

**CHARTER TOWNSHIP OF COMMERCE
DOWNTOWN DEVELOPMENT AUTHORITY**

Tuesday, August 15, 2017

Commerce Township Hall

2009 Township Drive

Commerce Township, MI 48390

12:00pm

CALL TO ORDER:

The Meeting was called to order by Chairperson Gotts at 11:59am.

Downtown Development Authority:

Present: Mark Stacey, DDA Director
James Gotts, Chairperson
Dan Lublin, Vice Chairperson
Jose Mirkin, Member
David Smith, Member
Susan Averbuch, Member
Tim Hoy, Member
David Scott, Township Supervisor
Susan Spelker, Member

Absent: Brian Winkler, Member (excused)

Also Present: Melissa Creech, DDA Secretary
Debbie Watson, DDA Assistant
Thomas Rauch, DDA Attorney
Molly Phillips, DDA Treasurer
Matt Schwanitz, Giffels-Webster Engineer
Randy Thomas, Insite Commercial
Dave Campbell, Township Planning Director

Item 1: Approval of Minutes

MOTION by Lublin, seconded by Spelker, to approve the Regular Meeting Minutes of July 18, 2017 as presented. **MOTION CARRIED UNANIMOUSLY**

Item 2: Public Comments

None.

Item 3: Insite Commercial Report

Randy Thomas provided an overview of the Insite report submitted in the DDA Board's packet.

- Parcels A&H - Barrington, Shapiro: They're done with land balancing and tree clearing. They're working on the deep well sewer which will take quite a while; up to a few months.

Director Stacey asked Susan Averbuch if they had started dewatering, and asked if there were any dust problems. She replied no, she had not heard dewatering activity yet, and there have not been any dust problems. Dave Campbell stated that they could start dewatering in the next day or two. He added that they are digging their future detention ponds where they will put the water during the dewatering process.

- Parcel B1 - Aikens property: Bruce continues to work through letters of intent. He is looking to get in front of Planning in October or November to start the site plan process. Although nothing good is going on in retail right now, this mixed-use development is

what retailers are looking for. The Chicago ICSC is at the end of September and a lot of meetings are being set up for that.

- Parcel B2 - Granger: Nothing new to report.

Discussion took place regarding the appearance of the Granger building. Director Stacey stated that it will look fine when it's done; just give it time. He also asked Randy to address the Library property matter in broad terms. Randy reported that there is a confidentiality agreement. They've been dealing with Township Board in closed session on the acquisition of the property. In principle, there is a meeting of the minds based upon the counter by Township Board. The Township Attorney will have the document back to him soon so that he can get it to Bruce. In concept, price and terms are being considered.

- Parcel C - Corner of Pontiac Trail and Haggerty Road: A group called Avenida, an active adult developer, remains interested according to their broker. They also want to take a look at Parcel F and I have a meeting with them tomorrow. We get a fair amount of calls from curiosity seekers on this site.
- Parcels D&E - Pulte: They've got 22 lots sold and I believe 12 homes have gone vertical. They've opened up Phase 2. They're happy with results and sales.

Director Stacey added that there are 6 or 8 basements in Phase 2 already, and houses go up very fast.

- Parcel F - Since the medical deal that died, there's nothing new to report except Avenida Partners as mentioned above regarding Parcel C.
- Parcel G - Wyncliff: Nothing new to report.
- Parcel I - At the last meeting, we redirected a group that was interested in the Haggerty property over to Parcel I, north of Town Hall. It's Goddard Schools. We have sent a counter back and the latest was that they wanted a copy of the survey. There's no question in my mind that they could fit their facility on this 2.9 acres.
- Parcel J - We'll call this J1, the Northpoint development, 2.2 acres. That's the self storage building. It did go through the Planning Commission and they got a 4-2 vote on approval of the project. I believe a couple Commissioners didn't like the exterior.

Dave Campbell stated there were concerns about the size of the building, both the height and mass, and then there were some concerns about the siding materials. That's where there were two dissenting votes, but it was approved as proposed. Randy Thomas added that Mark is working on the lot split. Tom will be out of town so we will try to get it closed before then. Director Stacey discussed the easement that needed to be abandoned. With the help of counsel and the title company, that was solved internally, with the approval of Township Board; therefore, it is not necessary to go to circuit court which has saved time and money.

- Parcel K - Orphan piece: Nothing new to report.
- Parcel L - 1.8 acres on Haggerty: We're in a holding pattern because the group that may acquire the DDA parcel is also acquiring the building next door. There is a full price offer on the table, but there has been a lack of communication. They don't want to tie up the DDA parcel yet without having that site.
- Parcel M&N - These out-lots are retained by the DDA in the Aikens' development.

Susan Averbuch asked about when Aikens might reveal the names of the tenants. Randy Thomas replied that Bruce is working on it. It's part of the marketing and they will have a slow

release of the tenant names. The time frame is still the same as mentioned before, and he will start rolling this out once he gets before Planning.

Item 4: Director's Report

Director Stacey reported the following to the Board:

- **State Reporting** - The DDA Annual Report was published in the Oakland Press, so we are in compliance.
- **Updates on Developers** - *(Covered by Randy)*
 - I've asked Randy to update his Insite Commercial signs on the properties. You will see new signage up and some new locations for the signs.
 - Aikens - Commercial Project - *(covered)*
 - Pulte - Merrill Park - *(covered)*
 - Granger - First & Main - *(covered)*
 - Shapiro - Barrington - *(covered)*
 - NorthPoint Self-Storage - They have all their approvals. We are working on splitting the property. The applications have been submitted to the Township, signed off on and sent to Oakland County. That should be back in the next week or so, and then we'll work on closing. We will talk about that in detail under Attorney's Report.
- **MTT Judgments** - Club Royale Boat Storage LLC - *settlement by the parties resulting in reduction of taxable value from \$609,000 to \$500,000*
- **HOA Items**
 - **Dues** - All 2017 dues are current
 - **Lighting** - **CJs Lighting, Chris Niestroy, Shaw Electric, Keith Greene**
 - Fully functional
 - No recent issues
 - **Irrigation** - **Michigan Automatic Sprinkler, Mike Rennie**
 - Mike conducted his quarterly inspection, adjusted sprinkler heads, and an estimate is enclosed for replacements and repairs for \$4730; less Zone 37, which is \$975 to the DDA as it's sidewalk related, so the remainder is \$3755 for HOA. I will have these bills divided accordingly, and I will be looking for approval to get those repairs done; authorization for the DDA portion.
 - Some Hunter sprinkler heads are leaking, which is typical for their age.
 - **Landscaping** - **United Lawnscape, Dusty Ross**
 - The grounds are looking good, considering it's still a construction zone.
 - They continue to cut, clean and keep it up.
 - **Roundabout Landscaping, M-5 & Pontiac Trail roundabout (RCOC and State)**
 - Dave Campbell and I met with the RCOC to discuss taking down the fences.
 - I'd like to have Dave address this to bring you up to date.

Dave Campbell - The RCOC determined that the snow fencing, unattractive as it is, actually has proven effective at reducing the speeds of people entering the roundabout which is what they hoped to accomplish. They now want to replace the fence with something more permanent, some form of berm or landscaping, or a combination of both. They wanted to work with the Township and the DDA to do something nicer than what their budget would allow, which would

be the most affordable treatment they could do. Also, the RCOC only wants to commit to doing a landscape treatment on the south and east legs of the roundabout because those are the two that cause the most accidents.

The RCOC met with us and said if we want to get involved, we could all partner on doing something nicer and consistent, and do it on all four legs of the roundabout. Mark and I discussed this further and decided that once Aikens gets ramped up on his corner, he might want the landscape treatment at the roundabout to be consistent with the look he is going for at his whole development. We don't know yet what that look will be. It might be a year or two before we know that.

I think the RCOC will say, okay, you do what you want to do at the roundabout once you know what the developer will be doing, but in the meantime, we want to get something planted out there this fall. We have left it with them to do the bare minimum at the south and east legs to replace the ugly fence, recognizing that in the next year or two, the DDA, the Township and Aikens are probably going to redo everything to ensure it is complementary to the development.

Director Stacey - Remember that Aikens has committed to spending significant dollar amounts for landscaping. One of the things I'm trying to avoid is putting in something that we think works and makes sense, and then having Aikens say no, I want it all gone and tear it out. He wants people to be able to see his buildings, which makes sense from a marketing standpoint. He will have a fully approved landscape design by the Planning Commission, but I don't feel comfortable spending money and exerting effort on something that probably won't fit with what he wants to do. That's my opinion, and I think it's Dave's also, to let the County deal with the snow fence area right now and we will come back at a later date when Aikens is ready.

David Smith - Have you asked Aikens about this?

Director Stacey - Yes. I told him that I expect this place to be nothing less than the nicest development in Oakland County, and he's in agreement.

Extensive discussion continued between Smith and Stacey regarding the roundabout landscaping, types of plantings that may be used, timing, permitting, the budget and joining with the RCOC. David Smith felt that it was important to work with them now as opposed to later for ease of permitting. Director Stacey noted that MDOT actually has one leg of the roundabout, and the RCOC has another. Dave Campbell added that it is still unknown what the DDA, the Township or Bruce Aikens may want to see there. Director Stacey stated that the RCOC wants a 5' high view blocker. Dave Campbell agreed, it will be a visual barrier to replicate the fence; same distance and height. Director Stacey clarified that we are not allowing them to do anything here; they have the right to do it. Chairperson Gotts agreed, they have the road right-of-way. Susan Averbuch does not want to see cement blocks. Discussion continued regarding alternate materials that may be used, the need for breakaway materials for safety, affordability so it is replaceable inexpensively, the potential for replicating a brick or stone look, and possibly tying the design into the pedestrian bridge sails. David Smith still felt it was time to jump on the bandwagon with the County as their landscaping will certainly be better than the fence, and it can always be altered, but it's easier now with their permits. Susan Spelker asked if it was unreasonable to contact Bruce Aikens to discuss designs and see if he could incorporate the sails to mirror the bridge. Director Stacey replied that it would not be unreasonable and he would think he would want to incorporate the design. Susan Spelker felt this would be one small facet to establish a motif of continuity. Susan Averbuch agreed as it will likely be there another two years at least before the development is built. Dave Campbell noted that the RCOC is not going to volunteer anything elaborate. Matt Schwanitz clarified that this is not the center of the roundabout that is being addressed, it's only the legs which are fairly narrow dimensions that

won't allow much of a berm. In addition, most evergreens, arborvitaes and plant materials are not salt resistant, so that's a temporary solution. Burlap will be required and snow plowing will be an issue.

Vice Chairperson Lublin inquired about who takes care of the landscaping once it's put in. It would be the County and the State maintaining it. He felt we should let them do what they want to do, and if a change is desired later, it can be done. Discussion continued regarding improvements in the right-of-way, maintenance, licensing, irrigation, and the partnership with the RCOC. Supervisor Scott stated that there is a partnership and the DDA has reached out to the RCOC to discuss extending irrigation to the site and assisting with the project. He also noted that this is not something that is budgeted. They're going out to find safety grants.

Director Stacey would consider the input of the Board and go back to discuss this further with Bruce Aikens and the RCOC.

Item 5: Attorney's Report

DDA Attorney, Thomas Rauch, stated that he had forwarded a draft of a proposed NorthPoint Closing Resolution to all Board Members. As both Randy and Mark had indicated, Northpoint would like to be able to close as quickly as possible so that they can commence construction this fall.

Although their Agreement provides them with 120 days due diligence, plus 30 days after that to close, in speaking with them last week, we were told that the timing of the closing really depends on how fast the Township approves their engineering and is ready to issue permits. The Township's response is that it depends on how fast they can supply their plans. They have commenced their engineering and construction drawings and they could come in for a permit for preliminary ground and site work first, prior to getting a building permit.

In any case, it's entirely possible that this will close before the next DDA meeting. Attorney Rauch noted that he will not be in attendance at the next meeting; however, his partner will attend.

The draft Resolution is consistent with what has been done in the past and it is very broadly worded. It is intended to approve whatever needs to be done to close the transaction. As in past years, we have drafted this resolution to permit the officers of the DDA, the Chairperson and Secretary, or in their absence, the other officers, to sign documents and consummate the transaction.

MOTION by Lublin, supported by Spelker, to approve the NorthPoint Closing Resolution as written.

MOTION CARRIED UNANIMOUSLY

David Smith discussed vacation of the easement in relation to timing of the closing with Attorney Rauch. Attorney Rauch stated that the title company has done a great job and they are willing to insure over the stub easement on the parcel, provided that the Township, who required the easement to begin with, adopts a resolution to abandon the stub as it is no longer necessary for drainage, which the Township did last week.

Open discussions continued regarding expediting the closing, along with the permitting and approval processes.

Item 6: Engineer's Report

Matt Schwanitz, Giffels Webster, reported that it has been a quiet month with no heavy lifting. They have answered some questions and responded to information requests.

Item 7: Planner's Report

Dave Campbell, Township Planning Director, shared the following with the Board members:

- I continue to have a lot of conversations with potential developers regarding the Beaumont site. A concept plan will go before the Planning Commission on September 11th from a group called Watermark Residential based in Indianapolis.
- There's not a lot to update on the M-5 pedestrian bridge. The details continue to be hammered out between the Township, County and State. We have a meeting tomorrow and the idea is still that the project will go out for bids in November and will begin construction in the Spring of 2018.
- There's a pending rezoning on the south side of Oakley Park in the DDA District. Brian Tominna, the developer, was before the Planning Commission last week. They asked him to make some changes and come back. His intent is to build a restaurant/banquet center on the property and he has to get it rezoned to do that.
- The property along Haggerty, 2215, which used to be the Dirty Duck before my time; a potential buyer wants to reoccupy that building with a sidecar slider bar. They have a location in Birmingham, and this would be their second location. It's unique because they will need a Class C liquor license. If they don't buy a liquor license on the open market, which gets very expensive, they might apply for one of our development licenses. The State would issue that because it is based within the DDA District. Nobody has gone that route before. Mr. Aikens will almost certainly go that route for multiple licenses for the restaurants.

David Smith wondered if the DDA Board needs to acknowledge or approve the license. Open discussion ensued regarding the location, licensing procedures and costs, and the number of licenses available to the DDA. Dave Campbell explained the factors involved in the development licenses, including significant investment. He also elaborated on the steps they need to take to re-occupy, including the addition of fire suppression in this old building, and the costs associated with renovations.

Dave Campbell also noted that NorthPoint had been covered previously, along with the roundabout landscaping.

Item 8: Committee Reports

- A. Finance Committee – Director Stacey stated that Item 9 on the agenda is the budget, so he would delay discussion on that. He pointed out that a letter was received from the Senate regarding an audit of DDAs. The letter stated that the Treasury was missing our 2013 financial reporting form. As soon as this was received, we contacted Plante Moran and followed up with the State. They did have one required form, and we immediately forwarded the other. There is no penalty; however, it is taken care of.
- B. Public Relations Committee - Jose Mirkin stated that he had sent out invitations for the Commerce Township Library DIA Display to all members of the DDA, the Trustees, other people that care about art, the Walled Lake School Teachers, et cetera. It was a successful event. The reproductions were on display from August 7th through 14th. On August 10th, we had a representative from the DIA come in to talk about the artists and explain the paintings and details. We learned that one of the pieces was Vincent van Gogh's *Portrait of the Postman Joseph Roulin*, and that the Museum of Modern Art in New York paid \$54 million in 1984 for that painting. Jose had asked her what the one in Detroit is worth, and although she is not an appraiser, she estimated it is valued between \$70 and \$80 million. The Director of the Library, Connie Jo, convinced the DIA to allow the Commerce Township Library to keep the

reproductions for one more week. That evening was a successful event with 30 people in attendance, but unfortunately the emails to the teachers were not received as school was not in session, and therefore students were not informed either. For May of 2018, the DIA will again provide the 53-foot trailer for the exhibit in the Library parking lot.

- C. Marketing Committee – David Smith stated that Randy had covered everything. Things are progressing and interest is increasing in the property.

Item 9: 2018 Budget

Director Stacey thanked Molly for working on the budget with him. He confirmed all members had the 08/14/17 revision of the 2018 Budget to review.

He explained that actual figures are presented for 2015, '16 and '17 YTD. The proposed amendment for 2017 is something that will be dealt with before year-end to bring the budget in line. The item to be addressed here is the proposed 2018 budget in the far right column.

Director Stacey reviewed the following items:

- An increase to the captured taxes is recognized, \$1,360,000.
- Limited interest income is recognized of \$4,000 because tax balances are significantly low at this moment, and interest rates are terrible.
- Proceeds from the sale of property for 2018 are at \$3,925,000. This recognizes the sale of Aikens development next year, and it recognizes closing NorthPoint this year. We are also under the assumption that as long as Aikens closes for at least Phase 1, no advances should be necessary from the Township for 2018. However, remember that this is a timing issue because Aikens does not have to close until December 2, 2018, and bills will be due before then. We may be before Township Board for advances that will then be repaid in the calendar year.
- Other reimbursements are for DTE.
- Total revenue projected is \$5,296,000.
- Expenditures are very similar to this year, with two key changes.
- The Director's compensation has been budgeted at \$60,000. That is not an increase in hourly rate. I have found that while I'm budgeted for working 20 hours per week, the amount of time that this takes is significantly more than that, usually 25 to 30 hours per week. That's typical for management and it doesn't surprise me. I'm requesting you consider going to 25 hours per week to make this more reflective of next year's activity with Aikens' closing. Things will be very busy and there will be a lot of work to do.
- In addition, note that compensation for Administrative increases from \$12,000 to \$15,000. That is an increase in the hourly wage. The number of hours seems to be adequate and Deb does a great job. Anything we need done, she gets it taken care of and she's available 24/7, but with the cost of administrative salaries going up, she is requesting a wage increase. We have the research in the packet for salaries. The position is an independent contractor, and therefore pays for their own taxes, health insurance, cell phone and computer. I recommend we approve this.
- We are holding legal fees constant at the same rate as this year; although it looks like this year will be significantly lower because we didn't close Aikens. That will happen next year.

David Smith asked about the \$4,500 for insurance. Director Stacey confirmed. David also inquired about the property disposition costs. Director Stacey replied that the majority of those are commissions. Discussion continued on those calculations for property sales and commissions. Treasurer Phillips stated that the \$3.9 million is actually the \$4.25 million less what will have already been collected as hard money.

Susan Averbuch inquired about how the legal fees are billed per parcel. Treasurer Phillips stated that these are itemized on Attorney Rauch's invoices and assigned per parcel number.

Director Stacey continued his review:

- We are holding Township Administrative fees the same.
- We are cleaning up the contractual relationship between the Township and the DDA. Currently our documentation for what the \$100,000 covers is vague. Molly pulled it up and I provided it to Tom, who also provided it to Phil. They're putting together an agreement that is quick, clean and easy.

David Smith felt that was good housekeeping. He inquired about whether the HOA fees should be going down. Director Stacey stated that they have. Currently, the HOA budget is approximately \$105,000 a year, and the DDA is paying about 35%. Treasurer Phillips noted that there will be a flip flop between the HOA piece and the property maintenance, because as the DDA's holding in the overall condo development go down, the maintenance cost will go down, but the HOA fees will go up.

Treasurer Phillips stated that debt service has an asterisk that is not visible, but it is there because of the interest rates. She added that they are hoping to keep the monthly interest rate on the PNC, which is the last variable debt, at around \$30,000 to \$34,000 per month. The interest rate could jump, and then it would be out of the ballpark. Director Stacey added that with variable interest rate bonds, we are at the mercy of the markets. Bond counsel has advised that now is not the time to change as the numbers do not work, so we will continue on this path. Discussion continued regarding interest rates, the outstanding debt of the Federal Government, and variable rates. Director Stacey reviewed the interest, fees, expenditures and projected surplus, which anticipates closing on Aikens next year.

David Smith asked when the tax capture will actually start elevating. Director Stacey said that was a good question, as he has been working on those projections with Plante Moran. At the next meeting in September, Keith Szymanski will be coming in to deliver a presentation. Chairperson Gotts added that this has been a discussion for a long time.

MOTION by Smith, supported by Mirkin, to approve the Proposed 2018 Budget as presented.

Discussion -

Smith - Along with this, once we approve the budget, that would be incurring the increase in the Director and Administrative compensation?

Gotts - Correct.

Stacey - We will bring back a revised contract for Deb, if approved by Township Board. There is no change in the contract for mine.

Smith - I'm acknowledging that we are going along with the increases, and I stand by my motion to approve.

MOTION CARRIED UNANIMOUSLY

Item 10: Approval of Warrants and Revenue & Expenditure

MOTION by Lublin, seconded by Mirkin, to approve the Warrants, and the Revenue & Expenditure Report.

MOTION CARRIED UNANIMOUSLY

Item 11: Other Matters

- Susan Averbuch discussed traffic counts in the area by the RCOC along Welch, Oakley Park and Richardson Roads. David Smith replied that obviously traffic is increasing and they need to know. David Scott noted that they are not talking about doing any

widening; they are talking about maintenance and trying to determine what roads are a priority. Director Stacey noted that we have received complaints about the timing of the light at Union Lake and Richardson, and they've also been working on that. Discussion continued about difficulties crossing Martin Road. Secretary Creech suggested a no-turn on red sign and Smith agreed.

- Supervisor Scott reported that there is an upcoming vacancy on the Planning Commission and if anyone has friends or family who may be interested, have them apply. The Township is looking for viable candidates who are willing to be devoted to the Planning Commission.
- Supervisor Scott also discussed the Rails to Trails project. At the last tri-municipality meeting, a philanthropist, multi-millionaire, Michael Levine came forward and offered to pay for the entire design and engineering costs for the three communities. The RFP has been pulled as he has contracted with a company who was already going to bid. He is guaranteeing that the design and engineering will be done in 60 days. The company doing the design work is also producing the October TAP grants. Mr. Levine donated an additional \$200,000 to the municipalities that can be used as match grant money in future applications. His caveat is that he wants a rideable path by the summer of 2019 when he turns 80 so he can ride from Lake Michigan to Lake Huron. Discussion continued regarding support for the three communities and the pathways, paved surfaces versus crushed limestone, increased activity on paved surfaces, and thanking and acknowledging Mr. Levine of Hamburg Township for his generosity.
- Jose Mirkin discussed the status of the M-5 pedestrian bridge with Dave Campbell. David Smith asked about the final bridge renderings, which Dave reported were available on the website.
- **The next regularly scheduled DDA meeting is Tuesday, September 19, 2017 at 12:00pm, and;**
- **TUESDAY, OCTOBER 17, 2017 IS OUR NIGHT MEETING AT 7:00PM. This will be posted on the billboard**

Item 12: Adjournment

MOTION by Lublin, seconded by Spelker, to adjourn at 1:09pm.

MOTION CARRIED UNANIMOUSLY



Melissa Creech
DDA Secretary

INVOICE ENTRY DATES 08/09/2017 - 08/09/2017
 BOTH JOURNALIZED AND UNJOURNALIZED OPEN
 BANK CODE: DDA
 DDA WARRANT REPORT FOR BOARD APPROVAL
 AUGUST 15, 2017

Vendor Code	Vendor Name		Amount
Inv. Date	Invoice	Description	
ACCESS	ACCESS INTERACTIVE LLC		
07/28/2017	92093	DDA WEBSITE DOMAINE NAME	98.00
TOTAL FOR: ACCESS INTERACTIVE LLC			98.00
ADKISON	ADKISON, NEED & ALLEN		
07/31/2017	7312017DDA	DDA MATTERS	41.00
TOTAL FOR: ADKISON, NEED & ALLEN			41.00
WATSON	DEBORAH WATSON		
08/09/2017	2017 JULY/AUG	DDA ASSISTANT HOURS 7/13 - 8/9/17	750.00
TOTAL FOR: DEBORAH WATSON			750.00
KEMP	KEMP, KLEIN, UMPHREY & ENDLEMAN, PC		
08/03/2017	184417	PROFESSIONAL SERVICES THROUGH JULY 31, 2017	7,552.99
TOTAL FOR: KEMP, KLEIN, UMPHREY & ENDLEMAN, PC			7,552.99
STACEYMARK	MARK STACEY		
08/09/2017	0713-0809-2017	DDA DIRECTORS HOURS 7/13 - 8/9/17	4,450.00
TOTAL FOR: MARK STACEY			4,450.00
TOTAL - ALL VENDORS			12,891.99
FUND TOTALS:			
Fund 499 - CAPITAL PROJECTS - DDA			12,891.99