



1234 Market St., 17th Floor, Philadelphia PA 19107
philadelphialandbank.org

Board of Directors Meeting

May 14, 2015

3:30 p.m.

This meeting is open to the public

Agenda

- 1 Roll Call
- 2 Public Comment
- 3 Approval of Minutes
- 4 Updates
- 5 Financial Report
- 6 Modification of Drexel contract
- 7 PHDC Management Agreement
- 8 Selection of Pricing Model Provider
- 9 Adjournment

FY 2015 Revenue & Expenses: July 1, 2014 to June 30, 2015

	Revised Budget	YTD Through 3-31-2015	Available Balance
Revenue	\$ 3,154,520	\$ 2,079,000 (1)	\$ 1,075,520
Expenses			
Payroll			
Salaries	\$ 906,250	\$ 357,356 (4)	\$ 548,894
FICA	\$ 56,700	\$ 22,375	\$ 34,325
Fringe Benefits	\$ 432,820	\$ 98,488	\$ 334,332
	\$ 1,395,770	\$ 478,219	\$ 917,551
Purchase of Services			
Telephone	\$ 4,900	\$ 1,162	\$ 3,738
Training, Travel & Conferences	\$ 25,000	\$ 12,110	\$ 12,890
Parking & Mileage	\$ 17,600	\$ 3,530	\$ 14,070
Postage	\$ 5,100		\$ 5,100
Advertising & Promotions	\$ 30,000	\$ 4,557	\$ 25,443
Professional Services	\$ 642,000	\$ 330,274 (2)	\$ 311,726
Repair & Maintenance	\$ 317,500		\$ 317,500
Rent of Office Space	\$ 62,250	\$ 21,885	\$ 40,365
Insurance	\$ 311,400	\$ 9,050	\$ 302,350
	\$ 1,415,750	\$ 382,567	\$ 1,033,183
Materials & Supplies			
Books & Other Publications	\$ 10,100	\$ 22	\$ 10,078
Office Material & Supplies	\$ 5,000	\$ 1,286	\$ 3,714
Printing	\$ 20,200	\$ 1,875	\$ 18,325
	\$ 35,300	\$ 3,184	\$ 32,116
Equipment			
Tools & Equipment	\$ 235,300	\$ 38,513 (3)	\$ 196,787
Auto	\$ 22,400		\$ 22,400
	\$ 257,700	\$ 38,513	\$ 219,187
Real Estate Acquisition	\$ 50,000	\$ -	\$ 50,000
	\$ 50,000	\$ -	\$ 50,000
Total Costs	\$ 3,154,520	\$ 902,483	\$ 2,252,037
FY 2015 Net Revenue	\$ -	\$ 1,176,517	\$ -

(1) * Initial PRA funding of \$1,804,000 commitment received 10/10/2014
* \$275,000 City Of Philadelphia Commitment received 10/31/2014

(4) includes indirect PHDC salaries projected for January 15 - March 15

Philadelphia Land Bank
4/9/2015 9:34

**Schedule of Assets, Liabilities and Net Position
March 31, 2014**

Assets

Current Assets

Cash	\$	1,515,745
Accounts Receivable (PRA)	\$	876,583
Total Current Assets	\$	<u>2,392,329</u>

Liabilities

Accounts Payable (PHDC)		138,352
Accounts Payable (credit card)		1,939
Total Liabilities	\$	<u>140,292</u>

Net Position

Restricted Funding	\$	2,252,037
Total Net Position	\$	<u>2,252,037</u>

MEMORANDUM

Date: May 14, 2015
To: Board of Directors
From: John Carpenter
Re: Professional services contract with Drexel University

At our last board meeting, we approved a contract with Drexel University for the provision of student interns to support our deed review project. Today we are asking to expand the scope of this contract to include work in support of the next generation of our upfront pricing model and to explore the possible expansion of that model to include structures as well as land.

The team of interns assembled under Guy Thigpen has been guided since its inception with academic assistance from faculty at the University of Pennsylvania. This academic guidance also involves basic research that helps guide our work at the land bank, and provides academic opportunities for the students involved in the internship.

We would like to continue some of that same academic research in our contract with Drexel University, and propose to expand the scope of services to include the work necessary to support our 2015 pricing modeling for properties listed on the Phillylandworks website.

Our original pricing model looked only at land values, excluding consideration of structures. We would also like to add some preliminary research into the development of data and price modeling for the structures in our inventory, supported by Dr. Kevin Gillen who is now affiliated with Drexel University.

We request that you authorize the attached resolution that effectively replaces the resolution you approved last month, with one that more broadly describes the work that we would like to undertake with Drexel.

RESOLUTION NO. 2015 -

**RESOLUTION AUTHORIZING A PROFESSIONAL SERVICES CONTRACT WITH
DREXEL UNIVERSITY**

WHEREAS, on April 9, 2015, the Board adopted Resolution No. 2015-13 which authorized a Professional Services Contract with Drexel University in their Lindy Institute for Urban Innovation for the purpose of providing student assistance and research for the transfer of property from the City land-holding agencies to the Land Bank (the "Initial Drexel Contract");

WHEREAS, staff has recommended that the scope of work undertaken in the Initial Drexel Contract be: (1) expanded to permit the student-interns to perform geospatial research necessary to support certain land and structure pricing models which the Land Bank is developing; and (2) extended to allow for the professional services needed to provide guidance for development of a Structure Hedonic Model for pricing of vacant structures;

WHEREAS, this expanded scope of work was solicited in the Request for Proposals issued by the Land Bank; and

WHEREAS, the Board desires to rescind Resolution No. 2015-13 and to enact the following resolution.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Philadelphia Land Bank that authorization is hereby given for the Land Bank to enter into a professional services contract with Drexel University ("Drexel Contract") to provide (i) undergraduate and graduate level students to assist in the review, analysis and preparation of land records for properties owned by Philadelphia Redevelopment Authority, the City of Philadelphia and Philadelphia Housing Development Corporation for transfer of properties to the Philadelphia Land Bank; (ii) research and analysis, as requested, to support development and enhancements to the Land Bank's upfront land pricing model and the Land Bank's Structure Hedonic Model; and (iii) the professional services necessary to develop the Structure Hedonic Model.

FURTHER RESOLVING:

1. Resolution No. 2015-13 adopted April 9, 2015 is hereby rescinded.
2. The Drexel Contract, revised as stated herein, shall provide for an initial maximum compensation, including out-of-pocket expenses, in an amount not to exceed Forty Thousand Dollars (\$40,000) with a termination date of June 30, 2015.

3. The Land Bank shall have the option to extend the Drexel Contract in its sole discretion for an amount not to exceed, including out-of-pocket expenses, an additional Seventy Thousand Dollars (\$70,000) with a termination date of December 31, 2015.
4. The Executive Director is authorized to prepare, execute and deliver a contract necessary to effectuate the purposes of this Resolution which shall contain such terms and conditions as the Executive Director and General Counsel shall deem necessary or appropriate to protect the interests of the Land Bank.



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MEMORANDUM

Date: May 14, 2015
To: Board of Directors
From: John Carpenter
Re: Land Bank – PHDC Management Agreement

In December of 2013, the City authorized the creation of the Philadelphia Land Bank, and asked the Philadelphia Housing Development Corporation (PHDC) to support the Land Bank's operations with staff and administrative resources. The decision to house the Land Bank's operations within PHDC was taken with care, with the intent to minimize the administrative overhead of an entirely new agency in a city government where resources are scarce. Over the past year PHDC has worked closely with the Land Bank as it hired its first staff, and established procedures for sharing resources and related expenses.

The management agreement before you today documents the proposed working relationship between PHDC and the Land Bank. It is designed to respect the Land Bank's autonomous governance by its board of directors, while recognizing and sharing the cost of supporting a new organization. Much of the cost sharing in this agreement is guided by federal regulations related to the Community Development Block Grant program, as PHDC is primarily funded by those resources, and the Land Bank is not. This agreement will allow PHDC to clearly document its compliance with federal regulations.

I respectfully request that you approve this agreement.

**Philadelphia Land Bank / PHDC
Management Agreement
Summary of Major Terms**

<p>Delegation of Authority By Land Bank Board to PHDC</p>	<p>PHDC may, without further LB Board approval</p> <ul style="list-style-type: none"> • Manage the everyday activities of the LB • Hire and dismiss PHDC staff to support the Land Bank, consistent with the approved LB budget, with notice to the LB Board upon such hiring/dismissal • Organize PHDC staff to efficiently support the LB • Maintain accounting systems and records • Pay LB expenses • File reports and tax returns, as approved by a LB authorized employee or Board member • Make presentations to the LB Board when requested <p>PHDC may perform other duties and responsibilities which are authorized by the State enabling legislation, as and when directed by the LB Board.</p> <p>PHDC may, in consultation with the LB Board, appoint the Executive Director of the Land Bank</p>
<p>Term</p>	<p>July 1, 2014 to June 30, 2015, with 4 one-year renewals unless terminated by either party 90 days in advance of the yearly end date</p>
<p>Compensation</p>	<p>LB will pay:</p> <ul style="list-style-type: none"> • A pro-rata share of specifically identified PHDC administrative expenses • Staff costs of those PHDC employees serving the LB • All direct LB expenses
<p>Indemnifications</p>	<p>Mutual indemnification by LB and PHDC, <i>i.e.</i>, LB indemnifies PHDC for all actions taken by PHDC staff on behalf of the LB and PHDC indemnifies LB for all PHDC-related actions</p>
<p>Records</p>	<p>PHDC will maintain LB records, data, business plans, financial materials and similar information separate from PHDC's records</p> <p>LB Board will have access to, and full use and control over, all LB records, etc.</p> <p>PHDC retains control of HR records of its staff working for the LB</p>
<p>Insurance</p>	<p>LB and PHDC will each add the other as an additional insured on their liability policies.</p> <p>PHDC will indemnify the LB from any claim by a PHDC employee to the extent that such claim is covered by PHDC's insurance policies</p>

RESOLUTION NO. 2015 -

RESOLUTION APPROVING A MANAGEMENT CONTRACT BETWEEN THE PHILADELPHIA LAND BANK AND PHILADELPHIA HOUSING DEVELOPMENT CORPORATION

WHEREAS, the by-laws of the Philadelphia Land Bank allow the Land Bank to engage through a management agreement an executive director, counsel and legal staff, technical experts and other individuals to serve as the staff for the Land Bank;

WHEREAS, the Philadelphia Housing Development Corporation ("PHDC") has the the personnel, the resources and the expertise and experience to fully support all work to be undertaken by the Land Bank;

WHEREAS, the Land Bank and PHDC have prepared a Management Contract which will specify the operational and administrative responsibilities and duties of PHDC with respect to the Land Bank; and

WHEREAS, the Board has considered the Management Contract and finds that its adoption to be in the best interests of the Land Bank.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Philadelphia Land Bank that the Executive Director of the Land Bank may enter into the Management Contract with PHDC in form and substance acceptable to the Executive Director consistent with the terms and conditions stated in the Executive Summary presented to the Board.

MEMORANDUM

Date: May 14, 2015
To: Board of Directors
From: John Carpenter
Re: Professional services contract with Meyers Research

In 2012, when the city first published its website listing properties for sale, it included for the first time ever, an upfront price for most of the properties listed on the site. That price was established using an automated valuation model developed by Econsult's Kevin Gillen, working closely with our Guy Thigpen and a team of interns. In late 2014 the automated valuation model and our prices were updated by Mr. Gillen and Mr. Thigpen.

Two months ago we advertised for a third update to this model, and received two proposals in response, one from Econsult, and the other from Meyers Research, Mr. Gillen's current employer. We evaluated both proposals carefully and even though the Meyers proposal was on its face slightly more expensive, we recommend the selection of Meyers for this work for two reasons. The approach proposed by Meyers research is somewhat more responsive to our needs, and they offered three additional refreshes of the data over the following two years at no additional charge.

Meyers also offered to produce a land price index, similar to commercially available housing price indices, tailored to Philadelphia for an additional charge of \$5,000. We believe that this is a good idea and ask that it be included in this contract.

We respectfully request your approval to enter into a contract with Meyers Research for this purpose.

RESOLUTION NO. 2015 -

**RESOLUTION AUTHORIZING A PROFESSIONAL SERVICES CONTRACT WITH
MEYERS RESEARCH**

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Philadelphia Land Bank that authorization is hereby given for the Land Bank to enter into a professional services contract with Meyers Research ("Meyers Contract") to develop enhanced land pricing models to support the Land Bank's upfront land pricing.

FURTHER RESOLVING:

1. The Executive Director is authorized to prepare, execute and deliver a contract necessary to effectuate the purposes of this Resolution which shall contain such terms and conditions as the Executive Director and General Counsel shall deem necessary or appropriate to protect the interests of the Land Bank, but shall include:
 - a) Approximately 40 locally and temporally stabilized land pricing models;
 - b) Four semi-annual price updates; and
 - c) Quarterly updates of the land pricing index.
2. The Contract shall provide for maximum compensation, including out-of-pocket expenses, in an amount not to exceed Sixty-Five Thousand Dollars (\$65,000).