

MINUTES

MINNESOTA HOUSING FINANCE AGENCY BOARD MEETING

Thursday, February 24, 2011

1:00 p.m.

State Street Conference Room - 1st Floor

400 Sibley Street, St. Paul, MN

1. Call to Order.

Chair Finch called to order the regular meeting of the Board of the Minnesota Housing Finance Agency at 1:06 p.m.

Members Present: Messrs. Finch and Johnson; Mses. Sanderson and Auditor Otto.

Minnesota Housing Staff Present: Commissioner Mary Tingerthal, Jeanette Blankenship, Jim Cegla, Joe Gonnella, Mike Haley, Pat Hanson, Patricia Hippe, Bill Kapphahn, Kasey Kier, Julie LaSota, Katy Lindblad, Tonja Orr, Stephanie Oyen, John Patterson, Mary Rivers, Terry Schwartz, Ruth Simmons, Kim Stuart, Will Thompson, Don Wyszynski and Summer Watson.

Others Present: Chip Halbach, Minnesota Housing Partnership; Cory Hoepfner, RBC Capital Markets; Shannon Guernsey, Minnesota NAHRO; Tom O'Hern, Assistant Attorney General.

2. Agenda Review.

It was noted that revised board reports for agenda items 9.A.(6) and 9.C.(3) were available at the check-in table. The addition of a new agenda item, 9.B.(2), was also noted.

3. Approval of the Minutes.

A. Regular Board Meeting of January 27, 2011.

Ms. Sanderson moved to approve the minutes as written. Mr. Johnson seconded the motion. All members approved the minutes by voice vote.

4. Chairman's Report.

None.

5. Commissioner's Report and Introductions.

Commissioner Tingerthal shared that Governor's budget includes a 5% cut for the Agency's base budget. The Commissioner reported that she had attended a meeting of the finance team and that information from those meetings would be presented at today's meeting. The team's risk based capital review will be presented at the March meeting.

The Agency had its annual all staff meeting the previous day. Staff were recognized for their work over the past year and information regarding Agency financial performance and progress on strategic priorities were shared with the group. Lieutenant Governor Prettner Solon would tour the Agency the following day to meet our staff and learn more about our programs. Commissioner Tingerthal attended her first meeting of the Corridors of Opportunity Policy Group. This Corridors of Opportunity group manages the oversight for the Living Cities award along with the Livable Communities award. The group is co-chaired by the Met Council and McKnight Foundation and its membership includes the mayors of both St. Paul and Minneapolis.

The Strategic Plan measurements and the report on the Multifamily reorganization would be presented at the April meeting. After discussion with the Chair, the Asset Quality Review that had been scheduled for this month's meeting will instead be presented in March. This will allow inclusion of MBS data and give a more complete and accurate picture of our portfolio performance.

6. Program Committee:

None.

7. Finance Committee:

None.

8. Audit Committee:

None.

9. Action Items:

A. Summary Review:

9.A.(1). Approval, Loan Modification, New Construction Tax Credit (NCTC) Program – Trail Ridge Townhomes, Brainerd

9.A.(2). Approval, Selections, Community Activity Set Aside (CASA) Program.

9.A.(3). Approval, Program Waivers, HOME Homeowner Entry Loan Program (HELP).

9.A.(4). Approval, Program Waivers, Homeownership Assistance Fund (HAF).

9.A.(5). Approval, Changes, Neighborhood Stabilization Program (NSP) Procedural Manual.

9.A.(6). Approval, Amendment to Affordable Housing Plan (AHP).

It was noted that in paragraph one of the attachment to item 9.A.(6), the figure of \$30 million should have read \$32 million. **MOTION:** Ms. Sanderson moved to approve the summary review items and adopt Resolution No. MHFA 11-006: Resolution Approving Loan Modification. Auditor Otto seconded the motion. Upon voting, the following voted yes: Messrs. Finch and Johnson; Mses. Sanderson and Auditor Otto.

B. Discussion - General:

9.B.(1). Discussion, Access to Transit, Jobs and Services

Mr. John Patterson presented highlights of the research memorandum. He and Ms. Tonja Orr answered questions from the board.

9.B.(2). Approval, Request for Special Board Meeting.

Deputy Commissioner Hippe requested that a special board meeting be held by phone on Tuesday, March 15th at 9:30 a.m. The only item of business for this meeting will be the approval of the issue of housing bonds. **MOTION:** Ms. Sanderson moved to approve the request. Auditor Otto seconded the motion. Upon voting, the following voted yes: Messrs. Finch and Johnson; Mses. Sanderson and Auditor Otto.

C. Discussion - Homes:

9.C.(1). Approval, Changes, Minnesota Mortgage Program (MMP) Income Limits.

Ms. Kim Stuart presented the request to extend the increased income limits for the program. There was a discussion regarding impact of an increase income limit on volume and it was noted that, with the higher income limit, the program appears to include a larger number of emerging market buyers. Deputy Commissioner Hippe and Mr. Don Wyszynski

answered questions from the Board regarding capacity, revenue and the condition of the bond market. **MOTION:** Auditor Otto moved to approve the request. Mr. Johnson seconded the motion. Upon voting, the following voted yes: Messrs. Finch and Johnson; Mses. Sanderson and Auditor Otto.

9.C.(2). Approval, Program Waivers, Homeownership Assistance Fund (HAF) – Alternate Entry Cost Assistance.

Ms. Mary Rivers presented this request, noting that Ms. Margaret Davies will be the program manager going forward. In response to a question from Mr. Johnson; Ms. Rivers shared that liquidated damages are assessed to lenders who qualify borrowers who do not meet all program requirements. **MOTION:** Mr. Johnson moved to approve the request. Ms. Sanderson seconded the motion. Upon voting, the following voted yes: Messrs. Finch and Johnson; Mses. Sanderson and Auditor Otto.

9.C.(3). Approval, Neighborhood Stabilization Program 3 (NSP3) Action Plan.

Ms. Ruth Simmons presented this information and summarized the changes between the version sent out with meeting materials the version distributed at the meeting **MOTION:** Mr. Johnson moved to approve the request. Ms. Sanderson seconded the motion. Upon voting, the following voted yes: Messrs. Finch and Johnson; Mses. Sanderson and Auditor Otto.

D. Discussion – Multifamily:

9.D.(1). Approval, Loan Modification, New Construction Tax Credit (NCTC) Program - Andrew's Pointe, Burnsville.

Ms. Julie LaSota presented information about the request. **MOTION:** Auditor Otto moved to approve the request and adopt Resolution No. MHFA 11-007: Resolution Approving Loan Modification. Mr. Johnson seconded the motion. Upon voting, the following voted yes: Messrs. Finch and Johnson; Mses. Sanderson and Auditor Otto.

9.D.(2). Approval, Selection/Commitment, Low and Moderate Income Rental (LMIR) Program and Approval, Assumption and Modification, Low Income Large Family (LILF) Program - Andrew's Pointe, Burnsville.

Ms. Julie LaSota presented this request, noting that Andrew's Pointe is a 57-unit development in Burnsville with access to transit and jobs that serves several underserved populations including single parent households and households of color. **MOTION:** Auditor Otto moved to approve the request and adopt Resolution No. MHFA 11-008: Resolution Approving Mortgage Loan Commitment, Low and Moderate Income Rental (LMIR) Program and Low and Moderate Income Rental Bridge Loan (LMIR BL) Program and Resolution No. MHFA 11-009: Resolution Approving Assumption Sale and Loan Modification Low Income Large Family (LILF) Program. Ms. Sanderson seconded the motion. Upon voting, the following voted yes: Messrs. Finch and Johnson; Mses. Sanderson and Auditor Otto.

10. Review and Information Items.

A. Information, Risk Management Update.

This item was included in the board materials but was not presented at the meeting. Information item, no action needed.

11. Other Business.

None.

12. Adjournment.

The meeting was adjourned at 2:22 p.m.

Michael D. Finch

Chair