

STEUBEN COUNTY LAND BANK CORPORATION

Wednesday, April 26, 2017

9:00 a.m.

*Legislative Committee Room
Steuben County Office Building
Bath, New York*

****MINUTES****

PRESENT: Joseph J. Hauryski, Chairman, Steuben County Legislature
Scott J. Van Etten, Legislator, District 13
Pat Donnelly, Steuben County Commissioner of Finance
Jack K. Wheeler, Steuben County Manager
Shawn D. Hogan, Mayor, City of Hornell
Mark Ryckman, Corning City Manager
William von Hagn, Mayor, Village of Bath

OTHERS: Mitchell Alger, Steuben County Deputy County Manager
Alan Reed, Steuben County Attorney
Jennifer Prossick, Steuben County Deputy County Attorney
Carol A. Ferratella, Legislator, District 13
Kelly H. Fitzpatrick, Legislator, District 3
Hilda T. Lando, Legislator, District 2
Mary Perham

I. CALL TO ORDER

Mr. Alger called the meeting to order at 9:00 a.m. He thanked all of the members for participating.

II. ELECTION OF OFFICERS

A. **Chair** – Mr. Alger called for nominations for Chair. *Mr. Wheeler nominated Mr. Van Etten, seconded by Mr. Hauryski and duly carried.*

B. **Vice Chair** – Mr. Van Etten called for nominations for Vice Chair. *Mr. Wheeler nominated Mr. Hauryski, seconded by Mr. Donnelly and duly carried.*

C. **Secretary** – Mr. Van Etten called for nominations for Secretary. Mr. Wheeler noted that he feels it would be appropriate for one of the municipalities to fill this seat. For the position of Treasurer, it would make sense to appoint Mr. Donnelly. *Mayor VonHagn nominated Mayor Hogan, seconded by Mr. Ryckman and duly carried.*

D. **Treasurer** – Mr. Van Etten called for nominations for Treasurer. *Mr. Donnelly nominated himself, seconded by Mayor VonHagn and duly carried.*

III. ADOPTION OF BY-LAWS

MOTION: ADOPTING THE BY-LAWS OF THE STEUBEN COUNTY LAND BANK CORPORATION AS PRESENTED MADE BY MAYOR HOGAN. SECONDED BY MAYOR VONHAGN. ALL BEING IN FAVOR. MOTION CARRIES 7-0.

Mr. Van Etten commented the By-Laws refer to the purpose of the Corporation as being those set forth in the grant application. He stated Mrs. Erway emailed the grant application to him, but it may be helpful for the committee as well. Mr. Alger stated he will send that to the committee.

IV. COMMITTEE ASSIGNMENTS

Mr. Wheeler stated we are proposing three committees; Audit, Finance and Governance. The Audit and Finance committees can be the same. The PARIS rules would like them to be separate; however, in the case of a smaller organization, such as ours, it is allowable to combine. Mayor Hogan recommended the Chair and Vice Chair make the recommendations for appointments. Mr. Wheeler stated we will bring this item back for consideration next month.

V. ACTION ITEMS

A. **Establish Bank Account/Accounting Processes** – Mr. Donnelly stated that he will establish an account with Five Star Bank. He is working with the IT Department to see if they can set up a separate company in our financial system. Otherwise, we will need to get QuickBooks Software. The money for this Corporation cannot be co-mingled with County funds.

Mr. Van Etten asked if we are establishing accounting processes here; in the management services contract, it states that financial record keeping will be the responsibility of the vendor. Mr. Wheeler replied the accounting that the vendor would be doing is more of the project accounting. Our accounting is more at the top end. Mr. Donnelly stated we will have control of the funds.

Mr. Ryckman asked how does the initial funding work? Mr. Alger replied the LISC (Local Initiatives Support Corporation) will distribute \$62,500 quarterly. They sent a draft of the disbursement agreement and we are awaiting the final agreement. This essentially will be pass-through dollars from the County to this Corporation.

MOTION: AUTHORIZING THE TREASURER OF THE CORPORATION TO OPEN A BANK ACCOUNT AT FIVE STAR BANK FOR THE STEUBEN COUNTY LAND BANK CORPORATION MADE BY MAYOR VONHAGN. SECONDED BY MR. RYCKMAN. ALL BEING IN FAVOR. MOTION CARRIES 7-0.

Mr. Donnelly asked since they sent a draft agreement, are they amenable to changes? Mr. Alger replied we do not foresee a lot of changes from the draft as we did not see anything that was abnormal.

B. **Insurance/Indemnification** – Mr. Alger requested authorization to work with the Risk Manager to explore an RFP for an insuring organization. One option to explore is the New York State Land Bank Association as they have a pool of insurance similar to NYMIR. We can also explore whether it makes sense to add to our existing County policy.

Mayor Hogan commented the National Center for Communities Program is the “godfather” of the land bank idea. They have great informational and educational opportunities. They may also provide insurance and indemnity.

Mr. Van Etten asked what is the scope of what we are insuring? If we hire a contractor and they then carry out the purpose of the group, wouldn't they have their own insurance? Mr. Alger replied yes, and in that case we would be named an additional insured. Mr. Wheeler commented we would be named under D & O (Directors & Officers Liability Insurance).

MOTION: AUTHORIZING THE ISSUANCE OF A REQUEST FOR PROPOSALS FOR AN INSURING ORGANIZATION TO PROVIDE INSURANCE AND INDEMINIFICATION FOR THE STEUBEN COUNTY LAND BANK CORPORATION MADE BY MR. HAURYSKI. SECONDED BY MR. DONNELLY. ALL BEING IN FAVOR. MOTION CARRIES 7-0.

C. **Management Services Contract** – Mr. Alger stated as you may be aware, this draft proposal was based on what Arbor Development sent over and represents what we think an arrangement may look like. However, it would behoove us to go through the RFP process. He is hopeful that they can issue an RFP and take action on that next month and have it up and running by June, at the latest.

Mr. Ryckman informed the committee that the City of Corning is doing something similar with Arbor. They conduct the work for us; when they obtain a property, they put it out to bid, do the accounting work, take minutes, schedule meeting space. With the actual construction and demolition, they have the oversight to act as the general contractor. You may need to clarify the taking of minutes, since you may be subject to Open Meetings Law.

Mr. Wheeler replied we have resources at the County and if we can save money by using what we have, we will do that. Mr. Alger has done a great job of working on this with Arbor. To him, it seems like the ideal way to do this. The biggest thing is that you have three to five people at Arbor that have different skills. Chemung County is looking to hire a director to do this work.

Mr. Ryckman stated for the City of Corning, Jeff Eaton is acting as the Executive and another individual has the construction experience and is bidding the projects. Additionally, they have a clerical support person. We are buying portions of all of their time and it has worked very well.

Mr. Van Etten asked what decisions does Arbor make? Mr. Wheeler replied with respect to projects, those decisions would come to us. In terms of value, that is their expertise. Mr. Ryckman stated in the City of Corning, they are doing a citywide housing rehabilitation project which almost mirrors the land bank. We may also use grant funding from CDBG and Three Rivers. Arbor has also been talking about seeking some grants. No one entity is bearing the full financial responsibility for the rehabilitation.

Mayor Hogan asked have you applied for a CDBG grant for the city? Mr. Ryckman replied we do have a CDBG infrastructure grant to reconstruct roadways in our low to moderate-income developments. That is public facilities money. We are finding that all of the properties are unique and the financial packages are unique.

Mayor Hogan stated with the land bank, you are finding properties and determining the value after an investment of time. In the City of Hornell, we applied for a partner in various communities to reduce the risk and enhance the return.

Mr. Ryckman stated Arbor helps us with the selection of the houses and determines how much work needs to be done. Mr. Alger commented that is what we are looking to have them bring to this organization. Mr. Ryckman stated they also interact with the property owners and come back to our board for authorization. They act as our agent.

Mr. Van Etten asked if our advance in money from the grant is quarterly, does that mean we are doing one project at a time? Mr. Alger replied he thinks we will need to decide that as we go.

Mayor Hogan stated you would initially have to do a community assessment. A lot of that will be working with the Commissioner of Finance to see what you have. He does not think you will engage in a lot of projects initially. You will need to do the community assessment and determine how best to use the funds to get the most impact. Each community should be charged with coming up with a list of potential projects. Mr. Alger stated that is a great idea. In working with LISC, the grant was supposed to start in January and run over the course of two years. They will be flexible if we need more funding on the front end.

Mr. Van Etten asked how does the expense of the management service contract work? Mr. Ryckman replied our contract is a flat fee paid annually. Mr. Wheeler stated we talked about a flat annual fee. When we put out the RFP, we will propose options for a per project fee or a flat fee paid monthly. Mr. Ryckman stated the City of Corning is paying for baseline services. If we secure a CDBG grant and we want them to administer it, we would need to negotiate for that as it is beyond the baseline. It seemed the fairest way to do it.

Mrs. Lando asked who sets the priority once the inventory of properties is done? Mr. Ryckman replied in Corning, the committee decides that. We give them a general direction and what we want surveyed. We have 4,400 parcels. Mayor Hogan stated the City of Hornell is part of the zombie property initiative. We received a \$75,000 grant and we did a community assessment and are tracking foreclosures. Part of the grant is to educate property owners that there are programs available to help them if they are in danger of foreclosure. He stated they have had a good relationship with the County and as a result, have been able to put a number of properties back on the tax roll. This land bank has great potential for our County. Once the process is moving, we need to highlight the importance of keeping strong neighborhoods.

Mr. Donnelly asked does Arbor photograph the properties? Mr. Ryckman replied they have their version of a tax map which has color coding for different criteria, along with a photo of the outside. They do an initial assessment, come back to us and we review. Our project is different as we are doing the rehabilitation in targeted areas. Once we pick the properties that we are interested in, Arbor does a more detailed assessment of the property. Then they work up a plan and come back to our board for approval. We just started this about a year ago and it has worked well. The first target area was on 1st Street. We are happy with the work Arbor is doing. One thing to think about is how you are going to revolve the money around.

Mrs. Lando asked will the Legislators have input as to the priorities? Mayor Hogan replied that would be part of your community assessment. Mr. Wheeler replied on this board you have four County representatives, two of which are Legislators. Anything going through the County foreclosure process is approved by the Finance Committee. Mayor Hogan commented the banks are more amenable to conversations and may deed over a property to the land bank. The land bank would make the determination of whether or not to take it. He stated his preference is that we not deal with income-based property and avoid the landlord aspect. Mr. Van Etten asked would he be against renovating a property and selling to an investor who wanted to purchase and then rent it? Mayor Hogan replied he would not be against that. In the City of Hornell, it became a cottage industry and we were supporting it through DSS vouchers. There was a lack of maintenance, issues with tenants, etc. If we can, we should encourage home ownership if at all possible.

Mr. Donnelly asked is there a requirement in the grant about moderate-income housing? Mr. Wheeler replied your first time through, you have to meet the moderate-income housing requirement. After that, you can look at commercial properties.

MOTION: AUTHORIZING THE ISSUANCE OF A REQUEST FOR PROPOSALS FOR A MANAGEMENT SERVICES CONTRACT TO MANAGE LAND BANK OPERATIONS FOR THE CORPORATION MADE BY MAYOR VONHAGN. SECONDED BY MR. WHEELER. ALL BEING IN FAVOR. MOTION CARRIES 7-0.

D. **Legal Services** – Mr. Alger stated he has talked with the Law Department and there are things they will be able to do for the Corporation with regard to attending meetings and providing guidance on some of the transfer work that will need to be done. Mr. Reed stated regarding transactions, we will need to obtain outside counsel for real estate conveyances. They would also work with the management services provider to ensure compliance with the grant terms. He would recommend issuing an RFP for transaction purposes.

Mr. Alger asked would the land bank have an agreement with the County? Mr. Reed replied pursuant to statute, you are authorized to contract with a municipality to work with you. The County Legislature would need to approve a resolution authorizing my office to do that. There are baseline things that we can keep track of in the coordination of transactional legal services. Mr. Wheeler stated we could bid this as a retainer.

Mayor Hogan commented that perhaps in those communities with counsel, they would take responsibility for the transactions. For those communities that do not have counsel, perhaps we could have a circuit rider type of thing. Ms. Prossick commented one concern with that is budgeting. Typically, it is 1 percent per transaction. Mr. Alger stated we will make it as broad as we can in the RFP.

MOTION: AUTHORIZING THE ISSUANCE OF A REQUEST FOR PROPOSALS FOR LEGAL SERVICES FOR THE CORPORATION MADE BY MAYOR HOGAN. SECONDED BY MR. HAURYSKI. ALL BEING IN FAVOR. MOTION CARRIES 7-0.

E. **Accept Funds from Steuben County – Local Contribution** – Mr. Alger requested authorization to accept \$50,000 from Steuben County representing their local contribution.

MOTION: ACCEPTING \$50,000 IN LOCAL CONTRIBUTION FUNDING FROM STEUBEN COUNTY MADE BY MR. DONNELLY. SECONDED BY MAYOR VONHAGN. ALL BEING IN FAVOR. MOTION CARRIES 7-0.

F. **Accept Funds from City of Hornell – Local Contribution** – Mayor Hogan stated the City of Hornell will contribute \$25,000 to this initiative. He did express to Mr. Alger that other communities, if they are able, should also make an attempt to contribute something.

MOTION: ACCEPTING \$25,000 IN LOCAL CONTRIBUTION FUNDING FROM THE CITY OF HORNELL MADE BY MR. RYCKMAN. SECONDED BY MR. WHEELER. ALL BEING IN FAVOR. MOTION CARRIES 7-0.

Mr. Wheeler stated these two contributions cover the seed money. Mr. Ryckman stated the City of Corning may be able to contribute as well. At the moment we have committed \$200,000 to our project, however, it may be possible that we can do something for this as well.

G. **Accept Funds from Steuben County – Grant Award - \$500,000**

MOTION: ACCEPTING PASS THROUGH GRANT FUNDS IN THE AMOUNT OF \$500,000 FROM STEUBEN COUNTY MADE BY MR. DONNELLY. SECONDED BY MAYOR VONHAGN. ALL BEING IN FAVOR. MOTION CARRIES 7-0.

Mr. Ryckman asked will there be future grant rounds? Mr. Alger replied the State has left the door open. This is the third round of funding that they have put out. Mr. Van Etten asked are there any incentives? Mr. Alger replied if you show that you can turnover properties, they apparently have quite a bit of money available.

H. **Application for Recognition of Tax-Exempt Status with the IRS**

MOTION: AUTHORIZING THE COUNTY MANAGER TO FILE AN APPLICATION WITH THE INTERNAL REVENUE SERVICE (IRS) FOR RECOGNITION OF TAX-EXEMPT STATUS MADE BY MR. DONNELLY. SECONDED BY MR. HAURYSKI. ALL BEING IN FAVOR. MOTION CARRIES 7-0.

Mrs. Lando stated last week she attended the InterCounty meeting and a representative from the State Comptroller's Office was there and indicated that they are focusing more on land banks. They have various reports on their website that land banks can access for information. Mr. Donnelly commented that he has seen those reports.

Mrs. Ferratella asked is this Corporation applying for grants, or are the municipalities? Mr. Wheeler replied it could be both. This organization is eligible to apply for grants. Mr. Van Etten commented it will be interesting to see how we fit in, without competing with what the City of Corning is doing. Mr. Ryckman stated we have to think about the entire county. Mayor Hogan stated we don't have to reinvent the wheel. Onondaga County has a very successful program. There are also land banks in Chautauqua, Erie and Allegany. We can learn from their experiences and go from there. Mr. Alger commented working with the New York State Land Bank Association has been a good resource.

VII. OTHER BUSINESS

A. **Next Meeting** – The next meeting will be held on Wednesday, May 31, 2017, at 9:00 am in the Legislative Committee Room.

Mr. Ryckman stated that he would like to thank the County and the Legislators for taking this on. We certainly appreciate it.

Respectfully Submitted by

Amanda L. Chapman
Deputy Clerk
Steuben County Legislature