IRVIN CORLEY, JR.
DIRECTOR
(313) 224-1076

City of Detroit

CITY COUNCIL

FISCAL ANALYSIS DIVISION
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 218
Detroit, Michigan 48226
FAX: (313) 224-2783
E-Mail: irvin@cncl.ci.detroit.mi.us

ANNE MARIE LANGAN
DEPUTY DIRECTOR
(313) 224-1078

TO: COUNCILMEMBERS

FROM: Irvin Corley, Jr., Director
Anne Marie Langan, Deputy Director

DATE: September 23, 2008

RE: The Next Detroit Neighborhood Initiative and the Program's Relationship with the Detroit Economic Growth Corporation

As Council will recall, during the Council's budget deliberations last May specifically during the Mayor's Office budget hearing on May 7, 2008, Council was told publicly, for the first time, that the funds being donated for the Next Detroit Neighborhood Initiative were not being collected through the typical city process and instead were being deposited with the Detroit Economic Growth Corporation (DEGC). The DEGC had an existing "arm" that has non-profit status called the Detroit Economic Growth Association (DEGA). It had been decided by the Administration some time in the summer of 2007 that this was how funds collected from corporations and foundations for the purpose of the Next Detroit Neighborhood Initiative would be handled.

As of May 2008, according to information provided to Council by Anika Goss-Foster, then the Director of the Next Detroit Neighborhood Initiative (NDNI), there was no board for this non-profit, nor was there an official 501c3 organization although the paperwork had begun in August 2007 to set up articles of incorporation, obtain federal tax-exempt status and create a board of directors. Based on the documents produced for Council by Ms. Goss-Foster dated May 21, 2008, funds of $2.85 million had been pledged by three sources and funds of $1.625 million had been transferred to the DEGA "in care" of the NDNI. Through April 30, 2008 it was reported to Council that $233,173.72 had been spent thus far.

The Next Detroit Neighborhood Initiative (NDNI) was launched in 2007 by the Administration as a strategy to focus on the rejuvenation of Detroit neighborhoods. Phase I was designed to improve the quality of life in six varied communities – East English Village, Osborn, North End, Brightmoor, Seven Mile–

Livernois and Grand River-Greenfield. The goal of NDNI is to organize city services around specific neighborhood work plans pertaining to cleanliness, safety, small business development and beautification.

Based on the short discussion held on this topic and the few documents that were shared with Council in May, Fiscal has an intial set of questions:

1. Is the 501c3 now established?

2. Articles of Incorporation – they seem very pointedly focused on business development.

3. On whose authority were funds able to be expended if there is not a board of directors in place?

4. Please explain further the DEGC's role with NDNI.

5. What are the pledged total funds to organization so far.

6. What are the actual flow of funds to organization so far.

7. What is the current level of staffing at the NDNI.

8. Who had the authority to enter into a lease at 7310 Woodward, which is owned by Lakeshore Engineering?

9. What is the current level of City services provided for the NDNI so far.

10. Has Mayor Cockrel determined in what manner his administration will continue this initiative?

Attachments

cc: Council Divisions
Auditor General
Art Papapanos, DEGC
Pamela Moore, Next Detroit Neighborhood Initiative
Londell Thomas, Mayor's Office

City of Detroit
CITY COUNCIL

Kenneth V. Cockrel, Jr.
President

Monica Conyers
President Pro Tem

Sheila M. Cockrel
Barbara Rose Collins
Brenda Jones
Kwame Kenyatta
Martha Reeves
Alberta Tinsley-Talabi
JoAnn Watson

September 16, 2008

Mr. Kandia Milton, Chief of Staff, Mayor's Office
Ms. Pamela Moore, Executive Director, Next Detroit Neighborhood Initiative, 7310 Woodward Ave. – 4th Floor, Detroit, MI 48202
Mr. George Jackson, President, DEGC/DEGA, 500 Griswold, Ste. 2200, Detroit, MI 48226
Mr. Douglass Diggs, Director, Planning & Economic Development Department
Mr. Irvin Corley, Jr., Director, City Council Fiscal Analysis Division

RE: Financial Relationship between Next Detroit Neighborhood Initiative and Detroit Economic Growth Association

During the September 10, 2008 Planning & Economic Development Standing Committee meeting, discussion was held relative to the above captioned matter. As a result, the Committee has scheduled a **DISCUSSION** for **WEDNESDAY, SEPTEMBER 24, 2008 AT 10:45 A.M.** in the Committee of the Whole Room, 13th Floor of the Coleman A. Young Municipal Center. Please arrange to be present.

Increased security measures for entrance into this building may cause delays, therefore please allow sufficient time for prompt arrival.

Respectfully submitted,

Janice M. Winfrey
City Clerk

JMW/dg

cc: Mr. Kerwin Wimberley, Mayor's Office

Janice M. Winfrey, City Clerk
C:\Documents and Settings\[illegible] Coleman A. Young Municipal Center, Detroit, Michigan 48226
(313) 224-3266

(157)

KWAME M. KILPATRICK, MAYOR
CITY OF DETROIT
EXECUTIVE OFFICE

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 1126
DETROIT, MICHIGAN 48226
PHONE 313•224•3400
Fax 313•224•4128
WWW.CI.DETROIT.MI.US

PLANNING AND ECONOMIC DEVELOPMENT STANDING COMMITTEE

(24)

MEMORANDUM

TO: Honorable City Council

FROM: Kerwin A. Wimberley, Mayor's Office KAW
City Council Liaison

DATE: August 19, 2008

RE: **Re-Submission of Next Detroit Neighborhood Initiative Information**

Attached is the re-submission of information that was requested by Your Honorable Body regarding The Next Detroit Neighborhood Initiative.

Staff of the Fiscal Analysis Division stated that they did not receive this information, therefore, I am re-circulating.

Thank in advance for your consideration. If you have any questions, please feel free to call me at 628-0734.

WEDNESDAY SEP 10 2008 Schedule Discussion in 2 weeks (9-24-08); Refer to Mayor's Office for update; Invite Fiscal, P+DD, Mayor's office, DEGC, and DEGA

2008 AUG 20 PM 1:

PLANNING AND ECONOMIC DEVELOPMENT STANDING COMMITTEE

NEXT DETROIT NEIGHBORHOOD INITIATIVE

TO: President Kenneth Cockerel and The Honorable Body of Detroit Council Members

FROM: Anika Goss-Foster, Executive Director Next Detroit Neighborhood Initiative

DATE: May 21, 2008

RE: Response to financial relationship between Next Detroit Neighborhood Initiative and Detroit Economic Growth Association.

This memo should serve as a preliminary response to questions and concerns Council Members raised during the Executive Session on May 20, 2008. This memo should also serve as a formal request to present a complete organizational, financial and programmatic status report to the Honorable Body, at which time both the Next Detroit Neighborhood Initiative and the Mayor's Office can respond directly to questions and concerns Council Members may have. In the interim, enclosed are several documents that may address some initial questions. These documents include:

- Detroit Economic Growth General Ledger
  - This document demonstrates the fiscal oversight of DEGC to the NDNI
- NDNI Balance Sheets for the month of April 2008
  - This document provides detail on expenditures for the month of April and 2008
- Grant agreement letters from the Knight Foundation, Kresge Foundation, and Bank of America
  - These letters demonstrate the agreement to provide funds to NDNI under the fiscal auspices of DEGA.
- NDNI Articles of Incorporation
  - This document is the initial step in forming a 501c3 organization under Michigan law. We are still in the process of assigning a board of directors, and federal tax-exempt status. The filing process should be complete by late summer.
- Memorandum of Understanding between NDNI and DEGC
  - This document details the administrative relationship between NDNI and DEGC.

These documents should be considered as preliminary information to address immediate questions. A response to City Council's written questions and accompanying documentation will be provided during a formal presentation to the full City Council at a later date.

Date: Wednesday, May 21, 2008
Time: 09:55AM
User: SYSADMIN

Detroit Economic Growth Main

Detail General Ledger - Standard

Periods: 01-07 Through 10-07 As of: 04/30/08 Ledger ID: 0000

Page: 1 of 1
Report: 01620.rpt
Company: DEGCMAIN

Jnl Type	Tran Type	Bat Nbr	Per Ent	Reference Nbr	Tran Date	Tran Description	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
Acct: 5701		Grant Expense			Sub: DEGA-20-NNDNI			DEGA Next Detroit Neighborhood		
					Period 01-07	Total	0.00	0.00	0.00	0.00
					Period 02-07	Total	0.00	0.00	0.00	0.00
					Period 03-07	Total	0.00	0.00	0.00	0.00
					Period 04-07	Total	0.00	0.00	0.00	0.00
					Period 05-07	Total	0.00	0.00	0.00	0.00
					Period 06-07	Total	0.00	0.00	0.00	0.00
AP	VO	002494	07-07	005809	01/03/08	NDNI01EGA Next Detroit Neighbo		50,000.00	0.00	
					Period 07-07	Total	0.00	50,000.00	0.00	50,000.00
AP	VO	002597	08-07	006050	02/04/08	NDNI01EGA Next Detroit Neighbo		100,000.00	0.00	
					Period 08-07	Total	50,000.00	100,000.00	0.00	150,000.00
AP	VO	002697	09-07	006284	03/12/08	NDNI01EGA Next Detroit Neighbo		150,000.00	0.00	
					Period 09-07	Total	150,000.00	150,000.00	0.00	300,000.00
AP	VO	002831	10-07	006552	04/30/08	NDNI01EGA Next Detroit Neighbo		50,000.00	0.00	
					Period 10-07	Total	300,000.00	50,000.00	0.00	350,000.00
					Sub DEGA-20-NNDNI	Total	0.00	350,000.00	0.00	350,000.00
					Acct 5701	Total	0.00	350,000.00	0.00	350,000.00
			Total		Net Income		0.00	350,000.00	0.00	-350,000.00 #

* Indicates the period entered is different from the period posted.
\+ Indicates there are no GL transactions to support summarized AcctHist period activity.
** Indicates the calculated period ending balance does not match the YTD balance on AcctHist.
*** Indicates the calculated account balance does not match the account balance on AcctHist.
\# Indicates Assets do not match Liabilities or Net Income does not equal the YTD Net Income account.

DEGA has released $350,000 as need was proven.

Date: Wednesday, May 21, 2008
Time: 09:54AM
User: SYSADMIN

Detroit Economic Growth Main

Detail General Ledger - Standard

Periods: 01-07 Through 10-07 As of: 04/30/08 Ledger ID: 0000

Page: 1 of 1
Report: 01620.apt
Company: DEGCMAIN

Jrnl Type	Tran Type	Bat Nbr	Per End	Reference Nbr	Tran Date	Tran Description	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
Acct: 4141		Grant Income			Sub: DEGA-20-HNDNI		DEGA Next Detroit Neighborhood			
					Period 01-07	Total	0.00	0.00	0.00	0.00
					Period 02-07	Total	0.00	0.00	0.00	0.00
					Period 03-07	Total	0.00	0.00	0.00	0.00
					Period 04-07	Total	0.00	0.00	0.00	0.00
					Period 05-07	Total	0.00	0.00	0.00	0.00
					Period 06-07	Total	0.00	0.00	0.00	0.00
* CA	ZZ	002594	06-07	16615	01/08/08	Knight Foundation		0.00	425,000.00	
					Period 07-07	Total	0.00	0.00	425,000.00	425,000.00
					Period 08-07	Total	425,000.00	0.00	0.00	425,000.00
					Period 09-07	Total	425,000.00	0.00	0.00	425,000.00
GJ	GL	000578	10-07	JE 0401	04/30/08	Corr Kregse to Grant Inc		0.00	600,000.00	
GJ	GL	000578	10-07	JE 0401	04/30/08	Corr Bank of Amer ABN to Grant		0.00	600,000.00	
					Period 10-07	Total	425,000.00	0.00	1,200,000.00	1,625,000.00
					Sub DEGA-20-HNDNI	Total	0.00	0.00	1,625,000.00	1,625,000.00
					Acct 4141	Total	0.00	0.00	1,625,000.00	1,625,000.00
			Total		Net Income		0.00	0.00	1,625,000.00	1,625,000.00 #

* Indicates the period entered is different from the period posted.
* Indicates there are no GL transactions to support summarized AcctHist period activity.
** Indicates the calculated period ending balance does not match the YTD balance on AcctHist.
*** Indicates the calculated account balance does not match the account balance on AcctHist.
\# Indicates Assets do not match Liabilities or Net Income does not equal the YTD Net Income account.

DEGA has been asked to act as a fiduciary.
DEGA has received $1,625,000 in grants.

NEXT DETROIT NEIGHBORHOOD INITIATIVE
STATEMENT OF ACTIVITIES
April 30, 2008

INCOME	
Grant Income	$350,000.00
TOTAL INCOME	350,000.00
EXPENSES	
Personnel	95,014.32
Professional Services	70,719.07
Space Rental & Maintenance	20,178.75
Utilities	112.21
Insurance	260.00
Equipment	1,705.65
Travel & Meetings	2,770.52
Office Expenses	5,202.70
Special Projects	31,207.50
TOTAL EXPENSES	231,173.72
EXCESS REVENUE OVER EXPENSES	118,826.28

NEXT DETROIT NEIGHBORHOOD INITIATIVE
BALANCE SHEET
April 30, 2008

	CURRENT YEAR	PRIOR YEAR
ASSETS		
CURRENT ASSETS		
Cash	$43,735.75	$0.00
Other Assets	6,276.25	0.00
TOTAL CURRENT ASSETS	50,012.00	0.00
OTHER ASSETS		
Fixed Assets (Net of Depreciation)	66,814.28	0.00
TOTAL OTHER ASSETS	66,814.28	0.00
TOTAL ASSETS	$116,826.28	$0.00
LIABILITIES & FUND BALANCE		
LIABILITIES		
YTD Net Income	116,826.28	0.00
TOTAL LIABILITIES & FUND BALANCE	$116,826.28	$0.00

THE KRESGE FOUNDATION

STRONGER NONPROFITS. STRONGER COMMUNITIES

NOV 05 2007

October 31, 2007

1062

Mr. George W. Jackson
President
Detroit Economic Growth Corporation
500 Griswold
Suite 2200
Detroit, MI 48226

Dear Mr. Jackson:

We are pleased to enclose our check in the amount of $600,000 in full payment toward general operating support for the period July 1, 2007 through June 30, 2008.

Grant funds not expended or committed for the purposes of the grant must be returned to the Foundation. Please note that the enclosed check has been made payable to DETROIT ECONOMIC GROWTH FOUNDATION, as this is the organization name of record as maintained in the IRS Business Master File.

Upon completion of this year of funding, we ask that you furnish a final report on the use of this grant. Please note that this will include your formal assurance that grant funds were used in direct payment of eligible project costs that will not generate business income unrelated to your exempt purpose.

If you have any additional questions, please do not hesitate to contact a member of the Grants Management Staff.

Sincerely,

Amy B. Coleman
Vice President of Finance

NOV - 7 2007

ABC:gts
Enclosure
237070

Next Detroit
Neighborhood.

3215 W. Big Beaver Road, Troy, Michigan 48084
Telephone 248-643-9630 Fax 248-643-0588 www.kresge.org

JAN 08 2008

John S. and James L.
Knight Foundation

ALBERTO IBARGUEN
President and CEO

December 27, 2007

George W. Jackson, Jr.
President & CEO
Detroit Economic Growth Corporation
500 Griswold Street, #2200
Detroit, MI 48226

RE: Grant #2007-0260

Dear Mr. Jackson:

Thank you for sending us the signed grant agreement to assist Detroit in implementing land use plans for more than 4,400 publicly-owned abandoned or vacant properties in the pivotal Northend neighborhood.

As fiscal agent for NEXT Detroit Neighborhood Initiative, enclosed please find a check for $425,000 representing the first payment of the $1.25 million grant. Please acknowledge receipt of this check by signing and returning the enclosed grant check acknowledgment.

Our grant requires a progress report by NEXT Detroit and DEGC, as fiscal agent, must submit a report on the use of funds by November 1, 2008, before any further disbursement. In addition, a final report is due by November 30, 2010. If you have any questions, please contact Brenda Price of Knight Foundation at Price@knightfoundation.org.

We look forward to learning about the results of this effort and commend you, again, for undertaking it.

Sincerely,

AI:mb
Enclosure

C: Brenda Price
Kwame M Kilpatrick

Wachovia Financial Center Suite 3300 200 South Biscayne Boulevard Miami, Florida 33131-2349
(305) 908-2601 Fax: (305) 908-2699 ibarguen@knightfdn.org www.knightfdn.org

LaSalle Bank | Bank of America
Bank of Opportunity

Tiffany Douglas
Market Development Manager
2600 W Big Beaver Road
MI8-900-04-22
Troy, MI 48084
248 637 2702

8 January 2008

Anika Goss Foster
Next Detroit Neighborhood Initiative
c/o Detroit Economic Growth Association
500 Griswold, Suite 2200
Detroit, MI 48226

Dear Anika:

You have become aware that LaSalle Bank and Bank of America together are committed to creating positive change and providing opportunities for people in the communities in which we live and work. Supporting the Next Detroit Neighborhood Initiative and its efforts to improve neighborhoods is an excellent way for us to partner with the City of Detroit and give hope to those individuals and communities in need.

As part of our charitable contribution announcements, I am delighted to enclose a check in the amount of $600,000 as part of the Bank of America Charitable Foundation's $1 million commitment to NDNI. Should you have questions about your grant support or payment plan, please do not hesitate to contact me at 248-637-2702.

On behalf of our Michigan President, Mr. Kieth Cockrell and all Bank of America associates, Happy New Year!

Sincerely,

Tiffany S. Douglas
Market Development Manager

cc. Kieth Cockrell

BCS/CD-302 (Rev. 1/95)

MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES

Date Received	(FOR BUREAU USE ONLY)
AUG 29 2007	This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

FILED
AUG 30 2007
Administrator
BUREAU OF COMMERCIAL SERVICES
EFFECTIVE DATE:

Name: J. Taylor Teasdale, Esq., Lewis & Munday, P.C.
Address: 660 Woodward Ave., Ste. 2490
City: Detroit State: MI Zip Code: 48226

Document will be returned to the name and address you enter above. If left blank document will be mailed to the registered office.

70167F

ARTICLES OF INCORPORATION

For use by Domestic Nonprofit Corporations

(Please read information and instructions on the last page)

Pursuant to the provisions of Act 162, Public Acts of 1982, the undersigned corporation executes the following Articles:

ARTICLE I

The name of the corporation is: Next Detroit Neighborhood Initiative

ARTICLE II

The purpose or purposes for which the corporation is organized are:

See attached.

ARTICLE III

1. The corporation is organized upon a nonstock basis.
(Stock or Nonstock)

2. If organized on a stock basis, the total number of shares which the corporation has authority to issue is _____. If the shares are, or are to be, divided into classes, the designation of each class, the number of shares in each class, and the relative rights, preferences and limitations of the shares of each class are as follows:

70-99257 BUCC 72077

ARTICLE III (cont.)

3. a. If organized on a nonstock basis, the description and value of its real property assets are: (if none, insert "none")

   none

   b. The description and value of its personal property assets are: (if none, insert "none")

   none

   c. The corporation is to be financed under the following general plan:

   Contributions from individuals, corporations, foundations, units of government and other entities; fees or contractual payments to be received from other organizations or entities.

   d. The corporation is organized on a membership basis.
   (Membership or Directorship)

ARTICLE IV

1. The address of the registered office is:

   500 Griswold, Suite 2200 (Street Address) Detroit (City), Michigan 48226 (ZIP Code)

2. The mailing address of the registered office, if different than above:

   _____ (Street Address or P.O. Box) _____ (City), Michigan _____ (ZIP Code)

3. The name of the resident agent at the registered office is:

   Glen W. Long, Jr.

ARTICLE V

The name(s) and address(es) of the incorporator(s) is (are) as follows:

Name	Residence or Business Address
Brian J. Kott	Lewis & Munday, P.C., 660 Woodward Ave., Ste. 2490, Detroit, MI 48226

Use space below for additional Articles or for continuation of previous Articles. Please identify any Article being continued or added. Attach additional pages if needed.

See attached.

I, ~~(We), the~~ Incorporator(s) sign my (our) name(s) this 29th day of August, 2007.

Brian J. Kott

Brian J. Kott

Next Detroit Neighborhood Initiative

Attachment to Articles of Incorporation

ARTICLE II

The corporation is organized to operate and act exclusively for charitable and educational purposes under Section 501(c)(3) of the Internal Revenue Code, as it may be amended from time to time ("Code"), including, without limitation, the following purposes. For purposes of these Articles of Incorporation, every reference to a section of the Code shall be deemed to include a reference to a corresponding section of any future federal tax code.

1. To combat community and economic deterioration in the City of Detroit, Michigan by relieving conditions of poverty, chronic unemployment and underemployment and creating employment opportunities in the City of Detroit, to help in generating new and additional tax revenues in the City of Detroit.

2. To the extent that such activities may be carried on by corporations exempt from federal income tax under Section 501(c)(3) of the Code, to combat community and economic deterioration in the City of Detroit by providing or participating in programs of financial, technical, managerial and other assistance, by conducting studies, by developing land use plans, and by engaging in other activities designed to relieve conditions of poverty, chronic unemployment and chronic underemployment and to create economic opportunities in the City of Detroit.

3. To instruct the public on the advantages and benefits of plant and business location in the City of Detroit and on other subjects useful to the individual and beneficial to the community related to economic development in the City of Detroit, and to cooperate with public and private organizations seeking to accomplish the same purpose.

4. To lessen the burdens of government by making grants and providing services to the City of Detroit , the County of Wayne, Michigan, the State of Michigan and the federal government, to further economic and community development in the City of Detroit.

5. To make distributions to and aid, through grants and contributions, other organizations which qualify as exempt under Section 501(c)(3) of the Code.

6. To receive and administer assets exclusively for charitable and educational purposes under Section 501(c)(3) of the Code.

7. To conduct such activities and exercise such powers as are necessary to achieve the foregoing purposes.

8. Notwithstanding any other provisions of these Articles, the corporation shall not carry on activity not permitted to be carried on by (i) a corporate exempt from federal income under Section 501(c)(3) of the Code, or (ii) a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

ARTICLE VI

1. No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article II hereof. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Code.

2. Upon the dissolution of the corporation, after paying or providing for the payment of all liabilities of the corporation, the corporation's assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE VII

1. No member of the corporation's board of directors who is a volunteer director, as that term is defined in the Michigan Nonprofit Corporation Act ("Act"), and no volunteer office of the corporation shall be personally liable to the corporation or its members for monetary damages for breach of the volunteer director's or volunteer officer's fiduciary duty. However, this provision does not eliminate or limit the liability of a volunteer director or volunteer officer for any of the following:

Provided, that the corporation shall not be considered to have assumed any liability of a volunteer officer or other volunteer to the extent such assumption is inconsistent with the status of the corporation as an organization described in Section 501(c)(3) of the Code, or results in the imposition of tax under Section 4958 of the Code.

4. If the Act is amended after this Article becomes effective to authorize the further elimination, limitation or assumption of the liability of directors, officers or volunteers of nonprofit organizations, the liability of the corporation's directors, officers and volunteers, in addition to the elimination, limitation and assumption of liability contained in this Article, shall be eliminated, limited or assumed by the corporation to the fullest extent permitted by the Act as so amended, except to the extent such elimination, limitation or assumption is inconsistent with the status of the corporation as an organization described in Section 501(c)(3) of the Code, or results in the imposition of tax under Section 4958 of the Code. No amendment or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director, officer or volunteer of the corporation for or with respect to any acts or omissions of such director, officer or volunteer of the corporation occurring prior to the effective date of such amendment or repeal.

To: Detroit City Council Members
City of Detroit Department Directors

From: Anika Goss-Foster, Executive Director,
Next Detroit Neighborhood Initiative (NDNI)

Subject: Status and Organizational Structure of NDNI

Date: May 14, 2008

The purpose of this communication is to provide context to the May 7, 2008 City Council hearing and subsequent news reports regarding the transition and organizational structure of the Next Detroit Neighborhood Initiative. As I am sure you will agree, in order to assure our success, transparency is key and I believe that it is vitally important for all stakeholders to have a clear understanding of the background, purpose, goals, and organizational structure of this very important initiative.

After Mayor Kilpatrick's re-election, upon the recommendation of his transition team, it was decided there would be two initiatives of focus: the Downtown Partnership and the NDNI. In December 2006, Mayor's office staff began outlining the framework for Phase I of the NDNI, which would be a five-year initiative. Representatives from twenty City departments were gathered to discuss selecting Phase I neighborhoods and the process to create the detailed community work plans for the selected neighborhoods, which are the plans by which the NDNI seeks to accomplish its objectives. Six different neighborhoods were selected for Phase I, all at varying stages of economic and community development, and then placed in one of the three following descriptive categories: Reinforce, Revitalize, or Redevelop.

In January 2007, I was hired as the Mayor's Director of Philanthropic Affairs, where my responsibilities included coordinating grants and philanthropic activity for the City of Detroit. My primary responsibility was to position the NDNI for success in accomplishing its objectives, with top priority given to fundraising. Prior to moving to the public sector, I served as the Senior Program Director for the Detroit office of Local Initiatives Support Corporation where I had the opportunity to launch "Neighborhoods NOW," a comprehensive $40M campaign for neighborhood revitalization in metro Detroit.

After eighteen months of planning, neighborhood meetings, identifying participants, supporters, funding required, preparing community work plans, and feasibility assessments, the NDNI was officially launched in June 2007 as the city's unprecedented effort to marshal the necessary assistance and resources to spur economic and community development, support entrepreneurship, create jobs, increase homeownership, and improve the quality of life in Detroit's neighborhoods. These goals would be accomplished through strategic relationships with civic, business, corporate, philanthropic, and non-profit organizations, utilizing the extensive input received from neighborhood residents.

Early on it was evident that a substantial portion of the financial resources needed for the NDNI would have to come from corporate and philanthropic donors, and at the request of those donors it was agreed that a separate Michigan non-profit corporation, formed for charitable and educational purposes and with tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, would be created to accept charitable donations for the NDNI. At the further request of the donors, the Detroit Economic Growth Corporation agreed to provide accounting and financial reporting services to the corporation. It was also evident that this separate corporation would provide the operational flexibility needed to implement the detailed NDNI community work plans. For these reasons, it was decided that the NDNI would be transitioned over to the separate corporation, which would have the name "Next Detroit Neighborhood Initiative". Articles of Incorporation for the corporation were filed with the State of Michigan in August 2007. In December 2007 office space for the corporation was identified at 7310 Woodward Avenue and a lease was signed effective January 1, 2008. Advertisements were placed to begin hiring staff for the corporation and in February 2008 the corporation hired an Executive Assistant, followed by a Director of Operations, Senior Community Manager, two Community Managers and a Project Manager. In March 2008 I resigned as an employee of the City and was hired as the corporation's Executive Director. The corporation has identified possible candidates for appointment to its Board of Directors and expects to have a thirteen-person Board in place by the end of May 2008. The corporation expects to submit its application for 501(c)(3) tax-exempt status to the IRS no later than June 30, 2008.

Although the NDNI is now operated by a separate corporation, the City continues to play a key role in the NDNI, and the corporation works very closely with the Mayor's office to ensure that the NDNI remains a neighborhood initiative and that the City departments continue to meet their commitments under the NDNI community work plans.

I hope that this information helps you to better understand the objectives and organizational structure of the NDNI, as well as the exciting possibilities before us to improve the quality of life for the deserving citizens of this amazing city. If you have further questions or concerns, feel free to contact me at 313-628-1100.

c: Kwame Kilpatrick, Mayor
Kandia Milton, Chief of Staff
Stakeholders

2007-8 NDNI DIRECT FUNDING AND DEDICATED INVESTMENTS

Knight Foundation	North End	$ 1,200,000.00	
Kresge Foundation	Operations	$ 600,000.00	
Bank of America	Operations	$ 1,000,000.00	
Fifth Third Bank	Operations	$ 200,000.00	
	7 Mile-Livernois	$ 100,000.00	Dedicated Investment
	NE	$ 100,000.00	Dedicated Investment
	Osborn	$ 100,000.00	Dedicated Investment
State of Michigan - Cities of Promise	Demolition	$ 3,995,000.00	
Skillman/Knight Foundations	Operations (Sal)	$ 330,000.00	
LISC	Land Use Plan	$ 300,000.00	Dedicated Investment
	Home Repair	$ 500,000.00	Dedicated Investment
State of Michigan - Cities of Promise	Vacant Lot Reclam.	$ 500,000.00	
TOTAL		**$ 8,925,000.00**	

NDNI Funds/Awards Received to Date (June 2008)

Skillman Foundation	EA Salary	$ 150,000.00
Knight Foundation	ED Salary	$ 180,000.00
Knight Foundation	North End	$ 425,000.00
Kresge Foundation	Operations	$ 600,000.00
Bank of America	Operations	$ 800,000.00
TOTAL		**$ 2,155,000.00**

Pending NDNI Grant Awards thru June 30, 2008

Urban Farming	$ 75,000.00	BOA
Greening of Detroit	$ 300,000.00	Knight
TOTAL	**$ 375,000.00**	