

**CITY OF AUBURN HILLS
BROWNFIELD REDEVELOPMENT AUTHORITY**

March 4, 1999

CALL TO ORDER: Assistant City Manager Greve called the meeting to order at 4:32 p.m.

ROLL CALL: Present. Capen, Douglas,
Harvey-Edwards, Love, Vettel
Absent. none
Also Present. Assistant Manager Greve

LOCATION: Civic Center, 1827 N. Squirrel Road,
Auburn Hills 48326

3. PERSONS WISHING TO BE HEARD - none

4. OVERVIEW OF AUTHORITY AND ITS MISSION

Mr. Greve defined a brownfield as a piece of property that is contaminated, usually to a degree which prevents development until after the parcel is cleaned up. He then outlined the authority and its mission as follows:

Purpose - to provide financing for cleanup of contaminated sites.

How it Works - projects are site specific; a contract is established between the City and a developer who agrees to develop a specific site worth a specified amount of taxable value; the authority borrows money; the project is developed; the money is repaid through tax increment financing.

Mr. Greve explained the tax increment financing as a capture of the difference between what the site was generating in taxes initially and what it generates after development. The B.R.A. can continue to capture the taxes until the debt for the cleanup is repaid. Mr. Greve explained a number of grants from the State of Michigan are available for funding the cleanup costs. He verified that taxes can continue to be captured for five years after the debt is repaid in order to set up a revolving fund for future cleanups.

Mr. Capen asked if it is possible to capture taxes from contiguous parcels that benefit positively from the brownfield cleanup project. Mr. Greve stated his understanding the capture could be accomplished if the developer of the brownfield buys the contiguous parcels, though he explained the potential for capture from nonowned parcels would exist in the case of something like a business park being developed. In such a case the Authority would need to seek the State's approval.

Mr. Capen pointed out the Authority ~~can~~ *must* also share taxes captured by Tax Increment Financing Authority (TIFA) districts, the Local Development Finance Authority (LDFA), the Economic Development Corporation (EDC) and the Downtown Development Authority (DDA) if the cleanup project is inside existing districts of those authorities.

Mr. Greve confirmed for Mr. Douglas that the B.R.A. can capture 100% of the difference in taxes generated. In response to a question from Mr. Douglas, Mr. Greve explained all taxing districts where notified of the public hearing for the establishment of the B.R.A. and no controversy or opposition has arisen. He pointed out that a project must have Department of Environmental Quality (DEQ) approval in order for the B.R.A. to capture school taxes.

City Manager Ross joined the meeting at 4:50 p.m. to introduce himself to the members of the board.

**As amended on March 18, 1999.*

Mr. Greve continued his overview of the Authority:

Powers - pay for cleanup; establish and utilize a revolving fund; execute contracts; buy/sell/lease property; incur debt; make loans; borrow money.

Mr. Greve confirmed for Mr. Capen that the City could buy, cleanup and sell brownfield parcels for profit. He agreed with Ms. Harvey-Edwards that the City could acquire property from defaulting developers, but stressed the need to assure developers have the financial resources to carry through with a project.

Responding to Ms. Harvey-Edwards' question, Mr. Greve noted inducements for developers to build on contaminated sites include financing for the cleanup, and tax credit available up to \$1 million in the form of a 10% annual credit against the single business tax.

Answering Mr. Capen's observation that sites must be DEQ approved within the next two years, Mr. Greve explained legislation is being discussed which may extend the deadline.

Benefits - single business tax credit; jobs; productive sites; revolving fund; solutions to difficult sites within the City.

Ms. Harvey-Edwards questioned the downside for the developer. Mr. Greve suggested two negative points: the amount of time required for a brownfield redevelopment project and the stigma attached to a contaminated site which could affect resale value.

Ms. Vettel asked if the City would see the entire site plan before entering into a partnership with a developer and spending money. Mr. Greve advised the issue should be addressed as an element of the concept plan and also noted that each site can be treated independently since the B.R.A. has a lot of discretion on a site by site basis.

Mr. Capen noted there are two types of cleanup: DEQ approved and sites which are not DEQ approved. In response to a question from Mr. Douglas, Mr. Greve explained all costs, including environmental assessments can be repaid through tax increment financing. Mr. Douglas, noting the existence of seven landfills in the City when he was first elected to City Council in 1983, asked if the sites could be designated as brownfields now before taxes increase so as to increase the amount of tax capture possible when the sites are developed. Mr. Greve indicated taxes could not be captured before the sites are developed and explained he does not have an answer regarding designating sites before development is planned.

Responding to Ms. Harvey-Edwards' question regarding startup costs, Mr. Greve referenced the Clean Michigan Initiative and also suggested the possibility of requesting startup costs from the City, perhaps from funds generated by landfill fees. Answering a question from Ms. Harvey-Edwards, Mr. Greve noted the B.R.A. could apply for a grant to clean up park land and community property, but the expenditures would not be recoverable. He mentioned State funds are difficult to tap into without a project. Mr. Greve recommended including on the initial plan only those properties widely known to be contaminated and currently on an existing inventory.

5. REVIEW AND APPROVAL OF BYLAWS

Mr. Love moved to accept the Bylaws as presented.
Supported by Mr. Douglas.

Mr. Greve noted the Authority must submit the Bylaws to City Council for approval as well.

The Authority recommended the following amendments to the Bylaws:

1. ARTICLE II, Section 8: Amend first sentence to read, "A majority of the members of the Board then in office constitutes a quorum for the transaction of business at any meeting of the Board, provided, that a majority of the Board *which is present* may adjourn the meeting from time to time without further notice. Add to the section, "*No grant or loan shall be contracted on behalf of the Authority and no evidence of indebtedness shall be issued in the name of the Authority unless authorized by a resolution passed by a majority of the Board then in office and approved by the Auburn Hills City Council.*"
2. ARTICLE II, Section 10: Add, "*(d) incur indebtedness*".
3. ARTICLE III, Section 1: Amend *Chairperson* and *Vice Chairperson* to *Chair* and *Vice Chair*. This convention should be used throughout the Bylaws.
4. ARTICLE III, Section 4: Amend the second and third sentences to read, "*In the absence of the Chair, the Vice Chair shall preside at all meetings of the Board and shall perform all the duties of the office as provided by the Act or these Bylaws. The Chair shall be an ex-officio member of all standing committees.*"
5. ARTICLE III, Section 5: Amend the third sentence in the first paragraph to read, "*If the Board does not otherwise appoint an Executive Director, the City Manager of the City of Auburn Hills or his designee shall serve in such capacity for the Authority without additional compensation.*" Amend the first sentence of the second paragraph to read, "*The Executive Director may authorize the expenditure of up to \$5,000 for any authorized function of the Authority.*"
6. ARTICLE IV, Section 2: Amend the first sentence to read, "*No grant or loan shall be contracted on behalf of the Authority and no evidence of indebtedness shall be issued in the name of the Authority unless authorized by a resolution passed by a majority of the Board then in office and approved by the Auburn Hills City Council.*"
7. ARTICLE IV, Section 4: Change *Board* to *City Council*.

Mr. Greve suggested the Board might want to review all the amendments before forwarding the Bylaws to City Council.

Mr. Love withdrew his motion.

6. ELECTION OF OFFICERS

Mr. Greve opened the floor for nominations for Chair.

Mr. Love nominated Mr. Capen.
Supported by Ms. Harvey-Edwards.

There being no other nominations, Mr. Greve closed the nominations.

Ms. Harvey-Edwards moved to elect Mr. Capen as Chair of the Authority.
Supported by Mr. Love.

VOTE:	Yes:	All
No:	None	

Motion

carried (5-0)

Mr. Capen opened the floor for nominations for Vice Chair.

Ms. Harvey-Edwards nominated Mr. Douglas.
Supported by Mr. Love.

There being no other nominations, Mr. Capen closed the nominations.

Ms. Harvey-Edwards moved to elect Mr. Douglas as Vice Chair of the Authority.
Supported by Mr. Love.

VOTE: Yes: All
No: None

Motion

carried (5-0)

7. OVERVIEW OF FUTURE WORK PROCESS

Mr. Greve suggested the topic was covered during the preceding discussion.

8. NEXT MEETING

Board members scheduled the next meeting to be held on Thursday, March 18, 1999 at 5:30 p.m.

Ms. Harvey-Edwards noted she will be out of town from March 25 until April 5.

9. OTHER BUSINESS

Mr. Capen asked if it was necessary to wait until March 18 to work on a site inventory. Mr. Greve agreed the agenda could include discussion of potential sites, as well as approving the revised Bylaws and working on the initial draft of the base plan document. He indicated the base plan could possibly be bigger than Kalamazoo's.

A suggestion was made to explore the possibility of making brownfield developers a high priority and expediting the permit and approval process for them. Mr. Douglas suggested developing a list of potential developers to contact regarding the fact that a B.R.A. has been formed. Mr. Greve advised some notice has already been given. Mr. Capen asked that the information be included on the City's website.

10. ADJOURNMENT

Ms. Harvey-Edwards moved to adjourn the meeting.

Supported by Mr. Love.

VOTE: Yes: All
No: None

Motion

carried (5-0)

The meeting was adjourned at 6:11 p.m.

Respectfully submitted,
Helen R. Venos
City Clerk

J. Cherilynn Tallman
Records Retention Clerk