



Metropolitan Planning Council

To:	MPC Board of Governors	From:	Paul Carlisle, Chair
Meeting Date: Meeting Time:	Wednesday, June 26, 2024 12:00 pm – 1:30 pm	RSVP:	Kimberly Johnson Kjohnson@metroplanning.org
Where: Hybrid	Virtual: 12:00 p.m. – 12:20 p.m. Formal Business In-Person: 12:00 p.m. – 1:30 p.m. MPC 140 S. Dearborn; Suite 1400		

Agenda

Time	Item
11:30 a.m.	Lunch & Gathering
12:00 p.m. Hybrid	Welcome & Introduction <i>Paul Carlisle, Board Chair</i> March 20, 2024 Board meeting notes (for approval) Today's Objectives <ul style="list-style-type: none"> • Financial Updates and Audit Approval • Executive Search Update • Interim President's Update • Programmatic Updates / Breakout
12:05 p.m.	Financial Update <i>Ramiro J. Atristain-Carrión, Treasurer; Greg Gurley, Chief Operating Officer</i> <ul style="list-style-type: none"> • 2024 YTD Financial Report • 2023 Audit Review and Approval
12:15 p.m.	Governance Update <i>Julian Posada, Co-Chair</i> <ul style="list-style-type: none"> • Executive Search Update



Metropolitan Planning Council

12:25 p.m.	Interim President's Update <i>Chris Conley</i> <ul style="list-style-type: none">• Organization• Development Update• Communications Update• Board and Funder Outreach
12:40 p.m.	Programmatic and Quarterly Reporting <i>Kendra Freeman, Vice President of Programs</i> <ul style="list-style-type: none">• MPC Principals for Major Developments Overview<ul style="list-style-type: none">○ Breakout Conversations
1:25 p.m.	Adjourn Executive Session

Board of Governors Meeting Minutes Wednesday, March 20, 2024 12:00 pm

Meeting Location: Hybrid
MPC | 140 S. Dearborn
Virtual | Zoom

Members in Attendance:

Alex Garza (Virtual)	Jim Mann (In-Person)
Bernard Loyd (In-Person)	Kyle Barnett (In-Person)
Christopher Burke (Virtual)	Linda Goodman (In-person)
Darlene Hightower (In-Person)	Manny Flores (In-Person)
Daryl Newell (Virtual)	Matthew Reilein (Virtual)
David Mook (In-Person)	Melissa Washington (Virtual)
Elle Ramel (Virtual)	Nedra Sims Fears (Virtual)
Eileen Chin (Virtual)	Paul Carlisle (In-Person)
Erica Marquez Avitia (Virtual)	Polly Eldringhoff (Virtual)
Janet Gonzalez Tudor (Virtual)	Ramiro J. Atristain (In-person)
Jessica Droste Yagan (Virtual)	Unmi Song (In-Person)

Staff in Attendance:

Audrey Wennink (In-Person)	Kimberly Johnson (In-Person)
Chandra Christmas-Rouse (In-Person)	Kris Tiongson (Virtual)
Chris Conley (In-Person)	Laura Reilly (In-Person)
Christina Harris (In-Person)	Morgan Murphy (Virtual)
Dan Cooper (In-Person)	Pam Lee (In-Person)
Emma Boczek (In-Person)	Rachel Gaunce (Virtual)
Greg Gurley (In-Person)	Ryan Wilson (In-Person)
Hugo Coronado (In-Person)	Shira Zisook (In-Person)
Justin Williams (Virtual)	Steven Quispe (Virtual)
Kendra Freeman (In-Person)	

Welcome: 12:08 pm. Chair *Carlisle* welcomed MPC board members to the 2024 first-quarter Board meeting.

Carlisle highlighted the agenda for today's meeting:

- Approval of meeting Minutes | December 12, 2023
- Welcome | Chris Conley
- President's Updates
- Financial Updates
- Development and Communications Updates
- Programmatic Updates
- Governance Updates

Chair *Carlisle* asked for a motion to approve the December 12, 2023 meeting minutes. Member *Flores* moved to approve. Member *Atristain* seconded. The minutes were approved as presented.

Carlisle recognized and thanked Bernard Loyd, who has been a board member for 25 years and is retiring effective March 20, 2024. Loyd will move from the Governing board to the Advisory Council.

Carlisle introduced and welcomed Interim President & CEO, *Chris Conley*, who officially started on Monday, March 18, 2024. *Carlisle* announced that *David Mook* will Chair the 90th Anniversary Committee, and thanked him for accepting the role.

Presidents Updates:

Darlene O. Hightower, President & CEO

MPC Institute Update:

The strategic plan was approved in 2022, which included the potential development of an MPC Institute of Education and Development. After working with both the staff and the Board, we have made significant progress, which included the development of a vision statement, environmental scans of 15 organizations, and a steering committee. *Hightower* also covered the findings from the environmental scan which included staffing structure and sources of revenue.

Hightower spoke about the next steps, including assessing staffing needs and capacity, reaching out to potential partners, conducting a readiness assessment, building a theory of change, and exploring funding options. Discussion ensued around the potential of establishing the new Institute as a means to generate additional revenue. Members *Flores* and *Atristain* emphasized the need for strategic and intentional fundraising efforts. Member Mann emphasized the need to avoid any conflicts related to competition in the sector. A brief discussion followed. The possibility of announcing the Institute at an event in October was also discussed.

Member *Atristain* inquired about who would lead the Institute work after April 1st. *Hightower* replied – there will be a broader steering committee that includes Board members and staff who will continue the work. We also recently received a grant to move the work forward.

Financial Updates:

Ramiro Atristain, Board Treasurer and Greg Gurley, COO

2023 Year End Update

Gurley provided an update on the 2023 year-end actuals. The 2023 revenue budget was 5.2M. Currently, the 2023 revenue received is approximately \$4.3M. The Foundation revenue goal exceeded 16%, however, we are behind in Individual, Corporate, and Government giving. He noted that due to outstanding receivables, the year 2023 has not completely closed out yet. We did take the full investment from the strategic plan, as well as the full spending allotment transfer in 2023, totaling \$783k. Based on the recommendation of the Audit & Finance Committee, we took a conservative approach and reduced the 2024 revenue forecast from \$5.2m to \$4.7m.

Gurley highlighted the importance of the finance committee's understanding of the finances early in the process. Therefore, a contingency plan has been developed in case of a revenue shortfall, for the 2024 budget year. After a year of work, we have secured a line of credit through WinTrust to allow for any draws from the endowment.

Member *Atristain* reported that every year, the Investment Committee looks at the allocation of funds. This year, we will focus on reallocating toward a fixed income from equity that has increased. *Atristain* spoke about the importance of the search committee being fully informed about MPC finances early in the search process, rather than waiting until the new CEO starts.

Chair *Carlisle*, pointed out that all three Committees, (Development, Governance and Finance) are a little short-handed and need new members. *Carlisle* will personally contact the board members to find out their level of interest.

Development Updates:

Reilly thanked everyone who sent well wishes and participated in the March 12th kickoff for MPC's 90th anniversary. We also celebrated the launch of the new MPC website and brand identity. *Reilly* further reported on the upcoming 90th anniversary events, with details about the annual event, signature events, and the campaign for sustainable transit.

Reilly discussed the fundraising goal of a million dollars for the year, with plans to reach this through various sponsorship levels. She announced that we have secured a premier sponsor and three lead-level sponsors to date. *Reilly* further talked about the formation of the Ninetieth Anniversary Committee and their responsibilities, which include outreach to prospective sponsors and donors. She also covered the engagement opportunities for board members, which include participating in strategic planning and cultivating relationships on behalf of MPC. *Reilly* emphasized the importance of developing long-term strategies for securing corporate sponsorships and reconnecting with lapsed donors. Discussion ensued around engagement opportunities for board members, strategic planning, and cultivating funder relationships.

Programmatic Updates:

Freeman provided a high-level overview of programmatic work. The US Department of Labor announced their second round of reconnecting communities grants last week. The Chicago Department of Transportation was awarded a \$2M planning grant by the DOT Reconnecting Communities program to repair harm from past transportation investments. MPC's Reconnecting Communities shaped the successful proposal. A letter co-authored by Christina Harris and Dan Cooper, in response to the City's plan for TIF reform, supporting the City's affordable housing and economic development bond issuance, was recently published in *Crain's*. *Freeman* also briefly discussed MPC's newsletter opinion piece about our support of a graduated real estate tax. Member *Mann* asked about the process for MPC position statements. Chair *Carlisle* mentioned that he read the letter before it was published and it was discussed at the last Executive Committee meeting. Member *Mann* asked does Governance of the Board include setting and taking public policy positions. Discussion ensued around the process for publishing MPC's position statements. The process for publishing MPC's position statements will be addressed and discussed at an upcoming Governance Committee meeting.

Director *Ryan Wilson* thanked Darlene Hightower for her time at MPC and highlighted her leadership in clarifying MPC's strategy, mission statement, and brand "Building Equity in the Built Environment".

Wilson provided a brief overview of the 2024 Water portfolio work on Drinking Water and Stormwater. *Wilson* also gave an overview of the impact of environmental issues on Equitable Lead Service Line Replacement LSLR, particularly in the water sector. The issue of equity in landline replacement benefits and workforce development programs was also discussed, highlighting the need for a more even distribution of funds and support for smaller-scale contractors. The goals of the LSLR project were also outlined – Conduce five convenings; Develop an Action Agenda for 2025 Advocacy; and Deliver a Report on Findings from Convenings. *Wilson* also provided a brief overview on the research around the State Revolving Loan Fund. *Wilson* gave a brief history of an MPC event "A Vision for Water" which started in January 2020. During Water Week Event 2024, on May 6th MPC will convene water sector leaders from across the region for "Vision for Water 2.0".

Chair *Carlisle* commented on the impactful work that MPC is doing.

Governance Updates:

Chair *Carlisle* provided an abridged report from the Governance Committee. The committee is proceeding with the implementation of the Board restructuring approved at the December 2023 board meeting, and as outlined in the strategic plan. We will schedule individual meetings with board members to confirm their roles for the coming year, the committees they want to join and to reaffirm their commitment to MPC. Member Mann inquired about the status of the Program Committee structure, the number of members who have left the board since the Board restructuring began, and the resulting loss in give-and-get. Discussion ensued. *Carlisle* indicated that this is a topic that we can readdress going forward.

Carlisle thanked *Darlene Hightower* for her time at MPC and expressed appreciation for her work and leadership.

Adjourn: The meeting adjourned at 1:37 pm.

2024 Operating Budget
Metropolitan Planning Council

REVENUE	2024 Budget	2024 YTD through 5/31/24
Fundraising		
Corporate	995,410	451,862
Foundations	2,380,410	1,306,500
Individuals	385,410	85,777
Government	260,000	100,000
Sub-Total: Fundraising	4,021,230	1,944,139
Other		
Spending Policy Allowance Investment in Strategic	485,000	300,000
Investment in Strategic Plan	115,000	0
Use of cash balance		
In-Kind Income	90,000	5,344
Total Revenue	4,711,230	2,249,483
EXPENSE	2024 Budget	2024 Actuals YTD through 5/31/2024
Personnel	3,335,827	1,056,241
Contract Workers & Professional Fees	319,975	184,386
Publications, Web	159,067	35,477
Publication Postage / Mailing Service		0
Events & Meetings	207,150	26,686
Travel	72,750	3,139
Other Program Costs	1,500	11,339
Occupancy Costs	408,260	168,693
Office Expenses	206,701	150,229
Sub-Total: Operations Expense	4,711,230	1,636,190
A/R Write Off		
In-Kind Expense		
Total Expense	4,711,230	1,636,190

Balance Sheet
Metropolitan Planning Council

	12/31/2022	5/31/2024
Net Assets	14,868,802	18,545,499



METROPOLITAN PLANNING COUNCIL

Financial Statements

December 31, 2023 and 2022

PRELIMINARY DRAFT - FOR REVIEW
AND DISCUSSION PURPOSES ONLY

METROPOLITAN PLANNING COUNCIL
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 20

PRELIMINARY DRAFT - FOR REVIEW
AND DISCUSSION PURPOSES ONLY



INDEPENDENT AUDITORS' REPORT

To the Board of Governors
Metropolitan Planning Council

Opinion

We have audited the accompanying financial statements of Metropolitan Planning Council (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 Metropolitan Planning Council as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Metropolitan Planning Council 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 Metropolitan Planning Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, including omissions, 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 Metropolitan Planning Council'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 Metropolitan Planning Council'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.

Oak Brook, Illinois

May 9, 2024

METROPOLITAN PLANNING COUNCIL
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 376,911	\$ 1,142,662
Grants receivable	83,487	127,561
Unconditional promises to give	697,500	300,000
Prepaid expenses	44,880	59,176
Total Current Assets	<u>1,202,778</u>	<u>1,629,399</u>
OTHER ASSETS		
Investments	14,210,638	12,991,237
Unconditional promises to give, long-term	50,000	100,000
Property and equipment, net	360,195	361,815
Right-of-use asset	2,049,619	2,367,394
Security deposit	23,745	23,745
Total Other Assets	<u>16,694,197</u>	<u>15,844,191</u>
Total Assets	<u>\$ 17,896,975</u>	<u>\$ 17,473,590</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 219,665	\$ 24,755
Accrued expenses	161,678	198,373
Lease liability, current portion	347,083	319,222
Total Current Liabilities	<u>728,426</u>	<u>542,350</u>
LONG-TERM LIABILITIES		
Lease liability, long-term portion	<u>1,911,149</u>	<u>2,258,231</u>
Total Long-Term Liabilities	<u>1,911,149</u>	<u>2,258,231</u>
NET ASSETS		
Without donor restrictions:		
Board Designated Reserve Fund	5,954,971	5,954,971
Undesignated	4,076,958	3,278,780
With donor restrictions	5,225,471	5,439,258
Total Net Assets	<u>15,257,400</u>	<u>14,673,009</u>
Total Liabilities and Net Assets	<u>\$ 17,896,975</u>	<u>\$ 17,473,590</u>

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

METROPOLITAN PLANNING COUNCIL
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Support						
Contributions and grants	\$ 833,705	\$ 1,978,781	\$ 2,812,486	\$ 771,768	\$ 1,425,968	\$ 2,197,736
Annual meeting contributions	764,935	-	764,935	768,730	-	768,730
Contributions of nonfinancial assets	46,905	-	46,905	36,148	-	36,148
Net assets released from restrictions	1,654,956	(1,654,956)	-	2,506,201	(2,506,201)	-
Total revenue	3,300,501	323,825	3,624,326	4,082,847	(1,080,233)	3,002,614
EXPENSES						
Program services	3,019,370	-	3,019,370	4,016,945	-	4,016,945
Management and general	916,096	-	916,096	655,461	-	655,461
Fundraising	836,813	-	836,813	563,124	-	563,124
Total expenses	4,772,279	-	4,772,279	5,235,530	-	5,235,530
INVESTMENT INCOME						
Realized gain (loss) on investments, net	(37,493)	323,049	285,556	(5,473)	6,295	822
Unrealized gain (loss) on investments	741,021	347,916	1,088,937	(2,251,402)	(972,092)	(3,223,494)
Dividends and interest income	246,420	111,431	357,851	228,191	95,610	323,801
Total investment income	949,948	782,396	1,732,344	(2,028,684)	(870,187)	(2,898,871)
CHANGE IN NET ASSETS	(521,830)	1,106,221	584,391	(3,181,367)	(1,950,420)	(5,131,787)
NET ASSETS						
Beginning of year	9,233,751	5,439,258	14,673,009	12,415,118	7,389,678	19,804,796
End of year	\$ 8,711,921	\$ 6,545,479	\$ 15,257,400	\$ 9,233,751	\$ 5,439,258	\$ 14,673,009

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

METROPOLITAN PLANNING COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services	Support Services			Total Expenses
		Management and General	Fundraising	Total Support Services	
Compensation and related expenses					
Salaries	\$ 1,703,375	\$ 616,898	\$ 335,351	\$ 952,249	\$ 2,655,624
Payroll taxes and employee benefits	375,954	137,210	73,207	210,417	586,371
	2,079,329	754,108	408,558	1,162,666	3,241,995
Communications and subscriptions	6,746	2,009	1,308	3,317	10,063
Consultants and subcontractors	355,859	21,972	218,199	240,171	596,030
Depreciation and amortization	49,969	14,918	9,696	24,614	74,583
Equipment costs	9,200	2,750	1,786	4,536	13,736
Events and meetings	21,720	5,080	96,768	101,848	123,568
Donated professional services	30,085	5,924	10,896	16,820	46,905
Miscellaneous	28,935	8,641	5,615	14,256	43,191
Office	48,190	14,385	9,350	23,735	71,925
Office insurance	21,954	6,552	4,260	10,812	32,766
Other direct project	15,721	1,428	8,125	9,553	25,274
Printing and publications	75,786	415	11,612	12,027	87,813
Professional development	8,922	2,665	1,731	4,396	13,318
Rent and utilities	245,807	73,372	47,694	121,066	366,873
Telephone and internet	6,258	1,877	1,215	3,092	9,350
Travel and meals	14,889	-	-	-	14,889
	<u>\$ 3,019,370</u>	<u>\$ 916,096</u>	<u>\$ 836,813</u>	<u>\$ 1,752,909</u>	<u>\$ 4,772,279</u>

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

METROPOLITAN PLANNING COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Support Services			Total Expenses
		Management and General	Fundraising	Total Support Services	
Compensation and related expenses					
Salaries	\$ 1,730,010	\$ 401,570	\$ 294,481	\$ 696,051	\$ 2,426,061
Payroll taxes and employee benefits	398,127	88,923	67,076	155,999	554,126
	<u>2,128,137</u>	<u>490,493</u>	<u>361,557</u>	<u>852,050</u>	<u>2,980,187</u>
Communications and subscriptions	7,006	1,557	1,168	2,725	9,731
Consultants and subcontractors	1,207,000	58,207	56,997	115,204	1,322,204
Depreciation and amortization	47,081	10,463	7,847	18,310	65,391
Equipment costs	9,600	2,133	1,600	3,733	13,333
Events and meetings	89,193	2,409	60,854	63,263	152,456
Donated professional services	29,640	1,807	4,701	6,508	36,148
Miscellaneous	24,463	5,437	4,082	9,519	33,982
Office	35,903	7,975	5,981	13,956	49,859
Office insurance	26,819	5,959	4,470	10,429	37,248
Other direct project	18,993	1,784	2,996	4,780	23,773
Printing and publications	76,573	791	1,014	1,805	78,378
Professional development	15,919	3,538	2,653	6,191	22,110
Rent and utilities	276,564	61,459	46,094	107,553	384,117
Telephone and internet	6,361	1,414	1,060	2,474	8,835
Travel and meals	17,693	35	50	85	17,778
	<u>\$ 4,016,945</u>	<u>\$ 655,461</u>	<u>\$ 563,124</u>	<u>\$ 1,218,585</u>	<u>\$ 5,235,530</u>

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

METROPOLITAN PLANNING COUNCIL
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 584,391	\$ (5,131,787)
Adjustments to reconcile change in net assets to net cash used in operating activities -		
Depreciation and amortization	74,583	65,391
Noncash lease expense	354,769	354,769
Realized gain on investments, net	(285,556)	(822)
Unrealized loss (gain) on investments	(1,088,937)	3,223,494
(Increase) decrease in operating assets -		
Grants receivable	44,074	(97,411)
Unconditional promises to give	(347,500)	898,750
Prepaid expenses	14,296	(20,822)
Increase (decrease) in operating liabilities -		
Accounts payable	194,910	(21,288)
Accrued expenses	(36,695)	8,949
Lease liability	(356,215)	(347,527)
Net Cash Used in Operating Activities	(847,880)	(1,068,304)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(72,963)	(7,542)
Proceeds from sale of securities	2,550,690	1,330,381
Purchases of securities	(2,395,598)	(1,870,720)
Net Cash Used in Investing Activities	82,129	(547,881)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(765,751)	(1,616,185)
CASH AND CASH EQUIVALENTS -		
Beginning of year	1,142,662	2,758,847
End of year	\$ 376,911	\$ 1,142,662
Supplemental disclosure of non-cash operating activities:		
Right-of-use assets obtained in exchange for new operating lease liability:	\$ -	\$ 2,883,172

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

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Metropolitan Planning Council (the "Council") is an Illinois not-for-profit group of business and civic leaders committed to serving the public interest through the promotion and implementation of sensible planning and development policies necessary for a world-class Chicago region. The Council conducts policy analysis, outreach, and advocacy in partnership with public officials and community leaders to improve equity of opportunity and quality of life throughout metropolitan Chicago. The Council receives funds from major foundations, individuals, and corporations around the Chicago metropolitan region and beyond.

Basis of Accounting - Under generally accepted accounting principles in the United States of America (U.S. GAAP), the Council is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The net assets of the Council are reported in the two self-balancing groups as follows:

- Net Assets without Donor Restrictions: Net assets without donor restrictions are for use at the discretion of the Board of Governors (the Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.
- Net Assets with Donor Restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Council reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Council to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

See Notes 10 through 12 for more information on the composition of net assets with donor restrictions (including endowments) and the release of restrictions, respectively.

Cash and Cash Equivalents - The Council considers all liquid investments purchased with a maturity of three months or less to be cash equivalents for purposes of the statements of cash flows.

Cash Concentrations - The Council maintains its cash in bank deposit accounts which, at times, may exceed federal insured limits. The Council has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Investments - Under U.S. GAAP, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Unrealized gains and losses are included in the change in net assets.

Property and Equipment - Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives generally between 5 to 10 years. Amortization of the cost of leasehold improvements is computed on a straight-line basis over the term of the lease or the estimated service life, depending on circumstances.

Property and equipment purchases and leasehold improvements in excess of \$1,000 per item are capitalized. Purchases below \$1,000 are expensed. Additions to the reference library are expensed as incurred. Costs of maintenance and repairs are charged to expense when incurred.

Deferred Revenue - Program income and interest earned on certain grant funds awarded to the Council must be expended within the respective program and are recognized as deferred revenue when received and recognized as revenue when earned.

Leases - The Council determines if an arrangement is or contains a lease at inception. The Council makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, it is an operating lease. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term at the commencement date.

Operating and finance lease ROU assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. As most leases do not provide an implicit rate, the Council has elected to use a risk-free borrowing rate based on the information available at the commencement date in determining the present value of future payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Council will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

As permitted by GAAP, management has elected not to apply these new lease accounting policies to leases with a term of less than one year at the lease's commencement date. Expenses associated with these short-term leases are recognized on a straight-line basis over the term of the lease.

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Unconditional Promises to Give - Unconditional promises to give (pledges) are recognized as revenue in the period the pledge is received. Pledges are recorded at net realizable value if they are expected to be collected within one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized and recorded as a receivable only when the donor-imposed conditions are substantially met or explicitly waived, at which time the conditional promise to give becomes unconditional. The Council reviews receivables periodically for collectability and an estimated allowance for doubtful accounts is recorded, if necessary. An allowance for uncollectible promises has not been recorded as management is of the opinion that all promises will be collected.

Unconditional promises to give are expected to be realized in the following periods at December 31:

	2023	2022
Receivable in:		
Less than one year	\$ 697,500	\$ 300,000
One to five years	50,000	100,000
	<u>\$ 747,500</u>	<u>\$ 400,000</u>

Donor-Restricted Gifts - Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as without donor restriction and reported as net assets released from restrictions in the statements of activities.

Contributed Nonfinancial Assets - Volunteers, business firms, government organizations, and others contribute substantial amounts of materials and services toward the fulfillment of the goals of the Council. Contributions of donated nonfinancial assets are recorded at their fair values, and contributions of donated services that create or enhance nonfinancial assets or those that require specialized skills which would normally be purchased by the Council if not provided by donation are recorded at their fair market value in the period received.

Functional Allocation of Expenses - The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Council are reported as expenses of that functional area. Costs that benefit multiple functional areas are allocated across program, management and general, and fundraising expenses based on functional salary expenses. Salary expenses are attributed to a functional area based on actual time and effort reported by personnel each pay period.

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 disclosures of contingent assets and liabilities at the date of the financial statements

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status - The Council is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management believes that it did not engage in any unrelated business activities; thus, no provision for income tax has been provided for in the financial statements. The Council's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

Subsequent Events - The Council has evaluated subsequent events through May 9, 2024, the date the financial statements were available to be issued.

Revenue Recognition - The Council generally measures exchange revenue based on the amount of consideration the Council expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Council satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Council evaluates its revenue contracts with customers (i.e. earned revenue) based on the five-step model under Topic 606: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenue when (or as) each performance obligation is satisfied.

The Council considers a contribution conditional if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Contributed income may include gifts of cash, collection items, or promises to give. Contributions of assets other than cash are reported at their estimated fair value. Contributed income that must be used to acquire long-lived assets are recorded as contributions with donor restrictions and grants until the assets are acquired and placed in service.

The following discloses the recognition for the Council's most significant revenue streams:

- Contributions and grants: Contributions and grants are recognized when an unconditional promise to give is made (unconditional promises to give) or when conditions to recognize are met (conditional promises to give).
- Annual Meeting: Annual meeting registrations and sponsorships are recognized at a point in time when the event takes place.

Adopted Accounting Pronouncements - As of January 1, 2023, the Council adopted a new accounting standard under U.S. GAAP that replaced the incurred loss model for measuring the allowance for credit losses with a new model that reflects current expected credit losses (CECL)

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

that are expected to occur over the lifetime of the underlying accounts receivable. The CECL methodology is applicable to financial assets that the Council measures at amortized cost, including trade accounts receivable and contract assets. The Council adopted the changes in accounting for credit losses using a modified retrospective method. There was no cumulative effect of initially applying the new standard, and there was no material impacts to the financial statements due to the adoption of the standard.

2. GRANTS RECEIVABLE

At December 31, 2023 and 2022, grants receivable represent amounts due under grant agreements for services provided primarily due within one year from various contracting parties/government organizations, corporations and various other donors. All amounts are deemed to be collectible by management and no reserves have been recorded.

3. CONDITIONAL GRANTS FROM GOVERNMENTAL AGENCIES

For the years ended December 31, 2023 and 2022, the Council received conditional grants from the various government sources. The grants provide for reimbursement of subsidized projects based on costs approved by the government entity and accrued by the Council.

During 2022, the Council was awarded a grant from the City of Chicago Department of Housing, for up to \$180,000 in maximum committed funds. During 2023 and 2022, the Council expended and recognized \$84,206 and \$90,000, respectively, as the conditions of the grant were met.

Additional reimbursements recognized from other grants as a result meeting specified conditions during the years ended December 31, 2023 and 2022 were \$0 and \$33,262, respectively.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	2023	2022
Furniture, fixtures, and equipment	\$ 423,368	\$ 350,405
Leasehold improvements	397,151	397,151
	820,519	747,556
Accumulated depreciation	(460,324)	(385,741)
	<u>\$ 360,195</u>	<u>\$ 361,815</u>

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

5. INVESTMENTS

Investment income (loss) consists of the following during the years ended December 31:

	2023	2022
Interest and dividend income	\$ 357,851	\$ 323,801
Realized and unrealized (loss) gain	1,449,998	(3,141,648)
Less: investment fees	(75,505)	(81,024)
	<u>\$ 1,732,344</u>	<u>\$ (2,898,871)</u>

The historical cost and market value of investments at December 31, 2023 and 2022 were as follows:

	2023			2022		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Investments:						
Unrestricted						
Common stocks	\$ 2,557,885	\$ 3,461,114	\$ 903,229	\$ 2,797,713	\$ 3,299,677	\$ 501,964
Bond mutual funds	4,296,883	3,925,960	(370,923)	4,195,706	3,695,586	(500,120)
Stock mutual funds	438,211	306,360	(131,851)	427,244	313,537	(113,707)
Stock and bond mutual funds	1,557,172	2,059,687	502,515	1,521,836	1,766,018	244,182
Investments:						
Restricted for Endowment						
Common stocks	1,119,145	1,509,623	390,478	1,228,010	1,439,334	211,324
Bond mutual funds	2,067,348	1,928,890	(138,458)	1,784,657	1,587,064	(197,593)
Stock mutual funds	157,265	107,080	(50,185)	153,432	109,348	(44,084)
Stock and bond mutual funds	687,470	911,924	224,454	671,947	780,673	108,726
	<u>\$ 12,881,379</u>	<u>\$ 14,210,638</u>	<u>\$ 1,329,259</u>	<u>\$ 12,780,545</u>	<u>\$ 12,991,237</u>	<u>\$ 210,692</u>

Investment securities are exposed to various risks including interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

6. FAIR VALUE MEASUREMENT

U.S. GAAP defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

at fair value, the Council considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

U.S. GAAP also establish a fair value hierarchy that requires the Council to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest input that is significant to the fair value measurement.

The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
- Level 3 unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following summarizes the classification of investments by classification and method of valuation in accordance with U.S. GAAP as of December 31, 2023 and 2022:

December 31, 2023	Fair Value Measurements Using Input Type			
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 4,970,737	\$ -	\$ -	\$ 4,970,737
Bond mutual funds	5,854,850	-	-	5,854,850
Stock mutual funds	413,440	-	-	413,440
Stock and bond mutual funds	2,971,611	-	-	2,971,611
	<u>\$ 14,210,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,210,638</u>

December 31, 2022	Fair Value Measurements Using Input Type			
	Level 1	Level 2	Level 3	Total
Common stocks	\$4,739,011	\$ -	\$ -	\$4,739,011
Bond mutual funds	5,282,650	-	-	5,282,650
Stock mutual funds	422,885	-	-	422,885
Stock and bond mutual funds	2,546,691	-	-	2,546,691
	<u>\$ 12,991,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,991,237</u>

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

The Council's valuation methodology used to measure the fair values of equity, bond, mutual funds, and index funds was derived from quoted market prices as all of these instruments have active markets.

7. EMPLOYEE BENEFITS

The Council participates in a defined contribution 401(k) plan under which employees may defer a portion of their annual compensation. Employees who have reached the age of 21 and have completed at least three months of service are eligible to participate in the plan. The Council provides matching contributions on behalf of employees. Employer contributions (net of forfeitures) totaled \$68,247 and \$54,423 for the years ended December 31, 2023 and 2022, respectively. The Council does not participate in a pension plan or any other plan.

8. CONTRIBUTED NONFINANCIAL ASSETS

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities includes \$46,905 and \$36,148 of donated legal services, respectively. The Council valued the services received at its estimated cost based on number of hours of services and standard billing rates provided by the service provider.

9. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are available for use at the discretion of the Board of Governors (the Board) and/or management for general operating purposes. Board Designated Reserve Fund net assets represent amounts identified by the Board which have been invested for use at management's discretion. Income earned on such balances accrue and, with approval of the Board, may be used to support the Council's activities. Designated funds may also be used for unanticipated future program expenses. No amounts were approved for expenditures during 2023 and 2022.

At December 31, 2023 and 2022, the Board Designated Reserve Fund was comprised of the following:

	2023	2022
General	\$ 5,369,378	\$ 5,369,378
Transportation Fund	53,050	53,050
King W. Harris Housing Fund	111,050	111,050
Jean Allard Fund	111,050	111,050
Fred Kramer and Laura Pollak Fisher Housing Fund	200,145	200,145
Wayfinding Fund	110,298	110,298
	<u>\$ 5,954,971</u>	<u>\$ 5,954,971</u>

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets classified as Research, Policy, and Community Development programs are subject to expenditure for a specific purpose or period, as specified by the donors.

Net assets classified as unappropriated endowment earnings are subject to the Council's spending policy and appropriation. The principal portion of the endowment cannot be expended, and investment income earned on these net assets can be used once the assets are appropriated for expenditure.

At December 31, 2023 and 2022, total net assets with donor restrictions were comprised of the following:

	2023	2022
General operating:		
Unappropriated endowment earnings	\$ 2,264,477	\$ 2,027,933
Research, Policy, and Community		
Development programs	938,240	1,388,571
Endowment	2,022,754	2,022,754
	<u>\$ 5,225,471</u>	<u>\$ 5,439,258</u>

11. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors. As of December 31, 2023 and 2022, net assets released from restrictions were as follows:

	2023	2022
Research, Policy, and Community:		
Development programs	\$ 1,404,956	\$ 2,506,201
Appropriated endowment expenditures	250,000	-
	<u>\$ 1,654,956</u>	<u>\$ 2,506,201</u>

12. ENDOWMENT

The Council's endowment consists of a single fund established to provide income for general operating purposes. As required by U.S. GAAP, net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Council follows the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") of June 2009 and its own governing documents. UPMIFA,

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

which replaces the Uniform Management of Institutional Funds Act (“UMIFA”) of 1972, eliminates the requirement of preservation of the historical dollar amount of a donor restricted endowment fund, in favor of considering the factors for prudent appropriation of spending of the endowment and would apply in the absence of donor restrictions on the donor endowment (not board designated endowments). The Council’s donors have placed restrictions on the use of the investment income or net appreciation resulting from the donor restricted endowment funds and, accordingly, investment income and net appreciation is classified as donor restricted until the assets are appropriated for expenditure.

Investment Return Objectives, Risk Parameters and Strategies - The Council has adopted investment policies, approved by the Investment Committee of the Board, for restricted endowment assets:

1. To provide a predictable and steady cash flow to support the Council’s general operations from interest and dividends without sacrificing principal.
2. To maintain the purchasing power of the current assets and all future contributions.
3. To expand the fund via investment returns and new contributions.
4. To maximize returns within reasonable and prudent levels of risk.
5. To maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy, while still having the potential to produce positive real returns.

Spending Policy - The Council has adopted a “Flexible Spending Policy” with regard to its endowment fund earnings. The Board will consider appropriating endowment fund earnings each year as part of the budgeting process and during the year should the need arise for these earnings to be utilized by the Council. No amounts were appropriated during 2023 and 2022.

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Endowment net asset composition consists of the following as of December 31, 2023 and 2022:

	2023		
	Unappropriated Endowment Earnings	Donor Restricted: Endowment	Total Endowment Assets
Donor restricted endowment funds, beginning of year	\$ 2,027,933	\$ 2,022,754	\$ 4,050,687
Realized gain, net of fees of \$16,974	323,049	-	323,049
Unrealized loss	(78,446)	-	(78,446)
Investment income	241,941	-	241,941
Appropriated for expenditure	(250,000)	-	(250,000)
	<u>\$ 2,264,477</u>	<u>\$ 2,022,754</u>	<u>\$ 4,287,231</u>

	2022		
	Unappropriated Endowment Earnings	Donor Restricted: Endowment	Total Endowment Assets
Donor restricted endowment funds, beginning of year	\$ 2,898,120	\$ 2,022,754	\$ 4,920,874
Realized gain, net of fees of \$18,619	6,295	-	6,295
Unrealized loss	(972,092)	-	(972,092)
Investment income	95,610	-	95,610
	<u>\$ 2,027,933</u>	<u>\$ 2,022,754</u>	<u>\$ 4,050,687</u>

13. LEASE COMMITMENT

The Council's office space in Chicago is rented pursuant to a lease expiring on January 31, 2030. Monthly payments on the lease range from \$28,312 to \$34,495. Operating lease expense for each of the years ended December 31, 2023 and 2022 was \$354,769, and is included in rent and utilities on the statements of functional expenses. In addition, the Council is liable for its proportionate share of operating expenses as defined in the lease agreement. Total operating expenses for the years ended December 31, 2023 and 2022 was \$366,873 and \$384,117, respectively.

The following is a schedule by year of future minimum rent payments required under the operating lease as of December 31, 2023:

2024	\$ 365,121
2025	374,249
2026	383,605
2027	393,195
Thereafter	<u>850,621</u>
Total undiscounted cash flow	2,366,791
Less: present value discount	<u>(108,559)</u>
Total lease liabilities	<u>\$ 2,258,232</u>

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

The following table provides additional information related to the Council's lease as of December 31, 2023:

Remaining lease term in years for operating lease	6.08
Discount rate for operating lease	1.54%

The lease asset and liability were calculated utilizing the risk-free discount rate at the time of the commencement of the lease, with consideration given to the term of the lease, as a practical expedient as allowed under ASC Topic 842.

14. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Council's financial assets available within one year of the statements of financial position dates for general expenditure are as follows:

	2023	2022
Cash and cash equivalents	\$ 376,911	\$ 1,142,662
Grants and unconditional promises to give within one year	780,987	427,561
Investments	14,210,638	12,991,237
Total financial assets available within one year	15,368,536	14,561,460
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(938,240)	(1,388,571)
Restricted by donors in perpetuity	(2,022,754)	(2,022,754)
Total financial assets unavailable for general expenditures within one year	(2,960,994)	(3,411,325)
Less: amounts unavailable to management without Board approval:		
Unappropriated endowment earnings	(2,264,477)	(2,027,933)
Board Designated Reserve Fund	(5,954,971)	(5,954,971)
Total amounts unavailable to management without Board approval	(8,219,448)	(7,982,904)
Total financial assets available to management for general expenditure within one year	\$ 4,188,094	\$ 3,167,231

METROPOLITAN PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

The Council maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and obligations become due. The Council also has a Board Designated Reserve Fund that does not have donor restrictions. This fund, with board approval, could be made available for current operations, if necessary.

PRELIMINARY DRAFT - FOR REVIEW
AND DISCUSSION PURPOSES ONLY

Project Priorities 2024

Pillar	Priority Measures of Progress	Key Tasks	Qtr 2 2024 Progress	Status
Thriving Communities	Facilitate collaboration between financial institutions and community organizations as a community of practice to identify barriers to homeownership as well as strategies for implementable solutions that can lead to systems change.	<ul style="list-style-type: none"> Collect and analyze findings on barriers to homeownership and strategies for systems change Building and refine curriculum and developing learning objectives on addressing the homeownership gap at the systems level Collect feedback on curriculum and trainings and integrate learnings across MPC projects and other training work 	In Q2, MPC designed curriculum and workshop survey on content and facilitation. MPC facilitated three workshops for the community of practice (CoP) of lenders and housing counselors on the following topics: 1) telling the story of your work using narratives + data to influence systemic change + shift policy; 2) identifying a systems change priority to support successful implementation of lending product + project ; and 3) presenting a systems change priority action plan. After each workshop, MPC developed a summary of our participants' progress on the development of their lending products, facilitation feedback, our learnings on shifting lending practices and support needs around implementation of these shifts and other systems change efforts around lending inequities. Each workshop opens with time for project teams to collaborate and concludes with activities related to the workshop topics where participants across project teams collaborate.	On Track
Equitable Infrastructure	Increase awareness of the criticality of securing operations funding for the regional transit system once federal aid runs out and develop strategy for transit governance reform	<ul style="list-style-type: none"> Develop strategy and materials to educate legislators on transit funding crisis and prepare them to take legislative action to secure funding and reform transit governance structures Build political will and engagement through partnership with transit advocates on statewide campaign 	MPC has coordinated the working group to advance the transit legislation and led drafting of the legislation. The Metropolitan Mobility Authority Act was introduced April 29. MPC has had numerous conversations with legislators about the bill and received initial feedback. MPC has drafted a blog about how the governance proposal aligns with revenue generation in the region and will prepare other similar communications. MPC has had a lead role in developing fact sheets, presentations and other materials to communicate about the bill and deliver briefings to interested parties. CETA Fact Sheets Combined with Bill Nos 240501.pdf - Google Drive	On Track

Project Priorities 2024

Pillar	Priority Measures of Progress	Key Tasks	Qtr 2 2024 Progress	Status
Equitable Infrastructure	Support the delivery and evolution of a county-wide volumetric storage data portal that incorporates equity and non-stormwater environmental indicators; Cook County municipalities (>100) receive guidance on optimizing investment in stormwater infrastructure to address climate-adjusted rainfall	<ul style="list-style-type: none"> Support the delivery and evolution of a county-wide volumetric storage data portal that incorporates equity and non-stormwater environmental indicators. Develop scope/proposal for RxN funding opportunity Establish project Advisory Committee: Right Infrastructure, Right Place Deliver Website/Tool for Trade Optimization (StormStore) Deliver memo: Using Vol Study to influence target-setting and stormwater project placement using an equity & climate risk framework Support Interim update to Watershed Management Ordinance to extend stormwater trading pilot 	MPC received notice of 2-year funding from Walder to support this project in may 2024. Team re-launched effort with DataMade and Confluency to advance use of volumetric and socioeconomic data for stormwater planning.	On Track
Equitable Infrastructure	Co-convene stakeholders to formulate strategies for equitable Lead Service Line Replacement (LSLR) workforce and contracting, aiming to develop a minimum of three actionable strategies and establish three to five critical performance indicators, that will directly inform our advocacy work in 2025, promoting a just distribution of LSLR's economic benefits among BIPOC communities in Illinois.	<ul style="list-style-type: none"> Conduct five (5) meetings with key stakeholders to equitable LSLR Develop an action agenda for workforce/contracting equity in LSLR Prepare a report by workforce coalition 	Coalition conducted third workforce convening (3 of 5). Consultant engaged to begin research for workforce report. Initiated 1:1 conversations with key stakeholders. Planning for fourth convening to include feedback on initial report findings. JP Morgan Chase requested funding applications to support work.	On Track

Project Priorities 2024

Pillar	Priority Measures of Progress	Key Tasks	Qtr 2 2024 Progress	Status
Equitable Infrastructure	Partner with the City to develop efficient, equitable processes for development through research, co-convening a task force, and implementation support	<ul style="list-style-type: none"> • Provide analysis and recommendations to guide the City in identifying pathways for change • Co-facilitate the Development Reform Task Force with the Mayor's Office to implement priority recommendations • Develop a change-management structure and goals to ensure long-lasting support for recommendations across all relevant departments 	MPC has continued to prepare for co-chairing the Cut the Tape Task Force, now likely to be launched in June or July, including attending the release event for the report in April. This work has included identifying priority recommendations for Task Force support from the report's recommendation list (107 in total). A number of our zoning and permitting recommendations were included. MPC authored a blog post on Cut the Tape where we reviewed alignment with our analysis and the City's recommendations. We also started to outline onboarding materials and processes for Task Force members and hired an RA who is currently mapping out city processes for developers. MPC also connected the Department of Buildings with our partner permit expeditor from We Rise Together to give concrete examples and first-hand experiences from the perspective of a navigator and technical assistance provider to further the understanding of barriers and provide recommendations to process reform. We are submitting a grant request to JP Morgan Chase to fund our work.	Some Challenges
Just Public Systems	Using outcomes-based research, develop short-term and long-term recommendations on how to improve Chicago zoning and land use policy with buy-in and support from across different sectors, particularly government and community partners.	<ul style="list-style-type: none"> • Conduct research on zoning outcomes that impact equity, public health, and sustainability • Review with stakeholders to codevelop recommendations and resources that demystify zoning and land use • Determine how to implement recommendations and connect to City development reform initiatives 	MPC hosted Community Advisory Group meetings in April and June focused on co-creating a zoning and land use toolkit that can be used by community and civic partners to explain and help people participate in activities and meetings related to development in their communities. At the June meeting, consensus was achieved around MPC's proposed plan for "toolkit 1.0" and we will start outlining content to be presented in a future meeting. MPC also hosted two Steering Committee meetings (one in April and June). April and June included presentations of MPC's analysis on the Zoning Board of Appeals process and the first review of one of the Zoning Assessment outcomes: Pollution Exposure. Outreach continued to Alderpersons with discussions with Alderpersons Lee and Vasquez. Finally, planning for the July 24 Zoning Event continued in earnest with the panelists and moderators secured, the event space determined, and the first round of targeted invites sent to all the stakeholders that have participated in the project to date. This event will feature research on the Housing Affordability outcome.	On Track

MPC Principles and Considerations for Large-Scale Developments

- 1. Given the current financial constraints of the City's budget, extra scrutiny is required in the use of public money for major developments**
 - We do not support using public money for developments that have a clear track record of not generating a return on investment for the public
 - Realistic economic assessments of ROI must be conducted, along with a full and accurate determination of all costs
 - Detailed information on proposed funding and spending breakdowns must be provided, including but not limited to how much going to open space vs. parking
- 2. Ensure that all new major development projects align with the goals and objectives of Chicago's citywide plan and other existing plans and ordinances**
 - The City should apply its new Sustainable Development Policy and updates to Planned Development process to ensure alignment with city's planning goals and current best practices
 - Developments should align to ETOD principles and center public and active transportation options to promote sustainable access and land use, including improvement of services, leveraging existing assets, and developing new pedestrian and bicycle corridors
 - Developments near the Museum Campus should align with Vision for a Reimagined Museum Campus
 - Developments should align with Connected Communities Ordinance and 2022 Climate Action Plan—development with minimal parking, reducing permeable surfaces
- 3. There must be robust community engagement processes with surrounding neighborhoods: communities impacted by current and future facilities need to have a central voice in their development**
 - Decision-makers must consider the economic, social and environmental impacts of any major development in authentic and meaningful partnership with community starting with those may be most impacted
- 4. Public funding is appropriate for some large-scale developments, as long as investments are used to leverage and explicitly advance sustainability, equity, and wealth building for Chicagoans**
 - Developments should prioritize opportunities to catalyze support for South and West side businesses to open new locations and prioritize BIPOC contracting for construction and operations.
 - Public dollars should prioritize transit capacity and infrastructure improvements, as well as green building, nature-based, and decarbonization solutions.
 - CBAs should be executed: Should consider transportation, pedestrian orientation, urban design, and green design

- 5. Developments should maximize open space and public access to provide recreational and environmental benefit along Chicago's waterways**
 - Multipurpose recreational space should be prioritized instead of parking
 - Naturalized edge along riverfront should be maintained for both ecological and human value

- 6. In accordance with the Lakefront Protection Ordinance of 1973, the lakefront should remain free from new development**
 - MPC was instrumental in passing this ordinance, which preserved the lakefront for public use, and MPC must continue to support its tenets
 - Naturalized edge along the lakefront should be maintained for both ecological and human value

MPC Investment Committee Minutes
Wednesday, June 5, 2024
2:00 PM - 3:00 PM

Members: Ramiro Atristain (Treasurer), Bruce Taylor and Chris Conley, Interim CEO & President

Guests: Phil Kosmala, Taiber Kosmala
Ian Acosta, Taiber Kosmala

MPC Staff: Greg Gurley, Chief Operating Officer

I. Meeting Minutes – February 28, 2024

Member Atristain moved to approve the February 28, 2024 meeting minutes. Second, by Member Taylor. Minutes approved as presented.

II. 2024 Q1 Portfolio Report (Phil Kosmala and Ian Acosta)

Phil Kosmala and Ian Acosta of Taiber Kosmala and Associates presented a Q1 portfolio summary report through the end of May, discussing the impact of the Powell pivot on the US economy back in October. The presentation highlighted the market backdrop following a 10% correction, Chairman Powell's announcement of a rate cut, the subsequent easing in financial conditions, and a 25% rally in the S&P 500 over a five-month period. Phil also expressed concern about growing income inequality and the potential for an economic recession, noting that 20 out of 50 states have already triggered an indicator of a recession.

Phil and Ian discussed the impact of the inverted yield curve on the banking sector, particularly on lending standards. Phil noted that large banks, like JP Morgan Chase and Bank of America, have been able to alleviate stresses through the Bank Term Funding Program, while small and mid-size banks are struggling. However, he observed that the increasing trend toward direct lending strategies has helped fill the capital void. Phil also highlighted that loan extensions and modifications are becoming more frequent, especially for single-asset, single-borrower properties, as lenders seek to maintain income flow and avoid property management.

Phil highlighted MPC's investment performance over the past five years, highlighting a 7.3% annualized return, 80 basis points ahead of the benchmark. The stewardship of the investment committee was praised for not panicking during market scares like the pandemic and trade wars.

Phil and Ian provided a brief introduction on the portfolio report, explaining the investment metrics reporting system used by large institutional consulting firms. He detailed the performance graphics, cash flow, asset allocation, and overweight/underweight relative to benchmarks. Discussion ensued around asset classes, equity exposure, spending decisions, draws on the corpus, ESG screens, individual manager performance, and the impact of ESG

on portfolio performance. Phil noted that unlike a lot of our endowment foundation clients that have major needs or capital draws on the Corpus, MPC's been in a great position, through the stewardship of finance and leadership. And, as a result, the portfolio had a substantially higher weight to equities. Phil also noted that the policy's benchmarks are based on a five to six-yearly asset allocation study, with the last one conducted in 2016, and that additional language concerning environmental, social, and governance screens was included in the policy statement. Atristain suggested that another asset allocation study is due soon.

Discussion ensued on the composition of the investment portfolio, including specific funds like Dana, Calvert, MFS, American Beacon, and WCM. Fees, expense ratios, and the performance of different managers and funds was also discussed.

III. Rebalance of Portfolio

Discussion ensued around challenges with multiple custodians, accessibility of assets, and potential transition to a single custodian like Schwab or Northern Trust to reduce fees. Authority was delegated to Greg and Atristain to propose a strategy to explore viable options and suggested a follow-up meeting to present a summary of costs within the next month and a half.

IV. New Business No new business.

V. Adjourn Meeting adjourned at 2:59 p.m.

Metropolitan Planning Council

MPC Audit & Finance Committee

Wednesday, June 12, 2024, 9:30 AM

Members in Attendance: Ramiro Atristain, Chair; Chris Conley, Interim President; James Mann; Bruce Taylor

Staff in Attendance: Gregory Gurley, COO; Kimberly Johnson, Chief Administrative Officer; and Steven Quispe, Donor Relations Manager

Guests in Attendance: Bob Rehayem, Accountant; Shawn Carter, Audit Team – Sasseti, LLC

- I. **Call to Order:** 9:30am
- II. **Approval of meeting minutes from March 6, 2024:** *James Mann* moved to approve minutes; *Bruce Taylor* seconded the motion; minutes approved as presented.
- III. **2023 Audit Results and Review**

Shawn Carter reported that MPC has an unqualified opinion, indicating a clean opinion for the FY 2023 audit report. Shawn further discussed the details of the financial statements. He indicated a decrease in cash, attributing it to the timing of payables and unconditional promises to give, at approximately \$697K. The Joyce and Crown Foundation makes up \$350K of the unconditional promises to give. Shawn also noted an improvement in receipts and expenses, including significant investment gains of \$1.3M. Shawn further explained the organization's financial performance/statement of activities, focusing on the distinction between revenue and receivables, and how donations and sponsorships are handled.

Discussions ensued on the accounting treatment of annual meeting contributions, contributions of grants, financial performance and expense analysis, cash flows, lease pronouncement, exchange transactions, spending policy, fundraising progress, financial forecasting, and expense receivable tracking. Key points included matters about program expenses, support services costs, and the impact of the ESIL, as well as decisions on reallocating funds, disclosing commitments, and reclassifying specific footnotes in the financial statements. There was an agreement on the need for an edit in the statement of activities to reallocate funds between donor restriction categories.

Carter reported that there were no significant audit adjustments or challenges during the audit process. There were some routine adjustments, including the annual adjustment of right-of-use assets and lease liability and reclassifications of Mesirow accounts. He noted that financial controls remain strong and there were no significant issues to report. Carter further emphasized the value of having regular reviews and a third-party accountant who helps mitigate any control issues that may occur during the year.

Member Mann moved to recommend the Board of Governors approve the 2023 Audit. Second by Member Taylor. Audit statements approved.

IV. **2024 YTD Financial Performance**

Gurley reported that the organization was \$1.9 million ahead of its fundraising goal of \$4 million, attributing this success to contributions from various sources. However, he noted a difference in the expenses, particularly in the office expenses due to unforeseen transition costs and related personnel expenses. *Gurley* also discussed the financial aspects of the organization, focusing on the professional fees, expenses, and fundraising for the 90th anniversary event and the annual meeting. It was suggested to add a summary forecast column to the Financial report to track revenue projections more accurately with input from the Development team.

Conley discussed the ongoing efforts to secure contributions for the annual event and maintain relationships with existing donors. He shared that he is working with Steven, Donor Relations Manager, on strategy and will be reaching out to Allison Ranney and others for sponsorship discussions.

V. **New Business** - None

VI. **Adjourn** at 10:44 am