

Approved June 14, 2010

**INGHAM COUNTY LAND BANK
FAST TRACK AUTHORITY
Annual Meeting
May 3, 2010
Minutes**

Members Present: Eric Schertzing, Comm.DeLeon, Comm. Bahar-Cook, Comm. Copedge, and Comm. Nolan

Members Absent: None

Others Present: Mary Ruttan, Tim Perrone, Joe Bonsall, Paul Wyzgoski

The meeting was called to order by Chairperson Schertzing at 5:05 p.m. in Conference Room D & E of the Human Services Building, 5303 S. Cedar, Lansing.

Approval of the March 1, 2010 Minutes

MOVED BY COMM. NOLAN, SUPPORTED BY COMM. BAHAR-COOK TO APPROVE THE MARCH 1, 2010 MINUTES AS SUBMITTED. MOTION CARRIED UNANIMOUSLY. Absent: Comm. DeLeon and Comm. Copedge

Additions to the Agenda:

The following items were added to the agenda:

- 9b. Brownfield funding
- 9c. Revolving loan funding
- 10. Items from Board Members

Limited Public Comment: None

1. Resolution to Authorize Amendment to Issuance of Series 2007A and Series 2009A Note to National City Bank

Chairperson Schertzing informed all present, for purposes of full disclosure of any potential conflicts, that his campaign had received donations from groups or individuals related to agenda items 1, 3, and 4 during the most recent election cycle.

MOVED BY COMM. BAHAR-COOK, SUPPORTED BY COMM. NOLAN TO AUTHORIZE AMENDMENT TO ISSUANCE OF SERIES 2007A AND SERIES 2009A NOTE TO NATIONAL CITY BANK.

Comm. DeLeon arrived at 5:08 p.m.

Chairperson Schertzing introduced Paul Wyzgoski from Dickinson Wright to provide background information and answer any questions the board might have. Mr. Wyzgoski provided the board with a brief summary of the two notes. Both notes are scheduled to mature on July 1, 2010. This resolution will extend the maturity date to July 1, 2013 and alter the variable interest rate to 3-month LIBOR average plus ninety-five (95) basis points. Mr. Wyzgoski explained the amendments would be added to the original notes and no other terms would be altered. Comm. Nolan requested a more detailed explanation of the interest rate calculation. Mr. Wyzgoski stated that LIBOR has been averaging twenty (20) or thirty (30) basis points, which when added to the ninety-five (95) basis points, would result in a total interest rate of 1.15% - 1.25%. Comm. Nolan asked why the interest rate was increasing. Mr. Wyzgoski stated the Land Bank had been receiving a very low rate on the original note. Additionally, LIBOR has been holding below its historic average, so this was a way for the bank to get something closer to market rate. For comparison, Mr. Wyzgoski stated that tax notes are typically in the range of LIBOR plus two hundred (200) basis points. Mr. Wyzgoski stated it is necessary to amend the existing notes because Land Banks are statutorily prohibited from issuing refunding debt. Comm. Bahar-Cook inquired how the three year time period for the extension was arrived at. Chairperson Schertzing stated the Land Bank likes to keep borrowings on shorter time frames to ensure that it stays present in everyone's mind and the bank was agreeable to keeping the three-year time frame. Comm. Bahar-Cook asked if the County's stellar credit rating was a benefit to the Land Bank when negotiating our rates. Mr. Wyzgoski stated that the full faith and credit backing by the County on the Land Bank's notes was a positive factor. Comm. Nolan requested a further explanation of refunding debt. Mr. Wyzgoski explained using the analogy of re-financing one's home: it is when you take out new debt to pay off the old debt.

MOTION CARRIED UNANIMOUSLY. Absent: Comm. Copedge

2. Resolution Requesting the Purchase of Tax Foreclosed Parcels

MOVED BY COMM. BAHAR-COOK, SUPPORTED BY COMM. NOLAN TO REQUEST THE PURCHASE OF CERTAIN TAX FORECLOSED PARCELS BY INGHAM COUNTY FOR THE LAND BANK FAST TRACK AUTHORITY.

Chairperson Schertzing explained the list presented to the board contained all tax 2010 foreclosed parcels. The properties will continue to be evaluated by staff for suitability in various Land Bank programs, including the Neighborhood Stabilization Program (NSP), prior to a final request to the Board of Commissioners. Comm. Bahar-Cook inquired how many of the parcels had been improved with structures. Chairperson Schertzing stated approximately 150 contained structures, including 58 condo units in south Lansing. Ms. Ruttan stated that much of the acquisition costs would be covered by federal funds awarded under the NSP program. Comm. DeLeon commented on the large number of parcels in her district. Chairperson Schertzing pointed out that less

than 10% of the foreclosed properties were occupied structures. The County Treasurer engages in foreclosure prevention activities and offers payment plans to any interested homestead owner. Those activities are why so few of the properties are occupied. Comm. Bahar-Cook asked how many of the parcels were zoned commercial. Chairperson Schertzing stated there were two gas stations and an abandoned restaurant. Ms. Ruttan stated staff would be able to provide a strategic list at the June meeting. Comm. Nolan requested that the fourth Whereas section of the resolution be changed to “the Land Bank staff has evaluated all 2010 tax foreclosed parcels to determine their redevelopment potential compared to their purchase cost.”

Comm. Copedge arrived at 5:38 p.m.

Comm. Bahar-Cook asked if it was necessary for the board to pass the resolution prior to the June meeting. Ms. Ruttan responded that it was necessary because the Board of Commissioners and its committees would need to pass a companion resolution prior to July 6. The June Land Bank meeting would be too late for that to happen. Comm. Bahar-Cook requested a finalized purchase list, including funding sources, be made available prior to a vote by the Board of Commissioners. Ms. Ruttan stated that a final list would be made and included with the Board of Commissioners resolution. Comm. Nolan inquired about the large amount of taxes owed on the parcels on Simken Drive. Chairperson Schertzing explained the properties were part of a former apartment complex that had been demolished by the City of Lansing and those demolition fees were included in the amount owing.

MOTION, AS AMENDED, CARRIED UNANIMOUSLY.

3. Resolution to Authorize Treasury Management Services with PNC Bank, Transfer the General and Escrow Accounts to PNC Bank and Open Three New Bank Accounts

MOVED BY COMM. BAHAR-COOK, SUPPORTED BY COMM. NOLAN TO AUTHORIZE TREASURY MANAGEMENT SERVICES WITH PNC BANK, TRANSFER THE GENERAL AND ESCROW ACCOUNTS TO PNC BANK AND OPEN THREE NEW BANK ACCOUNTS.

Ms. Ruttan stated the decision to switch banking institutions was made to enhance staff’s ability to manage funds without the need of conducting wire transfers.

MOTION CARRIED UNANIMOUSLY.

4. Substitute Resolution to Authorize the Sale of Commercial Property Located at 1146 S. Washington, Lansing, Michigan

Chairperson Schertzing distributed the substitute resolution to the board.

MOVED BY COMM. BAHAR-COOK, SUPPORTED BY COMM. DELEON TO APPROVE THE SUBSTITUTE RESOLUTION TO AUTHORIZE THE CHAIRMAN OR EXECUTIVE DIRECTOR TO SIGN THE OFFER TO PURCHASE FROM HOOPER CONSULTING GROUP, LLC FOR THE SUM OF \$100,000.00 AND TO COUNTER OFFER UP TO \$150,000.00 FOR THE SALE OF THE PROPERTY LOCATED AT 1146 S. WASHINGTON AVENUE, LANSING, MICHIGAN 48910.

Chairperson Schertzing stated the substitute resolution takes the Land Bank out at the end of the development for tax credit purposes. Chairperson Schertzing again stated his relationship with Alan Hooper as a potential conflict. Ms. Ruttan stated that staff tries to keep counter-offers for commercial sales within 70-80% of appraised value. Staff will be coming back to the board to make that part of the Land Bank's written procedures. Board members discussed with counsel whether to enter closed session. It was determined a closed session was unnecessary. Chairperson Schertzing stated the property had been listed on the market and development proposals have been solicited with minimal results. Comm. Copedge requested the language of the title, the seventh Whereas clause, and the Therefore clause of the resolution be amended to "Counter Offer of" in place of "Counter Offer up to."

MOTION, AS AMENDED, CARRIED UNANIMOUSLY.

5. Resolution to Authorize the Sale of Commercial Property Located at 1300-1320 Keystone, Lansing, Michigan

MOVED BY COMM. BAHAR-COOK, SUPPORTED BY COMM. NOLAN TO APPROVE THE RESOLUTION TO AUTHORIZE THE CHAIRMAN OR EXECUTIVE DIRECTOR TO ACCEPT AND SIGN THE OFFER TO PURCHASE FROM KENNETH ZISHOLZ FOR THE SUM OF \$300,000.00 FOR THE PROPERTY AT 1300-1320 KEYSTONE, LANSING, MICHIGAN.

Chairperson Schertzing stated the property was a commercial warehouse on the south side of Lansing.

MOTION CARRIED UNANIMOUSLY.

6. Resolution to Authorize the Chairman to Sign the Memorandum of Understanding with the Ingham County Housing Commission for the Neighborhood Stabilization Grant

MOVED BY COMM. BAHAR-COOK, SUPPORTED BY COMM. NOLAN TO AUTHORIZE THE CHAIRMAN TO ENTER INTO A MEMORANDUM OF UNDERSTANDING FOR THE ADMINISTRATION OF THE NEIGHBORHOOD STABILIZATION PROGRAM WITH THE INGHAM COUNTY HOUSING COMMISSION.

Comm. Bahar-Cook inquired as to the classification of snow and lawn maintenance. Ms. Ruttan stated those costs are classified as construction costs during construction

and are administrative costs after construction is completed. Ms. Ruttan also stated that snow and lawn maintenance would continue to be carried out by the Land Bank's contracted vendors. The cost would be covered by the grant.

MOTION CARRIED UNANIMOUSLY.

7. Property Maintenance, Renovation and Development

7a. Commercial property update

Chairperson Schertzing stated this was covered by agenda items five and six.

7b. General legal update

Mr. Perrone stated John McGlinchey has left the law firm and the name has been changed to Cohl, Stoker and Toskey PC. Mr. Perrone updated the board on the A. Maiz situation. The Civil Rights Investigator has submitted a proposed settlement, which would not constitute an admission of fault. The proposal involves the Land Bank establishing a diverse citizen committee which Mr. Maiz would sit on, creating an internship program, and that Mr. Maiz would be included in all bids for painting subcontractors. The Land Bank will propose that all qualified and registered local vendors be treated equally, with no special preference given to anyone, including Mr. Maiz. Comm Bahar-Cook asked if the level of specificity in the document was necessary, or whether a statement that the Land Bank follows the County's procedures for achieving diversity would be sufficient. Comm. Copedge asked if the citizens committee would be only advisory in nature. Mr. Perrone stated the Land Bank could create the committee in whatever capacity it desired. Mr. Perrone indicated he would continue to work on the agreement to reflect the boards concerns and continue the discussion at the June meeting.

8. Accounts Payable and Monthly Statement

8a. Accounts payable approval – February 2010

MOVED BY COMM. COPEdge, SUPPORTED BY COMM. NOLAN TO APPROVE THE ACCOUNTS PAYABLE FOR FEBRUARY 2010.

Comm. Bahar-Cook asked about the \$252,598.06 payment to the Ingham County Treasurer. Chairperson Schertzing stated the payment was for the purchase of prior-year tax foreclosures.

MOTION CARRIED UNANIMOUSLY.

8b. Accounts payable approval – March 2010

MOVED BY COMM. COPEdge, SUPPORTED BY COMM. NOLAN TO APPROVE THE ACCOUNTS PAYABLE FOR MARCH 2010. MOTION CARRIED UNANIMOUSLY.

8c. Monthly financial statement – February 2010

The February 2010 monthly financial statement was received and placed on file.

8d. Monthly financial statement – March 2010

The March 2010 monthly financial statement was received and placed on file.

9. Items from the Chairman or Executive Director

9a. Audit engagement letter

Chairperson Schertzing stated this was provided to the board for reference.

9b. Brownfield funding

Chairperson Schertzing stated the County Brownfield Authority will be entering a new funding cycle. This impacts the Land Bank's ability to fund certain construction and demolition activities.

9c. Revolving loan funding

Chairperson Schertzing stated our revolving loan funding is necessary to fund day-to-day operations and still allow the Land Bank to offer land contract terms to buyers and to cover unanticipated expenses such as the tax-foreclosure of fifty-eight condo units at Miller Park.

10. Items from Board Members

Comm. Nolan – Business Plan

Comm. Nolan stated that she would reserve a detailed discussion until the June meeting. She expressed her belief the Authority should be run as a business, including a big-picture plan for the future. Comm. Nolan also stated a desire to have longer meetings to allow more thorough discussion.

Announcements:

Comm. Bahar-Cook stated her appreciation to her peers for electing her to another term as secretary.

Limited Public Comment: None

The meeting adjourned at 6:05 p.m.

Respectfully submitted,

Joseph Bonsall