Introduction

In 1980, the Tax Increment Financing Authority (TIFA) Act was established to prevent urban deterioration and encourage economic development through the use of tax increment financing within an established district. Tax increment financing utilizes incremental tax capture above the amount established at the time a Tax Increment Financing (TIF) District is created. Auburn Hills has three TIF districts; 85-A, 85-B and 86-D. These districts are managed by the Tax Increment Finance Authority Board of Directors. The Tax Increment Financing Authority Board of Directors is prescribed powers and duties including interest in real and personal property, the creation and implementation of development plans, study and analysis of economic changes taking place in the municipality, and the impact of growth in the development districts. They develop long range plans as well as preservation and planning initiatives through the use of matching grants and strategic design and improvements.

Summary of 2017

The TIFA experienced the effects of the economic downturn just shy of a decade ago and is currently progressing strategically through the recovery era. Tax values within the development districts have declined causing the Board to take a conservative financial perspective and approach the future with strategic spending and a shift into the stabilization and preservation of its resources.

TIFA works diligently to actively market properties in the core downtown area to create higher residential and retail density and to generate more walkable traffic throughout the city. Into the future, the Board and its leadership will continue to look for strategic partnerships with local partners and the college community to establish greater connections to the businesses and individuals in which the Tax Increment Financing Authority serves.

The Tax Increment Finance Authority approved the purchase of an artificial Christmas tree to be used as the City’s official Christmas tree. Formerly, there was a large blue spruce in front of The DEN. After years of increased development and infrastructure improvements in Downtown, the tree’s root system was compromised and the tree needed to be removed. For the last two years, the Department of Public Works assisted in finding, harvesting and decorating a large blue spruce that was placed where for former live tree once was. This process took over two weeks. The purchase of the artificial tree decreased staff time down to two days. The anticipated life of the tree is between ten and fifteen years. Additionally, the TIFA Board heard many recommendations from Downtown experts about the need for more ‘greenspace” in our downtown. To pair with the multitude of events that take place near The DEN Parking Lot, the City of Auburn Hills looked for a new Christmas tree to place in the downtown area.
Lot, the Board purchased artificial turf to use for events and brighten up the cement area. To date it has been used for Yoga in the Public Square which took place after the Avondale Homecoming Parade and the Tree Lighting Ceremony. In 2018, the Public Square will be the location for summer concerts while the amphitheater is under construction as well as a variety of other events.

The TIFA Board is continually working to devise events to draw people to Downtown Auburn Hills. One of the most challenging target populations to reach is the corporate community. After numerous conversations with employees of Chrysler, Comerica and Volkswagen, three patterns of answers emerged when questioned about why the employees do not leave campus for lunch. Employees responded that the walk to their car was too long, they did not want to lose parking and that lunch is currently available on campus. The TIFA Board supported Free Shuttle Fridays which made a loop from Volkswagen and Comerica to Downtown from 11:00 AM – 2:00 PM for a month. This initiative brought approximately 30 new people downtown each week and alleviated some of the leaving for lunch concerns by the local employees. Downtown Merchants said that event was successful for their business.

In 2011, the City of Auburn Hills became the first city in Michigan to introduce a comprehensive EV infrastructure ordinance that brought the installation of first generation EV charging stations. The first generation of EV stations was a partnership with Chrysler and DTE and were provided to the City at no cost. Since that time, Auburn Hills has positioned itself to meet the needs to the next generation of vehicles and higher demand for convenient charging locations. The Tax Increment Finance Authority replaced all of the first generation charging stations throughout the City with high efficiency Chargepoint stations. Chargepoint is the foremost distribution of charging stations nationally with a flexible interface that can be adapted to meet the community’s needs. The introduction of the Chargepoint EV stations has allowed the TIFA to recoup some of the cost of installation and electricity although there is no profit from the stations they are a valuable community asset, especially with the increase in electric vehicles throughout the country.

### Current Fund Balances

<table>
<thead>
<tr>
<th></th>
<th>TIF 85-A</th>
<th>TIF 85-B</th>
<th>TIF 86-D</th>
<th>Totals</th>
</tr>
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<tbody>
<tr>
<td>Assets</td>
<td>$27,756,447</td>
<td>$18,258,290</td>
<td>$28,090,237</td>
<td>$74,104,974</td>
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<tr>
<td>Liabilities</td>
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<td>Net Position</td>
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<td>Cash</td>
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<td>$9,375,720</td>
<td>$2,253,745</td>
<td>$14,537,201</td>
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</tbody>
</table>

Source: TIFA Financial Statements – December, 2017 *Pre-Audit*
Revenues

All of the districts have been affected by the Great Recession. TIF Districts 85-A and 85-B remain more consistent, whereas TIF District 86-D experienced a dramatic decline FY2012 and FY2013. This year, TIF District D experienced a negative capture situation due to the first phase of the exemption of personal property taxes. After completing an analysis of each TIF District’s tax base, it was determined that when TIF-D was established, the tax base makeup was 60% personal property, and 40% real property. This district includes large businesses such as Chrysler, and Comerica. With personal property beginning to come off of the tax rolls, the overall value of the district dropped below its base value that was established in 1986. The District was reimbursed by the State of Michigan. All TIF Districts are declining at a slower rate than they were from FY 2007-2013.

Staff and the TIFA Board of Directors understand the necessity to remain fiscally conservative when making decisions. As new projects begin in the districts, corresponding tax increment revenue will influence the future budgets and help sustain the future of TIFA. TIF District B maintains a healthy fund balance and The Board of directors has plans to utilize that money in 2018 for a water main replacement on Opdyke Road, a pathway connection from Opdyke Rd and Featherstone to Auburn Road as well as incentivizing new businesses to the district.

Expense Breakdown

The most impactful expenses and budgetary constraints on TIFA come from the following areas: capital investment, repair & maintenance, contractual services, events & community relations and utilities.

The following charts breakdown the proportion of these expenses on each district and gives an overview of the total of these expenses of all the districts combined.
Conclusion

The progress that TIFA has made throughout 2017 is a direct product of the Board’s steadfast dedication to furthering its vision and mission even through difficult budgetary times plagued by the Great Recession. In the future, TIFA will work closely with Auburn Hills’ newly formed Downtown Development Authority (DDA) as the two economic development entities share borders and city-owned property. The successes of the TIFA Board of Directors will be integral in helping guide the DDA Board of Directors. These two authorities will work close in the strategic planning of Auburn Hills. A Downtown Executive Committee has been established to guide and best manage events for Downtown Auburn Hills. This committee consists of two members of the

Source: Account Balance Report – Period ending 12/31/2017 *All reports pre-audit 2/6/2018
TIFA Board and two members of the DDA Board. As the community continues to build-out, the TIFA Board will continually work to preserve and maintain community assets and host a greater number of events for resident to enjoy. In 2018, the Board will work to guide Downtown through a growth spurt of construction and influx of residents within the next year. The TIFA Board set its budget for the year in September 2017 with the future in mind of Downtown Auburn Hills in mind. The Board budgeted for half a million dollars to be contributed to the completion of the Amphitheater and Splash pad project at Riverside Park, created a new Business Recruitment Grant up to $300,000 to assist in the recruitment of a destination restaurant to Downtown along with increased investment for TIF-B and the M-24/Opdyke Corridor.

The established tradition of TIFA leadership will continue to be the guiding principle for partnerships in business community and seeking out greater community involvement.

2018 TIFA Board of Directors

Patrick Hassett, Chairman
David Molnar, Vice Chairman
Steven Goodhall, Secretary

Dr. Patricia Dolly
Mike Kneffel
Dawn Price
Eveonne Roberts
Kaye Thornton
Bob Waltenspiel

Samantha Seimer, Executive Director