

Minutes of the Board of Commissioners Meeting April 17, 2018

MEETING CONVENED

A regular meeting of the Board of Commissioners for MaineHousing convened on April 17, 2018 at the offices of MaineHousing, 353 Water Street, Augusta, Maine. A notice of the meeting was published on April 6, 2018 in Central Maine newspapers.

Chair Lincoln Merrill called the meeting to order at 9:00 a.m. The meeting convened with Commissioners Thomas Davis, Kevin Joseph, Laurence Gross, James Whitten, Sheryl Gregory, Donna Talarico, John Gallagher and Director Dan Brennan in attendance. Commissioner Terry Hayes did not attend. There was a quorum present.

PUBLIC ATTENDANCE

Guests and staff present for all or part of the meeting include: Linda Uhl, Chief Counsel; Peter Merrill, Deputy Director; Denise Lord, Senior Director of Communications and Planning; Daniel Drost, Director of Energy and Housing Services; Mark Wiesendanger, Director of Development; Tom Cary, Treasurer; Karen Lawlor, Executive Assistant; Jane Whitley, Director of Human Resources and Facilities; Linda Grotton, Manager of Audit and Compliance; Craig Reynolds, Director of Homeownership; Darren Brown, Director of Finance; Jason Dupuy, Director of Information Technology; Don McGilvery, Construction Services Manager; Mike Baron, Special Projects Coordinator; Bill Glover, Manager of Lending; Laurie Murray, Assistant Director of Finance; Richard Taylor, Communications and Research Manager; Carl Chatto, CPA, Managing Principal at Baker Newman and Noyes; and Gerrylynn Ricker, Paralegal and Note taker.

ADOPT AGENDA

Commissioner Joseph made a motion seconded by Commissioner Gregory to adopt the April 17, 2018 agenda. The vote carried unanimously.

APPROVE MINUTES OF MARCH 20, 2018 MEETING

Commissioner Joseph made a motion seconded by Commissioner Davis to accept the March 20, 2018 minutes as written. The vote carried unanimously.

COMMUNICATIONS AND CONFLICTS

None

CHAIR OF THE BOARD UPDATES

- With regard to the new building, Chair Merrill had an opportunity to see Kevin French from Landry/French Construction and congratulated him on getting the contract to do our new building. The selection committee had some excellent presentations.
- Chair Merrill has received congratulatory messages for his position as Chair.
- Chair Merrill will meet with Director Dan Brennan this afternoon.

DIRECTOR UPDATES

- Director Dan Brennan thanked everyone for their well wishes and kind words. Director Brennan also thanked Deputy Director Peter Merrill for all his hard work.
- Director Brennan told the Board members that he did a little shifting of duties. Deputy Director Merrill will now oversee the lending function departments including asset

management, development, and homeownership. Director Brennan will now be in charge of the treasurer's office, legal services, and finance. Director Brennan also combined the incident management team with the safety and security team. Attorney John Bobrowiecki will lead that. Director Brennan intends to fill the Senior Director of Programs position.

- Director Brennan and Deputy Director Merrill met with the Governor. Governor LePage wanted to specifically talk about our home energy assistance program. He wanted to make sure we are properly training the CAP agencies. We have an RFP going out this week for a new computer program. We believe this will help the CAP agencies.
- April is Fair Housing month. It's the 50th anniversary of the Fair Housing Act. We have a lot of exposure on our website and social media.
- Director Brennan also noted that the building team is in place. Harriman and Associates is the architect and Landry/French is the construction manager. The staff were able to take tours of the building one day last month.
- Director Brennan reported that we heard from HUD and we are going to receive 7 more VASH vouchers.
- Director Brennan also reported that we learned the amount of the DOE Weatherization money we will be getting and it is a little more than we had anticipated.
- Director Brennan told the Board members about some upcoming events:
 - He will be attending his first meeting with the Maine Association of Public Housing Directors in Brewer on Thursday.
 - Later this month MaineHousing will be hosting a discussion forum focusing on the housing needs of the elderly.
 - Next week HUD is holding a listening session in Boston around the continuum of care. MaineHousing will send staff members to that.
 - May 1st is the ribbon cutting ceremony at Bartlett Circle in Yarmouth. Bartlett Circle is a 28-unit senior residential rental project.
 - May 2nd, is the Maine Affordable Housing Coalition meeting in Portland.
 - Also on May 2nd, MaineHousing will be holding a meeting for partners who are interested in the National Housing Trust Fund.

2017 YEAR-END FINANCIAL AND AUDIT REPORT

Darren Brown, Director of the Finance Department, welcomed and introduced Carl Chatto, Managing partner with the public accounting firm Baker Newman & Noyes (BNN), and began the annual financial and audit review by presenting the budget results for the year. Each budget schedule was reviewed and explanations were provided for the larger variances. Overall, the budget results were favorable for the year with revenues exceeding expenses by approximately \$7.1 million.

Carl Chatto reviewed the work performed for and the results of the audits. Mr. Chatto reported that he does two audits, the year ending December 31, 2017 financial statements and the Federal Financial Assistance Programs audit. Mr. Chatto reported that the financial statements were presented fairly in all material respects and MaineHousing was given a "clean opinion". There were no material weaknesses in internal controls and no noncompliance issues. A Management Letter included comments on information technology. Management is adopting changes or already has made changes with regard to those comments. None of the comments were considered significant findings or deficiencies. The Federal Financial Assistance Audit is still in process. The deadline is the end of September and Mr. Chatto expressed that they will by far meet that deadline. The 2016 audit had no findings.

Treasurer Tom Cary reviewed the financial results of the Mortgage Purchase Program. He reported that all the trends were favorable and that profitability is at pre-financial crisis levels. Last year we

sold \$400 million in bonds. We purchased 210 mortgages. The mortgage portfolio increased in size for the third straight year as loan production for the single family program was up in 2017. Mr. Cary also reported that our swaps performed well last year.

HEAP RULE PREVIEW

Daniel Drost, Director of Energy and Housing Services, discussed the HEAP program. He reviewed the outline for the primary policy issues and proposed HEAP policy changes for the HEAP Rule and the State Plan. We are researching and considering some changes that were brought to our attention at the recent stake holders meeting held in March. Going forward, we plan to commence rulemaking in May, conduct a public hearing in June, and request Board approval at the next meeting after June.

COMMENCE RULEMAKING – Chapter 16, Low Income Housing Tax Credit Rule

Mark Wiesendanger, Director of Development, and Linda Uhl, Chief Counsel, presented a draft 2019 Qualified Allocation Plan (QAP) and asked the Board for permission to begin the rulemaking process. Mark went through the substantive proposed changes as identified in his memorandum to the Board dated April 17, 2018. Total development cost (TDC) and how to approach it differently was discussed. Commissioner Gallagher expressed some concern with regard to the number of bedrooms per unit for projects developed for seniors and those developed for families. Mr. Gallagher asked Mark if he has run models comparing the new program with last year's program and whether or not projects developed for seniors score better with the new program, as no senior projects were being developed as a result of the last round. Commissioner Gallagher stated that the best way to benchmark the new scoring model is to look at last year. Bill Glover will run additional models and get the results back to Board members. Commissioner Gross asked why the TDC dollar cap had not changed considering we had discussed labor costs and material costs having increased. Mark explained that with this new rule we are switching from a TDC per unit measure to a TDC index, which in some cases allows for greater TDC on a per unit basis. The rulemaking process was discussed. Mark continued going through the key points of his memorandum and discussion focused around telemedicine service; HUD Section 811; National Housing Trust Fund; high opportunity areas; and developer fees.

Commissioner Gallagher made a motion seconded by Commissioner Gross to authorize MaineHousing to commence the rulemaking process to repeal and replace Chapter 16 of MaineHousing's rules as described in the memorandum from MaineHousing's Director of Development Mark Wiesendanger to the Commissioners dated April 17, 2018. The vote carried unanimously.

REPEAL AND REPLACE HOME MORTGAGE PROGRAM RULE

Linda Uhl, Chief Counsel advised the Board members that we received no written or oral comments on the proposed rule and asked for a motion to repeal the existing HOME Mortgage Program Rule, Chapter 1 of MaineHousing's rules and replace it with the proposed HOME Mortgage Program Rule. *Commissioner Gregory made a motion seconded by Commissioner Talarico to repeal the existing HOME Mortgage Program Rule, Chapter 1 of MaineHousing's rules, and replace it with the proposed HOME Mortgage Program Rule. The vote carried unanimously.*

COMPENSATION FOR BOARD MEMBERS

Chair Linc Merrill asked Chief Counsel Linda Uhl to look into Board members compensation. She reported that Commissioners who are appointed by the Governor will be paid \$55.00 per diem and mileage for their participation in the following meetings: (1) attending a meeting of the Board (this includes attending by remote participation); (2) attending a meeting of a board committee (such as the Audit Committee); and (3) attending a meeting of a committee or working group advisory to the Board at the request of the Chair or the Board (such as the Building Committee).

RECOGNITION

Chair Linc Merrill presented Commissioner Jim Whitten with a parting gift. This is Mr. Whitten's last Board meeting as he is moving out of state. Mr. Whitten thanked the Board members.

ADJOURN

Commissioner Joseph made a motion seconded by Commissioner Whitten to adjourn the meeting. The meeting was adjourned at 12:03 p.m. by a unanimous vote of the Board.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Donna Talarico".

Donna Talarico, Secretary