

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

**September 27, 2018**

Finance Committee of the Cook County Land Bank Authority met pursuant to notice on September 27, 2018 at 9:00 AM at the Cook County Administration Building, 69 West Washington, 22<sup>nd</sup> Floor, Suite "B" Chicago, Illinois 60602

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

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

**Present:** Directors Holmes, Ostenburg, Sherwin, Smith

**Absent:** (0)

**Also Present:** Robert Rose (*CCLBA Executive Director*), Cassidy Harper (*CCLBA Business Manager*)

**Other Present:** **Angela Allen** (*Washington, Pittman, and McKeever*), **Bola Babatunde** (*Washington, Pittman, and McKeever*), **Bob Benjamin** (*Cook County Treasurer's Office*), **Natasha M. Cornog** (*Cook County Land Bank Authority*), **Darlene Dugo** (*Cook County Land Bank Authority*) **Steve Lawrence** (*Steve Lawrence & Associates*)

**II. Public Speakers**

Committee Chair Holmes noted there were no registered public speakers.

**III. FY2017 Washington Pittman and McKeever (Angela Allen)**

Angela Allen presented the FY2017 audit; CCLBA's accompanying financial statements which comprise the statements net position as of November 30, 2017 and 2016 and the related statements of revenue, expenses, changes to net positions, and cash flows for the years then ended, and the related notes to the financial statement. There were no material changes between the draft audit presented on June 28, 2018 and the final audit.

Ms. Allen report included required communications to those charged with government and she gave excerpt of the financial statement and the analysis.

**Statement of Net Position**

Washington, Pittman, and McKeever offered a variance analysis and noted the significant changes from year to year.

CCLBA's Total Assets increased by \$9.9 million resulting from the increased property held for sale and the additional acquisition from the Riverside Lawn Project. The increase was offset by a reduction in receivables.

Total Liabilities increased by \$3.6 million because CCLBA increased property purchases at the end of the year.

**Statement of Revenue and Changes in Net Position**

Operating Revenue increased by \$1.2 million as a result of increase in property sales. This was offset by a reduction of grant funding.

Operating Expenses decreased by \$926,000 due to a reduction of property costs; related to acquisition through Forfeiture and the Scavenger Sale.

CCLBA ended the year with a positive change in net position of \$6.3 million compared to \$4.2 million last year. Net position separated equals \$6.3 restricted this represents the property from Riverside Lawn; that will be transferred at some point and \$7.7 million unrestricted.

Chairman Holmes pointed out that the management discussion and analysis were comments from CCLBA's management team summarizing fiscal processes across the year and it's variances and not a management letter from Washington, Pittman, and McKeever.

Director Sherwin suggested the audit be placed on the website for transparency.

Director Holmes: Inquired about the updated recommendations for the chart of accounts, ensuring fewer reclassifications and written policy for the valuation of distressed property.  
Angela Allen: Washington Pittman and McKeever met with Cook County Comptroller's office regarding the chart of accounts and Cassidy Harper is in discussion with the comptroller's office.

Bola Babetunde: Cassidy Harper has done a good job in giving Washington, Pittman, and McKeever a preliminary policy of how distressed property is evaluated. The policy will be updated as it relates to the different types of property (forfeitures, deed-in-lieu) CCLBA will onboard.

ED Rose pointed out, CCLBA gives the auditors a different look into the different types of properties being acquired and this presents a different challenge in terms of valuation and how CCLBA accounts for things along with Cook County's change over from JD Edwards to Oracle this change has presented some barriers with accessing information. CCLBA continues to have conversations with Cook County's Comptroller's office to help them to understand CCLBA's processes and policies to categorize inventory properly.

Chairman Holmes: Do you think CCLBA need to have a pre-audit to get a jump start on any challenges on how to extract information from Cook County? Cassidy Harper: Cook County does not prepare trial balances until six weeks after closeout of the fiscal year. Pre-audit with Washington, Pittman, and McKeever would only be beneficial if CCLBA had access to the final trial balances.

Chairman Holmes made a motion to recommend the FY2017 audit to Cook County Land Bank Authority's full board for approval. Motion carried.



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

##### **Revenue Collected by Month**

CCLBA's average monthly income has increased to \$956,000. CCLBA is on pace to finish the year close to \$1 million a month.

##### **Total Revenue by Fiscal Year**

CCLBA has four years that have been audited. Sources of revenue have steady between grant funding and earned income. CCLBA will continue to receive approximately 25-35% of grant revenue. CCLBA is expecting to receive the revenue by the end of the year (November 30, 2018) from the first phase of the Riverside Lawn project which includes all demolition and holding costs. Grant funding will increase by 8%.

##### **Revenue by Type**

Donations and demolition concessions have decreased significantly. Majority of CCLBA funds come from property sales and other revenue streams (admin from Riverside Lawn Buyout project, BRP reimbursement and APP reimbursement). More admin will be received from the Leyden/Wheeling Franklin Park Project.

##### **FY18 vs FY17 Revenue Comparison**

This chart reflects increases and decreases in revenue from different sources.

Chairman Holmes: What is the driving increase in property sales? ED Rose: CCLBA have increased inventory, which allows for more property sales.

##### **Fiscal Year 2018 Expenses by Type**

CCLBA biggest expense is property maintenance, as a result of the volume of property acquired. There are no significant changes.

##### **Line of Credit**

Approximately two-thirds of CCLBA acquisitions are purchase through the Line of Credit. CCLBA carries about three-fourth of the balance of average expenses on the Line of Credit. To date CCLBA has spent roughly \$89,000 on interest. Revolving transactions are running 60-90 days, the goal is to be selective about what's carried on the line and shorten the time.

ED Rose will be looking to request to increase the Line of Credit to \$5 million.

#### **V. CCLBA FY 2019 Proposed Budget**

CCLBA proposed budget is present first to the Finance committee and moves to CCLBA's full Board of Directors for approval. Once approved it is then presented to Cook County Board of Commissioners in October to be rolled up into Cook County's Budget for approval in November and become effective December 1, 2018.

### FY2019 Budget Highlights

- CCLBA has included continuing appropriations resolution FY2019
- Acquire 800 Homes
- Execute Scavenger Sales
- Dispose of 400 properties
- Continue Homebuyer Direct Program
- Execute 2018 Staffing Plan
- Proactively Acquire Properties via Deed-in-Lieu/abandonment/Forfeiture Cases

Director Smith: What happens with aged inventory? ED Rose: CCLBA clears out aged inventory regularly by have some sort of a sale.

CCLBA's operation is beginning to stabilize. CCLBA anticipates an increase in revenue because of the Scavenger Sales properties. One of the driving factors is that the Scavenger Sales properties expenses have been expensed to prior accounting periods.

Director Holmes made a motioned for the proposed FY2019 Budget to move forward to Cook County Land Bank Authority's full Board of Directors for approval, motion carried.

### VI. Consent Agenda

Director Sherwin, seconded by Director Smith, moved to approve the consent agenda which includes June 28, 2018 Finance Committee meeting minutes of the Cook County Land Bank Authority. **The motion carried unanimously.**

### V. Chairman's Report (Calvin Holmes)

Chairman Holmes acknowledged Director Ostenburg for his fantastic service and high level of participation and engagement over the past three year to the Finance Committee.

### VII. Adjournment

Director Smith, seconded by Director Sherwin, moved to adjourn and the meeting was adjourned. **The motion carried unanimously**

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

  
Calvin Holmes, Chairman, Finance Committee