



2019 Tax Increment Finance Authority Annual Report

Introduction

In 1980, the Tax Increment Financing Authority (TIFA) Act was established, and then updated and recodified in 2018, 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 Finance 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 within 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.

Public Act 57 of 2018 Reporting Requirements

On January 1, 2019, Public Act 57 of 2018 took effect. PA 57 of 2018 is an Act that provides for the recodification and establishment of certain tax increment financing authorities and establishes new financial reporting and transparency requirements. In accordance with the new requirements established under the Act, the Tax Increment Finance Authority has completed the initial financial reporting and has held two public Informational Meetings. The semi-annual Informational Meetings are meetings for the purpose of informing the public of the goals and direction of the authority, including projects to be undertaken in the coming year. Informational Meetings are not for the purpose of voting on policy, budgets or other operational matters. All authorities must be compliant by June 2020.

Summary of 2019

Following a construction-heavy 2018, the Tax Increment Finance Authority Board of Directors shifted their focus in 2019 to the marketing and promotion of downtown Auburn Hills through a strategic downtown marketing campaign and event planning. One of the most notable projects in 2018 was the construction of the Knight Amphitheater and splash pad in Riverside Park located in downtown Auburn Hills. In summer 2019, the Tax Increment Finance Authority kicked-off the summer event season with the ribbon cutting and grand opening of these amenities, as well as the unveiling of the Riverside Park art piece created by artist Eric Gorges.

In addition to sponsoring the City's annual Tree Lighting Ceremony and Spooktacular, the Tax Increment Finance Authority celebrated the 50th anniversary of Woodstock and sponsored "Journey to Woodstock", an appreciation event for the City's corporate community. The event drew a crowd of over 150 people to downtown Auburn Hills and featured a live Woodstock-era cover band, catered BBQ, and craft beer from Rochester Mills Beer Company.

The Tax Increment Finance Authority Board of Directors continuously strive to attract patrons and businesses to downtown Auburn Hills – 2019 was no exception. The Tax Increment Finance Authority acquired the vacant building and surface parking lot located at 3346 Auburn Road in downtown Auburn Hills in the third quarter of 2019. An interior demolition of the building will be completed to prepare the 6,300 square-foot space for a tenant build-out. The Tax Increment Finance Authority Board is actively marketing the building to users that will create a destination in downtown Auburn Hills. The adjacent surface parking lot is being marketed to the development community to construct an infill mixed-use development in the downtown core. In late 2019, the Tax Increment Finance Authority Board collaborated to

create a print dining guide for downtown businesses, as well as a downtown business directory which has been incorporated into the City’s website. Patrons that stay at any hotel within a three-mile radius of downtown Auburn Hills will find the downtown dining guide in their hotel lobby. These print materials were created to drive the weekday hotel traffic to downtown Auburn Hills.

In addition to the strategic downtown marketing campaign and downtown events, the Tax Increment Finance Authority assisted with many other projects including the Public Safety Building’s fitness center renovation project by acquiring the exercise equipment for the newly renovated space, the acquisition of speed radar signs installed on N. Squirrel Road in downtown Auburn Hills, the creation and installation of new Auburn Hills/Oakland University streetscape banners on University Drive, the installation of public parking signage on the parking structure in downtown Auburn Hills, and the acquisition of new play structure equipment for Riverside Park, which is anticipated to be installed spring 2020.

Current Fund Balances

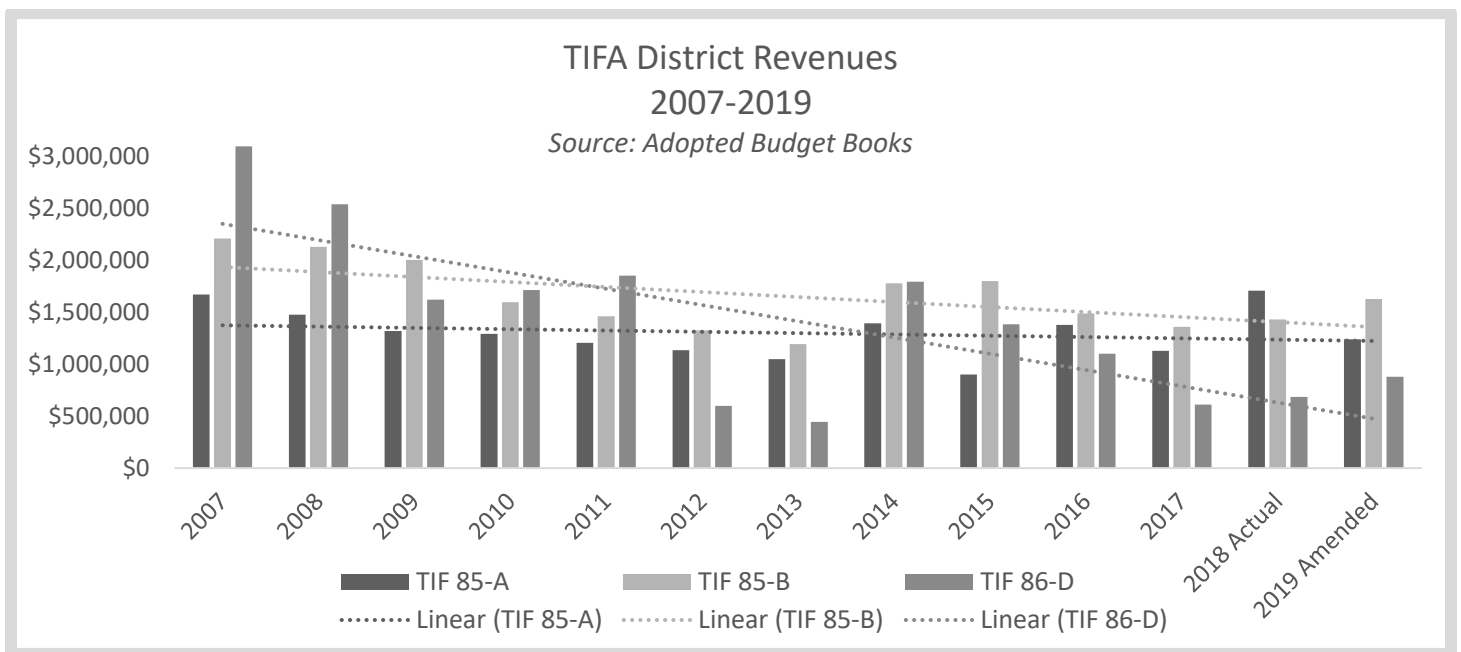
	TIF 85-A	TIF 85-B	TIF 86-D	Totals
Assets	\$26,330,358	\$17,661,653	\$27,376,763	\$71,368,774
Liabilities	\$41,222	\$71,547	\$23,119	\$135,888
Net Position	\$26,289,137	\$17,590,106	\$27,353,644	\$71,232,887
Cash	\$1,793,703	\$9,107,752	\$3,166,981	\$14,068,436

Source: TIFA Financial Statements –December, 2019 *Pre-Audit

Revenues

All the districts have been impacted by the recession over 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 due to the exemption of personal property taxes. However, FY2019 was a positive capture year for TIF District D due to economic growth within the district. Although revenue growth is slow, this upward trend is expected to continue.

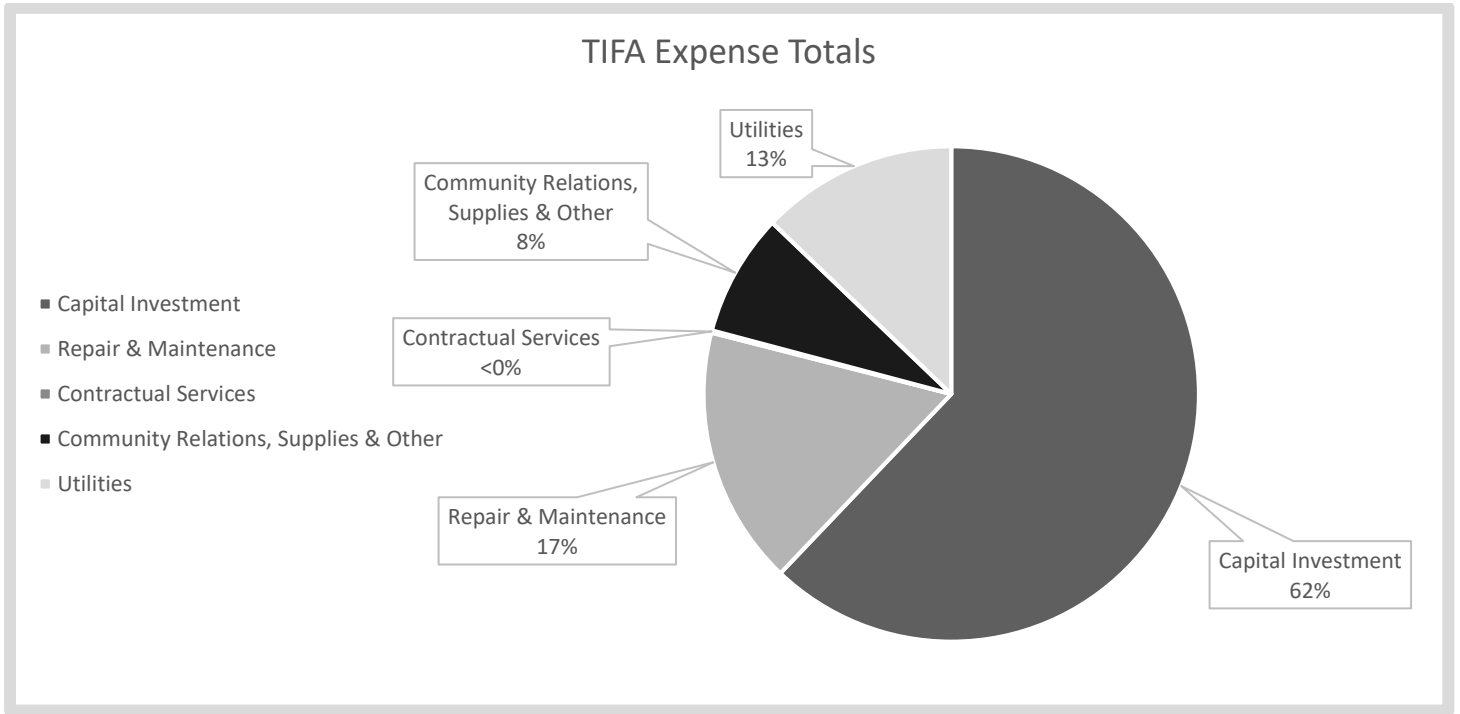
Staff and the TIFA Board of Directors understand the necessity to remain fiscally conservative when making decisions. As new projects begin in the districts, corresponding tax increment revenue will influence the future budgets and help sustain



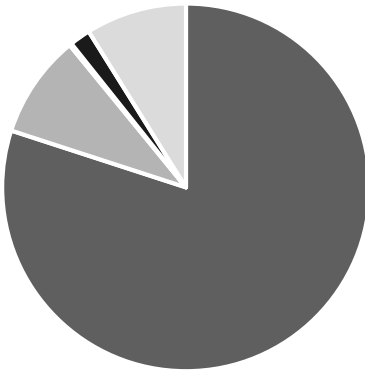
Expense Breakdown

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

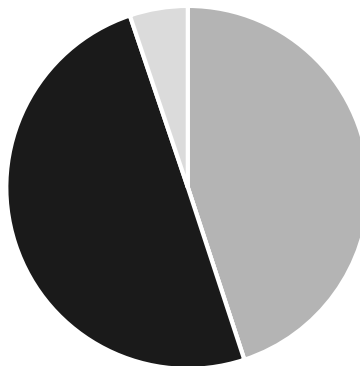
The following charts breakdown the proportion of these expenses on each district and provides an overview of the total of these expenses of all the districts combined.



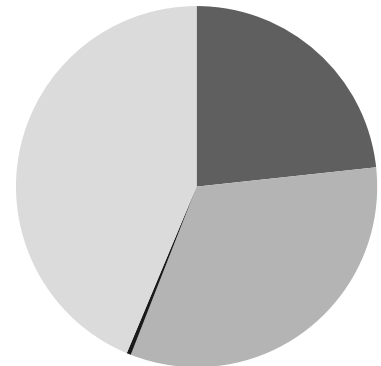
TIF 85-A



TIF 85-B



TIF 86-D



Source: TIFA Financial Statements –December 2019 *Pre-Audit

Conclusion

The Tax Increment Finance Authority works diligently to 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 the Tax Increment Finance Authority has made throughout 2019 is a direct result of the Board's dedication to furthering its vision and mission, even through difficult budgetary times. The Tax Increment Finance Authority will continue to work closely with Auburn Hills' Downtown Development Authority (DDA) as the two economic development entities share district boundaries and City-owned property.

As the community continues to build-out, the Tax Increment Finance Authority Board will continue to preserve and maintain community assets and host a greater number of events for residents and visitors to enjoy. In 2020, the Board will continue to guide downtown Auburn Hills through a growth spurt of construction and influx of residents within the coming years.

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

2020 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*