Omaha Municipal Land Bank Board

MINUTES

Wednesday, November 9, 2016

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 the Public Hearing and Administrative meeting held on Wednesday, November 9, 2016.

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, November 2, 2016.

Members Present: Jamie Berglund, Chair
Cathy Lang, Vice Chair (arrived at 9:02)
Tom McLeay
Randy Lenhoff
Ken Johnson
Rob Woodling
John Heine
Mike Riedmann
Diane Battiato (arrived late)

Members Not Present: Julie Stavneak
Julia Plucker
James Thele, Planning Director

Director Present: Marty Barnhart, Executive Director

Staff Present: Jennifer Taylor, City Law Department
Debbie Hightower, Recording Secretary

PUBLIC MEETING:

Jamie Berglund, Chair, called the meeting to order at 9:00am.
Roll call was taken with nine (9) board members present (Julie Stavneak, Julia Plucker and James Thele were absent). Cathy Lang and Diane Battiato arrived late.

Berglund informed the public that a notice of the meeting was published in the Daily Record on November 2, 2016. Berglund stated that the Nebraska Open Meetings Law is in effect and a copy is available in the room for review. She further stated that copies of the agenda are located on the table by the door.

**Board Meeting Minutes**

Motion by Randy Lenhoff to approve the minutes from the October 12, 2016 meeting as submitted. Tom McLeay seconded the motion.

AYES: Johnson, Lenhoff, McLeay, Woodling, Berglund

MOTION CARRIED: 5-0

**Financial Report**

Barnhart stated that the Finance Committee reviewed the financial position and statement as submitted. Heine added that the largest expense of $22,000.00 was paid to OBI for the marketing contract.

Motion by Randy Lenhoff to approve the September 2016 financial report as submitted. Cathy Lang seconded the motion.

AYES: Johnson, Lang, Lenhoff, McLeay, Woodling, Berglund

MOTION CARRIED: 6-0

**Legislative Updates 2016-2017**

**Land Reutilization Commission (LRC)**

Barnhart stated that there are approximately 10-12 unproductive properties held by the LRC and located outside of the city limits. The LRC will cease to exist at some time in the future because there are no longer Sheriff’s sales that give property to the LRC. The Land Bank will be the default bidder in the case of County foreclosure and with that the LRC’s inventory would dry up. As well, the statute provides that the LRC, by inter-local agreement, can put their property into the Land Bank’s inventory but with the change of legislation it would allow the Land Bank to sell property throughout Douglas County only and the City of Omaha municipality. Barnhart added that the Land Bank is seeking a legislative sponsor for the bill for the 2017 legislative session.

Trevor Fitzgerald, legal counsel for the Urban Affairs committee, stated that the legislative session is a 90 day session and new bills would need to be introduced within the first 10 days of legislation. He recommended that a senator be found to introduce the bill. Barnhart further
suggested that he will send a letter to the Douglas County Board seeking support regarding the bill.

In response to Woodling regarding LRC funds, Dave Schreiner, Director of LRC, stated that he is working for a resolution to support the action between the County Treasurer and the County Clerk. Barnhart added that there are three aspects to the LRC merger: 1) inventory of property, 2) assets, and 3) finance dollars that need to be worked through.

After further discussion by the board, it was motioned by Cathy Lang to table the LRC amendment until 2018. Tom McLeay seconded the motion.

AYES: Johnson, Lang, Lenhoff, McLeay, Woodling, Berglund
MOTION CARRIED: 6-0

Tax Lien Certificate Foreclosure, Interlocal Agreement to Foreclose Tax Lien Certificate’s for Douglas County, Nebraska

Barnhart stated that he is requesting approval of the Interlocal Agreement for the 2017 tax lien certificate redemption for approximately 600 properties that were bid on in 2014 and are ready for foreclosure. The cost would be approximately $300.00 per property. He stated that a non-profit partner would be willing to pay half the cost of an in-house attorney dedicated for foreclosure notification procedures. The cost to the Land Bank would be approximately $50-70,000.00.

Motion by Cathy Lang to approve the Tax Lien Certificate Foreclosure Interlocal Agreement. Randy Lenhoff seconded the motion.

AYES: Lang, Lenhoff, McLeay, Woodling, Berglund
PASS: Johnson
MOTION CARRIED: 5-0-1

Finance and Audit Recommendations

Audit 2016

Barnhart reported that four bids were received for finance audit services for 2015 and 2016 as submitted to the board. Lenhoff added that the bids were: 1) Hayes & Associates-$7,850.00 for 2015 and 2016 and $8,500.00 for 2017; 2) Frankel Zacharia-$7,500.00 for 2015 and $9,000.00 for 2016 for a total of $16,500.00; 3) HSMC-$7,500.00 for 2015 and 2016; and 4) Hancock and Dana for $25,000.00.

Greg Johnson stated that Hayes & Associates has had experience with the LRC audit.

Motion by Cathy Lang to holdover approval of a vendor for an audit until the December meeting. Rob Woodling seconded the motion.
AYES: Johnson, Lang, Lenhoff, McLeay, Woodling, Berglund
MOTION CARRIED: 6-0

**Director’s & Officer’s Liability Insurance**

Barnhart stated that he has obtained a second quote for liability insurance coverage. He added that he has requested the extra liability insurance, which is not required, but is an extra layer of coverage for all directors and officers. The cost for $1,000,000.00 of coverage is $3,132.00 per year and $2,000,000.00 of coverage is $4,787.00 per year.

Motion by Randy Lenhoff for approval of $2,000,000.00 of liability insurance coverage at $4,787.00 per year. Rob Woodling seconded the motion.

AYES: Lenhoff, Woodling
NAYS: McLeay, Berglund, Lang
ABSTAIN: Johnson
MOTION FAILS: 3-2-1

Motion by Cathy Lang for approval of $1,000,000.00 of liability insurance coverage at $3,132.00 per year. Tom McLeay seconded the motion.

AYES: Johnson, Lang, Lenhoff, McLeay, Woodling, Berglund
MOTION CARRIED: 6-0

**2017 Budget**

Barnhart stated that the second reading of a three year operation budget has been reviewed by the Finance Committee. As previously requested by Lang, the budget was broken out into Operation and Program funding. The report shows that the private donors have pledged funds or are awaiting an application. Barnhart stated that the proposed revenue for the 2017 budget is $650,000.00 with the removal of the LRC and expenses would be estimated at $551,070.00.

In response to Lang, Barnhart answered that there will be a carryover from 2016 to 2017 that includes $400,000.00 of operating capital and $350,000.00 from donors recently received. Barnhart further estimated that net of expenses will be approximately $700,000.00 that will roll over to the 2017 fiscal calendar.

In response to Battiato, Barnhart stated that he would apply for funds from the Peter Kiewit Foundation in the first quarter of 2017.

Barnhart further pointed out various programs for the 2017-2019 budget such as Acquisition and Disposition, Clean and Green (tear down of the worst properties and sale of vacant lots), Tax Lien Certificate Dollars (expended and earned), Assemblage for a Specific User or Specified User, Specific Assemblage without an End User in Mind and Side Yard and Garden Plot Properties.
In response to Lang, Barnhart discussed the specific use of grant dollars from all donors.

Heine added that it is very challenging to budget income and expenses for programs that do not exist.

Barnhart stated that the Acquisition and Disposition Program will seek to acquire and sell 100 properties in 2017 and maintain the properties. Heine explained that the Clean and Green Program would include taking the worst of the worst properties that would need to be torn down which would include 400 properties at a cost of $15,000.00 per property for a total cost of $6,000,000.00 over a five year period. Lenhoff added that there will be much needed discussion with the City regarding demolition. Barnhart stated he will meet with the City in the near future. The City has designated approximately 700 homes that need to be torn down but there will be a lot of details that need to be worked through. Barnhart added that there are several donors that are very interested in supporting a Clean and Green Program. Berglund further added that the end user partnerships are critical in both programs.

McLeay questioned the actual protocol of the Land Bank with regard to demolition of property owned by private individuals. Jennifer Taylor, City Law Department, stated that the City would bid for the demolition of property and the Land Bank would donate funds to the City for demolition and acquisition. Taylor stated that the City could foreclose on a demolition lien and there would need to be an agreement between the City and Land Bank for the ownership of the property. McLeay suggested that there could be an interlocal agreement and the City could contract the Land Bank to do the demolition. Lenhoff added that the goal is to get as many properties cleaned up as possible for the benefit of the neighborhoods and to move through the process quickly by making use of the City’s resources. The board members had concerns that there are not enough demolition companies or enough City staff to work through the process. There was further discussion by the board regarding the challenge of what to do with the properties once they are demolished including maintenance and what would be the end use.

Berglund recommended that the board review, discuss and get feedback to Barnhart regarding the 2017 budget.

Cathy Lang left the meeting.

New Business

Acquisition: 4102 Hamilton Street

Barnhart stated that the property for acquisition approval, 4102 Hamilton Street, is currently owned by First National Bank and is zoned general commercial. He stated that $40,000.00 has been offered contingent upon approval by the board. Barnhart stated that two independent appraisers stated that the comparable sales for property in the neighborhood would be $65-70,000.00. There is a tax lien certificate of $8,000.00 for a total cost of $48,000.00. The property would need to be cleaned out and prepared for resale. The starting price would be $57,500.00 with an end goal price of $55,000.00. Battiato stated that she has concerns that this would be like “flipping” houses. Woodling pointed out that the property is under water and is
heading for a tax sale and going through foreclosure and being broken into therefore it would be part of the Land Bank’s mission to stop the blight before it happens. Barnhart further added that the Land Bank is not going to be a house flipper or seeking to redevelop the property but to look at a profit center for the Land Bank in the area of sustainability. The property meets at least two or more of the eleven criteria of the statute: 1) presence of weeds, 2) vacated, and 3) presence of tax and delinquency on property.

McLeay pointed out that the sale of the property could include a 6% commission, additional transactional costs (title work, buyer costs) therefore the profit would be minimal. He also questioned if there was due diligence with regard to lead (paint or soil), asbestos, radon and the condition of the foundation and mechanical systems.

After further discussion, Tom McLeay motioned to table the approval of the acquisition of 4102 Hamilton Street to allow time for due diligence. Randy Lenhoff seconded the motion.

AYES: Lenhoff, McLeay, Berglund
NAYS: Johnson, Woodling
MOTION CARRIED: 3-2

Demolition: 2221 Florence Blvd

Barnhart stated that 2221 Florence Blvd was acquired one month ago and the City of Omaha has requested that the property be torn down. There have been bids for demolition received from Habitat for Humanity for $18,700.00 and Central Recycling for $10,000.00. McLeay questioned the cost of lead paint abatement, if necessary, are included in the bids. In response to Battiato, Barnhart answered that the reason for the huge difference in bids would be the removal of trees on the property and deconstruction of the structure. There was further discussion by the board with regard to possible lead abatement.

Motion by Rob Woodling to approve the demolition bid of $10,000.00 by Central Recycling contingent upon any lead-based abatement and board approval is needed if lead abatement cost is more than 10% of the original bid. Tom McLeay seconded the motion.

AYES: Johnson, Lenhoff, McLeay, Woodling, Berglund
MOTION CARRIED: 5-0

Resolution to Cancel Taxes: OMLB Property Inventory

Barnhart stated that there is no property in the inventory that have delinquent taxes. He stated that he wanted to make the board aware that in the future there will be resolutions for properties in the inventory that may have delinquent taxes at the time of acquisition.

Nomination of OMLB Officers for 2017

Motion by Tom McLeay to nominate Rob Woodling as Chairman of the Board. Jamie Berglund seconded the motion.
Motion by Ken Johnson to nominate Randy Lenhoff as Vice Chairman of the Board. Jamie Berglund seconded the motion.

Berglund stated that the position of Treasurer will be nominated after new members are appointed to the board.

**Reports**

**Board Member Updates, Districts #2 and #4**

Barnhart stated that the Mayor’s office has two new members ready to be appointed to the board after approval by City Council.

**Executive Director: Acquisition and Fund Development Updates**

Barnhart provided the key performance indicators that include Acquisition Planning. He stated that he is attempting to assemble a group of properties for review by the Acquisition Committee. Barnhart reported that he will be making a presentation at a donor luncheon hosted by Mutual of Omaha. The presentation was completed by OBI Creative and will be made available.

**Land Reutilization Commission - Merger Update**

Barnhart stated that Ben Gray, LRC board member, has requested a time line with regard to the merger of the Land Bank and the LRC. Dave Schreiner, Director of LRC, stated that Chris Rodgers, Chair of the LRC board, has requested a Memorandum of Understanding with regard to the merger but a resolution may be needed and approved by the LRC board and the County.

**Other**

In response to Johnson, Barnhart stated that, in terms of staffing, a job position has been posted for an Acquisition Specialist. He also indicated that there are staff positions for an Acquisition Specialist and a Communications individual included in the 2017 budget.

**General Public Comments**

There were no general public comments.

It was the consensus of the Board to adjourn the meeting at 11:09am.

Debbie Hightower, Planning Department
Recording Secretary