

MINUTES OF THE STARK COUNTY LAND REUTILIZATION CORPORATION
March 19, 2015

The Stark County Land Reutilization Corporation met for their Annual Meeting on Thursday, March 19, 2015, 9:00 a.m. in the Stark County Regional Planning Commission Conference Room.

Board Members

Alex Zumbar
Janet Creighton
Bill Smith

Lem Green
Tom Bernabei

RPC Staff

Bob Nau
Sarah Peters
Jill Gerber
Beth Pearson
Lynn Carlone
Brenda Sarsany
Dave Thorley

Others

Jerry Yost
Maureen Austin
Deana Stafford
Jaime Allbritain
Michelle Culter
Alan Harold
Jim Wallace
Nancy Molnar

- 1) **CALL TO ORDER BY SCLRC CHAIRMAN - Alex Zumbar**
- 2) **ROLL CALL**

Board Members Present:

Alex Zumbar, Stark County Treasurer/Chairman
Tom Bernabei, Stark County Commissioner
Janet Creighton -Stark County Commissioner
Lem Green -Municipal Representative
Bill Smith, Township Representative

- 3) **ELECTION OF CHAIR AND VICE CHAIR**

Green moved, Creighton seconded, and the motion carried to appoint Alex Zumbar as the Chairperson.

Creighton moved, Bernabei seconded, and the motion carried to appoint Lem Green as the Vice Chairperson.

- 4) **MINUTES OF THE JANUARY 20, 2015 MEETING**

Smith moved, Bernabei seconded, and the motion carried to approve the minutes of January 20, 2014.

5) **PUBLIC SPEAKS**

There were no public speaks.

6) **PRESENTATION OF ANNUAL REPORT**

Pearson presented the summation of what was accomplished during calendar year 2014. Zumbar stated the MOF was a very successful program that came to a conclusion last year. The Side Lot process has definitely been streamlined. Many of these vacant lots are now being put into productive use, and ultimately that means tax dollars are starting to collect again. The SCLRC also kicked off OHFA's Neighborhood Initiative Program (NIP) last year with financials included with this report. Julian and Grube are preparing our basic financials which will be submitted the end of next month to the state auditors for their review. Green referenced last month's budget numbers and questioned the expense for Julian and Grube at \$1,200 to produce the audit but also the auditor at \$6,500 to review it. Zumbar stated even though it is budgeted doesn't mean there will be a state audit this year. The state auditor will work with the auditor's office locally to determine whether or not they are going to audit it. The SCLRC is a separate entity, but it is possible that they may audit it since they are here in the building every year for the county audit. Green asked if they are at liberty to have the state auditor do the audit. Zumbar stated they are, but we can also choose an independent public accountant. Creighton believed it was not a good idea to have the same auditor year after year. Green moved, Bernabei seconded, and the motion carried to approve the annual report as submitted.

7) **TREASURER REPORT – JIM WALLACE**

Wallace stated the bank reconciliation statement for the month of February ended with a checking account balance of \$45,533.63. They should be receiving the first half DETAC funds in the next few weeks, which Zumbar estimated to be about \$580,000. The detailed report included both January and February as there was no meeting in February. Regarding the Star Plus funds, there was a balance for the end of February of \$1,001,339.80. Green moved, Smith seconded, and the motion carried to accept the Treasurer's report.

8) **FISCAL REPORT**

Pearson presented the following invoices for approval. They did receive two invoices that needed paid but because there was no meeting held in February, they requested approval from Zumbar to pay those invoices and are now asking for post approval.

a. Post Approval of Invoices

1. Stark County Sheriff - \$5,000.00 – Preparation of 100 Sheriff Deeds for NIP

Green moved, Smith seconded, and the motion carried to approve the invoice from the Stark County Sheriff for deed preparation.

2. Press News - \$6,185.40 – Side Lot advertising

Bernabei moved, Creighton seconded, and the motion carried to approve the invoices from Press News for side lot advertising.

b. Payment Approval

1. Stark County Treasurer - \$2,022.25 – NIP Redemption taxes (02-02347)
2. FER Title - \$2,400.00 – 6 side lot PJRs
3. Insurance Partners Agency - \$4,000.00 – D & O Insurance Renewal

4. Stark County Sheriff - \$1,550.00 – Preparation of 31 Sheriff Deeds for NIP
5. Moore Title Group - \$1,600.00 – 4 side lot PJRs
6. Press News - \$3,716.70 – Side lot publications
7. Insurance Partners Agency (Sirak Insurance) - \$12,164.00 – NIP and Side lot property insurance

Pearson explained the D & O Insurance Renewal is an annual fee, but the property insurance gets adjusted as properties are added or taken. This gets us caught up through the end of February, so from this point forward they will be invoicing us on a monthly basis for parcels. Zumbar asked if these costs were reimbursable. Pearson stated that \$12,164, about \$570 worth were side lot and the rest were for NIP properties. Creighton referenced the 2015 expenditure budget, stating that insurance was only showing \$9,200. Pearson stated they were not anticipating these costs to be this high this quickly, but had anticipated them to be more spread out over the year. If this money can be reimbursed from the city, they will go after that if at all possible. But it is a higher number than anticipated.

Green stated we would like to consider having an understanding, for example, this \$12,164 to Sirak is an aggregation of 100 individual invoices. Pearson stated some invoices have several addresses, but now that they are all caught up, it will be just one invoice a month. Green stated but on the same theme, the title fees are \$400 per PJR and there are six of them. That is six separate items of \$400 a piece. He thought they should extend authority to pay those bills of that sort even though it exceeds the \$1,500. Zumbar asked if he could modify his consideration to grant authority to RPC to pay these invoices as received with the understanding they must come back for a post approval so at least the board sees it. Green suggested changing the \$1,500 to \$5,000 because we are addressing things that are very routine and uncontroversial. Zumbar stated these invoices generally relate to the NIP program, but the items he is concerned about are the Press News, Sheriff's invoices or title companies. The insurance invoice is probably the accumulated properties from day one when this started, it was also anticipated when we entered into this grant agreement that these properties would be demolished fairly quickly, but we are actually holding onto these properties longer than anticipated. When we hold on to them this long, we encounter unique situations and circumstances. Zumbar asked if the board would want to increase the limit to \$5,000 or post approval. It is important to keep the program moving forward and not slow down the process and ability to pay these bills on time. Pearson stated most times these invoices will come over with one letter requesting payment, so that is why it is an aggregate number rather than processing 31 individual checks and payments to the Sheriff. Green agreed to simply deal with them in the aggregate and just approve them all together. Zumbar asked if the board would want to approve post approval. Creighton stated they have been doing it for IT and it has worked for years. Zumbar stated he knew anything that is out of the ordinary will come to the board's attention so that oversight is provided. We do need to hold payment for at least 28 days because of the redemption period. Bernabei asked where the \$1,500 limit is written. Pearson stated it was in their fiscal policies that the board adopted last year. Bernabei stated we need to take that out and discuss changing that specific section. Green moved, Creighton seconded, and the motion carried to approve the above-noted invoices for payment.

9) **NEIGHBORHOOD INITIATIVE PROGRAM (NIP) REPORT – Lynn Carlone**

Carlone presented the Neighborhood Initiative Program (NIP) Update - City of Canton:

137 - Total number of acquired properties to date

78 - Total Number of Properties Identified on a Current Active List for Acquisition

51 - Number of Properties the Prosecutor's Office is currently pursuing for Board of Revision
Foreclosure

16 10-Day Demand letter(s) sent

0 PJR ordered; waiting to be received

- 0 PJR ordered and received; waiting for complaint to be filed
- 0 Complaint filed; waiting for hearing date
- 2 Regular foreclosure docket
- 10 Hearing held 2/12 Redemption Date 3/13/15
- 7 Hearings held 2/26/15 Est. Redemption Date 3/26/15
- 5 Hearings held 3/26/15 Est. Redemption Dates 4/23/15
- 4 Hearings scheduled for 4/16/15 Est. Redemption Date 5/14/15
- 2 Hearings scheduled for 5/14/15 Est. Redemption Date 6/12/15
- 5 Waiting to be reviewed/holding for payment
- 2 Auditor acquisitions pending
- 25 Number of anticipated properties to be acquired through direct purchase or deed in lieu of foreclosure
- 48 Additional properties on the “Waiting to be Active” list

10) **SIDE LOT PROGRAM REPORT – Sarah Peters**

Sarah Peters presented the Side Lot Program Update:

Communities:

Cities – 629: Canton: 520; Massillon: 57; Alliance: 52

Other Communities – 98

Bethlehem Twp – 5, Brewster – 2, Canton Twp – 18, East Canton – 5, East Sparta – 3, Hartville – 3, Jackson Twp – 2, Lake Twp – 1, Lawrence Twp – 1, Lexington Twp – 10, Minerva – 1, Nimishillen – 3, Osnaburg Twp – 4, Paris Twp – 3, Perry Twp – 4, Pike Twp – 1, Plain Twp – 22, Sugarcreek Twp – 3, Tuscarawas Twp – 1, Washington Twp – 3, and Waynesburg – 3.

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- Total Applications Submitted: 727
 - Total Number of Applications Under Preliminary Review: 3
 - Total Number of Applications Denied: 274
 - Number of Canceled Applications/Fee Refunded: 23
 - Total Number Pending Approval by Community: 26
 - Total Number of Approved Applications: 401
 - Total Number of Approved Applications Pending Deposit Receipt / Request for

Foreclosure / Completed Foreclosure Proceeding: 249

- Total Number Being Prepared for Transfer: 48
- **Total Number Transferred to Date: 104**

11) **NEW BUSINESS**

a. Property Management Tracking System

Carlone stated the Land Bank is tracking over 700 side lot properties and owns 137 NIP properties, plus additional properties under NIP that are in process. RPC staff is investigating a property tracking system. All the information on each property would be entered into that system. This would not only be beneficial for all partners involved, but to the public. There are many Excel spreadsheets that exist right now, and it would be helpful for all the information to be centralized so that anyone could see the status of any property. They are investigating a couple of the systems currently that they believe would be beneficial to the Land Bank. They are looking at E Property Plus out of Fairfax, Virginia, which is basically a box program. Trumbull County and the City of Columbus are currently using this program. They have been around longer and have a few more Land Banks using them around the country. The program used by Cuyahoga County has been developed by their Land Bank; the Property Profile System. There are a couple of agencies that will be using it, and they can customize it for you. It is difficult to say which system would be better. The E-Property Plus appears to be about \$30,000 start up and with a monthly fee per user. The Property Profile System is \$40,000 with a \$10,000 annual fee.

Zumbar suggested they do some additional research to find out if there are other competing products out there. Carlone stated they have had a presentation from Cuyahoga County already. She believed they need to move towards the future and have a system that is accessible for everybody, including the public. Green stated in principle he would add his endorsement. From his experience with the side lot program, there is so much information to keep track of. Zumbar supported a system, but he didn't know which one they could afford. He suggested they do some more research and report back at the next meeting.

b. Auditor's Correspondence on Bishopsgate Properties, LLC in Lake Township

Thorley referenced a letter from Auditor Alan Harold where the Bishopsgate Properties is described as gone through tax foreclosure action and forfeited to the State for lack of bidders. Mr. Harold is the statutory agent for the State, so he has requested the Land Bank exercise their authority to take title of the property. He also lists that there are environmental concerns. He wanted to give an update to clarify some issues based upon the letter from Mr. Harold. A court action was filed in 2011 by the Attorney General's office in the environmental enforcement section. It had been stayed when Attorney John Juergensen, representing Bishopsgate, asked it be moved to active status. But after a conference in December, it's been moved back to stayed pending further action. In conversations with the Attorney General's staff who is handling this, they were very excited to know that the Land Bank may want to get involved in this property to help them solve a problem. Right now there is no action pending. There is a plan attempting to be worked out by Attorney Juergensen on behalf of Bishopsgate, but the only right they have to this property at this point, is the right of redemption by statute. They would like to enter into a contract to do that, but that is not permitted by law, so for them to redeem this property it would take them in excess of \$40,000 to do so. It was thought at one time that there were fines and penalties being levied against this property on a per day basis, but that is not true at this point. This property is also scheduled to be heard by the Brownfield Technical Advisory Committee this afternoon. It is possible that it would be funded for a Phase I and II assessment. The Land Bank has the ability to allow a company or individual go onto the property for purposes of evaluations.

Green asked if Bishopsgate wants the Land Bank to clean it up and give it back to them. Thorley stated no, that is not happening. This is a fairly valuable piece of property of 16+ acres. The environmental concerns stem from a green house that had been there previously. There are nice allotments on either side of this property. Bishopsgate would like to retain it for developmental purposes in the future, but it will cost them over \$40,000 to redeem that property. If the Land Bank gets involved and more information is obtained through a Phase I and II assessment, there may be a recommendation that the Land Bank take title to this property and perform the remediation of the environmental concerns. That would be very pleasing to the Attorney General's office because the case would just go away. But the Land Bank would then own the property.

Harold stated if Bishopsgate would come up with the money, they still have the environmental action that they are clearly responsible for. That is the big unknown and that represents the risk. In order for them to enact an assortment of plans, they have to address this action that is out there by the Attorney General. It's relatively complicated for a layperson that does not have experience in environmental remediation and certainly dealing with an action that has been put forth by the Attorney General. Thorley stated one of the things also asked for by the Attorney General in their complaint was penalties assessed against the defendants in the amount of \$25,000 per day. That is still pending out there. The only thing that is keeping that from happening now is a hearing held in court for the damages.

Nau wanted to clarify the Brownfield aspect of it. The RPC received a \$600,000 grant from the USEPA to do Phase I and II Brownfield assessments. RPC received a request from Lake Township to get funding for this property for a Phase I and II, which is a key component of what is needed to have legal access to the property. It was his understanding that the Auditor can give the Land Bank legal access to enter the property and do the evaluation. Before the Land Bank considers taking title to this property, an assessment needs to be completed in order to determine the extent of what needs to be done. There are three projects in the works, and they should know after the BTAC meeting today or within the next month whether there will be funding available to do a Phase I and II.

Zumbar asked if they need approval today. Nau stated this is just an FYI. Green stated he would be very adverse to anything that presents any possibility of this reacting to the benefit of the previous owner. The Land Bank would not want to clean this property up then let them exercise a right of redemption where they get hold of it. Harold stated right now the law prevents a third party from coming in and taking title and then it going back to the original owner. We are allowed to stop that at the start if we believe that he who owes us the taxes or the individual who has forfeited the property has somehow put somebody else in the middle to take title and then move it back to them. Bernabei asked how long the right of redemption exists. Thorley stated it is forever until such time another political subdivision takes title of the property. Harold stated he could offer it for sale today, but we put this caveat out there that there are unknown environmental risks with this. Given all that is known about this property, we are not inclined to just turn that over to anyone that does not have the experience and can prove to the city health department who will oversee the clean up efforts, and to the Lake Township Trustees who have vested interest in this land being turned into something usual for their community. We have all the parties engaged and focused which is the right outcome for the people of Lake Township to get this back into productive use. It was his belief that the Land Bank can play a big part in that.

Nau stated that after a Phase II is completed, a decision can be made weighed on the cost estimate to clean the property up versus the appraised value. Once the Land Bank owns it, then the right of redemption is gone. Zumbar stated the reason the Land Bank would want to take title to this property is after the Phase I and II are done, we know exactly what the cost of clean up will be and how we can turn it around and potentially market it for selling.

c. Property at 204 Rosenberry, Alliance

Nau stated he received a letter from Jennifer Arnold from Alliance regarding 204 Rosenberry Ave. in Alliance. Apparently the property has been foreclosed upon and been through the Sheriff's sale twice and forfeited. This property has been condemned and the city would like the Land Bank's assistance in acquiring the property. It sounds like there may be other avenues for the city to acquire this other than the Land Bank. Thorley will look into that to see exactly where it's at. Zumber stated they can request an affidavit to verify that it's vacant and abandoned and sign off that it's delinquent and send that to the Treasurer's office. They can go through the Board of Revision process like normally done with other properties. Nau agreed that would make more sense to handle it that way versus getting the Land Bank involved. Peters stated she thought the property was already forfeited. Thorley stated just briefly yesterday, they couldn't find any evidence that property has been forfeited.

12) **OLD BUSINESS**

a. Vacant Lot Program Policy

Peters reviewed the recent revisions made to the Vacant Lot program policy. Nau stated they have a number of requests for vacant lots from people that don't qualify to acquire the property through the Side Lot program because they aren't contiguous. The concept is that if they are willing to pay the auditor's assessed value, the Land Bank would be willing to sell it to them. The RPC would like to be authorized to make those decisions if the interested party is willing to pay market value as determined by the auditor, but anything other than that, they would have to come back to the board for approval.

Zumber stated the Treasurer's office has its own program in place called an *Interested Purchaser* agreement that the potential buyer would enter into with his office, knowing that they would immediately initiate a foreclosure action on the property for a sheriff's tax foreclosure sale. It costs \$750 initially and the buyer understands that they have to come in and bid on that property. It's going up at least two times at the sheriff's tax foreclosures sale, but they know whatever it goes for at the auction is what they will have to pay. Generally the cost of that minimum bid is either the lesser of the fair market value of the property (2/3 fair market value) or the taxes and imposition and the cost to bring it to the sheriff's sale. Ultimately when it goes through the sale, it could be another \$2,500, but if they are willing to put that initial \$750 up and come in and bid on it, we know that we're going to get the back taxes collected, and the costs and impositions that are on that property get wrapped up into that minimum bid. It could go for that amount or it could go higher. We tell them about the *Interested Purchaser* program, but they are waiting on the Vacant Lot program. They will have a choice. They can go through the Treasurer's office or the Land Bank.

Green stated that he had reservations about the program and thought this pricing system had a very low prospect of drawing anyone's attention, because basically the policy states that the interested party must pay the auditor's price plus \$1,500 in court costs. He did not believe that anybody would accept that as a very good bargain. He believed the policy needed to be rethought. Another point in respect to the procedure that needed attention is where it states the Land Bank will process applications on a first come, first service basis, but then it goes on to say that in the event there is more than one application for transfer of the property, they would be dealt with in a certain order of priority. That seems to contradict the first come, first serve language. A language change would be in order. Carlone stated the thought process on that if somebody applies for a property, and the MOU/purchase agreement is sent to the first person, but they then hold it and do nothing with it, but in the mean time somebody else contacts us about the exact same property and is sent the paper work, so they then submit their application. They could both come in at the exact same time, so you have to have something in place in case that scenario would happen. Zumber stated there should also be a timing restriction as well and when they need to get that paper returned. He noticed with the Side Lot program, there are 400 properties out there with only 104 really fully gone through the process to be recorded. So these folks are sitting out there, they've paid their \$100 and have been notified they have their property, but we're waiting on them

to come in and record it. Carlone stated we don't want the properties permanently, so they are encouraged continually to come, but there is a time restriction put on that.

Zumbar asked if there was any further action on this proposed Vacant Lot program or would the board like another month to consider the draft proposal or request the staff submit a proposed revision to the language that has been presented today. Green stated he would vote yes on what was proposed today with the reservations he expressed. The first reservation is a practical one and he didn't think they will get any applications, but it might be interesting to see how it works in practice and with the understanding what Carlone's explanation represents. Peters stated there are about 75 applications that were submitted through Side Lot that are technically vacant lot eligible. The applicants have been previously notified that they are not eligible for the Side Lot program, but they have heard about the Vacant Lot program. Bernabei stated that he wanted to see that language cleaned up first.

Nau asked if there was any consensus on the issue of the cost for the vacant lot being the auditor's value plus fees. Bernabei thought to give it a try and see what happens. Zumbar stated the board reserves the right to waive any and all fees. Even though this policy is adopted, the board is willing to work with these nonprofit groups if necessary. Pearson stated the rationale behind asking for the costs and fees associated is that we have estimated a cost of about \$1,100 for each parcel, and we don't want the Land Bank to go into a program where it's going to be losing money. If 100 vacant lots are done and \$1,000 per lot is lost, that \$850,000 is going to go real fast. So we wanted to recover those costs that were associated with the transfer of those properties. Green envisioned the interested parties not wanting to participate because of the cost and it may be brought back to the board for the fees to be waived, but RPC as the agent can't waive themselves. Nau agreed, but what he had envisioned with private individuals there is not much negotiation to occur absent special circumstances, but when there are non profits, that is when we come back to the board and talk about some flexibility. It is a work in progress. Zumbar asked for language to be tweaked and resubmitted for next month's agenda for action.

13) **NEXT MEETING - Monday, April 20, 2015 at 9:00 a.m.**

11) **ADJOURNMENT**

There being no more business, the meeting was adjourned at 10:06 a.m.

Respectfully submitted,

Jill Gerber, RPC Office Manager