

DWELLING PLACE OF GRAND RAPIDS
FINANCE COMMITTEE (Virtual)
March 25, 2030

- MEMBERS PRESENT** Michael McDaniels, David Byers, Angela Sanborn, Troy Stressman, Holly Jacoby, Gil Segovia, and Sadie Erickson
- STAFF PRESENT** Steve Recker, Dennis Sturtevant, Jessica Johnson, Brandon Watson, Rebecca Long, Liz Mui, Laurie Mullennix, Chris Bennett, Grace Thuo, Karen Monroe, Francisco Ramos Jr.
- COMMENCEMENT** The meeting was convened at 12:00 pm by Mr. Byers.
- APPROVAL OF JANUARY MINUTES** Minutes of the Finance Committee meeting of January 29, 2020 were approved by motion of Mr. McDaniels, supported by Ms. Jacoby and carried unanimously.
- SMOOTHING RULE REVIEW** Mr. Recker explained the smoothing rule for investment accounts. The current spending policy determines an amount based on the average balance of the past three years. It had been suggested Dwelling Place consider a smoothing rule. Mr. Segovia reiterated that every three years Dwelling Place reviews the average balance of the investment accounts and disburses 4% of that average. He noted the five year smoothing rule is less volatile. Mr. McDaniel asked if it was recommended by Northern Trust to change from three to five-year rule. Mr. Segovia responded yes and added there are no drawbacks to this change. He has advised numerous Non-Profits to change to the five-year rule due to the current volatile market. Mr. Byers recommended a vote to make the adjustment from a three to five year smoothing rule.
- Ms. Jacoby motioned to recommend to the Board changing to a five year smoothing rule for Dwelling Place Foundation's Investment account, supported by Mr. McDaniels, and carried unanimously with one abstention by Mr. Segovia.
- Mr. Byers stated the Foundation will need a vote to update the language of the Foundation Policy. Mr. Sturtevant explained the trustees will need to vote based on the Foundation bylaws. Mr. McDaniels supported this recommendation to be given to the Board of Dwelling Place and the Foundation for approval.
- FINANCIALS 4TH QTR REVIEW** Mr. Recker presented drafts of the December 31,2019 financial statements. He noted the following items: Income and revenue were over budget due to an extra distribution from the Michigan Non Profit Housing Corporation. There were internal construction loans for Pine Avenue, Harrison Park, and Ferguson Predevelopment costs. Cash Flow was positive because the Harrison Park Loan was repaid in December. Dwelling Place is performing better than its NeighborWorks' peers based on the key financial ratios.
- Mr. Segovia asked if there are any financial concerns going forward in the next six months. Mr. Recker mentioned the construction projects are

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delayed due to the Governor's Executive Orders; he also stated Dwelling Place has \$2.7 million cash on hand and loans to be paid back by the properties which will improve cash flow. Corporate will not be as greatly affected but there may be less cash flow at the properties due to Covid-19. Mr. Sturtevant stated that Dwelling Place is covered under the Family First Coronavirus Emergency Leave Act which will aid with payroll expenses. There is uncertainty about the impact on non-subsidized and commercial tenants, but Mr. Sturtevant feels overall Dwelling Place is in a better position than most Non-Profit organizations. Mr. Byers asked about the capital gap for the construction projects and Mr. Sturtevant explained that there is a \$3 million gap and he is continuing with the fundraising efforts.

CLT OVERVIEW

Mr. Sturtevant mentioned the process of interviewing and hiring a CLT director is underway. The logistics of creating a 501(c)3, as well as marketing and renovation plans will be in process through the summer. The plan is to convert existing apartments, including Martineau, New Hope Homes, and Grandville Homes to CLTs. Staff is working closely with banks and other entities that will be involved in the lending process. Current renters will not be evicted; they will be eligible to purchase the property if they qualify. Mr. Sturtevant offered to make a presentation at the next Finance Committee meeting to provide more details and information.

UPDATES AND ANNOUNCEMENTS

Mr. Bennett reported Ferguson is still waiting for the environmental review approval. The letter is currently in draft version and it should be approved by the end of the week. Housing Development is working with HUD and MSHDA to close and finalize the needed details in order to start construction.

PROPOSED AGENDA AND NEXT MEETING DATE

The next Finance Committee meeting will be held on Wednesday, April 29th from 12:00 PM to 1:30 PM.

ADJOURNMENT

The Finance Committee meeting was adjourned at 1:20 PM by Mr. Byers.