

CITY OF STERLING HEIGHTS
LOCAL DEVELOPMENT FINANCE AUTHORITY
MINUTES OF THE REGULAR MEETING
February 16, 2016 – 8:00 a.m.
40555 Utica Road, Sterling Heights, MI 48313
586-884-9322
City Council Chambers

Approved

Phil Hunsberger called the meeting to order at 8:01 a.m.

Pledge of Allegiance

Members present at roll call: Lori Doughty, Stephanie Eagen, Phillip Hunsberger, Laurel Johnson, John Lettang, Jill Tomy, Orest Zachary

Members absent: David Corba, Richard Kincaid, John Lamerato, Victor Martin, Camille Silda, Kerry Weishaupt

Also in attendance: Kathryn Quell, Building Services Specialist – City of Sterling Heights; Larry Herriman, Interim Director – Macomb OU-INCubator; Luke Bonner, Senior Economic Development Advisor – City of Sterling Heights

Motion to Approve the Agenda

Moved by Zachary, supported by Lettang, to approve the agenda as presented.

Ayes: All

Nays: None

Motion carried.

Motion to Approve the Minutes of January 19, 2016 Regular Meeting

Moved by Zachary, supported by Lettang, to approve the minutes as presented.

Ayes: All

Nays: None

Motion carried.

New Business

To approve the Lease Agreement between Jetco and the Local Development Finance Authority (LDFA).

Ms. Quell stated that the agenda packet included documentation describing the business of Jetco and Jetco's relationship with the MEDC. The memo describes the support Jetco provides in linking local businesses to the defense industry. Mr. Herriman stated that having Jetco occupy space in the building would be an asset and he supports the approval of this lease agreement.

Moved by Zachary, supported by Lettang to approve the Lease Agreement between Jetco and the Local Development Finance Authority (LDFA).

Ayes: All
Nays: None
Motion carried.

To approve the Month-to-Month Lease Agreement Renewal between Linked, LLC and the Local Development Finance Authority (LDFA).

Ms. Quell stated that this is a renewal for Linked, LLC, which is a staffing firm. This company is classified as a non-core tenant and the renewal is a month-to-month lease agreement. Ms. Quell added that the rental rate was evaluated by Oakland University and the renewal rental rate was being increased by half the difference between current market rates and the lease rate previously being charged. Mr. Herriman stated that he will explain the process used to determine lease rates later in today's meeting.

Moved by Zachary, supported by Eagen to approve the Month-to-Month Lease Agreement Renewal between Linked, LLC and the Local Development Finance Authority (LDFA).

Ayes: All
Nays: None
Motion carried.

To approve the Third Amended and Restated Tax Increment Finance and Development Plans and recommend approval to the Sterling Heights City Council.

Luke Bonner presented the plan and brought to the attention of the board the following changes since the last discussion of 2/4/16:

Page 10 – Objective Six – the second plan mistakenly used an incorrect base taxable value so adjustments were made as a result.

Page 24 – Road and Rail Improvements were added

Page 55 – Current taxable value and increment value BAE Systems

Page 56 – Chrysler Sterling Assembly Paint Shop – base value \$0

Page 57 - Chrysler Sterling Assembly Body Shop – base value

Page 58 – Sterling Enterprise Park – no changes, 2 projects on the horizon for next year

Page 59 – re-grouped the table, more per project

Page 60- updated, \$177,841/year capture

Page 61 – original estimate for BAE school millage capture

Page 62 – updated BAE capture

Page 63- 15 year extension of the SmartZone capture, did not change abatement value

Page 64 – previous original projection of Chrysler paint shop

Page 65 – updated with new table value, adjustment of tax abatement falling off in years 9/10

Page 66 – total capture of SmartZone

Page 67 – capture over additional 15 years with extension. If unsuccessful with extension those numbers adjust accordingly.

Page 68 – updated chart of school TIF capture of Body Shop

Page 69 – 15 year extension on Body Shop

Ms. Doughty inquired how difficult is it to be granted an extension. Mr. Bonner answered that there were a lot of technical grant applications, due July 1st. The writing needs to prove the point that a partnership is beneficial to both communities. Mr. Hunsberger inquired if the partnership should be written into this plan. Mr. Bonner responded that it is separate agreement between the

communities. Ms. Eagen asked if it is a partnership between the two LDFA's of the communities. Mr. Bonner confirmed. Ms. Eagen asked if the LDFA will see more action. Mr. Bonner said yes.

Page 73 – school revenues from Sterling Enterprise Park project

Page 74 – additional 15 year capture

Page 75 – local capture of all the projects combined.

Page 76 – school tax capture for all projects based on 10 years.

Page 77 – SmartZone extension for all projects combined.

Mr. Bonner stated that he will double check this document one more time with Jennifer Varney, City Treasurer. Mr. Hunsberger inquired if there are limits for the use of funds for infrastructure vs. operation. Mr. Bonner responded that there are no restrictions and the decision is based more on a priority issue. Mr. Bonner went on to say that most of the projects would be bonded as a larger project and completed more efficiently. Ms. Doughty asked if any meetings questioned the levels of funding for improvements. Mr. Bonner said there are too many unknowns and there hasn't been much feedback. Mr. Hunsberger inquired what approval Mr. Bonner is looking for in this meeting. Mr. Bonner responded the approval of the third amended plan. Mr. Bonner reviewed the timeline included in the agenda packet. Mr. Hunsberger asked if the hearings are public. Mr. Bonner responded there will be public hearings and the timeline must be followed to capture 2014 values.

Moved by Lettang, supported by Zachary to approve the Third Amended and Restated Tax Increment Finance and Development Plans and recommend approval to the Sterling Heights City Council.

Ayes: All

Nays: None

Motion carried.

Presentation by Larry Herriman, Interim Director, Macomb OU-INCubator.

Mr. Herriman presented a brief slideshow that included a discussion on the analysis of determining lease rates for tenants of the Macomb OU-INCubator. Additionally, Mr. Herriman demonstrated how clients are tracked, measured and evaluated as related to the business of the incubator. A brief synopsis of three clients and their product was presented as well. Mr. Herriman stated that he will continue to update the board of activity in the building. Mr. Zachary commended Mr. Herriman on eliminating the transparency of the processes involved and providing clarity to the LDFA Board. Ms. Eagen expressed her appreciation for Mr. Herriman's thoroughness.

Old Business

Board Members Report

None

Public Comment

None

Adjournment

Moved by Zachary, supported by Lettang to adjourn.

Ayes: All

Nays: None

Motion carried.

The meeting adjourned at 9:10 am

Kq

Minutes Approved 3/15/2016

**John Lettang
Secretary**