

A special meeting of the Leelanau County Brownfield Redevelopment Authority was held on Thursday, December 03, 2009 at 9:00 am in the Government Center.

CALL TO ORDER

The meeting was called to order at 9:05 am by Chairman David Shiflett who led the Pledge of Allegiance.

ROLL CALL

Members Present: D. Shiflett, K. Egan, J. Hoagland, B. Drozdalski, E. Cline (9:10)

Excused/Absent: E. Winkelman, M. Walter

Staff: T. Galla

Public: M. McClelland, R. Walters

CONFLICT OF INTEREST

None

CONSIDERATION OF AGENDA

Hoagland requested a status report on the Varley Kelly project.

It was moved by Egan, seconded by Drozdalski, to approve the Agenda with the addition of Item #3 under New Business – Varley Kelly status report. On a voice vote, the motion carried unanimously, 4-0.

PUBLIC COMMENT

None

DIRECTOR COMMENTS

None

(Eric Cline present)

NEW BUSINESS

1. West Bay Shores Project

a. Letter of Support to DEQ RE: Expenditure of Grant Funds for Project

Shiflett stated there are new investors on the project and this request is to expend grant funds from the DEQ, prior to loan funds, in order to move this project along quicker. Cash flow has been a problem in this economy. This project has grant and loan capabilities and the DEQ has given their acceptance of using grant dollars first, if LCBRA is in favor. Galla provided a handout showing the amount of grant dollars and disbursements so far. Galla has exchanged e-mails with Susan Wenzlick, who is waiting to hear from the LCBRA that they are comfortable with this arrangement.

Shiflett stated that we should move projects along as best as we can. The actual environmental costs have come down so the amount of loan that would be needed after grant funds are used up, is much less.

Walters said the amount is about ½ million dollars less than originally thought, because not as much contamination was found as originally expected.

It was moved by Egan, seconded by Drozdalski for the LCBRA to submit a letter to the DEQ to support using grant dollars first, before loan dollars, on this project. On a voice vote, the motion carried unanimously, 5-0.

b. Reimbursement of Funds for Eligible Activities

Galla stated that reimbursement total came to \$61,064.54. She provided an explanation of Tax Increment Financing (TIF) and that she is trying to confirm with the County Treasurer, Chelly Roush, the amounts collected on the taxes so far.

Drozdzalski asked if the Molon Invoice was for the tank demolition. Walters confirmed that it was; adding it is *not* grant or loan reimbursable, but TIF reimbursable. Shiflett explained part of the work plan was done before the grant/loan approval and it can be reimbursed out of TIF but not out of the grant or loan. Galla said the Molon invoice has been paid. She had received a lien waver, so reimbursement needed to be made to West Bay partners. Galla stated three Ottwell-Mawby Invoices were paid and four were not paid. Lien waivers from Ottwell Mawby were needed for payment. She suggested the LCBRA consider taking action to approve reimbursement, as TIF is collected and confirmed with the Treasurer, and once all documentation and lien waivers are received. This way, the whole amount will be approved for reimbursement, subject to available TIF dollars.

It was moved by Egan, seconded by Hoagland, to reimburse the eligible activities for the West Bay Shore Project in an amount not to exceed \$61,064,054 once release of liens/proof of payment forms are submitted and TIF payments are received. On a voice vote, the motion carried unanimously, 5-0.

2. Appointment of a Committee RE: Community Outreach & Brownfield Re-Use Planning.

Shiflett stated after meeting with Ron Walters earlier, and hearing about his project and the growth of the film industry in Michigan, he would like to have Ron Walters provide us with an update. Walters said in April 2008, the Michigan Legislature enacted a film incentive. Presently, Michigan offers the highest tax incentive in the United States, by far. At the time the incentive was enacted, Walters was in the process of getting a site plan approved and planned to put in a film studio, which was approved in his site plan as a use by right. With the economy taking a nose-dive, no banks are lending on development projects. In his opinion, the film industry is the only growth industry Michigan has right now. He feels growth will be exponential as things fall into place. With that in mind, he has a friend in Hollywood who has been involved in major movies and is the recipient of numerous awards. Walters believes 3-D is the genre that is going to take over the industry. This genre has experienced tremendous growth; with income about six times higher for 3-D compared to 2-D films. Walters got an e-mail last night with more information and recommendations that 3D is the genre of the future. Japan and Korea are making all TVs 3D as of 2010, and that will be huge. Yet, there are not enough movies and content made in 3D. He believes there will be a rush of activity. For quality from beginning to end, Walter commented only about 20-25 companies in the world do this; his friend's company is one. Walter said they have discussed site, as well as other locations in the county. Ideas are starting to flow for a learning campus, production studios, and bringing 3D people here, etc. The incentives are great in Michigan. There is up to a 42% credit in Michigan (40% with an additional 2% in core communities. Leelanau County is not a core community but Traverse City is.) There is not the physical space in Traverse City or variety of scenery like there is in Leelanau County. There is over 3.5 billion in incentive money in Michigan and the governor's pet project is the film industry. Maybe a 2% credit could be made up so Leelanau Co. could be a 42% area. All of Detroit is 42% area. Walters mentioned 2% is a lot on a \$10 million project and to lure people in, it is important to show that Leelanau County has the best incentive in America. Walter felt a professionally done video of Leelanau County as an advertisement piece to show to people would be very valuable and it could be done in 3-D.

Shiflett said EPA will fund community outreach and visioning of new business development and re-use of sites. Initially, the LCBRA could create a visioning session and invite in key players that have industry experience – many in this county. He suggested that the opportunity to develop a digital arts commission be explored, in order to do the work of marketing and branding Leelanau County for a possible place for film industry to come and bring jobs.

Hoagland added that EDC should be involved. We have a dormant film committee, since we have no resources. Shiflett suggested appointing a committee out of this body to set up and do a visioning session and

see if Leelanau County wants this. There are great opportunities to take properties that are not being developed and re-use them.

Questions on committee establishment, make-up of the committee, and citizen involvement were discussed.

Hoagland said he can see EDC coming in at some point in the future. Shiflett envisioned this commission as a liaison for the community to attract business here, getting a jump start from EPA and brownfield grants for redevelopment. Galla commented TAB may also be a possibility, as well as working with our consultants who have community outreach tasks in their contracts. There are many possibilities as the committee moves forward. Shiflett felt the LCBRA needs to move quickly on this and start discussions.

Walters said the City of Allen spent \$30 million of their own money to get into this game. In New Mexico, this is their biggest industry right now and they have a 25% incentive. In 2010 there are more movies slated to be made in Michigan than in California. Walters noted his friend from I.E. Effects in California is available to come and speak in Leelanau County. It could be set up quickly.

Members discussed pulling together a session with David Kenneth of I.E. Effects and when that would take place, who should be invited, and what the topic should cover. Emails would need to be sent out quickly in order to get people invited. Members agreed this should be an informational gathering session at this time. There are many people in the area with great knowledge and experience. Right now, the session should be to hear more about the industry and determine if we should move forward and study this more.

Egan said the planning world is moving to having video site plans. It is huge in New Zealand where a planning consultant company did the work for Lord of the Rings. She said we are probably going to be moving toward that; although we haven't yet.

Walters commented that Georgia has 60 companies working on video development where they are getting a 30% incentive. Hoagland added they have Georgia Tech which has a good basis.

LCBRA directed staff to follow up and get the meeting set for 2 – 4 p.m., Tuesday, December 8th, put out email to all board members, EDC members and to provide contact information for people that might want to attend and staff will invite them. Shiflett asked Walters if the LCBRA could get a firm commitment for Tuesday, December 8th. Walters said he could.

Galla requested confirmation on who will be invited. Members said it should be limited to EDC, LCBRA, local Chambers of Commerce, and any names they will provide. It will be posted as an open public informational session and no action will be taken.

Hoagland commented there may be some push-back from people don't want any of this here. Members noted there are also many people out of work and looking for creation of jobs. That possibility, along with redevelopment of brownfield sites, should be explored.

Walters commented on credits available for new construction of facilities, and members discussed incentives, job creation, and potential investment opportunities from local residents.

Egan stated the goal with this session is for the LCBRA to get enough information to decide if they move forward and support this industry and opportunity with grant dollars through community outreach of our EPA grants. Hoagland added it will also be necessary to get EPA funds to support redevelopment of brownfield sites.

Walters said a video could pan the beautiful area of the county; and then the sites that are available for redevelopment along with available incentives and credits.

3. Varley Kelly Status Report

Hoagland commented it is good the West Bay Project is moving forward. He would like more information on where things stand with Varley Kelly.

Shiflett commented the water testing is just about done although one of the neighbors complained about the generator noise and the contractor had to work to get a different source of electricity to finish the final tests. The water has to run a considerable number of hours to do the testing.

Hoagland asked about the taxes. Shiflett checked with the LCBRA attorney (Pete Miller) who said these are taxing jurisdictions and taxes are due and payable. A meeting was held with the developers to go over the issues that needed to be addressed and brought into compliance before any more loan funds were expended. A letter outlining those steps was then sent to the developer. The letter was drafted by Pete Miller.

Egan commented it is a great letter, right to the point. Galla said the letter also went to the County Board so they can see that the LCBRA is doing due diligence by carrying out the tasks of the transaction that they gave to the LCBRA. They gave us these documents to implement and we need to be sure we are carrying out that work, on their behalf. We need to keep them updated on this project.

Galla also noted she had received a letter from Mr. Smalley, stating he wanted to finish his portion of the contract work.

PUBLIC COMMENT

None

DIRECTOR COMMENTS

None

MEMBER/CHAIRPERSON COMMENTS

Shiflett said he was excited that EPA is forward thinking and we are able to move forward on the possibility of a committee – as part of community outreach. This could spur development on some sites that we have. He felt there is investment potential for the area, but we need to figure out how developers can get a return so projects can move forward.

ADJOURNMENT

It was moved by Hoagland, seconded by Egan to adjourn. Meeting adjourned at 10:25 am.