

MINUTES

MINNESOTA HOUSING FINANCE AGENCY BOARD MEETING

Thursday, October 27, 2011

1:00 p.m.

State Street Conference Room - 1st Floor

400 Sibley Street, St. Paul, MN

1. Call to Order.

Chair Johnson called to order the regular meeting of the Board of the Minnesota Housing Finance Agency at 1:03 p.m.

Members Present: Messrs. Joe Johnson and Ken Johnson; Mses. Klinzing, Sanderson and Auditor Otto.

Minnesota Housing Staff Present: Commissioner Mary Tingerthal, Tal Anderson, Paula Beck, Jim Cegla, Joe Gonnella, Ruth Hutchins, Bill Kapphahn, Marcia Kolb, Karmel Kluender, Laurie Kramka, Julie LaSota, Diana Lund, Eric Mattson, Julie Ann Monson, Stephanie Oyen, John Patterson, Leslee Post, Mary Ruch, Robert Russell, Joel Salzer, Becky Schack, Nancy Slattsveen, Tonja Taylor, Will Thompson, Elaine Vollbrecht.

Others Present: Chip Halbach, Minnesota Housing Partnership; Jean Lee, APAHC; Susan Thompson, Habitat for Humanity MN; Cherie Shoquist, City of Minneapolis; Barb Sporlein; Tom O'Hern, Assistant Attorney General; Celeste Grant, Office of the State Auditor.

2. Agenda Review.

The Commissioner announced that item 9.C.(3) – Approval, Community Revitalization Fund Award: Minneapolis Enhanced Rehab Support Program, had been added to the agenda and that the board report and copies of the revised agenda had been placed at member's seats prior to the meeting.

3. Approval of the Minutes.

A. Regular Board Meeting of September 22, 2011.

Ms. Sanderson noted the omission of a name under employee introductions and asked that it be corrected. **MOTION:** Ms. Klinzing moved to approve the amended minutes. Auditor Otto seconded the motion. Voting yes: Mses. Klinzing, Sanderson and Auditor Otto; Messrs. K. Johnson and J. Johnson.

4. Chairman's Report.

There was no Chairman's report.

5. Commissioner's Report and Introductions.

The Commissioner reviewed with the Board an announcement distributed the week of October 17 regarding organizational changes and distributed organizational charts reflecting the changes.

Commissioner Tingerthal invited managers to introduce their new employees. Diana Lund introduced Mike Thomas, staff architect in the Multifamily division and Tal Anderson introduced Ruth Hutchins of the Single Family Community Development team. The Commissioner announced that Xia Yang has been promoted and is now the Agency's senior financial analyst, Julie LaSota has taken a new role in the Agency as its Preservations Program Manager and Terry Schwartz is now the Operations Director. Commissioner Tingerthal introduced Barb Sporlein. Ms. Sporlein will serve as the Agency's Deputy

Commissioner beginning on November 7th and will supervise Operations, Research, Talent Management and Credit Risk. Ms. Sporlein shared with the Board her work experiences.

Commissioner Tingerthal reported the following:

- The Agency was awarded the National Council of State Housing Agencies' Supportive Housing of the Year award for its development of Indian supportive housing in partnership with tribal governments and the Corporation for Supportive Housing.
- All nine Minnesota Interagency Council on Homelessness commissioners convened last Thursday and committed to working with their senior staff to determine next steps to re-energize the Council and obtain further support from the Office of the Governor for the initiative.
- There has not yet been a decision on the alternative interagency agreement with OET. It is being reviewed by OET's counsel
- The November and December meetings will be one week early due to holidays.
- Selections from the Consolidated RFP will be presented for approval at the November meeting and a program committee will be scheduled for November.

The Commissioner invited Tom O'Hern to provide guidance to members regarding their interactions with the public. Mr. O'Hern suggested that members encourage constituents to put concerns in writing and share the information with Agency staff and other members. He also asked that care be used when communicating with constituencies to ensure that intentions are clear, communications are not misconstrued and private information remains private.

6. Audit Committee:

None.

7. Program Committee:

None.

8. Finance Committee:

None.

9. Action Items:

A. Summary Review:

- 9.A.(1). Approval, Assumption, Low and Moderate Income Rental (LMIR) loan and Assumption and Modification, Preservation Affordable Rental Investment Fund (PARIF) loan – Waybury Apartments, Chaska.**
- 9.A.(2). Approval, Forgiveness of Debt, Low and Moderate Income Rental (LMIR) Program – Lovell Square II, Minneapolis.**
- 9.A.(3). Approval, Selections, Community Activity Set Aside Program.**
- 9.A.(4). Approval, Selections, Community Fix-up Fund.**
- 9.A.(5). Approval, Swap Agreement, The Bank of New York Mellon.**

In response to questions regarding item 9.A.(2)., Ms. Mary Ruch stated that all workout situations need to be individually evaluated based on if it is the financial interest of the Agency to pursue foreclosure on a property. This evaluation includes examining potential liabilities, the outstanding loan balance and value of preserving the property. In response to a question regarding item

9.A.(4)., Ms. Tonya Taylor stated that most programs are not restricted to particular types or styles of home but this particular initiative was developed for particular structures based on the needs of the community. **MOTION:** Auditor Otto moved to approve the summary review items and adopt Resolution No. MHFA 11-058: Resolution Approving Assumption LMIR and PARIF Programs; Resolution No. MHFA 11-059: Resolution Approving Loan Modification PARIF Program; Resolution No. MHFA 11-060: Resolution Approving Forgiveness Of Debt; and Resolution No. MHFA 11-061: Resolution Authorizing Execution and Delivery Of Swap Agreements with the Bank Of New York Mellon in Replacement of Swap Agreements with Citibank, N.A. Ms. Klinzing seconded the motion. Upon voting, the following members voted yes: Messrs. K. Johnson and J. Johnson; Mses. Klinzing, Sanderson and Auditor Otto.

B. Discussion - General:

9.B.(1). Approval, 2012 Affordable Housing Plan.

Commissioner Tingerthal stated that the plan has not had substantive changes to the plan since its draft presentation. The Commissioner directed the board's attention to a letter received from Minnesota Communities Land Trust Coalition in support of the plan and a letter from Heath Connection that encouraged moving dollars from homeownership programs to programs to prevent and end homelessness. The Commissioner reported that staff will conduct a thorough review of the Agency's supportive housing programs during the planning stages of the next strategic plan to ensure that the Agency will have the resources to maintain the supportive housing units we have already committed to supporting. The Commissioner also shared a chart listing major programs by beneficiary median household income and the difference from the current AHP to the last AHP. The chart was developed by John Patterson, Agency Research Director, and the Minnesota Housing Partnership and was shared at an Affordable Housing Plan webinar. Member Sanderson stated that she participated in the webinar and that it was an excellent way of getting input and ideas from other people and listening to some of the question. Mr. Chip Halbach, Minnesota Housing Partnership, addressed the Board. Mr. Halbach provided additional information regarding the webinar and expressed his appreciation of his working relationship with Minnesota Housing and his support of the 2012 Affordable Housing Plan. **MOTION:** Mr. Joe Johnson moved to adopt the 2012 Affordable Housing Plan. Auditor Otto seconded the motion. Voting yes: Mses. Klinzing, Sanderson and Auditor Otto; Messrs. K. Johnson and J. Johnson.

C. Discussion - Homes:

9.C.(1). Approval, Selections, Homeowner Education, Counseling and Training Fund (HECAT).

Ms. Kramka provided historical information about this program, which has been operating for 30 years. Ms. Kramka and Mr. Robert Russell answered questions from the board regarding environmental reviews, "green" criteria, compliance checks and the number of disbursements, noting that many of the changes return the program to the guidelines under which it operating when it was funded through state appropriations. Since its inception, the program had been funded through appropriations but in 2010, the funding source was changed to federal funds. The return to funding from appropriations will allow the program to be administered similarly to other Agency programs. **MOTION:** Mr. Joe Johnson moved to approve this request. Ms. Sanderson

seconded the motion. Upon voting, the following members voted yes: Messrs. Ken Johnson and Joe Johnson; Mses. Klinzing, Sanderson and Auditor Otto.

9.C.(2). Approval, Lender Selections, Rehabilitation Loan Program and Emergency and Accessibility Loan Program.

Ms. Laura Kramka presented information about the program and requested approval of the recommended lenders and an open-ended lender application process for the program. **MOTION:** Ms. Klinzing moved to approve this request. Mr. Joe Johnson seconded the motion. Upon voting, the following members voted yes: Messrs. Ken Johnson and Joe Johnson; Mses. Klinzing, Sanderson and Auditor Otto. Commissioner Tingerthal commended staff and thanked them for their work with this program, noting that the need for rehab funds in greater Minnesota was an item of great concern during the Regional Housing Dialogues and staff have designed a program that can be used successfully in both metropolitan area and greater Minnesota.

9.C.(3). Approval, Community Revitalization Fund Award: Minneapolis Enhanced Rehab Support Program.

Ms. Nancy Slattsveen presented this request. This application was received as part of the consolidated RFP and was reviewed, scored and selected by the selection committee. Remaining consolidated RFP applications will be presented for approval at the November meeting. Staff are requesting early approval of this award to make funds available for tornado related damage prior to the onset of winter. Ms. Cherie Shoquist of the City of Minneapolis informed the Board that there remain approximately 500 properties with tornado damage and repairs are ongoing and that most of these properties are owner-occupied. **MOTION:** Ms. Sanderson moved to approve this request. Auditor Otto seconded the motion. Upon voting, the following members voted yes: Messrs. Ken Johnson and Joe Johnson; Mses. Klinzing, Sanderson and Auditor Otto.

D. Discussion – Multifamily:

None.

10. Review and Information Items.

A. Information, Risk Management Update.

Commissioner Tingerthal shared that Chief Risk Officer Will Thompson will now report day-to-day to Paula Beck. The Risk Management Update was included in the board packet. There were no questions from the Board and the item was not discussed. No action needed.

11. Other Business.

None.

12. Adjournment.

The meeting was adjourned at 2:10 p.m.