

Board Meeting Notice

TO: CDC Board Members

Scott Winship, **Chair**
Shari Bell-Beals, **Vice Chair**
Gary Hawkinson, **Secretary**
Mike Miller, **Treasurer**
Kyle Denbrook
Ray Velkers
Hollie Johnson

FROM: Bryan Schmid, Affordable Housing Supervisor
Pierce County Human Services

CDC BOARD MEETING FOR July 20, 2021

A regular meeting of the Community Development Corporation will be held **TUESDAY, July 20, 2021 at 8:00 A.M.**

The CDC Board Meeting will be conducted via Zoom. There is a link to join via app/web browser and there is also an option to call in. Please let us know if you run into any issues.

You are invited to a Zoom webinar.

When: **July 20, 2021 at 8:00 AM**
Topic: **CDC Board Meeting**

Join from a PC, Mac, iPad, iPhone or Android device:

Please click this URL to join. <https://piercecountywa.zoom.us/j/99477035348>

Or join by phone:

(253) 215 8782 or
(877) 853 5247 (Toll Free) or
(888) 788 0099 (Toll Free)

Webinar ID: 994 7703 5348

**COMMUNITY DEVELOPMENT CORPORATION
MEETING AGENDA**

July 20, 2021

Call to Order -

Review and approve June 15, 2021 CDC Board meeting minutes:

Housing Resolutions:

- H-2021-33 Applicant A
- H-2021-34 Applicant B
- H-2021-35 Applicant C

Other Business:

- April Financials / Vouchers
- Late Payment Reports

Staff Updates:

- Board Appointments
- Banking RFP
- Recorded Documents (Address on Deeds of Trust)
- Credit Policy (Updates to Owner Rehab)

Future Business:

- County Budget 2022-23 impact to the CDC
- Affordable Housing NOFA
- Portfolio Analysis

Public Comment Period:

Adjourn

**MINUTES OF THE
COMMUNITY DEVELOPMENT CORPORATION
BOARD OF DIRECTORS MEETING**

June 15, 2021
8:00 am

A meeting of the Board of Directors of the Community Development Corporation was held virtually on Zoom. The link to join via app/web browser:

<https://piercecountywa.zoom.us/j/99477035348>

The meeting was called to order by Director Winship, Chair, at 8:03 a.m.

Those present were: Directors Winship, Velkers, Hawkinson, Hanson, Denbrook, Johnson, Miller & Bell-Beals

Absent: None

Staff in attendance: Bryan Schmid, Laura Charbonneau, Shannon Shuman, Lucy Newman, Arlene Whittington, Robyn Lee, & Vy Yun

Guests: None

UNFINISHED BUSINESS

Director Winship, Chair, requested CDC Board Members review the minutes of the May 18th, 2021, meeting. With no questions, Director Denbrook moved to approve the minutes, and the motion was seconded by Director Miller. The vote was unanimous, and the minutes were adopted.

NEW BUSINESS

CDC Housing Resolutions:

Resolution H-2021-030 KWA was presented for approval for an extension of a loan approval on a HOME loan under the rental housing loan program. The CDC Board commenced discussion. Questions asked, and staff responses included:

- Board: What is the total dollar amount of the project? Staff: Roughly \$22 million.
- Board: Has anyone discussed the cost to build of late? Staff: Yes, they have a contingency.
- Board: How much? Staff: There is a contingency of about 15%.
- Board: Is Pete Ansara still working at KWA? Staff: Yes, Pete is the Chief Executive Officer.

With no further questions from the Board, the resolution was moved to approve by Director Velkers and seconded by Director Hawkinson. Vote was unanimous, motion carried, no abstentions, and resolution was adopted.

Resolution H-2021-031 Borrower A was presented for approval to write off a CDC CDBG Loan under the housing rehabilitation loan program. The CDC Board commenced discussion. Questions asked, and staff responses included:

- Board: Will we file a claim to get a share? Staff: We could file an objection; however, it wasn't recommended by the CDC legal counsel, as the CDC may or may not receive any proceeds after legal costs.
- Board: Is there a building on the parcel? Staff: One story duplex.
- Board: With this market, this is assessed at \$390K? Staff: Agreed, however, the court approved extinguishing the third (septic repair loan) and fourth (housing rehab loan) liens. There was only one bid.
- Board: This is fishy, this was not marketed. Staff: A real estate broker listed the property on February 2nd, 2021. Then an offer was received from 253 Homes for \$290K.
- Board: They are affiliated. You don't see it listed and it is sold. It is a brokerage affiliation and they will flip to make a profit.
- Board: We can object; however, the cost of legal fees vs. the CDC balance may not be worth it. Staff: According to CDC attorney, it would not be prudent.
- Board: It may not be illegal, but it is certainly unethical.
- Board: Can we go in and offer for \$1,000 more? Staff: They already have a purchase and sale agreement.

With no further questions from the Board, the resolution was moved to approve by Director Miller and seconded by Director Velkers. Vote was unanimous, motion carried, no abstentions, and resolution was adopted.

Resolution H-2021-032 Borrower B was presented for approval to write off a CDC HOME Loan under the housing rehabilitation loan program. The CDC Board commenced discussion. Questions asked, and staff responses included:

- Board: How could we have prevented from losing \$31K? Staff: Given the condition, we would not have wanted to take on a dilapidated mobile home for a FTHB.
- Board: There was \$15K extra on the sale, was there any proceeds? Staff: No. the extra funds went to fees and property taxes.
- Board: When we walk away with zero, is there anything we can do to prevent this? Staff: Anytime you are in 2nd or 3rd lien position you take a risk. With the market, we haven't seen this type of situation in a while. When we do take on higher risk loans, this is a decision of the Board. If we want to take on less risk, we need to change the policies. In turn, if these changes are made, we may be looking over households in need.
- Board: Did they pay back taxes with the proceeds? Staff: Yes, it was just for one year.
- Board: It seems as there was a common denominator, aren't we verifying that these are recorded. Staff: We do look at them.
- Board: Would it behoove us to update the CDC address on all loans so that we are not overlooked and receive adequate notifications? Staff: This is a good idea and we will investigate it.

- Board: Is there a tax delinquent services that would notify the CDC? Staff: The CDC does currently have a tax service that notifies the CDC.
- Board: Have we ever done a 10 year look back on all 2nd and 3rd positions to determine the risk? Staff: At one time, staff was doing a portfolio analysis to look at this. We can do an update on this. The vast majority are 1st mortgages foreclosing, which equates to roughly 90% of write offs. There may be some credit policy change to account for this. Typically, majority of our loans are for health and safety situations, in which many are elderly and/or disabled, on social security, and the CDC is their last resort. Basically, it comes down to risk vs. mission. Over 20 years, a mobile home will go down in value and the homeowner is typically struggling to keep it up to date. This was a failed septic and failed roof, the CDC only provided health and safety, not a remodel.

With no further questions from the Board, the resolution was moved to approve by Director Miller and seconded by Director Johnson. Vote was unanimous, motion carried, no abstentions, and resolution was adopted.

GENERAL CDC BUSINESS:

Staff presented the March 2021 financials and vouchers. Board: What is the overage refund on the Pest Control? Staff: This is related to the Lead assessment and the refund goes back to the borrower. With no further questions from the Board, Director Hawkinson moved to approve the March 2021 financials and vouchers, this was seconded by Director Denbrook. The vote was unanimous, motion carried, no abstentions and the March financials and vouchers were accepted.

Late payment report was presented. Good reviews.

PROJECT UPDATES:

Board Appointments:

- Gar Hansen will finish his 1st term June 20th, 2021 – The CDC had a referral from PC Executives office with a potential candidate to replace Gar. Hopefully it will get instated by August. Staff recognized Gar for his service. Gar noted it has been a pleasure and appreciated everything the CDC is doing.
- Ray Velkers will finish his 2nd term September 1st, 2021. Chris Piotrowski was a potential candidate; however, he contacted the CDC and indicated he was going to withdraw his application from the Board, nothing to do with the CDC. Just not a good fit at this time.

FUTURE BUSINESS:

County Budget 2022-2023 impact to the CDC: The budget process has started. Staff will be remote remaining of 2021. It may be likely we will be returning to the Soundview building and the staff will be working hybrid or remotely. This will save on rent. Not a clear picture on expenses; however, we will continue to keep the Board updated.

Affordable Housing NOFA – May 2021: This will be released in May. Applications will be due June 25th. We will have over \$2 million to present in September.

FOLLOW UPS:

Portfolio Analysis, address change for deeds of trust and Credit Policies.

Discussed signature cards and going out to bid for banking.

PUBLIC COMMENT:

- No public comments

ADJOURN

There being no further business, the regular meeting was a motioned to adjourn by Director Velkers and seconded by Director Bell-Beals. The next meeting being Tuesday, July 20th, 2021. The meeting was adjourned at 10:00 am.

Certified by:

Board Chair

Date

Secretary

Date

Prepared by:

Robyn Lee