

**BIRMINGHAM TRIANGLE DISTRICT
CORRIDOR IMPROVEMENT AUTHORITY
MINUTES OF WEDNESDAY, OCTOBER 19, 2016**

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

1. Call to Order by City Commissioner Stuart Sherman at 9:35 a.m.
2. Roll Call:

Present: Kip Cantrick, Jr.
J.C. Cataldo
Edward Fuller
Curtis Hays
Victor Saroki
Stuart Sherman
Robert Ziegelman

Absent: None

Others Present: City Engineer O'Meara, City Attorney Currier, City Manager Valentine, Planning Director Ecker, Finance Director Gerber, Recording Secretary Salutes

3. Approval of Minutes from June 30, 2016

MOTION: Motion by Mr. Cantrick, seconded by Mr. Ziegelman:
To approve the minutes of June 30, 2016 as presented.

VOTE: Yeas, 7
Nays, None
Absent, None

Motion carried 7-0.

4. New Business

- a. Review of draft contract with Oakland County

City Manager Valentine advised there have been additional conversations with the County since this group last met. The County has come back with some changes to the language. There are several additional modifications that the City is proposing that will be reviewed at this meeting prior to going back to the County.

City Attorney Currier explained the County has moved back from one to two parking structures. Also they are insisting on return of the money if the structures are not started or completed by a date certain. They propose to limit the total capture at \$1,615,565. At the end of 2026 if the CIA has not initiated the construction of a parking structure, the City shall provide an update to the County on the status of the project. The County may elect to amend or terminate the agreement and have the money returned. Before, they were insistent on terminating the agreement and having the tax increment money returned at that time. This is an extension because originally they wanted everything completed by 2020. Now the City just has to initiate by 2026. That is the biggest change in the agreement.

City Manager Valentine proposed modification to the language on page 6, article 3 to say the project must be initiated rather than completed by 2026, given the City would need to acquire land and private partnerships before starting the construction process. That gives the City some additional latitude to get the project done. He feels most people at the County now understand what the City needs to advance this project. In response to Mr. Saroki, City Manager Valentine explained his definition of "initiated" is at least having some agreements in place to begin the process.

It was agreed the term "initiated the construction" as it appears in articles 4 and 5 could be open to interpretation especially 10 years down the line. Mr. Ziegelman questioned if allowing 10 years to complete the project is enough time. City Manager Valentine replied the structure is the catalyst for development of the Triangle District. Not having the parking will stall the whole District. He indicated he would have loved to have the time extended, but the County had a concern with giving up revenue when no deals are in place. He explained there are no conditions on the money if the City doesn't build a second structure.

Mr. Cataldo noticed the language on page 5, section (f) has changed since the June CIA meeting. City Manager Valentine explained that by implementing the agreement the County had proposed with the language they had proposed the City would automatically be in violation of the agreement once they executed it. City Attorney Currier then drafted language the County was comfortable with.

He went on to note that originally the County wanted ownership or interest in property in the area to be a disqualifying factor. It was explained to them that the composition of the CIA was deliberately trying to get stakeholders who had an interest in seeing this done right. CIA members can own property or have interest in the area as long as they are not profiting from it.

Commissioner Sherman asked about the base year of tax capture. City Attorney Currier replied it will start when the agreement is executed. It will be moved from year 2015 to the next appropriate year.

Commissioner Sherman observed what they are talking about here is less than 4% of the money needed for this project, which is about \$37 million. The County is demanding all kinds of things in return and really has no intention of doing very much. His view was if they don't want to agree with what the City is doing, at this point he would be comfortable going back to the City Commission and saying that the County doesn't really want to be a partner and maybe the City should do the development without them.

City Manager Valentine advised that all counties throughout the State have been somewhat opposed to TIFs. So he feels Oakland County would like to get out of this entirely. However, he thinks politically there are reasons why they can't do that. Commissioner Sherman added that they don't want to be in the TIF business but they want the benefit of it. Publicly they are pro-development but privately they are not.

Mr. Saroki said if the \$1.6 million is available to the City he doesn't see it being onerous to have to jump through hoops to secure that money if possible.

Mr. Cataldo asked if it would be a problem for the City to decide at year 9 whether or not to keep the money, as opposed to making that decision this year. City Manager Valentine indicated he would be leery about taking that approach because the County might say they wouldn't participate if the City isn't serious. It is better for the City to be in a position where it has the money to refund. Mr. Cataldo wondered if the City is bound by the contract if they sign it.

City Attorney Currier explained the contract has the usual provision that it can't be amended as long as it is agreed to in writing by the parties. However, he could not imagine the County would not want their money back if offered.

Commissioner Sherman observed that \$1.6 million is a lot of money but the CIA has now spent two years negotiating with the County. At some point the City should say enough.

Mr. Ziegelman remarked that he thinks having a deadline helps to promote getting the project done. City Manager Valentine thought that strategically looking forward it doesn't hurt if the City later decides it won't need the funds. He doesn't think there would be a big hesitation from the County to accept them back in year 8 or 9.

Mr. Fuller noted deadlines are a good thing but the economy is going to play a big role in how this moves forward. If the economy doesn't get to the point of justifying that structure, it isn't going to happen. In response to a question by Mr. Fuller, City Attorney Currier advised that based on the contract language if the City opts out at some time

and doesn't perform, there will not be a penalty such as interest or a severance fee. Authority members didn't see any downside in that.

City Attorney Currier noted there had been some discussion regarding article 3 about adding some definition of "initiating construction" and what that means. Maybe that language could be changed to read something to the effect that if at the end of 2026 the CIA has not initiated a plan for a parking structure by at a minimum securing written agreement for the project development. That could be land acquisition, private/public partnership, or something of that nature.

It was decided to make "initiated" a defined term in the document.

City Manager Valentine described the process going forward. The City is working with the County legal counsel who then will take it back to their sub-committee of the TIF group. Following that it goes to the full group, then to the actual board. That will take about two months. Once the City gets approval, it goes to Mr. Currier and then the City Commission for execution, and back to the County for them to start the format they have to follow.

MOTION: Motion by Mr. Saroki, seconded by Mr. Ziegelman:

To approve and move forward with the document as presented with the clarifications noted by the City Attorney with regard to the word "initiate," for better definition and clarification.

There were no comments on the motion from the audience at 10:04 a.m.

VOTE: Yeas, 7
 Nays, None
 Absent, None

Motion carried 7-0.

5. Comments from the public (none)
6. Adjournment

The meeting adjourned at 10:06 a.m.