

A regular meeting of the Leelanau County Land Bank Authority (LCLBA) was held on Tuesday, August 15, 2023 at the Leelanau County Government Center.

CALL TO ORDER

Meeting was called to order at 9:00 am by Chair Gallagher who led the Pledge of Allegiance.

ROLL CALL

Members Present: G. Allgaier, D. Allen, T. Galla, J. Gallagher, D. Heinz, R. Foster

Members Absent: R. Isphording
(prior notice)

Public Present: L. Mawby, T. Searles

Staff Present: G. Myer, Senior Planner

APPROVAL OF AGENDA

Gallagher added “Discussion of EDC” under “Discussion/Action Items”

Motion by Heinz, seconded by Allen, to approve the agenda as amended. Motion carried 6-0.

APPROVAL OF JULY 18, 2023 MINUTES

Motion by Heinz, seconded by Allen, to approve the minutes as presented. Motion carried 6-0.

PUBLIC COMMENT – None.

UNFINISHED BUSINESS – None.

DISCUSSION/ ACTION ITEMS

Grant Professional Service Discussion

Gallagher said we have two grants with a third awarded and they have no staff or administration to report or monitor these projects. He and Galla are the designated agents in some regard for these projects, however, he is looking to open the discussion on pursuing a professional service agreement with a consultant to provide them with the oversight and reporting needed to be compliant with the state Land Bank Grant Agreements for Round 1 and Round 2. Gallagher continued, saying Fishbeck is the grantee representing for Round 2, the Northport project, and Wade Trim is representing Round 1, the Elmwood Township project. Neither party has been solicited regarding these agreements for the LBA’s discussion.

Discussion ensued.

Heinz mentioned that the County Board has been discussing hiring an all-purpose person and questioned if this was similar. Allen said the county did submit a grant request for funds to be used to hire a grant writer. Initially it was not the intent to hire a staff person though, more of a

contracted position until they have a better understanding of how much usage the county has for a grant writer who can report and track them. They should know if they have been awarded the grant by the end of October. Allen continued, saying the other issue the County Board has been discussing is a facilities management person, which would also be a contracted person. There is no quote or plan for that at this time, there may be possible action by the end of this year or first of next year. Allen concluded by saying that it would be a good move for this body to make a recommendation for these things to the County Board.

Heinz said that after watching the required ZOOM video on demolition, he realized that they do not have the time or ability to do all of the things required. He always thought it was the developer's responsibility to handle these things. Gallagher commented on a prior demolition and said the developer wasn't capable of handling those things and it was frustrating. Gallagher said the LBA does have to be there in some capacity to make sure things are done correctly.

Allen questioned if they could utilize some of the grant funds to administer the grant. Galla said yes, 8% could be used to administer it. Allen said this could be part of a discussion tied in with the Board of Commissioners, letting them know that we need to expedite this process to get someone on board. Allen then questioned if it would be a conflict of interest if Fishbeck was managing the project and also providing the oversight needed. T. Searles said the LBA holds the contract for this plan, and the oversight is really on the subcontractors doing the abatement and the demolition. It's not really a conflict of interest because the LBA and the owners have the same best interest in mind. They both want best practices and they want work done that is protective in helping the environment. Searles concluded by saying this is a legitimate question the board should discuss and decide what they are comfortable with. With this grant period, they have a little over a year for this project to get done. This is a large project and anything that can be done to expedite the process would be helpful.

Gallagher asked Heinz if he sees the LBA having a conflict of interest if they engage with Fishbeck on this? Heinz said they are not required to come up with a designated engineer to represent the LBA, so he thinks they could move around and hire a different firm to oversee the Northport project. There would not be a conflict of interest on the brewery parking lot either if Fishbeck handled that. Allen said Fishbeck has a division that handles asset management and she is currently talking with them about a potential proposal, so the county could have a contract to handle this.

Galla said the round 2 grant is for \$751,610.00 and the lien that would be placed on the Northport property would be \$730,610.00 leaving \$21,000.00 and she is not sure if this is contingency. Galla questioned who was going to oversee this. She was a little uncomfortable with the discussion of Fishbeck handling this because they do not have a proposal today or any actual administration costs. She would like more information before acting on this. Galla noted she had asked Gallagher to check with the state on a potential conflict with Fishbeck and the Northport project and asked Gallagher if he had heard anything. He had not.

Discussion on soliciting proposals ensued.

Foster said they should open the field to everyone, not just Fishbeck. Allgaier questioned if they

had the time to put out an RFP. Gallagher said the Brewery Creek project will be moving forward soon. Galla said that the county bids out anything over \$10,000. The oversight for the Brewery Creek project is not over that amount so they could possibly contract with Fishbeck. Galla said the oversight for the Northport project is over \$10,000. We have typically followed the Board's rules regarding bids.

Motion by Allen, seconded by Allgaier, to authorize Chairman Gallagher to coordinate with Fishbeck to provide oversight services for the administration of the project at Brewery Creek. Motion carried 6-0.

Motion by Gallagher, seconded by Allgaier, to move forward with an RFP for budgeted administration costs to be distributed next week, with proposals due back by the next board meeting.

Discussion ensued.

Galla stated that if they get the grant agreement into the RFP, then whoever responds can see what has to be done. We are also limited on the amount that can be used for oversight so some firms may not bid knowing there is a maximum that can be spent.

Foster said the RFP will need to tell them what needs to happen so we can evaluate the responses to the RFP. Gallagher said he could include the state's demolition presentation with the RFP. Heinz pointed out that on Page 16 of the agenda packet, it lists all of the things that will need to be done. The bidders should understand what is needed and including the pictures from the PowerPoint would also be helpful.

Motion on the table carried 6-0.

Approval of Round 2 Grant Document

Gallagher briefly reviewed the document.

Motion by Galla, seconded by Allgaier, for Chairman Gallagher to accept the Grant Agreement with the State Land Bank Authority in the amount of \$751,610.00 for the Northport Village project.

Discussion:

Heinz questioned why there was a \$21,000.00 difference. Galla thought it was either the contingency or the administration amount. The smaller amount listed is the amount the state said has to be a lien on the property and the property owners will have to sign the lien. Heinz then said the \$21,00.00 allocated for administration is just an allocation. The reality is that there could be overruns on the \$751,610.00 that cut into this. Galla said the grant amount is set and anything above that cost, the owner has to pay.

Motion on the table carried. 6-0.

Survey Update, and Blight Demolition Training

Gallagher said the Cherry Homes property has been surveyed and staked. The sewer testing came back suitable and it is ready to be sold. Heinz asked about the contract which expired with the prospective buyer who indicated he was still interested. Gallagher replied that he sent this new information to the real estate agent who has updated the listing. He anticipates that the prospective buyer will have to reach back out to them with a new offer. Galla said it has a survey and completed perk test on it which increases the value.

Gallagher moved on to the blight elimination ZOOM training which he attended along with Heinz and Galla. He said it was technical at times but full of good information. Heinz commented there is a lot of work to do and we are not competent enough to do it, especially with the legal liability.

Discussion of EDC

Gallagher said this was brought up to County Board Chairman Ty Wessell and was brought back to this board for more discussion. Allen explained that it was brought before the Board of Commissioners and is on the Board's agenda tonight for approval to move it forward. A letter of support was provided by this board and there was also a presentation by Traverse Connect showing how the EDC would be another tool to provide tax free financing for developers. Allen said there were questions as to where this becomes viable in terms of cost of a project. Ten million is the sweet spot and anything above that seems to be even better. There was a question of how many projects were anticipated in the county that would fall under this to justify creating an EDC. We do not currently have anything pending, but this information would be helpful for tonight's County Board meeting.

Allgaier said she had requested a meeting with the Peninsula Economic Foundation (LPEF) to understand this more completely and if there are any conflicts. She is open to any tool they can get to help with housing, but we need to fully understand it. Galla stated that when she talked to Jim Tishler from the State Land Bank Authority, he said that the Act states the LBA has virtually the same powers as an EDC. She wondered if there was any duplication if this is something the LBA has the power to do, but has never done. Galla asked who would staff the new EDC. When the non-profit housing group REACH started, they always talked about staffing being an issue. For a time, one of her employees helped establish REACH and provided staff services but that was temporary and REACH had difficulty with no staffing.

Allgaier questioned if the LBA could provide the same functions for what Peninsula Housing needs. Galla said the LBA can bond, but didn't know if there was an LBA in the state that operated like an EDC. Allgaier stated they need to understand this to know if it would be a duplication of efforts.

Mawby spoke from the public saying that Grand Traverse County chose an EDC because they had more flexibility to deal with businesses. He said it is still not clear to him. He supports this process of figuring out what is the best way to move forward.

Allen said Traverse Connect could be a consultant and manage these requests, so she is not sure there is a benefit or consideration for this. There is a model for the EDC, but to Galla's point, she is not sure and asked Galla to get some answers as soon as possible because if they are going to pull this from the County Boards agenda tonight so that they can have a follow-up discussion with the LPEF, then they need more clarity and answers. If they are talking about going in a different direction, she would like to ask Allgaier to pull this discussion from the County Board's agenda unless they can get some clarity today. She is not comfortable moving forward if this board has questions. Allgaier stated that she wasn't sure if the County Board was actually going to make a decision on this tonight. Galla questioned what the reason was to add this to the Land Bank agenda today – was it because the LBA gave a letter of support to the

County Board? Gallagher said it was his understanding that the County Board needed more information and he was asked to put it on the agenda. Allen stated that they needed to find out if it is even possible to do what they want to accomplish in terms of housing and financial resources through the LBA. Allen said they are obligated to let the County Board know that there are more discussions and that they will go back to them in September when they know more.

Mawby said it was his understanding that the LBA could do it, however, the “secret sauce” in this was Traverse Connect being the front end and doing the work. If Traverse Connect can do the work with the LBA then fine, but if they can only do it through the EDC, then that is the way to go. Heinz stated they have an existing but inactive EDC; therefore, members would not need to be appointed each year because it is still inactive. Would it be a stand-alone like the LBA or a subcommittee? Allen said the EDC was disbanded as far as she knows and the discussion point was that this could be run very simply in tandem with the LBA. Could this board also be appointed to the EDC board, for the sole purpose of approving these tax credits for developers since there would only be a couple meetings a year? From that standpoint, it’s not a cumbersome staff issue, it’s just a matter of process and making sure what is viable and makes the most sense. Gallagher said they will come back with more questions and answers.

Allgaier is open to paying Traverse Connect so that staff is not needed. The bottom line is that we want to make sure we get all the money and grants we possibly can.

CLAIMS & ACCOUNTS – None.

POST AUDIT

Motion by Heinz, seconded by Allgaier, to approve Post Audit in the amount of \$1,225.00. Motion carried 6-0.

CORRESPONDENCE/COMMUNICATION ITEMS

Expedited Quiet Title Proceeding and Foreclosure

Gallagher referenced a letter, a Notice of Motion and a Notice of Meeting in the agenda packet. This has been moved from the July 28th hearing and pushed into August because there was an issue with the firm representing them. The attorney left the firm and didn’t file the petition or showed up to court. Galla asked if this would take care of the issue and Gallagher said hopefully, this is the final step.

PUBLIC COMMENT

Mawby thanked members for their service.

MEMBER COMMENTS

Heinz asked about bidding on foreclosed properties at the Sheriff’s sale and excess proceeds. Gallagher said this is a treasurer problem, not a LBA issue. The treasurer foreclosed upon properties presented here for transfer were for the minimum bid so there were no surplus proceeds to be distributed. Heinz continued, saying they still have an open period for individuals

to bid on four properties that the LBA owns. He asked Gallagher if any offers have been received. Gallagher said two private individuals have inquired, Habitat for Humanity and Homestretch have also confirmed their interest.

CHAIRPERSON COMMENTS - None.

ADJOURNMENT

Meeting adjourned by consensus at 9:56 a.m.