

**BIRMINGHAM TRIANGLE DISTRICT
CORRIDOR IMPROVEMENT AUTHORITY
MINUTES OF FRIDAY, JANUARY 20, 2017**

Municipal Building Commission Room #205
151 Martin, Birmingham, Michigan

1. Call to Order by City Commissioner Stuart Sherman at 8:30 a.m.
2. Roll Call:

Present: Kip Cantrick, Jr.
Curtis Hays
Stuart Sherman
Robert Ziegelman

Absent: J.C. Cataldo
Edward Fuller

Others Present: City Manager Valentine, Planning Director Ecker, Finance Director Gerber, Recording Secretary Salutes

3. Approval of Minutes from October 19, 2016

MOTION: Motion by Mr. Cantrick, seconded by Mr. Ziegelman
To approve the minutes of October 19, 2016 as presented.

VOTE: Yeas, 4
Nays, None
Absent, 2 (Cataldo, Fuller)

Motion carried 4-0.

4. New Business

- a. Review of discussions with Oakland County regarding Tax Increment Financing ("TIF") participation

City Manager Valentine recalled at the last meeting the Corridor Improvement Authority ("CIA") talked about the contract language which is becoming more and more restrictive for the City in terms of tax capturing.. Language was proposed which the authority thought was amenable to getting the deal done and moving it forward. However when it got to the County the Budget Task Force of the County which is comprised of the Deputy County executives was not in support.

He then attended a meeting where he had the opportunity to talk with Deputy County Executive Robert Daddow who basically told him they are not supportive. Subsequently Mr. Daddow talked to his budget team and listed their concerns.

Finance Director Gerber has run numbers based on what the County is proposing. The TIF Plan for the Triangle District that was initially adopted by the authority proposed that the City would have a \$9.8 million capture for the total project which is about \$38 million total for the two structures. The County contribution at that point was about \$2.2 million. After the City adopted the plan there was a transition at Oakland County and TIFs were shifted from the Equalization Dept. to the Economic Development Division who then said the City would have to comply with their new guidelines. That changed the capture from 100% maximum capture to a starting point of 50%. If certain criteria were met the City would then be eligible for 75%. The City met that criteria and the County asked them to revise its table to the 75% capture so they could review that and then participate at that level.

The revised table shows a total capture of \$7.6 million with the County contribution of \$1.6 million.

Two years later the County has again changed the terms, wanting a 10 year capture starting with the present and going forward to 2026. Based on what that provides, the City is down to a total \$1.2 million capture with the County contributing \$257 thousand.

So the question at this point is how the authority wants to proceed with this, given the significant reduction in the anticipated capture. With that, City Manager Valentine added that last week he had the opportunity to talk to Deputy County Executive Matt Gibb at a function and Mr. Gibb indicated they still want to make it work and he is looking forward to having more discussions. Then yesterday he received a call from the Economic Development Dept. requesting that a meeting be set up between City Manager Valentine, the City Attorney, the Chair of the CIA, Deputy County Executive Matt Gibb, Dan Hunter from Economic Development, and their legal counsel. Dates for that meeting are being worked on.

The only thing that was offered yesterday was that the County has worked out a deal with Oak Park and the terms of that deal may be helpful to Birmingham in order to finalize the deal. So, there might be the opportunity to try and advantage this position some.

It was discussed that the County's motivation may be they are reluctant to participate in the loss of the initial revenue. In response to Mr. Hays, City Manager Valentine responded there are other areas the City potentially misses out on if the County drops out. Oakland County Community College and the Parks will opt out if the County drops out (another \$94 thousand). There is pending legislation to allow libraries to opt out on

TIFs. That might be another \$85 thousand if the legislation moves forward. However, Birmingham has a little leverage there because it would be up to the Birmingham Library Board whether to opt out.

Mr. Ziegelman commented that after all these years the rug is being pulled out from under the City. City Manager Valentine noted that as much as it is a tool from an economic development standpoint to add value in the future, the County is not really inclined to enter into this. The other issue is the County doesn't really want to go down this path without shovel ready projects.

City Manager Valentine went on to explain the TIF is only one mechanism that could help to provide some funds for the project. Originally, the City was looking at almost \$9.2 million and there was an advantage to that. Now they are looking at \$1 million, which is a half of 1% of the total \$38 million, and that doesn't make as much sense.

City Manager Valentine noted the City hoped to follow the TIF Plan which was land acquisition, surface parking lot, establish reserves and then build the structure. However at this time, the County has once again sought to amend the contract language, and is now asking to limit their contributions, and to require that one or more parking structures are constructed within a 10 year period or their tax contributions will be refunded to them, despite the fact that the approved TIF Plan operates over a 40 year period. If the County was going to hold them to the 10 year proposal for one structure, the City tried to amend the language to say that the physical structure wouldn't be completed by 2026, but would be substantially initiated by then.

City Manager Valentine thought that since the County reached out to them yesterday, the City should continue that dialogue and see what they have to say. Then any changes can be reported back to the CIA. It was pointed out that the City has now missed out on a substantial amount of capture from a couple of major developments because of the delays caused by the County.

Discussion considered whether the numbers being talked about are worthwhile pursuing. The Finance Dept. will have a lot of detailed reporting requirements. The administration becomes quite detailed over the course of 10 years for the amount of money involved. Commissioner Sherman indicated his personal view is that \$245 thousand is not worth the effort. If this does fall apart there are opportunities to make sure the County is aware of how dissatisfied the CIA is with the way they approach things. That will have more of an impact than just walking away.

Mr. Hays indicated he is ready to move forward without the County and Mr. Cantrick agreed. Commissioner Sherman stated that the value has been lost by their delay. Ms. Ecker noted just the delay alone has cost about \$250 thousand because of the development that has occurred in the last two years that the City could not capture

through the other entities. Commissioner Sherman added it is not only their \$250 thousand, but the City has probably lost about \$6 or \$7 thousand over this time period. Mr. Mays said that by the City continuing to delay it loses more than it would gain from the County and that doesn't make any sense.

Commissioner Sherman summed up the discussion by pointing out there seems to be consensus among the group about how to move forward.

On another subject it was noted that Mr. Saroki has resigned from the authority and therefore there is a vacancy that needs to be filled by another property owner. Even if the TIF doesn't move forward there is still work for the CIA because a parking deck is needed in the Triangle District. This is just one mechanism to fund it and the authority will have to come up with others.

5. Comments from the public (no public was present)
6. Adjournment

The meeting adjourned at 9 a.m.

APPROVED