REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
MONDAY, AUGUST 10, 2026, AT 7:00 P.M.

Mayor Fischer called the meeting to order at 7:00 P.M.

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Fischer, Mayor Pro Tem Casey, Council Members Gurumurthy, Heintz, Martinez, Smith, Staudt

ALSO PRESENT: Victor Cardenas, City Manager
Tom Schultz, City Attorney

APPROVAL OF AGENDA:

CM 26-08-098 **Moved by Casey, seconded by Heintz; MOTION CARRIED: 7-0**

To approve the agenda as presented.

Roll call vote on CM 26-08-098 **Yeas: Casey, Gurumurthy, Heintz, Martinez, Smith, Staudt, Fischer**
Nays: None

PUBLIC HEARINGS:

1. Special Assessment District 186 for Main Street Area Streetlighting and Streetscape

The Public Hearing opened at 7:01pm and closed at 7:02pm with no public comment.

PRESENTATIONS: **None**

CITY MANAGER REPORT:

City Manager Cardenas said he wanted to follow up on the July 13, 2026 Council Meeting where Council heard from representatives from Priority Waste. Since that presentation, starting on July 21, 2026, Priority Waste had had zero misses or significant disruptions in their service. If anything arises after their August 1st deadline, which was last week, they'll evaluate their options and let Council know what their recommendation is for addressing it.

ATTORNEY REPORT: None

AUDIENCE COMMENTS:

Peter Cundari, 44607 Midway Drive, said he has been a resident in Novi for 39 years. He thanked Council for the opportunity to address them. He said he believes Novi has a problem, an issue that a lot of the other communities in this area have and that is the expanding deer population. The difference is that some of the other communities, specifically Farmington, Farmington Hills, and Southfield, are doing something about it. They have a program for culling herds. He said his home backs up to a wooded area and they are suffering significantly from the expanding deer population. They spent literally thousands of dollars and all manner of repellents and gizmos that will hopefully repel the deer, but they just keep coming. He said they planted a lot of things that are supposed to be deer resistant, but eventually, they find out they like it, so that doesn't work. He said the real concern is the disease-bearing ticks that are associated with having an overabundance of deer. He said there had been an article in *The Wall Street Journal* a couple of weeks ago and he had brought copies for Council. Some of the highlights of it are that Lyme disease has jumped 60% in Ohio and 80% in Michigan in 2025. Lyme disease is a serious ailment. Some people get it and you don't get rid of it, so that's a concern. He said there is also the destruction of landscaping and the possibility of hazardous deer accidents in the area. They jump out onto Taft Road, onto Nine Mile Road. He sees that all the time. He wanted to make Council aware that it is a concern and he's hoping that, if they weren't aware of it, that there's something they might consider joining with the other communities in this consortium of looking into culling the deer population. This year, he said he has seen a tremendous amount of fawns running through the area. He thinks this year is going to be a banner year for expansion of the deer population. He wanted to make Council aware of that and hope they will take steps to address this in the near future.

Sue Finley said she has been a resident in Novi for over 30 years. She wanted to express her vehement opposition to the proposed $407 million project that the City is contemplating near Beck Road. She said it was her understanding that part of this deal will require the developer to clean up the area so that it is environmentally sound. Once this project is complete, the noise, the traffic, the additional people with families, and kids that will be going to schools that are already busting at the seams, will wreak incredible environmental havoc on their overdeveloped city. She said she feels like they are turning into another Canton, where it takes forever to get a half mile down the road. She said she works at Novi High School, and they already have students doubled up in lockers. The lunchrooms are packed. Classrooms are filled to the brim, and they have no more room. They have no plans to expand the schools. She said she is not aware of any traffic concerns that are going to be taken care of with this continued developing. She said what she is hoping for is more investment in green spaces in Novi. Everything seems to be developed. More housing is being approved, more hotels, more plazas, more stores. This is not what the people of Novi want. As she said previously, she has lived in Novi and been an active member of the community for more than 30 years. She has seen many changes in that time. When she first moved to Novi, there were little corn farm stands. It was lovely and it was a quaint town. Now, she said she is not opposed to expanding. Things change and they need to roll with that, but she feels that this proposed development is really going to wreak havoc on their traffic and schools. It's overcrowded. Her final thought is that the Novi residents are tired of overdevelopment. She came representing many people. She said they are voters and they really want the people to represent what they feel is necessary and better for their community and that would include more green spaces, more spaces for their families, and less traffic, less building, less commercial properties. She said she feels like they don't need it, they don't want it, and they won't vote for anybody who votes to pass it.

CONSENT AGENDA REMOVALS AND APPROVALS:

CM 26-08-099 Moved by Casey, seconded by Smith; MOTION CARRIED: 7-0

To approve the Consent Agenda as presented.

A. Approve Minutes of:
July 27, 2026 - Regular Meeting

B. Approval of Resolution authorizing a Renewal of a Uniform Video Service Local Franchise Agreement with Comcast.

C. Approval to award Michigan Automatic Sprinkler, Inc. $63,750 for the replacement of irrigation devices at Pavilion Shore Park and Ella Mae Power Park utilizing funds provided through the EGLE Community Energy Management Program grant.

D. Approval of Resolution to Proceed with the Project and to Defray the Cost of the Project by Special Assessment upon Especially Benefitted Properties for Main Street Area Streetlighting and Streetscape (Resolution No. 3)

E. Enter Executive Session immediately following the regular meeting of August 10, 2026, in the Council Annex for the purpose of confidential communication from the City Attorney.

F. Approval of claims and warrants – Warrant 1207.

Roll call vote on CM 26-08-099 **Yeas: Gurumurthy, Heintz, Martinez, Smith, Staudt, Fischer, Casey**
Nays: None

MATTERS FOR COUNCIL ACTION:

1. **Initial presentation of the project in the City West Corridor from Lincoln Avenue Communities, with the potential to utilize either a Payment in Lieu of Taxes arrangement or the MSHDA Housing TIF program.**

City Manager Cardenas said there was no action being asked of Council at the meeting. He said the applicant was there to present their project and gauge the interest of City County to utilize a fairly new state program. The developers from Lincoln Avenue Communities were proposing a 269-unit mixed-income multi-family development at the current DeMaria Construction site, located at the northwest corner of Taft and Grand River Avenue. All the units would be income restricted to households earning no more than 80% of the area median income, or better known as AMI, and weighted average not to exceed 60% AMI. The developer is asking City Council to consider approving the housing construction incentives through either the MSHDA Tax Increment Finance (TIF) program that's in between the brownfield and the transformational one they heard last time and/or a Payment In Lieu Of Taxes (PILOT). He said there were two representatives at the meeting from Lincoln Avenue Communities who were ready to answer questions and to give their presentation.

Erica Meisner greeted Council and introduced herself as a Director of Development with Lincoln Avenue Communities. She said she was joined there by Kyle Brasser who is a Vice President and partner with Lincoln Avenue. She said Lincoln Avenue is a national developer of affordable and workforce housing. She said if Council were to Google them, they would see that they have over 200 communities and 35,000 units across 33 states. They're quite large. She said she and Kyle are narrowly focused on the upper Midwest. They're focused on advancing opportunities in Michigan, Minnesota and Wisconsin. She said Kyle has been working in Michigan for five years. They have two properties in Ypsilanti down the road that are new construction as well as a couple of acquisition projects. They came to the meeting to present their proposal for an affordable multi-family residential community at the intersection of Grand River Avenue and Taft Road in Novi City West District. She wasn't at the last Council meeting, but she knows there was a robust, lengthy conversation around City West. They want to focus specifically on the role of new residential development, not only in the context of City West, but in the context of Novi's housing stock more generally.

Ms. Meisner said a concentration of residential uses in City West District creates a tremendous opportunity to meaningfully respond to Novi's quantified need for additional housing at a diversity of price points. They spent a good amount of time unpacking Novi's recent Master Plan as well as listening to the strategic plan that was presented at the last Council meeting. As detailed in the Master Plan, demand for housing in Novi is outpacing supply due to a tight home ownership market that is largely out of reach for low and moderate-income households. There is a disproportionate demand for rental housing specifically. She said this concentration of demand is driving up rents. Today, renters comprise 32% of Novi's households, 40% of which are housing cost-burdened, meaning that they spend more than 30% of their income on rent and utilities. Interestingly, the cost burden carried by renters exists in spite of the age of Novi's rental housing stock. They have a formal market study underway, but they did a preliminary market study themselves where they surveyed 5,900 rental housing units across 19 multi-family properties in Novi. They found that the weighted average age of the units to be nearly 35 years old. Several of these properties are nearing the end of their usable life. The weighted average rent of the two-bedroom units within these properties to be nearly $1,800 a month. That average rent of $1,800 per month is roughly 38% higher than what's considered affordable for a household earning 60% AMI, to put those numbers in context. So 60% AMI in Novi would be $44,000 per year, $72,000 per year, depending on household size.

Ms. Meisner said she was excited about the chart she showed because they don't typically do this, but she thinks it tells a really compelling story. They plotted the properties on this graph, with the X-axis corresponding to the age of the property, so older properties being on the left, newer properties on the right and the Y-axis corresponding to average two-bedroom rent. Properties that are less attainable are on the bottom, properties that are more attainable or more affordably priced being at the top. Looking at the chart, there is a glaring hold in the upper right-hand quadrant, meaning that no properties, at least in relative terms, are both newer and attainable to households in Novi. They are proposing to respond to this identified gap in the market by redeveloping 45500 Grand River Avenue with high-quality, affordable rental housing. She said the 10.7-acre site is currently owned by DeMaria Building Company. It accommodates their offices in a smallish building along Grand River Avenue, but it's largely used for open-air storage of construction and landscaping materials and machinery. They have a Phase One ESA. It's in process right now. They don't have the results yet, but they're expecting some level of contamination and the need for a Phase Two study. The project they are proposing will include 267. There was a number cited earlier as 269 units. That's what they were operating under up until very recently. With some programmatic shifts, they're now at 267 units—one-, two-, three- and four-bedroom units. All of these would be income restricted to households earning less than 80% of the area median income. She said while the maximum will be 80% of the area median income, the average would not exceed 60%. They'd have roughly 10% of the households would be 30% AMI, and then that would swing all the way up to the 80 again with that average being at 60% AMI. Rents would correspond to income to ensure that no household is housing-cost burdened. As is standard for Lincoln Avenue communities, the community will be designed and built to a quality that is essentially indistinguishable from market-rate communities. You can expect a full suite of amenities, including a fitness center, a co-working lounge, in-unit laundry, as well as premium finishes such as granite countertops and stainless-steel appliances. That's something they pride themselves on: delivering market-rate quality housing at an affordable price.

Ms. Meisner said the project will be mixed-use in that they're dedicating roughly one-quarter of the site to a public park. She said she knows there has been a lot of discussion and interest around the need for additional green space in Novi and this is their attempt to provide that in a way that sort of aligns with this residential use. The public park would serve not only their residents, but also the broader community. They're very excited about this space and how it can activate the eastern half of the City West District and hopefully, complement whatever future development is happening down the road on the western end of Grand River Avenue. She said the two residential buildings are going to orient towards that park with the entrances connecting to the park infrastructure and driving foot traffic to that space, again, making it more of a lively, active-use space. Buildings will be four stories and will take a more modern form, consistent with the design intent of the City West District. She showed five example photos and said here, they were showing some precedent images, including one image of an affordable property that they have in Brooksfield, Wisconsin, an affluent suburb outside of Milwaukee. She said it's a beautiful property and the architect that they worked with on that property would be the same architect they would be working with here. All the units will be reserved for households earning an average of 60% of the area median income. In doing so, it's going to fill this gap that they've identified in the market for high-quality, attainable housing. Depending on the unit size, average rents will be 13% to 77% lower than the average rent at existing multi-family properties in Novi.

Ms. Meisner said supporting this level of affordability is really a team effort and requires partnership with state agencies and local government. For this particular project, feasibility is contingent upon receipt of low-income housing tax credits, tax-exempt debt and $8 million of competitively-awarded gap funding from MSHDA, a PILOT or TIF from the City of Novi, which she'd be discussing further, and up to $3 million in soft funding from Oakland County with whom they are actively conversing. She said they're advancing applications for all of these sources, but they were there at the meeting to start the conversation with Council specifically about a PILOT or a TIF. The project is dependent on receipt of a PILOT or TIF. Without one of those two tools, it's not a feasible project. Their strong preference would be a PILOT. She said for those of you not familiar with it, a PILOT is a payment in lieu of taxes. It's a mechanism that's commonly used by municipalities to support affordable housing. She gave a couple of examples. She said Ann Arbor has a $1 per unit per year PILOT for its affordable housing projects which is one of the reasons they're delivering a high concentration of affordable housing in their downtown right now. And Grand Rapids, Detroit and Ypsilanti structure PILOTs for affordable housing projects based on a percentage of shelter rent. Rather than paying the standard ad valorem taxes, they're paying a percentage of the rents that are brought in annually. Here, they're requesting a PILOT equal to 3% of shelter rents for a period of 40 years, and that 40-year term is consistent with the term of their permanent tax-exempt debt through MSHDA. Importantly, a PILOT can be structured alongside a municipal services agreement which would allow for a greater share of the payment to go to the city than would otherwise go to the city with ad valorem taxes or TIF. She said they're viewing this as a win-win for them, for the project, and for the city. They welcome any questions Council has for them.

Ms. Meisner added a note about timing. She said they obtained site control of the DeMaria property in January of 2026. Over the past eight months, they've been focused on generally establishing deal feasibility through many conversations with city staff, with MSHDA and Oakland County. She said they are now in a position where they need to submit a full application to MSHDA for competitive gap financing in October of this year. With that application, they need to demonstrate or at least provide documentation on what tax treatment the project will receive. If they don't provide satisfactory documentation, their application will be deemed incomplete and either, they will forego the project entirely and just call it off or they'll reapply for MSHDA financing again next year. She said there is considerable risk to delaying the application another year when it comes to not only their site control, but also the availability of federal incentives. She said they were asking Council to get their feedback today on this request for a PILOT or a TIF and see if it's possible to come to some sort of strategy or path forward by the October application deadline.

Member Martinez said other cities have adopted ordinances to help guide their PILOTs. He asked if that was something they would need to do in this situation to consider if they were to go down the road for PILOT or is Council in a position to do that now. City Attorney Schultz said it's not strictly required, but he agreed with Member Martinez that many communities do put that policy in writing. Member Martinez said it may be controversial, but he thinks PILOTs are one of the underused tools that communities have where they can actually put some parameters on how they can get actual, true affordable housing in Novi. He said he was not opposed to a PILOT necessarily. Sitting in the meeting, he said he was balancing it in his head between the potential for, given the financial projections they have in the city, how that could potentially bear that. He said this is the kind of thing he likes to see where they can make housing accessible to people in Novi at all income levels. This is something that they hear about a lot, that there are a lot of people just looking to get a foot in the door in Novi, and they don't always know exactly where to start. In that respect, he thinks that this is an idea worth considering. He appreciated the detail they went into to make Council aware of what their timelines are and what is at stake. He would welcome more information on this as it continues to come through. He is not entirely opposed to the idea of a PILOT in this situation.

Member Gurumurthy said they hear from residents through the Novi 2050 or other places that Novi needs affordable housing. It's very important for her to understand these proposals and see how they can bring this to their community. She said she was still trying to digest the numbers which had not been easy with the calculations. She asked Ms. Meisner about the payment. She said she was trying to understand between the TIF and the PILOT. She asked how they came up with those numbers. Ms. Meisner said first, they would pay their ad valorem taxes. Then, they would get the reimbursement from the city. In this case, they would need a 90% reimbursement of those paid taxes. The ad valorem taxes are going to be calculated however the City Assessor assesses the property. They're still working with the city staff on that to see if there would be any deviation from the typical assessment process for affordable housing. They would be paying the millage rate. The millage rate would be applied to the assessed value and that's how they would calculate those taxes on the TIF. Then, the reimbursement would be equal to 90% of those taxes. Member Gurumurthy asked if they are saying that's still pending, the assessment value, but there is a number they are already using based on some assessment. Ms. Meisner said that is their assumption. They're assuming that the assessed value is going to be based off of net operating income. Their model is pushing out projections around net operating income and that's used to then calculate the assessed value by applying a cap rate. Ms. Meisner said they have a lot of data behind this which they have shared with city staff. She said they didn't want to overwhelm Council. She heard a couple of weeks ago that Novi has a data-driven Council and they're very happy to show Council all their numbers and how they're arriving at stuff and fine-tune as needed and potentially bring in, if there's additional experts that are needed, they are happy to pull those folks in as well. Member Gurumurthy asked what those variables are. She'd like to understand those. Some things are static and some things are variable. She wants to make sure that there is no risk or anything going forward. She said it will be helpful to understand that.

Member Gurumurthy said the average annual payment is another data that she was struggling with because she thinks they've used a 2.5% inflation for calculating because they go through the 40 years with the 121 and then you come up with the average. She asked Ms. Meisner if that is going to be a standard amount or if it's going to change with the tax increment or if it's going to be a variable amount. Ms. Meisner said they're applying a standard inflation assumption of 2% in this case and that's what's informing that average number. Member Gurumurthy said she believes it was 2.5, but she said it would be good to know which percentage to see and then, again, she asked if it is a static amount. Ms. Meisner clarified by asking if Member Gurumurthy was asking about the inflation amount. Member Gurumurthy asked Ms. Meisner if it will change or is it going to be a standard 2.5 across the board for 40 years. Ms. Meisner said no, it will not. It will flex with the actual assessed value and their NOIs and however the assessor is assessing the property itself. Ms. Meisner said right now, they're assuming a flat 2%, but it will flex year over year. Member Gurumurthy clarified that that is going to be another variable amount as well. Ms. Meisner confirmed that yes, that will be. Member Gurumurthy stated that in terms of the PILOT, it's based on the 3% on the rents and the annual amount. Ms. Meisner said yes. Member Gurumurthy said the remaining financial gap that is listed there for TIF, how would that be…because without that amount, you would not be able to close this project. Ms. Meisner said that is correct. She said at this point, they don't have any other sources that are identified to close that gap. Ms. Meisner said they are already looking to Oakland County and the maximum that they've indicated they'd be able to contribute is $3 million. Then, they're tapping out all of their resources with MSHDA. They don't have a way to close that gap at this time. She also said a little bit of color behind that gap, one reason why that gap exists with the TIF financing is because MSHDA is requiring projects that leverage TIF to carry a TIF reserve within the development budget that's equal to two years of ad valorem taxes. In this case, they would carry an additional $1.2 million in expenses through the duration of construction and that is a part of what's driving the gap.

Member Gurumurthy said the thing that is not clear is if this gap, again, comparing both, if there is this gap, then what's that risk whether some part of it doesn't get done or ultimately, the ideal state is getting the funding, but if they don't get it, then this is what's going to happen. She said knowing that upfront will also help to compare both. Ms. Meisner said she could speak to that briefly. Their gap and what they're identifying as a feasible versus infeasible project is based off of MSHDA's underwriting criteria. They have specific guidelines and requirements with respect to paid developer fee and the timeline in which that's repaid. If they have a gap and they don't have any way to repay developer fee within what ends up being a 15-year period, the project is just deemed infeasible, and they would likely move on from the project. Member Gurumurthy said that is something they do not want to have happen. She asked about schools. She said somewhere she read that there is a difference between TIF and PILOT in terms of impacting the schools because of the taxes. She asked if Ms. Meisner could elaborate on that. Ms. Meisner deferred to her colleague, Mr. Kyle Brasser, on that question because he's got a little more experience on that front.

Mr. Brasser greeted Council and said typically, some of this is either statute or ordinance driven, but typically, what happens with TIF (tax increment financing), is the property taxes are paid and whatever portion is not returned to the development to help finance that, goes to the taxing jurisdictions in the same way that property taxes normally do. He said he doesn't know what those percentages are, but that would go to the schools and whatever that appropriate percentage is. He said a PILOT can be structured more creatively so that the city has more and the city attorney could speak more to this, but the way he has done it in the past and the way he has seen it done is that PILOTs can have some additional structuring components from the city to pay different taxing jurisdictions differently than how property taxes are paid. They don't need to follow those same percentages. The city has more discretion in how those funds are paid. Member Gurumurthy said so, there is more to come. Mr. Brasser said yes that would need to be worked out as part of the discussions. Member Gurumurthy said the date is 40 years, so basically after that, this whole concept of funding ends and then it's the normal after 40 years? Mr. Brasser said that's correct. He said the reason that 40 years is the term under both of these scenarios is that's the term of the loan that we would be getting from the Michigan State Housing Development Authority (MSHDA) and they want to know that during their loan term, these variables are set. After 40 years, then they would be getting a new loan and the project would likely go through some reinvestment recapitalization. Member Gurumurthy said overall, again, affordability and all that is very important to bring affordable housing. She said she is trying to digest these numbers and make sure she's doing the right comparison. She said she is just going to wait for more information like the assessment value when they get it so she can be able to say which one would be the best option.

Member Gurumurthy said when she sees the Ypsilanti projects, there are two different types of housing. The first one was affordable units like they were presenting for Novi, and the other one was residence for seniors. She asked why that second option was not considered for Novi. Mr. Brasser said they were both affordable in Ypsilanti as well. He said he thinks it had to do with their assessment of the market and the demands in Novi. He said they aren't entirely closed off, and the 55+ demographic wouldn't be excluded from renting in this proposed development. As it stands, what they've envisioned is sort of general occupancy, so it'd be available for individuals, families and seniors. He said they are welcome to feedback and other considerations if Council feels strongly about senior housing. Member Gurumurthy said she would absolutely. She said she sees firsthand how the people around her are trying to move to South Lyon once their kids graduate from Novi High School. She said she would absolutely encourage these developers to look at that option for this project because they've already done such things before. She said they absolutely need a place for seniors, so she encouraged them to look at it and see how they can bring that into this project for sure. Mr. Brasser said ok. Member Gurumurthy said mixed-use is another thing she knows they're going to hear in terms of the retail, or the way they have it it is just housing, but it'll be nice to see some retail or just the first floor. Having the retail as well as the houses would be excellent because that was kind of one of the things they wanted to see there.

Member Gurumurthy said she had read an article regarding the project that they had done in Ypsilanti back in March 2025 in terms of affordable housing. She read that people were concerned about affordability. She asked if he would elaborate on what exactly the issue was and how they can sustain this affordability after several years. Mr. Brasser said he didn't know the specific concern that was raised, but if he had to guess, it would be that the units weren't affordable enough. Those projects are entirely at the 60% AMI level that Erica referred to. Washtenaw County has the highest rents, the highest incomes and then, therefore, the highest affordable rents in the state. They have a couple things working against them from that perspective. What they were targeting there was one single fixed level of income. He said as Erica mentioned during her presentation, they were planning to do something called income averaging in Novi where they have lower, even more affordable units and then they step up in affordability throughout the project. They're meeting a wider gap of incomes and affordability levels there which is different than what they did in Ypsilanti. Member Gurumurthy asked how they sustain that affordability. She said she was still trying to convince herself of it. Mr. Brasser asked her if she was asking how they ensure that they will continue to operate at those rent levels. Member Gurumurthy said yes. Mr. Brasser said they apply to the state agency, MSHDA, for their financing tools. They put a land use restriction agreement in place. They put a restriction in the deed that says you need to operate these at these rent levels for x number of years (typically 30 years at a minimum). There is a restrictive covenant that gets filed when they acquire the property that says in exchange for receiving these incentives from the state, they have to operate at these rent levels. They have compliance requirements that get reported to the state every year that say, "Here are our rents, here is our documentation, here are our audited financial statements." He said there is a ton of information that is shared with the state that provides all that compliance documentation to ensure that they're complying with that. He said if owners don't comply with that, there are significant financial penalties and all kinds of things that can come. Member Gurumurthy asked if it is just for the 30 years he mentioned. Mr. Brasser said typically, how it works is there is a 30-year restriction period and then after that period, they'll often go and they'll recapitalize, they'll do a major renovation again by using those same resources from MSHDA. They'll extend the life of the restrictions. The typical term that they use is 30 years under a MSHDA project. Member Gurumurthy said she was trying to understand how they ensure affordability after the 30 years to keep the rents the same. She said they do not want this to be in place for just 30 years. Mr. Brasser said in a PILOT agreement or in a TIF agreement, there would typically also be an affordability restriction within that as well. That's another area that can be worked into the agreement. Member Gurumurthy asked City Attorney Schultz if there is a way they can make sure this is forever or more than 30 years. She asked what their options are to ensure that. City Attorney Schultz said he is not sure because he has never had it posed that way. He said what Mr. Brasser was saying is that after 30 years, they *have* to do the capital improvements and rehabilitation and they're probably going to go for the same kind of loan and the restrictions just tend to get extended like the financing does. He said if she were talking about a way to force that, he'd have to think about that and see if there are any models for that. He said the problem kind of solves itself because at the end of 30 years, they're coming back for enhancements and an extension.

Member Gurumurthy said they are doing community benefits agreement with different communities. She asked Mr. Brasser if that was something they had thought through with Novi. He said they are in the early stages of that. He said the City of Ypsilanti has a community benefits ordinance. He said there was a process they went through there and it was a new process with them in which they identified several different components of each community that would be the community benefits. He said in Novi, one of the obvious first community benefits are providing affordable housing, just accessible affordable housing. The infrastructure of the city park would be another community benefit. Oftentimes, there are utility improvements and things like that that are done. He said they would likely work on improving Taft Road to the east as well because that's currently not improved. Those are the types of things he would foresee being the community benefits in this development. Member Gurumurthy said she would encourage him to continue refining those because that is something they want to see whether it's a park and whatever they want to bring. She said it's important also because the open spaces, gathering spaces, they've also envisioned those things in the City West as well. She said it should be part of this as well when they bring something like this. Member

Gurumurthy said the amenities, when she sees all the things that they had, of course, it's a family and family-focused project. She said there is no children's play area. There is no bus stop. Those are things that for sure they need to think about. That's kind of basic with anything like this that they project. She said she believes they did that in the other project as well.

Member Gurumurthy asked if they had learned anything from the project in Ypsilanti that they would avoid doing in Novi. Mr. Brasser said nothing in particular. He said he wanted to go back to what she had said about the play area. He said they would intend to have some kind of a play area. He doesn't know that Erica mentioned that, but they would have a play area of some kind for the residents. He said nothing came to mind that he could think of that they would avoid doing. Member Gurumurthy said that was a good sign, and she was happy to hear it. She asked about sustainability. She asked if, through their projects, they implemented any solar panels, green roofs or anything like that in terms of environmental sustainability. Mr. Brasser said when they did the Ypsilanti projects, they did not. Part of that was because the energy tax credit at the time was not what it became after that, so there was a period of time when it was not feasible. It became much more expensive. He said now that tax credit is going away again, but they are leaning toward electrification, eliminating or reducing gas wherever possible. He said MSHDA requires that they adhere to a green certification standard, so it depends on the project. They did national green building standards in Ypsilanti. They would do something similar here as well. He said you have to be certified, you have to meet a certain number of criteria. He said they haven't identified what that would be yet, but he would imagine they would probably do national green building standards in Novi as well. Member Gurumurthy thanked him for answering all her questions. She said overall, she thinks affordable housing is a need in Novi. She is interested in educating herself, especially with TIF and PILOT programs. She said she'd wait for more information so she can continue learning. She thanked them for coming and presenting this option for Novi.

Member Smith said he agrees with everyone who had spoken up to that point. He said Novi needs affordable housing. He said this is how they do it. He said he doesn't expect a developer to come up with no incentives and make half of what they could make on a piece of land. That's just not how business works. They're not going to do that. He thinks it's a good program. He asked City Attorney Schultz if this agreement runs with the land if something happened to this company like they sold the properties or something like that. City Attorney Schultz said yes, that is how that works. Member Smith said he thinks they already answered the question about the covenant, so that guarantees that it stays affordable for that whole period of time. He asked City Attorney Schultz another question. He said he kind of assumes that this works like a PRO where Council has some more input into what actually ends up there than just the typical development. City Attorney Schultz said that was right and to be clear, what they're talking about is a financing mechanism so they can go ahead and decide whether they want to build. They still go through whatever zoning process there is in City West and this, presumably, would be the mixed development option or something similar to that. He said he didn't know off the top of his head. He said yes, these developers would go through Novi's development process, whatever that is. Member Smith said one of the things he saw on their proposal that kind of jumped out at him, but they didn't mention it, is talking about a maker space which anyone who knows him, knows that those get him going. He said this could be combined with affordable living, it could become a place where artists and craftspeople come to live, work in the maker space, walk down the street to City West and to their shop or it's a mixed-use development where you are, their shop underneath their apartment and sell their stuff. That could be a really cool thing that would be unique to Novi. He said he's not sure how this would even happen, but he thinks for any state lawmakers that might be listening, it would be great to have a program like this where you could do the same thing with a for-sale unit. It would get super complicated. He understands why it doesn't happen, but he thinks that would be a good thing. He thanked them for coming.

Member Heintz said he appreciated hearing their presentation and the answers to the questions that had been asked. He said he wanted to know more about the process for potential tenants. He said he assumed there would be an income verification process or something like that. Mr. Brasser said yes. Member Heintz said he assumed that would happen at both the initial application for those future residents and at some point after that because if they got an advancement or a raise or something, that would change things. Mr. Brasser said the way that it works is that there is an initial income certification at first occupancy and then there's an annual recertification. Basically, with each year that the lease renews, they have to recertify. He said, admittedly, he is not a compliance expert. This gets really complicated. People's income can still increase and they can still qualify to live there, but there comes a point where your income increases too much and you don't qualify any longer. That doesn't happen all that often. They don't hear of that happening a lot. It's much more common that they get people that qualify and then continue to renew because they've got a high-quality place to live and they want to keep living there. The other thing would be households grow in size and then can no longer stay within their unit. That's more common than people who end up making too much money and don't qualify anymore. Member Heintz said in terms of the different types of individuals that could live there and everything like that, they had one example in their packet that showed different occupation types. A couple of them showed the ones that would be above that 80% AMI and just one that caught his eye, an elementary school teacher. He said he'd call out his connection. His wife is an elementary school teacher, but aside from that, he saw that as similar to the medical professions as well, anything where you could have a sort of public service professionals. He said he didn't know whether it be in any year, if there's any conflict with the MSHDA parameters or just keeping it within a certain AMI. Basically, if there's a sector of the population that would just be people that were trying to serve the community, especially if there's opportunities to have people living in the city that they're serving as well. He said regardless of the public service professional component, being able to live in the same community that you serve, is there an opportunity and avenue for that? Mr. Brasser said naturally that tends to be what happens because of the location of the apartments proximate to jobs that they're serving. Advertising typically reaches people in the local community a lot better than it does further out. Due to fair housing laws, you can't say, "Only people that live here can rent here." They have to be very cognizant of that. He said naturally, it tends to radiate out from where the apartment is located as your general kind of service area, if that makes sense. People who are nearby are going to hear about it more readily. They're going to see the construction happening. They're going to see the advertisements more readily and it tends to serve people that are kind of in your immediate geography. You just can't restrictively market to people in one area.

Member Heintz said it had been briefly covered earlier, but in terms of energy efficiencies, he was excited to hear that MSHDA requires green certification. He assumed that would be directed with the intent to make sure that their potential residents wouldn't be burdened with high utility bills then. Mr. Brasser said that's exactly right. One thing worth clarifying is part of the affordability program, so MSHDA determines what's affordable at these different income levels and what is included in that is rent and their utilities. Depending on what utilities the resident is responsible for, there is a deduction off their rent, so they are able to pay their utilities as well. And the utilities don't get lumped on top of what's considered affordable so that people are then priced out. He said he thinks Member Heintz's initial point about sort of the certification program tends to drive out whether that results in lower utility costs, which actually just benefits the residents. If they are paying their electric bill, they're going to have a more efficient system and they're going to have lower bills. Member Heintz said being environmentally minded is very important to him. When you have that built into the program, it's going to benefit potential residents as well as just being great for the environment, too. He asked with the recent federal housing bill, to their knowledge, would there by any potential impact to this development over the course of its time in Novi? Mr. Brasser said no, there was nothing that was passed in the recent Road to Housing legislation that affected any of these programs in a meaningful way. The affordability programs that they're using have been in place for over 40 years and they've been largely unchanged. He said they have been some of the only bi-partisan supported legislation. There have been some tweaks that have been made that have received bipartisan support and some of the only bipartisan legislation that's been implemented recently. It's continued to receive a lot of support from both parties and has been largely unchanged for 40 years.

Member Heintz said he hoped the questions Council was asking were helpful and would ultimately help them get a sense of how to proceed. He asked if they were hoping to get an understanding of TIF versus PILOT preferences from Council or just general feedback and interest. Mr. Brasser said he thinks it's both. He said it was an opportunity for them to introduce a concept to Council and to get general feedback on the concept of their proposal, both from a housing and an affordability standpoint. Then also general reactions on TIF versus PILOT programs after explaining that PILOT is preferable to them because it carries fewer costs and it can be more efficient. He said they understand the city, as it currently stands, does not have a PILOT ordinance, so feedback on both of those would be very helpful. Member Heintz said this is something that is new to him and he's open to it. It sounds like the PILOT has some potential, especially with its flexibility as mentioned. He said he's hoping to explore it further. As mentioned by others, housing affordability continues to be a huge issue for everyone. If this is an opportunity to kind of alleviate that for some, it seems like something he'd be open to.

Member Staudt asked Mr. Brasser if he is familiar with Novi's Corridor Improvement Authority. Mr. Brasser said yes. Member Staudt asked how what they're asking affects the authority. Mr. Brasser said they've talked about it with City Planning staff and he had also discussed it a little bit with City Manager Cardenas. He asked City Manager Cardenas if they were able to figure out how this impacts the Corridor Improvement Authority. City Manager Cardenas said how he understands it is this is all based on 90% of the total generated taxable incremental financing. The CIA would not receive any capture, so it would have to go the CIA to ask them. The City Attorney's office is looking into clarification, but there would have to be some kind of approval process. He said if they do the TIF, the CIA would have to forfeit those dollars. The PILOT is a little bit different in that there is no real tax capture, so they would kind of be held harmless because there'd be no tax generated from them. Member Staudt said he'd like a lot more clarity about that. He asked if the Corridor Improvement Authority would have to weigh in on this and be willing to give up a portion of their money which basically, would be all of it. City Attorney Schultz said there are two different aspects of the Corridor Improvement Authority. He said whether it's within the development plan and all that kind of regular consideration that you would give. He said he thinks they need to look a little bit more at the concept of if no taxes are captured, there isn't anything to be shared with the CIA. He said they're still looking at the CIA's role. Member Staudt asked when City Attorney Schultz says there are no taxes to be captured, what does he mean by that? City Attorney Schultz said that would be if Council chose to do the PILOT. Member Staudt asked where is the money that would normally have been captured by the Corridor Improvement Authority? City Attorney Schultz said the PILOT is a smaller payment than you would get if you just collected the taxes. That's the "payment in lieu of". Member Staudt clarified by asking in the case of the PILOT, City Attorney Schultz was saying that no taxes are collected. He asked if it's like an abatement. City Attorney Schultz said instead of collecting the taxes, you get a payment in lieu of the taxes that's in a set amount. Member Staudt asked if we would be foregoing taxes under this proposal. City Attorney Schultz said you do not collect ad valorem property taxes. He said you don't collect the tax under the PILOT option. You collect a payment instead of the tax. Member Staudt said in essence, it's 100% tax abatement with a payment that comes in lieu of taxes. City Attorney Shultz said that is correct.

Member Staudt asked how the developers selected Novi for this program over other places like Wixom, South Lyon and other communities in the area. He asked them what prompted them to select Novi. Mr. Brasser said for starters, the City West District and the desire for more housing was something they had been looking at for several years. He said that was one thing that was particularly enticing. He said they got introduced to the sellers of the DeMaria site, so they had been looking at that as well. He said they look at doing developments in different parts in Michigan, so it's not that they just targeted Novi. Member Staudt said in other words, Novi's school district had nothing to do with it. Mr. Brasser said they know that Novi has a strong school district and that's a benefit to living in Novi. Member Staudt said the City West District was originally something that was created to be mixed use. He said this doesn't even remotely approach "mixed use" in his vision and he's the one who sat in those meeting for three years and talked about the City West District. He said he was not seeing that the developers' vision of "mixed use" and his vision of "mixed use" are even remotely the same. He said there is a lot more that needs to be decided relative to the Corridor Improvement Authority. He said he also serves on that and they have a very different interest in the Grand River Corridor than perhaps City Council does. He said Council's view of things has to be much more broad, whereas the Corridor Improvement Authority is not necessarily focused on as many political issues as a City Council might be. He finds it interesting that they don't really have a great answer as to why they want to come to Novi other than they got a piece of property. He said he would think there would be many, many good reasons that they could articulate to Council, but he has a real tough time with many things in this proposal. One of the biggest is the whole Corridor Improvement Authority issues and he said they don't have any answers to it at all.

Mayor Pro Tem Casey asked Mr. Brasser how they decided what percent of apartments would be dedicated for each AMI level. She said in their presentation, they've got x number of apartments at the 30%, so forth and so on. She asked how they got that calculation. Mr. Brasser said in order to qualify for the tax credits from MSHDA, the community needs to average out to 60% AMI or below. Part of the math is they can't go above 60 on average, but they can have units that are above 60. Then it comes down to area demographics, looking at the population that they want to serve and spreading the different income levels across the various unit types and sizes within the community. They average right around a 60, like Erica mentioned before, and have rents going up as high as 80. Mayor Pro Tem asked what happens when you've got an applicant who comes in and they are at the 30% AMI level and you're out of 30% AMI apartments. She asked what happens to that applicant. Mr. Brasser said they take a wait list. He said what happens within any community where there is an income restriction is if you have people who qualify, but you don't have units available, you take a wait list. Then, those people are contacted when an apartment opens up. Mayor Pro Tem finished his thought by adding, "at that AMI." She then asked if they have the opportunity to go up if they wanted to. Mr. Brasser said yes, they do. He said somebody has asked earlier about the vetting process for applicants. He said there is an income qualification. He said it goes both ways. They always qualify to make sure they aren't putting people in units where they're stretching too much, and they can't afford the rent. Typically, if you're right on the cusp, you could go to either one. They also have their own criteria where they're not trying to put people from one income band in a unit that's too expensive. Mayor Pro Tem Casey asked if she understood him correctly when he said earlier that MSHDA specifically, the amount of money that a renter pays in utilities, so water, sewer, electric, cable, get deducted from the amount of the rent, so they end up paying…She gave some phony numbers using $1,100 for rent. She said they have $300 worth of utilities they pay. The rent actually technically becomes $800 to get them to that $1,100 level. She asked if she was understanding that correctly. Mr. Brasser said there is something called a utility allowance. MSHDA does their math and says, "An electric bill for this unit size in this area is roughly this amount." Then, they say if the rent is $1,000 and MSHDA says that electric bill would be $100, that person only pays $900 and then they're responsible for their own electric bill. Mayor Pro Tem Casey said if they go over that $100…she asked if MSHDA adjusts that annually. Mr. Brasser said yes, utility allowances are published annually. Mayor Pro Tem Casey said in the developers' presentation, they suggested 120 permanent local jobs would be supported. She asked how they arrived at that number. Ms. Meisner said it's from the National Building Council. They have a tool that's based off a years' long study to calculate and to quantify the economic impact of multi-family housing projects. She said they use that tool in order to roughly estimate the number of jobs created and the broader economic impact. Mayor Pro Tem Casey clarified that that information is from the housing being built, not the construction work. It's once the units are built, then they're forecasting. Ms. Meisner looked for her documentation. Mayor Pro Tem Casey said the information in their packet said 430 local jobs supported during construction, but 120 permanent local jobs supported on an ongoing basis. Ms. Meisner said to clarify, that number is from new economic activity that's going to be generated from this population, assuming there are new folks moving into the City of Novi. They would expect new retail employees that are required, office employees, etc. Mayor Pro Tem Casey said that was helpful.

Mayor Pro Tem Casey said their company is the builder, the developer, the builder. She asked if it is also the operator. Ms. Meisner said they're the developer and the owner. They partner with a general contractor who is their general contractor. They're the ones building it. Then, they hire a property manager. The property manager they would likely partner with is KMG and she believes they have properties in Novi under there. Mayor Pro Tem Casey said the developers are still the owners of the facility. Ms. Meiser said that's correct. Mr. Brasser said one thing he had forgotten to mention was that they are a long-term owner. They are not a group that comes in and merchant builds and then sells. They invest in these communities for the long term. That's one of their goals. That's one of the reasons they have emphasized quality as much as they have is because they want to make sure that these developments stand the test of time. Pointing to one of their charts, Mayor Pro Tem Casey said they've heard the developers say that the financing they're getting from MSHDA is for 30 years and they'll likely go back and try to recap the loan, recapitalize the loan. Mr. Brasser said it's for 40 years. Mayor Pro Tem Casey apologized and asked what the 30-year term was for. Mr. Brasser said that was the affordability restriction. Mayor Pro Tem Casey said she heard them talk about needing to recapitalize. At that point in time, she asked if they are expecting to renegotiate with MSHDA or…she said she wanted to understand the comment about what get documented in the land use and how that accessibility gets set for 30 years and then what happens after that 30-year mark. She asked the developers to walk them through that again. Mr. Brasser said there is a land-use agreement that gets recorded that says that the property needs to comply with the rental affordability restrictions for the 30-year period. He said what they would typically do is toward the expiration of those 30 years, they have a 30-year-old apartment building, it's going to need capital improvements. They go back to MSHDA and they apply again for their tax credits which is kind of their incentive financing that they end up selling to an investor. That raises capital to do a substantial renovation of the project. With that substantial renovation comes another, he would assume now 30 years, but in 30 years, the program might be longer, it might look different. But today, that's how the program generally works. Mayor Pro Tem Casey said looking at the terms in their presentation for the TIF and the PILOT, she asked what happens after year 40 when it comes to this piece of the puzzle. Mr. Brasser said what they're asking for is that after the 40 years, the TIF or the PILOT goes away as far as there is no more tax incentive from the local government. Mayor Pro Tem Casey said the developers will still be counting on whatever refinancing they're able to do through MSHDA to continue to absorb the differences in rent versus affordable rent. They said that is correct. Mr. Brasser said they're not building new at that point. They'll be investing in an existing building, so the equation is different. He said that at least as it is today, that is what they're expecting.

Mayor Pro Tem Casey said they hear so frequently that affordable housing is a need in Novi. Everyone has said it to them. She said she didn't need to restate it, but she did. She said the challenge that she has is the length of the term of the financing that they're asking Council for. Generally, comparing apples to kiwis, when they look at tax abatements, the longest tax abatement they have given is 12 years. She said literally, what this request is, is they're asking Novi residents to absorb some of the cost through either zero tax and the payment in lieu, which is a small amount of what would be the tax revenue that they should be expecting, or the TIF with the ad valorem plus the 90%. She said they're asking Novi residents to absorb that lower revenue for a term of 40 years which is longer than her mortgage. Quoting some of her colleagues in previous meetings, she said she'd love to be here in 40 years. She said this is two generations of Novi residents that they're asking to contribute to this affordable and accessible housing. She said she's struggling a bit because she absolutely sees the need. She vehemently supports the need for affordable and accessible housing, but this 40-year period really gives her some heartache on behalf of future residents, not just the ones today and not just the ones who will be Novi residents as they start to build and bring in new renters, etc. She said that is a really long period of time for a property that the city doesn't own, a property the city doesn't manage, a property the city has no influence over, a property the city has no involvement in. She said if she looks at Meadowbrook Commons as an example (Novi's city-owned senior housing), they're able to offer lower rental rates than other senior housing. It's a city-owned property. They manage it, they own it, it's their responsibility. They say what happens there. With this proposed project, the city has no say into what this is. She said she doesn't even have a means for residents to be able to be influenced, talk to her, talk to her colleagues, talk to the future City Council behind the table. She said she is really struggling with this, and specifically, the length of time. It doesn't matter if it's the TIF or the PILOT, it's the length of time that is causing her heartache right now.

Mayor Pro Tem Casey said she would be interested to see what the developers come back with as they continue to refine the numbers, work with city staff, work with the city attorney's office and come back with a little more refinement to this. She said she is struggling with this. They'll be Novi residents when they move in, but they're not Novi residents today. She said she doesn't know how many of the Novi residents will be able to even take advantage of this because they can't restrict geographically. She said she appreciated them listening to what she had to say. She appreciated the information they shared with Council. She said she is looking forward to seeing what comes back when they come back in front of Council.

Mayor Fischer said looking at the developers' chart, he asked if it is fair to say that another way to put this is that they're looking to recapture 90% of the taxes in the TIF example. Mr. Brasser said this is correct. Mayor Fischer said he sees year one payment is $121,600. He asked what their assumption for the payment would be if there were no TIF. Ms. Meisner said she didn't have the numbers in front of her, but if she recalled it correctly, it was closer to $600,000. Mayor Fischer said to an earlier point, that would be across to all jurisdictions—the CIA, the county, the zoo tax, the SMART tax, all of that. He said that would all be waived on behalf of this project minus the 10%. Mr. Brasser said that was correct. He said the $121,600 would be paid in the same proportions to those, but yes, the other 90% would be reimbursed to the project. Mayor Fischer said he wouldn't rehash a lot of the comments that were made, but there were two key things he wanted to highlight. One is, as Council continues to look at this City West project, it has clearly turned into a lot of residential being proposed. He said that is not the vision that was ever set out there. Now, there's residential coming in that residents of Novi are being expected to forgo taxes on. Not only are they going to forgo them, but to Mayor Pro Tem Casey's point, they're proposing a period of 40 years. He said he doesn't have much confidence that after 40 years, they won't be back to Council with Mayor Fischer's successor at that time asking for the same thing again. He asked if they could guarantee that they will not ask for any abatements beyond the 40-year period. Mr. Brasser said he doesn't know what the future holds, so he couldn't guarantee that, but he could say that that right now that's not what they're asking for. He said he understood Mayor Fischer's point. Mayor Fischer said legally, he doesn't think the developers could ask for more than that right now. He said in reality, the economics of it, they're already telling Council they are going to go back to the state to renew this in 40 years. He said he thinks the reality is that they'll be back in front of Council at that time. He said they'd be setting up a situation where Novi is likely never going to get any taxes on this property and he thinks that would be unfair. He said Mayor Pro Tem Casey did a nice job of explaining that affordable, attainable housing can be a goal of theirs, but this is a very, very rich incentive that takes away from Novi's current residents. He said neither the TIF nor the PILOT with the numbers the developers were projecting today is something he would be willing to support.

2. **Consideration of approval to award the construction contract to Koala-T Construction Corp., the low bidder, for the 2026-27 Neighborhood Roads Program – Concrete, in the amount of $4,731,490.**

CM 26-08-100 **Moved by Smith, seconded by Gurumurthy: MOTION CARRIED 7-0**

Approval to award the construction contract to Koala-T Construction Corp., the low bidder, for the 2026-27 Neighborhoods Road Program – Concrete, in the amount of $4,731,490.01.

Roll call vote on CM 26-08-100 **Yeas: Heintz, Martinez, Smith, Staudt, Fischer, Casey, Gurumurthy**
Nays: None

3. **Consideration of approval to award the construction contract to Federal Paving, Inc., the low bidder, for the 2026-27 Neighborhood Roads Program – Asphalt, in the amount of $5,378,404.**

CM 26-08-101 **Moved by Smith, seconded by Casey: MOTION CARRIED 7-0**

Approval to award the construction contract to Federal Paving, Inc., the low bidder, for the 2026-27 Neighborhoods Road Program – Asphalt, in the amount of $5,378,404.70.

Member Gurumurthy said she supports going with the low bidder. She just wanted to make sure they go through it. Looking at a couple of things, she saw that for crew days or traffic, when they compare vendors, they should be around the same amount or same number. The amount for traffic control was $12,500 for the one they are picking, Federal Paving, but then it goes, another vendor is a million dollars, almost $981,000. She just wanted to make sure they could close the loop on whatever they've scoped is exactly what they want so they don't get surprised by a big change order for a big amount. The difference between the vendors is pretty high.

Roll call vote on CM 26-08-101 **Yeas: Martinez, Smith, Staudt, Fischer, Casey, Gurumurthy, Heintz**
Nays: None

4. Consideration of approval to award the construction contract to Springline Excavating, LLC, the low bidder, for the Crescent Boulevard and Lee BeGole Drive Extension, in the amount of $7,420,865.

CM 26-08-102 **Moved by Casey, seconded by Smith: MOTION CARRIED 7-0**

Approval to award the construction contract to Springline Excavating, LLC, the low bidder, for the Crescent Boulevard and Lee BeGole Drive Extension in the amount of $7,420,865.31.

Mayor Pro Tem Casey said she was going to echo a comment that she had heard one of her colleagues say several times as they talk about projects that are related to the bond, and this being the one that is under city management and not PMR. She said she has mentally tracked how they are spending money to the $20 million they've set aside for the road, but it would be very helpful to have a chart that says when she's approving this $13 million, as a council, what they've already spent. City Manager Cardenas said a lot of that is on page 6 of the item. It has a lot of items that have already been awarded.

Roll call vote on CM 26-08-102 **Yeas: Smith, Staudt, Fischer, Casey, Gurumurthy, Heintz, Martinez**
Nays: None

5. Discussion on the recent deliberations at the Finance and Administration Committee (FAC) as it pertains to the Novi Ice Arena.

City Manager Cardenas said the FAC met on several different occasions, and most recently had a tour of the facility. As directed at the last Council meeting, he wanted to bring this before Council for further direction to city staff as pertaining to this topic.

Mayor Fischer said he has been vocal about the need to investigate different ideas for the ice arena. He said he has also been the chair of the Finance Committee as they have dived into a lot of these things. First and foremost, he wanted to acknowledge staff for the very good job they've done providing the information that Council has looked for. He said they have gotten all the minutes and all the data and financials. All that information has been shared with all of Council. Recently, they had the opportunity to meet at the ice arena. He said a lot of them had heard about and some of them may have been surprised that the two hockey teams had dedicated spots there. They also have a skating club there, Novi Youth Hockey. There are a lot of groups that have a deep care for what happens to the ice arena. He said when they talk about the potential future of the ice arena, they all want to make sure that those groups are somewhat taken care of or made sure that they weren't displaced or anything like that. He said what he got from the conversation recently and on their tour is that it would be very hard for them to go down the path of a sale or a lease or anything else and be able to properly accomplish everything that they want to do for those particular groups. He said they also found out that there's some additional deed restrictions on the property and that they would have to work with the person who gave them the property. There are a couple of Master Plan items that they have to accomplish if they want to pursue any of those items. He thinks that as he's gotten to this point in those discussions, in all the minutes they've talked about, he thinks that the level of hurdles to overcome to accomplish any sort of change in ownership is probably not worth it at this point. He said every time they talk about doing some of this stuff, it is diverting staff away from other projects and their day-to-day activities. The large mountains that would have to be moved to accomplish this versus the reward, he's over it and he thinks it's time to move on from that. He said they wanted to have this discussion to have other people chime in as well. His recommendation after they have had the opportunity to look into that is, what he noticed, he'll call it this. He thinks they've gotten into a situation where they have Suburban and they're an excellent partner. He said they do a very good job of running the programs, doing the skating and all those things. He thinks the city is not as much of an active owner anymore. If they're going to put the effort into anything, he thinks they need to re-direct staff focus a little bit into their active management and active ownership of that facility. By that he means they have now gotten to the point where they have no debt on the property. They should really start driving the strategy from City Hall on what they want that building to be in the future. He said they should be building a reserve to do additions onto it. Maybe they want to add more meeting space. They could add on to portions of it. They always talk about needing more meeting space and community space. Maybe that becomes an area where they can do that.

Mayor Fischer said his first frustration that drove a lot of the discussion and where they are so far is they've kind of had the payment fall off. He said if you get done with your car payment, that money doesn't just go away. You're probably going to start piling that money away in a savings account to take care of any repairs that are needed. One request he has is that they go back to the financials and ask staff to do a deep dive and really figure out what they have done to make sure that they can start peeling off and setting up a very strategic reserve to do something to make this a world-class facility. The second thing he noticed in these discussions with all these user groups is the fact that they do have to remind them that the city is the owner of this. While they have that space and they have it for free, some of those contracts have lapsed. They need to get back on the horn with them and remind them, "Hey, we're happy to be partners with you, but by the way, we also need protections." They may need to make sure that if there are any liabilities or items that need to be taken care of, insurance, that kind of stuff, that they're protected as a city, even if they're letting someone use their facility. That's the second item he really wanted to take care of. The third overall is having to do with Suburban. He walked into that ice arena, and he feels like it's Suburban's ice arena. It's not a city asset.

He thinks they really need to look at the branding. Go look at the website for the Novi Ice Arena. He said there is not very much talking about the city and how the city residents put the money up for it and the history. He said Suburban's logo is probably bigger than anything else on that website. He said they need to take an active ownership role in marketing. This is what he'd like to see them pivot to, away from any change in ownership. He would like to recommend that they deep dive some of those things and ask staff to come back sometime before the end of this calendar year and promote some of those things. He said when they were talking at Suburban, they have started to finally get on board with the concept of naming rights because again, for 30 years now, he can't believe they haven't decided to do any naming rights within that vicinity. He said even if they did a small contract, every dollar is a dollar back into the Parks Foundation which can be used in their city assets as opposed to something else. These are all the kinds of things that he means by an active ownership role that they need to pivot to and that he would like to see them move forward with. That's his take on where they're at given their two-year exploratory decision process. He turned it over to Council for their thoughts and feedback on anything from the sale propositions all the way to some of the recommendations he had.

Member Staudt said he completely agreed. He said one of the important things is that they formalize some of the relationships with the school district users. Currently, they each have a locker room, kind of run down in his mind, but he thinks that if they're going to continue with this, they need to go beyond potentially the revenue generated by the ice arena and start looking at this as a city asset that might be value from the Capital Improvement Program and take it to the next step. He said he is totally with the mayor that they should have a world-class facility. It looks kind of 70s, 80s, 90s-ish. He said it doesn't look the way he would want it to be long-term. That being said, they have a CIP vote coming up. Those interested in having a world-class facility at the ice arena, that's where the revenue is going to come from because some of the revenue that they generate from the fact that they don't have to pay debt anymore will cover some things but just doesn't take it to the next level that he would expect a facility for the City of Novi to be about. He said he is all about supporting what the mayor had to say. A lot of things opened his eyes there. It is a very well-used facility by a significant number of Novi residents. There are a lot of other residents from a lot of municipalities that are using it, but he was very impressed with the number of children there. He said while they were there, there were probably 50 young children who were learning how to skate and it's a very cultural thing there to learn how to skate. It's not just a small group. It's very diverse. He said he supports exactly what the mayor said. He supports expansion beyond that, but he may come back with a change of mindset if the Capital Improvement Program millage doesn't pass in November because they have a responsibility to look at all the potential sources of revenue in the event that doesn't pass because we're going to be in a very difficult position.

Mayor Pro Tem Casey thanked staff and the administration for the work they've done to pull all this information for them so they could be at this point to have the conversation. She thinks it was a well-deserved conversation to have as they talk about making sure that they're managing all the assets that the city owns appropriately and correctly. She agrees with both of the previous speakers. The only thing she wanted to add was a little more urgency into the need to get some contracts set with the groups that have locker room space. She said when they were a smaller city, they did a lot of things because it's the right thing to do, and it's still the right thing to do, but if they are offering locker rooms for free to the high schools, to the ice club, to the dancers, whatever the case may be, there needs to be some really crystal clear documentation and understanding of what their rights are, what the city's rights are, what the agreement is. She said to the mayor's point, they need to try to eliminate any liability for the use of that space. She said she wanted to put some urgency behind that request to make sure they get some forward momentum on getting that solved.

Member Martinez shared his appreciation for the Finance and Administration Committee. He said it's clear they've labored over the details on this and he appreciates that this is coming back to Council with the benefit of this additional information and context that they've been able to get. He thanked staff for helping facilitate that. He said he thinks a lot of them felt that head and heart pull and it feels good that there is a viable path forward where there is a point where they can meet and where they think they can continue to hold onto this asset and grow this asset for the city. He knows that there have been a lot of residents that have reached out to all of them individually and to Council as a whole with a lot of really strong opinions on what should happen to this space. He said everything the mayor just said is getting them on the right track of righting their financial ship, making sure they're keeping everything sound and solvent moving forward, but really keeping this treasure, as he views it, in the City of Novi in good condition moving forward. He agrees that if there are contracts that need to be had, they should get them done. He said, "Let's make sure that we can continue to put those pieces in place." He said a lot of this and the opinions that they've shared are going to hang on what happens in November. He hopes and prays that they don't end up having to have difficult discussions after November. He really does have faith in Novi residents to invest in the Novi community as they have done to renew what has been a really successful project over the last 10 years. He said he's excited at the prospects for how that millage, if the voters renew their trust in the city, how that can be used to benefit this particular asset. So, he added, his six-year-old niece might have been learning how to skate when Council was there. That was a special moment. All that being said, he is very happy to hear this. He thanked the committee for putting this before Council.

Member Heintz echoed Member Martinez's appreciation to the FAC. He thanked them for all the work they've been doing with this, and of course, the city staff for supporting this role as well. He said it's been quite a ride. He liked how it was recognized by the presenters earlier that they're a data-driven council. That's going to come with this process of being very much interested in the information and just how their mindset and their direction might change based on new information. He said much like everyone else, he's excited to be able to continue to support this being a continued city asset. He said he agreed with the mayor in the sense that he's hoping they can use any additional resources whether it be funds from naming rights or anything else. He said hopefully, the CIP millage will be renewed again as he'd like to avoid taking away from other resources or anything like that. He said hopefully, as it's described, this can be a continued self-sustaining piece and get some resources it needs as well.

Member Smith thanked the committee and the staff. He said he thinks this is a good direction forward. It protects the people in Novi that use it, the school system, and the hockey teams that use it. He's looking forward to moving forward and seeing what happens with this.

Member Gurumurthy shared her appreciation for the staff as well as the FAC for doing the due diligence, spending the time, going there and bringing Council the recommendation and findings. She really appreciates now looking at the strategy, not only the funding and keeping it going, but also enhancing the ownership. She loves the way the mayor said it. She said whatever they can do to improve that would be great.

Mayor Fischer asked City Manager Cardenas if he felt like he has direction from Council. He said it sounds like they'll have some contracts back very soon and all the other information soon thereafter. City Manager Cardenas said 100% yes.

CONSENT AGENDA REMOVALS: None

AUDIENCE COMMENT: None

COMMITTEE REPORTS:

1. **Environmental Sustainability Committee - Councilmember Smith**

Member Smith said they met on the 27^{th}. He said they spoke with their U of M fellow who has been both helping them with getting the composting program off the ground and writing a document that will help other communities that want to follow their lead and implement their own composting program. They talked about the composting program as it is right now. They have two bins in the back of Ella Mae Power Park and there are two at Tollgate Farms.

MAYOR AND COUNCIL ISSUES: None

COMMUNICATIONS: None

ADJOURNMENT – There being no further business to come before Council, the meeting was adjourned at 8:38 P.M.

________________________________ ________________________________

Cortney Hanson, City Clerk Justin Fischer, Mayor

________________________________ Date approved: August 31, 2026

Transcribed by Diana Charles
Customer Service Representative