

Kent County Land Bank Authority
Board Meeting Minutes
February 20, 2014
Water's Building Conference Room
161 Ottawa Ave. NW, Grand Rapids

1. Call to Order - Board Chair Parrish called the meeting to order at 8:00 a.m.
2. Roll Call – Board members present Parrish, Brinks, Bliss, Ponstein,
Members absent - Kaminski
Staff members present –David Allen, Vince Lambert, LouAnn Bryant
3. Approval of Agenda – Motion by Bliss to approve agenda, support by Ponstein.
Motion passed. E.D. Allen noted the revised agenda item #8 to meet in closed session following the general business meeting to consult with the KCLBA attorney regarding pending litigation.
4. Approval of Minutes Dec. 4, 2013 meeting - Motion by Brinks to approve minutes as written. Support by Ponstein. Motion passed.
5. Public Comment – none
6. Executive Director Report –David Allen reported the following:
 - a. Audit Update-Allen stated the 2013 audit had been completed about a week ago by Rehmann Group. There were no findings or material adjustments. Allen added the KCLBA is subject to audits as is the County but different than the County's because the KCLBA is "independent." Board Chair Parrish explained since 4 of the 5 Board members are appointed by the Kent County Board of Commissioners the KCLBA is a "component unit" and as such the KCLBA audit will be included in the County audit.
 - b. Financials- Vince Lambert reported a \$27,000 net gain at the end of 2013 adding there will be efficiencies put in place in the development area. He noted there would have been \$422,000 in demolition funds by the end of 2013 but MSHDA was not ready at year end.

Lambert reported after year end the Founders Line of Credit had been paid off, half of the \$300,000 PRI had been paid and interest payments had been made to the Grand Rapids Community Foundation.

Lambert reviewed the P& L Actual vs. Budget expenditures for January 2014 noting the operating budget appears to be over because of the annual audit.

Allen distributed updated 2014 Cash Flow Projections. He explained the projections were extremely conservative, stating the KCLBA was well on its way to having funds for the 2014 purchases. He added he is having preliminary conversations with other foundations and he has been approached by banks because the KCLBA is now “bankable” to purchase other local unit properties. Allen stated he and Lambert review the cash flow weekly.

- c. Lessons Learned- Allen reviewed a list of lessons learned following completion of the 2013 Tax Foreclosure process. He stated some of the changes that are being considered are:
- Currently working on an agreement with Greenridge Realty to look over and sign off on all “in-house” transactions.
 - Developing a “Scratch & Dent” sale for low value properties. Costs of taxes owed, clean up, realtor fees are too great. (This would only apply to approximately 10-15 properties.) Properties would be listed on the KCLBA website with Greenridge Realty oversight.
 - Make the decision to demolish properties earlier.
 - Pull water meters as soon as possible to avoid ongoing water bills.
 - Have sidewalk inspections completed immediately after taking possession if the City of Grand Rapids does not implement the proposed new sidewalk inspection policy. This will eliminate extra costs of cleaning sidewalks in winter.
 - Notify maintenance crews as soon as properties are sold to remove from routine maintenance lists.
 - Selling to non-profits needs to be better monitored-they need to be held to the same standards as other buyers.
 - Revising the tracking worksheet to include all necessary information, adding tracking of all local units.
 - Provide quarterly reports to each local unit. (Requested by member of Board.)
 - City Inspections-City will give 24 hour notice to the KCLBA. Allen added the County Treasurer’s office, the Land Bank and the City of Grand Rapids staff will work together to get the list of foreclosures to the City of Grand Rapids on April 1.
 - Establish a policy for relocation to present to the Board. Allen stated the process went incredibly well in 2013. The KCLBA will also re-evaluate the relocation assistance allowance.
 - Start Quiet Title action ASAP. The goal will be to get properties to market earlier.
 - Have realtors develop the “scope of work” for properties. In 2013 Home Repair Services was contracted to complete inspections.

- Evaluation of real estate agents-implement a selection system similar to HUD, open RFP every 2 years. Allen stated the real estate community was happy with the KCLBA selection process.
- d. Hardest Hit Demolition Update-Allen reported 3 structures have been taken down so far. He added there were 10-12 properties that are structurally sound but the cost of renovation needed is too expensive and the vacant lots can be marketed to developers. Allen stated there is a developer who has approached the KCLBA to purchase 2 of these to rehab.

Allen explained the Land Bank has submitted invoices to MSHDA and is awaiting payment. Further demo contracts will be awarded once the first round has been completed. He stated the Kent County Land Bank is ahead of schedule in completing demolitions and other Michigan area land banks have not completed 1 project.

Board members discussed funding options to develop vacant parcels (Fair Housing Center, Wells Fargo)

Allen stated there are new investors in town who will purchase properties to rehab if they can purchase the units at a low enough cost. They would be willing to do a gut rehab but need incentives to purchase.

Allen added next year the KCLBA is considering using a system similar to HUD to test mechanicals & utilities. This would save money on utilities next year.

- e. Annual Report Update-Allen provided an update on the 2013 Annual report informing members Don Stypula was working on the report noting this annual report would be a video report. Allen expects the report to be completed within 2-3 weeks. Board members suggested having YouTube excerpts made of key points.
- f. Inventory Update- Allen reported everything has been sold except the properties slated for demolition. Members discussed the number of properties to be foreclosed this year. Board Chair Parrish estimated about the same as last year with a possibility of 50 more or less as a final count.
7. Open Discussion- Board members discussed KCLBA policies for awarding contracts. Allen stated every service is put out to bid except 1. The maintenance of properties is awarded based on KCLBA's quote (minimal amount) and is offered to job training programs. KCLBA is currently has contracts with Next Step & Building Bridges. The general rule Allen stated is if the contract is \$3,000

or more, the job is bid. Purchasing policy is if any purchase is over \$5000 the costs are put out for bid.

Board members discussed transparency and making public all property sales. Allen stated the KCLBA is subject to audit and sales are posted on the KCLBA website. He added the sales are very transparent.

8. Closed Session-Board Secretary Sharon Brinks made a motion for the Board to meet in closed session under section 8(e) of the Open Meetings Act, to consult with the KCLBA attorney regarding trial or settlement strategy in connection with pending litigation. Support by Bliss. Roll call vote 4 Yes, 0 No.

Board Chair Parrish excused audience members from the meeting.

KCLBA Board resumed meeting in closed session.

9. Adjournment-There being no further business to discuss, Board Chair Parrish adjourned the meeting at 4:00 p.m.

Next Meeting:

Thursday, April 20, 2014

8:00 a.m.

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