NORTH END PROJECT - TERRENCE HARAN AND TIMOTHY L. MOORE

Interview by Bill Miles
August 28, 1991

TOPICS:

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[Transcriber's Note: "Q" is the interviewer Bill Miles. "H" is Terrence Haran. "M" is Timothy Moore. "T" is Bernie Travnikar. "G" is Gibson.]

Q:: Today is August 28, 1991 and the time is 3:00. City Assessor Terry Haran and Community Development Directory Timothy Moore will now discuss the history of the North End Project for this tape. The occasion of this discussion is an introduction of new Commission members and this history will familiarize them with the Project.

H: You want to record this for history.

Q: Sure.

H: So, anyhow, we were…we were just talkin' about general city stuff, we just…

Q: Okay.

H: …had gotten some. Anyhow, the problem was that people up here did not want to band together into a unified group. They wanted to be free to make their own situation, and basically the city was not interested in having a group of fractured developments, small, retail or what have you, office developments. We wanted to see a more unified situation. But the opportunity really never presented itself. And Tim, what…what happened before TIFA? There was, like if you go back…

M: Yeah.

H: …into pre-history here. There was…

M: It certainly dates back to the early 1960s. It had been a deteriorated and run down area. Seventy-five to eighty-five houses, depending on what point in time we were talkin' about. And it was so bad that the city in fact with a…the assistance of a citizens advisory committee--it's called our CACCI--pushed to get the city involved in urban renewal funding to demolish the area and start over. In fact, that got started. The grant was approved by the federal government. It did get started. We did appraisals on all the property. And it was moving along nicely, and about that time they were starting to construct the Oakland Mall.

H: Yeah.

M: And the…a lot of the residents up there were not at all pleased with the city coming in buying their property, and they were even further displeased when the Oakland Mall came along, because they had visions of another Northland, where the land values would sky-rocket around this…around this…this N…this Oakland Mall building center. So anyway, to make a long story short, they…they pressured the city council at the time into terminating the project. And it was terminated. And the money, in effect, was given back to the federal government, and they were told…

G: Okay, this is in an era of the time of the 1960s?

M: This is probably about 1966, ’67, right in there. Soon thereafter they started saying, “Well, look. We realize that this is gonna be a…a business or office area. We want some type of zoning that will allow us to go live as residents until a business opportunity comes along and then for us to be able to sell our property. They wanted their cake and be able to eat it too. So the city came up with a transitional zoning, which was modeled after a zoning ordinance from somewhere out in Denver, Colorado. And the transitional zoning allowed them to keep their houses. The houses were l…legal uses. However, they could not expand the houses. They could maintain them. They could not expand them. And the idea was to gradually transcend from the residential uses into a business or office use. That zoning was in place from about 196…I’ll say ’67, until the mid-1980s, late ‘8…’86, ’87, right in there.

H: ’87 when it changed.

M: And there were many…the…the residents frequently would make accusations to…against the city and say, “Well, the city is punishing us. They won’t let us develop. Every time I develop…an interested party goes to City Hall, they are discouraged by those in City Hall, and they’re not allowed to develop.” et cetera, et cetera. People…that’s not the case, however. The people who came in looking for interest about developing in the area were just told what the ordinance said. The ordinance says you’ve got to have setbacks of so many feet. You can only build so much building. You have to have so many parking places, and so forth. They were given these facts. Those weren’t really discouraging. What was discouraging for these folks, and they didn’t really tell that to the various residents is that, when you…whenever you’re dealing with a large group of people, when you’ve got to have at least a significant number of them together, working together in order to come up with a viable project of an area large enough to do something with, you’re asking for a lot. Because, you know, even to get five people to agree on one thing, let alone thirty or forty or fifty or a hundred. That was the real problem, was trying to get the people to agree on…well, I agree to sell my pr…property for this, you agree to sell it for this, you agree to sell it for that, and then throw all that together, and have a one price, one asking price for one usable chunk of property. However, they wouldn’t do that. They were afraid to give a price because they were afraid the guy next door might get two dollars more. And the end result was they could never do that. They…they…they would be…[inaudible] sat there.

H: It sat there.

M: There would be a piece of property here. And only one over there for sale, and one over there for sale. But nobody could really pull it together. The people could not and would not agree. The only successes…originally this transitional area went all the way from Whitcomb to Fourteen Mile Road. The Fourteen Mile frontage did have some development here in the first block, the north end, the Shell station and at the old block of buildings up there where the radiator place is located. That was pre-existing. That was there at the time the Project started. The…the frontage on the next three blocks, however, that's where your first development, long about in 1968, Chrysler came in and bought up that whole lot. That's the block right here. And they put their dealership there. A little bit later, along comes Ollie Fretter and…

H: [Denny's?] and all those…

M: No, the restaurant.

H: Beefeater?

M: Beefeater.

H: Beefeater.

M: Okay. Beefcarver, whatever they call it. And those pretty well sealed off the Fourteen Mile frontage. That's what we were attempting to preclude, was to have…not have the frontage sealed off. That…that happened be…early on, before 1970. We were really concerned that that was gonna happen down…come down John R, and in effect you'd have strip commercial and the rest of it would be dead. There's no way to get to it.

H: Yeah, just be a…closed off. D…down…downtrodden rental, residential area blocked off from any…

M: So we…we worked with whoever came in and tried to get different development to occur. The only success that we had in the 196…late '70s…

H: Late '70s, early '80s.

M: Yeah, late '70s, early '80s, was when Schostack Lovers? came in. We threw the whole problem out to them and said, "Here," you know, "this area's not gettin' any better, it's gettin' worse." And we know it has potential. We gave them the whole scenario. We helped them. And they were able to put together one project, and that is the rest of this block, or most of the rest of this block. Here some place, down here.

H: It…it's Motel 6 now.

M: Okay, where the motel is here.

H: Yeah.

M: Okay. They were attempting to work with some of the other property owners, but they just never were able to do it. That gets us into the 1980s, and then we had…we approached Sam Frankel.

H: Did we approach him or did he come to us?

M: Sam…Sam Frankel. Let me explain now. Sam Frankel and Stuart…and Stuart Frankel. Sam is the father and Stuart is the son. We approached Sam along about the same time that we did Schostack, and we said, “Can you do anything?” And Sam really just wasn’t interested. He…he thought it was a…too large an undertaking, and he didn’t think it was gonna be successful, and he kinda walked away from it. Schostack, as I said, did…was successful to a limited extent. They did work a lot of the area, but that was the only actual project they could put together. Then along about 1984--we got it written down some place…

H: It was ’84, I know [inaudible].

M: ’84, Stuart Frankel was doing a building up on Fourteen Mile Road…

H: Madison Comm…Commerce, Commons or whatever it is.

M: Somethin’ like that.

H: The white office building where EDS used to be.

M: Where EDS was.

Q: Oh, okay.

H: Yeah.

M: [Inaudible] sixty-five thousand square foot, sixty-eight thousand square foot building.

H: Yup.

M: He built that building, and that building was rolling along, nearing completion, and…and one day he asked me if I wanted to go to lunch. He had to…he had wanted to talk about that…he had some questions about that building. I said, “Okay.” Which was unusual, because Stuart doesn’t throw his money around. He doesn’t buy lunch very often.

[Laughter]

M: So anyway…so we went to lunch and we talked about his building on Fourteen Mile Road, and then he says, “Well, what…what other opportunities do you have, other development here in town? What other things could we make happen?” So I said, “Well, I’ve got nothin’ to lose,” so I just dumped the whole thing out, this whole scenario, on him. I told him about the whole area, and I said, “We think it’s got potential because of where it’s at, and the fact that it’s got major streets on three sides of it. And it’s across from the Oakland Mall, and near I-75,” and I went through the whole bit. But I said, “It’s very, very difficult.” I went over the whole history with him. You know Stuart. He likes a challenge. And Stuart took a hold of it, and he just kept rammin' into it until he started to make some things happen. He was immediately interested, and we just…he…he and we really didn't know how the whole thing was gonna work out, and it was kind of a trial and error situation, wherein originally we had…we the city were going to…well, let's go back a little bit further. We…we discussed at some length--and please fill in the things that I forget--we discussed at some length the whole project and what the limits of the property…pro…project should be, and what might happen there in terms of uses. Office and business and so on, so forth. And Stuart came up with a preliminary sketch of a front portion being retail, the back portion all being office. Okay? 'Cause office at that time was doing quite well.

H: Yeah.

M: That was the mid-'80s. So we got enough information put together, that we said, "Well now's the time to approach the City Council with this whole thing, and to…to see whether they're interested in supporting this whole thing, 'cause if they're not interested, we might as well just forget it." So a presentation was put together for City Council, given to Council. And by and large, I think most of the members of Council liked the whole proposal. It was suggested to Council and Council went along with it. But maybe…in fact, you….I…maybe the Council came up with the idea. Maybe one of the members that…we have a vote of the residents of the area to see how they feel about it, to see whether they're willing to go along with this.

H: Which we did.

M: Which we did. There was in fact a vote.

G: Just the people that lived within the…?

M: Correct.

G: …proper…

H: no, all properties, whether they lived or not.

G: Oh?

H: Whether…whether they lived in the area or not, there was a lot of…

H: Oh yeah, an absentee…

G: Any, any property-owner.

M: Right, but we categorized 'em separately. We…we counted residents and then we had property-owners….all property-owners at two counts, so to speak, because Council basically felt that the residents were more important in their opinions than the absentee landowners. So Council wanted to know that each category…to vote. So, a vote was actually held. Ballots were…were sent out to the people, and there was a…a vote held here in City Hall, City Clerk served as a…an election official.

H: Yeah.

M: And we had a board of…of the residents up there who were to certify the vote. That…and to watch over things to make sure there wasn't any shenanigans and it was counted honestly and so on and so forth. And the end result was approximately a two-to-one in favor of the…of the Project. When you take both the…

H: Absentees.

M: …absentees and…and the residents. Now among residents th…themselves, it was about a slight advantage, wasn't it?

H: So it was only….it was a very slight advantage to…

M: [Inaudible] the residents.

H: But th…there was a hundred and twenty separate owners, seventy residents. So it was…it was very close with…I can't remember, but nevertheless a majority did want to go, so that was a signal to Council that we had a majority here, I think.

M: Right. Right. So the vote was taken. It was a…a mandate to move ahead. Council in fact, realizing that it meant possibly having to condemn property, because you can't make a hundred and some odd people all happy.

G: Yeah.

M: They realized that, but they did vote to move ahead with the Project. Originally the concept was for us--the city--to acquire the property, and then…and then turn it over to…to Stewart Frankel. That worked for a little while…wait a minute. I'm sorry. I'm sorry. Let me back up. I've got that backwards.

M: I got that backwards. Originally the Project was for Stuart Frankel to acquire the property, and he in fact hired a property acquisition agent, somebody who had done a number of these projects. Her name was Drew Dietrich, and her mother, who operated a real estate firm in Southfield. They've been experienced at assembling projects like this, and then ending up with a…a unified development. He hired them. They began…offers were sent to all the property owners, offering to buy the property for X number of dollars, and appraisals of course were done.

H: Yeah, they were done.

M: We hired a certified appraiser.

G: You didn't do the appraisal?

H: No, no.

H: No, I didn't…I didn't really want to, because there would have…it could have been construed as a conflict of interest. I mean, here I am, the City…setting value on property that the city wants.

G: Yeah.

M: So this was a…

H: Before that, though, Tim, what happened up here was, when we decided to get going with it, we had to have some agreement with the school district, because the only…the only program available to do something like this would have condemnations powers was a TIFA, taxing or finance authority. And in those days, in the mid'80s and…and '86, '85, school districts all over Michigan were suing…suing cities in TIFAs because they felt that the revenue diverted to pay for this thing was rightfully voted to finance the education of children. And what we decided do before we went much further was to sit down with the school board administration. And ultimately the school board elected folks, and they made certain that if we just…if we just came up with a project which would…we wouldn't get cute with it…in other words, we do the deal and get out, that there would be no lawsuit, because that woulda killed it. So we did…there was a luncheon meeting at one time, remember that, with Frank Agnello, and who was the cont…controller then?

G: Bob.

M: Bob.

H: Bob.

G: Bob [Inaudible].

H: Yeah, him. And…but anyways, and I think one of our elected official and one of your…maybe the president of the school board at that time, whoever that may have been.

G: Bob [Inaudible].

H: Bo…Bob Borngesser was on the school board

G: [Inaudible]

H: …but the controller…

M: The controller was Bob…

H: I don't know. I can't…anyway…

M: He moved to Tennessee.

H: He retired and moved out to Tennessee. But…but as a result of it, there was some agreement…there was an agreement made that if we just did what we said we would do, use it to condemn. See, a lot of what happened, was a lot of cities and townships were taking this money and then building roads with it and doing a lot of other things un-allied with development, and they just spread beyond…but anyways there was an agreement that there would be no lawsuit. So then we moved ahead with…with…with this thing.

G: Oh yeah.

H: And then there was a dinner. You remember that?

G: Yeah.

H: That we all got beat up in the paper for. Remember the big dinner? Where Stuart unveiled a plan, I think, to develop this. And after that, we incorporated, I think, in 1986, in 'mid-'86 a tax increment finance. I think the EDC voted the money to fund the plan…the plan for it.

M: [Inaudible]. The TIFA, yeah.

G: Yeah.

H: And we did incorporate a TIFA, and at that time, Drew Dietrich was buying property.

M: And of course one of the problems we had was lack of front money. We didn't have money to start acquiring property. So we talked about the possibility of…Stuart was already interested in the property that was owned by the school district across on the south side of Whitcomb.

G: What was that there, six acres?

G: Sixteen.

H: Tim, sixteen acres.

M: Sixteen.

H: Okay, sixteen.

M: Sixteen, sixteen acres, and he was interested in it, but then we said, "Well, look, you start talking with the school board." What happens if Stuart buys the property from us, okay. You sell it to us, to start with, you sell it to the city, and…with a zero or minimal down payment, payment to occur with a certain time frame.

H: That's up at the school property [inaudible] yeah.

M: School property.

H: And we didn't we enter a land contract or anything with…

M: Right. Anyway, the end result was that we ended up after Stuart acquired the property…we ended up with a million, or a million and a half dollars…

H: Mmhmm.

M: …with which to use to start acquiring property, okay? And we did…

G: Now that million and a half came from Stuart, didn't it?

M: Originally, yeah.

M: He…he paid the school dis…he paid us after the school dustrict [sic] trans…school district transferred the property to us.

G: Right.

H: Yeah.

?: Right.

M: So it really was a…what was unusual about the whole thing, if we ever write it up, it's one of the things I think we have to stress, is the fact that there was this cooperative effort between the various agencies.

G: Two…two government. The government agencies (groups).

M: The city and the…and the developer working together to make it happen, and any one of the players could have stopped it from happening by just being stubborn. But everybody worked toward it happening, and I…and I think the end result is the…the financial betterment of the city, the school district and the developer. So…

H: Uhhh…yeah.

M: And…and I have to say this too, just in…in retrospect. While, not all of the people who we acquired property from in the area were a hundred percent happy.

Or even today are a hundred percent happy. Most were, and I would say that just about almost without exception, people were better off for the move. They were able to do with the moneys that were paid them, they were able to improve upon their circumstances, in some cases two or three times better than what they had.

H: I think we started buying property right around the beginning…

M: January of '86.

H: …and we were all done by the end of the year. It took us a year to buy the property. And there was only, I think, thirteen people out of a hundred and twenty owners that…that we couldn't in the end deal with. We ul…ultimately ended up condemning them and paying them the appraised value…

M: At thirteen, I think we're down to ten.

H: Now we're down to ten, and in the interim…

G: In other words, you only had to condemn thirteen parcels of property?

M: Ten to thirteen, because what happens, when we start…we may have started condemning thirteen, but a couple of 'em settled during the condemnation…

H: Settled, yeah.

M: …process, so the end result is that we are now still litigating or awaiting our very slow judge to give us an answer on ten…ten owners.

H: Ten owner, right. And that's…that's still up in the air, although I understand now, they're…see what…what they…what they decided to do is they're seating 'em like a Special Master's Board of…of a…of legal professionals and appraisers that have prior experience in condemnation. And they will make a judgment as to whether the offer that these people got was satisfactory, and they will come up with a value, you know, and…and award that. Ultimately, it…it could amount, if these…if these people get what they're asking for, and there's…it's kind of outrageous, would be an additional $1.4 million. But that's…

M: [Inaudible].

H: …Stuart's. That's not ours. That's…

M: We don't really feel too unhappy about the whole scenario because, I think, as I said, most people were paid and paid well for their property.

H: They never would have…

M: In fact…in fact they were given sometimes twice what the appraised value was.

G: Yeah.

H: Yeah.

M: And…and I think that the judge has recognized that and seemed to be duly impressed. Judge…judge…

H: A lot of that…we appraised those…the appraisers that were hired were told to appraise the property as if it was in saleable condition, average sav…saleable condition. Some of that property up there was so bad, you never would have been able to sell it through a bank. It woulda had to gone through a land contract, 'cause no bank woulda loan money. Matter of fact, I think the second guy that we dealt with was on the…on the bottom end of three land contracts over a deed holder. Becau…you know, the owner sold it to one guy, and then this guy sold on a land contract to the next one, and this one to the next one.

M: Timothy Chin.

H: And it was a…it was a piggy-back of land contracts, so when we had…and then the original owner still had a mortgage. When we had the closing, we were dealing with these three families, the original deed holder and the bank, too. What a mess. But there were a lot of odd situations like that since the property was sold on down. But these people were paid as if it was a regular subdivision home in average condition, and they never woulda got that. Plus they were each received, I think, $9000 to…for relocation costs, which is mandated, I think, by the federal government guidelines. So they got that.

They went as far as, I think, they go as far as payin'…they pay the moving expense, and also pay money for the kids to go to school and that…that would cost 'em extra, and they paid that.

H: Yeah.

T: I mean they paid and paid and paid, so they really, you know…

H: But I'll tell ya, the whole thing, you kn…you know what the cost of commercial land is. It's like industrial is $3…$350 a square foot. This whole thing was assembled for $2.90 a square foot. It was a damned good assembly.

T: That was the problem. They wanted that kind of money.

H: But they wanted…they wanted to paid as if it was commercial property…

T: Yeah. Right. Yeah. Yeah.

H: …not residential, and until it was all assembled it wasn't commercial…

T: Yeah [inaudible].

H: …property, ‘cause as these little fractured entities, it wasn’t worth that much. Which is the crux of all this argument here today.

M: Mmhmm. Mmhmm.

H: But by the end of ’86 we had all the…by the beginning of ’87, I think the…we got titled. Wasn’t it February or March of ’87, we got title to the property? We arranged to…to have all those homes knocked down and bulldozed and the property put in a condition to build and then Stuart Frankel took over. I think Target bought a piece, sold a piece off of Target in the bottom.

G: Right. Yeah.

M: Target actually bought this piece down here where they’re sorta sitting on it. Mervin’s actually bought the pad that they’re…they’re sitting on. And the theater in the back is a long-term lease from Stuart to [inaudible].

H: Little land lease. Land lease.

M: The rest of it, including the theater, is still owned by Stuart. We have a parcel down here in the corner, about a three-acre parcel right down in the corner that is still open for development. The area that’s not mowed down there. And then across the street, we’ve got a four-acre vacant parcel where they just finished taking that pile of top-soil off there.

G: Across Whitcomb.

M: Across Whitcomb.

G: S…[inaudible]

M: South [inaudible]. Yeah.

G: Yeah.

M: And then in addition we also have the…the vacant hundred-thousand square foot pad…it’s not showin’ on any of these drawings here, but on the south side of Whitcomb that will make up the rest of the court, where Madison Court is. Madison Court right now consists of one east-west building. Now we have an additional L-shaped building of a hundred-thousand feet. The…the pad is already there. In other words, they’ve already got the…the drainage is in. The base is in. They’ve got the parking lot paved around it. And it’s just a matter of putting their footings in and…and paving the…

G: Now is that still Frankel also?

M: Yup. Mmhmm. All that’s Stuart Frankel. Everything is Stuart Frankel.

H: Yeah.

G: Now let me ask you something. Okay. Finally this went through, and you said this is like '87.

H: Mmhmm.

G: So now, well this parcel of property, and all the city has no revenue coming in from taxes, right?

M: No, that's not true.

H: We did. We had revenue…originally when the homes were there, the total assessments were about $1.3 million out of this whole area here…

M: Which meant dollars to the city.

H: …city of about…it was total $70,000 in taxes. And dollars…

M: Yeah.

H: …to the city was $22,000. That's all the city got. School district prob'ly got about $47,000 or $48,000.

M: Right. That's what…that's before the project start.

H: Yeah, we…we…

M: Now.

H: …always had that.

M: As of prior…just prior to the bond sale, we had…what? How many million?

H: Ju…just this past year…

M: No, here right now.

H: …$16…$16 million in assessments. And the total revenue coming over…off of it is over $800,000.

M: $800,000.

H: And even with the bond payments of $6…650,000 a year, or whatever that, there's still $150…$200,000 left over, and that's only for what's there if he builds anything else that provides more.

G: But was there an interim time the city and schools didn't receive any money?

H: No, never.

M: Nope. They always received at least…

G: 'Cause the property always had an owner.

H: Uh, yeah.

M: Always on the tax roll.

H: It was always on the tax rolls. Always…it wa…it was always on the tax rolls. The city would own it for a period of time. I think we gave the property to Stewart on three different deeds over a period of time.

[Phone rings]

H: So that it was never off…it was never in public hands on tax day. We didn't want it in public hands on December 31. So we…we give it…we'd sell it…we'd sell it to him for the amount he paid to acquire it. And anyway, at that particular time…

M: So when it…I guess the inter…the interesting thing, and that's one of the things that we told to the school district early on, was that, "You'll never receive less than what you're receiving now."

H: No.

M: "And ultimately you'll receive a whole lot more if this happens."

H: 'Cause they were worried about that very thing.

M: And in fact they never did lose less than…in fact even now, even with the bond payments, their revenue is probably three times what it was and every successive building, we still got some capacity there for some more buildings.

H: Yeah.

M: And that will im…improve upon the situation dramatically.

G: At one time…at one time he also…there was a proposal of putting a h…high-rise…

M: Hotel.

H: Hotel.

G: …hotel.

M: And that's what the four-acre parcel is on the south side, right in front of the school bus garage.

G: Okay.

M: [Inaudible].

H: It's all reserved.

M: It's…it's kind of reserved for a hotel. However, hotels are kind of a dead issue right now. Nobody's building hotels.

G: Yes.

H: Yeah.

G: That's on hold.

M: That's on hold and he's not real anxious. One thing about Stuart, he could have built these buildings many times with lesser quality companies, lower bond ratings. They'd come in, they…anybody that could pay his rent, okay? But he didn't. He held out for long-term, well-rated triple A companies in some instances, and he's saying, "Look, I want this to be for the long haul. I want good quality, and I'm not gonna put somebody in there that I'm gonna be embarrassed about or that the city's gonna be embarrassed about."

H: Yeah.

M: So he has only put in good, firm companies and as of…as of right now, there has not been a single business that has gone in there and then gone back out again, which is very unusual. Because any time you have a shopping center there's always turnover.

T: Yeah, sure do.

H: Yeah.

H: He…he waits.

M: He…he waits. And…and that's why…he's still…he's waiting. He didn't build that other hundred-thousand square footer to complete the rest of the Madison Court on the south side of Whitcomb. Nor has he built anything about a hotel. Nor has he built the office buildings down here in this corner or any other use down in that corner, because it's just not right.

G: Yeah.

G: Yeah.

M: His…he has been able to do that because he was successful in…in selling this piece and selling this piece. That got him out of the box. You know, he was paying millions and millions of dollars in borrowed funds. By selling those he was able to recoup a lot of his moneys, get his payments down to where he was…it was now affordable for him to wait until the right uses came along.

H: Sit on it, yeah. Well, it's…it's like everything else. I think…I think the…the long-term lease on that, and the selling prices of these two things, probably got him almost even with what he put out in the first place. "Cause he is…have much money in it, and that's how they work, these guys.

T: Sure.

H: So anys…anyways, as far as our…as our TIFA board's consideration, [inaudible] these bonds that we voted on, how that relates is that we had agreed…there was originally when we started out with Stuart, there had to be an agreement. And there was an agreement between City Council, TIFA and Stuart Frankel that we would all do certain things. And one of the things we promised to do, we…we basically promised to condemn property that w…he wasn't able to acquire. That had to be. That's the reason we went with the TIFA. We also promised to reimburse him for public infrastructure and allied costs. In other words, anything the city would eventually own, the cost to him to put it in, or any public access or right of way through the property, we would…we would…we would reimburse him for it. Basically then, after he got his development set and was essentially in the same shape you see now, which happened between '87, '8…87 and '91, they basically when it got to that particular shape, where he was able…he was done with his costs. He was able to quantify it, and then…

M: And he said I want to sell, I wanna…I wanna…I wanna…

H: [Inaudible] we had…we had…we had said we would sell up to five…up to f…up, but not past $5 million in bonds. This…this is a…this project, when it's all done, will probably be somewhere around a $40 some odd million shopping center project. We promised to pay no more than five. We just completed a bond sale for $4,675,000. He did submit a list of costs. We did hire a…a…our Frank Moran, our City Auditor to go and verify that in fact the costs that he submitted were actual costs that were dealt with that. They went back through his books and…and check books and verified things, what have you, gave us an opinion to that effect. I think the engine…engineer…our City Engineer verified the quantities used to arrive at the moneys, and based on that we sold the bonds. That's…that's how that was. We were fulfilling part of the contract that was entered into, probably in early '86 between Madison Heights…

M: Yeah, those bonds came into…for how many years?

H: Payments are ten years. It's a ten year TIFA bond.

M: At…at ten years, at a constant…

H: 9…I think they sold at, what is it, 9.1%? There's gonna be…there's gonna be a…a…something going out to the board shortly, when we get everything…

G: [Inaudible]

H: …updated on how much. On top of that, since it's TIFA's responsibility to, you know, for the rest of these condemnations, we withheld $1.4 million from him of the bond proceeds, so in other words, we…we sold the $4,675,000…$765,000 worth of these things, but he only got, by the time we were done, 'cause he owed us around $200,000…

M: He owed us some…some expenses that [inaudible]

H: He wanted…

M: …incurred that were his responsibility, and we deducted the amount that we were potentially liable for on the court settlements. Deducted those things, and his…his net take-home was only three point something…

H: $3 million…

M: [Inaudible].

H: $2…$2,900,000…$2,950,000 or something is what he walked away with after everybody, you know, reserved what they had to when they had to pay bond counts and all this other business. But that…that was the reason we voted on those bonds, was because it came time to reimburse him for the infrastructure costs. They were legitimate costs we sold him. Now the tax revenue from this project gets diverted s…six hundred fifty or a portion of it gets diverted to pay him back over a ten-year stretch. Any growth in here, like if he puts that office building in, if he puts in the other hundred-thousand square feet of retail on the south side, retail office on the south side of Whitcomb, you know, like where CompUSA is and all those stores, there's two more buildings. Our L-shaped building that goes around, which is another hundred-thousand, plus if he ever does build a hotel or whatever finally goes on that back track, that…that's over and above. When we calculated how much…

M: In other words, that…that total amount is…is…would go to the taxing jurisdictions. They would not be…no further payments would go to him.

H: See, like now, we get about $800,000 in revenue. There's about a $600,000 bond payment, so we have $200,000 left. That $200,000, Lamphere will end up with 58% of it, we'll end up with 25% of it, the county will end up with whatever their percentage is. We'll pass that much back through every single year.

G: That's where they can cut tax distribution.

H: Right.

H: Yeah. That…that…that…that's based on, you know, we take…a year millage rate is a percentage…

G: Yeah. Yeah.

H: …of the total and that's how we get it. Once the bonds are paid off at all, what we'll do is…what we'll do is we'll fold the TIFA. We'll just disincorporate if you…

G: That won't be, though, for…

H: For ten more…nineteen to 2002…

G: Two…2002.

H: 2002.

G: Yes.

H: And…but that's all that our TIFA was designed to do. I know in other cities, and what got 'em into trouble with school districts and counties, other millage-levying bodies was they tried to say, "Okay, golly, you know, we built this project, but we need to replace John R Road now."

[Phone rings]

H: "Let's…let's…let's widen this road," and they would spend…they would capture more money from it, funnel it into something else and then finally…it…it got so far away from what it…now TIFAs are illegal. There's no more…there's no such thing as a TIFA. There's what they call a [Lidfill?], the FA Local Development Finance Authority, which is a constitutional…it's been cleaned up a little bit, and it gives other millage-levying bodies a direct vote in things. TIFA didn't. Like…like the school districts or the county who loses tax money had no real direct vote. Except in our situation, what we did was appoint school board members…

G: Sure, you had…immediately had two members on it. You, Tony Parisi and Bob Borngesser on it.

H: Well that was…that was basically to get away from…well, you know it was…

G: Sure. A…a…another nice thing too, let's face it. We're…we're an unusual c…city and district. We…we have a city-school liaison…

M: Yeah.

H: Yeah.

G: …committee, which, you know, some questions are coming up or some points of interest or something like that, they can properly make a report back to the two governing bodies. And I think…I think all in all that could have, you know…

H: S…[inaudible]. I know when we first talked about it, Bob Jenkins….

G: Bob Jenkins.

H: Bob Jenkins…matter of fact, it…when we were gettin' this off the ground, we didn't have personal computers in the city then. He had one. And basic financially, I went over and designed the whole project on his PC. His Lotus program, 'cause I couldn't get at one here. And I had to do this projection out, to see if what the numbers we were being told would generate…

G: Yeah. Yeah.

M: One reason we had to wait a long time to sell bonds here is because we were waitin' until the project grew to a size where it's throwing off enough tax revenue to sell…

M: To pay for the bonds.

M: …to pay for the bonds upon payments, which is why we waited until this time three years later. But meanwhile all the money that came on, like when Target was built, when Mervin's, all these little stores were built, that was all passed through. We didn't keep…I think last year was the first year we captured…

M: [Inaudible] There's one other really major point here that we should talk about, just…just briefly touch on. And aside from the cooperative nature of this whole thing between the school district, the developer and the city, and the way everybody worked to make this thing happen, instead of fighting one another, which is typically you might find in other cities. The other thing that really made this thing happen was having a developer, Stuart, that was able…willing and able to invest front money in the thing to make it happen.

G: Yeah.

M: Ma…many developers that came to us and said, "I'm interested in making something happen,"…when it came to providing any moneys and spending even a buck…no, they wanted the city to come up with the money and they would ride along.

H: We didn't have…

M: We didn't have any dollars, and I think we're proud to say that never was one dollar of the taxpayers' money put into this thing in…except for, if you want to count my time and Terry's time…

H: Yeah.

G: Yeah.

M: …the time of the city officials, but as far as any cash payments, there never were any.

G: What you're sayin', if it hadn't been for Stuart Frankel, or someone if you could have found someone with the same foresight as he…

M: Right.

G: …this would never have got off the ground.

M: That's right.

H: Yeah.

H: It was a…it was a pure chance coincidence he built that building in our town. The original building, and Tim…

M: The fact that I…

H: …pointed the project out to him just on a…

M: And he…and he…and he…

H: …whim, you know. This is, well…

M: …and he was up to a challenge. A lot of guys would have said, "Hey, too much hassle for me," and walked. But he loved it. And…and he…Stuart says today, when you ask him about it, you get him thinkin' about it, he would looks back and he would…he says, "I'd do it all over again," because it was…he just loves a challenge.

H: Yeah.

T: He must've liked the city when he put that first building in.

M: He did…

G: Tha…that's…that's an excellent scenario, at least for me on bringin'

T: You know, I'd like to say [inaudible] in the 40s or in the part of the 50s when we were a township…

M: Yeah.

T: …I was on the police department, and we were expected to have con…condemnation signs in our scout ca…

[End of Side One, Beginning of Side Two]

H: It was sixty for the project and thirty-three against it. And I think that's what…

M: It was about a two…two-to-one…

M: It was two-to-one overall.

M: …over all property owners, and not just the residents. So…

G: I got a question to ask you. Those of us that are now on…on the TIFA committee…

H: Yeah.

G: What…I don't see that there is…there's going to be much activity for us.

H: No. There's really….really, the activity, the great amount of activity, and Bernie'll remember this, is it was back in '85 and '86. When we were getting started, there was a lot of meetings because we had that public hearing…

M: Yeah, yeah..

T: Yeah.

H: When the condemnation was goin', we had to prove a lot of expenditures, as far as…'cause money was flowing through it. Pretty much there was an awful lot of meetings…

T: Yeah, there was.

H: And once it was condemned, which I think was in February [sic] of…or March of '87 when they condemned, really the great majority of the TIFA's work was done and it was just a matter of waiting until this thing grew to the point to where we could sell bonds, which was the last remaining stricture, contractual requirement we had.

G: And which…that's been completed.

H: And…and that's been completed. A week and a half ago we…we completed the closing which…there'll be a communication out to you guys to explain. First of America Bank is the trustee for the bonds. Stuart got 2.9. We still held a million-four [$1,400,000]. There are two or three other accounts with monies in there to take care of…of Miller Canfield and…and various…you know…other people that were…these…these are minor-type things.

T: Yeah, but these ten families are taken care of.

H: Yeah.

T: They wouldn't have got a lot fer…

G: Which buildings are those?

H: Oh, by the way, everywhere there's a little yellow sign, that's where one of the things is…that's where the property is.

G: Oh.

H: Yeah, that's our…that's our map. And…and here's a more detailed drawing. But wh…the way that this is gonna work is…

M: The properties that were…

G: These are the ones that still are not settled?

H: Right.

M: Right.

M: Not all of them. On a couple of them…

H: Some of them have been settled.

H: But those…those originally were…were, you know, where it was. But what's gonna happen here, when a decision is made as to how much this owner should have received over and above what, say, some guy got a hundred thousand dollars, and they said, "We should have got a hundred and twenty-five." What happens is Stewart has to requisition…requisition the TIFA to release twenty-five thous…

G: Tha…tha…tha…[inaudible].

H: We have to authorize it, and I think it's somethin' we could do administratively. I don't think we're gonna have to have a meeting every time. Although we would…

G: We would need signatures on that.

H: Well, myself and Tony are empowered…

G: Tony…yeah? [Inaudible].

H: Thank you. But what happens is, then we authorize First of America, who is the trustee, to release out of the construction account twenty-five thousand dollars to Stuart Frankel. And so…

M: And then Stuart uses that money to pay…

H: Pay…

M: …pay the judgment, and then that settles that matter.

H: Pay the judgment.

M: Assuming that there's a judgment. Now we…it may be that they're gonna…that we're gonna be…

H: They may do it all in one fell swoop.

M: They may do it in one…one action, and there may not be a lot of additional monies.

G: Are these individual cases, or are they…are they getting together?

M: They're all together with one attorney.

H: Right. Yeah.

M: Everything that's left has one attorney.

H: [Inaudible] used to have a guy over in Lansing…

M: I thought they were tossed out.

H: No, I don't think…

M: One or two.

H: One or two. There's two attorneys. 'Cause…but this one fellow has most of them. I think prob'ly there's ten left. He's got eight of 'em.

M: Yeah.

G: You know, this would make a great case study.

H: Yeah.

G: You know? It would.

M: Yeah.

H: Well there's…there…there's a film now. We…in the beginning was it, Tim? We had…we had the video cam, the whole area before we took anything out. Because eventually, we felt, and matter of fact it's comin' up I'll b…I think we have to have that film ready. Because it may be a factor in these judgments as to what these homes look like. We have a video cam of that, and I think we have a video cam of the last property being razed, knocked down, and taken out. And there…somewhere else there's some slides of the area.

M: We got slides of the housing…

H: There's aerial photographs and all that other stuff, so…

H: It would…it would…it would have made a…a real wonderful t…cable TV, city cable TV…

T: Yeah.

H: …saying, you know, to…to have shown the making of a project…

[Phone rings]

H: …but that's somethin' that didn't happen.

T: Wasn't the contractor quitting at one time because of the rats.

H: We had to have base…

H: Every time we knocked a house down there…

M: We had to have an exterminator…

H: …to come out and bait…

M: …bait the house first.

T: They wouldn't even work!

H: Yeah. Yeah, it's…with the rats and vermin.

?: [Inaudible]

H: 'Cause if you knocked them down, they'd all run out.

T: Yeah.

M: And go to someone's…

M: And go to somebody else's house.

H: Right. Yeah.

H: Yeah. So we had to…we had to bait all of those houses there. Real infested. But all in all, in the long run, I…we feel it's a good thing after all.

G: [Inaudible]. I think I was…yesterday there…you'd call it a s…s…scenario.

H: Yes.

?: The only…I was just saying that I…I…there appears to be not that much left for us to do on the committee.

M: No.

M: No.

G: Except to drive through. But I just wanted to get a handle on the background of it if there is more, if, you know, some of the neighbors of something like this, or some of the constituents ask me questions, you know, "How is it progressing,"…

M: Sure.

G: "Why did this have to happen?"

M: Sure.

G: I now have a handle on how to answer [inaudible].

M: You're…you're right. It would make a…a, I think, a big…good…

G: There's no…

M: …a good …a good story, and I…I…and I think maybe that it should be written up sometime by somebody who knows how to write well and put it together. I…I think maybe it would make a good…a good paper for presentation. It might even…it might even be expanded into something more than a paper, you know, but initially I think it should be written.

G: Well, you know [inaudible] should have something in writing or preserved on this, because if someone had their rights, honestly, you know, safe.

M: Yeah.

H: Yeah, and…

H: Some of the material about it Bill has. Do you know Bill Miles? I'm sorry?

?: [Inaudible]

H: Bill is City Librarian.

G: No, we've met. I don't know if it's somewhere after school.

Q: I couldn't have said to you last week that that police fund [inaudible]

H: Yeah, so.

Q: We're putting things away on this, and we…we did a speech for the mayor to kind of recap this. This taping and any of the other paperwork that Terry and [June?] had on it we'll put in [inaudible]…our historical collection.

H: Yeah.

M: …so we have our own [inaudible]

M: In spite of that present documentation here; in fact we've even got…we've even got an aerial photo that I gave him of the neighborhood, I think, of 1966 before the project was even dreamed of. Went back to when they were talking about constructing the Oakland Mall.

G: You know, I didn't realize the dimensions of that [settlement?] block up there. You say Chrysler Corporation bought that?

M: Yup.

H: Yeah.

G: So, do they…do they still own that, and then they lease out that, like their Chrysler dealership, and…

H: [Inaudible]. Chrysler Corporation, it's called Abtco for Partnership Limited, and it's out of St. Louis, but it's Chrysler. It's their only concern. They rented that Hoot, MacEnernie owns the dealership, and he operates that here. Matter of fact, it was kind of a…well, it's kind of a funny situation. We…we enlarged the streets coming down…that's okay Bill, this is…we enlarged the streets coming down into, I think prob'ly, Alger…

?H: Well, Brush, Alger…Brush, Alger and Palmer.

H: Or maybe Brush and Alger. Wasn't only Brush and Alger. In other words, those streets off of Fourteen Mile Road we…we widened and paved and all this. And all these businesses along here were assessed. Now the…the great bulk of the assessment, of course, went down to the…some of the shopping center area, 'cause they would benefit…

M: And Stuart.

H: …and Stuart. But some of it was assessed against the…

G: Dealership.

?: Well, we sent the notices out, 'cause by law we have to notice everybody that's gonna come to a hearing, and…you know, about the assessment. So it was sent to Abtco Ford down in St. Louis, and they have a lease agreement with Hoot, MacEnernie that says that he's s'pposed to pay off taxes, assessments. Well they never sent him the notices. The road goes in, and the following year he gets a bill for twenty thousand bucks. So he comes flyin' by, and I never met him before, but I understand why he sells a lot of cars. But anyways, he comes whistlin' into my office and…and "What is this?" and he said…So, I explained the whole situation, you know. I…I…matter of fact I went to the Clerk's office and showed him the letter, the po…a copy of the postcard that had gone to Abtco Ford, you know, informing him of this. So he says, "Oh, okay." Two weeks later he's back and he's got the leasing agent from Chrysler with him, and he says…he comes into the office and he says to the leasing agent, "Now you're gonna sit down here, and he's gonna tell you why you owe me twenty thousand dollars."

[Laughter].

?: So anyways, on that, but that's it.

[Tape turned off and on]

Q: For the sake of historical accuracy, the people were in attendance at the TIFA meeting held on August 28, 1991 were Terrence Haran, City Assessor, Timothy L. Moore, Community Development Directory, Henry Gibson, member of the TIFA board and Bernie Travnikar, member of the TIFA board.

END OF INTERVIEW