

DWELLING PLACE OF GRAND RAPIDS

FINANCE COMMITTEE

March 31, 2021

Minutes – Approved May 26, 2021

- MEMBERS PRESENT:** Sadie Erickson, Holly Jacoby, Angela Sanborn, Gilbert Segovia
- MEMBERS ABSENT** Troy Stressman
- STAFF PRESENT:** Jessica Beeby, Chris Bennett, Jessica Johnson, Rebecca Long, Karen Monroe, Laurie Mullennix, Steve Recker, Dennis Sturtevant, Grace Thuo, Brandon Watson, Mason Lundsted, Sarah Tafelsky
- COMMENCEMENT** The meeting was convened at 12:02 pm by Ms. Erickson
- APPROVAL OF JANUARY MINUTES** **Minutes of the Finance Committee meeting of January 27, 2021 were approved by motion of Mr. Segovia, supported by Ms. Sanborn and carried unanimously.**
- REVIEW OF 2020 UNAUDITED FINANCIALS**
- Mr. Recker presented the 2020 Unaudited Financials, starting with the Dashboard – Key Financial Ratios, which represent performance on the balance sheet and income statement together. He noted that performance was above our peers in the NeighborWorks Member Network, except for Total Days Cash category and even then, there was a small difference. He also added that Total Days Cash does not include investment accounts in Northern Trust. There is a substantial amount (approximately \$10 million) available in those investments if needed.
- The large payables were attributed to three ongoing construction projects, Ferguson Apartments, Avenida Brillante, and Suroeste Brillante. Those payables were paid through equity. Ratios could go up if there are not many ongoing construction projects by the end of the year.
- Current maturities, or short-term debt, is represented in the Leverage & Debt Ratios section. Mr. Recker noted that it is a little over double the percentage if construction is excluded. Mr. Sturtevant provided some background on the construction loans and the reason why it is important terms on the construction loans extend beyond the construction period. Ms. Erickson asked for clarification on what would be included in short-term debt outside of construction. Mr. Recker answered it would be other current maturities, such as the mortgage on Weston Apartments and other project-specific loans.
- Mr. Recker reviewed Income, Expenses, Operating Income, and Cash Flow and noted that vacancy loss was \$500,000 over budget due to the pandemic, while expenses were just under budget. There was a difference of \$1.9 million in cash flow, again related to the pandemic's effect on overall property performance, as well as a commercial space build out for Ferris University at Avenida Brillante and other delays

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related to construction and developer fee earned versus cash paid. He noted that there was a small error in the budget number for an elimination on developer fee and upon correction the number would have been closer to budget.

Mr. Segovia asked if there were any concerns about cash flow at properties. Mr. Recker responded there were some concerns about cash flow at Harvest Hill. Since Harvest Hill exited the Rural Development program on 6/1/2020, there have been improvements. Rents were able to be increased for new residents and the current residents were informed they were eligible for housing vouchers. As of today, all but two residents have applied. West Shore Apartments, another Rural Development property, also has some cash flow issues. It requires a break-even budget though. Roosevelt Apartments in Muskegon Heights had issues with cash flow related to the utility setup during construction. That is slowly being corrected as new residents move-in.

Mr. Segovia also asked for clarification on the approval process for new projects. Mr. Sturtevant explained the Real Estate Development and Asset Management (RED & Asset Management) Committee reviews and recommends prospective projects to the Board for approval. The Committee has a policy with specific criteria that need to be met before recommendations to the Board.

**UPDATES AND
ANNOUNCEMENTS**

Ms. Erickson provided an update on the document requests and sharing between the Finance and RED & Asset Management Committees. It was decided that documents include the budget for cash flow on projects, to better understand performance. Additionally, there will be an annual joint Finance and RED & Asset Management Committee meeting every April. The first joint meeting has been scheduled for April 12th at 11:30 am.

Mr. Sturtevant mentioned that the April Board of Directors meeting includes proposed edits to the Finance and RED & Asset Management Committee descriptions.

**PROPOSED AGENDA
AND NEXT MEETING
DATE**

The next Finance Committee meeting will be held on Monday, April 12, 2021 from 11:30 PM to 1:30 PM.

ADJOURNMENT

The Finance Committee meeting was adjourned at 12:55 pm by Ms. Erickson.