

DEBT MANAGEMENT COMMITTEE

7/24/2014

304 E. Grand River, Conference Room 4A, Howell, MI 48843

9:00 AM

AGENDA

- 1. CALL MEETING TO ORDER**
 - 2. APPROVAL OF MINUTES**
Meeting Minutes Dated: June 25, 2014
 - 3. APPROVAL OF AGENDA**
 - 4. CALL TO THE PUBLIC**
 - 5. CLOSED SESSION**
Discuss options regarding the Mitch Harris/Handy Township properties
 - 6. OTHER BUSINESS**
 - 7. ADJOURNMENT**
-

MEETING MINUTES

LIVINGSTON COUNTY

JUNE 25, 2014 - 10:00 AM

ADMINISTRATION BUILDING - CONFERENCE ROOM 4
304 E. Grand River Avenue, Howell, MI 48843

DEBT MANAGEMENT COMMITTEE

COMM. **DAVID DOMAS**

COMM. **DENNIS DOLAN**

COMM. **RONALD VAN HOUTEN**

TREASURER: **JENNIFER NASH**

CO. ADMIN: **BELINDA PETERS**

FIN. OFF: **CINDY CATANACH**

OTHERS: **NATALIE HUNT**

MIKE TIPTON
LURIE EISLE

DR. HANK VAUPEL

1. **CALL TO ORDER:** Meeting called to order by Committee Chairman, **David Domas**, at 10:00 A.M.
2. **APPROVAL OF MINUTES: MINUTES OF MEETING DATED APRIL 3, 2014:**

MOTION TO APPROVE THE MINUTES, AS PRESENTED.
MOVED BY: DOLAN / SECONDED BY: VAN HOUTEN
ALL IN FAVOR - MOTION PASSED

3. **APPROVAL OF AGENDA:**

MOTION TO APPROVE THE AGENDA, AS PRESENTED.
MOVED BY: VAN HOUTEN / SECONDED BY: DOLAN
ALL IN FAVOR - MOTION PASSED

4. **REPORTS:** None.

5. **CALL TO THE PUBLIC:**

- Mike Tipton of Howell Township stated that the schedule says 9:00 am online, and the agenda was not posted until 9:30 am, this caused him some confusion on the start time of the meeting and would like this noted. Comm. Domas stated that the schedule is set in January and the finance meeting may extend past the scheduled time, which is why the meeting was pushed back to 10:00 am. Comm. Domas apologized for the confusion.

6. DISCUSSION:

- **HANDY TOWNSHIP:** Jennifer Nash explained options as a result of Handy Township owning the Mitch Harris property.

Option 1: If the County can finance the debt and the Township can pay off taxes, the township would receive a clear title. The Treasurer's Office has provided Handy Township the total amount of chargebacks.

Option 2: If Handy Township cannot pay the amount in total this would result in a tax foreclosure process to provide a payment plan. Payments would begin at about \$431,000 and taper off to be about \$29,000, though this option does not offer a clear title.

10:10 LAURIE EISLE ARRIVED

Dr. Vaupel stated at the township level the law suits have settled and the township owns the property less the title. The Township's issues with these options revolves around the amount of interest owed (\$111, 000). The township feels the amount of interest is excessive and would agree to pay debt, interest free, until the property sells. Dr. Vaupel explains possible options for the Township:

Option 1: If the County would decrease the taxes owed, the township would explore option 1 of county financing the debt. Since the township would transfer property to county with debt, upon sale the County would be reimbursed and can then land bank the property.

- The property has cost the township over \$1M above the original estimates due to absence of the sewer.
- Jennifer Nash: If the County reduces interest – about \$100,000.00 – there is legislature that allows board to reduce chargeback interest, this would be presented in a resolution, but we have past that time frame to be able to do that.
- Dr. Vaupel suggests processing the reduction as a settlement agreement. He does not have a written opinion from the attorney, only memos. He states that 0% interest would be most acceptable.
- Jennifer Nash recalled that the County reduced the chargebacks before the new law, years 2007 and prior went to .5% from 1% on all chargebacks. The County would have to offer that to all chargebacks and that would open the County to liability.

Option 2: The Township would file a lawsuit and offer a settlement that would require the County to take care of the property. That is the last thing the township wants to do. This could lead to an agreement, pre-lawsuit, to get around the laws regarding the chargeback interest. This was a thought from the attorney to be able to reduce the interest owed, but there is not a written opinion from the attorney.

Option 3: For the County to take property and debt.

Commissioner Domas stated there is an option 4: The option from a long time ago, help fund the Township from the General Fund, \$2M, and then there would also be a millage in place to allow the payoff of the charge backs. Dr. Vaupel stated that the Township has thought about this option and when going for a millage for 20-30% of debt, he doesn't believe it's worth it; passing a millage is tough.

Dr. Vaupel asked about negotiating the debt, due to the township putting in more than what was originally estimated. Commissioner Domas stated the statute will preclude us, negotiating will not likely happen; please provide a written opinion from the attorney. The county can then share that with civil council to get their opinion. Dr. Vaupel stated if debt was reduced, the Township could at least write a check for the first year (2007) and stop foreclosure and pay entire debt upon sale. Jennifer Nash explained if the township wants a clear title, they would have to pay chargeback instantly, and a deed could not be certified until paid in full. The Township cannot sell the property until the title is clear.

Dr. Vaupel explained that there has been interest in the property but then come to a stumbling block due to re-zoning not being completed. The re-zoning could not be approved due to there not being a quorum present at the Planning Committee Meeting and no action could be taken.

The best option is to pay 2007 to keep out of tax sale and essentially buy the township a year. Dr. Vaupel stated that the township board will not likely pay off 2007 with the interest rate. Jennifer Nash explained that now that this is out of litigation, the Treasurer's Office needs to follow the foreclosure process.

Commissioner Domas, again requests a written opinion from Handy Township's attorney providing an offer to the County and including an opinion regarding the amount of interest owed and how that number could possibly be reduced. The written opinion from the township's attorney will be reviewed on July 8th by the Township Board and can be sent to the County by July 9th. We need the attorney's opinion first and time to review before coming back with another offer. In the meantime we can push the Planning Committee to approve the re-zoning request. Commissioner Dolan stated the steps presented at this time are good and agrees with the rezoning to be reviewed by Planning, we are on track. Commissioner Van Houten agrees, we are on the right track and will have a better idea when opinions are received. Belinda Peter's stated the written legal opinion is critical and then we will go from there. Commissioner Dolan directed to work on two options concurrently (reducing the interest owed or amount owed vs. the County's original offer with modifications). Dr. Vaupel thanks everyone for their patience during the legality issues.

➤ **LAKE SHANNON PAVING PROJECT: WILL NOT BE DISCUSSED AT THIS TIME.**

7. OTHER BUSINESS: None.

8. ADJOURNMENT:

MOTION TO ADJOURN AT 11:04 AM
MOVED BY: VAN HOUTEN / SECONDED BY: DOLAN
ALL IN FAVOR - MOTION PASSED

Respectfully Submitted

NATALIE HUNT
RECORDING SECRETARY