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STATE OF MICHIGAN  
DEPARTMENT OF LABOR & ECONOMIC GROWTH  
LANSING

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DIRECTOR

## STATE OF MICHIGAN LAND BANK FAST TRACK AUTHORITY BOARD

### BOARD MEETING MINUTES

Thursday – January 11, 2007 – 2:00 p.m.

Michigan State Housing Development Authority  
Office Building  
735 E. Michigan Avenue - 4<sup>th</sup> Floor, Board Room  
Lansing, Michigan 48913  
Meeting Location with Video Conferencing

Cadillac Place State of Michigan Office Bldg.  
3028 W. Grand Blvd. – 4<sup>th</sup> Floor  
MSHDA Conference Room, Suite 602  
Detroit, Michigan 48202  
Video Conferencing Location

**Board Members Present:** In Lansing: Chairman Hon. Daniel Kildee, Michael DeVos, John Czarnecki (Representing James Epolito), and James Smiertka (Representing Robert Swanson).

In Detroit: Stacy Fox.

**Board Members Excused:** Vice-Chairperson Nicole Lamb-Hale and George Jackson.

**DLEG/Atty. General Staff:** In Lansing: Semone M. James, Executive Director, Jeff Huntington, Property Analyst, Jennifer Lascari, Property Analyst, David Callanan and Lynda Robinson with DLEG Technology and Media Services, and Patricia Quinn, First Assistant Attorney General, Finance Division.

In Detroit: Fred Durhal, Jr., Program Manager.

**Call To Order / Attendance Call:**

Chairman Hon. Daniel Kildee called the meeting to order at 2:20 p.m. Fred Durhal, Jr. presented the roll call. Five members were present. A quorum was declared.

**Approval of Agenda:**

Chairman Kildee presented the agenda for approval: Member Smiertka asked the Chair to modify the agenda and add #2a. – Special Presentation By Member James Smiertka.

**Motion: Member Czarnecki / Supported by Member DeVos:** *To approve the agenda with the modification as requested by Member Smiertka.*

***MOTION APPROVED UNANIMOUSLY.***

Member Smiertka presented a plaque to Chairman Kildee from the Department of Labor and Economic Growth, Michigan Career Technical Institute in recognition of his keynote address and Power Point presentation at the annual State of DLEG meeting. Chairman Kildee thanked Member Smiertka.

**Approval of Minutes of November 9, 2006:**

Chairman Kildee presented the Minutes of the November 9, 2006 Board Meeting for correction/approval:

Member Fox asked a question regarding the Fox Creek/Far Eastside Development. Member Fox was curious as to whether the Attorney General Office had examined the issues related to the Land Bank's legal ability to hold non tax reverted property.

Executive Director James stated that she had requested information from the AG's Office on this matter but that she has not yet received a response. She further commented that the AG's Office has reported that they are working on a response to the request. Director James asked Member Fox if she could address this issue later in her status report to the Board. Member Fox agreed.

Chairman Kildee stated that he wanted to make sure that in the future, that the Authority staff is given enough up front time to be able to thoroughly examine proposals such as this one that requires more research. We should make sure that ample time is given to the staff to examine issues before they are brought to the Board.

**Motion: Member Czarnecki / Supported by Member Smiertka:** *To approve the minutes of the November 9, 2006 Board Meeting.*

***MOTION APPROVED: (4 YEAS, 1 ABSTENTION (MEMBER DEVOS)).***

**Public Comment #1:**

Chairman Kildee asked for public comment. The results:

**Detroit:** None.

**Lansing:** None.

**Proposed 2007 Meeting Schedule:**

Director James presented the 2007 meeting schedule for approval. There was discussion by Board members regarding the rotation of meetings between Detroit and Lansing, and the scheduling of meetings every month. It was concluded that the board meeting schedule would be based upon the meetings being held on the second Thursday of the month and cancelled if necessary. Video conferencing will be made available as necessary. After more discussion, Member DeVos offered the following motion:

**Motion: Member DeVos / Supported by Member Czarnecki:** *To adopt the 2007 meeting schedule as presented with the idea that the Board can revisit the schedule after the Policies and Procedures are adopted.*

***MOTION APPROVED UNANIMOUSLY.***

**Nomination and Election of Officers for the Authority Board:**

Chairman Kildee opened the floor for nominations for Board Chair and Vice-Chair of the Authority Board. After some discussion, Member Czarnecki praised the existing officers for their work over the past year and placed into nomination the names of Dan Kildee as Chairman and Nicole Lamb-Hale as Vice-Chairperson for 2007. Chairman Kildee, with the consent of the members voting and present, closed nominations for officers. Member Czarnecki offered the following motion:

**Motion:** **Member Czarnecki / Supported by Member Fox:** *To approve Dan Kildee as Chairman and Nicole Lamb-Hale as Vice-Chairperson of the Michigan Land Bank Fast Track Authority for the 2007 calendar year.*

***MOTION APPROVED UNANIMOUSLY.***

**Public Service Announcement (PSA) / Marketing Campaign Presentation:**

Director James introduced Mr. David Callanan and Ms. Lynda Robinson, who discussed the proposed public service announcement (PSA) marketing campaign concept with the Board. A video of the PSA was shown to the Board. Ms. Robinson stated that the video would be sent to Michigan radio and television stations along with a cover letter. Chairman Kildee stated that the new video is more representative of the kind of property that is in the inventory. Director James asked if the Board was approving of the PSA and acceptable to put out for public viewing. After more discussion concerning cost and method of reporting on number of airings, Member Smiertka offered the following motion:

**Motion:** **Member Smiertka / Supported by Member DeVos:** *To approve the Marketing Campaign Public Service Announcement for public viewing in the amount of \$4,000.*

***MOTION APPROVED UNANIMOUSLY.***

**Action Items For Board Approval:**

**a. Resolution 2007-1: Public Use Property Conveyance – City of Iron River**

Director James described the proposed transaction with the recommendation that the Board allow the City of Iron River to acquire the property for \$300.00 for a Public Use Deed. The property contains a severely dilapidated four story commercial structure which the City will be requesting \$325,000 from the Michigan Economic Development Corporation (MEDC) to fund the demolition.

Member Czarnecki recused himself from voting on this matter due to the fact that the project is being reviewed for funding approval by the MEDC, which he represents at this Board. After discussion by the Board, Chairman Kildee requested the motion:

**Motion:** **Member Fox / Supported by Member DeVos:** *To approve Board Resolution 2007-1 as recommended.*

More discussion took place concerning issues regarding the historic district impact. After the discussion, Chairman Kildee called for the vote:

***MOTION APPROVED: (4 YEAS, 1 ABSTENTION (MEMBER CZARNECKI)).***

**b. Resolution 2007-2: Amended Intergovernmental Agreement – Jackson County**

Director James stated that the Authority Board originally approved the Jackson County Land Bank Authority Intergovernmental Agreement in August 2006. Jackson County would like to amend the agreement in order to increase their membership from 9 to 11 members. The Jackson County request is consistent with the state statute and is recommended for approval. After brief discussion by the Board, Chairman Kildee requested the motion:

**Motion: Member Smiertka / Supported by Member Czarnecki:** *To approve Board Resolution 2007-2 as recommended.*

***MOTION APPROVED UNANIMOUSLY.***

**MLBFTA Status Report by Executive Director Semone M. James**

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

Policies and Procedures: The policies and procedures document have been submitted to the Board for review and approval. As soon as the body approves the document, it will be implemented.

Legislative Report: Finishing touches are being put on the report and it will be submitted electronically to Board members for review and comment.

Audit: The DLEG Internal Auditor advised the Authority that it should take appropriate measures to comply with P.A. 454, the Social Security Privacy Act. Director James stated that Authority policy currently requires applicants to submit Social Security numbers and tax returns. Since our office does not have the ability to provide security for the information, we cannot guarantee that it will be safe from invasion or theft. The request is that the Authority require driver license information only, in order to comply with the law. After discussion by the Board, Chairman Kildee accepted the following motion:

**Motion: Member Smiertka / Supported by Member DeVos:** *Direct staff that pending adoption of the formal proposed policies and procedures, to require a driver license only with applications instead of personal tax returns and Social Security information.*

***MOTION APPROVED UNANIMOUSLY.***

Member Fox asked Chairman Kildee about how the public was being allowed to have input into the pending Policies and Procedures. Director James indicated that information has been placed on the Web Page for input. Member DeVos asked if individual Board members could submit their comments to Director James for receipt and sharing with other members.

Audit continued: Director James stated that the Authority must develop a records retention policy and that Board members and staff sign a Conflict of Interest and Code of Ethics Statements each year. After some discussion, Chairman Kildee directed staff to prepare the documents that would bring us into compliance for signature by the Board and staff.

Tax Recapture: In compliance with P.A. 260, approximately 96 notices were sent out to local assessors, county, city, and township treasurers and equalization directors. She also indicated that she is working with the Michigan Department of Treasury to development a “Helpful How To Comply” document to be sent to the local taxing units.

Chairman Kildee stated that the Michigan County Treasurers Association is also working on this issue, and suggested that Director James work with him as well on this issue. Chairman Kildee elaborated on the issues and problems that the taxing units would encounter attempting to implement the recapture process and how the taxing units needed education on how the Brownfield process works with respect to land bank property.

Fiscal Report: For the months ending November and December 2006, the Authority generated revenues of \$93,815.15 and 52,571.00, respectively. Fiscal year-to-date, the Authority has generated total revenues of \$250,846.59. For the months reported, there were no MLBFTA/MSHDA Program credits. Cash expenditures were \$57,868.09 and \$35,933.93 for the months, respectively. There was an increase due to payment of invoices for a temporary secretary and Title Check, LLC services related to the quiet title process. Net Cash Fund Balance as of January 9, 2007 was \$2,582,343.54. Detailed sales information can be found in the Board packets. There are 58 total MLBFTA/MSHDA Program property credits. Six properties have been submitted and approved for inclusion into the program from Habitat For Humanity-Detroit. Fiscal year-to-date, the Authority has conveyed 57 properties and 46 additional properties have been re-conveyed to the Michigan Department of Natural Resources. Currently, there are 307 pending sales (158 are in process and 149 invoiced). Monthly Financial Status Reports are included in the Board packets.

Chairman Kildee asked about the difference between pending and invoiced applications. Director James stated that the pending status is assigned to applications, which have come into the office and are undergoing the review process. The invoiced status is assigned to applications, where the review process has been completed, an offer has been extended to the applicant, and the Authority office is awaiting receipt of payment.

Far Eastside Development: Director James read from her status report verbatim the update provided by Ms. Madden. Summarily, Director James informed the Board that she had recently received an e-mail communication from Jennifer Madden, Executive Director of the Far Eastside Development project, which indicated that at the recommendation of her counsel, they would be working with Wayne County due to issues raised by the AG's office. Their counsel was not confident that the AG would allow a \$1 transfer price. The Assistant AG's comment about this not being legal/allowable caused Ms. Madden's counsel to make a strong recommendation that they work with the county. Ms. James expressed that the comments received from Ms. Madden were the result of a conference call held between their counsel and our counsel. Ms. James commented that the AG's office was still in the process of submitting answers to the questions previously asked of them, as it related to this transaction.

Several members of the Authority Board expressed concerns regarding the update, as reported by Ms. Madden to Director James, and its' potential implications. Discussion continued among the Board members and Assistant Attorney General Quinn (who had not worked on the transaction). Chairman Kildee and other Board members also expressed concern about the methodology and legality of various issues that may affect the state and local land bank authorities and expressed their desire to have the questions answered regarding this transaction, as it will come up again in other potential transactions.

MPRI Project: Director James discussed the planned creation of a new initiative to be presented to the Board, called the MPRI Project (Michigan Prisoner ReEntry Initiative-The Ready4Work Housing Rehab Project), which is a joint project with the JEHT Foundation, Michigan Department of Corrections, Michigan State Housing Development Authority (MSHDA), and land bank authorities, and several non-profit organizations, which will have parolees trained to rehabilitate and/or develop new housing on Authority properties. Currently, the Authority has 443 properties that are in the Brightmoor community of Detroit (target area). Photos are currently being taken in order to give a clear picture of the Authorities inventory. The United Way will work to identify various non-profit organizations, which will participate with the project. As the proposed project is developed further, additional details and a recommendation will be submitted to the Authority for approval to participate. Ms. James endorsed the proposed initiative, commenting that it will assist the Authority in rehabilitating our properties and putting them to effective use, while also helping rehabilitated prisoners with the development of marketable job skills. Member DeVos briefly discussed MSHDA's involvement and also endorsed the program concept. (White paper included in Board packets).

2006 DLEG Action Plan Progress Report and 2007 DLEG Action Plan: Director James discussed the 2006 and 2007 action plans with the Board. Ms. James also gave an overview of planned staff initiatives concerning 1) a demolition program that will work in cooperation with local units of government; 2) a property maintenance program that will work with the assistance of community non-profit and faith-based organizations that will maintain Authority properties for consideration at a later date if the organization wishes to purchase the maintained property. Member Smiertka stated that this is a good time to add whatever programs we wish because the legislature is considering the budget.

Special Project: Director James gave an update on the quiet title work on parcels located within Genesee, Saginaw, and Monroe Counties. She commented that we are awaiting research from Title Check, LLC on parcels located in Genesee and Monroe Counties. As soon as we receive the required research, we will forward a request to the Attorney General's Office to initiate litigation. Director James also reported that the Saginaw County Register of Deeds had requested that the Authority pay a recording fee of \$4,200 to record the Notices of Pending and Expedited Quiet Title Foreclosure Actions. It was also reported that some counties are not allowing the recording of transfer affidavits as well. Director James went on to state that we may need to have P.A. 258 amended to require county and local units of government record all documents of all land bank authorities for no fee (as our goals are centered on promoting the economic revitalization of our communities).

Chairman Kildee stated that it would be helpful for the Authority to discuss with the Michigan Association of Registers of Deeds how to submit our documents electronically in digital form. It will put the proper indexing on the documents. If we do that, we have a strong case that we should not be subjected to the recording fee because we are not creating work for the Registers.

Idlewild (Lake County): Director James continued her update by speaking about the Idlewild (Lake County) Project, noting that all Authority properties have been placed on hold (as previously authorized by the Authority Board). She further commented that a team of state departments and agencies have been assembled to assist this community with their redevelopment/revitalization efforts. Ms. James also stated that at some point, the Authority may be requested to hold non-tax reverted property in our inventory for eligibility to use our tools to assist in the redevelopment of this community. She reiterated the importance of having the Attorney General's Office clarify the legality and legal procedure questions surrounding this issue as soon as possible.

2007 DLEG Action Plan: Director James spoke about the 2007 DLEG Action Plan. She stated that DLEG granted permission to hire two additional staff, a secretary and a technician. Ms. James then recognized staff employees Jeffrey Huntington and Jennifer Lascari, who have done a phenomenal job along with Mr. Durhal, in Detroit. She stated that we all work together as a team. In terms of goals for 2007, we need to receive the internal application from DIT/CGI who has now promised it in May 2007. We would like to continue to work with Title Check, LLC to run parcels through the quiet title process. We are working to smooth out issues related to this process. We are working to implement a demolition program and a property maintenance program. We would like to work with the Authority Board to develop a five-year strategic plan. We should do this after the policies and procedures have been adopted. We will also adopt a program for enhancing employee inclusion and recognition.

Policies and Procedures: Assistant Attorney General Patricia Quinn asked for the status of the policies and procedures and resolution that was brought to the Authority Board that would have allowed the Board to preliminarily begin the process of public comment. Chairman Kildee stated that he has directed staff that when reviews have been completed, that it should be placed on the agenda and distributed in its then-current form with adequate opportunity for Board members to give it a thorough review. There was additional discussion by the Board.

Director James indicated that a meeting would be scheduled to discuss operations and policy views with local authorities and the public. Chairman Kildee stated that the Board realizes that the procedures are not ready for public comment at this point. There was additional discussion by the Board.

Database, Website and Legislative Report: Director James presented a Power Point presentation covering fiscal year 2005 and 2006 operations and discussed the database and web site giving an overview of current and future features. Ms. James invited Board members to visit the web site. Director James also shared before and after pictures with the Board of residential and commercial success stories.

Chairman Kildee stated that he believed that the Authority is a success in as much as the profitability and self-sustaining issues are concerned. Chairman Kildee stated that he would like to see more emphasis placed upon the use of the tools of the Authority in the future. Director James thanked Member DeVos for coming up with the MLBFTA/MSHDA Non-Profit Housing Development Program. She stated that the program has shown great value and has

allowed non-profit organizations to develop new affordable housing while placing tax reverted properties back on the tax rolls.

**Public Comment # 2:**

Chairman Kildee asked for public comment. The results:

**Detroit:** None.

**Lansing:** None.

Chairman Kildee made an announcement about the upcoming Michigan Land Bank Conference sponsored by the Michigan County Treasurers Association and the Genesee Institute on August 18-19, 2007 in Frankenmuth. The National Vacant Properties Campaign is holding the first national conference on vacant property reclamation in Pittsburgh, Pennsylvania on September 24-25, 2007.

**Adjournment:**

Chairman Kildee adjourned the meeting at 4:10 p.m.