March 10, 2021

ANNUAL REPORT OF THE ORION TOWNSHIP CORRIDOR IMPROVEMENT AUTHORITY

Executive Summary Report on the activities of the Orion Township's Corridor Improvement Authority (CIA) approved by the Orion Township Board of Trustees on May 15, 2016 for the period ending December 31, 2020.

OVERVIEW:
This report is intended to summarize the activities of the Orion Township CIA for the reporting period. The reporting period is from January 1, 2020 to December 31, 2020. The prior period reports, this report, minutes of CIA Board meetings, and other CIA related information is available for public review on the Orion Township website at www.oriontownship.org, and at the Clerk’s Office at the Orion Township offices located at 2525 Joslyn Road, Lake Orion, Michigan 48360.

CIA PLAN RECAP AND SUMMARY OF ACTIVITIES:
In summary, the CIA Plan approved in May 2016 is divided into three priorities. Priority One is the engineering, property acquisition, watermain relocation, and hard cost of widening Brown Road from Joslyn Road to Baldwin Road from three lanes to five lanes (two each way plus a center turn lane). Priority Two is the Baldwin Road streetscape, which will follow the route of the first phase of the Road Commission for Oakland County (RCOC) project from Brown Road to Gregory Road. Priority Three is other enhancements intended to improve the appearance and other components to stimulate development of the District. The total estimated cost of all three Priorities is slightly over $8,000,000. A partial breakdown of these costs and budget to actual is discussed later in this report.

To support these Priorities, the CIA has embarked on a not-to-exceed 20-year tax capture of 50% of the eligible taxes collected; the incremental increases in taxable values in the District from 2016, from the stakeholder taxing jurisdictions, in accordance with Public Act 280. Although there is, and always will be, variance with the budget to the actual timing of these increases, the increase in taxable value begins from a real estate taxable value floor of slightly under $31,000,000 in 2016 to a projected taxable value of just under $199,000,000 in 2035, as projected in the original plan. If this projection were accomplished without variance, the original projection would generate $13,911,000 +/-, which is deemed sufficient to cover the hard cost of the Priorities, interest (at 4%), and soft costs. It should be noted that in 2020 the Orion Township Board of Trustees lowered the interest rate to .75% which is deemed to be in line with commercially available municipal bonds at this time.

All activities are overseen by the appointed seven-member CIA Board. This board meets in publicly noticed sessions on a quarterly basis and, once approved, minutes of each meeting are posted on the Orion Township website. Individual stakeholder taxing jurisdictions participating in the CIA are individually noticed in advance of CIA Board meetings by the Orion Township administration.

The very first and clearly threshold activity of the CIA was to seek approval from all of the applicable taxing authorities. Presentations, in some cases on multiple occasions, conveyed the plan and its anticipated
long-term benefits to the community and each agency. The applicable taxing authorities include Oakland County TIF and Finance Committees, Oakland County Board of Commissioners, Oakland County Community College, Oakland County Parks, North Oakland Transportation Authority, Orion Township Library Board, and the Huron Clinton Metro Parks Authority (HCMA).

These presentations were prepared with input from the CIA Board and were conducted under the leadership of CIA Board Chairman Barnett, supported by SCS and other advisors. This task is nearly complete with all agencies agreeing to opt-in, except the HCMA. The HCMA policy of opting out remains in place although the Orion Township CIA remains hopeful that a new policy is forthcoming.

In 2018, the remaining details of the Priority One action items relative to the Brown Road widening were completed. The CIA, through its engineering consultant OHM Advisors, skillfully managed all aspects of the engineering, entitlement, and construction components of the road project to bring it in on time and under budget (summarized below). This effort required the acquisition of two properties and approximately 18 grading easements to achieve engineering and safety standards. It is noteworthy that the two properties acquired for this purpose, 95 Brown Road and 313 Brown Road, have resold to the private sector for commercial development, as anticipated. 95 Brown Road has been sold to a hotel developer and 313 Brown Road is under construction to be a component of a larger residential project being constructed by Pulte Homes.

Predictably, the traffic congestion relief and private sector development feedback about the Brown Road improvements has been outstanding. The road improvement is, and will continue to be, a key catalyst in repositioning the Brown Road Innovation Zone District (BIZ) properties and in turn, the overall image of two key southern gateways to the community. It is noteworthy also that the Planning and Zoning Director and Planning Commission have contributed greatly to this image initiative through the design and implementation of new standards for lighting, landscape, and architectural features along the Brown Road frontage, which will be required by individual applicants in the site plan approval process.

In response to multiple opportunities for public input, including a specifically designed public forum charrette on the Baldwin Road streetscape and pedestrian scale amenities, conceptual streetscape design has been completed on Priority Two. Preliminary design for the proposed pocket park location at Pasadena Road and Baldwin Road is in process. The land transfers to Orion Township to facilitate the pocket parks from surplus RCOC Baldwin Road real estate was completed in 2018. Unfortunately, labor and weather issues delayed the completion of the first phase of the RCOC Baldwin Road project until 2019, thereby delaying the start of the related streetscape work until late 2019 and 2020. The majority of the Priority Two work was completed in 2020. Generally, all the budgeted and CIA Board directed activities contemplated and budgeted by the original 2016 plan are completed except for some minor streetscape related components as detailed on page 4 in recap form.

As contemplated by the CIA, a new Playful Dragon pocket park at the corner of Jordan and Baldwin was completed in 2020 funded primarily by grant and in-kind developer donation. A second pocket park to the north in the Gingellville overlay zone is in a pre-planning stage at this time. Additional detail on private sector activity in 2020 can be found in the District Marketing Activity section later in this report.
In 2020 the CIA Board is pleased to announce that the improvements contemplated in the 2016 plan were substantially completed. The actual expenditures have been made or are committed with only minor, primarily landscape, visual enhancement, and other weather-related work to wrap up in 2021.

A recap of the expenditures by category are as follows:

PRIORITY ONE BROWN ROAD IMPROVEMENTS:
- The acquisition, design, and construction costs are budgeted in the plan at $5,085,000. Currently, the total of those items is $5,127,754 less $710,000 received by the CIA for the sale of the acquired properties, 95 Brown Road and 313 Brown Road. As a result, the expenditures for Priority One are $4,417,754, representing a net savings of $667,246 below budget for Priority One.

  It should also be noted that in addition to $710,000 of cash proceeds, the developer of the 313 Brown Road property also provided approximately $65,000 toward the Jordan Road pocket park on an in-kind basis.

- The CIA is accruing a $20,000 annual administrative expense and interest to be paid to Orion Township as revenue becomes available as a component of the debt service.

PRIORITY TWO BALDWIN STREETSCAPE:
- The CIA Plan budgets the Baldwin Road streetscape plan at $2,199,000. To date, approximately $555,488 has been spent or been committed on planning, DTE Lighting, and RCOC contractor payments. The total expenditures in this Priority Two category are expected to be $1,575,488.

PRIORITY THREE OTHER ENHANCEMENTS:
- The CIA Plan budgets $800,000 for additional enhancements. The total expenditures in this category are expected to be $1,891,000. The difference in budget to actual represents a re-classification of Priority One and Priority Two budget savings to facilitate further CIA District area enhancements for design continuity along the Baldwin Road corridor, which will maximize the investment in terms of practicality and visual impact while maintaining an overall positive (below) budget variance.

GRAND TOTAL:
The total improvement expenditures budgeted in the May 2016 approved CIA Plan are $8,084,000. The net CIA expenditures, after deducting land sales, which were not budgeted, is now projected to be at approximately $7,884,242, or $199,758 below the budget amount. Going forward, the CIA Board will focus annual reporting on budget to actual taxable values and budget to actual TIF proceeds collected.
Increases in taxable value in real property and personal property within the CIA District limits is the essence of this and any TIF project. Increases are realized by new improvements and inflationary increases on existing properties with no change. All the values in the approved May 2016 CIA Plan are estimated and projected.

Comparison of the first year’s actual as determined by Oakland County Assessing are as follows:

Oakland County initially established the base year amount as $35,257,840.

**CIA TAXABLE VALUES:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Budgeted in Plan</th>
<th>County Actual</th>
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<tbody>
<tr>
<td>2016</td>
<td>$30,804,520</td>
<td>$36,225,890</td>
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<tr>
<td>2017</td>
<td>$40,324,633</td>
<td>$37,519,730</td>
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<tr>
<td>2018</td>
<td>$58,774,733</td>
<td>$39,139,660</td>
</tr>
<tr>
<td>2019</td>
<td>$68,702,616</td>
<td>$51,009,920</td>
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<tr>
<td>2020</td>
<td>$74,378,697</td>
<td>$57,643,270</td>
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</table>

It is noteworthy here that timing variance has a significant impact on taxable values as it relates to any given project. For example, a project which acquires obsolete houses and commences construction in the fall, could for that year have a negative variance because the previously taxed home is removed and the new construction has little or no taxable value on December 31, which is the only relevant day from the County assessing standpoint. That increment will therefore wait a full year, or in some cases two years, to be realized, as was the case with Menards in 2017. Negative timing variance in 2020 was amplified in 2020, particularly due to start delays on the hotel projects in process due to the pandemic.

**CIA TAX INCREMENT DOLLARS COLLECTED:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Budgeted in Plan</th>
<th>Collected by CIA</th>
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<tbody>
<tr>
<td>2016</td>
<td>$0</td>
<td>$6,828</td>
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<td>2017</td>
<td>$76,408</td>
<td>$15,928</td>
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<td>2018</td>
<td>$203,148</td>
<td>$30,583</td>
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<tr>
<td>2019</td>
<td>$275,254</td>
<td>$112,767</td>
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<tr>
<td>2020</td>
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<td>$179,535</td>
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**CIA DISTRICT MARKETING ACTIVITY:**

The area within the CIA District is approximately 400 acres of land. Predictably, since the completion of most of the Brown Road improvements, the BIZ-zoned portion of the CIA District has seen more meaningful new development activity than in any time in Township history. The infrastructure improvements and promotional activities of the CIA are clearly having the intended impact. It is important to keep in mind that Orion Township lead activities do not represent any specific properties (except 95 & 313 Brown Road) or any specific transactional elements, but instead focus on representing the concept and opportunities for the community in the CIA District. This is done through the dissemination of promotional materials, and meetings with prospective developers, land brokers, sellers, and other prospective stakeholders.
2020 was clearly a year of mixed results for development within the CIA District. On the positive side, three significant properties along Brown Road sold to prominent area developers. These include +/- 13 acres east of Menards, +/- 5 acres behind Checker’s Restaurant and a site for a car wash and retail pad site west of Joslyn Road. In turn, these developers have razed several blighted, obsolete residential structures which is a meaningful goal of the CIA initiative. However, except for the car wash project now under construction, timing variance relative to the start of hard construction on the larger properties is delayed in large part due the issues surrounding the COVID-19 pandemic. The CIA is hopeful, if not confident, that this issue will subside in 2021, thereby returning to a more robust development schedule. The CIA continues to track an active pipeline of strong projects which of course is not assurance of future performance of the District but demonstrates the level of developer interest from the priority improvements.

NOTES ON CIA REPORTING REQUIREMENTS:
Beginning in 2018, The CIA took proactive steps to comply with PA 57 of 2018, which is the State of Michigan TIF reporting requirements. To ensure transparency, all reports, minutes, and current budgets are posted on the Corridor Improvement Authority page on the Orion Township website, www.oriontownship.org. Contact information for all Township officials can similarly be found on the website. CIA Board meetings are publicly noticed and held quarterly. Records of the CIA are audited by Plante Moran annually as a part of the Orion Township requisite process. PA 57 is effective January 1, 2019, and the Orion Township CIA intends full compliance.

Should anyone have any questions regarding the information provided herein, please contact the undersigned.

Respectfully submitted,

Chris Barnett, Chairman
Orion Township Corridor Improvement Authority