

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

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

Board Members

Alex Zumbar  
Tom Bernabei  
Bill Smith

Maureen Austin  
Janet Creighton

RPC Staff

Bob Nau  
Sarah Peters  
Jill Gerber  
Beth Pearson  
Dave Thorley

Others

John Anthony  
Joe Mazzola  
Deana Stafford  
Jaime Allbritain  
Jim Wallace  
Nancy Molnar  
Doug Thorn  
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, alt., Municipal Representative  
Bill Smith, Township Representative

- 3) **MINUTES OF THE JUNE 15, 2015 MEETING**

Bernabei moved, Austin seconded, and the motion carried to approve the minutes of June 15, 2015.

- 4) **PUBLIC SPEAKS**

No Public Speaks

- 5) **TREASURER REPORT - Jim Wallace**

Wallace stated the bank reconciliation statement for the month of June ended with a checking account balance of \$598,816.53. Revenues for the month were \$28,603.50 and expenses were \$16,556.81. Regarding the Private Letter Ruling from the IRS, there was an expenditure of \$2,883.00 to the Clark County Land Bank, and \$2,700 to the U.S. Treasury. For the Star Plus funds, there was a

balance for the end of June of \$1,002,008.75. Smith moved, Creighton seconded, and the motion carried to accept the Treasurer's report as submitted.

6) **FISCAL REPORT - Beth Pearson**

a. Procedure to process NIP payments to City of Canton

Pearson stated after discussions with OHFA, it was determined the Land Bank will need to pay the City of Canton prior to OHFA reimbursing the Land Bank for those expenses. Following the submittal of the packets to OHFA for preliminary review, if no additional information is needed, OHFA will inform the Land Bank of the amount they intend to reimburse. The Land Bank must pay the City of Canton the amount they should be reimbursed and show proof that payment has been received by the city. The RPC has determined they can submit that in the form of a completed ACH document with possible additional documentation needed to be provided by the City of Canton. OHFA will reimburse the Land Bank for more than what the City of Canton is being reimbursed because the Land Bank will hold the \$1,200 for the maintenance fee over the three years as well as the \$100 mortgage release fee. In order to process these payments quicker and keep the money coming in, Pearson requested approval to go ahead and make those payments to the City of Canton and report on those at the next regular Land Bank meeting because they will be in excess of the \$1,500. The first two packets have been submitted to OHFA and once reimbursement is received, it will be paid into the Land Bank account. The first two packets totaled about \$24,250.

Zumbar asked if everyone understood the process as presented by Pearson in regard to how the NIP program is going to work now with the change that requires SCLRC to pay Canton. Creighton asked how this change all took place. Zumbar stated this is a new wrinkle. The City did submit their first reimbursement packets to RPC staff for review, but they were sent back to Canton because some items were missing. Upon initial discussions by Lynn Carlone of the RPC and OHFA, concern was expressed about the Land Bank's process. The SCLRC must now bear all costs and then submit proof that it paid those costs back to Canton. All the burden had been on Canton because there was concern if they didn't get these structures down and do everything correctly, then the Land Bank would be on the hook. Canton will still be held responsible for completing their part of the process correctly. The first series of packets have been submitted to OHFA, and they made the remark that out of all the initial packets submitted, these were among the best initial submissions they have seen.

Zumbar stated in order to expedite the process and keep the money flowing in, he recommended that authorization be given to staff to submit payment of invoices that exceed the approved amount per SCLRC rules, and then receive post approval at the following meeting. Because the burden has been shifted to the Land Bank, payment of invoices should not wait a month to receive approval. These invoices will exceed the approved payments, because they will be in the amounts of possibly \$13,000 - \$15,000 per packet, depending on certain factors.

Bernabei moved, Creighton seconded, and the motion carried to authorize the fiscal personnel to make payment of invoices as required beyond the authorized amount per the SCLRC policy in place for the OHFA/NIP program with the intention of bringing back to the Board for post approval at the following meeting.

7) **NEIGHBORHOOD INITIATIVE PROGRAM (NIP) REPORT – Sarah Peters**

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

\* **168 - Total number of acquired properties to date**

- 21 Demolitions have been completed overall
  - 15 new demolitions have been completed since last month

- 2 demolition reimbursement packets were submitted and approved by OHFA.
- \* **97 - Total Number of Properties Identified on a Current Active List for Acquisition**
  - **95 - Number of Properties the Prosecutor's Office is currently pursuing for Board of Revision Foreclosure**

22 10-Day Demand letter(s) sent

10 PJR ordered; waiting to be received

8 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 6/25/15	Est. Redemption Date 7/24/15
6 Hearings scheduled for 7/16/15	Est. Redemption Date 8/14/15
6 Hearings scheduled for 7/30/15	Est. Redemption Date 8/28/15
16 Hearings scheduled for 8/13/15	Est. Redemption Date 9/10/15
6 Hearings scheduled for 8/27/15	Est. Redemption Date 9/25/15
6 Hearings scheduled for 9/3/15	Est. Redemption Date 10/2/15
6 Hearings scheduled for 9/24/15	Est. Redemption Date 10/22/15

3 Waiting to be reviewed/holding for payment

- **0 - Auditor acquisitions pending**
- **0 - Pending BOR foreclosure procedures to commence**
- **2 - Number of anticipated properties to be acquired through direct purchase or deed in lieu of foreclosure**

- \* **0 - Additional properties on the "Waiting to be Active" list**

Zumbar stated the City of Canton expressed in the last conference call that they would like the SCLRC to cease pursuing acquisition of properties. They feel that 240 is their capacity. With the current 168 acquired properties plus the 97 on the list, it is possible to end up with 265 properties. It is anticipated that some people will come in and redeem their property, so he estimated it being in the 240-250 range. The SCLRC's required goal was 169, and that will be exceeded by far. The city is now at 21 demolitions completed. Zumbar suggested monitoring the situation carefully, and it may be necessary to revisit the topic discussed of the SCLRC stepping in and doing some targeted demolition to assist them, but that would be an alternate plan that needs to be examined and discussed thoroughly. That would be a lot of burden to put on the RPC staff in a very short time frame. It is possible to get things done, but we may have to bring additional resources to bear.

Nau stated that Thorley spoke with Lisa Miller, and she is very confident that they can meet their numbers. RPC will continue to monitor the situation, but it has been a positive month. Thorley added that Lisa Miller had indicated that early on in this process the city was awarding three contracts per demo contractor. They had not dealt with a lot of these contractors before, so they wanted to establish some

type of working relationship with them. They have now increased that to 10 properties with each round, and anticipates being able to take down 25-40 properties per month. So there should be 125 properties demolished by the end of October.

Zumbar stated the total program allocation was \$4.235 million. Thorley stated if the average is \$13,500 per property, then there will be \$1 million left. Bernabei asked if the Land Bank could develop a contingency plan to handle additional capacity. It would be unfortunate to leave \$1 million sitting on the table while there is such a need. Zumbar stated we stopped the acquisitions based upon Canton's statement that they only wanted to do the 240, but this can be discussed with them about the additional capacity of \$1 million. We are talking about an additional 75 properties at the \$13,500 level. The City was basing everything on the \$18,000 figure, but the demolitions are coming in at a much lower number. Bernabei stated if the capacity of Canton is 240, then assign that to them, and let us develop the excess capacity with the \$1 million, if that is possible for us to do. He asked if there was going to be a round two with this program. Zumbar stated that round two has already happened. The Land Bank's that had succeeded in meeting their targeted goal of demolished structures and submitted packets did receive additional amounts. Those particular Land Banks that had just acquired properties but had not successfully demolished anything were labeled as *moderately successful*. Those that did not meet their targeted goal with acquisition were removed from the program and those funds were stripped from those Land Banks. Those funds got redirected to other Land Banks that were meeting their goals. There is additional funding down the road, but it will be on a loan basis, so you would have to put up collateral, with a pledge of payment back.

#### **SIDE LOT PROGRAM REPORT – Sarah Peters**

##### **Sarah Peters presented the Side Lot Program Update:**

##### **Total Applications Submitted: 824**

(24 applications were received since the last update)

Cities – 710: Canton: 582; Massillon: 63; Alliance: 65

Other Communities – 114

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 – 18, Minerva – 1, Nimishillen – 3, Osnaburg Twp – 7, Paris Twp – 3, Perry Twp – 7, Pike Twp – 1, Plain Twp – 22, Sugarcreek Twp – 4, Tuscarawas Twp – 2, Washington Twp – 3, and Waynesburg – 3.

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- Total Number of Applications Under Preliminary Review: 11
  - Total Number of Applications Denied: 300 (16 applications were denied since the last update)
  - Number of Canceled Applications/Fee Refunded: 32
  - Total Number Pending Approval by Community: 71

- **Total Number of Approved Applications: 410** (19 applications were approved since the June '15 update)
- Total Number of Approved Applications Pending Deposit Receipt / Request for Foreclosure / Completed Foreclosure Proceeding: 198
- Total Number Being Prepared for Transfer: 34
- **Total Number Transferred to Date: 178** (19 Side Lots were transferred since the June '15 update)

### **Vacant Lot Program Update:**

Total Applications Submitted: 35 (8 applications were received since the June '15 update)

Cities - 32: Canton – 31; Alliance – 1

Other Communities – 3: Lexington Twp. – 2; Sugarcreek Twp. - 1

#### 8) **NEW BUSINESS**

There was no new business.

#### 9) **OLD BUSINESS**

##### a. Private Letter Ruling from IRS

Thorley stated the SCLRC's share of the expense for the private letter ruling was sent out to Clark County. We should have an answer by the end of the year. That was all accomplished within a couple of days after the last meeting.

##### b. Parcel #113245 - Main St., Alliance (Lighthouse property)

Mazzola stated the demolition of the former Kroger building is now complete and documentation was sent to Lynn Carlone last Friday. The Lighthouse has been put out to bid, and the low bidder was All Excavating out of Youngstown for \$48,000. The City of Alliance may need to do more work because of an existing wall at the site, but it would be less than \$5,000 in addition to that \$48,000. Mazzola stated the city is ready to move forward with the Lighthouse building, and it is a different contractor, so they will be able to move quicker.

##### c. Tax Lien Certificates

John Anthony stated the matter involving the tax lien certificates has resulted in an agreement which has been sent to Aeon and to Counsel. They are in the process of transferring the certificates through assignment plus the judgements that they have through assignment to us this week, so we should be able to completely finalize that aspect of it. The next part of that is the representation of the Land Bank in court on these cases which we intend to bring to a conclusion fairly soon. The Prosecutor's office can represent the Land Bank in these matters, but he asked that the Board authorize the Prosecutor's office to represent the Land Bank in tax lien certificate matters that are pending in court, and he would like to have Gerry Yost on as counsel for those. We will need to give somebody authority to make decisions on cases that are pending. Creighton moved and Bernabei seconded to authorize the County Prosecutor to be the Land Bank's representative and the County Treasurer, Alex Zumbar, to negotiate on the Land Bank's behalf. Zumbar asked if they wanted to add Dave Thorley as co-counsel. Creighton

moved and Bernabei seconded to amend the motion to add Dave Thorley as co-counsel. Zumbar called for a motion to approve the overall motion as submitted, a vote was taken and carried.

d. Transferring of Forfeited Properties

Doug Thorn explained a change that was approved regarding properties that have gone through foreclosure, through a Sheriff's sale twice, did not sell and are then forfeited to the State of Ohio. The Auditor's office receives the letter from the Prosecutor's office requesting them to pay the Clerk of Court costs and reimburse the Treasurer for their amounts, then those costs are withheld from the political subdivisions/municipalities where the properties are located, then each one pays their portion of the county, city, school district and the park district, etc. The AG's opinion resulted from a request from Mahoning County that if the Land Bank takes properties that have been forfeited, the Land Bank is then responsible for the share of the court costs that would have gone to the county – the general fund, children's services, 911, DD Board and the Drug & Alcohol – any county levies that are approved by the Board of Commissioners. That is something that will be an additional cost coming to the Land Bank. It is not a set amount because the Clerk of Court fees and reimbursements to the Treasurer's office can vary, but it may be between \$200-\$300 per parcel. Creighton asked when this would become effective. Thorn stated the letter was dated November 2014, and it was later discovered on the Auditor's list serve. After a quick recap last week, it totaled about \$4,100 for the properties that have already gone through. There are an additional six forfeited properties in the process of being transferred to the Land Bank, so it may be between \$5,000-6,000 to bring everything up to date. Then it would be an ongoing process if the Land Bank takes properties that have been forfeited to the State of Ohio.

Zumbar stated because the Land Bank will be incurring additional expenses per this particular ruling for those properties that are being taken from the forfeited listing, would the Board want to pass those costs on going forward. Should those costs be shouldered by the particular person requesting the side lot or vacant lot. Instead of costing them \$100, it would be more like \$200 or potentially \$300. Thorn stated the cost varies per parcel because it depends on how much the Clerk of Court fees and the reimbursements to the Treasurer's office amount to. Bernabei stated given the volume that is being transferred, what is the potential for forfeited properties that this would be applicable to. Peters stated out of 178 properties currently transferred, about 15 were forfeited lands. Bernabei asked what the potential liability would be going forward. Peters stated she would not know if it's been forfeited unless she would check with the Auditor's office each time to see if a parcel is on the forfeited land list, because most of the side lot applicants won't know and they are expecting to get it for \$137. We may go through the entire process and get an applicant approved only to have them back out if/when they have to pay more money, after so much time has been spent. Smith stated if the percentage of forfeited properties being transferred was 25%-30%, maybe they should consider passing on the costs, but if it's around 10%, they should be able to absorb that. If the applicant backs out, then the Land Bank is just sitting on it.

Thorley stated these side lots come in with the idea they are going to be Board of Revision cases, and that is not going to be a problem. When the preliminary judicial title comes back, they discover tax liens and as a result, John Anthony in the prosecutor's office takes it through the judicial foreclosure process. That is when they go to two sales, that is when they get forfeited, and then you still have the side lot user. The problem is you've already incurred the \$400 PJR fee, so you get to the point you can't back off, it's just a matter of who is going to bear the costs. Now we have taken some from municipalities, Alliance being one, and he thought this cost can easily be absorbed going forward. Bernabei agreed with Smith on this point, the number of forfeited properties is running less than 10%, and we could keep it subject to review if that number increases and we see our potential liability increases, but for now the end goal is to transfer the property. Zumbar stated this will have to be revisited, and that they will check every quarter and get an update to see how many forfeited properties are being taken, and if it exceeds 25%, then that is a Board matter and a potential change. Bernabei asked that the running dollar amount that is being expended on forfeited properties be kept track of.

e. Miscellaneous

Nau stated that he has met with the Mayor of Massillon and other city officials at their request to talk about Land Bank activities. They seem to have some interest in a couple of potential commercial demolitions. He had told them that Alliance has done a couple of demolitions that the Land Bank has approved in the past with a 50/50 split. It would be up to the Land Bank to approve it, but the Board may receive a request from Massillon similar to Alliance. Zumbar stated there was also some interest from Louisville as they have inquired about a potential property that had burned. Nau stated that property is the *Time Out Tavern* and the ownership has changed. Zumbar stated we will wait for any letter of interest from Massillon, but we will have to adjust our budget to incorporate the additional potential amounts if they have an amount they would like to match.

10) **NEXT MEETING - Monday, August 17, 2015 at 9:00 a.m.**

11) **ADJOURNMENT**

There being no more business, the meeting was adjourned.

Respectfully submitted,

Jill Gerber, RPC Office Manager