GREATER SYRACUSE
LAND BANK

Minutes
Greater Syracuse Property Development Corporation
BOARD OF DIRECTORS MEETING
Tuesday, December 16, 2014 8:00 A.M.
333 W. Washington Street, Suite 130
Syracuse, NY 13202

Board Members Present: Vito Sciscioli, Julie Cerio, Daniel Barnaba, Jim Corbett, Dwight L. Hicks
Others Present: Katelyn Wright, John Sidd, Andrew Erickson, Kate Palermo, Ben Gray, Sharon Sherman, Mohamad Galal, Rich Puchalski, Crystal Cosentino, Craig Swiecki, Stephanie Pasquale, Miguel Balbuena, Mike Harper, Gary Bonaparte

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I. Call to order

Vito Sciscioli called the meeting to order at 8:03 A.M.

II. Roll Call

Mr. Sciscioli noted that all board members were present.

III. Proof of Notice

Mr. Sciscioli noted that proper notice of the meeting had been posted.

IV. Minutes

Dan Barnaba made a motion to approve the minutes from the November 18, 2014 meeting of the board of directors. Julie Cerio seconded this motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES OF THE NOVEMBER 18, 2014 MEETING OF THE BOARD OF DIRECTORS.**

V. Committee Reports

Ms. Wright summarized that the Governance Committee had reviewed a few major changes to the disposition policy and that adoption of these changes would be up for consideration at the Land Bank's annual meeting: 1) addition of a section on land banking and planned redevelopment, 2) a change that would require properties remain on the market for at least 60 days prior to considering any offers for less than 90% of asking price, and 3) an increase of the existing discount program for Police, Firemen, and Teachers from 10% to 50%. She noted that after the governance committee meeting she and the Land Bank's legal counsel noticed that the terms were written in a way that this 50% could be claimed as a grant at closing, but that only a small amount was budgeted for grants at closing and that limiting 10% of the discount to a grant and stipulating that the remaining 40% must be taken as a credit against the purchase price would enable a larger number of individuals to benefit the program, which might otherwise be quickly depleted as only $100,000 was budgeted for direct expenses under this program in 2015. The Governance Committee members present agreed that this was a logical change to the language that they'd reviewed on December 10.

VI. ED/CFO's report

Ms. Wright explained that were only a few items on which to report, the first being that the Land Bank is preparing to make a transition in accounting practices on January 1st, 2015 to account for more expenses based on average costs for that property class rather than by each individual address, which she expects to reduce accounting costs. She also stated that the Land Bank has grossed over $933,000.00 in sales through the end of November. Mr. Sciscioli asked if the board should consider investing those funds in an investment vehicle that generates a higher return on investment. Ms. Wright noted that the funds are currently in a collateralized account and not earning any significant interest per previous discussions on the limitations on investing public funds. John Sidd further explained that based on his research he's advised the Land Bank that their funds should be considered public funds and subject to restrictions on investment risk. Mr. Barnaba suggested that instead of interest-bearing investments the Land Bank might, as part of its mission, make loans for purchase or construction to purchasers of Land Bank properties and that these would generate a higher rate of return. Mr. Sidd noted that it was a quirk of the regulations on public funds that high-risk investment vehicles were strictly regulated but that comparably "high risk" mission-related activities were not regulated in the same manner. Ms. Wright and Mr. Sidd agreed that they would further research the issue of whether the proceeds of sale – not funds received directly as government grants – might not be considered public funds for future discussion at a future date with the Finance Committee.

VII. New Business

A. Establish 2015 Regular Meeting Dates

Ms. Wright reminded the board that meeting on the third Tuesday of the month allows adequate time for monthly financial reports to be compiled and referred the board to the proposed dates in her executive summary. Julie Cerio moved to approve the 2015 regular meeting dates for the Greater Syracuse Land Bank Board of Directors. Dwight Hicks seconded this motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY MOVED TO ADOPT 2015 REGULAR MEETING DATES OF THE BOARD OF DIRECTORS FOR 8:00 AM ON THE THIRD TUESDAY OF EACH MONTH.**

B. Renew Contracts for Property Management

Ms. Wright summarized the discussions had with the Land Bank's existing property management contractors in discussing contract renewal and revisions to the standard fee schedule. She noted that just as the Land Bank had separately bid out snow removal at a significant cost savings, she's considered doing the same with lawn mowing and periodic inspections as she has been approached by contractors offering significant savings. However, contracting directly for these services would increase the administrative burden on the Land Bank as a greater number of contractors would require direct oversight. She also noted that there is great value in an umbrella of services provided under on property manager as they are 'on call' for Code Enforcement, neighborhood complaints called in about maintenance, and as they conduct both intake and periodic inspections they are better equipped to alert the Land Bank to changes in property condition and deterioration that may be taking place. With this in mind, she negotiated a lower price and less frequency for periodic inspections and plans to bid out lawn mowing closer to spring, but have the awarded contractor operate as a subcontractor of the property managers who will charge a fee for administrative oversight of this work, which she projects will result in a 30% reduction in lawn-mowing costs. She noted that changes to the reduction in frequency and unit-cost of periodic inspections would result in an overall 67% reduction in this line-item and that by the time the Land Bank's inventory reaches 400 buildings this could result in a $346,000 savings per year.

Dwight Hicks asked if the Land Bank is working with any other organizations to reduce costs and Ms. Wright responded that yes, Catholic Charities has been engaged when relocating tenants from unfit properties but that there is a need for management of the 'in-between' cases of properties not meeting the unfit threshold but tenants needing to be relocated. Dan Barnaba noted that there is quite a bit of rush expense related to board-ups and asked how much of this is upon acquisition and how much occurs later. Ms. Wright replied that most board-ups and re-keys occur within two weeks of acquisition (although some is done later due to vandalism) and that cleanouts occur before the properties are listed for sale and that this can be many months after acquisition. She noted also that bundling cleanup jobs has saved money and that the Land Bank will continue to bundle, but is also considering the logistics of issuing an RFP for an annual clean-out contract.

Dan Barnaba moved to renew contracts for property management with Tempo Enterprises and Willowbank Company through December 31, 2015 pursuant the amended fee schedule presented. Julie Cerio seconded this motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY MOVED TO RENEW CONTRACTS FOR PROPERTY MANAGEMENT WITH TEMPO ENTERPRISES AND WILLOWBANK COMPANY THROUGH DECEMBER 31, 2015 PURSUANT THE AMENDED FEE SCHEDULE PRESENTED.**

C. **Engage Testone, Marshall, & Discenza, LLP for 2014 annual audit**

Ms. Wright explained that the Land Bank issued a request for proposals for an audit of the years 2013 through 2016 and voted to award this work to Testone, Marshall & Discenza, LLP, who provided bids for those four years, but that in 2013 the Land Bank had executed an engagement letter for just the 2013 fiscal year. She noted that the 2014 engagement letter reflects the price quoted and approved in 2013 - $7,000. Dwight Hicks moved to engage Testone, Marshall & Discenza, LLP for the Land Bank's 2014 annual audit. Julie Cerio seconded this motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY MOVED TO AUTHORIZE THE ENGAGEMENT OF TESTONE, MARSHALL & DISCENZA, LLC TO CONDUCT THE GREATER SYRACUSE LAND BANK'S 2014 ANNUAL INDEPENDENT AUDIT.**

D. **Authorize Acquisition of 629 Oneida Street from the City of Syracuse**

Ms. Wright explained that this vacant lot had been excluded from the rest of the Phase V properties as the City was inclined to proceed with structures first and vacant lots at a later date, but that the Land Bank was recently contacted by an adjacent business owner interested in acquiring the property and the City is willing to complete the foreclosure if the Land Bank is inclined to take title. Julie Cerio moved to approve the acquisition of 629 Oneida Street from the City of Syracuse. Dan Barnaba seconded this motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY AUTHORIZED THE ACQUISITION OF 629 ONEIDA STREET FROM THE CITY OF SYRACUSE.**

E. **Accept title to multiple properties via donation from Syracuse Habitat for Humanity, Inc.**

Ms. Wright explained that Syracuse Habitat for Humanity has expressed that they have no use for a number of parcels, many of which are adjacent to other vacant land the Land Bank has acquired or anticipates acquiring. She noted that they had discovered that one property was subject to a lien held by the City of Syracuse and that she was negotiating the discharge of that lien with the City Law Department. James Corbett asked if the board could accept with a contingency on the release of any liens and Ms. Wright replied yes. Daniel Barnaba noted that in the case of the Land Bank accepting donated land from the City and banks there have been financial incentives provided to the Land Bank, but that there are none in this instance. He also stated that the Land Bank will eventually reach capacity and that the board should consider this before accepting new inventory that is not coming from a funder of the Land Bank and possibly consider charging for accepting the donated properties. Vito Sciscioli noted that there is a general clause in the Land Bank's contract with the city that obligates the Land Bank to work with other community groups. Ms. Wright explained that the Land Bank endeavors to acquire a bank of properties to make available for development at a future date and this is consistent with that effort; she also noted that donors must pay all remaining taxes owed against a property prior to the Land Bank's exemption taking effect at a later date and must bear the cost of a title search to affirm that there are no liens against the property. James Corbett moved to accept title to multiple properties via donation from Habitat for Humanity. Dwight Hicks seconded this motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED ACQUISITION OF MULTIPLE PROPERTIES VIA DONATION FROM SYRACUSE HABITAT FOR HUMANITY, INC.**

F. **Accept title to 306 Second Street in Solvay from Wells Fargo Bank N.A.**

Ms. Wright explained that the property is in relatively good condition, comes with a $5,000 unrestricted cash donation and could be easily sold to a responsible landlord, but might make a great owner-occupant opportunity with the right financing available or some minor renovations prior to sale. She stated that she has discussed with Home HeadQuarters the possibility of using excess Office of the Attorney General funding and that the Land Bank would be working with County Community Development to ensure that the plans for this property are consistent with the other community development projects planned for Solvay. Mr. Barnaba asked how many properties banks planned to donate to the Land Bank. Ms. Wright indicated that she'd been unable to get a projected total number, but was working on a formula to ensure that the cash donations accompanying these REO donations covered all of the Land Bank's costs associated with these properties. James Corbett noted that there is a large Ukrainian community in Solvay that is frequently looking for housing to purchase and owner occupy and that this property seemed to be in the area where that community frequently buys. James Corbett moved to accept title to 306 Second Street in Solvay from Wells Fargo Bank NA. Dan Barnaba seconded this motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY ACCEPTED TITLE TO 306 SECOND STREET IN SOLVAY FROM WELLS FARGO BANK N.A.**

G. Approve Sale of Multiple Properties

Ms. Wright explained that, as usual, the specifics of all proposed sales were covered in Schedule A to the sales resolution in the Board's packet and asked that the board give extra scrutiny to items four and five listed Schedule A. These two offers are from repeat buyers who have not yet closed on other Land Bank properties and the Citizen's Advisory Board had expressed some concern that they ought to finish one project first and prove their capabilities. She noted, however, that Mr. Tihic in this offer would be personally accountable for completing the project whereas the property sales with which he was already associated were through the Stalwart Fund. She noted that his application expressed his personal commitment to revitalization the neighborhood around the former Holy Trinity Church and the project currently being undertaken by the Northside Learning Center and that furthermore his project budget reflects this commitment to revitalization of the whole neighborhood by including funds for landscaping and exterior improvements. Dan Barnaba mentioned that he would like to see a different approach to marketing properties to attempt to earn closer to their appraised value. Julie Cerio responded that she didn't think it should necessarily be made into a policy if the buyer is planning on investing a good amount of money in the renovation of a property. Dwight Hicks added that these properties have all been relieved of the tax burden that was dissuading potential buyers from approaching the property at all in the past. Sharon Sherman stated that the Citizens Advisory Board also shares this concern and would like to make sure minority entrepreneurs get involved, suggested that more outreach is needed. John Sidd reminded the board that every time it approves a sale for less than fair market value it is making the determination that there is no reasonable alternative to achieve the same outcome. Ms. Wright suggested that the amendment to the disposition policy extending the time on the market before a 'lowball' offer would be considered ought to help this matter. All agreed to proceed with the sale of these properties as proposed.

Katelyn Wright asked that the board next consider the purchase offer on 204 Gifford St. explaining that this wasn't treated like most residential side-lot sales in which both neighbors are offered the chance to make an offer, since it's located in a commercial zone and typically the preference in commercial zones is to allow for the expansion of commercial uses in order to make these properties more economically viable. She noted that here, however, in an industrial zone this property is neighbored by a non-profit use (the Rescue Mission's Thrifty Shopper store) and a residential use and that over time this area is expected to continue evolving away from residential uses. However, in this instance the Rescue Mission has applied to purchase the property speculatively wishing to control more of this area for its planned campus expansions, but has no immediate plans for the property. The property was not offered to the residential neighbor. The neighbor, Gary Bonaparte, present at the meeting, expressed that he desires to acquire the property in order to control more space around his home and expand his yard. He noted that for many years he lived next to a vacant home on 204 Gifford that attracted vandalism and other criminal and nuisance behavior, and that the home was demolished by the Land Bank in 2014. Jim Corbett recommended this item be pulled from today's sales resolution and that staff discuss possible sale to Mr. Bonaparte. Dwight Hicks moved to pass a resolution approving the sale of multiple properties, as amended. Julie Cerio seconded this motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY PASSED A RESOLUTION APPROVING THE SALE OF MULTIPLE PROPERTIES, AS AMENDED.**

H. Approve payment of NY Land Bank Association membership dues

Ms. Wright directed the board to a memo outlining the purpose of formally incorporating the New York Land Bank Association and appealing for a $1,500.00 contribution from each participating land bank in order to fund staff support, conferences, publications, and other services. John Sidd noted that the board of directors for the NYLBA will likely be the Executive Directors of each of the Land Banks. Julie Cerio moved to approve the payment of New York Land Bank Association dues. Dwight Hicks seconded this motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY MOVED TO APPROVE THE PAYMENT OF NEW YORK LAND BANK ASSOCIATION MEMBERSHIP DUES.**

I. Approve payment of outstanding County Special Assessments and Fees

Ms. Wright reminded the board that while the Land Bank is exempt from property taxes, it is not exempt from special assessments and early on there had been conversations about the fact that City/School specials were anticipated to be negligible compared to other carrying costs, but that County sewer use fees would be significant and that at peak inventory this could total $250,000 annually. There was some discussion of whether the County would waive these fees, since they are one of the Land Bank's largest funders and would rather see their funding go toward direct investment in properties and their return to productive use. With this option in mind, the board had directed staff not to pay these County special assessments. Ms. Wright directed the board's attention to a spreadsheet outlining that unpaid 2014 County specials now exceeded $70,000 and that this payable was not reflected on the Land Bank's ledger as write-off was anticipate, but that the procedure or mechanism for pursuing that write-off had never been defined. She asked whether the board would opt to pay the bill at this time or continue to purse write-off. Mr. Barnaba reminded all present that in most instances the Land Bank wasn't even using the infrastructure for which these fees are charged – sewer and water use – since the properties are vacant. Julie Cerio and Jim Corbett suggested that they ought to explore the issue further with the County before the Land Bank pay these outstanding bills and the other board members agreed.

VIII. Discussion

- **Overview of Deconstructions in 2014**
  Ms. Wright introduced Mike Harper of Ultraclean, Inc. to give an account of his experience deconstructing several Land Bank houses. Mr. Harper began by saying that of the first five houses deconstructed there had been 598,000 pounds of resultant materials, most of which were diverted to Hope 4 Us Housing. He noted that they had hired eight graduates of the Hope 4 Us Deconstruction Training program and retained six of those to work on selective demolition jobs and hopefully more deconstructions in the future. He stated that there was an immediate payback to the community in the form of nearly $80,000.00 in payroll on these jobs and emphasized the safety record for all of the deconstructions was impeccable with no injuries whatsoever. He stated that in terms of cost, his team stayed within their original quote and overall would consider the deconstructions a collective success. Dan Barnaba asked what was captured out of the homes and Mr. Harper replied that the "bones" of the buildings (materials like studs, brick, hardwoods, beams, rafters, etc.) were salvaged and unpainted timbers seemed to be in the highest demand. In addition any metal was broken down and separated and some of the cabinets were saved. Katelyn Wright noted that these materials were mostly donated to Hope 4 Us post-deconstruction and asked how many houses would have to be deconstructed in order to warrant starting-up a retail entity to re-sell the materials locally. Mr. Harper replied that it was difficult to gauge due to the nature of the project. He continued on to say that in this instance his team looked for more of an immediate placement of materials rather than stockpiling them for later sale. Ms. Wright then asked if after having completed these six deconstructions he would consider them more expensive than a traditional demolition simply because of asbestos abatement and Mr. Harper replied that yes this was the major difference in cost as it was unpredictable. Ms. Wright commented that the Land Bank did budget a higher unit cost from the Office of the Attorney General funding and has determined that going forward she is researching a method to cost-effectively incorporate deconstruction practices into all of the Land Bank's demolitions.

- **A Tiny Home for Good purchase application withdrawn**
  Ms. Wright informed the board that A Tiny Home for Good has withdrawn their purchase offer for 705-07 Marcellus Street. She also noted that the Land Bank has received another purchase application for the lot where the proposed Tiny Homes project was to be staged but that she was waiting to hear whether the commercial neighbor actually adjacent to the property has an interest in the lot prior to bringing this to the board to consider the sale.

- **Director of Property Management job listing**
  Ms. Wright announced that Andrew Erickson will be leaving the Land Bank at the end of 2014 to join Home HeadQuarters where he will be managing renovations and that candidates for his replacement are being interviewed in January. She hopes to have a candidate ready for board approval by their January meeting.

- **Deputy Director job listing**
  Ms. Wright explained that over the course of 2014 the day-to-day operations of the Land Bank have consumed more time than anticipated and not left enough time available for more detailed budget and cost analysis or for neighborhood planning. Based on discussions with various board members and the Finance Committee, she plans to advertise for a Deputy Director who will focus on day-to-day operations and cost analysis, freeing up more of her time to focus on planning, building partnerships for the Land Bank, and focusing on maximizing revenues. She noted that she had debated whether Deputy Director was the correct title, but hoped that this person would also be a strong collaborator on policy issues and able to represent the Land Bank in speaking engagements and to be "in charge" in case of an emergency. Daniel Barnaba noted that this broad skillset will be challenging to find in one person. Ms. Wright agreed and all the board members agreed that she should proceed with listing the job.

- **New office location**
  Ms. Wright explained that she had looked into finding another office for the expanding Land Bank staff and had been pleased with the quality of the community meeting rooms and low cost of the CNY Philanthropy Center, but that she would continue to look into other options. She noted that the Land Bank would need to relocate in early 2015 as more staff are added and space would run out in Washington Station, where the Land Bank is currently hosted at no cost by the Onondaga Civic Development Corporation.

- **Testone, Marshall & Discenza, LLP merger with the Bonodio Group**
  Ms. Wright informed the board of this merger, noting that four years of audit services were awarded to TMD based on a 2012 RFP and that the merger would not affect the rate previously quoted to the Land Bank.

- **Annual meeting January 20, 2015**
  Ms. Wright explained that several people had suggested the annual meeting be made an event and an opportunity to socialize with the many groups that have supported the Land Bank over the past year and that she wasn't inclined to hold an evening event. Mr. Sciscioli suggested that the meeting be held at the regular time and date, but with a light agenda and a catered breakfast. Mr. Wright indicated that she would make the arrangements and look for a larger venue for the meeting.

IX. Adjournment

Julie Cerio moved to adjourn the meeting. Dwight Hicks seconded this motion. **ALL BOARD MEMBERS UNANIMOUS MOVED TO ADJOURN AT 9:37 AM.**