

MEETING MINUTES OF THE COOK COUNTY LAND BANK AUTHORITY
FINANCE COMMITTEE

June 28, 2018

Finance Committee of the Cook County Land Bank Authority met pursuant to notice on June 28, 2018 at 9:00 AM at the Cook County Administration Building, 69 West Washington, 22nd 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,

Absent: Sherwin (1)

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*) Judith Punkett (*New Mission Temple Church of God in Christ*), Andrew Williams (*Office of Independent Inspector General*)

II. Public Speakers

Committee Chair Holmes noted there were no registered public speakers.

III. FY2017 Washington Pittman and McKeever (Angela Allen)

Angela Allen presented a draft of 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.

Ms. Allen also made mentioned:

- The importance of reading the notes to the financial statement
- There were no new accounting policies introduced to the financial statement; current accounting policies have been consistent and applied year after year
- No difficulties were encountered in the Cook County audit
- Cook County changed the accounting system to "Oracle", which is why CCLBA is receiving a draft audit and not a finalized audit
- CCLBA has 27 audit adjustments and 3 past adjustments. Washington Pittman and McKeever would like to see a reduced number of adjustments; comments will be made on the management letter

Director Holmes: Are the adjustments tied to the uniqueness of Cook County's system or staff?

Ms. Allen: Some adjustments are a result of Cook County's systems and some are reclassification issues. Ms. Allen recommended that a chart of accounts be designed specifically for CCLBA to minimize the reclassifications.

Director Ostenburg: Is the system being refined? Executive Director Rose: Yes; aligning CCLBA charts from the past system to the new system "Oracle".

Director Holmes: Are any of the adjustments and material restatements on the interim financial statement across the year prior to the audit? Ms. Allen: I cannot say for sure without looking at the interim statement. Executive Director Rose: CCLBA is not able to pull out numbers mid-year to determine.

CCLBA's Statement of Net Position

Total Assets have increased by 10 million to 19.3 million. This is due to an increase in property held for resale.

Director Holmes: How is the property being valued and is this a confident process? Ms. Allen: Distressed property values are being used. Washington, Pittman, and McKeever would like to see the policies documented in writing; thus far this process has been consistent.

Ms. Harper commented that the property is being evaluated based on how it is categorized (residential, commercial/industrial, or vacant land) each type get its own evaluation. CCLBA's Acquisition team determines a price per square footage and uses a series of resources (Realty Track, MLS, etc.) to help determine the value.

Director Holmes: During the audit process was there any new testing or extra testing? Ms. Allen: a significant amount of time was spent on testing evaluation of value of the property. Ms. Babatunde: regular testing was done as well as price testing, controls testing, and accounts payable testing. BRP program requires extra testing.

Total Liabilities have increased and this is due to the line of credit; the transaction started in 2017, but was not necessarily completed in 2018. Executive Director Rose: One of the approvals of the line of credit was that the \$3 million had to be off of our budget (restricted). Conversation with the Comptroller and CFO will be had to make sure the line of credit is being accounted correctly.

Net Position also increased. Restricted increased as a result of the Riverside Lawn project.

Statement of Revenues, Expenses, and Changes in Net Position

Statement of Revenues, Expenses, and Changes in Net Position the year ended with an increase and end-year change in net position of 6.3 million. CCLBA's Operating Revenues increased because of property sales and Expenses decreased. Government grants decreased as a result of the program winding down.

Washington, Pittman, and McKeever are working to finalize testing and conclude the audit to have a full final report for CCLBA's next meeting.

IV. Finance Report (Cassidy Harper)

CCLBA's Business Manager, Cassidy Harper, presented CCLBA's Mid-Year FY18 finance report covering the period December 1, 2017 through May 31, 2018, FY17 Audit Status, FY18 Revenue covered by Month, Total Revenue for FY18 in comparison QYTD, FY18 Total Revenue by Type, FY17-FY18 Mid-Year Comparison, FY18 Mid-Year Monthly Expenses CCLF Line of Credit and Disbursement Listing.

Revenue Collected by Month

CCLBA have increased the monthly average by over \$90,000. CCLBA is currently averaging \$937,000 per month compared to the first quarter of \$846,000 per month.

Total Revenue by Fiscal Year

The bulk of incomes come from earned revenue. Grant funding is decreasing this shows CCLBA is being self-sufficient through core activities.

- 2014 = \$ 2,805,022
- 2015 = \$ 4,497,161
- 2016 = \$13,725,005
- 2017 = \$16,285,292
- 2018 = \$ 5,623,573 (Mid-Year/FYQ2)

Revenue by Type

Revenue by type details the total revenue for the year by funding type. Property Sales FY18 - \$5,123,819, Admin (Riverside Lawn-DPD) - \$169,521, BRP Reimbursement - \$322,733 along with Donation - \$7,500 equals a Total Revenue FY18 Q2 of \$5,623,573. What is not reflected is the final funding from Illinois Attorney General's grant. CCLBA anticipate receiving the remaining \$50,000 of funds toward the end of the review process.

FY18 vs FY17 Mid-Year Comparison

CCLBA is about even on the revenue collected mid-year.

Fiscal Year 2018 Expenses by Type

This chart reflects FY2018 Mid-Year/FYQ2 expenses by object of account. Operations are even for Mid-Year/FY Q2. CCLBA is below budget as it relates to property maintenance and operations. The budget number allows for the capacity of taxes and preservation of added inventory.

Line of Credit

CCLBA received a \$3 million line of credit at the beginning of the fiscal year. CCLBA is purchasing about 80% of acquisitions on the line of credit. Interest expenses for the period for the period December 1, 2017 – May 31, 2018 were \$64,299.

V. Consent Agenda

Director Ostenburg, seconded by Director Holmes, moved to approve the consent agenda which includes March 22, 2018 Finance Committee meeting minutes of the Cook County Land Bank Authority. **The motion carried unanimously.**

V. Chairman's Report (Calvin Holmes)

Chairman Holmes gave accolades to the management team for outstanding results represented on the 2017 draft audit. CCLBA has increased the program; which led to a doubling of total assets, very impressive. Business Manager, Cassidy Harper, will be thinking of ways to benchmark the financial performance of CCLBA to other land banks across the country.

VII. Adjournment

Director Ostenburg, seconded by Director Holmes, 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