

A regular meeting of the Leelanau County Brownfield Redevelopment Authority (LCBRA) was held on Tuesday, June 18, 2024 at the Leelanau County Government Center.

CALL TO ORDER

Meeting was called to order at 10:00 am by Chairman Heinz who led the Pledge of Allegiance.

ROLL CALL

Members Present: D. Heinz, R. Lewis, G. Allgaier, R. Foster, D. King

Members Absent: T. Eftaxiadis
(prior notice)

Members Absent: J. Arens

Staff: G. Myer, Planning Director, J. Herman, Senior Planner

Public: T. Galla, C. Hartesvelt, S. Mitchell

PUBLIC COMMENT- None.

DIRECTOR COMMENTS

Myer said the \$25,000.00 DEQ loan payment was made on June 2 and the \$13,000.00 ETA draw request from September of 2023 was also made. Myer also said that the delinquent tax check of \$39,000.00 from the Delinquent Tax Revolving Fund was deposited into a checking account but no checks have been written for reimbursement.

CONSIDERATION OF AGENDA

Heinz updated pages on “Old Business” “Item #2 to pages 20-22” and “Item #3a. to pages 23-35” and that the handouts given would be “Financials #2b. pages 86-88”.

Motion by King, seconded by Foster, to approve the agenda as amended. Motion carried 5-0.

CONFLICT OF INTEREST – None.

CONSIDERATION OF MAY 21, 2024 MINUTES

Motion by Foster, seconded by Allgaier, to approve the minutes as presented. Motion carried 5-0.

CONSENT AGENDA

Fishbeck - General Consulting and TIF Management
Fishbeck - EPA Assessment Grant

***Motion by Lewis, seconded by Allgaier, to approve the consent agenda as presented.
Motion carried 5-0.***

OLD BUSINESS

West Bay/West Shore Hotel Redevelopment Brownfield Plan

Heinz said that the dollar amount has changed over the weekend on the memo provided by Fishbeck. He said that the original recommendation was that the entire \$18,867.70 could be taken out as administrative fees, however, it was determined by Fishbeck that only the administrative fees could be taken out of the local Tax Increment Financing (TIF) collections, as written in the brownfield plan. He said only \$14,405.34 could be taken out which leaves \$4,462.36 remaining. Heinz read from an email, stating that \$14,405.34 unobligated TIR is reserved for the BRA's administrative costs, including the BRA Administrative Loan if desired, or disbursed to the respective taxing jurisdictions. He continued, saying that \$4,462.36 of the unobligated TIR is reserved for the local brownfield revolving fund, which the BRA does not have right now.

Galla, Fishbeck Consultant, explained that the memo was revised because the Environment, Great Lakes, and Energy (EGLE) Agreement states that the BRA could only use local TIF for administrative costs. She explained that \$4,462.36 was not local TIF and would be put into a local brownfield revolving fund and use the remaining \$14,405.34 for administrative costs, which could also be used to pay back the loan to the County. Galla said the BRA does not have a local brownfield revolving fund but the BRA can set one up. Heinz said this would be the first brownfield plan out of the current five to generate the local revolving fund.

Heinz said that Searles spoke with Mr. Johnson and she explained to him that any future brownfield projects are not guaranteed as they would need to go through the approval process between the Brownfield Association Authority, Elmwood Township, and Leelanau County. If the BRA chooses to terminate the plan, then they will need to follow proper procedures to do so. Galla said that there is seven years left on this brownfield plan and if the plan is amended, the clock does not start over and the plan will still have a seven-year time frame. She explained the termination process that the BRA will need to recommend to the Board of Commissioners (BOC) of terminating the brownfield plan and then there is a 30-day notice prior to the public hearing.

Motion by Lewis, seconded by Allgaier, to recommend to the Board of Commissioners to begin the process of termination of the West Bay/West Shore Hotel Redevelopment Brownfield Plan. Motion carried 5-0.

Motion by Allgaier, seconded by Foster, to approve \$14,405.34 unobligated TIR for the BRA's administrative costs, including the BRA Administration Loan and if necessary, to recommend to the BOC to begin the process of creating a local brownfield revolving fund and putting \$4,462.36 of the remaining unspent TIF into it. Motion carried 5-0.

Two Peas Brownfield Tax Increment Revenue

Galla, gave a brief explanation on the Memo from May and the Reimbursement Analysis Review. She

said that developer expenses are not on the analysis because the developer did not sign a reimbursement agreement with the BRA.

Discussion ensued on revolving fund possibilities.

Motion by Lewis, seconded by King, to approve \$10,087.26 that was reserved for reimbursement to the BRA remain in the BRA's operational/general fund account and is utilized how the BRA best deems fit. Motion carried 5-0.

LCBRA Old Courthouse Brownfield Spreadsheet

Heinz explained the spreadsheet and compared it to the one he presented in last month's meeting. He originally suggested making two payments on the DEQ loan in last month's meeting. Today he presented an alternative option of allocating the available funds within the courthouse TIF. The BRA would pay the required \$25,000.00 DEQ payment and he noticed they have \$35,000.00 that they could pay into other loans. Heinz continued to explain the spreadsheet to BRA members. Hartesvelt explained that she is looking to see if the BRA has to pay the County back or not but she needs more time to evaluate.

Motion by Lewis, seconded by King, to move this item and defer any further discussion to the August meeting to allow time for research. Motion carried 5-0.

Leelanau County Complex Redevelopment Brownfield Tax Increment Revenue

No discussion since this item was discussed in the last meeting.

Due Care & Brownfield Plan Evaluation- Former Empire School

Galla gave a brief history outline of the former Empire School area. She said that the contaminants of concern analyzed in soil and groundwater samples varied across the site being a combination of petroleum-based VOCs, PNAs, and/or Michigan 10 metals. She continued, saying that the groundwater wells that are existing will need to be removed and installation of a new septic system. She stated that Fishbeck has been in communication with the Empire Township Assessor, Pam Zientek, for a preliminary estimated future taxable value, what this project will do to increase tax values, and whether or not a brownfield plan should be put into place.

Galla continued, saying that Fishbeck concluded that there is money there and it would make sense to have a brownfield plan on this site to help with reimbursement on some of these tasks the developer has to take on. She said the developer has also indicated that approximately \$30,000.00 of abatement activities were previously incurred, which could be considered for local-only reimbursement at the BRA's discretion.

Galla said they may need to check with the Village of Empire first to see if they are supportive and then see if this is a project the developer would like to consider. If so, Fishbeck will bring back a memo for the BRA to review to begin the process of a brownfield plan. Galla reminded members that the developer has already applied for a 381 plan.

Motion by Lewis, seconded by Allgaier, to approve Fishbeck to continue working with the developers, Joseph and Elizabeth Van Esley, of the former Empire School Brownfield Plan and to continue further investigating a plan with the Village of Empire. Motion carried 5-0.

NEW BUSINESS

Fishbeck Work Order #1 GES, Amendment No. 2

Motion by Lewis, seconded by Allgaier, to approve Fishbeck's Work Order #1 GES, Amendment No. 2 2024 Tax Increment Tracking and Annual Reporting as presented. Motion carried 5-0.

Fishbeck Work Order #2, Amendment No. 2 (community Outreach/Programmatic Activities)

Motion by Lewis, seconded by Foster, to approve Fishbeck's Work Order #2, Amendment No. 2 Community Outreach/Programmatic as presented. Motion carried 5-0.

FINANCIALS

Claims & Accounts - \$4,171.06

Motion by Foster, seconded by King, to approve Claims & Accounts in the amount of \$4,171.06. Motion carried 5-0.

Post Audit, Budget Amendments, Transfers

Amendment Number 24-001

Hartsvelt explained that the goal is to give the BRA a budgetary status and to delineate the expenditures than the revenues. When they look at the document, they will know what the contractual services are. Since they are working with the EPA assessment grant, the Finance Department will set up an expense line item for that so the BRA can cut checks to Fishbeck and the Finance Department can track the spending and reimbursements. She said that this is just a budget and is not a mandate to spend or permit the BRA, but it will be a working document to show the current year amended budget against the actual.

Motion by King, seconded by Foster, to accept the Budget Amendment Number 24-001. Motion carried 5-0.

Reclassification Entries

Hartsvelt explained the general ledger entry process and said it is available to anyone at any time as public record.

Huntington National Bank-Money Market Account

Heinz stated that the BRA has \$118,294.82 in the cash account and \$122,044.13 in the Money Market Account. He said in the past they were getting .3% interest each month on the balance paid by Huntington Bank. He asked if there was a need to keep the Money Market Account if it is still earning the same interest rate as the cash account. He asked Leelanau County Treasurer, John Gallagher, to see if Gallagher could get a deal on a higher interest rate above the .3% with Huntington National Bank. He said Gallagher replied yes, he renegotiated a 2.5% interest rate on the Money Markey Account starting July 1.

Motion by Allgaier, seconded by Lewis, to authorize Leelanau County Treasurer, John Gallagher, to negotiate a higher interest rate on the BRA Money Market Account. Motion carried 5-0.

Excerpt Leelanau County Board of Commissioners Special Session – September 7, 2007

Heinz gave an update and said that Hartesvelt has done a deep dive into the history of the BRA. He said in relation to the seed loan, they knew it would be in two components of \$50,000.00 each. According to the excerpts of the BOC September 7, 2007 Special Session, this was approved as a borrowed loan with a baring a 0% interest rate. The BRA has paid \$30,000.00 and the remaining balance owed is \$20,000.00.

Excerpt Leelanau County Board of Commissioners Regular Session- September 15, 2009

Heinz gave an update and said that Hartesvelt also looked into the history for this topic. The excerpts of the BOC September 15, 2009 Regular Session state that it is a “capital contribution” which means it is not a loan. The BRA retroactively received an extra \$50,000.00 in fund equity, which does not show on the trial balance until the audit is approved and the BOC agrees. This would mean the BRA would not have to pay \$50,000.00 back to the County.

Trial Balance/Revenue & Expense Report

Hartesvelt gave a brief history on the report and said that on the EPA draw balance, in 2023 there was a draw that was not turned in so it was set up as a “receivable” as of December 31, 2023 by the auditors. There was also a duplicated draw of \$750.00 in 2023, so they reduced the receivable by \$750.00 which they now owe back to the EPA. She is working with Myer on fixing that for 2024. The January expenditure for EPA draw down is a 2023 reimbursable that was also a receivable and the auditors are doing adjustment journal entering. In the meantime, they have a drawn down the \$13,000.00 from the EPA as receivable so it will not show as revenue in 2024.

Hartesvelt then explained the 2022 Delinquent Tax Revolving Fund (DTR) of the \$39,398.81 check that was uncashed for a year. There had been discussion that not all of it belonged to the BRA. She has been working with the Treasurer’s Department and receipted in the money that was appropriate for the West Bay/West Shore Hotel Redevelopment Brownfield Plan. She continued to explain that the Finance Department will put that back into the budget amendment and set up an expense line item to pay that overage back to the DTR. She said she is working with the Equalization Department, Treasurer’s Department and the Elmwood Township Treasurer to make sure all of the calculations are correct and to send the money back to the DTR. Those monies will then be disbursed to the appropriate municipalities.

CORRESPONDENCE/COMMUNICATION ITEMS- None.

PUBLIC COMMENT- None.

DIRECTOR COMMENTS- None.

MEMBER / CHAIRPERSON COMMENTS- None.

ADJOURN

Meeting adjourned at 11:23 AM.