

**A regular meeting of the Leelanau County Land Bank Authority was held on Tuesday, September 15, 2020 at the Government Center via in person and by zoom.**

**CALL TO ORDER:** Meeting called to order at 9:00 am by Treasurer Dan Heinz, who led the Pledge of Allegiance.

**ROLL CALL**

**MEMBERS PRESENT:** D. Heinz, T. Galla, C. Janik, R. Isphording  
In Person

**MEMBERS PRESENT:** R. Foster, P. Soutas-Little  
VIA ZOOM

**MEMBERS ABSENT:** J. Gallagher  
(Prior Notice)

**PUBLIC PRESENT:** J. Stimson, L. Bahle

**APPROVAL OF AGENDA**

Galla requested to add a signer for the documents under #3, Marek Road, in the event Chairman Gallagher is not available for signing.

***Motion by Janik, seconded by Isphording, to approve the agenda as amended. Motion carried 6-0.***

**APPROVAL OF JULY 21, 2020 MINUTES**

Soutas-Little requested to have “the” added to the first sentence in the second paragraph, on page 8, to read “...on the board...”

***Motion by Soutas-Little, seconded by Foster, to approve the minutes as corrected. Motion carried 6-0.***

**PUBLIC COMMENT** – Heinz announced the phone number for the public to call in and give comment. Several minutes were provided for call in but there were no calls.

**UNFINISHED BUSINESS**

Galla provided an update in regards to the house on Madison Ave in Suttons Bay. She heard from Wendy Irvin of Habitat for Humanity that the first three former offers walked away on this last round. Then they had an offer for \$45,000 which was countered at \$36,000 after the property was inspected and the environmental reports were reviewed. They agreed to a \$40,000 purchase and the closing is supposed to take place this Friday. Hopefully this property will get sold and redeveloped.

Heinz added there would be about \$23,000 to go into the Maple City project, from the proceeds of this sale.

**DISCUSSION / ACTION ITEMS**

**1. Bay View Property Discussion (Lois Bahle)**

Bahle stated she has served on the Housing Action Committee (HAC) since the beginning. This property is for sale, all 145 acres which is more than we need for affordable housing. There are different parcels within that area. Bahle referenced a drawing that shows the parcels. She said the one at the north end, bounded by Dumas Rd. and Leelanau Trail, seems most suited. The Village has made an attempt to talk to previous owners in 2010 and again

in 2014 to get it released from the Planned Unit Development (PUD) and go to a zoning designation that would make it easier to develop.

Bahle said she has attended county meetings where discussion was held with how the Land Bank and Brownfield boards can work together on developments. She thought the Land Bank might be helpful so she started a list of pros & cons on the property. Suttons Bay Village is willing to enter into discussion to release the PUD. It is a large parcel within village limits, and has access to the sewer plant. When Bayview was first proposed, the waste system was at capacity. To expand they doubled the size and required Bayview prepay all their hookups. There are over 500 prepaid sewer hookups in this development. The sewer line location in the approved PUD is down the old RR right of way and there is a location for lift station. So, you don't have to talk about where you are going to put a sewer line as it is already on the map. It's available for high density development such as studio size apartments or single family residential. At least 1/3 of it is in the wetlands which is good and bad. It is 2.5 miles from the school, adjacent to the trail and M-22, BATA availability, close to employment, close to grocery and medical facilities. This site already checks off a lot of things that are already on the HAC checklist. The cons: it is part of an old PUD which means some difficulty getting out of it. There are multiple owners involved, wetlands, and a mound on the property of rubble from the old Frigid Food packing plant. There is a cost for cleanup and for developing the sewer line. Financing and a developer are needed. Cost of cleanup and developing sewer line. These are all things the Land Bank would be useful in trying to address. Bahle saw this as a project to look at with greater depth and asked the Land Bank for some help perhaps with a sub-committee. She felt it was worth investing time in this site and the rewards would be more than 10 houses. She was advised to have 125-200 units as that many are needed to have onsite maintenance and manager positions.

Heinz asked about cost. Bahle said she did not know the cost. They want \$2.2 million for the whole 145 acres. This part encumbers the rest of it. The seller may be motivated if this part can be taken out of the rest because the other property is higher end and view properties.

Heinz asked about the PUD and Bahle said all the owners need to release this out of the PUD. She talked with one of the owners, Jeff Roth, and he told her to call him if there are plans or she had more information.

Heinz asked if this would qualify for brownfield money and Galla replies she did not know. She asked Bahle if this is the site that was worked on years ago and Bahle replied, that was Harbor Heights. Galla stated they would need to look at it to see if there were environmental issues and then if there were any funds available to assist.

Heinz said Gallagher had mentioned the Land Bank has a lien on 24 parcels. Bahle said she thought those were by the water. Galla noted they are referred to as air condos because there is nothing built there – they are upper and lower condos that could be built. It goes back to the unpaid taxes on the property and is not through the Land Bank. The Treasurer has those parcels.

Heinz asked about action by the HAC and Galla replied that Bahle provided an update to the HAC the other day and there was no action taken but the HAC felt that developers should be contacted to look at this site.

Soutas-Little thanked Bahle for bringing creative ideas forward and felt it was worth exploring. The cons provide a little challenge. We need to see what the cost would be and how we might move forward on something like this. Janik felt it was worth exploring and did not see a down side to doing that. Bahle mentioned the value of the property and noted the Leelanau Conservancy is required to get appraisals done before they make a purchase. Janik said the Land Bank has also acquired appraisals.

Bahle felt the rewards are worth the effort. We could do enough units to make a dent in the total units we need in the county. Heinz asked if the Village is open to breaking up the PUD and Bahle said, yes. They have tried to get

the owners to come together and talk about it. Also, there are differing legal opinions on whether or not there is a sunset on the PUD.

Heinz asked if we feel this has moved far enough along that it is necessary for a sub-committee to be involved. We can encourage it, but maybe more should be done with the HAC. Bahle was pleased with endorsement the HAC gave to support Housing North and that is a 10-county organization. They have more experience in financing, putting together elements, etc. Galla suggested Bahle talk with Yarrow Brown of Housing North.

Heinz commented we could move this along and put on the agenda again next month. This is a long-term concept. Bahle felt it has been languishing and needs another push.

Janik asked what would be the next step in the process. Bahle said she could start with Yarrow Brown and see what she has to say.

Jonathon Stimson, Homestretch, suggested a first step would be to get an environmental study, a Phase I, to find any mitigating factors on the land. It is money well spent. If you find one that was done, it can be updated.

Heinz asked if there was a mix of housing when the PUD was approved. Bahle said yes, this was the area of higher density for housing. We have never seen anything other than footprints on drawings.

Heinz told Bahle the Land Bank was encouraged by what she was attempting to do. It comes down to financials and whether or not this is something that could be partnered with an organization.

Soutas-Little commented that Bahle has done a lot of pre-work. Soutas-Little felt this was an opportunity for the Land Bank to take a little leadership and look at ways to assist. It would certainly address a major housing problem like mixed workforce housing. There is other housing in the area so it will fit in and not just be viewed as the affordable housing area. This process involves us stepping up and helping where we can. Heinz asked Galla to put this on the agenda for next month.

Bahle spoke on development that happened on Mackinaw Island, as well as income qualifications used from Aspen CO. Their units can not be rented for less than 3 months at a time and anyone renting is not allowed to own property anywhere else on the island so that eliminates people that rent a small unit and put a house on the waterfront. Bahle thanked the Land Bank for their time and encouragement.

## **2. Homestretch Update**

Stimson reported they had a setback with site costs. The bid they had for improvement of the road off M-204 and then getting up to the site and leach field was \$287,000. They had \$245,000 built in to the proforma so they are \$30,000, plus the well cost, over their estimate. It's feasible they can continue and work through that and fine tune some of the costs. One thing beneficial about a private site is that he can take the expense of sewer and water and amortize it over a 40-year period. He could also buy a piece of land for \$100,000 or \$150,000 and still have site work to do that would put them at the same place with cost, but amortizing this over 40 years and not having the tenants have to pay sewer and water works out nice. He would like to move forward. He talked about NIMBY (not in my back yard), PILOT program, and working on a land agreement to try and further the grant process with the Federal Home Land Bank. Homestretch may need another year to get something concrete. He asked to execute the documents to put the property into an escrow account until he could get financing in place. Heinz said at the last meeting he thought Stimson had a 2-week deadline for qualifying for the funding. Do you have to wait another year? Stimson questioned what other projects are being considered for affordable housing. By having land control, it makes it more enticing to try and fund the project. Heinz asked if he was hoping for a

PILOT program and Stimson said, yes. Heinz asked about workforce type housing and the 18 mils vs 36 mils for taxes. Stimson said that would be another step he would have to go through to further this along and he can only go to so many meetings. To get this PILOT and have land control gets him more validity going in front of these municipalities to get what is needed and make the project work.

Heinz asked for comments. Janik asked Galla about the documents which attorney Tim Perrone had developed. Gallagher has been working with county's legal counsel on these documents. Did Galla have any thoughts or concerns? Galla said she had a question for Stimson regarding the escrow agreement. She understood that the deeds would be executed but not recorded. We will hold those so Homestretch can use that as leverage or documentation for whatever they need to apply for but we are not actually going to transfer the property. Stimson said no, but it puts them in the driver seat whether or not they can execute that agreement. If it is held and they get the financing, they've proven themselves, they get the land, so that's the performance – the ability to get it financed. Galla said on the agenda today there are two deeds. She did not have an opportunity to discuss with Gallagher. First deed is a deed from the Land Bank to Homestretch but then there is a deed from Homestretch to the Land Bank. She did not understand why the 2<sup>nd</sup> deed would be needed if we are holding these in escrow. Stimson agreed, unless legal counsel suggested it be done this way where you are deeding it to us to be deeded back. Maybe there was a reason for that. He was not part of that discussion. Galla said she imagined the Land Bank would hold it while development is going on so there are no taxes on it, then deed it out of the Land Bank. She was confused why both of the deeds are needed if we are doing escrow. She can check with the attorney on this. On the agenda is an asset removal agreement with the Land Bank and Homestretch, then there is an asset purchase agreement between the Land Bank and Corey Bumgardner for the items on the property. Stimson said that had nothing to do with him. Galla agreed but said there are two documents which we have to execute so Mr. Bumgardner has a timeframe to come and get items off the property. Then there is the purchase agreement with Homestretch, the escrow agreement and two Quit Claim deeds.

Heinz said we can start working through each one of these step by step, but first we need to address the item added to the agenda by Galla to add a signer in case Gallagher cannot sign. Galla said she had asked to put this on the agenda before the Marek Rd items to have another signer for documents. We have done this in the past in the event the Chairman is not available at the time the documents need to be executed. Given that Gallagher is not here today, she thought it would be a good step to have a backup in the event Gallagher can not sign. That is the first item. Heinz felt this was a good idea. His preference was Janik or Galla be the backup. He asked for discussion.

Janik felt Galla would be the logical choice and she could have the discussion with the attorney before signing. She is very diligent with research on documents.

#### Signer of documents

***Motion by Janik, seconded by Soutas-Little that Galla be the signer for the documents in the event Chairman Gallagher is not available. Motion carried 6-0.***

Heinz said this would be effective now. Janik said this is just a backup plan if Gallagher is not available.

- a. Asset Removal Agreement
- b. Asset Purchase Agreement
- c. Bill of Sale
- d. Purchase Agreement with Homestretch
- e. Escrow Agreement with Homestretch
- f. QC Deed – LBA to Homestretch
- g. QC Deed – Homestretch to LBA

Heinz noted item a. Asset Removal Agreement has a date of no later than December 31, 2020. Is that still the date to keep in this agreement? Stimson said that agreement for the removal has no bearing on him, it is between the Land Bank and Mr. Bumgardner. We have not executed any agreements on the land as of yet. Galla said actually there is one – this first document is the asset removal agreement between the Land Bank and Homestretch. This one is the agreement where Homestretch is going to give the Land Bank \$5,000 to remove all the items. Stimson said there is the fly in the ointment, as his thought was, they would not be paying the \$5,000 unless the financing was in place. If they pay the \$5,000 and can't get the financing and walk away, they are out the \$5,000. His thinking was undo that agreement and just have it between the Land Bank and Bumgardner for removal of the assets on the property. If Homestretch pays \$5,000 for removal then all they've done is remove the structures and they still don't have the land. Heinz concurred. The land is for \$1.00. At last month's meeting, Gallagher did mention the \$5,000 probably wouldn't take place until Homestretch gets all their financing. This would be to work with Bumgardner and get the property dismantled.

Heinz asked Galla if Corporate Counsel still wanted us to enter into this agreement? Galla asked Stimson if his attorney had looked at these documents and approved them. Stimson replied that they prepared them. Janik corrected him and said our attorney prepared them. Galla added they might have been the first drafts that went to our attorney but our attorney reviewed and prepared these documents. Stimson said he had sent them to his attorney and he didn't have any feedback. Heinz noted this agreement requires Stimson's signature. Stimson said he has seen the documents and had them. Heinz said it doesn't impede Stimson's desire to have the land tied up so he can acquire the extra point for application. This is secondary. Heinz asked if we should table this. Would Gallagher want us to tie up that \$5,000 to substantiate our position to go into the sale for \$1.00. Galla said that \$5,000 goes back to the original agreement with Homestretch to pay us \$5,000. On the agenda is the purchase agreement with Homestretch which says it is for \$1.00. She asked Stimson if it messes with his financing plans if we do the purchase agreement for \$5,000?

Stimson suggested he get authorization from his board to give us a check for \$5,000 and then we execute these agreements and be done with it. The only problem is if he doesn't get financing, Homestretch will lose the \$5,000, unless it is refundable. That was the whole intent originally. We would pay \$5,000 for the land, but the grant is written that if it is donated for \$1.00, we get the extra point to help toward approval for financing. It is kind of an end run, and it was discussed at the last meeting and Isphording didn't like it. Stimson said he is still a believer in it but does not have authorization from his board to have over \$5,000 right now. We will pay \$5,000 for the removal or for the land, once we get the financing. Galla said that is unknown. Stimson said it could be a year off. Galla thought we might be better off to just do the asset purchase agreement and bill of sale with Mr. Bumgardner for \$2,000 and have him remove the stuff from the property. She asked Stimson if there was a hurry to have the other documents approved. Stimson said the pressure has been put off of him because the grant cycle lapsed, he didn't meet the first deadline. Within the next month, if we could finalize it, or within the next 2 months would be fine. Galla said if we went in that direction that allows the Land Bank to get payment of \$2,000 from Bumgardner and he has until the end of the year to remove the stuff from the property. We can still talk to Homestretch about selling the land for \$5,000 or, we have a clean piece of property to move forward.

Heinz said maybe one thing that was in John Gallagher's thought process, was that the \$1.00 and \$5,000 go hand in hand. If we sign the \$1.00 agreement, we lose our leverage if we don't have the \$5,000. We do have costs and this is one way to recoup the costs on this project, like unpaid property taxes. He was not speaking for Gallagher but Gallagher put that deal together for \$1.00 to make that part feasible. Galla suggested considering just items b and c with Mr. Bumgardner, not anything with Homestretch at this time.

Janik repeated that Galla is saying only approve the asset purchase agreement with Mr. Bumgardner, and the bill of sale with Mr. Bumgardner. Galla agreed and said that's it; nothing with Homestretch. No agreement for \$1.00, no agreement for \$5,000, no escrow.

Stimson said that sounded great. He stated he edited the asset removal agreement between Land Bank and Homestretch to say that for compensation, "Homestretch shall pay land bank the sum of \$5,000 for removal of assets, payable upon meeting the purchase agreement contingency for which this agreement is attached." Galla replied that is not the document before us. Heinz read from the agreement in the packet and said that is from our attorney.

Stimson said he took that document and edited it. Janik said that's not what we have today and not what our legal counsel suggested. We have to approve what our attorney agreed to. Stimson asked if our attorney had seen the language Stimson inserted. Janik asked when that happened and Stimson replied it was 2 weeks ago and he sent it to Gallagher. Gallagher had some confusion, said send me what you want me to sign. Stimson did. If you accept the language, he inserted it would be payable upon meeting the purchase agreement contingency for which this agreement is attached. So, it means the \$5,000 is payable upon performance. Janik said that's not what we are voting on today and not what our legal counsel drafted. He is not comfortable approving anything that our corporate counsel has not reviewed. He did like Galla's proposal. Would that work for Stimson? Stimson said that was fine and it gives the Land Bank attorney a chance to review Stimson's language.

***Move by Janik, seconded by Isphording, to approve the asset purchase agreement with Mr. Bumgardner as presented, pending final review by our legal counsel. Motion carried 6-0.***

***Motion by Janik, seconded by Soutas-Little, to approve the bill of sale with Mr. Bumgardner as presented, pending final review by our legal counsel. Motion carried 6-0.***

Heinz noted we will table item 3a, the asset removal agreement and items 3 d, e, f, and g.

Galla said her suggestion was that we do not approve anything with Homestretch at this time. Heinz said they won't get that \$1.00 agreement to get the extra point to qualify for the next financing round. Stimson said if we can execute that at the next meeting, it is fine. Heinz confirmed items d, e, f, and g, will go on the October meeting agenda. Heinz thanked Stimson for his attendance and discussion.

### **3. Budget Worksheet / Discussion**

Galla noted we have to have a 2021 budget adopted by the end of the year and this is Gallagher's draft that he has presented. It spells out the revenue at the top, and expenditures below. Revenue includes TIF and very small amount of interest. Galla briefly reviewed the proposed 2021 budget. She did not have a chance to get into the computer to get the fund balance for the account. Galla noted modifications to the budget can always be done throughout the year if there is additional revenue or expenses that come up.

***Motion by Janik, seconded by Galla to approve the budget as presented. Motion carried 6-0.***

Heinz said Galla had mentioned earlier about the fund balance for the Land Bank. The fund balance is anticipated to be used on projects where we might put some money into them like what was done on the first Maple City project. Galla confirmed we have used funds for a number of things such as environmental studies, purchase of land, to hire consultants, and the Maple City project. We did lose money on that site because we did not put a brownfield plan in place to try and recover some costs but that's because we found out we would not have been able to recover all the costs spent on it and might spend more on the development of the brownfield plan than what we would recover. We have other projects where we made considerably more off the properties. Overall, we have not lost money, but we did on that Maple City project. Heinz felt it would be very aggressive for us to commit a substantial amount to a project like the Bayview site, in anticipation of getting that money back in

property taxes over many years. We would lose our flexibility. Galla agreed and added we definitely want Gallagher's input on that as County Treasurer. He has said in the past the budget is pretty tight.

**CLAIMS & ACCOUNTS** - None

**POST AUDIT** - None

**PUBLIC COMMENT**

Heinz announced the number to call in for public comment. There were no phone calls for public comment.

**MEMBER / CHAIRMAN COMMENTS** – None

**ADJOURN**

*Motion by Janik seconded by Galla to adjourn. Meeting adjourned at 10:02 am.*

APPROVED