

MINUTES OF THE STARK COUNTY LAND REUTILIZATION CORPORATION  
June 15, 2015

The Stark County Land Reutilization Corporation met for their Regular Meeting on Monday, June 15, 2015, 9:00 a.m. in the Stark County Regional Planning Commission Conference Room.

Board Members

Alex Zumbar  
Tom Bernabei  
Bill Smith

Lem Green

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  
Jim Wallace  
Nancy Molnar  
Joe Mazzola

- 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  
Lem Green, Municipal Representative  
Bill Smith, Township Representative

Zumbar moved, Bernabei seconded, and the motion carried to excuse Member Creighton.

- 3) **MINUTES OF THE MAY 18, 2015 MEETING**

Bernabei moved, Smith seconded, and the motion carried to approve the minutes of May 18, 2015.

- 4) **PUBLIC SPEAKS**

No Public Speaks

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

Wallace stated the bank reconciliation statement for the month of May ended with a checking account balance of \$586,769.84. Revenues for the month were \$5,254.60 and expenses were \$2,994.55. Regarding the Star Plus funds, there was a balance for the end of May of \$1,001,844.21. Smith moved, Bernabei seconded, and the motion carried to accept the Treasurer's report.

6) **FISCAL REPORT - Beth Pearson**

- a. Approval of Payment of Invoice
  - 1. Press News - Side lot publications - \$2,306.85

Green moved, Zumbar seconded, and the motion carried to approve the invoice from Press News.

- b. Revision of the “Financial Management and Secretarial Duties of the SCLRC” Document

The requested change to the fiscal policy was an insertion of language regarding the payment of invoices. *“Individual invoices from the same vendor that when aggregated/totalled together exceed \$1,500 may be paid by the Chairman without further approval of the Board as long as no individual invoice exceeds the \$1,500 threshold.”* Green moved, Zumbar seconded, and the motion carried to amend the fiscal policy as described.

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

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

- \* **157 - Total number of acquired properties to date**
- \* **113 - Total Number of Properties Identified on a Current Active List for Acquisition**
  - **110 - Number of Properties the Prosecutor’s Office is currently pursuing for Board of Revision Foreclosure**
    - 56 10-Day Demand letter(s) sent
    - 23 PJR ordered; waiting to be received
    - 2 PJR ordered and received; waiting for complaint to be filed
    - 0 Complaint filed; waiting for hearing date
    - 0 Regular foreclosure docket
    - 2 Hearings scheduled for 5/14/15                      Est. Redemption Date 6/12/15
    - 6 Hearings scheduled for 6/11/15                      Est. Redemption Date 7/10/15
    - 8 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 6/25/15                      Est. Redemption Date 8/28/15
    - 1 Waiting to be reviewed/holding for payment
  - **2 - Auditor acquisitions pending**
  - **0 - Pending BOR foreclosure procedures to commence**
  - **1 - Number of anticipated properties to be acquired through direct purchase or deed in lieu of foreclosure**
- \* **106 - Additional properties on the “Waiting to be Active” list**

Carlone stated that adding together the 157 properties already acquired with the 113 properties on a current active list equals a total of 270 properties the Land Bank could potentially own within the next six months. The City of Canton did turn in two reimbursement packets on June 3<sup>rd</sup>, but after staff reviewed them, the packets were returned to the City because some of their reimbursement costs and back-up documentation was missing. The City will revise them and turn them back in, but staff has not received those yet. RPC staff understand that six properties have been demolished, but it is unknown if the City has obtained paperwork for those. Bernabei asked about the concerns that were expressed by Attorney Yost at last month's meeting. Carlone stated there are still some concerns because the City is talking about having to hold off getting some contractors based upon not having enough money, but they do have some properties that are supposed to be down by July 9<sup>th</sup>. The NIP program requires that the SCLRC has everything demolished by June 30, 2016. It is possible that everything could be down by next June, but moving at the current pace, it is very unlikely. She believed the City had only nine demolition contractors. It does sound like they are diligently trying to work on the program, but they don't appear to be entering any panic mode when it comes to demolitions.

Zumbar asked if they should have a meeting specifically with Fonda Williams and Lisa Miller. Bernabei believed that they should contact someone higher up in the chain. This is the same report that was given a month ago. When he read those emails that staff sent to the City, he didn't get a message that the situation was of immediacy and of concern. When he spoke before about being explicit when contacting them, he meant you have to be very, very explicit and go up the chain to the higher administrators and let them know in writing of your concerns. Nau recommended that a letter be sent from Zumbar to Mayor Healy documenting our concerns in a formal way. Bernabei stated but it has to be explicit so it can't be misinterpreted as to what our concerns are. Zumbar stated he would be in agreement with that. Zumbar stated that the entire Board will be copied on the letter. Bernabei asked that a draft of the letter be sent to Green to review.

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

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

#### **Total Applications Submitted: 800**

(35 applications were received since the last update)

Cities – 694: Canton: 573; Massillon: 62; Alliance: 59

Other Communities – 106

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, Osburg Twp – 4, Paris Twp – 3, Perry Twp – 6, 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: 9
  - Total Number of Applications Denied: 291 (11 applications were denied since the last update)
  - Number of Canceled Applications/Fee Refunded: 23 (2 applications pending refund)

- Total Number Pending Approval by Community: 54
- **Total Number of Approved Applications: 421** (19 applications were approved since the last update)
- Total Number of Approved Applications Pending Deposit Receipt / Request for Foreclosure / Completed Foreclosure Proceeding: 225
- Total Number Being Prepared for Transfer: 37
- **Total Number Transferred to Date: 159** (10 Side Lots were transferred since the last update)

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

Total Applications Submitted: 27 (15 applications were received since the last update)

- Total Number of Applications Under Preliminary Review: 3
- Total Number of Applications Denied: 7
- Total Number Pending Approval by Community: 17

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

There was no new business.

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

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

Thorley stated a number of county Land Banks have asked for a private letter ruling from the IRS concerning their tax exempt status as it relates to programming and the receipt of donations that they may receive from outside sources. It is our belief that the SCLRC has tax exempt status for program income and donations by being organized as a CIC under ORC 1724, but we don't have anything that shows that. We believe that we are a quasi governmental entity and are in effect performing an essential governmental function, which is what triggers the IRS Code Section 155.1 that says "any income derived from a public utility or the exercise of any essential governmental function in accruing to a state or political subdivision is not considered as gross income." Currently 17 of the 19 Land Banks have jumped on board in asking for the private letter ruling. What really precipitated this was that a couple of counties, Clark County being one, have had significant donations come their way. We actually have a donation coming our way on the 3<sup>rd</sup> Street property. It would be \$5,000 plus the property, but if they were to ask for something from us showing that we are tax exempt, we would have nothing to give them. There is a \$28,300 filing fee should we at a later date want to ask for a private letter ruling. Currently there is a cost sharing arrangement between all the participating Land Banks. One of the deadlines was actually today, but it has been extended to this Thursday. If it is the Board's desire that we be included in this arrangement, then we must have an MOU signed and delivered to Clark County at Thursday's meeting along with a check for \$1,882.61. The total fee to us would be around \$5,583.

Thorley stated that when our Articles of Incorporation were filed in 2012, it was to be organized as a nonprofit; but nothing was filed with the IRS to have tax exempt status. Green asked if the purpose of this private letter ruling is to give us assurance that the Land Bank won't have to pay income tax, or is it intended to give a donor assurance that he can deduct it from his taxes. Zubar stated it will benefit both parties. Thorley stated it deals with program income coming to the Land Bank, plus we would then have something we could give to the donor showing that we have tax exempt status for purposes of their

donations. Green was not in favor of paying \$5,000 to avoid any possibility that we would have to pay income tax, because he believed the Land Bank was tax exempt, and asked what then motivates the Land Bank to pay this money. Zumbar stated initially he was of the same opinion, that if we are tax exempt then why do we need this ruling, but if we were to get our own private ruling by ourselves it would cost \$28,300. The benefit of joining in with this pool is going to lessen our costs to \$5,500.

Thorley stated the property on 3<sup>rd</sup> Street that they wish to donate to us, is from a stabilization trust. We cannot give them anything in writing showing that it is deductible to them as a donation. Green asked if “they” were a charitable or a private organization. Thorley believed it is a private foundation through Wells Fargo Bank. It is a Neighborhood Stabilization Trust, but it is partly run through the Western Reserve Conservancy. Robin Thomas’s group contacted us originally. Nau believed it was a national nonprofit and their local contact is the Western Reserve. Green stated Wells Fargo wants to give us a piece of junk property and then they will take \$5,000 off their income. Thorley stated that is probably very true, but this property does fall within our target area for NIP. Green stated there is merit in that procedure, but he had a hard time getting a good feeling about giving Wells Fargo a tax break. Bernabei stated that the question is whether or not we need to obtain a private letter ruling because on their side they are going to take the deduction anyways and on our side we’re not going to claim it as income anyways whether we have something in hand or not. Thorley stated but somewhere down the road you may have a private citizen in lieu of paying taxes or otherwise wants to give us their property, and if it’s truly a property worth taking, we have nothing to give them at some point that they will be able to show as a deduction off their taxes.

Bernabei moved, Zumbar seconded, and the motion carried to move forward and authorize the payment of the \$5,583, and that the Board also authorizes the signing of the MOU required for participation in obtaining the letter ruling.

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

Thorley stated they have received no further information from Alliance relating to the N. Linden property that was to be demolished. He had a draft contract waiting to be signed for the Lighthouse property upon having that completed and paperwork submitted. Mazzola stated that Carlone had sent an inquiry to him on the 5<sup>th</sup>, and Randy Flint responded stating that the 50 N. Linden structure is completely demolished. The only thing remaining is the clean up of debris and to fill and grade the lot. The demo contractor had to leave the site to perform some work in the City of Canton, and he had various machine repair issues. He talked to the contractor today and expected him on site next week. He went out and visited the site last week, and they were there clearing the area and doing all that needs to be done to complete that project. They can then move on to complete the Lighthouse project.

c. Parcel #109648 - 204 Rosenberry Street, Alliance

Thorley stated that this property has been transferred.

Green stated he would be unable to attend next month’s meeting, and he has asked his alternate, Maureen Austin, to sit in for him.

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

11) **ADJOURNMENT**

There being no more business, the meeting was adjourned.

Respectfully submitted,

Jill Gerber, RPC Office Manager