

MEETING MINUTES OF THE COOK COUNTY LAND BANK AUTHORITY

BOARD OF DIRECTORS MEETING

June 19, 2020

Board of Directors of the Cook County Land Bank Authority met pursuant to notice on June 19, 2020 at 10:00 AM via Zoom, Chicago, Illinois.

I. Call to Order and Roll Call

Chairman Gainer called the meeting of the Board of Directors to order.

Present: Chairman Gainer, Directors Cox, Flores, Friedman, Holmes, Limas, Monocchio, Planey, Smith, Ware (10)

Not Present: Richardson (1)

Also Present: **Rob Rose** (*CCLBA Executive Director*), **Darlene Dugo** (*CCLBA Sr. Acquisitions Manager*)

II. Public Speakers

There was one registered public speaker. Mr. Derek Covington commented he represents the Roseland Community, Chicagoland as investor and a community activist that deals with African American or black men and women galvanizing them around investment purchases in their communities.

Mr. Covington is interested in the Pullman community where the Land Bank and CNI both own properties. He is concerned the properties were being awarded to another developer.

CHAIRMAN GAINER: Thank you very much, Mr. Covington. One thing I will tell you that can get complicated. Sometimes when we get things out of the scavenger sale, they can take years. Even though it looks like the land bank has it, it's still in the process, but I appreciate your point. Pullman and Roseland are communities that need all of us to focus on them. Thank you very much for speaking.

III. Chairman, Commissioner Bridget Gainer

Chairman Gainer welcomed new board member, Commissioner Maurice Cox, from the City of Chicago's Department of Planning and Development. Director Cox noted he most recently served as planning director for the City of Detroit for the past five years.

IV. Motion to Enter into a Resolution to Sell Assets Held Under the CNI – Land Banking Agreement to the Area Wide Realty Corporation

Director Friedman noted the Land Transactions Committee reviewed the proposed transaction with Area Wide Realty Corporation and the three Land Banking Agreements. A lot of work has gone into getting to the point where the agreements are ready for approval.

EXEC. DIRECTOR ROB ROSE: What's being considered right now is the North Pullman

redevelopment project. These are the properties that the public speaker, Derek Covington, referred to. As a point of clarification, we held these under a land banking agreement with Chicago Neighborhood Initiatives. This transfer of assets from CNI to Area Wide has been done in cooperation with the Department of Housing at the City of Chicago. Director Cox noted this project is part of the City's INVEST South/West framework.

Director Friedman, seconded by Director Flores, moved to Enter into a Resolution to Sell Assets Held Under the CNI – Land Banking Agreement to the Area Wide Realty Corporation. **The motion was carried unanimously.**

V. Motion to Approach to Enter into a Land Banking Agreement with the Sacred Apartments Developer, LLC, which is a Joint Venture with Interfaith Housing Corp and the Claretian Associates

EXEC. DIRECTOR ROSE: This is a development in South Chicago. This joint venture has a full block redevelopment effort of which some of the property is city-owned and some of it is county-owned. This agreement allows the Land Bank to hold it specifically for this project and then release it as they start to solidify all the capital needed to bring it all together.

Director Friedman, seconded by Director Flores, moved to approach to enter into a land banking agreement with the Sacred Apartments Developer, LLC, which is a joint venture with Interfaith Housing Corp and the Claretian Associates. **The motion was carried unanimously, Director Holmes and Director Smith abstained from voting.**

VI. Motion to Approve to Enter into Land Banking Agreement with the Intercity Muslim Action Network, also known as IMAN

EXEC. DIRECTOR ROSE: This land banking agreement is in support of the GoGreenOnRacine project. This is a comprehensive, full-scale development anchored at 63rd and Racine. It will extend from 63rd on Racine up to 59th. This land banking agreement allows them to be able to acquire and aggregate any properties that we are able to acquire through tax certificates, REO purchases, or court action. They would have first rights of refusal for those properties in this geographic footprint to be contributed toward this project. Director Cox noted GoGreenOnRacine is squarely within the community areas of INVEST South/West.

Director Friedman, seconded by Director Flores, motion to approve to enter into land banking agreement with the Intercity Muslim Action Network, also known as IMAN. **The motion was carried unanimously.**

VII. Motion to Enter into a Land Banking Agreement with NeighborScapes.

EXEC. DIRECTOR ROSE: These are properties that we currently have in inventory. This land banking agreement would remove those properties from the general public inventory putting them into this agreement with NeighborScapes. The NeighborScapes concept is a concept called innovation houses. These are houses that are going to be available for people who are enrolled in postgraduate, community involvement organizations such as AmeriCorp VISTA or Lutheran Volunteer Corp. Director Holmes abstained from voting.

Director Friedman, seconded by Director Flores, motion to enter into a land banking agreement with NeighborScapes. **The motion was carried unanimously.**

VIII. Executive Director Report (Rob Rose)

Announcement

The Land Bank is the 2020 winner of the NACo achievement award for community development. NACo is the National Association of Counties. This is a national award recognizing the efficacy and the impact of CCLBA's programming, specifically the Homebuyer Direct Program. This is a program in which homes are sold to owner occupants.

Media Coverage

- CBS Chicago and The Beverly Review ran stories highlighting Ms. Johnson. The Land Bank acquired a commercial building in Roseland where Ms. Johnson had rented space for the past 17 years operating her flower shop. The former owner had not been taking care of the building, and the building had delinquent taxes. Ms. Johnson was able to purchase this building and secure neighborhood opportunity funds to aid in rehabbing the building.
- Lawndale News highlighted developer Luis Castro and his wife for a new construction property in Humboldt Park.
- WGN is featuring Keith Lindsey. He purchased a six-flat in the Englewood from CCLBA for veteran's housing. Mr. Lindsey credits the land bank with the ability to acquire this property.

Outreach

- CCLBA co-hosted a webinar with Bo Steiner of the SBA to speak specifically about the Payroll Protection Program and the Economic Impact Development Loan Program and how they relate to small developers.
- CCLBA hosted a webinar to discuss local assistance for developers. Panel included City Treasurer, Mohammed Elahi- Deputy Director for Economic Development, Calvin Holmes- Board Member, and Marcus Yancey with LISC.
- Lunch and learn with the Southside Builders Association.
- Elisha Sanders participated in a lunch and learn with the Women's Council of Realtors of Illinois.

COVID-19 Impact

- County offices are closed. All offices are involved with the tax certificate acquisition process causing a backlog which will affect the speed in which we are able to acquire properties.
- Some lenders have stopped lending during this time period, others paused lending. There has been a tightening of credit standards. Even on projects that had approved loans, lenders have reached out to request extensions because there was so much uncertainty at that time.
- On the physical side, developers are facing labor availability issues. This has to do with the number of contractors that are available to work, their willingness to work, and how they can work.
- There are material availability issues from the damage that came from the looting that occurred. There has been a strain on being able to get the materials needed to rehab.
- Permit inspections are also an issue. Inspections are occurring during this time period, but municipal inspectors have been pulled back, and this resulted in delays to projects.

Core Business Activities

The CBA report covers the period from December 1, 2019 through May 31, 2020. CCLBA acquired 423 properties, disposed of 85 properties, and demolished 5.

The disposition goal was initially 400. We've revised that down to 225. We feel that is a realistic and achievable goal based on what has happened during COVID.

Cumulative Core Business Outcomes

In terms of Community Wealth, CCLBA with its partners has created over \$83,367,916 million: 74% of our goal.

Cumulative Core Business Activities

Cumulative Core Business Activities as of May 31, 2020 are as follows: 2,112 Acquisitions, 139 Demolitions, 995, Dispositions, 641 Rehabs, 1,117 properties in Inventory, 611 Properties Reoccupied.

Applications Monthly Breakdown

CCLBA has received a cumulative total of 17,223 applications: 531 applications in May.

Scavenger Sale (26,540 bids)

As of May 31, 2020, CCLBA has acquired 1,082 tax certificates.

As of May 31, 2020, CCLBA has received 6,266 applications, a total of 2,224 PIN's applied for, and the delinquent taxes for 946 PIN's have been redeemed.

When you see 467 tax deeds issued, approved but not recorded, part of that is that the Recorder of Deeds' office is closed.

Further, there are point-of-sale requirements whether it's a water certification within the City of Chicago, inspections or any type of point-of-sale requirements that CCLBA complies with in the suburbs. Due to Covid-19 and manpower shortfalls and/or unavailability, there has been a delay in receiving those certifications and reports.

Scavenger Sale Tax Redemptions

~\$11.8 million is the current total which includes 946 owners that have redeemed taxes.

Commercial Projects

- The Stewart Building is a large multifamily building in Englewood just south of St. Bernard Hospital. This is a property awarded in March 2019. The work is progressing nicely. There is an affordability covenant on this building because of HUD monies that were involved in the past. This will be an affordable housing opportunity here in Englewood.
 - Riverside Lawn Flood Buyout Close-Out – Working on conveying land forest preserve.
- Leyden Wheeling Flood Buyout Close-Out - Land has been transferred to Leyden. We are working with Wheeling Township to complete transfer of land.

- Franklin Park Flood Buyout has just started. The Franklin Park project will achieve the demolition goal.
 - The Washington Park National Bank building is the building that we had the RFP on that was awarded to the joint venture owned by Leon Walker and LaMell McMorris. The agreements are in place. This will be funded through an opportunity zone investment.
 - The Harvey Hotel - there are two final parcels that need to be assembled.

VIII. Motion to Approve the Consent Agenda, March 20, 2020 Land Bank Authority Board of Directors Meeting Minutes, the Landscaping, Property Preservation, and Media Contracts, the Approval of the FY18 Financial Audit, the FY 2020 Q1 and Q2 reports, and the Appointment of Sarah Ware to Secretary of the Board of Directors

Director Holmes, seconded by Director Friedman, moved to approve the consent agenda, March 20, 2020 Land Bank Authority Board of Directors Meeting Minutes, the landscaping, property preservation, and media contracts, the approval of the FY18 financial audit, the FY 2020 Q1 and Q2 reports, and the appointment of Sarah Ware to Secretary of the Board of Directors. **The motion was carried unanimously.**

X. RSM Examination Presentation (Rob Rose)

- The RSM examination has been referred to as the external audit. In November 2019, President Preckwinkle ordered an external audit of the land bank.
- The examiner was RSM, known locally as RSM McGladrey, but RSM US LLP is the official name. They are a multinational firm that audits and process consulting work throughout the world.
- The examination was 10 weeks, looking through every aspect of the land bank. It started on March 17 and ended on May 29. They had full and unfettered access to our systems. They had a login to use to access our property asset management system without assistance.
- The examination period was from June 1 to November 30 of 2019. The examination period and scope were ordered by the president's office. The Land Bank was the auditee.
- There were **no irregularities noted, no malfeasance**. RSM made very clear that with the access, should they have seen anything, even if it was outside the bounds of the examination timeframe or scope, they would be duty-bound to report it even if it fell outside of the scope of the examination.
- The examination dug into the Land Bank's processes and procedures, included interviews with staff and developers, and full access to documentation. There were six findings related to accounting, administrative tasks, and documentation:
 - a. Finding 1 relates to accounting. The Land Bank was using a cash basis for accounting. There was a joint decision by the then CFO of the county that the Land Bank should use cash basis for accounting. Next, when the county transitioned from one system to another, the Land Bank was not given access to the general ledger. The Land Bank has met with the CFO and will continue to meet with the CFO to address these issues. There is a new CFO since this determination was made. We will follow

his direction in terms of how we want to proceed.

- b. Finding 2 relates to policies and procedures manual, and procurement manual. These are manuals that are currently on the Land Bank's website. These manuals were written in 2014 and outdated. The Land Bank will update these manuals to reflect current practices.
 - c. Finding 3 relates to agreements with other governments and line of credit requirements. In future agreements the Land Bank will have clear language and differentiate between a hard deadline that could put funding at risk and something that is an operational guideline to clarify expectations.
- Finding 4 relates to determining fair market price. RSM did not see or note any irregularities in the pricing. The finding notes need clear documentation for the pricing methodology. The documentation must be better. However, it doesn't mean that there wasn't documentation, it just needs to be clearly documented.
 - Finding 5 relates to awarding properties. This finding only relates to residential properties and nonresidential properties under \$50,000. Over \$50,000, the Land Bank has a formal process by which it goes to the land transactions committee and or the board for approval. This finding has to do with the things that happened at the staff level for residential properties and nonresidential properties under \$50,000. In this situation the Land Bank was able to demonstrate decisions to award properties. The team will do a better job of documenting those award decisions.
 - Finding 6 is administrative relating to the tax certificate process and the tax cost model. The current property tax code says that if the Land Bank acquires a property and if there are monies that are recovered, after taking out the cost that the land bank put out for that property, the excess money should be returned to the taxing bodies. First, there has not been a situation where a property that the Land Bank has sold exceeded even the most conservative method. Second, the finding notes that the model that's been developed needs to be vetted through a legal process. The Land Bank concurs.
 - The Land Bank views the report as favorable. There are always things to improve in an organization. With such a thorough look into the organization, for these to be the findings that they have, I think it does answer the question around irregularities, pricing, awards, and operations

XI. Chairman Report

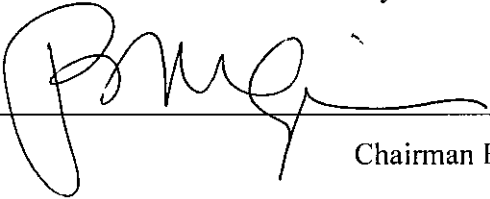
CHAIRMAN GAINER: The murders of George Floyd and Breonna Taylor and countless others have, brought us to an inflection point in this country that I don't remember ever feeling as impactful. My only hope is that we go far beyond just good thoughts and desires to change and operationalize that. When people have money, have jobs, and own assets, they have power. Homeownership and ownership of buildings like the businesses that are now owning the buildings that they work in, that's power, that

self-determination. You don't have to wait for anyone to grant you things. You have them on your own accord.

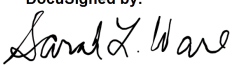
XII. Motion to Adjourn

Director Limas, seconded by Director Planey motioned to adjourn the meeting. **The motion was carried unanimously, and the meeting was adjourned.**

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


Chairman Bridget Gainer

Attest

DocuSigned by:

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Sarah Ware, Secretary

