

MINUTES OF THE STARK COUNTY LAND REUTILIZATION CORPORATION
April 20, 2015

The Stark County Land Reutilization Corporation met for their Regular Meeting on Monday, April 20, 2015, 9:00 a.m. in the Stark County Regional Planning Commission Conference Room.

Board Members

Alex Zumbar
Janet Creighton
Bill Smith

Maureen Austin
Tom Bernabei

RPC Staff

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

Others

Jerry Yost
Joe Mazzola
Deana Stafford
Jaime Allbritain
Jim Wallace
Nancy Molnar
Michelle Cutler

- 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
Maureen Austin, alternate for Lem Green, Municipal Representative
Bill Smith, Township Representative

- 3) **MINUTES OF THE MARCH 19, 2015 MEETING**

Bernabei moved, Creighton seconded, and the motion carried to approve the minutes of March 19, 2015.

- 4) **PUBLIC SPEAKS**

Joe Mazolla thanked the Board for assisting Alliance in knocking down the Kroger building (parcel #104961). The Board had allowed the city up to \$60,000 of Land Bank money on a 50/50 match basis. The good news is that the demolition job cost \$40,000, so they only tapped into that \$60,000 by \$20,000. The city has another building they would like to demo (parcel #113245) that is on Main Street. He included a study that was done three years ago by Austin Consulting which provided a picture of the building they wanted to demo, and he believed it may be the worst of the buildings downtown. Bernabei asked how much they are contributing to the demolition of this building. Mazzola stated the same as before, 50/50 match. Because it is a corner property, it will be a little tougher to demo because it is connected to the next building.

Thorley stated the last contract was up to \$60,000, and whatever the Board decides to do, this would require another contract. The details are unknown, so this would be something they would want the opportunity to negotiate on behalf of the Land Bank, if it's their desire to spend more money. Mazzola stated the contractor has done the Kroger building and they were able to get money together internally to demo the Sherwood Coat Factory building. Bernabei asked if they have an estimate on this one. Mazzola stated no, and they had just estimated the previous demo also. Bernabei stated he was in agreement with it subject to him assisting Thorley in putting together the appropriate contract and doing the 50/50 split. Thorley asked how much the Board was willing to spend on this project. The Board agreed that \$40,000 could be given with the anticipation that it may not be fully spent again. Thorley stated the city has not yet submitted any receipts from the first demo to know truly what the entire cost was associated with that project. Mazzola stated he could provide that immediately. Bernabei moved, Smith seconded, and the motion carried to authorize an expenditure of the Land Bank not to exceed \$40,000 on a 50/50 split with the City of Alliance for the demolition of parcel #113245 (aka the Lighthouse) and that would be on condition of Alliance's compliance with all requests from Regional Planning in regards to documentation needed for the demolition and also all requests from Regional Planning in regards to anything needed to properly put this matter into proper contractual condition.

5) **TREASURER REPORT - Jim Wallace**

Wallace stated the bank reconciliation statement for the month of March ended with a checking account balance of \$635,586. Revenues for the month were \$624,888 with DETAC funds being the big item for \$617,785 and expenses were \$34,835. Regarding the Star Plus funds, there was a balance for the end of March of \$1,001,510. Creighton moved, Austin seconded, and the motion carried to accept the Treasurer's report.

6) **FISCAL REPORT - Beth Pearson**

a. Payment Approval

1. Press News - Side lot (13) publications - \$2,552.55
2. Moore Title Group - Side lot (21) PJR's - \$8,400.00
3. Phillip D. Schandel - Side lot (5) PJR's - \$2,000.00
4. Stark County Recorder - Side lot Recorder fees - \$3,000.00
5. FER Title - Side lot (15) PJR's - \$6,000.00
6. Insurance Partners Agency, Inc. - \$2,794.00 (property insurance)
7. Stark County Treasurer - NIP Property Redemption taxes - \$4,532.60

Creighton moved, Bernabei seconded, and the motion carried to approve the above-noted invoices.

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

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

As of March 31st, the Land Bank was required to own 85 properties, and they were well over that number with 146 properties. That information was provided to OHFA, who then randomly choose two properties to check that the Land Bank did indeed have ownership of them. They said they have all they need, and are satisfied at this point.

146 - Total number of acquired properties to date

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

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

Foreclosure

- 68 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
- 0 Regular foreclosure docket
- 6 Hearings scheduled for 3/26/15 Est. Redemption Date 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
- 3 Waiting to be reviewed/holding for payment
- 2 Auditor acquisitions pending
- 53 Number of anticipated properties to be acquired through direct purchase or deed in lieu of foreclosure
- 73 Additional properties on the "Waiting to be Active" list

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

Sarah Peters presented the Side Lot Program Update:

Communities:

Cities – 643: Canton: 532; Massillon: 59; Alliance: 52

Other Communities – 102

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 – 14, 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: 745
 - Total Number of Applications Under Preliminary Review: 3
 - Total Number of Applications Denied: 278
 - Number of Canceled Applications/Fee Refunded: 23
 - Total Number Pending Approval by Community: 39
 - Total Number of Approved Applications: 403
 - Total Number of Approved Applications Pending Deposit Receipt / Request for

Foreclosure / Completed Foreclosure Proceeding: 236

- Total Number Being Prepared for Transfer: 31
- **Total Number Transferred to Date: 136**

9) **NEW BUSINESS**

a. Ohio Attorney General's letter recognizing MOF Program

Thorley stated a congratulatory letter was received on behalf of Attorney General Mike DeWine indicating that the Land Bank was successful at removing 492 properties while expending \$3.8 million. It was deemed to be a very successful program. Statewide 14,600 units were removed at a cost of \$119 million.

b. Property Donation - 1928 Third Street SE, Canton

Thorley stated the National Stabilization Trust has offered to give the Land Bank this property along with \$5,000. Some preliminary research has been done, and it is a NIP qualified property. There is no reason not to take this property. Out of that \$5,000, there will be some expenditures. The major one will be to get a preliminary judicial title report done, so it can be determined whether or not there are any liens associated with that property, but it was his belief that there is not. The end use for that property would be to give it back to the City of Canton at the conclusion of the NIP program. Creighton moved, Austin seconded, and the motion carried to accept the property donation of 1928 Third Street SE, Canton from the National Stabilization Trust.

c. Private Letter Ruling from IRS

Thorley stated in discussions with Robin Thomas with the Western Reserve Land Conservancy, Clark County has asked that a private letter ruling be sought from the IRS so they can make a determination whether income from the Land Bank is excluded from gross income and if income for donations would be excluded. Cuyahoga County has in the past used a law firm, expending up to \$15,000 to get some guidance as to whether or not they would be successful in getting such an IRS letter ruling. So they have now jumped on Board too. Ms. Thomas has taken it upon herself to have communications with every Land Bank within the state, wanting to know who has an interest in jumping on Board. It will cost up to \$43,000 to get a private letter ruling from the IRS. The IRS filing fee is \$28,300, and the \$15,000 that was expended by the Cuyahoga County would be used to prepare the packet that would go to the IRS in which they would base their ruling. They would like that expenditure recouped to a degree. They have broken it down by large, medium and small counties with the cost that would be associated with this. The Stark County Land Bank falls within the medium category with Mahoning, Trumbull, Lorain, Butler and Summit. It is unknown all who have responded to this other than Cuyahoga and Clark. If everyone jumps on Board, they estimate Stark County's share of the cost to be between \$1,750 to a little over \$2,000, plus whatever the split would be of the \$43,000. There is an individual cost to the Land Bank and then there is the split cost, because when someone asks for a private letter ruling, every entity gets that rule, so that would be Stark County's cost for that. It's not just one blanket IRS ruling for all the Land Banks within the State of Ohio, but it's an individual letter that would come to each Land Bank stating that the Land Bank would have the right to rely on receiving donations.

Bernabei asked what the individual share would be for the IRS letter. Pearson stated Stark County's share would be between \$1,750 and \$2,200 of the \$43,300, and our responsibility toward the individual letters would be about \$3,700. Thorley stated it will be over \$5,000 if everyone jumps on Board. If they don't jump on Board, then it could be significantly more. Creighton asked if they still would benefit from the ruling even if they don't jump on Board. Thorley stated no, it's on an individual basis. The Land Bank would receive the same benefits if it is a 501(c)3 corporation. Research is now

being done whether or not the Land Bank is a 501(c)3. Zumbar stated that he filed a 501(c)3 for the corporation. Thorley stated they have asked for a deadline of April 30th to contact Ms. Thomas, but he believed this was too quick. They will be doing more research and come back to the May Board meeting and at that point ask the Board for a decision on whether to be included with the private letter ruling. Bernabei asked what the time frame would be on the ruling for a 501(c)3 application. Zumbar didn't know how long it would take for the IRS to rule on that.

Zumbar stated they would go into executive session relating to a pending legal matter at the end of discussing old business to include all Board members and Attorneys Dave Thorley, Gerry Yost, and John Anthony. Creighton moved, Bernabei seconded, and the motion carried to amend the agenda to reflect the executive session for pending litigation.

10) **OLD BUSINESS**

a. Vacant Lot Program Policy

Peters pointed out the changes that were made to the policy as discussed at the previous meeting, which were mostly in the transfer procedure section. Bernabei asked if this policy was reviewed with Dave Thorley. Peters stated yes. Bernabei read in the policy, "Having identified an end user, the individual so designated by the Land Bank will be authorized to facilitate a transfer of the property without further Board approval." He asked what that sentence meant. Peters stated that once an application has been submitted and approved (end user is identified), RPC staff would be able to request the foreclosure, get the property acquired on behalf of the Land Bank and then prepare the documents to have it transferred to that applicant. RPC would not be required to come back to the Board to get approval to sign those documents. Bernabei asked if priority to nonprofits or local governments is no longer going to be given, but just say first come, first serve. Whoever comes in and raises his hand first, he gets it without any issue as to other priorities. Thorley stated it will be first come, first serve. Bernabei asked if that was the Board's desire to handle it that way, or should there be other consideration.

Zumbar stated based upon his experience, he has seen this process get bogged down with problems associated with getting them transferred by either a council member objecting or just interjecting whatever decision into the process, which then delays the opportunity for that side lot to get transferred. Thorley stated they have seen that quite a few different times in the side lot program where they had multiple individuals interested in a property, which then causes staff to intervene to work out a split. The goal would be if there is somebody that is interested in paying what the auditor's assessed value is plus cost, then the Board would never see nor hear of that property again. The Board would only hear that property if someone did not want to pay that value and they counter offered with something less, which would then be brought back to the Board for approval. Austin stated a couple of years ago when she was calling different Land Banks, there were quite a few that started the process but then eventually went to a first come, first serve because of all those types of problems.

Bernabei asked if the Land Bank owns any vacant lots. Thorley stated the Land Bank owns only one vacant lot, but there were 75 properties identified that didn't qualify for the side lot program, so depending on if this adopted, then staff would be in contact with up to 75 people to determine if they still have that interest. Yost stated there were also properties from the NIP program. Thorley stated there is a memorandum of understanding that goes along with this, which the purchaser would execute, and also an invoice and application. Bernabei asked it to be clarified that the Land Bank can change a purchase price either up or down. Thorley stated the properties will be offered to the individual at the auditor's assessed value plus cost, which would be the cost of the Board of Revision process plus the filing fees and those things at the end. If they come back with anything that is not that amount, staff would bring that offer back to the Board for consideration. Austin asked if a neighborhood group in Canton wants a vacant lot and they are the first ones to apply, but they say they can't afford it, what would happen. Thorley stated it would come back to the Board. Bernabei asked what happens if the neighbor on the other side two days later comes back and triples the offer and he really wants it, what would staff do. Thorley stated it will be

first come, first serve. He pointed out a sentence on the front of the vacant lot policy that stated, “ The transfer of any given parcel of property in the vacant lot disposition program is subject to override by higher priorities as established by the Land Bank.” Smith moved, Austin seconded, and the motion carried to approve the Vacant Lot Program Policy.

b. Property Management Tracking System

Carlone stated last month they had brought up a possible need for a property management tracking system that would keep track of not only the side lots/vacant lots but also the NIP properties. The many benefits to the program were discussed. At this point in time, they are only aware of two programs: the Property Profile System developed by Cuyahoga County and the E-Property Plus System from Fairfax Virginia. An information sheet was given that gave a breakdown on how these two systems were rated by counties that had purchased them. The City of Canton seems very interested in something like this. Right now anywhere from 5 to 10 spreadsheets are being utilized under the side lot and the NIP program, making it very difficult to manage. Carlone asked if the Board would want RPC to request formal proposals from both companies to see what they get, and that would let them see the pros and cons of each system. Creighton stated the system from Cuyahoga County is not operational yet for the counties that chose that option, so how do we know how good the system is. Carlone shared her concerns. They had gone to a Land Bank meeting in April 2014 where they were selling this program, and it has just recently become available outside of Cuyahoga County. Cuyahoga County’s own Land Bank is utilizing this program developed for them and they have seen a huge potential and they are trying to individualize the program to fit everybody’s needs, so theirs is not a box program. Both E-Property Plus and Cuyahoga County recently contacted them to give them an update on the status of that program. Currently they Cuyahoga County is working with Mahoning County and have training sessions, but this is not up and running. Creighton and Bernabei both believed that they should delay and allow more implementation time and then find out how they are operating. He didn’t think they could RFP to just these two vendors either. Carlone understood that the Board was not interested in them going out for a proposal at this time. Smith pointed out on the spreadsheet feedback stated that the E Property Plus program was not good for financial record keeping. Carlone stated that was also one of their concerns.

c. Bishopsgate Properties, LLC in Lake Township

Thorley stated that last month the Board discussed the Bishopsgate letter that was received from Auditor Harold. After the Brownfield Technical Advisory Committee met, they approved this property for a phase 1 and phase 2 assessment. It has been approved by the EPA and is now being let for contract with one of the companies. He has had additional conversations with the Attorney General’s office, and they are happy to hear we are moving in that direction to potentially solve a problem of theirs. As you remember, this is part of a law suit, but has been stayed at this point, but they are happy to keep it stayed if we’re going to enter into some sort of agreement to potentially take care of the problem. If it’s decided after a phase 1 and 2 are completed that the Land Bank would like to remediate the property, then recommendation would be that the Land Bank take ownership.

d. 204 Rosenberry, Alliance

Thorley stated the City of Alliance wished to receive the property at 204 Rosenberry so they could turn it over to their fire department to do some controlled burns and training. The Auditor’s office has been asked to have that transferred to the Land Bank, but it has not yet occurred. He referenced another letter received from Alliance requesting to obtain three additional properties to clear title for them. He still wanted to have a conversation with Jennifer Arnold to ask her some questions as it relates to this. This is slightly different in that the property is not subject to being transferred out of the Auditor’s office at this time. It would have to go through the Board of Revision process, so there is an additional cost associated with that. At first glance it appears these properties were very suited for the vacant lot program, except there appears to be a governmental interest. When looking at the map provided, it

appears there may be some park associated with this. He needed to have further conversation, but there are three additional properties Alliance wishes the Land Bank to facilitate a transfer.

Zumbar called for a motion to go into executive session due to pending litigation. This will include all Board members plus Attorneys Yost, Thorley and Anthony. Bernabei moved, Smith seconded, to go into executive session. A roll call was taken: Tom Bernabei, Maureen Austin, Alex Zumbar, Janet Creighton and William Smith. The regular portion of the meeting was concluded at 9:46 a.m. Bernabei moved, Smith seconded, and the motion carried to come out of executive session at 10:31 a.m.

13) **NEXT MEETING - Monday, May 18, 2015 at 9:00 a.m.**

11) **ADJOURNMENT**

There being no more business, the meeting was adjourned.

Respectfully submitted,

Jill Gerber, RPC Office Manager