CITY OF BURTON
FINANCE SUB-COMMITTEE MEETING MINUTES
SEPTEMBER 28, 2011, 3:00 P.M., COUNCIL CHAMBERS
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Chairman Tom Martinbianco called the meeting to order at 3:20 p.m.
MEMBERS PRESENT: Smith, Martinbianco and Wells.
MEMBERS ABSENT: None.
OTHERS PRESENT: S. Bassi, Assessor and G. Burke-Miller, Controller.

**PURPOSE OF THE MEETING: Discussion and recommendation regarding Mallard Ponds and possible action regarding the County no minimum bid auction.**

PRESENTATION:

Ms. Bassi presented 2 options regarding the parcels. The first was a no minimum bid, putting the bid on and taking the parcels. Secondly, letting them go through, bundling them with 2 options of the bundles and wait until the end of the year to take them back. If no minimum bid, there is a bid the City must do. Currently the Land Bank is figuring on $100.00 per parcel so the City would pay about $6,400 to get the parcels back, along with paying the 2011 taxes. The small bundle option includes only Mallard Ponds, which allows the bidder to bid on the parcels and take them then they have the option of not paying the taxes for 3 years, which puts us in the same boat as we are now. We could also put it in a large bundle with the City of Flint properties that no one will want and that will kind of protect them, then at the end of the year take them back.

Ms. Bassi explained if the parcels go back to the Land Bank the City must do the payback on the taxes that we received in advance from the County. The years were 2008, 2009 and 2010. The total taxes owed without penalties and interest is $562,058.00. For all parcels, our payback portion is $1,895.00. We would lose 50% of the taxes for 5 years after the Land Bank sold them. In addition, we would not re-coup any of the bond we have paid out on the parcels. The City's potential loss if we let them go to the Land Bank is around 1million dollars. If we take it back, we are looking at, with the no minimum bid, $6,400.00 plus the 2011 taxes, of 123,666.00, which is an estimate. Winter millages are not set, so there would be those amounts we would have to pay before we get the parcels back.

Mr. Martinbianco said this would include how it impacts the general fund, Police and millage.

Ms. Bassi said the 3rd option is letting it go through. Do the small or large bundle, take them back at end of the year and just payback the normal amount.

AUDIENCE PARTICIPATION:

Gary Isham, 3443 Saxon, asked how many parcels were included in the bundles and what the difference was with each.

Ms. Bassi said there are 64 parcels in question and explained a small bundle is only Mallard Ponds and large bundle means they would include them with the Flint properties.

Mr. Martinbianco said there has been some precedence set in regards to the purchase and taking of the properties because of the economic conditions.

Mr. Isham asked if the developer has any stake in this and what are the repercussions for him to walk away from this.

Mr. Martinbianco felt since Mr. Sekrenes defaulted, it falls back on the bank or credit union and they may have felt it was in their best interest to discontinue the project.

Mr. Isham hoped the Board would remember if that developer comes before the City and wants taxpayers money for a development, to do the right thing. The City shouldn't be a landlord.

Bud Legrande, 2105 E. Buder, asked how the City got into a mess as to be taken by a character like this who said he was going to do something and not follow through. He signed a document to use the City money to develop. Isn't he liable for a lawsuit for not following through? The City has lost DPW workers who were needed to help repair and keep the City running.

Mr. Martinbianco expects the City Attorney will have feedback at the next Council Meeting.

Paul Laper, 1469 Mallard Court, lives in Mallard Ponds and is in the dark on what will happen in their community. He has contacted the Land Bank and other departments. He asked where he and the other residents could call to get more information.

Mr. Martinbianco shared a previous communication from Charles Smiley to Trail Ridge residents. Because of the City's purchase of that property, if someone else bought that land and within 3 years did not pay taxes, we would be back where we were. Mr. Smiley had talked with residents about deed restrictions, a name change and had Town Hall meetings with Elga Credit Union for insight.

Bob Walls, 2400 Meadowcroft, suggested the residents who will be affected in Mallard Ponds be sent a letter explaining the situation of their neighborhood along with dates and times of meetings on the subject instead of seeing the notice posted at City Hall.

Dennis O'Keefe, 4304 Lapeer Rd., told Mr. Laper the City Attorney would be at the Council Meeting Monday night and will hopefully have insight into the situation. He asked if the $978,000.00 was including interest.

Mrs. Burke-Miller was unaware of the number of parcels in Mallard Ponds so they have to back out some parcels. The number will go down somewhat and the payments are semi-annual.

Mr. O'Keefe asked what would be tagged for the coming year. Mrs. Burke-Miller replied $34,00.00 in interest. The principal portion is $125,000.00. He asked for a more information on the bond issue. He asked who the lender was and what dollar amount of exposure they had.

Ms. Bassi replied it was Citizens bank. On the mortgage itself, there was no dollar amount. They never foreclosed on the property but it went back to the County for tax sale. The only deed she found was a 2006 mortgage recorded to Citizens Bank.

Mr. Smith was under the impression the lender was Elga. He spoke to a representative of Elga and was told they let the property go back.

COMMITTEE DISCUSSION:

Mr. Wells said he has been reading minutes regarding Pebble Creek and Burton Estates. He doesn't like when people say we are going to follow the past Administrations policies. We are not in a position to make residents make up another million dollars for property that most of them have nothing to do with. He would like to set up a meeting with Deb Cherry, residents of Mallard Ponds, Administration, Council and experts in the housing market. He would like to ask Mr. Sekrenes and Elga Credit Union why they are walking away from this and leaving the residents to pay for a bad investment they made. If Mr. Sekrenes was in foreclosure how did he have the front property available to build the Memory Center.

Mr. Smith said 5-6 months ago he met with Elga to get their take on what happened. They said what the materials were going for and what it takes to build a home, they made a strategic decision to back out.

Mr. Martinbianco suggested not calling Elga out on this as they are a private business who has every right to conduct business legally or otherwise within the scope of the law.

Ms. Bassi asked that the Board make a decision on the small or large bundles soon because the Land Bank needs time to prepare for that. She said if you are going to the no minimum bid, you should go with the small bundle.

COMMITTEE RECOMMENDATION:

The Board scheduled a Council Meeting of the Whole for Thursday, October 13th at 6:00 p.m. for further discussion and possible recommendation regarding Mallard Ponds and the County no minimum bid auction and the City's participation.

Ms. Bassi volunteered to send out a letter to the Mallard Ponds residents explaining the situation.

Mr. Martinbianco said recommendation from Administration has been to go with the small bundle. He and Mr. Wells have no desire to go through the Land Bank.

Meeting adjourned at 3:55 p.m.

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