

ICDC Board Meeting- Sunday. May 20, 2012

Present- Gerry Wurzburg/Gail Holmes/ Steve Shaffer/Judith Burke/Dana Perry/Jerry Kreigel/ Ellard Taylor/
Catherine Olney/ Rudy Graf/ Bill Calvert/ Landon DeWitt/Alex Harris

- The Meeting was called to order and the minutes were unanimously approved.
- Gerry W. briefly explained the resolutions to be voted on with updating on the project, contractor, and budgeting.
 - Henry Bontraeger was selected as our contractor with the approval of the board
 - Final Budget is \$591,225, with \$552,000 for construction costs with Contingency.
 - Other costs include surveying, testing, credit, Genesis Foundation
 - Budget is covered by MSHA, ICDC Fundraising, Maine Community Foundation, and Genesis bridge Loan
- 1st Resolution:

Approval for Loan with Genesis Fund

Summary:

- **Read attached Letter of Commitment Genesis Fund (Genesis_Letter_of_Commitment_Copy.pdf)**
- Loan approved up to \$90,000
- Fixed rate 5.85%
- Adjusted after 5 years
- Loan Origination Fee \$900 (or 1% loan)
- Can be paid off in full at any time
- At end of project, will apply any unused contingency to pay down loan
- Income from new construction will support the debt service.

Resolution to Approve:

RESOLVED: That Isle au Haut Community Development Corporation is authorized to borrow an amount not to exceed \$90,000 from The Genesis Fund upon the terms and conditions set forth in a commitment letter dated April 27, 2012 to be used to fund the affordable housing projects located on Blueberry Hill (Furrow) lot (Lot A as shown on the Plan of the division of the Williamson Lot, so-called, approved by the Isle au Haut Planning Board on January 30, 1998 and recorded in the Knox County Registry of Deeds in Cabinet 13, Sheet 47) and Village Lot (as described in an Amended and Restated Lease dated as of March 6, 2012) in Isle au Haut, Maine, and to sign and deliver on behalf of ICDC, all documents required by The Genesis Fund in connection with the loan, including but not limited to promissory notes, mortgages/leasehold mortgages, security agreements all as set forth in the commitment letter, together with any and all other closing documents relating to said loan.

Discussion:

- The 15 year pro-forma includes periods of no renters and large capital output for repairs.
- There was a general question about the contractor: and he will get 25% up front with only 5% retainage, both of which were negotiated with Gerry W. and MSHA.
- Steve asked if the Davis/Bacon Laws were required
- Jerry K. explained Davis/Bacon are to ensure a reasonable rate for government work in the area of construction decided by the average rates for that area.
- Gerry W. will find out if this applies to our project.

- The Genesis Loan is secured by the houses
- It was asked if this could be a “forgivable loan”, Gerry W. replied that it is not a “forgiveable note”
- This is a Loan, not a Credit account, because this money will be given to MSHA upon closing and they will distribute it throughout the contract period

Ellard Moves to vote, Jerry K. Seconds, and it is unanimously approved.

- 2nd Resolution:

Approval to obtain Letter of Credit with Camden National Bank for MSHA

Summary:

- **Read attached LOC (CNB_loan_application_form-1 copy.pdf)**
- Required by Maine State Housing
- 20% Build Amount
 - split with Builder 50/50
- ICDC 10% approx. \$45,000.
- Security: Bank assets and existing property
- Cost: \$1,250 (in Development Budget)
- Timeline: period of construction

Resolution to Approve:

RESOLVED: That Isle au Haut Community Development Corporation is authorized to secure a letter of credit from Camden National Bank as required for closing with Maine State Housing Authority and the Genesis Fund, as set forth in the closing requirements. Gerardine Wurzburg, the Chair of the Board, is authorized to execute and deliver, on behalf of Isle au Haut Community Development Corporation, any and all documents required by Camden National Bank, Maine State Housing Authority and The Genesis Fund in connection with the letter of credit.

Discussion:

- Gerry explains that this is a performance bond that says if the project fails for whatever reason the state can get money back.
- Henry, our selected contractor, did not get one, the bank said they need liquid assets which he does not have.
- Island Institute would provide a loan to Henry, which he could use as a letter of credit.
- These funds will not be drawn on, this only applies in the event of default on the project.
- This resolution is 50% credit from ICDC, 50% from the general contractor.
- We will put up our cash reserves to back the letter of credit.

- Dana explains this is called if Henry goes under and can not afford to continue, and we would have to bring in someone else to finish the project. Henry's I.I. loan would be drawn on first, and then ours.
- Henry will have to complete an extensive loan application with the I.I. and it is agreed that he will need to share this information with ICDC as part of our approval to fund half of the letter.
- Jerry K. would like to see proof of payment to his material suppliers, lien wavers, etc.
- This will be part of the payment process from the state to Henry and all sub-contractors over \$2000 will need to sign a lien waver.
- the resolution is defined as Henry having a separate checking account for this project, a copy of his loan application to I.I. for ICDC to review, and schedule of values to track.
 - Jerry K. say the separate checking isn't really necessary, Ellard agrees.
- Resolution is read through again
- Ellard reassures that this is a Loan and not free money
- Jerry K. says that he thinks 25% on closing is too much and would like to see an itemized list of expenditures, including a down payment to the panel manufacturer, for review.

Ellard moves to vote on the resolution, Landon seconds, and it is unanimously approved.

- 3rd Resolution:

Approval to Open Reserve Account for MSHA

Summary:

- MSHA requires that we open Reserve Account
- MSHA only has access
- ICDC yearly contributes to Reserve Account
- Need to begin process now in advance of Commitment Letter
- Board will review commitment letter (see below)

Resolution to Approve:

RESOLVED: That Isle au Haut Community Development Corporation is authorized to open a Reserve Account with access by the Maine State Housing Authority (MSHA) to be funded by funds designated in the Development Project funded by the MSHA in the amount of \$3,750 . The terms and conditions governing the establishment and maintenance of said account shall be as set forth in the commitment letter dated _____ a copy of which is attached to these resolutions, and used to fund the affordable housing projects located on the Blueberry Hill lot (Lot A as shown on the Plan of the division of the Williamson Lot, so-called, approved by the Isle au Haut Planning Board on January 30, 1998 and recorded in the Knox County Registry of Deeds in Cabinet 13, Sheet 47) and Village Lot (as described in an Amended and Restated Lease dated as of March 6, 2012) in Isle au Haut, Maine. Gerardine Wurzburg, the Chair of the Board, is authorized to execute and deliver, on behalf of Isle au Haut Community Development Corporation, any and all documents establishing or otherwise related to the Reserve Account and any other documents required by MSHA in connection with the creation or maintenance of such account.

VOTE:

Discussion:

- Gerry W. explains that this is for capital expenditures, not insurance/taxes
- this is \$3,750 in first payment as a second reserve of the \$40,000 contingency
- Resolution is read in its entirety and a sample commitment letter is passed around

Ellard moves to vote on the resolution, Steve seconds, and it is unanimously approved.

- Dana would like Gerry to ask MSHA how they would like us to keep the books on our end.
- Gerry W. explains that the next resolutions will not be voted on tonight, but will need to be voted on through email/phone correspondence when they come up.
 - there will be an email explaining the resolution with 24 hours to review and then a vote will be needed from each member of the board asap.
- Resolution 4: Proceeding with MSHA
 - after the budgeting meeting and letters of credit are finished
 - will happen in the the next 2 weeks
- Resolution 5: Building Contract
- Dana would like to see some sort of reports from MSHA and the builder regarding the financials as the project goes forward, preferably on a monthly basis.

Committee Reports:

Marketing and Recruiting: Bill reports that the welcoming packet is still in progress for new applicants. Carl will be moving into the empty house this week, he has been approved by the board and will sign the lease Monday or Tuesday. This was a trial run for new applicants for the new houses and everything (background checks, new lease, etc.) is all set up.

Operations: New Island Institute fellow interviews will be on Wednesday and is open to all. The board will need to vote on keeping Alex Harris through the fall as the project manager for the duration of the building process per the materials he put together and distributed to the board in early April. (I was taking minutes, and left the room for discussion, so I don't know whom moved the vote or seconded) This was approved.

Financials: our form 990 was filed with the IRS and has been coming in handy as we move forward with the build.

Microloan: nothing new

Fundraising: a bit slow at the minute, we've heard nothing from the People's United grant or the Stephen King grant. Bill says the silence doesn't look good for the People's, but it was worth a try.

Community Engagement: working toward the 4th of July pancake breakfast and the august 5th Contra Dance. They would also like to move forward with making a sign to put at the town dock showing our progress towards the \$90,000 goal. It was also brought up that it would be nice to have the entire community to donate, even if it is just a few dollars, and that each board member should get a few people who have not yet donated to encourage their participation.

Gerry says the next meeting will be Sunday, June 3rd @ 5 O'clock, but please be ready for the resolutions that

will come before then.

It was moved to adjourn, seconded, and unanimously approved.