

MINUTES

WOODBURY HOUSING AND REDEVELOPMENT AUTHORITY

February 12, 2020

Pursuant to the due call and notice thereof, a regular meeting of the Woodbury Housing and Redevelopment Authority was duly held at the Woodbury City Hall, 8301 Valley Creek Road, on the 12th day of February 2020.

Call to Order

Chair Anne Burt called the meeting to order at 7:10 p.m.

Roll Call

Upon roll call the following were present: Chair Anne Burt, Andrea Date, Amy Scoggins, Jennifer Santini. Absent: Steve Morris

Others Present: Janelle Schmitz, HRA Clerk; Mary Tietjen, City Attorney; Mr. Clinton Gridley, Executive Director; and Karl Batalden, Community Development Coordinator

Consent Agenda

No items scheduled

Public Hearings

No items scheduled

Discussion

A. Approval of January 22, 2020 HRA Meeting Minutes

Member Santini moved, seconded by Member Scoggins, to approve the January 22, 2020 HRA Meeting Minutes

Voting in Favor: Date, Scoggins, Santini, Burt
Absent: Morris

B. Authorization to Assign Mortgage Securing a First-Time Homeownership Program Loan

Mr. Karl Batalden, Community Development Coordinator explained the purpose of this discussion:

- A Woodbury First-Time Homeownership program borrower is facing a sheriff's sale forced by a separate lienholder
- The Woodbury HRA needs to react to this sheriff's sale scheduled for February 21, 2020

The Woodbury HRA has three options:

1. Do nothing
 - a. Eventually losing the mortgage and walk away from that money; however, there would be no more legal costs or staff time
2. Wait until after the redemption period to redeem the HRA's rights
 - a. Significant amount of risk management
3. Accept an offer from MKR, LLC to pay the HRA \$22,500 in exchange for the HRA assigning its mortgage to MKR, LLC
 - a. The amount due on the mortgage is \$25,000. The investor is offering 90% of the loan principal
 - b. Staff strongly recommended that the HRA accept this offer

When questioned, Mr. Batalden noted that this is the first time this has happened in the HRA's history. There was one other loan that the HRA had to write off as it went through a default. On this particular loan, the borrower has been struggling and staff has tried a variety of things to try to avoid default or foreclosure, including a loan modification. Mr. Batalden explained that the HRA is not the one instigating or beginning the foreclosure process, they are just reacting to actions by other lienholders.

Member Date asked for more details on how this would work if the City chose to go with option 3. Mr. Batalden replied that the condition of the investor would be that if the investor can secure the Sheriff's Sale Certificate at the Sheriff's Sale (basically have the winning bid) scheduled for February 21, 2020; then on February 24, 2020 they would provide the HRA with funds in exchange for the Assignment of Mortgage. At that point, the Woodbury HRA would be out of this particular loan. That form of the Assignment of Mortgage is attached to the Resolution under consideration.

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Member Scoggins asked if there were other situations within the HRA that are getting to this point. Mr. Batalden replied that there are always loans that they are keeping an eye on; however, there is nothing that is quite as dramatic as this situation. There is one other property that they are watching closely from a default perspective.

Chair Burt noted that the HRA has done 250ish loans in the past and then asked how many are on the books at this time. Mr. Batalden replied that he did not have the exact number at this point; however, he estimated it to be in the range of 125 – 150.

Member Scoggins moved, seconded by Member Santini,

To adopt the following resolution

HRA Resolution 20-05

Resolution of the Housing and Redevelopment Authority in and for the City of Woodbury, Washington County, Minnesota authorizing the HRA to assign a mortgage securing a First-Time Homeownership Program Loan to MKR, LLC for \$22,500.

Voting via voice:

Andrea Date – aye
Amy Scoggins – aye
Jennifer Santini – aye
Steve Morris - absent
Anne Burt – aye

ADJOURNMENT

Member Scoggins moved, seconded by Member Date, to adjourn the February 12, 2020 HRA Meeting.

Chair Burt adjourned the meeting at 7:23 p.m.



Anne W. Burt, Chair

Approved by the Woodbury Housing and Redevelopment Authority on September 30, 2020.