

## Minutes of the Board of Commissioners Meeting August 6, 2008

### **MEETING CONVENED**

A regular meeting of the Board of Commissioners for MaineHousing convened on August 6, 2008 at the offices of MaineHousing, 353 Water Street, Augusta, Maine. A notice of the meeting was published on July 23, 2008 in the Central Maine Newspapers.

Chair Barbara Trafton called the meeting to order at 9:05 a.m. with Commissioner and Director Dale McCormick, Commissioners John Sevigny, David Lemoine, Nikki McLean, Don Gean, Sheryl Gregory, and Carol Kontos present. A quorum was present with seven Commissioners. Commissioner Mahoney arrived at 9:20 a.m.

### **PUBLIC ATTENDANCE**

Other guests and staff present at the meeting include: Margaret Bean & Adam Krea, Deputy Directors; Linda Grotton, Internal Audit Manager; Linda Uhl, Chief Counsel; John Bobrowiecki, Counsel; Jodie Stevens, Counsel; Tom Cary, Treasurer; Dan Brennan, Director of Development; Darren Brown, Controller; Laurie Murray, Loan Servicing Manager; Robert Conroy, Director of Asset Management; Nancy Fritz, Director of Homeless Initiatives; Mike Martin, Senior Planner and Jody Rollins, Office Administrator and Notetaker.

### **AGENDA**

Commissioner Lemoine made a motion seconded by Commissioner Sevigny to accept the agenda. All voted in favor. The motion carried 5-0.

### **MINUTES OF THE MEETING**

Chair Trafton asked if there was a motion to accept the minutes as presented. After discussion the minutes were approved as amended.

### **COMMUNICATIONS**

Secretary Gean stated there were no communications to report.

### **CONFLICTS**

There were no conflicts to report.

### **FINANCE REPORT**

Darren Brown reported no significant changes in the delinquency rates for all three loan portfolios. The single-family portfolio increased slightly by 40 basis points with the foreclosure rate decreasing by 11 basis points.

A request was made at the June meeting by Commissioner Gregory to quantify loss mitigation activity. Darren reviewed the new foreclosure prevention activity included in the packet. We have provided assistance to 141 borrowers in the first 6 months of 2008, which is ahead of the previous year's numbers and our actual foreclosure rate is below the pace in 2008 at 27 in the past six months. This number is compared to an average of 67 foreclosures for the past 3 years. An industry ratio that measures success of foreclosure prevention is around 55% nationally. MaineHousing's foreclosure prevention ratio is 84%.

Darren reported no significant changes in the financial and budget results. Interest on short-term investments is down, but we are still generating substantial net operating income at just under \$7 million at the end June. He then reviewed the operating budget variance report and stated we are on target, running a bit under budget with no significant deviations at this time.

Chair Trafton thanked Darren for presenting the information in a clear manner and congratulated MaineHousing on the success of its foreclosure prevention efforts.

## **ENERGY REPORT**

Director McCormick gave the following updates on energy.

- The Energy Task Force is sponsoring several efforts. They are currently getting bids on 5,000 Keep ME Warm kits. The Governor will produce a self-help brochure that will show people how to tighten up their homes to make them more energy-efficient. The group will also produce a video.
- We have started energy conversations with partners relative to the high energy costs and rent prices set by HUD. We are also considering different energy programs with new construction and possibly requiring solar hot water heaters.
- LIHEAP – All oil contracts are in. Two large dealers that did not participate last year have signed contracts this year – CN Brown and Webber.
- We will use \$75,000 in Ford Foundation grant money to run an insulation and installer class.
- New Jersey agreed to become a partner in the carbon project.
- Dale attended a United Kingdom Embassy meeting in D.C. where information was shared on programs for carbon reduction.
- Board Members talked about their concern for resources to provide adequate heating assistance this winter. With the rising cost of fuel we will need \$101 million this year to cover the same amount of heating days we covered last year. We currently have the resources to cover 8-10 days of heat per customer. Commissioner Kontos would like to encourage Governor Baldacci to engage in a TV public service announcement to initiate wide-spread support for heating assistance and to educate the public. She requested staff to track down the Channel 8 & 13 coverage of a Downeast Energy news clip and send it to the Board.

## **UPDATE: MOBILE HOMES ON LEASED LAND**

Linda Uhl reported on the progress made to-date to get the program up and running. Bond Counsel confirmed that we can satisfy the “first lien in land” requirement of our MPP resolution by getting a leasehold mortgage for the term of the loan. The Bureau of Motor Vehicle has agreed to submit a technical amendment to the statute, but we are reopening the program prior to the amendment. Homeownership, Finance and Legal departments are all working on the document and process and the program should be up and running in the fall.

## **MAINEHOUSING INVOLVEMENT WITH MERRILL LYNCH**

Adam discussed the three areas where MaineHousing does business with Merrill Lynch – As Bond Co-Manager, as Repurchase Agreement Provider for short-term investments, and as the Draw Down Bond Fund Provider. The Draw-Down Program will expire in December and we will be looking at a new provider for the \$271 million currently in the fund. Adam also shared the letter Dale sent to Barbara Feldman expressing our displeasure with Merrill Lynch for not making the state whole on the failed Mainsail II investment. A discussion followed with Commissioner Lemoine providing additional information. He requested that all State agencies discontinue doing business with Merrill Lynch. Chair Trafton asked if there was a motion to the Board that would provide guidance to MaineHousing management. *A motion was made by Commissioner Lemoine and seconded by Commissioner Gean that MaineHousing suspend further business with Merrill Lynch as Bond Co-Manager and Repurchase Agreement Provider immediately and phase out the Draw Down program by the end of the year.* Commissioner Sevigny stated he didn’t think the Board should be making a motion or voting on business that was not a Board matter. Chair Trafton suggested the motion would be taken under

advisement. Director McCormick thought the vote of the Board would mean a lot. Commissioner Gregory voiced her confidence in both Tom and Adam and was not certain of the impact on MaineHousing and if we should react in the same way as the State. *Commissioner Lemoine advised the Director to suspend all involvement with Merrill Lynch except the Draw Down Program that will be concluded in December. Commissioners Lemoine, Gean, Kontos and McLean voted in favor of the motion, Commissioners Sevigny and Gregory opposed, and Commissioner Mahoney abstained. The motion passed with a 4-2 vote.*

### **ADOPTION OF A SERIES RESOLUTION TO THE MORTGAGE PURCHASE PROGRAM BOND RESOLUTION**

Tom Cary reviewed the information he provided in the packet. The Board authorizes issuances of bonds and swaps annually. The last series resolution was adopted August 21, 2007 and is due to expire August 20<sup>th</sup> so a new resolution is needed to accommodate the \$300 million of bonds outstanding in the Draw Down Bond Resolution. We have increased the authorization request to \$600 million. *Commissioner Gregory made a motion, seconded by Commissioner Sevigny to approve a series resolution that authorizes the issuance of up to \$600,000 million of bonds and notes in the Mortgage Purchase Program for a period of one year. The Board voted unanimously to accept the motion.*

### **ADOPTION OF A SUPPLEMENTAL RESOLUTION TO THE GENERAL HOUSING FINANCE BOND RESOLUTION**

Tom Cary provided the Commissioners with an overview on why they were being asked to adopt a supplemental resolution to the HFR. It will allow MaineHousing to use the \$18 million in the Subsidy Fund to make or buy loans. *Commissioner Gregory made a motion, seconded by Commissioner Sevigny to amend the Series Resolution adopted in February 1998 to permit amounts on deposit in the subsidy fund to purchase HELP loans. The Board voted unanimously to accept the motion.*

### **PROPOSED CHANGES TO THE LOW INCOME HOUSING TAX CREDIT QUALIFIED ALLOCATION PLAN**

Dan Brennan reviewed the Housing Credit Modernization Bill's impact on the 2008 & 2009 QAP and the changes in the law that requires modifications and other significant suggested modifications. A draft of the proposed rule will be distributed prior to notifying the public about the proposed rule change. There will be a public hearing on September 16 with an application deadline of November 6<sup>th</sup>. *A motion was made by Commissioner Gregory and seconded by Commissioner Lemoine to move forward to open up the QAP rule and have a public hearing. A discussion occurred with Commissioner Gean objecting to having historic preservation in the QAP. Commissioner Kontos asked about the differences in Federal Legislation and State Legislation. The Commissioners voted to accept the motion as presented with 6 in favor. Commissioner Mahoney abstained.*

### **ADDENDUM TO THE HOUSING CHOICE VOUCHER ADMINISTRATION PLAN**

Bob Conroy reviewed the proposed addendum that was required as part of this year's NOFA grant application which funds the Family Self Sufficiency Program. Areas covered in the addendum include marketing, facilities and communications accessibility, handling of fair housing complaints, and efforts to further fair housing and housing choice.

*Commissioner Gregory made a motion seconded by Commissioner Sevigny to approve the Family Self Sufficiency Addendum to the Housing Choice Voucher Administration Plan as presented. Commissioners voted unanimously to accept the motion.*

### **CONSOLIDATED PLAN HEARINGS**

Mike Martin of Communications and Planning provided an overview of the recent Consolidated Plan Public Hearings that were held in Presque Isle, Westbrook, Bangor and Augusta. They are held to provide guidance to us in developing the five-year plan. Mike highlighted things MaineHousing is doing well, significant housing needs, and fair housing concerns.

## **CHAIR REMARKS**

- The Chair congratulated Director McCormick on the tribute she received as a distinguished and innovative public leader in Maine.
- The Chair reminded Board Members to submit their Conflict of Interest disclosures by August 15<sup>th</sup> to Linda Grotton, Internal Audit Manager.
- We will attempt another electronic meeting during winter months. There was conversation about the pros and cons of an electronic meeting. Commissioner Sevigny stated that he is not in favor of an electronic meeting.
- Chair Trafton reminded the Board that all substantive matters should not be sent by e-mail pursuant to our guiding principles. E-mails should be used for setting up meetings and simple communications.
- Commissioners Trafton and Mahoney and Deputy Director Margaret Bean are working on the retreat.

## **DIRECTOR UPDATES**

Single-family first time program is breaking all records. Applications averaged over \$20 million per month for the past three months.

Director McCormick provided an update on the stimulus package.

Landlords/owners are concerned about heating and maintaining buildings with current costs vs. rent restrictions and some are walking away from buildings.

## **REPORTS**

There were no questions or discussion regarding the department reports.

## **EXECUTIVE SESSION**

Chair Trafton handed the gavel to Vice-Chair Kontos who asked if it was the pleasure of the Board to present a motion pursuant to Title 1 MRSA Section 405.6.E. to go into Executive Session. *Commissioner Gean made the motion seconded by Commissioner McClean to go into Executive Session to discuss the Liberty litigation matter. Commissioners Lemoine, Mahoney and Sevigny voted to proceed to an Executive Session and Commissioner Kontos opposed.* The Commissioners met in Executive Session. The Executive Session adjourned at 12:17.

## **ADJOURN**

A motion to adjourn the meeting was voted on unanimously at 12:17.

## **NEXT MEETING**

The next meeting of the Board of Commissioners will be held on September 16 at the offices of MaineHousing.

Respectfully submitted,

Donald Gean, Secretary