



Minutes of the Board of Commissioners Meeting September 15, 2009

MEETING CONVENED

A regular meeting of the Board of Commissioners for MaineHousing convened on September 15, 2009 at the offices of MaineHousing, 353 Water Street, Augusta, Maine. A notice of the meeting was published on September 10, 2009 in the Central Maine Newspapers.

Chair Carol Kontos called the meeting to order at 9:10 a.m. with Commissioner and Director Dale McCormick, Commissioners Don Gean, Elizabeth Mahoney, Sheryl Gregory and David Lemoine present. Commissioner Nikki McLean was absent. There was a quorum present.

PUBLIC ATTENDANCE

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

AGENDA

Commissioner Mahoney made a motion seconded by Commissioner McCormick to accept the agenda. All Commissioners were in favor of accepting the agenda. The motion carried 5-0.

COMMUNICATIONS/CONFLICTS

Commissioner Gean stated there were no communications or conflicts to report.

MINUTES OF THE MEETING

Commissioner Gregory made a motion seconded by Commissioner Lemoine to accept the August 18th minutes as presented. All Commissioners voted to accept the minutes. The motion carried 5-0.

AUDIT COMMITTEE REPORT

Linda Grotton updated the Commissioners on her significant project work. She's been working closely with Sage Data Security on information data security. An Information Security Committee has been formed with the purpose of filling the role of chief security officer. Members of the committee include Linda Grotton, Norman Breitner, Huw Evans, Mary Wade and Margaret Bean. A committee charter has been written and the group plans to meet monthly. A next step for Sage Data Security will be to perform a penetration test.

A LIHEAP audit is being conducted, with the initial focus to be Weatherization. The audit will also look at DOE and ARRA Weatherization program funds.

Records retention and management work is underway. A records management committee is creating an inventory of all records, and retention schedules will then be created for each record. A sub-committee is creating a tool to collect all information. We'll be looking at document imaging and electronic archiving with a goal of achieving an agency-wide solution.

The Fair Housing and Equal Access Team have been working with Debbie Piltch in educating MH staff and some of our partners.

The Disaster and Incident Management Teams have been busy with increasing capacity for on-line computer access from home and developing an updated plan relative to the flu pandemic.

Linda reported that it is the time of year for collection of conflict of interest surveys and ethic policies, and she will work toward becoming part of the State Fraud Hotline once whistleblower confidentiality laws are extended.

There is a State fraud hot line in the works.

FINANCIAL REPORT & UPDATE

Darren Brown reported little change in delinquencies and foreclosures with an insignificant increase. He attributes that increase to the current economic situation and the unemployment rate. The upward trend is not unique with all rates in New England experiencing increases in 2009. Multi-family delinquency rates are higher than they've been in years for two reasons – irregularity of HAP contract payments and loss of supportive housing service funding.

Finance is currently preparing the 2010 operating budget and will follow the same schedule as last year. The preliminary budget will be presented at the October meeting. There will be a review of parameters and assumptions and MH will incorporate the Board's feedback in the November budget presentation, which will be in its final form. This accelerated schedule allows the board more time for consideration. It is a statutory requirement that we approve our budget by year end.

Tom Cary talked about our delinquencies with exposure. He reported about 85% of 900 million in single-family loans are insured. Uninsured delinquent loans represent less than 1% of our portfolio.

The single-family program is running at a record rate. \$80 million in loans are in process at participating lenders. The Gift of Green is running about \$10million per week. We have been and will continue to sell bonds in smaller quantities because it is less expensive than selling a large issue and investing the funds at very low rates. The bond market is steadily improving – rates are getting lower and the market is getting stronger.

Underwriters are extremely busy selling bonds. Our last RFP was in October of 2007 at which time we selected 2 senior managers and 5 co-managers. With market changes, by summer of 2008 we had one Senior Manager, JP Morgan, and 4 co-managers. Presently, we have 3 co-managers. Since stabilization of the market has occurred, we decided to elevate Citi Bank as a co-Senior Manager. They have been instrumental in selling retail in the State of Maine. We will do a formal RFP in 2010 when the market is more stable.

FINANCE COMMITTEE DISCUSSION

At a previous meeting there had been discussion about the possibility of forming an ad-hoc finance committee. A decision was made instead to have Darren present a monthly finance report that would keep Commissioners more informed and involved, and to spend more time on the budget.

Commissioner Kontos opened the floor to discuss the establishment of an ad-hoc finance committee. After discussion, it was the Board's pleasure not to create a finance committee. Darren asked the Commissioners to forward any suggestions for further improvements that would enhance the financial presentations.

Darren gave a status report on budget progress. He plans to introduce the budget to senior executives this week. It is the goal of the agency to stay level with the budget, by using discretion and practicing restraint.

RESOURCE ALLOCATION

Margaret Bean reported a comprehensive program review schedule is currently underway for resource allocation with the goal of making recommendations to the Board at the November 15th meeting. A resource allocation priority exercise will take place at the October 20th meeting. Commissioner Mahoney reinforced the importance of involving the Board in tough decisions that could have political fall back.

DIRECTOR UPDATES

- Commissioner McCormick reported the insertion of liability language on each individual listing and search page on the Housing Registry rental search website. She read the disclaimer and suggestions were made to make the reading level more accessible.
- The Gift of Green program hit the 500 sale mark. Program review will discuss a way to find resources to carry the program through to the end of November.
- Efficiency Maine Trust will have oversight of a 9 member board to create a tri-annual plan for energy conservation to meet five target goals. Dale is serving on two of the 5 sub-committees.
- Dale reported on many partner meetings recently conducted. At a recent meeting with the Maine Affordable Housing Coalition they indicated their focus was on very low income, homeless, and people most needy, and the difficulties for affordable housing developers to operate without capital. An on-going housing award was created in the name of Libby Mitchell.
- Dale and Sherry attended an NCSHA Board Conference recently held at the Samoset. It was a good day of networking and Dale provided a presentation on our green initiatives.
- The Keep Maine Warm effort is underway and evolving. A low-cost interior storm window has been added to the mix.
- American Recovery & Reinvestment Act efforts are going well.
- We are the recipient of the "I'm Home" manufacturing housing grant to encourage quality manufactured housing.
- The carbon methodology is complete, two validators have been chosen, and contracts are being written.
- Dale will serve on the Governor's Energy sub cabinet.
- Staff changes include the departure of Gail McBride, Director of Homeownership, and the appointment of an interim Director of Energy & Housing Services, Marjorie Love.

COMMISSIONER UPDATES

- Chair Kontos expressed her appreciation to Commissioner Gregory for conducting the August meeting in her absence.
- Commissioner Lemoine presented three \$1,000 scholarships at a recent Sea Dogs game.
- Chair Kontos is teaching a college composition class at the Maine Women's Correctional Center. She also shared interesting statistics on the current prison population relative to drug abuse and mental illness.
- David Lemoine along with the State Budget committee is attempting to find another \$30 million in the State budget.

OTHER UPDATES

Parting gifts for John Sevigny and Barbara Trafton are complete. They will be invited to a future meeting for presentation.

Board appointments will be presented to the BRED Committee and Senate as one package in January or February of 2010.

DEPARTMENT REPORTS

Commissioner Gregory expressed her sadness in the reported departure of Gail McBride.

NEXT MEETING

The next meeting of the Board of Commissioners will be held on October 20 at the offices of MaineHousing.

ADJOURN

Commissioner McCormick made a motion seconded by Commissioner Gregory to adjourn the meeting at 11:15 a.m.

Respectfully submitted,

Donald Gean, Secretary