

MINUTES

MINNESOTA HOUSING FINANCE AGENCY BOARD MEETING

Thursday, May 24, 2012

1:00 p.m.

State Street Conference Room – 1st Floor

400 Sibley Street, St. Paul, MN 55101

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: Auditor Otto, Mr. Joe Johnson, Ms. Gloria Bostrom, Ms. Stephanie Klinzing. Mr. Steve Johnson joined the meeting at 1:08 p.m.

Minnesota Housing staff present: Commissioner Mary Tingerthal, Gene Aho, Sandy Ajasa, Tal Anderson, Jim Barnes, Dan Boomhower, Lisa Borja, Jim Cegla, Margaret Davies, Joe Gonnella, Susan Haugen, William Kapphahn, Karmel Kluender, Marcia Kolb, Chris Larson, Julie LaSota, Diana Lund, Eric Mattson, Leo McCabe, Ko Murugesan, Tonja Orr, John Patterson, Tony Peleska, Luis Pereira, Leslee Post, Roger Rudolph, Joel Salzer, Becky Schack, Tom Waknitz, Robert Wiese, Xia Yang.

Others present: Celeste Grant, Office of the State Auditor; Tom O’Hern, Assistant Attorney General; Chip Halbach, Minnesota Housing Partnership; Paula Rindels, Dorsey & Whitney.

2. Agenda Review.

There were no changes to the agenda. Vice Chair Joe Johnson notified the Board that a member of the public had requested to address the Board and that members would vote on allowing the person to address them during the other business portion of the meeting.

3. Approval of the Minutes.

A. Regular Meeting of April 26, 2012.

Auditor Otto moved approval of the minutes as written. Ms. Klinzing seconded the motion. Motion carries 4-0 (S. Johnson absent for vote).

B. Special Meeting of May 14, 2012.

Ms. Bostrom moved approval of the minutes as written. Ms. Klinzing seconded the motion. Motion carries 4-0 (S. Johnson absent for vote).

4. Chairman’s Report.

There was no chairman’s report.

5. Commissioner’s Report and Introductions.

Commissioner Tingerthal thanked members for participating in the special meeting for strategic planning, noting that their input was very helpful. She added that the strategic plan draft is coming together nicely and that members will receive a draft in advance of the June meeting. Members were asked to give feedback on the draft at the June meeting. Commissioner Tingerthal encouraged members to contact her if they have questions or comments prior to the meeting so staff may prepare to address those concerns. The final strategic plan will be presented for adoption at the July meeting.

Commissioner Tingerthal reminded the group that the June meeting would be one week early, on June 21, and that there would be an audit committee meeting that day as well. She also stated that the August meeting would be one week later, on August 30, and there would again be an audit committee meeting on that day.

It was announced that staff would be starting the affordable housing plan process for this year. The internal process started the past week. A draft of the affordable housing plan will be presented for board comments at the August meeting. Public comments will also be accepted during that time. A final plan will be presented to the board for its approval at the September meeting.

The Commissioner presented to the Governor this week nominations to fill Member Sanderson's seat and she hopes that the seat will be filled in time for the June meeting.

The following information was provided regarding upcoming public appears:

- On June 4, Commissioner Tingertal will participate in a Community Lending Forum hosted by the Federal Home Loan Bank of Des Moines. The Forum will address the issues faced by community lenders.
- On June 5, Commissioner Tingertal will participate in the Bi-Partisan Policy Center Housing Commission's Regional Housing Forum. Testimony will be heard by the commission at this event. The Commission is developing a policy paper based on this testimony for presentation to the Federal administration before the end of the year and will address a number of issues. The commission I co-chaired by former senators Kit Bond and George Mitchell and former HUD Secretaries Henry Cisneros and Mel Martinez.

The Agency recently had two staff meetings at which the employee engagement plan and the Faster Future by '14 initiative were presented. The engagement plan comes from the results of the employee survey that was shared with the Board in January. Faster Future by '14 is a Business and Technology Support initiative that represents a different approach involving more engagement of the business into decision making surrounding technology. As part of this plan, a Business and Technology Investment Committee has been formed that includes the Commissioner, Deputy Commissioner, Chief Financial Officer and the Chief Information Officer. The committee allows for a broad business understanding of what projects BTS will undertake.

Information regarding the National Council of State Housing Boards annual meeting was distributed and Commissioner Tingertal asked that she be contacted if anyone would like more information.

The following staff introductions were made:

- Tony Peleska introduced Robert Wiese, a data architect with 25 years of IT experience. His background includes work in the healthcare, software and finance industries.
- Tom Waknitz introduced Roger Rudolph who brings 20 years of experience that includes centralized loan servicing efforts; Leo McCabe who will be working on the PORT compliance initiative; Chris Larson who has experience with our Single Family products and holds a Graduate degree for the University of Minnesota; Ko Murugesan who comes to us from

GMAC and will be working on PORT development; Jim Barnes who will work on electronic data transfer and improving vendor and partner communications.

- Gene Aho introduced Sandy Ajasa who will work in Single Family as an office and administrative specialist. Sandy has a background in mortgage compliance and counseling.

Commissioner Tingerthal announced that staff are in the final stages of interviewing for the Community Development Director position and expect the new person will be announced at the June meeting. She also announced Jeannette Blankenship will be leaving the Agency in mid-June to return to her hometown.

6. Audit Committee:

None.

7. Program Committee:

None.

8. Finance Committee:

None.

9. Action Items:

A. Summary Review:

9.A.(1). Approval, Selections, Community Fix-up Fund.

9.A.(2). Approval, Program Waivers, Homeownership Assistance Fund.

9.A.(3). Approval, Changes, Mortgage Loan Program Procedural Manual.

9.A.(4). Approval, Loan Modification, Capacity Building Revolving Loan Program - Greater Metropolitan Housing Corporation.

Ms. Bostrom moved approval of the summary review items. Ms. Klinzing seconded the motion. Motion carries 5-0.

B. Discussion – General:

9.B.(1). Discussion, Affordable Housing Plan Progress Report.

Mr. John Patterson presented this item, noting the majority of program objectives have been achieved. He also noted the net return on assets included a one-time adjustment that was the result of a change in the way the Agency accounts for loan loss reserves. Vice Chair Joe Johnson thanked Mr. Patterson on behalf of the Board, stating appreciation for the good information and the impressiveness of the Agency's national rankings. No action needed.

9.B.(2). Discussion, Legislative Update.

Assistant Commissioner for Policy Tonja Orr provided the Board with a summary of legislative actions impacting the Agency, including:

- The inclusion for public housing rehabilitation and housing infrastructure bonds in the bonding bill. The housing advocacy community worked together to focus on a common request for the bonding bill. All involved worked very hard to spread the message of the common request and legislators commented regularly on their appreciation of having a common message and that it made decision making easier. The amount of housing bonds in the bill is the largest the Agency has received since 1990. The bonds will be issued by the Agency and will have debt service appropriated. Proceeds may be used for supportive housing, foreclosure recovery efforts, new construction on foreclosed land, the acquisition of foreclosed properties by community land trusts; and for federally assisted housing. Existing program rules will be used to make funding decisions; the bond proceeds will be a new funding source for existing programs. The funding was

announced as part of the RFP and applications are due in late June. Staff recommendations will come to the Board in October. Staff are encouraging applicants to demonstrate projects are ready to go and will also encourage that project costs be primarily construction or rehabilitation rather than acquisition. These criteria will create the most positive jobs impact

- The legislature established a work group on visible children with the intent of drawing attention to children who are homeless or at risk of homelessness. The group will be staffed by the Children's Defense Fund. The Agency will be one of the members of the work group, whose current task is to plan for designing the plan.
- The Agency had requested some technical changes for inclusion in the tax bill. These changes would have aligned the state's allowable time for carryover bonding authority with that of the federal law. The tax bill was vetoed, so this change was not made but staff have determined alternate means for rental housing projects to access authority.
- In response to a question from Ms. Bostrom, Ms. Orr stated that the additional bonding authority will augment existing program funding and will be distributed through the RFP process; no new program or rules will be created for the proceeds of the new bonds. Ms. Orr stated that, if the loans are forgivable, they may be provided to for-profit entities whose business objectives include providing affordable housing. Ms. Orr also stated that administrative costs of the bond issue are incorporated into the sale of the bonds. In response to a question from Ms. Klinzing, Ms. Orr stated that the Agency, not the legislature, chose the activities for which the bond proceed will be used. No action needed.

C. Discussion – Homes:

None.

D. Discussion – Multifamily:

9.D.(1). Approval, Selections/Commitment, Ending Long Term Homelessness Initiative Fund (ELHIF), Operating Subsidy Supplemental Awards.

Ms. Susan Haugen presented this request for approval of operating subsidy awards, noting that, due to the economy, the Agency will likely see more requests for operating subsidy. Ms. Klinzing noted that many of the requests cite front desk support as a unique operating cost. Ms. Klinzing stated that, in supportive housing environments, front desk staff provide a critical service to a building and it's residents and the service is very important. **MOTION:** Auditor Otto moved approval. Mr. Steve Johnson seconded the motion. Motion carries 5-0.

10. Review and Information Items.

A. Information, Misuse of Funds Report.

Auditor Otto thanked staff for their work in developing the risk management program and reporting program. Commissioner Tingerthal noted the report includes all complaints or inquiries, whether internally reported; reported by the public or business partners or that arise as the result of internal or external audits; all issues are tracked and reported via this report. No action needed.

11. Other Business

Vice Chair Joe Johnson called for public comments. No one came forward to address the Board. Commissioner Tingerthal announced there is a high-profile ribbon cutting event on June 7th for Higher Ground in Minneapolis. This supportive housing development is sponsored by Catholic

Charities and is the highest profile project to have been funded with non-profit housing bonds. It is a large project with 170 shelter beds and 165 permanent housing opportunities ranging from independent to supportive and overnight/paid for beds; a large range of housing options all on one campus for those who are struggling to recover from homelessness.

12. Adjournment.

The meeting was adjourned at 1:52 p.m.

Kenneth R. Johnson
Chair