

DWELLING PLACE OF GRAND RAPIDS

FINANCE COMMITTEE

August 26, 2020

Minutes – Approved October 28, 2020

MEMBERS PRESENT: David Byers, Gil Segovia, Sadie Erickson, Angela Sanborn, Holly Jacoby, and Troy Stressman

MEMBERS ABSENT Michael McDaniels

STAFF PRESENT: Steven Recker, Chris Bennet, Jessica Johnson, Brandon Watson, Grace Thuo, Rebecca Long, Francisco Ramos Jr., and Karen Monroe

COMMENCEMENT The meeting was convened at 12:02 pm by Mr. Byers

APPROVAL OF JULY MINUTES **Minutes of the Finance Committee meeting of July 29, 2020 were approved by motion of Mr. Segovia, supported by Ms. Erickson and carried unanimously.**

ASSET MANAGEMENT 2ND QUARTER

Ms. Long presented the seven Neighborworks metrics as well as Dwelling Place's metrics. These metrics are only for the Dwelling Place properties therefore they do not include the Genesis Non-Profit properties. Net cash flow has increased by 3% as most of the properties are performing better than 2019 2nd quarter. Grandville Homes, Kelsey, and New Hope homes have lower cash flow due to high vacancy. The vacancy percentage was severely impacted by the stay at home executive order. The vacant units were not able to be occupied for a longer time than normal. However, we have had 24 move ins since April. The operating expenses have decreased due to the Covid-19 shut down which deferred maintenance repairs and costs. Collection Rate for rent was also impacted by Covid-19 especially for those properties where residents do not have a subsidy payment. Dwelling place has received rent assistance funds that have been distributed to residents to aid with rent payments. Mr. Segovia inquired about the property's ability to pay their debt due to low collection rate for rent. Mr. Recker explained that most properties are performing well and Dwelling Place can assist through intercompany loans if needed. However, if the trend of high vacancy and low collection of rent continues, he will evaluate how to proceed. The turnover rate is lower than 2019 2nd quarter, this is because Dwelling Place is not evicting tenants for non-payment of rent. Average days vacant has been affected greatly as well; Due to Covid-19, unit turn process, face to face meetings, court closure, and the referral process have been delayed. Economic vacancy includes bad debt, which is \$30,000 under budget. This is due to low evictions and move outs. Tenant receivables have increased compared to 2019 2nd quarter. Tenants who do not have subsidy are struggling to make rent payments, which increases tenant receivable. Operating income compared to budget was higher. As

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mentioned before, there have been deferred operating costs that will be incurred in the 3rd quarter as restrictions are lifted.

**2nd QUARTER
FINANCIALS**

Mr. Recker presented the 2nd quarter financials for Dwelling Place and related entities. The net income is under budget due to vacancy loss, however there was a budgeted deferred development fee that was received in the 2nd quarter. Expenses are under budget due to postponed maintenance repairs and the PPP loan which credited salary expenses. Cash flow is positive largely due to the Ferguson closing. Dwelling Place received \$538,000 from MSHDA as a deferred developer fee. Also, Ferguson's payables to Dwelling Place were paid through the replacement reserve. The financial ratios show that Dwelling Place is performing better than the NeighborWorks peers. Contributions and grants are over budget due to the fundraising initiative from the capital campaign. Other income is over budget due to the sale of the old Ferguson entity during the closing. The Ferguson pre-development costs were reimbursed to Dwelling Place from the new Ferguson entity. The combined balance sheet shows the cash and cash equivalent that is available for current and future construction projects.

**UPDATES AND
ANNOUNCEMENTS**

Mr. Bennet gave an update on the Ferguson construction project. The majority of the demolition is completed, and everything is moving smoothly. Mr. Recker mentioned that the finance team is working on 2021 budgets and starting the process of the PPP loan forgiveness.

**PROPOSED AGENDA
AND NEXT MEETING
DATE**

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

ADJOURNMENT

The Finance Committee meeting was adjourned at 1:12PM by Ms. Erickson.