



Minutes of the Board of Commissioners Meeting May 18, 2010

MEETING CONVENED

A regular meeting of the Board of Commissioners for MaineHousing convened on April 20, 2010 at the offices of MaineHousing, 353 Water Street, Augusta, Maine. A notice of the meeting was published on May 8, 2010 in the Central Maine Newspapers.

Chair Kontos called the meeting to order at 9:10 a.m. with Commissioners Nikki McLean, Dale McCormick, Barbara Berry, Sheryl Gregory, Mark Samson and Raymond Cota in attendance. Commissioners David Lemoine, Donald Gean and Elizabeth Mahoney 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; Dan Brennan, Director of Development; Nancy Fritz, Director of Homeless Initiatives; Marjorie Love, Interim Director of Energy and Housing Services; Carl Chatto, Baker Newman and Noyes; and Jody Rollins, Office Administrator and note taker.

AGENDA

Chair Kontos asked that the discussion and election of the Vice Chair be moved to occur before the Director updates. *Commissioner Cota made a motion seconded by Commissioner McCormick to accept the agenda with the suggested change. All Commissioners were in favor of accepting the agenda. The motion carried 5-0.*

COMMUNICATIONS/CONFLICTS

There were no communications or conflicts to report.

MINUTES OF THE MEETING

Commissioner McCormick made a motion seconded by Commissioner Berry to accept the April minutes as presented. All Commissioners voted to accept the minutes. The motion carried 5-0.

REVIEW PROPOSED 2010-2011 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) STATE PLAN

Margaret Bean reviewed the five proposed changes to the State Plan. Briefly, they include the ability to increase LIHEAP funds used for weatherization from 15%-25% by March 31, 2011; All Community Action Associations (CAAs) may mail applications to households to determine eligibility; PROP will continue to provide LIHEAP outreach and services in Lincoln County, Sagadahoc County and the towns of Freeport, Brunswick, Harpswell, and Pownal; DHHS will be added as a Sub-grantee; and make the plan consistent with the LIHEAP Rule by allowing direct payments to recipients who do not have a designated vendor or who pay rent with heat included.

Last week, Margaret attended a meeting with CAAs and received feedback from the group. The proposal to have DHHS accept mail applications was not well received and has been eliminated from the proposed plan.

With the influx of ARRA money, CAP agencies have been doing many roofs which cannot be funded with DOE Weatherization funds. We may receive comments requesting that we allow LIHEAP Weatherization funds for non-DOE eligible activities.

Commissioner Cota suggested communicating to LIHEAP recipients they have the opportunity to pre-buy if it is advantageous for them to do so.

PROPOSED 2010-2011 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) STATE PLAN HEARING

Commissioner Kontos called the public hearing to order at 9:35A.M. Members of the Board, staff and guests introduced themselves.

Commissioner Cota recused himself from the conversation because of potential conflict being an employee with Webber Oil.

Margaret Bean provided a brief overview by identifying the 5 proposed changes to the State Plan. She reported the notice of hearing was published in the Central Maine Newspapers on May 6th and written comments may be received up until 5:00p.m. on May 28th.

Eleanor West of Washington Hancock Community Action Association provided written comments. There were no public comments.

Commissioner Kontos closed the hearing at 9:40 a.m.

FINANCIAL REPORT & UPDATE

Darren Brown introduced Carl Chatto of Baker Newman and Noyes to the Board.

Darren began the financial report and update by reviewing the 2009 Budget Results. He reported the MaineHousing operating budget was under budget by 3%. He noted that the largest components of the operating budget were the salaries and benefits expenses. These expenses were over budget by 1% due to the need to fill a number of new positions that were not included in the budget. The new positions were needed to accommodate the agency's increase in work volume. He then reviewed the statement of revenues and expenses of the eight fund groups and how the operating costs were allocated and paid for in 2009. He finished with an overview of the capital expenses.

Carl Chatto of Baker Newman and Noyes provided an overview of the two audits he was engaged to perform at MaineHousing - Maine Housing's December 31, 2009 financial statements and MaineHousing's Federal Financial Assistance Programs. He reviewed the objectives of the audits and the significant audit areas. The financial statement audit resulted in an unqualified opinion and there were two suggested audit adjustments (1) increase MPP loan loss by \$500,000 (2) reduce LIHEAP grant income and expense by \$897,000. There were no unrecorded adjustments and one recommendation regarding LIHEAP processing. He reported no difficulties in performing the audit. The Federal Programs Audit is still in process.

Chair Kontos thanked Carl for attending the meeting and presenting the audit findings.

Tom Cary reviewed 2009 revenue and expense performance and looked at the impact of short term interest rates on net operating income. He also reviewed the balance sheet and the ratio of assets to liabilities, and the changing composition of the mortgage portfolio. Although swaps provided less than a perfect hedge for variable rate bond in 2009, the net cost of the swapped bonds was more than 100 basis points lower than the rate would have been on fixed rate bonds issued at the time the variable rate bonds were sold.

Barbara Berry thanked everyone involved in preparing the financial presentations. Chair Kontos reiterated everyone's appreciation of MaineHousing's ability to match expectations of the public to uphold lending practices to provide a public service.

Commissioner Gregory made a motion seconded by Commissioner Berry that authorizes MaineHousing to issue up to \$400 million in bonds, notes and swaps with fixed or variable rates for a period of one year to fund single family or multifamily mortgages. All Commissioners voted unanimously to accept the motion. The motion carried 5-0.

ELECT VICE CHAIR

Commissioner Kontos received her official letter from Governor Baldacci designating her Chair of MaineHousing's Board of Commissioners for the remainder of her term. We now need to formalize the appointment of Vice Chair.

Commissioner Berry made a motion seconded by Commissioner Cota to nominate Commissioner Gregory to serve as Vice Chair of the MaineHousing Board of Commissioners. All Commissioners voted unanimously to accept the nomination. The motion carried 5 - 0.

DIRECTOR UPDATES

Dale McCormick provided the following updates:

- Dale expressed appreciation from staff to the Commissioners who attended All Staff Day. They enjoyed meeting members of the Board and hearing them speak about their interests in housing.
- Dale, Adam and Jo-Ann recently attended an energy consortium in Washington, D.C. relative to the carbon project.
- High-ranking officials from the Department of Energy will be visiting to praise Maine and to highlight the \$30 million ramp up grant we received.
- Secretary Donovan of HUD is visiting Maine and will attend the Florence House grand opening celebration on Friday June 4th.
- Talks are underway to partner with DHHS and Rural Development to offer a program to replace pre-1976 mobile homes using ARRA money.
- Dale provided a brief update on the Section 8 lawsuit.
- The Liberty Group did not cure its default which involves 10 properties. They will be going into foreclosure.
- Dale has been asked to speak at the ACEEE Energy Efficiency Conference in Chicago on Maine's carbon quantification methodology.

COMMISSIONER UPDATES

- Chair Kontos thanked Dale for the tomato baby plants.
- Chair Kontos has accepted a volunteer position as President of the Maine AARP. There are over 225,000 members in Maine and five paid staff at the local office. There are 2900 employees in D.C. and AARP is considered one of the top 3 lobbying entities in the country.
- Commissioners Gregory and Berry attended a realtor meeting in DC recently and reported having successful meetings with the Congressional Delegation.
- Commissioner Kontos expressed her pleasure in having a fully appointed Board with tremendous diversity.
- Nikki McLean is scheduled to attend the US Social Forum on Health Care and Housing in Detroit in June.

DEPARTMENT REPORTS

The Consolidated Plan Public forums have been scheduled around the state in June; these are a great opportunity for Commissioners to hear comments and concerns from the public.

MaineHousing will be scoring tax credit applications this week and will announce winners at next month's meeting.

\$2 million of the Part E money has been made available to unbridged islands of Maine for affordable housing on a first come, first served basis. This allocation will produce 15-20 units of affordable housing for people up to 120% of AMI.

NEXT MEETING

The next meeting of the Board of Commissioners will be held on June 15, 2010 at the offices of MaineHousing.

ADJOURN

Commissioner Cota made a motion seconded by Commissioner McLean to adjourn the meeting. All Commissioners voted unanimously to adjourn the meeting at 11:35. The motion carried 5-0.

Respectfully submitted,

Donald Gean, Secretary