for the updates.*

**ANY FURTHER BUSINESS:**

*Mr. Anzek stated there were two fairly significant subjects that he and Ms. Valentik wished to present for discussion, and they were looking for guidance from the members. The first subject dealt with the City-owned property on Hamlin Rd. Over the last two to three months, Ms. Valentik had been working closely with a company called Plante Moran CRESA, which helped companies find property to build upon. Staff had initial conversations with a company, and they had come back for more information several times, and it was the farthest they had gotten with any company. He thought the chance was pretty good that they would get an offer in the next couple of weeks. The company brought up incentives and tax abatements. The LDFA had carried a \$750k budget item to assist or incentivize companies to locate there by holding the money for public improvements. It could not be used for private, to build a building or for a parking lot, for example, but it could be used for water main extensions, for road extensions or roadways. There was some work anticipated with the road immediately to the east, which was a private road used by the bus facility. That road was built close to public standards, and one of the thoughts was to take it over as a public road and maintain it or provide access into the City's site. There might be a need to expend dollars for that. Staff was looking for the LDFA's support to have that money available, although not spend all of it, to be able to negotiate and say that the LDFA Board was willing to put forward money to make the improvements happen. He advised that Ms. Valentik would give an overview of the company.*

*Ms. Valentik stated that the company was currently located in the Metro Detroit area. They were a foreign-owned company involved in a number of different business divisions. Their engineering and tooling was located in North America. They designed and developed automated systems that went into the automotive plants, and they had a couple of locations in Metro Detroit. The new facility would be an additional location. They had shared that there was the potential to move their North American*

*headquarters into Rochester Hills. Ms. Valentik did not have the particulars on the building yet, but they had requested environmental information, surveys and whatever the City had on the property, so their architect could start doing some schematics for what could fit on the property. The target size was about 175,000 square feet with 30% office.*

*Ms. Valentik noted that she and Mr. Anzek had the opportunity to tour one of their facilities, and they felt it would be a good use for the property. They did not see any issues based on the nature of the operation, with regards to noise and things like that. They talked with the consultant last week, and they knew that the City was a finalist. Some of their specific questions involved Staff giving them more details of what types of incentives the City could offer and what the process was to get the property under contract, because they wanted to get onto the property and do a little more due diligence.*

*Mr. Damone asked if that was the site that Magna was looking at, which Mr. Anzek confirmed. Mr. Anzek added that several other companies had looked at it, and Magna's corporate office could not make a decision.*

*Chairperson Slavik recalled discussing improving communication infrastructure along that area. Mr. Anzek agreed, and said they wanted to improve the fiber optics, and that was possibly still on the table for this company. They hoped to move 130 people in - most of their engineers. In touring their facility, he would describe their operation as similar to FANUC Robotics. They designed the systems at their facility, the customers came to the facility, the systems were built in Japan, shipped back and assembled at their facility, training was given, and then they were disassembled and taken to the customer. The forms were built elsewhere, but they were brought back and tuned up, and their engineers tweaked them to make sure they worked. The engineers actually designed them before they were built in Japan. It would not be an impactful operation, such as a stamping plant. He noted that they did all the work for GM for certain pieces, and he stated that it was a well-respected company.*

*Ms. Janulis asked if all of the budgeted money would be needed. Mr. Anzek said it was somewhat of a carrot, but it was there to be used. He felt that there would be a quick recovery. Ms. Janulis asked if there would be planting on the easement in front of the building. Mr. Anzek said that they could help dress it up. The road to the east would be considerable to them, and they would have to work closely with the folks that owned the road.*

*Ms. Golden believed that the property backed to the Clinton River Trail. Mr. Anzek agreed. Ms. Golden suggested that they could do some water improvements or something to the Trail. Mr. Anzek claimed that proximity to the Trail was something that peaked peoples' interest. Mr. Anzek talked to them about having the windows face the wooded Trail, and there were lots of other opportunities and potential. He felt that it would be a nice compliment for this ORT (Office, Research and Technology) area.*

*Ms. Golden said that if Staff was looking for feedback, she was certainly supportive. She was very familiar with the whole property issue, which was years old. Mr. Anzek said that Mr. Dawson had given Staff a number of what they could expect in today's market for an industrial/ORT sale. Mr. Anzek noted that Mr. Ellis was an appraiser, and he asked Mr. Ellis what he thought the land was worth per acre.*

*Mr. Ellis said that he really did not know about today, but he knew where it was a few years ago. Everything had contracted, and things were picking up rapidly in the industrial sector. He had not seen enough land sales or had to look for them. Mr. Anzek said that the City had floated a per-acre number. They had been told by others that they were in the ball park with that number. Assessing had offered a number also that was in the range, so they had some room to work with. If the property was sold and the monies returned back to the Water and Sewer Fund and the City gained taxes over time, the company would be bringing 130 high-paying jobs. Those folks would buy homes and locate in Rochester Hills and send their children to the City's schools, which was all part of the economic development strategy. He reiterated that it was a good company, and Staff was looking for the Board's input regarding being able to negotiate with some LDFA money.*

*Ms. Valentik asked what range the Board would like Staff to consider. She knew that number they had in the budget, but she wondered where the Board was comfortable. Ms. Janulis said that was why she had asked what the City should be looking at, because she did not feel it would be right for her to pick a number that she was comfortable with, when that would not be enough to complete the road project, for example.*

*Ms. Valentik felt that they could identify some potential costs for items that could be done on the property that would meet the public requirement. Ms. Janulis indicated that she would like to see some type of beautification project, too. Planting some trees might be a carrot and*

would be something the company did not have to worry about, and it would not be too expensive.

Mr. Anzek suggested that Staff could relay to the buyers that the LDFA was supportive of incentivizing their project with some available dollars. He recalled that the area was included in the LDFA when the Plan was amended in 2006. He stated that it would at least get the dialogue going. Ms. Janulis asked if they should put something in a formal motion. Mr. Anzek commented that motions never hurt and were good for the public record, and Ms. Janulis moved the following, seconded by Mr. Ellis.

**MOTION** by Janulis, seconded by Ellis, that the Rochester Hills Local Development Finance Authority hereby directs the administration to move forward with some budget items to present to the LDFA that would promote the sale of the Hamlin Rd. property.

Voice Vote: All Ayes  
Nays: None  
Absent: Romzek, Thomas

**MOTION CARRIED**

Chairperson Slavik asked if that could include making the road that went to the bus facility a boulevard. Mr. Anzek said that Mr. Shumejko of DPS/Engineering advised him that when it was built, the road did not quite meet public standards. Mr. Anzek was not sure if it would be worth rebuilding. They might have to build access off of the road. Chairperson Slavik thought that if it were turned into a boulevard it would be an incentive. Mr. Anzek agreed if it were wide enough, and if it was worthy of doing. They had to be careful about bus and truck turnings.

Mr. Davis said that he did not have much of a chance to talk about the proposal, and it sounded as if it was coming pretty suddenly. He said that the site had been used, the last couple of years, as a batch plant, and he had gotten one or two requests from contractors to use it this summer. Mr. Anzek noted that Mr. Schneck (Director of DPS/Engineering) had talked with Staff about it. Staff told Mr. Schneck that something could be very close, and they were not sure they could let someone use it for a batch plant. Mr. Davis related that the contractor doing the concrete repair program wanted to use it. Mr. Anzek said that the company wanted to occupy by December 2014. Mr. Davis remarked that they had heard that before. He said that if Mr. Anzek felt it was something that was definitely more likely, he would have to talk further with Staff. Mr. Davis said that it would be a shame to yet again have something not go through. Mr. Davis said that they needed to know because their DPS crew had

*been filling the property with material, and if they needed to stop that, he needed to know.*

*Ms. Golden asked Ms. Janulis if she would mind adding to the motion that it would be subject to review of estimated costs. Ms. Janulis said that the motion was just directing Staff to come back with budget considerations that would promote the sale. It was giving Staff permission to do the work. They could not negotiate a dollar amount without an approval by the LDFA. Ms. Golden said she was fine with that.*

*Mr. Ellis asked Mr. Anzek if he would like some information about what land had been selling for elsewhere. Mr. Anzek said that Mr. Dawson had been tracking it. Mr. Anzek said that the company loved the location, and they told him that they had spent two years looking at every foreclosed property and available building in southeast Michigan, and none of them worked for what they wanted. They decided they had to custom build, and they started looking for land. They wanted 18 acres, and the City's property was 15.5. They liked it so much that they would make their building work, even if they had to downsize. Mr. Ellis stated that it would be a business decision, not a value consideration. Mr. Anzek said that the company's contacts were insistent in finding out how they should submit an offer to the City. It would be done through an attorney-client privilege at first, and Mr. Staran (City Attorney) had been involved.*

*Ms. Valentik said that last week, the company asked for permission to go on the property and do soil borings, and Staff decided that they had to talk more about the company's seriousness and if they needed a purchase agreement before they allowed the company to go on the property and start borings work. Ms. Valentik felt that they were serious, and that they really wanted to be able to go on the property. Mr. Anzek said that he realized it put Mr. Davis in a bind with his contractors, but Mr. Anzek said that he felt really good about this proposal. It had gone to the second and third levels of discussion, which was the furthest they had gone with any other company. If someone started a batch plant, they could be told at the beginning that they might have to get rid of it shortly.*

*Mr. Davis said they could word something that way. It would give the City the right to give notice about vacating the process. Ms. Valentik said that it was her understanding that a contractor still had items from the last project on the property. Mr. Davis agreed, and said it was because they were expecting to use it, although it would be a couple of weeks before they were ready to get going.*

*Mr. Damone said they could have an agreement where someone had so many days to vacate the property, but he would be a little concerned if they put in a batch plant and that impacted the ability to do due diligence on the property. He would want to make sure that a prospect had the ability to do a due diligence evaluation. If the batch plant was there, even if it went away within 30 days' notice, it might impact that ability.*

*Mr. Anzek said that it would be something they would have to keep discussing. He thanked the LDFA for its support and moved to the next topic, the former Softball City site at Adams and Hamlin.*

**FURTHER BUSINESS (Former Suburban Softball Site at Hamlin and Adams):**

*Mr. Anzek said that Staff and SCS were trying to organize all the parties involved with this site to get it ready for productive land use. They had started the discussions, and Mr. Kerr and Mr. Bullard had met many times with Schostak's (a partner) representatives. They talked about the City's needs and what the Schostak people's desires were for the property. A couple of years ago, Dr. Russi, then President of Oakland University and L. Brooks Patterson, Oakland County Executive, floated the idea of Medical Main Street, which focused on spinoffs from OU's medical school. That was still a market potential. Schostak had an inquiry from Henry Ford about building a children's hospital. Ms. Valentik knew of three companies that were looking for a large enough place to re-establish all their businesses onsite. They were primarily industrial users with design and R&D components, which would be ideal for that site.*

*Mr. Anzek stated that there was a lot that had to be done in terms of revising the Consent Judgment, getting a 381 Work Plan, the environmental aspects, etc. They were leaning toward construction on pilings instead of removal of the soil. That had been done around the country, and it had been very successful in dealing with landfills. Roads and lightpoles would be on pilings. In its marketing materials, Schostak advertised primarily office and medical for the site. They were moving away from a lot of the retail discussed earlier, and the retail would include things such as supporting restaurants for the employees or an office supply place. He commented that it was starting to get some legs under it, and that Schostak was spending some money on it. They were hiring people to develop work programs. Mr. Anzek told Schostak that the City would like to be as supportive as it could on a public-private partnership. There was a lot for the City to gain with jobs. Schostak would like to have*



*taxable entities to help pay for the cleanup and pilings to make the construction work. If there were a hospital system, it could be done through a lease where taxes would still be paid to capture brownfield incentives. He indicated that there were a lot of variables. Mr. Kerr was working a lot on it, providing assistance and guidance to Schostak. Mr. Anzek said that it was not in the LDFA area, but it was immediately adjacent. He recalled the M-59 Corridor Study done about four years ago, which showed the extension of Industrial Dr. to swing up through the Suburban Softball site to Hamlin. Schostak thought that was great. Schostak indicated that they wanted to get the site shovel ready (infrastructure built, water and sewer in) to be more attractive to prospective companies. It might be a company that needed ten or 20 acres, or it could be one that was larger. Schostak had talked with a company that wanted to build a 300k square-foot complex.*

*Mr. Anzek asked the Board about amending the LDFA Plan to include the Suburban Softball site. The extra monies would go towards brownfield remediation, but they could perhaps use some of the LDFA money as assistance to build a public roadway. It might be too expensive to build a road on pilings for the City alone, but with a partnership, incentives would help move things forward. A cleanup would still be around \$30-40 million. He asked the Board about working with Schostak and using LDFA money. He added that with the Mayor's support, the City had provided its environmental consultant, ASTI's, assistance at its cost.*

*Chairperson Slavik asked if there was additional sewer work to be done. Mr. Anzek said that initially, the sewer was at capacity. Mr. Davis said that had changed and capacity was being opened. Mr. Davis added that it was related to the work going forward in the Clinton-Oakland district. The City of Pontiac's wastewater treatment facility would be utilized. Any flow that was upstream from Rochester Hills would be directed to that. That would free up capacity in a downstream system that Rochester Hills was tributary to.*

*The City had signed a new contract that had reallocated the purchase capacity in the system that made it larger, and the City had the ability to handle more from the Softball site than was originally planned.*

*Mr. Davis asked Chairperson Slavik if he was talking about storm sewer. Chairperson Slavik thought that there was sewer work underneath the site that had to be done. Mr. Davis said that if it was storm sewer, it was private.*

*Mr. Anzek said that there was a supply line out of the MDOT corridor, and*

*when they reworked part of the interchange, a lot of the stormwater was taken care of. Mr. Davis said that the pipe was suspect. He said that there would be utilities built with the project - that infrastructure was not in place to service the proposed buildings.*

*Mr. Damone said that in his opinion, it would be a speculative project in the sense that they did not have specific users. If he were going to make an investment in any of the infrastructure, he would make it subject to Schostak giving a definitive takedown level for the land they had to close on every so often. Otherwise, the infrastructure could be in, but if they could not make the project work, the City would be stuck with an infrastructure that might not be feasible for the next user.*

*Mr. Anzek asked if Mr. Damone was suggesting that the City do a tieback for the user, that is, the City would not pay upfront but pay later after the user was there. Mr. Damone said that he was talking in a philosophical way. If there were funds the City had to use, if it was tied to a specific timeframe, where the developer had to purchase parcels, the City would be assured of getting its investment back. He would not be in favor of just putting infrastructure there.*

*Ms. Janulis said that along the same lines, if it was developed for a tenant and that tenant fell through, she would wonder what they would be left with. It could tie their hands with regards to having someone else come in and doing something different. Mr. Damone agreed that it might not fit the next user. Ms. Janulis indicated that it did not mean that the LDFA could not direct administration to put numbers together and know its budget, so that if the user reached a certain point, the City would know whether it was worthwhile to finish it.*

*Ms. Boyd clarified that Staff was looking for support to add that site into the LDFA Plan.*

*Mr. Damone said that there had been some comments made about brownfields. He asked if the City could apply for brownfield tax credits without having a user in hand, to be able to do mitigation in advance. He wondered if brownfield credits had to go to a user. If the City could get them, he questioned whether that would preclude the user from getting them.*

*Mr. Anzek was not sure how that would work. Mr. Kerr said that the City could apply for site investigation and remediation dollars, which he believed they had done in the past. Oakland County had an allotment of*

*those types of due diligence monies. He did not think that Rochester Hills was a core community, however, which was recognized by the MEDC (State) and DEQ to provide brownfield tax credits to help repay infrastructure costs for a specific investment amount. That would constrain Rochester Hills from being able to apply for those incentives. The City did have the ability to capture taxes through TIF (Tax Increment Financing), potentially, to help offset some costs.*

*Ms. Golden said that she agreed with the comments made in general. There were still a lot of things on their list, and she was concerned about what other projects might be in jeopardy if they used funds. Based on the limited information they had, she felt that they could only approach it philosophically.*

*Mr. Damone encouraged that Staff continued. They could continue but recognize what kind of requests were being made by the potential developer, who might be looking for financial help to do something but was not willing to commit to buying the land at some point in time. He indicated that it was an exploration.*

*Chairperson Slavik asked how they would make the connection for Avon Industrial, or how the connection would be made if someone went down to the end of the cul-de-sac. He wondered if part of Ajax's land would have to be purchased.*

*Mr. Anzek said that years ago, Ajax bought the retention basin. REI was the original developer for Softball City (they submitted a proposal called Madison Park). They brought in Schostak as a partner later. REI was going to move Ajax's operations back. The City would have to work from the end of the cul-de-sac to bring the road up to Hamlin. The actual routing would be determined, but it would be very advantageous to be able to get to the Crooks and M-59 interchange. One of the costs involved for REI was moving the Clinton River Trail, which MDNR approved, although that might change with the new plan. The Trail went through a 20-foot ravine, and it would be more open if it were moved. LDFA money could be used to move the Trail and be part of the negotiations.*

*Mr. Damone asked if Ajax was formerly owned by the lafrates. He asked because the lafrate family was no longer involved with the lafrate company. He suggested that the lafrate family might have been willing to work with the City, but they were no longer involved in the project. Mr. Anzek could not recall who was there before J.B. Jacobs, who owned Ajax.*

*He believed that Ajax owned the Grand Sawka property, and that Ajax and Grand Sakwa became partners.*

*Ms. Janulis asked Staff for clarification about exactly what they would like from the Board. Mr. Anzek asked that they be able to go back and represent that the LDFA was favorable of expending some monies, yet to be determined, based on the project. Staff and the LDFA would want to know more information. He noted that the LDFA could expend monies for a project not in the LDFA district if it would support jobs. Mr. Ellis asked if they needed a motion, or if they could just direct staff to get more information, and once they had something tangible, they could make decisions. Ms. Janulis suggested that the motion could say that the LDFA was under serious consideration that they would be willing to work with the company, and that would convey that it was not just a notion or idea. Mr. Anzek said it should be clear that the LDFA wanted good jobs and a quality development*

***MOTION*** by Janulis, seconded by Boyd, that the Rochester Hills Local Development Finance Authority was interested in moving forward and including the former Suburban Softball City site in the LDFA district to help promote jobs and quality development, pending further discussion and Staff bringing budget considerations back to the LDFA.

Voice Vote: All ayes  
Nays: None  
Absent: Romzek, Thomas

**MOTION CARRIED**

*Chairperson Slavik stated for the record that the motion had passed unanimously. Mr. Anzek said that he and Ms. Valentik would work on some numbers. Ms. Janulis added that they could put a value to it after looking at the whole project. Mr. Anzek also noted that the work could be for offsite improvements.*

*Mr. Ellis asked who the property was titled under. Mr. Anzek said that it was still under REI/Madison Park. Mr. Ellis indicated that Schostak had very good experience with problem properties like that.*

*Chairperson Slavik asked if they were testing the site. He noticed that they had loaded some sites. Mr. Anzek explained that they had put dirt on at a height that would equate to the weight of the base and parking lot, and they were monitoring the settling over time. They were going to keep the monitoring current. They would have to do the structures, lightpoles, utilities and roads on pilings, and parking lots would either be floating or*

*have new asphalt until it settled.*

*Mr. Ellis mentioned that there was a parking lot in Waterford, and it sank into a bowl and they kept refilling it time and time again. It did that because it was put on wetlands, and he commented that it looked like a continual asphalt sinkhole.*

*Mr. Anzek thanked the members for their support.*

*Chairperson Slavik asked if there were any other issues to bring up. Mr. Anzek said that Staff might call a special meeting if something came up with the City-owned property.*

## **NEXT MEETING DATE**

Chairperson Slavik reminded the LDFA Board that the next meeting was scheduled for July 10, 2014.

## **ADJOURNMENT**

Hearing no further business to come before the LDFA Board, and upon motion by Ms. Golden, seconded by Ms. Boyd, Chairperson Slavik adjourned the Regular LDFA Meeting at 8:55 a.m.

Respectfully Submitted,

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Stephan Slavik, Chairperson  
Rochester Hills  
Local Development Finance Authority

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Maureen Gentry, Secretary