

Approved May 6, 2013

**INGHAM COUNTY LAND BANK
FAST TRACK AUTHORITY**

April 8, 2013
Minutes

Members Present: Eric Schertzing, Comm. Bahar-Cook, Comm. Nolan, Comm. McGrain, Comm. Hope

Members Absent: None

Others Present: Mary Ruttan, Tim Perrone, Joe Bonsall, Sandy Gower, Lynne Martinez, Abe Cuddeback

The meeting was called to order by Chairperson Schertzing at 5:00 p.m. Conference Room D & E of the Human Services Building, 5303 S. Cedar, Lansing.

Approval of the March 4, 2013 and March 8, 2013 Minutes

MOVED BY COMM. MCGRAIN, SUPPORTED BY COMM. NOLAN, TO APPROVE THE MARCH 4, 2013 AND MARCH 8, 2013 MINUTES.

Comm. McGrain inquired if it was appropriate for the Chair to second a motion. Tim Perrone responded that the Chair should typically refrain from making a motion but there is no reason they cannot offer a second.

MOTION CARRIED UNANIMOUSLY. Absent: Comm. Bahar-Cook

Additions to the Agenda:

The following items were added to the agenda:

- 1a. 136 S Magnolia, Lansing – Abe Cuddeback
- 1b. Capital Community Bike Share – Lynne Martinez
- 3g. Resolution to Approve the Sale of Property to the Township of Leroy, a Tax Exempt Entity

Limited Public Comment: None

Comm. Bahar-Cook arrived at 5:03 p.m.

1. Community Projects Update
- 1a. 136 S Magnolia, Lansing – Abe Cuddeback

Chairperson Schertzing introduced Abe Cuddeback, who is interested in purchasing 136 S Magnolia, Lansing for a rental. Mr. Cuddeback introduced himself to the board and provided his personal background. He currently owns 116 S Magnolia as a rental. He purchased the property in 2009 and has invested approximately \$35,000 in the property. Comm. Bahar-Cook asked about the rental to homeowner ratio on the block. Executive Director Ruttan stated she did not have the specifics, but estimated it would be about 60-40 rentals. Comm. McGrain asked where Mr. Cuddeback lived. He replied that his home was in neighborhood behind Donley Elementary School. Comm. McGrain asked if they self-manage their rentals. Mr. Cuddeback responded that he does. Comm. McGrain asked if Mr. Cuddeback owned any other rentals besides 116 S Magnolia. Mr. Cuddeback stated he owned a second rental near the intersection of Grand River and Hagadorn. Comm. Bahar-Cook asked about the time-frame for renovations to be completed. Chairperson Schertzing stated the agreement would require all renovations to be completed within two years. Comm. Bahar-Cook stated she was supportive of the project, but felt uncomfortable without more concrete policies to back it up. Executive Director Ruttan reminded the board that they had already approved two test cases for the new investor program – one rental and one owner-occupied – with the goal of working out the final details so that the board would not have to approved multiple revisions to the program. This is a presentation of the proposed rental test case. However, because it is a transfer to a non-owner-occupant, the board must grant approval before going forward. Comm. Hope asked how we would ensure Mr. Cuddeback would follow-through with the required renovations. Executive Director Ruttan stated an option to purchase would give Mr. Cuddeback the necessary legal interest in the property to carry out the renovations. Title to the property will not transfer until the requirements of the purchase option, i.e. the renovations, etcetera, have been satisfied. Comm. Bahar-Cook stated she would like the board to see the offer to purchase before approving the sale.

1b. Capital Community Bike Share – Lynne Martinez

Chairperson Schertzing introduced Lynne Martinez who wished to address the board concerning Capital Community Bike Share. Ms. Martinez presented a handout to board members and updated them on the progress made so far. She stated the money requested would be used to help the organization complete the application for 501(c)(3) status with the IRS. Comm. Nolan asked who was on the organization's board. Ms. Martinez stated the board members are: Rick Brown, from Meridian Township and Randy Kilpatrick, from the City of Lansing. There is one vacancy on the board caused by the recent resignation of Rory Neuner. They are in the process of setting up interviews to fill that vacancy. Comm. Nolan asked why the group was still investing in planning and had not moved on to implementation. Ms. Martinez responded that the initial surveys had been used to establish the existence of need and community interest. Further research is needed to establish the concrete details of the project such as locations and structure.

MOVED BY COMM. MCGRAIN, SUPPORTED BY COMM. BAHAR-COOK, TO AUTHORIZE A GRANT OF \$2,500 TO CAPITAL COMMUNITY BIKE SHARE. MOTION CARRIED UNANIMOUSLY.

2. Financial

2a. Valuation Report

Chairperson Schertzing stated the property valuation report was included in the meeting packet. It does not include any structures included in the NSP2 program because the proceeds of those sales must be returned to MSHDA. Executive Director Ruttan explained the amounts in "Land Value" column were derived using a formula based on the average square-foot value based on a sampling of vacant land appraisals throughout the City of Lansing. The values are \$0.53/square-foot for a buildable lot and \$0.38/square-foot for non-buildable lots.

2b. Land Contract Accounts Receivable

Chairperson Schertzing stated the land contract accounts receivable balance sheet was included in the packet. Comm. McGrain asked what the standard re-payment time-frame was. Joseph Bonsall replied that land contracts typically include a three-year balloon payment. However, the Land Bank does have a number of land contracts structured over ten years with no balloon payment. He added that land contract purchasers pay an average of 7% interest.

2c. Monthly Statement – February 2013

The February 2013 monthly financial statement was received and placed on file. Executive Director Ruttan provided an overview of the statement for board education. Comm. McGrain asked about the relationship between the values shown as land contract receivable and land contract revenue. Executive Director Ruttan explained that because land contracts carry the legal responsibility to pay, the revenues for the entire year are recognized at once and the receivable is reduced as payments come in. Comm. Nolan asked what makes up the Due to MSHDA – NSP2 liability item. Executive Director Ruttan stated that is the actual costs of the NSP2 projects which are paid back to MSHDA when the homes are sold.

2d. July 1, 2013 Maturity of 2007A/2009A Series Note

Chairperson Schertzing stated the Land Banks existing notes will mature on July 1, 2013. The notes will need to be extended and/or increased before that date. Executive Director Ruttan reminded the board that part of the rationale behind creating the property valuation report was to demonstrate the Land Bank's assets far exceed its liabilities. Comm. Bahar-Cook asked about the need for an expanded line of credit to continue the Land Bank's operations. Chairperson Schertzing stated that a significant portion of the Land Bank's debt is in the land contract receivable which serves to earn the Land Bank money in the form of interest and furthers the goal of expanding home-

ownership opportunities. However, having that money in the receivable can hinder the Land Bank's ability to take advantage of opportunities to participate in projects or acquire strategic properties. If the Land Bank's line of credit is not increased, it will decrease our ability to take advantage of possible future opportunities.

- 3. Property Maintenance, Renovation & Development
- 3f. General Legal Update – Counsel

Mr. Perrone stated there were no legal issues to report.

Comm. Hope left the meeting at 6:39 p.m.

- 3a. Residential Property Update – Dashboard

Chairperson Schertzing stated the dashboard was included in the meeting packet.

- 3b. Commercial Property Update

Chairperson Schertzing stated there was no commercial property update this month.

- 3c. PROP Update

Chairperson Schertzing stated there was no PROP update this month.

- 3d. Garden Program Update – Dashboard

Chairperson Schertzing stated the Garden Program dashboard was included in the packet.

- 3e. Vacant Lot Update

Chairperson Schertzing stated we continue to make progress marketing our vacant lots.

- 3g. Resolution to Approve the Sale of Property to the Township of Leroy, a Tax Exempt Entity

MOVED BY COMM. NOLAN, SUPPORTED BY COMM. BAHAR-COOK, TO APPROVE THE RESOLUTION TO APPROVE THE SALE OF PROPERTY TO THE TOWNSHIP OF LEROY, A TAX EXEMPT ENTITY.

Chairperson Schertzing stated an email received from Leroy Township indicating the Township's desire to acquire 2480 E. Grand River Ave., Williamston for the purpose of demolishing the structure. The Land Bank's Policies and Procedures require board approval for any transfer of property to a tax-exempt entity. Comm. McGrain asked what the property was. Mr. Bonsall replied it is an abandoned mini-storage facility that is sinking into a swamp.

MOTION CARRIED UNANIMOUSLY.

4. Accounts Payable & Monthly Statement
- 6a. Accounts Payable Approval – March 2013

MOVED BY COMM. NOLAN, SUPPORTED BY COMM. BAHAR-COOK TO APPROVE THE ACCOUNTS PAYABLE FOR MARCH 2013. MOTION CARRIED UNANIMOUSLY.

- 6b. Accounts Payable Approval – February 2013

MOVED BY COMM. MCGRAIN, SUPPORTED BY COMM. BAHAR-COOK TO APPROVE THE ACCOUNTS PAYABLE FOR FEBRUARY 2013. MOTION CARRIED UNANIMOUSLY. Absent: Comm. Hope

7. Chairman and Executive Director Comments

Chairperson Schertzing reminded everyone to put May 4-5 on their calendars for the Land Bank's Spring Home Showcase.

Announcements: None

Limited Public Comment: None
The meeting adjourned at 6:45 p.m.

Respectfully submitted,

Joseph Bonsall