

The Board of Directors of the Lake County Land Reutilization Corporation (the "Board of Directors") met in session on the **14th day of December, 2020 at 3:30 p.m.**, via Zoom virtual meeting with the following Directors present:

**MAC CHAFER
JERRY CIRINO
GABE CICCONE
LORRAINE FENDE**

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

Kenneth Filipiak moved to approve the minutes of the Monday, June 22nd, 2020 meeting and Ron Young seconded the motion.

AYES: 6

NAYS:

ASBSTENTIONS: 2

LAKE COUNTY LAND REUTILIZATION CORPORATION

2nd QUARTER MEETING

Monday, June 22nd, 2020 @ 3:14 p.m.

Virtual Zoom Meeting

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- 1. CALL TO ORDER:** Timothy Manross, Chairman called the meeting to order at 3:14 p.m.
ROLL CALL:

**MAC CHAFER
GABE CICCONE
JACK CORNACHIO
LORRAINE M. FENDE**

**KENNETH FILIPIAK
TIMOTHY MANROSS
JEFFREY SHIBLEY**

- 2. MOTION TO APPROVE THE MINUTES OF THE 4th QUARTER MEETING HELD DECEMBER 16th, 2019.**

Motion: Mac Chafer

Second: Jeff Shibley

AYES: 7

NAYS: 0

ABSTENTIONS: 0

- 3. RESOLUTION 2019-120**

A RESOLUTION CONFIRMING THE RE-APPOINTMENT OF JOHN M. ROGERS AS EXECUTIVE DIRECTOR FOR THE LAKE COUNTY LAND REUTILIZATION CORPORATION, AFFIRMING HIS CONTRACT AND DETERMINING HIS COMPENSATION

Motion: Mac Chafer

Second: Gabe Cicconetti

AYES: 7

NAYS: 0

ABSTENTIONS: 0

- 4. RESOLUTION 2020-121**

A RESOLUTION RECOGNIZING THE BROAD DUTY TO AFFIRMATIVELY FURTHER FAIR HOUSING AND TO RECOGNIZE THE MONTH OF APRIL 2020 AS FAIR HOUSING MONTH IN LAKE COUNTY, OHIO FUNDS (This resolution necessary in the event the Land Bank should need CDBG or Home Funds in the coming year).

Motion: Gabe Cicconetti

Second: Mac Chafer

AYES: 7

NAYS: 0

ABSTENTIONS: 0

5. RESOLUTION 2020-122

A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OF THE LAKE COUNTY LAND REUTILIZATION CORPORATION TO SUBMIT GRANT REQUESTS TO THE LAKE COUNTY COMMISSIONERS FOR COMMUNITY DEVELOPMENT BLOCK GRANT AND/OR HOME FUNDS (This resolution necessary in the event the Land Bank should need CDBG or Home Funds in the coming year).

Motion: Mac Chafer

Second: Lorraine Fende

AYES: 7

NAYS: 0

ABSTENTIONS: 0

OLD BUSINESS

6. LCLRC PROPERTY UPDATE

Since the December meeting, we have acquired eight new properties, and transferred title on 22 parcels, generating a net revenue of \$231,055.

To help with the marketing and disposition of these properties, Mr. Rogers reached out to the President of the Lake-Geauga Board of Realtors, Richard Piraino. After discussion, 72 parcels were listed with Howard Hanna at an estimated market value of \$625,000.

Our agreement included an MLS listing price per parcel along with an arranged commission structure for each property. In five months HOWARD HANNA (through the Lake-Geauga Board of Realtors), has sold 14 parcels, with a total value of \$165,250 while netting the Land Bank \$122,320 in revenue. This project reinforces the Land Bank's mission of returning blighted, menacing and ignored properties back to viable and productive use, with the added economic value of new tax revenue.

We currently control 141 properties consisting of 158 parcels that have an Auditors market valuation of approximately \$3,458,920. Of these, 37 of these properties have cloudy title. It is our hope to have cleared title on all of these parcels before years end.

5. NIP PROGRAM

Original Grants (\$500,000+\$750,000)	\$ 1,250,000.00
Number of homes demolished	66
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
NIP Demolition's during 2020	1 of potentially 4
Possible revenue if funds become available	\$ 50,000.00

***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. Please recognize that the Land Bank's "real costs" for NIP demolitions averaged \$2,503 per structure. As we sell these parcels when time limitations cease and the property becomes available.*

6. MENTOR MARSH UPDATE

At the request of the Museum of Natural History, the Land Bank transferred back to the Museum on February 19th, 30 acres of the 62.708 acres originally obtained from the settlement involving the Osborne Estate/Trust. This will allow the Museum to continue its ecological studies on acreage unaffected by the salt brine.

David Emerman, the State's EPA attorney has advised that the Ohio Facilities Construction Commission (OFCC) is working with Tetrattech, a consulting firm. The OFCC's role will be to develop the scope of the project prior to project bidding.

The State's Controlling Board will ultimately authorize all expenditures for this and related work, but has been handling Covid-19 related issues since March 15th. Projects like ours had been temporarily placed on the backburner, but are now beginning to move forward. Mr. Emerman believes initial funding should be approved by the end of July. Once approved, it is believed that barring any unforeseen circumstances, Tetrattech should be completed with their work within three months of their award.

Once the controlling board authorizes the initial funding, Tetrattech, together with the State, will proceed with preparing the design criteria to be used when RFP's are published. It is anticipated that the successful bid will be a team effort between an engineering firm and a contractor. David has assured me that he will let me know when this occurs so that we can advise our local firms of the opportunity to be involved. A number of firms - American Landfill, Waste Management, the Kurtz Brothers, and Independence Excavating have shown interest in the hauling and disposal of the removed materials. There were some preliminary discussions with the Lake County Land Fill operators but due to capacity concerns the local facility is not in the picture. If all goes according to plan, work should begin in early 2021.

7. 1991 HUBBARD RD GAS STATION UPDATE

In January, **Brownfield Restoration Group**, completed the Interim Response Action (IRA) of soil surrounding the impacted well site. After receiving positive test results on one well, the well was removed, reinstalled and replaced with clean backfill. In February, the ground water results were below action levels requiring no additional steps. The soil analysis from the excavation sidewalls and floor met applicable action levels. The soil at the site now meets BUSTR action levels and the investigation of soil is complete.

The plan, requires two additional quarters of ground water sampling to demonstrate continued action level compliance. The first of these two quarterly samplings was completed and results received on June 16th showing below action levels.

The second quarterly sampling is scheduled for September. If test results are negative, we will be able to submit completed documents to BUSTER and seek an NFA (No Further Action) status signifying the end of the gas station assessment/clean-up work. All monitoring wells and site restoration can then take place without concern of future damage from environmental work. This process could be up to six months after submission.

At that time final restoration work, including clean fill, grading and seeding of the parcel will be done with the use of CDBG funds acquired last year.

NEW BUSINESS

8. LEARNING ABOUT LAND TRUSTS

PURPOSE To provide affordable housing while creating permanent assets with a sustained investment (equity) over time.

IN PARTICULAR A Land Trust would take advantage of our existing resources including vacant buildable lots on which homes could be built and sold.

SHARED EQUITY MODEL OF HOMEOWNERSHIP A Land Trust would own the land and the homebuyer - the dwelling. When the buyer sells the home to the next buyer, any appreciated equity at the time of sale is shared between the Land Trust and homebuyer.

BENEFITS ARE FOURFOLD

- The Land Trust retains control over the land in perpetuity
- The prospective homeowner is able to purchase a home at affordable price.
- The new homeowner gains equity based upon an agreed upon land lease re-sale formula.
- The Land Trust retains an interest in its initial investment in the cost of development and/or renovation.

HOW IT'S DONE:

Essentially a homebuyer acquires a “*lease hold interest loan*” from a mortgage lender. Mortgage terms are no different than any other fee simple product - with fixed rates of interest and terms ranging between 15 and 30 years. Land lease agreements will encompass 99-year periods and include resale restrictions that are passed on to each subsequent home buyer. The land lease agreement includes a restriction that incorporates a simple *Appraisal Based Market Share & Appreciation Re-sale Formula* “

EXAMPLE:

Cost to build/renovate	\$ 170,000
Appraisal (at time of purchase)	\$ 150,000
Purchase price (1 st homebuyer)	\$ 140,000 **
At time of resale (by homebuyer #1)	
Appraisal (7 yrs. later @ 2% increase)	\$ 171,000
Appreciation share (1 st homebuyer)	\$ 5,250
<i>(25% of \$21,000)</i>	
Equity in the Home (to 1 st homebuyer)	
Down Payment (5% down)	\$ 7,000
Mortgage (amortized over 7 yrs.)	\$ 16,869
<i>(30 yr. fixed mortgage at 4.75% fixed)</i>	
Appreciation share	<u>\$ 5,250 **</u>
Equity from sale of home	<u>\$ 29,119</u>
Sales price (2 nd homebuyers)	\$ 145,250 **
<i>(** Original Sale Price + 1st homebuyer's shared appreciation)</i>	

STRUCTURALLY:

The Land Trust would be an independent not-for-profit organization incorporated pursuant to the State of Ohio’s laws. Once designated, it would operate as a charitable organization under §501(c)(3) of the Federal Tax Code. Operations would be subject to the oversight of a 5 member board of directors, consisting of the Land Bank’s Chair and Vice-Chair together with 3 independent members having staggered 3 year terms.

Lorraine asked who would be the other three members and who would do the appointing. Mr. Rogers responded that the Land Bank would reach out to the public for interested parties. That this idea has been very successful in the Columbus area. With the funding investment of about \$500,000, we could facilitate three or four homes using this idea. The Land Bank would be there for oversight purposes. Mr. Rogers stated that he did not need an answer today, but he hopes the Board will think about doing this in the near future in an

effort to protect our investments on these projects, while we continue to improve neighborhoods and property values.

Ken Filipiak asked if the Land Trust would oversee the building of the homes. Mr. Rogers answered yes, but we would continue to hold the land as an asset. Discussion followed. Jack Cornachio commented that this is a great idea.

9. 2020 BUDGET (Copies of Budget provided to the Board)

REVENUE HIGHLIGHTS

Starting the year with a carry forward balance of \$1,760,617.24, DTAC funds based on prior year allocations have headed downwards since inception and appear to have flattened out. With the economy at present, we may see a change in the future depending on what happens in the housing and employment markets.

Interest income, with rates fluctuating with the economy, should still be higher than in years past due to our participation in the pooled collateral accounts through Erie Bank.

Partnering in February of this year - with the Lake-Geauga Board of Realtors and Howard Hanna, 72 property were listed on the Multiple Listing Site (MLS). The Land Bank has sold 14 parcels amounting to \$165,250 and netting \$122,320 in three months.

Lien revenues are based on a conservative estimate of lien payment history. We have no control over who pays what, but aside from 2017, receipts are \$37,217.16 through May.

NIP fund amounts reflect reimbursements -we look forward to a possible four more properties at \$12,500. We await the release of those funds.

All in all, this year's anticipated revenue stream puts us in a solid position for an aggressive year of activity while the Land Banks overall financial position at years end should be solid.

OFFICE/BUSINESS & DTAC CHARGEBACKS

The Land Bank purchased a new copier. The old unit was used when we purchased it in **June of 2013** for \$ 4,917.00. The new unit cost was \$5,645.00 along with a non-profit ranking giving us new pricing on copies at a huge savings. This was not available previously. As a result the Land Bank is seeing substantial savings on both service and printing costs. Comparative costs based on color and black and white prints are:

	Previously	New Unit
Color/sheet	\$ 0.14457	\$ 0.0430
Black & White/sheet	\$ 0.02197	\$ 0.0069

IT's advice is that we should replace our two computers and software and we will be looking at an alternative system and service that is more reliable.

COOPERATIVE COLLABORATIONS

Three proposed projects are budgeted this year. The budgeted amounts are caps, they are based on estimates from the community and our share would not exceed 50% of the projects cost. Leroy Twp - located on Painesville-Warren Rd, Madison Twp - located at Stanton Rd Park, Painesville City - located on Storrs St.

Ken Filipiak asked if we had already acted on the \$60,000 Painesville City project and the \$100,000 Leroy Twp project. Mr. Rogers stated that if the budget is approved as shown, that it would signify the approval by the Board for these projects. Mac Chafer suggested that he was uncomfortable with the Land Bank not getting some sort of return on our investment on the demolition. Discussion followed.

LCLRC OWNED PROPERTY

Title searches and related costs are being brought current. Search costs are paid semi-annually. As we transfer title of any parcel, we require the buyer to be responsible for the costs associated with transfer and closing.

The Hubbard Rd Gas Station is an ongoing project that should be completed by the end of this year. There is a \$10,000 CDBG fund grant we obtained from the County that will help with site restoration and the sidewalk and apron repairs that are needed.

As discussed the creation of a land trust would enable us to continue to have an interest in a property that we have renovated and sold or built and sold until we see a full recovery of funds spent that initially exceed the purchase price.

Maintenance costs include lawn care, tree maintenance and security expenses. With 90 parcels our lawn maintenance alone is expensive. We pay our contractor \$26.50 per parcel mow a lawn. Lawns are mowed every seven to ten days.

LCLRC PROPERTY DEMOLITIONS.

Estimates here, and below in the nuisance abatement demolitions, are based upon a running average from all of the demolition activity that has happened since the Land Banks start of operations.

The Land Bank expects an estimated 10 LCLRC demolitions this year. In the pipeline at present are:

552 Fobes St	Painesville City
529 Fairport Nursery Rd	Painesville Twp
1595 N Ridge Rd	Painesville Twp

Sites likely to require or requiring environmental remediation:

1991 Hubbard Rd Madison Twp. a former service station
4569 N Ridge Rd N Perry Village a former service station

NUISANCE ABATEMENTS

Communities have identified 45 structures that they consider a nuisance and potentially subject to a condemnation order and subsequent demolition by the Land Bank on their behalf. Currently by community there are:

City of Painesville	- 5
Eastlake	- 21
Madison Twp.	- 9
Madison Village	- 9
Mentor-on-the-Lake	- 1

As mentioned above, the amounts budgeted reflect the running averages of the structures we have demolished since we began operations. Whether these demolitions actually occur is dependent upon the ability to condemn the structures and enforce the condemnation orders. Historically, communities tend to over-estimate what they are going to be able to do, but we budget in hopes of achieving success.

At the completion of the Budget Report a motion was made by Lorraine Fende to approve the Budget as presented, with the addition of the two cooperative projects for the City of Painesville and Leroy Township stating that the Land Bank share in the profits of the two properties if sold, limited to the extent of our contribution.

Motion: Lorraine Fende	Second: Jeff Shibley	
AYES: 7	NAYS: 0	ABSTENTIONS: 0

ADJOURNMENT

Chairman Manross, noting there was no further business for the Board to discuss and asked for a motion to adjourn.

Motion: Lorraine Fende	Second: Jack Cornachio	
AYES: 7	NAYS: 0	ABSTENTIONS: 0

SCHEDULE OF QUARTERLY BOARD MEETINGS

SCHEDULE OF QUARTERLY BOARD MEETINGS

Third Quarter – Monday, September 28, 2020 @ 3:00 PM

Fourth Quarter – Monday, December 14, 2020 @ 3:00 PM

Annual Meeting – Monday, March 22, 2021 @ 3:00 PM

First Quarter – Monday, March 22, 2021 @ 3:30 PM

Second Quarter - Monday, June 28, 2021 @ 3:00 PM

APPROVED: ~~X~~ DECEMBER 14, 2020


TIMOTHY S. MANROSS, Chairman

The undersigned Clerk certified that the foregoing is a true and correct transcription of the minutes of the meeting held June 22, 2020 of the Board of Directors of the Lake County Land Reutilization Corporation showing the adoption of the Minutes above set forth.

DATED: DECEMBER 14, 2020


LINDA S. FREDEBAUGH, Clerk