City of Blaine
Economic Development Authority

October 16, 2023 | 8:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

The purpose of the Blaine Economic Development Authority is to increase the City's commercial/industrial tax base, provide employment opportunities, undertake redevelopment to enhance and maintain neighborhood economic stability, and address special needs, such as senior housing. As authorized under Minnesota State statutes, the Blaine City Council also serves as the Blaine Economic Development Authority.

AGENDA

1. Call to Order

2. Roll Call

3. Approval of Minutes

3.1. 2023-426 Approval of the August 21, 2023 Economic Development Authority (EDA) Minutes
Sponsors: Erik Thorvig, Community Development Director

3.2. 2023-475 Approval of the September 18, 2023 Economic Development Authority (EDA) Minutes
Sponsors: Erik Thorvig, Community Development Director

4. New Business

4.1. RES 23-154 Resolution Selecting The Center for Energy and Environment as the Loan Servicer for the Home Improvement Loan Program
Sponsors: Elizabeth Showalter, Community Development Specialist

5. Old Business

6. Adjournment

City of Blaine
Economic Development Authority

August 21, 2023 | 8:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

MINUTES

1. Call to Order

The meeting was called to order at 08:47PM by Mayor Sanders.

2. Roll Call

PRESENT: President Tim Sanders, Commissioners Terra Fleming, Leslie Larson, Chris Massoglia, Tom Newland, Jess Robertson, and Lori Saroya.

ABSENT: None.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Eric Thorvig; Safety Services Director/Police Chief Brian Podany; Director of Engineering Dan Schluender; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. Approval of Minutes

3.1. 2023-376 Approval of the August 7, 2023 Economic Development Authority (EDA) Minutes
Sponsors: Erik Thorvig, Community Development Director

Moved by Commissioner Newland, seconded by President Sanders, to approve the August 7, 2023 Economic Development Authority (EDA) Minutes.

Motion adopted unanimously.

4. New Business

4.1. RES 23-136 Resolution Finding Buildings at 10550 Nassau Street and 10601 Nassau Street to be Substandard for TIF Purposes

Sponsors: Erik Thorvig, Community Development Director

Community Development Director Thorvig stated a portion of the industrial park, generally located at 105th Avenue and Nassau Street, has been identified as a redevelopment area in the 2040 Comprehensive Plan. The area includes older industrial buildings that are obsolete, blighted and/or have extensive outside storage, which is not consistent with the vision. The City is currently in the process of planning for redevelopment of the area with the vision focusing on destination uses that will capitalize on tourism at the National Sports Center and serve Blaine residents. As the City explores redevelopment options in the area, tax increment financing (TIF) could be a tool the EDA utilizes to assist in demolition, property acquisition, construction of structured parking and other public infrastructure costs that are identified in the ultimate redevelopment master plan. The EDA can capture TIF and utilize it for the aforementioned purposes.

Mr. Thorvig reported a municipality may not make a substandard determination without hiring an independent, expert architect that completes an analysis of the building and provides a report of written findings that determines whether the building meets applicable standards for it to be declared substandard. The City hired LHB Architects to inspect buildings and have made the determination that they meet the statutory requirements to be deemed substandard. The building at 10550 Nassau Street will be removed in the next 60 days. Demolition of 10601 Nassau Street has not yet been determined. However, staff wanted to inspect this building knowing it would eventually be demolished. There will be additional buildings inspected in the future. For a building to qualify as substandard if a future TIF district is created, a resolution, prior to demolition, must be adopted by the EDA determining that the building meets the necessary criteria for a substandard building outlined in Minnesota Statute 469. The determination is valid for three years. This action does not obligate the EDA to create a TIF district, however, preserves the opportunity for the building to be counted towards the 50% substandard building count if a TIF district is ultimately created.

Moved by Commissioner Newland, seconded by Commissioner Massoglia, to adopt a Resolution finding buildings at 10550 Nassau Street and 10601 Nassau Street to be substandard for TIF Purposes.

Motion adopted unanimously.

4.2. RES 23-139 Resolution to Consider a Purchase Agreement for 10550 Radisson Road NE
Sponsors: Erik Thorvig, Community Development Director

Mr. Thorvig stated city staff, on behalf of the Blaine Economic Development Authority, have been negotiating with property owners of 10550 Radisson Road about a potential purchase. This site is within the 105th Avenue Redevelopment Area where the EDA has been active in acquiring property since 2016. At a closed session, the EDA provided direction to staff regarding negotiation of a sale price. The seller has agreed to a sale price of $165/sf based on the building size for a sale price of $1,683,000. Initially, the company wanted a relocation/business disruption fee of $300,000. Staff advised that the maximum allowed relocation amount per Minnesota Statute was $50,000. The seller has accepted this amount. The business desires to remain in the location through the winter. The EDA would close on the property by September 30, 2023 and lease the property back to the business through March 31, 2024. Depending on the progress of the 105th Avenue redevelopment and business status, this could be extended. A lease agreement will be prepared and brought to a future EDA meeting for action. This is a similar process that was done for purchases of the Surecast building at 10601 Nassau Street NE and Blake Drilling property at 10600 Radisson Road NE. It was noted a draft purchase agreement is being prepared by the city attorney and will be attached to this item prior to the meeting.

Moved by Commissioner Robertson, seconded by Commissioner Newland, to adopt a Resolution to consider a Purchase Agreement for 10550 Radisson Road NE.

Motion adopted unanimously.

5. Old Business

None.

6. Adjournment

Moved by Commissioner Robertson, seconded by Commissioner Massoglia, to adjourn the meeting at 8:54PM.

Motion adopted unanimously.

City of Blaine
Economic Development Authority

September 18, 2023 | 8:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

MINUTES

1. Call to Order

The meeting was called to order at 9:32PM by President Sanders followed by the Roll Call.

2. Roll Call

PRESENT: President Tim Sanders, Commissioners Leslie Larson, Chris Massoglia, Tom Newland, Jess Robertson, and Lori Saroya.

ABSENT: Commissioner Terra Fleming.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; Safety Services Director/Police Chief Brian Podany; Finance Director Jason Zimmerman; Director of Engineering Dan Schluender; Finance Analyst Jenna Trittin; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. Approval of Minutes

None.

4. New Business

4.1. RES 23-156 Authorize the Blaine Economic Development Authority, Having all the Powers of a Housing Redevelopment Authority, to Levy a Property Tax upon the Taxable Property in the City of Blaine for 2024
Sponsors: Jason Zimmerman, Finance Director

Finance Director Zimmerman stated Minnesota State Statutes require special taxing districts to certify preliminary property tax levies to county auditors by September 30. The Blaine Economic Development Authority (EDA) functions as a special taxing district and is therefore authorized to levy taxes under these same enabling statutes. The EDA is governed by the

Blaine City Council who serve as the EDA's Board of Directors and President. Staff recommends a 2024 Preliminary EDA Property Tax Levy of $1,000,000, which is the same levy as 2023. The recommended levy will support the EDA's budgeted activities for 2024.

Moved by Commissioner Massoglia, seconded by Commissioner Newland, to Authorize the Blaine Economic Development Authority, Having all the Powers of a Housing Redevelopment Authority, to Levy a Property Tax upon the Taxable Property in the City of Blaine for 2024.

Commissioner Robertson asked if the $1,000,000 levy would meet the needs of the EDA for 2024. Community Development Director Thorvig reported the EDA levy was increased by $250,000 in 2022 and the purpose of this increase was to fund new programs. He explained staff believes the $1,000,000 levy would be adequate to continue to fund these programs.

Motion adopted unanimously.

5. Old Business

None.

6. Adjournment

Moved by Commissioner Robertson, seconded by Commissioner Massoglia, to adjourn the meeting at 9:36PM.

Motion adopted unanimously.

City of Blaine
Staff Report

File Number: RES 23-154

Agenda Date	Status
October 16, 2023	

In Control	File Type
Economic Development Authority	Resolution

New Business - Elizabeth Showalter, Community Development Specialist

Agenda Item # 4.1

Resolution Selecting The Center for Energy and Environment as the Loan Servicer for the Home Improvement Loan Program

Executive Summary

The EDA uses a third party servicer to collect payments for the home improvement loan program. An RFP was issued to select a servicer and staff recommends entering into a contract with the Center for Energy and Environment for loan servicing.

Background

The EDA has provided a variety of loans for home improvement and down payment assistance since 1998. The EDA has a contract with The Center for Energy and Environment (CEE) for day to day program administration and loan origination. Currently, loan servicing is contracted through Community Reinvestment Fund (CRF), which includes collecting payments from borrowers, preparation of documents, and default management. CRF notified the EDA that they would no longer be providing servicing for consumer loans. A request for proposals (RFP) was issued for loan servicing and two parties responded:

AmeriNat is a national for-profit servicer based in Minnesota that provides loan servicing to 300 clients, including 130 municipalities and the Minnesota Housing Finance Agency. None of the listed references were Minnesota municipalities. The total portfolio is 49,000 loans totaling $9 billion. They have been providing loan servicing for 45 years.

The Center for Energy is a local non-profit and is contracted as the EDA's loan originator and has been providing loan servicing in addition to origination since 2018. They are currently used by 19 cities and nonprofits in Minnesota for similar loan programs, in addition to servicing their own loan portfolio. Their portfolio consists of 2,108 loans totaling $33 million.

The pricing for the two vendors are:

	AmeriNat	CEE
Start Up Fee	N/A	$1,000
Conversion of CRF Loans	$40 per loan + clean up costs	$2,200
Set Up of Future Loans	$40	$35/loan
Monthly Fee for Amortizing Loans	$15/loan	$12/loan
Monthly Fee for Deferred Loans	$4/loan	No fee if the EDA has an active amortizing pool being serviced
Subordination (paid by borrower)	$465	$200
Collections	$25/ loan over 60 days delinquent	$5/loans between 15 and 90 days past due
Default Management	Forbearance: $395 Loan Modification: $795+	$80/hour
Monthly Minimum	$1,000 (can be discounted to $9,000 annually)	None

The actual costs will be dependent on the new loan activity. The table below estimates start up costs and ongoing costs under each proposal. The ongoing costs are based on the current loan portfolio of 26 amortizing loans and 39 deferred loans and 20 new loans per year.

	AmeriNat	CEE
Start Up	$2,600+ depending on the level of quality control requested and needed	$3,200
Expected Annual Cost (excluding default and collections)	$9,000 (portfolio would be expected to be under the $1000 monthly minimum	$4,912

Both proposals demonstrate sufficient capability to provide loan servicing on the EDA's portfolio, although the proposal from CEE did indicate experience with loans on manufactured homes titled as personal property, which was requested as part of the RFP. The AmeriNat proposal did not address that. Since CEE acts as loan originator and program administrator, there is substantial value to the EDA and borrowers by having servicing provided by CEE. Since CEE's proposal has a substantially lower annual cost and the EDA has a long and successful working relationship with CEE, staff recommends selecting CEE as the loan servicing vendor for a three year contract with the option for renewal in one year terms. The full proposal from CEE is attached.

Strategic Plan Relationship

Not applicable.

Board/Commission Review

Not applicable.

Financial Impact

Loan servicing invoices are paid out of the Home Improvement Loan fund. The interest charged on loans exceeds the cost of loan servicing, allowing the fund to continue to grow.

Public Outreach/Input

Not applicable.

Staff Recommendation

Adopt the resolution authorizing execution of a contract for loan servicing with the Center for Energy and Environment.

Attachment List

1. CEE Proposal

City of Blaine

Signature Copy

Resolution: RES 23-154

Resolution Selecting The Center for Energy and Environment as the Loan Servicer for the Home Improvement Loan Program

WHEREAS, Improving the quality of the existing housing stock is a goal in the 2040 Comprehensive Plan; and

WHEREAS, The EDA has provided home improvement loans to promote housing maintenance and reinvestment in the housing stock; and

WHEREAS, The Center for Energy and Environment is an established organization with the capability to provide loan servicing for the EDA's loan portfolio; and

NOW THEREFORE, BE IT RESOLVED, that the Blaine Economic Development Authority hereby authorizes the President and Executive Director to execute a three-year contract for loan servicing with the Center for Energy and Environment according to the terms of the proposal attached to the October 16, 2023 staff report.

PASSED by the Blaine Economic Development Authority this 16th day of October, 2023.

LOAN SERVICING PROPOSAL

Developed for the City of Blaine

September 27, 2023

Completed by:
Loan Servicing Department
Center For Energy and Environment
212 3rd Ave N
Minneapolis, MN 55401

Center for Energy and Environment

PURPOSE OF THIS PROPOSAL

- Delineate and detail the necessary steps to complete the transfer of the portfolio owned by the City of Blaine from Community Reinvestment Fund -CRF- to Center for Energy and Environment -CEE-.

- Stablish the protocols and steps needed to complete the transfer.

- Determine the cost of the transfer.

BACKGROUND

- The City of Blaine owns a portfolio of about 65 active loans written to provide assistance to income eligible families with the necessary funding to maintain and improve their properties (including energy efficiency improvements), as well as Downpayment Assistance to homebuyers purchasing properties within the city limits.

- The City's portfolio is comprised of 2 main programs: a Deferred program (that includes a Downpayment Assistance program, a Last Resort program, and an Accessibility program); and a Closed End amortizing program (includes manufactured homes and small renter occupied buildings).

- Currently, the portfolio owned by the City is serviced by Community Reinvestment Fund.

- After more than 40 years in the Loan Servicing industry, Community Reinvestment Fund -CRF- decided to close its Residential Servicing division and notified the City about its decision to close its offices and stop the Servicing of Residential Loans.

- The City of Blaine is looking for a new Servicer to partner with and support its Home Improvement Loan program. Although not specified in the RFP, CRF provided the following services for the city, thus it is expected that the new servicer will provide at minimum the same services:

    1. Payment collection (regular payments for amortizing loans)
    2. Default Management
    3. 1098 Tax documentation preparation
    4. Customer Service and Assistance to borrowers
    5. Payoff Calculations and Collection of the Proceeds
    6. Preparation of Satisfactions
    7. Monthly Reporting (operational and cash results):
        a. Trial Balances
        b. Aging Delinquency
        c. Payment Collection (P&I Collection)
        d. New Loans
        e. Paid in Full Loans

REQUIRED SCOPE OF WORK

The City of Blaine requires the following scope of work under the RFP:

A. Service provider shall provide loan servicing services on amortizing and deferred loans issued by the EDA as part of the Home Improvement Loan Program. Loan program administration and origination is currently provided by the Center for Energy and Environment.

B. Service provider shall board all loans currently being serviced by Community Reinvestment Fund and service all loans originated after the execution of this contract.

C. Service provider shall be responsible for knowledge of and compliance with legal requirements regarding loan servicing and collections.

D. Servicer provider shall make information on the status of loans readily available to the EDA.

E. Service Provider shall obtain and maintain insurance in the amounts not less than the amounts listed below:
   a. *General Liability: $1,000,000 Per Occurrence $2,000,000 Aggregate Limit*
   b. *Automobile Liability: $1,000,000 Combined Single Limit*
   c. *Excess Liability: $1,000,000 Aggregate Limit*
   d. *Errors and Omissions: $1,000,000 Per Occurrence $2,000,000 Aggregate Limit*
   e. *Workers Compensation: Statutory Limit*

F. Service Provider shall indemnify, defend and hold harmless the EDA and the City and their officers, directors, employees and agents from and against any and all claims, damages, losses, injuries and expenses (including attorney’s fees and damages from death, personal injury and property damage) which the EDA or the City may incur as a result of any act or omission by the service provider in providing services under this agreement.

QUALIFICATIONS AND COMPANY BACKGROUND

CEE is a Minneapolis/St. Paul based Non-Profit devoted to Energy Efficiency and research. Since the beginning, in the late 1970's, CEE introduced its Lending program that became what we know today as the Lending Center. The Lending Center was created with the goal of providing low interest funding to income qualified homeowners for Home Improvement projects, Energy Efficiency Improvements and Emergency lending for Heating/Cooling systems. Not long after that, CEE partnered with the City of Minneapolis and other cities to launch an initiative aimed to help them manage their Home Improvement programs and combine their efforts using the Lending Center as a single hub. That initiative continued its growth, and more than 30 years later, has turned into the preferred hub for cities in the Metro Area for management, underwriting and origination of their loan portfolio.

The merger between CEE and St. Paul's NEC and the expansion of its programs, created the need for new ways to handle the steady growth of CEE’s lending programs; and after a partnership between CenterPoint Energy and CEE (created to provide funding to CenterPoint customers through an On-Bill Lending Program), the need of an In-House Loan Servicing Department became evident. The planning was initiated, and the new department was launched in February 2018 with a small pool of 6 deferred loans. As of August 31st, 2023, -after 5 years and 6 months since the launch of the Servicing operations- the Loan Servicing department serviced a portfolio of 2,108 loans and $33 Million in Loan Balances, ranging from Down Payment Assistance loans to Solar loans, with a delinquency rate of 0.48% and a recovery success of 82%.

COMPANY BACKGROUND (CONTINUED)

As a hub for management and underwriting of Home Improvement loans for cities and MHFA, CEE reviews and processes an average of 2,500 applications every year, resulting on nearly 1,300 new loans. CEE has been the top producer for Minnesota Housing for last 7 years in a row.

CEE currently manages the Home Improvement programs for the following cities:

- City of Anoka
- City of Brooklyn Center
- City of Burnsville
- City of Blaine
- City of Champlin
- City of Coon Rapids
- City of Edina
- City of Fridley
- City of Mounds View
- City of Roseville
- City of Elk River
- City of Saint Louis Park
- City of Brooklyn Park
- Family Housing Fund
- Ramsey County
- City of Minneapolis (9 neighborhood programs)
- Minnesota Housing and Finance Agency (MHFA)
- City of Crystal
- City of South Saint Paul
- MN Department of Commerce

The Loan Servicing Department services deferred loans and programs for the following cities, ranging from deferred loans due at sale, Interest only deferred loans, forgivable loans (after the term is completed), and Senior Deferred loans (due on transfer of the title).

- City of Anoka
- City of Brooklyn Center
- City of Burnsville
- City of Champlin
- City of Coon Rapids
- City of Edina
- City of Fridley
- City of Mounds View
- City of Roseville
- City of Saint Louis Park
- Edina Housing Foundation
- MN Department of Commerce

We also manage and service a CDBG program for Ramsey County forgivable in stages), and an Energy Smart Home deferred program for the City of Saint Paul (due in full on Maturity Date).

The servicing of these deferred loans includes tracking of forgivable balances, due dates, and terms; issuing Satisfactions and generating payoffs and completing the closing of the loans on sale of the property; and any other functions needed for the servicing of their respective pools.

CEE also provides Servicing for Manufactured Homes loans, for the following cities:

- City of Fridley
- City of Mounds View

The servicing of these pools includes collection of regular payments, verification of insurance at the DMV, issuance of Lien Releases on loans paid in full and any other tasks related to the servicing of these loans.

COMPANY BACKGROUND (CONTINUED)

Other important data about our Loan Servicing portfolio:

1. CEE services loans for 19 partners.
2. 42% of the loans in CEE's current portfolio are Deferred (includes Downpayment Assistance, Energy Smart Home Loans, Last Resort for heating and cooling, Senior Deferred, CDBG loans and Forgivable Home Improvement loans).
3. CEE services loans for the following cities and counties:
    - City of Anoka
    - City of Brooklyn Center
    - City of Burnsville
    - City of Champlin
    - City of Coon Rapids
    - City of Edina
    - City of Fridley
    - City of Mounds View
    - City of Plymouth
    - City of Roseville
    - City of Elk River
    - City of Saint Louis Park
    - City of Vadnais Heights
    - Brooklyn Park Development Corporation
    - Family Housing Fund
    - Edina Housing Foundation
    - Ramsey County
    - MN Department of Commerce

PROJECT DESCRIPTION AND EXECUTION

Upon acceptance of this proposal, CEE requires 60 days to complete the full transfer of the portfolio and start formal servicing of the loans owned by the City of Blaine. The transfer of the portfolio will be completed according to the following plan:

PHASE 1 – Borrower Profile and Loan creation
During this phase, the work will be focused on the creation of the loans in CEE's servicing platform. Individual loans will be created using data from the prior servicer. Once the loan has been created, a detailed payment history will be uploaded to the system and the resulting Unpaid Principal Balance will be audited against the Trial Balance received from Community Reinvestment Fund. Personal information and borrower details will be added to the loans at this point, including full name, property address, mailing address, contact number, SSN and any other information needed to create the borrower profile.

PHASE 2 – Transfer Notices and Welcome Packages
Once the Unpaid Principal Balance has audited and adjusted to match the official record, a transfer notice will be mailed to all borrowers to notify them of the change in servicer and provide them with contact information for CEE's Loan Servicing Department. Simultaneously, CEE will prepare a "Welcome Package" containing the following documents:

- Welcome Letter
- Auto-Pay enrollment forms for amortizing and Interest Only loans
- Online access credentials
- Initial Billing Statement
- Credit Reporting Notice (only for amortizing and Interest Only loans)

The Welcome Packages will be mailed to each individual borrower two business days after the Transfer Notice has been mailed.

PHASE 3 – Phone Contact
CEE will attempt to contact each individual borrower to make sure that they are aware of the changes to the servicer of their loan, verify that the Transfer Notice and Welcome Packages were received and update any additional information as needed. Additional attempts will be made for borrowers who have amortizing loans and Interest Only loans.

PHASE 4 – Loan Servicing Launch
CEE will initiate the formal servicing of the City of Blaine loans per the Loan Servicing Agreement and any additional contracts.

DEFAULT MANAGEMENT

CEE defines “Default” as the status assigned to any loan after 15 days from the due date have passed and no payment for the current installment has been received. The objective, at that point, turns into remediation and efforts to assist the borrower in bringing the account current in 3 stages:

1. **Early Delinquency:** between 16 and 30 days past due. Communications with the borrower via phone and email will be launched in an effort to contact the borrower and bring the account current.

2. **Delinquency:** 31 to 90 days past due: a “Notice of Late Payment” letter is sent to the borrower advising them that their loan is 30 or more days delinquent, giving them the amount needed to bring the account current, options of payment, and notice that 30+ DPD delinquencies will be reported to the Credit Bureaus in the next reporting cycle. Phone calls and email contacts will be made following the current Collections legislation and the guidelines provided by the Fair Collections Act. Simple mitigation solutions may be implemented, like payment scheduling or plans aimed to help the borrower back to being current.

3. **Late Delinquency:** Loans 91 to 180 days past due fall into this category. A “Notice of Delinquency” letter is sent to the borrower advising them that their loan is 90 or more days delinquent, giving them the amount needed to bring the account current, options of payment, and notice that 90+ DPD delinquencies will be reported to the Credit Bureaus in the next reporting cycle. CEE will work with these borrowers to gather information about the reason for the delinquency, review options and submit proposals aimed to cure the delinquency to the city. Any workout plan will be submitted to the city for review and approval.

4. **Deep Delinquency:** Delinquent loans, 181+ days past due fall in this category. A “Notice of Default and Demand of Payment” letter is sent to the borrower advising them that their loan is 180 or more days delinquent. The letter informs them that the city is in its rights to accelerate its mortgage and exercise its legal rights on the property; Total Amount Due -TAD- becomes the only payment option and notice the delinquency will be reported to the Credit Bureaus in the next reporting cycle. Any options like a loan modification or a loss mitigation plan will be discussed with the city before being put in place.

SERVICES OFFERED THROUGH THIS PROPOSAL

This proposal covers the following services:

- All the necessary work needed to complete Phase 1, 2 and 3, including but not limited to supplies, loan analysis, creation of pools in CEE's servicing platform, creation of borrower profiles in CEE's borrower database and internal audit of loans and balances.

- Once Phase 4 has been initiated, the following services will be included to the regular process:

  1. Collection of monthly installments of regular payments (for both, amortizing loans and Interest Only loans).
  2. 1098 Tax documentation (yearly).
  3. Payoff calculations, including contact and coordination with title companies, closing agents, new lenders and/or borrowers.
  4. Collection of Proceeds from payoffs
  5. Monthly disbursement of funds collected on behalf of the City through a method to be determined (ACH, Wire Transfer or Check).
  6. Drafting of Satisfactions (as needed).
  7. Subordination requests review and recommendation (as needed).
  8. Default management for loans in delinquency.
  9. Review of options and recommendations to cure delinquencies.
  10. Monthly Reporting covering the following topics:

      a. Trial Balances per Pool
      b. Principal and Interest Collected during the reported month
      c. New Loan Report
      d. Paid in Full Report
      e. Aging Delinquency Report

  Servicing includes access to the City's reports via CEE's servicing Platform and secure information exchange via Microsoft OneDrive and SharePoint, as well as any other services needed to complete specific tasks related to the servicing of the City's portfolio.

The initial term of our contract is 3 years, and upon expiration of the initial term, it can be renewed for a minimum of one year (see Loan Servicing Agreement attached).

COST OF THIS PROPOSAL

Based on the information received from the City through its Request for Proposal, our ongoing relationship through CEE's Lending Department, and a thorough analysis of the portfolio, we have decided to propose a single transfer fee, instead of using our regular Pricing Schedule to calculate the cost. Our proposal includes all the services described above at the following cost:

- *One-Time Transfer Fee:* ***$2,200.00*** *payable within 30 days from the official servicing date of the portfolio (includes all the work needed to complete the transfer of the entire portfolio).*

- *One-Time setup program fee: $1,000.00 (includes the creation of the City's programs in CEE's servicing platform, Report design, and online access to the information exchange system in SharePoint).*

- *Monthly Servicing Fee for amortizing loans:* ***$12.00/loan per month***

- *Monthly Servicing Fee for deferred loans:* ***no fee as long as the city has an active amortizing pool of loans being serviced by CEE***

Any other servicing activity will be subject to the cost stablished in the current CEE Pricing Schedule (page 14 of this document).

DATA REQUIREMENTS

CEE requires the following data in order to be able to complete the transfer of the portfolio owned by the City of Blaine:

a. Detailed Payment History of all active Amortizing loans
b. Detailed Payment History of all active Interest Only loans
c. Full Trial Balance of the entire portfolio
d. Final Trial Balance of the entire portfolio as of the final date of servicing
e. Auto-Pay enrollment report (including banking information of accounts enrolled in auto-pay, if any).
f. Borrower detail, including full name of all borrowers, property address, mailing address, phone number, email address, SSN, Driver's License or ID number and Date of Birth.
g. The preferred format for the files is Microsoft Excel, but CSV files are also acceptable.
h. Deadline to receive the information, with the exception of the Final Trial Balance is no later than 30 days prior to the official transfer date.
i. The information can be submitted directly to me, or to our loanservicing@mncee.org inbox.

LOAN SERVICING AGREEMENT

Exhibit B: Pricing Schedule

Activity	Description	Pricing
New Program Setup	Creating the new program in CEE Loan Servicing System and creating reports	$1,000 one-time fee
New Loan Setup	Loan Boarded to servicing system and quality control review, welcome letter	$35.00 one-time fee per loan
Standard Servicing Activities – Amortizing and Interest Only Payment Loans	Payment processing, billing notices, customer service, investor reporting, early collections	$12.00 per loan/month
Standard Servicing Activities- Deferred Loans (no payments)	Payment processing, customer service, investor reporting	$1.00 per loan/month (no fee if client has an active amortizing pool)
Collection Activity	Collection Work for loans past due 15-90 days	$5.00/loan per month on all amortizing loans
Default Management	Example of activities: Repayment Plan, Forbearance Agreement, Deferment, Extension	$80.00 per hour plus any charges that may be incurred from 3rd party vendor.
Subordination Preparation	Review request and Prepare subordination document	$200.00 per request (Borrower Paid)
Mortgage/Deed of Trust Satisfaction Preparation	Drafting of mortgage/deed of trust satisfaction (excludes recording / filing fees)	$50.00 one-time fee per loan
Final /Special Processing Transaction	For Charge-off, foreclosure, service release, loans not paid in full but no longer active on the servicing system	$25.00 per transaction
Conversion/On-Boarding of Amortizing Loans	Boarding Loans previously serviced by a different company	$70.00 one-time fee per loan
Special Report Programming	Special report creation not included in standard report package	$150.00 one-time fee per report
Special Reporting Distribution	Monthly maintenance for special reports created for distribution	$75.00 one-time fee per report
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
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

14

CEE PRINCIPALS IN CHARGE OF LOAN SERVICING

The principals in charge of the operations of the Loan Servicing Department are:

- **Chris Dufrin, President:** Chris is the president of Center for Energy and Environment. He took over the role in March 2016, making him CEE's second leader since it began work as the City of Minneapolis' Energy Office in 1979. Chris came to CEE from community-focused energy efficiency nonprofit Neighborhood Energy Connection (NEC), based in St. Paul, where he oversaw a Home Improvement program aimed to assist homeowners to improve the energy efficiency of their homes.

- **Jim Hasnik, Director of Lending Services:** In his role at CEE, Jim has worked extensively in administering, underwriting, and managing CEE's home improvement financing programs in the residential, commercial, and nonprofit sectors. This includes working with Minnesota Housing Finance Agency, Minnesota Department of Commerce, and multiple municipalities throughout Minnesota to rehabilitate and promote energy efficiency to existing residential and commercial properties. Jim has an extensive background in Lending programs and has been the leader of the Lending Center since 2017.

- **Marco Landoni, Loan Servicing Manager:** As the loan servicing manager, Marco developed and launched the Lending Center's in-house loan servicing department to respond to the organization's current and future needs in the lending area, in February 2018. Marco came to CEE with over 12 years of experience working for two of the largest loan servicing companies nationwide, Wells Fargo Home Mortgage and Ditech Financial. Marco has been responsible for the growth and operations of the Loan Servicing Department since its creation, as well as the development of its systems and controls.

REFERENCES

- **Marney Olson,** Assistant Housing Supervisor at the City of Saint Louis Park: Phone Number: 952-924-2196 | email address: molson@stlouispark.org

- **Darin Berger**, Executive Director City of Anoka Housing & Redevelopment Authority: Phone Number: 763-576-2724 | email address: dberger@ci.anoka.mn.us

- **Paul Bolin,** Assistant Executive Director City of Fridley Housing & Redevelopment Authority **:** Phone Number: 763-572-3591 | email address: paul.bolin@fridleymn.gov

CONCLUSION

We look forward to working with the City of Blaine and supporting its efforts of improving the affordability, energy efficiency and accessibility for eligible homebuyers, and families already living within the City. We are confident that our background and experience meets the City's expectations and that we can help the City complete a seamless transition of its portfolio to our Servicing platform.

If you have questions on this proposal, feel free to contact me at your convenience by email at mlandoni@mncee.org or by phone at 612.455.7805.

Please let me know if you will be interested in a quick meeting to review the information contained in this proposal.

Thank you for your consideration,

Marco F Landoni
Loan Servicing Manager
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