

MEETING MINUTES
ECONOMIC DEVELOPMENT CORPORATION
FEBRUARY 20, 2019 8:00 AM
FARMINGTON HILLS CITY HALL – VIEWPOINT ROOM
31555 W. ELEVEN MILE ROAD
FARMINGTON HILLS MI 48336

CALLED TO ORDER BY: CHAIRMAN ANHUT AT 8:00 AM.

MEMBERS PRESENT: ANHUT, BEIERMEISTER, CANTOR, LINDSEY-FEAGIN, HARTSOCK, SLAUGHTER

MEMBERS ABSENT: ELLIOTT, MARTIN, ZACHOS

OTHERS PRESENT: Gary Mekjian, Assistant City Manager; Samantha Seimer, Economic Development Director; Diane Holcomb, Assistant to John Anhut; Denise Rabidou, EHM Senior Solutions; Darryl Stolarczyk, NTCNA; Mike Bristol, NTCNA; Mario Phillips, NTCNA; Stewart Mandell, Honigman; T.R. Carr, Resident.

APPROVAL OF AGENDA:

It was requested that Agenda Item 6, New Business, be moved to Agenda Item 4; and Agenda Item 4, Approval of Minutes, be moved to Agenda Item 5, Chairman's Report, which would be moved to Agenda Item 6.

Motion by Hartsock, support by Cantor, to approve the agenda as amended.
Motion carried unanimously.

BUSINESS:

- Consideration of a tax abatement request from Darryl Stolarczyk, Director, Body/Chassis Test & Safety Engineering; Mike Bristol, Senior Manager, Safety Performance Engineering & Test Operations of Nissan Technical Center North America
 - Mr. Stolarczyk reviewed the history of Nissan in Farmington Hills as well as its plans for the future
 - Currently 1,300 employees in Farmington Hills and has invested over \$270 million on its 53 acre site
 - There are 16 vehicles where the team in Farmington hills has full responsibility, and 9 more vehicles were the team gives technical market feedback
 - Current testing operations in Farmington Hills include real world static testing. Dynamic testing currently occurs in Arizona. They have all capabilities except for crash testing currently.
 - Chairman Anhut asked if the Farmington Hills location is the largest investment in the United States. Mr. Stolarczyk stated that is it the largest R&D investment for Nissan in the US.
 - Mr. Stolarczyk reviewed the potential new development that could occur in Farmington Hills.
 - Currently Nissan conducts between 450 and 500 crash tests annually which are outsourced to facilities in Wisconsin and New York.
 - The project is currently undergoing deep location analysis and a financial analysis at the global level which is why they are seeking a tax abatement.
 - This project would create 25 new permanent Nissan jobs and 60 additional jobs would be retained in Farmington Hills.
 - The equipment at the new facility would be specialized and immobile, it would expand the capabilities of Nissan and keep the business in Farmington Hills.
 - Mr. Stolarczyk mentioned that the number of vehicle crash tests are expected to increase
 - Chairman Anhut asked if Nissan is current on its taxes and how much the business currently pays. Ms. Seimer stated that they pay approximately \$881,000 in taxes annually and they are current to date.
 - Mr. Bristol gave an update about Nissan's community involvement
 - Mr. Bristol reviewed current employee led initiatives, STEM and Robotics Teams sponsorships, and the Nissan Neighbors Foundation

- Mr. Cantor and Mr. Slaughter asked if there was a contact for community involvement at Nissan they could connect with for future opportunities. Mr. Stolarczyk stated that their HR team and Corporate Planning Department would be the best to contact. He would assist in making the connection.
- The Board had the opportunity to ask the applicant questions about the company and specific to the tax abatement proposal.
 - Mr. Hartsock asked if the other crash test locations would be closed with the new project. Mr. Stolarczyk stated that the two other locations are contracted outsourced locations. They will not close and can continue to operate with contracts other than Nissan.
 - Mr. Hartsock asked what other sites are currently under consideration. Mr. Stolarczyk stated that headquarters is considering Novi, MI, Arizona and Tennessee. The final approval decision is made at the Nissan Global level.
 - Chairman Anhut stated that Nissan has 1,300 employees in Farmington Hills, he asked how many live in the community. Mr. Stolarczyk replied that approximately 15% of their employees are currently from out of the country, all employees reside locally and approximately 100 live in Farmington Hills.
 - It was asked how the new development may fit on the current site. Mr. Bristol stated that the current proposal retains the community garden and ponds on site. The proposed new development is to the west of the property. Some of the parking has been reconfigured and there is a net 10 gain in parking spaces.
 - Mr. Mekjian asked if there was a foreseeable future that involved digital testing, where dynamic crash tests may no longer be needed. Mr. Stolarczyk stated that this was a topic recently brought up during a meeting with Nissan leadership. They do not see a shift to more digital and virtual reality testing taking prominent over dynamic crash tests in the future due to current safety standards. It was added that a vehicle undergoes typically around 100 tests during the design phase.
 - Mr. Stolarczyk stated that they expect final approval to move forward with a selected location in May and anticipate an 18 month construction period. Nissan's fiscal year is April – March.
- Nissan representatives left the meeting so the Board could discuss the requested tax abatement.
 - Mr. Beiermeister stated that abatements are not fair to existing businesses that are paying the full tax rate.
 - Mr. Slaughter added that he never asked for an abatement for his business or any of the subsequent expansions to his business in Farmington Hills.
 - The Board discussed the pros and cons of tax abatements and ultimately is not sure that abatements lead to businesses expanding or locating within the community.
 - Ms. Seimer added that Nissan would continue to pay full rate taxes on their current facility; the proposed abatement is only for the new development. They will pay 50% taxes for the length of the abatement and after it expires they will pay full tax rates on both buildings. She noted that Mr. Stolarczyk and Mr. Bristol are the local leads on the expansion project in Farmington Hills; however, the final determination will be made by global leadership in Japan.
 - Mr. Beiermeister asked if the EDC could lower the abatement to 25%. Ms. Seimer stated that the tax abatement policy is set by City Council who just underwent an exercise to tighten the abatement policy and set criteria for receiving an incentive based on capital investment and job creation. Chairman Anhut added that tax abatements are also tied to state incentives and grants. Ms. Seimer added that tax abatements have been given careful consideration in the City of Farmington Hills and has only given abatements to 16 companies. She added that she would send a list of companies who had received abatements to the Board.
 - The Board agreed that they understand the necessity to stay competitive locally as well as between states as Nissan has already identified two other potential states and another Michigan municipality.

Motion by Cantor, Support by Hartsock to approve the EDC Tax Abatement Application and recommends that City Council consider a real property tax abatement for 6 years for Nissan Technical Center North America.
Motion carried unanimously.

APPROVAL OF MINUTES – JANUARY 16, 2019:

Mr. Cantor recommended changes to the meeting minutes.

Motion by Slaughter support by Beiermeister to approve the minutes as amended.
Motion carried unanimously.

CHAIRMAN'S REPORT:

- Chairman Anhut stated that he continues to make cold calls
- He reviewed with the Board that he recently attended a Planning Commission meeting to support the rezoning of the Ginopolis property to facilitate the redevelopment of the site.
- EHM Senior Solutions – Sarah Fisher Property – Denise Rabidoux
 - Ms. Rabidoux gave an overview of EHM
 - They are a 139 year old nonprofit with roots as an orphanage
 - Ms. Rabidoux spoke specifically about EHM's Plans for the Sarah Fisher Property
 - The development will create 200 new jobs
 - 300-320 units and a mix of cottages, condos and row houses. Mix of rental and for sale properties. Anticipated costs of for sale opportunities in the community ranges from \$190,000 to \$300,000
 - Tech savvy homes designed for living with features such a cupboard shelves that automatically come towards you when the cabinet is opened.
 - Full Wellness facility
 - The new design has not gone before planning commission yet. Ms. Rabidoux assumes it will be at least three months before it goes before planning commission; they would like a groundbreaking in September or October.
 - The units range from 900-2,300 SF it will cost approximately \$50-\$60 Million to build.

COMMITTEE REPORTS:

- Harrison High School – Incubator Space
 - Mr. Cantor gave an update about the Harrison High School 3rd Floor incubator project. He spoke about a recent tour of the Michigan Life Science Innovation Center (MLSIC) and noted that the EDC may want to consider seeking more space on the third floor, rather than just the labs. He informed the board about a recent February 11 Crain's article about the creation of an incubator in the basement of a St. Clair movie theater.
 - Mr. Cantor included information about an incubator association that may be beneficial for the EDC to join. They provide a variety of resources for incubators. Ms. Seimer said that she would check the EDC budget for potentially joining the association and hosting a dinner with other Michigan based incubators and the EDC.
 - Mr. Slaughter added that if it is determined that the best course of action for the incubator space is a 501c3, perhaps the community foundation can assist.
- Connected City
 - Ms. Seimer gave an update about a recent meeting she had with representatives from Oakland County Economic Development and the Road Commission. She stated that the county's responsibility with P3M

is to have P3M contractually identify a way that the County can monetize data from the current roadside unit infrastructure. Currently, if a business identifies needing access to signals and data for autonomous and connected vehicle testing, we can work with the County and Road Commission to facilitate gathering the data and access that a company needs.

BOARD MEMBER'S COMMENTS:

None.

PUBLIC COMMENTS:

- Ms. Holcomb mentioned that the next article Chairman Anhut is writing for the Farmington Observer will be about the roofing company on 8 Mile Road.

ADJOURNMENT:

- Chairman Anhut announced that the next meeting of the EDC will be March 20, 2019 at 10:00 AM

Chairman Anhut adjourned the meeting at 10:00 AM

Minutes drafted by: Samantha Seimer