

**DETROIT LAND BANK AUTHORITY**  

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**BOARD OF DIRECTORS MEETING**  
**CADILLAC TOWER**  
**65 Cadillac Square, Suite #3200 • Detroit, Michigan**  
**(Conference Room)**

**Tuesday, August 19, 2014**  
**2:00 PM**

**MINUTES**

**Present:** Marsha S. Bruhn  
Richard Hosey  
Larry Lipa  
Patricia Pernell-Shelton  
Erica Ward Gerson

**Absent:** None

**Others Present:** Detroit Land Bank Authority (DLBA) staff  
Public

**CALL TO ORDER**

Chairperson Ward Gerson called the August 19, 2014 DLBA Board of Directors meeting to order at 2:01 pm.

**ROLL CALL**

All of the board members were present and a quorum was met and the meeting began.

**ADOPTION OF AGENDA**

Chairperson Ward Gerson called for the adoption of the agenda, as amended to include item *X(a)(iv)*, *Resolution 08-05-2014*. **Motion by Member Marsha Bruhn to adopt the agenda. Supported by Member Patricia Pernell-Shelton. MOTION APPROVED.**

**REVIEW AND APPROVAL OF MINUTES**

Chairperson Ward Gerson asked for adoption of the minutes from the June 17<sup>th</sup> public meeting. **Motion by Member Marsha Bruhn to adopt June 17, 2014 minutes. Supported by Member Larry Lipa. MOTION APPROVED.**

**PUBLIC COMMENT**

Ted Phillips, Executive Director of the United Community Housing Coalition (UHC), provided an update on his organization's work in relation to occupied properties either owned by the DLBA or by other governing bodies. He again expressed the UHC's interest in working directly with the DLBA regarding occupied properties, to which Chairperson Ward Gerson replied that an RFQ is forthcoming to contract with a community organization that will work with the DLBA in dealing with occupied properties.

Sylvia Ordeneo of the Michigan Welfare Rights Organization (MWRO) was present and commented on the previously submitted proposal for 300 homes to be transferred to their organization to assist with homeless and low-income residents. The MWRO further provided a potential resolution to the Board, dated August 19, 2014, requesting the proposal dated July 29, 2014 be approved as submitted. Chairperson Ward Gerson commented that the prior proposal, dated July 29, 2014, was received and reviewed by DLBA personnel; she further noted that DLBA is in the process of creating a policy to address occupied homes in its possession. At the time a policy is finalized, Member Ward Gerson confirmed the policy would come before the Board of Directors.

Belinda Blythe of Lakepoint News addressed the Board of Directors, requesting a Blexting Grant from the DLBA. Chairperson Ward Gerson suggested Lakepoint News contact Director of Policy and Community Engagement, Mike Brady, to determine what the specific needs and objectives would be of the proposed project and to determine if grant funds might be available.

Cindy Darrah, a resident of the City of Detroit, addressed the Board of Directors, requesting that both the Michigan Department of Environmental Quality (MDEQ) and the DLBA take full responsibility as owners of the properties each organization possesses. Chairperson Ward Gerson concluded that the DLBA is properly executing its responsibilities to the City of Detroit and its residents through the auction, demolition and nuisance abatement processes.

#### **EXECUTIVE DIRECTOR'S REPORT**

Executive Director Richard Wiener provided the 81-page Quarterly DLBA Report required by and presented to City Council on July 11, 2014, along with brief remarks regarding events at the DLBA since that report was prepared. He confirmed that the report was well-received by the Council and that he received many positive remarks from the Council Members. He indicated the importance of the Quarterly Reports to keep the DLBA both internally and externally accountable and that the next report would include further detail on newer programs, including the Side Lot program. Mr. Wiener also provided a list of contracts, separated by HHF and non-HHF, noting that the bulk of the contracts were HHF- (demolition) related. He then noted that the DLBA has undergone some organizational changes, most notably the appointment of General Counsel Kevin Simowski as the Principal Deputy Director and the addition of Craig Fahle as the Communications Director. Mr. Wiener explained these changes will ensure tasks are being streamlined, to assist in increasing efficiencies, and also to better communicate the successes of the DLBA as the organization moves forward. He also included that a total of 24 new full-time employees were brought onboard since the June Board meeting and that these hires are necessary in continuing to achieve the growing objectives and demands of the DLBA.

Member Bruhn commended the Executive Director and staff on preparing the Quarterly Report and commented on the crucial nature it plays in ensuring the DLBA is building trust and rapport within the community and with the City Council.

#### **STAFF REPORTS/PUBLIC REPORTS**

##### **Demolition.**

Jim Wright of the Detroit Building Authority provided the Demolition update to the Board, in place of Carrie Lewand-Monroe. There are approximately 446 properties currently in the queue to be demolished, but not yet released. This is due to the MSHDA reporting system (MATT) being full. As the DLBA would not be able to recover the funds spent on demolishing these homes until the MATT system has approved the homes for demolition, these homes will be indefinitely on hold until further funds are secured for

demolition. There are approximately 3,300 in the overall queue for demolition, which will exhaust the Federal funds the DLBA currently has allotted for demolition. Of the 3,300 in the pipeline, 300 properties are being reviewed to ensure there is even distribution among each of the 6 Hardest Hit Fund areas and potentially may be reassigned depending on the result of the analysis being performed. A total of 2,483 properties are currently in some stage of the demolition process; further contracts have been awarded to ensure these demolitions are properly completed. 1,308 homes have been successfully demolished to date, however are waiting the final inspection by LARA before the final grade and licensing can be fully processed. Mr. Wright confirmed that some of these figures are overlapping as they are still within parts of the overall demolition process, but confirmed again that 3,300 homes are in some stage of the demolition pipeline.

At the current time, the DBA is averaging approximately 220 properties being demolished per week.

#### **Auction.**

Dekonti Mends-Cole, Deputy Director, provided the Auction update to the Board. She announced that 133 properties have been auctioned to date, totaling \$2.25M in commitments. Of these 133 properties, 25 of the sales have been closed and 13 more closings are scheduled for the upcoming week. Community and non-profit partnerships now include a total of 21 signed and approved applications; these endorsements are meant to encourage and speed up home ownership in the communities through a streamlined, batching process. Ms. Mends-Cole stated that 4 auction winners have been able to take advantage of the Talmer Bank program, assisting with loans for home rehabilitation. Further, 50 people have applied to Chase Bank for home mortgages and are going through the necessary counseling to ensure the auction-winners are, in fact, "homebuyer-ready" prior to receiving an approved mortgage on auction-won homes.

Further, 43 side lot sales have been finalized and many more are presumed to come; the pilot program only included a select portion of lots available for sale on the website, though the DLBA owns approximately 1,000. It is anticipated that all lots will be available through the website soon.

#### **Nuisance Abatement.**

Kevin Simowski, General Counsel and Principal Deputy Director, provided the Nuisance Abatement Program update to the Board. He confirmed that each Monday a new neighborhood is targeted, resulting in a total of 16 neighborhoods being targeted to date for the Nuisance Abatement Program. As a result of these efforts, he confirmed that over 1,300 properties had been posted. The DLBA has filed suit against an additional 570 properties, reaching agreements both in-court and pre-filing with over 200 homeowners to rehabilitate their respective properties. Over 20 deeds have been directly given to the DLBA after the initial suits were filed, due to the homeowners not wanting to assume the rehabilitation cost of the nuisanced property, but had paid the owed taxes on the property. As of August 15, a total of 63 default judgments have been granted, with increasing numbers each week due to the notice period expiring without homeowner responses.

Mr. Simowski then confirmed that the legal team was to begin the filing of quiet title actions this upcoming week. The filing of a quiet title action effectively removes any existing liens on the property and is being targeted primarily at the properties assumed by the DLBA through default judgments. Additionally, the legal team continues to work with the Wayne County Treasurer to identify properties within the NAP-targeted neighborhoods in order to exercise the City's right of first refusal so that the DLBA might own and act on all properties within the specific neighborhoods. Mr. Simowski stated that posting is scheduled

to continue every Monday through October 31<sup>st</sup>, with the exception of the upcoming Labor Day holiday, resulting in 8 more targeted neighborhoods.

## **STANDING COMMITTEE REPORTS**

### **Community Engagement.**

Director of Policy and Community Engagement, Mike Brady, and Director of Communications, Craig Fahle, jointly opened the Community Engagement standing committee report to the Board. Mr. Brady first communicated that the biggest update was the creation of the Director of Communications position, and with Mr. Fahle taking that position, the two departments are committed to and already working closely together to ensure their efforts are coordinated and providing the best, most consistent message to City residents as to what the DLBA is doing and how residents might be part of the rebuilding of Detroit. Mr. Brady also noted the hiring of Rodney Liggons within the Community Engagement team, who was coming from Councilman Tate's team and is experienced in engaging with the City's residents. Further, he confirmed the going-live of the new Building Detroit website, which is aiding the DLBA's effort to be transparent and more effectively and efficiently communicating information within the greater community.

Mr. Fahle further discussed the new Building Detroit website, specifically noting the FAQ portion of the website as addressing a wide array of potential questions, and how this website as a whole largely helps the DLBA in being transparent with the greater community. Mr. Brady additionally noted that although not all residents have access to the website, the website is helping to inform others who can disseminate the pertinent information to those in the community without computer or internet access, such as District Managers. Mr. Fahle also discussed the upcoming DLBA television commercial, which is set to show over a trial period of 3 weeks. It is anticipated that these commercials will drive increased traffic to the website, and hopefully to the auction.

Member Pernell-Shelton commended the Community Engagement team on the participation of open house personnel, notable by their presence in blue "Building Detroit" t-shirts, the effort of the District Managers, and the importance of keeping the new website continually updated.

### **Finance and Audit.**

Member Hosey provided the Finance and Audit committee update to the Board, noting that since the June meeting, DLBA's operations have been merged under Michelle Story-Stewart, CFO; therefore, items both finance- and operations-related were appropriately addressed within the meeting. Specifically, the bulk of the meeting was focused on proposed updates to the DLBA Personnel Guidelines. Member Hosey additionally stated that Mrs. Story-Stewart was keeping the Committee well-informed regarding financial needs of the DLBA.

### **Project Review.**

Member Lipa provided the Project Review committee update to the Board, beginning with an update on demolitions. Member Lipa referred to Mr. Wright's report to the Board, agreeing that all funds have been committed and that the Detroit Building Authority is demolishing properties in adequate time to also meet the timeline necessary to spend the committed Hardest Hit Funds. He discussed the measures that have been undertaken by the Detroit Building Authority to ensure these demolitions continue on the anticipated timeline, specifically noting the efforts of the Detroit Building Authority and DLBA to ensure being invoiced by contractors in a timely manner, as reimbursement cannot be requested without the appropriate invoice. Another effort discussed was the contracting of out-of-town contractors in order to meet the unprecedented demand for demolition, as all local contractors have already been engaged and

are at maximum capacity. Member Lipa also referred to the temporary shortage of fill, slowing the final stages and ultimate completion of demolitions; this problem has been addressed in the short-term by looking out of state until local suppliers are able to increase their stock and meet the Detroit Building Authority's demand. Member Lipa also commented on the successes of the auction and the importance for the DLBA to be involved in more than just removing blight through demolition, but also supporting efforts to rebuild in the neighborhoods.

### **TREASURER'S REPORT**

Michelle Story-Stewart, CFO, provided the Treasurer's report to the Board. She indicated that the Finance team is actively preparing for the DLBA's annual audit, as the 2014 fiscal year ended on June 30, 2014. She provided draft financials to the Board and discussed some of the key balance sheet figures. Mrs. Story-Stewart noted that the DLBA's administrative fees are trending over budget, primarily in response to increased personnel hires being made to meet the aggressive goals of the DLBA.

Member Hosey asked why professional fees included accounting fees, as the accounting has been largely brought in house. Mrs. Story-Stewart noted that the accounting function was only brought in house in June, resulting in fees still being paid to the accounting consultant firm, Corporate FACTS, through that time. She also commented that minor fees will continue through the end of the audit, while the DLBA's team transitions to take on all duties previously performed by Corporate FACTS, which may not occur in its entirety until the end of the audit.

Member Ward Gerson asked whether the most recently adopted budget, from July, was more accurate. Mrs. Story-Stewart commented that this budget is more in line with expectations, but still administratively inaccurate due to the unanticipated large increase in staff. Member Ward Gerson requested that the Finance and Audit Committee track and review budget overages on a quarterly basis.

Member Bruhn noted that the majority of revenue is tied to specific programs and questioned whether there were adequate funds available to support the large increase in staff. Mrs. Story-Stewart confirmed that fundraising efforts have already been undertaken, noting the funds from JP Morgan Chase as an example. Member Ward Gerson also referred to other commitments from the Emergency Financial Manager, the Mayor's office, as well as the auction being an important source of revenue moving forward. Member Hosey and Member Bruhn both requested that a detailed cash flow be provided, specifically focusing on the revenue sources and how these support the operating activities of the DLBA, so that needs for cash will be more transparent to the organization and to the Board in the future.

### **OLD BUSINESS**

#### **Resolutions.**

**Resolution 08-01-2014**, proposed amendment to the Non-Profit Faith Based and Community Development Organization Partnership policy. The amendments made to the policy are consistent with those recommended by City Council. **Motion by Member Richard Hosey. Supported by Member Larry Lipa. MOTION APPROVED.**

### **NEW BUSINESS**

#### **Resolutions.**

**Resolution 08-02-2014**, proposed approval of the updated DLBA Personnel Guidelines ("Guidelines"). Michelle Story-Stewart, CFO, provided an update to the Board that the Guidelines distributed would require three specific amendments: removal of Lincoln's birthday and Veteran's day as paid holidays; change in Good Friday to a floating holiday, to be used at each employee's discretion. Member Bruhn noted the removal of the Code of Ethics from the Guidelines and requested either the re-establishment

of the prior Code of Ethics or the creation of a new Code of Ethics. Member Ward Gerson also requested that a general Conflict of Interest policy, both for DLBA personnel and Board of Directors members, be provided in conjunction with the Guidelines. Mrs. Story-Stewart confirmed the requests for re-establishment of the Code of Ethics and inclusion of a Conflict of Interest policy would be included within the motion to amend the Guidelines. **Motion to approve the resolution as amended by: Member Richard Hosey. Supported by Member Marsha Bruhn. MOTION APPROVED.**

**Resolution 08-03-2014**, proposed authorization for the Executive Director to sign an office space lease on behalf of the DLBA. Richard Wiener provided an update on the pending lease with Farbman, indicating that the space included 2 contiguous floors within the Cadillac Tower Building (the DLBA's current building) and first right of refusal to a third, contiguous floor. He indicated that CAYMAC was not a viable option as adequate space was not available for the number of personnel the DLBA currently has, and also confirmed that the rent per square foot for the pending lease was less than if the DLBA had been able to secure space within CAYMAC. Mr. Wiener also discussed the anticipated timeline, noting that the ultimate aim is to be fully moved in to the permanent space by January 1, 2015. Member Pernell-Shelton expressed her concerns regarding lack of security provided by the building owners, especially considering the anticipated work of the DLBA over the coming months. Michelle Story-Stewart, CFO, confirmed that Radio Frequency Identification (RFID) access cards will be implemented by the building owners and would be expected to be installed, at the latest, at the time the DLBA is fully moved. Member Pernell-Shelton continued to express concern for the DLBA to gain its own layer of security, potentially on the specifically occupied floors; Mr. Wiener confirmed Member Pernell-Shelton's concerns would be taken into account and expressed directly to building management as part of finalizing the office lease. **Motion by Member Richard Hosey. Supported by Member Larry Lipa. MOTION APPROVED.**

**Resolution 08-04-2014**, proposed extension of personal services agreement for Dandelion. Dekonti Mends-Cole, Deputy Director, provided a brief, verbal update to the Board regarding Dandelion's involvement with the website development, specifically the building of the auction website to date, and the need to continue with Dandelion to ensure appropriate and timely addition of necessary features are secured. Member Hosey asked Ms. Mends-Cole to describe the nature of the contract extended to Dandelion. Ms. Mends-Cole confirmed that the contract was competitively bid, and the extension period was for approximately a month, ending in September 2014. She further noted that her personnel are closely monitoring the contract and ensuring all requests are completed without an increase in price. Member Hosey also asked whether the contract extension terms allowed for termination, to which Ms. Mends-Cole confirmed it did. **Motion by Marsha Bruhn. Supported by Member Richard Hosey. MOTION APPROVED.**

**Resolution 08-05-2014**, proposed change to account accesses for the DLBA's LandArc Property Management Account. This resolution would update account accesses to be in line with changes in personnel and personnel responsibilities. **Motion by Richard Hosey. Supported by Member Larry Lipa. MOTION APPROVED.**

#### **Website and Logo Presentation.**

Director of Communications, Craig Fahle, presented the new Building Detroit website to the Board. This presentation included demonstrating how to navigate the new website, describing the type of information included on line, as well as where it could be found. Mr. Fahle also indicated potential future improvements and additions of information to the website, though none have been confirmed at this time. Member Ward Gerson requested that the "Scheduled Closing Date" be removed from the "Completed Auction Sales" page, which Mr. Fahle confirmed would occur. A question from the public was

posed and tabled until the next Board meeting, as the Public Comment portion of the meeting was already held.

#### **EXECUTIVE SESSION**

*In accordance with the State of Michigan's Open Meetings Act, Section 8, Closed Sessions are permitted. The conditions of such a Closed Session includes the following: 1) The Session must be for a "limited purpose," 2) the Session must be conducted during the course of an open meeting and 3) per Section 9(1) of the OMA, the minutes of the open meeting must include the purpose for which a closed session is held.*

*It is noted that the purpose of the Executive Session was called for a permitted purpose as described within OMA, Section 8; "to consider the dismissal, suspension or disciplining of, or to hear complaints or charges brought against, or to consider a periodic personnel evaluation of, a public officer, employee, staff member, or individual agent".*

#### **Resolutions**

**Resolution 08-06-2014**, proposed personnel change as discussed during the Executive Session. **Motion by Member Richard Hosey. Supported by Larry Lipa. MOTION APPROVED.**

#### **ADJOURNMENT**

**Motion by Marsha Bruhn. Supported by Richard Hosey. MOTION APPROVED.**

Public session adjourned at 4:10 pm.