

A regular meeting of the Leelanau County Land Bank Authority was held on Tuesday, March 16, 2021 at the Government Center, and by zoom.

The meeting was called to order at 9:00 am by Vice-Chairman Dan Heinz, who led the Pledge of Allegiance.

ROLL CALL

Members Present

(Government Center): D. Heinz, T. Galla, C. Janik

Members Present

(ZOOM): J. Gallagher-Traverse City, MI
T. Wessell-Anna Maria Island, FL
R. Isphording-Cincinnati, OH

**Members Absent
(Prior Notice):**

R. Foster

Public Present: J. Stimson (9:03 am)

APPROVAL OF AGENDA

Motion by Janik, seconded by Heinz to approve the agenda as modified.

Janik requested adding an item for Open Meetings Act update. This was added to New Business.

Motion carried 6-0.

APPROVAL OF February 16, 2021 MINUTES

Motion by Wessell, seconded by Isphording to approve the minutes as presented.

Motion Carried 6-0.

PUBLIC COMMENT

Janik announced the phone number for public comment. There were no public comments.

UNFINISHED BUSINESS - None

DISCUSSION / ACTION ITEMS

1. Marek Road

Galla gave update on the bid process, reviewing the release of the RFP, placement of the notice on the county website and MITN website, and the due date. Two proposals were received by the due date.

Wessell asked about prior owner and tax foreclosure. Janik asked if there were any unusual circumstances with the tax foreclosure situation and Gallagher replied, no. Janik said he would be very leery about violating our own procedures and accepting a bid from a prior property owner. He asked if we had ever done that and Galla and Gallagher both replied, no.

Heinz asked for information on the notice and the court filing. Gallagher said he took this a step further by going through Quiet Title and made notice to the prior owners (Watkins) that he was going to Quiet Title which means it relinquishes all their claims against the property. The County prevailed in court and we have clean title to the property now.

Heinz stated that would leave the Homestretch offer as the last remaining of the two bids. Back in December, we had heard that realtor Bob Brick had made an offer of \$8,000 but the Land Bank did not take any action on that.

Janik said we did not know the fair market value. Heinz stated we do not know how much true value we have there, if the \$8,000 or \$10,000 is sufficient. Do we know enough about fair market value at this point to know which way to go? He asked for comments.

Gallagher said the last 2 cash transactions on this property, outside of foreclosure were between \$30,000 and \$50,000 and were over the course of the last few years.

Heinz asked if Stimson would like to comment on his proposal and asked if there was anything new.

Stimson said he had renewed interest in this project due to some local groups coming forward to Homestretch offering to help fund the project. This is a 10 unit proposal. If we can raise the funds, it would alleviate going to a grant process. We would be up against that grant cycle in 2021. He cited capital subsidy of approximately \$600,000. Stimson felt with conversations with local groups, that money could be raised without the need to go for grants or subsidies. There would still be a federal government loan attached to it and the terms are aggressive: 3.25-3.5% interest for 40 years. If interest rates are going to climb, now is the time to get these projects underway. Every increase in the interest rate means we have to pull in more money.

Heinz asked if this was a PILOT (Payment in Lieu of Taxes). Stimson replied it is written that way, as there is no way they can suffer the ad valorem expense. It has to be a PILOT program to lower the expenses.

Heinz commented on the 1st proposal from Homestretch last year and the goal was 6-8 units with a cost around \$750,000. This proposal is 10 units for almost \$2 million. He asked what would happen if the township only approved 5 or 6 units. Stimson replied that it would change the proforma and 6 units may be the bottom threshold. Eight would be better, and with 10 it performs on its own. The zoning administrator talked with the township and sounds like 10 units is permissible.

Heinz asked if they were ready to go to the township. Stimson said yes, they were ready to go and ask for the zoning and for PILOT. Normally, that is done even before going for a grant. Those are contingencies to this proposal.

Janik commented on the March 8 proposal and 180 days due diligence. It is listed as 12/31/2021 on other pages of the proposal. Stimson said there are different stages of due diligence and financing. Heinz said if we are entering into an agreement, we need to know what you are asking for. Stimson replied the end of the year. If he can't get local funding and has to go for grants, he will need that longer period of time.

Wessell commented this seems to fit one of our priorities in our bylaws and he asked Gallagher if he had a recommendation. Gallagher responded this is the only viable option at this time. It falls within the purview of the Land Bank to engage with Homestretch and Gallagher would support moving forward.

Heinz remarked it is only \$1 for the purchase and Stimson may want that for the extra points for grant application. He asked Gallagher if he would want a buy back option in any agreement in case they don't get the rezoning they need for a feasible project. We could get it back and proceed with something else at that time. Gallagher commented that purchase agreements drawn up by Corporate Counsel include a statement for execution by a certain date or the property reverts back to the Land Bank. Stimson said he was fine with that as long as there is a clause for extension. If he proves he is getting this funded and the date is getting close, he would want that extension.

Galla said this is something our attorney can write in but if we are going to offer an extension, we should have some performance tied to it and not just extend it for another year and tie up the property. She asked Gallagher if we are going to deed this, or have them get the rezoning and funding set up first and then we go through with a deed. Gallagher replied it would be the latter approach. Galla was more comfortable with that approach than

deed the property and then have to get it back. She requested our attorney include language so there are certain steps to be met before the property is deeded to Homestretch.

Janik said there will be a clause that actual closing does not occur until after December 31. Stimson felt that would work or you could put the deed in escrow and hold for performance to occur. Janik noted it will be up to the Land Bank to extend the agreement, or not. He asked Stimson what other concessions he was asking for. Stimson commented he had worked with Benzie County Land Bank and Grand Traverse County Land Bank who helped with infrastructure. If he came back to ask for help with paving, would the county or Land Bank help pay for some of that. Also, there is \$4.2 million in COVID relief coming to the county. Maybe that would be a fit to help the community with this project. Janik commented it would be a case-by-case request and not part of this agreement so we can't commit.

Heinz noted the last time Homestretch applied for the grant, the ownership of the land was a big deal because of an additional 2 points available. Now you won't get them with the December 31 deadline. Stimson replied that they still would have control of the property so they would get the 2 extra points. If the grant goes through, he can execute on the purchase agreement so that would be sufficient for the grant application. Heinz stated Homestretch did not get the 2 points last time. Stimson said the prior approach failed in execution and it never went to the level of grant process. Heinz also commented on problems with the legal documents last time. Janik said we would have our legal counsel write up this agreement. Homestretch is requesting proposal from us and due diligence by end of December. If we agree to this, it is the responsibility of Homestretch for fundraising, zoning, etc. At any time in the 180-day due diligence, either side could void this if progress is not being made. If Homestretch wanted to change and sell to a private individual, we could void this out during that time period. From our perspective, we are considering \$1 from Homestretch for this proposal and our legal counsel would draft the documents. Homestretch cannot just go forward and sell it for \$40,000 at some point in the future. Our job is to consider their offer. Stimson added that within that time frame, he may come back and request some additional funds.

Galla said she would not want us to get into this and have the property deeded and the project dies and Homestretch sells it for \$40,000-\$50,000. She wanted to go on record she would be opposed if somewhere down the line it falls apart and they sell it for a higher amount. If they don't do the project, the property needs to come back to the Land Bank. Janik replied that our attorney can write that up.

Stimson also noted there could be deed restrictions that it remains affordable housing. Although he would love to sell it if it didn't go through and recoup any losses, that's the risk Homestretch takes and they are putting their money and good faith on the line. They do it all the time.

Motion by Janik, seconded by Wessell, to authorize Galla and Gallagher to work with legal counsel to draft proper documents to accept the purchase request from Homestretch at the cost of \$1.00 with due diligence period ending 12/31/2021.

Roll Call Vote

Isphording – Aye

Janik - Aye

Wessell - Aye

Heinz - Aye

Gallagher - Aye

Galla - Aye

On a roll call, the motion carried, 6 Ayes, 0 Nays.

2. Bylaws

Motion by Janik, seconded by Gallagher to approve the bylaws as presented. Motion Carried 6-0.

3. Policies & Procedures

Motion by Wessell, seconded by Janik to approve the Policies and Procedures as presented. Motion Carried 6-0.

4. Open Meetings Act (OMA) update

Janik reported on the changes to the OMA with the COVID-19 pandemic last year. Last spring, laws were changed to allow for electronic meetings and those expired 12/31/2020. They were modified again for 2 dates: through 3/31/2021, and 12/31/2021. This could change again. Until March 31, we have the ability to do meetings remotely as we have been and members can participate in person or remotely with no reasons stated. Due to the changes, we can now allow 25 people at our meetings. We have added chairs in the meeting room. That is a total of 25 people so if the 26th person comes in, we have to have a provision in place where they can watch it in the building and that is the downstairs meeting room. We have a system set up for that. As of 3/31, the majority of members have to be physically present in the room. Only exceptions for people to participate remotely is if you are in the military and stationed remotely, you have health concerns or issues, or you are a care provider for someone with health concerns. Majority of members have to be in the room and those participating electronically have to meet one of those 3 criteria. Unless you meet one of those 3 criteria, no longer can you participate remotely. As of April 1, you have to state one of the reasons why you are participating remotely, through 12/31. After 12/31, as of now, we go back to the old OMA. As of March 31, we do not have to broadcast our meetings because we have the ability to have people here. Legal counsel advised us to do hybrid with both so people can watch remotely. Those participating remotely have to meet one of those 3 reasons to participate remotely, in order to vote. The only other option is the County Board has the right to declare a state of emergency and then every unit of government in the county could participate remotely but he didn't think the County board would declare a state of emergency.

Heinz asked if our bylaws our okay and Janik said the state supersedes the bylaws for now. He suggested waiting till we get down the road and see if things change. County Board members can participate remotely but only 2 times a year, but state law supersedes that. After March 31, current situation changes. A lot of things can happen before December 31.

Claims & Accounts

Motion by Janik, seconded by Isphording to approve Claims & Accounts in the amount of \$23.90. Motion Carried 6-0.

Post Audit - None

Correspondence/Communication Items - None

Public Comment

Phone number was announced for public comment. There were no public comments.

Member/Chair Comments

Gallagher thanked Heinz for running the meeting.

ADJOURNMENT

Motion by Janik, seconded by Galla to adjourn. Meeting adjourned at 9:40 am.