

COON RAPIDS MORTGAGE ASSISTANCE FOUNDATION – ANNUAL MEETING

The December 4, 2014, meeting was called to order by Vice President Stanton at 8:34 a.m.

1. Roll Call

Members Present	Jim Stanton, Vice President Brad Crandall, Director Al Hofstedt, Director	Scott Schulte, Secretary Tim Howe, Director
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Members Absent	Donna Naeve, President	Lyle Haney, Treasurer
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Others Present	Cheryl Bennett, Housing & Zoning Coordinator Fran Hanson, Accounting Supervisor Cindy Hintze, Administrative Specialist Paul Johnson Denise Hosch
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2. Consider adoption of the agenda.

Cheryl Bennett presented a revised agenda adding items 6.1 and 6.2 and modifying item 11.

MOTION BY SECRETARY SCHULTE, SECOND BY DIRECTOR HOWE, TO ADOPT THE REVISED AGENDA. MOTION PASSED UNANIMOUSLY.

3. Consider approval of minutes from the December 5, 2013, Board of Directors Meeting.

MOTION BY SECRETARY SCHULTE, SECOND BY DIRECTOR HOWE, TO APPROVE THE MINUTES. MOTION PASSED UNANIMOUSLY.

4. Receive draft minutes from the November 4, 2014, Executive Committee Meeting.

MOTION BY SECRETARY SCHULTE, SECOND BY DIRECTOR HOWE, TO RECEIVE THE MINUTES. MOTION PASSED UNANIMOUSLY.

5. Consider financial reports.

Fran Hanson reviewed the financial reports and noted decreases in fund values due to adjustments related to the fair market value of interest earnings. She noted this was in accordance with accounting guidelines and that it would recover over time. She advised the Board that the funds have already recovered approximately 60 percent of this decrease in 2014. She reported that three bad loans were written off in 2014 year and that additional loans will be written off. In response to questions, Cheryl Bennett noted these loans were second mortgages and that they involved foreclosures. Ms. Hanson stated that if the borrower files for bankruptcy, collection attempts stop.

Director Crandall inquired as to the similarities of borrower profiles on bad debt. It was noted that foreclosures and reductions in property values played a role as did the 100 percent loan to value ratio of the program. It was noted that some loans in default are deferred loans and the properties foreclosed. Director Crandall inquired as to compliance with the regulations of the CFPB and the ability to repay. Ms. Bennett stated issuance of the loans is administered by CEE and that Judi Mortenson, its program director who was formerly with Wells Fargo, closely watches this.

MOTION BY SECRETARY SCHULTE, SECOND BY DIRECTOR CRANDALL, TO ACCEPT THE FINANCIAL REPORTS. MOTION PASSED UNANIMOUSLY.

Ms. Hanson left the meeting at 8:45 a.m.

6. Consider revision to Bylaws.

Ms. Bennett explained the Executive Committee met in November and recommends an increase in the number of Board members from seven to nine, stating it was a concern of both President Naeve and Treasurer Haney that continuity of the programs be retained. She referred to the proposed resolution. She noted that the change, if approved, would become effective following the next City Council meeting absent any veto from Council.

MOTION BY SECRETARY SCHULTE, SECOND BY DIRECTOR HOWE, TO ADOPT THE RESOLUTION REVISING THE BYLAWS CHANGING THE NUMBER OF MEMBERS FROM SEVEN TO NINE.

Secretary Schulte stated the foundation's mission will change and that with additional members the Board will become more engaging. He stated he believes this is the right move for the Board.

MOTION PASSED UNANIMOUSLY.

6.1 Accept resignation of Director Haney.

Secretary Schulte stated the Mortgage Assistance Foundation was the brain-child of Vice President Stanton, Treasurer Haney, Director Hofstedt and others. Director Hofstedt stated Treasurer Haney was instrumental from the beginning as one of the three initial members. Vice President Stanton noted Jim Steward was the third original member, noting Director Naeve's contributions coming later on. Secretary Schulte stated Treasurer Haney's resignation is bittersweet knowing that his health is failing, but this legacy will live on.

MOTION BY SECRETARY SCHULTE, SECOND BY DIRECTOR HOFSTEDT, TO ACCEPT THE RESIGNATION OF DIRECTOR HANEY. MOTION PASSED UNANIMOUSLY.

6.2 Declare vacancy for Director Term ending 2016.

Vice President Stanton clarified this is President Naeve's term and asked the Board for direction. Cheryl Bennett noted that Agenda Item 7 offered opportunity for electing directors. In response to questions, she advised that the Board needed to declare the vacancy before filling the position but stated that it was not necessary to fill it today.

MOTION BY SECRETARY SCHULTE, SECOND BY DIRECTOR HOFSTEDT, TO DECLARE VACANCY FOR DIRECTOR TERM ENDING 2016. MOTION PASSED UNANIMOUSLY.

7. Election of Directors.

Ms. Bennett explained the options for electing directors to the Board. She recommended that elections to the two newly created Board positions be conducted so that three director positions expire each year. She recommended that the two new positions be elected to terms ending 2015 and 2017 and advised the members that these elections were subject to the City Council taking no action to veto the revision to the bylaws. She noted that Director Howe must step down from his seat when his City Council term ends on January 5th and that the Executive Committee has recommended that he be re-elected. She advised that the bylaws prohibit more than two members currently serving on City Council and that because two other recommended candidates currently serve on City Council, Denise Klint and Paul Johnson, both cannot be seated immediately. One or both could be elected to a term effective January 6, 2015. She advised there is no requirement that a current City Council member serve on the Board. She noted that all elections are subject to City Council veto according to the bylaws.

The Board considered the expiring Director term held by Vice President Stanton.

MOTION BY SECRETARY SCHULTE, SECOND BY DIRECTOR CRANDALL, TO ELECT JIM STANTON AS DIRECTOR TO A TERM EXPIRING 2017. MOTION PASSED UNANIMOUSLY.

The Board considered the expiring Director term held by Treasurer Haney.

MOTION BY SECRETARY SCHULTE, SECOND BY DIRECTOR HOWE, TO ELECT DENISE HOSCH AS DIRECTOR TO A TERM EXPIRING 2017. MOTION PASSED UNANIMOUSLY.

The Board considered the Director term formerly held by President Naeve.

MOTION BY SECRETARY SCHULTE, SECOND BY DIRECTOR CRANDALL, TO ELECT PAUL JOHNSON AS DIRECTOR TO A TERM EXPIRING 2016. MOTION PASSED UNANIMOUSLY.

The Board considered the Director term held by Director Howe who, as a current City Council member, must step down from his seat on January 5, 2015, when his term as Mayor ends. The Board took action to elect Director Howe to fill out the remainder of his present term.

MOTION BY SECRETARY SCHULTE, SECOND BY DIRECTOR CRANDALL, TO ELECT TIM HOWE AS DIRECTOR, EFFECTIVE JANUARY 6, 2015, TO A TERM EXPIRING 2016. MOTION PASSED UNANIMOUSLY.

The Board next considered the two positions created by the revision to the bylaws. Director Schulte recommended electing a director to a term ending 2017 and leaving the director position with the term ending in 2015 open at this time. It was noted that this term is subject to not veto by Council to the revision of the bylaws.

MOTION BY SECRETARY SCHULTE, SECOND BY DIRECTOR CRANDALL, TO ELECT DENISE KLINT AS DIRECTOR TO A TERM EXPIRING 2017, EFFECTIVE JANUARY 6, 2015, AND SUBJECT TO NO VETO OF THE REVISION OF THE BYLAWS. MOTION PASSED UNANIMOUSLY.

Secretary Schulte stated that one vacancy remains on the Board of Directors following these elections. It is for a term ending 2015.

8. Election of Officers: President, Vice President, Treasurer and Secretary.

MOTION BY DIRECTOR SCHULTE, SECOND BY DIRECTOR HOFSTEDT, TO NOMINATE DIRECTOR STANTON AS PRESIDENT. MOTION PASSED UNANIMOUSLY.

MOTION BY DIRECTOR STANTON, SECOND BY DIRECTOR HOFSTEDT, TO NOMINATE DIRECTOR SCHULTE AS VICE PRESIDENT. MOTION PASSED UNANIMOUSLY.

MOTION BY DIRECTOR SCHULTE, SECOND BY DIRECTOR HOFSTEDT, TO NOMINATE DIRECTOR CRANDALL AS TREASURER. MOTION PASSED UNANIMOUSLY.

MOTION BY DIRECTOR SCHULTE, SECOND BY DIRECTOR HOFSTEDT, TO NOMINATE DIRECTOR HOWE AS SECRETARY.

Director Howe noted his concern about fulfilling daytime commitments for this Board. He respectfully declined the nomination.

Director Schulte withdrew his motion.

MOTION BY DIRECTOR SCHULTE, SECOND BY DIRECTOR STANTON, TO NOMINATE DIRECTOR HOFSTEDT AS SECRETARY. MOTION PASSED UNANIMOUSLY.

9. Receive report summarizing the status of the Housing Loan Program and Consider allocation of new funds to program.

Ms. Bennett reviewed the loan report stating 191 loans have been issued for approximately \$2.1M. There has not been much loan activity except for the Home for Generations II (HFG) program which used its entire \$500,000 allocation. Staff is requesting another \$500,000 be allocated the HFG loan fund. The entire architectural funding has also been used. She noted that an additional \$300,000 allocation approved last year has not been designated for any specific loan program and remains in reserve available for designation by the Executive Committee as needed and that staff is requesting this amount remain available for ease in designating as the need arises. President Stanton inquired as to the interest level in HFG. Ms. Bennett reported that interest in the program continues to be high. Vice President Schulte asked if the demand was there for \$800,000. Ms. Bennett stated yes, but that no borrower has been turned away to date for lack of funding.

President Stanton asked if anyone asks to refinance. Ms. Bennett stated subordination is requested but is not allowed per the non-subordination policy. She noted that no borrower has requested to refinance their City loan.

Ms. Bennett reviewed the HFG spreadsheet. The HFG program requires a minimum of \$35,000 in project value. The loan maximum is \$50,000. Nine loans have been issued. Director Howe inquired as to another open house event in the spring as it was very successful. He thought \$800,000 may be more in line with demand after another open house event. Vice President Schulte stated the Executive Committee could reallocate the \$300,000 currently approved but in reserve, if needed.

MOTION BY VICE PRESIDENT SCHULTE, SECOND BY SECRETARY HOFSTEDT , TO RECOMMEND THE CITY COUNCIL ALLOCATE AN ADDITIONAL \$500,000 FROM THE CRMAF PROGRAM LOAN FUND 20000 TO THE HOME FOR GENERATION II LOAN POOL IN HOUSING PROGRAM FUND 19000. THE MOTION PASSED UNANIMOUSLY.

Ms. Bennett stated the delinquency rate shortly after the program was initiated was about 7 percent and was advised at that time by CEE that was standard for a program like this. The delinquency rate reached nearly 10 percent and last year was over 9 percent. As of October 31, the delinquency rate was just over 7 percent. HFG loans have added to the outstanding principle balance and writing off bad debt has lowered the delinquency rate. Vice President Schulte stated moving the delinquent loans off the list will help the numbers and that the numbers were not unexpected from his perspective. Treasurer Crandall stated this is not unusual for a program of this nature; President Stanton agreed. Vice President Schulte also agreed and noted that program loans have been geographically dispersed across the city and is pleased by that.

10. Receive report summarizing the status of the ReGenerations Down Payment Assistance Loan Program.

Ms. Bennett reviewed the status of the program noting the program slowed during 2014 with just two loans closed and a third in progress. She advised that the use reflects the improvement in the housing market. Vice President Schulte noted that two-thirds of the original allocation remains available and that he anticipates that program access will continue to slow down as the housing market improves, but does not suggest that money be reallocated to another use at this time.

MOTION BY DIRECTOR HOWE, SECOND BY VICE PRESIDENT SCHULTE, TO RECEIVE THE REPORT. MOTION PASSED UNANIMOUSLY.

11. Consider amendments to Service Contract with Loan Program Administrator to amend the fee for Rehabilitation Advisor Visit services and to extend the term.

Ms. Bennett stated the service contract with CEE for program administration is a three year contract and is up for renewal. Staff recommends the contract be extended for another three year period. CEE has administered the program since its beginning and, during that time, has not raised their fees. CEE is now requesting the remodeling advisor visit fee be raised from \$130 to \$225 to cover their expenses of providing this service. She noted there is no cost to the property owner. She advised that this service is paid for by a \$10,000 annual allocation from the City's HRA fund unless the visit is required by the program at which point it is paid for with program funds. She reported that CEE has standardized the service and improved the reporting for these visits. She suggested a homeowner co-pay for the service was a possibility to offset the cost. Vice President Schulte stated he was not in favor of putting the cost on the homeowner and that he believes this is something the City should continue to absorb this cost. He recommended a message be provided to CEE stating an increase of 1-2 percent per year makes better sense than a singular, large increase, but believes \$225 is reasonable for the service.

MOTION BY VICE PRESIDENT SCHULTE, SECOND BY TREASURER CRANDALL, TO RECOMMEND THE CITY COUNCIL EXTEND THE SERVICE CONTRACT WITH CEE THROUGH 2018 WITH THE PROPOSED FEE INCREASE FOR REHABILITATION ADVISOR VISIT SERVICES FROM \$130 TO \$225. MOTION PASSED UNANIMOUSLY.

12. Discussion – Special Project.

Ms. Bennett stated she contacted Mark Ruff from Ehlers as directed by the Executive Committee, and he stated he was honored to be asked to be part of the discussion. No cost has been discussed. Ms. Bennett provided a brief overview of the Board's previous discussions regarding a special project. Vice President Schulte stated he was part of the Executive Committee meeting discussion and felt it was time to do a signature project for benefit of the City's aging population. He felt it

would be a real tribute to Donna, Lyle, Jim and others. Treasurer Crandall inquired as to whether this project would have a return on investment. Vice President Schulte stated he believed that it would and that discussion would be part of the visioning process. Treasurer Crandall stated he was in favor of the discussion and to consider diversifying to reduce our present risk and felt there may be a project that could complement what the foundation has done and provide a return. Director Howe cautioned the Board of the importance of the process and that this type of project should have Council input and that the future Council be kept involved with this process. He felt that the purpose of this Board should survive. Vice President Schulte asked which fund would pay for the session. It was clarified that the foundation's account, Fund 82000, would be used. Vice President Schulte stated the City Council should be invited to the visioning session. President Stanton agreed. In response to a question from Director Howe, Vice President Schulte clarified that this process did not include a specific site nor had there been a specific type of project considered.

MOTION BY VICE PRESIDENT SCHULTE, SECOND BY TREASURER CRANDALL, TO SCHEDULE AN EVENING VISIONING SESSION WITH MARK RUFF OF EHLERS AND ASSOCIATES IN JANUARY AND TO INCLUDE THE CITY COUNCIL AND CITY MANAGER.

Discussion occurred regarding the time frame of the visioning meeting and it was decided the meeting should take place in the first quarter of 2015.

VICE PRESIDENT SCHULTE AMENDED HIS MOTION TO CHANGE THE TIME FRAME TO INCLUDE THE FIRST QUARTER OF 2015. TREASURE CRANDALL AGREED TO THE AMENDMENT. THE MOTION AS AMENDED PASSED UNANIMOUSLY.

13. Consider Funding Application under the Project Funding Guidelines for Fund 82000 from the City of Coon Rapids, Home for Generations II Program – Architectural Assistance.

Director Howe stated the architectural assistance is an importance piece of the HFG program. CTN did interviews with participating homeowners and many who initially thought they didn't need architectural help, found it was the most important element of getting their project completed. He felt more funds should be allocated. Ms. Bennett agreed the architectural consultation is a catalyst and that the open house tour was valuable to potential participants. Director Howe stated he was impressed that the homeowners and contractors were available and engaged in the open houses.

MOTION BY DIRECTOR HOWE, SECOND BY VICE PRESIDENT SCHULTE, TO GRANT \$10,000 FROM FUND 82000 FOR ARCHITECTURAL ASSISTANCE IN THE HOME FOR GENERATIONS II PROGRAM. MOTION PASSED UNANIMOUSLY.

Vice President Schulte asked if, for the Board's edification, the funds could be relabeled to better indicate which funds were controlled by this Board and which were controlled by Council. Ms. Bennett stated she would take this under advisement.

14. Set time and date for the 2015 Annual Meeting. The Bylaws establish the first Thursday in December of each year, which will be December 3, 2015.

MOTION BY TREASURER CRANDALL, SECOND BY DIRECTOR HOWE, SETTING THE 2015 ANNUAL MEETING AS THURSDAY, DECEMBER 3, 2015. MOTION PASSED UNANIMOUSLY.

15. Consider other business.

No other business.

16. Adjourn.

President Stanton declared the meeting adjourned at 9:54 a.m.

Respectfully submitted by,
Cindy Hintze
Administrative Specialist