March 9, 2022

ANNUAL REPORT OF THE ORION TOWNSHIP CORRIDOR IMPROVEMENT AUTHORITY

Executive Summary Report on the activities of Orion Township’s Corridor Improvement Authority (CIA). The Orion Township CIA Development and Tax Increment Financing Plan was approved by the Orion Township Board of Trustees on May 16, 2016. This report is for the reporting period ending December 31, 2022.

OVERVIEW:
This report is intended to summarize the activities of the Orion Township CIA for the reporting period of January 1, 2022 to December 31, 2022. Reports from prior periods, 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 Township Clerk’s Office located at Orion Township Hall (2323 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 the 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 followed the route of the first phase of the Road Commission for Oakland County (RCOC) project from Brown Road to Gregory Road. Priority Three is enhancements intended to improve the appearance of the district and other components to stimulate development. 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 embarked on a not-to-exceed 20-year tax capture for 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. As projected in the annual plan, and 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. 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% - as established in the original plan), and soft costs. It should be noted that in 2021 the Orion Township Board of Trustees lowered the interest rate to 0.71%, which is deemed to be in-line with commercially available municipal bonds.

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 Orion Township administration.

The very first and clearly threshold activity of the CIA was to seek approval from all 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 the Township’s engineering consultant OHM Advisors, skilfully 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 as component of a larger Pulte Homes residential project.

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. The land transfers to Orion Township to facilitate the pocket parks from surplus RCOC Baldwin Road real estate was completed in 2018. Preliminary designs for the proposed pocket park location at Pasadena and Baldwin Road have been completed, with a $25,000 grant awarded from America in Bloom and CN for the purposes of activating the space with trees, plants, and historical and environmental educational information. The Playful Dragon pocket park at the corner of Jordan and Baldwin was completed in 2020 and funded primarily by grant and in-kind developer donation. Additional details on private sector activity in 2022 can be found in the District Marketing Activity section later in this report.

The CIA Board is pleased to announce that the improvements contemplated in the 2016 plan were substantially completed in 2021.

PRIORITY ONE BROWN ROAD IMPROVEMENTS:
- The acquisition, design, and construction costs are budgeted in the plan at $5,085,000. The final total of those items is $5,127,754 less $710,000 received by the CIA for the sale of acquired properties (95 Brown Road and 313 Brown Road). As a result, the expenditures for Priority One were $4,417,754, representing a net savings of $667,246 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 Playful Dragon pocket park on an in-kind basis.

- The CIA had been accruing a $20,000 annual administrative expense and interest to be paid to Orion Township as revenue became available as a component of the debt service. However, the Township will no longer be collecting this $20,000 beginning in 2022 as all work has been substantially completed and the CIA district moves into debt repayment.

PRIORITY TWO BALDWIN STREETSCAPE & PRIORITY THREE OTHER ENHANCEMENTS:
- The CIA Plan budgeted the Baldwin Road streetscape plan at $2,199,000, which included planning, DTE Lighting, and RCOC contractor payments. Additionally, the plan budgeted $800,000 for additional enhancements within the district.

- Due to the changes in the scope for priority two and three projects, work that covered both priority areas, and budget formatting over the years, the expenditure breakdown between priority two and priority three expenses is difficult to represent for the purposes of this report. What is known, is that the expenditures came in below plan estimates.
GRAND TOTAL:
- The total improvement expenditures budgeted in the May 2016 approved CIA Plan were $8,084,000.
- The total loan draws made by the CIA fund from 2016 to 2021 were $6,937,000.00, with additional project funding coming from the Township’s General Fund, Capital Improvement Fund, and Water & Sewer Fund.
- At the February 21, 2023 Regular Board of Trustees meeting, the Township Board approved a Resolution that included language stating no further loan transfers will be made, and the total amount owed as of December 31, 2022 was $6,498,549.70.

Beginning with the 2022 budget, line items including consultant and maintenance costs are no longer included in the CIA budget, but instead in the Township’s General Fund budget. The CIA Board will focus annual reporting on budget to actual taxable values, budget to actual TIF proceeds collected, and budget to actual debt and interest payments.

Increases in taxable value in real property and personal property within the CIA District 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 PLAN WITH ACTUALS:

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

CIA TAXABLE VALUES:

|------|-------------------------|----------------------|------|-------------------------|----------------------|------|-------------------------|----------------------|------|-------------------------|----------------------|------|-------------------------|----------------------|------|-------------------------|----------------------|------|-------------------------|----------------------|

Please note 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 2022 continues.

CIA TAX INCREMENT DOLLARS COLLECTED:

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<th>Year</th>
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CIA DISTRICT MARKETING ACTIVITY:
The area within the CIA District is approximately 400 acres of land. Since the completion of the Brown Road improvements, the BIZ-zoned portion of the CIA District has seen more meaningful new development activity than at any other time in Orion 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.

PROGRESS IN 2022 INCLUDES:
2022 has been a very significant year in terms of actual construction completions and new starts. As anticipated in the prior report, the climate controlled self-storage building east of Joslyn Road was completed, as was the new Tommy’s car wash and adjacent 8,000 SF retail building. Also substantially completed in 2022 was the Pulte Breckenridge Townhouse project, which adds more than 100 new condominiums to the CIA district. It should be noted that projects completed in 2022 will not really hit the tax roll revenues until 2024.

In addition to these project completions, progress should also be noted on actual major project starts in 2022. This is in part driven by post-pandemic demand and the 2022 GM announcement of a $4 billion investment in the Orion Assembly Plant (just east of the District). As the first phase of the 13-acre mixed use project east of Menards, the new Culvers and Texas Roadhouse restaurants are under construction and the developer reports a planned spring groundbreaking on the first extended stay hotel on the property. Just west of the Breckenridge project, the construction of the new Hyatt House hotel is well underway.

The CIA District’s largest project is a proposed mixed-use development on the west side of Baldwin Road, north of Morgan Road. The developer has received conceptual PUD approval and is working toward site plan and engineering approvals at the present time. Although actual groundbreaking timing is unclear as of this writing, this project is anticipated to be a major contributor to the CIA constructed dollar projection by as much as one third of the total anticipated. The CIA continues to promote land opportunities within the District and tracks an active pipeline of projects, which of course, is not assurance of future performance, although is a strong indication of the future success.

NOTES ON CIA REPORTING REQUIREMENTS:
Beginning in 2018, The CIA took proactive steps to comply with PA 57 of 2018, which is the new State of Michigan TIF reporting requirements. To ensure transparency, all reports, minutes, and current budgets are posted under the CIA tab 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 annually by the Township’s Auditors, Plante Moran, as a part of the Orion Township requisite process.

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

Respectfully submitted,

Chris Barnett, Chairman
Orion Township Corridor Improvement Authority