

**CHARTER TOWNSHIP OF COMMERCE
DOWNTOWN DEVELOPMENT AUTHORITY
Tuesday, January 20, 2015
Commerce Township Hall
2869 Pontiac Trail
Commerce Township, MI 48390
12:00 p.m.**

CALL TO ORDER:

The Meeting was called to order by Chairperson Gotts at 12:00 p.m.

Downtown Development Authority:

Present: Kathleen Jackson, Director
James Gotts, Chairperson
Dan Lublin, Vice Chairperson
Jose Mirkin, Member
Brian Winkler, Member
Mark Stacey, Member
David Smith, Member
Tim Hoy, Member
Tom Zoner, Township Supervisor

Also Present: Thomas Rauch, DDA Attorney
Vanessa Magner, DDA Secretary
Matt Schwanitz, Giffels-Webster Engineer
Terry Carroll, Community Development Director
Randy Thomas, Insite Commercial

Absent: Susan Spelker, Member (excused)

Item 1: Approval of Minutes

MOTION by Stacey, seconded by Lublin, to approve the Regular Meeting Minutes of December 16, 2014 as written.

MOTION CARRIED UNANIMOUSLY

Item 2: Public Comments

None.

Item 3: Director's Report

Director Jackson gave an update. In the past month with the holidays there has been a bit of a break in the action, but several items are progressing. First, she met with a sign company regarding branding and wayfinding for the development area. A stakeholders meeting will be held soon with the Aikens Group, Shapiro, Granger and Hunter Pasteur to obtain their input on what they would like to see as far as the signage and the streetscape improvements such as benches, street signs, et cetera.

The Planning Commission tabled the 3rd Amendment to the PUD. There were some questions brought up at the last meeting by the Shapiro group and therefore it was requested to be tabled until February.

The Oakland County Economic Development Group has started a new program called Tech248 and information is included with the packet. The County has been broken up into 5 districts and they're trying to facilitate some of the high-tech companies. They gave every community a listing of their high-tech companies; Commerce has 108. A lot of these companies are small, 2 to 3-person outfits, working from their houses and so-forth, but there is a real need for

networking and sharing of information so Director Jackson has been attending the Tech248 meetings.

The hydrological study is underway.

There were no MTT judgments.

The Kroger located in the DDA area is set to go before the Planning Commission in February at a special meeting. This is a marketplace. There is one in Shelby Township, so this will be the 2nd one in the state. It's 123,000 square feet as opposed to the larger store on Union Lake Road in Commerce. This will be located just north of the Hiller's shopping center.

Tom Rauch, Matt Schwanitz and Director Jackson have been working with Nationwide Insurance to come up with coverage information. That will be brought back to the Board for review.

Mark Stacey inquired about a new home put in on Pontiac Trail, just east of Welch which was a manufactured model. He asked if this was being allowed in the district. Director Jackson was unsure what home he was referring to, but currently there aren't any standards addressing that. This just went for a building permit; however, Terry Carroll stated that he was not familiar with the request. Director Jackson added that there is nothing that precludes a manufactured house. Stacey was surprised to see that type of a home.

Director Jackson added that Zerbo's may also go before the Planning Commission in February, which is similar but different from the Zerbo's in Livonia. That is a banquet center, grocery store and they have some holistic, health-related offerings. This is about a 60,000 square foot building and the proposal is currently under review.

Item 4: Attorney's Report

DDA Attorney, Thomas Rauch, stated that the past month was quieter due to the holidays. Staff and counsel have been working closely with Jim Galbraith on the Unit 5 development pertaining to due diligence and obtaining permits. There are some title issues that continue to be addressed and should hopefully be resolved soon.

There is an agenda item for the Buckeye Pipeline License, which is a request for a temporary easement. This has also been worked on by counsel and a representative is present from the pipeline company to address the request.

Work also continues on finalizing of the Granger and HP1 transactions.

Item 5: Engineer's Report

Matt Schwanitz, Giffels Webster, reported that they have been assisting Jim Galbraith's group in their permitting process with the Road Commission and the DEQ. Both of those seem to be on a pretty good track, especially the DEQ. They've also been assisting Kathleen with all other transactions, questions of title, et cetera.

The hydrological study on HP2 is progressing. Matt believes they have all their monitoring wells and pits in place now. John Lamb should be sending in a preliminary report soon which will be Stage 1 of 2. The second stage will occur in the springtime with the snow melt and rain runoff which will potentially be the higher of the two levels when compared.

Item 6: Committee Reports

- A. Finance Committee – Mark Stacey stated that it has been a quiet month, however the coming month should be getting back to work on new numbers and summing up calculations based upon the recent activity. Those updated status figures can be presented to the Board within the next 60 days.

Dan Lublin inquired about funds received from the sales and asked if they would pass back to the Township Treasury, or do they remain in the DDA account. Mark Stacey replied that currently all funds are in the DDA Account.

- B. Public Relations Committee – Jose Mirkin stated that the Committee is pursuing the same activities mentioned at the last meeting, including the 2015 Rotary Carnival, and The Walled Lake Schools K-12 Art Exhibit. The Art Exhibit is scheduled for May 18th through the 21st; Inside Out, the DIA program, is to be involved with this event by bringing in reproduction masterpieces to the Township Hall. A meeting is scheduled on March 18th with the art teachers. Jose gave a review of a letter received from the DIA addressing other programming opportunities available to the community, including free senior trips to the DIA, and a fully mobile interactive classroom offering a program called "Think Like An Artist" which is housed in a trailer that can be brought to Commerce. This class teaches students digital art techniques. Jose proposed going before the Township Board to notify them of the opportunities available with the DIA and the DDA members were in support.
- C. Marketing Committee – David Smith deferred to Randy Thomas.

Item 7: Insite Commercial Report

Randy Thomas distributed the update and provided an overview of the properties to the DDA board members. He also provided the marketing brochure that Aikens is using for promotional purposes to attract anchor tenants.

Parcels A & H – This property is under contract with M. Shapiro Development and the developer is in due diligence period and has waived the vast majority of site due diligence with the exception of storm water retention on the western part of the property, which is currently under DEQ and engineer review. Developer was granted an extension of the due diligence period for determination of the DEQ and traffic study. DEQ issues, per Developer, are currently being worked out.

Parcel B 1– Property is currently under contract with Robert B. Aikens. The DDA development was highlighted at the NY ICSC at the Aikens booth and there seems to be interest from a vast majority of retailers that want to get out of the expensive mall locations.

Parcel B 2- The DDA closed on the +/- 14 acres on December 2, 2014. Developer will be sending over development schedule, which will be passed along to the DDA Board. Granger anticipates breaking ground, subject to permits, in February or March of this year.

Parcel C - Pontiac Trail/Haggerty Road – This property is back on the market and has shown a recent uptick in inquiries, however no offers have been tendered yet. There is potential with a developer looking to build a restaurant and the Board will be kept advised.

Parcels D & E – The property is under contract with Hunter Pasteur. Purchaser has commenced initial site due diligence. Geotechnical studies are being conducted concerning the high water table on site and due diligence extension has been granted until June 15, 2015.

Parcel F- Offer received by developers for \$5.30 PSF, based on the 3.9 acres, equals \$900,385. Offer has been tendered. Developer is to provide a better understanding of what is being proposed. Site plan has been received. Will be further reviewed with DDA director and Marketing Committee.

Parcel G – DDA has closed with the Hunter Pasteur as on August 7, 2014. Construction is underway.

Parcel I – Have received a limited number of inquiries. California Closets is now considering moving their entire showroom and facility to this parcel. In discussions and waiting to see if an offer will be tendered.

Parcel J – S/W corner of Oakley Park and Haggerty – A restaurant owner has expressed interest in looking at the eastern portion or the hard corner of Oakley and Haggerty. He's been provided all the information and will be following up.

Parcel K – As of this report there have been no significant discussions with adjacent property owners or otherwise on this .5 acre parcel.

Randy concluded his review with a discussion regarding marketing efforts and pricing of parcels. He will meet with Director Jackson to discuss recommendations and then follow-up with the Board.

Dan Lublin inquired about Parcel I and wondered if it was strictly commercial or if it was also industrial. Randy replied that it is not a huge manufacturing facility. They store materials, have their corporate offices and showroom, along with some assembly and cutting, but it is not heavy manufacturing.

Item 8: Buckeye Pipeline License

Attorney Rauch explained that the document forwarded to the Board Members is a request for the DDA to permit a license, a form of permit that the Buckeye Pipeline Company uses which allows them to temporarily occupy and store their equipment and materials onsite while they relocate the pipeline that runs north and south along the Haggerty Road right-of-way.

Burke Warrick of the Buckeye Pipeline Company was present and gave a review. He explained that the County is widening the road and requires that the existing pipeline be moved to a much deeper depth. The license request is primarily for the temporary workspace and staging area. The two properties affected are owned by the Township/DDA, and by Precision Coating. They will be drilling to relocate the pipe to a depth of 80' and they will tie in each end of the project upon completion. He clarified that the work only impacts the right-of-way and answered related questions regarding the project and the easement.

Attorney Rauch and Chairperson Gotts discussed any potential impact on the HP property and the panhandle parcel, Unit 2; however the license speaks to this and it should not interfere with due diligence in any way.

Mark Stacey inquired about fencing off the property and protecting the equipment. Burke Warrick stated that fencing may occur because equipment will be stored there, but he would have to verify that information. Mr. Warrick assured the Board Members everything would be restored to its original state upon completion of the pipeline relocation.

Mr. Warrick responded to additional questions by Dan Lublin and David Smith regarding depth and distance, the fact that the pipeline runs parallel to the roadway, boring techniques, and the fact that the easement agreement does not change the original route of the existing pipeline.

Mark Stacey initiated discussion on the pricing in the agreement of \$25,000. Director Jackson referenced a previous similar agreement and the related compensation from a concrete company for comparison.

Attorney Rauch requested a resolution approving the documents as presented to the DDA Board and explained that Mr. Burke could sign the documents today after the meeting upon approval.

MOTION by Smith, seconded by Stacey, to make a resolution to approve the documents as presented to the DDA Board for the Buckeye Pipeline License.

Discussion -

Brian Winkler discussed any potential bond to ensure restoration of the property.

Attorney Rauch explained that the insurance certifies that both the DDA and the Township are listed. He added that the Buckeye Pipeline company is a substantial entity, they will not be doing anything other than sitting on the property temporarily, and therefore there is no provision to have them provide a bond to repair anything.

Dan Lublin inquired as to whether borings had been done. Mr. Warrick replied that test borings had been done on both sites to see the soil.

MOTION CARRIED UNANIMOUSLY

Item 9: Irrigation Update

Director Jackson gave a review. She and Tom Zoner had met with Mike Rennie of Michigan Automated Sprinkler and he provided a more in-depth analysis of the system. Approval was previously given for the analysis not to exceed a cost of \$30,000, but that figure has gone up due to the need for additional work.

Supervisor Zoner delivered a presentation to the Board, reviewing the irrigation system in the DDA area on a map and explaining in detail the repairs and installations that would be necessary to get the system functioning as required. There are currently 40 zones, and upon completion, there will be 70. He also addressed maintenance of the system which Mike Rennie had proposed at \$400 per month. Supervisor Zoner discussed the maintenance agreement at length and he was in favor of it. Director Jackson elaborated on the services provided with the maintenance plan, such as walking the property monthly to inspect all equipment and ensure it is functional. David Smith asked if replacement parts would be extra, in addition to the \$400 per month contract. Supervisor Zoner explained that parts would be an additional cost, but warranties may cover some of the expenses initially.

Chairperson Gotts discussed the maintenance responsibilities in accordance with the RCOG agreement. David Smith added that the responsibilities will eventually transfer to the condo association. Attorney Rauch stated that the DDA is responsible for its portion until all of the property has been sold. Discussion continued regarding the allocations of these expenses and responsibilities, including the fact that the current developers each own 9%, and the DDA owns 82%.

Supervisor Zoner reviewed the potential timeline for the project, which could be done in the spring and timed accordingly around lawn cutting. He clarified that this would complete the irrigation system for the Martin Parkway thoroughfare. Dan Lublin inquired about the individual subdivisions and whether or not they might tie into this system. Supervisor Zoner anticipated that the developers of the subs would likely want to hook into their own water line system. The DDA irrigation is tapped into the return ponds.

Discussion continued regarding the transfer of responsibilities to the HOA, irrigation of the roundabouts, huge surface areas that were never irrigated, installing conduit and the additional 30 zones, the use of drip tubing, protecting the integrity of the DDA's original investment, potential litigation with the previous contractor, contract negotiations, the available water table and water supply along with its adequacy, the capacity of the pumps, metering, and the inclusion of rain sensors in the irrigation system.

MOTION by Stacey, supported by Hoy, to amend the approved Irrigation System contract with Michigan Automated Sprinkler, with the inclusion of rain sensors, with the contract cost not to exceed \$55,000.

MOTION CARRIED UNANIMOUSLY

Item 10: Approval of Warrants, Add-ons and Wire Transfers

MOTION by Stacey, seconded by Mirkin, to approve the Warrants, Add-ons and Wire Transfers.

Discussion -

Mark Stacey inquired about an invoice item.

Director Jackson explained that it related to the overall traffic study, preparation of a cover letter and a conference call to discuss the results of the study.

Mark Stacey also inquired about the storage building on the Shapiro property, when the contents might be removed, and the related alarm system expenses.

Director Jackson replied that Jim Galbraith will work with Pat Dohany regarding removal of the contents after he closes on the property. She added that there have been several break-ins in the area, necessitating the alarm system.

MOTION CARRIED UNANIMOUSLY

Item 11: Other Matters

- Jose Mirkin discussed potential litigation with Attorney Rauch and whether or not it might prove to be too costly to result in a beneficial outcome for the DDA.
- The next regularly scheduled meeting of the DDA is February 17, 2015.
- Chairperson Gotts stated that he will not be in attendance at the February meeting.

MOTION by Lublin, seconded by Mirkin, to adjourn at 12:59p.m.

MOTION CARRIED UNANIMOUSLY



Vanessa Wagner, Clerk
DDA Secretary