

Final
CHARTER TOWNSHIP OF COMMERCE
DOWNTOWN DEVELOPMENT AUTHORITY
Tuesday, August 18, 2020
Commerce Township Hall
2009 Township Drive
Commerce Township, MI 48390
12:00 PM

Due to Governor Whitmer's Executive Orders, this meeting was held via Zoom, video conferencing technology.

CALL TO ORDER: The Meeting was called to order by Director Stacey at 12:02PM.

Downtown Development Authority:

Present: Mark Stacey, DDA Director
James Gotts, Chairperson
Dan Lublin, Vice Chairperson (had some early audio issues)
Susan Spelker, Member
Brian Winkler, Member (online but had audio issues)
Steve Matta, Member
Tim Hoy, Member
David Scott, Township Supervisor
Jose Mirkin, Member
David Smith, Member (connected at 12:18pm)

Also Present: Thomas Rauch, DDA Attorney
Debbie Watson, DDA Assistant
Molly Phillips, DDA Treasurer
Missy Creech, DDA Secretary
Randy Thomas, Insite Commercial
Dave Campbell, Township Planning Director
Lt. Wendy Reyes (connected at 12:18pm)
Ken Milburn, Merge Live

Director Stacey introduced Ken Milburn of Merge Live who will now be hosting Township Zoom meetings.

Item 1: Approval of Minutes

MOTION by Spelker, seconded by Mirkin, to approve the Regular Meeting Minutes of June 16, 2020 as presented.

ROLL CALL VOTE

AYES: Spelker, Mirkin, Matta, Gotts, Scott, Hoy
NAYS: None
ABSENT: Smith
ABSTAIN: Winkler, Lublin [online but had audio issues]

MOTION CARRIED

Item 2: Public Comments

Ken Milburn – If anyone would like to speak, please press *9 on your keypad and we will be alerted. We will unmute your line. I'm not seeing anyone raise their hand at this time.

Item 3: Insite Commercial Report

Randy Thomas provided an overview of the Insite report submitted in the DDA Board's packet. He also noted for the Board members that Kellie McDonald of Goddard Schools was on the Zoom call.

- Parcels A&H – Shapiro’s Barrington development;
 - The apartments are going up now.
 - They are moving ahead as fast as they can. The goal is to get the vast majority of the buildings up and buttoned in so they can do the inside work when the weather changes. They will continue to move at a fairly quick pace.
 - There are 10 or 11 buildings up now. These are the multi-family product.
 - They are looking at maybe the end of this year for some initial occupancy, but they are really slated toward Spring 2021.
- Parcel B1 – Aikens, Five & Main; Phase I
 - This is the first phase for Aikens. He continues to talk to tenants.
 - I have not heard a whole lot from Bruce lately relative to his plan to move forward with Planning, but he was planning to get in front of the Planning Commission shortly, starting with the Ring Road.
 - I know he’s had a fair amount of contacts from tenants that are in the malls. They simply want to find a way to reposition themselves outside the mall.
- Parcel B1 – Aikens, Five & Main; Phase II – There's really nothing to discuss on this right now. This is part of what Aikens is buying, the northern 14 acres, which is Phase II for future development. Bruce has another 15 months before he is supposed to exercise that.

Vice Chairperson Lublin’s audio connected at 12:08pm.

- Parcel B2 – Granger, First & Main; Still nothing back from them since last month after my initial discussion with them. I will keep you updated.
- Parcel C – The hard corner of Pontiac Trail and Haggerty Road; I had about a half dozen inquiries in the last month, however nothing with any traction. With respect to the offers, the vast majority was interest from auto uses; car wash, oil change and gas station. I let them know that is not what the DDA wants to see there as this is the Gateway.
- Parcels D&E – Pulte, Merrill Park; Nothing new to report. It looks like that’s cleaned up and in its final stages the last time I drove through, with all the yards being finished.
- Parcel F – The 3.9 acres in front of the Township Hall; I’ve traded calls with the dentist, but I haven't talked to him since COVID started just to gage where his interest is. I did not have any inquiries in the past month on that property.
- Parcel G – Wycliff; Nothing to report.
- Parcel I – BBI Holdings, Gilden Woods; North of the Township Hall; Nothing to report.
- Parcel J1 – 2.38 acres on the hard corner of Oakley and Haggerty; We’ve had a little bit of an uptick in activity in general for the past couple months. Inquiries from people who are curious, but nothing solid that I see would result in an offer.
- Parcel J2 – NorthPoint, Beyond Self Storage; Nothing to report.
- Parcel K – The orphan piece across the street; Last month I reported interest from a development group that wanted to look at a mixed use, with storage and possibly retail. The ball is in their court. I left a message for them last week and again

yesterday. They were going to give us initial drawings and potentially meet with Dave Campbell prior to entering into any formal agreements.

- Parcel L – 1.8 acres on Haggerty Road; Goddard School LOI; we have had a volley with letters of intent. Kellie McDonald is on the line right now. Mark, I'll turn it over to you if you want to update the Board.

Director Stacey – Sure, thank you Randy. We talked about Goddard Schools last month. We have been in discussions with them. Currently, we're closer on price but we're not where we need to be. This Board has directed me to get what we feel is market value for that property, and we think there's more value than what we're seeing under the LOI.

We had originally started at \$550,000. We have come down to \$515,000. We are working towards a mutually agreeable price and terms.

What I'm looking for is feedback from this Board on your commitment that you want this at market price, and that we're prepared to hold it because we think it is worth somewhere between \$525,000 to \$550,000. I'm not looking for a vote; just feedback from the group if you have anything to say.

Tim Hoy – How far apart are you?

Director Stacey – We're at \$515,000, she's at \$485,000. She came up from \$425,000 starting.

Vice Chairperson Lublin – Mark, what piece was that again?

Director Stacey – That's the piece next to Marz Deli on Haggerty Road. The orphan piece that was generated when we sold Merrill Park.

Vice Chairperson Lublin – Oh, the small piece we siphoned off from Merrill Park.

Director Stacey – Exactly. It's a nice piece. It's about 2 acres, Randy?

Randy Thomas – It's 1.8 acres.

Vice Chairperson Lublin – What type of user is it and how does it help us?

Director Stacey – It's a high-end daycare user and will certainly help to clean up that area.

Vice Chairperson Lublin – What about the tax point with it? Will the tax base be equal or better than any other user?

Director Stacey – Probably on the lower side because daycares are not expensive build outs comparatively, but certainly better than where we're at, and obviously tax capture over the years is a key component of the DDA.

Vice Chairperson Lublin – Well then this piece, if it's a daycare, would be able to use the Merrill Park. It actually fits in pretty well with the residential, is that true?

Director Stacey – That's true, Danny, but surprisingly that was not something that interested them due to liability. I think that was the reason, is that correct Randy?

Randy Thomas – Kellie and I spoke yesterday regarding whether that made sense to keep it or not. I think she won't want to have that connection from the park to Haggerty, but she hasn't yet tied the property up or laid it out to make a final determination.

Vice Chairperson Lublin – What's the bid right now? You're talking an offer of \$485,000?

Director Stacey – Yes.

Randy Thomas – The current counter, back to our last counter of \$515,000, was \$485,000. She came up from \$425,000 to \$475,000, and to the last round here at \$485,000.

Vice Chairperson Lublin – Based on what's behind it, I'm not opposed to letting it go for a little less, because the wrong thing in there might not be as good for the area with what you're creating behind it.

Director Stacey – We certainly have considered that, Danny. Jim Gotts, what's your opinion on this?

Chairperson Gotts – This initial offer here in the revision appears to be kind of a quasi-fishing expedition.

Director Stacey – Fair enough. We feel the market value ... Randy, you had said \$525,000 to \$550,000.

Randy Thomas – We've had offers at \$525,000 and we also had a full price offer at \$550,000 in the past.

Susan Spelker – I don't think we need to be anxious to let this go. The area is only going to improve as more is developed.

Steve Matta – Randy, why did those other two offers not pan out?

Randy Thomas – The first one ...

Vice Chairperson Lublin – Let me put something else in there. Randy, is the market fairly strong for commercial or what we're talking about that land being used for?

Randy Thomas – Danny, since this pandemic began, we have not seen any market corrections yet for land values. I don't see any negative impacts based on what's going on with the development. It's so early in this right now, it's hard to tell you if there's going to be impact to that or not, but so far we have not seen it.

Vice Chairperson Lublin – If we have to hold the land maybe two or three years to get an extra \$50,000, I think we're losers. The tax base, doing the one or two years, is worth the \$50,000.

Jose Mirkin – I agree with Susan, there is no rush to sell. The whole area will be improved substantially, so why are we rushing to sell if we don't get the price that we want.

Director Stacey – Remember, Danny, this is a non-taxable interest for the government entity, so you don't have the carrying costs like a normal deal would. That's why you're always a little bit more flexible on a normal deal; that's what kills it. Steve Matta, what do you think?

Steve Matta – That’s why I was asking what happened to the other deals. I wanted to get a feel for what happened there.

Randy Thomas – Steve, about two and a half years ago, we had a group looking to acquire that DDA property. They offered full price. Since we had sold, in the interim, there was a building next door that they were trying to acquire to assemble the two parcels. They were unable to come to an agreement with that group, and therefore, for them to do what they wanted to do it no longer made sense.

If you recall, we had a car wash operator. Their offer was at \$525,000. We had a signed LOI with him. We didn’t go into the full purchase agreement because we wanted him to go through the conceptual site plan review with Dave Campbell and the Planning Commission. The Planning Commission did not give the developer any confidence and therefore he walked.

Steve Matta – Okay. Has the potential buyer here presented any financial case for the number? Have they said, look we can’t make it work if we’re paying that much? Here’s what our projections are. Do they have any spreadsheets or anything like that?

Randy Thomas – The buyer is on the line here. If you want, she could answer that.

Steve Matta – Do you have any proformas? I can’t see her.

Randy Thomas – I have provided comps of sales that were in the market. I don’t think they negatively impact the property in my opinion, from doing this on a daily basis. She has run her conclusion as to where she thinks value is honestly.

Director Stacey – With that being said, I think I’ve got a good understanding and we will continue on with the process to see where it goes. I certainly wanted to bring this to your attention. Randy, I’ll let you finish up your report.

Randy Thomas –

- Parcel M&N – These are the two out-lots that the DDA has retained within the Five & Main development. We’re taking names and numbers until we’re able to deliver that.

Item 4: Director's Report

Director Stacey discussed the following with the DDA Board:

- **Updates on Developers - (Covered by Randy’s report)**
 - Merrill Park – This is really an HOA matter, but I wanted to get the Board’s opinion again. Last year we committed to providing \$1,000 toward Merrill Park doing Holiday Lighting. I received an email from their director. They’re going to be doing it again this year and they want to do more lights. They felt it was such a success last year. If you remember, their front entry was absolutely stunning. They have requested that we participate again with \$1,000 toward purchasing the lights and I think that is reasonable.

Chairperson Gotts – I’m in favor of participation.

Susan Spelker – Seeing as how we’re still a fairly sizable stakeholder in the HOA, I think \$1,000 is probably a small amount to put forth for all the goodwill that was generated last year. I’m in favor.

Director Stacey – Wonderful. Does anyone have any negative opinions on that, or should I go ahead and make sure that happens?

No comments.

Director Stacey – I'm not hearing any negative opinions, so I will deal with that.

- **MTT Judgments** – We do not have any MTT judgments currently; however, I will make you aware that we do have a couple of significant cases that are working their way through the Tax Tribunal. The standard big box stores and the movie theater are complaining about their taxes. Molly and I have discussed that and we will keep you informed when we see what those numbers come through at.
- **HOA Items** –
 - **HOA Budget** – We're working on the 2021 HOA Budget; it will come in the same as last year, or very similar. Remember, we are now only approximately 10% of the HOA, so it significantly reduces our carry costs.
 - **Dues** – All dues are current
 - **Tax Forms** – All tax forms are submitted
 - **Lighting - CJs Lighting, Chris Niestroy; Shaw Electric, Mark Fetters**
 - Last month, we did have a light pole knocked down at the PGA roundabout. It turns out that the driver does not have insurance.
 - We will be working with the Prosecutor attempting to get restitution. We do know who did it. There was a traffic ticket issued. We'll get back as much as we possibly can.
 - **Landscaping - United Lawnscape, Brian Sparks; Westside Forestry**
 - For those of you who have had a chance, I'm sure you've noticed that the landscaping is looking better.
 - **Irrigation - Michigan Automatic Sprinkler, Mike Rennie**
 - We do have the sprinkler systems running for the majority.
 - I have included the sprinkler bills, and I think the total was about \$15,000 this year getting it up and running.
 - This is significantly higher than usual, but we had to replace a \$4,000 controller. We also had some digging onsite to fix mainlines that were broken.
- **Other**
 - **Phragmites** –
 - We received the quote for phragmites treatment. Last fall we had them treated, and they will be returning again this year. That is a \$13,500 bill that the HOA will be paying. I will sign that quote shortly.
 - I've received calls from residents asking us what we are going to do about the phragmites as they're coming back. We knew this was a multi-year process.

Item 5: Attorney's Report

Attorney Rauch – Things continue to be slow on the law end, as they have been the last couple of months. I have been consulting with Mark and Randy on the Goddard School Letter of Intent, and will continue to do so as we move forward. In the meantime, things have remained relatively quiet, which I guess is a good thing in some respects.

Item 6: Engineer's Report

Director Stacey – I apologize, I'm not sure what happened to Matt today. I do know that the Engineering Report would be very similar to the Attorney's Report. Matt has been providing some backup for the LOI on certain issues that we're dealing with. If you have any questions for Matt, get a hold of me and I will get those to him.

Item 7: Planning Director's Report

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

- I don't know if I have anything to update beyond my departmental report dated August 12th.
- I noted in there that the Planning Commission did make a recommendation to the Township Board to amend the Zoning Ordinance specific to 84 Lumber and their efforts to retrofit three properties in the Homestead Industrial Park, which is on the west side of Martin Road in your DDA district. There is a provision in the Zoning Ordinance right now that says, you can have a lumberyard on property zoned industrial, but not if that property is within the DDA. Since there are very few DDA properties zoned industrial, the Planning Commission recommended that the Township take away that provision. That would provide a path to 84 Lumber to submit their Conditional Rezoning agreement to rezone those properties from TLM to Industrial so they can have an outdoor lumberyard on those properties.

Vice Chairperson Lublin – Dave, was there anything specific in motion with the hospital property on Maple Road?

Dave Campbell – Nothing that I am plugged into, Mr. Lublin. I don't know if Mr. Thomas has any insight as the broker who is marketing that property, but nothing has come my way recently.

Vice Chairperson Lublin – Thank you.

Item 8: 2020 DDA Budget - Amendment & Advance

Director Stacey – It's that time of year for budget processing. I'd like to first walk you through the amendment worksheet for 2020, then it ties directly into our 2021 budget.

- Everyone can see, on the 2020 Budget Amendment Worksheet, revenues are coming in slightly better than forecasted. We were at \$1,650,000, and we're projected to be at \$1,656,000, with interest income being higher than projected.
- Proceeds from sales of property are lower; obviously with the COVID-19 crisis and the fact that Bruce was not breaking ground this year. We had projected selling \$1,000,000 worth of property and we do not foresee that happening between now and the close of the calendar year.
- This brings us down to total revenues of \$1,680,000, less expenditures, which are on track.
- We have lowered our expected costs for the forecasted 2020 budget for the Administrative Assistant down to \$8,000. We had three months' worth of layoff and COVID issues. We feel that will be enough to get us through to the end of the year.
- In addition, we've lowered our legal fees to \$60,000, which relates to the fact that we did not have the projected closings and expenses associated with that.
- Everything else I think stays in line with where we were at.
- The HOA fees dropped to \$13,395. That balance has already been paid, so that is a hard number.

- We have our principal and interest payments, giving total expenditures of \$2.5 million, which gives us a net revenue under/over for 2020 of -\$860,000.
- On the next page, you'll see that we have a cash advance that I will be taking to the Township Board at the next budget meeting, requesting \$1 million. Our current cash balance was \$2,231,366, and the balance of summer capture is \$1,000,000, less operating expenses through 12/31 forecast and our buffer of \$250,000. Our debt payment is due October 1st. That gives us a \$612,000 shortfall.
- We feel very comfortable requesting the \$1,000,000. We had originally budgeted Township advances for 2020 of \$2,000,000, but it looks like we only need \$1,000,000 based on the way the year is shaking out.
- With that said, I would request two things from this Board for the 2020 Budget. I need an approval and a vote for the Budget Amendment for 2020, and also for the Cash Advance.

MOTION by Gotts, seconded by Spelker, to approve the 2020 DDA Budget Amendment and Cash Advance as presented.

Discussion –

Lublin discussed interest rates with Stacey. Stacey explained that the rates are locked in through 2034, and that was better long-term. The schedule shows \$55 million in principal, and interest is projected at just under \$15 million, for a total debt of \$70 million. Outstanding is \$14,650,000 of principal, and accrued interest of \$1.2 million with the Township. That's \$15 million before any advance is done.

Stacey added that we do have higher interest income, but it will be irrelevant next year because we will have minimal assets invested.

ROLL CALL VOTE

AYES: Gotts, Spelker, Hoy, Smith, Scott, Lublin, Mirkin, Winkler, Matta

NAYS: None

ABSENT: None

ABSTAIN: None

MOTION CARRIED UNANIMOUSLY

Item 9: 2021 DDA Budget - Proposed

Director Stacey –

- Under revenues, we are projecting tax capture to increase slightly. This is based on a historical collection rate at 99%. No increase in projected, but we have had some build out. The MTT decisions currently pending will be the biggest issue that we will be facing next year. We will have to deal with those once they come in. We have no control over that, but we are proposing \$1,715,000 for the tax capture revenue for 2021.
- \$10,000 in MTT charges.
- Interest income dropping to \$4,000. Again, interest rates have been declining, and also our account balances for 2021 will be significantly lower, giving us total revenues of \$1,716,000.
- Keeping expenditures in check will be a significant issue for 2021. The Director and Admin fees are being kept the same as the 2020 original budget.
- Attorney's fees; let me explain to you how this will wrap in. We do not know what's going to happen with the closing on Bruce's property next year. In theory, he's supposed to close mid-November. With the COVID crisis, we've had to take the position that we don't even know if it is going to close so that we can make sure that the Township has enough money and we're in a financial position to support the DDA. We've looked at this and said, if it closes, great. If it doesn't, what happens? That's really what the 2021 Proposed is; no sales, no closing on Bruce, which then would of course drive down the attorney fees. My best-case scenario is that Bruce calls me tomorrow and says I need

Phase II immediately. Tom Rauch, we'd put you to work and get this thing closed, and spend a bunch on legal fees and engineering, but I don't see that happening right now with the issues with hotels, movie theaters, across the board. There's too much uncertainty so we have to look at it from a negative position; no closing and limited activity next year.

- Accounting/Auditing we've got proposed at \$4,000.
- Township Administrative was kept the same.
- No significant changes as we move through here for fees that we can keep in check. Our key numbers next year revolve around interest payments projected, \$1,900,000. Total expenditures at \$2.3 million. Net over/under of \$680,000 under.
- You'll see that we are projecting on the next page a proposed advance of \$4.5 million.
- 2021 Cash Advance worksheet, our estimated cash flow 12/31/20 will be \$630,000. With our additions of winter and all other income, less deductions, a buffer for January expenses, total available cash for the year is \$1,800,000.
- All debt service is \$6,000,000. Shortfall is \$4.2 million. Proposed advance \$4.5 million.
- In my opinion, that is a worst-case scenario. It is something that the Township needs to be aware of and be prepared for because it could happen. I just don't know what is going to happen with the markets next year.
- We're in no position to give away the property. We don't have to. We are significantly better off riding the storm out, rather than doing sales to generate income. Let's do it the right way.
- I will need a motion to approve our 2021 DDA Proposed Budget to take to the Township Board. This will go to the Township Board, once they ultimately approve it, then it comes back to the DDA Board again.

MOTION by Lublin, seconded by Spelker, to approve the 2021 DDA Proposed Budget as presented.

Discussion –

Lublin discussed potential shortfalls with Stacey, and asked if the Township would have enough money to lend to the DDA. Stacey assured Lublin that the Township's reserve fund is strong. He is just preparing the Township Board for the worst-case scenario. The Township does have the reserves; they have been setting aside money and are projecting to ultimately have approximately \$40 million loaned to the DDA by 2034.

Spelker expressed that Mark's conservative approach to budgeting is greatly appreciated.

ROLL CALL VOTE

AYES: Lublin, Spelker, Gotts, Smith, Scott, Mirkin, Matta, Hoy
NAYS: None
ABSENT: None
ABSTAIN: Winkler [online but had audio issues]

MOTION CARRIED

Item 10: Committee Reports

- A. Finance Committee – Director Stacey – We have been working on the 2021 budget and are preparing for the August 25th Township Board meeting. I will report back to you after that.
- B. Public Relations Committee – Jose Mirkin – As I said in the previous DDA meeting, the Public Relations Committee is coordinating with the DIA for the 2021 Inside Out Program. The Committee is hopeful that someday we will be able to find a vaccine for COVID-19, and we will be able to keep doing activities. We don't know what's

going to happen with the school season, if they are going to start or not. I tried to reach the art teachers of Walled Lake Schools through email. Trying to coordinate the K-12 Art Exhibition is useless because we don't know when schools will open, and we know we can't have a gathering of 1,000 people in our community library until we can find a vaccine.

- C. Marketing Committee – David Smith – I apologize for coming in late today. I have nothing to more to add than what Randy already said.

Item 11: Approval of Warrants and/or Carryovers, Add-ons, Revenue & Expenditure
MOTION by Gotts, seconded by Spelker, to approve the Warrants and/or Carryovers, Add-ons and the Revenue & Expenditure Report.

ROLL CALL VOTE

AYES: Gotts, Spelker, Smith, Scott, Lublin, Mirkin, Matta, Hoy
NAYS: None
ABSENT: None
ABSTAIN: Winkler [online but had audio issues]

MOTION CARRIED

Item 12: Other Matters

- The next regularly scheduled DDA meeting is Tuesday, September 15, 2020 at 12:00pm.

Item 13: Adjournment

MOTION by Lublin, seconded by Hoy, to adjourn at 12:53pm.

ROLL CALL VOTE

AYES: Lublin, Hoy, Gotts, Scott, Mirkin, Matta, Spelker, Smith
NAYS: None
ABSENT: None
ABSTAIN: Winkler [online but had audio issues]

MOTION CARRIED



Melissa Creech
DDA Secretary

EXP CHECK RUN DATES 08/18/2020 - 08/18/2020
BOTH JOURNALIZED AND UNJOURNALIZED OPEN AND PAID

BANK CODE: DDA
DDA WARRANT REPORT
AUGUST 18, 2020

Vendor Name	Invoice Date	Description	Amount
1. DEBORAH WATSON	08/06/2020	DDA ASSISTANT HOURS 7/16/20 - 8/6/20	612.50
2. KEMP, KLEIN, UMPHREY & ENDLEMAN, PC	08/05/2020	PROFESSIONAL SERVICES THROUGH JULY 31, 2020	1,545.00
3. MARK STACEY	08/06/2020	DDA DIRECTOR 7/16/20 - 8/6/20	4,100.00
4. PLANTEMORAN	06/24/2020	2019 FINANCIAL STATEMENT AUDIT	2,813.00
	07/20/2020	PREPARATION OF THE QUALIFYING STATEMENT	1,950.00
		TOTAL	4,763.00
TOTAL - ALL VENDORS			11,020.50
FUND TOTALS:			
Fund 499 - DOWNTOWN DEVELOPMENT AUTHORITY			11,020.50