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 base amount established at the time a Tax Increment Financing (TIF) District is created. Auburn Hills has three TIFA districts; 85-A, 85-B and 86-D which 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. The Board of Directors develop long range plans as well as preservation and planning initiatives through the use of matching grants, strategic design, and improvements.

Summary of 2018

In the fourth quarter of 2018, TIFA experienced a staff leadership change after the two-year tenure by Ms. Samantha Seimer. In October 2018, Mr. Brandon Skopek was appointed as the Director of Authorities. Mr. Skopek furthers the vision and commitment to the TIFA Board with the tradition established before him.

In 2018, the Tax Increment Finance Authority financed substantial infrastructure upgrades in the core downtown. Improvements to the area included watermain replacement, road reconstruction, curb bump outs to better identify on-street parking and to reduce vehicle speeds, and upgrades to the raised planter boxes including new irrigation systems, LED lighting, soils, and new streetscape trees. The project upgraded the existing downtown infrastructure to provide better service to businesses, residents, and the many planned developments expected to break ground in 2019. Further, the project encourages additional pedestrian traffic due to the enhanced walkability of downtown. In addition to the downtown infrastructure upgrades, The Tax Increment Finance Authority also partnered with the Road Commission for Oakland County and the City of Auburn Hills to finance asphalt road repair, watermain replacement, and a pedestrian pathway on Opdyke Road from Auburn Road to Walton Boulevard in the amount of $2.5 million. The Tax Increment Finance Authority also broke ground on the amphitheater, plaza, and splash pad in Riverside Park which is expected to be completed spring of 2019.

The TIFA Board continuously strives to attract patrons and businesses to Downtown Auburn Hills. Included in the 2018 budget were funds allocated for the creation of a Business Recruitment Grant program. The Business Recruitment Grant program is utilized to promote economic vitality and community revitalization by providing an incentive to business and property owners to locate in the Downtown TIF District. The grant program encourages business and property owners to revitalize downtown buildings and to create a vibrant downtown experience. More specifically, the program provides
funding for projects that demonstrate the importance of marketing the community as a destination of choice for investment and promoting the attributes and assets of Downtown Auburn Hills. In 2018, the Business Recruitment Grant program was utilized by You, Me, and Bubble Tea to open a second location in Downtown Auburn Hills.

In the fourth quarter of 2018, TIFA co-hosted with the Downtown Development Authority and City of Auburn Hills a strolling groundbreaking ceremony downtown. The event celebrated the latest downtown investments including Primary Place Townhomes, The MiL, Residences at Thirty-Two 50, and Riverside Townes.

**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>$27,228,174</td>
<td>$16,491,342</td>
<td>$27,685,797</td>
<td>$71,405,313</td>
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<td>Liabilities</td>
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<td>Cash</td>
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<td>$7,943,892</td>
<td>$2,647,034</td>
<td>$13,703,089</td>
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*Source: TIFA Financial Statements – December, 2018 *Pre-Audit

**Revenues**

All of the districts have been impacted by the recession a decade ago. 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 continued to experience a negative capture situation due to 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 Fiat Chrysler Automobiles and Comerica. With personal property off of the tax rolls, the overall value of the district dropped below its base value established in 1986; however, the district was reimbursed by the State of Michigan.

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.

![TIFA District Revenues 2007-2018](source: Adopted Budget Books)
Expense Breakdown

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

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

![Expense Breakdown Diagram]

Source: Account Balance Report – Period ending 12/31/2018 *All reports pre-audit

Conclusion

The TIFA continues to experience the impacts of the economic downturn from 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 stakeholders and higher education institutions to establish greater connections to the businesses and individuals in which the Tax Increment Financing Authority serves.

The progress that TIFA has made throughout 2018 is a direct product of the Board’s steadfast dedication to furthering its vision and mission even through difficult budgetary times. TIFA will work closely with Auburn Hills’ Downtown Development Authority (DDA) as the two economic development entities share district boundaries and City-owned property. The successes of the TIFA Board of Directors will be integral in providing guidance to the DDA Board of Directors. As the community continues to build-out, the TIFA Board will continue to preserve and maintain community assets and host a greater number of events for residents to enjoy. In 2019, the Board will work to guide Downtown through a growth spurt of construction and influx of residents within the coming years.

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

2019 TIFA Board of Directors

Patrick Hassett, *Chairman*

Mike Kneffel, *Vice Chairman*

Steven Goodhall, *Secretary*

Dr. Patricia Dolly

Dr. John Klemanski

Dawn Price

Eveonne Roberts

Kaye Thornton

Bob Waltenspiel

Brandon Skopek, *Executive Director*