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

Brian White, Executive Director
Financial Review and Budget 2015

Update on Organizational Capacity

Acquisitions

Demolition and Reconstruction

Private Bank Loan Program

Program Updates

Executive Director's Report covers 3 main subject areas:

Overview
Program Updates

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 RFO 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
other avenues.

strategic acquisition targets via abandonment, no-cash bid, and
Continue to engage in outreach to multi-jurisdictional partners to identify

preservation project manager for deconstruction, etc.

contract out for specific services: acquisition services (brokers), property
As CCLBA continues to grow its capacity, recommend that we

opportunities to grow

commence next week.

Construction Manager position due to close 9/26. Interviews will

Alex Simmons has joined CCLBA as Planning Analyst.

staff

are in final stages of launch.

Property Plus system install and website redevelopment
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.
Capital expenses: property acquisition, maintenance, inspections

Legal services, property management, software, and environmental professional services, development and communications, advertising, printing and publications, capacity grants, and program expenses: travel, meals, and mileage, program and network, telephone, postage, rent, insurance, research & development, website, overhead: training, equipment, software, office supplies, personal: staff and related benefits expenses.

CCLBA expenses are grouped as follows:

Expenses

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

MacArthur: $257,903
IGC Grant: $4,468,908
HDA Abandoned Property Program Grant: $2,44,620
Profit & Loss Statement by Job (remaining grant proceeds):

transaction-related expenses:

YTD: Primary expenses are for contract services, personnel, and
August shows $35,000 in accrued Special Purpose 586 revenue
Statement of Activities for August and Year-to-Date:

Nominal Liabilities:

$4,918,97 in net assets, representing unspent grant proceeds.
Balance Sheet:
Projections for 2014

- 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.
Proposition purposes:

2015 operational budget is for planning, tracking, and

Purpose Funds 586 budget (included):

present its 2015 Grants budget and its 2015 Special

CCLBA is now in budget cycle for Cook County and must

serves as operational plan for CCLBA.

- 2-Year budget plan was created in March 2014 after arrival

- 2014 budget was drafted in fall of 2013 during normal Cook

2015 Budget
## The 2015 CCLBA Budget

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

| TOTAL                  | $2,909,963               | $5,418,816          |
| NET                    | $3,240                   | $1,287,481          |

* 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.
the budgeted amount to $100,000. We were not able to roll out in 2014. For 2015, we have reduced B Outest change concerning capacity building grants, which we
Most program expenses remain the same as approved.

Program Expenses

Year budget:

- Budget for 2015 maintains most expenses as approved in 2014.
- May decrease overhead.

Overhead

Room in budget to add staff as needed warranted.
- 2015 budget includes 9 positions, plus ED.
- Financial and outside legal services for 2015.
- Certain personnel services can be handled by contract (i.e., personal

Discussion
• 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

- Using CLBA revenue to get them back into the market.
- Acquire distressed portfolios and pay off liens and taxes
  - Revenue potential.
- Purchase higher value properties for shorter exit with properties via no cash bid.
- Work with municipalities in targeted geographic to acquire
  - Through various means: purchase, abandonment, donation.
  - Acquire all/most properties in a small geographic area.

- CCBLA is trying to shift to wholesale operation:
  - CCBLA has moved judiciously: CCBLA board may wish to pursue more transactions involving higher net acquisition costs and greater risk.