



Board Minutes

Tuesday, April 19, 2016 Board of Directors Meeting, 4:00 PM
Hamilton County Administration Building, 138 E. Court St., Room 610

1. **CALL TO ORDER**

Mr. Goering called the Hamilton County Land Reutilization Corporation (Landbank) Board of Directors meeting to order at 4:02 p.m.

Board Members Present:

Deters, Dennis	Muething, Paula Boggs
Goering, Rob	North, Molly
Honerlaw, Joe	Portune, Todd
Monzel, Chris	Weidman, Tom

PGCDA, as Management Company of the Landbank:

Basil, Will	Laird, Tiffany
Brophy, Nick	Meyer, Megan
Brunner, Laura	Recht, Chris
Hall, Darin	Robb, Deborah
Hudson, Rick	Thomas, Susan
Koth, Lesley	

Guests:

Muller, Paul – Cincinnati Preservation Association
Schulte, Skip – Bellevue, KY citizen
Warminski, Margo – Cincinnati Preservation Association
Wise, Kellie – Hamilton County

2. **WELCOME AND INTRODUCTIONS**

Mr. Goering acknowledged and welcomed the board members and the guests.

3. **ETHICS POLICY ACKNOWLEDGMENT FORM REMINDER**

Mr. Recht noted the Comprehensive Ethics Policy and Acknowledgement Form was distributed to all board members prior to the meeting, and all Board members are required to sign this form annually. Board members were asked to sign and give the Acknowledgment Forms to Ms. Laird. Additional copies were made available.

4. **MANAGEMENT REPORT**

Ms. Thomas described our efforts to transition the Landbank from an entrepreneurial venture to a more mature organization. Steps include adding staff capacity, improving internal processes, and increasing functionality of the various systems that address vacant, foreclosed, and abandoned properties.

Ms. Thomas provided further evidence with four examples. First, we have increased discipline in acquisition and disposition of properties. We continue to refine our acquisition filters to take advantage of opportunities while aggressively managing risk and cost. The results of this concentrated focus on dispositions in our program report have resulted in some noteworthy dispositions to discuss.

Second, the Landbank has formalized holding agreements with all of our Community Development Corporation (CDC) partners that outline the terms by which the Landbank will hold properties for the entities.

Third, we have initiated an organization-wide utilization training of a property management system. This is a cloud-based database that allows us to track our inventory, pre-inventory, and properties of interest. This is especially effective because the lead time on acquisitions often exceeds one year, and this system allows us to send timely communication on certain items.

Lastly, Ms. Thomas discussed the forfeited land list. In the past several years, in an attempt to steer property into the hands of responsible owners, the Landbank has listed items expected to go to the annual Forfeited Land Sale on the Landbank's website for potential end users. The Landbank has been working with our Community Partners and the public, and has been requesting properties off the Forfeited Land List on a regular basis. Additionally, when the Landbank received the forfeited land list from the County, we distributed the list to our Community and Municipal Partners for additional review. As a result of our efforts, we were able to find new owners/end users for 175 properties listed on the forfeited land list which comprised approximately 25 percent of the total list. These are properties that have failed at Sheriff's Sale and would otherwise have been exposed to another Forfeited Land Sale, where many properties typically sell for very low prices.

5. APPROVAL OF MINUTES

Mr. Goering asked Board members if there were any additions or modifications to the January 21, 2016, Board of Directors meeting minutes. Hearing none, he asked for a motion to adopt the meeting minutes.

Motion: Mr. Portune moved to adopt the minutes of the January 21, 2016, Board of Directors meeting. The motion was seconded by Mr. Deters and was approved unanimously.

6. FINANCIAL REPORT

Mr. Hudson referred the Board to detailed information in the packet highlighting some of the more significant income statement budget variances for the first quarter of 2016, and fluctuations on the Balance Sheet versus the prior year end.

Income Statement

Revenues for the first quarter total \$335K versus a plan of \$672K for a \$337K or 50% shortfall against plan.

- NIP demo grants are \$213K below plan due to timing.
- No City grant funds from the Evanston commercial corridor were utilized during the first quarter.

Expenditures for the year total \$166K versus a plan of \$367K for a \$201K or 55% budget variance.

- NIP demo expense is \$183K below plan due to timing as discussed in grant revenue above. Note, demo outflows are reported under expense and capital. Much of the first quarter demo activity focused on the Lincoln Terrace property, which is being entirely recorded as capital.
- Subsidy is negative \$77K for the quarter primarily due to selling 18 parcels to Walnut Hills High School Alumni Foundation for \$100K.

The net result is operating income of \$168K versus a plan of \$305K for a \$136K variance below plan.

Capital additions for the first quarter are \$784K versus a plan of \$1.3M for a \$523K spending variance below plan.

- REACH/Housing was \$338K below plan due to timing.
- As mentioned in grant revenue above, the Landbank did not utilize \$117K of Evanston commercial corridor funds budgeted during the first quarter.
- See Resolution #2016-05 requesting \$150K for capital expenditures in Avondale to replace a collapsed retaining wall.

Balance Sheet

- Cash at the end of first quarter totals \$379K which represents approximately two months of operating expenditures. Note, two Evanston homes are closing in early April which will increase cash by approximately \$300K.
- The increase in receivables relates primarily to NIP demo reimbursements from OHFA.
- Assets held for sale increased \$568K during the quarter mainly due to:
 - \$169K REACH Evanston (\$399K capital additions less \$230K in cost of sales)
 - \$373K demo properties

Mr. Hudson reviewed the statement of revenue, expenditures, change in net position, assets held for sale, and properties sold year-to-date.

Formal Action Requested – Before the board today is proposed resolution 2016-04 entitled:

RESOLUTION TO SECURE A REVOLVING LINE OF CREDIT FOR THE MANAGEMENT OF CASHFLOW NOT TO EXCEED \$1,500,000

Mr. Hudson presented and explained the proposed Line of Credit. As the Landbank continues to grow its programs, it becomes more challenging to manage cash flow due to the seasonality of DTAC cash inflows and the timing of reimbursements from grant providers. As a result, we are recommending the board to approve a \$1.5M revolving line of credit as detailed in Resolution 2016-04. Additional discussions took place around the details, terms, and parameters of the Line of Credit. Mr. Goering asked for a motion to approve Resolution No. 2016-04.

Motion: Mr. Weidman moved to approve Resolution No. 2016-04. The motion was seconded by Ms. Muething and was approved unanimously.

Formal Action Requested – Before the board today is proposed resolution 2016-05 entitled:

RESOLUTION REVISING THE BUDGET FOR FISCAL YEAR 2016 TO INCLUDE ADDITIONAL CAPITAL EXPENDITURES OF \$150,000 IN AVONDALE

Mr. Hudson explained this resolution will allow the Landbank to accrue capital dollars to repair a collapsed retaining wall in Avondale. After some discussion of the matter, Mr. Goering asked for a motion to approve Resolution No. 2016-05.

Motion: Mr. Monzel moved to approve Resolution No. 2016-05. The motion was seconded by Mr. Weidman and was approved unanimously.

7. POLICY UPDATE

Ms. Meyer updated the Board on previously discussed Ohio House Bill 134, which would provide for an expedited foreclosure process for vacant properties. She stated that this bill will not be moving forward.

Ms. Meyer stated that Ohio House Bill 463, another fast-track foreclosure bill, had been introduced in the State House of Representatives. While the Landbank supports fast-track foreclosures, there are a few concerns with this bill. Ms. Meyer highlighted concerning language that includes infringement on the rights of homeowners, and provisions that increase the likelihood properties will sit vacant.

After some discussion surrounding the challenges and concerns that this proposed legislation does not serve the broader public interests, and potential amendments to House Bill 463, Ms. Meyer suggested Board members call Rep. Dever (R – Madeira) and Sen. Coley (R – Liberty Township) to voice their concerns. A subcommittee of Mr. Goering, Mr. Deters, and Ms. Brunner agreed to reach out to Representative Dever to express the Board's concerns. Mr. Goering requested for a motion clarifying that the Landbank is opposing House Bill 463 at this time.

Motion: Mr. Honerlaw moved to oppose House Bill 463. The motion was seconded by Mr. Monzel and was approved unanimously.

8. PROGRAM REVIEW

Demolition Grant Oversight

Ms. Koth updated the Board on the Landbank's progress under the Neighborhood Initiative Program. Applications will be available soon for the \$97 million available in the next round of allocations. Following that distribution, Ohio has requested \$250 million to be distributed in the upcoming allocation. An announcement is expected to be made soon.

Disposition Programs

Ms. Koth updated the Board that year-to-date the Landbank has transferred 30 properties to new ownership under various programs: one under the Local Government Development Program; five under the Lot-To-Yard Program; one under the Single-Family Home Development Program; and 23 under the Multi-Unit, Multi-Property, and Commercial Development Program. While there were no properties transferred under the Neighborhood-Based Development Partner Program, the Landbank has signed Holding Agreements with CDCs in Avondale, Camp Washington, Madisonville, Northside, Price Hill, and Walnut Hills. We are also working with Working in Neighborhoods, a non-profit that works in College Hill and South Cumminsville, to get them under a Holding Agreement. To-date there are 44 properties under Holding Agreements. Under these agreements we hand over property management of these properties to the CDCs and most importantly, the CDCs have agreed to accept ownership of the properties within a maximum of 24 months. This allows our Community Partners to take advantage of our lower holding costs and reinvest those savings in their communities.

Historic Stabilization

Ms. Meyer reviewed a report summarized in the packet. Since the inception of the Program in 2012, the Landbank has completed stabilizations of 11 historic structures on 12 parcels. The Landbank has acquired eight of these properties, and has disposed of one. The Landbank has assessed nuisance abatement liens on the remaining three stabilized properties, and all three are in various stages of foreclosure.

Stabilizations of three additional structures are currently in progress: 3628 Warsaw Avenue in East Price Hill; 1510 Race St. in Over-the-Rhine; and 1707 Race St. in Over-the-Rhine. The Landbank is also in the process of gaining authority to evaluate and possibly stabilize an additional two structures. Finally, an additional four structures are under consideration for possible evaluation and stabilization.

The Landbank continues to work with local governments in Hamilton County to increase the activity of the Historic Structure Stabilization Program in areas of Hamilton County outside the City of Cincinnati. To further that effort, Landbank staff has created a report of structures in Hamilton County built prior to 1920 that are also tax delinquent. Landbank staff has begun evaluating properties on this report in an effort to find historic, vacant buildings in Hamilton County that may be candidates for the Program.

REACH Evanston

Ms. Robb referred the Board to detailed information in the packet and updated that the Landbank continues to progress with construction, with 14 homes completed and four in process. We currently have four properties under contract at the full asking price for each. There has been high demand for the properties on Ruth, with several properties becoming subject to bidding wars. The amount of subsidy continues to decrease with the subsidy on the four properties listed being between 8% and 22%. Our goal is to sell ten houses this year in Evanston. We are on target with five sold/pending, one listed for sale and four in process.

Strategic Investment

Mr. Hall reported the Strategic Investment Program uses the knowledge and expertise of Port Authority staff to identify and execute market-rate development opportunities with the goal of generating a return to fund other Landbank activities requiring subsidy. These market-rate opportunities are increasingly common due to the development of Landbank acquisition tools and partnerships. The activities under this program will include acquisition, redevelopment, and sale of foreclosed or distressed properties. This program will be executed in our targeted neighborhoods as well as in areas where there are opportunistic investments available. Mr. Hall then provided updates on several properties that fall under the program.

9. ADJOURNMENT

Mr. Goering adjourned the April 19, 2016 Board of Directors meeting at 4:49 p.m.

Respectfully,



Laura N. Brunner
Secretary