



## **Minutes of the Board of Commissioners Meeting December 20, 2011**

### **MEETING CONVENED**

A regular meeting of the Board of Commissioners for MaineHousing convened on December 20, 2011 at the offices of MaineHousing, 353 Water Street, Augusta, Maine.

Chair Peter Anastos called the meeting to order at 9:05 a.m. with Commissioners Dale McCormick, Sheryl Gregory, Donald Gean, Lincoln Merrill, John Turner, Bruce Poliquin, Mark Samson, and Donald Capoldo (by conference call) in attendance. Commissioner Nikki McLean was absent. There was a quorum present.

### **PUBLIC ATTENDANCE**

Other guests and staff present at the meeting include: Margaret Bean and Adam Krea, Deputy Directors; Tom Cary, Treasurer; Darren Brown, Controller; Dan Brennan, Director of Development; Peter Merrill, Director of Communications and Planning; Craig Reynolds, Director of Homeownership; Linda Uhl, Chief Counsel; John Bobrowiecki, Counsel; Jodie Stevens, Counsel; Linda Grotton, Internal Audit Manager; Laurie Murray, Deputy Controller; Deb Turcotte, Public Information Manager; Amanda Bartlett, HCV Program Officer; Jody Rollins, Office Administrator and note taker; Barbara Berry, Maine Association of Realtors; Bill Nemitz, Portland Press Herald; Matthew Wickenheiser, Bangor Daily News; Sam Adolphsen, Maine Heritage Policy Center; Joe Hanley; Terrilynn Simpson; Michael Doyle, Falmouth News Media; D. Daggett; Leif Parsell, The Maine Wire.

### **AGENDA**

*Commissioner Gean made a motion seconded by Commissioner Gregory to accept the agenda as presented. All Commissioners voted in favor of accepting the agenda. The motion carried 7-0.*

### **COMMUNICATIONS & CONFLICTS**

Commissioner Gean distributed a communication he received from Wes Phinney, Deputy Director of York County Shelter Programs, Inc. and appointed member of the Blue Ribbon Commission on Affordable Housing. His e-mail stated that Chair Representative Cushing and other Commission members acknowledged the support and professional input provided by Dale McCormick, Peter Merrill, Adam Krea, and other MaineHousing staff. The Blue Ribbon Commission report will be issued in the very near future.

### **MINUTES OF THE MEETING**

Commissioner Poliquin requested several adjustments to the November 17 minutes that would more accurately reflect the entire conversation. Deputy Director Margaret Bean asked for guidance on what the Board would like to see reflected in the minutes. She said our past practice has been to capture motions and votes and not reflect the back and forth comments. After discussion, it was decided that Commissioners could add significant meaningful content and the revised minutes would be reviewed and voted on at the following month's meeting. Commissioner Poliquin will

work directly with Jody to add his suggested comments. Commissioner Merrill suggested we make the audio recordings available to the public.

*Commissioner Samson made a motion seconded by Commissioner Anastos to accept the November 15, 2011 minutes as presented. Commissioners Samson, Turner, Capoldo, Gean, Gregory, and Merrill voted to accept the minutes. There were no Commissioners who voted in opposition. Commissioner Poliquin abstained.*

*Commissioner Poliquin made a motion seconded by Commissioner Samson to record Board of Commissioners meetings, cost containment meetings, and other public meetings and post them on the MaineHousing website.*

Commissioner Gean questioned the meeting process and whether the Board was following Roberts Rules by allowing motions to be made that were not relevant to agenda items being discussed. Commissioner Samson supported Commissioner Gean that non-agenda items and motions should be discussed during “Other” to keep order in the meeting.

The vote on recording meetings was moved to the “Other” section of the agenda.

### **COMMENTS FROM BOARD CHAIR**

Chair Anastos apologized to the MaineHousing staff for the upheaval and thinks they do a great job. He said he has no problem with them, only with the direction the agency is going. He feels we will come out a lot stronger.

### **CONTINUING BOARD ORIENTATION**

MaineHousing is an organization with very complex programming. Commissioner McCormick asked how we could help the new Board members better understand what we do. During the Board orientation in October, it was suggested that every month there be an in-depth review of a program. Board members thought it would be helpful and suggested a few topics: a presentation on how we decide where to build projects according to needs, how we identify need, how we quantify the need, how we provide financing; bonds 101.

Commissioner Poliquin distributed a handout from Maine Affordable Housing Coalition on unmet need for affordable housing in Maine. There was a discussion about recipients of Section 8 vouchers living in tax credit properties. Commissioner Poliquin requested MaineHousing staff prepare a report prior to the next meeting on vacancy rate in tax credit properties. He also wants the Board to know what the waiting lists are for tax supported projects.

Chair Anastos suggested we look at the practice of owners of Section 8 projects who also administer the Section 8 program and may steer voucher holders to their projects to get higher rents. Questions were asked “Is this a problem?”; “Should they be separated”?

### **ELECTION OF BOARD VICE-CHAIR AND SECRETARY**

Linda Uhl reviewed the roles of the Vice-Chair and the Secretary. Under the by-laws, nominations and elections are held in December for the next calendar year. *Commissioner Poliquin nominated Commissioner Merrill to serve as Vice-Chair of the MaineHousing Board. Commissioner Gregory seconded the nomination. Commissioners Poliquin, Gregory, Samson, Gean, Turner and Capoldo voted in favor of the nomination. Commissioner Merrill abstained. The vote carried 6 – 0 with 1 abstention.*

*Commissioner Samson nominated Commissioner Gean to serve as Secretary. Commissioner Turner seconded the nomination. Commissioners Poliquin, Gregory, Samson, Turner, Capoldo, and Merrill voted in favor of the nomination. Commissioner Gean abstained. The vote carried 6 – 0 with 1 abstention.*

## **SUBSTANDARD HOUSING IN NORWAY**

Chair Anastos received a couple of calls from Senator Collins' office asking about the sub-standard housing in Norway. Commissioner Capoldo requested an update. Amanda Bartlett reviewed all actions to-date which include:

- 114 quality control inspections completed
- the inspector involved is no longer employed by Avesta
- amendments have been made to the contract with Avesta (effective Jan. 1, MaineHousing will take over Oxford & Androscoggin county inspections)
- MaineHousing and Avesta sponsored a housing fair to help displaced tenants (over 20 landlords attended)
- Madeline Pratt debarred as a section 8 landlord.

Amanda was asked to describe what an inspection failure is. Commission Capoldo suggested that if MaineHousing had the funding it would seem that MaineHousing could perform inspections as well, if not better. Linda Grotton, Internal Auditor, is in the process of putting together her final report and was not comfortable discussing findings at this time. The bottom line is that it's a rogue inspector that has been going downhill the last couple of years. There were probably some red flags both Avesta and MaineHousing should have picked up on in hind sight. There was no one person putting all the dots together. She stated there were a number of factors that contributed to this going on for several months, several years. She expects the report will be complete at the end of the year, and will present her report in detail at the January meeting. Commissioner Poliquin persisted in knowing what a red flag was. Commissioner Capoldo requested information on what HUD's policies are on inspection reporting, and wants to see what policies will be put in place (in the audit report) to screen landlords. MaineHousing has talked about doing a risk assessment system to more heavily monitor landlords who are high risk because of sub-standard housing. Historically, we have relied on a random system, but going forward we need to identify landlords who are high risk and incorporate those more frequently into the quality control process. We immediately implemented a centralized tracking system. Commissioner Capoldo thanked Amanda and Linda and commented that they have done a fine job. He hopes that significant change could come out of this. The steps MaineHousing is taking are good steps.

Commissioner Capoldo signed off the meeting at 10:35.

Chair Anastos requested Linda Grotton check with town officials to see if they have been aware of problems. Have they known about deficiencies? If so, how long have they known? Has there been any harassment involved? Commissioner Gregory encouraged the use of digital cameras in the inspection process training.

## **2012 QUALIFIED ALLOCATION PLAN**

Dan Brennan distributed a handout showing the nine applications received for the 2012 tax credits. He reviewed a chart which shows the project, developer, whether they are a non-profit or for-profit, total development costs, per unit cost, tax credit and subsidy requested. He reviewed the application process. The Governor approved the plan in September and an RFP was executed. MaineHousing

received nine applications. They are cataloging them to make sure the applications are complete and will be scoring them soon. The scoring and decisions should be complete early January.

Commissioner Poliquin stated it would be a valuable exercise to look at other ways to get as many people off the waiting lists as we can and get them into safe and affordable housing. Chair Anastos agreed that “out-of-box” thinking with partners could be beneficial.

## **WEATHERIZATION**

Chair Anastos requested information about what savings are realized by weatherizing homes. Commissioner McCormick distributed a handout that verified program-wide actual energy savings. She reviewed the evaluation survey highlights of weatherization savings from 2006 – present. Commissioner Gregory also provided a handout of weatherization results realized by some of her clients.

Commissioner Samson departed the meeting at 11:20.

Commissioner McCormick discussed the carbon initiative undertaken by MaineHousing. Commissioner Gean requested a full presentation on carbon on a future agenda when it can get full credit for being an innovative, “out of the box” program.

## **2012 OPERATING BUDGET**

Darren provided an overview of the 2012 operating budget. He reported that the total program activity is expected to be about the same as 2011 with a decrease projected due to fewer American Recovery and Reinvestment Act (ARRA) federal programs and lower LIHEAP funding in 2012. Short-term interest rates are expected to continue to be low in 2012, which will result in less income from non-mortgage investments. To offset the impact of less income from non-mortgage investments, bonds will be redeemed and refunded to lower interest expense and more non-mortgage investments will be invested for longer terms at higher yields. Delinquencies and foreclosure are projected to remain at high levels in 2012 which is projected to increase foreclosure and real estate owned expenses. Darren reported that the proposed 2012 operating budget of \$14.1 million represents a decrease of 4% compared to the 2011 authorized budget. The salary amount is based on 140 positions, which reflects the elimination of 5 ARRA positions. A 2% merit adjustment is included in the proposed budget. There will be no premium increases for any insurance benefits in 2012. Commissioner Anastos inquired about the increase in headcount over the past 10 years. Darren responded that it has been reflective of additional programs such as the ARRA programs in recent years.

*Commissioner Merrill made a motion seconded by Commissioner Turner to accept the budget as presented. All Commissioners present voted to accept the motion. The motion carried 5 – 0.*

## **ELM TERRACE**

Dan Brennan updated the Board on recent developments on Elm Terrace which include: official papers have been signed, a closing date of December 20 has been set, preparations are underway to build at the site, and rehabilitation will begin in the next couple of days. Dan has implemented internal controls to prevent substantive increases in development costs.

Commissioner Turner departed at Noon.

Chair Anastos talked about QAP scoring for lower costs.

## **PREVIEW OF REQUEST TO AMEND MORTGAGE PURCHASE PROGRAM (MPP) BOND RESOLUTION**

Tom Cary stated that he wanted to give the Commissioners some background information about an amendment to the Mortgage Purchase Program Bond Resolution which he hoped to present at the January meeting for formal approval.

The General Mortgage Purchase Program Bond Resolution (MPP) was adopted by the Board of Commissioners in 1972. Since adoption, about \$6 billion bonds have been issued to the MPP of which \$1.4 billion are outstanding today. In the 40 years since the MPP was adopted the practices and terminology in the financial world have evolved and changed at a rapid pace. There is a mechanism to amend the MPP, with the consent of the Trustee to cure ambiguity or defects, inconsistent provisions, or to insert provisions to clarify matters. This mechanism has been used to amend the MPP 18 times. In January, we will be asking for you to approve the 19<sup>th</sup> amendment.

The MPP currently requires that within 90 days after the close of the fiscal year that the Authority deliver an annual report to the Trustee accompanied by an Accountants Certificate which uses certain specific terminology. The terminology is antiquated and the certifications required in the Accountants Certificate are terms no longer used in the industry.

The amendment will replace the obsolete terminology by requiring that within 90 days of the end of the fiscal year that the Authority deliver to the trustee annual audited financial statement accompanied by an Independent Auditors Report.

## **OTHER**

*Commissioner Poliquin made a motion seconded by Commissioner Merrill to record Board of Commissioner meetings, cost containment meetings, and other public meetings and post them on the MaineHousing website. All Commissioners voted in favor of the motion. The motion carried 4-0.*

Commissioner Poliquin requested information on MaineHousing's charitable donation policy. Although this item was slated for the January agenda, Margaret Bean gave the Board a brief overview of the policy. He questioned the cost of a \$6500 Maine Inside/Out sponsorship. Maine Inside/Out is a homeless youth organization to provide outreach to the community on homelessness. Chair Anastos said charitable contributions would be worthy of discussion. He requested MaineHousing send list of donations to Commissioners.

Commissioner Poliquin asked about Oak Street Lofts apartments and if their purpose was to target artists. They were not targeted to artists. They were labeled that way only because they were in an art district. In no way does MaineHousing discriminate and eligibility is determined by income level.

## **OPEN Microphone**

Michael Doyle shared his thoughts about the receptionist area, meeting protocol, and housing in Norway. Terrylynn Simpson shared her opinion on public meeting protocol.

Chair Anastos requested we have an agenda item to discuss Board meeting process with the public.

*Commissioner McCormick made a motion seconded by Commission Gregory to adjourn the meeting. All Commissioners were in favor of the motion. The meeting adjourned at 12:30 p.m.*