

**A regular meeting of the Leelanau County Brownfield Redevelopment Authority was held on Tuesday, March 16, 2021 at the Government Center.**

**CALL TO ORDER:** Meeting was called to order at 10:00 a.m. by Chairman Kathy Egan. Janik led the Pledge of Allegiance.

**ROLL CALL:**

**Members Present:** C. Janik, J. Arens  
(At Government Center)

**Members Present:** K. Egan - Huntington Beach, CA  
(via ZOOM) D. Bushey - Elmwood Township  
T. Eftaxiadis - Elmwood Township  
T. Wessell – Anna Maria Island, FL

**Members Absent:** R. Foster  
(Prior Notice)

**Staff Present:** T. Galla, Director  
(At Government Center)

**Public Present:** J. Hawkins (via zoom)

**PUBLIC COMMENT** – Egan announced the phone number for public comment. No public comment.

**DIRECTOR COMMENTS**

Galla reported she and Hawkins would be meeting this afternoon with EGLE on some potential projects and funding in Leelanau County. Hopefully, we see some projects start up in the near future, with brownfield assistance.

**CONSIDERATION OF AGENDA**

Janik requested adding an update to the Open Meetings Act. It was added under New Business #3.  
***Motion by Arens, seconded by Eftaxiadis to approve the agenda as modified. Motion carried 6-0.***

**CONFLICT OF INTEREST** – None.

**CONSIDERATION OF FEBRUARY 16, 2021 MINUTES**

***Motion by Wessell, seconded by Bushey to approve the minutes as presented. Motion carried 6-0***

**CONSENT AGENDA**

***Motion by Janik, seconded by Bushey, to accept the consent agenda as presented. Motion carried 6-0.***

**OLD BUSINESS** - None

**NEW BUSINESS**

1. Summary Update of TIF Tracking
  - a. GTRAC – Hawkins reviewed date of plan, parcel numbers, initial taxable value, initial tax capture, and eligible costs. Funds would also go into the Local Brownfield Revolving Loan Fund (LBRLF), if available. He reviewed current taxable values and taxes that we can not capture which are noted in the spreadsheets. The current tax bill is noted for summer & winter 2020. Egan asked if the actual starting value could change after it started. Hawkins said it really only changes if there is a change to the brownfield plan, unless it was a phased project where the first 5 years are certain eligible activities and Phase II starts after year 5 with additional cost, but those would still be in the brownfield plan.

Eftaxiadis asked if the 3 parcels in the plan are parent parcels or after they were developed. Hawkins said they were parent parcels. Eftaxiadis asked in the case where you start with 1 parent parcel and then there are condos and additional tax numbers, do those also go in the plan? Hawkins said that could be done, but he would imagine the original parcels would encompass those locations and you just have a different tax number. Hawkins stated on the GTRAC plan, there has been a capture of \$43,503.94 to date. Hawkins reviewed what is considered the eligible activities on this site. They tracked the LCBRA expenses and the developer expenses and listed them all based on what was approved in the brownfield plan, who the contractor was, the estimated expense, invoice, actual expense, and whether we can use local taxes or both local and school. What is the total developer approved expenses? That is the bottom line. Michigan Strategic Fund (MSF) or Michigan Economic Growth Authority (MEGA) expenses vs Michigan Department of Environment, Great Lakes and Energy (EGLE) expenses. It is unlikely in Leelanau County that we will ever have MSF expenses because no core communities are located in Leelanau County. Eftaxiadis asked about demo and abatement. Hawkins replied we get pushback from MSF for a non-environmental activity, even though it is approved state wide.

Hawkins reported that the spreadsheets took a lot of going back and digging through the records to find out what was done and what was not done. They tried to state policy, estimated school tax, etc. and break those out. Hawkins went through a reverse analysis where they show the expenditures of LCBRA, costs incurred for demo, abatement, asbestos survey, etc. all the stuff LCBRA paid for, and then what payments were made back to the LCBRA. It is blank because you haven't made any payments yet. There is a total of \$51,828.29 eligible for reimbursement. The state brownfield fund payment of \$641 is half of the 6 mils that is captured, that goes back to the state. Then there is a section for the developer and what their approved costs have been. BRA not approved anything yet. There was interest estimated for this plan of \$104,200 but interest has not been calculated on this since it started in 2012. This is a big question mark as to whether we even acknowledge interest on this, because the project did not come to fruition of what was originally planned. Then we show what goes back to state tax fund. There are \$50,962.97 total payments that could go to LCBRA or developer. The TIF policy says you reimburse the LCBRA, loans, etc, before the developer. Hawkins stated it was Envirologic's recommendation to repay the LCBRA fund \$50,962.97.

Galla stated that the actual demo and abatement cost listed as paid by the LCBRA was actually paid by the county as the county owned this property. We had told the county as part of this sale and development, that those costs were eligible expenses and we would try to get it reimbursed through TIF.

Eftaxiadis asked about demolition and abatement and wondered if MEDC was giving pushback. Hawkins said he has experienced that' depending on location and the type of project. He gave the example of the TC Whiskey project that is going to need demolition. Based on its location, MEDC is not very supportive of the demolition and abatement costs being approved. Eftaxiadis was surprised at this information as they did not experience this right next door in Grand Traverse County. Hawkins added there are no CORE communities in Leelanau County and that makes a difference. Eftaxiadis state they did not have problems in Garfield Township getting these costs approved for reimbursement. Eftaxiadis complimented Envirologic on the spreadsheet saying it was very good and involved a lot of work.

Egan said she was not aware we could collect on personal tax property, as well. Hawkins responded it depends on the project as there is an exemption for personal property assets under \$80,000. There are a lot of different exemptions. Eftaxiadis felt it was always good to include in the brownfield plan the possible TIF collection, even if we don't end up getting it.

b. Leland Residential

Hawkins reviewed the tables, and tax capture. The LCBRA has paid back over \$200,000 so far on the EGLE loan. There is still a long way to go with this plan. They believe they have everything in the system to track the reimbursement and analysis.

Egan asked Hawkins if they are going through all the records for each of these 4 plans in order to populate the spreadsheets. Hawkins replied, yes and now we are making sure it is all correct. Egan asked if we have these

ready to use for new plans that come along and Hawkins replied, yes. It has taken a while to track what has been done and the Leland project has been a long project.

d. Two Peas

Hawkins stated this sheet was pretty easy. The developer never submitted any eligible costs so reimbursement is just to the LCBRA. There hasn't been too much TIF captured because originally, they planned on a bigger operation and that didn't happen. It was just renovation of the existing footprint.

Eftaxiadis asked if the development agreement allowed the developer a certain period of time to submit eligible costs before they lose out. Or, are you putting funds aside with the anticipation down the road they will submit expenses? Hawkins replied there is a timeframe and the LCBRA has a TIF policy that has some instructions. Galla and Hawkins reviewed this plan and the developer never signed a reimbursement agreement on this project. That ship has sailed. We will reimburse to LCBRA, capture for the local redevelopment fund and be done. Part of the taxes in 2020 have not been paid. The total captured to date is about \$3,800 so there is not a lot from this project. We will come back next month with a reimbursement analysis. This is the eligible analysis (page 35 of the agenda packet). The plan did not account for administrative cost but that doesn't preclude the LCBRA from capturing their annual allotment and put toward administrative costs. Hawkins remarked that as some communities get more plans, they figure their annual administrative cost, and divide it as a percentage among the plans.

e. West Shore

Hawkins said this was another challenging project because nothing has really happened on the site. He anticipates the recommendation that Envirologic will present next month is to abolish the plan. There was some cost incurred that was paid with TIF but otherwise there has been no other reimbursement. Envirologic is looking at what could go back to pay for administrative cost and the Local Brownfield Revolving Loan Fund (LBRLF) and then end it. The 2020 taxes are not paid on this property and there are 3 parcels involved. There is no loan to pay back on this project. Because there has been no activity and it has been idle, it would probably be best for a new developer for the site to have a new plan and start over. That also starts the clock over for the maximum number of years that can be collected under a brownfield plan.

Egan asked if this would be agenda item for a future meeting and Hawkins replied, yes. You should consider stopping it as there is no activity. Eftaxiadis added it has to be stopped in order for a new developer to do a new plan on this same property.

f. 2020 TIR Received

Hawkins reviewed page 42 of the agenda packet. There are some older items from 2017-2018 which he discussed with Galla. Galla and Hawkins were of the mind that we let those go, and we try and make sure going forward that Suttons Bay understands what needs to be submitted and not submitted. It may be a lot of mess for them to clean it up if we have to send funds back. There is \$762.03 from the Leland fire bond that needs to be sent. It is corrected now and not collected in 2020. There was about \$1,600 in 2019 that should not have been collected.

2. Recommended Actions

- a. Authorize reimbursement to the County and LCBRA for total dollar amount on GTRAC spreadsheet.
- b. Reimburse the school debt for Elmwood township on GTRAC spreadsheet.
- c. Reimburse Leland Township for the fire bond collection.
- d. Reimburse Leland School for the school bond collection in 2019.

Arens asked if the LCBRA knows the cost for demolition on the GTRAC site. Galla said she had those figures in the office.

Egan asked where the \$51,828.29 was at? Hawkins stated that is the amount that is owed to the LCBRA and to the county for eligible expenses incurred on GRAC site. Egan asked if it had been collected and Hawkins referred to the spreadsheet.

Galla suggested if the LCBRA was in agreement with these recommendations, she could put together the proper paperwork and get them into Claims & Accounts next month.

Hawkins noted this is a snapshot that shows eligible expenses and TIF. Once you approve it and approve payment, the charts would be updated. Hawkins said if you don't repay, you are capturing taxes you shouldn't have captured. Arens asked how often this happens and do taxing units come to the LCBRA wondering why we owe them money. Galla replied the goal is to update all these sheets for brownfield plans so they are clean moving forward. The collections and mistakes occurred in the past. Hawkins added that 99.9% of the time, we find we are going back to jurisdictions on collection errors, not them coming to us. We developed these sheets after one of our county clients realized that 2 years had passed and they had not collected any taxes on a brownfield plan. It is hard to go back 2 years later and tell the jurisdiction they are not doing it correctly. When a brownfield plan is put in place, people get excited about the project and the Galla is left holding the bag on how the taxes get collected. You have to track these.

Eftaxiadis questioned the steps after the approval of the brownfield plan and what is sent to the treasurers for instructions on what to collect or not collect. Galla said the county treasurer and equalization director worked on this several years ago to make sure all plans were entered on the appropriate parcels and they were flagged for start date of the plan, end date, and what is captured. That was also shared with the local units.

***It was moved by Eftaxiadis, seconded by Janik, to authorize reimbursement to the County and the LCBRA for the total dollar amount as noted on the GTRAC spreadsheet of \$51,828.29. Motion carried 6-0.***

***It was moved by Bushey, seconded by Wessell, to reimburse school debt as noted on the GTRAC spreadsheet in the amount of \$664.96. Motion carried 6-0.***

***It was moved by Eftaxiadis, seconded by Wessell, to reimburse Leland Township in the amount of \$762.03 for the fire bond for 2018-2019, and reimburse in the amount of \$1,663.56 for the school bond for 2019. Motion carried 6-0.***

Egan requested the Suttons Bay summarization be put on the agenda for next month with clarification from Hawkins. She also requested Treasurer John Gallagher be contacted to see why we are not being made whole on back taxes that are unpaid. This will also be on the April agenda.

#### Open Meetings Act (OMA) - Update

Janik reported on the changes to the OMA and 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. Until March 31, we have the ability to do meetings remotely 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. That is a total of 25 people so if the 26<sup>th</sup> person comes in, we have to have a provision in place where they can watch it in the downstairs meeting room. As of 3/31, the majority of members have to be physically present in the room. The only exceptions for people to participate remotely will be 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, you no longer can participate remotely. As of April 1, you have to state one of the reasons why you are participating remotely and you can do that through 12/31. After 12/31, we will 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 a hybrid with both so people can watch remotely. Those participating remotely have to meet one of those 3 reasons, in order to vote. Otherwise, you can participate and discuss but you can't vote as a member if you are remote and don't fit one of

the 3 exceptions for participating remotely. 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. So, starting April 1, be present here in the meeting or state why you are not present according to one of the 3 reasons allowed.

Bushey said if you are not able to show up and you zoom, that may impact getting a majority for the meeting. Janik agreed. He noted that potential exposure to COVID is considered one of the 3 conditions. Egan felt it was going to be a chore to keep tracking all the standards for these OMA changes. Janik agreed and said there could be further modifications before the end of this month.

Eftaxiadis asked if the meeting room provided distance and Janik replied it is set up for 25 in the room, and chairs are spread out.

Egan noted she would not be eligible to vote in the April meeting, but after that she would.

## **FINANCIALS**

Claims & Accounts

*Motion by Eftaxiadis, seconded by Janik, to approve Claims & Accounts in the amount of \$1,461.25. Motion carried 6-0.*

**POST AUDIT/BUDGET AMENMENTS/TRANSERS** – None.

## **CORRESPONDENCE/COMMUNICATION ITEMS**

**PUBLIC COMMENT** - Egan announced the phone number again for public comment. No public comment.

## **DIRECTOR COMMENTS** –

Galla noted the county records show the West Bay parcel is owned by West Shore Partners, LLC.

## **MEMBER / CHAIRPERSON COMMENTS**

Eftaxiadis thanked Hawkins and his team for putting together all the spreadsheets, and stated it was a lot of work. In the long run, this will save a lot of time and tracking of income and expenses. There are complex guidelines and regulations of what has to be paid so the spreadsheets are great. Members agreed. Egan added it was vital work that took about a year to get completed. Eftaxiadis added it would made auditing much easier.

## **ADJOURN**

*Motion by Janik, seconded Bushey to adjourn. Meeting adjourned at 11:28 am.*