



BOARD OF DIRECTORS MEETING

AUGUST 20, 2018

5:30 PM

Auburn Hills City Hall, Administrative Conference Room • 1827 N. Squirrel Road, Auburn Hills, MI 48326
Minutes of the DDA Board Meeting will be on file in the City Clerk's Office • 248-370-9402

MEETING CALLED TO ORDER

- 1) ROLL CALL
- 2) PERSONS WISHING TO BE HEARD
- 3) APPROVAL OF MINUTES
 - a) July 9, 2018
- 4) FINANCIAL REPORT
 - a) Period ending July 31, 2018
- 5) CORRESPONDENCE & PRESENTATIONS
 - a) 2019 – 2023 Budget Presentation
- 6) OLD BUSINESS
- 7) NEW BUSINESS
- 8) BOARD MEMBER COMMENTS
- 9) ADJOURNMENT



CITY OF AUBURN HILLS CITY COUNCIL AGENDA

MEETING DATE: AUGUST 13, 2018

AGENDA ITEM NO. .

Not yet approved

**CITY OF AUBURN HILLS
DOWNTOWN DEVELOPMENT AUTHORITY MEETING**

July 9, 2018

LOCATION: Auburn Hills City Hall, Administrative Conference Room, 1827 N. Squirrel Road, Auburn Hills, MI 48326

CALL TO ORDER: Chairman Young called the meeting to order at 5:36 PM.

ROLL CALL

Present:	Gliniecki, Jernigan, McDaniel, Spurlin, Travnikar, Wise, Volk (5:39 PM), Young
Absent:	none
Also Present:	Samantha Seimer, Director of Authorities; Thomas Tanghe, City Manager; David Benoit, Management Assistant
Guests:	Tim Loughrin and Paul Robertson, Robertson Homes

PERSONS WISHING TO BE HEARD

None.

NEW BUSINESS

A. Resolution – Agreement by and Between the Auburn Hills Tax Increment Finance Authority & the Auburn Hills Downtown Development Authority

Ms. Seimer presented a memo dated July 3, 2018 for the consideration of a resolution between the Tax Increment Finance Authority and the Downtown Development Authority. She reviewed the inherent legislative goal of both the DDA and TIFA is to encourage economic development and neighborhood revitalization. Excerpts of the legislation of each board was included in the memo.

It was noted that over the last several years, many projects have been approved within both the DDA and TIF districts, but have struggled with the economic feasibility of the project. Ms. Seimer introduced City Manager Tanghe. Mr. Tanghe spoke about a proposed development next to Riverside Park in Downtown. The current financial gap was identified as approximately \$20,000 per unit, or \$280,000 total. Mr. Tanghe included a memo for the DDA Board in their packet.

Mr. Loughrin and Mr. Robertson reviewed their project and excitement for building in downtown. They are currently building a similar product in Ferndale, which will serve as a model for the Auburn Hills project. They provided data about the cost of construction for such a small site, and showed their passion for all of the work that has happened and is happening in Downtown Auburn Hills.

The request before the DDA Board is consideration of a loan from the Tax Increment Finance Authority District B to the DDA in the amount of \$160,000 to be paid back by the DDA over four years at 3% interest. Ms. Seimer added that the DDA currently has a cash balance of \$139,947. The loan will be granted to Robertson Brothers only after the first building is framed. Mr. Tanghe made a recommendation to change the motion and resolution to reflect a payback period of 2020 through 2023, instead of 2019 through 2022. The Board and representatives from Robertson Brothers agreed that timeframe is more realistic given the time it will take to begin construction.

Ms. Seimer added that the resolution has been reviewed by the City attorney and recommends approval of the attached resolution.

Moved by Ms. Jernigan to adopt the attached Resolution Agreement by and Between the Auburn Hills Tax Increment Finance Authority & the Auburn Hills Downtown Development Authority for a Loan from TIF District B in the amount of \$160,000 to the Downtown Development Authority to be provided to Robertson Bros. Builders as a cash grant incentive for fourteen townhomes located within the DDA District of the City of Auburn Hills. The Loan is to be paid back beginning the first quarter of 2019 through 2022 at a 3% interest rate for a total payback of \$169,992. Furthermore, recommend resolution to the Tax Increment Finance Authority.

Supported by Mr. Gliniecki.

Yes: Gliniecki, Jernigan, McDaniel, Spurlin, Travnikar, Wise, Volk, Young
No: None

Motion carried

BOARD MEMBER COMMENTS

None

ANNOUNCEMENT OF NEXT MEETING – The next Downtown Development Authority Board of Directors will be Monday, August 20, 2018, at 5:30 PM at City Hall in the Administrative Conference Room.

ADJOURNMENT

There being no objections, the meeting was adjourned at 6:19 p.m.

Respectfully submitted,

Samantha P. Seimer

Executive Director



TO: Chairman Young and Members of the DDA Board of Directors

FROM: Samantha Seimer, Director of Authorities, DDA Executive Director

DATE: August 16, 2018

SUBJECT: Financial Report for period ending July 31, 2018

Attached for your review are the financial statements for the period ending July 31, 2018.

The DDA received \$71,790 in tax increment revenue over the last several months. This is 63% of the anticipated revenue for the year. The cash position increasing due to conservative spending in the previous two years, the cash position of the DDA is \$145,008.

The DDA has utilized 30% of its budgeted expenditures for the year. The expenditures so far are specific to administrative charges and interfund services, and the downtown concerts in the public square. There were slight expenditures over the last quarter for irrigation water and maintenance for repairs made to lines along Parkways Boulevard.

The financial statements will be presented for approval at the Board meeting on Monday, August 20, 2018. You are welcome to contact myself or Finance Director Michelle Schulz prior to the meeting to discuss particular budget line items, budget capital items or any of the documents mentioned in this memo.

An appropriate motion is:

Move to receive and file the Financial Report for Period Ending July 31, 2018.

8.16.2018

**City of Auburn Hills
DDA Statement of Net Position
For the Period Ending July 31, 2018**

<u>ASSETS</u>	<u>DDA</u>
Cash and Cash Equivalents	145,008
Taxes Receivable	-
Total Assets	<u>145,008</u>
<u>LIABILITIES</u>	
Accounts Payable	750
Due to Trust and Agency	
Due to Taxpayers	2,662
Deferred Revenue	
Total Liabilities	<u>3,412</u>
<u>NET POSITION</u>	
Beginning Net Position 1/1/2018	82,992
Excess of Revenues over Expenditures as of July 31, 2018	<u>58,605</u>
Net investment in capital assets	0
Unrestricted	141,596
Total Net Position	<u>141,596</u>
Total Liabilities and Total Net Position	<u>145,008</u>

City of Auburn Hills
Statement of Revenues, Expenditures, and Changes in Net Position-DDA
For the Period Ending July 31, 2018

Fund 248-728		Amended	Year-	Fav / (Unfav)
		Annual	To-Date	
<u>REVENUES</u>		<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
20	402.000 Property Taxes	\$ 112,570	\$ 71,791	\$ (40,779)
	Total Revenues	<u>112,570</u>	<u>71,791</u>	<u>(40,779)</u>
<u>EXPENDITURES</u>				
55	729.000 Supplies	1,600	-	1,600
60	800.199 Landscape/General Maintenance	7,500	247	7,253
76	817.000 Consultant Services	2,000	-	2,000
<u>Other Expenses</u>				
85	885.000 Community Relations	15,000	8,925	6,075
85	901.000 Marketing	5,000	-	5,000
85	958.000 Membership Dues	1,000	515	485
85	960.001 Conferences and Workshops	1,500	431	1,070
85	998.000 Miscellaneous	100	-	100
59	927.000 Utilities	5,000		
73	999.004 Administrative Charges	3,838	2,239	1,599
88	999.007 Interfund Services	1,422	830	593
	Total Expenditures	<u>43,960</u>	<u>13,186</u>	<u>30,774</u>
	Excess of Revenues over Expenditures as of July 31, 2018	68,610	58,605	<u>\$ (10,005)</u>
	Beginning Total Net Position (1/1/2018)	<u>82,992</u>	<u>82,992</u>	
	Ending Total Net Position	<u>\$ 151,602</u>	<u>\$ 141,597</u>	

Fund 248 DOWNTOWN DEVELOPMENT AUTHORITY

GL Number	Description	Balance
*** Assets ***		
248-000-001.000	CASH	145,008.76
Total Assets		145,008.76
*** Liabilities ***		
248-000-202.000	ACCOUNTS PAYABLE	750.00
248-000-275.000	DUE TO TAXPAYERS	2,661.98
Total Liabilities		3,411.98
*** Fund Balance ***		
248-000-390.000	FUND BALANCE	82,992.01
Total Fund Balance		82,992.01
Beginning Fund Balance		82,992.01
Net of Revenues VS Expenditures		58,604.77
Ending Fund Balance		141,596.78
Total Liabilities And Fund Balance		145,008.76

ACCOUNT PROJECT	DESCRIPTION	2018 ENDED BUDGET	YTD BALANCE 07/31/2018	ACTIVITY FOR MONTH 07/31/2018	AVAILABLE BALANCE	% BDGT USED
Fund 248 - DOWNTOWN DEVELOPMENT AUTHORITY						
Revenues						
PROPERTY TAXES						
402.000	AD VALOREM	113,070.00	72,228.06	804.36	40,841.94	63.88
418.000	DELINQUENT PERSONAL PROPERTY	0.00	0.41	0.00	(0.41)	100.00
422.000	MTT YE ACCRUAL	(500.00)	(437.50)	(62.50)	(62.50)	87.50
PROPERTY TAXES		112,570.00	71,790.97	741.86	40,779.03	63.77
TOTAL REVENUES		112,570.00	71,790.97	741.86	40,779.03	63.77
Expenditures						
SUPPLIES						
729.000	PRINTING	1,000.00	0.00	0.00	1,000.00	0.00
730.000	POSTAGE	100.00	0.00	0.00	100.00	0.00
799.000	EQUIPMENT UNDER \$5,000	500.00	0.00	0.00	500.00	0.00
SUPPLIES		1,600.00	0.00	0.00	1,600.00	0.00
REPAIR & MAINT.						
800.199	DECORATIONS/LANDSCAPE/GEN MAINT	7,500.00	0.00	0.00	7,500.00	0.00
929.000	IRRIGATION WATER AND MAINT.	0.00	247.39	8.16	(247.39)	100.00
REPAIR & MAINT.		7,500.00	247.39	8.16	7,252.61	3.30
CONTRACTUAL SERVICES						
817.000	CONSULTANT SERVICES	2,000.00	0.00	0.00	2,000.00	0.00
CONTRACTUAL SERVICES		2,000.00	0.00	0.00	2,000.00	0.00
OTHER EXPENSES						
885.000	COMMUNITY RELATIONS	15,000.00	8,925.00	0.00	6,075.00	59.50
901.000	ADVERTISING/MARKETING	5,000.00	0.00	0.00	5,000.00	0.00
958.000	MEMBERSHIP DUES	1,000.00	515.00	0.00	485.00	51.50
960.001	CONFERENCES/WORKSHOPS	1,500.00	430.50	0.00	1,069.50	28.70
998.000	MISC/CONTINGENCY	100.00	0.00	0.00	100.00	0.00
OTHER EXPENSES		22,600.00	9,870.50	0.00	12,729.50	43.67
UTILITIES						
927.000	WATER CONSUMPTION	5,000.00	0.00	0.00	5,000.00	0.00
UTILITIES		5,000.00	0.00	0.00	5,000.00	0.00
ADMIN. INTERFUND CHG						
999.004	ADMINISTRATIVE CHARGES	3,838.00	2,238.81	319.83	1,599.19	58.33
ADMIN. INTERFUND CHG		3,838.00	2,238.81	319.83	1,599.19	58.33
INTERFUND CHG EXPENS						
999.007	INTERFUND SERVICES	1,422.00	829.50	118.50	592.50	58.33
INTERFUND CHG EXPENS		1,422.00	829.50	118.50	592.50	58.33
TOTAL EXPENDITURES		43,960.00	13,186.20	446.49	30,773.80	30.00
Fund 248 - DOWNTOWN DEVELOPMENT AUTHORITY:						
TOTAL REVENUES		112,570.00	71,790.97	741.86	40,779.03	63.77
TOTAL EXPENDITURES		43,960.00	13,186.20	446.49	30,773.80	30.00
NET OF REVENUES & EXPENDITURES		68,610.00	58,604.77	295.37	10,005.23	85.42



TO: Chairman Young and Members of the DDA Board of Directors

FROM: Samantha Seimer, Director of Authorities, DDA Executive Director

DATE: August 16, 2018

SUBJECT: 2019 Budget Presentation and Approval

Attached is the most current and up to date budgetary data. The attached documents include the budget line item details for 2017-2023 and graphs of trends in each District. Staff will review the aforementioned documents and answer any questions that may arise at the meeting. The approved budget will be published in the local paper with the City's budget and presented with the full city budget in October.

Currently, the only revenue for the DDA is tax increment property tax revenue, which you conservatively increases each year for the expected rate of inflation. Consumer Price Index inflation rates hover around 2% over the next five years. We have estimated budgetary items broken down by account classifications in the expenditures portion of the document. By keeping expenditures low in the first few years of the DDA's establishment, you will notice the Cash Position continually increases as tax increment revenue component. Starting slow will allow us to have a greater impact on Downtown Auburn Hills into the future. Please note that in 2018, the DDA will contribute to Admin/Interfund Charges. This expenditure is a proportional allocation into the City's General Fund. It helps offset the cost of items such as the Director of Authority's salary and benefits, collecting taxes, financial reporting, holding elections and so on.

If there are items you would like to have further clarified prior to our meeting, please do not hesitate to contact myself or Finance Director, Michelle Schulz mschulz@auburnhills.org prior to our meeting on Monday, August 21, 2017

An appropriate motion is:

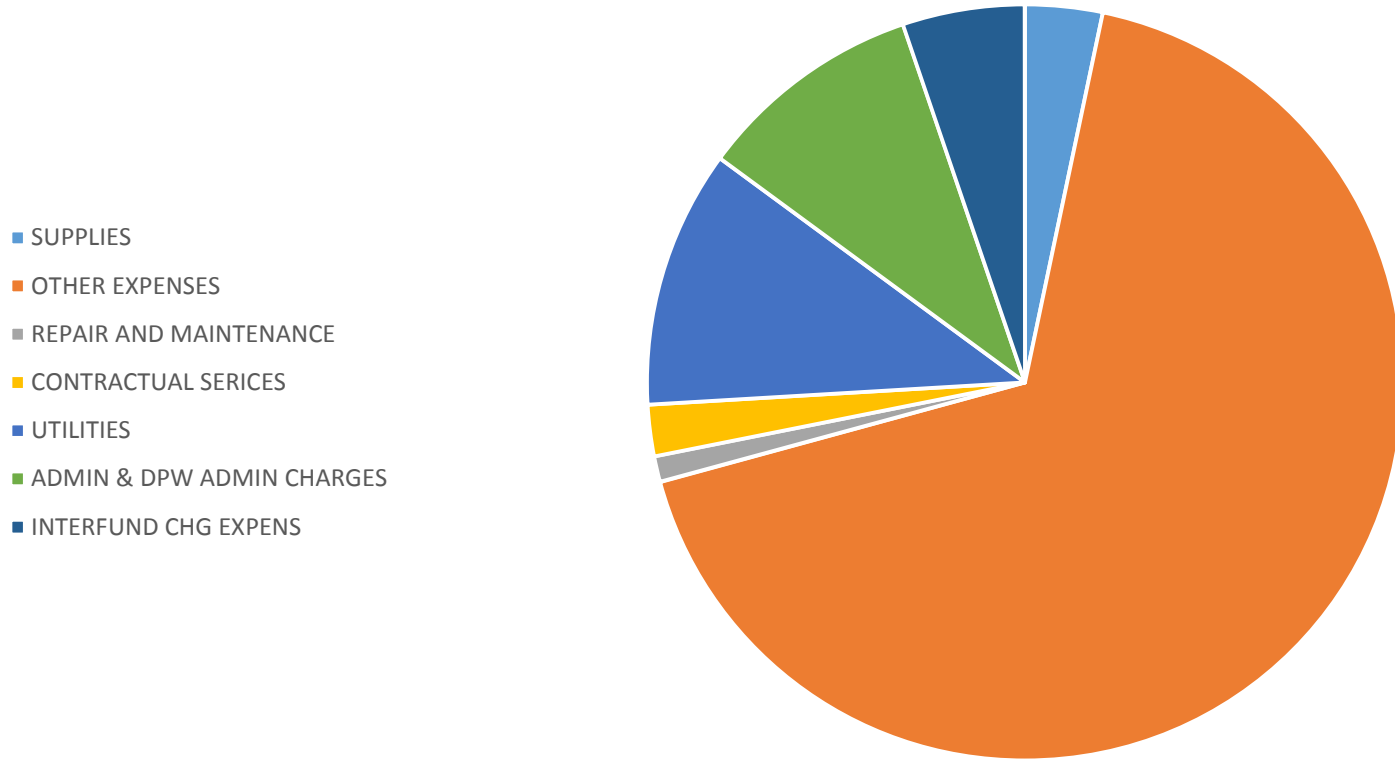
Move to approve the Downtown Development Authority 2018 Amended Budget and 2019 Proposed Budget as presented, furthermore, recommend to the City Council the inclusion of these budgets for adoption in the City's overall budget documents.

Fund 248 - DDA

2019 BUDGET & FIVE YEAR PROJECTION

<u>DESCRIPTION</u>	2017	2018 ORIGINAL	2018 PROJECTED	2019	2020	2021	2022	2023
	ACTUAL	BUDGET	BUDGET	BUDGET	PROJECTION	PROJECTION	PROJECTION	PROJECTION
REVENUES								
PROPERTY TAXES	\$ 60,417	\$ 112,570	\$ 120,787	\$ 123,793	\$ 127,612	\$ 133,384	\$ 137,634	\$ 141,891
CHARGES FOR SERVICES	990		1,000	1,000	1,000	1,000	1,000	1,000
TOTAL REVENUES	61,407	112,570	121,787	124,793	128,612	134,384	138,634	142,891
TOTAL REVENUE CHANGE PERCENT		83.3%	8.2%	2.5%	3.1%	4.5%	3.2%	3.1%
EXPENDITURES								
SUPPLIES		1,600	500	1,500	2,000	2,000	2,000	2,500
OTHER EXPENSES	2,731	22,600	14,025	30,625	31,125	31,625	32,125	27,125
REPAIR AND MAINTENANCE	3,953	7,500	500	500	500	500	500	500
CONTRACTUAL SERVICES		2,000	1,000	1,000	2,500	2,750	2,750	3,000
UTILITIES		5,000	5,000	5,000	5,000	5,000	5,000	5,000
ADMIN & DPW ADMIN CHARGES	3,838	3,838	4,336	4,401	4,467	4,534	4,602	4,671
INTERFUND CHG EXPENS	1,422	1,422	2,336	2,371	2,407	2,443	2,480	2,517
TOTAL EXPENDITURES	11,944	43,960	27,697	45,397	47,999	48,852	49,457	45,313
TOTAL EXPENDITURES CHANGE PERCENT		268.1%	-37.0%	63.9%	5.7%	1.8%	1.2%	-8.4%
NET OF REVENUES/EXPENDITURES	49,463	68,610	94,090	79,396	80,613	85,532	89,177	97,578
BEGINNING FUND BALANCE	56,122	105,585	105,585	199,675	279,071	359,684	445,216	534,393
ENDING FUND BALANCE	\$ 105,585	\$ 174,195	\$ 199,675	\$ 279,071	\$ 359,684	\$ 445,216	\$ 534,393	\$ 631,971

DDA Expenditure Components



DDA Revenues, Expenditure and Fund Balance

