ECONOMIC DEVELOPMENT AUTHORITY MEETING

VIRTUAL MEETING - Cable Channel 18 - www.townsquare.tv/webstreaming

MONDAY, APRIL 13, 2020

IMMEDIATELY FOLLOWING THE REGULAR CITY COUNCIL MEETING

Due to the Spread of COVID-19, City of West St. Paul public meetings will be held virtually until further notice. Members of the public may monitor meetings by tuning in to Cable Channel 18 or online at www.townsquare.tv/webstreaming during the posted meeting times. Meetings can be viewed on-demand starting the day following the original airing at www.wspmn.gov/agendacenter. Items requesting public input will do so via telephone call-in during live broadcasts only. Please view meetings during their original posted times to participate.

1. Call To Order

2. Roll Call

3. Adopt Agenda

4. EDA Consent Agenda Items

4.A. Minutes Of February 10, 2020 - EDA Work Session

Documents:

02-10-20 EDA WS MINUTES.PDF

4.B. Minutes Of February 10, 2020 - Regular EDA

Documents:

02-10-20 EDA MINUTES.PDF

4.C. Minutes Of March 9, 2020 - EDA Work Session

Documents:

03-09-20 EDA WS MINUTES.PDF

4.D. Financial Statement Through December 31, 2019

Documents:

DECEMBER BUDGET TO ACTUAL REPORT.PDF

4.E. Financial Statement Through February 29, 2020

Documents:

FEBRUARY BUDGET TO ACTUAL REPORT.PDF

5. Commissioner Comments

6. Public Hearing

7. New Business

7.A. Loan Servicing Agreement - Comm. Reinvestment Fund

Documents:

HOUSING REHAB LOAN_.PDF
AGREEMENT WITH COMM REINVESTMENT FUND FOR LOANS - 4-13-2020.PDF
WEST ST PAUL HOME IMP. GUIDELINES DRAFT KLL CLEAN 3-2-20.PDF
WEST ST PAUL PROMISSORY NOTE - 3-5-20.PDF
WSP SCHEDULE 2 CRF.PDF
WSP SCHEDULE 1 CRF.PDF

8. Old Business

8.A. Extension Of The Oppidan Development Agreement

Documents:

EDA APRIL 13 2020 OPPIDAN.PDF

9. Adjourn

If you need an accommodation to participate in the meeting, please contact the ADA Coordinator at 651-552-4108 or email ADA@wspmn.gov at least 5 business days prior to the meeting

www.wspmn.gov EOE/AA

City of West St. Paul
Economic Development Authority Work Session Minutes
February 10, 2020

1. Open Work Session

President Napier called the meeting to order at 6:05 p.m.

2. Roll Call

Present: President Dave Napier
Commissioners Wendy Berry, Lisa Eng-Sarne,
Anthony Fernandez, John Justen, Bob Pace and Dick Vitelli

Absent: None

Also Present: City Manager Ryan Schroeder
City Attorney Kori Land
Fire Chief Mark Juelfs
Lt. Matt Swenke
EDA Executive Director Jim Hartshorn
City Clerk/EDA Secretary Shirley Buecksler

Jason Peterson, Chief Executive Officer – NeighborWorks Home Partners

3. Agenda Items

A. Expansion of Housing Rehab Programming

City Manager Schroeder said he communicated with Jason Peterson, CEO of NeighborWorks Home Partners, after the Public Safety Committee meeting. Mr. Peterson did not attend that meeting but is here tonight. Schroeder said he has more experience than the rest of us and some opinions on what is either the right move, the wrong move, or what could help us to achieve our goals.

Within the 2020 EDA budget is an allocation toward rehab programs of $150,000. Intended is that we would continue commercial rehab but add to it an expansion of current housing rehab programming. The Public Safety Committee discussed this initiative at their meetings of October 22 and December 3, 2019. This was followed by a January 27 Council OCWS presentation by Jason Peterson of NeighborWorks. At that meeting, consensus was to continue to pursue a rehab program expansion.

Following Council direction, specifics of the rehab program initiative were discussed at the February 4, 2020 Public Safety Committee meeting. This Committee is endorsing proceeding with a program and is recommending it be focused as follows:

- The program be created as a 1-3 year PILOT program and that eligibility during the PILOT be limited to single family homesteaded properties located within that area of the community bounded by: Annapolis, Robert, Butler, and Waterloo. It is suggested impact can be greatest with a limited geographical focus and this area has previously been identified as an area with the greatest opportunity for impact. It should be noted, however, that if this geographic target does not generate the desired interest level, the limitation could be revisited.

    - Schroeder recommended that we target north of Butler.

- The program would further be targeted to households with incomes between 80% and 120% AMI and that there be no limits on current or future market value of the homesteaded property.

    - In Council's packet, Schroeder said he estimated what that would be so you have some indication of income levels it was addressing.

- Improvements eligible for financing be limited to code deficiencies, exterior improvements to the structure (siding, windows, doors, roofs), and system replacement (HVAC, electrical, plumbing) with a specific exclusion of aesthetic improvements (kitchens, baths, flooring, et al). The Committee recommended the minimum loan amount be set at $5,000 with the maximum of $15,000 during the PILOT. The other NeighborWorks programs have lower minimum thresholds (of $2,000) but the Committee thought the administrative costs of smaller loans should be avoided. The other communities have larger maximum loans ($25,000 to $40,000) but, with limited resources, the Committee preferred to offer loans to more households over larger loan amounts.

    - Schroeder said the committee discussed we stop there and not grant loans like kitchen and bath remodels.

- An interest rate in 2020 of 3.5% (a check of home equity loans reveals the current market minimum at about 3.79% APR with an 85% LTV and MHFA fix up loan fund is currently at 4.25%). The Committee did not discuss a specific loan term. In the Shoreview and Woodbury programs, the maximum loan is 15 years. In North St. Paul, the maximum loan is 20 years for loans greater than $10,000 and 10 years for smaller loans. Anticipated is 15-year loan term maximums.

    - Schroeder said the committee wanted to push it higher than the 3% recommended by Mr. Peterson but who also stated that if you want to be competitive, you may ought to reduce it a little bit from there.

Sample $15,000 Loans (City Admin fee of $1,500 to NeighborWorks)

Interest Rate	Loan Term	Monthly Payment	Total Int. Paid
3.5%	15 year	$107.23	$4,301.83
3.5%	10 year	$148.33	$2,799.46
3.0%	15 year	$103.59	$3,645.70
3.0%	10 year	$144.84	$2,380.93

  - Schroeder said he felt comfortable at the 3.5% rate, and would like to allow Mr. Peterson to speak and make any corrections.

- The only origination or application fee to the borrower would be $150 refundable if they do not gain loan approval. Standard underwriting guidelines (security, loan to value, et al) would apply.

Under the contract proposal, NeighborWorks would provide all administration of the program. Beyond capitalizing the loan fund, the EDA would contribute 10 percent of each initial loan back to NeighborWorks to pay for program administrative costs. With Board authorization, it is anticipated that marketing of this program could be available by April 1. It is intended that investments of funds be a revolving pool. Hence, as repayments of loans occur those funds be used to replenish capital within the loan fund.

Proposed is a contract through 12/31/20 but which automatically extends unless either party provides notice. Anticipated is that the EDA would capitalize the loan fund similarly in future years as supplemented by repayments from borrowers.

Up to $49,500 at three loans per year at recommended maximum or $82,500 at five loans. With these metrics, replacement of investment into the loan pool could range from about $3900/year at three loans in 2020 up to about $8900/year at five loans.

Mr. Peterson said he applauds the Council moving forward and taking action on this. He echoed what Schroeder said and would preface that with right now you're looking at a relative small investment for the year, about $50,000. Targeting can make a bigger impact. He warned that if you shrink the pool too far, it may be hard to find applicants. He thinks targeting helps when you have a small amount of that. Other than this, he said that everything Schroeder stated is correct.

Councilmember Vitelli said 3.5 or 3% seems high if we are trying to help people of limited means to fix up their property. He said he understands what we're trying to do is build interest into the pool. Schroeder agreed and said repayment would come back to us and the assumption is the pool will grow larger over time.

Mr. Peterson said that 3.5% is generally better than you can get on the private market and that he pushed for consideration of a lower interest rate because the difference isn't

huge. Once you start to get into the 4 and 4.25%, folks can go to a bank and get a lower rate, so people wouldn't come to you for it, he said.

Councilmember Justen said he is kind of feeling the narrowness of the targeting. Looking at the map and seeing 1a, b, c and d, he understands why that would be a targeted area but would hate to see not enough applicants to use the money If we do the suggested targeting, he said he wouldn't want to commit to more than one year with that being a stipulated target area. The second and third year would be difficult. He said he is comfortable going back to north of Butler, in general. He would like to see all of this money go to something.

Mayor Napier asked what the downside is by going north of Butler. Schroeder said it would have less impact.

Mr. Peterson said the two things that limit it are geography and the loan size, so you're going to limit your applicants. Your limitation is you are not servicing renters. Those are the things to look at tweaking to broaden it. We can help you work on guidelines and suggested that if you want to try limited targeting, you need to be open to amending your guidelines if the money is not moving.

Councilmember Fernandez said studies have shown that doing this in a concentrated area can have a positive effect. $50,000 is not a lot of people. Being optimistic, the money is going to go fast, he said. That would be the goal but if it's all over the place, there may not be a highlight to it.

Attorney Land asked what the logistics are and how it works. One absolute nightmare that was real, she said, was when the CDA was administering the loan, the worst violators got a loan and, when it defaulted, it went against the property. She said we can design the program with the criteria, but NeighborWorks administering it and us not knowing who is applying, all those boxes need to be checked for fees, fines, and open code violations, she said. Schroeder said it would be addressed in the underwriting.

Mr. Peterson said they can do that. The other thing to consider, he said, is you may want to incentivize some of the code violators if there is no other way for them to fix their home. Perhaps first time violators, Attorney Land said. For every applicant in Minneapolis, Mr. Peterson said they ask the City if this person is eligible.

Councilmember Berry said the code violators are the ones that need this loan, and perhaps we could shorten the list of violations through this loan.

Councilmember Justen said he would agree if there is a bunch of assessments against the property, then we are in a different situation. If someone needs their garage painted but they don't have the means, he said he would love to give them a loan because then everything ties up. However, that language would have to be massaged properly. He

agreed that terminal problem properties are different than someone else literally being incapable of handling a large project that they're getting cited for.

Councilmember Vitelli asked if this could be done internally without a third party. Schroeder said he doesn't believe so and that he would rather pay Mr. Peterson because we can manage the risk that way on everything. On underwriting, addressing any deferred payments, making sure we don't commit securities fraud, etc. Mr. Peterson added that, when you're lending advertising dollars, there are a lot of clients out there. One of my concerns is about the loan size is the lower loan size, is it's going to cost us more. It costs us more than $500 to do a loan. You could explore it, but it's expensive, he said.

Councilmember Eng-Sarne asked what the ideal loan size is. Mr. Peterson replied that he would suggest up to $25K. You would only be able to do two, but you're going to have limited projects.

Councilmember Justen asked if anyone else worries about fairness issues if we are limited to just those four areas, all within one ward. Councilmember Vitelli said no, because it is a target program.

Councilmember Pace said he also questions the loan size. Referring to Councilmember Vitelli being an electrician, if a house on the north end needs a complete redo, will it cost more than $15K? Councilmember Vitelli said no. Councilmember Pace asked him what a $5K loan would help with. Councilmember Vitelli said soffit, rain gutters.

Councilmember Pace said he loves the idea of the project but wants to be sure it works out for the homeowner.

Schroeder asked the Council if there is a decision on geographical area. Mayor Napier and Councilmembers Vitelli, Fernandez, Eng-Sarne and Pace said they like the area chosen.

Schroeder asked if it should go up from $15K. Councilmember Fernandez said he likes $15K, maximum. Schroeder said many Cities go below $5K for their bottom. We went up from there because we didn't want to see Mr. Peterson lose too much money, he said.

Councilmember Berry asked if we are sending mailers, when we talk about targeting. Mr. Peterson responded that it would be up to the City, that his company would not be doing that. Either flyers or door hangers, but the other big thing is code enforcement. When you have code enforcement out, even if they are not enforcing, those are the best referrals we can get, he said. Councilmember Vitelli added that it should be included in the newsletter. Councilmember Berry said it could be added to the code enforcement letter.

Councilmember Justen said he likes the idea of not having bathrooms and other types of internal aesthetics included, but said that we need to be very careful how we word that. Obviously, there are exterior aesthetics of the house that we don't want to keep homeowners from doing but, at the same time, we are not doing things to increase the salability of the home by redoing the bathroom, for instance. Councilmember Justen added that electric is where it gets confusing because it's internal. Schroeder said systems, plumbing, electrical and HVAC can be included.

Schroeder asked Council if they are comfortable with the contract at the EDA meeting later this evening. Mayor Napier and Council answered yes.

Mayor Napier thanked Mr. Peterson for coming tonight.

4. Adjourn

Motion was made by Commissioner Eng-Sarne and seconded by Commissioner Vitelli to adjourn the meeting at 6:27 p.m.

All members present voted aye. Motion carried.

David J. Napier
President
City of West St. Paul

City of West St. Paul
Economic Development Authority Minutes
February 10, 2020

1. Call to Order

President Napier called the meeting to order at 7:08 p.m.

2. Roll Call

Present:	President Dave Napier Commissioners Wendy Berry, Lisa Eng-Sarne, Anthony Fernandez, John Justen, Bob Pace and Dick Vitelli
Absent:	None
Also Present:	City Manager Ryan Schroeder City Attorney Kori Land Executive Director Jim Hartshorn Finance Director Char Stark City Clerk/Secretary Shirley Buecksler

3. Adopt the Agenda

Motion was made by Commissioner Justen and seconded by Commissioner Berry to adopt the agenda, as presented.

Vote: 6 ayes / 0 nays. Motion carried.

4. EDA Consent Agenda Items

Motion was made by Commissioner Vitelli and seconded by Commissioner Eng-Sarne to approve the following items on the Consent Agenda, as presented:

A. Minutes of January 13, 2020 Regular EDA Meeting
B. Minutes of January 27, 2020 EDA Work Session
C. Minutes of January 27, 2020 Regular EDA Meeting

Vote: 6 ayes / 0 nays. Motion carried.

5. Commissioner Comments

None.

6. Public Hearings

There were no Public Hearings.

7. New Business

A. Housing Rehab Loan Program and Contract with NeighborWorks, Inc.

Motion was made by Commissioner Justen and seconded by Commissioner Eng-Sarne to approve the housing rehab loan program, budget authorization and contract with NeighborWorks Home Partners.

Vote: 6 ayes / 0 nays. Motion carried.

8. Old Business

Mayor Napier said he read an article yesterday in the Star Tribune about suburbs and housing values. West St. Paul, along with Circle Pines, was listed as a super hot market for home values, and that goes to all these programs that we've done over the years to boost our home stock up. Mayor Napier thanked Staff for helping us get all this done and making West St. Paul hot on the real estate market.

9. Adjourn

Motion was made by Commissioner Vitelli and seconded by Commissioner Berry to adjourn the meeting at 7:22 p.m.

All members present voted aye. Motion carried.

David J. Napier
President
City of West St. Paul

City of West St. Paul
Economic Development Authority Work Session Minutes
March 9, 2020

1. Open Work Session

President Napier called the meeting to order at 5:45 p.m.

2. Roll Call

Present: President Dave Napier
Commissioners Wendy Berry, Lisa Eng-Sarne,
Anthony Fernandez, John Justen, Bob Pace and Dick Vitelli

Absent: None

Also Present: City Manager Ryan Schroeder
City Attorney Kori Land
Fire Chief Mark Juelfs
Police Chief Brian Sturgeon
EDA Executive Director Jim Hartshorn
EDA Assistant Treasurer Char Stark
Human Resources Director Debra Gieseke
City Clerk/EDA Secretary Shirley Buecksler

Kari Gill, Deputy Executive Director & Director of Housing and Development, Dakota County Community Development Agency
Andy Mattson, Project Architect, LHB

Motion was made by Councilmember Berry, seconded by Councilmember Justen to approve the agenda, as presented.

All members present voted aye. Motion carried.

3. Agenda Items

A. North Gateway Project Discussion

Community Development Director Hartshorn said we have reviewed a plan that may make the project more favorable, including exterior parking, the exterior, and more greenspace. Kari Gill from Dakota County CDA and Andy Mattson of LHB are here tonight.

Ms. Gill provided the Council with photographs of what the property looked like previously. There was a lot of different retail. They considered Council's suggestion to add retail but the site is challenging with the changes in topography. Accommodating parking and retail is difficult. When there was commercial on this

site, there was parking on Robert Street, which is not there now. There is not enough parking for both commercial and housing. To proceed, the CDA will not be including retail. They have made some changes with the architect.

Mr. Mattson said they took some of the feedback and made significant changes:

- There were 60 units and they removed 6 from the building; now there are 33 one bedroom and 21 efficiencies.
- The 18 lineal feet of frontage along Robert Street freed up a lot more greenspace.
- If phase 2 goes forward as designed, it has the same footprint as phase 1 but creates more greenspace.
- Previously, there was a garage door on the north elevation. We were able to move it to the northwest side, which is much better from an urban design standpoint. That caused us to pull the building out of the ground about 20 inches. We need required clearances for the garage door. This also puts the accessible entrance on the south side.

Some lesser changes done to help improvement:

- Incorporated retaining walls along Robert Street, as well as Annapolis to try to reduce the feel of the building height. This helps reduce the visual verticality of the building.
- Started looking bookending the building with the two brick forms and using a hip roof on both elements; the majority of the roof is flat
- Added brick and cast stone detailing for visual interest

Mayor Napier asked if there is any chance that the greenspace on the north end could be built up, with a berm to the top of the retaining walls. Mr. Mattson agreed that there could be an opportunity for that. He said anything could be done on the back side. It could be flush with grade on the back side. He said they are trying to deter people hanging out there. Some up-lighting on the trees will keep the space well lit and safe. We could use the retaining wall aspect to slope it back down.

Mayor Napier said if we bring the elevation up, it gives it that much more screening. He said he likes the way it looks, as well as the feel of it.

Councilmember Vitelli agreed and said he likes this a lot. He asked if the City is participating in the cost of the corner sign.

Councilmember Eng-Sarne said the Environmental Committee looked at it on Wednesday but that they didn't have this image. They had the tree count and the plant experts on the Committee oohed and awed at the list. They were very appreciative of the work that has been done on this.
Councilmember Justen asked what retention garden means. Mr. Mattson said it is basically a rain garden. The majority of stormwater storage will be under the paved areas in phase 1.

Councilmember Vitelli asked if the lower windows on the north end will be day lighted into the parking garage. Mr. Mattson said they will be a translucent glass. The use of the corner space is bike storage.

Councilmember Vitelli asked if there will be a limited common area or any kind of common area for tenants. Ms. Gill said there will be a small community room that residents can use and one management office. They are also trying to incorporate a space in the lobby for package delivery so they are not left in an unlocked vestibule. She said this will be incorporated into the building somewhere.

Mr. Mattson said the only images Council does not have here are the exterior elevations. The two brick forms bookended. The bays will be stucco. There will be fiber cement panels between the bays. The base will be brick. The retaining walls will be segmental. The hip roof will be asphalt shingles. The flat roof will be some kind of flat roof system. The west side base will be burnished concrete masonry look. Again, stucco in the bays, fiber cement panel and fiber cement lap siding.

Councilmember Justen asked about the height of the decorative fence. Mr. Mattson said it is a six foot fence. Ms. Gill said they have a neighborhood meeting tomorrow at 6:00 p.m. at the Dakota Building to get some feedback and if there is a preference from people who live immediately behind it.

Councilmember Vitelli asked if they are rebuilding the alley. Ms. Gill said yes, at our cost, and we hope it will be a positive. Part of the reason we did those photos, and we will have them at the neighborhood meeting, is people have become used to having a nice green parcel there. It's harder to envision development again when it's been green for a long time. We are trying to be a good neighbor and we think it will be really nice in the end.

Hartshorn said this will go to the Planning Commission on March 17th.

Mayor Napier and Council thanked them for a great job.

4. Adjourn

Motion was made by Commissioner Justen and seconded by Commissioner Berry to adjourn the meeting at 6:15 p.m.

All members present voted aye. Motion carried.

David J. Napier
President
City of West St. Paul

City of West St Paul Economic Development Authority

Income Statement

Through 12/31/2019

Account	Account Description	2019 Budget Amount	MTD Actual Amount	2019 YTD Actual Amount	Budget Less YTD Actual	% of Budget
REVENUE						
	Tax - Ad Valorem-Current	337,043.00	.00	335,538.00	(1,505.00)	100%
	Investment - Interest	5,000.00	.00	10,872.73	5,872.73	217%
	Other Interest Earnings	50,000.00	.00	46,387.02	(3,612.98)	93%
	Investment - Market Adjust	.00	.00	11,504.74	11,504.74	
	Insurance - Policy Dividend	.00	.00	134.00	134.00	
	Misc. Revenue - All Other	10,000.00	.00	.00	(10,000.00)	0%
	Sale of Real Property	.00	.00	.00	.00	
	Transfers In	.00	.00	.00	.00	
		$402,043.00	$0.00	$404,436.49	(2,393.49)	101%
	REVENUE TOTALS	$402,043.00	$0.00	$404,436.49	(2,393.49)	101%
EXPENSE						
	Full Time Regular Wages	128,645.00	.00	130,932.12	(2,287.12)	102%
	PERA	9,649.00	.00	9,663.55	(14.55)	100%
	FICA	9,841.00	.00	9,028.77	812.23	92%
	Health Insurance	17,508.00	.00	17,608.00	(100.00)	101%
	Other Grp Insurance	400.00	.00	272.76	127.24	68%
	Office Supplies	300.00	.00	38.43	261.57	13%
	Motor Fuels & lubricants		.00	26.70	(26.70)	
	General Supplies	500.00	.00	.00	500.00	0%
	Auditing Services	2,000.00	.00	1,744.05	255.95	87%
	Civil Legal Fees	9,000.00	.00	23,471.58	(14,471.58)	261%
	Travel,Conference,Schools	4,715.00	.00	4,846.22	(131.22)	103%
	Advertising	5,000.00	.00	1,250.00	3,750.00	
	Postage	150.00	.00	40.80	109.20	27%
	Printing & Publishing	1,000.00	.00	.00	1,000.00	0%
	Insurance - Gen Liability	1,800.00	.00	2,698.89	(898.89)	150%
	Water/Sewer Charges	.00	.00	158.65	(158.65)	
	Contractual Services	45,970.00	.00	59,249.73	(13,279.73)	129%
	Subscriptions,Memberships	775.00	.00	1,045.00	(270.00)	135%
	Loss on Sale of Asset	.00	.00	.00	.00	
	Misc. Expenses	1,500.00	.00	447.10	1,052.90	30%
	Business Subsidy	161,785.00	.00	131,796.20	29,988.80	81%
	Land Held for Resale	.00	.00	.00	.00	
		$400,538.00	$0.00	$394,318.55	$6,219.45	98%
	EXPENSE TOTALS	$400,538.00	$0.00	$394,318.55	$6,219.45	98%
	REVENUE TOTALS	402,043.00	.00	404,436.49	(2,393.49)	101%
	EXPENSE TOTALS	400,538.00	.00	394,318.55	6,219.45	98%
		$1,505.00	$0.00	$10,117.94	($8,612.94)	

Cash Balance:

12/31/2018	571,139
1/31/2019	535,070
2/28/2019	519,452
3/31/2019	468,009
4/30/2019	524,146
5/31/2019	438,019
6/30/2019	588,522
7/31/2019	590,019
8/31/2019	553,774
9/30/2019	561,839
10/31/2019	540,892
11/30/2019	502,381
12/31/2019	344,896

City of West St Paul Economic Development Authority

Income Statement

Through 2/29/2020

Account	Account Description	2020 Budget Amount	MTD Actual Amount	2020 YTD Actual Amount	Budget Less YTD Actual	% of Budget
REVENUE						
	Tax - Ad Valorem-Current	383,879.00	.00	.00	(383,879.00)	0%
	Investment - Interest	5,000.00	.00	.00	(5,000.00)	0%
	Other Interest Earnings	50,000.00	.00	.00	(50,000.00)	0%
	Investment - Market Adjust	.00	.00	.00	.00	
	Insurance - Policy Dividend	.00	.00	.00	.00	
	Misc. Revenue - All Other	10,000.00	.00	.00	(10,000.00)	0%
	Sale of Real Property	.00	.00	.00	.00	
	Transfers In	.00	.00	.00	.00	
		$448,879.00	$0.00	$0.00	448,879.00	0%
	REVENUE TOTALS	$448,879.00	$0.00	$0.00	448,879.00	0%
EXPENSE						
	Full Time Regular Wages (2 employees)	141,309.00	9,969.60	27,506.24	113,802.76	19%
	PERA	10,598.00	747.72	2,044.78	8,553.22	19%
	FICA	10,810.00	692.46	1,963.82	8,846.18	18%
	Health Insurance	22,632.00	1,497.82	3,695.64	18,936.36	16%
	Other Grp Insurance	441.00	22.72	45.44	395.56	10%
	Office Supplies	200.00	.00	.00	200.00	0%
	Motor Fuels & lubricants	.00	.00	.00	.00	#DIV/0!
	General Supplies	.00	.00	.00	.00	#DIV/0!
	Auditing Services	2,000.00	.00	.00	2,000.00	0%
	Civil Legal Fees	12,500.00	1,216.00	1,216.00	11,284.00	10%
	Travel,Conference,Schools	4,715.00	322.63	605.55	4,109.45	13%
	Advertising	2,000.00	.00	1.75	1,998.25	
	Postage	75.00	.00	.00	75.00	0%
	Printing & Publishing	500.00	.00	.00	500.00	0%
	Insurance - Gen Liability	2,300.00	1,582.73	1,582.73	717.27	69%
	Water/Sewer Charges	554.00	.00	.00	554.00	
	Contractual Services	86,470.00	2,485.00	2,485.00	83,985.00	3%
	Subscriptions,Memberships	775.00	.00	1,295.00	(520.00)	167%
	Loss on Sale of Asset	.00	.00	.00	.00	
	Misc. Expenses	1,000.00	.00	168.73	831.27	17%
	Business Subsidy	150,000.00	.00	.00	150,000.00	0%
	Land Held for Resale	.00	.00	.00	.00	
		$448,879.00	$18,536.68	$42,610.68	$406,268.32	9%
	EXPENSE TOTALS	$448,879.00	$18,536.68	$42,610.68	$406,268.32	9%
	REVENUE TOTALS	448,879.00	.00	.00	448,879.00	0%
	EXPENSE TOTALS	448,879.00	18,536.68	42,610.68	406,268.32	9%
		$0.00	($18,536.68)	($42,610.68)	$42,610.68	

Cash Balance:	12/31/2019	344896.06
	1/31/2020	302,096
	2/29/2020	287,632

CITY OF
WEST ST. PAUL

EDA Report

To: **EDA President and Board**

From: **Executive Director Jim Hartshorn**

Date: **April 13, 2020**

Housing Rehab Loan Servicing Agreement

BACKGROUND INFORMATION:

In March, the EDA Board entered into a Loan Administrator Agreement with Neighborworks Home Partners to administer a new Housing Improvement Loan program. However, they do not actually service the loans. Staff recommends approval of the attached agreement with the Community Reinvestment Fund (CRF) to service the housing rehab loans. Some of their responsibilities will include coordinating when loans are closed or funded, sending welcoming letters to recipients, quality control reviews, collecting payments, and monthly loan reports.

FISCAL IMPACT:

		Amount
Fund:	**N/a**	**N/a**
Department:	**EDA**	
Account:	**N/a**	

STAFF RECOMMENDATION:

Approve the attached Loan Servicing Agreement between the City of West St. Paul EDA and Community Reinvestment Fund (CRF).

ATTACHMENTS:

1. Loan Servicing Agreement between Community Reinvestment Fund, Inc. and West St. Paul EDA.

LOAN SERVICING AGREEMENT

BETWEEN

COMMUNITY REINVESTMENT FUND, INC.

AND

WEST ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY

(THE "AGREEMENT")

LOAN SERVICING AGREEMENT

THIS AGREEMENT is entered into as of March XX, 2020, by and between Community Reinvestment Fund, Inc., a Minnesota nonprofit corporation with an office at 801 Nicollet Mall, Suite 1700W, Minneapolis, MN 55402 ("Servicer") and West St. Paul Economic Development Authority, a public body corporate and politic in the State of Minnesota, with an office at 1616 Humboldt Avenue, West St. Paul, MN 55118. ("Client")

W I T N E S E T H

that in consideration of their mutual undertakings and payments provided for herein, the parties recite, covenant and agree as follows:

WHEREAS, Servicer is a nonprofit corporation engaged in the servicing of development loans; and represents that it is qualified and authorized to perform the services described herein; and

WHEREAS, Client originates, purchases, owns and/or manages loans that benefit economically distressed or declining areas, disadvantaged persons, neighborhood or community revitalization, foster job creation, or other section 501(c)(3) charitable purposes; and

WHEREAS, Servicer is authorized by Client to function as a servicing agent under the terms of this agreement; and

WHEREAS, the Client now desires to have Servicer perform the duties set forth herein for the loans covered by this Loan Servicing Agreement (the "Agreement")

NOW THEREFORE, Servicer and the Client agree as follows:

Section 1. Duties of Servicer. Servicer shall, at all times and with respect to all loans identified by Client (the "Client Loans") which it has been engaged by the Client to service, employ its normal and regular servicing activities in the servicing of Client Loans to perform those responsibilities specifically set forth on Schedule 1 (the "Services"). The parties acknowledge that, from time to time, the Services may be modified at the request of the Client and agreement by the Servicer. Such changes shall be mutually agreed upon and are not effective unless agreed to in writing by the execution of a revised Schedule 1.

Section 2. Effective Date. Servicer shall commence servicing activities under this Agreement effective on the XX day of March, 2020.

Section 3. Servicing Compensation and Reimbursement. The Client shall compensate Servicer for the Services in accordance with the fee schedule attached as Schedule 2 of this Agreement and reimburse Servicer for any of Servicer's out of pocket third-party costs of recordation, perfecting or releasing liens, legal costs incurred, servicing of notices, repossession, foreclosure, and other similar costs paid by Servicer on behalf of Client with respect to Servicer's actions on specific Client Loan(s) (the "Fees"). Servicer shall retain any late fees paid by borrower. Servicer shall invoice Client monthly and all invoiced Fees shall be paid as set forth in Schedule 2, which are due within thirty (30) days from the date of the invoice or as otherwise set forth in Schedule 2. Following the Initial Term, as hereinafter defined, Servicer may increase the Fees from time to time by providing an updated Schedule 2 to Client at least 30 days prior to effective date of the new Fee schedule.

Section 4. Initial Boarding of Client Loans.

i. In making this agreement with Servicer, Client represents, warrants and agrees to provide to Servicer the information fields for each Client Loan and the documentation regarding the Client Loans for which

it desires servicing under the terms of this Agreement ("Boarding"). Each Client Loan will be communicated to Servicer in a mutually agreed-upon electronic format or formats (in cases where more than one file format is needed by Servicer).

ii. The Client will cooperate with Servicer, and provide Servicer such information as may be necessary to perform its duties under this Agreement, reconcile any loan balance information provided to Servicer, and Servicer may rely in good faith on information provided to it by the Client.

Section 5. Ongoing Boarding of Client Loans.

i. From time to time, following the Effective Date of this Agreement, the Client may notify Servicer of newly-originated Loans for which it desires servicing under the terms of this Agreement.

ii. Each Client Loan will be communicated to Servicer in a mutually agreed-upon format.

iii. Client represents, warrants and agrees to cooperate with Servicer, and provide Servicer such information as may be necessary to perform its duties under this Agreement, reconcile any loan balance information provided to Servicer, and Servicer may rely in good faith on information provided to it by the Client.

Section 6. Reports the Property of Client. All reports, documents and material delivered by Servicer to Client pursuant to this Agreement are the exclusive property of the Client. Client may use any work product prepared by Servicer in such manner, for such purpose, and as often as Client shall deem advisable, in whole, in part or in modified form, without further compensation to Servicer.

Section 7. Nature of Agreement. Servicer shall perform all of its services and duties hereunder at its own expense and without cost or charge to the Client except as expressly provided in Schedule 2 of this Agreement. Servicer acknowledges that this Agreement does not constitute a joint venture; that the Client is not responsible for Servicer's acts, and that Servicer is acting as an independent contractor and not as agent for the Client except as may be specifically provided for herein.

i. Governmental Approvals. Servicer has obtained and will maintain in full force and effect, and satisfy at all times all related eligibility criteria in order to maintain in full force and effect, without material impairment, suspension or revocation, all municipal, local, or other applicable governmental approvals, registrations, qualifications, permits, licenses and other applicable authorizations that are required or necessary to perform and conduct the services and Servicer's business in accordance with Applicable Requirements, as hereinafter defined.

ii. For purposes of this Agreement "Applicable Requirements" shall mean:

(a) All applicable federal, state, and local legal and regulatory requirements binding upon the Servicer related to the performance of the Services.;

(b) All other applicable requirements and guidelines of each governmental and quasi-governmental agency, board, commission, instrumentality and other governmental body or office having jurisdiction over Servicer;

(c) All other judicial and administrative judgments, orders, stipulations, awards, writs, and injunctions applicable to the services, Servicer; and

(d) The reasonable and customary practices of prudent service providers that offer the same types of services as Servicer in the jurisdictions in which Servicer operates.

Section 8. Disaster Recovery.

i. Servicer shall take all reasonable precautions to safeguard information regarding the Client Loans to minimize the risk of loss from disaster disrupting business operations such as fire, flood, storm, epidemic illness, equipment failure, sabotage, terrorism, natural disaster, disaster caused by humans, or electronic data system failures;

ii. Servicer shall keep duplicate records of all electronic information in its possession pertaining to the Client Loans and shall store such records in a site remote from its main offices in the following manner:

(a) Full backups of daily files for 30 consecutive days;

(b) Full backups of month-end files for 7 years; and

(c) In the event of a natural disaster or catastrophic failure of Servicer's electronic data system, Servicer shall have a period not to exceed 45 days from the date of such catastrophe to recover or reconstruct such lost data necessary to comply with Section 1 hereof.

Section 9. Equal Employment Opportunity. Servicer shall comply with all applicable provisions of the Equal Credit Opportunity Act (15 U.S.C. § 1691 et seq.). Servicer is an equal opportunity employer and will not discriminate against any person on the basis of race, color, creed, religion, sex, national origin, age, disability, marital status, sexual orientation, status with regards to public assistance, or any other characteristic protected by law.

Section 10. Compliance.

i. General. Servicer shall comply with all Applicable Requirements.

ii. Vendors. From time to time, Servicer may engage vendors to perform certain tasks that may be included in Servicer's performance of the Services. Servicer shall follow commercially reasonable practices designed to ensure that any Services performed by vendors are in compliance with the Applicable Requirements and this Agreement.

iii. Policies and Procedures. Servicer will maintain and follow written internal policies and procedures which satisfy all Applicable Requirements in connection with providing services to the Client, including without limitation policies and procedures for internal quality control, employee hiring and training, and other methods that ensure compliance.

iv. Audit Rights. The Client will have the right to audit Servicer, at the Client's own expense and not more than once per calendar year, in order to assure compliance with the terms of this Agreement. Servicer will provide full cooperation and will be responsible for assuring full cooperation by its employees and vendors in connection with such audits. Servicer will, and shall cause any vendor that performs tasks related to the Services to, allow the Client and its counsel, accountants, and other representatives, as well as the applicable regulatory authorities of the Client, reasonable access upon thirty (30) days advance notice and only during normal business hours, to all of Servicer and vendors' files, books and records directly relating to the Services performed for Client under this Agreement. Servicer will provide, and shall cause vendor to provide, to the Client, or obtain for the Client, access to such properties, records, and personnel as the Client may reasonably require, and shall provide the Client with Servicer's most recent audited financial statements and the names, resumes, and proof of any required licensures for all relevant personnel employed by Servicer , the Client and its representatives and affiliates shall treat all information obtained in such investigation that is not otherwise in the public domain as confidential.

Section 11. Indemnity. Servicer and Client each agree to indemnify, defend, and hold each other and each of their respective officers, directors, employees, agents, counsel, advisors and representatives (each, an "Indemnified Party") harmless from and against any and all claims, losses, penalties, fines, forfeitures, legal fees and related costs, judgments, and any other costs, fees and expenses that Indemnified Party may sustain in any way related to the failure of Servicer or Client to perform its duties in compliance with the terms of this Agreement.

Section 12. Fidelity Bond. Servicer shall maintain with a responsible company, and at its own expense, a blanket fidelity bond and an errors and omissions insurance policy, in a minimum amount equal to $3,000,000, and a maximum deductible of $100,000, if commercially available, with coverage on all employees acting in any capacity requiring such persons to handle funds, money, documents or papers relating to the Client Loans ("Employees"). The fidelity bond shall insure the Client, its respective officers and employees against losses resulting from forgery, theft, embezzlement or fraud by such Employees. The errors and omissions policy shall insure against losses resulting from the errors, omissions and negligent acts of such Employees. No provision of this Section12 requiring such fidelity bond and errors and omissions insurance policies shall relieve Servicer from its duties as set forth in this Agreement. Upon the request of the Client, Servicer shall make available to the Client for their review, a true copy of such fidelity bond and errors and omissions insurance policy.

Section 13. Limitation of Liability. Servicer's role is strictly limited to the Services. Client will be solely responsible for making all decisions concerning the management of the Client Loans. At all times, Client will be responsible for the accuracy of all information provided to Servicer and Servicer may rely on any document of any kind which it, in good faith, reasonably believes to be genuine and to have been adopted or signed by the proper authorities or persons respecting any matters arising hereunder. The sole duty of Servicer is to exercise ordinary care in its performance of the obligations described in this Agreement. Client agrees that Servicer, its officers, directors, agents, and employees ("Servicer's Representatives") will not be liable for events or circumstances beyond their reasonable control, and the liability of Servicer and Servicer's Representatives will be limited to correcting errors caused by Servicer. Client and Servicer agree that clerical errors and mistakes in judgment do not constitute a failure to exercise ordinary care or to act in good faith.

NEITHER PARTY SHALL BE LIABLE TO THE OTHER OR ANY OTHER PERSON FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES WHATSOEVER (INCLUDING WITHOUT LIMITATION, ANY DAMAGES CLAIMED FOR LOSS OF INCOME, REVENUE, OR PROFITS OR FOR LOSS OF GOODWILL) ARISING FROM OR RELATED TO SERVICES PROVIDED PURSUANT TO THIS AGREEMENT.

THE EXCLUSIVE REMEDY AVAILABLE TO CLIENT SHALL BE THE RIGHT TO PURSUE CLAIMS FOR ACTUAL DAMAGES THAT ARE DIRECTLY CAUSED BY ACTS OR OMISSIONS THAT ARE BREACHES BY SERVICER OF ITS DUTIES UNDER THIS AGREEMENT. SERVICER'S TOTAL AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT SHALL NEVER EXCEED THE TOTAL AMOUNT PAID BY CLIENT TO SERVICER PURSUANT TO THIS AGREEMENT DURING THE TWELVE (12) MONTHS IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO SUCH ACTION, EXCLUDING ANY THIRD PARTY COSTS.

Section 14. Term of Agreement; Termination.

i. The initial term shall commence on the Effective Date and continue for a period of one (1) years (the "Initial Term"). Thereafter, the Agreement shall automatically renew for successive one (1) year periods, unless CRF or Client provides written notice of non-renewal to the other party at least sixty (60) days before the end of the current term

ii. Either the Client or Servicer may terminate servicing by Servicer with respect to any Client Loan or all Client Loans upon ninety (90) days written notice delivered to the other party via mail or email (and duly acknowledged by the other party). Upon such termination, Servicer shall promptly supply appropriate reports, documents, promissory notes and other information as requested by the Client or any person or entity designated by the Client and shall use its best efforts to effect the orderly and efficient transfer of servicing to the Client or a new servicer designated by the Client subject to the fees described in Schedule 2.

Section 15. Assignment of Rights. Servicer acknowledges that all right, title and interest in and to this Agreement may be assigned with prior written Servicer approval, such approval not to be unreasonably withheld, by the Client to its successor or any trustee designated by the Client, if any, and that the successor and trustee shall have the rights to enforce the same. Servicer may not assign its rights under this Agreement without the prior written consent of the Client.

Section 16. Independent Contractor. Nothing herein contained shall be deemed or construed to create a co-partnership or joint venture between the parties hereto and the services of Servicer shall be rendered as an independent contractor and not as agent for the Client, its successors and assigns, or any obligors or noteholders under the Client Loans.

Section 17. Amendments. This Agreement may not be amended or modified except by a written agreement signed by the parties in interest at the time of such modification. Notwithstanding the foregoing, Servicer may adjust the Fees by providing an updated Schedule 2 as set forth in Section 3 and all other Schedules may be changed by mutual agreement.

Section 18. Confidentiality. Neither the Client nor Servicer shall disclose or use any Confidential Information (as defined below in Section 18.v) of the other party or its affiliates without the express written authorization of such other party or its affiliates, and each party will keep such Confidential Information confidential and will ensure that its affiliates and advisors who have access to such Confidential Information comply with such non-disclosure and non-use obligations.

i. Notwithstanding the foregoing, the Client or Servicer may provide such Confidential Information as required pursuant to a court or administrative subpoena, court order or other such legal process or requirement of law, including complying with Minn. Stat. Cha. 13, the Minnesota Government Data Practices Act; provided, however, that it shall endeavor to promptly notify the other of such request, order or requirement, unless such notice is prohibited by statute, rule, or court order. Nothing herein shall require either the Client or Servicer to fail to honor a subpoena, court or administrative order, or a requirement of law on a timely basis.

ii. Notwithstanding this section, Servicer is expressly permitted to release information to borrowers upon written request regarding their specific loans; and, following receipt of borrower's written authorization to release information, Servicer is expressly authorized to release such information regarding that borrower's loan to a third party.

iii. Servicer shall cause vendors, if any, not to use or disclose any Confidential Information of the Client except in compliance with this Agreement. Notwithstanding the foregoing, a vendor may disclose Confidential Information as required pursuant to a court or administrative subpoena, order or other such legal process or requirement of law; provided, however, that it shall first notify the Client of such request or requirement, unless such notice is prohibited by statute, rule or court order. Servicer shall not, on the Client's behalf, require a vendor to fail to honor a subpoena, court or administrative order, or a requirement of law on a timely basis. Servicer shall also cause vendors not to remove any Confidential Information from the Client premises without the Client's prior written authorization.

iv. Each party shall limit access to the other party's Confidential Information to only those of its employees and agents who require such access in performing their duties hereunder. Servicer agrees to either return the Confidential Information to the Client or destroy the Confidential Information upon completion of the work or, in any event, upon termination of the Agreement between the parties. Except as expressly provided in this Agreement, no ownership or license rights are granted in any Confidential Information. Notwithstanding the foregoing, Confidential Information may be disclosed to a party's accountants, attorneys, insurers, regulators and consultants. Notwithstanding the foregoing, a party may retain one archival copy of Confidential Information that may be used solely to demonstrate compliance with this Agreement, Applicable Law, and internal policies and procedures.

v. "Confidential Information" shall mean any information of Servicer or their respective affiliates (whether written or oral), including:

(a) Financial information, marketing plans, and personnel records;

(b) Technical and non-technical data, including without limitation, customer lists, customer information, customer non-public information, fee schedules, forms, information, business and management methods, trade secrets, compilation and analysis of financial information and data to prepare and submit bids and proposals to third parties;

(c) Other proprietary or confidential information;

(d) Proprietary computer software, management information and information systems, whether or not such Confidential Information is disclosed or otherwise made available to one party or the other pursuant to this Agreement.

Section 19. Notices. All notices and communications as part of this Agreement must be in writing and, except as otherwise agreed to, must be delivered, mailed, faxed, or telegraphed to the following addresses:

i. If to Servicer, to:

Community Reinvestment Fund, Inc.
801 Nicollet Mall, Suite 1700W
Minneapolis, MN 55402
Attention: Loan Servicing
Phone: (612) 248-8043
Email: loanservicing@crfusa.com

With a copy to:

Community Reinvestment Fund, Inc.
801 Nicollet Mall, Suite 1700W
Minneapolis, MN 55402
Attention: CFO
Phone: (612) 338-3050
Email: Compliance@crfusa.com

ii. If to the Client, to:

West St. Paul Economic Development Authority
1616 Humboldt Avenue
West St. Paul, MN 55118
Attention: Jim Hartshorn, Economic Development Executive Director
Phone: 651-552-4140
Email: jhartshorn@cityofwsp.org

iii. Each such notice shall be effective upon receipt by the recipient.

Section 20. Governing Law. This Agreement and each transaction consummated hereunder shall be deemed to be made under the internal laws of the State of Minnesota and shall be construed in accordance with and governed by the laws of said State, without regard to the choice of law rules of that State, except to the extent that any of such laws may now or hereafter be preempted by Federal law.

Section 21. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall together constitute one and the same instrument.

Section 22. Prior Agreement. This Agreement supplements any and all prior agreements between Servicer and Client related to the Client Loans. In the event of a conflict between this Agreement and any prior agreement between Servicer and Client related to the Client Loans, this Agreement shall prevail, unless otherwise provided herein.

Section 23. Authorized Persons: Client agrees to maintain a proper and complete log of individuals with access to client portal and receipt of reports, either orally or in writing, with respect to Client Loans or Client reports; and to promptly inform Servicer of any changes to those persons having access to or receiving reports or information about Client Loans as first set forth in Schedule 4, and Servicer shall not be responsible for any correspondence with or access provided to any such individual who is approved to interact with Servicer.

Section 24. Records: All data collected by the Servicer pursuant to this Agreement shall be subject to the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13. Servicer shall retain all records relating to a Loan for at least one year following termination of this Agreement or one year from maturity or payoff of a Loan. Prior to destruction of any records, Servicer shall provide a copy or deliver all such records to Client. The records will be maintained in either hard copy or machine-readable (electronic) format. In the event Servicer is no longer in existence, its successor shall continue to retain such records as provided above or deliver the records to Client.

Section 25. Deconversion: In the event of termination of this agreement, Servicer agrees to provide Client with electronic copies of the Client Loan records in Servicer's standard format at the current rate of Final Transaction as stated in Schedule 2.

[Remainder of this page has been intentionally left blank]

Accepted and Agreed to:

West St. Paul Economic Development Authority

_____

By: David J. Napier
Its President

DATED: _____

_____

By: James Hartshorn
Its Executive Director

DATED: _____

Community Reinvestment Fund, Inc.

By:_____

Its:_____

DATED: _____

NeighborWorks® HOME PARTNERS
creating homeowners building community
Main Office:
533 Dale Street North
Saint Paul, MN 55103
Minneapolis Office:
1930 Glenwood Avenue
Minneapolis, MN 55405
P: 651-292-8710
F: 651-292-0473
nwhomepartners.org

West St. Paul Economic Development Authority
Home Improvement Loan Program

PROGRAM GUIDELINES

Program Description: This loan program is designed to assist homeowners to maintain and improve their properties by offering flexible below-market rate financing. The program is administered by the NeighborWorks Home Partners (NWHP).

Eligible Properties: All properties must be located in the City of West St. Paul, specifically in the project area which is south of Annapolis Street, north of Butler Avenue, east of Robert Street and West of Waterloo Avenue. Only owner- occupied single-family detached homes are eligible.

Eligible Improvements: Eligible work shall include repairs or replacement to:

1. Improve the exterior of the property
2. Correct local or state code deficiencies
3. Complete system improvements such as HVAC, electrical and plumbing
4. Other repairs or replacements as approved by the EDA

Ineligible Improvements: Ineligible work shall include recreational or luxury improvements, such as a swimming pool or Jacuzzi, working capital, payment for owner's labor, debt service, refinancing existing debts and other work items determined by NWHP to be ineligible.

Loan Amount: The minimum loan amount is $5,000. The maximum loan amount is $15,000. A household may receive up to two loans concurrently for different projects, as long as they are current on their existing loan and the sum of the two loans does not exceed the maximum loan amount of $15,000.

Interest Rate: The loans are offered at an below-market interest rate determined by NWHP.

Income Eligibility: The income limit ranges from 80-120% of Area Medium Income (AMI) adjusted by household size.

Loan Term: The maximum possible maturity on the loan is 15 years. Loan term can be flexible based on eligibility.

Loan Security: All loans will be secured by a Promissory Note and a Mortgage in favor of the West St. Paul Economic Development Authority (EDA).

Debt-to-Income Ratio: Applicants must have the ability to repay the loan. Applicants who have a potential debt-to-income ratio in excess of 50% will be denied.

Loan-to-Value Ratio: Applicants who have a potential loan-to-value (LTV) ratio in excess of 100% will be denied.

Underwriting: Applicant must be current on mortgage payments, property taxes and all consumer credit. The NWHP practices prudent underwriting and follows generally accepted industry standards.

Work by Owner: Work can be performed on a "sweat equity" basis. Loan funds are for materials only, not for labor or tools. The NWHP construction manager will determine if the owner has the ability to properly complete the work within the program time requirement. Material must be purchased and installed prior to the disbursement of the loan proceeds.

OTHER GENERAL CONDITIONS AND PROCEDURES:

1. **Rehabilitation Consulting:** The NWHP construction manager will be available to borrowers to advise them about proposed projects prior to obtaining bids and will review all bids for reasonableness. Two bids must be obtained for all projects for which at least $5,000 of funds will be spent.

2. **Loan Costs:** A non-refundable credit report fee is due at the time of application: $55.13 per married couple; $27.69 per non-married borrower. An Owners and Encumbrance Report will be ordered to examine title. The cost of this report is $75.00 and may be included in the loan amount. There will also be an origination fee of $150 may be included in the loan amount. Mortgage filing fees and mortgage registration tax will be paid by the borrower at closing.

3. **Initial Applications for Funding:** Applications will be accepted by the NWHP on an ongoing basis and processed on a first-come, first-served basis, as funds are available until all program funds are committed.

4. **Contractors & Permits:** Contractors must be properly licensed by the state of Minnesota when required. Permits must be obtained when required by city code. **Do not sign a contract prior to the closing on your loan. Any work begun in advance of the loan closing will not be eligible to be paid for by the loan.**

5. **Work Completion:** Weather permitting, all work must be completed within 120 days of the loan closing.

6. **Total Project Cost:** It is the borrower's responsibility to obtain the amount of funds necessary to finance the entire cost of the work. If the final cost exceeds the loan amount, the borrower must obtain the additional funds. NWHP can direct borrowers to additional financing sources. The additional funds needed to complete the project must be paid to the contractor prior to NWHP release funding to the contractor.

7. **Custody of Funds:** Loan funds will remain in the custody of the NWHP until payment is made for completed work.

8. **Disbursement Process:**

   a. Payment to the contractor (or owner) will be made after completion of the work. An inspection will be performed by the City and/or NWHP to verify the completion of the work.

   b. The following items must be received before the funds can be released:

      1.) **Final Invoice** from each contractor showing all amounts paid and due
      2.) **Original Lien Waiver** from each contractor
      3.) **W-9** from each contractor
      4.) **Completion Certificate** signed by each contractor and the borrower
      5.) **Evidence of all Permits Closed Out**
      6.) **Material Receipts** for sweat equity projects
      7.) **Final Inspection** and approval by the NWHP. The above items must be provided to NWHP to begin the preparation of the check(s). Lien waivers must be provided before the funds will be released.

   c. Payment checks may take up to 10 business days to prepare after the above items are received. Payments will only be made for work completed and approved.

PROMISSORY NOTE

$12,705.00 West St. Paul, Minnesota
Dated: **March xx, 2020**

Jane Smith and John Smith, (married to each other), ("Borrower") whose address is **XXX Sixth Street North,** West St. Paul, Minnesota 55118, ("Property") hereby acknowledge themselves to be indebted and for the value received, hereby promise to pay to the order of the **West St Paul Economic Development Agency,** a public body corporate and politic under the laws of the State of Minnesota, ("Lender") whose address is 1616 Humboldt Avenue, West St. Paul, Minnesota 55118, the principal sum of **Twelve Thousand Seven Hundred Five and No/100 Dollars ($12,705.00)** in lawful money of the United States, together with interest on the unpaid principal balance at the Interest Rate which shall be payable by consecutive installments in accordance with the terms and conditions set forth herein and the amortization schedule attached to this Note, which is hereby incorporated by reference. .

1. **Interest Rate.** The interest rate ("Interest Rate") on this Note shall be a fixed rate of three and a half percent (3.5%) per annum, calculated on a 360-day year.

2. **Monthly Payments.** This Note shall be payable in successive monthly installments of **Blank and no/100 Dollars ($xx.xx)** beginning on the **1st day of May, 2020**, and continuing and due on the **1st** day of each month thereafter until the **1st day of April, 20xx** the "Maturity Date" when the entire unpaid principal and accrued interest shall be due and payable in full.

3. **Late Fee.** If the Lender has not received the full monthly payment as required in this Note on or before the 10th day after the due date of said monthly payment, Lender will charge Borrower a late fee of five percent (5%) of the amount of the monthly payment due **($x.xx)**.

4. **Insufficient Funds.** Lender will charge Borrower Fifteen Dollars ($15.00) for each check or automatic payment withdrawal request that is returned unpaid due to insufficient funds or for any other reason.

5. **Prepayment Penalty.** Borrower has the right to pay the principal evidenced by this Note, in whole or in part, without charge or penalty, on the first day of any month. Lender shall accept prepayment on other days provided that Borrower pays interest on the amount prepaid for the remainder of the month. If the Borrower makes a partial prepayment, there will be no changes in the due date or in the amounts of the monthly payment unless Lender agrees in writing to those changes. Upon the occurrence of an Event of Default, the Lender shall have the right to apply any future prepayments in such a manner as the Lender shall solely determine.

6. **Mortgage.** This Note is secured by a Mortgage (the "Mortgage") in favor of the Lender on the "Property" as legally described in the Mortgage.

7. **Event of Default.** As used herein, the term "**Event of Default**" shall mean the occurrence or existence of one or more of the following events, whatever the reason, whether voluntary, involuntary or effected by operation of law, namely:

   (a) Borrower failure to make any payment within fifteen (15) days of due date, whether by acceleration of maturity or otherwise, of any interest due under this Note or any fee or other sum payable to the Lender under this Note; or

   (b) Borrower failure to commence and complete Property rehabilitation as defined in the Loan Agreement one hundred twenty (120) days of the date hereof; or

   (c) Borrower sells, assigns, conveys, or transfers the Property without paying Lender the full amount due under this Note: or

   (d) Property is no longer Borrower's primary principal place of residence; or

   (e) Except for failure to pay principal or interest, any other default in any material respect by the Borrower in the performance or observance of any agreement, covenant, condition, provision or term contained in this Note, the Mortgage, the Loan Agreement, or any document incident thereto which shall remain unremedied for thirty (30) days or more after receipt of notice thereof by Borrower from the Lender; or

   (f) Borrower failure to obtain or maintain insurance coverage on the Property as required by the Mortgage; or

8. **Automatic Acceleration upon Event of Default.** The outstanding principal balance of this Note shall become due and payable upon both of the following happening:

   (a) The occurrence of an Event of Default; and

   (b) Lender giving notice to Borrower that Lender has elected to require acceleration, and that the outstanding principal balance of this Note is due and payable.

9. **Right of Set Off by Lender.** Upon the occurrence of an Event of Default, Lender shall have the right to set off the full amount due hereunder by the Borrower to the Lender.

10. **Lender Rights.** The rights and remedies of the Lender, as provided herein or by law or equity, in the Mortgage or the Loan Agreement, shall be cumulative and concurrent, and may be pursued singularly, successively, or together at the sole discretion of the Lender.

11. **Enforcement Costs.** Upon the occurrence of an Event of Default or at any time thereafter, Borrower promises to pay all costs of collection of this Note, including but not limited to reasonable attorneys' fees paid or incurred by the Lender on account of such collection, whether or not suit is filed with respect thereto and whether such cost or expense is paid or incurred prior to or after the entry of judgment.

12. **WAIVER TO TRIAL BY JURY. BORROWER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY UNDER ANY ACTION OR PROCEEDING ARISING DIRECTLY OR INDIRECTLY OUT OF THIS NOTE.**

13. **Waiver.** Borrower waives every present and future defense, cause of action, counterclaim or setoff which Borrower may now have or hereafter may have to any action by the Lender in enforcing this Note.

14. **Amendments.** The provisions contained in this Note may not be amended, except through a written amendment signed by Borrower and the Lender.

15. **Notices.** Any notices hereunder shall be deemed sufficiently given by one party to the other if in writing and if and when delivered or tendered either in person or by depositing it in the United States mail in a sealed envelope, by First-Class mail, addressed as follows:

If to Borrower:	[Name] [Address] West St. Paul, MN 55118
If to Lender:	West St. Paul Economic Development Authority Attn: [name] 1616 Humboldt Ave West St. Paul, MN 55118
With a Copy to:	Attorney for City of West St. Paul Attn: Korine L. Land LeVander, Gillen & Miller, P.A. 633 South Concord Street, Suite 400 South St. Paul, MN 55075

or to such other address as the party addressed shall have previously designated by notice given in accordance with this Section. Notices shall be deemed to have been duly given on the date of service if personally served on the party to whom notice is to be given, or on the third day after mailing if mailed as provided above, provided, that a notice not given as above shall, if it is in writing, be deemed given if and when actually received by a party.

16. **Governing Law.** This Note shall be governed by the laws of the State of Minnesota, provided that such laws are not otherwise preempted by federal laws and regulations. In the event of any litigation pertaining to this Note, the exclusive forum, venue and place of jurisdiction shall be in Dakota County, Minnesota.

17. **Assignment.** This Note shall inure to the benefit of and bind the heirs, personal representatives, successors and assigns of the parties; provided however, that Borrower may not assign, transfer or delegate any of the rights or obligations under this Note.

18. **Words of Construction.** Whenever used, the singular shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the day and year first above written.

BORROWER:

By: _____

By: _____

Exhibit A
[amortization schedule]

CRF USA

Capital for Communities – Opportunities for People®

Schedule 2 -Pricing

Activity	Description	Pricing
Contract Origination, Investor Setup and Conversion	Contract origination, Set up investor structure and conversion of loans	$ 500.00 One-time fee
New Loan Setup	Loan Boarded to servicing system and quality control review and welcome letter	$ 35.00 One-time fee per loan
Standard Servicing Activities	Payment processing, billing notices, customer service, client reporting,	$ 9.00 per loan per month
Collection Activity 15-59 Days Delinquent	Calls, Collection Letters, Emails	$15.00 per delinquent loan
Collection Activity 60+ Days Delinquent	Calls, Collection Letters, Emails	$20.00 per delinquent loan
Mortgage/Deed of Trust Satisfaction Preparation	Create mortgage/deed of trust satisfaction	$ 40.00 One-time fee
Subordination Preparation	Prepare and review subordination	$ 300.00 per item (Borrower Paid)
Escrow Management	Maintain escrow accounts, pay taxes and/or insurance	$10.00 per loan per month
Real Estate Tax Monitoring	Verification of taxes if no escrow required	$5.00 per loan per month
Insurance Monitoring	Verification of insurance if no escrow required	$5.00 per loan per month
Final /Special Processing Transaction	For Charge-off, foreclosure, service release, and paid in full no longer active on the servicing system	$40.00 per transaction
Occupancy/Homestead Verification	Complete verification to determine if borrower still living in home if required per program loan documents	$80.00 per hour
Special Report Programming	Special report creation not included in standard report package	$150.00 per hour
Special Reporting Distribution	Monthly maintenance for special reports created for distribution	$80.00 per hour, but fee will be set based on actual time determined and set to a fixed fee
Special Project work	Special requests, such as assistance in audit preparation, special mailings etc…	$80.00 per hour plus any charges that may be incurred from 3rd party vendor.
Non Standard Servicing Activities	Any additional activities required for servicing a loan not specified in contract	$80.00 per hour, fee will be set based on time to complete task on a regular basis
De-Conversion	De-convert loans from servicing system	$50.00 per loan One- time fee
Default Management	Example of activities: Repayment plan, Forbearance, Deferment, Extension	Fee based on specific event

****MINIMUM MONTHLY SERIVICING FEE $100.00****

CRF USA

Capital for Communities – Opportunities for People®

Schedule 1 Servicer Duties

CONTRACT ORIGINATION, INVESTOR SETUP AND CONVERSION

- **Contract Origination-**Origination of Contract and schedules.
- **Investor Setup-** Servicer will set up Client in the servicing system so the software is able to assign loans and produce reports for the Client.
- **Portal Access set up-**Servicer will set up access on portal for Client authorized personnel. Client will have the ability to access investor reports, view key details of Client loans, plus comments related to those loans.
- **Loan Conversion -**On the agreed upon date, the investors loans will be imported from file provided, or built into Servicers system manually (if permitted by Servicer).

NEW LOAN SET UP

- **Loan Boarding-** Subsequent to Loan Conversion, Servicer will receive information from Client on new loans originated by Client in an agreed upon format for boarding the loan into the Servicer's servicing system. Within 3 days of receipt, Servicer will board the new loan using the information provided.
- **Quality Control Review-**Upon boarding, the loan will be reviewed prior to activation) to verify the data entered to servicing system agrees with the terms of the promissory note provided by Client.
- **Welcome Letter-**A welcome letter will be sent to the borrower following Loan Boarding. This form letter shall include the toll-free customer service number as well as an email address that are available for the borrower to use should they have questions regarding their loan (see below).
    - An ACH form will be included with the letter for the borrower to complete and return to CRF if they would like their payments drafted automatically.
    - The letter will also contain instructions for the borrower to request and receive access to Loan Portal where they may access their loan information and also make loan payments.

STANDARD SERVICING (Deferred or Amortizing)

- **Billing-** Borrowers with loans that have regularly scheduled payments will receive billing statements on a monthly basis or appropriate frequency based on terms of the promissory note.
    - Billing statements will not be sent to borrower with deferred loans.
- **Process Loan Payments-**Servicer shall process payments of principal, interest and any fees remitted by the borrower. Funds will be deposited to a custodial account for the benefit of the Client.
- **Customer Service-** Servicer shall provide scheduled customer service from 8:00AM – 4:30 PM CST. The customer service team is available through the toll-free phone number or email at loanservicing@crfusa.com . All inquiries will be responded to within one (1) business day.
- **Borrower Portal Access -** Borrowers are able to setup portal access and view loan information on the loan portal as well as schedule their loan payments. (Setup instructions are included in the Welcome letter and on the portal).
- **Payoff Requests-**Servicer will issue payoff statement requests within two (2) business days. Servicer will require borrower authorization when information is requested via third party.
- **Routine Communications -** Servicer will note its file and promptly inform Client of its receipt of any formal notices of events affecting Borrowers. This includes notices of foreclosure, bankruptcy, property casualty, death of obligors,

and similar items (collectively "Formal Notices"). Conversely, Client will promptly inform Servicer of any Formal Notices it receives, as well as any modifications to the loan terms which Client undertakes without the participation or knowledge of Servicer. Note that any special servicing Client requires Servicer to perform are described in the attached Special Servicing section below.

- **Monthly Reporting-** Servicer will provide standard monthly reporting to Client and on the 1st business day of the month. The standard reports include the following: Loan Trial Balance, Aged Delinquency, Principal and Interest Collections, New Loans (boarded), and Paid Loans. Special reports may be added at an additional cost for programming and periodic completion.
- **Monthly Funds Remittance-**Servicer shall remit collected funds less servicing fee to Client by the 10th business day of the month. Late charges will be retained by Servicer. Funds will be remitted via ACH. An invoice will be distributed detailing the servicing fees.
- **Annual IRS Reporting-**Servicer shall provide borrowers with the required IRS annual Form 1098 tax reporting.

MORTGAGE/DEED OF TRUST SATISFACTION PREPARATION

- **Loan Payoffs**- Servicer shall draft mortgage satisfactions 10 business days after loan is paid in full to ensure funds received are cleared. Satisfaction is sent to Client for signature.

SUBORDINATION PREPARATION

- Servicer will review submitted information based on the Client's program requirements. Servicer will forward to Client for signature. Note: This fee is borrower paid.

ESCROW MANAGEMENT

- Servicer shall process payments for insurance and/or real estate taxes in a timely manner from the borrower's escrow balance. Servicer shall provide annual escrow analysis statements

REAL ESTATE TAXES MONITORING

- Servicer shall monitor that Real Estate taxes have been reported as paid in a timely manner; either of its own accord, or through a third party service.

INSURANCE MONITORING

- Servicer shall monitor insurance coverage expiration, and request renewal certificate of insurance from borrowers, with the intent of helping ensure insurance coverage is in place and that the Client is named as insured; either of its own accord, or through a third party service.

FINAL TRANSACTION / SPECIAL PROCESSING

- In special circumstances such as a charge-off, foreclosure, servicing release or any other transaction that is processed on a loan that is not paid in full but is no longer an active loan on the servicing system.
    - This does NOT include processing a paid in full transaction.

OCCUPANCY/HOMESTEAD VERIFICATION

- Servicer shall verify per the requirements of the Clients specific loan program if the borrower is still living in the home and/or has the property homesteaded.

DEFAULT MANAGEMENT

- **Early Delinquency -** Servicer will make reasonable efforts to maintain loans in a current status and will make reasonable periodic efforts to contact borrowers who are delinquent, in order to encourage payment. Such efforts will be limited to those loans that are no more than 59 days past due.
    - Servicer will follow customary, usual and prudent business practices in its collection efforts.

    - Servicer will send payment reminders each month for loans 15 – 29 days past due and collection letters for loans 31- 59 days past due.
- **Late Delinquency -** Servicer will make reasonable efforts to contact Borrowers, solicit payments, and return loans to a current status, where the loan has reached 60 or more days past due, in order to encourage payment.
    - Servicer will follow customary, usual and prudent business practices in its collection efforts.
    - Servicer will send formal default letters for loans reaching 75 or more days past due.
- **Loan Modifications** – Servicer shall respond to Client or Borrower requests for modifications to their loan terms, including Repayment Plans, Forbearance Agreements, Deferments, Extensions, Short Sales (Pre-Foreclosure Sales), or Negotiated Releases of collateral, obligors or guarantors.
    - Servicer shall make no decisions independent of the Client. Client shall have final approval of any Loan Modifications, unless Client has instructed Servicer in writing that it may approve Loan Modifications.
    - Servicer will follow customary, usual and prudent business practices in its review and processing of Loan Modifications, and to keep Client informed of the status of such requests.
    - Both Client and Servicer recognize that time is of the essence in responding to and approving or declining Loan Modification requests.
    - Servicer shall monitor Borrowers who have received Loan Modifications, as required by the modification, and make such changes to the loan record as required by the modification terms.
- **Special Servicing** - Servicer shall perform special servicing actions and steps for loans subject to formal legal proceedings, including Bankruptcy, Foreclosure, Deed-in-lieu of Foreclosure, Collections suits, Repossession, and Charge-offs involving either an obligor(s) or guarantor(s).
    - Servicer shall make no decisions or take actions independent of the Client, who shall have final say in approval of any Special Servicing actions (other than routine steps taken to protect or preserve Clients interests), unless Client has instructed Servicer in writing that it may approve and take such actions.
    - Servicer will follow customary, usual and prudent business practices in its review, processing, and management of Special Servicing of Client loans, and to keep Client informed of the status of loans.
    - Both Client and Servicer recognize that time is of the essence in responding to and approving or declining Special Servicing Actions.
    - Servicer shall monitor Borrowers who have subject to Special Servicing, as required by the governing legal proceedings or requirements, and make such changes to the loan record as required to reflect the Special Servicing requirements. With respect to Bankruptcy, the Special Servicing shall include Filings, Proof of Claim, Repayment Plan setup and monitoring, and discharge/Completion processing.
- **Other Servicing** - Servicer shall perform the following additional servicing actions and steps for loans as requested by Client. Servicer will follow customary, usual and prudent business practices in its completing these services. The Client shall bear all of Servicer's out of pocket costs for third parties related to these items.
    - REO Marketing
    - Insurance Inspections
    - Default Inspections
    - Property Valuation or Appraisal
    - Property Preservation and security

ADDITIONAL SERVICES

SPECIAL REPORT PROGRAMMING

- Optional reports may be requested by Client and agreed to by Servicer. These reports will be programmed and provided on a frequency as requested by Client and agreed to by Servicer.

- This service is provided based on an hourly rate. The Client acknowledges that Servicer shall advise the Client of estimated time required for the programming, testing and scheduling of such report, and that Client is responsible for the costs of design, programming and provision of such reports.

SPECIAL REPORT DISTRIBUTION

- If a special report built per Clients request requires any type of regular or periodic maintenance or manual intervention to maintain it, then such report(s) will be billed to Client based on an hourly rate.

SPECIAL PROJECT WORK

- Any additional work that Client may request of Servicer that is not included in the Servicing contract or otherwise described in an exhibit or addendum to the contract. This may include activities such as audit preparation, reconciliation or special mailing preparation and distribution.

NON STANDARD SERVICING ACTIVITIES

- Any activities not included in the standard servicing activities that may be required by the Client are described below:
    - [Insert description]
    - [Insert description]
    - [Insert description]

CITY OF WEST ST. PAUL

City Council Report

To: **Economic Development Authority Board**

From: **Ryan Schroeder, City Manager**

Jim Hartshorn, EDA Executive Director

Date: **April 13, 2020**

Extension of the Oppidan Development Agreement

BACKGROUND INFORMATION:

On July 8, 2019, the EDA entered a development agreement with KTJ339 LLC (aka Oppidan) to construct a multi-family apartment building at the former Thompson Oaks golf course with a construction cost of $27,202,946. Within the development agreement was the requirement that the real estate closing occur on or before April 1, 2020, that construction plans be submitted by that same date and that construction commence by June 1, 2020 with completion by December 31, 2021.

Recently, KTJ has requested two extensions on the closing dates and construction starts, primarily due to COVID impacts upon other agency approvals and financing commitment uncertainties. Staff has granted those relatively minor extension requests.

KTJ, again due to the uncertainties created by the COVID pandemic, has requested an additional extension. We are bringing this extension to the Board for consideration with a positive staff recommendation. Of note is that the developer has conducted all other requirements within the development approvals to this point in time. Included is that construction plans have been submitted and it is anticipated that all approvals of those plans will be in hand prior to the end of April.

The request is that the real estate closing be extended to September 1, 2020. It would be anticipated that a construction start would occur closing on the heels of the property exchange and that project completion could still occur within the initial deadline dates. On that point, this is a pay as you go abatement project. Hence, the City would not anticipate negative financial impacts should 100% completion not be complete by that date.

FISCAL IMPACT: N/A

		Amount
Fund:		
Department:		
Account:		

STAFF RECOMMENDATION:

Grant the extension request to KTJ339 LLC to September 1, 2020..