Omaha Municipal Land Bank Board

MINUTES

Wednesday, April 8, 2015

Regular Meeting:
9:00 AM, Jesse Lowe Conference Room – 3rd Floor
Omaha/Douglas Civic Center
1819 Farnam Street

Meeting Minutes: This document states the minutes before the Omaha Municipal Land Bank Board at their Public Hearing and Administrative meeting held on Wednesday, April 8, 2015.

Certification of Publication: Omaha Municipal Land Bank Board Administrator certifies publication of this agenda in the Daily Record, the official newspaper of the City of Omaha on Wednesday, April 1, 2015.

Members Present: Tom McLeay, Chairman
Jamie Berglund, Vice Chair
Ken Johnson
Cathy Lang
Scott Semrad
John Heine
Diane Battiato
Mike Riedmann
Julie Stavneak
James Thele, Planning Director

Members Not Present: Randy Lenhoff
Julia Plucker

Staff Present: Alan Thelen, City Law Department
Jennifer Taylor, City Law Department
Debbie Hightower, Recording Secretary
PUBLIC MEETING:

Tom McLeay, Chair, called the meeting to order at 9:00am, introduced the voting and non-voting board members, as well as the City staff. He stated that the Nebraska Open Meetings Law is in effect and a copy is available in the room for review. He further stated that copies of the agenda are located in the back of the room.

Roll call was taken with 10 board members present (Randy Lenhoff and Julia Plucker were absent). McLeay explained the procedures of the meeting.

McLeay informed the public that a notice of the meeting was published on April 1, 2015 and was verified by Debbie Hightower, Recording Secretary.

Motion by Cathy Lang to approve the minutes from the March 11, 2015 regular meeting and March 13, 2015 training session meeting. Ken Johnson seconded the motion.

AYES: Berglund, Johnson, Semrad, Lang, McLeay
MOTION CARRIED: 5-0

Semrad reported that the Executive Director Search Committee put out several RFP’s for search firms. Ted Ford Webb out of Massachusetts was the only search firm that answered the RFP. Webb submitted a proposal and is the consultant that worked on Governor Ricketts’ search recently for the corrections facility. His focus is finding chief executives in the non-profit realm and his fee will be $45,000.00 plus the customary fees for the search. Mutual of Omaha is in the process of drafting a service agreement. He stated that Webb stressed that in order to have a successful search there needs to be participation from all board members. Meetings will be scheduled for next week with all board members, stakeholders and James Thele from the City. Semrad stated that the land bank will be a major focus for Webb and the timeline includes naming an Executive Director by June 2015.

Semrad asked Jennifer Taylor, City Law to review the search firm agreement. Berglund added that the attorney for the Chamber can also review the agreement.

Johnson stated that it is critical that Webb have full participation of the board for a good foundation to find the right person for the Executive Director position. In response to Battiatto, Semrad added that Webb will be flexible when meeting with the board members.

McLeay stated that the 501(c)(3) application has been sent to the IRS. He introduced Dan Pappe and Austin Bradley from McGrath North Law Firm as legal counsel for the IRS exemption application. Pappe stated that the Omaha Municipal Land Bank is somewhat of a hybrid entity and is a custom Land Bank. Omaha’s Land Bank is unique but the application was submitted to the IRS and it is hopeful that a contact from the IRS will be assigned in a timely basis. He offered to answer any questions concerning the application. He further stated that an engagement letter was provided and all time provided by the firm and Austin Bradley, tax attorney, was pro-bono. The only fee is an $850.00 filing fee to the Federal government.
In response to McLeay, Bradley stated that the Michigan and Syracuse Land Banks did receive the 501(c)(3) designation but are organized under a separate entity. Pappe further explained that the Omaha Municipal Land Bank is not listed as a separate legal entity, which was intentional as decided by the unicameral and established by the City Council. The land bank is somewhat similar to the Airport Authority and MECA but is different.

In response to McLeay, Pappe stated that the designation could only be 3-4 months but more commonly it will take 6-9 months. The application is well drafted and the timing will depend on the workload of the IRS contact.

Battiato suggested structuring the timeline to coincide with the Land Bank’s first year with respect to the 501(c)(3) designation and the appointment of the Executive Director.

Berglund reported that the ad hoc Fund Development committee (Heine, Lang, Berglund, McLeay) met regularly in the last several weeks to gather funding applications. The Dougherty Foundation application was recently submitted requesting four years of operational funds in the amount of $600,000.00 and a hope is to hear soon on the potential contribution. She stated that Lang is working on the Suzanne and Walter Scott Foundation application in the amount of $600,000.00. Also, an application will be submitted to Mutual of Omaha Foundation for $600,000.00 and the Peter Kiewit Foundation requesting $400,000.00 for four years for programmatic funding such as property acquisition and demolition. She further explained that there are three other sources to approach for funds for programmatic and real estate functions: William and Ruth Scott Foundation, Lozier Foundation and Sherwood Foundation. McLeay stated that there have been favorable responses from all the organizations.

McLeay thanked Lang for her expertise and background in the application process.

Berglund stated that the land bank needs to take time to create a strategic plan once an Executive Director is on board so donors are aware of the real estate strategy in the future.

McLeay stated that the Omaha Land Bank’s operation budget was distributed and is designed to get staffing and the infrastructure in place but does not include a concrete strategic plan to acquire properties. Berglund stated that an operational budget was drafted for 2015-2018 with an average annual budget of $487,000.00 for a total four year budget of $1.94 million. The majority of expenses will be for salaries and benefits for the staff. The salaries include hiring the Executive Director and potentially bringing on a project manager and a couple of graduate students in 2016 and another project manager in 2017 and 2018. Benefits are calculated at 25% of the salary. The cost of the search firm is $45,000.00 plus customary expenses and relocation expenses are included for the Executive Director, if needed. Office space was calculated at $13 per/sq. ft. for 1,000 sq. ft. with a 4% annual increase. The professional services and contracts expense for the first year is over $220,000.00 and would include the creation of a strategic plan; training as a board, which was already obtained; and funds to create a website, GIS accounting system and legal consultation. She pointed out that some land banks have in-house legal consultation which could be a staffing function. The only income at this point is the contribution from the City.
McLeay stated that the land bank does not have any significant tax revenues and is not a business with private revenues but will be very dependent upon the philanthropic community. He pointed out that the 501(c)(3) designation would help the development community be more comfortable with the formation and private non-government instrumentality nature of the land bank.

Motion by Jamie Berglund to approve the 2015 budget and projections for 2016-2018. Ken Johnson seconded the motion.

AYES: Johnson, Semrad, Lang, Berglund, McLeay
MOTION CARRIED: 5-0

McLeay stated that Plucker communicated with him that Senator Mello has indicated that if the land bank would like to request any amendments that they be made in the 2016 session. He stated that Plucker will expand more on the tax certificate sales at the next board meeting. McLeay further stated that at this point there is nothing that the Nebraska State legislature is addressing with regard to the land bank. The land bank will operate under the statute as it sits today.

McLeay recognized Spencer Danner, Jr. and thanked him for his service on the board and expressed a need to work with him in the Mayor’s office in the future. In response to Danner, Berglund stated that the community stakeholders that will be meeting with Webb will include all board members, Amanda Brewer with Habitat for Humanity, James Thele with the Planning Department and the philanthropic donors for a total of 15-20 separate conversations.

There were no public comments.

It was the consensus of the Board to adjourn the meeting at 9:35am.

Debbie Hightower, Planning Department
Recording Secretary