

Rochester Land Bank Corporation

Board Meeting Minutes

January 10, 2014

City Hall, Rm. #223-B

30 Church Street,

Rochester, NY 14614

Board Members Present: Spencer Ash, Andrea Guzzetta, Kim Jones, Gary Kirkmire, George Parker, Carol Wheeler

Board Member(s) Absent: Dana Miller

Non-Board Members Present: Charlie Benincasa, Rianne Mitchell, Kathy Sheets, Scott Smith, Doug Sutherland

The meeting was called to order at 10:06 am by Carol Wheeler, Acting Board Chair.

The minutes from the last meeting were distributed. Regarding discussion of the banking resolution, Charlie Benincasa pointed out that the certificate must be approved in order to open the bank account. The minutes were amended to include that clarification. Spencer Ash moved that the minutes be approved. Andrea Guzzetta seconded. The motion was unanimously approved by the board.

Kathy Sheets distributed a description of the duties of officers for new board members who may be asked to serve as officers. Spencer Ash asked whether the titles "chair" and "president" are interchangeable in this instance. Kathy Sheets answered that the board Chair would be responsible for all the activities attributed to a board president. As discussed at the Land Bank's Organization Meeting, the board came to the conclusion that, as the City Treasurer has an ex-officio position on the board, unless she has some objection, she is also the most qualified person to handle those duties for the Land Bank. Kim Jones, City Treasurer, expressed her willingness to serve in that capacity. Andrea Guzzetta made a motion that the board elect Kim Jones to the office of Treasurer. Spencer Ash seconded and the board unanimously approved.

Spencer Ash, the other new member of the board, asked for some discussion about manner in which the office of chair was previously chosen. Kathy Sheets explained that at the Organization Meeting officers were adopted as an uncontested slate after discussion among the board members. Carol Wheeler emphasized that the role of chair in particular, requires an eagerness for the position, knowledge about land banks, as well as knowledge about the community the Land Bank serves and the connections that will best allow it to fulfill its mission.

George Parker asked about the appropriateness of nominating Dana Miller to serve as Chair, since he is also a member of City Council. Andrea Guzzetta explained that there was no prohibition against a Councilmember serving in such a capacity, but that she would not feel comfortable electing Councilmember Miller in absentia. Scott Smith suggested moving further discussion of this item to the end of the agenda so as to accommodate Mr. Sutherland, who attended solely to answer the Board's questions about the Bevier Building development.

Kathy Sheets next offered a brief update on the contract for the OAG's Community Revitalization Initiative grant. The most recent information is that the contract is still under legal review and the City may expect it by the end of January. There will be adequate time given for review by the Land Bank board, and Kathy is waiting for confirmation that the two-year spend-down deadline will be delayed until the execution date.

The next item on the agenda was the discussion of the Bevier Building. Copies of the transmittal and ordinance and the draft grant agreement were distributed to board members. Douglas Sutherland, the proposed developer was present to answer board members' questions about the project. Kathy Sheets asked Mr. Sutherland about the deadline date for the materials he needed for the COMIDA meeting and if there was any flexibility in the timing of the financing. He answered that as the development is a year-long process that cannot begin until after the financing is finalized. The pro forma assumes that construction will be completed in time to take advantage of the entire 2015 leasing season (March through October). The amount of financing needed is dependent upon the PILOT agreement. The January COMIDA meeting is scheduled for the 21st and the next opportunity to make application would not be until the February meeting, so time is short.

George Parker asked whether the developer had made any commitments about the geographical area of the MWB/E recruitment. Douglas Sutherland answered that he had no previous experience with the MWB/E requirement, but had observed the process engaged in by the developers of the College Town project and planned to mirror their efforts. George Parker asked whether there was a commitment to prioritize Monroe County. Mr. Sutherland answered that they would be conducting recruitment throughout the entire allowable metropolitan area, but intended to prioritize Rochester. Carol Wheeler asked how the developer planned to solicit MWB/E. Mr. Sutherland answered that there was no specific plan in place, but reiterated that he planned to use the College Town project as a model and that his understanding was that it was not a difficult requirement for that developer to meet.

The developer asked whether the Board was familiar with the Bevier Building. George Parker asked for clarification about the number of residential units and the percentage of affordable units. Mr. Sutherland described the project as resulting in 5,000 square feet of commercial space on the first floor with fifteen residential units on the upper three floors, two of which are reserved for affordable housing. He gave a brief history of the building. It was named for Susan Bevier who made a gift to RIT, of which half was used to construct the building. It was used as the primary facility for the school that would eventually become RIT before the college moved out of the city. It has been used for multiple purposes for intervening years, but now has been vacant for approximately fifteen years. The commercial space on the first floor is most appropriate for office space. The breakdown of the residential units is five one-bedroom units, nine two-bedroom units, and one three-bedroom that could also be used as a two-bedroom with a den. The anticipated cost of the development is \$3.85 million.

Kathy Sheets asked about the project's compliance with ADA requirements and whether they were compatible with those of the Historical Register. Douglas Sutherland indicated that those factors have been taken into account and that, while they are still fine-tuning some measurements like the turnaround clearance in the bathrooms, he anticipates that there will be no trouble complying with both. Kathy Sheets said that she was particularly concerned because of the decorative stairway leading to the main entrance. Mr. Sutherland

explained that while the ceremonial entrance on South Washington Street will remain intact, the developers consider the main entrance is to be from Spring Street and that entrance is at grade.

George Parker thanked the developer for attending the meeting and expressed the belief that the Board now needed to hear why the City Administration believes that this project is in the best interest interests of the City. Mark Fitzstevens, the City's Project Manager for the transaction, had prepared a written justification that Kathy Sheets distributed to the board members. While the Board reviewed the written document, she gave a brief rundown of the numbers. She asked whether the \$200,000 purchase price and the reimbursement for payment of a \$30,000 lien was negotiated between the developer and the current owner.

Douglas Sutherland gave a history of the transaction. The property was formerly owned by Jason Palmer, a developer who was unable to make a go of the project. The property was supposed to be offered at a tax foreclosure auction. Mr. Sutherland planned to bid, but the property was pulled at the last minute when an additional lien was discovered that had not been included in the action. It was subsequently sold to the current owner. The current owner was mistaken about which parking lot he'd purchased and then discovered that there was an outstanding mortgage lien against the property that was not included in the foreclosure action because it had been filed in a different county. He negotiated with the lien holder and settled it for \$30,000. The current owner views the additional payment of \$30,000 as necessary to make him whole.

Kathy Sheets asked whether the current owner had marketed the property. Douglas Sutherland answered that the property is currently listed with Nothnagle Realtors. He stated that the main issue for the current owner has been the carrying costs. Kathy then asked whether the current owner has adequately secured the property and if he is able to maintain it to the extent of preventing further deterioration. Mr. Sutherland indicated that the property is secure, and that he is aware of a small leak at the corner of the building. The most pressing concern is the condition of the windows, some of which have fallen.

Kathy Sheets noted that the time factor increases the cost of the project even if just from the perspective of material costs. She pointed out that the role of the Land Bank in the transaction is to use the grant from the City to purchase the building from the current owner and to pay off the outstanding liens, and that the developer will then reimburse the Land Bank for its expenses when the property is transferred. George Parker asked for clarification as to whether the Land Bank will be required to refund to the City the \$50,000 that is anticipated to remain after the transaction is completed. Scott Smith said that the transaction was structured with intent that the Land Bank retain the remaining funds. This also satisfies the previously expressed concern that, by selling the only real property it owns, that the Land Bank would be disposing of "substantially all of its assets" thereby triggering additional requirements under Not-for-Profit Law.

Kathy Sheets then asked for clarification about the parking arrangements with the church that is currently using the associated lot. Andrea Guzzetta explained that City Council was informed that, as is the case City-wide, the church may use the parking lot at the nearby school on Sundays. Kathy Sheets then asked what arrangements the developer plans for secure parking for tenants. Douglas Sutherland explained that he does not plan to assign spaces by unit. The current lot can accommodate approximately fifteen spaces which would supply adequate parking for the revolving needs of tenants – commercial use by day, residential use at night. Carol Wheeler asked whether the developer had had any direct discussion with the church about the parking

situation. Mr. Sutherland answered that all discussions had been between with the current owner, who negotiated an agreement where the Church received consideration for relinquishing any rights to the parking lot.

Scott Smith explained that there was not yet a resolution for the Board to vote on as he needs additional time to bring the new Corporation Council up-to-date on the transaction. He stated that the questions about the interplay between the requirements of Public Authority Law and the Land Bank Act required discussion. Spencer Ash asked whether a determination would require an advisory opinion from the Attorney General. Scott Smith said that waiting for a response from the OAG would kill the project because of the tight timeline. Spencer then asked for the hard deadline by which the Land Bank Board must approve a resolution to participate in the transaction. Scott answered that a vote by the next regularly scheduled board meeting should allow the developer to stay on track to apply for COMIDA approval this month.

Kathy Sheets mentioned that as the previous Deputy Corporation Council had given a written analysis of the issue of the legal issue in question, the time required for review should be minimized. Spencer Ash asked whether Scott Smith simply wanted to allow the Corporation Council the opportunity to review the transaction or if he was looking for a more substantive review. Scott indicated that he was requesting a substantive opinion from the Corporation Council; ideally by next Thursday. Spencer offered any help the Bureau of Housing and Development could provide to facilitate the process.

Kathy Sheets noted that a survey of the disposition policies of the other land banks revealed Syracuse and Buffalo simply inserted the language from the Public Authority Law while the other land banks with public disposition policies seem to be following the Land Bank Act provisions. The former Deputy Corporation Council had provided a memo that seemed to agree with the latter. Spencer Ash asked whether the board members have a copy of the memo. Scott Smith offered to distribute it via email after the meeting.

As there seemed to be no more questions for him, George Parker again thanked Douglas Sutherland for attending and providing an in-depth description of the proposed project. He reiterated that what he needed in order to feel comfortable making a decision was an explanation by the City staff of why the transaction is beneficial to the City. Mr. Sutherland left and the Board discussed the "no reasonable alternative" threshold in the Public Authority Law.

Andrea Guzzetta suggested that the Historical preservation requirements limit the options for development. Gary Kirkmire expressed that there are avenues to force the issue of the current owner's non-compliance that have not been explored, such as code enforcement fines and foreclosure. Kathy Sheets noted that while fines for failing to maintain the property could certainly be assessed, the owner could not be forced to pay them. Foreclosure is also an option as the owner has several years of delinquent taxes, but there is no guarantee of the outcome of a tax foreclosure auction. Carol Wheeler noted that what constitutes a reasonable alternative must take into account the relative certainty of a desirable end result and the length of time each option would take. The time factor is particularly significant as there have been public safety concerns about the Bevier Building. Gary Kirkmire also put forward the possible alternative of the property being transferred to the Land Bank without the requirement of a previously negotiated transfer to a particular developer. Spencer Ash indicated that the discussion of the City's options could be combined with the presentation of the City's rationale for

championing this alternative. He stated that the City's Project Manager be invited to the next board meeting. Kathy Sheets clarified the action steps required by the next meeting: 1) the legal review of the guidelines governing disposition of real property at below fair market value, 2) the preparation of a resolution for the Land Bank to participate in the transaction, 3) an invitation to the Project Manager to the next board meeting to elaborate on the benefits of this transaction to the City. George Parker expressed his belief that the transaction can meet the criteria of section 2897(7) of the Public Authority Law with some additional information from City staff.

Carol Wheeler directed the board's attention to a request to move the regular board meetings to 2pm from 3pm to accommodate the Spencer Ash's standing Council Review meeting. Andrea Guzzetta, noted that this would likely conflict with Dana Miller's schedule as it was at his request that the meeting be moved to later in the day. Spencer indicated that he would be will to adjust his schedule to accommodate the established 3pm meeting time.

The board then returned to the discussion of the position of Chair. Andrea Guzzetta informed the Board that she had been able to contact Dana Miller during the course of the meeting and that while he was flattered, he would not be able to serve in the capacity of Board Chair. Spencer Ash observed that both ability and availability should be taken into account when considering who would best fill the role. George Parker observed that he thought that it worked very well and made sense that the former Director of Development Services was also Chair of the Land Bank Board. Taking into account that Spencer Ash, the current Director, was new to both the position and the Department, he suggested that the Board continue with Acting Chair Carol Wheeler until such time as Spencer felt comfortable assuming the role. Spencer Ash asked for the opinions of the others at the table. Gary Kirkmire reiterated that, given the role and responsibilities of the Director of Development Services, his position made him the most appropriate Chair for the Land Bank. Andrea Guzzetta agreed that Carol Wheeler might remain Acting Chair until the Board's annual meeting. During the Land Bank's Organization Meeting, the date of the annual meeting was set for January. Kathy Sheets explained that the date was based on the expectation that the City's Tax Foreclosure sale would take place in March. As it is now scheduled for April, there is more leeway in the date of the annual meeting and it could be postponed.

Kim Jones offered the opinion that, given the brief amount of time that the Rochester Land Bank has been in existence, not enough has yet happened for a new member of the board to feel or to be considered unprepared to serve as an officer. All the roles are still evolving and the board is still developing its norms. Kathy Sheets agreed with Andrea Guzzetta's suggestion, provided there was no procedural problem with the fact that in the City management structure the Manager of Housing reports directly the Director of Development Services, that Carol Wheeler remain in the role of Chair and that Spencer Ash assume the office of Vice-chair unless and until they and the Board decide that it makes sense to change roles.

Scott Smith agreed with the idea of Carol Wheeler remaining in the role of Acting Chair for now and saw no problem from a parliamentary perspective. He advised that the election be delayed. Kathy Sheets observed that the role of Acting Chair is intended to be temporary and will likely be perceived as such by the public. Additionally, George Parker expressed the concern the current situation does not provide for any contingency where the Acting Chair is unavailable. He advised that election to a particular position now would not necessarily require that those elected remain in those positions for the entire year. Kathy Sheets felt that from

an operational perspective it is important that the Board elect both a Chair and a Vice-chair. It was decided that the board proceed with the election at the regular January meeting.

Carol Wheeler made a motion to adjourn the meeting. The meeting was adjourned at 11:20am.

ATTEST: George Parker
George Parker – Secretary, Rochester Land Bank Corporation

Rochester Land Bank Corporation

Board Meeting Minutes

January 16, 2014

City Hall, Rm. #223-B

30 Church Street,

Rochester, NY 14614

Board Members Present: Spencer Ash, Andrea Guzzetta, Gary Kirkmire, Dana Miller, George Parker, Carol Wheeler

Board Member(s) Absent: Kim Jones

Non-Board Members Present: Patrick Dutton, Mark Fitzstevens, Rianne Mitchell, Kathy Sheets, Scott Smith, Doug Sutherland

The meeting was called to order at 3:05 pm by Carol Wheeler, Acting Board Chair.

The minutes from the last meeting were distributed. Spencer Ash moved that the minutes be approved. Andrea Guzzetta seconded. The motion was unanimously approved by the board.

Doug Sutherland and Patrick Dutton, prospective developers of the Bevier Building, accompanied the City's Project Manager, Mark Fitzstevens, to answer any further questions the board might have regarding the Bevier transaction. Scott Smith prepared a number of resolutions to be discussed and/or voted on at this meeting. He felt the first resolution needed to be passed to allow the Board to participate in the Bevier Building transaction. The Board agreed to adjust the agenda to allow the discussion of the resolution regarding Disposition Guidelines to precede the discussion of the Bevier Building transaction.

The resolution was distributed to the board members. Scott Smith commented that the policy mirrored that of the Syracuse Land Bank and essentially adopted the disposition guidelines in section 2897 of Public Authority Law. Kathy Sheets expressed concerns that the guidelines did not reflect all of the provisions in the Disposition Policy adopted by the Land Bank Board in December. Spencer Ash asked whether one document pre-empts the other. Scott Smith explained that the resolution represented an additional step that did not conflict with the Disposition policy. Kathy Sheets observed that if the resolution should be viewed as disposition procedures, it had not been compared to and did not, at first glance, appear to encompass all of the procedures indicated by the Disposition Policy. Scott Smith explained that section 2896 of the Public Authority Law requires that authorities adopt a resolution acknowledging the disposition guidelines in section 2897. Spencer Ash asked whether the resolution accepting these guidelines needed to be approved before the resolutions authorizing the Bevier Building transaction. Scott Smith answered that the title company may be hesitant to insure the title if the Land Bank fails to follow the dictates of Public Authority law. Andrea Guzzetta asked whether the Board could adopt the resolution at this meeting and amend the guidelines later if it became necessary. Scott answered that the Board could amend its resolution. Kathy Sheets expressed the concern that, absent detailed review, the Board may be adopting guidelines that conflicted with its previously adopted Disposition Policy. Scott Smith stated that in his experience in municipal law, it is common for municipalities to be subject to multiple codes. Spencer Ash acknowledged the short window of time associated with the financing of this deal,

but requested that the Board be given time to review future resolutions. George Parker moved that Board approve the resolution adopting the disposition guidelines in section 2897 of the Public Authority Law. Andrea Guzzetta seconded the motion. The motion was unanimously approved by the board.

Mark Fitzstevens, the City's Project Manager for the Bevier Building, attended to provide the Board with a more concrete idea about the way in which the transaction will benefit the City itself. He framed the question as a decision between the following options: 1) do nothing, 2) pursue tax foreclosure – where the owner could redeem the property or another bidder could purchase the property leaving the City with no control over the outcome, or 3) provide a bridge loan to allow for the developer to take advantage of historic rehabilitation credits. In his view, the City can invest \$300,000 in the form of the grant to the Land Bank or invest the same amount in two years or so, when repair is no longer feasible and the structure must be demolished. The benefits that will come to the City under the present deal include the prospective tax revenue – the property has 2 years of delinquent City taxes, job creation and retention, and the removal of blight – a parapet has already fallen and the building continues to deteriorate.

George Parker asked whether there had been any efforts made to negotiate a lower payment to the current owner or to receive a higher sales price from the proposed developer. Mr. Fitzstevens indicated he was not aware of any specific efforts to negotiate the pricing, but that the majority of the negotiations had been handled by the former Director of Development Services, Bret Garwood. Scott Smith noted that any positive action to stop the building's decline would require some sort of governmental assistance. Mr. Parker explained that he was attempting to understand the negotiation process.

Scott Smith offered that as long as he had been involved in the project, the numbers on the pro forma had not changed. The City had been working to get control of the property even prior to the current owner, Mr. Conte's purchase. Mark Fitzstevens explained that Mr. Conte's has based his asking price on the amount that will make him whole for the \$200,000 purchase price and the \$30,000 price he negotiated to release the mortgage lien filed in Onondaga County. Kathy Sheets added that the fair market value of the property, as established by an independent appraisal, is \$300,000 free and clear of all encumbrances.

George Parker asked why the City believes the project, as proposed, is a good deal from a financial perspective. Kathy Sheets noted that what made the strongest impression on the City was that there was no reasonable alternative for the City that would achieve the same desirable outcome. Doug Sutherland added that he and his partners have committed to rehabilitating the property according to the guidelines of the National Register which is a higher standard than is guaranteed even by foreclosure auction. He pointed out that the project calls for them to make a \$3.85 million capital investment.

George Parker noted that when the prospect of this deal had been introduced at the first meeting of the Land Bank Board it had an expected consummation by October or November 2013. He asked whether the delay in the project being presented to the Land Bank board for approval had to do with negotiations between the parties. Scott Smith answered that price negotiations were not the source of the delay. Mark Fitzstevens stated that the City Department of Environmental Quality had performed a Phase I environmental review and assessed the property as having low environmental risk.

The resolutions regarding the three agreements that the Land Bank will need to enter into in order for this transaction to take place were distributed to Board members. Carol Wheeler asked if there were any other questions regarding the transaction. Kathy Sheets directed the Board's attention to the resolutions to approve the three relevant agreements – the grant agreement with the City, the purchase and sale contract with the present owner, and the Land Disposition agreement with the developer. Each referenced the various agreements as attached exhibits, but Ms. Sheets suggested that, as the agreements were not yet finalized and as the resolutions would be posted on the Land Bank's website, the agreements not be included as part of the resolutions. Scott Smith reasoned that as the language in the resolutions give the contracting agent authority to sign agreements "in substantially the form" of the attachments, they were necessary for clarity. Also, he argued that the language provided adequate flexibility to accommodate the type of changes that might come about through discussions between the attorneys involved. Kathy Sheets made the case that as City Council does not attach referenced contracts to its resolutions, it is not necessary that the Land Bank do so and to do so on the first transaction could set an unwelcome expectation for future transactions.

Spencer Ash asked why the referenced agreements were included. Scott Smith explained that he had included the exhibits because the transaction described is particularly complicated. Mr. Ash asked whether the inclusion of the draft agreements would allow the contracts to be executed without a subsequent review. Mr. Smith explained that the Board would certainly have the opportunity for subsequent review, but that the developer needed the Land Bank's resolution to be approved in order to apply for COMIDA approval at the next meeting on Tuesday, January 21st. Mr. Ash expressed reservations about the board approving agreements without having had the opportunity to review them. Carol Wheeler asked if the Board could find a way to go forward. Kathy Sheets stated that the attachments themselves could be removed and the references to them struck from each of the resolutions. The Board collectively went through each resolution to remove the references to the agreements as attachments. George Parker then made a motion to adopt the three resolutions as amended. Gary Kirkmire seconded the motion and it was unanimously approved by the board.

Conference room #223B was reserved for another meeting at 4:00pm. The attendees of the Land Bank board meeting vacated the room and resumed the meeting in conference room #321B at 3:57pm.

Carol Wheeler introduced the discussion of the election of board members that was continued from the prior meeting. Dana Miller moved that Carol Wheeler be elected Chair and Spencer Ash be elected Vice-chair. Gary Kirkmire seconded the motion and the Board unanimously approved the motion.

The next item of discussion was the shared services agreement between the Land Bank and the City. Andrea Guzzetta inquired as to the deadline by which the agreement must be executed. Kathy Sheets explained that the agreement was necessary prior to the Land Bank taking ownership of any real property. She suggested it be prepared for vote at the February City Council meeting. Dana Miller asked if the agreement would have to be created from scratch or if it was similar to REDCO's agreement with the City. Kathy Sheets advised that the Land Bank required many more City services than REDCO – such as property maintenance and environmental support from the Department of Environmental Services, the professional services of many City departments, in addition to the expanded services that will be required of the Division of Real Estate. Andrea Guzzetta noted that the January City Council meeting was scheduled for January 28th, and asked whether there would be an issue with the OAG's deadline for executing the grant agreement by waiting until February. Kathy Sheets expects that the

OAG will require a warranty that the Land Bank has the ability to perform the activities described in its grant application. Spencer Ash asked if Council ever convenes special sessions. Dana Miller answered that City Council could hold a special session subject to noticing requirements. Kathy Sheets recommended that the Land Bank aim for the February City Council meeting. This would mean submitting a transmittal to City Council prior to the next Land Bank board meeting, but it could be modified as needed. Gary Kirkmire asked if the draft agreement would be emailed to the entire board prior to the next meeting. Scott Smith agreed that it would and that he would have a draft prepared by January 24th.

The Board next discussed the Land Bank's annual report to City Council. Kathy Sheets explained that section 1612(c) of the Land Bank Act requires that the Chair of the Land Bank Board make a report to the municipality in which it was formed by March 15th of each year. She asked whether the report had to be delivered at a Council meeting or if it could be part of a work session. Andrea Guzzetta answered that it could be delivered at a work session as long as no vote was required. She proposed scheduling it for either the February 6th or the February 26th session and agreed to send the firm date to the Chair and the Executive Director. As the Land Bank has, to date, engaged in very little of the activity required to be included in the report, Board Chair Carol Wheeler did not feel a committee would be necessary to create this year's report. Kathy Sheets offered to provide any support that might be needed.

At its Organization Meeting, the Land Bank Board selected January as the date of its annual meeting. Kathy Sheets suggested that as this meeting was coming to an end that the Board consider changing the date of its annual meeting. Scott Smith indicated that as there was currently no prior fiscal year, there were no additional requirements that must be met for this meeting to be considered the annual meeting. George Parker noted that the slate of officers was required to be elected at the annual meeting. As the Chair and the Vice-chair had been elected, Dana Miller moved that the board elect the slate of officers, with George Parker continuing in his role as the Board Secretary and Kim Jones in the role of Treasurer. Spencer Ash seconded the motion and the Board unanimously approved the slate.

Kathy Sheets asked for the collection of the *Acknowledgment of Fiduciary Duties and Responsibilities* required by Public Authorities Law to be collected from the board members.

Carol Wheeler made a motion to adjourn the meeting. The meeting was adjourned at 4:29pm.

ATTEST: George L. Parker
George Parker - Secretary, Rochester Land Bank Corporation

Rochester Land Bank Corporation

Board Meeting Minutes

February 20, 2014

City Hall, Rm. #223-B

30 Church Street,

Rochester, NY 14614

Board Members Present: Spencer Ash, Andrea Guzzetta, Kim Jones, Gary Kirkmire, Dana Miller, George Parker, Carol Wheeler

Non-Board Members Present: Rianne Mitchell, Kathy Sheets, Scott Smith

The meeting was called to order at 3:00 pm by Carol Wheeler, Board Chair.

The minutes from the last meeting were distributed. Dana Miller moved that the minutes be approved. Spencer Ash seconded. The motion was unanimously approved by the board.

The Board was presented with eight draft resolutions to approve as part of the due diligence requirements for executing the OAG's CRI Grant Agreement. Carol Wheeler initiated discussion of Resolution No. 11 of 2014 to authorize the Executive Director to execute the grant agreement. Dana Miller noted that the schedule of documents was not attached to the resolution presented and asked if approving the resolution meant the Board was ratifying those documents. He was informed that the referenced documents would be presented at this meeting and that authorizing the signing of the grant agreement did not preclude changes by the board. George Parker moved that the resolution be approved; Gary Kirkmire seconded. The motion was unanimously approved by the board.

Resolution No. 9 of 2014 to authorize the signing of the Shared Services Agreement with the City was the next topic of discussion. Carol Wheeler asked why eviction services were included in the Legal Services portion of the agreement as the Land Bank's Acquisition Policy prohibits acquisition of occupied properties. Kathy Sheets explained that while the Land Bank would never intentionally acquire an occupied property, if it ever inadvertently did so it would need the support of the City to proceed with eviction. Dana Miller noted that the City Ordinance and the Board's Resolution numbers had been left blank on the agreement and that they would need to be completed. George Parker moved that the board approve the resolution and Spencer Ash seconded it. The board unanimously approved the motion.

Next Resolution No. 10 of 2014 to approve the RHDFC Agreement was discussed. Kathy Sheets indicated that the State is requesting information about how contractors will be selected, but that clarification made no material change to the contract. George Parker asked if all money received from the grant will be funneled through the RHDFC. Kathy Sheets explained that there were also funds allocated to pay for Land Bank staff and acquisition funds to pay the bid price for the properties purchased at the Tax Foreclosure Auction. George Parker made a motion that the resolution be approved; Spencer Ash seconded. The motion was unanimously approved by the board.

The next item discussed was Resolution No. 7 of 2014 to adopt the Code of Ethics/Conflict of Interest Policy. Carol Wheeler alerted the board that she had been recommended by the mayor to be one of the City's appointees to the board of the RHDFC. She asked whether it was appropriate for a member of the Land Bank board to also serve on the RHDFC board of directors. At her request, the law department wrote a memo indicating that a board member could recuse him or herself from matters relating to the RHDFC or that the RHDFC could simply select someone not on the Land Bank board. Carol Wheeler felt that accepting the position on the RHDFC board was not advisable.

Spencer Ash pointed out that it was not uncommon for City employees who serve on boards to recuse themselves in certain instances. Kathy Sheets asked whether the Land Bank board was large enough to accommodate a member recusing his or herself. Spencer Ash explained that it would only be necessary to absent oneself from the discussion of an item specific to the RHDFC, not from the whole meeting. After clarifying with Scott Smith that four members constituted a quorum under the Land Bank's bylaws, Andrea Guzzetta pointed out that it would be unlikely that more than two of the seven members of the board would be absent at one time. Spencer Ash noted that the recommendation to the board had been made by the Mayor and asked how such a situation would be handled by City Council members. Dana Miller said it was not a problem to recuse oneself.

Carol Wheeler reminded the board that the RHDFC is the only contractor the Land Bank currently has. Kathy Sheets pointed out that while she was certainly confident that Carol could keep the interests of both parties separate, particularly as the Chair of the Land Bank board, it could appear to create a conflict of interest for her to serve on both. Gary Kirkmire observed that when viewed by those not intimately involved, perception is reality. Andrea Guzzetta suggested that the Mayor's office could be asked to make another nominee. Gary Kirkmire agreed that if there were other City staff that could serve on the RHDFC board, it may be better to recommend someone else. Carol Wheeler said she wanted to make sure to bring it to the board as other members could be asked to serve on the boards of other not-for-profit organizations in the future and that it would help to have a policy as a guide.

Andrea Guzzetta expressed concern with the appointment because nearly all of the initial funds of the Land Bank are contracted to go to the RHDFC and offered the opinion that if in the future a Land Bank board member were asked to serve on the board of an organization that received a smaller percentage of Land Bank business, there would be less of a problem. Perhaps the Land Bank could establish a maximum percentage where dual service would be allowed. Kim Jones asked if that was something that the board wanted to incorporate as part of its Code of Ethics. Spencer Ash indicated that such an action might be wise as he anticipated a future where the Land Bank has additional funding sources and business with other development organizations.

Scott Smith suggested that the board could simply choose to accept the guidance of the Deputy Corporation Counsel's memo without modifying the Code of Ethics. George Parker recommended that the board apply the Code of Ethics to the decision. Scott then asked if the issue was that board wanted to somehow memorialize this specific decision. George elaborated that his sense that the issue was a question of the definition of "interest" as it is used in the Ethics Policy. The policy as it is currently written seems broad enough to prohibit a board member's service in this instance. He shared that the board of Pathstone had encountered a similar situation and modified its own policies. When board members also serve on the boards of competing not-for-

profit organizations, the question of interest has less to do with personal gain than with effective advocacy for organizations vying for the same funding or contracts. Spencer Ash agreed that it made sense to use the Ethics Policy as guidance, both now and going forward. Gary Kirkmire pointed out that the board still needed to adopt the Code of Ethics. Spencer Ash moved that the policy be adopted; Gary Kirkmire seconded. The board voted unanimously to approve the motion.

Resolution No. 6 of 2014 to adopt the Non-Discrimination Policy was next discussed. George Parker had a question about the inclusion of "disability" as a protected category, as it does not often appear in standard policy language and no specific definition was given in the Policy. Kim Jones offered that she had interpreted it to mean any physical or mental disability. Spencer Ash noted that the Land Bank needs to consider physical disability when it contracts for rehabilitation work on the homes that it acquires. He suggested that this may be something to account for in the Land Bank's disposition policy. Maritza Mejias explained accommodations for any particular physical disabilities of potential buyers would be difficult as the rehabilitation of HOME Rochester properties is completed prior to their being offered for sale. Regarding the definition of disability, Scott Smith acknowledged that it continues to evolve, but advised looking to the Americans with Disabilities Act for guidance. Spencer Ash reiterated that the Land Bank needs to be responsive to the issue of accessibility. George Parker moved that the board adopt the Non-Discrimination policy; Gary Kirkmire seconded. The board unanimously approved the motion.

The board next discussed Resolution No. 8 of 2014 to adopt the Procurement Policy. Kathy Sheets noted that the language in Section 3 of the policy mirrors the City's practice of allowing flexibility in contracting for Professional Services, such as utilizing a Request for Qualifications rather than a Request for Proposal if a pool of qualified applicants is very small. If in the future the Land Bank has alternate funding sources, the board may want or need to revisit its procurement procedures. George Parker asked if the Land Bank's contract with RHDFC would have been prohibited by the Procurement Policy as it is currently written. Scott Smith offered the opinion that the relationship between the Land Bank and the RHDFC is not one of procurement, but of cooperative development activity. He suggested that the agreement was more like a real estate deal with guidelines conditioning the sale of real estate. The pertinent question regarding procurement is "Do we have to bid this?" and that question does not apply to the contract with the RHDFC. Kathy Sheets further explained that the partnership between the Land Bank and the RHDFC was the basis of the grant application made to the OAG and can more correctly be viewed as a condition of funding. George Parker clarified his question by asking whether the contract with the RHDFC is for something other than services, as the Procurement Policy explicitly states goods and services must adhere to the practices set forth in it. Kim Jones observed that it would not have made sense to issue an RFP for a partner in the project proposed in the grant application to the OAG. Kathy Sheets stated that the RHDFC already operated the HOME Rochester project which is the mechanism by which the Land Bank proposed to effect its goal of transitioning vacant properties into owner-occupied homes. George Parker asked if the contract with RHDFC was an exception as provided for in the Professional Services portion of the Procurement Policy. Scott Smith reiterated his opinion that it was not a contract for procurement so it was not subject to the provisions of the Procurement policy. Spencer Ash made a motion to adopt the Procurement Policy; Andrea Guzzetta seconded it. The board unanimously approved the motion.

Resolution No. 5 of 2014 to adopt the Personnel Policy was the next item addressed. Spencer Ash moved that the board adopt the policy; Gary Kirkmire seconded. There were no questions and the board voted unanimously to approve the motion.

The next topic of discussion was Resolution No. 12 of 2014 to approve the Internal Control Policy. Kim Jones explained that she and Gary Kirkmire – as Chairs of the Finance Committee and the Audit Committee, respectively – had worked together to identify areas with a high risk of fraud or abuse and to structure a policy to address those concerns. George Parker moved that the policy be adopted; Andrea Guzzetta seconded. The board unanimously approved the motion.

Carol Wheeler then gave a brief overview of the Land Bank's Annual Report to City Council which she delivered at a work session on February 6th. The Land Bank Act requires that the report address the Expenditures, Projects, and Administrative Activities undertaken in the previous year. All of the questions asked by Council members that could not be answered during the session have been subsequently addressed. Spencer Ash brought up a question that had been asked at the Council Committee meeting regarding the Shared Services agreement. The City Finance Director obtained an estimate for necessary insurance for the Land Bank and a Councilmember asked about the source of funds. Kim Jones explained that the Finance Department is working with the Budget Office on the issue. Kathy Sheets added that even if the budget for the grant from the OAG were reconfigured to include insurance costs, it would only be for two years and the Land Bank will have an ongoing need for coverage. Kim Jones confirmed that the City plans to purchase the coverage, noting that if the properties were taken into City inventory the City would need to make the same provision. Carol Wheeler asked if the board had any further questions on the topic. Dana Miller offered some comments. He noted that other Council members had asked to see a list of the properties that were to be purchased using the Trump Bid and wanted to ensure that the public would have access to the list as well. They also had questions about the Land Bank's involvement with a bank engaged in mortgage foreclosures in the area and about whether there would be an opportunity for the public to provide feedback about the Trump Bid. Spencer Ash asked whether notification of the exercise of the Trump Bid would cool the ardor of the real estate investors who generally participate in the Tax Foreclosure auction. Carol Wheeler answered that an informational meeting for the public had been scheduled at the Mayor's request. Kathy Sheets asked Dana Miller if there was any feedback from Council members about the Shared Services Agreement. There was not.

The last item on the agenda was an update on the Bevier Building transaction. Kathy Sheets explained that based on the eligibility guidelines in the Land Bank's Disposition Policy, which were patterned after those of the City, one of the members of Franklin Bevier, LLC was ineligible to purchase the property. Patrick Dutton has an ownership interest in a building in the city with significant code violations. A letter was sent to Doug Sutherland, the Land Bank's contact for Franklin Bevier, LLC, and Mr. Dutton responded promptly. Spencer Ash, Gary Kirkmire, Kathy Sheets and the City's Project Manager for the Bevier Building development met with Mr. Dutton. A resolution is expected shortly. If the City's Department of Neighborhood and Business Development finds that the owner of the other property is making "substantial progress" on the repairs to the building, the transaction can continue. Mr. Dutton will provide a list of the repair activities to NBD.

As a matter of interest, Attorney General Schneiderman will be announcing legislation proposing the expansion of the number possible of land banks in New York State from ten to twenty.

Carol Wheeler made a motion to adjourn the meeting. The meeting was adjourned at 4:05 pm.

ATTEST: *George Parker*
George Parker – Secretary, Rochester Land Bank Corporation

Rochester Land Bank Corporation

Board Meeting Minutes

March 20, 2014

City Hall, Rm. #223-B

30 Church Street,

Rochester, NY 14614

Board Members Present: Spencer Ash, Andrea Guzzetta, Kim Jones, Gary Kirkmire, Dana Miller, George Parker, Carol Wheeler

Non-Board Members Present: Maritza Mejias, Rianne Mitchell, Kathy Sheets, Scott Smith

The meeting was called to order at 3:00 pm by Carol Wheeler, Board Chair.

The minutes from the last meeting were distributed. Andrea Guzzetta moved that the minutes be approved. Gary Kirkmire seconded. The motion was unanimously approved by the board.

The first item of discussion was Resolution No. 13 of 2014 to authorize the execution of the agreement with the City of Rochester outlining the Credit Bid process for properties purchase at the Tax Foreclosure Auction. George Parker made a motion to approve the resolution, Gary Kirkmire seconded it. Carol Wheeler called for questions. Andrea Guzzetta asked if the board would have an opportunity to review the properties on which the Land Bank planned to bid prior to purchase. Kathy Sheets explained that, though the property list was not included in the initial distribution of the draft agreement, it had been subsequently provided to the board and there were hard copies for each member at the present meeting. The board then voted unanimously to approve the resolution.

Next, Resolution No. 14 of 2014 to authorize the execution of the professional services agreement to use the Trump Bid to acquire properties on behalf of the City at the Tax Foreclosure Auction was discussed. Carol Wheeler noted that City Council would be discussing the agreement at the agenda review session scheduled later that afternoon. George Parker asked if the properties should be identified in the resolution. Kathy Sheets observed that the properties are identified in the agreement itself which had been distributed to the board members. George indicated that he felt that was satisfactory and made a motion to approve the resolution. Gary Kirkmire seconded it. The board unanimously approved the motion.

The next item on the agenda was Resolution No. 15 of 2014 to authorize the use of the Trump Bid at the Tax Foreclosure auction. George Parker made a motion to approve the resolution; Kim Jones seconded it. George Parker then pointed out the related question on the agenda, "Who will bid on behalf of the Land Bank?" Carol Wheeler suggested various members of City Bureau of Business and Housing Development staff. Maritza Mejias pointed out that most members had already been asked by the Real Estate Division to assist in running the auction. Kathy Sheets thought that before assigning staff it would be appropriate to invite a member of the Land Bank board to participate as the designated bidder.

George Parker asked for clarification about the bidding process. Will the Land Bank buy all the properties set aside and are there adequate funds to do so? Kathy Sheets explained that the total list includes the four properties the City has contracted with the Land Bank to acquire and that the City would provide those funds. The Land Bank first quarterly request to the Office of the Attorney General included \$250,000 for acquisition funds. Gary Kirkmire asked if that would be enough for the Land Bank to be able to acquire all of the properties it needs to fulfill the terms of the grant. Kathy Sheets explained that the game plan will be to bid on more than the fifty properties indicated in the grant application as it is possible that title issues that arise after the auction may invalidate some of the sales. Kim Jones expressed the opinion that it would be unlikely that the total cost for all the potential Land Bank parcels remaining at the time of the auction would exceed the amount of the initial request. George Parker asked if it was certain the Land Bank would be able to acquire everything for which it bids. Kathy Sheets explained the exercise of the Trump Bid guaranteed that the Land Bank could purchase anything on which it bid. Gary Kirkmire asked whether pending fines for code violation had been factored into the opening bids. Kim Jones indicated that staff in the Bureau Treasury was still working with staff in the Bureau of Inspection and Compliance to arrive at a final figure.

In considering whether the independent members of the board might be most appropriate for role of the designated bidder, Andrea Guzzetta offered the opinion that as Dana Miller is also a City Council member it may be confusing for him to bid on behalf of the Land Bank. George Parker, the other independent member of the board, indicated that he was willing to take the role but would be out of town on the date of the auction. Gary Kirkmire expressed a willingness to bid, but cautioned that he would be known to many in the room in his role of the Director of the Bureau of Inspection and Compliance. As it did not seem feasible for any of the board members to take on the role, it was decided that the Executive Director would assign the task to a willing and appropriate member of City staff.

As there were no other questions regarding the resolution, Carol Wheeler called for a vote. The board approved the resolution unanimously.

Resolution No. 16 of 2014 to adopt the Occupant Relocation Policy was next on the agenda. Kathy Sheets observed that it would be prudent to have the policy in place prior to acquiring properties at the auction, though the Land Bank will make every effort to avoid purchasing occupied properties. She asked Gary Kirkmire whether it would be possible for his staff to perform final review of the Potential Land Bank Parcels for occupancy, prior to the auction but as close to that date as possible. Gary Kirkmire agreed to the review, but wanted to have the properties checked with RG&E for utility usage and to have more frequent updates on which properties have been redeemed to decrease the volume. Kim Jones explained that the updates are run weekly and that she will make sure that all who have requested to be apprised will receive them. Kathy Sheets noted that it would probably be best to vet the entire auction list for occupancy to ensure that the City did not bid on any properties known to be occupied. Gary Kirkmire said that his office had an interest in determining whether the formerly occupied code violating properties were vacant so that the City could bid on them. He would first focus on that portion of the withheld properties along with the Land Bank parcels. George Parker moved that the Occupant Relocation policy be adopted; Spencer Ash seconded. The board unanimously approved the motion.

The board next discussed its ongoing action plan. First on the agenda was the budget report. Carol Wheeler asked if the Land Bank was on target for the Authority Budget Office's April 30th deadline. Kathy Sheets asked

the legal advisors for an opinion on whether the Land Bank would be required to file this year as it had not yet been incorporated for a full year. Scott Smith asked Tom Warth to do some research on the topic. Kathy Sheets expressed the urgency of the need for an answer as the budget would need to be approved by the board prior to submission and there was only one more regularly scheduled meeting before the deadline. Gary Kirkmire asked if the Bevier transaction would need to be included. Kathy Sheets clarified that though the board had approved the transaction, the Land Bank had not yet taken any financial actions. She asked the board what would be an appropriate deadline given the ABO budget deadline of April 30th. It was decided that the legal advisors would provide a decision regarding the necessity of filing the budget this year within the next two to three days. Carol Wheeler asked whether Kathy Sheets and Kim Jones would still be the parties responsible for preparing the budget. The two agreed that they would be the most appropriate.

Next, the board discussed the task of determining the Land Bank's tax status. Kathy Sheets pointed out that the Land Bank had received a notice from the IRS about compliance with reporting requirements for not-for-profit organizations. Unless the Land Bank is designated a government entity, it would be required to make all the filings required of any not-for-profit. A process for applying for such a designation was available on the IRS website. Carol Wheeler asked if there was a deadline for the determination of tax status. Kathy Sheets explained that not-for-profit organizations were required to make quarterly filings to the IRS and the Land Bank had already been in existence for two quarters without doing so. Scott Smith reminded the board of the offer he had obtained from a private attorney to provide the Land Bank with a letter of opinion on its de facto classification as a government entity. Kathy Sheets suggested that the Land Bank coordinate with the City's auditor on the topic. She had requested the City's Finance Director show the letter to the City's auditor and was told that the Land Bank would still need to file Form 990 with the IRS, as a letter from a private attorney would not be binding. Scott Smith said he would discuss the matter with the Corporation Counsel in the next few days to see how he would like to proceed. He would then advise the board.

The question of the timing of the Land Bank's annual meeting was next on the agenda. Tom Warth had examined the three state laws that primarily govern the functioning of the Land Bank: the Land Bank Act, the other provisions of New York State Not-for-Profit Corporation Law (N-PCL), and the Public Authority Law (PAL). The general provisions of N-PCL require an annual meeting within the six months following the end of an organization's fiscal year, and the Land Bank Act allows the date of the annual meeting to be set by bylaws or board resolution for anytime within that six-month time period. Separate from the annual meeting are two annual reports: one required by PAL and the other required by the Land Bank Act. Based on the Land Bank's fiscal year, the PAL's required annual report must be made between August and September. The Land Bank Act requires a report to the organizing municipality be made by March 15th of each year. Both the N-PCL and the PAL annual meeting and reporting requirements could be met by scheduling the annual meeting and annual financial report for August or September. If the Land Bank found it burdensome to have a separate meeting to comply with the requirements of the Land Bank Act, Tom Warth advised that, because the Land Bank Law does not limit or define "past year" to mean the past calendar year and because the NYS General Construction Law (§58) defines the term "year" only with regard to a span of 12 months or 365 days and without regard to a particular sequence of months, we could invoke a creative but reasonable interpretation of the law that would allow it to be satisfied by means of an annual report prepared and presented in August or September for a fiscal year ending on the prior June 30th. To do so in a manner that does not violate the spirit of the law, however, the

report would have to be prepared, approved by the Board, and orally presented to City Council no later than September 15th (i.e., the fiscal-year analogue to the March 15th deadline for a calendar year).

Kathy Sheets clarified that the report to the organizing municipality required by the Land Bank Act is of a different nature, and in fact is less extensive, than the report required by the PAL. As such it should not pose an undue burden to continue the practice begun this year of making the report in accordance with the stated March 15th deadline. She also expressed the opinion that a meeting date of September rather than August made more sense so as to allow the auditors the maximum amount of time to review the annual financial report. Tom Warth noted that the annual report has a more stringent timeline the annual meeting as it must be approved within three months of the end of the fiscal year. Kim Jones made clear that it was unnecessary to make time allowances for the auditors as they would have their report ready by whatever date is set forth in their contract. George Parker asked if, according to the foregoing discussion, it was the general understanding of the board that the date of the annual meeting should be moved from January to September. Scott Smith noted that a board will generally establish its annual meeting by resolution. George Parker made a motion that the board resolve to move the Land Bank's annual meeting from January to September in order to comply with Not-for-Profit Corporation Law. Dana Miller seconded the motion. The board unanimously approved the resolution.

Carol Wheeler asked about the status of the Shared Services agreement with the City and the operating agreement with the Rochester Housing Development Fund Corporation. Kathy Sheets advised that though the agreements had been approved by all parties involved, she believed that execution should be concurrent with the grant contract with the Attorney General's office. That original executed document was expected be returned to the Land Bank in the very near future.

Gary Kirmanire made a motion to adjourn the meeting. The meeting was adjourned at 4:22 pm.

ATTEST: George Parker
George Parker - Secretary, Rochester Land Bank Corporation

Rochester Land Bank Corporation

Board Meeting Minutes

April 17, 2014

City Hall, Rm. #223-B

30 Church Street,

Rochester, NY 14614

Board Members Present: Andrea Guzzetta, Kim Jones, Gary Kirkmire, Dana Miller, George Parker, Carol Wheeler

Board Member(s) Absent: Spencer Ash

Non-Board Members Present: Maritza Mejias, Rianne Mitchell, Kathy Sheets, Scott Smith, Tom Warth

The meeting was called to order at 3:05 pm by Carol Wheeler, Board Chair.

The minutes from the last meeting were distributed. Andrea Guzzetta moved that the minutes be approved. Gary Kirkmire seconded. The motion was unanimously approved by the board.

The next item on the agenda was Resolution No. 17 of 2014 to approve the Land Bank budget and financial plan. George Parker asked for an explanation of the gross concepts that informed the budget and projections. Kathy Sheets explained that while the Authorities Budget Office (ABO) requires projections for each of the next four fiscal years, the Land Bank has no reasonable basis to make funding projections beyond December 2015, the end of the term of the Community Revitalization Initiative grant. The first two fiscal years reflect the projected budget of the CRI grant as it was submitted to the OAG at the time the contract was executed. The current fiscal year also reflects the activities related to the Bevier Building transaction and the professional services agreement with the City to acquire specific properties at the Tax Foreclosure auction by exercising the Trump Bid. The projected revenues that appear for the two subsequent fiscal years are an extrapolation of the City's funding of the Land Bank for acquisitions related to City initiatives in the current year. Carol Wheeler asked for clarification of the \$100,000 figure in that budget line. Kathy Sheets explained that the figure was conjecture based on the expectation that, given the successful experiences this fiscal year and more time to plan acquisitions going forward, the City will invest more funds to utilize the special acquisition powers of the Land Bank. Kim Jones further explained that the City would identify a source of funds for any specific properties it plans to acquire. Carol then asked by what date the budget must be submitted. The ABO requires that the budget be submitted between 60 and 90 days before the beginning of the fiscal year. For the Land Bank, that means a deadline of May 1st. Kathy Sheets asked whether the resolution would allow for any subsequent fine tuning of the budget, but realized that no further changes would be necessary. George Parker moved that the budget and financial plan be approved; Gary Kirkmire seconded the motion. The board unanimously approved the motion.

Next discussed was the Resolution No. 18 of 2014 to approve the Amended Real Property Disposition Policy and to repeal Resolution No. 1 of 2014. The policy was amended to incorporate the disposition guidelines required by Public Authority Law in a way that was compatible with the Property Disposition Policy developed by the Land Bank's working group and approved by the board at the December 2013 meeting. The working group met

again and made the necessary changes, which primarily consisted of revising the section entitled *Sale Price / Consideration in Payment for Real Estate* to include the disposal guidelines outlined in Sections 2896 and 2897 of Public Authority Law and renaming the section *Disposal of Real Property*. Tom Warth made some subsequent additions to the amended policy and walked the board through the changes. Of particular note was the addition of a section relating to "Specified Purpose Property" as required by Not-for-Profit Corporation Law. George Parker asked whether the Land Bank expected to receive donations of real property with a specified purpose. Tom answered that though such donations will likely be infrequent, the process is required by Section 513 of N-PCL and including it in the disposition policy will bolster the Land Bank's application to the IRS for status as a governmental entity. Kathy Sheets asked where language could be found defining "specified-purpose property." Tom Warth noted that he'd found nothing further than the definition given in Section 513 and took it at face value. Kathy stated that her understanding was that any property donated with a covenant attached should be treated as specified purpose property. Tom agreed and noted that Kim Jones had verified that the recordkeeping requirements for such property were within the capability and practice of Treasury. The verification of the recordkeeping requirements will be particularly important to the application for tax exemption. Carol Wheeler asked whether the policy in its current form complies with both Public Authority Law and the Land Bank Act. Tom Warth acknowledged that it is now in compliance with those two governing statutes as well as any applicable provisions of N-PCL. George Parker moved that the resolution repealing Resolution No. 1 of 2014 and adopting the amended Real Property Disposition policy be approved. Gary Kirkmire seconded the motion. The board unanimously approved the motion.

The next topic of discussion was the Personal Property Disposition policy. The guidelines for property disposition in the Public Authority Law have provisions related to personal property as well as real property, and they too must be posted on each authority's website. Tom Warth presented the working draft of a Personal Property policy modeled on the Real Property policy the board approved at this meeting. PAL divides personal property into two classes – property with a value over \$5,000 and property worth less than \$5,000. The class of higher value property is differentiated by italics in the policy. The policy regarding disposal of personal property is needed not only to comply with Public Authority Law, but so the Land Bank can be prepared to handle any abandoned personal property that may be found in the structures purchased by the Land Bank at the Tax Foreclosure Auction. Any personal property in the lower value category will be disposed of by the City of Rochester in accordance with its established process on behalf of the Land Bank under the Shared Services agreement. Kathy Sheets noted that the guidelines for transfer of personal property to a governmental entity and for transfer of property at less than fair market value are identical to those for real property. Dana Miller asked if that was correct as some portions of it referenced real property rather than personal property. George Parker indicated that as the policy was not in final form, he would prefer to table the resolution rather than to adopt it, providing there was no pressing need for approval. Kathy Sheets noted that while it was unlikely that the Land Bank would have a need to dispose of any personal property located in structures purchased at the Tax Foreclosure Auction prior to the May board meeting, the ABO requires that public authorities maintain property disposal guidelines consistent with Sections 2986 & 2987 of PAL on their websites and file them with the NYS Comptroller annually by March 31st. Scott Smith noted that the board could take action outside of the setting of a meeting by unanimous written consent. Tom Warth agreed to deliver a completed policy for a board vote via email by Tuesday of the following week. The board members offered suggestions for revisions they would like to see in the completed policy and tabled the discussion.

Next the board discussed a resolution to submit form 1023 to the IRS for recognition as a governmental entity. George Parker asked whether it had been decided that it was necessary for the Land Bank to complete the application. Scott Smith indicated that his discussions with Corporation Counsel and Tom Warth resulted in the decision that obtaining a determination of status from the IRS was the most prudent course of action. He noted that recent discussions in the legal community about the increasing difficulty of obtaining 501(c)3 status are probably not applicable to the Land Bank. As board members had been provided with the instructions for the information requested in the application rather than a partial draft, Tom Warth suggested that the resolution be modified accordingly. He asked if the board would like to review the completed application before submission. The board felt it was not necessary to discuss the application again in session, but George Parker offered to review it prior to submission. George Parker moved that the resolution be approved; Andrea Guzzetta seconded the motion. The board unanimously approved the motion.

Kathy Sheets gave an overview of the Land Bank's participation in the City Tax Foreclosure Auction. Tom Warth bid on behalf of the Land Bank. The board was presented with a list of the properties purchased using the Trump Bid, including the two properties purchased on behalf of the City for the Bullshead and JOSANA development projects. Both properties are slated for demolition. Each property purchased for use in the CRI grant program will need an explanatory statement as they will be transferred to RHDFC for environmental remediation and rehabilitation at below fair market value. RHDFC discovered that one property that the Land Bank intended to include in the CRI grant program is in the path of a development project by RGRTA. RGRTA intended to exercise eminent domain, but the Land Bank can now sell them the property. George Parker asked why the Land Bank purchased just 26 properties when the original intent was to purchase fifty. Kathy Sheets explained that of the many of the properties the Land Bank had set aside had been redeemed. Others were found to be occupied or their condition was such that the amount of subsidy required to rehabilitate them put them out of range for the HOME Rochester program. Some of the properties were desirable for the CRI grant program because their close proximity to each other allowed for economies of scale. For example, once two of the properties of a three property grouping were redeemed, the third was not individually a good prospect. Additionally, American Tax Funding Services (ATF), with whom the City contracts for the bulk sale of tax liens, objected to twenty properties that were on the list of potential Land Bank parcels. They wanted to protect their lien from the trump bid and planned to redeem those properties if they were not made available to competitive bidding. Kathy Sheets was able to negotiate their list down to ten properties for which the Land Bank did not exercise the Trump Bid. The RHDFC was outbid for these properties when they were offered for competitive bid. Consequently, the Land Bank will need to expand its efforts to acquire properties for use in the CRI grant program.

Carol Wheeler informed the board that she had instructed Housing staff to be on the lookout for possible acquisitions for the Land Bank. Gary Kirkmire also volunteered the support of Inspection and Code Compliance in identifying properties. He asked if the City might have a specialized foreclosure auction to supplement the Land Bank's activities. Kim Jones explained that there would not be enough time to organize it before the end of the grant term. Scott Smith agreed that the Land Bank should investigate other avenues of acquisition rather than rely on the City's next Tax Foreclosure Auction. Carol Wheeler asked what the deadline for acquisition is under the grant. Kathy Sheets explained that the program had been structured to allow acquisition right through the end of the grant term in December 2015. Carol suggested it might be prudent for the Land Bank to establish its own deadline of the second quarter of 2015 for acquiring the 50 properties necessary to fulfill the

terms of the grant. Scott Smith mentioned that ATF is interested in talking to the Land Bank about possible transactions. Kathy Sheets explained that in her discussions with ATF prior to the Tax Foreclosure Auction she made it clear that the Land Bank would expect cooperation similar to that it showed in removing the ten requested properties from the Trump Bid list. The Land Bank may be able to acquire two properties ATF has foreclosed on and taken into ownership. Carol Wheeler asked if we needed to amend the grant agreement with the OAG to redistribute the funds. Kim Jones asked if requesting an extension in the grant term might be a solution. Kathy agreed that both were options, but she would first like to make every effort to fulfill the current terms of the grant. Scott Smith asked if any of the properties acquired by the City at the Tax Foreclosure Auction might be transferred to the Land Bank. Kathy acknowledged that some of the properties classified as "Limbo" might be viable and that Real Estate staff would consider that when performing their inspections. She added that it was possible that some of the properties offered as single family structures at the auction may require deconversion from an illegal multiple use, and those would not be suitable for the program. Carol Wheeler proposed that increasing pressure on banks to take action on their REO's or stalled foreclosures might also prove fruitful. Gary Kirkmire advised that he had recently sent communication to one of the banks regarding the condition of some of its foreclosed properties. Dana Miller asked if using the functionality of the City's new GIS system might be helpful in identifying properties for acquisition. He added that he would like to be able to track the CRI grant properties through the environmental remediation and rehab process to their completion. Maritza Mejias explained that it is the RHDFC's standard practice to track progress on HOME Rochester properties with photos and reports and that information could certainly be provided to the Land Bank board. Gary Kirkmire agreed that the new GIS system could be used to plot abandoned properties that might be candidates for the grant program.

Gary Kirkmire made a motion to adjourn the meeting. The meeting was adjourned at 4:05 pm.

ATTEST: 
George Parker – Secretary, Rochester Land Bank Corporation

Rochester Land Bank Corporation

Board Meeting Minutes

May 15, 2014

City Hall, Rm. #223-B

30 Church Street,

Rochester, NY 14614

Board Members Present: Andrea Guzzetta, Kim Jones, Gary Kirkmire, Dana Miller, George Parker, Carol Wheeler
Board Member(s) Absent: Spencer Ash
Non-Board Members Present: Maritza Mejias, Rianne Mitchell, Kathy Sheets, Scott Smith, Tom Warth

The meeting was called to order at 3:03 pm by Carol Wheeler, Board Chair.

The minutes from the last meeting were distributed. Andrea Guzzetta moved that the minutes be approved. Gary Kirkmire seconded. The motion was unanimously approved by the board.

Scott Smith gave the board an update on the Bevier Building transaction. The closing is scheduled for Friday, June 6th. All the contract documentation is in place. Stewart Title found some issues during their search, but they have now been resolved. Scott is in the process of preparing closing statements so that checks can be issued. Subject to the escrow agreement, all funds and deeds will be held in escrow during the Land Bank's statutory holding period. That would mean that the funds due to the Land Bank would be received on or about June 13th. Carol Wheeler asked whether the Year End deadlines for the City's accounting system would interfere with the transaction. Kim Jones explained that the year end deadlines would not affect deposits and that any required unanticipated disbursements could be made if it were necessary. George Parker observed that depending on the time of day of the closing, the deed may not be recorded until the following Monday, requiring it to remain in Land Bank ownership later into the month. Scott Smith acknowledged this, but noted that, as a condition of the closing, all deeds and funds involved in the Land Bank's purchase of the Bevier Building and its subsequent sale to the developer must be deposited with the escrow agent. If the closing happens as scheduled, all required funds will have been obtained and there will be no conflict with closing out the accounting year.

Kathy Sheets gave a report of the Community Revitalization Initiative grant program's progress. In the first quarter of the grant term four properties were acquired, environmental remediation on three structures was completed, and rehabilitation completed on four. For the second quarter the Land Bank anticipates 22 acquisitions – 19 purchased using the Trump Bid, 2 donations from American Tax Funding Services (ATFS), and one purchased from ATFS; three completed environmental remediations; and three completed rehabilitations. Additionally, it is expected that two City-owned properties will be acquired for the grant project in July. Carol Wheeler asked by what mechanism the City would transfer properties to the Land Bank. Kathy explained that there were currently only two-established mechanisms, though the foreclosure sale and by offering City-owned properties at appraised value. Gary Kirkmire asked whether the two properties that are to be transferred in July are the only appropriate properties the City can make available. Kathy noted that the City had acquired

approximately 140 structures at the Tax Foreclosure auction and that part of the review performed by the Division of Real Estate staff would include an evaluation of whether any would be suitable for the CRI grant program. Carol Wheeler asked if the Land Bank was on target to meet the Environmental Remediation and Rehabilitation goals of the grant. Kathy indicated that, as the RHDFC already has 32 properties in their pipeline, there should be no problem meeting those goals. Gary Kirkmire asked whether rather than 150 properties being touched by just one portion of the CRI grant, there would be an overlap with some properties being funded for more than one activity. Kathy Sheets responded that that was correct. Carol Wheeler observed that the major challenge would be acquisition.

Carol Wheeler next introduced the topic of the Board's action plan. She asked whether Form 1023 was ready for submission. Scott Smith replied that a draft of the application was mostly complete. Maritza Mejias is compiling the application, and as noted in the plan, the Board has already approved a resolution to submit it to the IRS. Kathy Sheets shared the information that based on her monthly conference calls with the other New York State land banks, those who submitted applications last year are just now getting responses from the IRS and they consist of requests for more information. Scott Smith asked what sort of information the IRS was requesting. Kathy explained that as the Land Banks she'd spoken to had outsourced the task of completing the applications, she had no specifics.

The next topic of discussion was Resolution No. 21 of 2014 authorizing the below market transfer of the properties purchased on behalf of the City under the Professional Services Agreement approved by Resolution No. 14. Two properties originally intended to be transferred to the RHDFC would now be transferred to the City for the purpose of demolition. Kathy Sheets advised that City Council will be asked to amend the legislation regarding the Professional Services Agreement at the June meeting. George Parker pointed out that mention of the Authorities Board Office could be removed from the Explanatory Statement as the fair market value was less than \$100,000. Tom Warth agreed that the Explanatory Statement need only be kept in the file. Maritza Mejias provided the SBL numbers and total purchase price for the properties to be transferred. George Parker made a motion to approve the resolution as amended. Kim Jones seconded it and the board unanimously approved the motion.

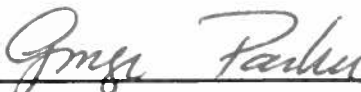
Tom Warth explained to the board that though Resolution No. 22 of 2014 to authorize the below market transfer to the RHDFC of the properties purchased using the Trump Bid had not yet been drafted, it would be very similar to Resolution No. 21. It would list the nineteen properties deemed appropriate for inclusion in the CRI grant program with their purchase prices and include an explanatory statement in substantially the form of the draft that had been distributed to board members. George Parker noted that rather than waiting for next month's board meeting, Resolution Nos. 22 and 23 could be circulated to board members via email. Kathy Sheets agreed that this would be preferable as it would limit the time the properties must remain in Land Bank ownership, thereby possibly decreasing insurance costs.

Kathy Sheets gave background for Resolution No. 23 of 2014 to accept the donation of two properties from American Tax Funding Services (ATFS). ATFS foreclosed on 641 Chili Avenue prior to the City's tax foreclosure auction, but neglected to pay the City taxes out of the proceeds of the sale until after the auction. The property was purchased by the Land Bank using the Trump Bid. In order to avoid the legal costs of a lawsuit filed by their purchaser, ATFS has agreed to donate 27 Chapin Street and 31 Clairmount Street so that the Land Bank will not

complete its purchase of 641 Chili Avenue. Dana Miller asked if the purchaser of 641 Chili Avenue will be required to perform rehabilitation as a condition of the sale. Kathy Sheets noted that as the property was not purchased from either the City or the Land Bank, there is no contractual requirement to perform rehabilitation within a designated time period. The new owner will, however, be subject to the enforcement activities of the Bureau of Inspection and Compliance Services. Dana Miller asked if the property was vacant. Gary Kirkmire confirmed that it was. Dana Miller then asked if the board needed to take any action to cancel the purchase of 641 Chili Avenue. Scott Smith gave the opinion that the Trump Bid resolution gave the Executive Director the option to bid or not to bid on any of the properties set aside for the Land Bank by including the language "any or all." Gary Kirkmire asked if payment of the tax lien was a contingency of the agreement. Scott Smith explained that it was and that the amount of the delinquent tax lien has been deposited with the City.

Tom Warth agreed to prepare both resolutions for circulation via email with a form acknowledging written consent so that the transactions described could take place outside of the next regularly scheduled board meeting.

Gary Kirkmire made a motion to adjourn the meeting. The meeting was adjourned at 3:52 pm.

ATTEST: 
George Parker – Secretary, Rochester Land Bank Corporation

Rochester Land Bank Corporation

Board Meeting Minutes

June 19, 2014

City Hall, Rm. #223-B

30 Church Street,

Rochester, NY 14614

Board Members Present: Andrea Guzzetta, Gary Kirkmire, Dana Miller, George Parker, Carol Wheeler
Board Member(s) Absent: Kim Jones
Non-Board Members Present: Rianne Mitchell, Kathy Sheets, Scott Smith, Tom Warth

The meeting was called to order at 3:04 pm by Carol Wheeler, Board Chair.

The minutes from the last meeting were distributed. Carol Wheeler asked for clarification about whether Maritza Mejias would be preparing the Form 1023 application to the IRS. While she will be compiling it for submission, the remaining information will be supplied by Tom Warth, the Land Bank's legal advisor, and the completed application reviewed by our board secretary, George Parker. George Parker moved that the minutes be approved. Andrea Guzzetta seconded. The motion was unanimously approved by the board.

The first topic of discussion was the preparation of financial statements for the Land Bank's first fiscal year. Treasurer Kim Jones had prepared a memo that was presented to the board describing the financial reporting process. The memo indicated that management of the Land Bank would meet with the City's auditors prior to the end of the fiscal year to make a determination as to whether the Land Bank is a component unit of the City. George Parker asked who comprised "management of the Land Bank." Kathy Sheets asked Tom Warth for his opinion. He indicated that it would depend on whether the decision was operational or if it had a more fundamental impact on the Land Bank. His initial feeling was that it was primarily an operational decision, but was reserving judgment until he received the questionnaire the auditors use to make the determination. Dana Miller asked who was at the initial meeting with the City's auditors. Kathy Sheets indicated that she, Tom Warth, Kim Jones, and Charlie Benincasa – the City's Finance Director – had all been present. Her feeling was that the Land Bank's component unit status seemed to be more important for the City than for the Land Bank. As no action needed to be taken by the board at this meeting, she suggested they seek clarification from the Treasurer about whom she meant when referring to management of the Land Bank. Tom Warth asked Scott Smith to weigh in on the question. Scott indicated that it seemed to be a decision for the Executive Director and the Treasurer and not something the board needed to decide. Carol Wheeler asked whether the decision would be reached prior to the next board meeting. Tom Warth explained that the auditors needed a decision by the end of the fiscal year. Kathy Sheets asked if there were implications for the Land Bank's Form 1023 Application to the IRS. Tom did not recall any questions regarding component unit status, but will check the application again before it is submitted. Carol Wheeler wanted to confirm that there was no need for board action as the end of the fiscal year would be prior to the next board meeting. Tom assured the board that the Land Bank would not be bound in future by using the auditor's checklist. He explained that there are primarily two issues of concern to the Land Bank: 1) supporting the application to the IRS for Not-for-Profit status as a government

entity, and 2) preventing the “piercing of the corporate veil.” The Land Bank may want to keep its separate identity for reasons of funding, etc. As described by the auditor at the initial meeting, there is some judgment involved in the process which is why Tom will be reviewing the questionnaire for any legal implications for the Land Bank. Kathy suggested that one of the Land Bank’s subcommittees also review the auditor’s recommendation prior to a final decision. Carol recommended the Finance committee make the review.

Next, Scott Smith gave an update on the Bevier Building transaction. The transaction closed on June 11th and the properties were transferred to Franklin Bevier, LLC on June 18th. The Land Bank netted \$48,385 which will be deposited with the Treasurer.

Kathy Sheets then gave a report on the progress of the CRI Grant program. She began with the amounts that had been paid by the OAG and the expenses incurred by the Land Bank to date. The first quarter draw was higher than first quarter expenses as, at the time of the request, it was anticipated that the City’s tax foreclosure auction would be taking place in the first quarter. The unspent portion of the first quarter draw was netted from the draw for the second quarter. In the second quarter the draw did not completely cover the expenses incurred so the balance will be added to the request for the third quarter. The report and check request is due to our CRI project manager by June 20th. There were four acquisitions in the first quarter and 19 in the second quarter for a total of 23. Environmental remediation was completed on three properties in the first quarter and five properties in the second quarter for a total of eight. Rehabilitation was completed on four properties in both the first and second quarters, again for a total of eight. All of the completed environmental remediation and the rehabilitation projects completed to date were for properties that were already in the HOME Rochester pipeline prior to the beginning of the grant term. The rehabilitation reimbursements are made as purchase subsidy payments and, therefore have not yet been disbursed in all cases. To fulfill the terms of the grant will require acquisition of 27, environmental remediation of 42, and rehabilitation of 42 additional properties. The projection for the third quarter is acquisition of eight, environmental remediation of twenty, and rehabilitation of three properties.

Gary Kirkmire asked whether it would still be possible to acquire fifty properties within the parameters of the grant agreement. Kathy Sheets stated that the Land Bank will fulfill the terms of the grant agreement and that she hoped to brainstorm ideas for low cost acquisition methods when the board reached the “Other Business” portion of the agenda. Carol Wheeler agreed and added that the anticipated second round of funding from the OAG should also be discussed at that time.

The next topic was the board’s ongoing action plan. Carol Wheeler asked about the status of the Form 1023 application to the IRS. Tom Warth stated that he expected it to be submitted prior to the July board meeting. Kathy Sheets noted that the GIS map of properties acquired for the CRI grant program may be useful in the Land Bank’s report to City Council. Carol Wheeler suggested that it also be included in the Land Bank’s annual report. Kathy mentioned that the three financial reports required by Public Authority Law are due within ninety days of the end of the fiscal year and will, therefore need to be presented to the board at the September 18th meeting. Tom Warth suggested adding the Finance committee’s review of the auditor’s recommendations regarding the Land Bank’s component unit status to the plan. This brought up the question of the review of the actual audit. George Parker stated that the audit must be reviewed by the Land Bank’s Audit Committee prior to its publication. Kathy Sheets proposed that the auditor be informed sooner than later that they will need to

provide a report to the Land Bank's Audit Committee with adequate lead time for review prior to the September board meeting. Andrea Guzzetta advised that both Treasury and Finance will need to authorize the additional reports as the audit comes out of their budget. Members of the Audit Committee indicated that a week would be sufficient lead time for review. Kathy Sheets said she would request a report be prepared by September 1st.

The final item on the agenda was discussion of other business. Carol Wheeler introduced the topic of the current board vacancy left by the current vacancy of the City's Director of Development Services position. The Senior Management Team expects the City position to be filled sometime in July. Gary Kirkmire raised the question of whether, given the anticipated change in the title of the new Director of the Bureau of Business and Housing Development, the Land Bank's bylaws would need to be amended. Andrea Guzzetta noted that such a change would require City Council action. Scott Smith noted that the ex officio titles are also included in the Land Bank's Articles of Incorporation. George Parker advised that any change to the organizing documents would slow the Form 1023 Application. Tom Warth mentioned that if it was determined that the bylaws needed to be changed, there was some additional information that could be added that would be helpful to the Form 1023 application. Scott Smith assured the board that the ex officio appointments follow the function of the position rather than the title. Whoever is appointed to perform the function of the former Director of Development Services, regardless of his or her title, will serve on the Land Bank board under the present bylaws. Carol Wheeler asked if that meant that the new member would also be vice-chair as was the previous Director of Development Services. Scott Smith stated that board officers are elected so the new member will not accede to the role of vice-chair. Kathy Sheets asked the board to consider whether to elect an interim vice-chair, and if so, who that might be. Carol Wheeler indicated that since it appears there will not be a delay in the appointment of the new Director of Business and Housing Development to the board, it might make sense to postpone electing a vice-chair until that time.

The next item of business was the effort to acquire additional properties for use in the CRI Grant program. Dana Miller asked if the grant parameters would allow the Land Bank to purchase appropriate properties from private owners in areas surrounding the properties already acquired via the Trump Bid. Gary Kirkmire offered to identify vacant single family structures in the vicinity of the acquired properties and, in addition, to explore the possibility of pursuing abandonment proceedings on appropriate structures with assistance from the Law Department. Carol Wheeler asked how long the abandonment process takes. In the prior year, the Bureau of Inspection and Compliance Services initiated seven abandonment proceedings and was able to acquire five of those properties within a matter of months. How many months depended on the nature of the legal proceedings. Some abandonments were challenged and some judges held a broader view of who constituted interested parties than others. George Parker asked what conditions constituted abandonment. Abandonment can be pursued if the owners of the properties are not paying taxes and not securing the buildings. If the City secures a structure even once, the abandonment process can be initiated. In the case of the properties taken to court in the previous year, most had been secured by the City several times. Of particular interest are REO properties that have been foreclosed on by private banks.

Carol Wheeler asked if there were any other ideas about obtaining more properties for the grant program, and suggested perhaps simply using the Multiple Listing Service. Kathy Sheets explained that there are some limitations to the usefulness of the MLS to satisfy the requirements of the CRI Grant. In addition to the MLS not necessarily including the vacant, abandoned, and tax-delinquent properties specifically of interest to the OAG, of

the grant funds that have been allocated for acquisition, only about \$145,000 remain for the acquisition of the 19 additional properties needed to meet the grant terms.

As it seems the most likely source of low cost properties is the City, Kathy Sheets asked if it is possible for the City to convey property to the Land Bank at no cost. Scott Smith asserted that it was. Regarding pursuing abandonment against bank-owned properties, he pointed out that one challenge is that banks tend to have one silo that pays the property taxes and another silo that is responsible for property maintenance. Gary Kirkmire acknowledged that in some cases the tax-paying silo will pay thousands of dollars of code violation fines that have been added to the tax bill without questioning it and with no corrective action being taken by the property maintenance arm. Scott also pointed out the importance of ensuring that the targeted properties meet the criteria for inclusion in HOME Rochester.

Kathy Sheets noted that another avenue for acquiring low-cost properties might be some of the multi-family properties the City took in the Tax Foreclosure auctions that would be required to be deconverted to single family dwellings to comply with City Zoning code. Properties whose use codes did not indicate they were single family structures were not initially considered for inclusion in the CRI Grant program. The RHDFC would need to determine whether the additional rehabilitation costs for deconversion could be accommodated given the level of subsidy available. Gary Kirkmire noted that this option would be compatible with the aim of "right-sizing" the City's housing inventory. Dana Miller added that it would be particularly advantageous if the deconversion would assist in stabilizing a neighborhood of predominantly single-family homes.

Another avenue to be explored is to further exploit the properties American Tax Funding Services has taken into inventory and those for which it has already begun the foreclosure process. Gary Kirkmire asked if the plan was to obtain the properties by some sort of trade arrangement as occurs with liens. Kathy Sheets explained that they would be direct purchase, either by the Land Bank or by the RHDFC. Carol Wheeler asked whether HUD Asset Control Area properties might be an option. Kathy noted that that pipeline is almost completely dormant.

Carol Wheeler suggested preparing an analysis of the viable methods in which the Land Bank might engage to acquire properties for the CRI grant program. Kathy Sheets agreed that it should be added to the action plan. Carol asked what might be the best way to present the options should we need to approach the City for cooperation in obtaining the additional properties. Dana Miller noted that reducing density and strategic targeting of neighborhoods rather than just arbitrarily choosing individual properties would be attractive benefits of the methods discussed; however, the question of the City donating properties to the Land Bank would be more appropriately addressed to the City's Administration than to City Council. Kathy Sheets recommended that when approaching the Treasurer, it be emphasized that transferring properties from the City to the Land Bank at no cost would be solely for the purpose of leveraging the CRI Grant funds and not be done on an ongoing basis.

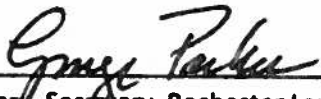
Dana Miller also suggested that the Land Bank should position itself to receive donations from other sources, such as private owners. George Parker added that it might be useful to investigate a mechanism by which local community organizations that may have received donations of real property might find it attractive to transfer it to the Land Bank. Carol Wheeler asked whether property must be free of all liens and encumbrances for the Land Bank to accept its donation. Kathy Sheets stated that while this is the case for donations to the City of

Rochester, it is not necessarily required for the Land Bank. Gary Kirkmire suggested that if donations with outstanding liens were offered to the Land Bank, acquisition funds could be used to pay the taxes. Kathy Sheets advised caution regarding the viability of donations. The City's most recent donation program resulted in the acquisition of approximately 100 properties, but turned another 100 away, and most of the properties accepted went directly into the demolition pipeline. Gary Kirkmire agreed that the donation pool may not be as viable as it once was as there are investors willing to pay for any remotely marketable properties, but maintained that there should be a mechanism in place should the opportunity arise.

Carol Wheeler suggested that CRI Grant funds might be able to be stretched by matching them with HOME dollars. Unfortunately, this would not comply with the OAG's grant terms. Carol then noted that as just 19 more properties needed to be identified, the methods discussed by the board should be able to achieve that goal. Gary Kirkmire asked when the latest date acquisitions could be made for the CRI Grant. Kathy Sheets answered that acquisitions could be made right through the end of the grant term, December 31, 2015.

Lastly, Kathy Sheets gave an update on the possibility of another funding opportunity from the OAG. The latest information anticipates a Request for Application in August with a due date in September so that announcements could be made in October. Legislation expanding the number of Land Banks has passed both houses and is only awaiting the governor's signature. It is probable that the two remaining slots under the current land bank legislation will be filled before the next funding application is released. This will make for a slightly larger pool of competitors, but not nearly as large as it may be in the future. It is anticipated that the next grant will be tied to creation of housing units because much of the funding awarded in the first round went to commercial development and Brownfield remediation. Since the source of the funding is a settlement for fraudulent mortgage practices, the OAG would like to see more of the money going toward residential uses. The "Neighborhood Builders" portion of the Land Bank's application that was not funded in the first round may find more favor in the second. Carol Wheeler asked whether rental units might be eligible for funding. Kathy Sheets said that we would not know until the RFA was released.

The meeting was adjourned at 4:12 pm.

ATTEST: 
George Parker, Secretary, Rochester Land Bank Corporation

Rochester Land Bank Corporation

Board Meeting Minutes

July 17, 2014

City Hall, Rm. #223-B

30 Church Street,

Rochester, NY 14614

Board Members Present: Andrea Guzzetta, Gary Kirkmire, Kim Jones, Dana Miller, Kate Washington, Carol Wheeler

Board Member(s) Absent: George Parker

Non-Board Members Present: Maritza Mejias, Rianne Mitchell, Kathy Sheets, Tom Warth

The meeting was called to order at 3:00 pm by Carol Wheeler, Board Chair.

The minutes from the last meeting were distributed. Andrea Guzzetta moved that the minutes be approved. Kim Jones seconded. The motion was unanimously approved by the board.

The first agenda item was the *Confidential Evaluation of Board Performance*, an annual review required by Public Authority Law. Each board member must complete the evaluation individually and the tabulated results must be delivered to the Public Authority Board. Carol Wheeler asked by what date the results must be submitted. Kathy Sheets explained that the results must be submitted with the annual report within 90 days of the end of the Land Bank fiscal year. Carol Wheeler suggested the date of the August meeting as a reasonable deadline for board members to return their forms.

The next topic of discussion was the Land Bank's Annual Report. Kathy Sheets noted that though the date listed on the action plan is the statutory deadline of September 30th, it would make sense to have the report prepared in time for the board's review prior to the September board meeting on the 18th. Using the table of contents of annual reports of New York Land Banks that have an extra year of longevity as examples, Kathy gave the board an idea of the information the Land Bank will be required to provide. Some of the necessary components, such as the Land Bank's financial audit, are underway and some, such as the real property inventory, are continually updated throughout the year, but much will need to be compiled for the first time. Rather than assemble an ad hoc working group, Carol Wheeler suggested that it might make sense for the Governance Committee to spearhead the effort. Andrea Guzzetta agreed to arrange a meeting including the Executive Director for this purpose.

Carol Wheeler noted that in the course of investigating what would be required to prepare the annual report, the question arose whether the Land Bank had a Conditional/Additional Compensation Policy. Tom Warth did some research and found that such a policy governs "bonus pay" above base salary for exceeding certain performance parameters and is most common in Industrial Development Agencies (IDAs). This type of

compensation could not exist within the current structure of the Land Bank which obviates the need for such a policy.

Related to the Annual Report is the *Authority Mission Statement and Performance Measurements* report that must be submitted annually as well. Tom Warth asked if the Performance Measures report must be included in the Annual Report. Some Land Banks have chosen to post it as a standalone report and some have simply included it in the Annual Report, but the board determined that it would make sense to roll its preparation into the Annual Report preparation process.

Next, Kathy Sheets gave an update on the status of the acquisition efforts to meet the goals of the CRI program. There were four acquisitions in the first quarter of the grant term; 19 properties purchased using the Trump Bid in the second quarter; and, to date, two donations and one purchase from ATF in the third quarter for a total of 26 properties. Additionally, the Land Bank has identified six properties currently owned by the City that it would like purchase for use in the CRI grant program. A transmittal is being prepared for City Council and a draft of a Land Bank resolution was presented to the Board regarding the conveyance of these properties to the Land Bank for the lesser of the appraised value or the amount the Land Bank would have paid had they exercised the Trump Bid. RHDFC staff has inspected the properties for suitability and appraisals have been completed on all but of the six properties. It is anticipated that the appraisal will be delivered early next week. Once that valuation is made, the board agreed that it will review the resolution for unanimous approval via email. As it is preferable to have a resolution by the Land Bank Board in place prior to asking for City Council approval of related legislation, the resolution will not be postponed until the next board meeting.

Dana Miller asked how many of the six properties are in close proximity to those already included in the CRI grant program. Two of the six are on streets with either completed or in progress HOME Rochester renovations. Gary Kirkmire asked why these properties were not acquired using the Trump Bid. Kathy Sheets explained that several factors came into play. For example, due to the volume of delinquent properties to be evaluated, some properties were not identified as "Potential Land Bank Parcels" by the RHDFC because they did not on the surface appear to meet HOME Rochester parameters (e.g. – two-family structures). Some properties could not be adequately evaluated by RHDFC prior to the auction, so they were not prepared to purchase them for the program without having a better idea of the development costs. Dana Miller noted that the appraised values of these properties seemed well below the median home price in the City. He asked whether the surrounding properties had a similar market value, expressing concern about renovating a house to HOME Rochester standards in a neighborhood that could not support the resulting purchase price. Kathy Sheets assured him that marketability of a completed structure is one of the primary criteria in determining a property's suitability for rehabilitation by HOME Rochester and that all six of the properties had been determined to be in areas where the sales price can adequately support the rehabilitation costs. While a newly renovated HOME Rochester house may be the nicest on the street, its market value is comparable to that of its neighbors.

Carol Wheeler confirmed that these purchases from the City would bring the acquisition total for the CRI grant program up to 32 properties. Tom Warth suggested adding to the resolution to purchase these six properties the same type of "any or all" language as appeared in the Trump Bid resolution so as to cover the Land Bank in the event that unforeseen circumstances made it unwise for the Land Bank to take title. Gary Kirkmire indicated

that he would like to be sure the RHDFC had completed its feasibility evaluation prior to the board approving the purchase of the properties.

Kathy Sheets indicated that the RHDFC is also investigating two possible donations for their suitability for HOME Rochester. Maritza Mejias, Project Manager for the CRI Grant Program, accompanied RHDFC staff to inspect the structures and doubted that they would be eligible for inclusion in the program, but was reserving judgment until the rehabilitation estimates are completed. Gary Kirkmire asked about the source the potential donations. Maritza Mejias informed him that they are Bank-owned properties.

Other acquisition efforts include narrowing the extensive list, provided by Gary Kirkmire, of vacant single family structures in residential areas. With significant assistance from Henry Fitts, the GIS Coordinator for the City's Bureau of Business & Housing Development, the list was limited to those that met basic HOME Rochester parameters (i.e. three or more bedrooms, off-street parking), filtered by vacancy date and, as recommended by Dana Miller, isolated to those within a particular radius of a HOME Rochester property sold in the past five years. This yielded 23 privately-owned properties as possible targets for acquisition. Gary Kirkmire suggested that RHDFC be asked to evaluate these addresses as a next step.

The next item on the agenda was the resolution to amend Resolution No. 23 of 2014 to accept the donation of two properties from ATFS. Tom Warth explained that subsequent to the foreclosure of one of the properties, Monroe County taxes had been levied. Per the Land Bank's Acquisition Policy, acquisitions must be free of all liens and encumbrances unless explicitly authorized by the board. Resolution No. 24 of 2014 serves as that authorization. Gary Kirkmire asked if the donated properties had already been inspected by the RHDFC. Kathy Sheets assured them that they had. Dana Miller moved to approve the resolution; Gary Kirkmire seconded it. The board unanimously approved the resolution.

Next was the board's review of Resolution No. 25 of 2014 to approve the transfer of the two donated properties to the RHDFC. Tom Warth explained that, as with all of the acquisitions made by the Land Bank for the purpose of inclusion in the CRI Grant Program, the transfers would be made at below fair market value. As required by Public Authority Law, the explanatory statement of the board's decision to do so is included as an Exhibit of the resolution and affirms that there is no reasonable alternative that would be as much in furtherance of the Land Bank's Mission. Andrea Guzzetta made a motion to approve the resolution; Dana Miller seconded it. The board unanimously approved the resolution.

Board review of Resolution No. 26 of 2014 to approve the purchase of 21 Straub Street from ATFS for use in the CRI Grant Program was the next topic. The draft Resolution had included ATFS's offering price of \$15,000, but a subsequent independent appraisal and negotiations conducted by the Executive Director resulted in the sale price of \$12,000, as indicated in the final version. As there were no questions, Dana Miller made a motion to approve the resolution; Gary Kirkmire seconded it. The board unanimously approved the resolution.

Next, Kathy Sheets and Kim Jones gave an update on the Land Bank's finances that included the CRI Grant Report and the Treasurer's Report. The third quarter request had already been received from the OAG and the Land Bank had expended about \$258,000 of the \$659,000 requested since the beginning of the third quarter of the grant term on July 1st. As the requests must be based on estimates due to the OAG's timing of reports,

\$59,000 of the draw went to second quarter expenses. The rest of the funds were charged as follows: just under \$7,300 in reimbursable staffing costs, \$1,650 toward environmental remediation activities, and \$190,000 in rehabilitation subsidy. No acquisition funds had yet been spent in the third quarter. Dana Miller asked whether the Land Bank was on track to spend down the remaining \$400,000 by the end of the quarter. Kathy Sheets noted that there would be no problem in meeting the environmental remediation and rehabilitation subsidy expectations, but that we may have acquisition funds to carry over into the fourth quarter as the pending resolution and City Council legislation would likely change the anticipated purchase price of the properties currently owned by the City.

Kim Jones noted that the information in the CRI Grant Report made up most of the expenditures and revenues the Land Bank has received to date, but drew the board's attention to the \$48,000 in sale proceeds the Land Bank netted from the Bevier Building transaction. She explained that while the Land Bank has just one bank account there are separate revenue liens for all funding streams and there has been no problem maintaining separate record keeping for the grant funds and the sale proceeds. Kathy Sheets noted that the sale proceeds could be viewed as seed money for any projects the Land Bank decides to take on outside of the CRI grant. Kim Jones asked if the tax payment for the donated property would come from the sales proceeds. Kathy Sheets explained that if the property was used in the CRI grant program, the payment could come out of grant funds for acquisitions – whether the Land Bank paid it directly or transferred the property to the RHDFC subject to the tax bill and let them pay it and bill back the Land Bank.

Carol Wheeler asked if the board had any questions or updates for the action plan. None were offered.

The meeting was adjourned at 4:04 pm.

ATTEST: 
George Parker – Secretary, Rochester Land Bank Corporation

Rochester Land Bank Corporation

Board Meeting Minutes

August 21, 2014

City Hall, Rm. #208-A

30 Church Street,

Rochester, NY 14614

Board Members Present: Andrea Guzzetta, Gary Kirkmire, Kim Jones, Dana Miller, George Parker, Kate Washington, Carol Wheeler

Non-Board Members Present: Maritza Mejias, Rianne Mitchell, Kathy Sheets, Scott Smith, Tom Warth

The meeting was called to order at 1:05 pm by Carol Wheeler, Board Chair.

The minutes from the last meeting were distributed. Kathleen Washington moved that the minutes be approved. Andrea Guzzetta seconded. The motion was unanimously approved by the board.

The first item on the agenda was Resolution No. 28 of 2014, authorizing the purchase of any or all of 6 City-owned properties for use in the CRI grant program. Kathy Sheets noted that 37 Wendell Street, which was included in the resolution, is not likely to be purchased as the RHDFC has determined that the development costs will be too high. George Parker moved that the board approve Resolution No. 28; Gary Kirkmire seconded. The resolution was unanimously approved by the board members present.

There was then a discussion of Resolution No. 29 authorizing the submission to the OAG of an application for the second round of CRI grant funding. Kathy Sheets explained that the application and request had not yet been finalized. The working group is drafting a proposal that will include the following four components: increased funding for staff support; continued funding for HOME Rochester; funding for Neighborhood Builders – a new construction affordable housing program whose initial project began this month on Straub Street; and discretionary funds to finance Land Bank acquisitions in City-designated project areas. Gary Kirkmire asked the proposed price per square foot for the newly constructed houses. Kathy explained that the budgets for the prospective projects had not yet been confirmed and that, in any case, the Land Bank would not be asking for an amount to cover all of the development costs as there were other grant funds available. She expected that the requested amount from the OAG would be for \$50,000 per unit. Gary then asked the amount that would be requested per property for the discretionary acquisitions. Kathy answered that the working group would like to make the request less specific than that to allow as much leeway as possible for acquisitions from private owners. Kim Jones asked for confirmation of her understanding that the Land Bank Act provided for a Trump Bid only at the City tax foreclosure auction. Kathy acknowledged that was correct. Gary asked how many Land Banks were using CRI funding for demolition. Kathy answered that she was only aware of Buffalo's land bank currently using the grant for demolition. Gary stated that as the City's budget for demolition has been reduced, he would like the Land Bank to request funding for demolition as part of its Round 2 application to the OAG. Kathy expressed concern about the procurement and reporting requirements that would be triggered by the Land Bank's status as a public authority if it began contracting for demolition services. Gary suggested that the funding be used for the demolitions performed by the City's Department of Environmental Services. Carol

Wheeler suggested that the possibility of adding a request for demolition funding be further explored with the working group. Kathy Sheets recommended that the exploratory meeting include Gary Kirkmire, the Land Bank's legal advisors and the City's Manager of Technical Services, the division responsible for demolitions. George Parker made a motion that the board authorize the submission of the application as described by the Executive Director with the understanding that an additional component for demolition funding may be added subsequent to this meeting if it is deemed appropriate by the working group. Kim Jones seconded it. The board unanimously approved the resolution.

The board next discussed Resolution No. 30 of 2014 amending the By-laws of the Land Bank. Tom Warth gave an explanation of the changes. At the recommendation of the Board Chair, language was added requiring the board to approve all adopted policies annually. Language was also added to strengthen the Land Bank's Form 1023 Application to the IRS. Restating language from the Land Bank Act, Article I of the By-laws was amended to include the provision that upon dissolution all of the assets of the Land Bank would become the property of the City of Rochester. Kathy Sheets asked whether the resolution would be appended to the by-laws or if the changes would be incorporated into the text of the document. Scott Smith answered that he would revise the document noting the date of the amendment. George Parker moved that the resolution be approved. Gary Kirkmire seconded. The board unanimously approved the resolution.

Next on the agenda was Resolution No. 31 of 2014 approving the sale of 62 Chamberlain Street to RGRTA. There were no questions about the resolution or the transaction. Gary Kirkmire made a motion to approve the sale. Dana Miller seconded it. The board unanimously approved the resolution.

The board next discussed the draft of the Land Bank's Performance Measures Report. Kathy Sheets explained that the first four performance measures linked to the clauses in the Land Bank's Mission Statement and that the final one related to building the Land Bank's capacity. The board decided on a deadline of September 15th for board members to propose any changes.

The board was asked to review all of the policies that the Land Bank has adopted to date in preparation for the vote on their re-approval at the annual meeting. The Travel policy, the Defense and Indemnification Policy, and the Compensation, Reimbursement and Attendance Policy were distributed as they had not yet been made available on the Land Bank's website. Board members who had not yet done so were asked to sign the Independent Director Certificate as Scott Smith determined upon closer examination of Public Authority Law that all of the members of the board were independent as none had ever been employed by the Land Bank.


Next was a discussion of the business that needed to be conducted at the Annual Meeting. It had been established that the board would approve the audited financial statements and the annual report at the annual meeting. As the board voted in this meeting to amend the by-laws to approve Land Bank policies annually, there was consensus that it should also take place at the annual meeting. Kathy Sheets suggested that the most efficient way of approving the policies would be to do so by a written resolution drafted prior to the meeting. Scott Smith agreed. Andrea Guzzetta asked if the board should approve a new meeting calendar at the annual meeting. As no one had proposed a change in the current schedule of the third Thursday of each month, Land Bank staff will research whether there is some statutory requirement that the calendar be approved annually whether or not there is a change. Regarding the election of officers, Kathy Sheets asked whether the board would prefer to vote on a slate or individual offices. George Parker remarked that the method was at the

board's discretion and that electing officers as a slate seemed to work well at the Organization Meeting. Scott Smith said that the common practice would be for the Executive Director to propose a slate to the Board. He recommended that the Governance Committee prepare a slate for the Executive Director to propose. Andrea Guzzetta asked if it would be acceptable for the committee to discuss the slate via email rather than holding a meeting. Scott Smith said he thought that email would be fine. Andrea then asked that any board member who would prefer not to serve as an officer contact her. Scott asked if Kathy would like to set a deadline by which to receive the Governance committee's recommendations for the slate. Kathy indicated that she felt no need to see the slate prior to the meeting. George Parker asked whether there would be a vote on the composition of committees, as well. Scott Smith agreed that, as our understanding of the definition of Independent Director had been expanded so too did the options for Committee membership. Kathy Sheets suggested that the composition of committees also be added to the agenda for the annual meeting.

The last item on the agenda was the Treasurer's Report and the report on the CRI grant progress. Kim Jones described the progress of the Land Bank's first annual audit. In addition to auditing the financial statements, Freed Maxick has been reviewing the Land Bank's meeting minutes and policies for compliance with the relevant laws. The Audit Committee has scheduled a meeting for September 8, 2014 at 3:30pm where Freed Maxick will deliver the audit report. Carol Wheeler asked by what date the audit will be completed. Kim Jones answered that she had given a deadline of September 1st, but thought that it might be complete prior to that date. Kathy Sheets noted that the grant report did not reflect the eight acquisitions that had been negotiated so far this quarter because, as they have not yet closed, grant funds have not been spent. To date we have spent about half of the funds we requested for the third quarter of the grant term. The grant is structured so that we receive funds in advance of the quarter for which they are intended based on a forecast delivered to the project manager at the end of the prior quarter. We then reconcile expenses when the next quarterly draw is requested. Carol Wheeler observed that while the board has been concerned about meeting acquisition benchmarks, the report appears to indicate that we are actually farther away from the goals for environmental and rehabilitation expenditures. Kathy explained that though funds are allocated for environmental review and remediation and rehabilitation at the time of acquisition, there is no way for the RHDFC to accept payment for those activities until the subsidy is requested at the end of the project. Carol noted that environmental expenses must be incurred very close to the date of acquisition. Kathy agreed that the RHDFC does make those expenditures soon after acquisition, but that as no grant funds are paid until the rehabilitation is complete.. Unlike the OAG draw, RHDFC bills the Land Bank after the expenses have been made. The expenses are not yet reflected in the Land Bank's reporting but we are in fact, on track with environmental and rehabilitation categories.

Kathy Sheets mentioned that Attorney General Schneiderman is planning a visit to Rochester on September 2nd. There will be a press conference held at one of the HOME Rochester homes completed using CRI grant funds, but the address had not yet been determined. She will be working with the RHDFC to finalize the location and with staff in the Mayor's office and the OAG to finalize the time. She will send details to the board once they are confirmed.

The meeting was adjourned at 1:52 pm.

ATTEST: 
George Parker – Secretary, Rochester Land Bank Corporation

Rochester Land Bank Corporation

Annual Meeting Minutes

September 18, 2014

City Hall, Rm. #223-B

30 Church Street,

Rochester, NY 14614

Board Members Present: Andrea Guzzetta, Gary Kirkmire, Kim Jones, Carol Wheeler

Board Members Absent: Dana Miller, George Parker, Kate Washington

Non-Board Members Present: Maritza Mejias, Rianne Mitchell, Kathy Sheets, Scott Smith, Tom Warth

The meeting was called to order at 3:04 pm by Carol Wheeler, Board Chair.

The minutes from the last meeting were distributed. Andrea Guzzetta moved that the minutes be approved. Gary Kirkmire seconded. The motion was approved by the board.

The board next discussed Resolution No. 32 of 2014 to accept the donation of properties from Wells Fargo Bank. Carol Wheeler asked if the properties will be available for the CRI grant program. Kathy Sheets explained that, for various reasons, none of these properties were suitable for HOME Rochester. Wells Fargo has offered five REO properties to the Land Bank along with a cash contribution that is not required to be applied to those particular properties. The expected disposition plan is to convey these properties to the City for subsequent sale or demolition and to reserve the funds for other activities that will carry forward the Land Bank's mission. Gary Kirkmire wanted to confirm that the funds are not tied to the properties that are being donated. Kathy assured the board that staff had checked and double-checked that no restrictions accompanied the cash contribution. Gary Kirkmire then asked why the City would be interested in acquiring the properties. Specifically, will the sales proceeds from the salvageable properties offset the costs of the demolitions? Kathy agreed that that was one way to view the transaction. Another possible incentive is that the Land Bank has proposed a program in its application to the OAG for the second round of CRI funding that could provide funding for necessary demolitions of City-owned property. Gary clarified that his concern was to ensure that banks not be permitted to dictate the City's demolition priorities, not just in this instance, but in future negotiations. Kathy Sheets acknowledged the importance of protecting the interests of both the Land Bank and the City. In this instance, the manager of the City's Technical Services division had been consulted and indicated that there were adequate funds available to accommodate any necessary demolitions resulting from the proposed transaction. Gary Kirkmire also recommended that the Land Bank keep in mind the City's identified demolition priorities when engaging banks about which properties it would be willing to accept. Kim Jones asked if Wells Fargo had given any indication why they were donating these particular properties. Kathy answered that the bank had not provided that information. Tom Warth asked if Wells Fargo had tendered an agreement. Kathy replied that she had received an offer and had forwarded it to Scott Smith for review. Scott said he found no issues with the document from a legal standpoint but indicated that the Land Bank should consider entering into a memorandum of understanding or other agreement establishing a contractual relationship with Wells Fargo, rather than rely on purchase contracts for individual properties. Tom Warth noted that going forward, to streamline reporting to

the IRS, it would be preferable to just prepare deeds for donations. Kathy stated that she shared that preference as waiting for an additional document to be signed by the appropriate person within a bank would likely cause unnecessary delay. Gary Kirkmire made a motion that the board to approve Resolution No. 32; Kim Jones seconded it. The motion was approved by the board.

The next agenda item was Resolution No. 33 of 2014 to Review and Re-Adopt the Approved Policies of the Land Bank. Gary Kirkmire, chair of the Audit Committee, noted that the Independent Auditor was impressed with how well-constructed and complete the Land Bank's policies are. Kathy Sheets observed that this was a testament to the talent and commitment of the board. Kim Jones moved that the board approve Resolution No.33. Gary Kirkmire seconded it. The motion was approved by the board.

The next item of business was the presentation of the Land Bank's audited financial statements for the fiscal year ending June 30, 2014. As the board reviewed the documents, Kathy Sheets asked if the auditor had any recommendations or findings. Kim Jones informed the board that there were no findings. It was a clean audit. She added that the only differences from the draft documents distributed by the chair of the Audit Committee were the note to the financial statements indicating that the Land Bank intends to submit a Form 1023 application for exemption to the IRS subsequent to the date of the report, and the inclusion of the standard Management Discussion and Analysis (MDA) letter that describes the Land Bank's fiscal activity and gives an overview of the economic conditions in Rochester. Kim went on to describe the audit process. In addition to the Land Bank's financial statements, Freed Maxick requested a list of items including meeting minutes, resolutions, bank account information, etc., so that it could review them for compliance. The auditor then prepares the audit report and a "Report to the Board" to provide a briefer and less jargon-ridden document that can be understood by those not used to reading financial documents. Kathy Sheets asked if the audited statements will be included in the Annual Report. Kim Jones answered that as there was a summary of the statements included in the report, the full report need not be included. She added that she will ask the auditor to insert a summary of the Land Bank's financial position into the MDA prior to online submission to the State Authorities Budget Office. Andrea Guzzetta made a motion that the audited financial statements be approved. Carol Wheeler seconded. The motion was approved by the board.

The board next discussed the Land Bank's Annual Report for the 2013 fiscal year. Kim Jones noted that there was not complete consensus on the Evaluation of the Board's Performance and suggested that the board discuss the report. Kathy Sheets agreed and will include the discussion on the agenda of the next board meeting. Tom Warth noted that the version of the Bylaws that appears in the report included the amendment made after the end of the fiscal year. Kathy Sheets explained that she preferred that the current version remain to avoid confusion, as the amended bylaws are posted on the website as well. Gary Kirkmire moved that the board approve the Annual Report and all constituent reports contained within it. Andrea Guzzetta seconded the motion. The motion was approved by the board.

The board next discussed the reorganization of the three existing committees. Andrea Guzzetta suggested that an email be sent to all of the board members to allow them time to think about which committee(s) on which to serve and the discussion be postponed until the next meeting.

Kathy Sheets then gave an overview of the grant application for the second round of Community Revitalization Initiative funding from the OAG. There are four components to the application: partial subsidy for 6 single family homes to be constructed and sold to owner-occupants through the Neighborhood Builders program; subsidy for the acquisition and rehabilitation of 27 HOME Rochester properties; a Strategic Blight Removal program, developed in response to concerns expressed by Gary Kirkmire at the Land Bank's last board meeting, which will fund acquisition and/or demolition of vacant, substandard properties in areas where targeted redevelopment is underway; and additional staff reimbursement – as the current level of reimbursement does not cover the amount of time City staff is already devoting to the Land Bank and this request includes two new, though complementary, programs to administer and monitor – and administrative support to fund things like professional fees, board and staff member training, and studies.

Gary Kirkmire asked in which quadrants of the City the new-builds would be located. Kathy Sheets answered that there are currently four properties underway in the Northwest quadrant. Of the properties the OAG is being asked to subsidize, three are in the Northeast, two are in Charlotte and one will be somewhere in the Northwest. Gary asked whether this round of funding for HOME Rochester also has a two year grant term and if it will run concurrently with the current CRI program. Kathy explained that the HOME Rochester request is structured in the same way as it was previously. For the Strategic Blight Removal program, Gary asked if the request included funding for the survey, asbestos abatement, and demolition phases. Kathy confirmed that the request is for the total cost of the demolition. Tom Warth asked by what mechanism the demolition costs would be paid. Kathy said that it could happen one of two ways – the Land Bank could transfer ownership of the property to the City and reimburse the City for the demolition costs, or the Land Bank could retain ownership and contract for the demolition itself. Demolition is not currently part of the shared services agreement between the Land Bank and the City, so it remains to be determined which way will be most efficient. Gary Kirkmire asked if the properties to be demolished through the blight removal program will be the same properties that are acquired with those funds. Kathy answered that while it was certainly possible, some of the targeted acquisitions may be conveyed to the City for demolition if that is deemed appropriate. Gary then asked how the staffing request will be affected by the overlapping grant terms. Kathy explained that for the two years of the round 2 grant term the Land Bank will be asking for a higher percentage of reimbursement for all designated staff, with the obvious exception of the full-time staffer who is reimbursed at 100%. For 2015, the grant request for staffing asks only for the amount of that higher percentage over and above what will be covered by the round one funding. For 2016, the request is for the total amount of the higher percentage.

Kim Jones asked if the OAG seemed to have a different mission for the second round of CRI funding than for the first. Kathy answered that this round's RFA seems to emphasize the characteristics of the geographic area where planned grant activities will take place and the way in which they will attempt to mitigate the effects of the mortgage foreclosure crisis – two areas that were not central in the first round. City staff prepared a map showing the most distressed census blocks in the City overlaid with the location of all of the mortgage foreclosure starts in the City of Rochester and the location of HOME Rochester properties. There is a very close correlation. Also, leveraging grant funds with contributions from one of the primary banks responsible for the foreclosures in Rochester addresses this issue. Kathy said she will send each of the board members an electronic copy of the grant application that will be submitted once it is complete.

The meeting was adjourned at 4:01pm.

ATTEST: *George Parker*
George Parker – Secretary, Rochester Land Bank Corporation

Rochester Land Bank Corporation

Meeting Minutes

October 16, 2014

City Hall, Rm. #223-B

30 Church Street,

Rochester, NY 14614

Board Members Present: Andrea Guzzetta, Kim Jones, Dana Miller, George Parker, Kate Washington, Carol Wheeler
Board Members Absent: Gary Kirkmire
Non-Board Members Present: Maritza Mejias, Rianne Mitchell, Kathy Sheets, Scott Smith, Tom Warth

The meeting was called to order at 3:05 pm by Carol Wheeler, Board Chair.

The minutes from the last meeting were distributed. Andrea Guzzetta moved that the minutes be approved. Kate Washington seconded. The motion was approved by the board.

Tom Warth gave an explanation of some changes that need to be made to the Investment and the Procurement policies. These changes were brought to light by the process of preparing the Annual Report for the Public Authorities Board. In particular, the Procurement Policy must explicitly acknowledge compliance with the New York State Procurement Lobbying Act and name a designated contact for each procurement activity. The Investment Policy will provide for annual audit of investments. These items are currently not applicable as, to date, the Land Bank has had neither procurements nor investments. A resolution approving the changes will be prepared for the next board meeting.

The next item of discussion was the Board Action Plan. The majority of the items on the action plan have been completed. Kathy Sheets gave an update on the progress of the sale of 62 Chamberlain Street to RGRTA. The contracts have been executed and RGRTA has hired an outside firm to perform due diligence such as an inspection for asbestos. Maritza Mejias will ensure there is access to the property for any inspections and we have provided the firm with copies of our Articles of Incorporation and the resolution authorizing the sale of the property. We have been informed that closing documents are being prepared. Kim Jones gave a reminder that the Land Bank intended to pay the credit bid due to the City out of the proceeds of the sale of the property. Carol Wheeler asked about the status of the 501(c) 3 application. Tom Warth explained that both he and George Parker had reviewed the draft that had been prepared and those revisions have been made. The application will now go to Freed Maxick who has also agreed to review it. Carol asked if there was a deadline for the application. Tom indicated that we would like to submit it prior to the date the Land Bank's first quarterly report to the IRS is due, November 15th. Kim Jones asked for a description of the audit of the CRI grant activities. Maritza Mejias reported that she had provided the auditor with a number of documents prior to the single day onsite visit. He reviewed documents in the morning and visited with the Land Bank Treasurer and the Land Bank's development partner, RHDFC. In the afternoon, she and the president of the RHDFC took him on a tour of grant properties at various stages of completion. As of the time of the board meeting, she'd received no additional questions. Carol Wheeler asked what entity performed the audit and if the board would be receiving a report. Maritza explained that the OAG's project manager, Enterprise Community Partners, performed the

audit and, while she expects that there will be a written report, they had not offered a timeline. Carol Wheeler noted that while all items currently on the action plan are complete or close to completion, the award of a second round of CRI grant funding is likely to generate a number of new tasks.

To accommodate the schedule of one of the Land Bank's legal advisors, the board next discussed the New York Land Bank Association, a coalition of the ten existing land banks in New York. The organization has decided to explore not-for-profit incorporation. The association recently released a brochure highlighting the accomplishments of the land banks over the course of the last year. The objectives of the association are to establish a network through which information can be shared and that can advocate for the land banks as a whole. The association will be holding a Summit later in the month. Land Bank staff will attend and the legal advisors to the Land Bank will each be presenting on the first day. George Parker asked why the association intended to incorporate. Will it be seeking funding? Kathy Sheets explained that there was no one definitive reason given, but based on the discussions, the Land Banks would like to charge dues and pool resources for things that affect them all. For example, there has been discussion of the association hiring legal counsel specializing in Land Banks so that each individual land bank does not have to bear the expense and so that each land bank is not acting on different legal advice. Tom Warth asked if the association was abandoning the lobbying activity that he thought was its original intent. Kathy mentioned that the association had organized a trip to Albany for the Executive Directors of the land banks that existed at that time to meet with legislators early this year, but that it had not been construed as lobbying as no requests had been made. The association is connected to Centerstate CEO, a lobbying group for economic development in Upstate New York and may feel that its interests are represented in that way. Carol Wheeler asked if the Rochester Land Bank had been asked to weigh-in on whether the association should apply for tax-exempt status. Kathy answered that no particular request had been made, but that she had been present at the discussions. She offered to ask for clarification on the intent of organizing as a not-for-profit corporation at the upcoming Summit. Kim Jones asked what topic the Land Bank attorneys would be presenting. Scott Smith explained that he and Tom would be presenting on the interplay between the Land Bank Act, Not-for-Profit Corporation Law and Public Authority Law. Attorneys from other land banks would give talks on environmental issues and disposition of property for less than fair market value. One of the goals of the association is to ultimately develop a legislative approach to deal with Public Authority Law restrictions on real property disposition.

The board was next presented with the monthly Treasurer's report. Dana Miller asked why staffing numbers seem to fluctuate so widely. Kathy Sheets explained that the staffing figure is not based on salaries but reflects the amount of City staff costs devoted to Land Bank activities that is reimbursed by the CRI grant. The preparation of the Annual Report, the second CRI grant application, and the audit for the first round of CRI funding demanded a significant amount of staff time. Dana asked how the costs were tracked. Kathy answered that all of the staff for whom the CRI grant provides reimbursement submit timesheets indicating the number of hours spent on Land Bank activities in each pay period. George Parker noted the apparent down tick in the operating activity in the last month and asked for an explanation. Kim Jones suggested that the CRI grant report could more appropriately speak to operating activity.

Kathy Sheets gave an overview of the grant activities to date. She noted that expenditures for acquisitions do not necessarily reflect the operating activity as properties have been donated (in which case the only acquisition cost are closing costs) or purchased from the City at the lesser of the unpaid property taxes or appraised value.

Invoices for rehabilitation are not received until the property is sold to the owner-occupant and also may not accurately reflect rehabilitation activity. The dip in expenditures for rehabilitation is likely to continue through the fourth quarter due to the seasonal nature of the real estate market. While the Land Bank is paying the total acquisition costs, the OAG funds do not fully cover the rehabilitation and environmental costs. Those activities are funded by multiple sources of subsidy. The Land Bank paid the total cost for environmental review and remediation for properties completed in the first and second quarters of the grant. In order to be sure that the funds earmarked for environmental remediation will touch 50 properties it has apportioned an equal amount of the remaining funds to each property. Both the first round and the second round CRI RFAs made clear that staff costs for all Land Bank activities – not just those that were program related – were eligible under the grant. To date the Land Bank has received total payments of \$1.28 million of the \$2.78 million awarded in the first round of funding. Dana Miller asked if it was possible to consolidate the reporting for the first and second round of grant funding. Kathy answered that the components of each program are too different. Carol Wheeler asked if Kathy was comfortable with the progress of rehabilitations in the current grant term. Kathy said that rehabilitations have been proceeding on schedule with no real problem reported. She cited RHDFC's great track record and indicated there was no concern about meeting grant targets for completed rehabilitations. If there is anywhere that more attention should be focused it is toward the marketing and sale of properties, because it is RHDFC's practice not to request subsidy until the property has closed with the buyer. The Strategic Blight Removal program funded by the second round grant funding may actually contribute to quicker sales of the properties rehabilitated in the first grant term. In any case, she expressed no concern about grant compliance as the Land Bank can draw down funds for any completed rehabilitations that have not closed with the buyer at the end of the grant term for payment once the sale is made. Dana Miller asked for the board to be presented with a summary about each property as it is completed – with its specific location, its circumstances at the time of acquisition, and the characteristics of those to whom it has been or will be sold – in order to speak concretely about the work being done by the Land Bank. Kathy Sheets indicated that a report that has already been generated seemed to fit those criteria. Carol Wheeler reiterated that she wanted to be sure that we don't lose sight of the goal of maintaining progress toward grant compliance, particularly with regard to acquisitions. Kathy Sheets agreed that acquisition is continually on the radar and that 33 of the total fifty properties have been acquired for the grant program to date. Kate Washington noted that Land Bank input into the conversations the City is having with Bank of America would be useful. Obtaining additional funds for rehabilitation directly from Bank of America is not an unreasonable goal.

Next on the agenda was a discussion of the reorganization of committees. The board agreed that each member should sit on at least one committee. As Treasurer, Kim Jones volunteered to join the Audit Committee now that it is understood that all members of the board are considered independent according to Public Authority policy guidelines. Andrea Guzzetta, chair of the Governance Committee, will coordinate the preferences of the board members that are emailed to her prior to the next meeting.

The board then entered executive session to discuss the Board Members Evaluation Summary Report.

The meeting was adjourned at 4:24 pm.

ATTEST: 
George Parker – Secretary, Rochester Land Bank Corporation

Rochester Land Bank Corporation

Meeting Minutes

November 20, 2014

City Hall, Rm. #223-B

30 Church Street,

Rochester, NY 14614

Board Members Present: Andrea Guzzetta, Kim Jones, Gary Kirkmire, Dana Miller, George Parker, Kate Washington, Carol Wheeler

Non-Board Members Present: Curt Colombo, Maritza Mejias, Rianne Mitchell, Kathy Sheets, Scott Smith

The meeting was called to order at 3:05 pm by Carol Wheeler, Board Chair.

The minutes from the last meeting were distributed. Andrea Guzzetta moved that the minutes be approved. Kim Jones seconded. The motion was approved by the board.

As, Curt Colombo, the City's Manager of Technical Services was present to answer the board's questions about the City's demolition process, the discussion about the CRI grant progress – particularly the Round 2 portion of the CRI grant – was moved up on the agenda. Kathy Sheets explained that the OAG will treat the Round 2 award as a contract amendment rather than a separate contract. This will aid in recordkeeping and hopefully speed up the contract approval process. The CRI project manager asked for a revised budget reflecting all three years of the grant and the reduction in the Round 2 award amount. The award provided full funding for all of the new program activities, including adding reimbursement for an additional legal advisor and for administrative costs, but halved the Round 2 request for HOME Rochester. The demolition portion of the Strategic Blight Removal program will be used as a reimbursement to the City for the full costs of demolition, including any necessary asbestos handling activities, for a list of properties the Land Bank would like prioritized. The City will contract with and invoice the Land Bank for the demolitions. A budget amendment will be required to ensure that the funds increase the City's demolition capacity. Tom Warth will work with the City's Deputy Corporation Counsel to prepare the legislation for City Council approval. The first step is a resolution from the Land Bank board to enter into such a contract.

With assistance from the City's Bureau of Business and Housing Development and the Land Bank's development partner RHDFC, a list has been prepared of City-owned properties already on the demolition list that meet the Strategic Blight Removal's objectives of removing vacant, substandard structures in areas where community initiatives are underway, in order to strengthen those redevelopment activities. While the list consists of twenty properties, the Land Bank requested CRI funding for ten to twelve.

Curt Colombo noted that the funding that has been awarded may reach to all twenty properties as some of them have already had asbestos surveys completed, which comprises about \$3,500 of the demolition costs. Gary Kirkmire asked if prioritizing this list will delay the City's other demolition priorities. Curt answered that there was no reason it should as the demolitions are performed by contractors who participate in a bid process through the City's Purchasing Department. Kim Jones asked how many contractors are involved in the City

demolition process and if this would strain their capacity. Curt said that there are four contractors who consistently bid for City demolitions, and there are others who bid less frequently. This group was able to perform 600 demolitions in a two year period and, as there are currently a total of 97 City-owned properties scheduled for demolition, he did not anticipate a problem with capacity. Gary Kirkmire asked if this will free up more of the City's demolition budget for the higher cost commercial structures. Kathy Sheets noted that the reason for the budget amendment was to make sure that the funding from the Land Bank increases the City's demolition capacity rather than just going into the City's General Fund. The legislation will go before City Council at their January meeting and a Resolution will be presented for the board to vote on at the December Land Bank Board Meeting. Gary Kirkmire asked why the Land Bank board needed to wait until December to make a resolution. Scott Smith advised that a written resolution was preferable to ensure that all of the necessary language is included. Kathy Sheets also plans to provide the board with more information on the properties on the list before asking members to make a decision.

Dana Miller asked whether there was a disposition plan for the properties once they become vacant lots, such as offering them to neighbors as side lots, or using them for urban agriculture or play space. Kathy Sheets described the process for City-owned vacant lots that is in the City's Real Estate Policy and Procedure Manual and is followed by City's Division of Real Estate: If the land can be used for a municipal purpose or as part of a City initiative it is not made available for sale and it is placed on hold in the City's inventory; if it can be combined with land the City already owns to develop a tax parcel suitable for development, the Division will complete a resubdivision application to create a new parcel; if it is of a size or in a location that makes it an unsuitable choice for development, it is offered for sale to the adjacent owner(s); if the public has expressed an interest or it appears to Real Estate staff to be a desirable parcel for development, it is offered for public sale via request for proposal. All vacant lots in the City's inventory that are not part of a current sales transaction, currently under development, or suspected to be environmentally compromised are available for the Garden Permit Program -- a free annual program open to anyone who would like to apply to care for City-owned lots during the growing season. Dana then asked if there was a similar process to determine the ultimate use for vacant structures. Kathy explained that the process involves review of the structure's legal use, zoning, and physical condition and is also described in the manual. She offered to provide him with the relevant sections of the manual. As there were no further questions to Curt Colombo, he left the meeting.

Gary Kirkmire asked about the plans for the acquisition portion of the Strategic Blight Removal program. Kathy Sheets answered that Land Bank staff will survey a list of candidates and bring the list to the board for approval. Gary Kirkmire asked that properties brought to the board include guidance as to why acquisition would be in the Land Bank's interests and if there was a preliminary list prepared. Kathy said that several properties near HOME Rochester projects had already been identified.

Continuing the discussion of this agenda item, Kim Jones presented the Treasurer's report. Dana Miller asked if future reports could include a 2014/2015 year-to-date summary. Kim Jones agreed to add a total column in future reports. Kate Washington asked that information showing the percentage of current activity in relation to goals be presented. Carol Wheeler pointed out that the activities related to grant progress are reflected on the revised CRI progress report and that the associated dollar amounts could be added back to show percentage of completion. Kathy Sheets asked if the board would prefer a sort of monthly balance sheet as part of the monthly reporting. Kim Jones explained that the balance sheet is more of a snapshot of the

organization's position and is most appropriately presented as part of the annual audit. The Land Bank's activity outside of the CRI grant is minimal, making such a report less meaningful in the short term. An additional report, containing the data Dana Miller requested at the last board meeting, was presented for the first time. It listed the properties by address and showed which quarter each grant activity was begun, the ultimate purchase price of properties that have sold, and the percentage of Area Median Income earned by the buyers. Dana asked whether the purchase price reflected the value of the homes. Maritza Mejias confirmed that was the case. The purchase price must relate to the buyers' bank appraisal as all HOME Rochester properties are financed by mortgages. Dana then asked whether the buyers receive assistance in purchasing the homes. Maritza explained that in addition to the subsidy provided to make up the difference between the purchase price and the total development costs, buyers receive a closing grant from the City.

The next item discussed was Resolution No. 34 of 2014 to accept the donation of 78 Glendale Park from Wells Fargo Bank. The board first reviewed the SEQR Environmental Analysis Short Form prepared by Tom Warth regarding acquisition of the property. Kathy Sheets explained that one of the "take-aways" from the Land Bank Association Summit was an understanding of the importance of SEQR review when the Land Bank takes action regarding real property. While most actions taken by the Land Bank are on the SEQR "Type 2" list and require no further review, this transaction has a disposition plan that falls into the "Unlisted" category of the SEQR statute. The analysis determined that the Land Bank's action regarding 78 Glendale Park had no environmental impact on the surrounding community. Kathy described the property as vacant land adjacent to a City-owned vacant lot that is being held for future housing development in an area that has seen a great deal of recent housing investment, such as the Holy Rosary Apartments project. The Land Bank would accept the property and the accompanying cash donation then transfer the property to the City to be held for future residential development. Dana Miller asked how Wells Fargo benefits from the recent donations so that we can use that information in our discussions with other banks.

Gary Kirkmire noted that Wells Fargo has a history of being more proactive about managing its REO inventory than other banks in the area, particularly Bank of America. The donations are also likely to be a way for Wells Fargo to meet the terms of the National Mortgage Servicing Settlement. He added that Bank of America has now committed to a weekly conference call with the City regarding local foreclosures. Bank of America has committed to distribution of \$200 million and 200-300 properties within New York State. He stated that he will be advocating for 10% of that settlement to come to Rochester. Kathy Sheets shared that the Bank of America also has a national affiliation with Habitat for Humanity which provides for the donation of 2,000 properties and \$6 million, that may be an incentive to find a way partner with Habitat locally. Carol Wheeler asked how many incomplete foreclosures Bank of America and Wells Fargo have in Rochester. Gary Kirkmire answered that the figure is about 150 properties for Bank of America, but Wells Fargo's total is a moving target as they have actually been moving properties through the process. Kim Jones asked whether most of the donations Wells Fargo offered were vacant land. Kathy Sheets replied that, similar to the donations the board voted to accept in September, many of the properties offered are residential structures. Carol Wheeler pointed out that unlike the resolution approved in September, Resolution 34 did not include language to convey the property to the City. Scott Smith recommended a separate resolution for transfer to the City be prepared for a subsequent meeting. George Parker made a motion that Resolution No. 34 be approved; Gary Kirkmire seconded it. The board unanimously approved the motion.

Tom Warth was unable to attend the meeting, but provided a detailed draft revision of the Procurement Policy for the board to review prior to approving the resolution to amend it.

Next, the board confirmed the new composition of its committees and the Risk Mitigation working group that had been coordinated through email.

The board next discussed updates to the Land Bank Board Action Plan. The 501(c)3 application is at the stage of being reviewed by the Land Bank's auditors prior to submission to the IRS. Kathy Sheets confirmed that the contract to transfer 62 Chamberlain Street to RGRTA had been executed and the closing packages were being prepared. The revised CRI budget was due to be submitted to the Project Manager immediately following the board meeting. Dana Miller volunteered to organize the Risk Mitigation Working Group with the aim of identifying Risk Mitigation strategies by the end of the fiscal year. Upcoming items that will be required in preparation for executing the amended draft agreement will include resolutions to amend the CRI grant agreement with the OAG, to amend the Shared Services Agreement with the City and to enter into a contract with the City to carry out the Strategic Blight Removal demolitions.

The final item on the agenda was an overview of the New York Land Bank Association Summit. Kathy Sheets provided the board with a report that included the following highlights:

- **NYLBA is close to a decision to apply for 501(c)4 status, which is the not-for-profit corporation status that permits lobbying**
- **Membership dues for the Land Banks within the Association are anticipated to be \$1,500 annually**
- **The organization has identified the following purposes for itself:**
 - **Continuing to share experiences and make consensus decisions through future Summits**
 - **Sharing legal expertise among Land Banks**
 - **Production of brochures and other marketing tools**
 - **Providing a statewide and nationwide perspective**
 - **One such report of the innovative activities of Land Banks across the country was that of the Cuyahoga County Land Bank partnering with the International Services Center in Cleveland, Ohio to provide permanent housing opportunities to the refugee community, which is often hampered by the lack of a credit history. In addition to funding to create the units, which will be renovated in part by refugees participating in the program, homeownership training and financial literacy classes are also provided.**
- **Incorporating SEQR into board decisions regarding activities related to real property**
 - **HOME Rochester and Neighborhood Builders will merely require acknowledgement in the resolution to acquire that the disposition plan is a Type 2 activity (which does not require an Environmental Analysis under SEQR)**
- **Investigating Land Bank responsibilities under CERCLA (aka – the Superfund)**
 - **Purchasers of property have strict liability for environmental contamination and Land Banks may not always have the position of an “involuntary purchaser”**
 - **Defense against subsequent action is predicated on being able to show that the purchaser performed “all appropriate inquiry”**
 - **Kathy recommends that we invite members of the City’s Division of Environmental Quality to provide some clarity**

- Messaging for crisis situations
- Building bridges to the communities impacted by Land Bank activity
 - Kathy recommends formalizing the role the Community Advisory Group, whether by setting aside particular meetings on the annual calendar to invite the group or by scheduling separate sessions outside of the formal board meetings

Kim Jones noted the Land Bank has access to the City's Communications Department under the Shared Services Agreement, both for messaging in crisis situations and outreach to the community. George Parker suggested that the structured, housekeeping type activities that the board undertakes at its monthly meetings may not be the most conducive environment for the Community Advisory Group to assist in generating creative ideas, and recommended inviting the members to a separate session for discussion. Carol Wheeler agreed that a separate session was a good idea, but it would also make sense to invite the group to a board meeting once or twice a year to give them an overview of Land Bank activities. Kathy Sheet recommended that the Land Bank schedule a "visioning session" and also set aside a board meeting, either just after the Annual Meeting or just after the Chair's report to the municipality, to report to the Community Advisory Group on Land Bank activities.

The meeting was adjourned at 4:08 pm.

ATTEST: George Parker
George Parker – Secretary, Rochester Land Bank Corporation

Rochester Land Bank Corporation

Meeting Minutes

December 18, 2014

City Hall, Rm. #223-B

30 Church Street,

Rochester, NY 14614

Board Members Present: Andrea Guzzetta, Kim Jones, Gary Kirkmire, George Parker, Kate Washington

Board Members Absent: Dana Miller, Carol Wheeler

Non-Board Members Present: Rianne Mitchell, Kathy Sheets, Tom Warth

The meeting was called to order at 3:08 pm by Kate Washington, Board Vice Chair.

The minutes from the last meeting were distributed. George Parker moved that the minutes be approved. Gary Kirkmire seconded. The motion was approved by the board.

The first item of discussion was Resolution No. 35 of 2014 to accept the donation of 204 Flint Street, 129 Mason Street, 600 Thurston Road & 37 Woodward Street and the accompanying cash donation from Wells Fargo with the intent to transfer them to the City. Gary Kirkmire asked if the donated properties were all structures intended for resale. Kathy Sheets answered that with the exception of 129 Mason Street, a separate tax parcel that is the site of the garage for 133 Mason Street which the Land Bank has already accepted as a donation, the properties are structures intended for resale or demolition. Kate Washington asked whether this was the Land Bank's standard process for accepting donations. George Parker noted that the Land Bank has not yet received many donations and is still developing its process. Gary Kirkmire expressed concern about setting a precedent of the City performing demolitions for banks. George Parker asked Kathy Sheets if, as Executive Director of the Land Bank, she was in favor of the donations. She said that she as Land Bank and City staff had inspected the properties and found that while they were not appropriate for HOME Rochester, they appear to be suitable for resale through the City's current programs. Andrea Guzzetta asked if the City would have to pay demolition costs if the properties were subsequently found to be unsalvageable. Kathy Sheets answered that yes, the City would be responsible. George Parker asked if it would still be beneficial to take the properties if the City might have to pay for a demolition. Kathy explained that in the event that the properties required demolition, acquisition would still be beneficial for blight removal purposes. Gary Kirkmire observed that he was fairly comfortable with accepting donations if staff has done interior inspections and considered the properties to be salable. George Parker moved that the board approve the resolution, with the provision that the reference to "Resolution No. 34" on page two be amended to "Resolution No. 35." Gary Kirkmire seconded. The board approved the motion.

Next, the board discussed Resolution No. 36 of 2014 authorizing demolition of particular blighted properties and amending the Shared Services agreement with the City to include demolition services. The board was presented with a list of twenty-one properties, currently owned by the City or the Land Bank, in proximity to recent or ongoing community development initiatives. Kathy Sheets cautioned that the funding received from the OAG

for demolitions may not cover the cost to demolish all of the properties. Gary Kirkmire asked if the properties were presented in order of their demolition priority. Kathy Sheets explained that they were simply grouped by the project or development on which they were having the negative impact. Kim Jones asked what would happen if the funds did not cover all of the demolitions. Kathy explained that these properties were already on the City's demolition list and would be demolished by the City in due course. The opportunity for outside funding will simply move the properties the Land Bank prioritizes to the front of the line. The cost of each demolition is largely contingent on the need for asbestos abatement. The City's Manager of Technical Services indicated that some of the properties on the list might already have had any asbestos abated/removed, allowing the Land Bank's dollars to stretch farther. Kim Jones then asked how long it will take and Gary Kirkmire asked for confirmation that prioritizing these properties will not reduce the City's demolition budget. Kathy Sheets informed the board that the demolition package would be offered for bid in January and a budget amendment allowing the Land Bank's funds to replenish the City's demolition budget line directly will go before City Council in January. Tom Warth explained that as the properties are already on the City's demolition list, the package can be offered for bid immediately upon approval by the Land Bank board. Gary Kirkmire asked if the Land Bank funds could be used to reimburse the City for any asbestos-related activities that had already occurred. Kathy Sheets explained that payment could not be made for activities prior to the execution of all of the necessary contracts. Gary Kirkmire made a motion to approve the resolution. Andrea Guzzetta seconded it. The board approved the motion.

Each board member was next asked to sign the Land Bank's Certificate of Incumbency, part of the due diligence package the OAG requires prior to entering into a contract for the CRI grant funding.

The board was next asked to approve Resolution No. 37 of 2014 to amend the Procurement Policy to include the provisions of Section 2.D.3 of the New York State Anti-Lobbying Rule. George Parker moved that the resolution to amend the Procurement Policy be approved. Kim Jones seconded it. The board approved the motion.

The board next discussed Resolution No. 38 of 2014 to join the New York State Land Bank Association as it formally organizes as a New York State Not-for-Profit Corporation. Kathy Sheets highlighted some reasons she recommended the Land Bank join the association: training opportunities, input into proposed legislation affecting land banks, a possible competitive advantage of making collective grant applications. The other nine land banks have already committed to joining. The resolution makes the membership coterminous with the Shared Services on December 31, 2018, as the Land Bank's ability to pay dues may change if there is a change in that agreement. Andrea Guzzetta suggested that locking the Land Bank in for a three-year term might not be wise as we don't yet know how beneficial membership will be. George Parker pointed out that dues are likely to go up over time. Tom Warth offered the opinion that the annual Summit alone made membership worthwhile. George Parker asked for more information on Center State CEO, the organization providing staff support to the Association. Kathy Sheets explained that it is a regional economic development corporation for Central New York. In conjunction with the Center for Community Progress, it spearheaded New York's Land Bank legislation and it was their Ford Foundation grant that has funded all of the collective land bank activities – like the Summit – to date. Kathy understood the hesitancy to commit the Land Bank long term, and agreed that it was reasonable to limit initial membership to one year. She did recommend that the Land Bank join the Association during this initial year as it will likely be a vehicle to pursue funding opportunities and Rochester would be at a disadvantage if it had to compete as an individual corporation against a coalition. Kathy also noted that it was

advisable that dues be paid out of funds other than those received from the State OAG as the association does intend to lobby State legislators. Andrea Guzzetta suggested that the resolution could be modified to commit to membership for one year with two one-year options to renew. As the exercise of a renewal option would also require an additional resolution, Kathy thought there was no real benefit of including options in this situation. Kate Washington recommended that the resolution be amended to replace "until December 31, 2015" with "for a period of one year." George Parker moved that the board approve the resolution as amended. Gary Kirkmire seconded. The board approved the motion.

The board next reviewed the Treasurer's report and the CRI grant reports. Kim Jones pointed out the additional revenue on the Treasurer's report reflected the cash contributions that had accompanied the Wells Fargo donations. After reviewing the report on grant progress, Gary Kirkmire asked why the environmental remediation reflected only 62% completion when 85% of funds had been spent. Kathy Sheets explained that at the beginning of the grant term, the total cost of environmental testing and remediation for the properties was being allocated to the Land Bank. As it became apparent that this practice would quickly exhaust the total funds awarded for this purpose, the Land Bank began allocating a fixed amount for environmental activities performed on each property so that the funds would stretch to the required fifty properties. Additional environmental costs are met through other sources of subsidy.

Next was Resolution No. 39 of 2014 authorizing the Executive Director to execute a contract amendment to accept the additional funding for the CRI program awarded by the OAG. Kate Washington asked if the Attorney General was just extending the term of the grant to simplify reporting. Kathy Sheets indicated that she believed that was the motivation. Kim Jones asked why the Round 2 activities did not seem to include an environmental component. Kathy explained that the funds would certainly be used for environmental testing and remediation on HOME Rochester properties, but the OAG chose the OAG agreed that, in order to streamline financial reporting, the Land Bank does not need to break out those costs in Round 2. Gary Kirkmire asked how we arrived at the number allocated to each HOME Rochester property, as it is lower than the first round. Kathy Sheets explained that Land Bank staff met with the RHDFC and the City's project manager for HOME Rochester to determine what made sense. During the Round 2 term, the RHDFC has additional sources of subsidy that will augment the CRI funds. As a final note about the grant reporting, Kathy confirmed that, though there was confusion at the last meeting, the column indicating the purchase price on the Development Phase report does accurately report the purchase price of each property that has been sold. Gary Kirkmire made a motion to approve Resolution 39. Kim Jones seconded it. The motion passed.

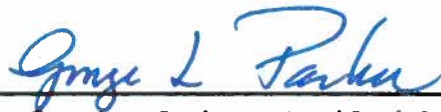
The board then reviewed its ongoing action plan. Tom Warth noted that Freed Maxick recommended a couple of revisions to the Land Bank's 501(c)3 application and that, after incorporating them, the application would be ready for submission. He also encouraged the board to ask the City's Division of Environmental Quality to include the topic of brownfields in their CERCLA discussion as it seems to be an emerging opportunity for land banks. Kathy Sheets agreed that the Land Bank might be the appropriate entity to pursue the funding opportunities for brownfields, but that the immediate concern was for DEQ to provide the Land Bank with guidance about meeting the "all appropriate inquiry" standard when acquiring property.

Kathy Sheets then invited Gary Kirkmire to discuss the conference call the City had with the Office of the Attorney General. Gary explained that the Zombie legislation – which would make banks responsible for

abandoned properties after a certain amount of time regardless of whether they take title – did not pass in the last session. However, the Attorney General’s settlement with five of the largest banks involved in the foreclosure crisis has, among other things, required the banks to provide points of contact through which municipalities can pursue action on zombie properties. Locally, the City worked with Empire Justice to prepare a list of the uncompleted foreclosure starts between 2009 and 2013 and will be using this list to engage Justice Doyle to get these foreclosures on the docket. The City is also pushing to receive ten percent of the cash portion of Bank of America’s settlement with the state as the City has incurred about \$900,000 in costs for the vacant, abandoned properties for which Bank of America holds the mortgage. As it currently stands, banks cannot be held legally responsible for properties against which they have not secured a judgment. The Zombie legislation would change that and it lowers the threshold for the determination of vacancy. Currently Bank of America is offering the abandoned properties on which it holds a private mortgage to the City, but approximately 80% of the mortgages on the relevant properties are insured by FHA or Fannie Mae. Kim Jones wanted it made explicit in any agreement with Bank of America, that the City only accepts donations at its own discretion. Kate Washington suggested that the Land Bank explore the prospect of direct funding opportunities from the fines that the state has charged the banks.

The meeting was adjourned at 4:12 pm.

ATTEST: _____



George Parker – Secretary, Rochester Land Bank Corporation