

**INGHAM COUNTY LAND BANK
FAST TRACK AUTHORITY**

Minutes of the June 5, 2018 Regular Board Meeting

Members present: Schertzing, and Commissioners Crenshaw, Grebner and Nolan,
Louney
Members excused: None
Others present: Jeanna Paluzzi, Tim Perrone, Max Boortz, Barbara Kowalk, Maria
Mastej

1. Call to order

Chairman Schertzing called the meeting to order at 4:00 pm in conference rooms D&E of the Human Services Building, 5303 South Cedar, Lansing.

2. Approval of minutes

MOVED BY GREBNER, SUPPORTED BY CRENSHAW, TO APPROVE THE MAY 14, 2018 MINUTES. MOTION PASSED UNANIMOUSLY.

3. Amendments to the agenda

There were no amendments to the agenda.

4. Limited public comment

Max Boortz and Barbara Kowalk indicated their presence for item #6A.

5. Final draft amending Priorities, Policies & Procedures document

Schertzing found three changes he would like to meet with Paluzzi to go over. He indicated that this doc was borrowed from Genesee County, the first land bank established in Michigan. Grebner suggested we create document that is more specific to Ingham County. Paluzzi noted that the Land Bank has internal documents that guide day-to-day activities, and perhaps the name of this document is a bit misleading. Grebner responded he is ok to leave the document as is but would like to discuss mission statements and determine a real goal.

MOTION BY NOLAN TO TABLE UNTIL AUGUST MEETING. MOTION TO TABLE PASSED UNANIMOUSLY.

6. Resolutions

6.A. Transfer 414 Baker to Boortz Sportz Holdings LLC

Jeanna Paluzzi stated that this property was acquired through Local Unit Rejection, Schertzing said this is the second time the Land Bank has acquired this property through tax foreclosure. Paluzzi continued, saying this property has several issues with the structure, mechanical, electrical, plumbing, roof, and brick. It is located between Cedar and Washington, outside of Baker and on the way into REO Town.

Max Boortz stated that he and his mother, Barbara Kowalk, are aware of the property's poor condition. He has expressed interest in this property for many years. He is also the owner of a rehab property at 1117 E. Kalamazoo which was in similar condition. He expressed

interest in 414 Baker to the previous owner. He had a conversation about the property with John Krohn in November, and they went to inspect the property together around that time. The building lot is the size of the buildings footprint. Therefore, he has worked with title searches, the City, and zoning, to obtain an easement, and found three new easements through the title search, and has gotten the proper permits to use these easements for egress. He has formulated plans for demolition and reconstruction. Max Boortz is also a licensed contractor.

Nolan asked Boortz what he plans to do with this building. Boortz replied saying his plan is to create office space. Potentially, some years after development, he would like to consider adding residential space on above floors.

Crenshaw asked Boortz how many levels he intends to build on this property, and what the current zoning is? Boortz replied, correcting his response earlier saying the he does not plan to demolish the building entirely, he wants to keep the structure in place but reconstruct the dilapidated pieces currently existing. He made it clear he intends to keep the character of the building present. Boortz also responded saying the current zoning is light industrial which is consistent with his plan for office space.

Schertzing asked Boortz if he has seen the purchase price for the property of \$5,000 because the cost of the property is much less that the cost to remove bricks, and in his experience if a buyer cannot provide the purchase price up front then it is more than likely that they cannot afford the rehabilitation costs of the building.

Jeanna Paluzzi added that the land value was just under \$5,000 for this property, which is where the sales price came from.

Grebner said we should give Boortz an appropriate timeline and work alongside him to give him the time he realistically needs and not cut him off early, another way of ensuring the project isn't left behind.

Paluzzi added that there should be time allocated for pulling permits and other hurdles. This timeline is outlined in the developer application, and the budget for this project was projected at \$50,000, which Jeanna and Schertzing agreed was a bit low. She told Boortz she would like to see a more detailed plan in regards to materials and costs because she does not want the land bank to receive this property again for a third time through the foreclosure process.

Nolan supports the resolution and would like to move it forward, and has no doubt that Boortz will get this project done. She would like to see how this is tracked in regards to the commercial policy document.

Grebner seconds Nolan's comment about how to adjust the commercial property policy in the document. He mentions there are further steps to take and wonders if the process is the same for all properties for determining a sales price such as the \$5,000 stated here.

Boortz responds to Grebner's comment stating that this property probably wouldn't fall under a normal commercial property sale given the status of the building. Boortz also mentions that when he went to view the property there was a handshake for a sale of \$100. Paluzzi indicated that price was never discussed with her, and in fact at their face-to-face meeting at the Land Bank office she said that price needed to be determined.

Schertzing stated that this was an open conversation amongst Board members hopefully come to a happy agreement. Nolan replied saying she hopes that they can come to agreement because she would like to see the project done. Schertzing asks Boortz if he could add a zero to the end of the \$100 he had mentioned earlier. Nolan adds that this is an opportunity for this project to go. Schertzing adds side lots are \$1,000 essentially, and asks if they can agree on a \$1,000 sales price. Boortz accepted.

NOLAN MOVED THE AMENDED RESOLUTION REFLECTING THE \$1000 SALES PRICE, SECONDED BY LOUNEY. MOTION PASSES UNANIMOUSLY.

6.B. Transfer title of 1713, 1715, 1717, and 1719 Maisonette to Treasurer's

RESOLUTION MOVED BY CRENSHAW, SECONDED BY NOLAN.

Schertzing stated that the discussion he had with Joe Bonsall about transferring this Eden Glen condo building was not fully executed. Bonsall had deducted the inventory value from the amount the Land Bank pays the Treasurer's Office upon sale of certain properties.

Paluzzi indicated that auditors Plante & Moran asked for documentation of Land Bank Board approval and deed transfer. She added that the discussion between Schertzing and Bonsall only covered the purchase price of about \$52K, but not the \$47K accrued since 2010 in holding costs, including association fees, lawn and snow costs, utilities for these four units. Eric expressed a willingness to absorb utilities and holding costs since July 2017. Plante Moran needs to know if \$47K is written off, or do we bill to the Ingham County Treasurer's Office?

Nolan wants the condos gone because holding costs are so expensive and she appreciates Paluzzi's effort in trying to eliminate them. Nolan asked if the auction sale proceeds would go to the Land Bank. Schertzing said no, they go back to the local units of government. He indicated that he would be shocked if it sells at the first auction, and if it is not, the \$52 in back taxes would have to be written off. Grebner asked what would happen if they don't sell; Schertzing said he would demolish them.

Paluzzi indicated that Schertzing attended a condo association meeting to advise the co-owners of the opportunity to auction the building and what would happen if the building did not sell. Schertzing told the Association that he would demo the building. That could not happen without revising the condo master deed and bylaw, since those reflected 80 units. The co-owner portion would increase from 1/80th to 1/76th. Schertzing would bring in condo legal counsel from Clark-Hill in to advice on what that process would look like, if necessary.

Paluzzi also added that while the Eden Glen association is operating in the black now, there are capital improvements planned, and legal fees would overwhelm them financially.

RESOLUTION PASSED UNANIMOUSLY.

6.C. Request County Board of Commissioners to acquire 2018 tax foreclosed properties

GREBNER MOVED RESOLUTION, LOUNEY SECONDED. PASSED UNANIMOUSLY.

7. Legal counsel report

7.A. Recoupment of supervisory bonuses

Perrone indicated that Joseph Bonsall and Dawn VanHalst were given a settlement proposal of \$15,000 each. Their attorney has returned signed copies from both parties.

Nolan asked about the agreement's WHEREAS clause which asserts that Schertzing was aware of this. Perrone said that they had to have it in there as an assertion of their dispute and their compromise of a disputed claim. A non-disparagement was also created that they insisted in Sentence 4 that Board members should refrain from subjective statements. Grebner adds that by contract they cannot order the refrain of statements. Perrone said they don't have to refrain from statements but they also don't have to denigrate them to the public. Grebner said he feels that is void as of public policy and explained the difference between subjective and objective statements.

GREBNER MOVED APPROVAL OF THE SETTLEMENT AGREEMENTS, SECONDED BY LOUNEY. MOTION PASSED UNANIMOUSLY.

8. Program status reports at next regular board meeting.

9. Financials

9.A. Receive Accounts Payable for April 2018

Nolan asked for details about the big ticket items on the check register. Paluzzi responded saying that these are stockpiled invoices from demolitions that could not cleared to pay to vendor until the State reimbursed us the grant funds. Nolan asked if demolitions averaged \$10,000. Paluzzi responded saying that the maximum that can be spent on a demolition is \$25,000, and the average is roughly \$12,000 - \$15,000, with a few outliers costing more than the \$25,000 grant funding cap.

Crenshaw asked about two vendors in two lines for the same amount within the check register - Hammond and KEBS. Paluzzi responded saying Hammond is a landscape company that was used to supply plants and materials for the Neighborhoods in Bloom project. Hammond generated two invoices to direct delivery to two pickup locations. KEBS is a surveying company needed for demolition projects.

9.B. Receive Statements of Net Assets and Revenue & Expense, April 2018
RECEIVED TO FILE.

9.C. FY 2017 audit in process

9.C.1. Brownfields settlement with the County

RESOLUTION MOVED BY NOLAN, SECONDED BY LOUNEY.

Nolan asked if both parties were happy. Paluzzi indicated no.

MOTION PASSED UNANIMOUSLY.

Paluzzi also mentioned that she has received preliminary feedback from the audit team. Last year's separation of duties has been resolved by adding outside CPA assistance. The auditors also did a deep dive and have a found a few inventory changes we need to make, changing values from \$1,000 to \$860. Schertzing asked if those inventory adjustments had been made. Paluzzi responded no, that we had only learned of them Friday last week.

10. Reports

10.A. Executive Director

Written report provided. She added that a developer in Lansing Township called that day, indicating the Township's requirement for a density transfer before approving development. The developer might be taking on all demolitions needing funding.

10.B. Board Chairman

Schertzing provided a booklet and information from the Urban Land Institute conference in Detroit. He provided a bar chart that depicts parcels that went into delinquency, forfeiture, and foreclosure, since 2000.

Grebner handed out a document identifying taxable value by municipality.

11. Limited public comment - None

12. Adjournment @ 5:43 PM

Respectfully submitted,
Maria J. Mastej
and
Jeanna M. Paluzzi