

**A regular meeting of the Leelanau County Brownfield Redevelopment Authority was held on Tuesday, May 18, 2021 at the Government Center.**

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

**ROLL CALL:**

**Members Present:** K. Egan, C. Janik, D. Bushey, T. Wessell,  
(At Government Center)

**Members Present:**  
(via ZOOM) T. Eftaxiadis - Elmwood Township  
R. Foster – Leelanau Township

**Members Absent:** J. Arens

**Staff Present:** T. Galla, Director

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

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

**DIRECTOR COMMENTS** –

Galla gave an update on the unsuccessful EPA grant due to heavy competition. She followed up with an EPA representative and asked for a debriefing. She is waiting to get an assigned date and time for that.

**CONSIDERATION OF AGENDA**

*Motion by Foster, seconded by Wessell, to approve as presented. Motion carried 6-0.*

**CONFLICT OF INTEREST** – None.

**CONSIDERATION OF March 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 Wessell, to accept the consent agenda as presented. Motion carried 6-0.*

**OLD BUSINESS** - None

**NEW BUSINESS**

1. TIF – Jeff Hawkins.

Hawkins explained that this gives an understanding of what is available, what has been paid out, and what is available to be paid out. He did present one of the reimbursement analyses for Grand Traverse Recreation and Arts Center (GTRAC). It has been updated to reflect the asbestos, hazardous material cost and demo building cost which is incurred by the county, not by the LCBRA. The top portion of that analysis shows the expenditures incurred, whether from the BRA or the county and/or the developer. What is eligible for reimbursement is school tax, and from local taxes that were captured, as well as any of the state education taxes (6 mills captured periodically) – ½ of those or 3 mills – need to be paid to the state Brownfield Redevelopment fund. Those are reported in an annual report to Michigan Economic Development Corporation (MEDC) and they send an invoice to the county Brownfield Authority which is then brought to you for payment to the state.

Eftaxiadis asked Hawkins if any invoices from the state for the 3 mills have been received? Hawkins said some have, and some have not, it is somewhat dependent on the age of the project.

#### **GTRAC-**

Hawkins discussed developer estimated activities noted towards the middle of reimbursement analysis for GTRAC and said we put in what was approved of \$173,500 for potential expenditures. Only been invoiced for \$63,000 of those costs. With GTRAC, this project didn't go to fruition as they anticipated from its original design. The plan had an approved interest on debt so that needs to be recalculated, if we are going to do it at all. It took years for them to get going on this, and then submit invoices. Going back to the memo on page 9 for summary, Hawkins said, in the center there is a table and it shows what tax increment there is as of date and what we have to return to taxing jurisdictions. The amount allocated to be sent to the State Brownfield Revolving Fund (SBRF) and then what is available for distribution. Hawkins said the Brownfield Authority has already authorized approval. Galla commented on page 5 of the packet with the last minutes and that the motions don't have the same numbers in some cases. The chart on page 9 doesn't show the reimbursement for Leland fire bond and school. She did not put invoices in for Claims & Accounts yet for this month. Hawkins indicated that he will need to go back on that one and clarify the actual number. Amounts to the authority and the county are accurate.

Egan stated they may have to clarify the numbers so the proper amounts will show up in our Claims & Accounts at a future meeting, pursuant to our motions. Hawkins explained how there was not enough to cover GTRAC for the development.

#### **Two Peas –**

Hawkins stated they hadn't had any developer request for reimbursement. To date, BRA incurred just shy of \$30,000 (page 11). We do have some ineligible captures that were received. Have about \$4,634.16 to reimburse the BRA. Hawkins was going to provide a memo on why they were not reimbursing taxing jurisdictions, concluded that it is basically water under the bridge at this point. Will be ready next month.

#### **Leland residential –**

Hawkins said this is the old former courthouse redevelopment project, which went through different stages of redevelopment. Michigan Department of Environment, Great Lakes, and Energy (EGLE) loan on that site, as well as EPA revolving loan funds, as well as EPA grant dollars worked to prepare the site for residential development. Ultimately, they were able to achieve that the site could be redeveloped for residential. This one has a fairly large reimbursement that is in process, primarily through county BRA. Do have funds that need to be paid to the state brownfield fund. The only outlay for Courthouse Redevelopment Group (CRG) was the 20% match for use of the EPA revolving loan fund dollars and their match is \$38,862.50.

Eftaxiadis pointed out that for this project, the eligible expenses are lumped into one amount as one number. Does it include reimbursement of the state loan? Hawkins replied with yes. In the \$879,323.78 figure. Eftaxiadis questioned if the eligible expenses were not broken down. Hawkins stated no, he provided a reimbursement analysis so this all feeds off of statement of account and another table of eligible expenses. One of the challenges is that it is pretty massive. Hawkins said he could provide the backup so you can see how it was all calculated.

Hawkins mentions that the tax increment on this one comes in from about 17 different parcels. As TIF is captured, the ultimate goal is to be able to provide annually or semi-annually, a statement of account to taxing jurisdiction so they see what we are expecting from brownfield capture. If there is a difference, you have a chance to have that communication, rather than trying to fix it later. The anticipated tax capture for this particular project is way behind – so from TIF capture, they are not where they need to be at this point in time. Hawkins said they have about \$88,000 captured to date, have some funds that need to go to state. Have about \$78,710.78 available for distribution. Based on developer agreement and TIF policies – it is a question on whether or not to pay the developer's match now, or wait and apply it fully toward the EGLE loan. The

revolving loan fund (loan) is really a loan to yourselves. So that doesn't have a term on it, so to speak. It doesn't have interest and penalties but the EGLE loan does. Hawkins' read on developer agreement; you don't have an obligation to repay the developer until you have a stream of TIF coming in to cover your other debt.

Eftaxiadis asked if the developer had submitted expenses (\$38,862.50 Hawkins reported yes, they sent invoice for that amount. It was the amount applied for eligible costs incurred by the county for the EPA revolving loan fund. They just applied a cash match to cover the required 20% match that EPA had for use of revolving loan fund dollars from EPA. Eftaxiadis asked how many more years for capture? Hawkins said it initiated in 2018, base year was 2008, keeping in mind this project started quite a way back in a brownfield plan, had been amended. Have until about 2038 for collection. Hawkins stated this was a 30-year plan and if the project had come to fruition as anticipated, we would have come in under that 30 years. Hawkins recommended that the LBRA apply the available tax dollars collected to date to pay a) state brownfield fund, and b) reimburse BRA for their eligible costs. Galla said the EGLE loan is \$25,000 due June 1 but hasn't had an invoice yet. She will contact them for an invoice which is typically occurring each year. This needs to be paid in 2021. Hawkins commented that they might as well move these dollars to make sure they are satisfying the brownfield act.

#### **West Shore –**

Hawkins said that Galla, Therese from Envirologic and himself will need to meet and go over some things on West Shore. Not much has happened there. A little bit of TIF collected. Talked about possibly abolishing that plan and a new developer could start over again. Will evaluate that further and come back next month. Egan clarifies that West Shore will need to be its own agenda item next month. Hawkins agreed.

Eftaxiadis asked about the TIF capture. Hawkins said we received about \$10K for 2020. Prior to that, really didn't receive anything for quite a long time. Eftaxiadis mentioned if they received even a small amount of TIF, how can they abolish the plan. Hawkins noted, if we can demonstrate that all of the outstanding debt has been satisfied, then there are really no other eligible expenditures to reimburse. The project is not going forward as designed and to statute would allow us to abolish the plan.

Egan asked Hawkins if they need a property owner to sign on for abolishment or just action of BRA? Hawkins clarified that it was just action of BRA. It would make sense to have a conversation and they are required to provide notification.

Hawkins noted that the Brownfield plan started around the time of the Leland project in 2008 so this has been going on for a long time. If a new project comes on that site, they can't start the project over and they have limited amount of time for recapture. Unless they are ready to move forward quickly, it would be Hawkins recommendation to abolish the plan so they can start over and have full 30 years of capture.

Egan advised that this also allows a whole new plan and development and vision for that property. It wouldn't be burdened with current brownfield plan, restrictions and details. They can come back to us and not have to fit their development vision into existing brownfield plan. Hawkins stated if it changes from the last amendment, they have to amend it again but it doesn't start the clock over.

Egan touched base on what could be expected in the June meeting. Will get updates on GTRAC, Two Peas, and Leland invoices for consideration. A memo from Jeff on the reimbursement decisions and why they are being made. EGLE June invoice for loan repayment and maybe talk about West Shore as a separate topic.

#### **FINANCIALS**

Claims & Accounts

*Motion by Janik, seconded by Bushey, to approve Claims & Accounts in the amount of \$ 1,755.00. Motion carried 6-0.*

**POST AUDIT / BUDGET AMENDMENTS / TRANSFERS – None**

**CORRESPONDENCE/COMMUNICATION ITEMS – None**

**PUBLIC COMMENT** - Egan announced the phone number again for public comment.

Hawkins followed up on Galla's comments on the EPA assessment grant. Saying he wished he would have had better results for them. It was pretty competitive. There were only four grants awarded in Michigan this last round – one in Kalamazoo, Marquette, Oscoda and a planning organization through south central planning. Eftaxiadis asked what type of grants were awarded? Hawkins replied the Marquette and Kalamazoo were county wide assessment grants with focus in some particular areas for \$300,000 each. South Central planning was considered as a coalition assessment grant for \$600,000 for 2 counties with emphasis on certain towns. Oscoda was also assessment for \$300,000. None of them were multipurpose or cleanup grants in Michigan. Egan congratulated Hawkins on their success.

#### **DIRECTOR COMMENTS**

Galla commented on two properties; one in Empire Village and the other in Northport Village. Both projects they were looking at for possible EGLE grants. Both properties have sold and for now are not forth coming.

#### **MEMBER / CHAIRPERSON COMMENTS**

Bushey expressed concern on the starting time for the meeting. Citizens that want to show up need to have a workable time. If it is 10 am, then we should not start until 10 am. Egan clarified that we do not start before 10 am. Janik stated that we can't start before 10 am, it may be later because of Land Bank. Egan confirmed it won't start earlier. Bushey then had no issue with that.

Egan understood Bushey viewpoint. For people who are coming from work or have other things in their day, when Land Bank runs late and you have to wait 30-45 minute. Now if it was 5-10 minutes to get things started then that would be fine otherwise you have to sit and wait. The system works for those who are on both Land Bank and Brownfield. Doesn't work for those who are only on LCBRA. Galla suggested they could set meeting on different dates. Janik stated that very seldom does the Land Bank go more than one hour. Egan concluded that if business picks up for both, they may need to revisit the times, but they will never start before 10 am.

Janik asked Hawkins about demolition on Sugar Loaf, as he represents the owner. Hawkins replied that yes, they have gone out and they are in selection process right now. Janik asked about the process and when demolition might take place. Hawkins thinks they want to make a decision soon.

#### **ADJOURN**

*Motion by Wessell, seconded Janik to adjourn. Meeting adjourned at 10:50 am.*