



**Executive Director's Report to Board of Directors**  
**September 25, 2014**

Brian White, Executive Director

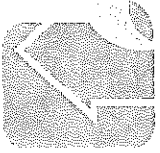


## Overview

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Executive Director's report covers 3 main subject areas:

- Program Updates
  - Private Bank Loan Program
  - Demolition and Deconstruction
  - Acquisitions
- Update on Organizational Capacity
- Financial Review and Budget 2015



# Program Updates

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## Private Bank Loan Program

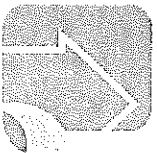
- Private Bank is finalizing Program Management Entity to manage program.
- Once PME is in place, CCLBA will work to develop and launch RFQ for developers and nonprofit counseling groups.
- CCLBA continues to build inventory.

## Demolition/Deconstruction

- Demolition/deconstruction RFP issued. 9/30 deadline.
- CCLBA hosted meeting for bidders on 9/19 and had ~15 firms and organizations.

## Acquisitions

- 1 property closed; 9 will close 0-30 days
- 11 in 30-60 day pipeline
- 14 in 60+ day pipeline



## Organizational Capacity

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- eProperty Plus system install and website redevelopment are in final stages of launch.
- Staff
  - Alex Simmons has joined CCLBA as Planning Analyst.
  - Construction Manager position due to close 9/26. Interviews will commence next week.
- Opportunities to Grow
  - As CCLBA continues to grow its capacity, recommend that we contract out for specific services: acquisitions (brokers), property preservation, project manager for deconstruction, etc.
  - Continue to engage in outreach to municipal partners to identify strategic acquisition targets via abandonment, no-cash bid, and other avenues.



# Financial Review and 2015 Budget

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## REVENUES

- CCLBA revenues come from 3 sources:
  - **Grants** for program activities or general operating
    - Chicago Community Trust
    - MacArthur Foundation
    - Illinois Housing Development Authority (IHDA)
  - Revenues derived from program activity, known as **Special Purpose 586 Revenues**
    - Contributions from property donors
    - Fees
    - Proceeds from sales and transactions
  - **Cook County CDBG funds** committed through Cook County Department of Economic Development for site improvements related to stemming blight.



# Overview

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## EXPENSES

- CCLBA expenses are grouped as follows:
  - **Personnel:** staff and related benefits expenses
  - **Overhead:** training, equipment, software, office supplies, postage, rent, insurance, research & development, website and network, telephone
  - **Program expenses:** travel, meals, and mileage, program supplies, printing and publications, capacity grants, and advertising
  - **Contract services:** web development, accounting, design, professional services, development and communications, legal services, property mgt. software, and environmental inspections
  - **Capital expenses:** property acquisition, maintenance, insurance, rehab, and demolition/deconstruction

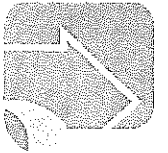


# Overview

CCLBA has operated in 2014 with very low expenses, relative to what has been budgeted, due to at least 3 reasons:

- Actual expenses were lower than anticipated
- Actual expenses have been delayed due to the pacing of CCLBA start-up activities
- Actual expenses anticipated have not actually materialized or have at a rate far lower than anticipated.

The net result is that as we enter into the final stages of our 2014 budget year, CCLBA has cash on hand that will either need to be spent down ahead of the close of the fiscal year (i.e. CDBG) or carried over into the 2015 fiscal year (IL AG Grant, IHDA), which begins December 1.



## Summary of Financial Position

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- Balance Sheet:
  - \$4,918,917 in net assets, representing unspent grant proceeds.
  - Nominal liabilities
- Statement of Activities for August and Year-to-Date:
  - August shows \$35,000 in accrued Special Purpose 586 revenue
  - YTD: Primary expenses are for contract services, personnel, and transaction-related expenses.
- Profit & Loss Statement by Job (remaining grant proceeds):
  - IHDA Abandoned Property Program Grant: \$244,620
  - IL AG Grant: \$4,468,908
  - MacArthur: \$157,903

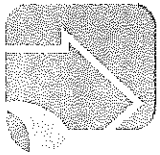




# Projections for 2014

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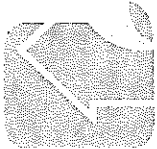
- Add at least 3 additional staff: Construction Manager, Asset Manager, Acquisitions Specialist
- Expend additional funds on acquisitions: projecting ~\$400,000 as opposed to the budgeted amount of \$161,000.
- Engage in targeted demolitions/deconstructions using CDBG and IHDA App Funds.
- Prepare to roll over remaining funds into 2015.
- Uncertainties:
  - Costs to relocate and move networks
  - Costs for equipment
  - Pace at which we are able to identify properties and close, while simultaneously creating agreements with partners to facilitate execution of CCLBA activities.



## 2015 Budget

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- 2014 Budget was drafted in fall of 2013 during normal Cook County budget process.
- 2-year budget plan was created in March 2014, after arrival of ED, and presented to Board and funders. This budget serves as operational plan for CCLBA.
- CCLBA is now in budget cycle for Cook County and must present its 2015 Grants budget and its 2015 Special Purpose Funds 586 budget (included).
- 2015 operational budget is for planning, tracking, and projection purposes.



# The 2015 CCLBA Budget

	2014 (actual/anticipated)	2015 (anticipated)
Grants	\$1,913,203	\$3,006,297*
586	\$750,000	\$3,450,000
		108 properties sold at \$25,000/per 37 properties donated with \$16,000 per demo cash
Cook CDBG	\$250,000	\$250,000
<b>TOTAL</b>	<b>\$2,913,203</b>	<b>\$6,706,297</b>
Personnel	\$393,303	\$1,037,616
Overhead	\$112,300	\$101,700
Program expenses	\$95,000	\$179,000
Contract services	\$469,000	\$304,500
Capital expenses	\$1,840,350	\$3,796,000 (detail below)
		Acquisitions \$450,000
		Insurance \$55,000
		Demolition \$3,025,000
		Maintenance \$165,000
		Rehab (emergency) \$101,000
<b>TOTAL</b>	<b>\$2,909,963</b>	<b>\$5,418,816</b>
<b>NET</b>	<b>\$3,240</b>	<b>\$1,287,481</b>

\* CCLBA recognized \$550,000 in grant revenues in 2014, which are recognized in the Cook County grants budget for 2015. We have reduced the 2015 grant amount here to reflect what remaining funds we anticipate having in 2015.



## Discussion

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- Personnel
  - Certain personnel services can be handled by contract (i.e. financial and outside legal services) for 2015.
  - 2015 budget includes 9 positions, plus ED.
  - Room in budget to add staff as need warrants.
- Overhead
  - CCLBA will be relocating into Cook County facility, which may decrease overhead.
  - Budget for 2015 maintains most expenses as approved in 2-year budget.
- Program Expenses
  - Most program expenses remain the same as approved.
  - Biggest change concerns capacity building grants, which we were not able to roll out in 2014. For 2015, we have reduced the budgeted amount to \$100,000.



# Discussion

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- Contract Services:
  - Sharply reduced projected contract service expense for 2014
  - Reduced or maintained allocations for 2015 as compared to approved 2-year budget.
  
- Capital Expenses:
  - Area with largest potential impact for 2015 budget.
  - 2014 projects \$1.84mm in capital expenditures.
  - 2015 projects \$3.8mm in capital expenditures.
  - 2015 may end with significant surplus, mostly from unspent IL AG and Special Purpose 586 revenues.



## Closing Thoughts

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- CCLBA has moved judiciously. CCLBA board may wish to pursue more transactions involving higher net acquisition costs and greater risk.
- CCLBA is trying to shift to wholesale operation:
  - Acquire all/most properties in a small geographic area through various means: purchase, abandonment, donation.
  - Work with municipalities in targeted geographies to acquire properties via no cash bid.
  - Purchase higher value properties for shorter exit with revenue potential.
  - Acquire distressed portfolios and pay off liens and taxes using CCLBA revenues to get them back into the market.