

A regular meeting of the Leelanau County Land Bank Authority was held on Tuesday, May 18, 2021 at the Government Center, and by zoom.

The meeting was called to order at 9:02 am by Chairman Gallagher, who led the Pledge of Allegiance.

ROLL CALL

Members Present

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

Members Present

(ZOOM): R. Foster- Northport
R. Isphording -Cincinnati, OH

Members Absent

(Prior Notice): None.

Public Present: J. Stimson

APPROVAL OF AGENDA

Motion by Heinz, seconded by Janik to approve the agenda as presented. Motion carried 7-0.

APPROVAL OF March 16, 2021 MINUTES

Motion by Wessell, seconded by Janik, to approve the minutes as presented. Motion Carried 7-0.

PUBLIC COMMENT

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

UNFINISHED BUSINESS - None

DISCUSSION / ACTION ITEMS

1. Marek Road

Gallagher invited Stimson to speak and asked if he had reviewed the Purchase Agreement.

Stimson stated that it looked good, and asked if there was an option to renew or extend included in the agreement. Gallagher said it was their intent to include an option. Heinz pointed out the following typos - 3rd line, "corporate" should be "corporation", Item 4, first line, period should be a comma. Galla said on Page 7, Item 7, second line from bottom, the underline shouldn't be there, also, the font changes in Item 8.

Galla asked Stimson about the extension period, are they anticipating not getting funding by the end of the year? Stimson said potentially, there may be some final funds trickling through. They are not expecting to need an extension, but it would be nice to have that option. Galla pointed out that Section 7 states a request for an extension can be brought forward before the end of November. Would that be sufficient? Galla continued, asking when the grant deadline was for this project. Stimson said June 15 is the pre-application submission deadline and the final application is due July 30. Gallagher asked if they were on track and Stimson said yes, they have a bank lined up and they are finalizing things. He is also continually going to other foundations to see if they are interested. He is pursuing this wholeheartedly.

Heinz mentioned that the number of units has gone down from ten to eight, which brings the total value down as well. Stimson said they may need to upgrade M-204 down to Marek Rd. The road commission

hasn't decided whether or not they want that portion upgraded. Stimson continued, saying the Special Land use documents were due today at the township, and he will let them know that the Purchase Agreement has been drafted. Hopefully by the June 1st meeting with the Suttons Bay Planning Commission they will have a document showing possession. Stimson questioned if this would be a Warranty Deed transferring ownership to Homestretch?

2. Warranty Deed-County Land Bank to Homestretch

Galla asked Stimson if for grant purposes, do you need the property in the name of Homestretch or can the deed be held in escrow. Stimson said, preferably in the name of Homestretch. Galla has some reservations about deeding the property over, based on previous project the county has worked on.

Stimson mentioned a process in the past, where the property was deeded over to Homestretch, but a document was retained that can be recorded taking back the property if needed. Galla thought this was a tricky situation, if it doesn't work out, its much cleaner to hold the Warranty Deed in escrow until completion. Stimson can't say for sure if that will work, he will look into it. Janik agrees with Galla's concerns, a previous project cost them thousands of dollars to recapture. Galla said if they agree to hold the deed in escrow, the Purchase Agreement would need to reflect that.

Gallagher also agreed with Galla and stated the revised Purchase Agreement should hopefully satisfy the intent. Stimson commented that it was important to show ownership for the permitting process. Stimson concluded by saying that he has the authority to execute the Purchase Agreement on behalf of Homestretch, and present it to the Federal Home Loan Bank. If there is a change after the fact, then they can make an adjustment, but they will know before July 30, 2021.

Motion by Janik, seconded by Wessell, to approve the modified Purchase Agreement and Warranty Deed recommended by Corporate Counsel, and after approved by Galla, Gallagher is authorized to sign the documents.

Discussion continued

Galla asked if they needed something from Homestretch giving Stimson authority to sign. Gallagher said he has prior documents giving him that authority. Gallagher continued, saying the property has been vandalized, animals were able to get in and cause damage as well. Galla pointed out that the Purchase Agreement states the property is sold "as is."

Roll Call Vote

Gallagher – Aye

Heinz – Aye

Galla – Aye

Isphording – Aye

Foster – Aye

Janik – Aye

Wessell – Aye

On a roll call, the motion carried, 7 Ayes, 0 Nays.

3. 2021 Foreclosure Properties

Gallagher stated that there are new rules as to foreclosed properties regarding First Right of Refusal and excess sale proceeds. This year, the Legislation has added the Land Bank as part of the county first right of refusal. The precedent of going before the County Board is a moot point because they are able to exercise that option themselves. Gallagher continued, saying it is his understanding, that they have to pay the minimum bid, because of the new rules, which is \$12,700.00 for these seven parcels. Two or three of them are not buildable, but four are perfect lots and he would like the Land Bank to acquire all of the lots. Gallagher said the adjacent parcel owner is interested in them as well.

Galla asked if the road commission would have any interest in them. Gallagher said no.

Galla agreed with Gallagher about putting the parcel into the Land Bank. Is there an order to follow before the Land Bank gets a chance? Gallagher said yes, if this is the way we agree to go, he still has to offer it to municipalities first. The “public use” clause is no longer in the First Right of Refusal, so they might have more public interest now. The state requires an offer if it is adjacent to a DNR parcel. Gallagher said he should complete this process by next month, and be able to bring back the responses next month.

Heinz asked what happens if they take title and find out there is environmental pollution, is the county then responsible for that? Gallagher stated, if it lies within the Treasurer’s Office, they are held harmless, but if the Land Bank actively acquires it, and pays money, then yes. The Land Banks intent is to clean them up and sell them. Heinz questioned if the intent was to “flip” the properties and turn them into affordable housing and do they perk? Gallagher said they are part of a subdivision, so he thinks they would. Heinz asked if they flip some and collect more money than they paid, what happens to the profit? Gallagher stated they would not be the builder or developer; they would be the land owner working with Habitat for Humanity or Homestretch etc. The Land Bank would get the \$12,700.00 back through Tax Increment Financing (TIF.) Gallagher said it would be up to the Land Bank board whether or not they make a profit, but there would probably be a claim from the prior owner if that were the case. Galla said based on their mission statement and trying to get more housing in the county, they should try to get these parcels and work with non-profits for housing. They can’t control the cost of the building materials, permits, etc., helping with the cost of land can make a big difference.

Wessell agrees with Galla, use this and work with non-profits; there may be some transportation needs. Janik said the Timberlee parcel is in a good location, only four miles from Traverse City and Habitat for Humanity has already built three homes in that subdivision. Wessell asked if the parcel in Cherry Homes could go to Homestretch or Habitat for them to sell for a profit and then use the money for a project in a more desirable location. Janik stated that was what they did with a lot in the Village of Suttons Bay.

Claims & Accounts – None.

Post Audit – None.

Correspondence/Communication Items – None.

Public Comment

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

Member/Chair Comments – None.

ADJOURNMENT

Motion by Galla, seconded by Foster to adjourn. Meeting adjourned at 9:40 a.m.