

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

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

**ROLL CALL**

**MEMBERS PRESENT:** T. Galla, J. Gallagher, R. Isphording, C. Janik  
(in person)

**MEMBERS PRESENT:** D. Heinz, P. Soutas-Little, R. Foster  
(zoom)

**PUBLIC PRESENT:** J. Hawkins

**STAFF PRESENT:** L. Evans

**APPROVAL OF AGENDA:**

Heinz added “Final disposition of the Madison Ave. property in Suttons Bay” and “Lois Bahle’s potential development” to the agenda.

***Motion by Janik, seconded by Isphording, to approve the agenda as amended. Motion carried 7-0.***

**APPROVAL OF SEPTEMBER 15, 2020 MINUTES**

***Motion by Soutas-Little, seconded by Heinz to approve the minutes as presented. Motion carried 7-0.***

**PUBLIC COMMENT** - none

**UNFINISHED BUSINESS**

Gallagher stated he has not heard anything more from Lois Bahle with regard to the proposed project in Suttons Bay. Heinz mentioned Bahle had asked them to set up a sub-committee and he tried to table that last month because he didn’t think that was something they should take the lead on. The Land Bank could certainly provide support. Isphording agreed with Heinz and said they would need more discussion and lead from Bahle with economic impact studies, infrastructure, environment, etc. She needs to do more heavy lifting before we get involved.

Gallagher reported that the Madison Ave. has been sold and the funds have been transferred to the Land Bank. Habitat for Humanity funds for the Maple City project were deposited with the Land Bank in the amount of \$19,540.63. That’s a closed sale and they are moving forward with the Maple City project, of which he has not had an update from Habitat for Humanity. For them to draw down on this cash, they need to submit expenditures to this board for approval. Heinz pointed out that they are asking for \$75,000 from the County Board for Habitat for Humanity. Is that a pass through from the Grand Traverse Band of Ottawa and Chippewa Indians (GTB)? Gallagher said it had nothing to do with the Land Bank, it is a 2% grant application. Treasurer’s office supported the request and submitted it to the County Board. Janik stated we won’t know until probably January if it is approved.

## **DISCUSSION/ACTION ITEMS**

### Homestretch – Marek Road

Gallagher said the intent of having this on the agenda today was to have Jon Stimson present to request an extension into 2021 for the next funding cycle. Stimson notified Galla and himself late last night he is on another meeting this morning and could not zoom in today. As it stands, the option for engagement expires with Homestretch on 12/31/20. Request is to grant him another year to try and secure funding for this project. Galla clarified that Stimson couldn't attend today because he is on another call discussing funding for this particular project.

Janik asked what happens if we choose not to take action or not to renew it. Gallagher said Stimson's rights to develop the project would expire and we would be open to different options. Janik said we could look at options or enter a dialogue with him, also. Gallagher said at this time it is his recommendation they take no action and allow it to expire. Galla asked for clarification on why the documents were provided by Stimson. Was he asking for the documents to be executed or was he asking for an extension? Gallagher stated his intent was for an extension, he is not sure why these documents were provided. The Land Bank has provided documents that have been reviewed by our legal counsel; the documents provided today have not. Janik asked if the property was cleaned up and Gallagher said no.

Heinz felt that if Stimson has costs into this property, he will probably try to recoup even if they don't go through with this deal. Wouldn't it be good to enter into this now and get \$5,000 to the Land Bank and then Stimson can talk to Bob Brick to sell for \$8,000? There is a letter of intent included with the documents from Stimson. Gallagher stated his intent was to first answer Janik's question with regard to the clean-up of the site. They did have an interested party that was going to take the structure down and remove it from the site and pay us for it. However, over the course of last five months, the property (personal) has been vandalized and most of the interior has been removed. So, it's now just a shell and the interested party withdrew their interest.

Galla suggested since Stimson was not present to review this, that they take no action today. Stimson can always come back to the board in January. Gallagher stated it was in their best interest to let Stimson present a new proposal based on 2021 funding at a future date. Galla questioned if they needed to take any action since they have an agreement with him until end of the year. Gallagher said they do not. Soutas-Little agreed with Galla, Stimson can re-address in January, if interested. No action was taken.

### Re-Max Letter of Intent

Gallagher stated we have received an unsolicited letter of intent for acquisition of the Marek Rd. property, the same property that Homestretch is proposing to develop. In the letter, Bob Brick is suggesting a purchase price of \$8,000 cash, with a \$500 refundable deposit, 90 days due diligence, no contingencies. It allows Brick access to the property and closing within 30 days of the due diligence period. Brick is interested in properties held by the Land Bank. Gallagher told Brick this was the only property that the Land Bank holds and there is a contractual agreement outstanding that expires on 12/31/20. The proposed Suttons Bay Condos, that the treasurer holds, has not been transferred to the Land Bank. Gallagher said this really puts us at a pivot point on what the intent of this board has for the Marek Rd. property. Should the Land Bank work with Stimson and grant him an additional year when there is no guarantee of funding? We have the option of selling the property, which would put it back

on the tax roll. Do we make a counter offer to Brick, do we Request Proposals (RFP) for Multiple Listing Service (MLS) with a realtor? This board doesn't have to make a decision today.

Janik stated he has a lot of respect for Brick, but feels it would be unethical for the Land Bank to accept his offer. There are probably many people and real estate agents interested in this property and he strongly recommends we do not accept this offer. Janik added we need to determine what our intent is and if we go forward, we should market it and give everyone an opportunity. To accept one individual's offer on property that the public doesn't know is for sale, is not in our best interest. Soutas-Little said we also have to consider our mission of trying to influence workforce and affordable housing. She agrees that we shouldn't approve it at this point in time. Janik recommended waiting until January and see what happens with Homestretch and then have a discussion. Members agreed. No action was taken.

#### Traverse City Whiskey Introduction

Gallagher noted Hawkins has a signed agreement letter with Traverse City Whiskey Co. (TC Whiskey) for consultant work. Hawkins confirmed. Gallagher said because of the scope of the project, it is being presented at this meeting. He wanted to introduce the concept and turn it over to Hawkins, as the consultant, for further insight. The property is located on 633, north of Cherrybend Rd. The parcel has been split and Cherry Grower is now defunct. It was acquired by TC Whiskey for rehabilitation and distribution of spirits in Leelanau County. On the north end of the property, brine pits are still being utilized by another party. The production facility, the house and the mass acreage were acquired by TC Whiskey. TC Whiskey is proposing up to four phases on 35 acres. They are looking at building a lodge, a rack house for storage, and a water tank for suppression. The distillery will be in the old section of the Cherry Growers campus. There will be a visitor center adjacent to where the house currently sits. The 35,000 square foot building currently on the site is blighted. Gallagher asked Hawkins to elaborate.

Hawkins said he has been working with Chris Fredrickson and TC Whiskey to try and find when they are ready to move forward and they are now ready for a blighted designation of the facility and interaction with the Land Bank. His feeling is that Envirologic will work to identify potential incentives and financing to support the project. A fair amount of interior demolition and site demolition of the former processing facility and the old farmhouse is required. Of more significance, are the needs related to infrastructure, high pressure gas, natural gas, and sewer. Hawkins continued, saying they would likely come forward to the Leelanau County Brownfield Redevelopment Authority (LCBRA) as well, as a collaborative effort. A Brownfield Plan allows Tax Increment Financing (TIF) for covering some costs. The relationship with the Land Bank could potentially expand eligible activities under a Brownfield Plan, such as infrastructure and sewer. Those are normally only allowed in a CORE community, and basically Leelanau County doesn't have any CORE communities. When the Land Bank is involved, we can expand eligible activities through a Brownfield Plan. We can also provide information to the Land Bank on how that relationship can be structured for us to take advantage of some of those resources. Hawkins said in his conversations with the owners, this is now on the front burner, with the possibility of having shovels in the ground by spring. Hawkins concluded by saying it takes a little bit of time to put a Brownfield Plan together and take it to the units of government. We have some work to do to get through everyone's meeting schedules.

Gallagher said in the last 18 months, he and Galla have met with the owners, and Jim Tischler from the state Land Bank Authority. The Land Bank involvement, prospectively, could look similar to what they did with REACH, in regards to taking possession or becoming co-owners in order to get the blight

designation and enable some of these opportunities to come into fruition. Gallagher continued, saying this is not up for action today, it is simply for informational purposes only.

At the next meeting in January, if there are concerns, Hawkins will be prepared to address those, and we can assist with their timeframe trying to get going by spring. Heinz questioned if this was part of the conservation easement around the Stanek property. Gallagher responded, no. Heinz said this is a carveout of that property then. Gallagher responded, yes.

Galla asked Hawkins if he has a timeline for when he would be coming back to the Land Bank and the Brownfield Redevelopment Authority (LCBRA). Hawkins stated he would have to look at how he could fit this into various meeting schedules and so forth, so he doesn't have a timeline yet. Also, he is looking at other incentives like Michigan Economic Development Corporation (MEDC), who dictate a pretty stringent schedule. Hawkins continued, saying he suspects the only program available to them right now is the Business Development Program Grant, which is based on number of jobs created and employees. He likes to identify what they are trying to shoot for and look at when the Michigan Strategic Fund Board meets in order to get on that agenda. You need to have most things ready and approved six weeks prior to their meeting schedule.

Gallagher inquired if any of this would be executable or need a review by corporate counsel? Hawkins said he was not sure he would be ready in January, possibly they could get a brownfield application in. Gallagher asked if a Brownfield Plan was contingent on a partnership with the Land Bank. Hawkins replied, if we are just talking demo and lead/asbestos, you don't really need the Land Bank. If we do need to offset costs for infrastructure and other costs, then yes, the Land Bank needs to be involved. Hawkins said they have to look at what makes the most sense for structuring the project to allow them to put resources toward improving that property and getting jobs created and getting it operating. Gallagher questioned if Hawkins had an opportunity to reach out to Jeff Huntington at the State Land Bank to see if there are funds available. Hawkins responded that he was in the process of compiling a list of entities they need to approach. Also, it may be necessary to ask for a special meeting to facilitate an aggressive timeline.

Galla questioned if the township was aware of this plan. Gallagher stated they had gone before the township presenting language for an ordinance for distilleries because township ordinance does not have one. Hawkins stated he had not had any communication with the township yet. Gallagher said he suspects TC Whiskey has approached the township regarding an industrial facilities tax, but that is just one tool in the toolbox and he doesn't know what they are going to try and utilize. Hawkins stated there will need to be a formal inquiry from the LCBRA to the local unit of government to make sure that they are not hitting any snags and to make sure the township is on board so LCBRA and the county feels free to move forward to support the incentives. They will have to work with the township assessor for future taxable value to determine tax increment model from a standpoint of reimbursing eligible costs and time frames behind that. Gallagher questioned if it would be prudent for TC Whiskey to pursue a Brownfield Plan and then engage with the Land Bank for the purpose of establishing and retaining the base value for the tax increment financing so that the township is not adversely affected by a reduction in the taxable value during a partnership or equity position and ownership. Hawkins said based on previous Attorney General's opinion on the use of Land Bank for this type of project, it would not be his recommendation to zero out the taxable value of the property. Just the sheer nature of the transaction with the LCBRA, the Land Bank and the owner, it's really an in and out. The duration of the Land Bank holding it would be weeks and months, not years. The Land Bank would have to hold it over year end for a new value to establish and he doesn't perceive that happening. At the time the Brownfield Plan

will be adopted, that is the time the Land Bank would have some ownership, an escrow agreement or a transfer of deed. Once that Brownfield Plan is adopted, it rolls right back out. Gallagher stated, we have the authority to request it not be zeroed out as part of the execution of the project. Hawkins replied that was correct, and they can always amend the Brownfield Plan as the phases of the project come into play. Hawkins concluded by saying that the beauty of a Brownfield Plan is that there is no threat or debt to the local unit of government.

### **Bylaws and Policies & Procedures**

Gallagher stated that most of the Procedures have been revised, and the bylaws were last amended in 2016.

Janik stated that according to the revisions of the Open Meetings Act, we have the right to have video meetings. That will expire on 12/31/2020, but can continue after this date if the Board of Commissioners passes a resolution declaring a state of emergency in Leelanau County. There is also talk at the state level, about modifying the Open Meetings Act at least through March 2021. If a resolution is passed by the Board of Commissioners, it will allow all units of government in the county to continue with video meetings. Janik said he will recommend the Board of Commissioner's declare a state of emergency if the state does not modify the Open Meetings Act. Declaring a state of emergency is really to be in compliance with the Open Meetings Act. Janik said that long term we can change the bylaws as the County Board did, prior to COVID, and allow members to participate by video two times a year. However, the majority of the members have to be in the room for a quorum in order to proceed with the meeting. Janik suggested they hold off until January to hear if the state will make modifications before the end of the year.

Hawkins pointed out that based on the current bylaws, Section 4.5, the language is already in there. Janik responded that the key is you have to have a majority of the members present in the room, that is state law.

Gallagher asked Hawkins how they proceed with foreclosures based on the current challenges and court cases. How will the Land Bank be treated with regard to past transfers and sales that occurred? How do they move forward with future acquisitions, etc. Hawkins said he is paying attention to what other Land Banks are doing. He is not aware of them making any changes to their policies at this time. Hawkins said everyone is moving forward with caution on tax foreclosure properties, especially when looking at affordable housing or making any type of investment on a property.

Galla directed members to the Mission Statement which refers to 'undervalued properties' and said she was not sure if that applies to Leelanau County. Are there any "undervalued properties" left in the county? Galla asked for comments in writing from members by Friday, January 8, end of day on the Policies & Procedures. Gallagher tasked everyone with reviewing the policies and procedures and to bring forward for discussion and review in January.

### **Other business**

Gallagher requested each member come up with a list of goals by January 8th for Galla to put together for 2021. The County Board does it annually and Janik follows up on the progression of each goal. Gallagher feels they hold themselves accountable and stay focused by setting a few goals. Gallagher continued, asking if members wanted to present as a body, to the Board of Commissions, for additional funding in 2021. The state has tightened its belt as far as grants for remediation/demolition and the

Land Bank could use additional funding for the purpose of either acquisition, or demolition, with the prospect of being refunded by TIF, or even being able to borrow money from the tax foreclosure fund. Gallagher and Janik had a conversation with the county's attorney in early fall on that, but have not brought it to this body yet for consideration. They could have a standing agreement and dollar amount which the Land Bank could borrow from the tax revolving fund for purposes of the Land Bank's mission. Gallagher will add this as a discussion item for consideration, at the January meeting.

**CLAIMS & ACCOUNTS** - None

**POST AUDIT** - None

**CORRESPONDENCE/COMMUNICATION ITEMS** - None

**PUBLIC COMMENT** - none

#### **MEMBER COMMENTS**

Galla requested Habitat for Humanity give an update in January on the progress of the Maple City development. We are co-owners in that development and so far, have not seen any development plan that the township will need to approve for the site.

**CHAIRPERSON COMMENTS** - None

#### **ADJOURN**

***Motion by Isphording, seconded by Janik, to adjourn. Meeting adjourned at 10:12 am.***