



## Minutes of the Board of Commissioners Meeting June 15, 2010

### **MEETING CONVENED**

A regular meeting of the Board of Commissioners for MaineHousing convened on June 15, 2010 at the offices of MaineHousing, 353 Water Street, Augusta, Maine. A notice of the meeting was published on June 4, 2010 in the Central Maine Newspapers.

Chair Kontos called the meeting to order at 9:10 a.m. with Commissioners Dale McCormick, Barbara Berry, Sheryl Gregory, Mark Samson, David Lemoine, Don Gean and Raymond Cota in attendance. Commissioners Elizabeth Mahoney and Nikki McLean were absent. There was a quorum present.

### **PUBLIC ATTENDANCE**

Other guests and staff present at the meeting include: Margaret Bean & Adam Krea, Deputy Directors; Tom Cary, Treasurer; Darren Brown, Controller; Laurie Murray, Deputy Controller; Linda Uhl, Chief Counsel; Linda Grotton, Internal Audit Manager; Nancy Fritz, Director of Homeless Initiatives; Peter Merrill, Director of Communications and Planning; and Jody Rollins, Office Administrator and note taker.

### **AGENDA**

*Commissioner Gregory made a motion seconded by Commissioner Berry to accept the agenda as presented. All Commissioners were in favor of accepting the agenda. The motion carried 6-0.*

### **COMMUNICATIONS/CONFLICTS**

There were no communications or conflicts to report.

### **MINUTES OF THE MEETING**

*Commissioner Berry made a motion seconded by Commissioner McCormick to accept the May minutes as presented. All Commissioners voted to accept the minutes. The motion carried 6-0.*

### **AUDIT COMMITTEE REPORT**

Commissioner Gregory reported on the June 8<sup>th</sup> Audit Committee meeting and highlighted the four major areas of review. They included data security, external audit activities, records retention work and conflicts of interest/ethics and fraud.

### **FINANCIAL REPORT & UPDATE**

Darren provided a summary of the recent Request for Proposal (RFP) process for professional auditing services. An RFP was sent to 7 firms and public notices were placed in newspapers and on our website. Only one proposal was received and that was from the agency's current auditors, Baker Newman and Noyes. Based on past performance, proposed fees, and a proposal that met all the RFP requirements, an internal team recommended that BNN be retained to provide auditing

services through the 2012 audit. The Audit Committee supported the recommendation but felt it prudent to have the audit staff changed periodically to provide new perspectives. The senior manager will be changed starting with the 2010 audit and a partner will be changed starting with the 2011 audit.

Darren reported on delinquencies and foreclosures for all three loan portfolios. The single-family delinquencies remain relatively flat with the over 60-day rate increasing from 6.77% to 6.80%. The in-foreclosures increased from 2.35% to 2.41% and are at an all-time high for MaineHousing. Darren expects that actual foreclosures in 2010 will be higher than previous years. MaineHousing's single-family delinquency and foreclosure rates continue to be well below the rates reported for all Maine loans. He reported a small increase of .17% in the over 60 day multi-family delinquency portfolio. The Home Improvement over 60 day delinquency rate increased from 8.74% to 9.54% which attributed primarily to the decreasing size of the portfolio.

Darren also reviewed the current financial results and reported that very low interest rates continue to have a negative impact on MaineHousing's total revenues and net operating income. MaineHousing's investment income has decreased by \$1.5 million or 38% when compared to 2009 due to lower interest rates and lower average investment balances. Bonds were redeemed in early 2010 and as a result interest expense is approximately \$2.2 million lower compared to 2009. Excluding the unrealized gain of \$2 million recorded in 2010, total combined net operating income is approximately \$2.7 million for the year.

#### **ADOPTION OF THE MAINE ENERGY HOUSING AND ECONOMIC RECOVERY REVENUE BONDS**

Tom Cary reviewed a resolution which would authorize the issuance of up to \$60 million of Maine Energy, Housing and Economic Recovery Bonds. The Resolution would give staff the authority to execute a Bond Indenture, a Series Indenture and other contracts and documents necessary to issue the bonds. The Legislative Authorization to sell these bonds was contained in part E of the Efficiency Maine Trust Act which was signed into law in 2009. The proceeds of the bonds would be used to subsidize various MH programs.

*Commissioner Gean made a motion seconded by Commissioner Cota to adopt the proposed resolution that authorizes MaineHousing to issue up to \$60 million of Maine Energy, Housing and Economic Recovery bonds.*

Members of the Board discussed possible risks involved with the proposed issuance. It was noted that the draft indenture would permit the use of the moral obligation on these bonds. There was a discussion of the benefit the moral obligation would bring to the issue.

*Commissioner Lemoine made a motion seconded by Commissioner Cota to amend Commissioner Gean's motion as proposed. The amendment would eliminate the moral obligation option from the indenture. The motion passed with 4 Commissioners voting in favor and 2 opposed. The vote carried 4-2.*

#### **UNDERWRITER REQUEST FOR PROPOSAL (RFP)**

MaineHousing did an RFP three years ago for underwriting services at which time the Board participated in the interviews and the selection process. Tom felt that enough stability has returned to the underwriting firms to warrant another RFP process. Participation in the process was productive for the Board, so Tom would like to replicate that process. He will provide an update on the timeline at the August meeting.

## **ADOPT THE PROPOSED 2010-2011 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) STATE PLAN**

Margaret Bean reviewed the LIHEAP State Plan process. She summarized the two comments made by Matthew Smith, Executive Director of the Maine Community Action Agency, and Eleanor West, Chairperson of the Maine Community Action Agency Energy Council. MaineHousing is currently reviewing the use of weatherization funds for roof and incidental repairs and will give guidance to CAA's to maximize the use of funds and remain compliant with DOE Weatherization Assistance Program rules. It was decided to take out the sentence allowing MaineHousing to accept applications from DHHS for previously served applicants whose only income is Social Security.

*Barbara Berry made a motion seconded by Commissioner Gregory to adopt the Proposed 2010-20-11 Low Income Home Energy Assistance Program (LIHEAP) State Plan as presented.*

Commissioner Cota recused himself from voting due to a possible conflict of interest.

*All Commissioners were in favor of accepting the motion. The motion carried 5-0.*

## **DIRECTOR UPDATES**

Dale McCormick provided the following updates:

- Dale attended a meeting and open house with HUD Secretary Donovan.
- Gil Sperling of DOE visited Maine and participated in the EECGB road show and meetings at KVCC. Dale reported very successful meetings.
- We just completed a \$3million grant for a carbon pilot program which will allow Maine to sell to other states.
- Dale met with Richard Walega, Regional Director of HUD, who is interested in a multi-family weatherization component for DOE.
- Don Gean, Nancy Fritz and Dale will attend a Maine Primary Care Association Board meeting to discuss the Hearth Act and a preventive health care and substance abuse treatment plan for people who are homeless.
- Dale will be meeting with the carbon person at the University of Iowa.

## **COMMISSIONER UPDATES**

- Commissioner Gregory spoke about the Maine Health Reform Act and letters to the Editor regarding people reaching the "donut hole" in health care coverage.
- There will be no meeting in July. The next meeting will be held August 17<sup>th</sup>.
- Chair Kontos reviewed the Department reports and noted the Consolidated Public Hearing dates.
- Chair Kontos requested an update on the RAC program in the near future.
- Commissioner Gean thanked Dale McCormick and Nancy Fritz for their hard work on the Hearth Act which has put Maine in the forefront of this initiative to help homeless individuals.

*Commissioner Cota made a motion seconded by Commissioner Lemoine to adjourn the meeting at 11:35. All voted in favor of the motion. The motion passed 6 – 0.*

Respectfully submitted,

Donald Gean, Secretary