

The Board of Directors of the Lake County Land Reutilization Corporation (the "Board of Directors") met in session on the **22nd day of June, 2020 at 3:30 p.m.**, 8 N State St. Painesville City (KeyBank Building) Lower Level with the following Directors present:

**MAC CHAFER
GABE CICCONETTI
JACK CORNACHIO
LORRAINE FENDE**

**KENNETH FILIPIAK
TIMOTHY MANROSS
JEFFREY SHIBLEY**

Mac Chafer moved to approve the minutes of the Monday, December 16th, 2019 meeting and Jack Cornachio seconded the motion.

AYES: 7

NAYS:

ASBSTENTIONS

**LAKE COUNTY LAND REUTILIZATION CORPORATION
4th QUARTER MEETING**

Monday, December 16th, 2019 @ 3:05 p.m.

8 N State St, KeyBank Building (Lower Level), Painesville OH 44077-3955

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- 1. CALL TO ORDER:** Timothy Manross, Chairman called the meeting to order at 3:05 p.m.

ROLL CALL:

**MAC CHAFER
GABE CICCONETTI
JERRY CIRINO
JACK CORNACHIO
LORRAINE M. FENDE**

**KENNETH FILIPIAK
TIMOTHY MANROSS
JEFFREY SHIBLEY
RON YOUNG**

- 2. MOTION TO APPROVE THE MINUTES OF THE 3rd QUARTER MEETING HELD SEPTMBER 23, 2019.**

Motion: Mac Chafer Second: Gabe Cicconetti

AYES: 7

NAYS: 0

ABSTENTIONS: 2

- 3. RESOLUTION 2019-119**

A RESOLUTION CONFIRMING THE RE-APPOINTMENT OF MAC CHAFER TO THE BOARD OF DIRECTORS FOR THE LAKE COUNTY LAND REUTILIZATION CORPORATION – JANUARY 1, 2020 THROUGH DECEMBER 31, 2022.

Motion: Cirino

Second: Cicconetti

AYES: 9

NAYS: 0

ABSTENTIONS: 0

4. LCLRC PROPERTY UPDATE

The Land Bank currently holds title to 147 properties of which 36 have title issues and cannot be sold. We have acquired three properties since our last meeting. Most of these parcels have been listed for sale on our website. We have disposed of five properties since our last meeting for a total of \$68,200. Two more parcels in Painesville City are to be sold to Lake-Geauga Habitat for Humanity. This sale will close on the 20th of December, bringing the total sales revenue to \$83,400.

If the property is an NIP parcel, the date of availability is posted for the property on our webpage.

Mr. Rogers has been in discussions with Rich Piraino, President of Lake-Geauga Realtors to discuss the possibility of listing our properties on the MLS Multiple Listing Site system. Mr. Rogers believes that listing the properties on the MLS will result in a greater exposure and hopefully a sale. There will be an agreement in place shortly.

5. NIP PROGRAM

Original Grants (\$500,000+\$750,000)	\$ 1,250,000.00
Number of homes demolished	65
Demolitions/estimated costs for program once completed	\$ 1,288,699.45
Estimated total reimbursements once completed	\$ 1,125,820.95
Early release funds added back to our Grant	(\$ 4,100.19)
Dollar amount that was unused and returned to NIP pool	\$ 128,279.24

Important Note: NIP restrictions prohibit the sale of any NIP property until 3 years from the date that the open-ended mortgage has been filed.

Mr. Rogers explained that the \$4,100.19 amount was returned to the NIP state pool when an early release occurred to transfer four parcels to the County needed to build the Lake County Buildings & Grounds facility on Jackson St, Painesville City.

Two property demolitions that had been scheduled for the NIP funding were reversed.

In one case, we planned to acquire a home that was purchased at a sheriff sale and the buyer was unaware of the City having condemned the structure. The buyer was allowed to vacate the purchase and the parcel was to be rescheduled for sale. LCLRC must now wait until the property is to be forfeited to the State. *It is required that all Land Banks must own the properties before NIP demolition can occur.* In both cases, \$25,000/each of NIP reimbursement funds were lost to the Land Bank.

Mr. Rogers pointed out the importance of recognizing that LCLRC's "real costs" for NIP demolitions averaged only \$2,503 per structure. This small amount per property should be easily realized when the parcels are sold!

6. COMMUNITY DEMOLITION PROGRAM

For the year 2019, we have demolished six homes to date and are awaiting community resolutions before proceeding on another four properties. The costs for the six structure demolitions to date totaled \$110,944.75.

7. COMMUNITY COLLABORATION PROGRAM

There were three projects in 2019, with the most recent being the former Homestead Nursing Home, now owned Painesville City. All demolitions were handled by the communities themselves, and the Land Bank reimbursing up to 50% of their total expenses with proof of payment and required documentation. The total project costs for all three structures totaled \$157,010.77. Our collaborative efforts saved the communities a total of \$75,265.63.

Total community demolition activity for the year involved the removal of 22 structures that in total cost just under a half a million dollars (\$431,355.81) and the LCLRC's share amounting to \$335,779.41.

8. MENTOR MARSH PROPERTY LOT SPLIT

At the request of the Cleveland Museum of Natural History, the land owned by the Land Bank for the purposes of salt remediation was reconfigured by splitting off 30 acres of clean land in order to transfer ownership back to the Museum for continued ecological restorative efforts.

The City of Mentor had originally had placed a condition on the lot split that might have hampered with any future uses considered by the museum. Mr. Lyons subsequently had an opportunity to speak with Mentor's Law Director, Joe Szeman, and Anthony Zampedro about the Board's special conditions. Mr. Rogers met with the Mentor Planning Commission on November 14th and asked that the Board reconsider. All agreed that placing such a condition on the split would likely have *amounted to a taking* and any other developmental activity. This would then be subject to the scrutiny of the City.

The City of Mentor's Board reconsidered its prior action with Mr. Szeman's counsel and revised its approval with the removal of the language that would have prohibited any building activity on the 30 acre parcel. The LCLRC is now in the process of transferring title.

9. 1991 HUBBARD RD GAS STATION CLEAN-UP

Brownfield Restoration Group formally advised us on Dec 2nd that there are two soil sampling locations and one ground water location that exceed action levels. Plans have been prepared to remediate the issues with the following:

1. Excavate, transport, and dispose of approximately 100 tons of petroleum-impacted soil from two separate excavations.
2. The ground water impact is located within the footprint of one of the soil excavations. So, Brownfield will take this excavation to the ground water table and evacuate and dispose of a full vacuum truck load of ground water (approx. 2,500 gallons). Then apply a bioremediation solution to the excavation sidewalls and ground water table to reduce concentrations of petroleum in ground water.
3. They will then backfill each excavation and re-install a monitoring well at the ground water impacted location.

Once confirmation of the soil and ground water samples are obtained that *meet action levels*, no other work will be required and the site should be eligible for a NFA/no further action status. If confirmation sample analytical results *do not meet action levels*, then the site will have to move to a Tier II status with additional assessments necessary. Brownfield is getting bids from contractors to do the *Interim Response Action* work and are in communication with BUSTR. It is our hope to schedule this field work in January of 2020.

10. 29735 GREEN RD WILLOWICK RENOVATION

The City of Willowick approved the Point of Sale inspection on the house on December 9th. Now that the work has been completed and we can sell the property, the Land Bank hopes to schedule open houses and invite the press and the West End Chamber of Commerce before the house is listed with a realtor. The initial appraisal reported at our last meeting was at \$139,900.

11. CREDIT CARD REPORT

Mr. Rogers reported that last year in November the Ohio Legislature passed a new law making it a requirement to report credit card activities to the Board. For the year to date, there have been 49 transactions totaling \$3,553.37. LCLRC averages about four transactions a month. Most are recurring.

12. REISSUANCE OF MEMORANDUMS OF UNDERSTANDING TO COMMUNITIES

The Land Bank's MOUs were initially distributed and signed back in September of 2014 when we first began Land Bank operations. But many of the mayors, managers and

elected officials have since changed hands. Mr. Rogers will discuss the reissuance of these MOU's with Mr. Lyons as he believes it might be time to update the Land Bank version. He brings this to your attention in the event that some of you are queried by community officials.

13. LAND TRUSTS - COCLT

Mr. Rogers explained that at the last Land Bank Conference in Cincinnati, Hope Paxon spoke on behalf of the (COCLT) Central Ohio Community Land Trust, a subsidiary of the Franklin County Land Bank. This organization was created in cooperation with Franklin County, the City of Columbus and the Central Ohio Community Improvement Corporation.

A land trust creates a shared equity model of home ownership where the COCLT owns the land and a homebuyer owns the dwelling. In exchange for an opportunity to own a home on land that the COCLT owns, a homebuyer agrees to share part of the appreciated equity at the time the home is sold to the next buyer. The homeowner gains equity based on what is a land lease re-sale formula.

While the Land Trust fronts the funds to renovate an existing home or to construct a new home, the buyer must obtain a mortgage through a lending institution to purchase the structure.

What land banks are experiencing is that when renovating or building homes - often times the homes are in depressed areas or low-to-moderate income areas. With a Land Trust concept, a homebuyer has the opportunity to realize home ownership initially, followed by a gain in equity; while the Land Bank recovers some of its initial investment *that may have exceeded the actual purchase price* of the home. Land Trusts ensure more oversight of these properties.

SEE EXAMPLE EXHIBIT

LCLRC house on Clarmont - sold in 2017 for:	\$132,000.00*
LCLRC investment for this renovation was;	\$146,288.20
Estimated Market value at the time was;	\$145,000.00

*Because of the income limitations associated with CDBG and HOME funds we could only sell for \$132,000. LCLRC actually was at one point offered \$150,000 by one individual who exceeded the income qualification requirements. Two years later the home sold for \$153,000 realizing a \$21,000 profit.

A Land Trust Agreement would have enabled the original buyer to realize a gain on the sale, and the LCLRC would have shared in that gain or appreciation recovering some of our initial investment that exceeded the sale price - *depending on the % share agreed upon in the transaction*. Franklin County Land Bank has been using this model to build

homes in Columbus with success. Mr. Rogers will continue to explore the creation of a Land Trust for the Land Bank and give an in-depth presentation at the next meeting. Ms. Paxon has indicated a willingness to come and meet with the Board as well.

14. CHASE BANK BUILDING PAINESVILLE CITY

Mr. Rogers participated in a phone conference with Painesville's Community Development Director Cathy Bierterman and a representative of a group that is interested in acquiring the Chase Bank building on Painesville's town square. As with other projects, the Land Bank's involvement might be beneficial in helping to move the project forward through LCLRC ownership. When Land Banks own properties grant monies for environmental concerns are more likely be available.

Cathy advised she has been in frequent weekly discussions with team NEO of JobsOhio and will be in continued contact regarding what JobsOhio might be able to do with respect to funding the renovation of the building. Any involvement would be related to the scope of any resulting job creation. This could be a boon to the City with respect to new businesses locating here.

Mr. Rogers emphasized that if LCLRC funds are needed, it would be subject to the Board's approval. Otherwise, any investment on our part (holding title during the renovation) would have to be minimal. Some discussion followed. Stay tuned for more information at a later date.

15. COMPLIMENTS TO MR. ROGERS

Commissioner Cirino took a moment to compliment Mr. Rogers for his tenacity and continued willingness to handle the very minute details of the business of the Land Bank. That not very often do compliments have room to fall his way during such busy meetings. All agreed – well done.

Mr. Rogers advised that the LCLRC is probably at the end of its known new or extra revenue streams other than DTAC funds, bank interest and property sales. This will certainly figure into future demolition activities and collaborative projects.

He advised that there is a legislative proposal at the state level requesting \$100 million dollars, and that if approved, would be available to all Ohio Land Banks for a variety of uses including residential demolition work. As proposed his understanding is that the funds would be available on a 50/50 share. We shall wait and see.

With the Land Bank taking advantage of the *Pooled Collateral System* through Erie Bank, the LCLRC is now enjoying a greater interest rate on our accounts, from what was .01% to now 2.0 – 2.2%. In the short time we have been a participant, the interest earned from Mid-September through November was \$9,400.00 vs. \$1,900.00 for all of 2018.

16. 265 N STATE ST PROPERTY

Mr. Rogers opened the discussion on the 265 N State St property. The facility proposed for HOLA Ohio would serve as a business incubator and community center. Included in the building would be a USDA Commercial Kitchen to give small businesses a place to prepare food stuffs to sell in the marketplace along with a variety of other anticipated community activities.

All members had received copies of the drawings and audited financial statements along with letters of support from the City of Painesville, local businesses, churches, schools and government agencies were also included in the packet to the Board. HOLA detailed \$400,000 in grants which included monies awarded by the United States Department of Agriculture, along with an additional \$240,000 in assets. HOLA is a Not for profit incorporated in the state of Ohio and now a 501(c)(3) designated charity by the IRS.

The request today is for the Board to take a final vote on the proposal of donating the 265 property to HOLA, and to repair the roof at a cost to the Land Bank of (at the time 2016) \$80,000.00. The Board had temporarily deferred their vote, when underground storage tanks were discovered at the front of the building. The tanks needed to be analyzed and filled in place before any transfer of the property could go forward. Additionally, there have been a number of Board member changes and repeated requests for a satisfactory business plan for the Board's consideration.

Mr. Rogers suggested an initial motion to consider the donation, and if the motion should fail that would settle the matter. If the motion passed - the \$80,000 repair of the roof would then need to be considered. He did note that the roof repair on the submitted HOLA budget was seen as a cost to HOLA and not to LCLRC. If the vote was to not donate the building, then the roof expenditure would be moot.

Chairman Manross spoke to the history of many discussions over the past years, but that regardless there will be a vote taken today. Mr. Rogers informed us that there had been two phone calls asking about the space, but those parties were told that nothing further could be discussed because the matter of the donation was pending before the Board. Chairman Manross stated that he felt that it had been a long time since HOLA had presented its request before the Board and it was time to resolve the issue.

Veronica Dahlberg, Executive Director of HOLA Ohio spoke first - recognizing the project for the past four years in the making - in terms of building support, raising funds, developing partnerships and creating a vision of how to lift up the Latino community in both Painesville and Lake County by putting forward educational programs and work force training. Veronica noted that Painesville is at least 25% Hispanic. These children need a place where they can go; where there is a community support space.

Others in attendance in support of HOLA were: *Tonya Horn, Avery Dennison Diversity and*

Inclusion Recruitment Manager; John Rampe, Torque Transmission HOLA Board Member; Cedric Gaddis, Team NEO; Dora Acosta, HOLA Board Member; Allison L. E. Wallace, Greater Cleveland Neighborhood Assoc.; Antonio Mendez, Don Tequila Mexican Restaurant Mentor; Dave Cowen, Auburn Career Center; Jeffrey Meyers, DS Architecture; Lissette Lopez Piepenburg, Lakeland Community College; Warren Wolfson, HOLA Board Capital Funds; Katie Watts, Colliers Intl Real Estate; Marty Cephas, Ashtabula Economic Chair and HOLA Board; Kelsey Fischer, Program Mgr. HOLA. Veronica stated that the partners gathered here today are the core of people that HOLA has been working with to make this community center a reality.

It is their hope that the Land Bank would donate this space, so they can truly begin to serve the entire community. This space will not only be for Hispanics, but for all people with needs in the city. HOLA has spent a lot of money in preparation for this building, and they are ready to make it a community asset - one where everyone will be welcome. They hope to make this a success for Painesville as well as Lake County.

Commissioner Young spoke to the Work Force Development fund amounting to approximately \$800,000 that is not being used. He asked Veronica if any HOLA candidates had enrolled. Dave Cowen of Auburn Career responded by saying he felt that the 265 space is a better location to help facilitate an introduction to enrollment for this program and for others like it. That there is literally no room to set up additional programing at Auburn. Presently all the day and night classes are full.

Ms. Dahlberg spoke of a wonderful invitation to HOLA for a Meet and Greet event at Auburn with Spanish speaking narrators. Veronica, who described her Hispanic and Hungarian heritage as part of her family's own immigrant experience advised that the Latino demographic of US Citizens born in Painesville is now at the average age of 18 – 20 years and that Auburn Career Center recognizes this need. She believes it would be much simpler if the community center were here in Painesville near the residents to help facilitate both youth and adult programs. It could very well become a pipeline to our other local career centers, colleges and work force training programs. The store front church they are presently using is highly inadequate and becoming less and less available as the church activities grow.

Ms. Dahlberg explained that there are many small micro businesses in Painesville where they are selling tortillas, cakes, and salsas. This space would bring them into the main stream and generate wealth for their families - all within a licensed, clean and safe kitchen. These same individuals could also augment the farmers markets by adding more vendors to the City event. HOLA has also, been approached many times about the surplus farmer's vegetables that could be purchased as part of their food supplies (value added products). HOLA had met with the Director of the Food Pantry, who stated that he often has left-over food; that with a kitchen he could create products form the overages for the homeless. HOLA envisions this incubator kitchen/center offering a variety of different programs including cultural speakers, cooking classes, educational, language and health programs – a virtual community center in every sense of the word.

Mac Chafer asked that if the Land Bank were to give the building to HOLA, how long would it take to complete the facility. Mr. Meyers stated that the Phase I schematics are now complete. The next three to four months would be needed to complete design work along with bid packets for the construction. Ideally, the core of the building will be roughed in by this time next year.

Gabe Cicconetti asked why the emphasis on the community center. He thought that when it was first introduced it was to be an incubator kitchen. Ms. Dahlberg stated that there always was a community center element intended for the other half of the building as seen in the drawings provided back in 2014. HOLA has since qualified for a matching grant from the USDA for \$132,750.00 to purchase all the components for the commercial kitchen along with construction of an ADA compliant bathroom at the back. This grant must be utilized by January 31, 2020 or they lose this funding. Also, the Cleveland Foundation has promised \$50,000 now and another \$50,000 at the end of this project. These along with other corporate grants have put them in a strong financial position for success.

Mr. Shibley asked what had happened to the business plan that was to be presented. Discussion followed that Commissioner Cirino felt the plan was inadequate and that the Board wanted to see more information that would ensure the proposal would be successfully operated. HOLA chose not to provide the plan to the Board as it would then become a matter of public record.

Mr. Cicconetti followed by asking if the financial carry over in 2020 was the same as 2019. Allison Wallace stated it was about the same, adding that they have now procured funding from the Gund and Cleveland Foundations, both of whom are very supportive of this project. She further stated that it is of the utmost importance for community organizations to establish themselves and that without integration there is no social equity. Our responsibility is to make sure that we have neighborhood centers built into diverse neighborhoods. This is also an economic issue as this area is in serious need for more skilled workers. HOLA is working with surrounding training centers and colleges including Lake Erie College. By continued associations with the Painesville and Ashtabula School Districts, children will be exposed to many types of careers, followed by internships, career training and college educations all of which will help fulfill that much needed job market, but it must start small at a community center such as this. Communal centers gives people stability and opportunity.

Mr. Cornachio asked of the costs and present market value of this building today. Mr. Rogers stated that costs to clean and clear the building were under \$10,000.00. The market value is between \$60,000 and \$70,000.

Discussion followed. Mr. Cornachio stated that it seemed to him that this was a clear business decision to either sell the property or donate to this worthy cause, understanding that the business plan may not be as strong as the Board might want.

Mr. Cirino stated that he understands the work force commitment considering the Latino situation, but that Lake County already has in place a structured plan to help in that area. He also stated his belief that the Land Bank's primary role is to return properties back to the tax

duplicate. This center would not be paying any property taxes due to its non-profit status. That we are not a business incubator and therefore cannot support this initiative.

Ron Young asked how the City of Painesville had participated in this venture and were they supportive. Veronica stated that the City had concluded that this space was the most viable of all spaces within the City, and to that measure had decided to help with the lengthy coordination of the funding for the UST clean-up on the 265 N State St property. Additionally, the USDA grant qualification states that at least five small businesses and two employees must be enrolled at the site. Presently there are ten small businesses pledged to using this facility when complete. Not to be forgotten are the Phase 1 construction workers, Phase II HOLA staff and Phase III small businesses entrepreneurs that would ultimately use this space. Jeffrey Meyers, stated that as of today this project represents an estimated investment of \$1.4 million dollars including soft costs, furniture and equipment alone.

17. CHAIRMAN OF THE BOARD RECOGNIZES VISITORS

Arzella Melynik, Kirtland Hills wanted to know why the new youth building at the Fairgrounds couldn't be used instead of this space. Is this really what we are trying to promote in Lake County, a facility that actually will benefit undocumented Hispanics? Veronica responded that HOLA does not determine legal status, nor are they able to determine legal status. But, yes this space will be open to all, not just Hispanics.

John Muzik, Painesville discussed his long history with the City of Painesville and all other organizations. He believes that this property was never publicized and should be sold to someone who will pay taxes on it. That the seniors should be using this tax payer money, and not HOLA. Veronica responded that HOLA has done a great deal with seniors and senior facilities. She has even reached out to Auburn Career Center to get more STNA nurse training in the area to increase the number of home health aides. In response to Mr. Muzik's statement that no one knows this building is available, Mr. Rogers reviewed the history of this building and reminded us that Meals on Wheels had showed interest in this facility, but the space could not be developed due to the lack of parking space at the back of the building. And, that the Senior Center had looked at this space as well, but it was not large enough and not adequate parking.

Lorraine Fende asked if this space would be for Lake County Residents only, since we are using Lake County dollars for this project. Veronica stated that she understood what Lorraine was thinking, but it would be inappropriate to deny anyone who is in need from using this facility. This is to benefit our local families and their children and that it will be an excellent return on investment. Dave Meyers responded by stating that the City of Painesville has already dealt with the parking plans encompassing the street parking as well as the surrounding spaces and that the City passed this resoundingly.

Mac Chafer made a motion to donate the property at 265 N State St in its "*as is*" condition to HOLA of Ohio. A vote was taken. The motion failed.

