



2021 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.

Summary of 2021

Despite a few key projects being impacted by an unfavorable bidding environment and forcing them into 2022, the Tax Increment Finance Authority Board of Directors were able to persevere and begin several projects in 2021. The Tax Increment Finance Authority understands that a high-quality park system is an important piece of a community's vibrancy and provided funding support for a number of new amenities in our City parks. Funding was approved for a new pavilion in Civic Center Park, which will provide scenic views of the park and excellent opportunities to host a wide range of events for residents, business, and visitors. In addition to the new pavilion in Civic Center Park, the Tax Increment Finance Authority authorized funding for the construction of a new gazebo in Riverside Park, which will serve the south end of the property. Speaking of vibrancy, the Tax Increment Finance Authority again rolled out of the artificial turf for the pop-up Public Square in the core of downtown and partnered with the Downtown Development Authority to program the event space with trivia nights. Continuing with the theme of vibrancy and economic vitality, a robust public art offering in downtown Auburn Hills has been a goal of the City for years and in late 2021, the Tax Increment Finance Authority began working with Detroit Design Center on a new public art piece for downtown Auburn Hills. The art piece selected will be the start of a greater public art initiative that will add additional arts and culture to downtown Auburn Hills.

The Tax Increment Finance Authority continued to expand its partnership with the Downtown Development Authority in 2021 by collaborating on a Downtown Bar and Restaurant Stabilization Loan Program, which was created to assist our downtown establishments with the economic hardships they have been facing due to the COVID-19 pandemic and associated health orders. In summer of 2021, the Tax Increment Finance Authority continued with their mission to attract new businesses to downtown Auburn Hills and awarded a Business Recruitment Grant to Browe Skin & Brow Bar for their new tenant buildout at the Jordan 3250. In late 2021, the Tax Increment Finance Authority authorized the sale of the buildings located at 3346 Auburn Road and 3350 Auburn Road to Bacall Development. Bacall Development proposes to redevelop these properties into a new multi-story mixed-use building consisting of commercial and residential units. Pending City approvals, Bacall Development proposes to break ground on the new development in 2022.

In addition to the above, the Tax Increment Finance Authority assisted with many other projects and initiatives in 2021 including the installation of security fencing around the Public Safety Building, the installation of flashing crosswalk signs in downtown, the installation of speed radar signs along Auburn Road, the reconstruction of parking lots and pathways on the Municipal Campus, completed a comprehensive maintenance assessment of the downtown public parking

structure, and completed the downtown pedestrian alleyway. The Tax Increment Finance Authority also provided sponsorship for the City’s annual Tree Lighting Ceremony and Spooktacular.

Current Fund Balances

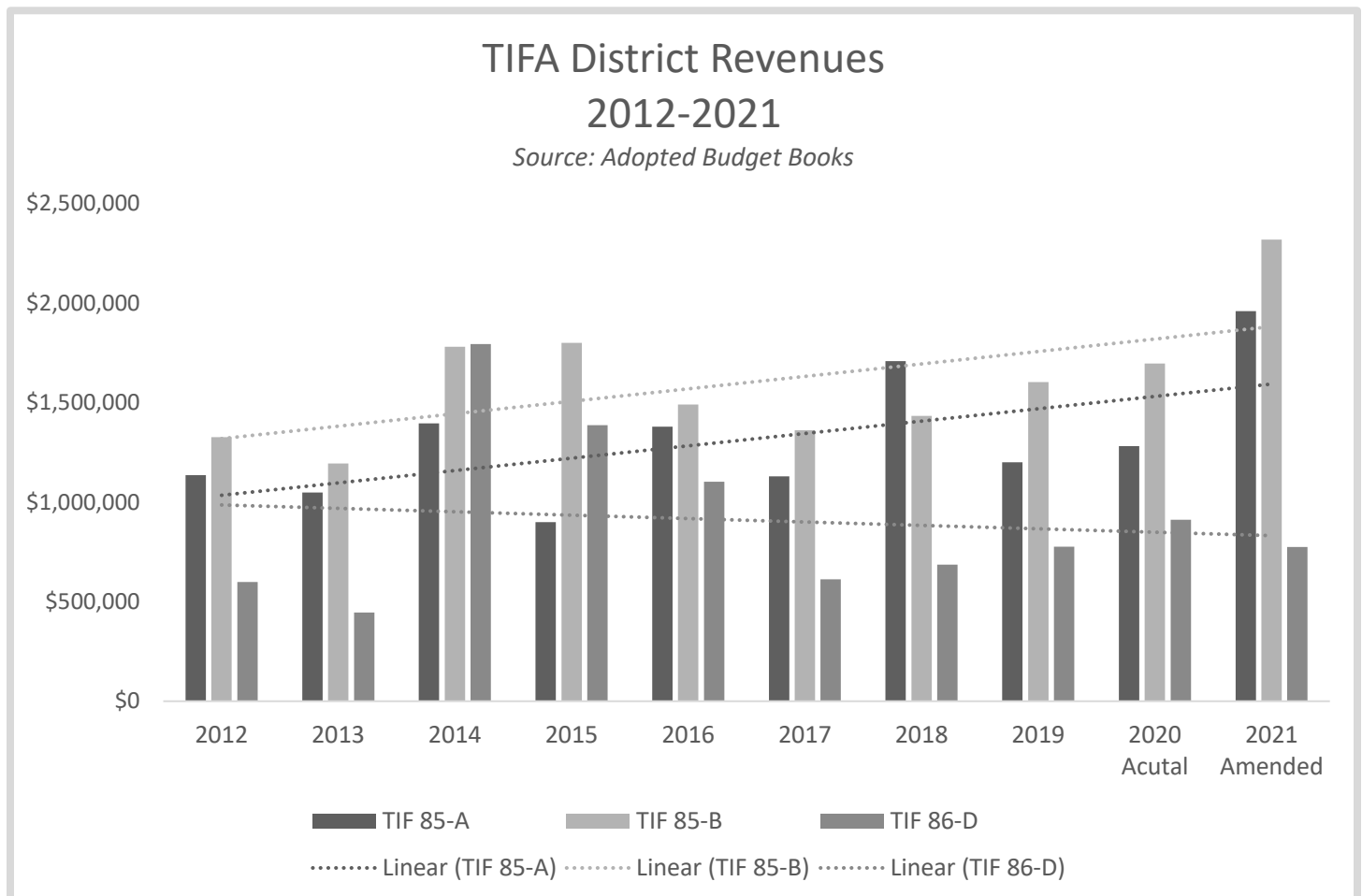
| | TIF 85-A | TIF 85-B | TIF 86-D | Totals |
|---------------------|--------------|--------------|--------------|--------------|
| Assets | \$27,379,710 | \$20,115,951 | \$26,122,663 | \$73,618,324 |
| Liabilities | \$2,468 | \$2,626 | \$27,680 | \$32,774 |
| Net Position | \$26,656,174 | \$18,562,454 | \$25,931,558 | \$71,150,186 |
| Cash | \$3,133,899 | \$12,174,427 | \$3,124,172 | \$18,4 |

Source: TIFA Financial Statements –December 2021 *Pre-Audit

Revenues

All the TIF 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 in FY2012 and FY2013 due to the exemption of personal property taxes.

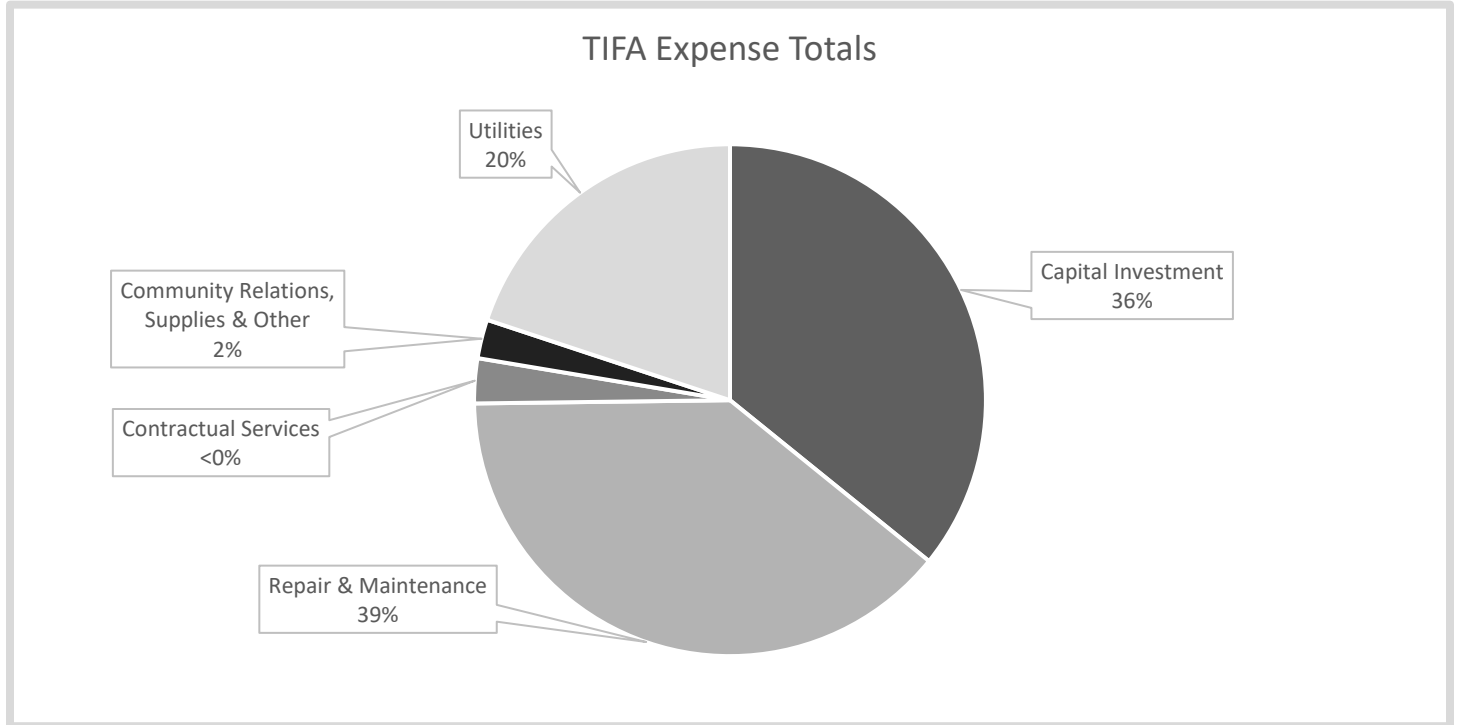
Staff and the Tax Increment Finance Authority Board of Directors understand the necessity to remain fiscally conservative when making policy decisions. As new projects begin in the districts, corresponding tax increment revenue will influence the future budgets and help sustain the future of the Tax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



Expense Breakdown

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

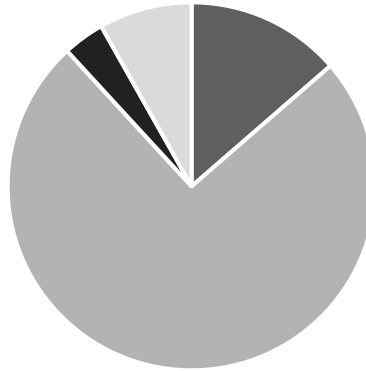
The following charts breakdown the proportion of these expenses on each district and provides an overview of the total of these expenses of all the districts combined.



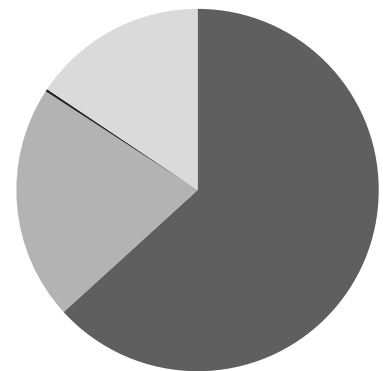
TIF 85-A



TIF 85-B



TIF 86-D



Source: TIFA Financial Statements –December 2021 *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 downtown. 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 Finance Authority serves.

The progress that the Tax Increment Finance Authority has made throughout 2021 is a direct result of the Board's dedication to furthering its vision and mission. The Tax Increment Finance Authority will continue to work closely with the 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 our community assets. In 2022, the Board will continue to guide downtown Auburn Hills through the 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 the business community and seeking out greater community involvement.

2022 TIFA Board of Directors

Michael Kneffel, *Chairman*

Dr. John Klemanski, *Vice Chairman*

Steven Goodhall, *Secretary*

Tim Carrier, *City Council Liaison*

Dr. Patricia Dolly

Ron Moniz

Bob Waltenspiel

Brandon Skopek, *Executive Director*