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STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

KEITH W. COOLEY
DIRECTOR

**STATE OF MICHIGAN
LAND BANK FAST TRACK AUTHORITY BOARD**

BOARD MEETING MINUTES
Monday – April 16, 2007 – 2:00 p.m.

Cadillac Place - State of Michigan Office Bldg.
3028 W. Grand Blvd. – 4th Floor
MSHDA Conference Room, Suite 602
Detroit, Michigan 48202

Board Members Present: Chairman Hon. Daniel Kildee, Vice-Chairperson Nicole Lamb-Hale, George Jackson, James Paquet (Representing Member Michael DeVos), and Mark Morante, (Representing Member James Epolito).

Board Members Absent: DLEG Representation.

DLEG/Atty. General Staff: Semone M. James, Fred Durhal, Jr., and Patricia Quinn, First Assistant Attorney General, Finance Division.

Call To Order / Attendance Call:

Chairman Hon. Daniel Kildee called the meeting to order at 2:30 p.m. Fred Durhal, Jr. presented the roll call. Six members were present. A quorum was declared.

Approval of Agenda:

Chairman Kildee presented the agenda for approval:

Motion: Member Lamb-Hale / Supported by Member Paquet: *To approve the agenda.*

MOTION APPROVED UNANIMOUSLY.

Approval of Minutes of March 15, 2007:

Chairman Kildee presented the Minutes of the March 15, 2007 Board Meeting for correction/approval:

Motion: Member Morante / Supported by Member: Lamb-Hale: *To approve the minutes of the March 15, 2007 Board Meeting.*

MOTION APPROVED UNANIMOUSLY.

Public Comment #1:

Chairman Kildee asked for public comment. The results: None.

MLBFTA Status Report by Executive Director Semone M. James:

Director James highlighted the following in addition to her written report:

Policies and Procedures

Director James discussed the conversation that she had with the DLEG Regulatory Affairs Officer, Jeannine Benedict. She stated that our policy document must be reviewed by State Office of Administrative Hearings and Rules (SOAHR) to ensure that they are “guidelines” and not “rules”. After approval, the guidelines will be submitted to the Joint Committee on Administrative Rules (JCAR), and SOAHR will publish the notice in the *Michigan Register*.

Discussion was held on the procedures for changes to the documents before submittal to SOAHR and questions were asked about the change procedure after adoption of the guidelines. Director James discussed the application process and the audit and finance procedures relative to the proposed policies and procedures process. After further discussion, it was agreed to continue discussion under Agenda item #8 – Policies and Procedures Board Review and Discussion.

Director James stated that the staff complied with the Authority’s directive regarding notification to the public about their providing comments on the proposed policies and procedures. She stated that the only comments received were from Katy Locker and State Representative Steve Tobocman.

MSHDA / MLBFTA Repayable Grant

Director James reported that the Authority had received a request from MSHDA to sign an Amendment to Repayable Grant #HDF-2004-81 which would amend the current agreement to conclude repayment of the grant on June 30, 2007. After some discussion, the Board authorized Director James to submit a request to MSHDA to extend the term to the end of the Authority’s fiscal year on September 30, 2007. Chairman Kildee wanted to know if there was a date certain for the expiration of the contract. He thought that the date should coincide with the end of the land bank fiscal year in September. Director James stated that MSHDA’s fiscal year ends on June 30th. After some discussion, Chairman Kildee requested a motion:

Motion: Member Morante / Supported by Member Paquet: *To authorize the Executive Director to seek an extension of the MSHDA/MLBFTA Loan Agreement termination date to September 30, 2007 before signing the agreement.*

MOTION APPROVED UNANIMOUSLY.

Director James also updated the Authority about participation in the MPRI Program and the Cities of Promise Blight Elimination Project.

Finance

Director James reported that the Authority had generated monthly revenues of \$280,810, with fiscal year to date revenues totaling \$646,815.59. Cash Fund Balance as of April 9, 2007 is reported as \$2,770,722.66. 64 out of 100 parcels have been conveyed through the MSHDA/MLBFTA Program. Fiscal year to date, approximately 212 parcels have been returned to the tax rolls (102 sold and 110 reconveyances). Detailed financial information was presented in the Board packets.

Update on Maroon Industrial Development

Director James gave an update on the project as noted in her report. Chairman Kildee expressed some concern about the ability of the developer to complete the project. He also stated that he had some discussion with Board Member George Jackson about coordinating both state and city processes to ensure a completed process and to address the desires of the city. Member Jackson stated that the City of Detroit does not transfer property in any way until the proposed development has the financing to make the project a reality. Member Jackson stated that even though we have the 18-month development requirement, it is very difficult and expensive to go back and retrieve a property from a purchaser after that period. Member Jackson further stated that as chief economic development officer for the City of Detroit, he was not ready to convey city owned property for this project until the developer could show the financial where with all for the project. He further stated the desire of the city for the financial closing and land transfer take place at the same time on all projects. He stated that he preferred that this transaction be handled that way.

Director James stated that Brian Kott, attorney for the Economic Development Corporation for the City of Detroit (EDC), had reviewed the Authority's proposed purchase agreement and added a section on assignment. She also stated that the proposed development agreement contained wording which made our transaction subject to the agreement between Maroon and the city.

Chairman Kildee clarified with Member Jackson that all the terms exist for the transaction, but that it should not be executed until the city's property has been transferred per their agreement. Member Jackson elaborated on the city's procedures that would "separate suspects from prospects" as it relates to development.

Assistant Attorney General Pat Quinn asked where the State Operations Division was in the review of the transaction. Director James stated that Assistant Attorney General Kevin Francart has the documents and has been in discussion with her and the EDC attorney. Member Jackson stated that the agreement still allowed the developer to receive land control before project financing is completed. Director James stated that she has informed Dr. Anderson that he could have a refund or a right of entry to allow for environmental testing. Director James further stated that she informed Dr. Anderson that she could not proceed with a quitclaim deed nor could she sign a purchase agreement because Dr. Anderson had changed several clauses in the proposed agreement. Assistant Attorney General Quinn stated that because Dr. Anderson had made changes in the proposed agreement that there was no meeting of the minds and therefore no agreement. Director James stated that there was no way that she would sign the agreement until she had signoff/approval from the Authority Board and the AG's office.

Chairman Kildee stated that there is no agreement because our proposed agreement came back with changed (strike through) clauses. The developer's tendering of payment does not obligate the Authority in any way and that the funds received must be returned because there is no agreement.

Chairman Kildee stated that the Authority should rescind the prior approval and that the Authority would proceed with a new agreement in cooperation and simultaneous with the requirements of the local unit of government and that the execution of the transaction is

contingent upon the other parcels that are held by the City of Detroit being conveyed to the developer. After more discussion, Director James stated that she would notify the developer about the return of funds, proposed development plan and its nullification pending the agreement with the City of Detroit.

Update on City of Detroit Land Bank

Director James supplied the Authority Board with an update on the formation of the Detroit Land Bank, as supplied by the Coalition for a Detroit Land Bank. Member Jackson spoke about the internal issues that are complicating the development of the Detroit Land Bank. Director James brought to the attention of the Authority that she was made aware of comments made outside of the Authority that could have potentially placed the Authority in the middle of the city land bank discussions. Director James stated that the position of the staff has been and is to stay out of such discussions. Director James also stated that she shared her concerns with Chairman Kildee. After some discussion, the Authority agreed that its only input into the formation of the Detroit Land Bank would come after the city submitted an Intergovernmental Agreement for approval by the Authority body.

Action Items For Board Approval:

Biannual Report To Legislature For Fiscal Years 2005-2006

Director James presented the report to the Authority and asked for permission to transmit the document to the Governor and Michigan Legislature as required by law. Chairman Kildee asked for a motion:

Motion: Member Paguet / Supported by Member Morante: *To approve and transmit the Biannual Report to the Governor and Michigan Legislature as required by MCL 124.722.*

MOTION APPROVED UNANIMOUSLY.

Policies and Procedures Public Comment:

Chairman Kildee opened the floor for public comment. He ordered that the comments of Katy Locker of the Coalition for a Detroit Land Bank and the letter received from State Representative Steve Tobocman be placed on the record and filed. There was no public comment.

Policies and Procedures Board Review and Discussion

Chairman Kildee opened the floor for comments on the responses received by the Board. Member Fox suggested that as we review the comments from staff and the public, that we incorporate the language into the document where ever possible as long as we agree. Chairman Kildee agreed but suggested that the Board make motions to incorporate such language for each item we want to amend. ***NOTE: The following are the motions that were made regarding each amended section of the Policies and Procedures:***

Motion: Member Paquet / Supported by Member Fox: *That the Policies and Procedures “Forward” section, paragraphs 3 and 5, contain the underlined language and deletions recommended by The Coalition For A Detroit Land Bank be accepted and where possible, all public suggestions be incorporated into this document so long as they are within budgetary constraints and are acceptable to this Board and that the following language be retained: “where a local land bank authority does not exist, the Authority will exercise its discretion in the acquisition and disposition of properties, coordinating with other units of local government”.*
MOTION APPROVED UNANIMOUSLY.

Motion: Member Paquet / Supported by Member Fox: *To adopt the following language on page two, paragraph #3: All acquisitions shall require the approval of the Authority Board.*
MOTION APPROVED UNANIMOUSLY.

Motion: Member Paquet / Supported by Member Fox: *To adopt the following language on page three #1: “The Authority will consider the following factors in pricing and conveying property:”*
MOTION APPROVED UNANIMOUSLY.

Motion: Member Lamb-Hale / Supported by Member Paquet: *To add and strike the following language on page seven, #4A2: “The Property is not buildable according to current zoning and building codes” and strike “or able to be developed independently” and at #4A3: add: “that is supported by the local unit of government” after the word ‘development’ and before the word ‘requiring’.*
MOTION APPROVED UNANIMOUSLY.

Motion: Member Lamb-Hale / Supported by Member Fox: *To replace the current language and add the following language on page eight, #5C: “The Authority staff will attempt, within ninety days of receiving a completed application, to complete a review of the application. After review, the Authority staff will notify the applicant of the determination or request additional information.”*
MOTION APPROVED UNANIMOUSLY.

Motion: Member Paquet / Supported by Member Lamb-Hale: *To make the following changes to page nine, #6A2 delete the word “non-residential”, at #6A3 replace “land contracts and leases” with “transactions”, and delete #6A4 also to delete paragraphs #6B2, 3, and 6; to change paragraph #6B4 by deleting “for non-residential use or development” and adding “unless to a single purchaser during the Authority’s fiscal year.” As to authority of Executive Director, add: “Any transaction not specifically authorized in Section 6 shall require Board approval.”*
MOTION APPROVED UNANIMOUSLY.

Motion: Member Paquet / Supported by Member Lamb-Hale: To make the following changes to #6C, to strike the word “authorized” and retain the words “entered into” and approve the striking of the words “following the conveyance or as funds are received by the Authority” from this item.

MOTION APPROVED UNANIMOUSLY.

Motion: Member Morante / Supported by Member Paquet: *To take these revised Policies and Procedures guidelines and submit them to the DLEG Regulatory Affairs Officer and to the SOAHR in order to receive commentary that will come back to this Board for consideration.*

MOTION APPROVED UNANIMOUSLY.

Public Comment #2:

Chairman Kildee asked for comments. The results: None.

Adjournment:

Chairman Kildee adjourned the meeting at 4:40 p.m.