

BUSINESS

# Twin Cities couple plan to give away around \$100M, concentrating on disadvantaged youth

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John and Denise Graves have enjoyed the fruit of 28 years of labor since they sold their business in 2014 for more than \$150 million.

The Excelsior couple also own a place in California and part of a nearby winery. But the Graveses, unassuming and grateful, have spent much of their time coming up with a plan to give most of their money away through a family foundation that bears their name.

"By the time we kick the bucket we probably will have granted \$100 million to our family foundation," said John Graves, 69, who with his wife started investing in disadvantaged Minneapolis youth long before they became wealthy.

Bill Graves, 37, the oldest of the couple's three children, left his career in 2014 to help his parents build the John and Denise Graves Foundation. The foundation, which spends about \$4 million annually, contains about \$57 million. There will be more.

"The \$100 million in philanthropy would represent 'the vast majority' of their wealth," Bill Graves said. "As a family, we agree on that. The richness of [the three kids'] lives will not come through our parents' wealth. It's through our own lives and experience. There's no tension over that. And it's given me a fascinating career."

John Graves, a corporate IT veteran, and his wife began Convey Compliance Systems as a kitchen table side gig, never fathoming it would become a 150-employee growth company before the sale to private-equity titan Vista Equity Partners.

It never occurred to them to keep all the money they made as owners of most of the stock.

Denise Graves, 65, was a longtime youth volunteer, including 15 years as a Hennepin County guardian ad litem, advocating for children being removed from neglectful or violent homes and sent to foster families.

"A family foundation was a dream of mine," Denise Graves said. "We didn't know much about money, but we knew a lot about foster care."



DAN COLLISON, GRAVES FOUNDATION

Gathered at Peris Hill, a 45-unit affordable housing complex that opened in November for low-income adults: President Bill Graves of the

The Graves Foundation also is part of a trend of families giving more and more of generational wealth away — and are part of a group lobbying for tax reform to encourage it.

"We are absolutely seeing wealthy families who don't want just to pass their wealth to their kids," said Susan Hammel, a former securities analyst who advises on social-impact investing at her Cogent Consulting. "Warren Buffett started it with the 'giving pledge.'"

In 2006, billionaire Buffett pledged to donate 99% of his wealth through life and his will. He encouraged other rich people to earmark at least half for their favorite causes.

"More money doesn't buy happiness," Hammel said. "The last two years have shown ... there are economic and health disparities and racial justice issues and climate change challenges. Many are directing as much of their assets as they can. They want to address the problems now instead of socking it away and dealing with it in the future."

Society is seeing the biggest wealth transfer in modern history as baby boomers pass several trillion dollars of assets to their children. The Graveses believe many people use the tax advantages of private foundations and donor-assisted funds as a way to save most of the money instead of give it away.

"Today's philanthropists should be helping with today's problems by focusing our attention and resources away from private control and towards community," Bill Graves wrote recently in a philanthropic journal.

The Graves Foundation spends more than the 5% of assets annually than required by law of a charitable foundation. And there are other examples.

Best Buy founder Dick Schulze pledged \$1 billion eight years ago to his Richard M. Schulze Family Foundation. Schulze has given away about \$500 million and up to 15% of foundation assets annually.

The Graveses are having a good time making a difference.

Earlier this month, they helped open a \$12.3 million affordable housing complex, Peris Hill at Hennepin and Franklin avenues. The development has 45 small units for low-income young adults, including 15 units for those aging out of foster care. The Link, a nonprofit that helps prevent homelessness, will provide on-site supportive services in a nice building that boasts laundry facilities, a fitness center, bike-repair station and nearby public transit.

The Graveses have been working on the project for several years with private and public partners. Volunteers of America is the operational manager of the project.

"Young people aging out of foster care ... are at higher risk of falling into homelessness," said Courtney Kiernat, executive director of the Peris Foundation, the complex's financial manager. "Peris works to prevent that and surround youth with support as they transition into adulthood."

The Graveses have pledged more than \$3.5 million in capital and operating funds to Peris Hill. Other funders include Hennepin County and the city of Minneapolis. It received \$9.1 million in low-income tax credits.

"We want to make a difference, and this is a unique, experimental model that addresses foster youth that are aging out of the system," John Graves said. "We've done some research. Hopefully, if this is successful, it will be replicated."

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