

The Board of Directors of the Cuyahoga County Land Reutilization Corporation (the "Board of Directors" or this "Board") met for its regular quarterly meeting on the 16th day of December, 2016 at 10:00 o'clock, a.m., eastern time, in Conference Room 140 of Lakeside Place at 323 W. Lakeside Ave., Cleveland, Ohio 44113 with the following Directors present:

Dan Brady, Cuyahoga County Council Appointee, represented by Michael King
Anthony Brancatelli, Councilman, Ward 12, City of Cleveland and Board Chair
Armond Budish, Cuyahoga County Executive, represented by: Ken Surratt
Thomas Fitzpatrick IV, Federal Reserve Bank of Cleveland
Kevin Kennedy, Mayor of City of North Olmsted
W. Christopher Murray II, Cuyahoga County Treasurer
Brad Sellers, Mayor of the City of Warrensville Heights

Thomas Fitzpatrick moved the adoption of the following resolution (this "Resolution"):

RESOLUTION NO. 2016-2

APPROVING THE ANNUAL BUDGET OF
THE CORPORATION FOR FISCAL YEAR 2017

WHEREAS, Section 9.2 of the Code of Regulations of the Cuyahoga County Land Reutilization Corporation (respectively, the "Code of Regulations" and the "CCLRC") requires that at least thirty (30) days prior to the end of each fiscal year of the CCLRC, the President or other officer present to the each member of the Board of Directors the proposed annual budget of the CCLRC for the next succeeding fiscal year; and

WHEREAS, on November 30, 2016, the Chief Operating Officer caused to be sent by electronic mail to each member of the Board of Directors the proposed annual budget of the CCLRC for fiscal year 2017, a copy of which is attached to this Resolution as Attachment A (the "2017 Fiscal Year Budget"); and

WHEREAS, Section 9.2 of the Code of Regulations further requires that at a regular or special meeting of the Board, the Board conduct a public hearing on such budget prior to its adoption in final form; and

WHEREAS, the Board has conducted such public hearing immediately prior to its consideration of this Resolution; and

WHEREAS, Section 9.2 of the Code of Regulations permits the Board to approve at the meeting at which was held the public hearing on the annual budget or at another meeting called for the purpose the annual budget of the CCLRC which shall govern the expenditures of the CCLRC during the fiscal year to which such budget applies; and

WHEREAS, this Board now desires to approve the 2017 Fiscal Year Budget so that the operations of the CCLRC can continue uninterrupted into calendar year 2017; and

WHEREAS, the Board of Directors hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of this Board, and that all the deliberations of this Board, and of its committees, if any, which resulted in formal actions, were taken in meetings open to the public, in full compliance with applicable legal requirements, including Section 121.22 of the Revised Code.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Cuyahoga County Land Reutilization Corporation that:

Section 1. This Board hereby finds and determines that it has timely received, reviewed, and held a public hearing on the 2017 Fiscal Year Budget, as required under Section 9.2 of the Code of Regulations and that it now desires to approve and adopt such Budget, including changes, if any, that have been agreed to and approved by the Board during review and in the public hearing on such Budget, so that the operations of the CCLRC can continue uninterrupted into calendar year 2017.

Section 2. This Board hereby approves and adopts for fiscal year 2017 of the CCLRC, the 2017 Fiscal Year Budget attached to this Resolution as Attachment A, including, however, the changes, if any, as have been agreed to and approved by this Board during the public hearing on such Budget.

Section 3. This Resolution shall take effect and be in force immediately upon its adoption.

Mayor Brad Sellers seconded the motion.

Upon roll call on the adoption of this Resolution, the vote was as follows:

Ayes: 7

Nays: 0

The undersigned, Secretary of the Cuyahoga County Land Reutilization Corporation, certifies that the foregoing is a true and correct excerpt from the minutes of the meeting of December 16, 2016, of the Board of Directors of the Cuyahoga County Land Reutilization Corporation, showing the adoption of the Resolution above set forth.

/s/Robert Rink

Secretary
Cuyahoga County Land Reutilization
Corporation

Dated: December 16, 2016

FUNDING INFORMATION FOR RESOLUTION
(CHECK AND COMPLETE APPLICABLE SELECTION)

Not Applicable to this Resolution since only Budget and not specific expenditure is being authorized.

Fund to be charged: # _____
Account to be charged: # _____
Unencumbered Funds Available: \$ _____
Amount to be charged: \$ _____

ATTACHMENT A

Cuyahoga County Land Reutilization Corp. (CCLRC ONLY)
REVISED 2017 BUDGET PROPOSAL TO THE BOARD OF DIRECTORS

	2016 Budget	Projected Final Total 2016 Year	2017 Proposed Budget
REVENUES:			
Income from Land Reutilization Fund	\$7,000,000	\$7,000,000	\$7,000,000
Cuyahoga County Program - CCLRC	\$3,000,000	\$2,300,000	\$3,000,000
Cuyahoga County Program - Suburbs	\$5,000,000	\$3,774,400	\$4,000,000
Grant Revenue			
OHFA/NIP	\$5,076,000	\$7,600,000	\$8,498,000
EPA Grant	\$0	\$0	\$400,000
Prosecutor DTAC Demolition	\$0	\$117,449	\$0
ADAMHS Board	\$100,000	\$100,000	\$0
NSP 2 - CCLRC Work	\$0	(\$3,431)	\$0
Total Grant Revenue	<u>\$5,176,000</u>	<u>\$7,814,018</u>	<u>\$8,898,000</u>
Investment Income	\$16,000	\$15,732	\$14,340
Other Income	\$34,000	\$50,326	\$13,000
Demolition Fees Reimbursed	\$1,000,000	\$974,731	\$600,000
Title Work/Acquisition Reimbursement	\$55,000	\$34,019	\$34,700
PPS Consulting	\$157,500	\$144,584	\$92,916
Property Sales	\$2,163,666	\$2,402,949	\$2,163,000
Total Revenues	<u>\$23,602,166</u>	<u>\$24,510,760</u>	<u>\$25,815,956</u>
CONTRACT/PROGRAM AND OPERATING EXPENSES:			
Contract Services			
Demolition	\$10,550,000	\$11,854,502	\$12,710,000
Rehabilitation	\$900,000	\$949,288	\$947,099
Field Services	\$1,600,000	\$1,971,303	\$2,044,405
Inspections - Acquisition Dept.	\$70,000	\$97,281	\$90,000
Inspections - Programs Dept.	\$160,000	\$105,906	\$110,000
Inspections - Affidavits	\$42,000	\$52,927	\$63,512
Lien Search	\$4,000	\$650	\$1,000
Title Exams	\$200,000	\$108,449	\$107,500
Environmental Expenses	\$3,150,000	\$2,280,928	\$3,004,000
Total Contract Services	<u>\$16,676,000</u>	<u>\$17,421,233</u>	<u>\$19,077,516</u>
Program Expenses			
Grant Programs Paid to Others	\$200,000	\$121,000	\$200,000
Special Projects Grant Program	\$0	\$0	\$200,000
Other Program Expenses - Properties	\$212,625	\$286,346	\$698,846
Total Program Expenses	<u>\$412,625</u>	<u>\$407,346</u>	<u>\$1,098,846</u>
Total Program and Contract Expenses	<u>\$17,088,625</u>	<u>\$17,828,579</u>	<u>\$20,176,362</u>
General Operating Expenses			
Employee Expenses			
Salaries	\$2,272,585	\$2,247,296	\$2,452,762
Employee Benefits	\$574,508	\$598,858	\$718,363
Employee Training and Seminars	\$7,750	\$12,185	\$14,013
FICA Tax	\$175,036	\$159,592	\$180,612
Unemployment Tax	\$12,892	\$12,661	\$14,180
Workers Compensation	\$3,356	\$3,227	\$3,550
Total Employee Expenses	<u>\$3,046,127</u>	<u>\$3,033,819</u>	<u>\$3,383,480</u>

Cuyahoga County Land Reutilization Corp. (CCLRC ONLY)
REVISED 2017 BUDGET PROPOSAL TO THE BOARD OF DIRECTORS

	2016 Budget	Projected Final Total 2016 Year	2017 Proposed Budget
Professional Expenses			
Accounting/Auditing Services	\$21,500	\$21,965	\$23,503
Computer Services/Maintenance	\$67,394	\$57,447	\$66,007
Consulting Services	\$25,000	\$13,488	\$32,000
Legal Expenses	\$30,000	\$25,844	\$30,000
Legislative Expenses	\$36,150	\$36,000	\$38,160
Communications Expense	\$70,000	\$91,206	\$75,500
Marketing/Advertising Expense	\$70,000	\$67,494	\$74,244
Other Misc. Professional Services	\$12,000	\$5,555	\$7,222
Total Professional Expenses	<u>\$332,044</u>	<u>\$318,999</u>	<u>\$346,636</u>
Office Expenses			
Bank Service Charges	\$1,100	\$847	\$1,016
Dues & Publications	\$19,500	\$16,504	\$18,979
Freight & Postage	\$10,000	\$8,172	\$9,398
Office and Printing Expense	\$36,500	\$27,989	\$36,000
Mileage, Parking, Meetings Exp.	\$79,000	\$84,303	\$89,361
Rent	\$114,722	\$96,759	100,250
Repairs & Maintenance	\$850	\$0	\$1,100
Telephone	\$2,000	\$2,808	\$3,088
Utilities Expense	\$15,236	\$16,910	\$18,601
Other Office Expenses	\$3,500	\$3,400	\$3,740
Total Office Expenses	<u>\$282,408</u>	<u>\$257,691</u>	<u>\$281,533</u>
Bond and Related Costs:			
Bond Interest	\$70,785	\$58,988	\$0
Bond Principal Paid to Trustee	\$1,815,000	\$1,815,000	\$0
Bond Valuation Changes and Fees	\$2,000	\$3,101	\$0
Total Bond and Related Costs	<u>\$1,887,785</u>	<u>\$1,877,088</u>	<u>\$0</u>
Other Operating Expenses:			
Business Insurance - non-properties	\$112,000	\$155,496	\$165,000
Charitable Contributions	\$13,500	\$14,532	\$15,985
Leased Equipment	\$25,733	\$25,311	\$27,842
Travel, Lodging, Meals	\$7,050	\$12,512	\$13,763
Other Miscellaneous Operating Expenses	\$2,145	\$617	\$741
Total Other Operating Expenses	<u>\$160,428</u>	<u>\$208,468</u>	<u>\$223,331</u>
Total General Operating Expenses	<u>\$5,708,792</u>	<u>\$5,696,066</u>	<u>\$4,234,979</u>
Depreciation, Amortization, Other Interest Expense			
Depreciation and Amortization Exp.	\$23,508	\$26,500	\$30,475
Interest Expense	\$500	\$0	\$0
Total Depn., Amort, Other Interest Expense	<u>\$24,008</u>	<u>\$26,500</u>	<u>\$30,475</u>
Total Expenses	<u>\$22,821,425</u>	<u>\$23,551,145</u>	<u>\$24,441,816</u>
BEGINNING NET ASSETS	\$8,729,478	\$8,729,478	\$9,689,093
NET SURPLUS/(DEFICIT)	\$780,741	\$959,615	\$1,374,139
ENDING NET ASSETS	<u>\$9,510,219</u>	<u>\$9,689,093</u>	<u>\$11,063,232</u>

2017 Budget Notes

November 30, 2016

Revenues

1. Cuyahoga County Program - CCLRC Demolition revenue is from our Year 2 grant.
2. Cuyahoga County Program - Suburbs Demolition revenue is based on expenditures from January 2017 through March 2017 of \$600,000 from our current County grant and a projection of \$3.4 million in additional funds approved by the County.
3. OHFA/NIP revenues are used for demolition related expenses, including some greening of lots, as well as some acquisition costs (approximately \$1,500/property beginning in July), maintenance costs (\$1,200 for 3 years. \$400/year hits Income Statement unless property is disposed of), and administrative costs (\$1,000 per demolition).
4. Demolition Fee Reimbursements are projected to drop due to fewer Fannie Mae acquisitions that come with a \$3,500 demolition contribution.
5. PPS Consulting Revenues are from PPS sales and consulting with 6 other land banks.
6. Property Sales revenue is composed of the sale of 114 Deed In Escrow houses at \$7,000 each, 15 In House Renovations at \$81,000 each, and revenues of \$150,000 from a new, New Construction partnership with Civic Builders.

Expenses

1. Demolition and Environmental Service related expenses are based on 1068 1 to 4 unit demolitions and the demolition of 19 larger structures. Environmental Service expenses make up 17% of total demolition and environmental expenses, plus an additional \$400,000 funded through our new EPA grant.
2. The Special Projects Grant program is a new program to provide, on a competitive basis, up to \$25,000 for housing renovations to organizations serving special needs clients. This program reflects the CCLRC's role in the county's on-going Special Populations housing work.
3. The approximate \$415,000 increase in Other Program Expenses- Properties results from payments to the County Administration and County Prosecutor for expenses associated with an increase in BOR tax foreclosures that will be acquired by the CCLRC for demolitions paid for through our OHFA/NIP program. These increased expenses will be reimbursed through our HHF grant with OHFA.
4. Personnel expenses include an estimated 4% increase for current staff, two new positions, and reflect a 38% increase in health insurance.