

Minutes of the Board of Commissioners Meeting
April 15, 2008

MEETING CONVENED

A regular meeting of the Board of Commissioners for MaineHousing convened on April 15, 2008 at the offices of MaineHousing, 353 Water Street, Augusta, Maine. A notice of the meeting was published on April 8, 2008 in the Central Maine Newspapers.

Chair Barbara Trafton called the meeting to order at 9:15 a.m. with Commissioner and Director Dale McCormick, Commissioners John Sevigny, Sheryl Gregory, Elizabeth Mahoney, Carol Kontos, Nikki McLean, Don Gean (conference phone) present. Commissioners Timothy O'Neil and David Lemoine were absent. A quorum was present with eight Commissioners.

PUBLIC ATTENDANCE

Other staff present at the meeting include: Kate Brennan, Maine People's Alliance; Adam Krea & Margaret Bean, Deputy Directors; Linda Uhl, Chief Counsel; Tom Cary, Treasurer; Peter Merrill, Director of Communications & Planning; Linda Grotton, Internal Audit Manager; Gail McBride, Director of Homeownership; Dan Brennan, Director of Development; Darren Brown, Controller; Laurie Murray, Loan Servicing Manager; Maureen Brown, HUD Programs Manager; Jamie Johnson, HCV Program Officer; Cindy Namer, Manager of Program Initiatives; Barbara Brann, RAC+ Program Officer; John Bobrowiecki, Counsel; and Jody Rollins, Office Administrator and Notetaker.

Dedimus Justice Peter Merrill performed the swearing in ceremony of new Board Member, Nikki McLean, and re-appointed Board Member, Sheryl Gregory.

AGENDA

Chair Trafton added the item Review of Voucher Audit to the agenda. With that revision Commissioner Kontos made a motion, seconded by John Sevigny, to adopt the agenda. All voted in favor. The motion carried 6-0.

COMMUNICATIONS/CONFLICTS/MINUTES OF THE MEETING

COMMUNICATIONS - Commissioner Gean declared he had one communication to report. Commissioner O'Neil submitted his resignation from the Board. The Chair read Mr. O'Neil's letter of resignation. *Commissioner Gean made a motion with regret, seconded by John Sevigny, to accept Commissioner O'Neil's letter of resignation. The Chair stated that Tim distinguished himself and helped us to refocus on the financial aspect of MaineHousing and added that he will be missed. All voted in favor of accepting the motion. The motion carried 6 - 0.*

CONFLICTS - Commission Gean stated he will not participate in the Voucher Administrative Plan discussion.

MINUTES OF THE MEETING - There were no changes to the March minutes. They were declared accepted as written.

VOUCHER ADMINISTRATIVE PLAN

Maureen Brown summarized the proposed Administrative Plan Changes for the Section 8 Housing Choice Voucher Programs. *Commissioner Gregory made a motion, seconded by Commissioner Mahoney to adopt the changes as presented. All voted in favor of accepting the motion. The motion carried 5 – 0.* Appreciation was given to MH staff who prepared materials in advance of the meeting.

HOUSING CHOICE VOUCHER PROGRAM REVIEW

Internal Audit Manager, Linda Grotton, distributed a summary of the audit she performed on the Housing Choice Voucher Program. She was very impressed with staff knowledge. Their experience and expertise are huge strengths of the program. All agents spoke very highly of MH staff and the program and reported that communication is frequent and assistance available as needed. Strong financial controls are currently in place. Ms. Grotton identified three areas that need improvement: better documentation of background checks, more timely HQS Inspections, and better attention to detail in reviewing tenant leases. A follow-up will be done in 8-12 months at which time there will be a wrap-up and a formal audit report submitted.

At the request of Commissioner Kontos, Ms. Grotton defined her Internal Audit Manager Role. She reviewed her audit objectives and provided the Board with background information. The Chair encouraged people to attend the next Audit Committee meeting scheduled on June 3 from 9 – 11.

FINANCIAL UPDATES

1. *April Financial Report* - Darren Brown reported that the annual audit of the financial statements has been completed. The audit went well and an unqualified or “clean” auditors’ opinion was issued. Baker, Newman & Noyes will present an overview of the audit at the May Board Meeting. He reviewed the Financial and Budget Results section of his department report and pointed out the pertinent items that are summarized each month. He highlighted the monthly delinquency report and noted that current delinquency rates are down slightly compared with historical rates. Multi-family delinquencies are stable and consistent with the past five year figures, home improvement delinquencies are lower than the past six years, and single family rates are down from last month and less than the past five to six years. Darren noted that our current single-family rates are lower than the average for all loans in the state. The state of Maine is showing signs of the subprime loan problem, while MaineHousing’s loans are performing consistently.
2. *Downeast Mortgage/TD Banknorth* – Gail McBride reported that our two top lenders, Downeast Mortgage and TD Banknorth, will both discontinue loan activity with MaineHousing. The loan production of the two entities combined is 30% of MH’s first-time homebuyer program. Ms. McBride is hopeful that this business will find its way to other participating lenders. MaineHousing will look at rate pricing monthly. Chair Trafton suggested a side-by-side comparison of MaineHousing and other financial institutions. She noted the current goals of homeownership were very ambitious and may need adjustment. Commissioner Seigny asked what was the effect or loss of income. Tom Cary explained that the homeownership loans are revenue neutral.
3. *Standard and Poor’s/Moody’s Ratings* – Treasurer Tom Cary reviewed the rating reports of MaineHousing which were very positive. Strengths include very strong coverage and asset liability ratio along with very strong portfolio oversight. The assessment is performed on our ability to pay bonds back.
4. *UBS/Bear Stearns Update* – Deputy Director Adam Krea assured board members that we are closely watching our financial partners. UBS has been downgraded to AA1, but that is not an indication of major problems. They will try to move troubled assets out of the core business. Bear Stearns is now part of JP Morgan Chase. MaineHousing swaps that were with Bear

Stearns are being transferred to JP Morgan. JP Morgan is rated higher than Bear Stearns, and is interested in housing.

LIHEAP STATE PLAN PROCESS

The Low Income Home Energy Assistance Program runs from October 1st through September 30th. MaineHousing must apply for funding annually. There are no significant changes proposed for the 2008-09 program. The only public hearing required is for the State Plan/application for funding which will occur next month.

BOARD ROLE DISCUSSION

Two handouts were distributed for discussion – a Commissioner Role Chart and a summary of how the Board has added value to MaineHousing in the past two years. The Chair said the MaineHousing Board is unusual because Commissioners are nominated by the Governor, the Director's term does not run concurrent with the Governor, and there is a non-voting Chair. This makes the Board's work challenging, and Commissioners need to work together to achieve goals by bringing individual strengths and knowledge in their areas of expertise. The Commissioners' roles chart was revised two years ago at the request of Commissioner Kontos. Chief Counsel Linda Uhl reviewed the chart. Commissioner Sevigny shared concern about the decision made by MaineHousing staff to administer construction loans without the approval of Board members. Director McCormick suggested we set aside time to discuss risks MaineHousing takes. Deputy Director Margaret Bean reviewed the impact and value the Board has had during the past two years. She highlighted the substantive issues that the Board has had an impact on, and the policy actions that have been taken. She referred to the QAP being one of the largest issues with many changes. The Chair thanked both Linda and Margaret and indicated that this will be just the beginning of the Board's role conversations. Don Gean has suggested there be a Board retreat. A sub-committee will draft an agenda for the Board's input and review. We will continue to discuss roles and responsibilities and build on our working relationship with MaineHousing staff.

CHAIR REMARKS

The Chair spoke about the conflict of interest regarding Timothy O'Neil and referred to the March meeting discussion when members of the Board expressed concern about their participating in their individual areas of expertise. Going forward, the Chair will search out more clarity and work constructively with the Governor's office on securing Commissioners who will not be held back by conflict of interest.

DIRECTOR UPDATES

1. The Ford Foundation has awarded MaineHousing \$75,000 for carbon market financial support.
2. MaineHousing will no longer pursue a construction loan program.
3. We are researching ownership of carbon in the Weatherization Plan.
4. Dale presented all employees and members of the Board a tomato baby!

REPORTS

The Chair referred to the Management Department Report and the news that Donna Baker is retiring. She and Adam recognized Donna's many contributions to MaineHousing. In the three years as Director of Asset Management she accomplished some amazing things. Most notable was the way she fostered team work amidst the challenge of flexible schedules, while maintaining a smooth and

well-run shop. *Commissioner Kontos moved to make a resolution of appreciation for her service to housing. Dale McCormick seconded the motion. All voted in favor of accepting the motion. The motion carried 6-0.*

OTHER

Commissioner Gregory requested an update be provided on geothermal.

Director McCormick suggested we recognize major accomplishments of staff. The Chair will take this under advisement and a further discussion will occur at the Board retreat.

The next regular meeting of the Board of Commissioners has been changed from May 20th to May 22nd. It will be held at the offices of MaineHousing, 353 Water Street, in Augusta beginning at 9:00 a.m.

ADJOURN

The Chair adjourned the meeting at 11:45 a.m.

Respectfully submitted,

Donald Gean
Secretary