

Minutes

Treece Relocation Trust Meeting
October 1, 2010
Cherokee County Court House

Meeting called to order by Chairman Bicknell

Roll Call: Bicknell, McBride, Dahmen, Hamilton

Staff: Jurgens & Singer

Counsel by phone: Grunewald

MMSC (Hamilton/McBride) to approve the minutes of the previous meeting

Additions to agenda:

- Hamilton mentioned his concern for the handling of the water system issues.
- Dahmen mentioned the addition of expense payment consideration MMSC (Hamilton/McBride) to pay the following:
 - o \$225 for accounting services to Beaty Accounting
 - o \$17 to Jim Dahmen for copy services
 - o \$26.40 to Jim Dahmen for postage expenses

Appraisal Kick-off discussions-Jurgens presentation to appraisal firms

Representatives: McColm Appraisals, Mid-America Appraisals, Dillon & Witt.

Jurgens reviewed guidelines for appraisers to follow. The matter of pictures inside of homes was discussed. It was concluded the appraisers would ask permission. If it was given, then pictures would be taken. If denied then they would not. Regarding scheduling of visits, the appraisers indicated they would like to attempt to do multiple properties in a day. 10-20 a day are possible with 3-4 appraisers. Starting date? Today, however, a letter will be sent on Monday from KDHE to all Phase I applicants.

Due dates? Jurgens asked the appraisers not to bunch the applications, but send them in to him as they are completed so offering work preparation may begin.

What about those few properties where the land owner and the land occupant are two different people? There are only two cases where a mobile home is on property owned by someone else. Appraisers concluded it was doable, but that type of breakout of values usually is done in the cost approach method of appraisal and not in comparable.

Bicknell mentioned they would have to look at bare land values in the comparable communities to determine values.

Jurgens mentioned that similar lots in Treece. We could establish a value on one and use that for all bare lots, based on similar lots in the comparable communities.

Jurgens mentioned we don't need individual values on out-bldgs.

Jurgens mentioned there are two business properties- Moreland Tire & a church.

McBride inquired as to whether the appraisers would be investigating the crawl spaces? A: No.

McBride inquired; Is an RV or a camper a residence? No, it is personal property, not real estate.

Appraiser inquired; Can we go outside of Cherokee County for church sales comparables? It was indicated that two churches in Cherokee County had recently sold, but one of them was not an arms length transaction.

Scheduling issue re-visited: One appraiser asked if they could possible block out one or two weeks for all the appraisers to do there work? Bicknell responded; We don't want one appraiser influencing another.

Jurgens: In the next 30 days, we will try to get all Phase I applications to the appraisers.

Ron Frazier encouraged the Trust to avoid any conflicts of interest when we pick the review appraiser to review the works of the three firms hired.

Jurgens: If the appraisers find discrepancies in the descriptions, they will have to rely on the legal descriptions for identifying the correct property.

Legal Counsel for the Trust: Bicknell indicated the Attorney General opined the Trust would need to hire legal counsel. Bicknell recommended we use the attorney sparingly.

McBride: I think we need an attorney at every meeting from the AG's office for general guidance. When a real estate issue comes to our attention, we will utilize an attorney with real estate experience.

Grunewald: TRAT is a charitable trust by statute, vs. a private trust. AG's office has specific oversight responsibilities. All trustees are state officers. TRAT's purpose is a charitable trust. AG's office can help on general issues, but not for attorney/client privilege matters. You don't have a lot of wiggle room, because of limited dollars available. Use your attorney for a case by case basis.

Jurgens: Who would represent TRAT if we discover fraudulent information was provided in the application by a property owner? KDHE will have to address it within its own agency for issues relating to utilization of federal dollars. If a criminal offense is made, go to the County Attorney.

Bicknell: I would like to have Grunewald on the phone for TRAT meetings. We will investigate who may be a good real estate attorney for the TRAT.

Grunewald: TRAT has the ability to hire legal counsel, but will need to investigate the KDHE/EPA agreement to see if there are any restrictions.

Jurgens volunteered to investigate.

Grunewald: Re: Compensation of a Trustee for secretarial services. It is problematic. Trustees are trustees even outside of the meetings. There may be the appearance of self-dealing and may

conflict with job description (Qualified Beneficiary). A ruling may be need from the AG's office;

1. Can we use trust funds for legal counsel?
2. Paying a trustee for duties over and above per diem is a different issue.
3. AG's office will represent the Trust if they are sued.

MMSC (McBride/Hamilton) to withdraw the motion laying on the table, relating to paying a trustee for secretarial duties.

Open Meetings Act: Jurgens indicated that all future e-mails from him would be informational only. E-mails to trustees could possibly be interpreted as a meeting if they had a request for action. Any decisions will need to wait until a formal meeting.

Monthly Legislative Report: Presently expenditures have been broken out by our accountant. KDHE may summarize those expenditures under broad headings for ease of legislative reporting.

Applications: Jurgens reported that 8-9 applications arrived late for the Phase I, they will be put in to Phase II. The appraisers have the list of Phase I applications (82).

McBride: Thinking ahead to demolition, we will need to be doing so via competitive bid. I would like to have an emphasis on utilizing Cherokee County providers of this service.

McBride: Regarding closing services, we have two title service firms in Cherokee County. I think we need to have closing RFP's ready to be mailed out right after October 14th meeting.

McBride: Comment; If we go outside of our already established guidelines, we will be throwing the door open. Bicknell mentioned the request will remain intact and will be available for later consideration.

MMSC (McBride/Hamilton) to withdraw the tabled motion relating to amending the by-laws to require 100% approval of a quorum for offers. By-laws already cover this topic.

Relating to Child Enforcement liens: Grunewald: SRS Child Enforcement Division has offered to issue a waiver on enforcement of liens should they appear. They do not want to hold up the Treece relocation effort.

McBride: Child enforcement is usually against wages and not real estate.

Grunewald: Judgments on real estate do appear on titles. They are usually paid off or waived by the lien holder. If child enforcement liens appear on a title, contact Grunewald and he will talk to the SRS attorney for a waiver of the lien. The judgment would remain, but the claim against that property (lien) could be waived per the SRS attorney.

MMSC (McBride/Dahmen) to accept the e-mail received from the SRS of their willingness to provide a lien waiver.

MMSC (Dahmen/McBride) As a matter of policy, the Trust shall use purchase proceeds to satisfy any filed claims against the property being purchased, as to the best of the Trust's ability. Liens waiver may be requested on a case-by-case basis.

Review Appraiser: MMSC (Dahmen/McBride) to hire the Thornton Appraisal firm to provide review appraisal services at compensation of \$225/ reviewed property.

Jurgens will send contract award to David Thornton on behalf of Dahmen.

LICRA litigation summary: Grunewald; Binder to be forthcoming.

Official Seal: It was the general agreement of the trustees that Ryan Singer should order the seal and send the bill to the Trust.

Moving of a mobile home: Will TA Trust pay for the temporary housing of the occupants of the mobile home while it is being moved and re-set? No, the Trust is paying \$1,000 in moving expense. Jurgens will investigate the typical cost of moving a mobile home and report back.

Jim Wood's Marketing, Hwy 69 and State Line Rd.: Ron Forgey of Jim Wood's Marketing appeared before the meeting. Mr. Forgey indicated that it was his opinion and that of Rep. Doug Gatewood; the property was in the original state statute. Mr. Forgey indicated Internet service was poor and that AT&T was not going to spend any money light of what the future of Treece is. He asked the Trust to please reconsider the Trust's position and include the property in the buyout.

Bicknell: If we have the funds available, in the final stages, we may consider the Wood's property.

MMSC (Dahmen/Hamilton) to adjourn.

Jim Dahmen, Secretary 10/1/10