

The Board of Directors of the Lake County Land Reutilization Corporation met in session on the 26th day of September, 2016 at 3:00 p.m, on the lower level of 8 N State St (KeyBank Building) with the following Directors present:

**LORRAINE M. FENDE  
BETH A. KNEZEVICH  
J. BLAIR HAMILTON  
TIMOTHY S. MANROSS**

**JUDY MORAN  
ANDY ROSE  
DANIEL P. TROY**

Andy Rose moved to approve the minutes of the Friday, July 11, 2016 meeting and Lorraine Fende seconded the motion.

AYES: 7                      NAYS: 0                      ASBSTENTION: 0

**LAKE COUNTY LAND REUTILIZATION CORPORATION  
2nd QUARTER MEETING  
Monday, July 11, 2016 @ 3:00 p.m.  
5<sup>th</sup> Floor Conference Room  
Lake County Administration Building**

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- 1. CALL TO ORDER:** Timothy S. Manross, Chairman called the meeting to order at 3:20 p.m.

**ROLL CALL:**

**MALCOLM A. CHAFER  
GABE CICCONETTI  
LORRAINE M. FENDE  
BETH A. KNEZEVICH**

**TIMOTHY S. MANROSS  
JUDY MORAN  
ANDY ROSE  
DANIEL P. TROY**

- 2. MOTION TO APPROVE THE MINUTES OF THE ANNUAL MEETING HELD  
APRIL 1st, 2016.**

Motion: Rose                      Second: Fende  
AYES: 8                      NAYS: 0                      ABSTENTIONS: 0

- 3. MOTION TO APPROVE THE MINUTES OF THE 1<sup>st</sup> QUARTER MEETING HELD  
APRIL 1st, 2016.**

Motion: Rose                      Second: Fende  
AYES: 8                      NAYS: 0                      ABSTENTIONS: 0

**4. RESOLUTION 2016-73 RE-APPOINTING JOHN M. ROGERS AS EXECUTIVE DIRECTOR FOR THE LCLRC, AFFIRMING HIS CONTRACT AND RE-AFFIRMING HIS COMPENSATION**

Mr. Rogers's annual contract is provided for the Boards review. His term as outlined is prepared as being effective March 1, 2016 through February 28, 2017. Compensation is to continue at the ongoing rate of \$60/hour but with a maximum yearly allowance being changed from 1000 hours to 1200 hours. While Mr. Rogers was compensated for 1000 hours in 2015, he actually worked 1039.75 hours, the difference being uncompensated.

This resolution was continued at the last meeting pending further discussions at an ad hoc committee meeting. Because the committee has not met, and a decision has not been made, Mr. Rogers will continue his duties as Executive Director as are outlined in his prior contract. The Resolution will maintain its place on the agenda.

**MOTION FOR RESOLUTION 2016-73 BE LAID UPON THE TABLE UNTIL THE LAND BANK PERSONNEL COMMITTEE HAS MET AND IS READY TO MAKE A RECOMMENDATION BACK TO THE BOARD**

Motion: Troy	Second: Rose
AYES: 8	NAYS: 0
	ABSTENTIONS: 0

**5. RESOLUTION 2016-80 A RESOLUTION AFFIRMING THAT ALL POLICIES AND PRACTICES OF THE LAKE COUNTY LAND REUTILIZATION CORPORATION AS ADOPTED AND IN PLACE, ARE IN CONFORMANCE WITH APPLICABLE FAIR HOUSING LAW AND THAT THE LCLRC WILL TAKE THE NECESSARY STEPS TO AFFIRMATIVELY FURTHER FAIR HOUSING (AFFH).**

In order for the LCLRC to formally apply for Community Development Block Grants or HOME funds, we must consider and affirm this resolution annually, as it's an integral component of the grant application process. This resolution indicates that the Land Bank will follow federal law.

Motion: Moran	Second: Cicconetti
AYES: 8	NAYS: 0
	ABSTENTIONS: 0

**6. OLD BUSINESS**

**a) NIP NEIGHBORHOOD INITIATIVE PROGRAM UPDATE**

Our initial participation in the Ohio Housing Finance Agency's Neighborhood Initiative Program (NIP) is quickly drawing to a close. This first phase has seen the vast majority of our original \$500,000 award spent. Based on current expenditures and estimates, the Land Bank, when finished with this program's initial phase, will have spent upwards of

\$524,307.49 and received reimbursements estimated to be \$500,018.38 – just slightly above our original grant.

**Summary - to date:**

Number of homes demolished:	24
Number of homes under contract:	3
The Land Bank has spent:	\$447,196.91
The Land Bank has submitted NIP reimbursement requests for:	\$396,865.80
The Land Bank has received NIP reimbursements amounting to:	\$370,823.80
NIP reimbursements forthcoming:	\$26,042.00
Work under contract:	\$77,110.58

The three houses under contract have had the asbestos removed where applicable. The contractor has advised that they will be torn down. Under the NIP Guidelines (most recent version is dated June 27, 2016), the following information should be noted:

*After a property has the required associated loan (which the LCLRC obtains through the Cuyahoga County Land Banks Finance Arm) and the structure is demolished, the LCLRC submits a request for reimbursement to OHFA for all eligible expenses including modification (pay off) of the Loan. In exchange, a second mortgage lien for no more than \$25,000 of HHF/NIP funds is disbursed for eligible expenses associated with that particular property. Our initial mortgage is then paid back to Cuyahoga County and the second mortgage is then attached to the Property.*

**DISPOSITION**

The LCLRC is required to own and maintain each of these property's for a period three years from the date of the OHFA mortgage. If a property is transferred prior to three years from the date of the mortgage, the mortgage must be satisfied and funds returned to OHFA. The LCLRC and all other NIP program partners must obtain approval from OHFA and HHF prior to the disposition of any property that received funding under the program. OHFA may permit early lien release and debt forgiveness without full repayment on a case-by-case basis.

OHFA may release the mortgage free and clear and forgive the balance of the note prior to three years if the property is transferred for an eligible use. For pre-approval of an early release without repayment we are required to provide information to show that specific requirements are met.

Consideration for early release may be available for:

- Public Use Purposes, or
- Non Profit Organizations, or
- Side Lot Programs
- Disposition for Business or Residential development may qualify for early release provided that all Net Proceeds of the sale are first used to repay the HHF Note and Mortgage.

Of the 27 properties we own, four of those are located on Jackson Street in Painesville and will be transferred to Lake County for future public use.

## **FUTURE NIP FUNDING**

To continue our NIP demolition activity through the program's July 2019 conclusion date, the Lake County Land Reutilization Corporation requested a Phase I and Phase II, Fifth Round NIP Funds allocation of \$500,000 at a minimum and \$750,000 at a maximum (June 30, 2016). These figures were based upon the Land Bank's average costs to date per structure demolition and reimbursements respectively, (\$19,388.10 and \$18,175.30) taken into consideration with the following:

The Lake County Treasurer has implemented a tax lien sale program during the last two years. With the sale of these liens, the County has seen an increase in the delinquent property taxes being brought current. The sales however have significantly reduced the subsequent *In Rem* foreclosure activity initiated by the Prosecutor's Office at the request of the Lake County Treasurer.

As of June 30<sup>th</sup> – there are currently 25 open *In Rem* Foreclosure cases being litigated in Lake County.

Information obtained from the Lake County Prosecuting Attorney's Office indicates that in 2016, there were 536 parcels certified by the Auditor as being delinquent and referred to the Prosecuting Attorney for collection by means of foreclosure.

Of these 536 parcels:

- 4 parcels were determined to be exempt for various reasons; and
- delinquent taxes have been paid in full on 72 parcels; and
- 1 parcel is in bankruptcy; and
- The Prosecutor's Office is still attempting to ascertain the whereabouts of 26 parcel owners.

The remaining balance would suggest court filings amounting to 178 *In Rem* Foreclosure cases for the 433 parcels on behalf of the Lake County Treasurer within the year. This figure, when added to the 25 open or pending *In Rem* foreclosure cases in litigation would present 203 cases in total. Of these 203, the Land Bank anticipates obtaining approximately 25 structures over the next 12–18 months. This figure is consistent with the Land Bank's current *In Rem* activity and the basis of our participation in the first phase of the NIP program. Assuming a similar level of activity in 2017, the Land Bank could see an additional acquisition of 20-25 structures between January of 2018 and the programs anticipated conclusion date in 2019.

## **b) COMMUNITY DEMOLITION PROGRAM**

The Community Demolition Program is an ongoing effort to assist Lake County Communities with the removal of abandoned or blighted residential structures. The Land

Bank has spent \$80,679.90 helping to remove six condemned residential structures within the last year.

20 PROPERTIES IDENTIFIED FOR DEMOLITION IN 2016 as of June 30, 2016

1445 Chapman Rd, Madison Twp.  
1072 Edgewood Ave, Madison Twp.  
7405 Middle Ridge Rd, Madison Twp.  
6094 N Ridge Rd, Madison Twp.

***The number of homes has been reduced from five to four - the Fire Chief to condemn***

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683 E Main St Madison Village

***Dwayne Bailey advised that the L. C. Building Department has inspected the fire damaged structure and anticipates a condemnation order shortly.***

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416 Fifth St, Fairport Harbor Village

1250 High St Fairport Harbor Village

***Met with Rebecca Corrigan about both properties***

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502 Fairlawn Ave, Painesville City

160 Jefferson St, Painesville City

564 S State St, Painesville City

283 W Jackson St, Painesville City

***City in process of condemning the four properties it has identified and will have resolutions by September.***

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5 Athens Ave, Painesville Twp.

28 Indiana Ave, Painesville Twp.

33 Iroquois Ave, Painesville Twp.

***Resolutions are likely to be received by the end of August or early September.***

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5599 Hickory, Mentor-on-the-Lake

***Resolution received, asbestos sampling ordered***

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1738 E 298th St, Wickliffe

***Resolution has been passed and is forthcoming. CT has been given instructions to proceed with the asbestos assessment.***

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Eastlake has identified 4 possible homes

Commissioner Troy asked why there have only been six community requested houses demolished by the Land Bank in the last ten months. Mr. Rogers explained that the communities must send a letter of condemnation as soon as possible, complete all legal steps and then send a resolution asking us to demolish. Only then can we proceed. At the beginning of every year Mr. Rogers initiates a letter to all communities asking for possible

blighted properties that the Land Bank might assist in the demolition. It is in the hands of the communities to move forward.

Commissioner Troy asked if any of the Land Bank (owned) and demolished properties been put back on to the tax base. Mr. Rogers reported that 24 properties have been NIP demolished. Four of those will be returned to the County. The remaining 20 will be on hold for three years from the date of the OHFA open-ended mortgage filing as explained previously.

Six properties have been negotiated for sale or transfer. The Skinner Avenue property Mr. Rogers is moving to give to the City of Painesville, whereupon they will ask Lake Metroparks to maintain. This space will be used for recreation along the Grand River. The Euclid-Chardon property has also been negotiated to be given to Lake Metroparks, as it is contiguous to existing Metroparks property. The final four properties are in the process of sale. We are waiting on the paperwork to complete the transactions. The remaining 50 properties are available for sale/transfer and will be posted on the new website very soon. It is required by law for all properties to be advertised on the Land Bank website before sale/transfer.

### **c) COMMUNITY COLLABORATION DEMOLITIONS**

#### **EASTLAKE'S JFK SENIOR CENTER DEMOLITION**

Mayor Morley provided the Land Bank with a cost estimate of \$53,543.60 prepared by Eastlake's Engineer for the demolition of the building. The estimate does not include figures for any asbestos abatement or the removal of the asphalt. The City will advise us whether an asbestos assessment has been prepared in the past.

If no assessment has been done, Mr. Rogers suggested to the Mayor that the LCLRC share in the expense to obtain the assessment. The cost of the analysis would be included in the Land Bank donation. More information will follow at a later date. The Board previously approved an amount of up to \$100,000 in the 2016 budget to assist in the cost of the demolition of the structure. Based on the figures provided, with no additional expenses, our share would be \$26,826.80.

Commissioner Troy asked if the property was in the name of the City of Eastlake or if it might still be in the name of the U. S. Government. Mr. Rogers believed the property had been transferred to the City when it became the Senior Center in the 1960's.

#### **GRAND RIVER'S MERRICK-HUTCHINSON VILLAGE SQUARE PROPOSAL**

Mr. Rogers asked that consideration of this budget line item be continued pending further action by the Village of Grand River. In addition to the Land Bank budget amount of \$200,000, Grand River also applied for a \$75,000 CDBG grant this year for their Village Square's recreational park. That grant application was denied. The community did however obtain funding from another source for preparation of architectural renderings and

cost estimates of the suggested improvements to the Village park area.

Mr. Rogers spoke to Ron Balog, the Village's Council President, and advised him that the LCLRC's budgetary proposal was placed on hold pending further consideration by the Board. Given that the design and cost estimates have not been determined, Mr. Rogers advised Mr. Balog that he would suggest a deferment of any further consideration by the Board of this project until architectural drawings and estimates has been completed.

Commissioner Troy expressed concerns that the Land Bank has already donated over \$62,000 for demolition of the old Merrick Hutchinson School. That the County has a parks system and that he feels the Land Bank has contributed enough for this project; that we are not in the business of building parks. He continued that the Land Bank has been given in excess of 3 million dollars in tax revenue over the past three years, and that we need to be sure we are using those dollars appropriately and sending it in the proper direction. He believes there are many commercial properties that might need our attention as well.

Mr. Rogers responded that he understands Commissioner Troy's opinion, but the mission of the LCLRC is to enhance the overall quality of life for Lake County residents either by "acquisition for rehabilitation and/or demolition, and when possible – make permanent neighborhood improvements." When any community asks the Land Bank for assistance, he has always told them he would bring it to the attention of the Board. The proposal before them is at the pleasure of the Board. Mr. Cicconetti believes the Land Bank's mission is to reutilize – and not just to demolish. Helping to fund this opportunity fits our mission.

Discussion followed. Chairman Manross suggested that we remove the park project from the table while the Village continues to look for other avenues of revenue stream. It was decided that when Grand River returns with more information, it will be back on the table for discussion.

## **PAINESVILLE SENIOR CENTER DEMOLITION – LAKE COUNTY BUILDING**

This line item was also placed on hold during the budgetary meeting. The County has asked that we move forward on the approval of this project. Our share would be 50% of the cost of the demolition. The original estimates obtained by the County were \$343,750 for both the Senior Center and the rear Buildings and Grounds facility in the back. Mr. Roger's proposal, as originally budgeted, is to allocate an amount up to and not exceeding \$171,875 unless the Board determines otherwise. Mr Rogers recommends funding this project as it certainly fits our mission by assisting Lake County with anticipated economic development and improvement category. Mr. Rogers asked the Board to approve the money as proposed.

Chairman Manross asked to describe the plans for this new facility in terms of economic development. Commissioner Troy explained that the new facility will first be an extension of the Nolan building as well as house several agency departments of the County including the Lake County Building Department, Engineering administrative offices, the Cooperative Extension and the Utilities Department. The plan would be for additional

parking space where the Buildings and Grounds facility sits now. The need for a blended parking area between the government and commercial/retail operations is the mission. Discussion followed. Mr. Rose commented that he is not sure it fits under economic development per say, but it is a consolidation of departments. Mr. Rogers believes it is an improvement to the community. The Senior Center is vacant at this time. Discussion continued followed by a motion to move forward on this project.

Motion: Rose

Second: Knezevich

AYES: 8

NAYS: 0

ABSTENTIONS: 0

## **PAINESVILLE PARKING GARAGE DEMOLITION**

The bids for this project were received by the City of Painesville on June 24. Seven companies submitted bids ranging between \$551,508.00 and \$869,001.40. The City awarded the contract to Great Lake's Crushing and issued a press release (provided to the Board).

Demolition and Debris removal is slated for July 25 through August 26, 2016. The Contract as awarded is for \$517,008.00 which is \$71,992.00 less than originally anticipated.

The original budgeted amount for this project, based on a 50/50 split, was \$294,500.00. This figure relied upon preliminary correspondence received from Doug Lewis, assistant city manager at the City of Painesville. A subsequent letter showed the figure to \$295,600. Without considering any potential change orders, our obligation would be \$258,504 saving the LCLRC an estimated \$35,996.00 from what was originally approved which is good news. Once the project is completed and we receive a copy of the invoice, we will reimburse the City 50% of the overall cost, not to exceed the amount originally budgeted of \$294,500.00.

## **GAGE HOUSE ACQUISITION – GENERAL DISCUSSION**

### **ROI RESIDENTIAL RENTAL PROPERTY**

Mr. Rogers is recommending that the Land Bank acquire this building, which would provide adequate spacing for further Land Bank growth while offsetting the purchase with rental income from the two residential units on the second floor. He requested that a decision be made at this meeting so he can respond to the owner of our intentions. Mr. Rogers explained the concept of return on investment (ROI) and the math involved in determining it. ROI measures the *efficiency* of an investment, explaining the option of paying cash or taking a mortgage. Below is the summary of his discussion. If the Board were to move forward, Mr. Rogers would recommend that the Board allow him to move forward with financing the acquisition as it would be more advantages financially than an outright purchase.



## ROI FOR CASH PURCHASE

Consider purchasing a residence for \$150,000 with cash, spend \$12,000 on closing costs plus remodeling, and then rent it out for 12 months. Total out of pocket is thus \$162,000. The tenants pay \$1,500 per month in rent, or \$18,000 for the one-year period.

What's is the ROI for the year?

To calculate, divide \$18,000 (the annual return) by \$162,000 (the total investment), so the total ROI is 11.1%. This is a gross estimate, not a net figure which would include other costs expended during the year. Typically a net ROI in this example would more likely be around 8% after expenses.

## ROI FOR FINANCED PURCHASE

Choosing to obtain a conventional mortgage requiring a down payment of 20%, impacts on the ROI– often times dramatically.

See calculation below:

An estimated initial outlay for this transaction would be \$30,000 (\$150,000 sales price x 20% down payment), for sake of consideration we add \$25,000 for remodeling and closing costs, for a total of \$55,000. Closing costs occur when taking borrowing funds and typically approximate around \$3,000. The amount financed would be \$120,000 (\$150,000 less the \$30,000 down payment), a 20 year term (commercial loan) with a rate of 4.5% interest rate. The resulting principal and interest would amount to \$759.18/month. For the sake of simplicity, let's say that taxes and insurance add \$254.16/month (\$550 insurance + 2,500\$ taxes). That brings the total payments to \$1,013.34/month.

Assuming a tenant pays rent of \$1,200.00/month (at a minimum) for 12 months, the net result is a positive cash flow of \$186.66 each month (\$1,200 rent less the \$1013.34 (monthly costs). Multiply the \$186.66 x 12 months and the annual cash flow is \$2,239.92. Now divide the annual cash flow of \$2,239.92 by the original out of pocket expense of \$55,000 (down payment, closing costs and repairs) and we calculate an initial ROI of 4.07% (\$7,103.76 by \$45,000 – the original out of pocket cost from down payment, the closing costs, and fix ups). While the initial ROI from the annual cash flow alone is 4.07%, we must remember that we are paying down principal and building equity in the property, which should also be included in our considerations.

In this example, the first year's principal pay down is \$3,787.64. Adding this amount to the calculated cash flow of \$2,239.92 provides \$6,027.56 which when divided by the initial outlay of \$55,000.00 provides an ROI now of 10.96%.

## EVALUATING THE PROPOSAL TO PURCHASE THE GAGE HOUSE

Purchase price:	\$ 265,000
Term:	20 Year
Commercial Interest Rate:	4.5 %

Down Payment:	\$ 53,000
Mortgage:	\$ 212,000
Closing costs:	\$ 3,000
Repairs set aside:	\$ 25,000
Monthly Principal and Interest Payment	\$1,003.30
Taxes:	\$ 4,000
Insurance:	\$ 750
Rental income estimate: (minimum – \$500.00/mos*2)	\$ 1,000
LCLRC current rental savings	\$ 450
Annual Positive Cash Flow: (Rent – Expenses (mortgage, taxes and Ins.))	
(\$17,400 - \$16,789.60) or:	\$ 610.04
First year equity:	\$ 2,551.81
ROI: (\$3,170.85/\$81,000)	3.915%

This figure represents an estimated increase of 391.5% over the current 01% rate of return for our funds in the bank. A higher rent would increase our rate of return. And finally, this calculation does not include is any depreciation expense that might apply, which would increase the Land Bank’s overall rate of return even more so.

Discussion followed. It was the consensus of the Board that this is not the time to consider this property now. Concerns about renters, the cost of the building and our real mission were expressed. Beth Knezevich expressed her support of the project – this fits the Land Bank’s mission of revitalizing and renewing old structures within the City of Painesville. The building itself would represent our mission of renewal. A vote for approval was brought to the table.

Motion: Rose	Second: Moran
AYES: 3	NAYS: 6 ABSTENTIONS: 0

## RECAP OF RENOVATION FUNDING

The 2015 Budget authorized \$300,000 for the renovation of up to three homes. The budget also included revenues of \$150,000 in CDBG Funds based on a grant application submitted. The LCLRC actually received an award notice for \$50,000 in CDBG funds for use this year for the renovation of up to two homes in addition to another \$100,000 in HOME funds made available to us in 2016.

1385 Craneing Rd, Wickliffe originally identified as a possible rehab project was removed because the basement repair estimate which was expected to be \$20,000, more than doubled. The Land Bank proceeded with 668 N. St. Clair Ave., Painesville and 352 Clarmont Rd., Willowick. The Craneing property which had been under consideration has since been demolished using NIP funds.

## RENOVATIONS – 668 N STATE ST, CITY OF PAINESVILLE

The renovation of at 668 N State Street is complete. There are a few maintenance items that remain but the contract has concluded. Mr. Rogers asked Board members prior to the meeting to tour the home. It was also shown to Painesville's Assistant City Administrator, the economic development director, zoning officials and a few other interested potential buyers.

The Land Bank was most fortunate in collaborating with the Western Reserve Development Corporation who oversaw the renovation work. That organization had HOME funds which it had been previously awarded but not utilized. With time constraints for their award, WRDC risked losing those funds. They made a decision to assist in the expense of renovating this house.

LCLRC's original estimate for the renovation of each home was \$100,000. This estimate, our first, did not include any expense related to WRDC's oversight, drain tile needs and the subsequent inclusion of adding a full bath on the first floor.

The breakdown for the work on this house is as follows;

Expense of home renovations with the appliance originally included in my estimate:	\$100,052.50
Drain tile replacement, pump installation, rear yard drainage tile and grading:	\$28,000.00
WRDC oversight fees – (originally quoted at \$30,000+):	<u>\$13,731.50</u>
Total:	<b>\$141,784.00</b>
WRDC funds contributed:	-\$108,373.00
LCLRC funds expended:	\$33,411.00

### FYI - FROM PAINESVILLE REAL ESTATE MARKET OVERVIEW

Trulia.com housing market overview

Number of homes sold in Painesville between April 7 - July 6 of 2011	15
The median price of the homes sold during this period:	\$147,000
Average price per square foot of Painesville:	\$83.00/sq ft
This homes living space:	1546/sq ft
Estimated cost of an existing 1546/sq ft home:	\$128,318
Estimated cost of new construction for a 1546/sq ft home at \$100/sq ft	\$154,600

The individual or family buying this home will have to meet certain income criteria. Marian Norman, Lake County Economic Development and Planning Group provided information last Thursday. The information will be reviewed and reported at the next meeting. We have learned that there may be other funds available to a qualified potential buyer in the form of down payment assistance. Ms. Moran asked if there was a set price for this home. Mr. Rogers explained that the report from Marian Norman will explain the guidelines required

to sell this home to low to middle income applicants.

When this property is sold, the real estate taxes will generate approximately \$2,000.00 per year. The tax delinquency for this property due to its abandonment years ago amounted to \$15,686.52.

### **RENOVATIONS – 352 Clarmont Rd, City of Willowick**

This is another project where we have joined with the Western Reserve Development Corporation on the renovation of this home. BDL Contractors was the contractor recommended by WRDC to do the work after preparing specifications and obtaining bids, while ABV Contractors were engaged to complete the drain tiles work. This house suffered severe water damage in 2013 that had to be repaired. The basement has been completely sealed. The garage has been removed and will be rebuilt. The city required that the sewer and water lines between the street and house had to be replaced. Mr. Rogers believes this house to now be an asset to the neighborhood and a wonderful new home for the right buyer.

#### **Breakdown:**

BDL Contractors:	\$95,631
ABV Contractors:	\$28,500
WRDC:	<u>\$9,563</u>
TOTAL:	<u>\$133,694</u>

Auditor's website valuation this year for this house was \$121,520.00 in its previous condition. The two adjacent homeowners pay property taxes on valuations of \$129,860 and \$131,120.00.

### **LCLRC WEBSITE**

Mr. Rogers reported that the website is almost at completion. Because of the temporary meeting location (council chambers) we do not have connectivity, but we hope to have everything in place at the next meeting. All Board members will be asked to review the site prior to its release to the public. Our web designer is Scott Zimmer of Zimmer Design. This site will have extensive information as to all Land Bank properties, all demolition programs, how to buy a property, how to become a listed contractor for the Land Bank. It will have all Land Bank documents posted as well.

## **7. NEW BUSINESS**

### **NEW LOCATION FOR LCLRC BOARD MEETINGS**

Mr. Rogers advised the Board that all future meetings will be held at the 8 N State St (KeyBank) building, lower level. There is adequate space to hold the board and it is a space paid for in our lease. All are invited for the next September 26<sup>th</sup> meeting.

## **265 N STATE STREET, CITY OF PAINESVILLE**

For review please refer to our last meeting's minutes. This building has been vacant since November of 2007. When we acquired this building, it was apparent that the roof needed repairs. Inspected by the Garland Company, estimated costs were \$80,000 for the uppermost roof. It did not include the sub roof because it was inaccessible at the time. During the clearing process furniture was given to both the Health Department and the Clerk of Courts. It was then gutted for safety reasons which allowed examination of roofing sub-floor.

The Board had previously discussed the possibility of repairing the roof and giving the building to the Lake County Council on Aging, a not-for-profit, in an effort to help that agency find a centralized site for its Meals on Wheels Program while also providing space that would enable that organization to expand its programs to Lake County seniors.

Bob Fiala, architect and board member of the LCCOA, inspected the building and prepared a preliminary cost estimate amounting to \$350,000 for the purposes of renovation. The City of Painesville was approached and willing to work with both the LCLRC and the Council on Aging. Joe Tomsic, Director while excited about this opportunity, was concerned about the difficulty his volunteer drivers might incur, especially during the winter months. It was suggested that he contact the management of the credit union located behind the building to see if any arrangements could be made to facilitate his concerns. Unfortunately, the Credit Union was not willing to work with Tomsic's and LCCOA's interest waned. That organization ultimately chose to occupy space in the building now owned by Lake County Extended Housing.

Next, Bill Horvath and Carol Fleck representing the Painesville Senior Center met with Mr. Rogers to discuss using this building for its relocation. Their conclusion was that this building would not suit their needs, but asked that in the event the Land Bank acquire any other commercial buildings, to advise them accordingly. In the interim, the Painesville Senior Center reached an agreement with the Painesville YMCA and has relocated there.

At our last meeting, Mr. Rogers mentioned to the board that he had had preliminary discussions with a local not-for-profit. That organization is the Hispanic Organization of Lake and Ashtabula County - HOLA.

A series of discussions were sought with Veronica Dahlberg, Director HOLA, a vice president from Parker Hannifin, administration officials from the City of Painesville and their Economic Development Department, representatives from the United States Department of Agriculture, an architect introduced by Ms. Dahlberg, and the Hispanic Commission of Ohio.

The discussions centered on the possibility of HOLA acquiring the building for an economic incubator, a potentially viable use of this building. As proposed, the improvement would not only reutilize an existing and long abandoned building, but offer new economic development to Painesville and create new jobs. This opportunity otherwise unavailable to the community would be in the form of a community industrial kitchen. The kitchen, would

allow individuals to make foodstuffs to sell commercially.

The Land Bank proposed to repair the building's roof and transfer title of the property to this non-profit organization. In an effort to facilitate this becoming a reality, Mr. Rogers made representations consistent with the intent of the LCLRC goals of strengthening communities and furthering economic development.

Mr. Rogers offered a letter of support for a grant application made by HOLA to the United States Department of Agriculture, effectively offering this blighted structure for the development of this project, in similar fashion to what had been proposed for the Council on Aging. A \$2,500 grant from the Ohio Hispanic Commission for architectural renderings of the proposed facility had also been received for HOLA's use.

Advised that the deadline for CDBG funding was fast approaching since our last board meeting Mr. Rogers contacted County representatives to ascertain if such a project would be suitable for CDBG funding. He was advised that it would be. Mr. Rogers submitted a timely application but was recently notified that the application had been denied.

The results of a grant application submitted by HOLA to the USDA will be announced sometime in August.

LCLRC received just over a week ago a Public Records Request regarding this proposal. The Land Bank completed assembly of the requested documents late last night and they were picked up earlier today.

Mr. Rogers received information from Ms. Dahlberg regarding the proposal. Copies of the proposed facility and letters of support were provided to the Board for review.

Opportunities if this project is successful:

- Lending vitality to the Painesville neighborhood where the building is located
- Provide resources to area residents and others not otherwise available,
- Creates potential for job creation, not only with the facility's operations, but with individual entrepreneurs
- Resulting in many other attributes if successful

Mr. Rogers advised Ms. Dahlberg that if HOLA funding does not become available, the project would unlikely succeed. While his intent is a continued willingness to offer assistance, the Board is certainly within its authority to suggest otherwise.

Chairman Manross asked if this incubator facility would be open to the public, and further added that an incubator in Painesville City would be a wonderful idea. Gabe Cicconetti was in full agreement offering local examples of small business ideas that had been halted because there was no facility like an incubator in the area. Commissioner Troy commented that prior authorization from the Board might have been a good idea before applying for the CDBG grant. Mr. Roger's replied that information had been given at the last meeting about

a possible not-for-profit recipient. With this now possible use the grant application had to be submitted prior to the next board meeting because of the looming deadline. Mr. Rogers believed he was operating within the scope of his authority as is outlined in his contract. His decision to apply for CDBG funds was based on the timeline and that applications are only available once a year. Had he not applied, he would not have had the opportunity for this funding. He noted that he had spoken with the Board Chair after the last meeting and was told the idea sounded like a good fit. The Chair had mentioned that there was a person in his community who could possibly use this type of facility, as she would like to bake and to market her breads.

The Land Bank to date has spent approximately \$10,000 on this facility. This line item of \$80,000/roof repair has been on the books for the past three years. Without a viable use of the building, Mr. Rogers had not moved to spend the funds. He explained that no action is necessary until HOLA is successful in finding the appropriate funding. He will then proceed unless otherwise directed by the Board. Discussion followed.

Chairman Manross opened the floor to public discussion:

Brian Massie, Painesville City – Has this business model been tried anywhere in the country? Mr. Rogers replied that there are four such models in the State of Ohio; Cleveland, Zanesville, Athens County and Toledo.

Jim Weber, Painesville City – Who would manage this building, once it has been transferred? Mr. Rogers replied that the not-for-profit would be responsible for operating the building and making it available to the public. It would not be the Land Bank's responsibility.

John Muzik, Painesville Twp. – Mr. Muzik asked why he has not seen anywhere on-line what properties are available through the Land Bank. Mr. Rogers suggested that until our official website is available to the public, a list of all our properties is available on the Auditor's website along with all other Lake County properties.

Arzella Melyn timer, Kirtland City – Is this a commercial property? How did HOLA find out about the property? How is it that the general public is not allowed to know that HOLA is interested in this property? Chairman Manross reported that 265 N State St has been available for sale by realtors over the past few years. Mr. Rogers added that because of the extensive cost of the building repair: i.e. roof \$100,000, heating system \$50,000 and no parking, there has been little interest in ownership. That HOLA's director had indicated the organization was looking for a permanent facility in Painesville to house her incubator idea.

Angelo Samalio, Painesville City – Has anybody asked where she (HOLA) will park? Mr. Rogers said the previous owners with 40 or more employees found parking in the immediate area, possibly in the St. Mary's parking lot. HOLA will have to work out these issues with the City of Painesville, not the Land Bank. HOLA will be applying for a grant to pay for the industrial kitchen equipment and the ADA compliant restrooms.

Julie Altvis, - With all the assumed money that will be spent on this building, what is this costing the tax payers? Mr. Rogers replied that the Land Bank does not assist with the Department of Agriculture nor the Hispanic Commission's granting of funds to not-for-profit organizations. With the denial of the CDBG grant application, no county tax dollars are involved. The Land Bank has not yet decided what money will be spent to improve this building. However, if the Land Bank were to spend \$80,000, it would facilitate a \$1,000,000 improvement to the City of Painesville. What is to be remembered is that HOLA must find all the necessary funding to make the business project work.

Elizabeth Perez, President of Board of Directors of HOLA – Ms. Perez reviewed her credentials adding she has worked for the “Mission Continues” organization. Her task is to teach leadership skills, professionalism with a thrust on teaching attention to detail. Her conversation was to support the “Incubator concept” that she believes is much like a farmer's market. After time this business will make our community less divisible. The project has the potential for upwards of twenty new businesses just in the first year. HOLA already has letters from ten businesses saying they would hire someone who had used this type of facility to make their products. It will help keep our money in our community. It would be a cohesive vision to help rebuild our entire neighborhood and ultimately make it a better place to live.

Becky Lynch, Painesville City – Would HOLA have to pay property taxes? Mr. Rogers responded that as with any commercial operation, if the building generates income, HOLA would likely have to pay property taxes.

#### **d) SCHEDULED OF FUTURE MEETINGS**

The following dates are posted:

**Third Quarter** – Monday, September 26, 2016 @ 3:00 p.m.

**Fourth Quarter** – Monday, December 19, 2016 @ 3:00 p.m.

**First Annual Meeting** – Monday, March 27, 2017 @ 3:00 p.m.

**First Quarter** – Monday, March 27, 2017 @ 3:00 p.m.

**Second Quarter** – Monday, June 26, 2017 @ 3:00 PM

#### **ADJOURNMENT**

With no further business Chairman Manross asked for a motion to adjourn.

Motion: Manross	Second: Moran
AYES: ALL	NAYS: NONE
	ABSTENTIONS: NONE



The meeting was adjourned at 5:25 p.m. by unanimous vote.

APPROVED: 9/26/16

T S Manross  
TIMOTHY S. MANROSS, Chair

The undersigned Clerk certified that the foregoing is a true and correct transcription of the minutes of the meeting held July 11, 2016, of the Board of Directors of the Lake County Land Reutilization Corporation showing the adoption of the Minutes above set forth.

Dated: 9.26.16

Linda S. Fredebaugh  
LINDA S. FREDEBAUGH, Clerk