

## INGHAM COUNTY LAND BANK FAST TRACK AUTHORITY

### Minutes of the April 25, 2019 Regular Board Meeting

As approved at the May 29, 2019 Regular Board Meeting

#### Attendance

---

Members present: Treasurer Schertzing, and Commissioners Grebner and Stiver  
 Members excused: Commissioners Crenshaw and Trubec  
 Staff: Executive Director Jeanna Paluzzi, Finance/Admin Manager Linda Weber  
 Legal counsel: Tim Perrone  
 Attendees: Deputy County Treasurer Alan Fox  
 Dickenson Wright attorneys  
 Laura DeLind and Nancy McCrohan, LUFPP  
 Jon Addiss

#### Minutes

---

##### 1. Call to order

Schertzing called the meeting to order at 5:48 pm at the Land Bank, 3024 Turner Street, Lansing.

##### 2. Approve minutes of the March 27, 2019 Regular Board meeting

GREBNER MOVED, SECONDED BY STIVER, APPROVAL OF THE MINUTES AS WRITTEN.

MOTION APPROVED UNANIMOUSLY.

##### 3. Amendments to the agenda

Paluzzi requested adding to item 6 updates about the bottling plant and the vacant condo lots in Leslie.

##### 4. Limited public comment

John Addiss indicated he wants to buy a vacant lot on Bement Street next to property he owns. He spoke with Paluzzi the day before to learn he is evidently still being investigated by the City to determine whether criminal activity has taken place on properties he owns. Paluzzi assured him the investigation is not personal, but he has difficulty believing that, for two reasons. He did own the property on Baker where criminal activity took place. He did sell that house on land contract, but had no control or knowledge of activity. Two, if this is policy, then it is a quagmire, looking at every buyer who wants to buy property. Requests that the Board look into this tonight, what does it want the policy to accomplish. Schertzing noted that in last month's minutes he requested a report. Paluzzi said she has not heard back from the City. Grebner asked for discussion at next meeting, to determine the appropriateness of the policy. Stiver wants to see the policy. Schertzing said that the discussion at the last meeting should have generated more activity by the Executive Director, whether it be policy or a report that

there was nothing to report. Added as discussion item 6G

## 5. Resolution(s)

### 19-02: Authorize the issuance of Series 2019 note (PNC line of credit)

GREBNER MOVED, STIVERS SECONDED, THE RESOLUTION AS DRAFTED.

Schertzing said our attorneys were here to describe something we have been doing for many years, on a three year cycle. Proposing a consolidation of two lines of credit. Paul Wygoski, Dickenson Wright, and his colleague attended to field any questions. They described the consolidation, indicating a companion request for the County to extend its full faith and credit. Schertzing said the PNC term sheet indicates 60 basis points above LIBER. Terms of the note are reflected in the resolution. Grebner asked whether the lines were tax exempt. The attorney said no. why not? Because the use of funds is going to private use, and the sales proceeds pay down the note. Schertzing called the question.

MOTION APPROVED UNANIMOUSLY.

Paluzzi indicated that an updated history of transactions in the two accounts was provided in the meeting packet. She noted that gross sales of residential improved properties sold from January 2018 to date total \$1.3 million, with a net position of \$490K. As such, Linda and she felt comfortable making a \$600K payment on the line of credit. \$300K comes from those profits, to match the \$300K appropriated by the County Board annually for Land Bank debt retirement. She thought the Board should have the pleasure of writing those deductions themselves.

## 6. Updates

### A. Lansing Urban Farm Project

Schertzing indicated a LUFPP letter was sent to the Land Bank Board indicating an interest in moving ahead with the sale. Grebner asked if the action tonight was to move ahead with the sale. Schertzing said at the November Board meeting there was direction to make that happen.

GREBNER MOVED APPROVING SALE. SCHERTZING SAID IN NOVEMBER HE REMOVED HIMSELF SINCE HE IS ON BOTH BOARDS BUT THERE IS NO CONFLICT, NO MONETARY EXCHANGE. STIVER SECONDED.

Grebner said his agenda is to get land to nonprofits and let them manage the land themselves, and that the Land Bank not be part of them. He is squeamish about the Land Bank is sort of a jellyfish, nonprofits should be themselves, and the Land Bank should be itself. Our actions should be discrete actions, we should not lend employees, or lend them money, let them go without paying rent. Stiver are arguments against selling? Paluzzi said the offer was to sell rather than hold for FEMA demolition. The LUFPP Board said that it would not be interested in buying the house without buying the farm land adjacent at the

same time. The LUFPP Board also said that they wanted the ability to have someone live in the house and grow vegetables in the backyard to donate to the poor. Staff is not especially interested in allowing for that, since the property is vulnerable in the floodplain, and that becomes a social/environmental justice issue exposing them to flood hazard risks. We had to go onsite recently to determine whether the rental inspection violations had been addressed, to find that the locks had been changed. The lock change was done without staff knowledge, and it was only until she read the document LUFPP provided the Board at its last meeting that Schertzing had been advised of the lock change, but that had never been communicated to us. Paluzzi was told that they could not provide the requested business plan until a Farm Manager was hired, but no one has been hired yet. Paluzzi was leaning on other policy that provides context to the negotiation. Grebner said that what he meant by inextricability. Schertzing said the desire to buy the land when no pricing policy exists does complicate the sale, but the complexity to pricing farmland should not be dragged out this long. Detroit came up with \$0.083 per square foot. Paluzzi said that various pricing scenarios and constraints have had to be vetted; the only outstanding item is a meeting with City staff who need to sign off. LUFPP indicated that they would represent our pricing to LUFPP out to the community, so pricing was not an issue to be treated lightly. Stiver clarified that the sale proposed today is only for the house. Stiver and Grebner said that having someone other than the farm manager living there is of no interest. Paluzzi said that we have taken two Land Bank properties in the 700 block and in the floodplain out of the rental program because of the social/environmental justice concerns. Schertzing said there are policy discussions to be brought to the Board, and it sounds like staff is making policy for the Board. Stiver respects Paluzzi's perspective. McCrohan said LUFPP's use of the house will be consistent with its mission. Grebner does not like Land Bank rentals because they present way too many burdensome complications. Perrone said there are standard reverter clauses. Stiver said Paluzzi should have been advised of the lock change. Sale for \$1000 plus closing costs.

MOTION APPROVED UNANIMOUSLY.

Paluzzi will contact the title company tomorrow.

**B. Treasurer's tax foreclosure auction support underway**

Paluzzi indicated that the Treasurer's list was forwarded to the Land Bank. Our new Property Maintenance Specialist joined the joint Treasurer/Land Bank staff meeting to kick off support services. Staff has been out determining occupancy status and changing locks and boarding access. Schertzing indicated that it was a good conversation, a good transition. About 90 foreclosures this year. Grebner said that's low. Schertzing said two years ago it was over 200, last year 120, this year 90.

**C. Superintendent's House listing moved to the new commercial broker**

The old listing agreement has expired. The buyer has withdrawn his offer, represented by the same broker who represented the complicated, controversial proposal. Broker had not communicated the need for Board approval of a commercial sale. Purchase offer also wanted Seller to conduct all due diligence on behalf of Buyer, which is not done for all sorts

of liability issues.

#### **D. Rehab of polar vortex impacts at Eden Glen**

Paluzzi indicated that David Burns has been assigned as liaison to the insurance company. He has done a great job ensuring that we are maximizing the benefit of damage claim payments into rehabbing the three condos. Our motivation is driving fair market value up. Schertzing asked the total claim. Paluzzi said about \$45K for our condos, plus whatever coverage of damage to one adjacent condo.

#### **E. Bottling Plant**

Paluzzi indicated that Land Bank policy has the Board approving commercial sales. The bottling plant poses an interesting issue. The City graciously passed on the full benefit of \$25K in MEDC Redevelopment Ready Community pre-development technical assistance to the Land Bank's bottling plant. Paluzzi asked RRC's consultant to assess structural integrity. The consultant came back with a recommendation that the two southern buildings be demolished. It was not until deep in the process that staff learned that there would be multiple organizations at the table selecting the winning redevelopment proposals: MEDC, the City, and the Land Bank. Would the Board be comfortable with that same team vetting proposals, recommending the top proposals to the Land Bank Board for its selection process. Stivers likes the idea to leverage their expertise. Schertzing asked about LEAP participation. Paluzzi says that two LEAP staff are engaged since the property is in an Opportunity Zone. Grebner asked that this be a once and done process. Go for it.

#### **F. Vacant condo lots in Leslie**

Paluzzi indicated that a long interested buyer in the vacant condo lots in Leslie is balking at the list price. The buyer has represented that when the Board approved sale of the 16 condos next door, the Board said they would sell the vacant condo lots for \$10K. However there is no documentation in Board meeting minutes, staff notes, ePropertyPlus, anywhere else, of that. Buyer also represented that he recently spoke with Brian McGrain, who told him he remembers the \$10K price being discussed. Paluzzi spoke with McGrain, who said that while he did run in to the buyer recently, there was no discussion of the old Board discussion. He also said he does not remember any such discussion. Buyer said that he would file a *lis pendens*. Perrone said that would cloud the title, but that the buyer has to have documentation. Schertzing said there are complicated issues on the site, but that this large site is important to the City of Leslie. Grebner says buyer has to have something in writing. Paluzzi said the buyer said he would be attending the meeting, so she had forwarded buyer email trail. Usually there is a veiled or not so veiled threat in any communication, so Paluzzi felt it needed to be escalated to the Board. Schertzing said that Leslie support of the project and resultant tax revenues would influence moving forward. Buyer may have easement to main access to this property.

#### **G. Sales qualification regarding history of criminal activity**

Grebner asked if there is a policy reason to deny the sale. Paluzzi said that she has been told by two City directors to deny the sale. She feels uncomfortable doing that without substantiation. That's why she has been pursuing information from the police department.

The Statement of Interest form that has been in use for years has a section of buyer qualifications, one of which is not owning any property with a history of criminal activity during ownership. Perrone asked if that reflected language in the Land Bank's *Priorities, Policies, and Procedures* document. Paluzzi said it may be there or in federal grant funding requirements. Grebner asked if we were tripping on our own policy. Paluzzi posted on the screen the standard section of every version of Statement of Interest in use. Perrone said that Addiss did not own the property. Paluzzi said it was a land contract. Perrone said the seller does not really own the property. Paluzzi said yes, you do; title does not transfer until the land contract is paid off. Schertzing said it's messy. Perrone said one can't be held liable for tort or injury.

GREBNER MOVED, STIVERS SECONDED, DIRECTING STAFF TO SOLICIT CITY'S SUBSTANTIVE OBJECTION TO SALE IN WRITING, AND DIRECT STAFF TO DOCUMENT ANY SUBSTANTIVE OBJECTION TO THE SALE, FOR THE NEXT MEETING.

Addiss said that he had been contacted by the Community Policing Officer and received a letter from the City Attorney. The Attorney had a list of 40 police calls to the Baker property over the last year. Addiss said that he would file a forfeiture if Attorney would provide a letter.

MOTION PASSED UNANIMOUSLY.

## 7. Financials

### A. Receive Accounts Payable, March 2019

The Board received the Accounts Payable report.

### B. 2018 audit underway with Plante & Moran

Audit would start the following week.

## 8. Staffing

Paluzzi indicated that two positions have been filled. The Property Maintenance Specialist has property management experience, so the expectations for the position have stepped up. The Program Associate has Register of Deeds, real estate, and accounts payable experience, so he is helping process accounts payable and property database tasks.

Paluzzi also indicated that the approved 2019 budget included a buffer for potential pay increases for two staff. She consulted County HR which assessed positions in other Land Banks and assessed responsibilities against other county positions. While she appreciates what they do, their current compensation reflects their roles and responsibilities. She assigned certain tasks over the last few months to determine whether their knowledge, skills, and abilities warrant the requested 25% increases, but performance has not demonstrated that. As such, all staff are receiving the 3% increase approved in the budget.

Grebner asked about regularizing the Land Bank. Paluzzi said that the County HR and

Financial Services Directors to attend the next meeting so that we can clarify what that means.

**9. Legal counsel**

**A. Status of filing for a cease and desist of 1733 W Holmes sale**

Perrone indicated that the plaintiff's attorney said that the plaintiff will forward the \$1000 fine. If not, Perrone will pursue payment.

**10. Reports**

**A. Executive Director** provided in the Board packet.

**B. Board Chairman**

No comments.

**11. Limited public comment**

There was no public comment.

Schertzing said Paluzzi had expressed appreciation for Alan Fox's work in specific tax capture.

**12. Adjournment**

Schertzing adjourned the meeting at 7:15 pm.

Respectfully submitted, based from meeting recording,  
Jeanna M. Paluzzi