## Approved September 17, 2007

# THE INGHAM COUNTY LAND BANK FAST TRACK AUTHORITY'

August 23, 2007 Minutes

Members Present:

Eric Schertzing, Comm. Rebecca Bahar-Cook, Comm. Dale

Copedge, Comm. Debbie DeLeon and Comm. Curtis Hertel

Members Absent:

None

Others Present:

Nancy Hammond, Mary Lindemann, Diane Wing, Ilene Schechter,

James Cassidy, Daniel Layman, Trish LaPorte, Pat Lindemann, Michael Brown, Bruce Johnston, Douglas Cron, John Peckham,

David Krause, Mark Fineout and others

The meeting was called to order by Chairperson Schertzing at 5:30 p.m. in the Personnel Conference Room of the Human Services Building, 5303 S. Cedar, Lansing.

## Approval of the July 2, 2007 Minutes

MOVED BY COMM. DELEON, SUPPORTED BY COMM. HERTEL, TO APPROVE THE JULY 2 MINUTES AS SUBMITTED. MOTION CARRIED UNANIMOUSLY.

Additions to the Agenda:

None

#### Limited Public Comment

Ms. Wing, Chesterfield Hills Neighborhood Association (CHNA), addressed the Committee regarding agenda item 2a. She stated the CHNA voted unanimously to present a resolution to the Authority indicating the CHNA's support for the Martin Property Development's proposal. Ms. Wing requested the resolution be made a part of tonight's record.

Ms. Hammond, CHNA, addressed the Authority regarding its proposal rating system and the differences in votes between the political appointees and professionals on the rating committee. She further stated she believes the neighborhood appointee to the rating committee is actually a political appointee because she was appointed by the Authority.

Mr. Thomas, **Board Chairperson**, stated one of the Authority's missions is to place properties in neighborhoods which are consistent with the specific neighborhoods. Agenda item 2a involves a complicated issue. He then expressed his hope that the Authority will give the CHNA's position serious consideration. Mr. Thomas thanked the Authority for using a rating system which is consistent with Board Policy.

Mr. Lindemann thanked the Authority for using an RFP process regarding the East Michigan property. He then stated his preference for constructing a housing complex

versus renovating the facility's current use. This is a key piece of property which will set a trend for Michigan Avenue. Mr. Lindemann strongly urged the Authority to approve the Martin proposal this evening.

Mr. Dempsey, City of East Lansing, stated the East Lansing City Council is not taking a formal position on the issue in agenda item 2a. The Council is mindful of the residents' concerns and their position on this matter. Mr. Dempsey thanked the Authority for its efforts to improve the area in question.

### 1. Communication

- a. Diane Gracia Wing Chesterfield Hills Neighborhood Association
- b. Gerald J. Richards Charter Township of Meridian
- c. Martin Property Development Proposal for 3411 E. Michigan Avenue
- d. Authentic Property Acquisitions Proposal for 3411 E. Michigan Avenue
- e. Development Review Committee Proposal Evaluation Recap
- f. Development Review Committee Resolution

The Communications were received and placed on file.

2.	Pro	perty	Maintenance,	Renovation	and Dev	elopment

a.	Resolution to Authoriz	e the Chairman to Sign the Offer to Purchase f	or
	the Property at 3411 E.	Michigan, Lansing from	for
	the sum of	and to Negotiate and Sign the Development	_
	Agreement per Accepte	ed Proposal	

Comm. Hertel stated the role of the Authority in this matter is to accept or reject the recommendation per the Ingham County Ethic's Policy.

Mr. Stoker updated the Authority regarding the legal issues pertaining to this property. Oral argument was heard in the Court of Claims on August 8. The matter has been taken under advisement. Mr. Stoker explained this issue becomes relevant in part because the title insurance requires a verification and certification that there are no claims on the property. If the Authority accepts a proposal this evening, it should do so while noting acceptance is contingent on satisfactory settlement of the lawsuit.

Martin Property Development, Inc. – John Peckham and David Krause

Mr. Krause expressed his pleasure for his proposal being selected for the East Michigan project. Mr. Peckham stated the project team has a clear track record for its ability to deliver and would appreciate the Authority's support. He the stated \$50,000 to \$100,000 would need to be spent upfront in order to address all the financial questions in the RFP.

Comm. Hertel requested to hear from Authentic Properties as well as Martin Development, Inc.

Authentic Properties – Michael Brown and Mark Fineout

Mr. Brown, Attorney for Authentic Properties, stated Authentic Properties (Authentic) has six restaurants in the local area. He then stated his estimation their proposal would generate in excess of \$300,000 in revenue for the City and the County as well as creating approximately 100 ongoing jobs.

Mr. Brown stated the neighborhood association opposed student housing or low end condominium housing in the recent past; however, the CHNA is currently supporting a housing complex. He then stated the property is currently zoned for commercial development according the to the City's future land use plans.

MOVED BY COMM. HERTEL, SUPPORTED BY COMM. COPEDGE, TO APPROVE THE RESOLUTION PER THE MARTIN DEVELOPMENT, INC. PROPOSAL.

Comm. Hertel stated he takes is position on the Authority very seriously. He also stated he has a number of concerns to be addressed before he is comfortable voting on the Resolution. Comm. Hertel stated the Martin proposal does not contain a bid guarantee as requested by the Purchasing Department. Mr. Peckham explained Martin Properties will have to perform a feasibility study to address many various issues. Comm. Hertel stated his concern that Mr. Peckham is uncertain about the future project. The bid guarantee is just a good faith estimate from the developer. Mr. Peckham stated it is hard to provide such a guarantee without performing upfront due diligence.

Comm. Bahar-Cook stated the bid guarantee is a normal part of the County's RFP process. Comm. Hertel stated the Martin proposal did not include a delinquent tax certification. Mr. Peckham stated he realizes the Martin proposal is incomplete. More time is needed to assemble the requested information. He then assured Comm. Hertel that Martin Properties in not in violation of any tax laws.

Comm. Bahar-Cook summarized what took place during the proposal review process. The scoring for both proposals was very close. She then asked what would happen if the flood plane issue could not be resolved.

Chairperson Schertzing explained that many of the issues that have been raised this evening would be dealt with in the development agreement. Per the agreement, if issues are not resolved, the sale would not proceed. Mr. Peckham stated the planning process will take several months to complete. In his opinion, it is impossible to answer every question in the RFP at this time.

In response to Comm. Hertel, Mr. Krause stated the proposed housing complex will house approximately 200 people within 72 units. The monthly rental rates would be approximately \$500 per person per unit.

This discussion continued. Chairperson Schertzing stated both proposals had significant defects. It would have been nice to have received three or four proposals to review;

however, the Authority must continue to move forward on this matter. Density is key to vital communities. The revenue from Martin's proposal can dramatically change what the Authority can do with future projects.

Comm. Copedge asked if the Martin proposal indicated why some of the questions were not answered. Mr. Peckham stated he thought the non-response was self-explanatory in the RFP. Comm. Hertel stated he was somewhat disappointed that the proposal did not include some condo space in order to provide some permanent housing options. Mr. Krause stated other Martin Development projects evolved during the planning stages.

Ms. Ruttan spoke on behalf of the review committee. She explained the proposals were reviewed individually by the review committee members. Once this initial process was complete, the review committee met to review each member's scores, line by line. This is the first RFP the Land Bank issued; however, it was a very fair process.

Comm. DeLeon stated she thought this process would be completed on a shorter time frame. She then stated her preference to send the proposals back to the review committee for further determination. Board Chairperson Thomas stated Comm. DeLeon has a good point considering the concerns raised this evening. A determination should be made as whether to rescore the proposals or to re-bid the project.

Chairperson Schertzing stated the Authority could provide additional information to the bidders. Comm. Hertel stated the Authority could accept Martin's proposal with the understanding that further review would be conducted. Comm. Copedge stated if the proposals are resubmitted, he would appreciate the bidders answering every question on the RFP.

MOTION FAILED with Chairperson Schertzing voting YES.

MOVED BY COMM. HERTEL, SUPPORTED BY COMM. DELEON, TO REFER THE PROPOSALS BACK TO THE REVIEW COMMITTEE SO THAT THE AUTHORITY'S CONCERNS CAN BE ADDRESSED. MOTION CARRIED UNANIMOUSLY.

b. Property Update

Ms. Ruttan reviewed the information contained in the agenda material.

c. General Legal Update – Counsel

Mr. Stoker stated the Oak Tree property is still on appeal at the Court of Appeals.

- 3. Contracts and Bills
  - a. Accounts Payable Approval July

MOVED BY COMM. BAHAR-COOK, SUPPORTED BY COMM. COPEDGE, TO APPROVE THE ACCOUNTS PAYABLE FOR JULY 2007. MOTION CARRIED UNANIMOUSLY.

b. Monthly Statement – June and July

The Statement was received and placed on file.

- 4. <u>Items from the Executive Director and the Chairman</u>
  - a. Ingham County Brownfield Redevelopment Authority

Chairperson Schertzing stated the Lakes Center property is eligible for Brownfield Redevelopment. This project will be similar to the Eastwood Towne Center except that the Lakes Center project includes a residential component. Gil White is the project developer.

Chairperson Schertzing further explained that this project will take Brownfield resources further than normal. More information on this project will be available at the Authority's September meeting.

b. MLK Project – Joe Tibaldi

Ms. Ruttan stated this project is moving slowly. Mr. Tibaldi is in a state of redemption on the MLK properties at this time. The Land Bank will negotiate with Mr. Tibaldi on this project. The Clark Street project has a one month redemption period. The Land Bank will negotiate directly with Countrywide on this matter.

c. Masonic Lodge Acquisition

Chairperson Schertzing stated the Authority received an appraisal on this property. Ms. Ruttan stated the appraised value on the clean property is \$190,000.

d. Audit

The Authority held a brief discussion regarding this matter.

e. GLHC Acquisition

Chairperson Schertzing updated the Authority on this item. He then stated he believes discussions regarding the School for the Blind facility will take place during the September meeting.

#### Announcements

Comm. Hertel stated the Authority should interview people it appoints to committees in the future. He further stated he understood why interviews were not held for the recent appointments.

Comm. Bahar-Cook stated the Authority should review the members on the review committee. Age played a part in the rating process on the review committee. Chairperson Schertzing stated the review process could be further defined before the Land Bank takes on the Action Auto property next year.

Ms. Ruttan stated she would like the Authority to redefine the review committee's procedures. The review process should be open and fair to everyone. Comm. DeLeon stated she would appreciate receiving recommendations from Ms. Ruttan on this matter.

## **Public Comment**

Ms. Hammond stated she feels the Authority has a problem with sending the proposals back to the review committee. She also stated the review committee should be unbiased.

Ms. Wing stated she was dismayed that interviews were not held for the review committee. Interviews could be help via phone if necessary. Ms. Wing further stated the Authority should determine its next step regarding the East Michigan property. Objective criteria should have been established for the review process.

The meeting adjourned at 8:20 p.m.

Respectfully submitted,

Debra Neff