

**Community Development Corporation
Board Meeting Notice**

TO: CDC Board Members

Scott Winship, **Chair**
Shari Bell-Beals, **Vice Chair**
Gary Hawkinson, **Secretary**
Mike Miller, **Treasurer**
Kyle Denbrook
Colleen Walker
Ray Velkers
Gar Hansen

FROM: Bryan Schmid

CDC BOARD MEETING FOR JUNE 2019

A Regular Board meeting of the Community Development Corporation will be held **TUESDAY, June 18th, 2019 at 8:00 A.M.**

This meeting will be held at **PIERCE COUNTY HUMAN SERVICES BUILDING, 3602 PACIFIC AVENUE, TACOMA, WA 98418 (Soundview Conference Room 1, 2nd floor).**

Board packets will be distributed at the meeting.

**COMMUNITY DEVELOPMENT CORPORATION
MEETING AGENDA**

June 18, 2019

Call to Order -

Review and approve May 21, 2019 CDC Board meeting minutes:

Housing Resolutions:

- H-2019-028 Borrower A
- H-2019-029 Borrower B
- H-2019-030 Applicant A

General CDC Business:

- April 2019 Financials and Vouchers
- April Payment Report

Staff Updates:

- Affordable Housing NOFA Release

Future Business:

- 2020-21 Budget and CDC Sustainability work – August 2019 Presentation

Public Comment Period:

Adjourn

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

May 21, 2019
8:00 a.m.

The regular meeting of the Board of Directors of the Community Development Corporation was held at the Pierce County Human Services Soundview Building, 3602 Pacific Avenue, 2nd Floor, Soundview Conference Room 1.

The meeting was called to order by Director Winship, Chair, at 8:12 a.m.

Those present were:

Directors Winship, Hawkinson, Velkers, Walker, Miller, Hansen, Denbrook, and Bell-Beals

Absent: None

Staff in attendance were:

Bryan Schmid, Shannon Shuman, Lucy Newman, Sheree Clark, and Robyn Lee

Guests: Holly Johnson

UNFINISHED BUSINESS

Director Winship, Chair, requested CDC Board Members review the minutes of the April 16, 2019, meeting. With no questions, Director Hawkinson moved to approve the minutes, and the motion was seconded by Director Velkers. The vote was unanimous, and the minutes were adopted.

STAFF PRESENTATIONS

Staff introduced a guest, Holly Johnson, who is currently waiting appointment to the CDC Board by the County Council. Holly will be replacing Colleen, when her term expires. Holly shared a bit of where she currently works and how she is involved with the community and other committees. The Board did introductions and staff shared a bit on how the CDC operates and who we serve.

Staff shared the revised Financial Presentation as requested at the last CDC Board meeting. In which Board members suggested a summary highlighting the positives and negatives, highlighted P&L, comparative to previous year and budget. With the challenges relating to 14 different funds tied to different respective HUD rules. Staff shared about the operation of the housing program, the various types of funding sources, and the targeted populations that are being served.

NEW BUSINESS

CDC Housing Resolutions:

Resolution H-2019-023 was presented for approval for loan term extension on a HOME loan under the rental housing acquisition and rehabilitation loan program. The CDC Board commenced discussion and questions asked included: On revenue, why is it \$25K in 2018? If

they are hiring a property manager, are they not getting good service? Are they having issues? Where does funding come from to do improvements? Is the rent a flat fee? So, could variations in income be related to sliding scale rents? Has anyone walked through it yet? Staff Responded: They recently received funding from both the County (2060) and the CDC (HOME) for capital improvements on the building. That project is currently in progress, they are having issues with the building breathing and ventilation issues, the borrower charges rents based on income. Rents are below market and cannot exceed HUD maximums. They do look at income and if you are 'very low' (VL) or 'extremely low income' (ELI) there would be some rent relief. 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, and resolution was adopted.

Resolution H-2019-024 was presented for approval to accept payments on a defaulted HOME loan and/or commence foreclosure action on the HOME loan under the home rehabilitation loan program. The CDC Board commenced discussion and questions asked included: Is this the one that lived next door? Do you feel confident that they will follow through? The loan was done in September, when was first payment due? Has anyone been by the residence? What's our other option, to start foreclosure? Would this be something we give it a window, like two months, to review? When payments are accepted, if they miss one it is turned over to legal? Staff responded: Yes, the borrowers sound confident in payment plan. They have made four payments. No staff has not been by the residence. If payment plan fails, then staff would proceed with foreclosure. Yes. 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, and resolution was adopted.

Resolution H-2019-025 was presented for a loan approval on a \$40,000 CDBG loan under the home rehabilitation loan program. The CDC Board commenced discussion and questions asked included: Do you know if the reverse mortgage interest rate is a fixed or is it an ARM? Is the CDC in 3rd position? He is 80 and no other family living in the home? The balance on the reverse mortgage is \$318K correct? Will they keep lending on that? This is a rambler? Wouldn't it be easier to put trusses on that flat roof? When was the reverse mortgage taken out? When they put new roof on, would they have to take the old one off? What is the revolving debt of \$30K? In a situation like this, what is the alternative? It does seem risky for CDC? The tax assessed value is \$402,500? Is there a cheaper roof? Director Hansen indicated that there could be a slightly cheaper way of doing the roof. They could do a torch down roof and it may save \$5K or \$10K. This is a higher end roof. Could we wait until bids come in? They don't have a lot of assets, what is the health situation? Do you know what the reverse mortgage was used for? Do you know what the equity was on the 1st when he took out the reverse mortgage? Some Board members did not feel prepared to approve. Could we approve based on the appraised value? The Board felt it would be helpful to know how much the reverse mortgage is increasing each year. It may not be so much the roofing, it may be the framing. What was original balance of first mortgage? Could our money be better spent on something else? By giving this loan, we are not taking away from others? Staff responded: It appears that the reserve mortgage is an ARM. Yes, the CDC is in third position. No, trusses would not be easier. At this point, he has equity and that is all is subject to the market, economy, etc. The reverse mortgage was in 2007. The roof may have been fine then. Yes, the balance is \$318K. That is the most FHA will insure and then the lender would take the loss. Yes, our rehab scope of work is estimated to be \$30K; however, that could exceed that cost once work begins. One is secured debt of \$5,900/\$40 monthly payment, there is another \$20 payment. Most of the revolving debt is \$1,300-\$3,000 that he carries with small payments. No, she is not on the loan. She is helping with payments on

utility and food, etc. They have no alternatives. Yes, and it is all driven as to how long they live in house and the market. An appraisal will be done to determine current value. We could wait on approval until bids are received, but this would put us behind a little. We cannot disclose medical information. The mortgage balance prior to the reverse mortgage was not recorded to the credit bureau. The staff suggested the Board “recommend” and staff could suggest to the rehab specialist to receive bids with other options including torch down. Original balance of the first mortgage is unknown. Staff estimated, with the interest, the reverse mortgage was going up roughly \$12K a year. We are only looking at this to keep them warm and dry. Our money could be spent in a lot of other places. It appeared the Board would feel better to table this until the bids and appraisal to make a better decision. However, with no further questions from the Board, the resolution was moved to approve by Director Miller and seconded by Director Denbrook. Vote was unanimous, motion carried, and resolution was adopted. With the condition that this is brought back to the board with appraisal and final bid amounts.

Resolution H-2019-026 was presented for a loan approval on a \$55,000 CDBG loan under the home rehabilitation loan program. The CDC Board commenced discussion and questions asked included: Is the payment interest only or amortizing? So, we are not making him make a payment? Do you verify assets? We are putting \$55K in a mobile rather than replace it? Is he in a wheelchair? Staff responded: The payment is interest only. We do have a threshold for liquid assets in our policy. Yes, we look at bank statements, income, and tax returns. There is a primary lien, we are also doing a septic repair so half of the loan will go towards the cost of the septic. He does not have a ramp. On the back side he has three stairs and on front side. With no further questions from the Board, the resolution was moved to approve by Director Hawkinson and seconded by Director Bell-Beals. Vote was unanimous, motion carried, and resolution was adopted. After further discussion, the Board asked, what do we know about the trust? Does he share with other siblings? Unsure, it is a John Hancock Trust company, possible annuity.

Resolution H-2019-027 was presented for a loan approval on a \$20,000 CDBG loan under the home rehabilitation loan program. The CDC Board commenced discussion and questions asked included: What’s the balance on the auto loan? The Board noted, along the lines of the privacy act, I believed the “VA” should be removed, due to partially of wanting to approve the loan because of service in the military. How long has she had car loan? How long has she been in the house? Is the bathroom remodel for an ADA? Staff responded: The auto loan is \$32K. Two years and it is a 7-year loan. For two years, almost three. No, they are changing it out due to concerns of mold. With no further questions from the Board, the resolution was moved to approve by Director Hawkinson and seconded by Director Velkers. Vote was unanimous, motion carried, and resolution was adopted.

GENERAL CDC BUSINESS:

Staff shared the revised Financial Presentation as requested at the last CDC Board meeting. In which Board members suggested a summary highlighting the positives and negatives, highlighted P&L, comparative to previous year and budget. With the challenges relating to 14 different funds tied to different rules. Staff recommended after the meeting we could meet on high level points and if the Board has any questions, Lucy can touch on those points. The Board requested to take a deeper dive into the funds during the Budget.

Staff reviewed the March 2019 Financials and Vouchers with the Board. With no questions from the Board, the March 2019 financial statements and vouchers were moved to approve by Director Miller and seconded by Director Velkers. The vote was unanimous, motion carried, and

adopted. Staff noted small change on Page 4 of the smaller hand-out, small change in business program Deferred accrued interest error was changed in December financials. Loan was disbursed a few days earlier.

- April 2019 Late payment report was reviewed.
- Updated Legal Matters reviewed

STAFF UPDATES:

- Human Services Study update was shared
- New Board Appointment: Holly Johnson has applied to replace Colleen's position on the Board. Hopeful to have her approved by end of July.

FUTURE BUSINESS:

- Budget and Sustainability work Spring/Summer 2019.
- Affordable Housing NOFA Summer 2019

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, June 18th, 2019. The meeting was adjourned at 9:40 am.

Certified by:

Board Chair

Date

Secretary

Date

Prepared by:

Robyn Lee