



SIREPA

SOUTHEAST IOWA REGIONAL
ECONOMIC & PORT AUTHORITY

September 6, 2019

**Meeting of the Board of Directors
12:00pm - 1:00pm**

**Lee County Economic Development Group Offices
2700 Kindustry Park Rd, Keokuk, IA**

Agenda

- I. Call to Order, Chair (Boyer):
 - Roll Call:
 - a. Director Denise Boyer, Chair
 - b. Director Mike Hickey, Vice-Chair
 - c. Director Michael Dunn, Treasurer
 - d. Director Jack Smith
 - e. Director, Bob Dodds
 - f. Ex-Officio, Gary Folluo, Lee County Supervisor
 - g. Ex-Officio, Rick Larkin, Lee County Supervisor
 - h. Ex-Officio, Stefanie Devin, State Treasurer's Office
- II. Consider Approval of Agenda of September 6, 2019 Meeting (Board Action)
- III. Consider Approval of Minutes of December 12, 2018 Meeting (Board Action)
- IV. Old Business: Lee County Joint Education Center (Board Action)
- V. Old Business: SIREPA 5 year Strategic Plan Update (Board Information)
- VI. Old Business: Land Bank Update (Board Information)
- VII. Matters from the Floor
- VIII. Consider Adjournment (Board Action)



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Minutes of the SIREPA Board of Directors
Wednesday, December 12, 2018
LCEDG Offices
2700 Kindustry Park Rd, Keokuk, IA 52632

I. Call to Order at 1:30 p.m. by Denise Boyer

Roll Call:

Members Present: Director Michael Dunn (*Treasurer*), Director Denise Boyer (*Chair*); Director Mike Hickey (*Vice Chair*); Director Jack Smith; Gary Folluo (*Ex-Officio*); and Daniel Wasta, State Treasurer's Office (*Ex-Officio*)

Members Absent: Rick Larkin (*Ex-Officio*)

SEIRPC Staff Present: Mike Norris

Guest(s) Present: Nancy Snaadt (*Alliant Energy*)

II. Consider Approval of Agenda: **Dunn made a motion to approve the December 12, 2018, meeting agenda, second by Hickey. All ayes, motion carried.**

III. Consider Approval of November 6, 2018 Meeting Minutes: **Dunn made a motion to approve the November 6, 2018 Meeting Minutes, second by Smith. All ayes, motion carried.**

IV. Old Business: Land Bank Due Diligence Items (Board Information):

Norris went over the Memo regarding SIREPA serving as a Land Bank for its members. The memo states what serving as a Land Bank essentially means; How SIREPA could receive properties; and a draft list of due diligence items SIREPA may want to complete before receiving transferred property. The list includes Title and Lien Search; Building inspection by licensed inspector; Liability insurance quotes; Building Stabilization scope and quotes; Phase I Environmental Site Assessment; and Asbestos Inspection. There was discussion, and it was suggested to make sure what taxes need to be paid if acquired and to work with Nancy Snaadt regarding ROW and acquisition. We will be checking to see if any pilot monies could be available. No action taken.

V. Old Business: SIREPA 2020 Draft Budget (Board Information):

Norris went over the FY2020 budget which allows certain assumptions: 1) A strategic plan will be completed for \$6,000; 2) Member entities each contribute \$2,700; 3)

Alliant Energy grant received for the strategic plan in the amount of \$4,500; 4) Land bank project will be initiated (cost of about \$80,000). The total budget amount is nearly \$356,000; however, without a land bank or ICAAP project, the budget drops to \$12,600. No action taken. Liability insurance may not be needed if a land bank project is not pursued or ICAAP grant is not received. We will find out about the Alliant grant in February 2019, and will find out about ICAAP in Spring 2019. No action taken.

VI. Old Business: SIREPA Future Planning, Alliant Energy Application and Process (Board Information):

Discussion was held on the idea of SIREPA hosting a forum to educate potential partnerships on the port authority's abilities and their potential types of projects. It was suggested to invite people from Economic Development groups, Chambers, elected officials, and private entities that might benefit. Include members from the Board of Supervisors, City of Fort Madison, and City of Keokuk. No action taken.

VII. Matters from the Floor: None

VIII. Consider Adjournment: **Motion by Boyer, Second by Smith, Motion Passed.**



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Memo

To: SIREPA Board of Directors
From: Mike Norris, SEIRPC
Date: August 21, 2019
Re: Joint Education Center Update

Lee County economic development partners recently approached me with updates on the Lee County Joint Education Center (Center). Developing the Center has been a years-long process with the following partners:

- SCC
- Lee County Economic Development Group (LCEDG)
- Lee County High Schools (Fort Madison, Keokuk, Central Lee)
- Most Lee County industries

The concept is the three public high schools would purchase seats in a Center and have access to SCC faculty, training and equipment. Curriculum would be centered on career soft skills, advanced manufacturing, industrial technology and potentially other areas.

Originally the group envisioned a new building on 8 acres near Pinnacle Foods (ConAgra Brands). The cost for a new building was a primary barrier in the first series of discussions.

Presently there is an industrial building near Montrose (KL Megla) that will be for sale and available for use as a Center. SCC is not able to purchase the building at this time.

Center boosters have approached me and asked if it was possible if SIREPA could purchase and hold the building for an indeterminate time, based on:

- SIREPA status as partnership entity in Lee County
- SIREPA status as tax-exempt entity
- SIREPA status as economic development-focused entity.

The deal setup would look something like this:

- Area banks loan SIREPA funds at tax-exempt rates (2%?) to purchase, hold and operated the empty building, possibly through a participation loan.
- Private business puts up enough money for 24 months of carrying costs (Loan interest, operating costs, insurance, SIREPA time/work).
- SCC comes back in and purchases building from SIREPA via intergovernmental transfer.

What is the worst-case scenario if SIREPA is involved?

- The Center is never developed, and SCC never buys the building
- Default, acceleration of debt and foreclosure
- Association with a failed experiment

What is the best-case scenario?

- SIREPA fulfills its role as an economic development partner and plays a key role in development of the Center that supports future workforce of Lee County industries and businesses.
- The project may springboard SIREPA into other beneficial roles in the county.

It is not a foregone conclusion the Center will happen. SCC is working through the many demands on its resources, area high schools are not all the way on board and SCC is also working on a curriculum program with high schools and industries.

However, time is of the essence as there is a lot of interest in the building. A new building is anticipated at \$3-6 million depending on size and construction type; the building in question would be available for less than half the low number above (giving the Center a fighting chance on the amortization and operating costs). There is a good chance the Center won't happen if this building cannot be secured.

SIREPA has a range of options at the present time:

- Aggressive: Meet to authorize the procurement of financing and to enter into negotiations to purchase the building and proceed to execute both.
- Less Aggressive: The aggressive approach, but only to authorize procurement of financing and purchase, and wait to see if Center will materialize.
- Passive: Not do anything until it's a pretty sure thing the Center will happen and there can be a smooth handoff to SCC.

If SIREPA moves to attempt and acquire the building, it will need:

- Fundraising agreements with private businesses to provide revenue to satisfy loan requirements and operating costs.
- To meet state code for municipalities to procure for financing (SEIRPC staff looking into this process).



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Memo

To: SIREPA Board of Directors
From: Mike Norris, SEIRPC
Date: October 17, 2017
Re: Lee County Land Development Bank

SIREPA is uniquely structured with its abilities in Iowa Code to function as a land development bank in Lee County.

The land development bank partners with both private entities and local governments to hold, stabilize and assist in redeveloping buildings and properties. Redevelopment of buildings or land, distressed or not has a direct relationship to economic development – the central purpose of SIREPA.

WHAT IS A LAND BANK?

A land bank is an organization that receives properties from private or public entities and causes the redevelopment reuse or recycle of the structures or property.

Typically, a land bank is a non-profit entity able to receive direct transfers of property acquired by local government through nuisance abatement or tax sale. The land bank then holds, stabilizes and eventually seeks reuse through redevelopment or reuse.

WHAT PROBLEMS DOES A LAND BANK SOLVE?

The land bank enables communities to avoid the common pitfalls of typically large, low-value buildings: The Irresponsible Owner. How many buildings can we think of that were acquired by someone who let it deteriorate only to be demolished at taxpayer expense?

Publicly funded demolition is a double negative for the community as it pays twice to tear down the building: Once to demolish it and then as an opportunity cost of lost future economic productivity and tax revenue.

Land Bank Problem Solving:

Problem 1: Building goes to tax certificate sale and neglected. Out of town certificate holders let building deteriorate.

Problem solving: City acquires building through Iowa Code, transfers to SIREPA. SIREPA receives funding from City to stabilize and market building.

Cost to stabilize and market much less than demo and loss of future tax revenue.

Problem 2: A building is simply neglected by property owner, crumbling all over neighboring buildings and into the street but current on taxes.

Land Bank: City acquires building through Iowa Code, transfers to SIREPA. SIREPA receives funds from City to market building and for incentives for redevelopment.

Cost to stabilize and incentiveize much less than demo and loss of future tax revenue.

NEXT STEPS: PROOF OF CONCEPT

SIREPA will need support of board members and communities to try a few land banking projects.

Recent building fails in Keokuk (Oddfellows building) and Fort Madison (700 block Ave G) and in the past may have been prevented by landbank concepts.

Total demolition cost for the Oddfellows building in Keokuk will likely top \$400,000 (checking current numbers) with asbestos abatement, if it can be completed. Demolition for the 721 Ave G property will likely top \$100,000.