

**MEETING MINUTES OF THE COOK COUNTY LAND BANK AUTHORITY**  
**FINANCE COMMITTEE**

**June 29, 2017**

Finance Committee of the Cook County Land Bank Authority met pursuant to notice on June 29, 2017 at 9:15 AM in the offices of Holland and Knight, 131 South Dearborn, 30<sup>th</sup> Floor, Chicago, Illinois.

**I. Call to Order and Roll Call**

Committee Chair Holmes called the meeting of the Finance Committee to order.

**Present:** Directors Holmes, Ostenburg, Sherwin (3)

**Absent:** None

**Also Present:** Director Limas, Rob Rose, Executive Director (via phone), Director Smith

**Other Present:** **Bob Benjamin** (*Cook County Treasurer's Office*), **Cassidy Harper** (*Cook County Land Bank Authority*), **Nick Jeffries** (*Communities United*), **Michelle Jordan** (*Cook County Commissioner Larry Suffredin's Office*), **Tom Mahoney** (*Cook County Commissioner Larry Suffredin's Office*), **Alex Simmons** (*Cook County Land Bank Authority*), **Cindy Williams** (*Cook County Land Bank Authority*),

**II. Public Speakers**

Committee Chair Holmes noted there were no registered public speakers.

**III. FY 2016 Audit Draft Presentation (Washington, Pittman & McKeever)**

Angela Allen along with Bola Babatunde presented to CCLBA Finance Committee the Communication with Those Charged with Governance for the audit period ended November 30, 2016.

Ms. Allen began with the Auditor's Responsibility which is to perform the audit in accordance with general accepted accounting standards (GAAS). These standards require Washington, Pittman, and McKeever to form and express an opinion about whether the financial statements are prepared in all material in accordance with the generally accepted accounting principles (GAAP). It is Washington, Pittman, and McKeever's plan to issue an unmodified (clean) opinion of the financial statements.

Review of Internal controls –The purpose of this review is to consider internal control over financial reporting and to assist in determining audit procedures that are appropriate in circumstances. In the event that there are any concerns a separate letter called the Management Comment will be provided detailing areas that need improvement. Washington, Pittman, and McKeever plan to issue a management comment letter.

Independence - Washington, Pittman, and McKeever is independent in accordance with American Institute of Certified Public Accounts (AICPA) rules.

Accounting Policies – CCLBA's policies with respect to accounting policies/applications/methods used are consistent with GAAP.

Management Judgement and Estimates –CCLBA's major estimate is the value of inventory, the policy describes how cost and market value is determined to give an estimate.

Audit Adjustments - Washington, Pittman, and McKeever proposed 31 audit adjustments because of CCLBA trial balance and financial records are kept on a governmental account basis. To get to the accrual method of accounting and in accordance with GASB 34 numerous adjustments had to be made that were accepted by management.

Disagreement with Management – Washington, Pittman, and McKeever received complete access to all books and records with no disagreement with management.

Consultations with Other Accountants - Washington, Pittman, and McKeever would like to be made aware if CCLBA have sought a second opinion on an accounting matter. Washington, Pittman, and McKeever are not aware of any such consultation.

Management Representations – Representation from management regarding financial statements and preparation is required prior to issuing and dating the final audit report.

Major Issues – No major issues were noted.

Difficulties Encountered in Performing the Audit – There were some delays, however all required information was received and management has been attentive to our requests.

Significant Accounting and Reporting Matters – references total assets, total liabilities, operating revenue and operating expenses.

Total Assets decreased by \$1.1 million resulting from a decrease of \$1.25 million in grant receivables due to receipt of grant funds from AG multi-year grant and proceeds from Abandoned Property Program (APP). Also there was a decrease in prepaid expenses of \$590,000 due to the streamlining of the sales process. These expenses were offset by increase in other Receivables due to increase in property sales near year end.

Total Liabilities decreased by \$1.6 million resulting from the following: Decrease of \$1.1 million in deferred revenue due to receipt of grant funding from the AG multi-year grant of \$1million and a decrease of \$237,000 in accrued property taxes.

Operating Revenues increased due to more property sales. CCLBA has over 200 properties in inventory verses last year of just under 115 properties.

Operating Expenses have increased because of more property sales, hiring of additional staff, and general cost of doing business.

#### **IV. Finance Report (Cassidy Harper)**

Cassidy Harper presented the mid-year review detailing the FY17 revenues collected by month, CCLBA's revenue is trending up; this is the outcome of the attractive inventory that has been added to CCLBA's portfolio.

CCLBA is at the half way mark and has collected upwards of \$5 million in total revenue. The grant funding amount is decreasing as a result of CCLBA generating more revenue from sales of property. CCLBA is still in round one of Blight Reduction Program (BRP). CCLBA has received another round of Abandoned Property Program Grant with IHDA (*This grant has not started yet*).

Revenue funding has been identified by type to give an idea of the grant funding and the different revenue sources. CCLBA partnered with MWRD and Cook County Planning and Development to work on Riverside Lawn project, CCLBA has collected 20% in program income from Riverside Lawn project. CCLBA will reengage the remaining 25 homeowners that did not participate in the first wave.

Dispositions in Process is a projection of what CCLBA currently have under contract, as well as, the avenues in which properties are obtain via: NCST, donations, deed-in-lieu foreclosure, and forfeiture.

#### **V. Discussion on CCLBA Securing an External Line of Credit for Acquisitions**

Cook County Board of Commissioners must approve for CCLBA to have an external line of credit. An ordinance must be crafted along with the loan documents from CCLF and this will be introduced to the Cook County Finance Committee and then it will introduced to the full Board of Cook County Commissioners for a vote.

#### **VI. Consent Agenda**

Director Sherwin, seconded by Director Ostenburg, moved to approve the consent agenda (with two edit to correct the spelling of Director Ostenburg name and to move Director Ware's name to others present on the December 8, 2016 meeting minutes) which includes the December 8, 2016 and March 30, 2017 Cook County Land Bank Authority Finance Committee meeting minutes. **The motion carried unanimously.**

#### **VII. Chairman's Report (Calvin Holmes)**

CCLBA is in great shape through the middle of the year and expects to end the year with positive numbers and on-plan. A date will be determined to approve the audit prior to the September 28, 2017 full CCLBA Board meeting.

Chairman Holmes thanked Executive Director Rose and CCLBA staff for building a financial sustainable Land Bank model that is effective.

**VIII. Adjournment**

Director Ostenburg, seconded by Director Sherwin, moved to adjourn. **THE MOTION CARRIED AND THE MEETING WAS ADJOURNED.**

Respectfully submitted,  
Board of Directors of the Cook County Land Bank Authority

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Calvin Holmes, Chairman, Finance Committee