



Minutes of the Board of Commissioners Meeting May 17, 2011

MEETING CONVENED

A regular meeting of the Board of Commissioners for MaineHousing convened on May 17, 2011 at the offices of MaineHousing, 353 Water Street, Augusta, Maine.

Chair Carol Kontos called the meeting to order at 9:08 a.m. with Commissioners Dale McCormick, Barbara Berry, Raymond Cota, Mark Samson, Elizabeth Mahoney, Bruce Poliquin, Donald Gean and Sheryl Gregory in attendance. Commissioner Nikki McLean was absent. There was a quorum present.

PUBLIC ATTENDANCE

Other guests and staff present at the meeting include: Carl Chatto, Principal of Baker, Newman and Noyes; Margaret Bean and Adam Krea, Deputy Directors; Tom Cary, Treasurer; Darren Brown, Controller; Laurie Murray, Deputy Controller; Linda Uhl, Chief Counsel; Linda Grotton, Internal Audit Manager; Peter Merrill, Director of Communications and Planning; Bill Glover, Manager of Lending; Nancy Fritz, Director of Homeless Initiatives; Jodie Stevens, Legal Counsel; Kirsten Figueroa, Director of Energy and Housing Services; Kathy Kinch, Manager of Program Operations; Kimberly Weed, Manager of Program Compliance and Quality Assurance; and Jody Rollins, Office Administrator and note taker.

AGENDA

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

COMMUNICATIONS

Internal Audit Manager Linda Grotton reported on communication from the Department of Health and Human Services (DHHS) regarding a 2009 audit finding. Baker Newman and Noyes discovered a duplicate entry and recommended that procedures be strengthened to ensure that grant receipts and disbursements are properly recorded. MaineHousing will respond that procedural changes were implemented immediately in November of 2009 as soon as the issue was identified, and changes in the monthly account reconciliation process continue to be followed each month.

MINUTES OF THE MEETING

Commissioner Berry made a motion seconded by Commissioner McCormick to accept the April minutes as presented. All Commissioners voted in favor of accepting the minutes. The motion carried 7-0.

OVERVIEW OF CHANGES TO DEPARTMENT OF ENERGY STATE PLAN FOR THE RECOVERY ACT

Kirsten Figueroa summarized the proposed changes to the Department of Energy (DOE) State Plan for the Recovery Act. The Plan is being modified to repurpose unspent Training and Technical

Assistance funds to Program Operations which allows for the continuation of DOE Weatherization. The funds will be distributed among the Communication Action Agencies statewide.

DISCUSSION OF 2011 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) STATE PLAN

Kirsten Figueroa reported on the annual review process of the LIHEAP State Plan. A draft with highlighted changes will be sent to the Commissioners for review and comment. A public hearing will be held on June 21. The plan will become effective on July 1. The LIHEAP 2012 budget will be reviewed at the June meeting.

LEGISLATIVE UPDATES

Peter Merrill provided updates on the following Legislative initiatives:

- A bill to exempt thermal storage heating systems and geothermal heating systems from the law banning electric space heating in publicly financed housing was passed.
- A Blue Ribbon Commission on Affordable Housing has been formed at the request of the Maine Affordable Housing Coalition. The Realtors asked that single-family housing be added to their charge. The study is due February 2012.
- A bill to require us to use local suppliers for the PUC's Appliance Replacement Program was defeated.
- A bill to make sweeping changes to the Freedom of Access Act was carried over to the next session. The Right to Know Advisory Committee will work on the bill and provide recommendations.
- The bill to extend the Historic Preservation Tax Credit was amended in the Senate. The Taxation Committee report added two years of MaineHousing funding and studying an alternative funding source thereafter. The Senate amendment moved the study date up two years so that an alternative funding source might be found before MaineHousing has to pay for the additional two years.
- A hearing was held on an act to regulate private activity bonds. It has a number of key sections:
 - Require voter approval for bonds paid by taxpayer dollars (this does not include moral obligation bonds)
 - Add the state Treasurer to the Maine Turnpike Authority Board
 - Require bond issuers to use a competitive basis for sales unless an alternative is approved by the Treasurer
 - Give the Treasurer the authority to allocate private activity bonds

The bill will go to a work session once the budget is complete.

PUBLIC HEARING REGARDING CHANGES TO DEPARTMENT OF ENERGY STATE PLAN FOR THE RECOVERY ACT

Chair Carol Kontos opened the Public Hearing at 9:30 a.m. She welcomed Pat Kosma, Director of Kennebec Valley Community Action Agency. She testified on behalf of the Maine Community Action Association where she serves as Vice President. Ms. Kosma agreed that the allocation is fair and the plan well thought out. She applauded the fact that an additional 748 citizens will receive weatherization benefits, as well as keeping many individuals employed. She expressed concern about federal funding for LIHEAP next year. She extended her appreciation to Dale for her leadership and focus on the energy needs of low income people. With no further testimony, the hearing was officially closed at 9:35 a.m.

2010 FINANCIAL RESULTS AND AUDIT REVIEW

Darren Brown reviewed the final budget results for 2010. Total operating expenditures for the year were under budget by \$646,000 or 5%, primarily because Salary and Benefit expenditures were under budget by 2% and expenditures for professional fees, education/training and conferences, and printing were under budget. Darren reviewed the capital budget results and reported that total capital expenditures amounted to \$1.1 million and were \$239,000 or 18% under budget. Darren summarized some of the major factors that contributed to the overall variances for both the operating and capital budgets.

Darren also reviewed how operating costs were allocated amongst the agency's nine Fund Groups and how these costs were paid for in 2010. He reported that each Fund Group generated sufficient revenues and/or had sufficient fund balances available to cover allocated operating costs as well as all direct program expenses.

Carl Chatto, Principal of Baker Newman and Noyes (BNN), presented the results of the two audits they performed at MaineHousing – the MaineHousing December 31, 2010 financial statements and MaineHousing's Federal Financial Assistance Programs in accordance with the Single Audit Act and OMB Circular A-133 for the year ended December 31, 2010. Mr. Chatto reviewed the objectives of the audits, the significant audit areas, and the new accounting pronouncements. He reported that two audit adjustments were made and that neither adjustment affected net assets or fund balances. The Federal Programs Audit is still in process and should be complete sometime this summer.

Tom reviewed the financial results for 2010 in the Mortgage Purchase Program.

Chair Kontos expressed her appreciation to Tom, Darren and all staff at MaineHousing. She would advocate that MaineHousing could serve as a model for quasi-state agencies and highlighted a few of her reasons: the professional staff with longevity, the only Board who has an internal audit manager, and maintaining a self-contained operation.

COMMENCE RULEMAKING FOR LOW INCOME HOUSING TAX CREDIT QUALIFIED ALLOCATION PLAN (QAP)

The Governor requested all rules be submitted to his office for review prior to any rulemaking process. A summary of the QAP was submitted two weeks ago. There has been no response. At this time, we propose to proceed with initiating rule making subject to the Governor's approval.

Dan Brennan reviewed the QAP program. It is the primary financing program to fund low-income housing. Last year, we received \$2.89 million in allocation. Annually, the program results in \$30-40 million dollars in construction in Maine. It creates between 150-200 apartment units for persons earning 50-60% or below area median income. Beginning in March, MaineHousing met with developer partners (interested parties) to receive input. Dan reviewed the policy initiatives and procedures, scoring criteria, and proposed changes.

The Commissioners discussed various areas of the plan. There was concern expressed about whether MaineHousing should incent points for providing health care insurance and if there is a mechanism to reach out as deeply as possible to the public for input on the plan. A Board member asked if we were thinking ahead in areas such as impervious paving. A list of interested parties will be forwarded to Board members to evidence there was a wide reaching constituency receiving

information. If we were to proceed with rulemaking today, there would be a public hearing in June, approval of QAP in August, with applications due in October.

Commissioner Cota made a motion, seconded by Commissioner Gregory to commence the rulemaking process to adopt the proposed amendments set forth in the Low Income Tax Credit Rule subject to review by the Governor. The motion carried to adopt the resolution as amended 7 – 0.

ADJOURN

Commissioner McCormick made a motion seconded by Commissioner Cota to adjourn the meeting. Chair Kontos adjourned the meeting at 12:30 p.m. with a unanimous vote of 7 – 0.

Respectfully submitted,

Donald Gean, Secretary