

A regular meeting of the Leelanau County Brownfield Redevelopment Authority (LCBRA) was held on Tuesday, August 18, 2020 at the Government Center.

CALL TO ORDER: Meeting called to order at 10 am by Chairman Egan. Janik led the Pledge of Allegiance.

ROLL CALL

Members Present: C. Janik, R. Foster
(at Government Center)

Members Present: K. Egan, D. Bushey, T. Eftaxiadis, P. Soutas-Little (10:05 am)
(via Zoom)

Members Absent: J. Arens

Staff Present: T. Galla, L. Evans
(at Government Center)

Public Present: J. Hawkins
(via Zoom)

CONSIDERATION OF AGENDA

Motion by Eftaxiadis, seconded by Bushey, to accept the agenda as presented.

Bushey – Aye
Eftaxiadis - Aye
Janik - Aye
Foster - Aye
Egan – Aye

Motion carried 5-0.

CONFLICT OF INTEREST – None.

CONSIDERATION OF MAY 19, 2020 MINUTES

Motion by Eftaxiadis, seconded by Bushey, to accept the May 19, 2020 minutes as presented.

Foster-Aye
Janik-Aye
Eftaxiadis -Aye
Bushey-Aye
Egan-Aye

Motion carried 5-0.

PUBLIC COMMENT – The phone number to call for public comment was announced. There was no public comment.

DIRECTOR COMMENTS

Galla reported that several months ago she put in a presentation proposal to the Michigan Association of Planning Conference. Sabine Martin and Jeff Hawkins joined as presenters. They will be talking about rural development, blighted properties and how they can be turned around to improve communities. This will be an online session, and the conference covers three days.

The EPA grant application guidelines came out yesterday, which was sent to each member via email. There are a lot of steps and requirements for these applications, with the due date being in October.

Galla also reported there is currently a house being constructed on the former government center site in Leland, directly south of where the jail used to be located. The owner of the property did state they wanted to dispose of the soils according to the agreement, which would be relocating the soils to the county property on Pit Road. That soil agreement was put in place prior to selling the property to ensure all excavated soils would either go to a landfill, or

to the Pit Rd site. The county did not want soils from a Brownfield site being disposed of somewhere they were not aware of.

Soutas-Little present via ZOOM.

Eftaxiadis asked if the property where the soil was being deposited was adjacent to the county property. Galla stated no, the Pit Road site is off Schomberg Road which is in Leland Township, not in the unincorporated village of Leland.

Hawkins once the finished with remedial action on the property and the incremental methodology for sampling, they are able to determine certain areas that were impacted and some that weren't. Impacted areas were remediated. What they are left with are not "contaminated" soils, but they need to be cautious and be careful. You can't sample every molecule. To avoid legacy concerns, they found property (on Pit Rd) that could accept this theoretically "clean" fill from a Brownfield site which will be staged and used on county property that won't be sold.

Egan asked if the MAP conference presentation will be a live or a taped session? Galla stated they are offering both alternatives so they are not sure yet.

Egan said in regards to the EPA grant application, the LCBRA had requested the proposal go to County Board for support. She asked if they were supportive. Galla responded yes, it went to the County Board and they supported preparing an application.

CONSENT AGENDA

Motion by Janik, seconded by Foster, to accept the agenda as presented.

Soutas-Little – Aye

Foster-Aye

Janik-Aye

Eftaxiadis -Aye

Bushey-Aye

Egan-Aye

Motion carried, 6-0.

NEW BUSINESS

EGLE modification of loan

Galla reported she received an email from EGLE stating that they were offering modifications of loan terms to those with Brownfield sites, which resulted in a letter that was sent from the LCBRA to the state with four requests: the interest be reduced; reduce the annual payment at or below the TIF that was being collected; forgiveness on the interest which was due this year; and extension of the loan payment for additional years. Galla reviewed the response and the changes which end up being significant savings to the county.

Egan added this is a good deal. There is no penalty for early prepayment if we want to pay it off early. EGLE put this out to everyone with a loan and they got very few takers. They were very happy to work with us and we are happy. Eftaxiadis said this is great, it saves over \$300,000.

Motion by Eftaxiadis, seconded by Bushey, to authorize the Chair to sign the agreement with EGLE.

Janik-Aye

Foster-Aye

Soutas-Little-Aye

T.-Aye

Bushey-Aye

Egan-Aye

Motion carried, 6-0.

TIF Tracking – update

Hawkins stated they have submitted everything to Galla with regard to the TIF tracking system, everything is populated in the table. Training is still needed to walk through how this works. There are a couple tweaks and the system is set so they have a spreadsheet system that tracks the eligible activities, the initiation date of Brownfield plans, the terms of Brownfield plans, plus it is a means of tracking the anticipated revenue from the taxing jurisdictions. They need to send a statement of account and notification template to various taxing jurisdictions so a) they can verify the millages are correct for the year; b) they can verify the values are correct in their books and our books, and it provides an opportunity for us to confirm with them what funds we should be receiving from them. Anything that is not correct in their books gives us a chance to talk about it rather than backtracking to try and fix it. It is designed that statements are sent out twice a year. The intent is to disburse twice a year to fall in line with winter and summer taxes. The four brownfield plans in place have been in place for quite a while, they had to back populate into it from previous years. There is still some tweaking that needs to be done. It is a system that can be implemented by the county, with or without our assistance. Hawkins suggested scheduling a time to come up in person and work with Galla to figure out how to get this rolling. Once we get through a couple cycles, it becomes easier. Sometimes millages change and we want to be sure those are tracked appropriately, and we collect taxes that should be captured and not the ones we can't capture. They have seen that happen on all four plans to some extent.

Eftaxiadis asked about the columns for projected TIF capture by jurisdiction and verification and projection of millages. Hawkins said they are soliciting the communities to pay attention to the numbers and that we all have the same numbers. Once the information is entered it automatically deducts from eligible reimbursements as they pay them out. It reduces the reimbursement whether it is due to the LCBRA, the developer, etc. so they know when they are done and can finish capturing.

Egan added this was not an easy spreadsheet to create and thanked Hawkins and his team for putting this together. It takes a lot of patience, knowledge, and expertise to put this together. Hawkins said it is designed so that once they get through a couple cycles, it's not too complicated for people to use. They want it to be a functional system. It takes a little time to get used to. They have implemented it in other communities and it works pretty well.

Eftaxiadis said it also requires an understanding of the Act and what to capture at the local and state and also environmental versus non-environmental. It's pretty involved. Hawkins agreed and added that the ratios will have to be maintained.

Galla said the costs for *Envirologic* to do this work has been coming out of the general consulting services agreement. Hawkins added the costs involved with this are eligible costs from TIF. Egan said we can do this tracking right and have the system in place to make sure it is done right for all of those involved. That feels good.

Review – TIF Reimbursement Policy

Egan gave a brief review of the policy.

Galla said if there is anything this group feels needed to be added or deleted this would be the time. They did receive a request from Courthouse Redevelopment Group (CRG) for reimbursements for the money they put into the cleanup of the site in Leland. After the last review of that, there wasn't enough money coming in to be able to do a reimbursement yet. Galla stated *GTRAC* in Elmwood Township also has funds they are looking to get reimbursed for. She does not have an official document from them, but those are two projects to consider for TIF reimbursement in the future.

Eftaxiadis asked about plans currently in place and are there situations where the captured TIF is not enough to pay the Brownfield's administration costs or to go to items "b" and "c" of the policy? Do you have that situation in any of the plans? Egan replied, yes.

Hawkins added with the former Government Center site, they anticipated a phased approach for development of housing on the property, and anticipated the first couple houses a couple years ago so they are behind in that regard

to generate TIF. *Two Peas* in Suttons Bay is kind of different since they never really got eligible expenses from the developer but they did incur costs. *GTRAC* is a little different development than what was going in initially. To answer Eftaxiadis's question, they are just not there yet. With the exception of *Two Peas*, they did develop and finish the renovations of that building. *West Shore* is still an unknown when development is going to happen. The Leland development is still behind. All of those plans didn't really come to fruition like we anticipated. With *West Shore* they did have a grant and loan and negotiated in the beginning to just use grant only so they don't have a long-term loan on the site.

Eftaxiadis asked if they have considered taking Brownfield administrative costs first, and then repay loans. Some communities do that. Hawkins replied the LCBRA pledged full faith and credit on the loans with EGLE so he thinks the focus was a stronger obligation to repay that loan first.

Egan said it is crucial we have a system in place to follow and not a different one for each Brownfield plan. Whenever a request comes in, it needs to be tracked with a system in place and a calendar set up.

Eftaxiadis added twice a year also helps the developers. They know what to expect.

Hawkins said any time you tweak this, be conscious of the fact the TIF Policy is typically put into Development and Reimbursement Agreements so you need to be sure the documents are in sync with each other.

Motion by Soutas-Little, seconded by Eftaxiadis to reaffirm the policy of TIF collection with the amendment to change MDEQ to EGLE.

Janik-Aye
Foster-Aye
Eftaxiadis-Aye
Soutas-Little-Aye
Bushey-Aye
Egan-Aye

Motion carried, 6-0.

CLAIMS & ACCOUNTS

Motion by Eftaxiadis, seconded by Bushey, to pay claims and accounts in the amount of \$26,655.00.

Bushey-Aye
Soutas-Little-Aye
Foster-Aye
Janik-Aye
Eftaxiadis-Aye
Egan-Aye

Motion carried, 6-0.

POST AUDIT - None

Galla discussed the three banking accounts and balances. The accounting department helps to track payments. She emailed this information to members this morning. Brief discussion ensued, and Galla explained the amounts that need to be paid back to the county.

Eftaxiadis asked since there is no interest, is there any reason to hold on to those funds rather than paying off what is owed to the county? Galla explained the reason those funds were not used in the past was because they did not have enough TIF money coming in to pay the loan back to EGLE, and they didn't want to get into a situation where they had to go back to the county and ask for more funds. A cautious approach would be to start making payments back to the county, keeping in mind you still have to have that TIF money coming in to make that EGLE payment. The other obligation is the payment back to the CRG for the money they put into the site. That would come out of the TIF, and she believed the amount to CRG is around \$38,000.

Eftaxiadis questioned if they were to hold back a couple years of payments to EGLE and CRG, are there any other uses for those funds? Galla did not believe so.

Egan added with re-negotiation of the EGLE loan, this is the first time they have had money that wasn't a safety net, and this is the first time, herself included, that the LCBRA is feeling comfortable of letting go and starting to pay back the county. The LCBRA is finally in a position to comfortably stand up on our own programs.

Soutas-Little stated she favors a more cautious approach rather than paying it all off. Reserve a couple years plus a little more and start paying back the county. She would rather be cautious than doing the entire amount and leave us with no back-up.

Egan suggested maybe in the new budget year they could consider paying \$25,000 and reserve \$75,000 or something to consider going forward. Soutas-Little said she would definitely consider.

Foster said the difference we now have between the old payment and new payment on the Leland site is about \$17,000. He agreed the LCBRA should consider a payment and still have some buffer.

Galla suggested she talk with the County Treasurer to come up with something to consider next month. Egan agreed and said to keep in mind we will need to keep back a couple years and we also owe CRG some money so we need a cushion. Foster said any other unexpected items should also be part of the cushion.

CORRESPONDENCE/COMMUNICATION - None

PUBLIC COMMENT – None

DIRECTOR COMMENTS – None

MEMBER / CHAIR COMMENTS

Bushey asked if there was any information on *Sweet Bread (LLC)* and *Sugar Loaf*. Janik replied that is between *Sweet Bread* and the township, we are not involved. A lot of people are assuming the county can get involved and take legal action, but it has to come from the township.

Janik added one of the LCBRA members, John Arens, has not participated since February. When COVID started he said he would not be participating by ZOOM. Janik suggested Galla check in with him in regards to participation.

Foster praised Galla and Egan for getting the reduced payments to EGLE making it much more comfortable for the LCBRA. Janik asked why other communities did not take advantage of this? Galla said we were the first to respond. Hawkins noted there are some other communities considering changes to their EGLE loans.

ADJOURN

Meeting adjourned at 10:51 am.