

**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
Ray Velkers
Gar Hansen
Hollie Johnson

FROM: Bryan Schmid

CDC BOARD MEETING FOR DECEMBER 2019

A Regular Board meeting of the Community Development Corporation will be held **TUESDAY, December 17th, 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**

December 17, 2019

Call to Order -

Review and approve November 19, 2019 CDC Board meeting minutes:

Housing Resolutions:

- H-19-049 Borrower A
- H-19-050 Borrower B
- H-19-051 Borrower C
- H-19-052 Borrower D
- H-19-053 Applicant A
- H-19-054 Applicant B

2020 Budget:

- General Discussion
- Questions
- Approval of 2020 Budget

General CDC Business:

- October 2019 Financials and Vouchers
- Officer Elections
- SAM registration

Staff Updates:

- TBD

Future Business:

- TBD

Public Comment Period:

Adjourn

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

November 19, 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 Bell-Beals, Acting Chair, at 8:11 a.m.

Those present were: Directors Hansen, Miller, Velkers, Johnson, Bell-Beals

Absent: Director Winship, Director Denbrook, Director Hawkinson

Staff in attendance were: Bryan Schmid, Laura Charbonneau, Lucy Newman, Stacey Killmer, Robyn Lee, Heather Moss, and John Barbee.

Guests: None

UNFINISHED BUSINESS

Director Bell-Beals, Acting Chair, requested CDC Board Members review the minutes of the October 15th, 2019, meeting. With no questions, Director Velkers moved to approve the minutes, and the motion was seconded by Director Miller. The vote was unanimous, and the minutes were adopted.

2020 Staff Budget Presentation:

Staff presented the 2020 CDC Budget Preview, beginning with the current staffing, flow of funds, streams of funding in which the CDC holds sub-recipient contracts (HOME, CDBG), and Fee for Service. Staff reviewed the CDC Funds: HOME, CDBG, TCRA, SRLG, HOPE, NSP, & Others. Staff discussed the Operating Budget. Staff discussed the different funds within the CDC and the distinction between service/activity delivery and admin expenses. The Board asked: Is there any reason to be referencing the previous year? Is anything obvious? Yes, the 2020 budget is based on the figures from 2019. Are the numbers smaller? The last two years the figures have been about the same. If we were to look further back, the CDC used a different model for budgeting. Our strategies are expense control? Yes, with the added layer of admin vs. cost. We can't budget over revenue? The only fund we can budget over revenue is the HOPE fund. On the HOME fund is it the \$248K that we can't exceed 10%? HOME has a 10% admin cap. We use CDBG admin generated from the NSP transfer and HOME program income admin to cover HOME admin expenses. The \$248,057 is the HOME admin expenses. The most comparable entity in the State to the CDC is the Tacoma Redevelopment Authority. The activities are similar, and we work closely with them. What about other Counties? Not every County has a CDC. In this State it is Tacoma and Pierce County. Why not other Counties? Other Counties may contract out to non-profit agencies to administer or administer in house. How long has this been in existence? Since 1985. The County wanted an entity that lives within the County and is staffed by County staff working on these programs. The perception is that this is a County Program. If the County wants to maintain these programs, and all the functions involved, then this is the model we use.

Looking at the hierarchy, are the who supervises CDC staff. Staff introduced the Manager, John Barbee, and Human Services Director, Heather Moss. Do we have a Contract with the County? Yes, it is indefinite and cancelable upon one party or the other. But they would like for us to make more money? If we are self-sustaining. King County does everything in house with about 40 staff. There are housing levies, taxes and other injunctions that cover the costs.

The Board commended the CDC for bring a great model for the County and State. The CDC does meet with other municipalities to compare the way we operate and focus on efficiency. There is a significant need in Pierce County, for homeowners in 80% ami, for home rehabilitation. Particularly with septic issues that if it not addressed, the Health Dept can condemn a home and ultimately leave the occupants, homeless.

Why is the SRLG program separate? We had a contract with Public Works, there was not the regulations, as there are with HOME & CDBG. Housing values are being capped out, affordable homeownership is becoming more challenging.

Staff shared future *Budget Challenges*, noting that CDBG has high rehab admin vs project related costs. Most of the CDC revenue is dependent on loan repayments. Is running out of money running out of money becoming more of a crisis? Before the NSP regulation to convert funds over to CDBG, there was concern. There is still concern about sustainability of the loan funds. Have you asked the Council what they would like to see from the CDC? We have not approached the Council yet, we need to show them how the CDC has prevented many from being homeless and telling our story before asking for funding. The NOFA just released in June had more program income than entitlement. That is not possible without the loan repayments the CDC collects. The County leadership needs to be educated about the CDC. There are too many unknowns to project out the CDC Budget past 2021. When did the NSP rules change and how much notice did you receive? It was a sudden change when HUD announced that NSP funds can convert to CDBG. The rule came out in 2016. Since the change what has been trend of change? First transfer was \$800K then \$860K, then \$567K and we have potentially 2 or 3 sales coming up which should result in about another \$500K. Then we will have about 16 NSP loans left. We have enough HOME program income admin banked to sustain for 2020. We will work with department leadership and County leadership to come up with a sustainability plan. What is our weakest link to prevent from toppling into the future? Reliance on loan payoffs, not payments, but payoffs. If we get the payoffs, primarily NSP payoffs we can sustain if not we can't.

Staff asked if there was anything the Board would like to see before the December Budget Resolution Presentation. The Board felt that the CDC has provided up-to-date information.

Staff then highlighted the *Budget Opportunities*, noting that the County may assist with the admin and operating costs in the future. In addition, the CDC is looking to develop other funding sources.

No action is requested on the budget until the December 2019 meeting.

GENERAL CDC BUSINESS:

Staff reviewed the August and September 2019 Financials and Vouchers with the Board. The Board had some voucher questions on payments that were clarified. With no further questions from the Board, Director Velkers moved to approve the August and September 2020 financial

statements and payment vouchers, and this was seconded by Director September. The vote was unanimous, motion carried, and adopted.

- September and October 2019 late payment report was reviewed.

STAFF UPDATES:

- Staff noted that Sheree Clark's last meeting was today after 21 years.

FUTURE BUSINESS:

- 2020 Final Budget Approval – December 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 Miller. The next meeting being Tuesday, December 17th, 2019. The meeting was adjourned at 9:25 am.

Certified by:

Board Chair

Date

Secretary

Date

Prepared by:

Robyn Lee