

**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 May 19, 2020

A Regular Board meeting of the Community Development Corporation will be held **TUESDAY, May 19th, 2020 at 8:00 A.M.**

The May 2020 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.

Please click the link below to join the webinar:
<https://piercecountywa.zoom.us/j/94007062093>
Password: 415529

Or iPhone one-tap :

US: +12532158782,,94007062093#,,1#,415529# or +16699009128,,94007062093#,,1#,415529#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 253 215 8782 or
888 788 0099 (Toll Free) or
877 853 5247 (Toll Free)

Webinar ID: 940 0706 2093

Password: 415529

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

April 21, 2020
8:00 a.m.

The regular 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://zoom.us/j/92948235146?pwd=REpvaXlVdUh1ZEVaRiBiOTWeDlwUT09> / Password: 997846

The meeting was called to order by Director Winship, Chair, at 8:04 a.m.

Those present were:

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

Absent: None

Staff in attendance: Bryan Schmid, Shannon Shuman, Laura Charbonneau, Lucy Newman, Robyn Lee, Gary Wescott, and Vy Yun

Guests: Kari Moore, Linda Donley, and Michele Cummings

UNFINISHED BUSINESS

Director Winship, Chair, requested CDC Board Members review the minutes of the February 18th, 2020, meeting. With no questions, Director Hawkinson moved to approve the minutes, and the motion was seconded by Director Miller. The vote was unanimous, and the minutes were adopted.

Staff introduced the following Pierce County employees:

Linda Donley, Grant Accountant – Lucy’s new supervisor. Linda shared a little of her history and what she is looking forward to.

Gary Wescott, Economic Development, Sheree Clark’s previous position. Gary started mid-February. Gary is excited about looking forward to doing business.

Kari Moore, with communications, is assisting with the zoom webinars.

NEW BUSINESS

CDC Resolutions:

Resolution CDC-2020-001 was presented for approval to adopt a virtual Board meeting policy. This is in response to the COVID crisis, which follows the Washington State Open Public Meetings Act requirement for holding public meetings virtually. The CDC Board commenced discussion and questions asked included: As we get through COVID, will virtual be an interim or allowable for the future? Staff responded: Open Public Meetings Act states you need a physical location, disclosed publicly, with time and date. When the statewide prohibitions on gathering is lifted, we will return to the normal schedule at Soundview. With no further questions from the Board, Director Miller moved to approve this resolution and was seconded by Director Velkers. Vote was unanimous, motion carried, and resolution was adopted.

Resolution CDC-2020-002 was presented for approval to adopt an electronic payment policy and increase Automated Clearing House (ACH) limits to \$350K. This is in response to the COVID crisis, the CDC wishes to create a policy to allow for electronic payments to vendors via ACH transfer and increase the daily transaction limit to \$350K. The CDC Board commenced discussion and questions asked included: What was previous limit? Will that be enough? The Board requested to encrypt comments in voucher registry that is sent out to the Board. Can you take the comment section out? You will hide the payee? Would it be easier to just receive approval from check signers? These will all be pre-funded? Staff responded: The current limit for outgoing disbursements is \$35K, so we are requesting to increase this limit to \$350K. Yes, this should be enough. If there is a time the disbursement amount exceeds this limit, we can call Columbia Bank to make a temporary increase. Yes, staff will send the voucher register in an excel format without comments, so the detailed information will be hidden. Columbia Bank prefers a request for a permanent increased limit of \$350K, as they will only allow a limited number of temporary increases per year. These are not pre-funded transactions. The funds need to be in the account to disburse. The Board requested to modify the clause in the 4th bullet of the Resolution, to allow check signers for noted positions. Remove “everything needs to be sent to the Treasurer” replace with alternatives such as the Board officers and/or any authorized check signers. Staff noted that the bank signee information was emailed for the Directors to complete and return. With no further questions from the Board, Director Velkers moved to approve this resolution and was seconded by Director Hawkinson. Vote was unanimous, motion carried, and resolution was adopted subject to revised language in bullet #4 to remove “everything needs to be sent to the Treasurer” replace with alternatives such as the Board officers and/or any authorized check signers.

Resolution CDC-2020-003 was presented for approval to adopt temporary loan servicing policies. This is in response to the COVID crisis, the CDC wishes to create a temporary loan servicing policy to follow the Washington State Department of Financial Institutions (DFI) guidance for loan servicers. The CDC Board commenced discussion and questions asked included: What is the time frame to pay back for escrow? Typically, at the end of the 90-day period, all deferred principal, interest, and escrow would be due. Should we have forbearance, or other language, for a repayment plan? Right now, the deferral would run through June 15th? Isn't the escrow account a trust account? Should we be more specific with dates in the resolution? The Board suggested, “Borrowers may apply for a forbearance/deferral for payments during the dates March 15-June 15, 2020, 90-days”, “*Beginning Mar 15th 2020, for borrowers, with documents for loss of income related with COVID-19...*” There is a request window, which would allow 90-day deferral once the request is made. How are you going to document loss of income? How does it look for loss of income for April 15th? If person, and doesn't pay for 90- days and then begins sending a payment how is it applied? One of the Senator's is discussing forgiving payments, should this be possible verbiage? Staff responded: The time frame to pay escrow is currently June 15th, 2020, while the forbearance/repayment plan needs to be considered. The CDC has a bit more flexibility; however, the escrow accounts are not so flexible. Yes, the deferral is currently set for June 15th, 2020. When payments are received, the escrow portion of the payments are transferred to the escrow account monthly. The current State guidance states the borrower would need to notify the CDC between March 15th, 2020, and June 15th, 2020. From the time of their request, the 90-day forbearance would commence. Staff would request documentation of unemployment filing, loss of job, things of that nature. An escrow analysis is performed annually to adjust for insurance and taxes. Payments are applied as follows: escrow, late fees, interest, principal. Unless a borrower is current and mails in a payment with specific directive of payment application. There are a couple things in play. For any federally insured loan, FHA and HOME assisted loans, any rental

properties-HUD assisted, there is a 120-day moratorium for evictions. For single family properties, there is also 120-day moratorium on foreclosures. The State DFI is waiving late fees for 90-days and postponing foreclosure action-90-days. The Board noted a news article of forgiveness for up to 1-year. Fannie Mae and Freddie Mac are proposing if you can't pay it back, they may forgive. Staff noted that the CDC is not Fannie Mae or Freddie Mac. It all depends on how this will all shake out. There is a lot of talk about payment forgiveness and there are a lot of bond contracts that still need to be paid. The CDC is not in the same market. We haven't seen a big property value depreciation; this will make traditional credit much harder and credit scores are already going up for lenders. Staff requested to just approve waiving the late fees and work on the verbiage of forbearance, in addition to documenting calls requesting forbearance that come in. Meanwhile, the CDC can draft a forbearance proposal for approval in May and strike out the bullet related to forbearance. The CDC has always had a note modification in place for interest only payments. Not certain that COVID-19 will have a dramatic impact, as many are on a fixed income and not effected by COVID-19, financially. With no further questions from the Board, Director Miller moved to approve this resolution and was seconded by Director Winship. Vote was unanimous, motion carried, and resolution was adopted subject to not taking forbearance action for 90-days, waiving late payments, and strike bullet #2 in the resolution.

CDC Housing Resolutions:

Resolution H-2020-004 was presented for approval for a \$80,000.00 loan from the CDC under the CDBG program for housing rehabilitation. The CDC Board commenced discussion and questions asked included: Would CDC be paying for removal of internal contents? Is that normal? Is the interior work pretty extensive? Who's has the senior lien? Staff responded: Yes, we would do a storage pod for the homeowner and a crew would help with larger items. Yes, this would be added to the borrower's loan. This is typically done with mobile home replacements. As far as what the rehab spec could see. They owe \$22K to MT Bank. With no further questions from the Board, the resolution was moved to approve by Director Winship and seconded by Director Velkers. Vote was unanimous, motion carried, and resolution was adopted. Subject to no further payment modifications.

Resolution H-2020-005 was presented for approval for a \$60,000.00 loan from the CDC under the CDBG program for housing rehabilitation. The CDC Board commenced discussion and questions asked included: Who's on the current mortgage? What kind of industry does he work in? Staff responded: The husband and wife are on the current mortgage. He works for comcast. His wife said he will be returning after temporary disability. With no further questions from the Board, the resolution was moved to approve by Director Miller and seconded by Director Hawkinson. Vote was unanimous, motion carried, and resolution was adopted. Subject to no further payment modifications.

GENERAL CDC BUSINESS:

Staff presented the January and February 2020 Financials and Vouchers with the Board. Page 4 highlighted operating expenses and grant expenses. The Board questioned: Is the negative net revenue a result of timing issue? On page 8, Feb income/expense, there is a negative late fee revenue, is that an adjustment? Page 18, NSP – for \$587K? Does this help for CDC admin? Is there a Board approval for transfers? Staff responded: Yes, that is correct. We had loan reconciliations that needed to be adjusted. That is the NSP transfer, NSP payment collected annually to transfer to CDBG. Yes, CDBG does allow for increased admin. There is not a

regulatory admin cap requirement for CDBG owner rehab program. Yes, every time there is a transfer, there is a Board approval. With no further questions from the Board, Director Miller moved to approve the January and February 2020 financial statements and payment vouchers, and this was seconded by Director Hawkinson. The vote was unanimous, motion carried, and adopted.

- February late payment report was reviewed.

STAFF UPDATES:

- Human Services Department response to COVID / Staffing- -Office closed for about a month and staff is working remotely. Staff does have the ability to now access office strictly for files, not to work. Field staff can do exterior work, as interior work is on hold. Had first remote loan closing. Loan officers are working with UPS stores to use as a portal for loan closing and working with title companies. Staff has notified borrowers of electronic payments and/or PO Box payments. Accounting is working on financials and very operational.
- HUD HOME monitoring postponed indefinitely.
- HOME Program, County receiving additional CDBG funds. HOME received a lot of regulatory waivers that could benefit CDC, including allowing increased admin cap of 25%, and waiving CHDO set-aside of 15%. This could help CDC sustainability. We may need to look at a tenant-based rental program with HOME funds, essentially section-8. There will be more to come on this if CDC will monitor or if it will be outsourced. Is change to admin cap permanent? No, just 2019-2020 HOME funds. HOME does not have additional money attached from the CARES act. The regulatory waivers were quite significant. It relieved us from rental monitoring inspections as well. What prompted changes? The CARES Act, the statutory regulations are regulations an agency can't change. CARES, waives statutory and some regulatory requirements, HUD came in behind and changed some regulatory waivers. This is related to COVID-19, most likely to assist with more rental assistance and allow more flexibility. Has there been any talk on the County level to get back on track with budget? County General Funds – had to go through budget exercise to reduce 2-3%. The County is fortunate to be funded by property tax, rather than sales-tax revenue. The County receives a lot of special purpose fees, such as recording fees. If rates go down, and refi and/or foreclosure activity picks up, the special purpose picks up. The counties are in a better position, than cities/towns. I.E. Puyallup relies heavily on taxes.

FUTURE BUSINESS:

- TBD

PUBLIC COMMENT:

- No public comments

ADJOURN:

There being no further business, the regular meeting was a motioned to adjourn by Director Hawkinson and seconded by Director Winship. The next meeting being Tuesday, May 19th, 2020. The meeting was adjourned at 9:45 am.

Certified by:

Board Chair

Date

Secretary

Date

Prepared by:

Robyn Lee

**COMMUNITY DEVELOPMENT CORPORATION
MEETING AGENDA**

May 19, 2020

Call to Order -

Review and approve April 21, 2020 CDC Board meeting minutes:

Housing Resolutions:

- 2020-006 Applicant A

General CDC Business:

- March 2020 Financials and Vouchers
- Loan Servicing and Late Payment Report

Staff Updates:

- Human Services Department response to COVID / Staffing - Updates

Future Business:

- TBD

Public Comment Period:

Adjourn