

AGENDA

ANN ARBOR HOUSING DEVELOPMENT CORPORATION REGULAR MEETING

January 15, 2025

Meeting Time: 7:00 pm
Location: Virtual on Zoom

Meeting Link: Join Zoom Meeting
<https://a2gov.zoom.us/j/97119904615?pwd=XmawQEG9BBNQs85nDnBobcs4LvViiR.1>

Meeting ID: 971 1990 4615
Passcode: 063249

One tap mobile
+13126266799,,97119904615# US

- I. APPROVAL OF AGENDA
- II. APPROVAL OF MINUTES
 - A. Board Meeting Minutes of December 12, 2024
- III. NEW BUSINESS
 - A. Resolution 25-1 Approval to Remove Norstar from the Swift Lane Partnership
 - B. Resolution 25-2 Approval of Siller Terrace FY24 Audit
 - C. New Office/Maintenance Search Update
 - D. December 2024 Financial Statement Review
- IV. ADJOURNMENT

MINUTES

ANN ARBOR HOUSING DEVELOPMENT CORPORATION REGULAR MEETING

December 12, 2024

Meeting Vote by EMAIL

Board Members voting: Boer, Hall, Batalonga, Jenkins and Weber

Board Members not voting: Lee and Daniels

I. NEW BUSINESS

- A. Resolution 24-28: \$296,950 Contract with Homeland Solar to install solar panels at West Arbor
- B. Resolution 24-29: \$175,100 Contract with Harper Electric to consolidate electric meters at West Arbor to support solar installation

Vote by email 5-0 (Boer, Hall, Batalonga, Jenkins and Weber)

Resolution 25-1

SWIFT LANE GP, LLC

ACTION BY JOINT WRITTEN CONSENT OF THE MEMBERS

January 15, 2025

ANN ARBOR HOUSING DEVELOPMENT CORPORATION, a Michigan nonprofit corporation (“AAHDC”) and NORSTAR SWIFT LANE, INC., a Michigan corporation (“Norstar”), being the members (each, a “Member” and, collectively, the “Members”) of **SWIFT LANE GP, LLC**, a Michigan limited liability company (the “**Company**”), acting by written consent pursuant to the Amended and Restated Operating Agreement of the Company dated as of March 28, 2017 (the “Agreement”), do hereby consent to and adopt the following resolutions effective as of the date first written above:

WHEREAS, the Members entered into and adopted the Agreement, pursuant to which each Member was admitted as a member of the Company;

WHEREAS, the Company is the general partner (“General Partner”) of SWIFT LANE LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP, a Michigan limited partnership (the “Partnership”);

WHEREAS, Norstar desires to withdraw as a Member of the Company and irrevocably abandon all of its right, title and interest in and to all of its membership interests in the Company (the “Withdrawal”); and

WHEREAS, the Withdrawal is acceptable to the Company, and the Company has obtained the consent of FIRST STERLING INVESTOR 195 LLC, a New York limited liability company, the Investor Limited Partner of the Partnership;

NOW, THEREFORE, IT IS RESOLVED that Norstar hereby withdraws as a Member of the Company, relinquishes all of its rights and title to its membership interest in the Company, and acknowledges that it has no further claim or rights against the Company in regard to its membership interests in the Company.

IT IS FURTHER RESOLVED that the AAHDC hereby consents to the Withdrawal of Norstar as a Member of the Company, and this action is approved, ratified and confirmed; and

IT IS FURTHER RESOLVED that Jennifer Hall the Manager of the Company (the “Authorized Persons”), are authorized, empowered and directed to prepare, execute and deliver, or cause to be prepared, executed and delivered, any and all additional

documents which such Authorized Persons deem necessary, appropriate or advisable in order to effectuate the purposes of these resolutions;

IT IS FURTHER RESOLVED that all actions heretofore taken by the Authorized Persons, that would have been authorized by this written consent if taken prior to their adoption, are hereby approved, ratified and confirmed in all respects as the acts and deeds of the Company; and

IT IS FURTHER RESOLVED that this written consent may be executed in separate counterparts, and upon such execution and delivery of a signature page to this written consent, whether by facsimile transmission or by e-mail delivery of a scanned or digitized image of a handwritten signature, such counterparts shall have the same force and effect as an original and together shall constitute one and the same instrument.

[SIGNATURE PAGES FOLLOW]

SIGNATURE PAGE TO JOINT WRITTEN CONSENT
OF SWIFT LANE GP, LLC

The undersigned have executed the Action by Written Consent of the Members of Swift Lane GP, LLC as of the date first written above.

MEMBER:

**Ann Arbor Housing Development
Corporation,**

a Michigan nonprofit corporation

By: _____

Jennifer Hall, Secretary/Treasurer

MANAGER:

Jennifer Hall, Executive Director Ann Arbor
Housing Commission

SIGNATURE PAGE TO JOINT WRITTEN CONSENT
OF SWIFT LANE GP, LLC

The undersigned has executed the Action by Written Consent of the Members of Swift Lane GP, LLC as of the date first written above.

Norstar Swift Lane, Inc.,
a Michigan corporation

By:

Its:

SIGNATURE PAGE TO JOINT WRITTEN CONSENT
OF SWIFT LANE GP, LLC

The undersigned, as the Investor Limited Partner of Swift Lane Limited Dividend Housing Association Limited Partnership, a Michigan limited partnership (the "Partnership"), consents to the Withdrawal of Norstar Swift Lane, Inc. as a member of Swift Lane GP, LLC, the General Partner of the Partnership.

FIRST STERLING INVESTOR 195 LLC,
a New York limited liability company

By: Sterling Corporate Services LLC,
a New York limited liability company

Its: Manager

By:

Its:

Resolution 25-2

To Approve the FY24 Audit for Siller Terrace LLC

WHEREAS, Smith and Klaczkiwicz completed the FY24 audits for Siller Terrace LLC which includes a 15-month period from April 2023 to June 2024 because it is the first audit since the property was acquired;

RESOLVED THAT, the Ann Arbor Housing Development Corporation Board has reviewed the FY24 audit and management letter for Siller Terrace LLC and acknowledges the documents are complete and accurate and grant staff the authority to certify and issue them.



SMITH & KLACZKIEWICZ, PC
CERTIFIED PUBLIC ACCOUNTANTS

THOMAS J. SMITH, CPA
(989)751-1167

ROBERT R. KLACZKIEWICZ, CPA
(989)751-3064

A VETERAN OWNED BUSINESS

January 8, 2024

To the Board of Directors of
Siller Terrace, LLC

We have audited the financial statements of *Siller Terrace, LLC* for the 15-month period ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 31, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by *Siller Terrace, LLC* are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the Entity during the 15-month period for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of depreciable assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures 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.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 8, 2025.

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 Entity'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 Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as **Siller Terrace, LLC's** auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of **Siller Terrace, LLC** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Smith + Klayhewig PC

Saginaw, Michigan

SILLER TERRACE, LLC.

Financial Statements

For the 15-month period ended June 30, 2024



SMITH & KLACZKIEWICZ, PC
CERTIFIED PUBLIC ACCOUNTANTS

SILLER TERRACE, LLC.

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SMITH & KLACZKIEWICZ, PC
CERTIFIED PUBLIC ACCOUNTANTS

THOMAS J. SMITH, CPA
(989) 751-1167

ROBERT R. KLACZKIEWICZ, CPA
(989) 751-3064

A VETERAN OWNED BUSINESS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Siller Terrace, LLC.
Ann Arbor, MI

Opinion

We have audited the accompanying financial statements of *Siller Terrace, LLC*, which comprise the balance sheet as of June 30, 2024, and the related statements of operations and cash flows for the 15-month period then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Siller Terrace, LLC* as of June 30, 2024, and the changes in its equity and its cash flows for the 15-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of *Siller Terrace, LLC* and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about *Siller Terrace, Inc 's* ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of *Siller Terrace, LLC's* internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about *Siller Terrace, LLC's* ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Smith + Klaesheinwig PC

Saginaw, Michigan

January 8, 2025

Siller Terrace, LLC
Balance Sheet
June 30, 2024

Assets

Current assets:	
Cash and cash equivalents	\$ 5,638
Cash - tenant security deposits	30,217
Cash - restricted for operating reserves	100,000
Cash - restricted for replacement reserves	135,624
Prepaid expenses	6,690
Total current assets	278,169
Noncurrent assets:	
Land	412,000
Construction in progress	12,000
Buildings	3,708,000
Site improvements	97,960
Accumulated depreciation	(158,174)
Total noncurrent assets	4,071,786
Total assets	\$ 4,349,955

Liabilities and Equity

Current liabilities:	
Accounts payable	\$ 29,198
Accrued liabilities	40
Tenant security deposits	30,217
Unearned revenue	3,878
Accrued compensated absences - current	2,435
Total current liabilities	65,768
Noncurrent liabilities:	
Accrued compensated absences - noncurrent	2,339
Mortgage payable	1,500,000
Total noncurrent liabilities	1,502,339
Total liabilities	1,568,107
Equity	
Restricted	235,624
Unrestricted	2,546,224
Total equity	2,781,848
Total liabilities and equity	\$ 4,349,955

The accompanying notes are an integral part of these financial statements.

Siller Terrace, LLC
Statement of Operations
For the 15-Month Period Ended June 30, 2024

Revenues

Tenant revenue	\$ 344,356
Rent subsidies	9,763
Other revenue	930
Contribution - City of Ann Arbor	<u>3,500,000</u>
 Total revenue	 <u>3,855,049</u>

Expenses

Wages and benefits	113,000
Office expenses	40
Tenant services	13,332
Contract costs	84,342
Management fee	20,671
Developer fee	250,000
Repairs and maintenance	70,551
Benefits	2,679
Professional services	139,619
Utilities	37,867
Travel and training	202
Insurance	14,470
Supplies	4,772
Miscellaneous	757
Printing	303
License and fees	20,924
Payment in lieu of taxes	65,712
Interest expense	64,896
Bad debt expense	10,890
Depreciation	<u>158,174</u>

Total cost of operations	<u>1,073,201</u>
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Net income (loss)	2,781,848
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Beginning of the period equity	<u>-</u>
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End of period equity	<u><u>\$ 2,781,848</u></u>
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The accompanying notes are an integral part of these financial statements.

Siller Terrace, LLC
Statement of Cash Flows
For the 15-Month Period Ended June 30, 2024

Cash flows from operating activities	
Change in equity	\$ 2,781,848
Adjustments to reconcile change in equity to net cash provided by (used in) operating activities:	
Depreciation	158,174
(Increase) decrease in operating assets	
Prepaid expenses	(6,690)
Increase (decrease) in operating liabilities	
Accounts payable	29,198
Accrued liabilities	4,814
Tenant security deposits	30,217
Unearned revenue	3,878
Net cash provided by (used in) operating activities	<u>3,001,439</u>
Cash flows from capital and related financing activities	
Purchase of property and equipment	(4,229,960)
Proceeds from mortgage payable	1,500,000
Net cash provided by (used in) capital and related financing activities	<u>(2,729,960)</u>
Net increase (decrease) in cash	271,479
Cash - beginning of period	<u>-</u>
Cash - end of period	<u>\$ 271,479</u>
Reconciliation of cash and cash equivalents per the Balance Sheet to the Statement of Cash Flows	
Cash and cash equivalents	\$ 5,638
Cash - tenant security deposits	30,217
Cash - restricted for operating reserves	100,000
Cash - restricted for replacement reserves	135,624
Cash and cash equivalents - end of period	<u>\$ 271,479</u>

The accompanying notes are an integral part of these financial statements.

SILLER TERRACE, LLC.
Notes to Financial Statements
For the 15-Month Period Ended June 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Siller Terrace, LLC (the “Company”) was organized in April 2023 under the laws of the State of Michigan to develop, own, operate and rehabilitate 16-units of affordable housing located within the boundaries of the City of Ann Arbor, Michigan. The Company has one member, the Ann Arbor Housing Development Corporation (the “AAHDC”), a Michigan nonprofit corporation. The Company commenced operations in April 2023.

Operating profits and losses are determined and allocated to the AAHDC at the end of the fiscal period.

Basis of Presentation

The financial statements of the Company are prepared on the accrual basis of accounting and include the assets, liabilities and changes in equity relating to the business of the Company. The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Assets and Liabilities

Cash

Cash consists of cash on deposit and short-term investments with maturities of three months or less. The Company's cash accounts are subject to the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000 per financial institution.

Receivables and Payables

All receivables and payables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid expenses.

Properties and Depreciation

Buildings and improvements are recorded at cost, improvements are capitalized and expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of operations. The rental property will be depreciated over estimated service lives using the straight-line method as follows when completed:

Buildings	30 years
Site improvements	20 years

SILLER TERRACE, LLC.
Notes to Financial Statements
For the 15-Month Period Ended June 30, 2024

Rental Income and Security Deposits

Rental income is recorded as earned and amounts received in advance are classified as unearned rent revenue. Security deposits are segregated from rental income. All leases between the tenants and the Company are operating leases and are considered for renewal on an annual basis.

Compensated Absences

It is the Company's policy to permit employees to accumulate a limited amount of earned but unused vacation days. Employees are allowed to accumulate a maximum amount of hours of annual vacation to which he/she is entitled based upon years of service with the Organization. Upon separation from the Organization, employees will be paid their balance of unused vacation days.

Income Taxes

The Company is a pass-through entity for income tax purposes and, as such, is not subject to income taxes. The Company's federal tax status as a pass-through entity is based on its legal status as a LLC. The Company is required to file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure.

The Company has implemented the Financial Accounting Standards Board (FASB) provisions regarding accounting for uncertainty in income taxes, which had no material effect on the financial statements. Management records contingent liabilities in accordance with U.S. GAAP and believes the Company has no material uncertain tax positions.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B: RELATED PARTY TRANSACTIONS

The AAHC manages the project for certain fees. The AAHC commenced management of the project in April 2023. The AAHC received management fees of \$20,671 during the 15-month period ended June 30, 2024.

SILLER TERRACE, LLC.
Notes to Financial Statements
For the 15-Month Period Ended June 30, 2024

NOTE C: CAPITAL ASSETS

Capital asset activity for the 15-month period was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ -	\$ 412,000	\$ -	\$ 412,000
Construction in progress	-	12,000	-	12,000
	<u>-</u>	<u>424,000</u>	<u>-</u>	<u>424,000</u>
Total capital assets not being depreciated	-	424,000	-	424,000
Capital assets being depreciated				
Buildings	-	3,708,000	-	3,708,000
Site improvements	-	97,960	-	97,960
	<u>-</u>	<u>3,805,960</u>	<u>-</u>	<u>3,805,960</u>
Total capital assets being depreciated	-	3,805,960	-	3,805,960
Less accumulated depreciation				
Buildings	-	(154,500)	-	(154,500)
Site improvements	-	(3,674)	-	(3,674)
	<u>-</u>	<u>(158,174)</u>	<u>-</u>	<u>(158,174)</u>
Total accumulated depreciation	-	(158,174)	-	(158,174)
Net capital assets being depreciated	-	3,647,786	-	3,647,786
Total net capital assets	<u>\$ -</u>	<u>\$ 4,071,786</u>	<u>\$ -</u>	<u>\$ 4,071,786</u>

SILLER TERRACE, LLC.
Notes to Financial Statements
For the 15-Month Period Ended June 30, 2024

NOTE D: LONG-TERM DEBT

Long-term debt activity for the 15-month period was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Mortgage payable to Ann Arbor Community Foundation Maturing April 2033 bearing Interest ranging from 3.5% to 4.5%.	\$ -	\$1,500,000	\$ -	\$1,500,000	\$ -
Accrued compensated absences	-	4,774	-	4,774	2,435
Total	\$ -	\$1,504,774	\$ -	\$1,504,774	\$ 2,435

Maturities of the long-term debt (excluding compensated absences) are as follows:

Year Ending June 30	Principal	Interest
2025	\$ -	\$ 52,500
2026	-	52,500
2027	-	52,500
2028	-	52,500
2029	-	59,875
2030-2033	1,500,000	254,875
Total	\$ 1,500,000	\$ 524,750

NOTE E: CONCENTRATIONS OF CREDIT RISK

The Company maintains its cash accounts in a national bank and does not consider there to be a significant credit risk arising from deposits in excess of federally insured limits.

NOTE F: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2024 have been evaluated for possible adjustment to the financial statements or disclosure is January 8, 2025 which is the date on which the financial statements were available to be issued.





ANN ARBOR HOUSING COMMISSION

ANN ARBOR HOUSING COMMISSION

727 Miller Avenue, Ann Arbor, Michigan 48103
Phone (734) 794-6720 • Fax (734) 994-0781 • www.a2gov.org

7/25/2024

Bernerd K. Rice, MED, CFD, CHR
Assistant Superintendent, Capital Programs & Physical Properties
Ann Arbor Public Schools
2555 S. State Street
Ann Arbor, MI 48104

Dear Mr. Rice,

The Ann Arbor Housing Commission (AAHC), through its nonprofit the Ann Arbor Housing Development Corporation (AAHDC), would like to make a purchase offer of \$3.5 million to the Ann Arbor Public Schools for the Balas Building located at 2555 S. State Street, not including the NE parking lot where bus drivers currently park. Alternatively, the AAHC would like to make a purchase offer of \$4.0 million and will sell back the parking lot to the AAPS for \$500,000 at closing, with the values supported by an appraisal. The AAHC will make a \$100,000 earnest money deposit.

The AAHC organization is growing as we continue to develop new affordable housing projects in the City of Ann Arbor. The AAHC needs a variety of spaces including office space, warehouse space, a loading dock and maintenance facilities. The Balas building meets all of these needs in one location.

AAHC staff are currently operating out of 3 overcrowded and inadequate buildings to meet our existing and growing space needs. Consolidating all of our staff in one location will enable us to provide adequate workspaces, consolidate front desk customer services and provide room for inventory and maintenance functions. In addition, the large warehouse space at Balas will enable us to start taking furniture donations for future residents, which we currently cannot do, because we do not have a storage facility.

The Balas building is large enough to meet the needs of the AAHC as well as our nonprofit partners. We have talked to several nonprofits that are looking for more affordable space. We are very excited to increase our opportunities to collaborate and save scarce resources by sharing this space.

If the AAPS Administration and Board agree to enter into a purchase agreement with the AAHDC, the purchase agreement will need to include the following due diligence contingencies:

- 1) Approval by the Ann Arbor Housing Development Corporation Board
- 2) Approval by the Ann Arbor City Council
- 3) Title Insurance
- 4) Appraisal
- 5) Financing. The AAHC will be financing about 50% of the purchase price
- 6) Survey and lot split to split the NE parking lot from the rest of the parcel so that AAPS can retain ownership of the parking lot for its bus drivers.



- 7) Phase I and environmental testing if necessary. If there are existing environmental tests such as ACM, LBP, or radon tests, we would like copies of those documents.
- 8) Building inspection

The AAHC is flexible on the purchase date and can work with AAPS to enable you to move out your staff, furnishings, and IT equipment on a reasonable, and if needed, a staggered time schedule. The AAHC would not require AAPS to remove all furnishing and equipment and leave the building in broom clean condition. If there are furnishings and equipment that AAPS does not intend on using at other locations, we would like the opportunity to decide whether to keep or remove furnishings and equipment that AAPS leaves in the building. The AAHC will take responsibility for trash removal and cleaning after we purchase the building.

In addition, the AAHC is flexible about providing additional overflow parking for the bus drivers in the parking lot outside the maintenance area fence on Boardwalk. In exchange we would appreciate access to the accessible parking space in the NE parking lot that is near the door to the building. If that is agreeable, we would like to include an access agreement in the purchase agreement.

I am very excited by this opportunity, and I hope that we can work together to support each other's building and staffing needs. The AAHC will pay for an attorney to create a purchase agreement, to be approved by the AAPS's attorney, if the AAPS approves the general terms of this purchase offer.

Please let me know if you have any questions,

Sincerely,



Jennifer Hall
Executive Director
734 794-6721
Jhall@A2gov.org

Balance Sheet

Period = Dec 2024

Book = Accrual ; Tree = ysi_bs

		Current Balance
1000-00-000	ASSETS	
1100-00-000	CASH	
1110-00-000	Unrestricted Cash	
1111-81-001	AAHDC - Savings - CSB	7,765
1111-82-000	AAHDC Checking-Chelsea Bank	110,651
1111-99-000	Total Unrestricted Cash	118,416
1113-00-000	Investments	
1113-02-000	Investments - AAHDC Gen Funds - MI Class	801,196
1113-03-000	Investments - AAHDC Aff Hsg Mill Funds - MI C	6,927,052
1113-04-000	Investments - AAHDC Mental Hlth Mill Funds -	511,861
1113-05-000	Investments - AAHDC Marijuana Reb Funds - M	1,026,160
1113-99-000	Total Investments	9,266,270
1119-00-000	TOTAL CASH	9,384,686
1120-00-000	ACCOUNTS AND NOTES RECEIVABLE	
1129-00-000	A/R-Other	486,224
1129-01-000	A/R Employees	2,597
1129-99-000	Allowance for Doubtful Accounts-Other	(16,647,897)
1135-04-000	A/R City of Ann Arbor	17,047
1135-05-000	A/R Miscellaneous	11,375,072
1135-07-000	A/R-AAHC	500,000
1145-00-000	Accrued Interest Receivable	3,989,787
1149-00-000	TOTAL ACCOUNTS AND NOTES RECEIVABLE	(277,170)
1160-00-000	OTHER CURRENT ASSETS	
1299-00-000	TOTAL OTHER CURRENT ASSETS	-
1300-00-000	TOTAL CURRENT ASSETS	9,107,515
1400-01-000	FIXED ASSETS	
1400-05-000	Land	8,243,000
1400-06-000	Buildings	227,000
1400-08-000	Furniture and Equipment-Admin.	704,644
1400-10-500	Building Improvements	34,946
1405-01-000	Accum Depreciation-Buildings	(3,165)
1405-03-000	Accum Depreciation-Furn & Equip Admin	(71,614)
1405-90-000	TOTAL FIXED ASSETS	9,134,811
1493-00-000	Notes Receivable - LIHTC	1,283,038
1493-01-000	Notes Receivable - Bridge Loan - Catherine LDHA	423,968
1493-02-000	Notes Receivable - Mortgage - Union @ A2	3,000,000
1499-00-000	TOTAL NONCURRENT ASSETS	13,841,817
1999-00-000	TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES	22,949,332
2111-00-000	A/P Vendors and Contractors	214,561
2200-00-000	Deferred Revenue	204,596

2200-01-000	Deferred Revenue - Affordable Housing Millage	7,375,671
2200-02-000	Deferred Revenue - Mental Health Millage	507,877
2200-03-000	Deferred Revenue - Marijuana Rebate Fund	830,635
2299-00-000	TOTAL CURRENT LIABILITIES	<u>9,133,341</u>
2499-00-000	TOTAL LIABILITIES	<u>9,133,341</u>
2802-00-000	Contributed Capital	<u>67,437</u>
2805-99-000	TOTAL CONTRIBUTED CAPITAL	67,437
2809-00-000	RETAINED EARNINGS:	
2809-02-000	Retained Earnings-Current Year	8,152,417
2809-04-000	Unrestricted Net Assets	(3,068,674)
2809-05-000	Invested in Capital Assets, Net of Related Debt	<u>8,664,811</u>
2809-99-000	TOTAL RETAINED EARNINGS:	<u>13,748,554</u>
2899-00-000	TOTAL EQUITY	<u>13,815,991</u>
2999-00-000	TOTAL LIABILITIES AND EQUITY	<u>22,949,332</u>
9999-99-000	TOTAL OF ALL	<u>-</u>

AAHDC Property List (.aahdc)

Budget Comparison

Period = Dec 2024

Book = Accrual ; Tree = ysl_is

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
3100-00-000	TENANT INCOME								
3101-00-000	Rental Income								
3111-00-000	Tenant Rent	800	800	-	-	4,800	4,800	-	-
3119-00-000	Total Rental Income	800	800	-	-	4,800	4,800	-	-
3199-00-000	NET TENANT INCOME	800	800	-	-	4,800	4,800	-	-
3400-00-000	GRANT INCOME								
3415-00-000	Other Government Grants - Federal	7,739	165,000	(157,261)	(95)	82,098	990,000	(907,902)	(92)
3415-15-000	DDA Revenue	87,000	66,667	20,333	31	112,528	400,002	(287,474)	(72)
3415-16-000	MEDC Revenue	-	-	-	N/A	381,156	-	381,156	N/A
3415-17-000	MSHDA Revenue	30,624	-	30,624	N/A	195,488	-	195,488	N/A
3418-00-000	Grant Revenue	-	-	-	N/A	12,848	-	12,848	N/A
3499-00-000	TOTAL GRANT INCOME	125,363	231,667	(106,304)	(46)	784,118	1,390,002	(605,884)	(44)
3610-00-000	Investment Income - Unrestricted	3,323	12,500	(9,177)	(73)	46,159	75,000	(28,841)	(38)
3611-00-000	Investment Income - Restricted	34,891	-	34,891	N/A	187,755	-	187,755	N/A
3612-00-000	Loan Interest Revenue	-	-	-	N/A	-	-	-	N/A
3650-00-000	Miscellaneous Other Income	315,537	1,850	313,687	16,956	964,831	11,100	953,731	8,592
3651-01-000	Affordable Housing Millage Revenue	96,679	575,574	(478,895)	(83)	3,665,409	3,453,444	211,965	6
3651-02-000	Mental Health Millage Revenue	105,575	94,026	11,549	12	629,009	564,156	64,853	12
3651-03-000	Marijuana Rebate Fund Revenue	54,830	73,750	(18,920)	(26)	651,454	442,500	208,954	47
3670-01-000	Donations	1,675	-	1,675	N/A	2,675	-	2,675	N/A
3670-02-000	Capital Contributions	-	-	-	N/A	435,000	-	435,000	N/A
3680-00-000	Developer Fees	-	-	-	N/A	-	-	-	N/A
3699-00-000	TOTAL OTHER INCOME	1,675	-	1,675	N/A	437,675	-	437,675	N/A
3999-00-000	TOTAL INCOME	738,672	990,167	(251,495)	(25)	7,371,211	5,941,002	1,430,209	24
4000-00-000	EXPENSES								
4100-00-000	ADMINISTRATIVE								
4100-99-000	Administrative Salaries								
4110-00-000	Administrative Salaries	1,384	599	(785)	(131)	7,930	3,594	(4,336)	(121)
4110-05-000	Employee Benefit Contribution-Admin-FSS	-	-	-	N/A	21	-	(21)	N/A
4110-50-000	Contract Employees-Admin	4,103	3,685	(418)	(11)	23,930	22,110	(1,820)	(8)
4110-51-000	Contract Employees-Admin-OT	20	-	(20)	N/A	192	-	(192)	N/A
4110-60-000	Contract-Property Management	1,029	753	(276)	(37)	6,217	4,518	(1,699)	(38)
4110-61-000	Contract Property Management-OT	14	-	(14)	N/A	65	-	(65)	N/A
4110-99-000	Total Administrative Salaries	6,550	5,037	(1,513)	(30)	38,355	30,222	(8,133)	(27)
4139-00-000	Other Admin Expenses								
4140-00-000	Staff Training	-	200	200	100	-	1,200	1,200	100
4171-00-000	Auditing Fees	-	167	167	100	835	1,002	167	17
4182-00-000	Consultants	17,113	4,000	(13,113)	(328)	82,342	24,000	(58,342)	(243)
4184-00-000	Contractor Expense - Admin	5,504	6,875	1,372	20	31,724	41,250	9,526	23
4189-00-000	Total Other Admin Expenses	22,617	11,242	(11,375)	(101)	114,901	67,452	(47,449)	(70)
4190-00-000	Miscellaneous Admin Expenses								
4190-01-000	Membership and Fees	(16)	-	16	N/A	120	-	(120)	N/A
4190-04-000	Office Supplies	-	20	20	100	164	120	(44)	(36)

AAHDC Property List (.aahdc)

Budget Comparison

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Book = Accrual ; Tree = ysl_is

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
4190-09-000	Software License Fees	1,119	-	(1,119)	N/A	6,716	-	(6,716)	N/A	-
4190-20-000	Bank Fees	2	100	98	98	96	600	504	84	1,200
4190-22-000	Other Misc Admin Expenses	828	2,500	1,672	67	12,670	15,000	2,330	16	30,000
4191-00-000	Total Miscellaneous Admin Expenses	1,934	2,620	686	26	19,766	15,720	(4,046)	(26)	31,440
4199-00-000	TOTAL ADMINISTRATIVE EXPENSES	31,100	18,899	(12,201)	(65)	173,023	113,394	(59,629)	(53)	226,784
4200-00-000	TENANT SERVICES									
4220-00-000	Resident Council	-	208	208	100	-	1,248	1,248	100	2,500
4220-01-000	Other Tenant Svcs.	-	-	-	N/A	257,893	-	(257,893)	N/A	-
4220-02-000	Tenant Services Support	201,425	245,983	44,558	18	1,283,694	1,475,898	192,204	13	2,951,799
4230-01-000	Tenant Relocation	-	-	-	N/A	1,200	-	(1,200)	N/A	-
4299-00-000	TOTAL TENANT SERVICES EXPENSES	201,425	246,191	44,766	18	1,542,787	1,477,146	(65,641)	(4)	2,954,299
4310-00-000	Water	-	400	400	100	782	2,400	1,618	67	4,800
4320-00-000	Electricity	995	528	(467)	(88)	4,360	3,168	(1,192)	(38)	6,335
4330-00-000	Gas	846	333	(513)	(154)	1,442	1,998	556	28	4,000
4399-00-000	TOTAL UTILITY EXPENSES	1,841	1,261	(580)	(46)	6,584	7,566	982	13	15,135
4410-50-000	Contract Employees Maintenance	-	359	359	100	3,884	2,154	(1,730)	(80)	4,310
4416-00-000	Contractor Expense - Maintenance	1,094	2,708	1,614	60	5,750	16,248	10,498	65	32,500
4419-00-000	Total General Maint Expense	1,094	3,067	1,973	64	9,634	18,402	8,768	48	36,810
4420-00-000	Materials									
4420-08-000	Plumbing Supplies	-	-	-	N/A	21	-	(21)	N/A	-
4420-21-000	Fire/Life/Safety Expenses & Supplies	60	-	(60)	N/A	532	-	(532)	N/A	-
4429-00-000	Total Materials	60	-	(60)	N/A	553	-	(553)	N/A	-
4430-00-000	Contract Costs									
4430-04-000	Carpet Cleaning Contract Costs	-	-	-	N/A	180	-	(180)	N/A	-
4430-09-000	Grounds Contract Costs	-	-	-	N/A	12,551	-	(12,551)	N/A	-
4430-11-000	Plumbing Contract Costs	-	-	-	N/A	534	-	(534)	N/A	-
4430-16-003	Fire Alarm Inspection Fees	-	-	-	N/A	732	-	(732)	N/A	-
4430-28-900	Lawn Care Contract-Budget for Mowing	-	-	-	N/A	5,323	-	(5,323)	N/A	-
4430-29-000	Snow Removal Contract	4,100	-	(4,100)	N/A	8,200	-	(8,200)	N/A	-
4439-00-000	Total Contract Costs	4,100	-	(4,100)	N/A	27,520	-	(27,520)	N/A	-
4499-00-000	TOTAL MAINTENANCE EXPENSES	5,254	3,067	(2,187)	(71)	37,707	18,402	(19,305)	(105)	36,810
4500-00-000	GENERAL EXPENSES									
4510-20-000	Liability Insurance	301	174	(127)	(73)	3,346	1,044	(2,302)	(220)	2,094
4521-00-000	Misc. Taxes/Liscenses/Insurance	50	3	(47)	(1,567)	100	18	(82)	(456)	40
4525-00-001	Development Expense - General	23,475	722,387	698,912	97	559,923	4,334,322	3,774,399	87	8,668,639
4525-00-002	Development Expense - Maple Tower	-	-	-	N/A	31,811	-	(31,811)	N/A	-
4525-00-003	Development Expense - River Run	-	-	-	N/A	390	-	(390)	N/A	-
4525-00-004	Development Expense - West Arbor	195	-	(195)	N/A	4,485	-	(4,485)	N/A	-
4525-00-005	Development Expense - Swift Lane	-	-	-	N/A	9,020	-	(9,020)	N/A	-
4525-00-006	Development Expense - Colonial Oaks	49,324	-	(49,324)	N/A	282,181	-	(282,181)	N/A	-
4525-00-007	Development Expense - Lurie Terrace	4,232	-	(4,232)	N/A	69,853	-	(69,853)	N/A	-
4525-00-009	Development Expense - 121 Catherine	407,209	-	(407,209)	N/A	1,073,463	-	(1,073,463)	N/A	-
4525-00-010	Development Expense - 350 S. Fifth Ave	-	-	-	N/A	1,730	-	(1,730)	N/A	-
4540-00-000	Affiliated Entities Support	-	-	-	N/A	21,475	-	(21,475)	N/A	-
4570-01-000	Bad Debt Recovery	-	33,333	33,333	100	-	199,998	199,998	100	400,000
4599-00-000	TOTAL GENERAL EXPENSES	484,785	755,897	271,112	36	2,057,777	4,535,382	2,477,605	55	9,070,773

AAHDC Property List (.aahdc)
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		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
8000-00-000	TOTAL EXPENSES	724,405	1,025,315	300,910	29	3,817,877	6,151,890	2,334,013	38	12,303,801
9000-00-000	NET INCOME	14,267	(35,148)	49,415	141	3,553,334	(210,888)	3,764,222	1,785	178,191