



Leelanau County Government Center

Leelanau County Land Bank Authority (LC-LBA)

Website: <http://www.leelanau.cc/landbank.asp>

8527 E. Government Center Dr.
Suttons Bay MI 49682 231-256-9838

NOTICE OF MEETING

The Leelanau County Land Bank Authority (LC-LBA) will
meet on **Tuesday February 18th, 2020 at 9:00 am**
at the
Leelanau County Government Center

DRAFT AGENDA

PLEASE TURN OFF ALL CELL PHONES

PLEDGE OF ALLEGIANCE

CALL TO ORDER

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF MINUTES: January 21, 2020 and February 4, 2020 *pgs 2-8*

PUBLIC COMMENT

➤ UNFINISHED BUSINESS
1. Update on Open Position

➤ DISCUSSION/ ACTION ITEMS
1. Brownfield Application for Land Bank properties (*sent separately*)
2. Maple City Update
3. Any other business.

CLAIMS & ACCOUNTS

POST AUDIT

CORRESPONDENCE/COMMUNICATION ITEMS

PUBLIC COMMENT

MEMBER COMMENTS

CHAIRPERSON COMMENTS

ADJOURN

Members

Treasurer John A. Gallagher III – Chairman
Trudy Galla - Secretary
Dan Heinz - Treasurer
Chet Janik
Patricia Soutas-Little
Rick Foster
1 open position

**A REGULAR MEETING OF THE LEELANAU COUNTY LAND BANK AUTHORITY
WAS HELD ON TUESDAY, JANUARY 21, 2020, AT THE LEELANAU COUNTY
GOVERNMENT CENTER.**

Proceedings of the meeting are being recorded and are not the official record of the meeting; the formally approved/accepted written copy of the minutes will be the official record of the meeting.

CALL TO ORDER Meeting called to order at 9:00 am by Chairman Gallagher who led the Pledge of Allegiance.

ROLL CALL

Members Present: J. Gallagher, T. Galla, C. Janik, D. Heinz, P. Soutas-Little

Members Absent: R. Foster
(Prior Notice)

Staff Present: T. Galla, Director

Public Present: J. Hawkins, J. Tischler, J. Stimson, R. Isphording, W. Irvine, D. Bushey, C. Frey

Welcome new member Dan Heinz

Heinz stated he was retired and lives in Bingham Township. He worked as a public CPA in Traverse City for fourteen years, then became secretary/treasurer and CFO for a management company, also in Traverse City, for twenty-six years. Heinz continued, saying he was Chairman of the Leelanau County Planning Commission years ago, when the General Plan was formulated and approved, and he is looking forward to getting back into an appointed office in Leelanau County.

CONFLICT OF INTEREST – None

APPROVAL OF AGENDA

Motion by Soutas-Little, seconded by Galla, to approve the agenda as presented. Motion carried 5-0.

APPROVAL OF DECEMBER 17, 2019, MEETING MINUTES

Soutas-Little asked for a change in wording on page 4, for added clarification. Heinz also pointed out several spelling errors.

Motion by Janik, seconded by Soutas-Little, to approve the meeting minutes as amended. Motion carried 5-0.

PUBLIC COMMENT - None

UNFINISHED BUSINESS - None

DISCUSSION/ACTION ITEMS

Appointment of 2020 Treasurer and Secretary for LBA

Motion by Janik, seconded by Soutas-Little, to appoint Heinz as Treasurer. Motion carried 5-0.

Motion by Janik, seconded by Soutas-Little, to appoint Galla as Secretary. Motion carried 5-0.

Recommendation to County Board for member

Motion by Soutas-Little, seconded by Janik, to recommend T. Aftaxiodis.

Soutas-Little stated Aftaxiodis had served in other communities in the past and brings a lot of experience which would be useful on LCLBA as well.

Galla said she reached out to those who had expressed interest in LCLBA, and Isphording was the only one to respond so far. In the past, Winkelman expressed an interest if he could be on both LCLBA and LCBRA.

Motion by Janik, seconded by Gallagher, to recommend Isphording.

Isphording said he was a U.S. Army veteran who lived in Northport and had seven kids and fourteen grandkids. He started his career with Proctor & Gamble and then started a couple of small companies himself. He was President of Isphording Associates, which sold labels for beauty products to Proctor & Gamble. He ended his career representing minority suppliers and firms to Proctor & Gamble. He feels he could bring a different perspective to the board and would like the opportunity to work with the LCBRA.

Janik questioned if Winkelman was on the County Planning Commission. Galla affirmed.

Soutas-Little said she would withdraw her motion since Aftaxiodis did not express an interest. Gallagher stated they could send multiple names to the County Board for consideration. If Aftaxiodis does not wish to accept the nomination, they would have a second person for consideration.

Soutas-Little withdrew her motion.

Motion on the table to recommend Isphording carried 5-0.

Review and Adopt 2019 Meeting Schedule

Motion by Janik, seconded by Heinz, to approve the meeting schedule for 2020, as presented. Motion carried 5-0.

Review of bids for Marek Rd. property

Gallagher stated they received one proposal from Homestretch. Galla requested hearing from Homestretch representative, J. Stimson.

Stimson said he wanted to respond to any opportunity for affordable housing. This is not an easy property to develop or get funding for, but they are willing to put in the work to see if there is any traction. Stimson continued, saying his first intent was to put up a “for sale” product, but it seems there is very little money available for “homes for sale.” Most of the grants are for rental housing, multi-family specifically. Stimson said C. Frey looked at the number of rentals they could put on this property.

Frey said the property is zoned Agriculture, and one single family home is allowed. A duplex is sort of conditionally zoned by right because it is two acres. Two duplexes could be zoned by a planning process and special use permit process. Frey continued, saying Suttons Bay does have a multi-family qualification that is eligible for the special use permit process with Agricultural land, but it requires 300 feet of road frontage, and this parcel is only has 285 feet.

Gallagher questioned what Stimson meant when he said this property was difficult to develop. Stimson said the topography and getting to the property would be challenging. It doesn't have exposure to the village or a good walk score, but they can overcome this with more money. Grant funding will be king, without funding it will be an uphill battle to develop the property. Stimson continued, it's on everyone's radar for affordable housing, the key is, can they get enough grant money to offset the holding costs. Typically, two-thirds of the development has to be grant money or philanthropic to keep the rent low. He has the rent set as a hybrid on this, 60% Area Median Income (AMI) which has been shown to be the rent threshold Leelanau County is suffering.

Gallagher questioned if Grand Traverse Band of Ottawa and Chippewa Indians (GTB) 2% funds were considered. Stimson said they could entertain that idea. Gallagher stated the LCLBA could submit request on their behalf. Stimson said he would need to see what the stipulations would be. Janik stated it would be a grant without conditions if it was received.

Stimson continued, saying this proposal will cause other zoning variance requests to be made, and when they go into a smaller community, they can get a lot of pushback from "Not In My Backyard" (NIMBY). He doesn't think they will get that type of push-back on this property. Stimson said if they could increase it to six or eight units, or two four-units, that might be more palatable for keeping a sustainable development. With four units, if you have one vacancy, the spreadsheet kind of falls apart. Stimson mentioned grant funding from the Federal Home Loan Bank for affordable housing. Frey stated they would be dependent on either propane or electricity for heat. Soutas-Little asked about using the most efficient appliances to help keep the rent low. Stimson said energy star appliances always get them additional points for all of their grants.

Galla questioned the \$5,000.00 cost to purchase the property from the LCLBA and the cost to relocate a structure. Who would be paying for the relocation of the existing structure? Stimson said he is not asking the LCLBA to pay the relocation fee. Stimson said getting access to the structure is going to also cost money. Heinz questioned if the parcel was located on a private road.

Discussion ensued on access to the parcel.

Frey said he reviewed Stimson's proforma process and rent levels only support a \$467,000 mortgage. The total project is over \$750,000. Buried in the cash flow of those rent levels and the net cash flow of expenses (property tax), buried in there is a payment in lieu of taxes (PILOT). There is no PILOT ordinance in the township. One of the 1st hurdles is to pursue a PILOT. The difference between PILOT proforma-vs-straight forward non-PRE, is 3x or 4x as much. Non-PRE tax levels at a conservative \$100-\$150K tax value applied to this at post development are over \$11K a year on your cash flow. If you are stuck with non-PRE tax, that can take \$100-\$150 off the mortgage level because of the net impact on the cash flow. Jim Tischler commented that a 5/50 can work with PILOTS but it is a proration and half of that would go to LCLBA. He noted that his presentation later today will cover this and you will see that the Land Bank can handle this without a PILOT.

Stimson said they would pursue it and the township could make it a non-profit only. The ordinance could be specific for non-profits, and not a tax break for profit developers. Heinz questioned what the deferred

developer fee and the developer fee were. Stimson said half of that is to be paid back to Homestretch up front, with the other half being paid pro-forma over 5-10 years.

Janik stated the proposal needed to be amended so that it reads “not to exceed 270 days.”

Motion by Gallagher, seconded by Janik, to accept the Homestretch proposal as amended, to read “not to exceed 270 days.”

Heinz questioned if the building was currently occupied. Gallagher stated it was not, there is no electricity or running water. He feels they should support this proposal and move forward.

Motion on table carried 5-0.

Review working agreement and schedule closing on Flaska property

Gallagher explained this was the second amendment of the buy/sell agreement between Leelanau County, Habitat for Humanity, and Flaska. Flaska accepted the offer and they are waiting for the working agreement between Habitat for Humanity and LCLBA. Gallagher said once they receive that agreement, they may need to call a special meeting to authorize it. They have a closing date of February 7th.

Authorization to remove Mark Walter for Chemical Bank signature card.

Motion by Soutas-Little, seconded by Janik, to remove Mark Walter, and add new Treasurer Dan Heinz, to the Chemical Bank account. Carried 5-0.

POST AUDIT

Gallagher stated this was for the second appraisal of the Flaska property.

Motion by Soutas-Little, seconded by Heinz, to approve Post Audit in the amount of \$450.00. Motion carried 5-0.

CORRESPONDENCE/COMMUNICATION ITEMS – None

PUBLIC COMMENT

Frey said he was grateful that Stimson was working on the Marek Rd. property proposal and he would be happy to continue helping. He also wanted to emphasize earlier comments, saying this speaks loudly that we as a body should continue to work on and figure out a strategy for pro-activity. Concentrate the housing, when we can, in our population centers. Frey mentioned there are too many abandoned, vacant buildings and they need to get the word out to property owners so they can look at the LCLBA’s approach.

MEMBER COMMENTS - None

CHAIRPERSON COMMENTS - None

ADJOURNMENT

Meeting adjourned at 9:57 a.m.

**A SPECIAL MEETING OF THE LEELANAU COUNTY LAND BANK AUTHORITY (LC-LBA)
WAS HELD ON TUESDAY, FEBRUARY 4, 2020, AT THE LEELANAU COUNTY
GOVERNMENT CENTER.**

Proceedings of the meeting are being recorded and are not the official record of the meeting; the formally approved/accepted written copy of the minutes will be the official record of the meeting.

CALL TO ORDER Meeting was called to order at 9:00 am by Chairman J. Gallagher who led the Pledge of Allegiance.

ROLL CALL

Members Present: J. Gallagher, T. Galla, C. Janik, P. Soutas-Little

Members Absent: D. Heinz, R. Foster
(Prior Notice)

Staff Present: T. Galla, Director

Public Present: T. Wessell, W. Irvin, N. Kalchik

Gallagher stated the closing was scheduled for Friday, February 7, at 4 p.m.

APPROVAL OF AGENDA

Motion by Soutas-Little, seconded by Janik, to approve the agenda as presented. Motion carried 4-0.

PUBLIC COMMENT - None

UNFINISHED BUSINESS - None

DISCUSSION/ACTION ITEMS

Review working agreement and approve closing on Flaska property

Gallagher explained the addendum was presented by the seller to either revoke or forego the \$25,000.00 charitable contribution. Gallagher said there were several references in the original purchase agreement to this charitable contribution that are being removed. He met with Counsel yesterday and reviewed these changes. A sentence in the first item on page 2, titled *Terms* that stated Habitat for Humanity would give a contribution of \$25,000.00 has been removed. Additionally, Counsel for Habitat for Humanity requested that upon acquisition, property shall be ‘owned’ instead of ‘held’ and Section 1a., reflects this. Gallagher stated Counsel for Habitat for Humanity said requesting that Habitat for Humanity sell all of the units at one time was not realistic. Instead, Leelanau County Land Bank Authority (LC-LBA) will sign off as each unit is sold. Gallagher pointed out this change in the revised document which is located at the top of Page 3, *General Terms*, and now reads “LC-LBA will quit claim their interest to the developer as each unit is sold.”

Galla clarified that LC-LBA and Habitat for Humanity would jointly own the property, and then as Habitat for Humanity completes a unit and it is ready to sell, LC-LBA will quit claim their interest in that property to Habitat for Humanity. Soutas-Little questioned how an individual unit would be considered ready for sale, if it was part of a larger two-unit complex. Gallagher stated they would need a Certificate of Occupancy and once that has been issued, LC-LBA would then quit claim their interest in that unit.

Gallagher discussed one of the terms in the contract stating the developer may not offer more than two of the six potential units at market rate. Gallagher questioned whether they should define the number of potential units. If Habitat for Humanity needs market rate housing to supplement the development, the LC-LBA is requesting that no more than two units are put into this development. Gallagher said this is something the LC-LBA wants to keep as part of the agreement. Irvin stated it didn't harm Habitat for Humanity as far as planning for this development, they are not certain of the number of units themselves.

Galla commented that they shouldn't identify which units would be offered at market rate because they don't even know what the development is going to look like yet. Irvin stated she would be okay leaving that in the contract, as is.

Gallagher moved to Section 4, *Completion of Work*, stating that the construction manager, Nate Kalchik suggested the date of completion be moved from July 2022 to December 2022. This change has been made in Section 4 and in Section 3b.

Gallagher continued to Section 6, *Ability to Reclaim*, and said the intent was for all parties considered. If Habitat for Humanity does not complete the project within the time frame, or funding is not available to complete within the timeframe, any undeveloped units would revert back to the LC-LBA. Gallagher said they don't want those units to just sit vacant, they want the opportunity to reclaim the properties and partner with another developer or do something with those. Galla, Gallagher and Courtney Gabbara, Counsel for LC-LBA, all feel this is a valid piece of the agreement and would like it to stay in. Irvin questioned the intent. Gallagher stated the LC-LBA would have the opportunity to reclaim the unfinished units after the deadline. The LC-LBA could also decide to extend the completion date if necessary. This is a way of protecting the LC-LBA's investment. Irvin stated that if they had any concerns during the project, they would certainly bring them forward. Galla pointed out Item G, on page 5, allows for amendments or modifications if both sides agree in writing. If they were moving along and needed more time, they could ask for that.

Gallagher concluded, saying he felt it was appropriate to approve the amended document and base the closing on it. If, after closing, there is to be an amendment or proposal, they could take that under consideration. Gallagher didn't feel there was any material issue that Habitat for Humanity or their Counsel would object to. If there are, they do have provisions to amend the agreement.

Galla questioned where Habitat for Humanity was in this process and did they still need approval from their board. Irvin stated if their attorney "signs off" on it, then the board is okay with the agreement.

Motion by Janik, seconded by Galla, for Chairman Gallagher to sign the document, pending final review by our legal Counsel.

Gallagher said the document is the purchase agreement presented today. Janik added that if Counsel has some other changes, the closing can still proceed after those changes without an amendment or a special meeting.

Motion on the table carried 4-0.

Irvin thanked members for making the requested changes.

Gallagher stated the next item was the authorization of the Chairman to sign all closing documents for the purchase of the Maple City property, on February 7th, at 4 p.m.

Janik questioned if the closing documents had been reviewed by legal Counsel, and stated it would be a good idea.

Motion by Janik, seconded by Soutas-Little, to authorize Chairman Gallagher to sign all closing documents for the purchase of the Maple City property, pending legal review of all closing documents. Motion carried 4-0.

CLAMINS & ACCOUNTS – None

POST AUDIT – None

CORRESPONDENCE/COMMUNICATION ITEMS - None

PUBLIC COMMENT - None

MEMBER COMMENTS

Gallagher said he thought they had a solid document which they could work off of again. Pending legal review of the closing documents, they should be prepared to close on Friday, and he will take care of the payment. Janik requested Gallagher provide a quick update on Friday to everyone.

CHAIRPERSON COMMENTS - None

ADJOURN

Motion by Soutas-Little, seconded by Janik to adjourn. Meeting adjourned at 9:26 am.