

CITY OF STERLING HEIGHTS
MINUTES OF REGULAR MEETING OF CITY COUNCIL
TUESDAY, NOVEMBER 1, 2022
IN CITY HALL

1. Mayor Taylor called the meeting to order at 7:00 p.m.
2. Mayor Taylor led the Pledge of Allegiance to the Flag and Melanie D. Ryska, City Clerk, gave the Invocation.
3. Council Members present at roll call: Deanna Koski, Michael V. Radtke, Jr., Maria G. Schmidt, Liz Sierawski, Michael C. Taylor, Henry Yanez, Barbara A. Ziarko.

Also Present: Mark Vanderpool, City Manager; Marc D. Kaszubski, City Attorney; Melanie D. Ryska, City Clerk; Carol Sobosky, Recording Secretary.

4. **APPROVAL OF AGENDA**
Moved by Koski, seconded by Ziarko, **RESOLVED**, to approve the agenda as presented.

Yes: All. The motion carried.

5. **REPORT FROM CITY MANAGER**
Mr. Vanderpool reminded that the City's offices will be closed on Veteran's Day, which is on Friday, November 11, and those closures include City Hall, Library, Community Center, Senior Center, Nature Center, DPW Recycling Center, and 41A District Court. He added that it will not affect the City's refuse schedule. He stated the annual Veteran's Day Ceremony will be held that day at 11 a.m., taking place outside between City Hall and the Police Department, where they will be rededicating the City's War Monument Garden. He commented that they look forward to seeing the community participate in this ceremony.

Mr. Vanderpool stated SHINE (Sterling Heights Initiative for Neighborhood Excellence) will be on Saturday, November 12, and volunteers will be meeting at 9:30 a.m. at First Church on Dequindre Road. He explained that the SHINE program was established many years ago to help individuals throughout the community who are unable to maintain the exterior of their homes either due to mobility limitations or financial hardship. He noted their volunteer team goes out a couple of times a year to clean up approximately thirty homes to help seniors rake leaves, trim bushes, mow grass, paint sheds, etc. He stressed they are always looking for volunteer teens and adults and urged them to see the City's website for more information.

Mr. Vanderpool stated they have been highlighting the good work of the volunteers on the City's boards and commissions, and tonight they will be hearing from the Ethnic Community Committee. He invited Community Relations Director Melanie Davis to start the presentation.

Community Relations Director Melanie Davis introduced members in the audience who serve on the Ethnic Community Committee, which was established in 1990. She introduced Chairperson Kozeta Elzhenni.

Ethnic Community Committee Chairperson Kozeta Elzhenni stated she moved to the United States from Albania twenty-nine years ago today and has been a resident of Sterling Heights since 1995. She provided some history of the Ethnic Community Committee, explaining that they serve as a format for discussion, fact-finding, and recommendations regarding issues of concern to ethnic groups within the community, and to aid in their interaction.

She outlined the goals of their committee, which include to enhance and facilitate better understanding and awareness among diverse races and ethnic groups in the City, and to improve the climate of communication among all ages and races by offering various activities that promote cultural diversity. She outlined the activities they sponsor, including the annual Cultural Exchange, the Naturalization Ceremony, and participation in the Memorial Day Parade and the annual Diversity Distinction Awards. She credited their sponsors to make these events possible. She announced they will be hosting their twenty-fifth annual Cultural Exchange on February 24, 2023, at the Community Center, and they welcome suggestions or recommendations to celebrate this milestone. She stressed that each member of this committee takes pride in their ethnicity and shares their heritage through displays at the Library and the Community Center. She outlined the history of the establishment of their seven Sister City relationships, noting these are long-term partnerships between two communities in both countries. She concluded her presentation by noting that the Ethnic Community Committee meets once a month and continues to discuss ways to promote cultural awareness and improve the relationship between all the ethnicities who call Sterling Heights their home.

Mr. Vanderpool thanked the Ethnic Community Committee for their great work, as well as the commUNITY alliance and the African American Coalition, in doing all they can to foster a rich tradition of diversity in Sterling Heights.

Mr. Vanderpool presented a historical fact that took place sixty years ago to the day, when Sterling Heights was recognized by the local media for being an industrious and consequently desirable city for contract work opportunities. He explained that on November 1, 1962, the Ironwood Daily Globe reported that U.S. defense contracts worth \$102.5 million were awarded to a Texas firm for work to be done at the former Chrysler missile plant in what was then known as Sterling Township, Michigan. He added that Sterling Heights has maintained and expanded upon its ability to build and develop partnerships resulting in massive investments in defense, automotive, and other areas, bringing substantial revenue and jobs to what would soon become one of the largest cities in the State of Michigan. He provided examples that have recently taken place, noting that it is no wonder that the City is home to 60,000 jobs. He added that their impressive economic track record is continuing as they announce tonight the largest single investment in the City's history in the amount of \$1 billion dollars. He credited former Historical Commission member Michael Lombardini for providing the factoid in the City's history that took place sixty years ago.

Mr. Vanderpool concluded his report by requesting City Council convene a closed session at the conclusion of tonight's meeting, pursuant to the open meetings act, to discuss negotiations regarding collective bargaining.

6. CONSENT AGENDA

Mayor Taylor stated this item is consideration of the Consent Agenda. He opened the floor for public comments, but no one spoke.

Moved by Koski, seconded by Ziarko, **RESOLVED**, to approve the Consent Agenda as presented:

- A. To approve the minutes of the Regular Meeting of October 17, 2022.
- B. To approve payment of the bills as presented: General Fund - \$835,212.30, Water & Sewer Fund - \$656,300.35, Other Funds - \$1,235,781.93, Total Checks - \$2,727,294.58.
- C. **RESOLVED**, to:
 - 1. Purchase the following eight (8) motor vehicles from Signature Ford – Lincoln, 1960 E. Main St., Owosso, MI 48867, at pricing available through the State of Michigan MiDeal cooperative purchasing program, and an upfitting by Knapheide Truck Equipment – Flint, 1200 S. Averill Ave., Flint, MI 48503, at a cumulative cost of \$407,804:
 - One (1) 2023 Ford Escape AWD SE – White
 - One (1) 2023 Ford F350 SRW Reg Cab 4x4 Pickup – White
 - Two (2) 2023 Ford F250 Super Cab 4x4 Pickup – White
 - One (1) 2023 Ford F350 DRW Reg Cab
 - One (1) 2023 Ford F250 Super Cab 4x4 – White
 - One (1) 2023 Ford F550 Cab/Chassis 4x2 – White
 - One (1) 2023 Ford F250 4x4 – White; and
 - 2. Purchase one (1) 2023 GMC Yukon 4x4 motor vehicle from Todd Wenzel Buick GMC of Westland, 35100 Ford Rd., Westland, MI 48185, at pricing available through the State of Michigan MiDeal cooperative purchasing program at a cumulative cost of \$45,485.40; and
 - 3. Approve a budget amendment to utilize ARPA funds from account number 286.070.725.984.000 to fund the purchase in the amount of \$30,196.
- D. **RESOLVED**, to purchase one (1) Bobcat E42, R2-series compact excavator and 22' trailer from Bobcat of Motor City East, 48135 Gratiot Ave., Chesterfield, MI 48051, at pricing available through MiDeal cooperative purchasing contract #071B7700088, at a total cost of \$90,096.07.
- E. **RESOLVED**, to award the bid for street and pedestrian walkway snow removal services to Techseven Co., PO Box 182247, Shelby Township, MI 48318, through June 30, 2023, based on unit prices bid and authorize the City Manager to extend the bid term one (1) additional year upon mutual consent.
- F. **RESOLVED**, to award the bid for asphalt materials to Cadillac Asphalt, LLC, 2575 Haggerty Road, Canton, MI 48188, based upon the following unit pricing:
 - Section A – UPM Cold Patch – DPW to pick up \$120.00 per ton
 - Section A – UPM Cold Patch – Delivered \$135.00 per ton
 - Section B – 1100 Leveling (20AA) – DPW to pick up \$82.00 per ton
 - Section B – 1100 Topping/Wearing (20AA) – DPW to pick up \$82.00 per ton

Section B – Wearing 36A \$86.00 per ton and authorize the City Manager to extend the bid term three additional six-month periods on the same terms and conditions, upon mutual consent.

- G. **RESOLVED**, to approve the Master Agreement for Municipal Street Lighting between the City of Sterling Heights and DTE Electric Company and authorize the City Manager to sign all documents required in connection with this approval on behalf of the City.
- H. **RESOLVED**, to approve the Consulting Agreement for Engineering Services between the City of Sterling Heights and Hubbell, Roth & Clark, Inc. for the period ending December 31, 2023, and authorize the Mayor and City Clerk to sign the Agreement on behalf of the City.
- I. **RESOLVED**, to:
 - 1. Approve the Merchant Processing Agreement between the City of Sterling Heights and First Data Merchant Services LLC and Card Connect LLC for a period of three years, with an option to extend one additional year;
 - 2. Approve the Rental Agreement between the City of Sterling Heights and Card Connect LLC for fifteen (15) Ingenico Product credit/debit card processing units;
 - 3. Approve the Agreement between the City of Sterling Heights and Clover Network, LLC for a period of three years; and
 - 4. Authorize the City Manager to sign all documentation required to effectuate these proposals.
- J. **RESOLVED**, to accept the proposals by D|A Central, Inc., 13155 Cloverdale, Oak Park, MI 48237, for installation of security cameras and an alarm system to monitor ballot drop boxes and the Clinton River Storage Facility in the cumulative amount of \$29,953.39.
- K. **RESOLVED**, to accept the proposal by Mando Construction, Inc., 75 Lafayette St., Mt. Clemens, MI 48043, for interior renovations to the Senior Center card room at a total cost of \$13,100.
- L. **RESOLVED**, to adopt the performance resolution required for issuance of individual permits and annual application and permit for miscellaneous operations performed within state highway right-of-way under the jurisdiction of the Michigan Department of Transportation (MDOT).

Yes: All. The motion carried.

7. **CONSIDERATION**

- A. Mayor Taylor stated this is to consider a Memorandum of Understanding between the City of Sterling Heights and Lakeside OOTB Ventures, LLC, a Michigan limited liability company managed by Lionheart

Capital, for the proposed redevelopment of Lakeside Mall. He invited Mr. Vanderpool to give the first of several presentations this evening.

Mr. Vanderpool began by stating the City team has been preparing for this moment for the past seven years, knowing that the declining of malls across the country was an irreversible trend. To reimagine Lakeside Mall, the City completed a comprehensive Master Plan process, which was completed in 2015. Numerous public forums were conducted to seek input, feedback, and engagement regarding the future of Lakeside. One of the top concerns of the community is the future of Lakeside Mall. The forums generated a great deal of interest and media coverage at that time. Several consultants were used to help identify emerging trends in the retail sector, and other mixed uses in mall redevelopments across the country. He advised that Administration studied best practices from around the country and incorporated the best practices into their Master Plan/Sustainability Plan to reimagine Lakeside. He explained that City Administration, City Council, and members from the City's Planning Commission visited Lakewood, Colorado, to learn firsthand how their declining mall was redeveloped into a vibrant town center. The City then distributed the Master Plan to respective developers and began a collaborative process, knowing the previous owners had defaulted on their mortgage and new ownership was inevitable. He stated that Lionheart, out of Miami, Florida, expressed great interest and shortly thereafter purchased the mall. The City has been working with the Lionheart team to prepare this plan that would transform the future of Lakeside Mall and result in the City's

largest single investment in their history. They are excited to begin this journey to create a revitalized area that will be everlasting. He invited Principal and Chief Development Officer Allison Greenfield with Lionheart to give a presentation, followed by a couple of presentations from another Lionheart team member as well as the City's team.

Allison Greenfield, Principal and Chief Development Officer for Lionheart, stated they are very excited to share this presentation of what the new Lakeside will look like. She provided some background on Lionheart, a thirty-year-old company founded in New York City by her partner Ophir Sternberg and herself. They moved to Miami about fifteen years ago, where they have done large developments mainly concentrating in mixed use multiple-family and commercial sectors. She stated about seven years ago they founded a subsidiary, called Out Of The Box (OOTB) Ventures, LLC, which was meant to look at what was happening in the retail sector and look for opportunities to adaptively "fix the problem" occurring in the retail sector. They came across Lakeside and began talking to the City of Sterling Heights at the time they considered the potential purchase of the property. She emphasized they saw a city that was forward-looking and might have an interest in seeing something better than a failing mall. She introduced James Mellor, their Master Architect for the concept design of Lakeside from CallisonRTKL in Los Angeles.

James Mellor, Principal and Head of Studio for CallisonRTKL, explained they specialize in complex mixed-use design projects, specifically renovating dead

malls and repositioning them and understanding what makes them successful in today's market. He provided some of the history of Lakeside Mall, which was developed by Albert Taubman in its heyday, offering great department stores and many great memories. He showed photographs of the mall from the mid- to late 1970's. He emphasized the value of the community is key to their process in making Lakeside successful. He outlined their governing values throughout the design and planning process, including enhancing community vibrancy, balance in supporting community growth and offering diverse uses, and adaptability to ensure it is flexible and can weather an evolving community.

Mr. Mellor showed an aerial photograph of the proposed Lakeside, with the lakes to the south, Hall Road to the north, and Lakeside Circle surrounding the project. He explained they intend to keep a couple of the "anchor boxes" in the center of the development, which are J.C. Penney and Macy's. He pointed out the streets that will start to break down the mall and create more of a suburban/urban environment. They want this to be a vibrant center with shops, coffee bars, a place to work, to go to a hotel, community events, farmer's market, etc., so this area will be known as "The Heart". Around this center, it is important to create great streets with different personalities. He outlined the four areas that will circulate around The Heart of the project. "Lakeside Lane" is designed to be a welcoming, active place where there will be ride share pickups and multi-level dining. "Urban Junction" is designed to be a slower street, and one that is curb-less and flexible to allow for activities

such as street fairs and places for mobile food. "Convenience Street" will serve smaller local retailers, where there is street parking and people can pop in and out for daily errands. "Garden Row" could be a convertible street that could be closed throughout the day when there are larger events going on. The town center is a mixed blend of suburban and urban, and while there will not be an internalized mall, they recognize there are colder seasons, so they want to provide comfortable, walkable streets and shopping experiences, so there will be covered arcades, with focus on indoor and outdoor activities. There will be a focus on juxtaposing the materials and richness of the streetscapes, and they will be working on that as the design progresses. He noted that The Heart would have a Community Center and a Central Park, so there can be indoor/outdoor activities that can spill out into the community green. They would also have smaller pavilions to embrace the indoor/outdoor moments.

Mr. Mellor described the streets that branch out from The Heart to Lakeside Circle, noting they want them to be walkable and bikeable, connecting to the neighborhoods. He noted the north-to-south major arteries, taking people off Hall Road, will be pedestrian-friendly and have an urban feel. The east-to-west streets will have a very different feel, designed to be lush and more landscaped, with a suburban feel and a slightly slower pace. He showed some artist renderings of the views looking down these streets. He explained the inside of Lakeside Circle will have a new amenity called the "Lyrical Loop", which focuses on health and wellness. It will be a destination and is a one-

and-a-half-mile loop that connect all the neighboring parks and the different residential neighborhoods. It will be a place to walk or cycle, serving as a place to “get away”, yet still within the experience of Lakeside.

Mr. Mellor summarized they have looked at the past, the present, and the future, and noted that outdoor activity is a brand-new focus for Lakeside, while being comfortable during all seasons is extremely important. They are hoping to not only do this to serve the local community, but also to attract people from outside Sterling Heights so it becomes a destination.

A video was shown of the proposed development and how it is anticipated to look based on the conceptual design.

Mr. Mellor provided more detail about the Masterplan, including the new retail areas, the Community Center, offices, and hotel, as well as the residential streets. He provided detail on the neighborhood experiences, emphasizing that with a project this large, there needs to be a collection of experiences in neighborhoods with created identities, so people feel they have their favorite place to belong within Lakeside. “The Urban Green” is an experience more focused on people who have moved away from urban environments and facilities a dynamic indoor and outdoor urban lifestyle. “The Crossroads” is a residential neighborhood that supports a blend of suburban and urban lifestyles, with a focus on active outdoor lifestyles. “The Retreat” is a serene suburban residential neighborhood, located closer to the water, and “The Senior Social” is a residential neighborhood promoting active senior living lifestyles, also being closer to the water, being more passive and tranquil.

Mr. Mellor provided the data for the proposed development, noting the site area is comprised of 109.74 acres, with approximately 10 acres of open space and parks, just over 2,200 multi-family residential units, 455,000 square feet of retail anchors (J.C. Penney and Macy's), as well as nearly 150,000 square feet of new retail. He stated the Community Center is 20,000 square feet, the office is 70,800 square feet, and the hotel is just less than 50,000 square feet. The independent senior living is 400 units, and assisted living is 200 units. Parking equates to 2,256 stalls, and he provided details on the distribution of the parking.

Mr. Vanderpool invited Economic Development Advisor Luke Bonner and Chief Financial Officer Jennifer Varney to discuss the economic and financial impact to the City from this exciting project.

Economic Development Advisor Luke Bonner explained that Lakeside saw its deterioration in the early 2000s when the mall sold, and in 2007 the City created the Lakeside Special Assessment District to improve access on signage and lighting. He showed an aerial view of the current mall, which has approximately 8,000 parking spaces. It is 1.5 million square feet with a lot of asphalt and concrete and is a very dated development that no one would build today. In 2015, after seeing more decline, the City created the Lakeside Sustainability Master Plan with input from residents, businesses, and other stakeholders, and he stressed that was instrumental in the subsequent conversations they had with Lionheart as they acquired the mall in 2019. That Master Plan looked at the land mass and put it up against their neighboring

downtown areas, such as Plymouth, Northville, and Farmington. He admitted the main street areas in the plan are dense but are very much connected in the overall broader context of the community. Mr. Bonner advised there are many guiding principles on the Lakeside Sustainability Plan based on best practices, real estate trends, and a shift in the future of urban development, and these guidelines include walkability, streetscape experience, connectivity, green infrastructure, redistribution of parking, contextual design in a mixed-use environment, additional economic development opportunities, establishing a “block structure”, and creating recreational assets with parks, water features, and public areas. Mr. Bonner felt a lot of these guidelines made their way into a lot of the work put forward and shown this evening.

Mr. Bonner stressed the new plan is centered on sustainability, and history has shown that singular development like malls has a definitive life cycle of about forty to fifty years. A redevelopment with many uses creates diversification and is more sustainable long-term, and is interconnected with recreation, open spaces, and oriented pathways, including the ten-foot-wide Lyrical Loop. That loop connects to sidewalks abutting new local road networks that will be constructed throughout the Lakeside city center district, and it also provides an opportunity for connection outside of the Lakeside area, including a new proposed trail system along the ITC Corridor west of Schoenherr into the Dodge Park trail system. Mr. Bonner explained they are currently planning to pay for the ITC Corridor improvements with ARPA funds.

Mr. Bonner provided details on a study of “Shifting Suburbs” conducted in 2012 by the Urban Land Institute. During this time, the City was looking at not only the sustainability study, but also benchmarking similar projects nationally. They found the former Villa Italia in Lakewood, Colorado, which was a very similar development to Lakeside Mall in a very similar community to Sterling Heights, including its demographics and composition of its residents, as well as household incomes. The redevelopment of this site became known as Belmar, which features a grid-based street system with a matrix of twenty-two streets scaled to the size of city blocks, and wide sidewalks and narrow roads to encourage walking and slowing traffic. The city assumed ownership of the streets after completion. The City of Lakewood issued bonds in the amount of \$95 million for the public infrastructure related to this development, to be paid for via tax increment financing (TIF). That project started in 2004 and was roughly completed in 2016-2017 but there are still ongoing additions. He showed a picture of what Belmar looks like today.

Mr. Bonner explained the City proposes taking the lead role in integrating the development into the community, supporting a long-term stable development by building city infrastructure that will be enable a significant amount of investment using a national tool, which is considered Tax Increment Financing (TIF). He explained they have used this a couple of times, including using a Corridor Improvement Authority and the use of a Brownfield

Redevelopment Authority. He introduced the City's Chief Financial Officer Jennifer Varney to look at the taxable value of the project.

Chief Financial Officer Jennifer Varney reviewed a graph showing how Lakeside has evolved since 2007, when at its peak, it had a taxable value of over \$36 million and brought in over \$1.7 million annually to all taxing jurisdictions. Since that peak, the taxable value has consistently declined, and in 2022, the taxable value is only \$11 million, which is a seventy percent decline since 2007 and only produces \$600,000 annually in tax revenue across all jurisdictions. The proposed new project will increase the taxable value of the mall site exponentially during the twelve-year build-out period, increasing from its \$11 million to over \$218 million in taxable value by 2039. She added that will bring a tremendous increase in property tax revenue for all taxing jurisdictions. She provided details on the projected tax revenue over the next twenty years following the expiration of the TIF, comparing the total tax revenue and average annual tax revenue if there was no development at the current mall site to the total tax revenue and average annual revenue for the planned development. She summarized that this development would provide a tremendous potential to increase their tax base, and it represents a \$320 million increase in total property tax revenue, or 1,200 percent, over the twenty-year period.

Mr. Bonner talked about the other economic impacts, including a conservative estimate of 400 full-time retail and office employees at the project site with an average annual wage of \$50,000, resulting in \$20 million in annual wages.

They calculated a potential for over 2,000 multi-family units, with resident spending estimated at \$360 million annually. He also provided estimates on the number of jobs in construction, renovation and repair, operations, as well as jobs created because of resident spending. He noted these calculations were based on the National Multi-Family Housing Council Economic Impact Calculator and summarized that this project could support over 7,000 jobs, both temporary and long-term.

Mr. Bonner explained they will need to go through the City's Planned Unit Development (PUD) process for review, as well as incentives with the Michigan Economic Development Corporation for which this project would be eligible. They are looking at a redevelopment schedule, with 2023 being utilized to create the proper authorities for both the Corridor Improvement Authority and the Brownfield Redevelopment Authority. The PUD application process and public hearings would also take place in 2023, as well as utilizing their time in 2023 to meet and discuss with the State to apply for applicable programs as well.

Mr. Vanderpool concluded that town centers and downtown areas take decades, if not centuries, to build and evolve. He added that communities rarely can have a town center designed in built in a twelve-year period. He noted that, thanks to the collaboration of the many stakeholders, including the community, Mayor, City Council, Lionheart, and the City's administrative team, they are prepared for the City's chance for this unprecedented project.

He added that they are happy to address concerns or questions from the audience, the Mayor, and City Council.

Mayor Taylor opened the floor for public comments.

- Ken Nelson – complained about transparency; stated these plans have been in the works for a long time with no reports about this to the public; commented that whoever votes in favor of this Memorandum of Understanding without further community involvement will be on a recall; opposed to urbanizing the city.
- Alex Hubbard – owner of Sparkle Jewelry, located in Lakeside Mall; questioned what is going to happen to the current businesses in Lakeside and when they will be notified; stated they run a small business but as a rent-paying business owner, he has the right to know when they will be “kicked out”; his lease ends in 2028, and he questioned whether there will be any compensation.

Mayor Taylor stated the owners are present this evening, and he assured they will be able to talk to them so they can reach out to get answers to Mr. Hubbard.

Moved by Sierawski, seconded by Taylor, **RESOLVED**, to approve the Memorandum of Understanding between the City of Sterling Heights and Lakeside OOTB Ventures, LLC, and authorize the Mayor and City Clerk to sign it on behalf of the City.

Mayor Pro-Tem Sierawski stated the presentation was very helpful. She questioned the build schedule, with the majority of 2023 anticipated to be needed to get the paperwork and legalities handled. She questioned when they will start building.

Mr. Colin Carby, Director of Development for Lionheart Capital, explained this will be a phased development over the next twelve years, so it will be a lengthy process. He clarified this is only the start of a conceptual site plan process and more negotiations will continue thereafter. This is a start in doing

due diligence work, and the PUD process next year will involve a lot of public input. This approval is needed tonight to trigger full announcements and full participation to go out into the community. He anticipated demolition would not begin until the end of 2024 or beginning of 2025, and they are projecting the infrastructure and utility upgrades that are in dire need to occur will be happening toward the end of 2027, along with Phase I. At that point, it is a twelve-year process. He replied to inquiry that Phase I involves some retail and repositioning some of the anchors that are staying, utility upgrades, including temporary and permanent utilities, the development of the public realm and all the city parks, including Central Park. He added that Phase I will also involve some of the multiple-family and senior living facilities.

Mayor Pro-Tem Sierawski commented that redeveloping a dead mall is not a conspiracy to abolish suburbs, but it is a way to redevelop the same space they have that has been either laying dead or very minimally used, especially the parking lot. She respectfully disagreed with Mr. Nelson on the transparency, noting they have had many community forums on this over the last few years. She felt this plan is a way to “get this community going”, and she is very excited about it.

Mr. Carby addressed the concern mentioned earlier by a resident about urbanization, and he pointed out that Lionheart will be donating approximately thirty acres of private land to help augment the public park system.

Mayor Pro-Tem Sierawski appreciated that donation, adding that greenspace is extremely important.

Councilman Yanez questioned Mr. Mellor about his company's redevelopment of "dead malls". He questioned examples of some of the malls that have been redeveloped and their status.

Mr. Mellor replied they would not all be considered "dead malls", but their portfolio across the country includes looking at anchor stores which have become derelict as well as entire wings of malls. He explained that Plantation Mall, located in Plantation, Florida, was a complete demolition and repurposing into a mixed-use town center much like what is being proposed for Lakeside. He clarified that CallisonRTKL has done many redevelopments, and in terms of malls across the United States, their firm is the number one retail architect in the world. He stated he would be happy to provide some information on those.

Councilman Yanez questioned the size of the residential units they are proposing for this development.

Mr. Mellor replied the residential buildings are an average of five stories, although they are determining ways to give each building different personalities and characters. They will have ground floor parking, surface parking, and some partial parking under the building. He clarified that is a prototype template to get to the estimates they are currently looking at.

Councilman Yanez questioned whether they anticipate these apartments would a size ranging from efficiencies to two bedrooms.

Mr. Carby clarified the current market data to date shows that efficiencies are about 650 square feet, one-bedroom units at about 800 square feet, and two-

bedroom units at about 1,100 square feet. He estimated the two-bedroom units would make up about forty percent of the unit mix, one-bedrooms about fifty percent, and the studio units would only make up about ten percent. He reminded that this is an evolving market, with a rebalancing of a neighborhood, so this plan presented tonight is only a start of a conceptual site plan and area program just to test the fact they can afford the infrastructure. He assured they will continue to evolve, and the local public community will be looking at Lakeside to join them.

Councilman Yanez noted that they have made projections, but they do not know what the market will be in twelve years. He pointed out that, while the picture they presented tonight is beautiful, it is not set in stone.

Mr. Carby emphasized it is not set in stone, but it is a preliminary concept site plan and negotiations will continue, as well as the entire evolution of site-planning in conjunction with the community, local government, other stakeholders, retail leasing, etc.

Councilman Yanez noted the plan presented tonight estimates approximately 70,000 square feet of office space for lease, but he questioned with more people working from home, will they need that much office space, or will they decide in the future to make it residential.

Mr. Carby clarified that anything is possible, but it is difficult to speculate all the things that could happen so far into the future; however, based on the market study, there is currently a demand for these uses. He reminded it is a conceptual plan,

Councilman Yanez stated the video is very attractive, but he cautioned it may not look like that once it is complete. He questioned how the developer selects a construction management firm.

Mr. Carby replied that those details will evolve but they have a very robust process. They try to pick “the best of the best” who are fully experienced in all the asset classes they like to work with.

Councilman Yanez questioned how many construction jobs will be create that will be people who live in Michigan, Macomb County or, more specifically, Sterling Heights.

Mr. Carby replied it is too early in the process to be able to answer that, but he assured it is their job as community developers to look within, and then supplement as needed.

Councilman Yanez admitted it is fair to say it is early in the process.

Mr. Carby stated a representative from their local contractor, Sachse Construction, is here tonight, and they are currently doing a lot of pre-construction work and estimating the designs being put forward. Mr. Carby replied Lionheart is the construction manager, and Sachse is a Detroit-based company.

A representative from Sachse Construction (no name given) explained they started in Birmingham and have been in southeast Michigan for thirty-one years. They have a reputation to do it the right way, and they work all over the country as a national retail contractor. He explained in every community they put in a supervisor, and hire everyone else local, so this would be a local

job base from southeast Michigan. He stated they worked on Partridge Creek as tenant coordinators for Taubman. He reiterated they have been here for thirty-one years and “are not going anywhere”.

Councilman Yanez questioned how much of the taxable value will go to Sterling Heights.

Ms. Varney replied that the taxable value is anticipated to be \$350 million collected on that development for twenty-five years, resulting in \$7.5 million annually, so that equates to about \$5 million annually for Sterling Heights. She clarified the tax revenue of \$350 million is twenty-five years after the expiration of the Tax Increment Financing (TIF), which is when they start seeing additional tax revenue, but they will see their current rate for the entire twenty-five years. The increment goes back to fund the infrastructure, including roads, water, and sewer, which is what the City will eventually own. The overall tax revenue would be \$17.5 million annually twenty years after the expiration of the TIF, and the City’s revenue is about one-third of that, or \$5 million in additional city taxes. She replied to inquiry this is an estimate based on the value of phasing in the construction, and the City’s Assessor was involved in evaluating how the project would be assessed. It assumes an inflationary increase every year and is based on the current plan.

Councilman Yanez questioned whether anyone has estimated how much this project will cost the City.

Ms. Varney replied that they have not done a detailed estimate on it, but they believe the \$5 million annually will more than cover the cost.

Councilman Yanez felt that is a guesstimate, noting their emergency service calls will increase with people living there full-time, along with several thousand more people working and visiting. He questioned whether this would come out of the General Fund.

Ms. Varney replied that eventually, it would come out of the General Fund, which is where the tax revenue will go. She replied to further inquiry that the priority of the CIA revenue is to pay back the bonds, but they would have an extra \$11 million over the twenty-five years, in addition to what the bond payments would be, which would be split 50-50 between the City and Lionheart.

Councilman Yanez thanked Lionheart for making the investment in Sterling Heights; however, he talked about the \$45 million bond that will be put up by the people of Sterling Heights to “help a private corporation maximize their profit”. He questioned why the City would help to fund a private enterprise, only to be deeded back everything that needs repair and maintenance. He stated he cannot support this type of partnership, so he will be voting no on this project.

Mayor Taylor stated he recently purchased a new house, but it has a lot of maintenance. His truck needs maintenance, including period oil changes and new tires, and his clothes must be cleaned. He pointed out he does not get rid of those items because of repairs, and he questioned why Councilman Yanez would be opposed to a \$1 billion dollar investment into this community, taking a dying mall on 110 acres of the most underutilized property in the

entire State of Michigan, possibly the Midwest, and proposing a \$1 billion investment to radically transform it into a unique shopping/dining/residential experience in Metro Detroit. He addressed the bonding, noting the new owners of Lakeside approached the City to talk about a partnership where they would be donating about thirty to thirty-five acres of land back to the City. He could not understand who would not want land, and the City is proposing to sign a Memorandum of Understanding (MOU) with Lionheart, and this MOU is giving Lionheart numerous guidelines and benchmarks they have to meet over the next twelve to twenty-four months that show the City they will develop this project. They must show they have the financing, then demolish the mall and asphalt. After that is done and millions of dollars have been invested by Lionheart, along with about five years of their time, this then goes out to bond. The City bonds \$45 million to develop the public infrastructure, and although the City will have to maintain that infrastructure, he pointed out he has never heard any complaints about the City's development over the last fifty years that they will have to hire more police officers. He reminded they will have an additional \$5 million in tax revenue annually. Mayor Taylor explained the \$45 million bond money will be paid back out of the increased tax revenue generated directly from Lakeside Mall, so the General Fund will not pay any of those taxes. He noted the question may be raised as to what would happen if the TIF revenue does not quite cover the bond payment; however, Lionheart has agreed that there will be a Special Assessment District at Lakeside so that any shortfall in TIF revenue generated will be

covered by Lakeside and the property inside Lakeside. They have also agreed to put up a letter of credit in seven figures to ensure nothing from the General Fund or taxpayers will be spent on this. Mayor Taylor stated this is an incredible deal they have negotiated, and it protects the taxpayers of Sterling Heights so the people who will be paying for this project are the people who are building and buying in Lakeside.

Ms. Varney replied to inquiry that the City will not have to pay any of the \$45 million bond until 2028.

Mayor Taylor stated there will be about five years of lead time for the TIF District to start generating positive cash flow before the bond payments need to be made. He reminded that the bond payments come entirely from inside the Lakeside project, so as the tax revenue increases. If the City denies this and is happy with 1.5 million square feet of empty space at the mall, 8,000 empty parking spaces, and only \$350,000 of property taxes, he could not understand what they are thinking. He hoped Lionheart will make a lot of money on this project, but he emphasized the real beneficiaries of this project are the residents of Sterling Heights, Macomb County, and the 4.5 million people who live in metro Detroit. He stressed this is an incredible, unique, and dynamic project that will be something this community will be known for in the years to come, so he will be voting in favor of it. Mayor Taylor addressed Mr. Nelson's earlier comments.

Councilman Radtke echoed some of Mayor Taylor's remarks, noting there are so many communities who are fighting to try to create something like this,

and he added the markets will determine what is going to be built at Lakeside. He did not feel they are “destroying” the suburbs but are trying to “remake” them. He pointed out the many people who are moving into the City, and the energy coming with them. He explained that malls are dying, not because they are being pushed out, but because the shopping habits of people are changing. He sees a market in Sterling Heights where people may want to have a more urban/suburban development, and although cars are not going away, with this development located on two major roads, people opting to live here may not have to drive everywhere and will be able to walk to stores and restaurants. Councilman Radtke stated he expects that this plan to evolve over twelve years, and he anticipated the development will be even denser with more retail. He stressed he is in favor of mixed-use development, and he expressed hope that there will be condominiums in addition to apartments, but he agreed the market will determine the needs.

Councilman Radtke commented it appears as though the City has tremendous protection written into this agreement to protect the taxpayers, and he inquired as to whether that includes a \$1 million line of credit.

Mr. Kaszubski confirmed the agreement includes it is a number that the City finds and deems appropriate, so that could be adjusted. He replied to further inquiry that the plan includes creation of a Special Assessment District that will immediately assess the properties for any outstanding costs.

Councilman Radtke noted that these roads are going to be created, and they will not be private roads, so the City should take care of them and provide

police protection, fire protection, and plow the streets just like they do everywhere else, but he reminded they will provide tremendous value. He asked Mr. Bonner whether this project would qualify for a type of credit allowed by the state legislature for large developments.

Mr. Bonner replied that is the Transformational Brownfield legislation, and he explained the signatory project on that was the Hudson Block redevelopment in Downtown Detroit. He stated when that legislature was being developed, Bedrock reached out to the City of Sterling Heights to look at other projects beyond the City of Detroit that may benefit from that kind of incentive, and the City of Sterling Heights was very clear that at some point, Lakeside Mall would probably be redeveloped, and that would be an incentive for which they would want to take advantage. He added there are other tools that the City will pursue in partnership with Lionheart on this project.

Councilman Radtke felt people in Sterling Heights are excited about this project, although he understands there are some areas of concern. One of those concerns he has heard of relates to the traffic that will be created; however, he pointed out a fully built-out retail mall would generate much more traffic than residential neighborhoods. He questioned whether they will be doing traffic studies to make sure the people of Sterling Heights will not be inconvenienced by this project.

Mr. Carby assured that is part of their process, and they will be submitting a traffic study. They have already started that with their local civil engineer, and

they are already projecting that this will generate half the traffic of what the mall used to generate.

Councilman Radtke believed a local contractor should be the construction manager, and he would like to see good local union jobs here. He pointed out that Island Park is located just south of this development, and they have a right-of-way for a possible bridge connection to Island Park. He knows the residents would love that, and he inquired as to whether that is something Lionheart would consider.

Mr. Carby replied they would agree to investigate a solution for that connection.

Councilman Radtke stated he is also interested in seeing a connection to the ITC Corridor, which will be a path that is being created separate from this development. He stressed a connection to that path would be a tremendous amenity. He concluded his comments by urging the developers to focus more on the urban rather than the suburban concept, adding there are plenty of places to live in Sterling Heights that are suburban. He felt an urban development would bring a different conception of the type of living available in Sterling Heights and will attract many who are looking for this type of lifestyle. He also urged them to think about affordability for those who do not have a lot, because they will be working and supporting these businesses as well.

Councilwoman Schmidt questioned Ms. Varney about the risk in this project for the residents of Sterling Heights.

Ms. Varney replied that with all the backstops that Mr. Kaszubski has put into the agreement and agreed to by Lionheart, there is very, very minimal risk. She explained the TIF revenue is meant to finance infrastructure, whether they borrow it or not. TIF is set up by the state legislature to finance the infrastructure, including water, sewer, and roads, needed in these projects, and it does not pay for the buildings. Because it is a twelve-year build-out, the money is needed up front to build the infrastructure first. The projected TIF revenue will more than cover the bond payment. They are structuring the bond so that there are no payments for the first four years after they borrow the money. The TIF revenue will start generating before there is a payment; however, if there is a shortfall in any year, for the first five years Lionheart has agreed to write the City a check for that shortfall. After that first five years, they have agreed to a Special Assessment District, in which they would assess the shortfall to the properties inside Lakeside. She assured that Special Assessments and Special Assessment Districts attach to the property, not just the owner, so if the property were to sell, they would still have the right to special assess the new owners. She explained that she can never say there is zero risk, but she felt it is infinitesimal. She added the \$1 million letter of credit would backstop all the other protections in place, and she felt that is unheard of. She stated she is very comfortable with this.

Councilwoman Schmidt questioned whether this could affect the City's bond rating.

Ms. Varney replied that when the City went out to bond for Mound Road, they were asked the usual question of whether there are plans for upcoming bond issuances, and she explained this was disclosed, so they are aware. She assured it will have no detrimental effect on their rating.

Councilwoman Schmidt recalled some earlier comments by Lionheart representatives about developers being interested in the project. She inquired as to whether they may be selling parcels to other developers.

Mr. Carby replied they are master developers, and they want to do some of the project, but in terms of speed and making sure they hit all the tax revenue milestones, it would make sense to partner with other developers to assure speed and execution.

Councilwoman Schmidt felt the latest rendering of the development is too dense. She would love to see condominiums, townhomes, and more of a mixed-use residential, possibly including some single-family homes or detached condominiums. She commented the varied housing opportunities will appeal to everyone in the community, and ownership is a way for people to be invested into their community. She added that, while renters are wonderful and contribute and are involved in the community, she felt owners are more invested. She referred to an earlier comment by a business owner who is leasing space at Lakeside, and she questioned what is going to happen to the current tenants at Lakeside.

Ms. Greenfield replied this is evolving, they need to speak with a lot of people, but she emphasized nothing is happening right away as far as the mall. There

are many more steps they need to take over the next year or two, they will be in touch with all their tenants, and they are hoping some of their tenants will come back to the new retail in the new Lakeside.

Councilwoman Schmidt hoped the owners will invite their current tenants to be part of the new development. She also hoped that during this process, they can relocate them temporarily to keep the businesses going.

Ms. Greenfield assured they will be working with the current tenants. She added they are working with an abundance of caution to make sure that the City and Lionheart can fulfill their obligations being discussed this evening. She stated that, while they are in business to make profit, they are also here to build communities and leave something better than when they came. She explained they do not have comparables for condominiums in this type of development, but she felt if they build it, people will come and as they see how it is to live here during Phase I, they will realize there is a market for those types of developments. She emphasized they have done rentals, office, retail, and all of these but they must make sure there is a market. She clarified building them is not the issue, but it is making sure that everyone is comfortable with the bonding and the financing.

Councilwoman Schmidt expressed concern about their retail recruitment. When representatives from the City visited the similar development in Colorado, there were no shopping centers around the mall that was redeveloped. She pointed out this mall is surrounded with many retail

centers, and she would hate to have those centers become empty because all those tenants want to move into this new development.

Ms. Greenfield felt they are rightsizing this development. In the center of the development, to be known as “The Heart”, they are looking at a different type of tenant, which tends to be some of the smaller tenants that were in the mall. The larger box-store tenants, such as J.C.Penney and Macy’s are excited to be a part of this new development, adding that their storefronts augment their online sales. They are moving away from the giant footprint stores, so she does not see a lot of that type of retail within Lakeside. She anticipated they will have a lot of the smaller businesses that locate where people can walk, such as a shoe repair, dry cleaner, etc.

Councilwoman Schmidt questioned Mr. Vanderpool about the cost of apparatus and staff for police and fire once this development is done.

Mr. Vanderpool provided a perspective, noting if they look at their per-home costs now across the City, the City’s cost to provide services on average, is about \$1,300 per home. They have about 40,000 properties in the City, so that cost covers police protection, fire protection, snowplowing, library services, parks and recreation, etc., but if one were to extrapolate that to the number of residential units, although it is more costly to provide services to single-family homes with more roadways, sidewalk, more lineal footage, more water and sewer, etc. He pointed out that equates to approximately \$3.6 million per year to provide city services, although that is on the high side. He emphasized that the project would generate about \$5 million or more per

year, so there will be an approximate 300 percent increase of excess revenue that the project will generate beyond their city costs to provide municipal services. This includes all the apparatus required to provide those services, such as police cars, fire engines, Parks & Recreation vehicles, and the like. He emphasized there is a net gain for the project, and although it is years out, it is the job of community leaders to look down the road and sewing the seeds now for the next forty or fifty years. It will be up to the city officials at that time to determine how they will use the excess revenue.

Councilwoman Schmidt understands this is the start of the process, and she asked Mr. Kaszubski whether this will come back to City Council at any other point for them to approve plans.

Mr. Kaszubski replied that it will come back multiple times. They will be going before the Planning Department, Planning Commission, City Council, including the PUD process, the site planning process, and construction will begin once the final site plan is approved. He assured there will be multiple public hearings and a long process, so it is not going to be done tomorrow.

Councilwoman Schmidt inquired as to what will happen in the event the developer sells the property prior to the development being put in.

Mr. Kaszubski replied if they sell it before the development, they will not be bonding because they would not get to the milestones required for that to occur. If they were to sell the property after that, the new owner is bound by the same backstops put in place.

Councilwoman Koski questioned the payback period for the bonding.

Ms. Varney replied it is a twenty-five-year bond.

Councilwoman Koski inquired as to what that does to the City's total debt ratio.

Ms. Varney replied she has not yet calculated it, but she assured they are well below their legal limit. This bond was discussed when they went out for the bonding for the Mound Road project last year.

Councilwoman Koski questioned whether there will be any negative result as far as their bond rating is concerned.

Ms. Varney replied no, explaining they always talk about future bond considerations, and that is taken into consideration when rating the City. She reminded that the City's last rating was upgraded from "stable outlook" to "positive outlook" at the last rating. She noted that there was even talk about possible additional bonding for Mound Road, so even with the discussion of those two bonds, they were still upgraded in their rating.

Councilwoman Koski inquired as to whether there are any plans for additional bonding in the future.

Ms. Varney replied that, other than for this development, there was always going to be three tranches to Mound Road, so the only other plan is for an additional \$10 million for that.

Councilwoman Koski commended the Lionheart team on the nice project, although she acknowledged it is subject to the economy and it could change. She inquired as to whether they plan on building this land, selling any portion

of this development, or whether it is something they plan on building and collecting rent.

Mr. Carby replied affirmative, that they are entertaining “all of the above”. They would like to develop some of the property and enter a joint venture for some of it.

Councilwoman Koski acknowledged this is just a vision at this point, and she understood they do not know what they are going to do. She inquired as to their intent for the Sears property.

Mr. Carby replied they are working with all the owners to discuss their participation in the site plan. He clarified this is a conceptual site plan, and they are continuing all the conversations with all the owners.

Councilwoman Koski state if no one wants to partner with them as far as the residential development, she inquired as to whether they will all be rental properties.

Mr. Carby clarified that at this time, based on the market studies and business climate issues, they are proposing residential rental units because that is what the market can support.

Councilwoman Koski inquired as to the owner’s projected profit.

Mr. Carby replied they are still working on determining that information. If this is approved, they will then begin to start their due diligence.

Councilwoman Koski questioned what would happen if the City says no to the bonding.

Ms. Greenfield replied they still must do the calculations, and she did not feel there is enough profit to do what they are talking about.

Councilwoman Koski questioned whether they would be interested in selling off portions and bringing in another developer as a partner.

Ms. Greenfield replied that they have been receiving a lot of calls from local developers who are very interested in this project. She stressed that the underwriting and the bond must make sense financially for everyone involved. She emphasized there is a lot that goes into making this acceptable, and it does not happen overnight. She added there must be compromise and collaboration with everyone, including cities, tenants, construction professionals, construction workers, so it takes a lot to get this done.

Councilwoman Koski noted that Lionheart's job is redevelopment, and she inquired as to what other municipalities have bonded for them to put in the infrastructure.

Mr. Carby replied to inquiry one example is the City of Miami, called "Mid-Town Miami", where they used \$120 million in bonds to redevelop a fifty-seven-acre brownfield site in the middle of Miami. He explained it was generating \$30,000 to \$40,000 in taxes, but now it is generating close to \$4 billion. The referenced project was the same type of project, where it is bonded, and they built the infrastructure, and this was the only TIF-funded project they have done to date. The private company came in to make the vertical investment. He added the other types of projects were mall repositioning, but they were private and not as large as his proposed project.

Councilwoman Koski recalled they indicated this project will start in 2027.

Mr. Carby required that is correct, estimating it would be starting in 2024 or early 2025. They will start with the mobilization of the demolition, prepping the site, and beginning with the infrastructure and utilities. He anticipated all the infrastructure would be completed, in addition to Phase 1, by the end of 2027. He anticipated they will need their money by mid-2024 to start the demolition, brownfield cleanup, execution of the utilities, and infrastructure. He pointed out that they will be fronting a lot of the soft cost so they would need reimbursement on that by mid-2024.

Councilwoman Ziarko stressed that they have been working on this project for the last seven years, so she felt it has been transparent. She commented that there is a housing deficiency in the State of Michigan, but they do not have a deficiency of deteriorating malls. She emphasized this is an opportunity that they only have the chance to do once, so they need to do it right. She questioned Ms. Varney to clearly explain how much people will see on their tax bills to fund this amount.

Ms. Varney replied to inquiry that it will cost taxpayers \$0.

Councilwoman Ziarko heard that they may be selling portions of this or looking for other developers to partner with, and she admitted she was nervous about this at first because they would put all of this in place and then sell it off, using what the City is doing as an asset when selling it. She indicated she researched and discovered that a project this large may need more people involved because if it is done by only one owner, it takes a very

long time to complete. She is confident there are a lot of other developers interested in this project, and she is pleased that the owners are also thinking in this same direction. She agreed with some of her colleagues that she feels this development as proposed is a little dense, but she knows during this process they will be doing housing studies to determine the demand. She currently owns a home and may want to consider selling her home, but she would like to purchase a condominium and not put the money into the bank. She suggested that they do the research on condominiums in addition to apartments. She talked about "Pattern Homes", which is a concept from the early 1900's, where a house had two families in it, and she suggested the developers do the research on that as well. She is grateful they are going to have different restaurants to draw people in. She would like to see the developers do research on the feasibility of a convention center at this location, noting they have none in Macomb County. She pointed out that would not mean that everyone would stay at the convention center, but it would be great to have the ability to hold a convention there. She mentioned taking a class in 2003 which covered sustainable living neighborhoods, where people could live, work, and entertain themselves in the same area, so it was non-motorized living. She felt this has that potential, and she is excited about that concept. Councilwoman Ziarko expressed sympathy to the tenants who are currently at Lakeside Mall and do not know what is going to happen. She felt once they know what the City is going to do, it will be easier to let those business owners what will be happening. She pointed out that just the

speculation of this project has brought in national restaurants along the M-59 Corridor. She cited Total Wine, which moved into the former Toys R Us, is very likely the best performing store in the country right now. She is pleased the agreement being proposed tonight is between the City of Sterling Heights and Lakeside OOTB Ventures, LLC, but if it is sold or joins partnership with them, that agreement remains in place. She stressed they have done their due diligence in putting this Memorandum of Understanding together to protect their residents. She felt there are local developers who regret not going in to purchase the mall, so she anticipated they would like to be involved in the development. She would like this development to be called something other than a "CIA", so they do not confuse it with what they are doing on Van Dyke.

Mr. Bonner clarified that "CIA" is the acronym for Corridor Improvement Authority, a legal term, but it can be called something different.

Councilwoman Ziarko questioned whether the public hearings will be at the Council meetings, or whether there will be other meetings where Lakeside development only will be discussed.

Mr. Bonner explained that each step requires a public hearing. The Brownfield Redevelopment Authority will hold a public hearing. City Council will hold a public hearing on the Brownfield Plan. The Corridor Improvement Authority will have two public hearings: one for the creation of the district, and the other for the approval of the plan. The City Council will have a public hearing on the creation of the district and approval of the plan. There will be

two public hearings for the Planned Unit Development (PUD), including Planning Commission and City Council. Lionheart is fairly committed to having a lot of public engagement throughout the process, although those may not be formal public hearings, but they are intending to hold informal community discussions. They would like to get as much information in front of the public as possible.

Councilwoman Ziarko stated that, in doing research, they were told that part of Lakeside's deterioration probably occurred when some of the outlots were purchased by stores such as Toys R Us. Instead of moving into the mall, they moved into the surrounding area. In southeast Michigan, they were told that it is likely only two malls will survive: Somerset Collection and Twelve Oaks Mall. She stressed they must consider what to do with Lakeside because it cannot remain vacant. She felt if they have a chance to bring a \$1 billion project into the City without their residents taking any risk, she felt they must go forward with it, stressing it is a prime location on M-59. She felt they should be glad Lionheart is here, because there were a lot of other investors who did not want to take this on. She concluded that she will be voting in favor of this tonight.

Councilwoman Schmidt asked Mr. Kaszubski whether the bond amount is \$45 million, or whether it is "up to \$45 million".

Mr. Kaszubski replied if they meet the minimum TIF projections put into the Memorandum of Understanding, then it will be \$45 million. If they come up

short of that amount, City Council can choose not to bond at all, or to do something less.

Councilman Radtke addressed concern from his colleagues about the high density of the project. He stressed that housing density creates the retail environment, and it is not the other way around. He cautioned that the retail will fail if the residential is not dense enough to support it. He anticipated the retail will build out even stronger than projected because of the density, but if that density is reduced, he felt the retail will not develop and it will end up being a subdivision. He explained there is a study coming out in several weeks that will hopefully encourage the City to reduce their parking minimums. He urged the owners to reduce parking minimums, noting they do not need a tremendous amount of parking because people who live here will not need to drive around and park. He pointed out this is a conceptual plan, leaving a lot of room for opportunity, such as fill-in development, where they will have to envision that space moving forward. He urged the owners to engage and collaborate with the owners currently at Lakeside. He agreed with Councilwoman Ziarko and would love to see this project include a hotel and convention center, and he likes the idea of tall buildings if the market can support it.

Councilman Yanez referred to Ms. Greenfield's earlier statement that, without the \$45 million bond, there would not be enough profit to do the project. He stated it is not the job of the taxpayers of this City to make sure a private entity

makes a profit. They are considering working with other developers, and he questioned why they are not putting forth the money.

Mayor Taylor explained this is positioning them so they can take the legal steps necessary to get the TIF District established. He stated he does not care if it is Lionheart alone, or a combination of Lionheart with other developers, or any other developer, but they have a state law allowing them to get a TIF District and use that tax revenue generated from this project to roll it back into the project. He stressed that is going to happen regardless of who redevelops Lakeside Mall, because any developer who takes on the redevelopment of this site would be entitled to it. He reiterated it is an entitlement under the State law. If the City puts up roadblocks, the developers will walk, and the City will end up with this dying mall on one of the most valuable properties in the City. The TIF will generate \$96 million, and that will occur regardless of who is doing it. He cautioned the project cannot get off the ground without the bonding, so the public money comes in to build the public infrastructure. He stressed that the taxpayers of Sterling Heights will be paying \$0. He felt that Lakeside, which has been something that has been central to their community for all these years, will be the centerpiece of a revitalization of retail, mixed-use, and will give Macomb County the blueprint for what can happen in municipalities. He is looking forward to this project.

Roll Call Vote: Yes: Taylor, Ziarko, Radtke, Schmidt, Sierawski.

No: Yanez, Koski.

The motion carried.

Mr. Carby thanked the City Council for allowing them to make this presentation this evening and for their consideration of this proposal.

8. COMMUNICATIONS FROM CITIZENS

Mayor Taylor stated that, pursuant to Council rules, they have to take up comments from citizens at 9:30, so they will move on to that item. He opened the floor for comments from the audience.

- Stephen Thiel – resident on Calvin Street in Grosse Pointe Farms; talked about a legal issue with the City of Sterling Heights Police Department and provided the background and details; expressed concern that a warrant was not signed; requested that the City of Sterling Heights request an Attorney General investigation or Michigan State Police investigation.
- Ken Nelson – felt the public should be able to address comments made by City Council members; expressed his opposition to Planned Unit Developments and four- and five-story buildings; opposed to The Wedge, a proposed development along M-59, and felt the roads will not handle high-density developments such as this; questioned what happened to the City’s Risk Analysis group.
- Paul Smith – stressed the purpose of a City Council meeting should be for the residents to tell the Council how they want the city to be run, and not the City Council telling the residents what is going to happen; questioned Councilwoman Ziarko’s favorable comments on a convention center, when he recalled she placed a moratorium on building new banquet halls due to a conflict; talked about the Lakewood Development in Colorado; stated the City needs to be a regulator in the development process rather than a “player”.

7. CONSIDERATION (continued)

B. Mayor Taylor stated this is to consider approval of a collective bargaining agreement (CBA) and memorandum of understanding (MOU) between the City of Sterling Heights and the Sterling Heights Police Command Officers Association for the period of July 1, 2022, to June 30, 2025. He invited Mr. Vanderpool to give a presentation.

Mr. Vanderpool stated he will briefly summarize because Council has heard the details of a lot of the collective bargaining agreements over the last several months, and this one is not much different. He highlighted the few differences, noting it is a collective bargaining agreement that expired in June 2022 between the Sterling Heights Police Command Officers Association and the City. The wage increases are the same as the other agreements, with two percent the first year, two-and-a-half percent the second year, and three percent in the third year. The health care plan is like the other CBAs, but Command Officers holding higher education degrees will receive an increase in the educational allowance. Command Officers with Associates degrees will receive \$250, those with a bachelor's degree will receive \$400, those with a master's degree will receive \$750, and those who have completed Staff & Command school will receive \$1,000 to try to incentivize higher education, which is a benefit to the employees as well as the City. He advised that the Educational Assistance Program will include an increase so the annual reimbursement for a bachelor's degree will be \$3,000, with a reimbursement of \$4,000 for a master's degree. The clothing allowance is increasing by \$250. To stem the losses associated with vehicular accidents, the City is establishing an incentive program or stipend for those who did not get into any accidents. The first year's stipend is \$750 and that increases to \$1,000 the second year and \$1,250 the third year, assuming the Command Officer is accident-free in those years. He added that if this works well, the intent is to expand this to other groups. Mr. Vanderpool advised that all other

monetary benefits remain at the levels provided under the expiring CBA, and he respectfully requested Mayor and City Council's approval of the CBA and the Memorandum of Understanding (MOU) presented this evening.

Mayor Taylor opened the floor for public comments, but no one spoke.

Moved by Ziarko, seconded by Schmidt, **RESOLVED**, to approve the collective bargaining agreement and memorandum of understanding between the City of Sterling Heights and the Sterling Heights Police Command Officers Association for the period of July 1, 2022, to June 30, 2025, and authorize the Mayor and City Clerk to sign all documents in conjunction with this approval.

Councilman Radtke commended City Administration for adding the educational bonuses for officers who attain higher education. He felt it will benefit the Police Department in the long run, as well as the officers who attain that higher education. He commended the Command Officers for working with the City on this.

Councilman Yanez asked Mr. Vanderpool how many avoidable accidents the Police Department experiences on an annual basis, although he imagined it fluctuates.

Mr. Vanderpool replied that there are about two hundred vehicles in service at any given time between all their departments, but he estimated the rate could be about ten percent. He assured it is not an alarming trend; however, accidents are very expensive so if they can be avoided, that is the idea with this incentive. He felt in any given year, they may have five or six avoidable accidents, but it is not out-of-line with what they are seeing with other groups or with society as a whole.

Mayor Taylor thanked the Command Officers for their service to the City of Sterling Heights and the Police Department in general. He stated he is encouraged to see the increase in funding for their police officers to continue to receive the tools, technology, and training they need. He added it is well-deserved, having recently been named once again the “Safest Big City in Michigan”. He commended the Police Department on a job well done.

Yes: All. The motion carried.

C. Mayor Taylor stated this is to consider approval of a memorandum of understanding (MOU) between the City of Sterling Heights and the Michigan Association of Public Employees Supervisory Employees Union. He invited Mr. Vanderpool to give a presentation.

Mr. Vanderpool explained that periodically, new job classifications are required in the City, resulting in MOUs. With the departure of the City Planner, a vacancy was created in the job classification of City Planner/City Development Manager, noting the City Planner also served as the City Development Manager. He advised that the Human Resources Division has been actively recruiting two supervisory positions to build depth in their Planning Department. They have identified a very strong candidate whose prior professional work experience, educational credentials, and interests are well-suited to the role as Assistant City Planner but are also very suitable for the City Development Manager duties previously discharged by the former City Planner. The Human Resources division approached the union to negotiate a new job classification titled Assistant City Planner/City

Development Manager. The MOU has been negotiated and is brought to the Mayor and Council for their consideration this evening. He explained Administration feels this would be highly advantageous for the Planning Department because the position and the individual bring a very strong planning background and experience, but also very strong experience in economic development, namely business retention and business recruitment, which is something they desperately need. He acknowledged they use a team approach, led by their Economic Development Manager Luke Bonner, but this individual will bring more leadership to that effort. He respectfully requested that the Mayor and City Council approve the MOU that is presented to them this evening.

Mayor Taylor opened the floor for public comment, but no one spoke.

Moved by Sierawski, seconded by Ziarko, **RESOLVED**, to approve the memorandum of understanding between the City of Sterling Heights and MAPE Supervisory Employees Union creating the Assistant City Planner/City Development Manager job classification, and authorize the Mayor and City Clerk to sign the memorandum on behalf of the City.

Mayor Pro-Tem Sierawski inquired as to whether they have an individual in mind for this position.

Mr. Vanderpool replied they have an individual in mind, and if City Council approves this, they will proceed with retaining that person as quickly as possible. He stated they need the job description and MOU approved.

Councilman Radtke questioned whether the Assistant City Planner/City Development Manager position will have supervisory authority over the other two planners in the department.

Mr. Vanderpool replied it is Assistant City Planner, so there would be some supervisory experience needed. He explained it would be the equivalent on the planning side to a Planner III. The next highest level would be the City Planner. He clarified the Assistant City Planner would be under the City Planner but would be above the Planner 1 and Planner II. The authority would depend upon what the City Development Director would assign to that position in terms of oversight.

Councilman Radtke noted their former City Planner left, and there is a lot of work to be done.

Yes: All. The motion carried.

9. REPORTS FROM CITY ADMINISTRATION AND CITY COUNCIL

Mr. Vanderpool state he has nothing further tonight.

Councilwoman Ziarko questioned the earlier citizen comment about her placing a moratorium on city banquet centers. She recalled the Council placed a moratorium on something in all the years she has sat on Council, but she clarified it was not on banquet halls, and she further confirmed she does not own a banquet hall.

Mayor Pro-Tem Sierawski noted Mayor Taylor mentioned it, but she explained that the City of Sterling Heights was recently named the Safest Large City in the State of Michigan. She commended all public safety involved in that, noting it is a source of pride. She understands there is hesitation with the Lakeside development, but she wants Sterling Heights to stand out. She mentioned having a coffee mug with an image of Michigan on it, and of the approximate fifteen cities indicated in the State, Sterling Heights

is not one of them. She does not want Sterling Heights to be only known for a mall, but they need something that helps them stand out, and possibly the Lakeside development will serve as a springboard for it.

Councilman Radtke talked about some of the negativity of public comments made at the meetings, but he stated he is excited about the Lakeside development. He recalled when they were going to upgrade Dodge Park, there were a lot of comments in opposition; however, there are so many positive comments now that it has been completed, and it has become a destination for people in other communities. He stressed this City creates amenities, and their track record is strong. He addressed the need for apartments in this community and the opposition to those developments, with those opposed citing concerns about traffic on Hall Road and the impact some of these developments will have. He pointed out that Hall Road is designed to handle all that traffic and more, and an extra six hundred cars will not throw it off. He stressed he is proud of the fact that this is the safest large city in the State of Michigan. He also thanked those who passed out candy last night for Halloween.

Mayor Taylor stated he is encouraged about what is happening in Sterling Heights. He felt Sterling Heights wants to take the position of leadership in Macomb County. They are one of the largest cities in the state and one of the largest cities in Macomb County. They have incredible diversity in terms of their residents and businesses, with small shops and some of the largest companies in the world, along with everything in between. He felt they have

the best park system in the State of Michigan, along with natural amenities like the Clinton River. They have two incredible school districts and affordable housing, especially considering the size of the community, the safety and services offered to their residents. He indicated they suffer from being a suburb in Macomb County and Detroit at large. He felt the trend is for more urban living styles that are more manageable and provide residents the ability to pick up and move easier. Sterling Heights is diversifying their housing stock and positioning themselves for success for decades to come, and he is confident the Lakeside development will give Sterling Heights a name.

10. **UNFINISHED BUSINESS**

There was no unfinished business.

11. **NEW BUSINESS**

There was no new business.

12. **CLOSED SESSION PERMITTED UNDER ACT 267 OF 1976**

Mr. Kaszubski stated there is one item for Closed Session this evening.

13. **ADJOURN**

Moved by Ziarko, seconded by Schmidt, **RESOLVED**, to recess into Closed Session.

Roll Call Vote: Yes: Yanez, Ziarko, Koski, Radtke, Schmidt, Sierawski, Taylor.

No: None.

The motion carried. The meeting recessed into Closed Session at 10:20 p.m. and adjourned from Closed Session at 10:48 p.m.

MELANIE D. RYSKA, City Clerk