

AGENDA
ANN ARBOR HOUSING DEVELOPMENT CORPORATION
REGULAR MEETING
May 17, 2017

Meeting Time and Location: **approximately 7 pm after AAHC meeting**
727 Miller Ave, Ann Arbor, MI

- I. APPROVAL OF AGENDA
- II. APPROVAL OF MINUTES
 - A. Regular Board Meeting Minutes of January 18, 2017
- III. NEW BUSINESS
 - A. Annual Meeting
 - B. Resolution 17-1 Annual Officer Elections of Board
 - C. Review Financials
 - D. Resolution 17-2 Adopt Annual Budget
 - E. Resolution 17-3 Approve the 2016 Maple Tower audit
 - F. Resolution 17-4 Approve the 2016 River Run audit
- IV. ADJOURNMENT

MINUTES
ANN ARBOR HOUSING DEVELOPMENT COMMISSION
ANNUAL BOARD MEETING
January 18, 2017

Meeting Time and Location: **7:18 p.m.**
106 Packard, Ann Arbor, MI

President Hayes convened the meeting at 7:18 p.m.

Board Members present: Tim Colenback, Daniel Lee, Gwenyth Hayes, Jennifer Hall, Audrey Wojtkowiak, Mary Jo Callan

Board Members absent: Lee Meadows

I. Approval of Agenda

Lee moved and *Colenback* seconded.

Motion approved 6 – 0 (Colenback, Wojtkowiak, Callan, Hall, Hayes, Lee - yes, 0 – no)

II. Approval of Minutes Regular Board Meeting Minutes of November 16, 2016

Colenback moved and *Lee* seconded.

Motion approved 6 – 0 (Colenback, Wojtkowiak, Callan, Hall, Hayes, Lee - yes, 0 – no)

III. Old Business

A. Resolution 16-9 To approve the FY 16 990 Tax Return for the Ann Arbor Housing Development Corporation

Lee moved and *Wojtkowiak* seconded.

Motion approved 6 – 0 (Colenback, Wojtkowiak, Callan, Hall, Hayes, Lee - yes, 0 – no)

B. Resolution 16-10 To approve the FY 15 Audit and Tax Return for Maple Tower

Colenback moved and *Lee* seconded.

Motion approved 6 – 0 (Colenback, Wojtkowiak, Callan, Hall, Hayes, Lee - yes, 0 – no)

C. Resolution 16-11 To approve the FY 15 Audit and Tax Return for River Run

Wojtkowiak moved and *Lee* seconded

Motion approved 6 – 0 (Colenback, Wojtkowiak, Callan, Hall, Hayes, Lee - yes, 0 – no)

D. Review of Financials

E. Board Planning Retreat

The board agreed to plan a retreat for the early summer, after the first cash-flow proceeds are received from Maple Tower and River Run. Topics to include: boundary scanning, human service funding, and future development. Mary Jo Callan offered to help plan and suggested an outside facilitator.

IV. Adjournment

Callen moved and *Lee* seconded. Meeting adjourned 7:47 PM

RESOLUTION FY17-1 AAHDC

Resolution to Elect the Board Officers of President, Vice President and Secretary-Treasurer

The Ann Arbor Housing Development Corporation will hold a regular annual meeting of the Board in May or as soon as feasible thereafter, for the purpose of electing officers, passing upon reports of the previous fiscal year, and transacting such other business as may be properly brought before the meeting. The Board must elect 3 officers: President, Vice President, and Secretary-Treasurer. The President and Vice President must be members of the Board but the Secretary-Treasurer does not.

Section 6. President. The President:

- (a) Shall be the principal executive officer of the Corporation, shall supervise and control all of the business and affairs of the Corporation, and unless otherwise determined by the Board, shall preside at all meetings of the Board;
- (b) May sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed on behalf of the Corporation, except in cases in which the signing and execution thereof shall be expressly delegated by the Board, or by these Bylaws, to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and
- (c) Shall in general perform all duties incident to the office of the president and such other duties as may be prescribed by the Board from time to time.

Section 7. Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him or her by the Board.

Section 8. Secretary-Treasurer. The Secretary-Treasurer shall:

- (a) Keep the minutes of the meetings of the Member and the Board in one or more books provided for that purpose;
- (b) See that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) Be custodian of the corporate records and have general charge of the books of the Corporation;
- (d) Keep a register of the names and mailing addresses of all directors and officers;
- (e) Keep on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Corporation containing all amendments thereto (which copies shall always be open to the inspection of the Member and any director), and at the expense of the Corporation, forward a copy of the Bylaws and of all amendments thereto to each director;
- (f) Have charge and custody of and be responsible for all funds of the Corporation;
- (g) Be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Corporation and for the deposit of all such monies in the name of the Corporation in such bank or banks, trust companies or other depositories, as shall be selected in accordance with the provisions of these Bylaws; and
- (h) In general, perform all the duties incident to the office of Secretary and the office of Treasurer, and such other duties as from time to time may be assigned to him or her by the Board.

WHEREAS, The Ann Arbor Housing Development Corporation at its annual meeting must elect the positions of President, Vice President and Secretary-Treasurer; and

NOW THEREFORE BE IT RESOLVED THAT, the Ann Arbor Housing Development Corporation Board appoints the following Board member positions.

Motion by _____ seconded by _____

to appoint _____ for Board President

Motion by _____ seconded by _____

to appoint _____ for Board Vice President

Motion by _____ seconded by _____

to appoint _____ for Board Secretary/Treasurer

Budget Comparison

Period = Mar 2017

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
3100-00-000	TENANT INCOME								
3600-00-000	OTHER INCOME								
3610-00-000	0.00	4.00	-4.00	-100.00	0.00	36.00	-36.00	-100.00	51.00
3650-00-000	0.00	0.00	0.00	N/A	57.67	0.00	57.67	N/A	0.00
3670-00-000	2,000.00	2,000.00	0.00	0.00	315,817.00	18,000.00	297,817.00	1,654.54	24,000.00
3670-01-000	0.00	0.00	0.00	N/A	730.00	0.00	730.00	N/A	0.00
3680-00-000	0.00	0.00	0.00	N/A	145,500.00	0.00	145,500.00	N/A	0.00
3699-00-000	0.00	4.00	-4.00	-100.00	146,287.67	36.00	146,251.67	406,254.64	51.00
3999-00-000	2,000.00	2,004.00	-4.00	-0.20	462,104.67	18,036.00	444,068.67	2,462.12	24,051.00
4000-00-000	EXPENSES								
4100-00-000	ADMINISTRATIVE								
4130-00-000	Legal Expense								
4130-04-000	0.00	2.00	2.00	100.00	0.00	14.00	14.00	100.00	20.00
4131-00-000	0.00	2.00	2.00	100.00	0.00	14.00	14.00	100.00	20.00
4139-00-000	Other Admin Expenses								
4140-00-000	0.00	48.00	48.00	100.00	1,879.73	432.00	-1,447.73	-335.12	582.00
4171-00-000	0.00	0.00	0.00	N/A	4,320.00	760.00	-3,560.00	-468.42	760.00
4182-00-000	0.00	4.00	4.00	100.00	3,736.25	32.00	-3,704.25	-11,575.78	44.00
4189-00-000	0.00	52.00	52.00	100.00	9,935.98	1,224.00	-8,711.98	-711.76	1,386.00
4190-00-000	Miscellaneous Admin Expenses								
4190-01-000	0.00	0.00	0.00	N/A	20.00	0.00	-20.00	N/A	0.00
4190-03-000	0.00	4.00	4.00	100.00	0.00	28.00	28.00	100.00	40.00
4190-13-000	0.00	60.00	60.00	100.00	0.00	540.00	540.00	100.00	722.00
4190-19-000	0.00	0.00	0.00	N/A	78.00	0.00	-78.00	N/A	0.00
4190-22-000	0.00	384.00	384.00	100.00	2,448.11	3,456.00	1,007.89	29.16	4,604.00
4191-00-000	0.00	448.00	448.00	100.00	2,546.11	4,024.00	1,477.89	36.73	5,366.00
4199-00-000	0.00	502.00	502.00	100.00	12,482.09	5,262.00	-7,220.09	-137.21	6,772.00
4200-00-000	TENANT SERVICES								
4220-01-000	768.95	0.00	-768.95	N/A	768.95	0.00	-768.95	N/A	0.00
4220-02-000	0.00	0.00	0.00	N/A	20,058.34	0.00	-20,058.34	N/A	0.00
4299-00-000	768.95	0.00	-768.95	N/A	20,827.29	0.00	-20,827.29	N/A	0.00
4400-00-000	MAINTENANCE AND OPERATIONS								
4430-00-000	Contract Costs								
4430-06-000	0.00	0.00	0.00	N/A	31,292.00	0.00	-31,292.00	N/A	0.00
4439-00-000	0.00	0.00	0.00	N/A	31,292.00	0.00	-31,292.00	N/A	0.00
4499-00-000	0.00	0.00	0.00	N/A	31,292.00	0.00	-31,292.00	N/A	0.00
4800-00-000	FINANCING EXPENSE								
4852-00-500	3.23	0.00	-3.23	N/A	38.23	0.00	-38.23	N/A	0.00
4899-00-000	3.23	0.00	-3.23	N/A	38.23	0.00	-38.23	N/A	0.00
8000-00-000	772.18	502.00	-270.18	-53.82	64,639.61	5,262.00	-59,377.61	-1,128.42	6,772.00
9000-00-000	1,227.82	1,502.00	-274.18	-18.25	397,465.06	12,774.00	384,691.06	3,011.52	17,279.00

RESOLUTION FY17-2 AAHDC

Resolution to Adopt the FY18 Budget

The Ann Arbor Housing Development Corporation has a July 1 to June 30 fiscal year. The primary source of revenue has historically been \$2000/month from Cranbrook Towers due to an agreement that was made when the AAHC floated the bonds to build Cranbrook Towers. Cranbrook Towers paid the AAHDC in full in the amount of \$297,817 in FY17 which discontinues the \$2,000/mo revenue stream.

The primary source of revenue in FY18 is from developer fees. HUD does not allow Housing Authorities to be both the RAD voucher administrator and the recipient of the voucher HAP funds (rent subsidies). Consequently, HUD required the AAHC to use an affiliated non-profit entity (AAHDC) to be the developer and general partner of these developments. The developer fees for Maple Tower and River Run are restricted to an operating reserve account until 5 years after the properties are fully operational and have maintained a debt-coverage ratio (DCR) of 1.15

The AAHDC originally budgeted its remaining Maple Tower and River Run developer fees in FY17 and if they are not received in FY17 then they will be received in FY18 instead. MSHDA is still reviewing the final cost certifications and construction documentation. These developer fees are not budgeted for FY18. Colonial Oaks developer fee was also budgeted for FY17 but the development is not complete. Colonial Oaks will be completed in FY18 and the remaining developer fee will be paid in FY18.

The budget submitted to City Council for FY18 projected developer fee revenues from West Arbor in the amount of \$360,000. West Arbor development is complete but the release of the developer fee is dependent on MSHDA releasing the funds. The budget is unchanged from the one submitted to City Council, because it is totally dependent on the timing of developer fee payments, which the AAHDC has very little control over.

Projected expenditures include administrative costs such as audit fees, and miscellaneous board and staffing expenses. The budget also includes two tenant supportive service contracts. The first contract is with SOS, to provide eviction prevention and housing stabilization service for Housing Choice Voucher tenants in the amount of \$21,436/year. FY18 is year 2 of this PILOT program.

In addition, Avalon has a 3-year contract to provide support services to homeless tenants at West Arbor. FY18 is year 2 of this contract in the amount of \$55,213.

WHEREAS, The Ann Arbor Housing Development Corporation at its annual meeting must adopt a budget for FY18; and

NOW THEREFORE BE IT RESOLVED THAT, that the Ann Arbor Housing Development Corporation Board adopts the proposed budget.

Ann Arbor Housing Development Corporation FY18 Budget

3400-00-000 GRANT INCOME

3650-00-000	Miscellaneous Other Income	29	
3680-00-000	Developer Fees	360,000	\$360K balance of WA developer fee \$350K restricted

3699-00-000 TOTAL OTHER INCOME 360,029

4000-00-000 EXPENSES

ADMINISTRATIVE EXPENSES

4171-00-000	Auditing Fees	4,000	
4182-00-000	Consultants	2,000	architect industrial
4190-01-000	Membership and Fees	40	nonprofit entity fee
4190-08-000	Postage	50	
4190-13-000	Printing Expenses	625	related to open house and tenant meetings
4190-22-000	Other Misc Admin Expenses	4,177	mostly open house also board and meeting refreshments

4199-00-000 TOTAL ADMINISTRATIVE EXPENSES 10,892

4200-00-000 TENANT SERVICES

4220-02-000	Tenant Services Support	76,649	WA, SOS
4220-02-001	Tenant Support Services-FSS	551	

4299-00-000 TOTAL TENANT SERVICES EXPENSES 77,200

8000-00-000 TOTAL EXPENSES 88,092

9000-00-000 NET INCOME 271,937

RESOLUTION FY17-3 AAHDC

Resolution to Accept the CY16 Audit for Maple Tower Ann Arbor LDHA, LP from January 1, 2016 to December 31, 2016

WHEREAS, The Ann Arbor Housing Development Corporation (AAHDC) is the sole owner of the Maple Tower, LLC, which is the .01% General Partner of the Maple Tower Ann Arbor Limited Dividend Housing Association, Limited Partnership; and

WHEREAS, Plante and Moran completed the CY16 audit for Maple Tower LDHA, LP from January 1, 2016 to December 31, 2016; and

WHEREAS, the Maple Tower, LLC and the Maple Tower LDHA, LP tax returns will be completed once MSHDA finishes its review of the final cost certifications and issues the 8609 form;

NOW THEREFORE BE IT RESOLVED THAT, the Ann Arbor Housing Development Corporation Board has reviewed the audit for the Maple Tower Ann Arbor Limited Dividend Housing Association, Limited Partnership and acknowledges the document is complete and accurate and grant staff the authority to certify and issue them.

April 6, 2017

To the Partners
Maple Tower Ann Arbor Limited Dividend Housing
Association Limited Partnership and
River Run Ann Arbor Limited Dividend Housing
Association Limited Partnership

We have audited the financial statements of Maple Tower Ann Arbor Limited Dividend Housing Association Limited Partnership and River Run Ann Arbor Limited Dividend Housing Association Limited Partnership (collectively, the "Partnerships") as of and for the year ended December 31, 2016 and have issued our report thereon dated April 6, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 12, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Partnership. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on January 19, 2017.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Partnership are described in Note 2 to the financial statements.

As described in Note 3, the Partnership changed accounting policies related to the simplification of debt issuance costs. We noted no transactions entered into by the Partnerships during the year for which there is a lack of authoritative guidance or consensus.

To the Partners
Maple Tower Ann Arbor Limited Housing Division
Association Limited Partnership and
River Run Ann Arbor Limited Dividend Housing
Association Limited Partnership

April 6, 2017

There are noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant balances, amounts, or disclosures in the financial statements based on sensitive management estimates.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Partnership, and business plans and strategies that may affect the risks of material misstatement with management each year prior to our retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 6, 2017.

To the Partners
Maple Tower Ann Arbor Limited Housing Division
Association Limited Partnership and
River Run Ann Arbor Limited Dividend Housing
Association Limited Partnership

April 6, 2017

Management Consultations with Other Independent Accountants

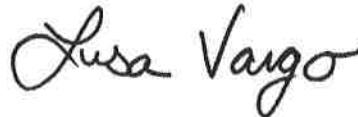
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Partnership's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Information in Documents Containing Audited Financial Statements

This information is intended solely for the use of the partners and management of the Partnership and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Lisa Vargo". The signature is written in a cursive, flowing style.

Lisa Vargo, CPA

RESOLUTION FY17-4 AAHDC

Resolution to Accept the CY16 Audit for River Run Ann Arbor LDHA, LP from January 1, 2016 to December 31, 2016

WHEREAS, The Ann Arbor Housing Development Corporation (AAHDC) is the sole owner of the River Run, LLC, which is the .01% General Partner of the River Run Ann Arbor Limited Dividend Housing Association, Limited Partnership; and

WHEREAS, Plante and Moran completed the CY16 audit for River Run LDHA, LP from January 1, 2016 to December 31, 2016; and

WHEREAS, the River Run, LLC and the River Run LDHA, LP tax returns will be completed once MSHDA finishes its review of the final cost certifications and issues the 8609 form;

NOW THEREFORE BE IT RESOLVED THAT, the Ann Arbor Housing Development Corporation Board has reviewed the audit for the River Run Ann Arbor Limited Dividend Housing Association, Limited Partnership and acknowledges the document is complete and accurate and grant staff the authority to certify and issue them.