

Minutes of the Board of Commissioners Meeting May 22, 2008

MEETING CONVENED

A regular meeting of the Board of Commissioners for MaineHousing convened on May 22, 2008 at the offices of MaineHousing, 353 Water Street, Augusta, Maine. A notice of the meeting was published on May 15, 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, Elizabeth Mahoney, Nikki McLean, and Don Gean present. Commissioners Sheryl Gregory and Carol Kontos were absent. A quorum was present with seven Commissioners.

PUBLIC ATTENDANCE

Other guests and staff present at the meeting include: Carl Chatto & Jeff Skaggs of Baker Newman & Noyes; Roger Bondeson, PROP; Margaret Bean, Deputy Director; Linda Uhl, Chief Counsel; Tom Cary, Treasurer; Peter Merrill, Director of Communications & Planning; Dan Brennan, Director of Development; Darren Brown, Controller; Laurie Murray, Loan Servicing Manager; Maureen Brown, HUD Programs Manager; Nancy Fritz, Director of Homeless Initiatives; Kimberly Weed, Director of Energy and Housing Services; Jo-Ann Choate, Energy Programs Manager; and Jody Rollins, Office Administrator and Notetaker.

AGENDA

Chair Trafton removed the Elite Emphasys item from the agenda and will add it to June's agenda. With that revision Commissioner Lemoine made a motion, seconded by Elizabeth Mahoney, to adopt the agenda. All voted in favor. The motion carried 6-0.

MINUTES OF THE MEETING

There were no changes to the April minutes. They were accepted as written.

CONFLICTS

There were no conflicts brought forward.

COMMUNICATIONS

Commissioner Gean had one communication to report. Chair Trafton received a letter from the White House in response to her request that they pay attention to LIHEAP in the budget.

2007 FINANCIAL RESULTS AND AUDIT REVIEW

Darren Brown reported there are no significant changes to our delinquency rates, and all loan portfolios are stable and performing well. The multi-family and single-family delinquency rates are actually down, and foreclosures are stable. He reviewed the Budget Results. Total operating expenses were under budget by 3% and most of the line items in the operating budget had an immaterial and reasonable variance. Total capital expenditures were under budget by \$262,000 and this underage was due primarily to several capital projects being carried forward into 2008.

Darren welcomed Carl Chatto, Principal, and Jeff Skaggs, Senior Manager, of Baker Newman & Noyes to the meeting. They attended the Board meeting to present their findings on the following audits: MaineHousing's December 31, 2007 Financial Statements and the Federal Financial

Assistance programs in accordance with the Single Audit Act and OMB Circular A-133 for the year ended December 31, 2007. They reviewed their audit objectives and significant items they look for.

Mr. Chatto reported that a “clean” or unqualified opinion of the financial statements was issued, and stated the Federal Financial Assistance programs audit is ongoing. Mr. Skaggs reviewed the objectives and procedures for the A-133 Federal audit.

Chair Trafton asked the auditors to provide background information on Baker Newman & Noyes and their experience. She commented that MaineHousing has formed an audit committee with Commissioner Kontos as Chair. Commissioner Sevigny, Chair Trafton and Linda Grotton serve on the Committee.

Treasurer Tom Cary continued the financial discussions by providing an overview of MaineHousing financial results for 2007 focused primarily on the results in the Mortgage Purchase Fund Group (MPP) and reported on last year’s earnings of \$19m. Because of falling short-term interest rates, he’s projecting we will earn half that amount in 2008. He gave the latest information on our Underwriters and reported that our loan portfolio is performing well. We were being vigilant and riding out the storm. JPMorgan will handle the next bond issue. A decision will not be made until summer on whether or not we will change firms.

The Chair asked that the financial discussion continue after the public hearing so we could start at the advertised time.

LIHEAP STATE PLAN PUBLIC HEARING

Chair Trafton declared the LIHEAP State Plan Public Hearing open at 10:30 to receive public comment on the proposed plan. There are no significant changes proposed for the 2008-09 programs. Two individuals provided testimony. Karen Hawken of Bridgton would like to see MaineHousing change its policy to accept tree length wood, and Roger Bondeson of PROP provided comment about a pilot program to accept mail-in applications (written copy available). The Chair thanked the participants and declared the public hearing over at 10:45a.m. MaineHousing will accept written comments up until June 2 at 5:00 p.m.

2007 FINANCIAL RESULTS AND AUDIT REVIEW

Treasurer Cary answered questions regarding day-to-day impact on assessed risk associated with the loss of Bear Stearns and UBS as Underwriters. MaineHousing will not be issuing mortgages for mobile homes purchased on leased land.

The Chair thanked Tom and Darren for their contributions.

DIRECTOR ENERGY UPDATE

Director McCormick provided an update on the Home Energy Loan (HELP) Program, the Wood to Energy Task Force discussions, and wood pellets.

CHAIR REMARKS

The Board of Commissioners will meet on June 24th. There will be no meeting in July. Chair Trafton asked we consider a reduced agenda and conduct an electronic meeting in August.

We are proceeding in our work to get clarity around the conflict of interest concerns. She thanked Linda Uhl for her efforts in this area. They will share their work with the Governor’s office. The Chair met with former Commissioner O’Neil who continues to have an interest in helping in any way he can. The Governor’s office is considering replacements.

With MaineHousing as a leader in energy and implementation, the Director will provide a regular Energy update at each board meeting.

Potential Board retreat dates include November 3, 6 & 7th for a half-day event in the Freeport area.

The Chair talked about the guiding principles and the good job everyone was doing with the email policy.

DIRECTOR UPDATES

There was an omission in the Sec 8 Administration Plan. There should have been 5 tiers listed on the waiting list. The third was inadvertently omitted. It should read “non-homeless, elderly disabled”. The typo will be revised and corrected.

REPORTS

Dan Brennan provided an update on Bates Street, a 30 unit project in Lewiston that should be fully leased by July 1st.

Commissioner McLean asked a clarifying question on why single or elderly people need a 3 bedroom apartment. (Subsequent research revealed that the Bates Street handout was in error; the units labeled 3 bedrooms were actually 1 bedroom units.)

OTHER

There was no other business.

ADJOURNMENT

The meeting was officially adjourned at 11:45 a.m. by Chair Trafton.

NEXT MEETING

The next Board of Commissioner meeting will be held on June 24th beginning at 9:00 a.m. at the offices of MaineHousing, 353 Water Street, Augusta, Maine.

Respectfully submitted,

Donald Gean
Secretary