



CITY OF AUBURN HILLS CITY COUNCIL AGENDA

MEETING DATE: JULY 12, 2021

AGENDA ITEM NO.

CITY OF AUBURN HILLS TAX INCREMENT FINANCE AUTHORITY MEETING

June 8, 2021

CALL TO ORDER: Chairman Kneffel called the meeting to order at 4:00 PM.

ROLL CALL:

Present:	Kneffel (Auburn Hills, MI), Klemanski (Auburn Hills, MI), Moniz (Auburn Hills, MI), Hawkins (Pontiac, MI), Goodhall (Auburn Hills, MI), Price (Auburn Hills, MI), Thornton (Charlevoix, MI), Dolly (Auburn Hills, MI)(Arrived at 4:19 p.m.)
Absent:	Waltenspiel
Also Present:	Brandon Skopek, Assistant to the City Manager; Jason Deman, Manager of Public Utilities; Andrew Cousino, OHM Advisors
Guests:	4

LOCATION: Virtual Meeting

PERSONS WISHING TO BE HEARD

None.

APPROVAL OF MINUTES

A. TIFA Regular Meeting Minutes – May 11, 2021

Moved by Mr. Goodhall to approve the TIFA Regular Meeting minutes from May 11, 2021 as presented.

Seconded by Mr. Hawkins

Yes: Kneffel, Klemanski, Moniz, Hawkins, Goodhall, Price, Thornton,
No: none

Motion carried by roll call vote

CORRESPONDENCE AND PRESENTATIONS

None.

FINANCIAL REPORT

A. FY 2021 Adopted Budget and YTD Summary – May 31, 2021

Mr. Skopek presented the financial report for the period ending May 31, 2021.

There was no discussion on the financial report.

Moved by Ms. Price to receive and file the financial report for period ending May 11, 2021.

Seconded by Ms. Thornton

Yes: Kneffel, Klemanski, Moniz, Hawkins, Goodhall, Price, Thornton,

No: none

Motion carried by roll call vote

UNFINISHED BUSINESS

None.

NEW BUSINESS

A. Capital Improvement – Executive Hills to Hillfield Watermain and Pressure Reducing Valve

Jason Deman, Manager of Public Utilities, presented a memo dated June 3, 2021. He noted that the proposed addition of the M-59 watermain crossing from Executive Hills to Hillfield adds a layer of redundancy to the water system that will provide stability for the future. Currently, the City only has one watermain that crosses M-59, located along N. Squirrel Road. Adding an additional connection would enable the City to have another emergency water connection across M-59. The intent is that the TIFA-B fund will cover the 50% of the construction costs for the project, with the other 50% funded from the Water Fund. \$850,000 was the total budget for the project, with TIFA covering \$425,000. Based on the low bid, the TIFA-B expense is estimated at \$318,113. Staff recommends that Superior Excavating be awarded the contract for completion of the Executive Hills to Hillfield watermain crossing.

Dr. Dolly arrived at 4:19 p.m.

Vice Chairman Klemanski noted that although this is a redundancy in the water supply, he asked if there would be water shutoffs to complete the work.

Mr. Deman stated that there would be no water shutoffs.

Moved by Mr. Moniz to approve the contract with Superior Excavating for the installation of the watermain and PRV for 50% of the total cost of the project, set at \$318,113, which will be funded from account number 252-736-977.001.

Seconded by Ms. Price

Yes: Kneffel, Klemanski, Moniz, Hawkins, Goodhall, Price, Thornton, Dolly

No: none

Motion carried by roll call vote

B. Business Recruitment Grant – Browe Skin and Brow Bar

Mr. Skopek presented a memo dated June 1, 2021. He provided an introduction to the agenda topic noting that Ms. Kristen Browe is seeking to open a second location for her Skin and Brow Bar in the Jordan 3250, a new mixed-use development in downtown Auburn Hills. Ms. Browe has applied for the TIFA's Business Recruitment Grant and is seeking funding in the amount of \$100,000. Mr. Skopek noted that the intent of the Business Recruitment Grant is to promote economic vitality and community revitalization by providing a dollar-for-dollar matching grant to incentivize businesses to locate in the downtown TIF district. The program encourages the revitalization of existing buildings in downtown Auburn Hills.

The Jordan 3250 is located in the downtown TIF district, making the site address eligible for funding. The application materials provide that the leaseholder is responsible for the buildout of the space and noted that the developer is providing a tenant improvement allowance of up to \$100,000. Because this is an expansion of an existing business, Browe Skin and Brow Bar fall into the second tier of the grant program funding from \$30,000 - \$100,000. The buildout quotes range from \$280,000 to \$380,000. The applicant understands that labor is not a cost covered by the grant program, that the grant is on a dollar-for-dollar matching basis, that the grant is paid out on a reimbursement basis after all contractor fees have been paid, and that the applicant must adhere to the City's purchasing ordinance.

Mr. Skopek concluded that while Browe Skin and Brow Bar fall into the second tier of the grant program and is eligible to request up to \$100,000, staff is of the opinion that a grant award of this amount shall be reserved for prospective restaurant users that will draw dozens of customers per hour and bring life to the downtown throughout the day and night. Further, a grant award of this

amount shall be used to assist with the revitalization of existing buildings in downtown Auburn Hills to improve the overall architectural design of downtown. Based upon the financial information provided by the applicant and based on the guidelines and intent of the Business Recruitment Grant, staff recommends awarding a grant to Browe Skin and Brow Bar in the not-to-exceed amount of \$30,000.

Vice Chairman Kelmanski asked about the hours of operation.

Mr. Nick Browe, Browe Skin and Brow Bar, noted the business will be open seven days a week, including evenings upwards of 9:00 p.m.

Mr. Moniz noted that the lease agreement between Detroit Riverside Capital and Browe Skin and Brow Bar states that the landlord has agreed to contribute a tenant improvement allowance equal to the full amount of the TIFA Business Recruitment grant, estimated to be \$100,000. He noted that it appears that the grant was promised to the tenant and he is of the opinion that \$100,000 shall be reserved for a restaurant user. He would be comfortable with \$30,000.

Mr. Michael Wayne, Detroit Riverside Capital, stated that the tenant was never promised a grant. However, the tenant was very interested in the grant program when they first approached Detroit Riverside Capital. Detroit Riverside Capital informed the tenant that they were eligible for up to \$100,000 and a \$100,000 grant is significantly important to secure the tenant. Without the full grant amount, it will be difficult to get the business open in a timely manner.

Chairman Kneffel noted that the TIFA Board has awarded grant money to every business that has applied since he has been on the Board. He added that it may not have been the full amount, but each business received some sort of incentive.

Mr. Moniz noted he appreciates what Detroit Riverside Capital has been able to accomplish in downtown Auburn Hills, but he is still bothered by the perception that the tenant would be awarded a \$100,000 grant. He hopes that the tenant will be happy with any award amount and that they will have a successful business. He asked what would happen if a grant was awarded and the business failed within the next five years.

Ms. Kristen Browe, Browe Skin and Brow Bar, noted the tremendous growth they have witnessed and does not anticipate the business failing. Further, recessions do not seem to impact these types of businesses.

Mr. Wayne noted that the grant would fund permanent items for the buildout, so even if the business did fail, the grant proceeds would go to good use.

Mr. Hawkins thanked the applicant for a thorough application; however, he is concerned with the precedent this would set if the Board approved a \$100,000 grant for this type of business in a new construction. He agrees that an award of this amount shall be reserved for a restaurant user and for the revitalization of existing buildings.

Chairman Kneffel asked if Browe Skin and Brow Bar would maintain their first location in Rochester Hills.

Ms. Browe noted that their existing location in Rochester Hills would close and they would expand into a larger space in downtown Auburn Hills. They are currently renting a room out of a salon suite building.

Mr. Hawkins asked if the applicant qualified for the second tier of the grant program if they closed their first location.

Mr. Skopek affirmed that they would still qualify as this is a business expansion and not a start-up.

Dr. Dolly expressed her excitement over the business, but noted that the Board has never given out a \$100,000 grant. She added that there seems to be an assumption that just because there is up to \$100,000 available, any business can have up to that amount, which is a misconception.

Mr. Wayne asked if an applicant has ever applied for \$100,000.

Dr. Dolly stated that to her knowledge there has never been a \$100,000 grant request.

Mr. Skopek stated that there has been one Business Recruitment Grant awarded, which was in the amount of \$16,000. This grant award incentivized You, Me, and Bubble Tea to open a second location in downtown Auburn Hills back in 2018.

Chairman Kneffel stated that he felt \$30,000 is a fair grant award.

Mr. Wayne expressed his surprise by the Board's reaction. They had originally presented the need for \$150,000 at the April TIFA Board meeting and the feedback on the proposed business was positive and there was no discussion on the requested amount. He clarified that any amount of money granted would be appreciated, but \$100,000 is truly needed.

Ms. Price left the meeting at 4:55 p.m.

Mr. Moniz asked if the second tenant space in the Jordan 3250 would be filled by a restaurant.

Mr. Wayne affirmed that Bucharest Grill would be occupying that tenant space.

Mr. Moniz asked if Bucharest Grill would be applying for a \$100,000 grant as well.

Mr. Wayne stated that the grant program has been shared with the restaurant owner and that he has expressed interest in it, but no decision has been made.

Chairman Kneffel restated that \$30,000 is a generous offer for the applicant. He asked for feedback from the Board on grant award amounts.

The Board discussed potential award amounts.

Moved by Mr. Goodhall to award a grant in the amount of \$100,000.

Motion failed due to lack of support

Moved by Mr. Moniz to award a Business Recruitment Grant in the not-to-exceed amount of \$50,000 to Browe Skin and Brow Bar for their tenant buildout at 3250 Auburn Road, Auburn Hills, Michigan 48326 from TIF-A account #251-735-967.100 and authorize the Executive Director to execute all necessary documents and verify grant compliance. All final documents shall be reviewed and approved by the City Attorney.

Seconded by Mr. Goodhall

Yes: Moniz, Goodhall, Thornton
No: Kneffel, Klemanski, Hawkins, Dolly

Motion failed

Chairman Kneffel suggested tabling the agenda item and reassess at the July TIFA Board meeting.

Moved by Mr. Goodhall to table the agenda item to the July 13, 2021 TIFA Board meeting.

Seconded by Ms. Thornton

Yes: Kneffel, Klemanski, Moniz, Hawkins, Goodhall, Thornton, Dolly
No: none

Motion carried by roll call vote

Mr. Wayne asked what additional information the Board would be looking for at the next meeting.

Ms. Thornton asked for more information on the services the business offers.

Secretary Goodhall requested additional information on how the amount of the grant intersects with the other sources of funding and what it will take to make the business a success.

C. Conveyance of TIFA Property

Mr. Skopek presented a memo dated May 28, 2021. He noted that the Board had previously granted ten (10) feet of property to Detroit Riverside Capital at the March 9, 2021 TIFA Board meeting. The Board may recall that because the building proposes entryways, windows, and balconies on the east side of the building rather than a fire rated wall, the building would not be allowed to be constructed on the property line. Since that time, Detroit Riverside Capital has informed staff that their proposed building will need to be shifted two (2) feet to the east to limit the impact on the sidewalk along S. Squirrel Road and due to required building materials. Therefore, Detroit Riverside Capital has requested the conveyance of twelve (12) feet of property as opposed to the original ten (10) feet. The remaining eleven (11) feet would be retained by the TIFA as a buffer for any future development on the property.

Chairman Kneffel asked if these twelve (12) feet would include the DTE utility lines.

Mr. Skopek affirmed that this conveyance would include the DTE utility lines and easement. OHM Advisors is working on an updated survey to show the true location of the utilities. The building is not expected to impact the easement.

Moved by Mr. Hawkins to authorize the conveyance of the twelve-foot strip of property from Parcel Identification Number 14-36-126-020 and authorize the Executive Director to execute all documents necessary to complete the conveyance of property. Furthermore, Detroit Riverside Capital shall pay all costs incurred for the conveyance of property.

Seconded by Ms. Thornton

Yes: Kneffel, Klemanski, Moniz, Hawkins, Goodhall, Thornton, Dolly
No: none

Motion carried by roll call vote

EXECUTIVE DIRECTOR UPDATE

Mr. Skopek updated the Board that the City Council authorized the allowance of alcohol consumption at the pop-up Public Square through October 3, 2021. The hours of operation are Sunday – Thursday, 12:00 p.m. – 9:00 p.m., and Friday and Saturday, 12:00 p.m. to 11:00 p.m.

Mr. Skopek reminded the Board of the Executive Session at the end of the meeting.

EXECUTIVE SESSION

A. Discussion of the Acquisition of Real Estate

Moved by Mr. Moniz to adjourn the Regular Session and enter into Executive Session to discuss the acquisition of real estate at 5:24 p.m.

Seconded by Mr. Hawkins

Yes: Kneffel, Klemanski, Moniz, Hawkins, Goodhall, Thornton, Dolly
No: none

Motion carried by roll call vote

Filed under separate cover

Moved by Ms. Thornton to adjourn the Executive Session regarding the discussion of the acquisition of real estate and return to regular session at 5:45 p.m.

Seconded by Mr. Hawkins

Yes: Kneffel, Klemanski, Moniz, Hawkins, Goodhall, Thornton, Dolly
No: none

Motion carried by roll call vote

Moved by Ms. Thornton to authorize the Executive Director to prepare an offer to purchase for the properties located at property identification numbers 14-23-352-009, 14-23-352-002, and 14-23-352-003 in accordance with the purchase agreement terms presented. Offer is subject to a due diligence period of ninety (90) days and the receipt of an inspection report solely acceptable to the Tax Increment Finance Authority. The broker representing the Tax Increment Finance Authority shall abide by the City of Auburn Hills Purchasing Ordinance while conducting due diligence items. Furthermore, authorize the Executive Director to execute all documents related to the purchase up to and including those required at closing.

Seconded by Dr. Klemanski

Yes: Kneffel, Klemanski, Moniz, Hawkins, Goodhall, Thornton, Dolly
No: none

Motion carried by roll call vote

BOARD MEMBER COMMENTS

Chairman Kneffel noted that the Board forgot to discuss any comments prior to the Executive Session.

Dr. Dolly suggested the Business Recruitment Grant be updated to set different parameters and funding levels for select business types.

Chairman Kneffel suggested forming a committee to review the Business Recruitment Grant and work to set new guidelines, benchmarks, and funding levels.

Secretary Goodhall asked how the grant program is funded.

Mr. Skopek stated there is \$300,000 budgeted in TIF-A in FY2021 for three separate grants of up to \$100,000.

Chairman Kneffel asked if the Haus of Brunch was open in the former Dimitri's space.

Mr. Skopek stated that the business owner is working through the permitting process, but expects to be open within the next few weeks.

ANNOUNCEMENT OF NEXT MEETING

The next regularly scheduled TIFA Board of Directors meeting is scheduled for Tuesday, July 13, 2021 at 4:00 PM at Auburn Hills City Hall Administrative Conference Room, 1827 N. Squirrel Road, Auburn Hills, Michigan 48326.

ADJOURNMENT

Moved by Mr. Moniz to adjourn the TIFA Board meeting.

Seconded by Ms. Thornton

Yes: Kneffel, Klemanski, Moniz, Hawkins, Goodhall, Thornton, Dolly
No: none

Motion carried

The TIFA Board of Directors meeting adjourned at 6:08 PM

Respectfully submitted,

Steve Goodhall
Secretary of the Board

Brandon Skopek
Assistant to the City Manager