

**CITY OF WIXOM  
LOCAL DEVELOPMENT FINANCE AUTHORITY  
49045 PONTIAC TRAIL  
TUESDAY, OCTOBER 7, 2014**

**APPROVED  
12/09/14**

This meeting of the Wixom Local Development Finance Authority came to order at 7:30 a.m. with the following individuals in attendance:

**MEMBERS:** Chairperson Eddie Osman, Vice Chairperson Joseph Baker, Joseph Bell, James Cutright, Mayor Kevin Hinkley, Teri Les, Dennis Olsen, Dr. Jacqueline Shadko, Joshua Springer and Commissioner Philip Weipert

**ABSENT:** Raymond Cousineau

**OTHERS:** Carmine Avantini (City Planner), Laura Bassett (Attorney – Miller Canfield), Anthony Nowicki (City Manager) and Deanna Murphy (Recording Secretary)

**Determination of a Quorum:**

A quorum of the Local Development Finance Authority was present for this meeting.

**Approval of Agenda:**

**MOTION** and second by Boardmember Cutright and Vice Chairperson Baker to approve the October 7, 2014 LDFA Meeting Agenda.

**VOTE:**

**MOTION CARRIED**

**Public Comments:**

None.

**Approval of June 24, 2014 Meeting Minutes:**

**MOTION** and second by Boardmembers Les and Cutright to approve the June 24, 2014 Meeting Minutes.

**VOTE:**

**MOTION CARRIED**

**Hearings:**

None.

**Old Business:**

**A. 12/Beck LLC's request for LDFA project consideration to extend Alpha Drive from ITC Corridor to Beck Road**

Mr. Nowicki introduced Mr. James M. Galbraith, Principal of 12/Beck LLC, who submitted a request to the LDFA for a project consideration to extend Alpha Drive from the ITC Corridor to Beck Road.

Mr. Galbraith explained that 12/Beck LLC has owned the immediate intersection area of Beck Road and Twelve Mile Road for approximately 30 years, which was originally a 50-acre parcel. The property to the west, including ITC Corridor and Lakeside Oakland Development's ("Lakeside") parcels, were developed about 15 years ago. Lakeside Development also owned the further embedded parcel between 12/Beck LLC and Lakeside's currently developed parcels, which is approximately 30 acres. When MDOT embarked on its interchange projects (Beck Road and Wixom Road), 12/Beck LLC had worked closely with MDOT, Cities of Novi and Wixom, as well as Providence Hospital, to cause the interchange improvement to happen by granting the right-of-way that was required on 12/Beck's quadrant of the Beck – I/96 Interchange to MDOT. This was one of the first true and effective partnering for an interchange improvement. It was recognized all along through that period as well as ownership of this property, it was appropriate that there would be a frontage road built connecting Beck to Wixom Road, especially with the design of the interchange and alignment of

Twelve Mile Road, in terms of the geometrics and signalization. Also, it was all taken into account when the interchange was designed and constructed. 12/Beck LLC has worked with Lakeside for a number of years to try and cause this improvement to take place; however, an agreement was never made in part of the recession and in part of Lakeside/Frank Pellarito's circumstances. About 18 months ago, 12/Beck was successful in acquiring Lakeside's parcel, which now expands 12/Beck's property to nearly 80 acres (everything from ITC Corridor to Beck Road). Mr. Galbraith believes that this is a key cornerstone intersection to the City of Wixom because it is a gateway property. 12/Beck is here today requesting a partnership with the City to cause the infrastructure improvements (sanitary sewer, water, storm, street lighting and roadway) to be made and firmly believes that it will become a substantial benefit to the City because as the land lies vacant, it has a very low taxable value and does not produce jobs. It needs to be planned and developed in a cohesive comprehensible fashion to benefit the City. Also, he believes by opening up this connectivity, it will re-energize nearby developments. It is probably one of the most appropriate types of opportunities for both a private developer and the City to take advantage of particularly in light of the fact that it is a gateway project as well as what is happening on the former Ford property.

12/Beck LLC is a development company that has been in the business since 1975 and is a significant stake holder in developments in West Bloomfield, Commerce and Novi. One of the most visible projects 12/Beck has done is the big box retail where Costco (Commerce) and Lifetime Fitness are located at 14-1/2 Mile and Haggerty. 12/Beck is also a very substantial residential developer and is currently working on a project at Beck and Maple Road. In fact, he is working with Mr. Nowicki on improving Beck Road in connection with this development.

Q: Is this project located within the City of Wixom boundaries?

A: Yes. Wixom encompasses Beck Road and Twelve Mile Road. The yellow line on the proposed Alpha Drive Extension map is an approximate alignment of a new road (extension of Twelve Mile Road to Alpha Tech), which would continue onto Wixom Road. It would be a frontage or service drive-type road allowing multiple opportunities for significant office and flex space developments and possibly support retail. It is designed to bring in businesses, tax base and jobs.

Q: A concern was voiced about where Beck Road ends into I-96. Is this intersection designed to handle a wider Beck Road? If Beck Road gets widened, will the bottle neck issue of squeezing down to one lane entering onto I-96 be addressed? Also, every weekday morning and evening, traffic is backed up from Pontiac Trail to expressway on Beck Road. There is concern that by adding another road entering onto Beck would potentially create more congestion on Beck.

A: Yes the intersection was designed to handle a wider Beck Road. Mr. Nowicki further explained that when MDOT designed the Beck Road Interchange, they did so to what they perceived to be the maximum demand at the time. How it will actually operate is everyone's guess. No one can predict it.

Mr. Galbraith added that it would be beneficial that one would have the option of connectivity between both Beck Road and Wixom Road; however, the flow through the interstate is a very valid concern.

Q: In terms of conservation land areas, Mr. Galbraith was asked to clarify the areas that are developable.

A: There is a substantial portion known as the conservation area located within the "Lakeside" parcel. There was a dispute and litigation between Lakeside and MDEQ a number of years ago. Mr. Galbraith further explained where the conservation easement is located on the map. Within the 80 acres overall, there is approximately 50 developable acres on the site. Also, there is a sanitary sewer and a stream that needs to be taken into consideration. It is their vision to create a campus-like development with a number of small users versus a big footprint-type opportunity due to the limitations. As it was indicated in their letter, Kieft Engineering is conducting field topography on the entire site including

the ITC Corridor. Also, King and MacGregor are conducting a current assessment and determination of the specifics.

Q: Since Alpha Drive was constructed in 1999 and the average life span of a road is on average 30-35 years, is Alpha Drive designed to accept the increased traffic flow or will the City be required to repair or modify the road to handle the increased traffic?

A: Mr. Nowicki believes the road was designed and constructed to handle truck traffic because it is a Class A industrial road; however, the intersection of Alpha Court and Alpha Drive may need to be reconfigured/reconstructed to promote better flow of traffic.

Q: Can 12/Beck LLC indicate how many buildings they plan on developing?

A: Mr. Galbraith explained that it is speculative at this point. Perhaps six to eight (40k – 60k sq ft) one-story buildings or four to five larger-sized buildings potentially multi-story buildings.

Q: Is 12/Beck LLC requesting the LDFA to spend +\$1 million on a mere possibility of future development?

A: Mr. Galbraith replied yes. Infrastructure has to be in place in order to attract certain kinds of users which is why they are asking the City to partner with them to a certain extent. 12/Beck LLC plans on spending millions of dollars as well.

Q: When 12/Beck LLC purchased the property from Lakeside, did they expect the City to invest a million dollars on infrastructure? Or was it 12/Beck's initial plan to develop the infrastructure as part of the overall project?

A: Mr. Galbraith explained that when they purchased the property, they knew it was necessary to put the two pieces together. Based on their experiences in development, they recognized that the infrastructure needs to be put in place. As part of the process and as soon as the field topo and wetlands assessment are completed, an overall plan will be created. They did not go into the acquisition with any expectation that they would receive help from the City. When they became aware of the existence of the LDFA Board, they felt it was a logical project for consideration. There is no doubt that the City/LDFA's participation in this project will accelerate their timetable; otherwise, they may inventory the parcels for some considerable period of time.

Q: Will the proposed roadway be developed as a two-lane highway?

A: The cross section is about 36 feet so it could be considered an industrial two-lane highway without a center lane.

Vice Chairperson Baker explained that based on Wixom's experience with Beck Road, when the proposed roadway is developed, he would strongly encourage installing a center lane. The traffic that will utilize this road could be severely congested (backed-up) if one car wants to make a left turn onto Beck heading north. If the long term plan is to develop the area, phase one should include a three lane highway.

From a cross-section stand point, Mr. Galbraith said that he was not sure if a 36 foot width would allow for a center turn lane.

Mr. Nowicki replied that three 12-foot lanes could fit.

Vice Chairperson Baker added that it would be cheaper to initially build the roadway with three lanes.

Mr. Galbraith agreed and there is a very good chance to work the third lane in without significant additional costs.

Q: Will 12/Beck LLC be proposing developments between I-96 and south of the proposed roadway? If so, will a service drive be created to allow connectivity between the buildings? There needs to be enough room for emergency vehicles.

A: Yes. In terms of a service drive, they will make sure to plan the development of the parcels deep enough to accommodate emergency vehicles. Also, there will be a site plan review that takes place from both a planning and an engineering standpoint on each and every subset.

Q: Would it be possible to swing the proposed roadway to the south closer to the expressway. Instead of not utilizing the more developable property, move the roadway south.

A: No. It would be more optimal to keep the road on a centerline in order to double load it. The option would be better to move the road further north.

Q: What is the estimated cost of the proposed roadway?

A: \$3.69 million will cover the cost of the new road and storm sewer system, which does not include water and sanitary sewer. Also, it has not been fully engineered yet at this point. This is 12/Beck's estimation. The costs for the entire infrastructure could be as high as \$6 - \$7 million.

Q: For clarification, 12/Beck LLC is requesting the City of Wixom to pay \$1.8 million for a private development?

A: Yes.

Q: Did General RV or Menards request money from the City to help them with their infrastructure?

A: No.

Boardmember Olsen stated that the bottom line is the Board needs to consider whether or not this project would be a good investment for the City of Wixom.

Chairperson Osman mentioned the Board's decision could potentially create a ripple effect where other businesses may come forward requesting assistance for their private developments. It could potentially create displeasure among the business community. For example, General RV and Menards have already spent a lot of money for their developments. The bottom line is that this request is for personal property; not public property.

Mr. Avantini explained that the proposed roadway will become a connector, which has always been in the City's Master Plan as a public purpose. It has always been something to consider; not that the current LDFA plan, as it is written, will allow us to do it. There is always the potential to capture new tax increment off of the new development from this particular project.

Q: For clarification, can the LDFA generate additional revenue once this project is developed and businesses start generating new tax revenue?

A: Not the LDFA but the City could.

Since Menards and General RV will each generate approximately \$150,000 in taxes per year, Mayor Hinkley estimated the same on this project (50 acres), which will most likely develop into an industrial strip mall.

Q: How is this area currently zoned?

A: IRO – Industrial Research Office.

Mr. Avantini added that the City is currently considering potential changes to its zoning to allow more flexible uses in this area, such as a PUD – Planned Unit Development (similar to the Ford property). This will allow better use of areas that are potentially developable, especially since there are a lot of wetlands on this site.

Q: Is the proposed roadway going to be private or public?

A: Public roadway. Consider it the Twelve Mile Road extension. The City would start maintaining it once it is dedicated.

Q: Since the property under the ITC power lines is non-buildable, would 12/Beck LLC consider filling it with plain grass or into some kind of park?

A: There has been some success in other communities where they were able to use the land through cooperation with ITC, for storm water management and limited amount of parking. If a deal cannot be made with ITC, it would be important to work out an arrangement with ITC where 12/Beck would obtain a license through ITC for property maintenance of the corridor. You cannot create a high-level industrial park without a properly maintained frontage.

Q: How much would it cost to reconfigure the Alpha Drive and Alpha Court intersection?

A: Mr. Nowicki provided a rough guess of \$125,000 - \$200,000. If the LDFA elects to include the roadway within the LDFA Plan update, he suggested including additional LDFA funds to include Alpha Drive and Twelve Mile Road extension intersection as well as redesign the Alpha Drive and Alpha Court curve.

Q: If 12/Beck LLC's project is considered under the LDFA Plan update, once the proposed roadway is constructed, will 12/Beck develop the property or will it be parceled off for other developers?

A: 12/Beck intends to develop the land themselves. It is their intention to put the road and utility infrastructure in place so they could develop on a build-to-suit basis. It was further explained that 12/Beck would not develop every single parcel. If a very viable user is looking to buy and own, he would not be turned away. It is their plans to put the improvements in place in the year 2015 and immediately engage in the marketing of those parcels through a reputable broker with hopes to see buildings in 2016.

Board Discussion

Chairperson Osman explained that the Board is asked to decide whether or not to include 12/Beck LLC's project in its LDFA Development Plan updates. This does not necessarily mean they will ultimately get approval for funding.

Mr. Nowicki added that if the project is considered, then staff will revise the Plan again to include the project. Keep in mind that there is only \$3.05 million in the overall fund.

Boardmember Cutright explained that he would not be in support of 12/Beck LLC's request because it is not a good idea to use City funds for a private project. He understands that it will open up opportunities for more businesses. As Mr. Galbraith explained earlier, when 12/Beck developed the big box retail in Commerce Twp. at 14-1/2 Mile and Haggerty, they paid for it themselves. In this case, they are going to put in the road whether the LDFA helps pay for it or not. The money would be used more wisely on Beck Road because the Twelve Mile Road extension will be emptying onto Beck Road.

Vice Chairperson Baker said that he is cautious and added that he would be more open to 12/Beck's proposal if the project/design already had three or four tenants who are ready to go in there once the roadway is built. Further, he understands that this is a little premature, but hoping and wishing that

someone is going to put in developments and rent property is different than having legitimate tenants/businesses ready to come in.

Boardmember Springer asked what kind of flexibility the Board has on funding requests. He thinks 12/Beck's proposed development is a fantastic idea. As Mr. Avantini explained earlier, the Twelve Mile Road extension is part of the City's Master Plan connecting Beck and Wixom Roads. 12/Beck's funding request would eat up a large portion of the overall LDFA budget so he agreed with Boardmember Cutright on prioritizing Beck Road higher. However, he would be open to the idea of helping 12/Beck LLC out a little bit. The tax revenue generated over time from the development would be beneficial in the long run; however, if the road is built and no one comes...

Mr. Nowicki explained that the Board has a certain level of flexibility but the project has to be listed in the LDFA Plan to be considered. If the Board wants to include this project in the Plan, the Plan will be rewritten and the priorities will have to be reordered to determine what can be afforded. Again, there is approx. \$3.05 million in the overall budget and this road extension is \$2 million.

As Mr. Galbraith mentioned earlier, Vice Chairperson Baker recalled if 12/Beck LLC is able to ensure a third lane since it would be an insignificant cost, he would be willing to change his mind and help out by funding a little bit to ensure that a third lane would be constructed.

Boardmember Weipert asked if the Menards and General RV development has any dedicated public roads.

Mr. Nowicki replied no. Not right now and he believes it will always remain private.

Mr. Avantini added that there is no road connection in the Menards and General RV development and will always be identified as private road. He further asked Mr. Nowicki if the City would be interested in future tax capture on this property. This would set-up a way to raise funds to build the road. Once the road is funded and/or LDFA is paid back, then the tax capture would stop.

Mr. Nowicki explained that this would need to become a whole new project and the City would have to create a new LDFA district because the current captured district is the industrial park on the other side – Oak Creek Industrial Park area.

With respect to 12/Beck's projected \$1.8 cost, Mr. Galbraith clarified that their options are open. They felt this amount was appropriate and had some basis to it, but understand that there are other projects under consideration with a limited budget. The Board has to prioritize to see what is best for the community and best for the LDFA. Further, he requested that the Board consider adding 12/Beck's project to the LDFA Plan update even if it doesn't make the cut because other projects are considered more important. Or as a possible alternative, the LDFA could consider contributing to this mutual opportunity \$450,000, which will help move this public/private partnership forward. Also, until the infrastructure is in place, there is not a broker in town who will bring them a deal to do a build-to-suit because 12/Beck will not be able to deliver fast enough. The infrastructure needs to be put in place first and it has to be on a just-in-time basis, which is what this project will allow 12/Beck to do.

Mayor Hinkley explained when the City was engaging with a solar panel / batteries venture for the Ford property, he and other City representatives visited Lansing in hopes to receive State assistance and tax credits for this project. They sat before a board, such as the LDFA, who made decisions to spend money on the Beck Road & I-96 Interchange as well as the Wixom & I-96 Interchange. At that time, after the State indicated that they were not too keen on helping Wixom for the development on Wixom Road, Mayor Hinkley asked the State representatives what they were doing with tax payers' money at

the Wixom & I-96 intersection. Since the State had already spent the money at both interchanges, Mayor Hinkley wanted to know what they were doing to get a return on the investment. The majority of the LDFA Board are business people. When we spend a dollar, we try to get some return on investment. He further asked the Board to look at the 12/Beck LLC property based on the monies in the fund and consider what the return will be on LDFA’s investment. When you think about it as an opportunity, look at it as you would your businesses and/or your day-to-day jobs (ie, a return on investment).

Mr. Nowicki explained that if the Board considers adding 12/Beck’s project to the list, it could be prioritized as project #6. This way, it will get it added to the plan and the projects can always be reordered once the City is ready to start tackling them. If the Board/City can help 12/Beck LLC out, it will accelerate their ability to develop the property and help generate the taxes. The other members had very valid comments. Most developers have funded their own infrastructures, but in this case, it will be the LDFA’s decision.

**MOTION** and second by Boardmembers Bell and Les to include the extension of Alpha Drive/Twelve Mile Road in the LDFA Development Plan as project #6.

- Roll Call Vote:**
- (8) **AYES – Osman, Baker, Bell, Les, Olsen, Shadko, Springer, Weipert**
  - (1) **NAY – Cutright**
  - (1) **ABSENT - Cousineau**

**Motion Passed**

**B. Approval of LDFA Development Plan and Tax Increment Financing Plan**

Mr. Nowicki explained that the LDFA Development Plan will need to be updated based on the previous Motion so he recommended to the Board approving the Plan contingent up adding project #6 into it so staff and the attorney can recalculate the numbers that are available and fine tune the overall Plan with respect to the additional project.

**MOTION** and second by Vice Chairperson Baker and Shadko to approve the LDFA Development Plan and Tax Increment Financing Plan contingent upon adding project #6 - Extension of Alpha Drive/Twelve Mile Road to the Plan.

- Roll Call Vote:**
- (8) **AYES – Osman, Baker, Bell, Les, Olsen, Shadko, Springer, Weipert**
  - (1) **NAY – Cutright**
  - (1) **ABSENT - Cousineau**

**Motion Passed**

**New Business:**

None.

**Information:**

- A. Stuart Yankee’s letter of resignation from Wixom’s LDFA Board of Directors

**Public Comments:**

None.

**Executive Director's Comments:**

Mr. Nowicki thanked the Board for all of their time and hard work. Once the Plan is updated, the Board will reconvene on Tuesday, December 9<sup>th</sup> since November will be a hectic month to finalize the Plan so the City can start moving forward.

**Board Members' Comments:**

Boardmember Cutright explained to the Board why he voted "no" on project #6. He understands that it is a good idea and our goal is to bring businesses and tax dollars into the City. He, personally, does not like the idea of having the City of Wixom fund a private enterprise to put in a street. Even though the street is on the master plan, the City should not use tax dollars to help fund the 12/Beck's project. He does not have anything against the company; in fact, he knows the company and the people working for it. Otherwise, it is a great idea to bring in more tax money and people who will be using our businesses.

Boardmember Olsen believes Mr. Galbraith listened to the Boards' comments and understood some of the concerns so 12/Beck LLC should not be surprised if they will be required to put in more of their own money to fund this project. Again, the goal is to get more businesses into the City by utilizing this space which will generate more tax dollars for the City, which will help the residents who live in the City pay less taxes or avoid tax increases.

Boardmember Cutright added that this type of venture with 12/Beck may have a negative impact leading to additional requests for funding of private developments. There is only \$3.05 million in the budget, which is not much. It is not a good idea to start precedence.

Vice Chairperson Baker reiterated the City should require that 12/Beck's design needs to include a third lane. Once a road is established, it will be very difficult to establish a third lane after-the-fact.

Chairperson Osman agreed with Vice Chairperson Baker. However, he also agreed with Boardmember Cutright and is worried that others may request the Board for additional considerations for private developments. Also, what kind of guarantee can 12/Beck give the City that they will develop the land as promised. No one can foresee the economic future and we cannot afford to wait 10 to 12 years to see any results. On the other hand, there is a huge benefit to the City for a project like this.

Also, Chairperson Osman said if 12/Beck's project is in contention, then the Board may have to reprioritize the projects with more emphasis on Wixom Road. There will be more businesses utilizing Wixom and more cut-through traffic.

Mayor Hinkley agreed and believes there is a good chance of traffic stack-ups coming off the interstate with General RV and Menards along with a new cut-through. He further asked the Board if they ever got off at Novi Road because I-96 was backed-up. People will always find the shortest way to go.

Mayor Hinkley also said when considering the projects and their return on investment, the City did a good job by conducting an extensive investigation and discovered that Wixom is simply out of buildings that businesses want to move into whether it is 100,000 sq. ft. or smaller buildings. People are finding out to build new, is not necessarily more expensive than to renovate an old building. The 12/Beck project will give Wixom the opportunity for new development on 80 acres. Also, he is aware that 12/Beck has recently turned down offers/opportunities for their property. The property has been in the family for 30, 40, 50 years. As Boardmember Cutright said, they are looking for some assistance to construct the road in hopes for some developments. However, he is also an optimist and believes the economy will remain steady for a while with a little uptake and then it is going to drive back down again. It's a catch-22 ... where will the money be better well spent?



Boardmember Les agreed and said that the Board would have to recognize it is going to be a gamble and 12/Beck is not going to be able to provide any promises either. If the LDFA kicked in \$500,000 and generated \$100,000 in additional tax revenue, which is operating funds and arguably better than restricted money such as the LDFA funds, the City will make up that money within five years. She further believes it is a viable project for the LDFA to consider.

Boardmember Les asked if there is a way to enter into an agreement with 12/Beck which will guarantee a development within so many years or if they choose to sell the property, they would have to pay the City back.

Mr. Nowicki replied that it is not possible through the LDFA Plan. It would be possible through a special assessment district.

Mr. Avantini mentioned that he is part of a consultant team working with another community's DDA and currently researching to see if a developer could borrow the money and then the community will commit a certain part of the tax increment created by the development back to the developer on an annual basis for a set amount of time. Therefore, the community is not the one taking the risk. It is the developer and he will have "X" amount of dollars that he can drop into pro-forma that makes his project more viable to the lenders and that they would be willing to kick the project off. He is not sure if this concept is applicable in this case. The point is that there are other possibilities in terms of financing where maybe the City is not taking all of the risk. Ms. Bassett would have to take a look at it and provide the options.

**Adjournment:**

This meeting of the Wixom Local Development Finance Authority was motioned and adjourned at 8:50 a.m.

Deanna S. Murphy  
Recording Secretary