

Finance Committee Meeting  
Monday August 19, 2018  
8:30 AM  
Suite 701  
200 Broadway  
Troy, NY

Agenda:

- I. Call to Order
- II. Roll Call
- III. Approval of Minutes
- IV. Treasurer's Report
- V. Bowers Transition
- VI. Discuss Compliance/Progress on Funding Contract/Audit
- VII. Discuss Other Possible Funding Sources
- VIII. Adjourn Meeting

I. **Call to Order**

Committee Chair Sharon Nichols called the meeting to order at 8:36 AM and conducted attendance roll call.

II. **Roll Call**

Committee Attendees:

Sharon Nichols

Bruce Dee

John Carmello

Staff Attendees:

Tony Tozzi

III. **Approval of Minutes**

Mr. Carmello made a motion to accept the minutes as drafted.

Mr. Dee seconded the motion.

Chair Nichols asked if there was any need for discussion. There being none, the motion was called and were approved by unanimous vote.

IV. **Treasurer's Report**

Chair Nichols reported that accounting and bookkeeping services performed by Kumlander ended June 30<sup>th</sup> and Bowers & Company began providing these services on July 1<sup>st</sup>. No financial reports were available because full transfer of financial information has not yet been provided to Bowers, so generation of reports was not possible at this time.

A discussion ensued regarding the major expenses incurred by the Land Bank during the month of July. As per Mr. Tozzi's review of the organization's checkbook, the most significant expenses included professional fees for accounting, auditing and legal services. Other items of significance included purchases of two buildings from the City of Troy. No further significant or unusual items were noted.

V. **Bowers Transition**

Chair Nichols asked Mr. Tozzi what the status was of Bowers' provision of services. He replied that the 'Bills.com' portal was been established, but that guidance from Bowers was needed to allow him to understand how to use the portal. Mr. Tozzi also indicated that a meeting has been scheduled with Mike Fallon/Bowers for Thursday August 23<sup>rd</sup> at 8:30 to obtain such guidance.

Chair Nichols stated that if Mr. Tozzi needed assistance using Quickbooks, he could contact Kumlander's Quickbooks expert. Mr. Tozzi replied that he did receive assistance from that person a few weeks ago, which assisted Mr. Tozzi to establish the Bills.com portal account.

VI. **Discuss Compliance/Progress on Funding Contract/Audit**

Chair Nichols asked Mr. Tozzi how the relationship between the Land Bank and the Enterprise Community was going. Mr. Tozzi reported that he has submitted the 2<sup>nd</sup> quarter report to Tania Beghini/Enterprise Community, but that there were some bumps, in contrast to the 1<sup>st</sup> quarter report which went very smoothly.

Mr. Tozzi indicated that the 2<sup>nd</sup> quarter report was not submitted as expeditiously as the previous quarter, in part because Enterprise is conducting its annual audit and he was providing requested information to the auditor. He noted that the auditor was very pleased that most of the requested information was transmitted expeditiously.

Mr. Tozzi also stated that he returned from vacation one week prior to when Ms. Beghini was to be taking vacation, and that she wanted the 2<sup>nd</sup> quarter report prior to her leave. Mr. Tozzi and Mr. Brown/Operations Director promised to submit the report "by the end of the day tomorrow" on Monday, Tuesday, Wednesday and Thursday of that week. Thursday night Mr. Tozzi worked toward completing the report, but late in the evening he realized that the report could not be completed to an acceptable condition. Because Friday would be Ms. Beghini's last day prior to taking vacation, Mr. Tozzi decided to send the report.

The report was not well received by Ms. Beghini and she was not happy that it was not complete to the degree it should have been, and wanted to know "why this keeps happening". Mr. Tozzi reminded her of how smoothly the 1<sup>st</sup> quarter report went and how pleased the Enterprise auditor was. He also explained the circumstances impacting submittal of the 2<sup>nd</sup> quarter report.

Mr. Tozzi stated that the report has been submitted to Ms. Beghini and that she did not note any significant problems. Mr. Tozzi, Ms. Beghini and Mr. Brown conducted a phone meeting shortly after the report was submitted and the conversation generally went well. Ms. Beghini did request that a memo be submitted to her to outline changes from the original work plan to that shown in the 2<sup>nd</sup> quarter report. Mr. Tozzi is working to complete that.

Mr. Tozzi stated that the next step regarding the report would be for Ms. Beghini to review it and generate a laundry list of questions. He indicated that in the past the questions were relatively routine and understandable, and that Ms. Beghini seemed pleased with the accuracy and timeliness of the follow-up information he provides.

Chair Nichols asked Mr. Tozzi what the status was regarding work plan milestones that the Land Bank needs to achieve this year. Mr. Tozzi stated that he was feeling more comfortable that most of the milestones can be achieved by the end of this year. He stated that the Land Bank has acquired most of the properties it has committed to in the work plan, but may need to obtain a bank donation of one building to fully meet the milestone. Work plan milestones regarding the sale of Land Bank buildings and of vacant lots has also turned in a more positive direction, that building sales commitment should be met based on Board approved and Acquisition & Disposition Committee recommended approvals by the Board, and that confidence is high that the “Buy A LOT for just a little” initiative will be a success. He indicated that the Land Bank commitment of demolitions will significantly surpass what is required. Mr. Tozzi did indicate that the number of building rehabilitations is very unlikely to be met, but that after a good deal of discussion last year, Ms. Beghini allowed the Land Bank additional time beyond the end of 2017 to complete 3 rehabs being completed by Habitat for Humanity, and that he anticipates that additional time will be granted for 2018 rehab commitments.

Chair Nichols noted that a reconstitution of the Audit Committee is no longer urgent, given that the 2017 audit has been completed. Mr. Tozzi stated that the audit noted that there was no ‘Management’s Discussion & Analysis’ following the 2016 audit, so the Audit Committee may be needed to complete that task. Mr. Carmello suggested that the task could, and probably should, be addressed by the Board of Directors. All meeting attendees agreed with his suggestion.

## **VII. Discuss Other Possible Funding Sources**

Chair Nichols stated that the 2017 audit recommended that the Land Bank seek alternative sources of revenue, rather than relying virtually entirely on Office of the Attorney General funding. Mr. Tozzi noted that the Round 4 application includes a section that essentially asks what the Land Bank will do to become self-sufficient, or more self-sufficient.

A general discussion ensued regarding the challenges Land Banks have to ‘make a profit’. Mr. Dee stated that the Land Bank should be conducting a more thorough analysis of

finances needed to complete work on buildings being considered for acquisition by the Land Bank. He noted that, while he understands it is very difficult for the Land Bank to complete work on a building and then sell it without a financial loss, the Land Bank could realize less of a financial loss if it has a better understanding of the financial impacts prior to purchases.

Mr. Tozzi indicated that the process for purchasing tax foreclosed properties from the City does not allow adequate time for the Land Bank to walk through a building, conduct a financial analysis, and submit a purchase application. He stated in the past all applicants had to submit purchase applications without any knowledge of the interior condition of a building, although during the last round of tax foreclosures the City did allow applicants to see building a few days prior to application filing deadline.

Mr. Tozzi stated that perhaps the City would be willing to allow the Land Bank to see building interiors with adequate time in advance to be able to conduct a financial analysis. Mr. Dee stated that even if the City let a drone into a building, it would allow the Land Bank to see what is inside. Mr. Tozzi replied that he has been considering the usefulness of a drone to see building interior conditions where safety is a concern, and also to be able to use a drone to, for example, inspect a roof instead of having the Land Bank's property maintenance personnel to climb a ladder two or three stories. All attendees agreed that the purchase of a drone would be a worthwhile investment.

Chair Nichols asked if it might be possible to have contractors donate services to the Land Bank. She suggested that a contractor might be willing to donate work if they gained media exposure as a result. Mr. Carmello stated that he was not sure contractors would be able to donate work because they are all very busy this year. Mr. Dee suggested that perhaps contractors would be willing to donate work during winter months, when they are far less busy.

VIII. **Adjourn Meeting**

Chair Nichols asked if there was any further business the Committee needed to conduct or wanted to discuss. There being none, she asked if someone would like to make a motion to adjourn the meeting.

Mr. Carmello motioned to adjourn the meeting.

Mr. Dee seconded the motion.

There was no further discussion.

Chair Nichols called to vote on the motion and it was passed unanimously.

Chair Nichols stated that the meeting was adjourned at 9:27.