MEETINGS SCHEDULED FOR DECEMBER

Location:

Minnesota Housing
400 Sibley Street, Suite 300
St. Paul, MN 55101

THURSDAY, DECEMBER 17, 2015

Finance and Audit Committee Meeting
State Street Conference Room – First Floor
1:15 p.m.
(materials for the Committee meeting distributed under separate cover)

Regular Board Meeting
State Street Conference Room – First Floor
2:30 p.m.
(Start time is approximate. Meeting will begin following the conclusion of the committee meeting)

NOTE: The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, December 17, 2015.

Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 are met. In accordance with Minn. Stat. §462A.041, the Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.

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Minnesota Housing Finance Agency
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Equal Opportunity Housing and Equal Opportunity Employment

AGENDA

Minnesota Housing Board Meeting

Thursday, December 17, 2015

2:30 p.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. Regular Meeting of November 16, 2015
5. **Reports**
   A. Chair
   B. Commissioner
   C. December 17 Finance and Audit Committee Meeting
      - Selection of Financial Advisor
6. **Consent Agenda**
   A. Initiative Renewal, Community Fix Up Fund
   B. Amendment of Exhibit A of Resolution No. MHFA 15-059, Amending and Supplementing Resolution No. MHFA 88-12
7. **Action Items**
   A. Selection / Commitment, Bridges Rental Assistance
   B. Modification / Selection / Commitment, Housing Trust Fund (HTF) Rental Assistance for Highly Mobile Students Initiative
   C. Affordable Housing Plan (AHP) Amendment and Mortgage Credit Certificate (MCC) Program Change
8. **Discussion Items**
   A. Status Report, Enhanced Homeownership Capacity Initiative
   B. 2015 Agency Risk Profile
   C. Conduit Bond Issuance Discussion
9. **Informational Items**
   A. Post-Sale Report, Residential Housing Finance Bonds, 2015 Series E, F, and G
   B. Schedule of 2016 Board Meetings
10. **Other Business**
    None.
11. **Adjournment**

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MINUTES

MINNESOTA HOUSING FINANCE AGENCY BOARD MEETING
Monday, November 16, 2015
1:00 p.m.
State Street Conference Room – 1st Floor
400 Sibley Street, St. Paul, MN 55101

1. **Call to Order.**
Chair John DeCramer called to order the regular meeting of the Board of the Minnesota Housing Finance Agency at 1:04 p.m.
2. **Roll Call.**
Members present: John DeCramer, George Garnett, Joe Johnson, Craig Klausing, Stephanie Klinzing, and Rebecca Otto. Mr. Garnett left the meeting at 2:00 p.m.
Minnesota Housing staff present: Mark Baier, Erin Coons, Jessica Deegan, Krissi Hoffmann, Kodjo Houssou, Kasey Kier, Debbi Larson, Diana Lund, Eric Mattson, Judi Mortenson, Shannon Myers, Ashley Oliver, John Patterson, Tony Peleska, Caryn Polito, Ester Robards, Joel Salzer, Becky Schack, Terry Schwartz, Barb Sporlein, Will Thompson, Kody Thurnau, Mary Tingerthal, Dan Walsh.
Others present: Cory Hoeppner, RBC Capital Markets; Paul Rebholz, Wells Fargo; Chris Flannery, Piper Jaffray; Chip Halbach, Minnesota Housing Partnership; Gene Slater, CSG Advisors (by phone); Michelle Adams, Kutak Rock (by phone); Tom O'Hern, Assistant Attorney General.
3. **Agenda Review**
Chair DeCramer announced there were no changes to the agenda, but clarified that the action requested for item 6.B. was to increase the principle amount of the bonds. The title for the item was incorrectly listed as an approval for issuance.
4. **Approval of the Minutes.**
A. Regular Meeting of September 24, 2015
Auditor Otto approved the minutes as written. Mr. Johnson seconded the motion. Motion carries 6-0.
5. **Reports**
A. Chair
None.
B. Commissioner
Commissioner Tingerthal announced that the Agency had selected Tom O'Hern as its new general counsel, and stated Mr. O'Hern had been with the Attorney General's office for more than 30 years. Commissioner Tingerthal shared that, together with the Attorney General's office, the Agency has determined it would work towards terminating its service agreement with the Attorney General's office. The Agency will add two full time attorneys to its staff, one of whom will focus on multifamily transactional work. Commissioner Tingerthal noted that there are certain things, like litigation, that by statute must be retained by the Attorney General and Tom is working to hand off that work. Commissioner Tingerthal stated that if the Board at any time would like a formal opinion from the Attorney General, a consultation will be arranged. In response to a question from Auditor Otto, Commissioner Tingerthal stated that the board will still have representation from the Attorney General's office but will no longer have a representative attending meetings, which is an arrangement that has been implemented with several other agencies and the Minnesota Housing board is unusual in having personnel from the Office of the Attorney General present at all meetings.

Commissioner Tingerthal reminded the board that there would be a committee meeting in December to review responses to the Financial Advisor RFP. Commissioner Tingerthal stated seven inquiries had been received and all responses will be vetted by staff, with final candidates interviewed by the board. Commissioner Tingerthal added that there would also be a brief presentation from the Homelessness and Supportive Housing team between the committee and regular meeting.

Commissioner Tingerthal reported the following:

- The Agency held its annual silent auction to raise funds for the Statewide Combined Charities Campaign on October 28. The event raised almost $5,000.

- The sixth of seven 2015 Housing and Community Dialogues was held in Faribault. The event was preceded by a Chamber of Commerce breakfast in Red Wing and was followed by a homeownership event for Single Family programs. The final dialogue will be in December in Saint Cloud. The dialogues are an opportunity to identify housing needs in communities and identify the resources available to meet those needs. The events continue to have good attendance.

- Along with Barb Sporlein and Rick Smith, Commissioner Tingerthal had made consultation visits with the Red Lake Nation and the Leech Lake Band of Ojibwe. Ms. Sporlein and Wes Butler also made a consultation visit with White Earth Nation.

- Fond du Lac Band of Lake Superior Chippewa Chair Karen Diver was recently appointed as a special assistant to the White House on Indian Affairs. Her position with the Fond du Lac Band will be filled temporarily until elections are held. The Agency will miss her leadership locally, but hopes to benefit from her leadership in Washington.

- The Family Housing Fund has named Ellen Sahli as Tom Fulton's successor, effective November 30. Commissioner Tingerthal added that Minnesota Housing appoints four members to the Family Housing Fund board. Two of these members have requested not to be reappointed and Commissioner Tingerthal will work with Ms. Sahli and Maureen Warren, Family Housing Fund Board Chair, on their replacements.

- Congressman Ellison's office, in partnership with the U.S. Department of Housing and Urban Development, held a community forum on October 30 at the Mayflower Church in south Minneapolis. HUD Secretary Julián Castro provided opening comments at the event and Congressman Ellison moderated the event, which had approximately 300 attendees. Commissioner Tingerthal participated on a six person panel that discussed various housing issues. The event also included a public comment period, during which many attendees spoke about their personal housing issues, including being unable to get an unlawful detainer released and the inability to find housing due to a criminal history. Other comments included concern regarding a project in Richfield that has been acquired by new owners who will no longer accept housing choice vouchers and personal stories about the impact of the tight rental market.

- Staff met with in Minneapolis with staff from the Chicago HUD office regarding next steps for the fair housing complaint. HUD staff indicated they will request that the complainants respond in writing to the response from the Agency, which was filed in March.

- US Bank, the master servicer for the Agency's single family loans, has notified the Agency of program changes that that will impact the eligibility for FHA loans. One of these changes is a minimum credit score of 660 for loans without points. The Agency has been accepting scores of 640. There are other changes as well, but the Agency has negotiated accommodations to allow manual underwriting of loans on a very limited basis. In response to a question from Mr. Johnson about servicing options, Commissioner Tingerthal stated there are several different servicing models used by HFAs, including master servicing, subservicing and self-servicing. Commissioner Tingerthal shared that the compliance environment on the servicing side is even more intense than on the origination side, so the number of examinations and the penalties for default and/or foreclosure have made servicing for mortgages a challenging endeavor.

- The Targeted Mortgage Opportunity Program (TMOP) has been suspended as a result of regulatory compliance measures that went into place in October. The Agency is looking to hire a consultant to review the program and regulatory compliance requirements and make recommendations on how the program may be again be made available. The non-conforming mortgage has proven to be a difficult barrier. Enhanced Financial Capacity Initiative (EFCI) counseling providers have been notified that TMOP will no longer be available, but the Agency still expects that EFCI program participants will be able to qualify for other Minnesota Housing products.

- Jim Solem, Minnesota Housing's second commissioner and the former Metropolitan Council administrator was inducted in to the St. Thomas Shenehon Center for Real Estate's Real Estate Hall of Fame on November 5.

The following employee introductions were made:
- Tony Peleska introduced Mark Baier, a business analyst supporting Single Family programs.
- John Patterson introduced Kody Thurnau, the Agency's new GIS researcher
- Judi Mortenson introducing Kodjo Houssou, Single Family business reporting analyst.

C. Committee
None.

6. Consent Agenda

A. Waiver of Assumption Fees, Ending Long term Homeless Initiative Fund (ELHIF) - Grotto Place, St. Paul D3052, - Penn Avenue Apartments, Minneapolis D5906

B. Modifications, Low and Moderate Income Rental (LMIR) Program and Resolution Relating to Rental Housing Bonds; Authorizing the Issuance and Sale Thereof for a Multifamily Housing Development in St. Cloud, Minnesota - Woodland Village, St. Cloud, D1492

C. Selection, Community Fix Up Fund - One Roof Community Housing, Duluth

D. Resolution Amending and Supplementing Resolution No. MHFA 88-12, Relating to the Definition of Investment Obligations in Respect of the Rental Housing Bond Resolution of the Minnesota Housing Finance Agency

MOTION: Mr. Garnett moved approval of consent agenda items A, B and D and the adoption of Resolutions No. 15-059, 15-060, and 15-061. Ms. Klinzing seconded the motion. Motion carries 6-0.

MOTION: Mr. Klausing moved approval of consent agenda item C. Mr. Garnett seconded the motion. Motion carries 5-0, with Mr. Johnson recusing himself.

7. Action Items

A. Resolution Authorizing Issuance and Sale of Minnesota Housing Finance Agency Residential Housing Finance Bonds, 2015/2016 Series

B. Resolution Authorizing Issuance and Sale of Minnesota Housing Finance Agency Residential Housing Finance Bonds, 2015 Series G

Mr. Terry Schwartz presented a request for approval of the issuance and sale of residential housing finance bonds. Mr. Schwartz stated that the approval would authorize up to $200 million of fixed rate bonds and up to $40 million of variable rate bonds, stating the bonds would be sold in the same transaction, which would be priced the following week. Staff later clarified that the request was for $150 million in fixed rate bonds and $40 million in variable rate bonds. Mr. Schwartz stated the proceeds would be used to refund outstanding bonds that have reached their optional call date and to finance new production.

Ms. Michelle Adams of Kutak Rock described the parameters of the resolution, stating both transactions are being approved on a not-to-exceed basis for amount, rate and underwriting fees. Ms. Adams stated that the Series 2015G variable rate bonds would be sold to the underwriter (RBC) and, as part of the approval, the Board would also be approving a remarketing agreement with RBC. Ms. Adams stated the bonds would initially be issued as demand bonds, but can be changed to monthly, semi-annual, or another term and may also be converted to fixed rate bonds if desired by the Agency.

Mr. Gene Slater of CSG Advisors commented that the transaction has a good structure and is a powerful financing tool.

In response to a question from Mr. Johnson, Mr. Cory Hoeppner stated that he anticipated the combination of fixed and variable rate bonds would be well received in the market. Mr. Hoeppner added that the subsidy created by the refunding will be used to fund new production at full spread and would also create $20 million in zero percent subsidy dollars.

MOTION: Ms. Klinzing moved approval of item 7.A. and the adoption of Resolution MHFA 15-057, authorizing the issuance and sale of fixed rate bonds in an amount not to exceed $150 million. Mr. Klausing seconded the motion. Motion carries 6-0.

MOTION: Mr. Garnett moved approval of item 7.B. and the adoption of Resolution MHFA 15-058, authorizing a remarketing agreement with RBC and the issuance and sale of variable rate bonds in an amount not to exceed $40 million. Mr. Johnson seconded the motion. Motion carries 6-0.

C. Selection and Commitment, Resident Owned Manufactured Home Parks Pilot Program (Walsh) - Five Lakes Manufactured Home Community, Fairmont, D7842

Mr. Dan Walsh presented requested approval of the selection of and commitment for the Five Lakes Manufactured Home Community. Mr. Walsh stated that the project is feasible and complies with the terms and standards of the Resident Owned Manufactured Home Parks Pilot Program. Mr. Walsh stated the community is of a large size, has a history of stable occupancy and small lot rents. Mr. Walsh added that the infrastructure within the community is in good condition. Mr. Walsh stated Agency staff had worked effectively with ROC USA to reduce to 60% the Agency's contribution to the loan and that underwriting for the project was conservative.

In response to a question from Mr. Johnson regarding performance in the pilot, Mr. Walsh stated that ROC continues to expand its model and as an organization is very healthy and doing well. Commissioner Tingerthal added that the Agency has two loans outstanding with ROC and they are both performing as expected. Commissioner Tingerthal added that there was a third transaction where ROC had repaid the Agency's loan early in order to restructure the financing to allow infrastructure work to be completed, stating the group had hoped to receive bonding authority to complete the work but ROC was not able to secure it.

Mr. Johnson stated the 1% servicing fee seemed high. Mr. Walsh responded that a significant portion of the servicing fee goes to a certified technical assistance provider, who is on the ground providing assistance to the co-op throughout the term of the loan. Mr. Walsh stated that the servicer provides organizational capacity building for the ownership group, which is an intense process as the co-ops begin to function. Commissioner Tingerthal added that the model allows for one of the most affordable near homeownership options available but more guidance is needed. Mr. Johnson stated that he supported the program but was curious about the fee structure.

Ms. Klinzing stated she was familiar with local municipalities having used bonding authority for townhouse projects, but was not aware the authority could also be used for manufactured housing communities.

Commissioner Tingerthal stated she was pleased to see this park has good infrastructure, adding that the communities frequently are still on well and septic and it is very expensive to put them on city water and sewer.

Mr. Klausing inquired about the residents who are not participating in the cooperative, referencing the 50% participation requirement. Mr. Walsh responded that the non-participating residents are renters rather than co-op members and essentially pay rent to the co-op.

Mr. Walsh confirmed for Mr. DeCramer that the Agency's participation loan is for the land and infrastructure and not the individual homes.

MOTION: Mr. Johnson moved approval of the selection and commitment and the adoption of Resolution MHFA 15-062. Ms. Klinzing seconded the motion. Motion carries 6-0.

8. Discussion Items

A. 2015 Affordable Housing Plan and 2013-15 Strategic Plan: Final Progress Report

Mr. John Patterson presented the highlights of the final progress report, including the following:

- The program budget increased from $950 million to almost $1.2 billion.
- First mortgage production was 153% of the goal.
- Rental new construction was 60% above the target as a result of very effective use of 4% tax credits and the availability of housing infrastructure bonds.
- Nearly 30% of homebuyers served were households of color. Mr. Patterson added that often when production is strong, the share of households of color served decreases, but there were increases to both production and reach.

In response to a question from Mr. Johnson, Mr. Patterson stated that the delinquency rate includes loans that are 60 days past due and loans in foreclosure and combines whole loans with MBSs. Mr. Patterson stated there are higher delinquency rates on whole loans.
Discussion item. No action needed.

9. Informational Items

A. Post-Sale Report, Homeownership Finance Bonds, 2015 Series D

B. Report of Complaints Received by Agency or Chief Risk Officer

C. Conflict of Interest Disclosure Reporting

Informational items. No presentation or discussion.

10. Other Business

None.

11. Adjournment.

The meeting was adjourned at 2:01 p.m.

Board Agenda Item: 6.A
Date: 12/17/2015

Item: Initiative Renewal, Community Fix Up Loan Program

Staff Contact(s):
Krissi Hoffmann, 651.297.3121,krissi.hoffmann@state.mn.us
Cal Greening, 651.296.8843, cal.greening@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☒ Motion	☐ Discussion
☐ Resolution	☐ Information

Summary of Request:
Staff requests board approval for the Community Fix Up Loan Program recommendations described in the attached Initiative Detail. The Community Fix Up Loan Program accepts initiative proposals from participating Fix Up loan lenders and their community partners on an ongoing basis. The activities must address home improvement needs with a resulting community impact.

Fiscal Impact:
The program uses Pool 2 funds budgeted in the current 2016 Affordable Housing Plan. Action requested in this report is consistent with the program terms described in the plan.

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background and Initiative Detail

BACKGROUND:
The following recommendation for a Community Fix Up Initiative meets the guidelines for participation contained within the Program Concept. Staff applies threshold indicators and considers compensating factors when determining whether to recommend a specific proposal to access funds under Community Fix Up Loan Program. The threshold indicators include:

- Confirmation that the initiative fits within the Program Concept;
- The strength of partnership;
- Leverage and/or value-added features;
- A focused marketing plan; and
- Budget counseling, if required.

INITIATIVE DETAIL:
Center for Energy and Environment (CEE) is requesting the renewal of their Community Fix Up initiative which partners with multiple cities that provide funds to discount Community Fix Up loans. Value added services in the form of a Home Energy Squad (HES) visit and a Remodeling Advisor visit are provided by CEE. Since 2013, 109 loans totaling $2,300,882 have been originated under this initiative.

Maximum income limits will meet Community Fix Up income guidelines, with some cities requiring lower incomes for a discounted rate.

Region	Estimated Demand	
	# Loans	Loan Volume
Metro	75	$1,500,000

Applicant Partners	Partner Contribution	Discounted Interest Rate
Housing Authority of the City of St. Louis Park	Discount funds	4%, 5%, 5.75%
City of Minneapolis (Planning and Economic Development) for the neighborhoods: • Logan Park • McKinley • Southeast Como • Seward	Discount funds	2.5%, 4%, 4.75%, 5.75%
Economic Development Authority in and for the City of Blaine	Discount funds	5%, 5.75%
City of Anoka Housing and Redevelopment Authority	Discount funds	4%, 5.75%
The City of New Hope	Discount funds	4%, 5.75%

Board Agenda Item: 6.B
Date: 12/17/2015

Item: Amendment of Exhibit A of Resolution No. MHFA 15-059, Amending and Supplementing Resolution No. MHFA 88-12

Staff Contact(s):
Terry Schwartz, 651.296-2404, Terry.Schwartz@state.mn.us
Rob Tietz, 651.297-4009, Rob.Tietz@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
At its November 16 meeting, the board approved amendments to Resolution No. MHFA 88-12 with respect to the definitions of investment obligations. One reference in the definition amendment was incorrect in the version approved by the board. This action is to approve the corrected reference, which is tracked in the attachment.

Fiscal Impact:
None

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Exhibit A: Amendment of Definition

EXHIBIT A

AMENDMENT OF DEFINITION

The following definition in Section 103 of the Bond Resolution is hereby amended to read as follows:

> Investment Obligation: any of the following, including puts and call options in future contracts traded on a contract market designated and regulated by a federal agency, which at the time are legal investments for Fiduciaries under the laws of the State for moneys held hereunder which are then proposed to be invested therein: (i) direct general obligations of the United States of America; (ii) obligations the payment of the principal of and interest on which, in the opinion of the Attorney General of the United States, is unconditionally guaranteed by the United States; (iii) bonds, debentures, participation certificates, notes or other debt issued by any of the following: Bank for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal National Mortgage Association, Export-Import Bank of the United States, Farmer's Home Administration, Federal Home Loan Mortgage Corporation or Government National Mortgage Association, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof or sponsored thereby; (iv) direct and general obligations of any state within the United States or of any political subdivision of the State of Minnesota, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (v) interest-bearing deposit accounts in savings and loan associations or in state, national or foreign banks (including the Trustee and any Paying Agent), provided that either said deposits are insured by the Federal Deposit Insurance Corporation, are secured by obligations described in clauses (i) through (iii) above, or at the time the purchase is made the debt obligations of the depository are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vi) bankers' acceptances drawn on and accepted by commercial banks whose debt obligations at the time the purchase is made are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vii) commercial paper issued by United States corporations or their Canadian subsidiaries rated at the time the purchase is made in the highest rating category for commercial paper by each Rating Agency providing a Rating on Outstanding Bonds and maturing in 270 days or less; (viii) repurchase agreements and reverse repurchase agreements with banks which (1) are members of the Federal Deposit Insurance Corporation and (2) are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (i) through (iii) of this sentence; (ix) guaranteed investment contracts or similar deposit agreements with insurance companies with a claims paying rating from each Rating Agency providing a Rating on Outstanding Bonds at the time the contract or agreement is made at least equal to the respective Rating of the Bonds by the related Rating Agency, or with other financial institutions or corporations provided, at the time the contract or agreement is

made, the debt obligations of any such financial institution or corporation are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds or such contracts or agreements are secured by obligations described in clauses (i), (ii), (iii) and (viii) above; (x) shares in an investment company registered under the Federal Investment Company Act of 1940 whose shares are registered under the Federal Securities Act of 1933, or shares of a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $50,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, and whose only investments are qualified investments described in clauses ~~(i) through (iii)~~ (i), (ii), (iii) and (viii) of this Section; (xi) notes, bonds, debentures or other debt issued or guaranteed by domestic corporations, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (xii) notes, bonds, debentures or other debt issued by the World Bank or the Inter-American Development Bank, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; and (xiii) any other investment that as of the date made does not impair the Rating of any Outstanding Bonds.

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Board Agenda Item: 7.A
Date: 12/17/2015

Item: Selection/Commitment, Bridges Rental Assistance

Staff Contact(s):
Carrie Marsh, 651.215.6236, carrie.marsh@state.mn.us
Elaine Vollbrecht, 651.296.9953 , elaine.vollbrecht@state.mn.us

Request Type:

☒ Approval
  ☒ Motion
  ☒ Resolution

☐ No Action Needed
  ☐ Discussion
  ☐ Information

Summary of Request:
Staff requests the adoption of the attached Resolution authorizing awards of $1,016,000 in funding administered through the Bridges Rental Assistance program. This will create five new Bridges grants and expand two existing grants, with terms from February 1, 2016 through June 30, 2017, and will serve approximately 102 new households each month.

Fiscal Impact:
Bridges funding is a state appropriated resource, and committing these funds does not have an adverse impact on the Agency's financial position. The appropriation was approved by the Legislature in June 2015 and included a $2.5 million increase to the base level of funding.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background
- Resolution

Bridges promotes the integration of persons with serious mental illness into their communities by ensuring that persons with a Bridges housing subsidy are also provided access to supportive mental health services. The program plays a key role in the agency's contribution to Minnesota's Olmstead Implementation Plan goals, and is cooperatively administered, monitored, and evaluated by Minnesota Housing and Department of Human Services Adult Mental Health (DHS-AMH). This collaboration is essential to the effective operation of the program, as is the collaboration of housing and mental health agencies at the regional and county level. Bridges grantees are required to work with their local Adult Mental Health Initiative (AMHI) or Tribal mental health agency in order to implement the program.

Funds available under the Bridges program provide temporary rental subsidy payments and, in some instances, security deposits for individuals with a serious mental illness who meet the program eligibility criteria. The program requires participants to register for a permanent rental subsidy, primarily Housing Choice Vouchers (Section 8), when the waiting lists are open.

- In early June 2015 during the Special Session, the Minnesota Legislature appropriated $8.176 million for Bridges for the 2016-2017 biennium, an increase of $2.5 million from the 2014-2015 appropriation. This allowed staff to consider the expansion of funding requests for existing programs submitted in the February Request for Renewals (RFR).
- In May and June of 2015, the Minnesota Housing Board approved $6,783,000 of Bridges state appropriations and $529,000 of Ending Long-Term Homelessness Initiative Fund (ELHIF) to 16 agencies under the RFR issued in February.
- On August 31, 2015, Minnesota Housing announced a competitive Request for Proposals (RFP) for qualified housing agencies partnered with an AMHI or a Tribal mental health agency for up to $1,230,000. Published priorities were for partnerships proposing to operate in areas not served by rental subsidies for persons with serious mental illness and/or those proposing to serve persons leaving institutional settings or disparately impacted groups, including persons who are experiencing homelessness.
- We received 10 proposals; 5 serving Greater Minnesota and 5 serving the Metro area, for a total of $1.7 million to provide housing assistance for 168 households each month. Contracts will be effective February 1, 2016 to June 30, 2017.

Minnesota Housing, DHS-AMH staff, DHS Group Residential Housing (GRH) staff, and one current and one retired State Advisory Council representatives reviewed the funding requests and participated in the selection committee. The committee discussed housing and mental health collaborative partnerships and the access to mental health services. The proposals were also evaluated based on service area need, referral process, and feasibility. Because the amount of funding requested exceeded the funds available, some proposals which were feasible were not selected.

The selections of Cass County HRA for Hubbard County, Cloquet HRA, and Red Wing HRA represent new grantees in service areas previously unserved. Mental Health Resources, an existing Bridges administrator, will operate two new grants for Dakota and Ramsey counties, areas of high need. The St. Cloud HRA award restores vouchers that were funded in 2014, through the additional state appropriation, and also demonstrated a relatively higher percentage of Native American participants.

The need to balance geographic distribution of the new Bridges vouchers resulted in a partial funding of the Metro HRA request, an expansion of an existing grant serving Hennepin, Ramsey and Anoka counties. The same principle resulted in the non-select for South Metro Human Services, serving Ramsey County. The Washington County HRA and Douglas County HRA are both current Bridges administrators who perform well and meet the Bridges program goals, but were not selected to receive additional funds based on the published priorities.

Upon approval of this funding recommendation, an uncommitted balance of approximately $614,000 will remain of the original $2.5 million base increase. Staff has met with internal Policy staff and DHS-AMD staff to plan for the use of the remaining funds. Approximately $400,000 is designated for renewal and potential expansion of Bridges Regional Treatment Center (RTC) grants in 2016. Bridges RTC specifically targets people leaving institutional care at the Anoka Metro Regional Treatment Center and, in the future, St. Peter Regional Treatment Center. Approximately $214,000 of the appropriation remains with the intention to provide Bridges assistance through Tribal Housing Authorities. Although none of the tribal nations applied during this RFP, conversations indicate there is a potential partnership and interest in the Bridges program.

BRIDGES FUNDING RECOMMENDATIONS:

Applicant	County	Bridges Request	Recommended Bridges	Requested Households	Recommended Households
Cass County HRA	Hubbard	$ 90,850	$ 90,000	10	10
Cloquet HRA	Carlton	$ 159,830	$ 110,000	10	10
Douglas County HRA	Douglas	$ 28,050	$ -	5	0
Mental Health Resources Inc.	Ramsey	$ 252,050	$ 240,000	25	25
Mental Health Resources Inc.	Dakota	$ 201,640	$ 190,000	20	20
Metro HRA	Ramsey	$ 519,792	$ 220,000	48	20
Red Wing HRA	Red Wing, Goodhue	$ 100,005	$ 96,000	10	10
South Metro Human Services	Ramsey	$ 204,700	$ -	20	0
St. Cloud HRA	Stearns, Benton, Sherburne, Wright	$ 108,570	$ 70,000	10	7
Washington County HRA	Washington	$ 79,350	$ -	10	0
	Total	**$ 1,744,837**	**$ 1,016,000**	**168**	**102**

Agenda Item: 7.A
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, MN 55101

Resolution No. MHFA 15-

RESOLUTION APPROVING SELECTION/COMMITMENT BRIDGES

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide rental assistance for persons with mental illnesses.

WHEREAS, the Agency staff has reviewed the applications and determined that they are in compliance under the Agency's rules, regulations and policies; that such grants are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to enter into grant agreements using State resources as set forth below, subject to the availability of state appropriations and also subject to changes allowable under the multifamily funding modification policy, upon the following conditions:

1. The Agency staff shall review and approve the Grantees for the total recommended as indicated;

Bridges Grantee	**D Number**	**Award**	**Term**
Cass County HRA	D7916	$ 90,000	17 months
Cloquet HRA	D7915	$ 110,000	17 months
Mental Health Resources; Ramsey County	D6280	$ 240,000	17 months
Mental Health Resources, Dakota County	D6280	$ 190,000	17 months
Metro HRA	D3741	$ 220,000	17 months
Red Wing HRA	D1805	$ 96,000	17 months
St. Cloud HRA	D3745	$ 70,000	17 months

2. The issuance of grant agreements in form and substance acceptable to the Agency staff and the closing of the individual grants shall occur no later than six months from the adoption date of this Resolution; and

3. The sponsors and such other parties shall execute all such documents relating to said grant, to the security therefore, as the Agency, in its sole discretion, deems necessary.

Adopted this 17th day of December, 2015

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CHAIRMAN

Board Agenda Item: 7.B
Date: 12/17/2015

Item: Housing Trust Fund (HTF) Rental Assistance for Highly Mobile Students Initiative

Staff Contact(s):
Elaine Vollbrecht, 651-296-9953, elaine.vollbrecht@state.mn.us
Joel Salzer, 651.296.9828, joel.salzer@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests the adoption of attached resolutions authorizing $2 million from the Housing Trust Fund (HTF) to modify existing rental assistance grants and issue new rental assistance grants. This will fund grants providing short-term rental assistance for homeless and highly mobile families with at least one child in grades K-12.

Fiscal Impact:
The requested HTF funds are state appropriations designated for this initiative, are budgeted in the 2016 AHP and therefore do not adversely impact the Agency's financial position.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background
- Resolutions

In May 2013, the Minnesota Legislature approved funding of the Rental Assistance for Highly Mobile Students Initiative in the amount of $2 million. The initiative provides rental assistance and supportive services, for up to two years, to families with school-aged children who have moved frequently. This initiative is designed to demonstrate the relationship between housing stability and improved school attendance.

In November 2013, Minnesota Housing approved awards from this initiative to fund three grantees in partnership with local schools to provide rental assistance to approximately 130 families statewide, with grant effective dates of January 1, 2014. The grantees and their partners are:

- Clay County HRA/Moorhead Public Schools
- Project for Pride in Living/Northside Achievement Zone
- Wilder Foundation/St. Paul Promise Neighborhood

To date, 124 families have been served through the initiative, including 257 school-age children. Currently, 89 families are still receiving assistance. Initial reporting through the Housing Management Information System (HMIS) indicates increases in measures of housing stability, income, employment, children's education, food and nutrition. A full evaluation of this program will be completed and is described in greater detail later in this report.

The most significant barrier for this program has been the availability of eligible housing. With very low vacancy rates in all grantee service areas, affordable housing was scarce, and many landlords were not willing to make needed repairs or rent to families with subsidies. This impacted the time it took to utilize the funds.

Despite these barriers, the initial results are promising. Consequently, as part of the Fiscal Year 2016-17 legislative budget, Minnesota Housing received an appropriation of an additional $2 million for this pilot.

We determined the most effective use of this additional funding is to leverage the experience of the current grantees to expand the existing programs. Each grantee submitted an application requesting funding for both an extension of their existing grant to ensure all current participating families can receive up to a full 24 months of assistance, and for funding to serve additional families.

In their applications, grantees illustrated the need for funding to serve additional families. Clay County HRA documents over 250 unduplicated families turned away from shelters in April, and their Coordinated Entry referral system indicates 426 family households assessed as appropriate for this type of short-term program. Wilder Foundation indicated that the St. Paul schools participating in the program reported 60 homeless families at the end of the last school year, and Project for Pride in Living indicated similar needs in North Minneapolis.

In response to the scarcity of eligible housing stock, the Clay County HRA proposes expanding their service area to include two additional school districts, and the Wilder Foundation added an additional elementary school to the St. Paul Promise Neighborhood Program thus expanding the area they serve. The Project for Pride in Living program is limited by the boundaries of the Northside Achievement Zone, but they have developed landlord outreach and relationship activities to increase housing opportunities.

As part of the original initiative appropriation requirements, Minnesota Housing and the Minnesota Department of Education (MDE) will evaluate housing stability, school attendance and educational outcomes and prepare a report to the Legislature for the 2017 session. Once the core group of recipients has two years of housing stability and educational results we will begin to report evaluation results. Preliminary data will be available no earlier than late summer or early fall 2016. We will continue to collaborate with MDE to evaluate additional families assisted with the FY2016-17 initiative funding.

Staff requests approval for the following actions:

- Modify existing grants to extend the expiration date from December 31, 2015 to June 30, 2017 and increase funding to ensure all current participants can receive up to twenty-four months of rental assistance. The two year term of the original awards combined with the variance from projected program utilization did not allow for participants to receive a full 24 months of subsidy. The revised grant term will be forty-two months. The amount of funding requested for the modifications is $185,000.
- Award the remaining $1.815 million to expand existing Homeless/Highly Mobile Families Pilot Initiative programs to assist new families meeting the program criteria. This funding will assist up to 83 additional families with up to 24 months of rental assistance. Funds will be awarded in the form of new three year grants effective February 1, 2016. Applicant utilization projections indicate transition of all households by October 2018. The three year grant term reflects the pilot experience to date of the difficulties faced in accessing housing.

All recommended proposals meet the initiative priorities and other Agency criteria. Minnesota Housing staff reviewed the funding requests and the performance of grantees. The funding recommendations which follow are based on actual and anticipated costs per household, grantee performance, utilization of funding, and demonstrated need. Twenty-three percent of the housing opportunities recommended are in Greater Minnesota, and seventy-seven percent are in the metro area.

Housing Trust Fund – Rental Assistance for Highly Mobile Students Funding Recommendations

Modification of Existing Grants					
Grantee	**D#**	**Number of Original Families**	**Initial Award (approved November 7, 2013)**	**Additional Funding to Extend Existing Grant**	**Modified Funding Amount**
Clay County HRA	D5967	30	$ 325,000	$ 43,000	$ 368,000
Project for Pride in Living*	D6194	50	$ 800,000	$ 49,000	$ 849,000
Wilder Foundation	D3859	50	$ 875,000	$ 93,000	$ 968,000
Total		**130**	**$ 2,000,000**	**$ 185,000**	**$ 2,185,000**

*Project for Pride in Living received $33,000 in advance funding at the beginning of the grant term, which will be spent down during the extended grant term.

Funding to Serve Additional Households			
Grantee	**D#**	**Number of Additional Families**	**Total Funding for New Grant Agreements**
Clay County HRA	D5967	18	$ 310,000
Project for Pride in Living	D6194	20	$ 527,000
Wilder Foundation	D3859	45	$ 978,000
Total		**83**	**$ 1,815,000**

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 15-

MODIFYING RESOLUTION NO. MHFA 13-060

RESOLUTION MODIFIYING HOUSING TRUST FUND (HTF) COMMITMENTS

WHEREAS, the Minnesota Housing Finance Agency Board (Board) on November 7, 2013 authorized Minnesota Housing Finance Agency (Agency) staff to enter into grant agreements using State resources as set forth below, subject to the availability of state appropriations and also subject to changes allowable under the multifamily funding modification policy, and;

WHEREAS, additional State appropriations have been made available for the Housing Trust Fund Rental Assistance Program.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby amends Resolution No. MHFA 13-060 as follows:

1. The Agency staff shall review and approve the following Grantees the total recommended for forty two months;

Clay County Housing and Redevelopment Authority	D5967	$ 368,000
Project for Pride In Living	D6194	$ 849,000
Amherst H. Wilder Foundation	D3859	$ 968,000

2. All other parameters of Resolution No. MHFA 13-060 remain in effect.

Adopted this 17th day of December, 2015.

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CHAIRMAN

Agenda Item: 7.B
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 15-

RESOLUTION APPROVING SELECTION/AUTHORIZATION TO FUND HOUSING TRUST FUND (HTF) RENTAL ASSISTANCE GRANTS

WHEREAS, the Minnesota Housing Finance Agency Board (Board) has received applications to provide funds for short-term rental assistance programs for homeless and highly mobile families with at least one child in grades K-12.

WHEREAS, Minnesota Housing Finance Agency (Agency) staff have reviewed the applications and determined that they are in compliance under the Agency's rules, regulations and policies; that such grants are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to enter into grant agreements using State resources and in compliance with applicable statutes and regulations as set forth, subject to changes allowable under the multifamily funding modification policy, upon the following conditions:

1. The Agency staff shall review and approve the following Grantees the total recommended for three years;

Clay County Housing and Redevelopment Authority	D5967	$ 310,000
Project for Pride In Living	D6194	$ 527,000
Amherst H. Wilder Foundation	D3859	$ 978,000

2. The issuance of grant agreements in form and substance acceptable to the Agency staff and the closing of the individual grants shall occur no later than six months from the adoption date of this Resolution; and

3. The sponsors and such other parties shall execute all such documents relating to said grants, to the security therefore, as the Agency, in its sole discretion, deems necessary.

Adopted this 17th day of December, 2015.

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CHAIRMAN

Board Agenda Item: 7.C
Date: 12/17/2015

Item: Affordable Housing Plan (AHP) Amendment and Mortgage Credit Certificate (MCC) Program Change

Staff Contact(s):
Kirsten Partenheimer, 651.297.3656, kirsten.partenheimer@state.mn.us

Request Type:

☒ Approval
  ☒ Motion
  ☐ Resolution

☐ No Action Needed
  ☐ Discussion
  ☐ Information

Summary of Request:
Staff requests a $10 million increase to the amount of bonding authority to be converted to support the MCC program and a reduction of the MCC credit rate from 35% to 25% in order to run a continuous program through February 2017 and maximize the number of households served. Staff also requests approval to reduce the credit rate to 20% if MCC program production levels continue to exceed projections.

Fiscal Impact:
The 2016 AHP includes $40 million of mortgage revenue bonding authority for conversion to MCC authority. By converting an additional $10 million of authority ($50 million total) and lowering the credit rate from 35% to 25%, the Agency anticipates running a continuous MCC program through February 2017 and avoids having to end and restart the program as a result of IRS requirements to withhold a portion of funding for properties in Targeted Area census tracts.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☒ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background

BACKGROUND:

Mortgage Credit Certificate Program Overview

The Mortgage Credit Certificate (MCC) program is one of two first-time homebuyer mortgage loan programs. The other program, Start Up, is the Agency's mortgage revenue bond program. A mortgage credit certificate (MCC) reduces the amount of federal income tax a qualified homeowner pays by providing a non-refundable federal tax credit during the life of a mortgage loan, as long as the homeowner occupies the home as their principal residence. After all other credits and deductions are taken, the value of the MCC is applied directly to the homeowner's remaining federal income tax liability, if any. Thus, to benefit from a mortgage credit certificate, a borrower must have a federal tax liability. Homeowners can reduce their federal income tax liability by up to $2,000 a year, which is equivalent to reducing their mortgage payment by approximately $167 a month.

When the Agency converts bonding authority to MCC authority, the tax code requires it to set 20% aside for properties located in Targeted Area census tracts for 12 months before the funds can be used for Non-Targeted Area properties. Targeted Areas consist of certain census tracts in the state in which 70% of the families have an annual income of 80% or less of the statewide median income. The IRS publishes the list of Targeted Area Census Tracts in Revenue Procedures based on the census. Very few census tracts in Minnesota qualify as a Targeted Area and some of those that do, have little to no housing units within the census tract boundaries. For these reasons, only a small percentage of borrowers purchase a property in a Targeted Area.

Increase to the 2016 AHP

Staff requests an increase to the 2016 AHP from $40 million to $50 million to convert bonding authority for the MCC program to ensure continuous available funding while managing IRS requirements for Targeted and Non-Targeted Area set-asides.

The earliest the Targeted Area set-aside will be available for Non-Targeted Area properties is in February 2017, yet staff projects the Agency will run out of money available for Non-Targeted Areas in June of 2016. Converting an additional $10 million allows the Agency to run a continuous program through February 2017 when we can access the Targeted Area set-aside for Non-Targeted Area properties. The additional funds also allows the agency to maximize all bonding authority converted and not let funds go unused.

Program Change

Staff recommends lowering the MCC credit rate from 35% to 25%, with the option to lower it to 20% and inform Minnesota Housing's Board of Directors if program production exceeds projections. In combination with an increase to the 2016 AHP, lowering the credit rate allows the Agency to stretch its MCC allocation in order to run a continuous program while providing a benefit to borrowers.

The IRS tax code allows the MCC credit rate to be set between 10% and 50%. Minnesota Housing's credit rate is currently set at 35%, which means that borrowers receive a tax credit worth 35% of the mortgage interest paid the previous calendar year, with a maximum of $2,000 annually. When the Agency set the credit rate, interest rates and housing prices were still at historic lows and the average borrower needed a 35% credit rate to maximize the $2,000 federal income tax credit. The Agency also had expiring bonding authority it could convert to MCC authority that far exceeded demands of the bond program.

The bond market has changed and the Agency no longer has expiring bonding authority to convert to MCC authority. Given the rising interest rates and home prices, the recommended 25% rate still provides close to the annual maximum federal income tax credit for the average MCC borrower. Even when lowering the credit rate to 20%, borrowers continue to benefit from the federal tax credit, albeit at a slightly lower monthly amount than a higher credit rate.

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Board Agenda Item: 8.A
Date: 12/17/2015

Item: Status Report, Enhanced Financial Capacity Homeownership Initiative

Staff Contact(s):
Ruth Hutchins, 651.297.3128, ruth.hutchins@state.mn.us
Tal Anderson, 651.296.2198, tal.anderson@state.mn.us

Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☒ Discussion
- ☐ Information

Summary of Request:
The information provided is a summary of intake data and outcomes from the first year of the Enhanced Financial Capacity Homeownership Initiative (Homeownership Capacity) program which ended on September 30, 2015. This is an information item and does not require approval.

Fiscal Impact:
None.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☒ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Year-End Update

YEAR-END UPDATE:

There were seven agencies approved to provide Homeownership Capacity services during the first program year which started August 1, 2014 and ended September 30, 2015. By the end of the program year, 551 clients started receiving Homeownership Capacity services, which is over 99% of the adjusted annual goal (554 clients).

The chart below identifies additional information about these clients:

Clients	Percent of clients
Identify as a household of color or Hispanic ethnicity	92%
At or below 80% AMI	76%
Credit identified as the primary barrier to obtaining homeownership	71%

As of September 30, 2015, 194 clients have exited the program with the following outcomes:

Clients that exited the program	Percent of clients that exited the program
Home purchase*	43%
Client is actively pursuing homeownership^	3%
Client is still interested in homeownership, just not at this time	16%
Client is no longer interested in homeownership	13%
Client stopped communication	25%

*A number of clients were already participating in existing financial capability services at the time the program started, resulting in a higher than expected number of clients moving onto homeownership within the first year of the Homeownership Capacity program.

^This information will be updated if and when the client purchases a home.

There are 356 clients that are still active in the Homeownership Capacity program from the first program year. The second program year (October 1, 2015 – September 30, 2016) was also funded at $650,000 and has the goal of an additional 580 clients entering the program. Minnesota Housing collects quarterly reports from Homeownership Capacity providers. Staff will provide intake and outcome updates to correspond with the submission of those reports on in March, June, September and December 2016.

Board Agenda Item: 8.B
Date: 12/17/2015

Item: 2015 Agency Risk Profile

Staff Contact(s):
Will Thompson, 651.296.9813, will.thompson@state.mn.us
Tom O'Hern, 651.296.9796, tom.ohern@state.mn.us

Request Type:

☐ Approval	☒ No Action Needed
☐ Motion	☒ Discussion
☐ Resolution	☐ Information

Summary of Request:
Staff is presenting the 2015 Agency Risk Profile. The Agency Risk Profile is a component of the Enterprise Risk Management (ERM) framework and is produced annually to demonstrate and communicate critical risk information to the board.

Fiscal Impact:
None.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Agency Risk Profile

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2015 Minnesota Housing Agency Risk Profile

Minnesota Housing Finance Agency

Introduction

A risk profile is defined as a periodic documentation of the critical risks to an organization to achieving its stated objectives over a specified future time period. Critical risk is defined as the chance of something happening that would have a clear and direct impact on the achievement of Agency objectives.

The primary purpose for an Agency Risk Profile is to assist the Commissioner, Chief Risk Officer and management team in communicating risk-related issues with the Board.

This risk profile was developed with input from eight members of the Risk Management Committee and their selected staff members. Staff was directed to complete individualized components of an online Agency Risk Profile which contained previously identified critical sources of risks to the Agency. For selected risk sources staff was asked to assess and provide:

- The impact to the Agency should these identified risks occur
- The likelihood of these risks occurring
- The strength of controls in place to prevent, or lessen the impact and/or likelihood of the identified risks
- Additional comments regarding the identified risks.

Risk source assessments are intended to focus on critical risks confronting the Agency that may impact the Agency's ability to achieve the goals of its 2016 – 2019 Strategic Plan and/or 2016 Affordable Housing Plan.

Risk sources were assessed using risk impact, likelihood, and assurance; definitions of these terms are contained in Appendix A.

A Risk Level for each critical risk source was determined according to a Risk Assessment Matrix, which is contained in Appendix B.

Agency Risk Profile

The Agency Risk Profile is comprised of an Executive Summary, Aggregate Results Heat Map Current and Previous Years, Risk Profile Matrix and Risk Source Narratives.

Executive Summary

The economy and housing markets continue to improve nationally and in Minnesota. As the Agency embarks on one of its largest annual program plans ever approved, the Agency is well positioned to address the growing need for more affordable housing for low- and moderate-income Minnesotans. The Agency's work environment consists of volatile and complex housing and finance markets and numerous legal and regulatory rules, and involves many counterparties. There is widespread recognition that the Agency has continued to evolve as an organization to better meet the growing demand for affordable housing. Past changes to programs, financing strategies, and supporting technology were considered during the development of this Risk Profile, as well as initiatives and tasks that have been identified in the 2016 – 2019 Strategic Plan and the 2016 Affordable Housing Plan. Eleven risk sources were assessed, and none received a Very High risk level ranking. Five risk sources received a High risk level ranking, which decreased by one from the previous year. Overall, the Agency is well aware of these critical sources of risk and has executed, or is contemplating, mitigation strategies to address them.

Aggregate Results Heat Map

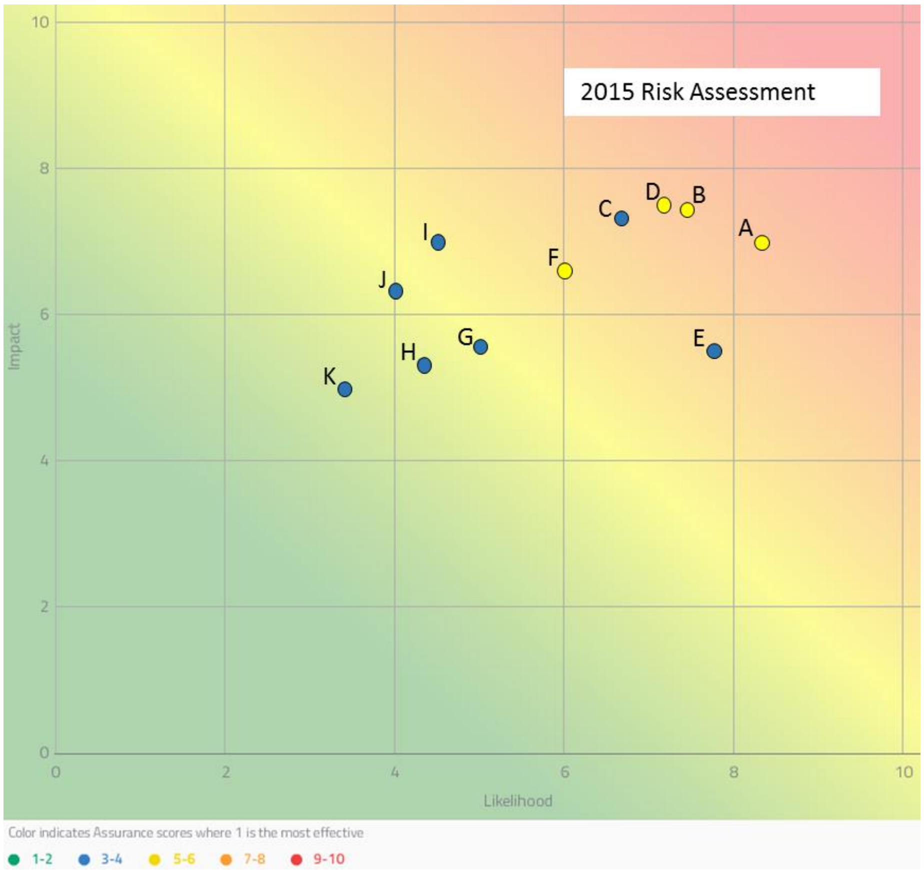
Current and previous years aggregate results of critical risk source assessments have been plotted to a heat map graph, shown on the next page.

Heat maps are a graphical representation of data where the individual values contained in a matrix are represented as colors. The heat map is intended to visually convey which risk sources pose the greatest challenges to the achievement of Agency objectives. Generally, assessed sources of risk that are plotted in the upper right quadrant of the grid have a greater impact and a higher likelihood of occurrence. The color of the plotted data point for each risk source indicates the level of assurance staff has in existing controls and mitigation strategies.

An Inherent Index score is calculated by multiplying the assessed impact by the likelihood. The Inherent Index is designed to measure the risk that an activity would pose if no controls or other mitigating factors were in place.

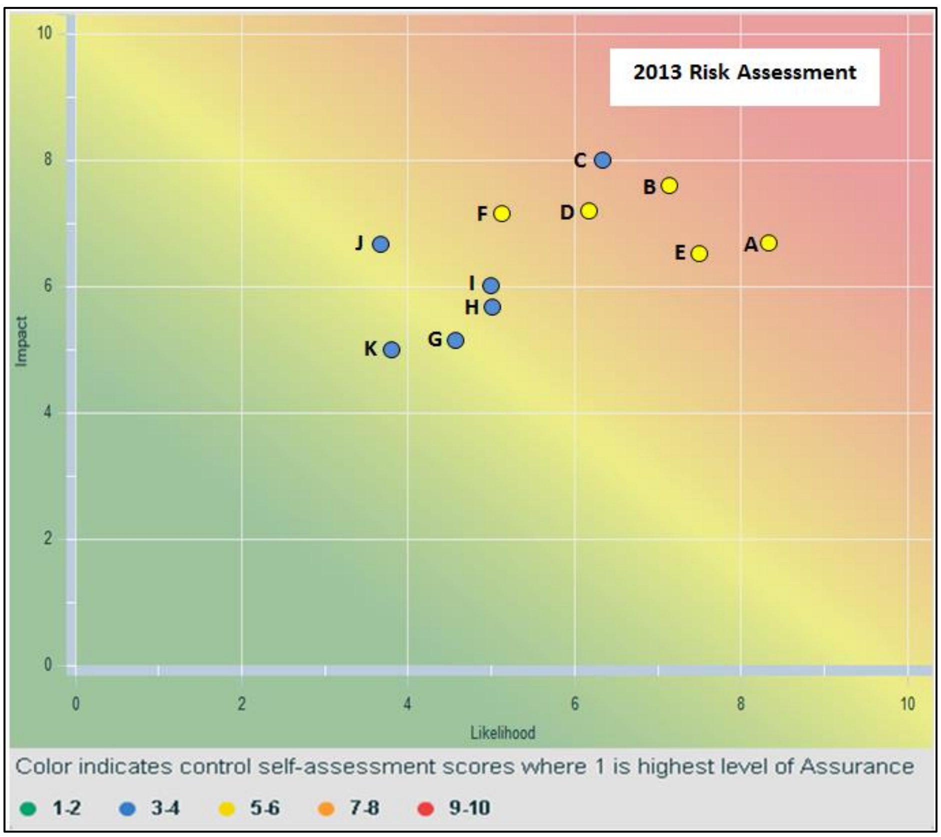
The Residual Index measures the risk that remains after controls and mitigation activities are taken into account. A Residual Index score is calculated by multiplying the assessed impact by likelihood by level of Assurance. Residual Index tiering has been incorporated into the Risk Assessment Matrix (Appendix B) to better delineate risk levels.

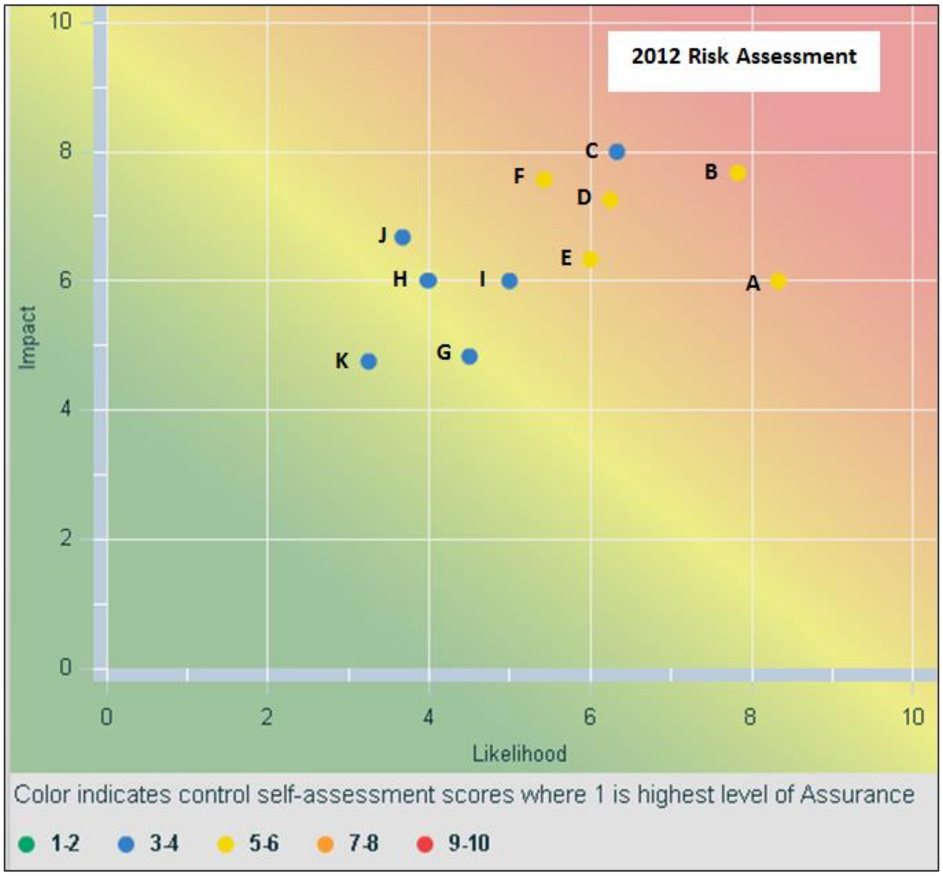
Additional information regarding heat maps and the calculation of Inherent and Residual Indexes is contained in Appendix C.



A	Interest Rates
B	Information Technology
C	Bond Markets
D	Counterparties
E	Federal Resources
F	Operational Capacity
G	Compliance
H	Loan Performance
I	State Appropriations
J	Business Continuity
K	Planning and Execution


2014 Risk Assessment
Impact
Likelihood
0
2
4
6
8
10
A
B
C
D
E
F
G
H
I
J
K
Color indicates Assurance scores where 1 is the most effective
1-2
3-4
5-6
7-8
9-10
Label: Drill Down Freeze


2013 Risk Assessment
Impact
Likelihood
0
2
4
6
8
10
A
B
C
D
E
F
G
H
I
J
K
Color indicates control self-assessment scores where 1 is highest level of Assurance
1-2
3-4
5-6
7-8
9-10


2012 Risk Assessment
Impact
Likelihood
0
2
4
6
8
10
A
B
C
D
E
F
G
H
I
J
K
Color indicates control self-assessment scores where 1 is highest level of Assurance
1-2
3-4
5-6
7-8
9-10

Risk Profile Matrix

Updates to the Risk Profile Matrix include risks that have been added or removed, trends and previous ratings for comparison.

The Risk Profile has been arranged into a "Top Eleven" format and lists first the higher level critical risk sources as determined by scoring on the Risk Assessment Matrix (Appendix B).

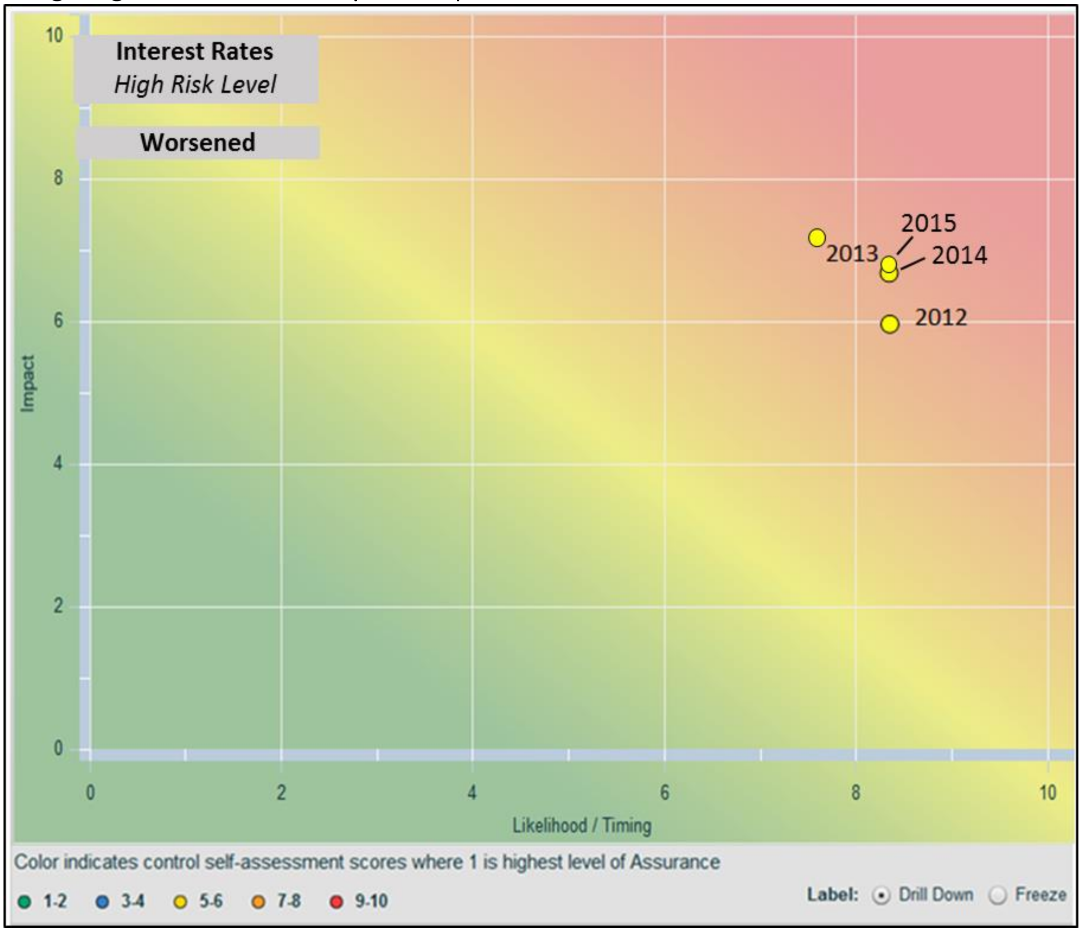
The Risk Profile Matrix lists the 11 previously identified critical sources of risk. The matrix lists the risk sources, from the highest to lowest risk level, as determined by the Residual Index score.

One critical source of risk, Federal Resources, has a slightly lower level of assessed residual risk in 2015 than in 2014. Additional detail on these and other risk sources is available in the Risk Source Narratives.

		2015 Risk Level			2014 Risk Level			2013 Risk Level			2012 Risk Level			2011 Risk Level	2014-15
		Rank	Residual Index	Inherent Index	Rank	Residual Index	Inherent Index	Rank	Residual Index	Inherent Index	Rank	Residual Index	Inherent Index	*Index scores not available*	Change
A	Interest Rates	1	332	60	1	327	58	1	337	57	2	298	52	High	Worse
D	Counterparties	2	315	55	3	262	48	4	237	44	3	267	45	Moderate	Worse
B	Information Technology	3	311	55	2	294	53	2	331	54	1	344	60	High	Worse
F	Operational Capacity	4	220	41	5	227	41	6	175	36	6	191	40	Moderate	Better
C	Bond Markets	5	215	49	6	210	47	3	238	51	4	238	51	High	Worse
E	Federal Resources	6	192	43	4	239	50	5	236	49	5	192	38	Moderate	Better
G	Compliance	7	154	31	7	130	26	7	118	24	8	102	22	Moderate	Worse
I	State Appropriations	8	108	30	8	117	30	9	105	30	7	120	30	Moderate	Better
J	Business Continuity	9	74	26	9	77	26	10	76	26	10	87	26	High	Better
H	Loan Performance	10	72	23	10	72	23	8	109	28	9	96	24	Not Identified	No Change
K	Planning and Execution	11	60	19	11	64	21	11	68	22	11	49	18	Moderate	Better

Risk Source Narratives

The Risk Source Narratives describe the source of each risk, the objectives impacted by that risk and any mitigating actions that are in place or planned.



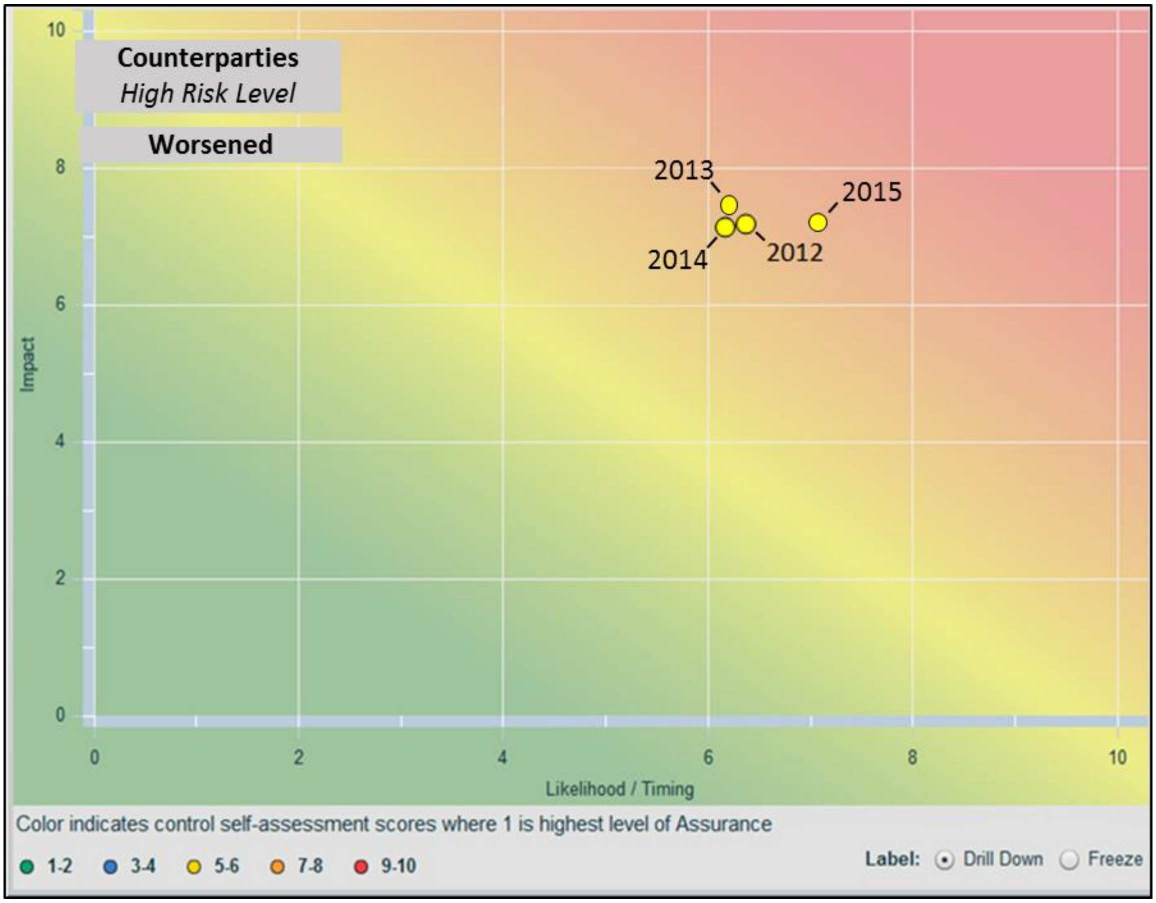
	Impact	Likelihood	Assurance	Inherent Index	Residual Index
2012	Serious (6.00)	Likely (8.33)	Could Be Improved (5)	High (52)	High (298)
2013	Serious (6.77)	Likely (8.33)	Could Be Improved (5)	High (52)	High (337)
2014	Serious (6.67)	Likely (8.33)	Could Be Improved (4.67)	High (58)	High (327)
2015	Serious (7.00)	Likely (8.33)	Could Be Improved (4.67)	High (60)	High (332)

Overall, interest rates were assessed as a high risk source, which is unchanged from the previous assessment. A slight increase in the assessed level of impact drove up the residual index from 327 to 332. Interest rates likelihood of 8.33 continues to be the highest assessed likelihood of any risk source. The Mortgage Bankers Association (MBA) expects the Federal Reserve will begin to raise short-term rates in December 2015; however, the MBA also is forecasting that 30-year mortgage rates will stay below 5 percent until early 2017. Interest rate management is a key activity at Minnesota Housing because the Agency's large portfolio of assets is the primary revenue-generation tool. Continued volatility of interest rates is likely in the current economic environment. Interest rate volatility is out of the Agency's control; however, depending on the interest rate environment, the Agency encounters both challenges and opportunities. Interest rates in the general economy can at any time rise (high rate environment) or fall (low rate environment). Each scenario presents unique challenges to the Agency's business model. The Agency is currently in a low rate environment. A low interest rate environment, which benefits borrowers, is stressful to the Agency's financial results. Low rate environments generally cause high rates of mortgage loan prepayments, challenging the Agency to produce enough new lending to repopulate the balance sheet with assets at acceptable yield levels. In this environment, Agency interest rates are often very similar to rates in the conventional market, so loan production is maintained partially with use of scarce mortgage enhancements (i.e., deferred loans and grants). Assets held as cash in low rate environments produce diminished investment income, including periods of negative arbitrage when prepayments received are temporarily invested below bond yield until bonds can be repaid with the prepayments. Low rates also diminish earnings on committed but undisbursed state appropriations, resulting in less potential for overhead recovery payments to cover actual costs. Short term volatility in interest rates is also a risk because there is a time differential between when the Agency commits to purchase a loan and when the loan is delivered to and financed by the Agency. If interest rates rise dramatically in that time period, the Agency's anticipated profitability can be greatly reduced, eliminated or turned into a loss. While interest rate risks are currently monitored in an effective manner, the increase in packaging loans for sale in the securitization market has increased the volume of loans that are subject to interest rate movements.

Effectiveness of Control / Mitigation Activities:
Several aspects of interest rate management require careful management to affect the desired long-term impacts. These aspects include:

- Maximizing interest rate spread on bonds
- Effective loan pipeline management
    - Strategy to have mortgage pipeline 100% hedged at all times
    - Continue pursuing a best-execution policy that weighs the costs of selling tax-exempt mortgage revenue bonds compared with selling mortgage-backed securities
    - Setting program interest rates in a market-sensitive manner
    - Loan warehousing
- Effectively place loan production in alternative funding vehicles besides the bond markets: (e.g.,)
    - To Be Announced (TBA) sales of single family loan
    - HUD's Multifamily Accelerated Processing (MAP) program
    - HUD and Treasury Department Federal Financing Bank (FFB) Risk Sharing Initiative

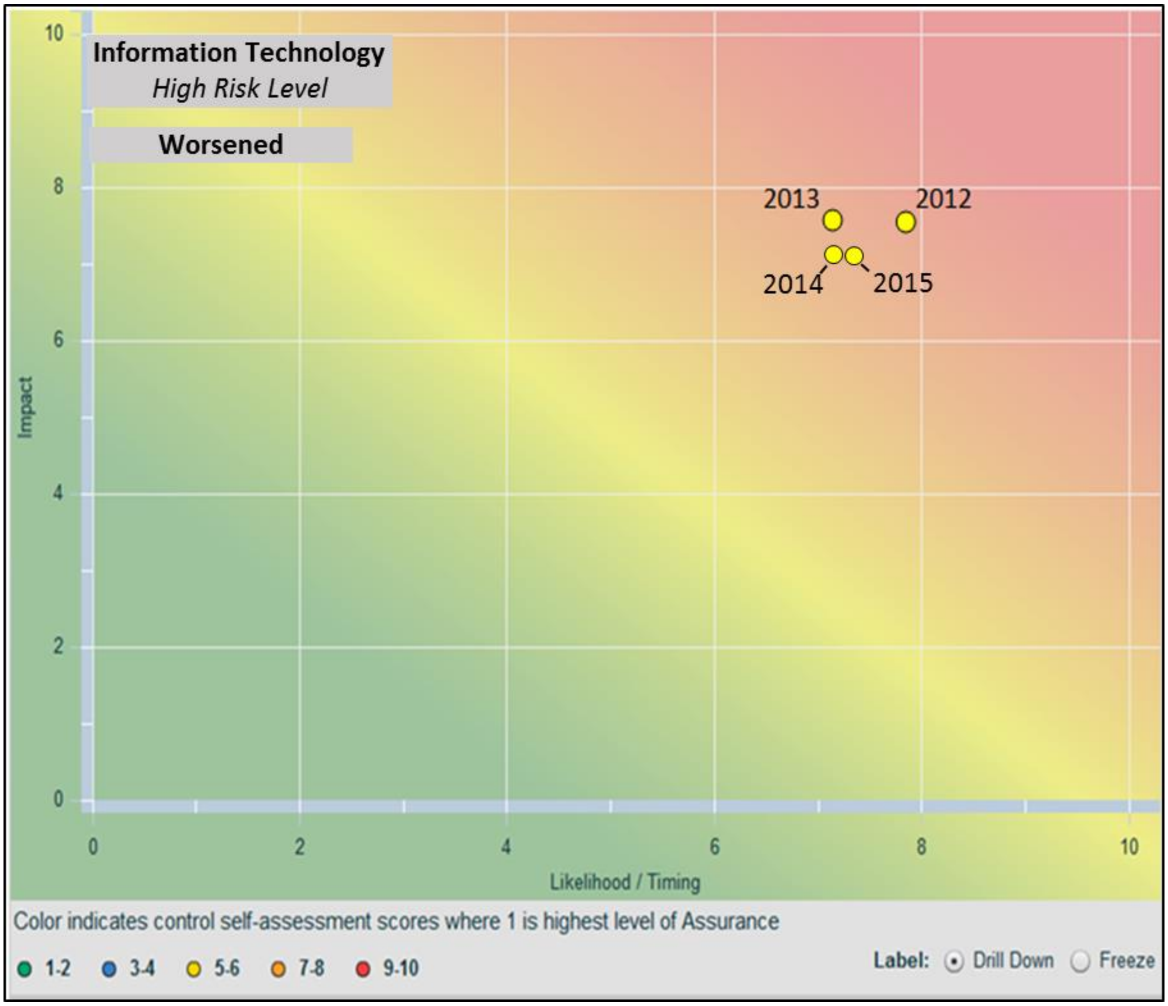
Additionally, technically competent and experienced Agency staff has the ability to take advantage of short-term opportunities in a low or high rate environment while ensuring long-term financial viability due to continuous discipline and sound ethical decision-making skills at all levels of the Agency.



	Impact	Likelihood	Assurance	Inherent Index	Residual Index
2012	Serious (7.25)	About as Likely as Not (6.25)	Could Be Improved (5.75)	High (45)	High (267)
2013	Serious (7.17)	About as Likely as Not (6.17)	Could Be Improved (5.33)	High (44)	High (237)
2014	Serious (7.5)	About as Likely as Not (6.33)	Could Be Improved (5.33)	High (48)	High (262)
2015	Serious (7.5)	Likely (7.17)	Could Be Improved (5.5)	High (55)	High (315)

Counterparties are assessed as a high risk source, which is unchanged from the previous assessment. An increase in the assessed likelihood, combined with a slightly worse assurance assessment, drove up the residual index from 262 to 315, which is the second highest residual risk rating for 2015. The higher residual index is primarily a result of continued lack of competition for master servicing. Counterparties are vital to the Agency accomplishing its strategic and affordable housing plans. Counterparties include Government-Sponsored Enterprises (GSEs), other Minnesota state agencies, Tribal Governments, credit rating agencies, capital markets participants, lenders, guaranteed investment contract (GIC) providers, brokers, realtors, grantees, sub-grantees, vendors and borrowers. After the financial crisis of the late 2000's, many new regulations have been developed to help prevent systemic failures within the capital markets caused by a failure of a financial institution. As a result, there are fewer entities today that provide services, such as liquidity and swap providers, that are necessary for the Agency to conduct business. The likelihood of disruptions to Agency activities by counterparties is recognized as a concern. There is still a great deal of uncertainty around the fate of GSEs. Agency relationships with lenders impact its ability to conduct and attract new businesses. Complex policies, processes and deadlines in working with state contracted vendors increase costs. Nonprofit and government program administrators continue to find it difficult to raise capital to fund operations and services.

Effectiveness of Control / Mitigation Activities:
Counterparty risk is addressed on an ongoing basis through strengthening relationships with sole source providers and developing alternative processes when necessary. The Agency can comment on the GSEs' fate through its membership in the National Council of State Housing Agencies (NCSHA); however, it cannot control the outcome. The Agency continues to work with lenders and other key counterparties to better understand process, program and technological needs. The Agency has engaged the services of a consultant to begin an analysis of servicing options available for single family loan programs. On behalf of the Minnesota Interagency Council on Homelessness (MICH), Minnesota Housing was identified as the Lead Agency for Homeless Management Information System (HMIS) in Minnesota. As the Lead Agency, Minnesota Housing sets policy, performs executive functions, and provides strategic direction and oversight for Minnesota's HMIS.



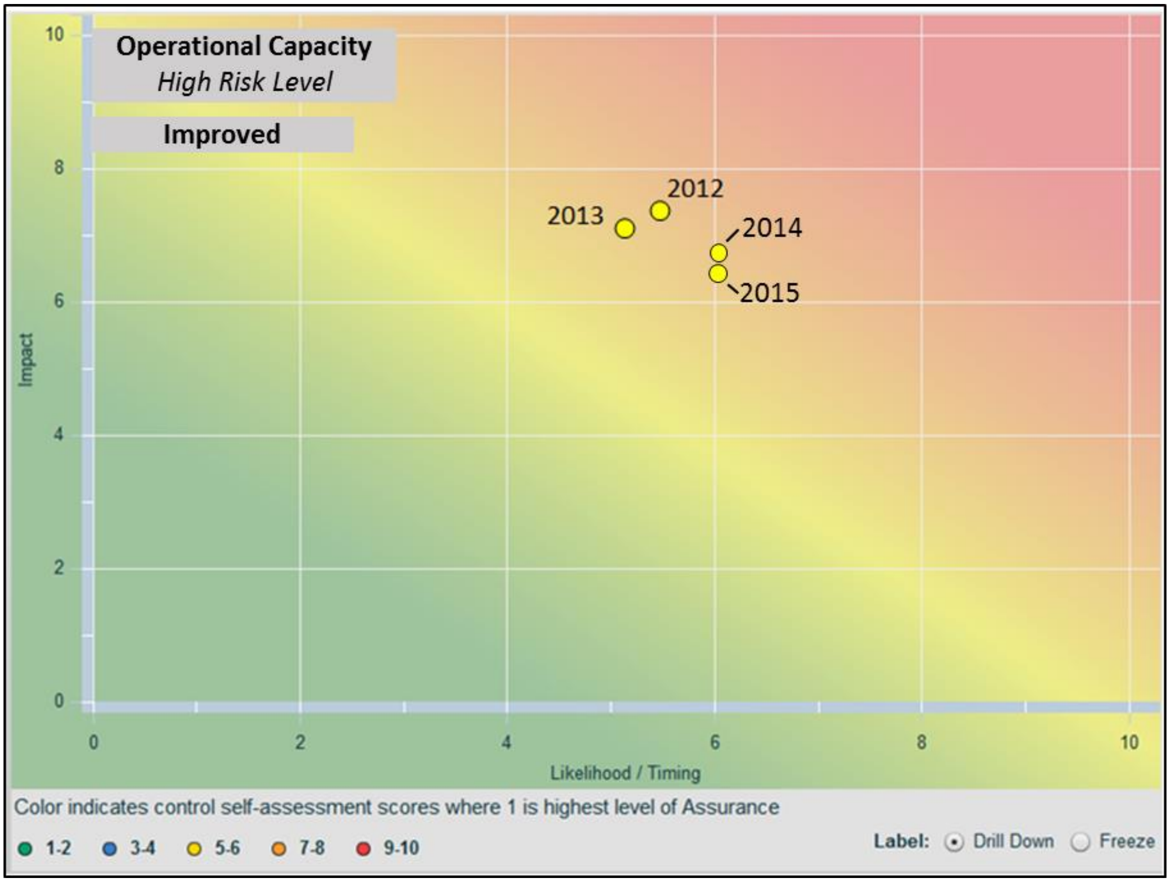
	Impact	Likelihood	Assurance	Inherent Index	Residual Index
2012	Serious (7.67)	Likely (7.83)	Could Be Improved (5.50)	High (60)	High (344)
2013	Serious (7.57)	Likely (7.14)	Could Be Improved (5.43)	High (54)	High (331)
2014	Serious (7.43)	Likely (7.14)	Could Be Improved (5.29)	High (53)	High (294)
2015	Serious (7.43)	Likely (7.43)	Could Be Improved (5.43)	High (55)	High (311)

Information Technology (IT) is assessed as a high risk source, which is unchanged from the previous assessment. A slight increase in the assessed likelihood and a slight deterioration in the assessed level of assurance drove the residual index up from 294 to 311 which is the third highest residual risk rating for 2015. Information Technology has always been ranked as the first or second highest residual risk since the inception of the Agency Risk Profile. The Agency's work environment consists of volatile and complex housing and finance markets and numerous legal and regulatory rules, and involves many counterparties. Each aspect of this environment requires information technology systems to make them work effectively. Systems in place today have been effective and have passed risk, audit and compliance standards tested in our financial audit. The need to adapt quickly, increasing compliance requirements, and sophistication in the type of funding sources used to fund Agency programs underscore the need for adequate technology to access potential new sources of capital while lessening the likelihood of compliance failures. Multifamily Remodel, Multifamily Benedict Group, Inc. (BGI) Loan Servicing Software, Single Family Loan Accenture Mortgage Cadence Origination System, Single Family Si Sense Business Intelligence, Customer Relationship Management, Enterprise Content Management are major projects with significant technological components currently underway. There is increasing confidence in the process to identify, request, explore, approve and track new technology projects; however, high levels of risk to implementing efficient and effective IT systems remain. Identified risks include:

- Business line and BTS personnel must develop deeper understanding of the business requirements to determine the most effective technology solutions.
- Communications between Business line and BTS personnel must be enhanced to implement the most effective technology solutions.
- Strong project management practices and realistic timelines are needed to successfully implement technology solutions.
- Adequate staff resources both in BTS and the business lines are needed to support Agency information technology systems projects.
- Current State of Minnesota contracting procedures make it difficult to procure needed software or services on a timely basis.
- Agency-wide initiatives compete for IT resources which impacts project delivery and results in continued unmet technology needs.

There is a visible executive leadership for technology and business process improvements and increased staff communication regarding information technology systems projects.

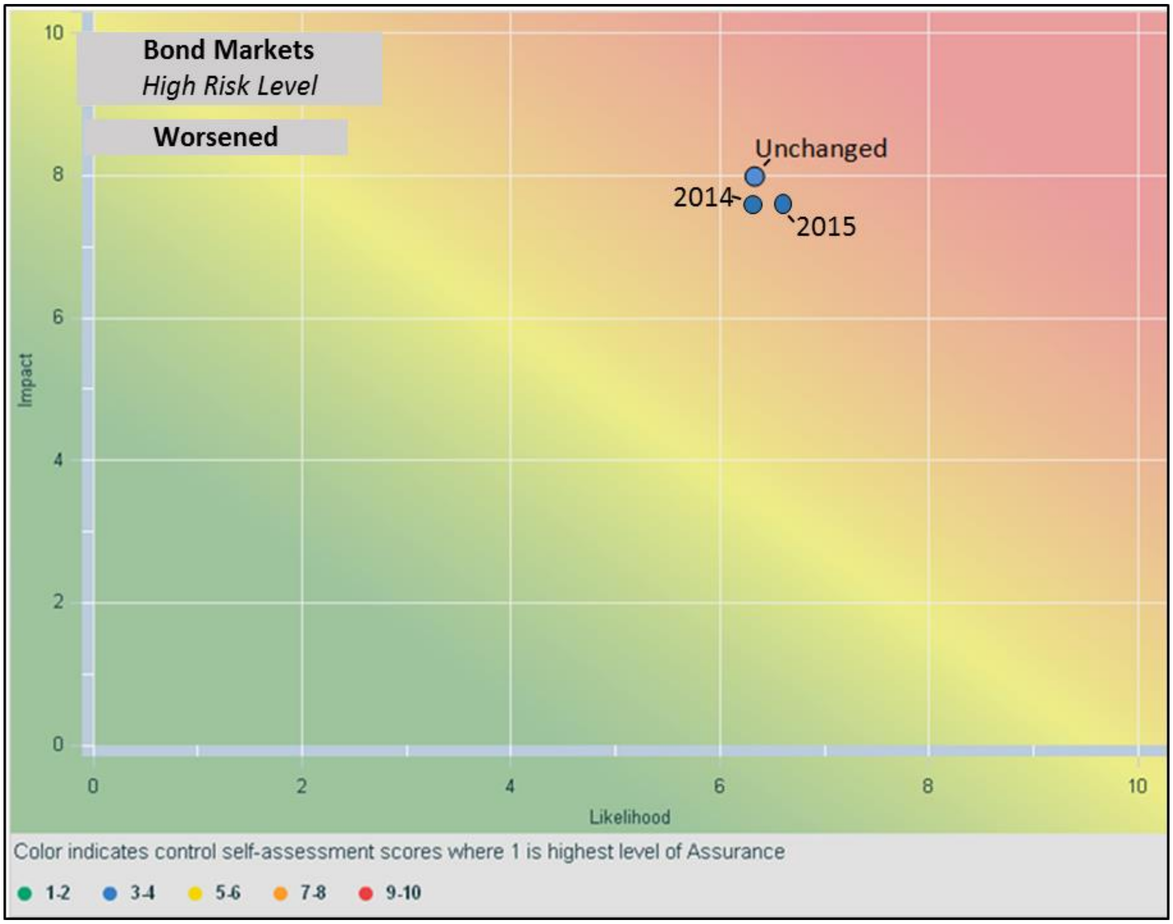
Effectiveness of Control / Mitigation Activities:
The Agency has increased both its Business Technology Support (BTS) staffing and operations budget and has adopted a process to identify, request, explore, approve and track new technology projects. The Agency has a new Continuity of Operations Plan and new off-site "hot" site for its technology operations. The Agency has a Business Technology Investment Committee (BTIC) comprised of the Commissioner, Deputy Commissioner, Chief Financial Officer (CFO) and Chief Information Officer (CIO) to prioritize and coordinate technology investments. In addition, the Operations Committee, which is comprised of the Deputy Commissioner, CIO and Director of Operations, is tasked to resolve administrative and operational issues. Overall, the Agency made notable gains in 2015 to create cohesive project teams, a technology vision and a deep understanding of how to technology will help solve business challenges.



	Impact	Likelihood	Assurance	Inherent Index	Residual Index
2012	Serious (7.57)	About as Likely as Not (5.43)	Could Be Improved (4.57)	High (40)	Moderate (191)
2013	Serious (7.13)	About as Likely as Not (5.13)	Could Be Improved (4.63)	High (36)	Moderate (175)
2014	Serious (6.88)	About as Likely as Not (6)	Could Be Improved (5)	High (41)	High (227)
2015	Serious (6.63)	About as Likely as Not (6)	Could Be Improved (4.88)	High (41)	High (220)

Operational Capacity is assessed as a high risk source, which is unchanged from the previous assessment. A slight decrease in the assessed impact, combined with a slight improvement in assurance, drove the residual index down from 227 to 220. Operation Capacity's fourth place ranking is the highest placement since the inception of the Agency Risk Profile. The higher residual raking is primarily a result of three new assistant commissioners being brought on to the senior leadership team within the past year, replacing long-serving senior leaders. Having a strong organizational capacity is fundamental to the Agency's ability to implement effective strategies and fulfill its mission. Up to twenty-five percent of Agency employees will be eligible to retire in the next five years. The business is becoming more and more complex, leading to the possibility that positions will need to be upgraded to attract qualified replacements. State salaries for some managerial positions are considered lower than the market and recruiting a pool of qualified replacements is important. In many areas of the Agency, staffing levels remain a concern due to high volume of work and significant process and systems changes. The ability to attract IT professionals in contract roles and for internal staff is difficult due to market competition.

Effectiveness of Control / Mitigation Activities:
Strengthening organizational capacity is a core activity of the Strategic Plan, which will focus on attracting, developing, and retaining a diverse workforce and improving business processes and supporting technology. The Agency assessed the training and development needs of all staff, selected training programs, and executed contracts for their delivery. The Agency selected staff for the Senior and Emerging Leaders Institutes, as well as increased the budget for the tuition assistance program and developed a new mentorship program. Selected Agency staff completed specialized training in finance and mortgage banking. Recruiting and selection continue to be enhanced. The Agency established a Cultural Competency Committee in April 2015 which is in its "forming" stage. An organizational assessment of cultural competency is being planned. All employees have individual work plans and all required performance reviews are completed annually. The Annual Employee Engagement Survey will be conducted again in 2015 with results used to identify and secure professional development opportunities and other Agency improvements.

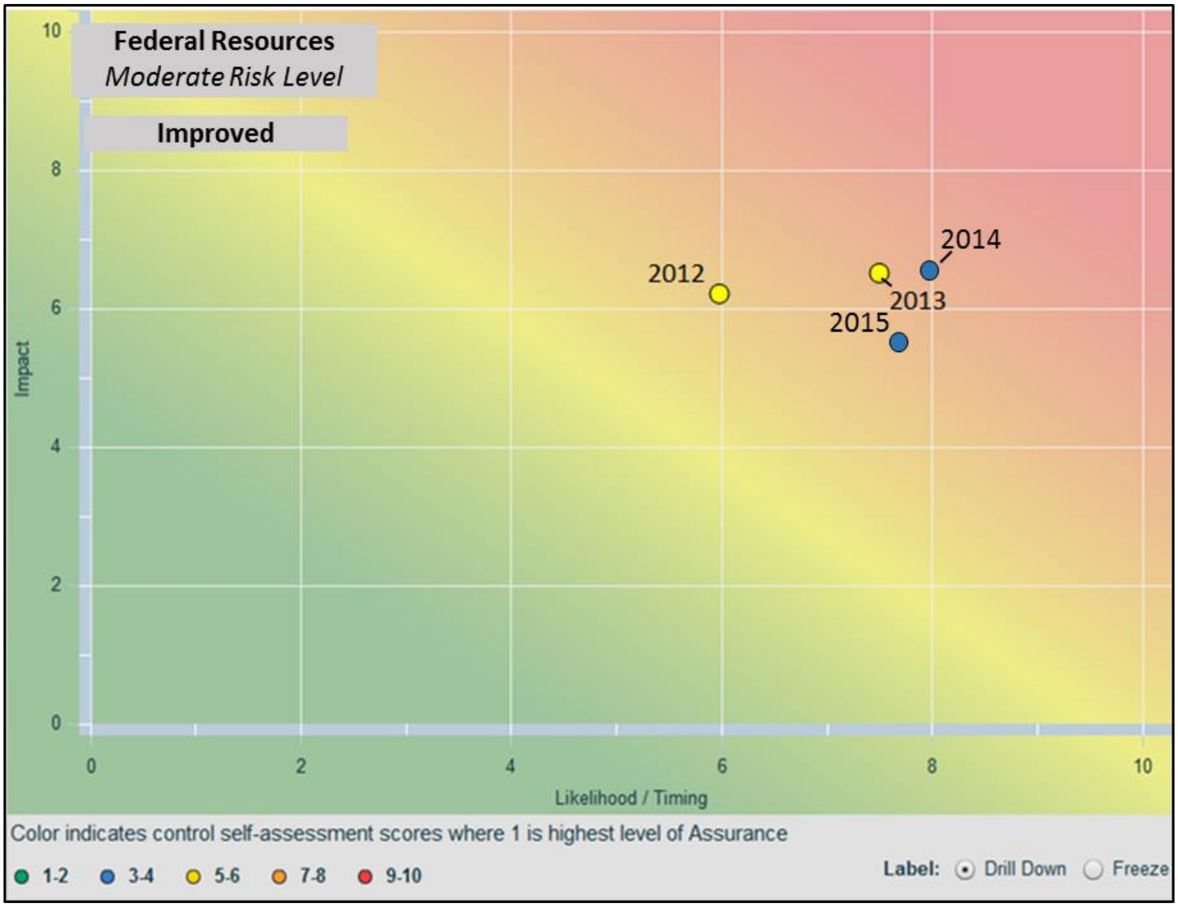


	Impact	Likelihood	Assurance	Inherent Index	Residual Index
2012	Serious (8)	About as Likely as Not (6.33)	Good (4)	High (45)	High (238)
2013	Serious (8)	About as Likely as Not (6.33)	Good (4)	High (51)	High (238)
2014	Serious (7.33)	About as Likely as Not (6.33)	Good (4)	High (47)	High (210)
2015	Serious (7.33)	About as Likely as Not (6.67)	Good (4)	High (49)	High (215)

Bond Markets are assessed as a high risk source, which is unchanged from the previous assessment. Assessed likelihood increased, driving the residual index up from 210 to 215. Bond Markets were assessed as the fifth highest risk source in 2015; it has moved up from the sixth-highest for 2014. The Agency relies on the capital markets to fund its largest and most profitable programs. As loan originations continue to be very strong, Minnesota Housing continues to access the bond market on a regular basis. The Agency has brought thirteen single family bond transactions to the market this year, which achieved attractive bond yields that ensure low mortgage interest rates for our borrowers while generating important income for the Agency. A cap to the amount of tax exempt bonding is an emerging issue due to the significant amount of bonding the Agency has been able to do over the last few years.

Limited capacity in the tax exempt bonding would constrain the number of future developments the Agency would be able to fund.

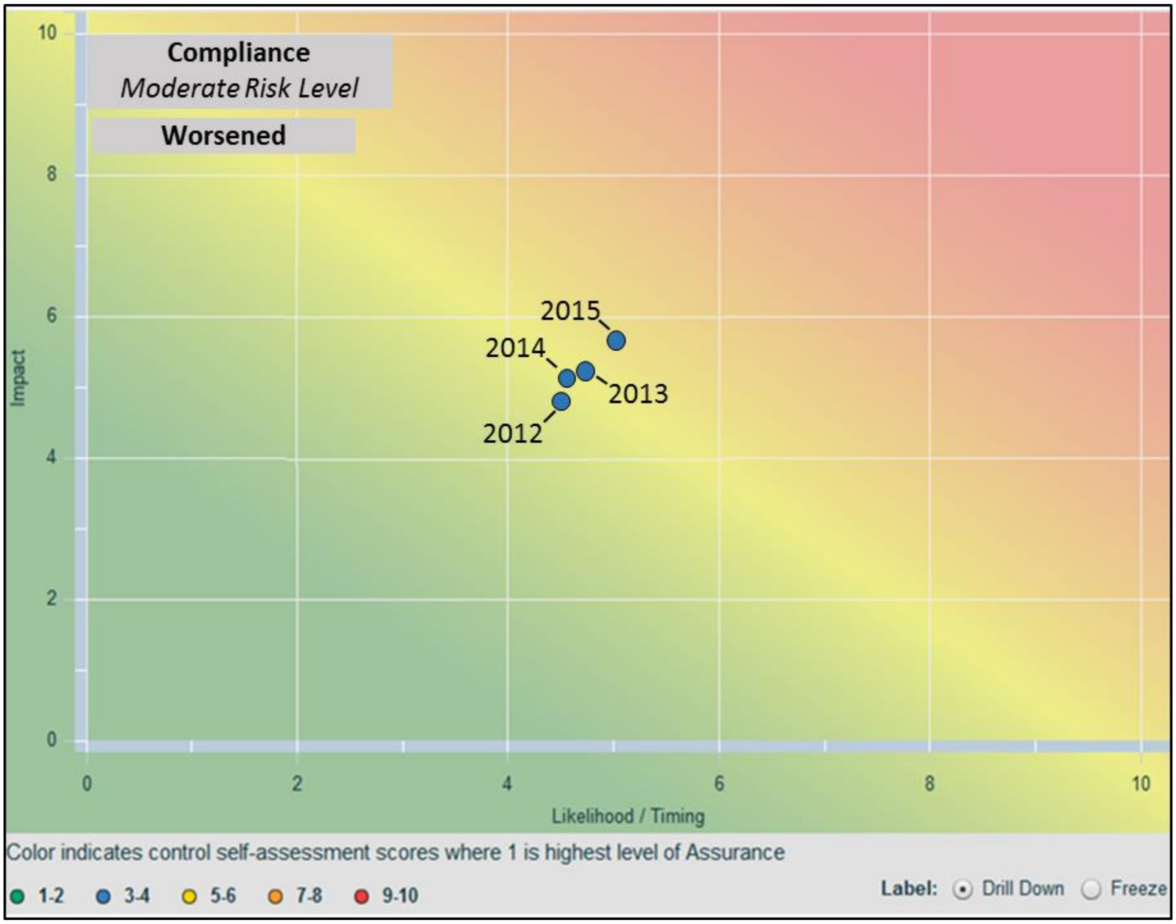
Effectiveness of Control / Mitigation Activities:
While there is nothing that the Agency can do to mitigate the volatility of the market, there is a technically competent and experienced finance team in place. The Agency can use a tax-exempt mortgage-backed securities monthly-pass through structure or shift to selling off loan production in the To Be Announced (TBA) market without having to sell bonds if that proves to be a more attractive financing alternative. Additionally, the Agency added a new loan financing strategy that utilizes the tax-exempt sales of single mortgage-backed securities to enhance a flexible and nimble response to changing market conditions. The Finance Team has scheduled its annual finance team planning meetings to be held in February.



	Impact	Likelihood	Assurance	Inherent Index	Residual Index
2012	Moderate (6.33)	About as Likely as Not (6.0)	Could Be Improved (5.0)	High (38)	Moderate (192)
2013	Serious (6.50)	Likely (7.5)	Could Be Improved (4.5)	High (49)	High (236)
2014	Serious (6.25)	Likely (8)	Could Be Improved (4.5)	High (50)	High (239)
2015	Moderate (5.5)	Likely (7.75)	Good (4)	High (43)	Moderate (192)

Federal Resources are assessed as a moderate risk source, which is a decrease from the previous assessment. A decrease in the assessed impact and likelihood, and an improved assurance, drove the residual index down from 239 to 192. The lower assessed likelihood reflects the notion that Low-Income Housing Tax Credits, Housing Opportunities of Persons with AIDS, and Section 8 – Performance Based Contract Administration have remained steady and will likely remain at levels similar to 2015. The lower assessed impact reflects the strategy that the Agency will not budgeted any new HOME funds until Congress finalizes the appropriation. Because federal funds are a critical source of funding for a number of Agency programs; diminishing federal resources are an Agency-wide concern. Given the large size of federal budget deficits it is highly likely that there will be continuing pressures to reduce federal resources for housing. The Agency is expecting to receive new funds in spring 2016 for the National Housing Trust Fund.

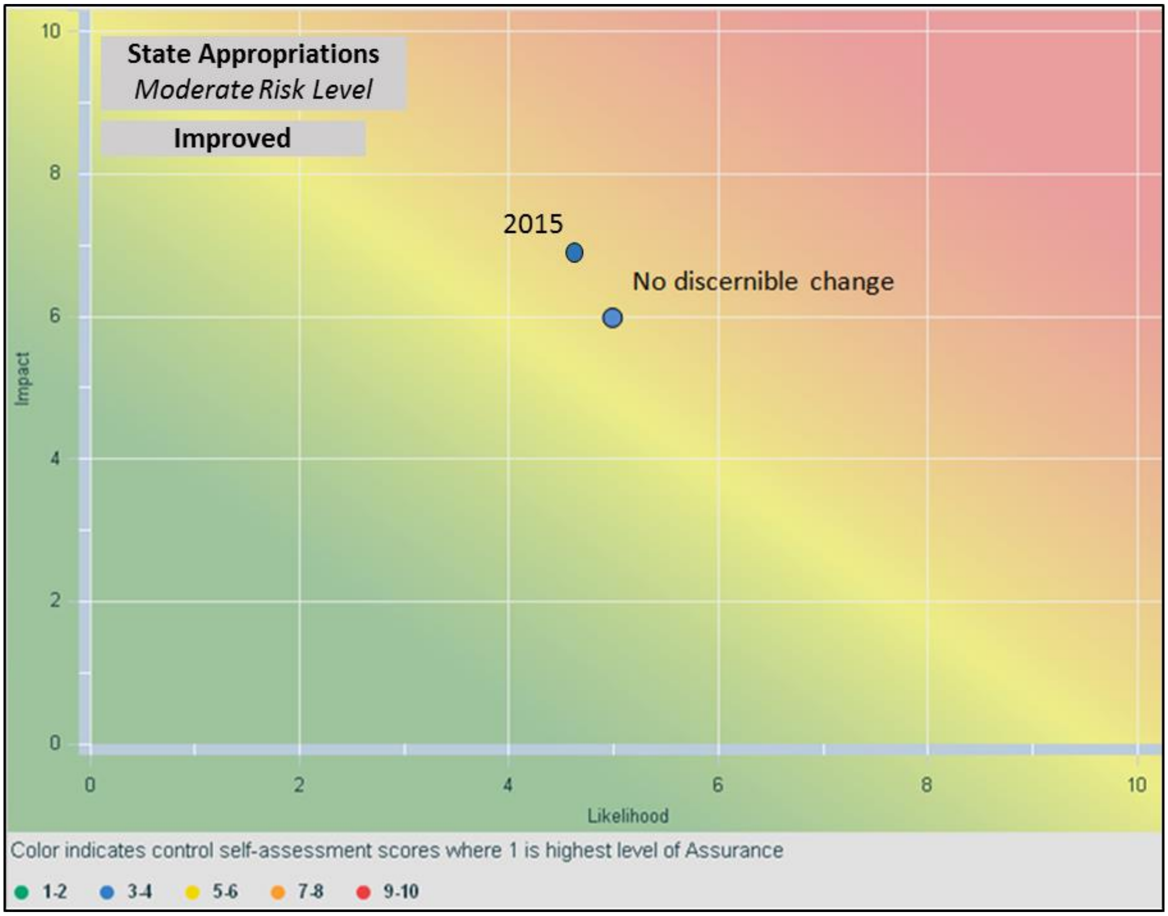
Effectiveness of Control / Mitigation Activities:
The Agency actively participates in federal policy initiatives through its national organization, the National Council of State Housing Agencies (NCSHA), and regularly meets with its congressional delegation to demonstrate the positive impact of programs funded with federal resources, but the complexity and severity of the budget deficit makes it a difficult risk source to mitigate. The Agency focuses compliance efforts on programs with federal funding to ensure that funds are not lost due to non-compliance.



	Impact	Likelihood	Assurance	Inherent Index	Residual Index
2012	Moderate (4.83)	Unlikely (4.50)	Good (4.33)	Moderate (22)	Moderate (102)
2013	Moderate (5.14)	Unlikely (4.57)	Good (4.43)	Moderate (24)	Moderate (118)
2014	Moderate (5.29)	Unlikely (4.71)	Good (4.43)	Moderate (26)	Moderate (130)
2015	Moderate (5.57)	About as Likely as Not (5)	Good (4.43)	Moderate (31)	Moderate (154)

Compliance is assessed as a moderate risk source, which is unchanged from the previous assessment. A slight increase in the assessed impact and likelihood drove the residual index up from 130 to 154. While Compliance is still rated as a moderate risk source it is noted that the residual index score has been increasing each year. The higher assessed impact is due to an Agency-wide focus on increased compliance requirements related to the Consumer Financial Protection Bureau implementing TILA (Truth in Lending Act) – RESPA (Real Estate Settlement Procedures Act) Integrated Disclosure Rule, also known as TRID, and the complexity of the published Final Rule amending the HOME Investment Partnerships (HOME) Program regulations, as well as new programs such as Section 811 Demonstration. Each funding source and program (old, existing, new) involves compliance requirements; some can be very complex and cumbersome. The Agency has staff that understands the compliance requirements, but there is some turnover and new and changing requirements are a reality. The business systems to help track and report on compliance are varied, not well integrated, outdated, and not well known by a variety of staff. A complaint was filed with the U.S. Department of Housing and Urban Development (HUD) claiming that the State, Minnesota Housing and the Met Council have violated the Fair Housing Act. The complaint was signed by the cities of Brooklyn Park, Brooklyn Center, and Richfield, and the Metropolitan Interfaith Council on Affordable Housing (MICAH). The complaint contends that the State, Minnesota Housing and the Metropolitan Council have failed to affirmatively further fair housing across the Twin Cities region. Minnesota Housing has responded to the complaint and is awaiting a response.

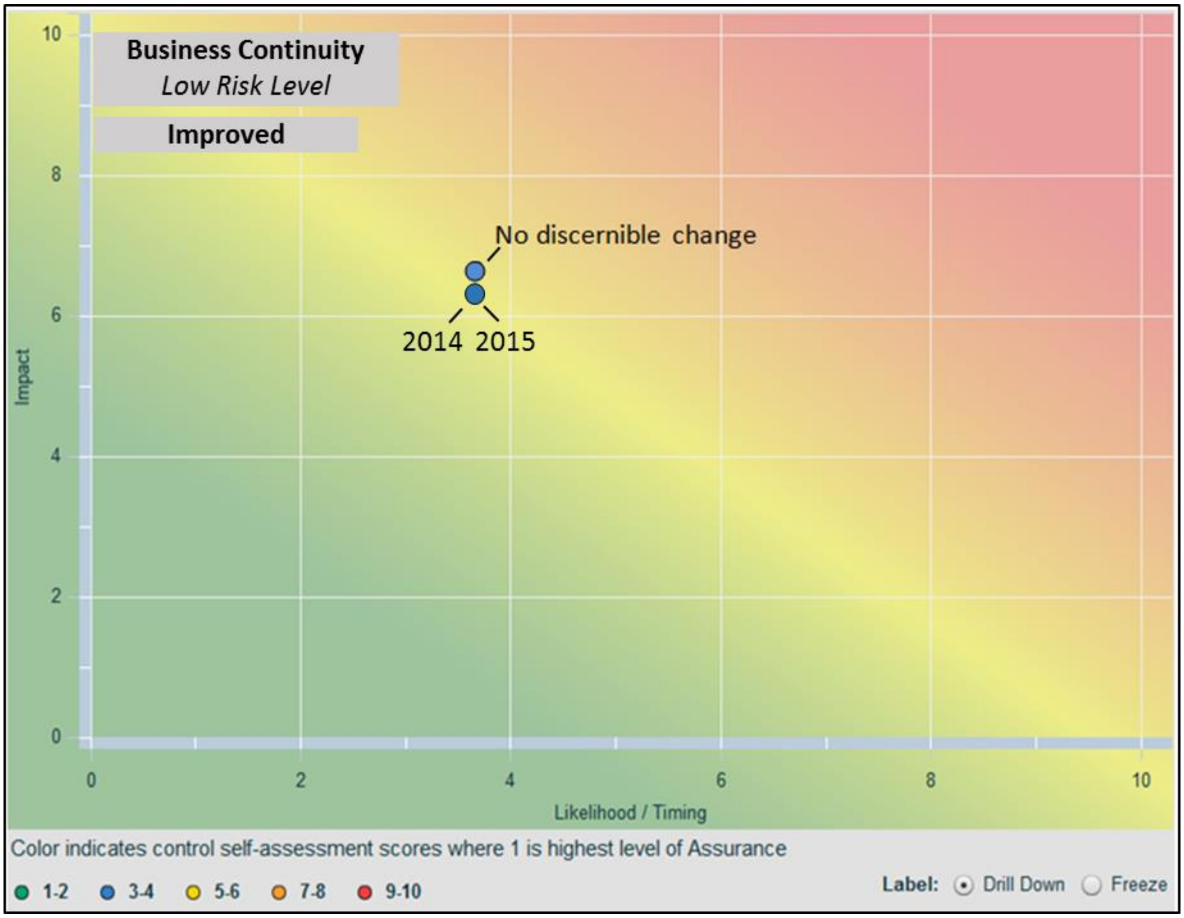
Effectiveness of Control / Mitigation Activities:
The Agency has identified several compliance related projects as part of its Vision for Technology Support. The Property Online Reporting Tool (PORT) phase one is complete and phase two is underway. The Agency completed updating all required record retention schedules. Related to Data Practices, the Agency designated a Responsible Authority, Data Practices Compliance Officer, and Division designees, updated the Data Practices Manual, and provided training to staff. Because there is a consistent negative financial risk to the Agency for federal non-compliance, staff has been allocated to provide the appropriate level of compliance. The Agency issued a Request for Proposal for a vendor to conduct an analysis of compliance requirements pertaining to lenders and servicers, as well as all requirements which may pertain to the Agency as an investor in homeownership loans. McGladrey issued an Unqualified Opinion regarding the Agency’s 2015 financial statements.



	Impact	Likelihood	Assurance	Inherent Index	Residual Index
2012	Moderate (6)	About as Likely as Not (5)	Good (4.0)	High (30)	Moderate (120)
2013	Moderate (6)	About as Likely as Not (5)	Good (3.5)	High (30)	Moderate (105)
2014	Moderate (6)	About as Likely as Not (5.5)	Good (3.5)	High (33)	Moderate (117)
2015	Serious (7)	Unlikely (4.50)	Good (3.5)	Moderate (30)	Moderate (108)

State Appropriations are assessed as a moderate risk source, which is unchanged from the previous assessment. Assessed impact increased from the previous assessment. A slight decrease in the assessed likelihood drove the residual index down from 117 to 108. Diminishing state appropriations will likely result in reductions in program activity and may require that some current activities be reduced or eliminated. State resources are critically important for funding certain activities, especially the Housing Trust Fund (HTF), which is used for on-going rental assistance. The state is projected to have a budget surplus in the 2016-2017 budget cycle. In the 2015 session, the Agency received $6.5 million over the base budget and $104 million in total. The Agency was allocated General Obligation (GO) bond authority for public housing in 2012, and a record high $20 million in 2014. The Agency received Housing Infrastructure Bonds in 2012, a record high $100 million in 2014 and $10 million in 2015.

Effectiveness of Control / Mitigation Activities:
The Agency has hired an Assistant Commissioner for Policy and Community Development, who leads efforts at the state legislature. The Agency is broadly supported by external advocacy groups, which is essential and helpful in mitigating potential cuts, but competing priorities from other parts of the state budget are always a threat. The Agency has some flexibility with Pool 3 funds, but resources are limited.

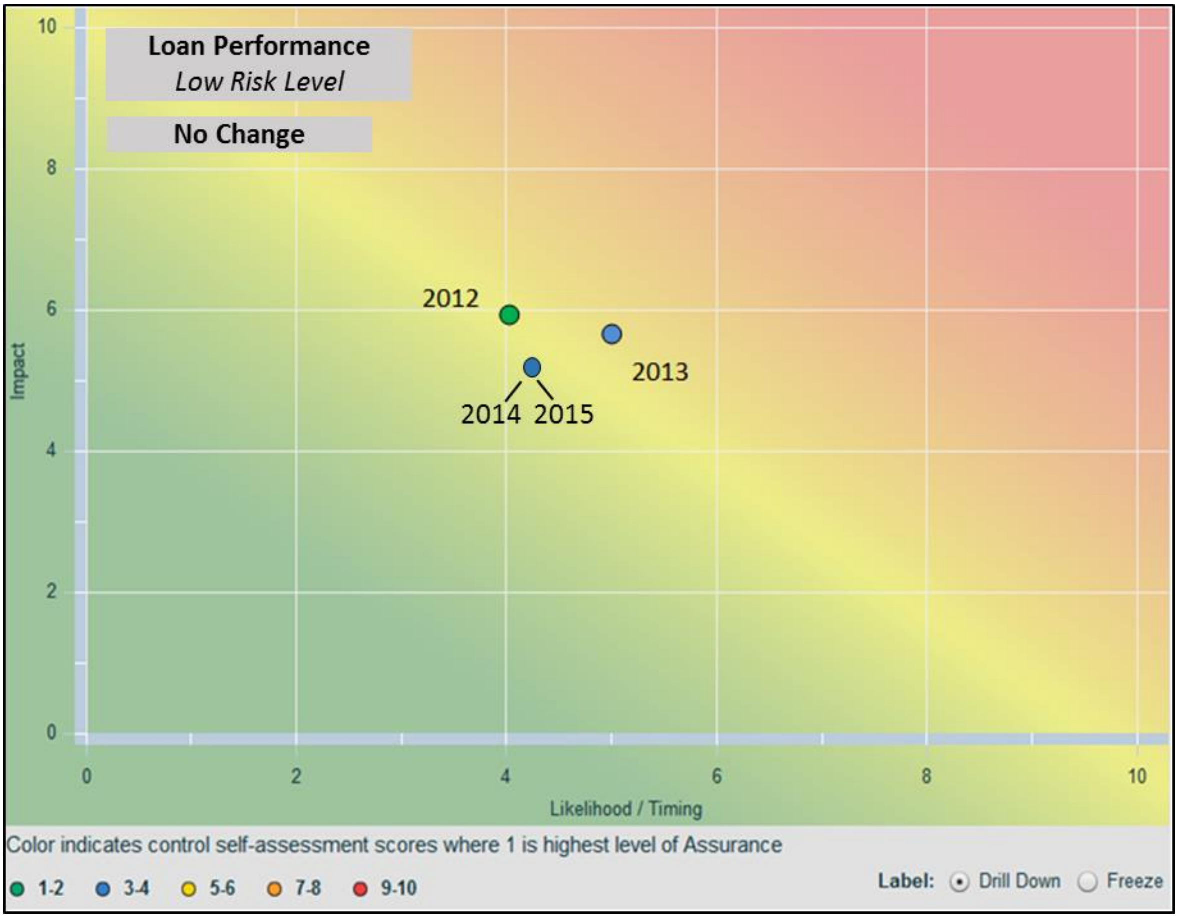


	Impact	Likelihood	Assurance	Inherent Index	Residual Index
2012	Serious (6.67)	Unlikely (3.67)	Good (3)	Moderate (26)	Low (87)
2013	Serious (6.67)	Unlikely (3.67)	Good (3)	Moderate (26)	Low (76)
2014	Serious (6.33)	Unlikely (4)	Good (3)	Moderate (26)	Low (77)
2015	Serious (6.33)	Unlikely (4)	Good (2.67)	Moderate (26)	Low (74)

Business Continuity is assessed as a low risk source, which is unchanged from the previous assessment. Assurance was slightly improved from the previous assessment. Business Continuity is defined in this context as the activities performed by the Agency to ensure that critical business functions will be available to customers, suppliers, regulators, and other entities that must have access to those functions. The Agency has a Continuity of Operations Plan and a designated Continuity of Operations Plan (COOP) Manager. However, the Plan is not well known by many within the Agency.

Effectiveness of Control / Mitigation Activities:

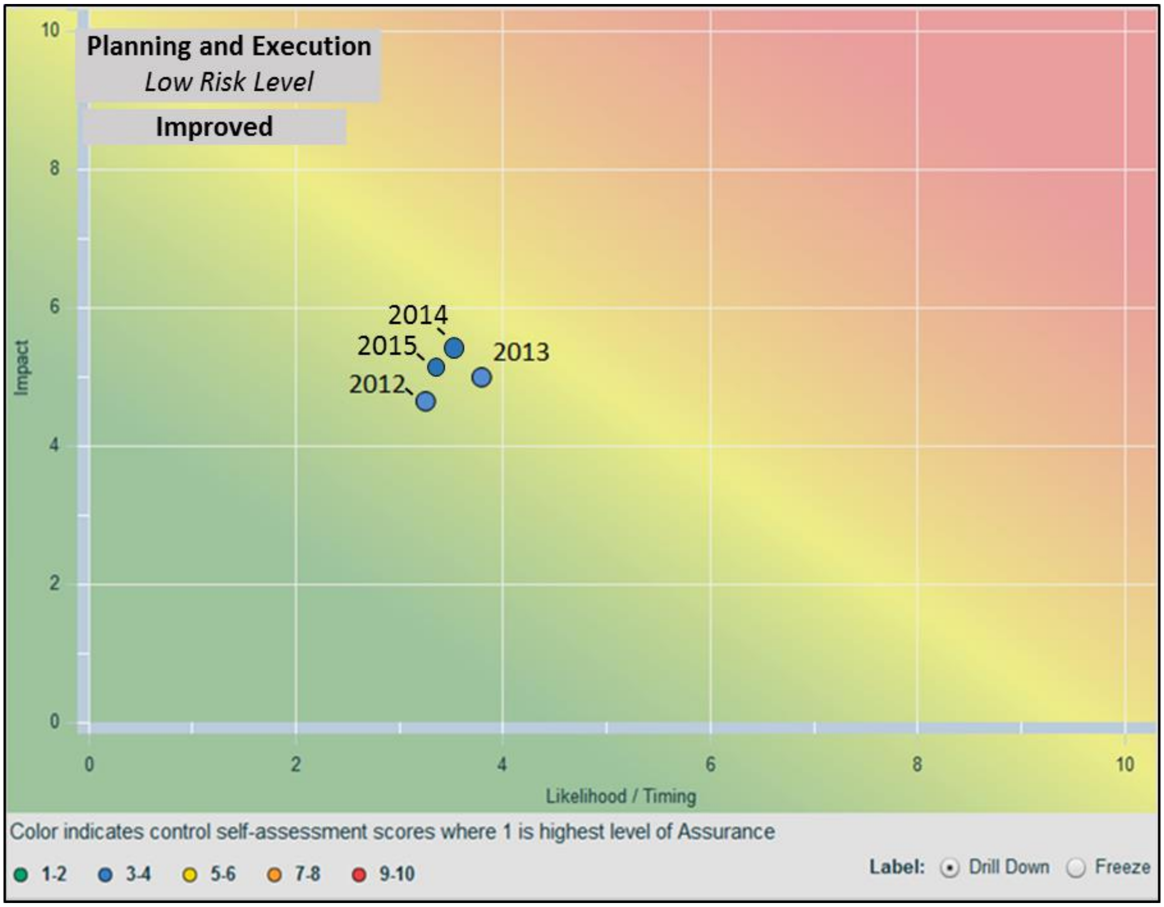
The COOP Plan updates were completed in 2015. The critical business systems and technology-related parts of the Plan are current and tested. The Agency updates its Employee Policies and Procedures Manual as needed. There is a disaster recovery plan that is tested and audited on an annual basis. The Agency information technology and application system(s) audit for the fiscal year ending June 30, 2015 were tested as part of the financial statement audit and were determined to be effective. The Agency has been effective in filling critical senior leadership positions. The Assistant Commissioner for Multifamily started in January 2015, Assistant Commissioner for Policy and Community Development started also started in January 2015, and Assistant Commissioner for Single family started in December 2014. The Agency recently named a new General Counsel. The Agency's Director of Planning, Research and Evaluation, was added to the Senior Leadership Team. In recognition of new team members, the Senior Leadership Team completed a team building retreat which included individual and team Myers Briggs profiles and an action plan for working well together.



	Impact	Likelihood	Assurance	Inherent Index	Residual Index
2012	Moderate (6.00)	Unlikely (4)	Good (4.00)	Moderate (24)	Low (96)
2013	Moderate (5.67)	About as Likely as Not (5)	Good (3.67)	Moderate (28)	Moderate (109)
2014	Moderate (5.33)	Unlikely (4.33)	Good (3)	Moderate (23)	Low (72)
2015	Moderate (5.33)	Unlikely (4.33)	Good (3)	Moderate (23)	Low (72)

Loan Performance is assessed as a low risk source, which is unchanged from the previously assessed low risk level. Loan losses from the single family whole loans will continue to decline as the housing market recovers and the portfolio runs off. The Agency has a single family whole loan portfolio in excess of $770 million, a $300 million portfolio of largely uninsured multifamily first mortgage loans and over $81 million of uninsured second mortgages. The Agency is at risk of financial loss in the event of a severe downturn in the real estate markets. Losses are slowing down as the real estate market is improving, and as the whole loan portfolio pays off and is replaced with Mortgage Backed Securities. Also, new multifamily loan production is partially insured under the HUD Risk Sharing program, and the older uninsured loans are gradually paying off. Lastly, the Agency is now an approved Multifamily Accelerated Processing (MAP) lender which provides an additional outlet to securitize and sell multifamily loans.

Effectiveness of Control / Mitigation Activities:
Effective asset monitoring policies and procedures and competent staff are considered effective control activities. Agency staff has worked closely with loan servicers and has supported a variety of efforts to reduce both loan delinquency and loss severities.



	Impact	Likelihood	Assurance	Inherent Index	Residual Index
2012	Moderate (4.75)	Unlikely (3.25)	Good (2.75)	Moderate (18)	Low (49)
2013	Moderate (5.00)	Unlikely (3.80)	Good (3.00)	Moderate (22)	Low (68)
2014	Moderate (5.2)	Unlikely (3.6)	Good (3.00)	Moderate (21)	Low (64)
2015	Moderate (5)	Unlikely (3.4)	Good (3.00)	Moderate (19)	Low (60)

Planning and Execution is assessed as a low risk source, which is unchanged from the previous assessment. Assessed impact decreased slightly from previous year, likelihood decreased slightly and assurance is unchanged, resulting in a residual index that declined from 64 to 60. Effective planning is vital to any organization, especially one that makes significant financial investments in various programmatic areas. The Agency has a Strategy Management Framework that includes a "family" of planning and reporting documents and processes. The "head of the family" is the 2016-2019 Strategic Plan, which was adopted by the Board in July 2015. The plan was developed based on robust research and analysis of housing and finance market data, and an extensive external community and internal staff engagement. It includes the Agency's vision, mission, priorities and strategies. Every year, Agency staff develops an Affordable Housing Plan, the one-year business plan that implements the Strategic Plan. The 2016 Affordable Housing Plan was adopted by the board on September 2015. The Affordable Housing Plan includes funding by program area and estimated number of households assisted and units produced, as well as other work plan highlights. Divisional work plans are based on the Affordable Housing Plan and then individual work plans are developed to support divisional work plans. All plans are aligned with the Strategic Plan. Each plan has one or more corresponding reporting documents containing a variety of performance measures - Results Management Report, Super Report, Annual Assessment and Report, Quarterly Division Reports, Individual Performance Appraisals.

Effectiveness of Control / Mitigation Activities:
For the past four years, 100% of the employees' appraisals were completed. The Agency has several staff skilled in planning and a divisional team responsible for overseeing all of the Agency's planning and reporting work. Planning is well supported by the Senior Leadership Team and is a highly visible part of the organization. The Deputy Commissioner continues to represent the Agency on the State's Continuous Improvement Steering Committee, which should provide access to new ideas and resources. No additional mitigation is necessary at this time.

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Appendix A

Risk Impact

Assess each risk factor according to the criteria below. Do not grant credit for existing controls or mitigating strategies. Do not consider how often the impact may occur. Instead, rate as if the factor manifests itself without controls one or more times. Only one criteria for an impact level need apply to assess at that level.

9 – 10 Major

- Negative impact on Net Assets – over $250 million
- Catastrophic impact on financial statements (e.g., critical contractual ratios are no longer met)
- Liability threats challenge the going concern status of the Agency
- Long-term impairment of critical functions makes the Agency vulnerable to mission failure
- Non-compliance with Federal / State law, statue, or rule
- Agency's Strategic Plan cannot be achieved
- Agency's Affordable Housing Plan cannot be achieved
- Identified issues are serious variations from the organization's values (e.g., Fraud, Conflict of Interest)
- Process owner has not completed an evaluation of segregation of duties for employees' assigned tasks
- Process generates unusual transactions
- Activities are very complex. Employee training to perform activities is lengthy. Judgment is critical in performance of activities and is mostly principles based.

7 – 8 Serious

- Negative impact on Net Assets – $100 million to $250 million
- Regulatory penalties are required
- Serious liability or lawsuit potential
- Financial ratings drastically revised
- Serious Long-term Agency brand (reputation) impairment
- Significant negative impact on ability to achieve strategic plan
- Significant negative impact on ability to achieve Affordable Housing Plan
- Issues significantly contrary to organizational values
- Process owner has evaluated employees' assigned duties within the process and determined that there are existing concerns related to incompatible duties.
- Process generates estimation transactions.
- Activities are very complex. Employee training to perform activities is lengthy. Judgment required in decision-making is mostly rules based.

5 – 6 Moderate

- Negative impact on Net Assets – $50 to $100 million
- Impaired business functions cause customer service to significantly deteriorate
- Moderate Agency brand (reputation) issues

- Moderate liability (e.g., lawsuits) potential
- Business practices significantly inconsistent with industry standards
- Moderate negative impact on the Agency's strategic plan
- Moderate negative impact on the Agency's Affordable Housing Plan
- Identified issues are inconsistent with the organization's values
- An evaluation of segregation of duties for employees' assigned tasks has not be completed
- Process generates non-routine transactions.
- Moderate activity complexities; Moderate individual judgment; few aspects of operation covered by established practices. Employee training to perform activities is lengthy.

3 – 4 Minor

- Negative impact on Net Assets – $10 to $50 million
- Inconvenient impact on critical business functions
- Compliance issues should be easily resolved with only minor financial consequences
- Small and temporary impact to Agency brand (reputation)
- Strategic plan will not be impaired or impact will not require altering the plan
- Affordable Housing Plan will not be impaired or impact will not require altering the plan
- An evaluation of segregation of duties shows no issues and is sufficiently documented and verifiable
- Process generates routine transactions that do not relate to the company's primary business activities
- Activities are low complexity. Some individual judgment required.

1 – 2 Insignificant

- Negative impact on net income – less than $10 million
- Critical functions will not be impaired
- No liability or threats to Agency brand (reputation)
- A segregation of duties evaluation has determined that there are no existing concerns within the past 12 months. The evaluation is sufficiently documented and verifiable.
- Process generates routine transactions related to the company's primary business activities.
- Activities are relatively straight forward. Employee training for activity performance is very minimal.

<u>Likelihood</u>

Assess the likelihood that the impact of the risk factor occurs. Do not consider the mitigation effect of existing controls.

9 – 10 Major Highly Likely

At least 90% probability - Expected to occur in most circumstances
Within the past 12 months, the following conditions have existed within the process:

- Task errors not predictable, limits not established
- Major activity bottlenecks, impact on upstream or downstream functions
- Staff has little or no experience, skills, training, and certifications
- Major transactional changes (e.g., major volume spikes, contractual changes)

- Changes in key personnel or staff

7 - 8 Likely
At least 66% but less than 90% probability - Will probably occur in most circumstances
Within the past 12 months, the following conditions or indicators have existed within the process:

- Task errors often in excess of approved limits
- Activity bottlenecks, impact on upstream or downstream functions
- Staff has insufficient skills, training, and certifications
- Significant transactional changes (e.g., major volume spikes, contractual changes)
- Changes in personnel or staff

5 - 6 About as likely as not
At least 33% but less than 66% probability - Might occur at some time
Within the past 12 months, the following conditions or indicators have existed within the process:

- Task errors occasionally in excess of approved limits
- Shortages in staffing levels
- Thinly experienced and skilled staff
- Moderate transactional changes (e.g., volume, nature)
- Some changes in key personnel or staff

3 - 4 Unlikely
At least 10% but less than 33% probability - Could occur at some time
Within the past 12 months, the following conditions or indicators have existed within the process:

- Task errors within approved limits
- Reasonable staffing levels;
- Adequately experienced and skilled staff
- Minimal transactional changes (e.g., volume, nature)
- Minimal changes in key personnel or staff

1 - 2 Rarely if ever
Less than 10% probability - May only occur in exceptional circumstances
Within the past 12 months, the following conditions or indicators have existed within the process:

- Task errors within approved limits
- Appropriate staffing levels
- Highly experienced and skilled staff
- No change in volume and nature of transactions
- No change in key personnel or staff who perform or monitor controls

Assurance (Effectiveness of Mitigation Activities)

Assess the effectiveness of existing procedures, mitigating strategies and overall Agency-wide controls, regardless of which business area performs activities (i.e., activities do not have to be performed by areas or employees reporting to you). Mitigation or controls can be written policies and procedures, fraud risk assessments, control automation, control self-assessments, standard management reporting, etc. Assess controls that mitigate the selected risks based on criteria below.

Tip: You may conclude that you rely on activities performed by other business areas to mitigate risks in your business area. If this is the case, you may assess controls provided by other business areas as you understand them, or you may request other business areas to assess control assurance from their base of knowledge. Regardless of your approach, be sure to document your reasoning.

9 - 10 Ineffective

Control effectiveness is not driven by the organization, but is solely dependent on each individual's background and standards.

Within the past 12 months, the following indicators have existed within the process:

- Ineffective and fragmented controls
- Undocumented procedures, mitigating strategies, entity-wide controls
- Inappropriate or no guidance from "tone at the top" (control environment)
- General inability of key personnel or staff to design and execute effective, cohesive mitigating activities

Within the past 12 months, the following conditions have existed within the process:

- No written guidance for performing tasks
- Key controls that mitigate the risks are mostly manual
- No participation in a control self-assessment program

7 – 8 Poor

Organizational values and behavior expectations are not well defined or consistently understood beyond management.

Within the past 12 months, the following indicators have existed within the process:

- Controls are documented but not performed consistently
- Controls are only partially effective, and the area copes as best they can
- No documented accountability
- Clear evidence of ongoing internal conflicts in the area
- Ineffective or no internal monitoring of controls

Within the past 12 months, the following conditions have existed within the process:

- Some written task guidance in various forms(e.g., personal notes), but may not immediately be available to auditors due to inconsistent format and / or unapproved status
- Key controls that mitigate the risks are mostly manual and hybrid
- Limited participation in a control self-assessment program

5 – 6 Could be improved
Comprehensive policy statements on organizational values and behavior expectations are published to all internal and external stakeholders.

Within the past 12 months, the following indicators have existed within the process:
- Compliance with written policies and procedures at all levels is accepted as the norm
- Controls documented and generally performed, but are not sufficiently responsive to operational changes
- Internal monitoring exists but significant deficiencies in effectiveness were observed
- Some written procedures and standards exist, but may not be sufficiently clear or comprehensive
- Accountability is not enforced

Within the past 12 months, the following conditions have existed within the process:
- Written task guidance for important aspects; immediately available to auditors upon request
- Key controls that mitigate the risks are a combination of automated, hybrid and manual
- Full participation in a control self-assessment program

3 – 4 Good
Cultural norms ensure compliance with organizational values and policies at all levels. Employees believe that 'no one is above the law' because Management's "tone at the top" demonstrates they embrace organizational values in their daily actions.

Within the past 12 months, the following indicators have existed within the process:
- Organizational values and policies require both short- , mid- and long-term benefit
- Formalized processes exist to ensure that organizational values and policies remain the norm
- Controls are effective, documented and followed on most occasions
- Clear ownership of control responsibility and role accountability
- Controls are responsive to operational changes
- Technically competent and experienced staff with some turnover
- No significant deficiencies observed in internal monitoring
- Management participates in control self-assessment activity or controls have been reviewed by groups independent of management (e.g., internal audit) in the past three years

Within the past 12 months, the following conditions have existed within the process:
- External audit has reviewed controls within the past 2 – 3 years with satisfactory results
- Key controls that mitigate the risks are primarily automated and hybrid
- Full participation in a control self-assessment program
- Written task guidance is comprehensive, including (i) how and when to perform tasks; (ii) what tasks are supposed to achieve; (iii) how to handle exceptions; (iv) how tasks affect the process; and (v) how tasks affect upstream and downstream processes

1 – 2 Effective
Board, management and employees alike demonstrate through their actions that behavior outside of organizational values and policies is unacceptable.

In the past 12 months, the following indicators have existed within the process:

- Accountability at all levels is culturally driven
- Embedded ability to take advantage of short-term opportunities while ensuring long-term viability due to continuous discipline and sound ethical decision-making skills at all levels
- Effective, documented controls are in place
- Technically competent and experienced staff with minimal turnover
- Highly effective management review takes place
- No deficiencies observed in control environment (e.g., procedure manual, controls well documented, clear standards and trending for control exceptions)
- Management participates in control self-assessment activity or controls have been reviewed by groups independent of management in the past two years

Within the past 12 months, the following conditions have existed within the process:

- External audit has reviewed controls within the past year with satisfactory results
- Key controls that mitigate the risks are primarily automated and hybrid
- Full participation in a control self-assessment program
- Written task guidance is comprehensive, including (i) how and when to perform tasks; (ii) what tasks are supposed to achieve; (iii) how to handle exceptions; (iv) how tasks affect the process; and (v) how tasks affect upstream and downstream processes

Appendix B

Risk Assessment Matrix

Section A: Inherent Risk Score Table

Risk Source Description:		*Likelihood*				
		1 - 2 Rarely if ever May occur only in exceptional circumstances	3 -4 Unlikely Could occur at some time	5 - 6 About as likely as not Might occur at some time	7 - 8 Likely Will probably occur in most circumstances	9 - 10 Major Highly Likely Expected to occur in most circumstances
Impact	9 - 10 Major Would stop achievement of goals and objectives	Moderate	High	High	Very High	Very High
	7 - 8 Serious Would threaten goals and objectives; requires close management	Moderate	Moderate	High	High	Very High
	5 - 6 Moderate Would necessitate adjustment to the overall function and require corrective action. May have a negative impact	Low	Moderate	High	High	High
	3 - 4 Minor Would threaten an element of the function. May cause small delays or have a minor impact on quality	Low	Low	Moderate	Moderate	High
	1 - 2 Insignificant Impact on function, or its objectives is negligible. Routine procedures would be sufficient to deal with the consequences	Low	Low	Moderate	Moderate	High

Section B: Assessed Assurance (Effectiveness of control / mitigation activities)

1 - 2 Effective	3 - 4 Good	5 -6 Could be improved	7 - 8 Poor	9 - 10 Ineffective

Section C: Residual Risk Score Table

Risk Level	Residual Index Score	Definition
Very High	Above 350	Would prevent achievement of objectives, cause unacceptable cost overruns or schedule delays and requires close Executive attention
High	201 to 350	Substantial delays to project schedule, significant impact on technical performance or cost, and requires close management attention
Moderate	101 to 200	Requires identification and control of all contributing factors by monitoring conditions, and reassessment of program / project milestones
Low	100 and below	Normal control and monitoring measures sufficient

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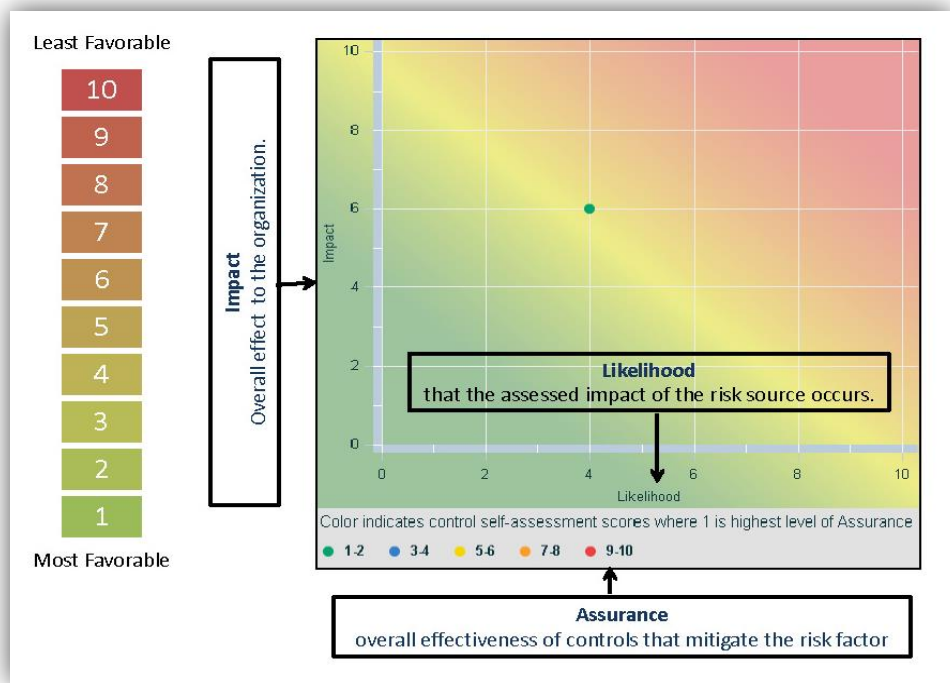
Appendix C

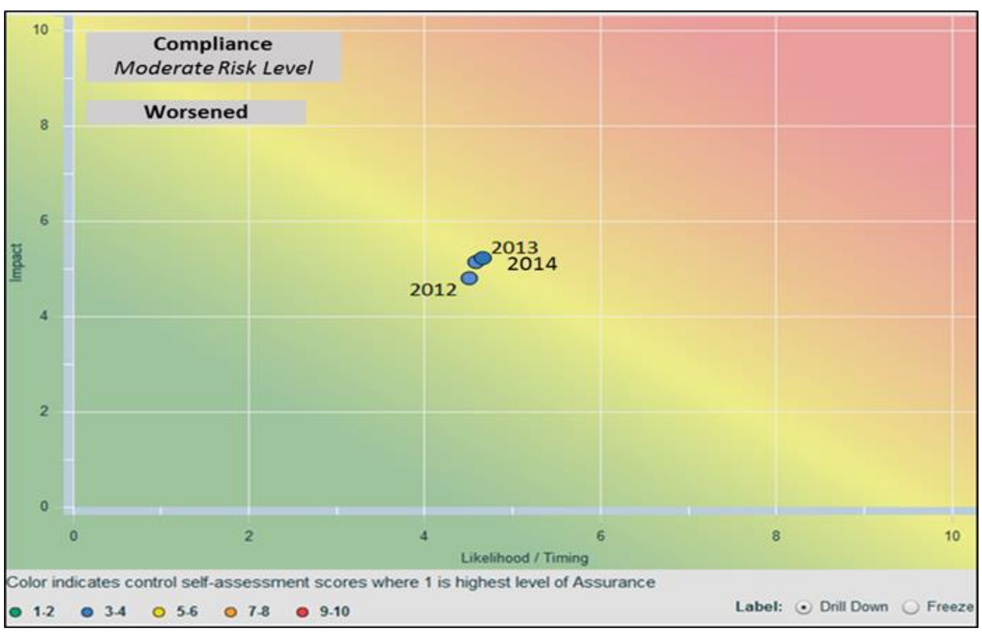
Assessed impact is on the y axis, likelihood is the x axis. Each critical risk has a data point associated with its assessed impact and likelihood. Additionally, each critical risk data point is color coded to reflect the level of assessed assurance *(Figure 1)*.

Figure 1



A general heat map overview example, with the risk source Compliance, is provided to demonstrate risk source placement within a grid and formulas for calculating inherent and residual indexes *(Figure 2)*.

Figure 2



Inherent Index is calculated by multiplying an individual Impact score by an individual Likelihood score to produce an individual Inherent Index score. All individual Inherent Index scores are averaged to produce an Inherent Index score for each Risk Source. Compliance was assessed 7 times and the average of the individual Inherent Index scores is 26, which is listed as the Average in the Inherent Index column of Table 1.

Table 1:

Risk Source - Compliance	**Impact**	**Likelihood**	**Inherent Index**	**Assurance**	**Residual Index**
Risk Profile - 1	4	3	12	3	36
Risk Profile - 2	6	5	30	4	120
Risk Profile - 3	7	8	56	6	336
Risk Profile - 4	6	6	36	6	216
Risk Profile - 5	5	3	15	4	60
Risk Profile - 6	5	4	20	4	80
Risk Profile - 7	4	4	16	4	64
Average	**5.29**	**4.71**	**26**	**4.33**	**130**

The Residual Index measures the risk that remains after controls, mitigation activities, are taken into account. Residual index is calculated by multiplying an individual Inherent Index score by an individual Assurance score to produce an individual Residual Index score. All individual Residual Index scores are averaged to produce a Residual Index score for each Risk Source. Compliance was assessed 7 times and the average of the individual Residual Index scores is 130, which is listed as the Average in the Residual Index column of Table 1.

Residual Index tiering has been incorporated into the Risk Assessment Matrix to better delineate risk levels.

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Minnesota Housing Finance Agency

Board Agenda Item: 8.C
Date: 12/17/2015

Item: Conduit Bond Issuance Discussion

Staff Contact(s):
Mary Tingerthal, 651.296.5738, mary.tingerthal@state.mn.us
Rob Tietz, 651.297.4009, rob.tietz@state.mn.us
Paula Rindels, 651.296.2293, paula.rindels@state.mn.us

Request Type:

☐ Approval	☒ No Action Needed
☐ Motion	☒ Discussion
☐ Resolution	☐ Information

Summary of Request:
Agency staff will have a discussion with Board members on the issuance of conduit bonds.

Fiscal Impact:
None

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- None

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Board Agenda Item: 9.A
Date: 12/17/2015

Item: Post-Sale Report, Residential Housing Finance Bonds, 2015 Series E, F, and G

Staff Contact(s):
Rob Tietz, 651.297.4009, rob.tietz@state.mn.us
Terry Schwartz, 651.296.2404, terry.schwartz@state.mn.us

Request Type:

☐ Approval
  ☐ Motion
  ☐ Resolution

☒ No Action Needed
  ☐ Discussion
  ☒ Information

Summary of Request:
The Agency sold $171,445,000 of Residential Housing Finance Bonds, 2015 Series EFG on November 24, 2015 with a scheduled closing on December 8, 2015. Pursuant to the Debt Management Policy, the attached post-sale report is provided by the Agency's financial advisor, CSG Advisors. This is an information item and does not require approval.

Fiscal Impact:
None

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Post Sale Report

CSG | advisors

Via Email Delivery

MEMORANDUM

Date: **December 2, 2015**

To: **Minnesota Housing Finance Agency**

From: **Gene Slater, Tim Rittenhouse, Eric Olson**

Re: **Post-Sale Report**
$171,445,000 Residential Housing Finance Bonds (RHFB)
2015 Series EFG

KEY RESULTS FOR MINNESOTA HOUSING

Opportunity. This bond issue took advantage of the opportunity to economically refund several issues of outstanding bonds under the Residential Housing Finance Bond indenture ("RHFB") and to finance approximately $74.5 million of new mortgages.

Overall Purpose. Series EFG accomplished the following major objectives:

1. Enabled Minnesota Housing to balance the ways it funds single-family production and keep almost all tax-exempt eligible production on the balance sheet. This helps Minnesota Housing to earn net annual income over future years.

2. Generated significant savings by refunding old bonds at today's lower interest rates.

3. Included a modest amount, $35 million, of hedged variable rate bonds to help lower the overall bond yield and generate more zero participations for Minnesota Housing's future production.
4. Achieved full spread, financing new loans without using any of Minnesota Housing's existing zero participations and increase zero participations to help assure a full spread on future issues.

Key Measurable Objectives and Accomplishments. The results of the issue were extremely successful:

Objective	***Result***
Finance new production on balance sheet	$74.5 million of new loans, many at low rates in 3% coupon pass-through MBS securities
Provide at least a similar return to the Agency as selling new loans on the secondary market	Higher return from including loans in the new issue (based on average prepayment speeds the Agency has recently experienced on similar loans).
Refund bonds at lower interest rates	Reduced average yield on $96.9 million of old bonds from approx. 5.20% to 2.52% (average yield on entire new issue). The savings is initially about $2.6 million per year.
Terminate the old interest rate swap and obtain a new swap at much lower interest rates.	Terminated the old $18 million interest rate swap (with a total effective cost, including liquidity and remarketing of 4.65%). The new $35 million interest rate swap has an effective cost of 2.70%. The Agency obtained an unusually long 7-year liquidity facility to match the date when the Agency can terminate the interest rate swap at par The one-time cost of terminating the old swap was $361,250. Its early termination was necessary for the entire refunding
Strengthen the RHFB indenture going forward	Increases the net present value to the Agency by over $14 million at reasonably assumed prepayment speeds
Achieve full spread on the overall transaction	Agency will earn the maximum spread permitted by the IRS
Minimize use of any existing zero participations	None were needed
Increase zero participations for future issues	Increase the Agency's zero participations from approx. $20 million to $50 million This net increase is impressive since many of the new loans in Series EFG themselves needed zeros to achieve full spread.

Relationship to Recent and Future Issues. In 2015 as a whole, Minnesota Housing issued four successful new pass-through bond issues under its newer, even more highly rated Homeownership Finance Revenue Bond indenture. It is desirable, however, to take advantage of the ability to refund and replace old higher rate bonds in the RHFB indenture together with efficiently financing new production. Blending the old and new loans in the same transaction creates financial efficiencies and future savings.

A summary of the Agency's single-family financings for 2015 indicates the Agency financed $345 million of new production on balance sheet.

Indenture	**Sale Date**	**$ of New Loan Production**	**$ of Refunding**	**Total Issue Size**	**Ave. Bond Yield**	**Net Change Net Change in Zeros**
HFB						
2015 A	Jan. 12	$60.0 mill.	n.a.	$60.0 mill.	2.80%	0.0
2015 B	Mar. 10	54.5	n.a.	54.5	3.00%	- 2.2
2015 C	May 13	40.2	n.a.	40.2	3.05%	- 2.8
2015 D	Oct. 8	52.4	n.a.	52.4	2.90%	- 4.1
Subtotal		207.1 mill.	n.a.	207.1 mill.		-9.1 mill.

RHFB						
2015 ABCD	July 30	$64.1 mill.	$63.5 mill.	124.6 mill.	2.90%	2.5 mill.
2015 EFG	Nov. 24	74.5	96.9	171.4 mill.	2.52%	30.0
Subtotal		$138.6 mill.	$160.4 mill.	296.0 mill.		32.5 mill.
2015 Total		**$345.7 mill.**	**$160.4 mill.**	**503.1 mill.**		**23.4 mill.**

The Agency began 2015 with approximately $26 million of zeros and is ending the year with approximately $50 mill. It is thus in an excellent position to continue its single-family program in 2016. It has gradually increased the number of investors purchasing the Agency's pass-through bonds and has several potential RHFB refundings next year. Most important, it has substantially increased its zero participations, to help ensure it earns full spread on its future bond issues.

Relationship to Pipeline. The new loans were hedged in the TBA market until the bond pricing was complete, thus protecting the Agency. Gains on hedges of $164,000 were taken into account in determining zero participations.

TIMING AND STRUCTURE

Timing. The issue was priced, the old swap was terminated, and the new swap was committed on Tuesday November 24th. The bond closing was set for December 10th.

Sizing. The issue was sized at $171.445 million, including $96.9 million to refund old bonds plus $74.5 million for new lending.

Major Design Decisions. Key decisions by Minnesota Housing were to:

- Use available RHFB cash to redeem old bonds and help reduce the size of the refunding,
- Pay termination fees to terminate the old interest rate swap (first optionally terminable at par on July 1, 2016), in order to lock in today's lower swap rates and make the overall refunding possible,
- Structure AMT bonds as a large PAC bond (38% of the total financing) in order to minimize the impact from AMT on bond yield,
- Refund the existing variable rate bonds and replace the remaining old swap with a new swap which can be reduced without penalty at up to 300% prepayment speed and is optionally terminable at par in 7 years, and
- Use a 7-year liquidity facility from RBC matched to the first optional early termination date on the swap.

Rating. Bonds under the RHFB indenture are rated Aa1 by Moody's and AA+ by S & P.

BOND SALE RESULTS

Key highlights were:

1. ***Retail Interest.*** A total of $32.1 million of Minnesota retail orders was received on the total of $52.7 million of maturities available for retail purchase. (The PAC bonds and certain AMT serial maturities were held for institutional investors). The retail demand helped make it possible to lower yields on several maturities.

2. ***Institutional Interest.*** There was significant institutional interest. The $18.5 million Non-AMT term bond in 2029 received almost $60 million in institutional orders alone, and the yield was reduced. The $64.5 million of AMT PAC bonds was slightly oversubscribed.

3. ***Timing.*** The sale was timed for Thanksgiving week, when there would be few other issues in the market, and ahead of a very busy calendar the week after Thanksgiving. This unconventional timing strategy paid off. Minnesota Housing's issue was the largest municipal bond sale of any kind in the U.S. for the week of the sale, thus highlighted in *The BondBuyer*, and attracted investor attention.

   Treasury and municipal markets were relatively stable during the week of the sale.

4. ***Successful Sale.*** The sale proved very favorable, with Minnesota Housing being able to lower yields on many maturities.

5. ***Comparable Transactions.*** Minnesota Housing had three major types of fixed rate bonds:

   Series E (AMT) serial bonds from 2016 through 2023: totaling $32.4 million
   Series E (AMT) PAC bonds due in 2046, with a 5 year average life: $64.5 million
   Series F (Non-AMT) serial and term bonds from 2023 through 2029: $39.5 million

   AMT Serial Bonds. The most comparable AMT issue was Massachusetts', the prior week. It was lower rated than Minnesota's and traditionally trades at higher yields. Washington State and Pennsylvania brought issues three weeks prior. Minnesota's serials were about 15 basis points tighter to municipal benchmark indices than Massachusetts', and from 5 to 12 basis points tighter than Washington State's, which is AAA-rated. Minnesota's bonds averaged about 10 basis points tighter than Pennsylvania's.

   AMT PAC Bonds. Minnesota's PAC bond was priced at 102 basis points above the 5-year Municipal Market Data index. This was tighter to the benchmark MMD than the most recent 5-year PACs for SONYMA and Tennessee, the 3-year average life PAC for Massachusetts, and the 4-year average life PAC's for Washington State and Pennsylvania.

   Non-AMT Serial and Term Bonds. The most comparable Non-AMT issue was Florida's, with AAA-rated bonds, which began its sale on Monday November 23rd, the day before Minnesota's. Minnesota's spreads were approximately the same as Florida's, despite a lower rating. The other Non-AMT comparable was Missouri's, the week before, with the same rating as Minnesota's, which had tighter spreads to MMD indices, given traditional, very strong in-state demand and light supply in Missouri.

UNDERWRITING

Underwriters. RBC was the senior manager; regular co-managers were Piper Jaffray and Wells Fargo. Cronin was the third co-manager, based on its retail sales allotments on RHFB Series 2015 ABCD in July, the last transaction with a retail component.

Retail Sales. This was a strong performance by the senior manager, RBC, with 66% of all in-state retail orders and 61% of in-state retail allotments. Piper rebounded from the last RHFB issue and brought in $4,150,000 with an equal amount of allotments. Wells' performance was also strong with $3,790,000 of retail orders and allotments. On past RHFB issues, RBC had approximately 83% of Minnesota retail orders on 2015 ABCD, 40% on 2014 CDE, 80% on 2014 B in April, and 67% on 2014 Series A.

Northland had $850,000 of retail orders, more than any other selling group member or the rotating co-manager, and will be the rotating co-manager on the next retail-oriented transaction.

Of the selling group members, Northland, Morgan Stanley, Baum and Fidelity performed reasonably well.

Member	Role	Minnesota Retail Orders	Minnesota Retail Allotments
RBC	Senior Manager	19,895,000	16,410,000
Wells Fargo	Co-Manager	3,770,000	3,770,000
Piper Jaffray	Co-Manager	4,050,000	4,050,000
Cronin	Co-Manager added based on prior sale	810,000	810,000
Subtotal for managers		28,525,000	**25,040,000**
Northland	Selling Group	850,000	**850,000**
Morgan Stanley	Selling Group	685,000	685,000
George K. Baum	Selling Group	550,000	550,000
Fidelity Capital Markets	Selling Group	405,000	405,000
Raymond James	Selling Group	100,000	100,000
Robert W. Baird	Selling Group	35,000	35,000
Bank of America Merrill	Selling Group	0	0
Barclays	Selling Group	0	0
City Securities	Selling Group	0	0
Edward Jones	Selling Group	0	0
UBS	Selling Group	0	0
Subtotal selling group		2,625,000	**2,625,000**
Total		31,150,000	**27,665,000**

Selling group performance varied significantly among firms, indicating:

- The benefit of continuing the use of a large and active selling group, rather than relying on only a few firms, especially given the variability from one issue to the next, and
- The value of rewarding a selling group member with the most orders by including them as a co-manager on the next issue.
- It may be worth considering removing members from the selling group who have not provided any orders for any of the 2014 or 2015 retail transactions.

Underwriter Fees. Management fees were appropriate, consistent with industry standards, and in the same range as fees reported for other housing issues of similar size and structure.

****

ISSUE DETAILS

Key Dates:	RHFB 2015 Series EFG	
	Retail Order Period:	Tuesday morning, Nov. 24, 2015
	Institutional Order Period:	Immediately following Retail Order Period
	Closing Date:	Dec. 10, 2015

Economic Calendar. Economic signals have recently been modestly positive with respect to U.S. economic growth. The key recent domestic economic release impacting financial markets was the non-farm payroll for October, published on November 6th, showing 271,000 new jobs (compared to 137,000 in the prior month and a market expectation of 181,000). This dropped the unemployment rate to 5.0%. These figures, together with more positive statements from Fed Chair Yellen significantly increased market expectations that the Federal Reserve will finally begin raising short-term rates at its December meeting. This expectation was further supported by the release of the most recent Fed internal meeting minutes indicating agreement on raising rates in December, unless something unexpected occurs in the meantime.

The calendar of significant economic events for the week of the Agency's offering on Thanksgiving week was light. On Monday, Existing Home Sales for October came in very slightly below expectations (5.36 million compared to 5.50 million expected and 5.55 million prior). The GDP –Second Estimate for Third Quarter was about as expected. The Case-Shiller 20-city Index for September was higher than expected (5.5% v. 5.2% expected and 5.1% prior), indicating the strengthening of home prices in many markets.

The one major dampening figure was Consumer Confidence for November, released on Tuesday morning. This came in at 90.4%, far below the market expectation of 99.6% and the prior of 99.1%, suggesting potentially weaker Christmas sales.

***Treasuries*.** Treasury yields have fluctuated significantly over the course of 2015, affected by mixed but strengthening domestic economic growth and by a series of foreign crises, together affecting the likelihood and timing of the Federal Reserve beginning to raise interest rates. The 10-year Treasury, which started the year at 2.12%, dropped significantly during the Greek Eurozone crisis, including a low of 1.68% at the end of January. The high for the year was 2.49% in late June, as domestic growth strengthened and the Eurozone crisis was resolved. In late September, as weakness in hourly wage growth, lack of inflation and Chinese stock market news led the Federal Reserve to postpone increasing rates, the 10-year Treasury dropped as low as 1.99%.

The major recent economic news has been the increasing likelihood that the Federal Reserve will begin raising interest rates at its December meeting. The strong employment report on November 6th pushed Treasuries as high as 2.36% when markets opened on Monday November 9th. By November 19th, yields dropped to 2.24%. Factors over recent weeks include the terrorist attacks in Paris and the market's growing confidence in a first Fed rate hike in December and increasing focus on how the rise in short-term rates is likely to affect the yield curve.

Analysts expect that while short-term rates start to rise, long-term rates may still remain low due to falling oil prices and declining inflation expectations. The result has been a flattening of the yield curve. The two-year Treasury reached its highest level since May 2010, 0.912% at close of business on Friday Nov.

20th. The spread between the two-year and ten–year Treasury yields narrowed to its tightest levels since April – a difference of 135 basis points.

The volatility of the market has been extraordinary, with the average daily movement in Treasury prices approximately double that of recent years.

Municipals. Municipal bond yields generally track the movements in Treasury yields, although over the summer and early fall, this close relationship was distorted by high profile municipal credit events (most recently Puerto Rico's problems) and international investment flows. During the month leading up to the sale, however, municipals have outperformed Treasuries. This is due to significant recent inflows in municipal bond funds, combined with a reduction of new supply. Weekly new issuance has been averaging about $9 billion in recent weeks, compared to historic averages of $11-$12 billion at this time of year.

The ratio of MMD to Treasuries has dropped from the very high levels earlier this year, but are still far above long-term historical averages of around 80%.

Issue	Date	10-Year Treasury	10-Year MMD	MMD/ Treasury Ratio	30-Year Treasury	30-Year MMD	MMD/ Treasury Ratio
2013 RHFB A/B/C	5/14/13	1.96%	1.81%	92.3%	3.17%	2.93%	92.4%
2013 C HFB	6/17/13	2.19%	2.23%	101.8%	3.35%	3.50%	104.4%
2014 RHFB A	2/11/14	2.75%	2.52%	91.6%	3.69%	3.87%	104.9%
2014 RHFB B	4/16/14	2.65%	2.30%	86.8%	3.45%	3.51%	101.7%
2014 A HFB	6/10/14	2.64%	2.33%	88.3%	3.47%	3.36%	98.0%
2014 B / C HFB	8/7/14	2.46%	2.16%	87.0%	3.27%	3.21%	98.2%
2014 D HFB	10/10/14	2.31%	2.01%	87.0%	3.03%	2.92%	96.3%
2014 RHFB CDE	12/3/15	2.28%	2.08%	91.2%	3.00%	2.99%	99.7%
2015 A	1/12/15	1.92%	1.84%	95.8%	2.49%	2.63%	105.6%
2015 B	3/10/15	2.14%	2.18%	102.0%	2.73%	3.0%	110.0%
2015 C	5/13/15	2.28%	2.24%	98.2%	3.02%	3.21%	106.3%
2015 RHFB ABCD	7/30/15	2.28%	2.23%	97.8%	2.96%	3.14%	106.1%
2015 D	10/08/15	**2.12%**	**2.04%**	**96.2%**	**2.96%**	**3.09%**	**104.4%**
2015 RHFB EFG	11/24/15	**2.24%**	**2.04%**	**91.1%**	**3.00%**	**2.98%**	**99.3%**
Change from 2015 D		**+12 bp**	**No change**	**-5.1%**	**+4 bp**	**-11 bp**	**-5.1%**

* Homeownership Finance Revenue Bonds

** Residential Housing Finance Bonds (RHFB)

Municipal Calendar. The Minnesota competitive sale calendar for the week of the sale was very light, including $45 million in school G.O. issues on Monday, the day before the Agency's sale. The largest of the school issues was Farmington's at $33.5 million.

The negotiated calendar for Thanksgiving week was light. A Florida single-family issue was brought to market on Monday, the only other housing issue. Minnesota Housing also sold a small $1.7 million rental housing bond issue for Woodland Village on the same day as the RHFB issue; given the small size and short duration, there was no competition between the issues.

AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, 5/1/15 TO DATE PLUS EARLIER MINNESOTA HOUSING

Pricing Date		11/24/15		11/17/15		11/5/15		11/4/15		10/14/15		9/23/15	
Amount		$96,930,000		$26,530,000		$38,845,000		$141,165,000		$40,220,000		$43,070,000	
Issuer		Minnesota HFA		Massachusetts HFA		Washington SHFC		Pennsylvania HFA		SONYMA		Tennessee HDA	
Series		2015 Series E		Series 180		2015 Series 1A-R		Series 2015-118A		Fifty-Second Series		Issue 2015-2A	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aa2 / AA / -		Aaa / - / -		Aa2 / AA+ / -		Aaa / - / -		Aa1 / AA+ / -	
Tax Status		AMT		AMT		AMT		AMT		AMT		AMT	
Year	Maturity ('15 pricings)	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD
0	2015												
1	2016	0.600	+30	0.900	+60	0.50 / 0.70	+27 / +47	0.25 / 0.55	+2 / +32				
2	2017	1.00 / 1.10	+28 / +38			0.90 / 1.00	+30 / +40	0.90 / 1.05	+31 / +46				
3	2018	1.25 / 1.35	+33 / +43	1.40 / 1.50	+47 / +57			1.30 / 1.40	+51 / +61	1.300	+54		
4	2019	1.65 / 1.75	+56 / +66	1.75 / 1.85	+65 / +75	1.50 / 1.70	+50 / +70	1.60 / 1.70	+61 / +71	1.50 / 1.65	+54 / +69		
5	2020	1.90 / 2.00	+63 / +73	2.10 / 2.20	+79 / +89	1.90 / 2.00	+68 / +78	2.00 / 2.10	+79 / +89	1.80 / 1.95	+60 / +75		
6	2021	2.15 / 2.25	+70 / +80	2.40 / 2.50	+88 / +98	2.20 / 2.30	+76 / +86	2.30 / 2.40	+87 / +97				
7	2022	2.35 / 2.45	+74 / +84	2.600	+90	2.50 / 2.60	+86 / +96	2.50 / 2.60	+87 / +97				
8	2023	2.650	+87			2.75 / 2.85	+92 / +102	2.80 / 2.90	+98 / +108				
9	2024					2.95 / 3.00	+97 / +102	3.05 / 3.10	+108 / +113				
10	2025					3.10 / 3.15	+100 / +105	3.200	+111				
11	2026					3.250	+103	3.350	+114				
12	2027												
13	2028												
14	2029												
15	2030							3.850	+128				
16	2031												
17	2032												
18	2033							4.000	+125				
19	2034												
20	2035												
21	2036												
22	2037												
23	2038												
24	2039												
25	2040												
26	2041												
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39	2054												
40	2055												
41	2056												
42	2057												
PAC 1		3.50C/2.29Y	+102 to 5yr	3.50C/2.00Y	+107 to 3yr	3.50C/2.05Y	+105 to 4yr	3.50C/2.08Y	+108 to 4yr	3.50C/2.25Y	+105 to 5yr	4.00C/2.45Y	+108 to 5yr
PAC 2													
Notes		1/1/46 PAC bond has 3.5% coupon priced at 105.197 to yield 2.29% and has an average life of 4.62 years from 100-400% PSA		12/1/28 PAC bond has 3.5% coupon priced at 104.309 to yield 2% and has an average life of 3 years from 100-500% PSA		6/1/38 PAC bond has 3.5% coupon priced at 105.474 to yield 2.05% and has an average life of 4 years from 100-500% PSA		4/1/40 PAC bond has 3.5% coupon priced at 105.369 to yield 2.08% and has an average life of 4 years from 100-500% PSA		10/1/30 PAC bond has 3.5% coupon priced at 105.781 to yield 2.25% and has an average life of 5 years from 100-500% PSA		1/1/46 PAC bond has 4% coupon priced at 107.136 to yield 2.45% and has an average life of 5 years from 100-400% PSA	
Mkt Index		BBI / RBI 3.65% / 4.04%		BBI / RBI 3.74% / 4.13%		BBI / RBI 3.69% / 4.05%		BBI / RBI 3.69% / 4.05%		BBI / RBI 3.68% / 4.07%		BBI / RBI 3.78% / 4.18%	
Sr Manager		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		J.P. Morgan		Raymond James	

Post-Sale Report: $171,445,000 Residential Housing Finance Bonds (RHFB) Agenda Item: 9.A
Series 2015 EFG AMT Pricing Comparables
December 2, 2015

AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, 5/1/15 TO DATE PLUS EARLIER MINNESOTA HOUSING

Pricing Date Amount Issuer Series Program Rating(s) Tax Status		9/10/15 $40,060,000 West Virginia HDF 2015 Series C Single Family / Negotiated Aaa / AAA / - AMT		9/9/15 $34,400,000 Montana BOH 2015 Series B-2 Single Family / Negotiated Aa1 / AA+ / - AMT		9/3/15 $137,855,000 Wisconsin HEDA 2015 Series A Single Family / Negotiated Aa2 / AA / - AMT		8/19/15 $59,010,000 Iowa FA 2015 Series A Single Family / Negotiated Aaa / AA+ / - AMT		8/18/15 $95,240,000 Pennsylvania HFA Series 2015-117A Single Family / Negotiated Aa2 / AA+ / - AMT		8/13/15 $10,605,000 Vermont HFA 2015 Series F Single Family / Negotiated Aa3 / - / AA AMT		8/11/15 $23,090,000 Missouri HDC 2015 Series B-1 Single Family / Negotiated - / AA+ / - AMT	
Year	Maturity ('15 pricings)	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD
0	2015														
1	2016	0.45 / 0.60	+22 / +37	0.50 / 0.65	+27 / +42	0.50 / 0.65	+27 / +42	0.50 / 0.60	+25 / +35	0.50 / 0.75	+25 / +50	0.850	+60	0.60 / 0.70	+33 / +43
2	2017	1.00 / 1.10	+39 / +49	1.00 / 1.10	+39 / +49	1.05 / 1.15	+44 / +54	0.95 / 1.10	+31 / +46	1.10 / 1.20	+46 / +56	1.125 / 1.20	+49 / +56	1.00 / 1.15	+36 / +51
3	2018	1.40 / 1.50	+51 / +61	1.375 / 1.50	+50 / +62	1.40 / 1.50	+52 / +62	1.30 / 1.45	+40 / +55	1.45 / 1.55	+55 / +65			1.40 / 1.50	+50 / +60
4	2019	1.80 / 1.90	+63 / +73	1.80 / 1.90	+65 / +75	1.85 / 1.95	+71 / +81	1.75 / 1.85	+66 / +76	1.85 / 1.95	+76 / +86			1.75 / 1.85	+67 / +77
5	2020	2.10 / 2.20	+68 / +78	2.125 / 2.20	+73 / +80	2.15 / 2.25	+78 / +88			2.20 / 2.30	+84 / +94				
6	2021	2.40 / 2.50	+72 / +82	2.45 / 2.55	+78 / +88	2.50 / 2.60	+87 / +97			2.55 / 2.60	+91 / +96				
7	2022	2.70 / 2.80	+84 / +94	2.70 / 2.80	+85 / +95	2.80 / 2.90	+99 / +109			2.85 / 2.90	+98 / +103				
8	2023	2.95 / 3.05	+94 / +104			3.05 / 3.15	+109 / +119			3.00 / 3.10	+101 / +111				
9	2024	3.15 / 3.20	+103 / +108			3.25 / 3.30	+117 / +122			3.20 / 3.25	+110 / +115				
10	2025	3.300	+107							3.450	+124				
11	2026	3.450	+110							3.550	+123				
12	2027														
13	2028	3.750	+122												
14	2029														
15	2030									3.950	+132				
16	2031														
17	2032														
18	2033									4.100	+130				
19	2034														
20	2035														
21	2036														
22	2037														
23	2038														
24	2039														
25	2040														
26	2041														
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42	2057														
PAC 1				3.50C/2.32Y	+117 to 4yr	4.00C/2.28Y	+114 to 4yr	3.50C/1.95Y	+105 to 3yr	3.50C/2.35Y	+126 to 4yr	4.00C/2.27Y	+119 to 4yr	4.00C/2.375Y	+104 to 5yr
PAC 2								3.50C/2.10Y	+101 to 4yr						
Notes				2042 PAC bond has 3.5% coupon priced at 104.934 to yield 2.32% and has an average life of 4.5 years from 100-500% PSA		2045 PAC bond has 4% coupon priced at 106.76 to yield 2.28% and has an average life of 4.21 years from 100-400% PSA		2039 PAC bond has 3.5% coupon priced at 104.457 to yield 1.95% and has an average life of 3 years from 100-500% PSA; 2040 PAC bond has 3.5% coupon priced at 105.289 to yield 2.10% and has an average life of 4 years from 100-400% PSA		2040 PAC bond has 3.5% coupon priced at 104.81 to yield 2.35% and has an average life of 4.5 years from 100-400% PSA		2045 PAC bond has 4% coupon priced at 106.962 to yield 2.27% and has an average life of 4.30 years from 100-400% PSA		2045 PAC bond has 4% coupon priced at 107.489 to yield 2.375% and has an average life of 5 years from 100-300% PSA	
Mkt Index Sr Manager		BBI / RBI 3.82% / 4.25% Raymond James		BBI / RBI 3.82% / 4.25% RBC Capital Markets		BBI / RBI 3.82% / 4.25% RBC Capital Markets		BBI / RBI 3.69% / 4.06% Morgan Stanley		BBI / RBI 3.69% / 4.06% J.P. Morgan		BBI / RBI 3.69% / 4.06% Raymond James		BBI / RBI 3.75% / 4.11% Stifel, Nicolaus	

AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, 5/1/15 TO DATE PLUS EARLIER MINNESOTA HOUSING

Pricing Date		8/6/15		8/5/15		8/4/15	
Amount		$83,130,000		$47,525,000		$8,645,000	
Issuer		Maine SHA		Wyoming CDA		Oregon HCSD	
Series		2015 Series E-1		2015 Series 4		2015 Series B	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa2 / - / -	
Tax Status		AMT		AMT		AMT	
Year	Maturity ('15 pricings)	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD
0	2015						
1	2016	0.600	+33	0.70 / 0.80	+43 / +53		
2	2017	1.200	+56	1.15 / 1.25	+51 / +61	0.95 / 1.00	+31 / +36
3	2018	1.600	+70	1.40 / 1.65	+50 / +75	1.25 / 1.35	+37 / +47
4	2019	2.000	+91	1.875 / 1.20	+79 / +11	1.60 / 1.70	+53 / +63
5	2020	2.300	+95	2.25 / 2.35	+90 / +100		
6	2021	2.600	+97	2.55 / 2.65	+92 / +102		
7	2022	2.900	+102	2.90 / 2.95	+102 / +107		
8	2023	3.100	+110	3.10 / 3.15	+110 / +115		
9	2024	3.300	+117	3.30 / 3.35	+117 / +122		
10	2025	3.450	+121	3.45 / 3.50	+121 / +126		
11	2026	3.600	+124				
12	2027						
13	2028						
14	2029						
15	2030	4.000	+134	3.967	+131		
16	2031						
17	2032						
18	2033						
19	2034						
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21	2036						
22	2037						
23	2038						
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38	2053						
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41	2056						
42	2057						
PAC 1		3.50C/2.35Y	+100 to 5yr				
PAC 2							
Notes		2035 PAC bond has 3.5% coupon priced at 104.937 to yield 2.35% and has an average life of 4.62 years from 75-400% PSA		2030 bond has 4% coupon priced at 100.25 to yield 3.967%			
Mkt Index		BBI / RBI 3.75% / 4.11%		BBI / RBI 3.75% / 4.13%		BBI / RBI 3.75% / 4.13%	
Sr Manager		Citigroup		BofA Merrill		J.P. Morgan	

Pricing Date		7/30/15		7/22/15		7/8/15		7/7/15	
Amount		$43,070,000		$10,800,000		$85,020,000		$23,245,000	
Issuer		Minnesota HFA		Connecticut HFA		SONYMA		Rhode Island HMFC	
Series		2015 Series A		2015 Series C-2		Series 194		Series 66-C1,C2	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aaa / AAA / -		Aa1 / - / -		Aa2 / AA+ / -	
Tax Status		AMT		AMT		AMT		AMT	
Year	Maturity ('15 pricings)	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD
0	2015								
1	2016			0.35 / 0.60	+7 / +32			0.68 / 0.90	+38 / +60
2	2017			0.95 / 1.10	+33 / +48			1.05 / 1.30	+43 / +68
3	2018			1.30 / 1.40	+43 / +53	1.350	+46	1.60 / 1.75	+69 / +84
4	2019			1.650	+61	1.70 / 1.85	+64 / +79	2.00 / 2.05	+91 / +96
5	2020					2.05 / 2.15	+75 / +85	2.25 / 2.35	+92 / +102
6	2021					2.35 / 2.50	+80 / +95	2.60 / 2.70	+103 / +113
7	2022					2.75 / 2.85	+94 / +104	2.95 / 3.00	+114 / +119
8	2023					3.00 / 3.10	+104 / +114	3.10 / 3.20	+114 / +124
9	2024					3.20 / 3.25	+111 / +116	3.300	+121
10	2025					3.35 / 3.40	+113 / +118	3.50 / 3.55	+128 / +133
11	2026					3.55 / 3.60	+120 / +125	3.650	+130
12	2027								
13	2028					3.800	+123		
14	2029								
15	2030								
16	2031								
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37	2052								
38	2053								
39	2054								
40	2055								
41	2056								
42	2057								
PAC 1		3.50C/2.15Y	+84 to 5yr			3.50C/2.15Y	+85 to 5yr		
PAC 2									
Notes		2041 PAC bond has 4% coupon priced at 107.919 to yield 2.09% and has an average life of 4.42 years from 100-400% PSA				2035 PAC bond has 3.50% coupon priced at 105.697 to yield 2.15% and has an average life of 4.5 years from 100-400% PSA			
Mkt Index		BBI / RBI 3.75% / 4.13%		BBI / RBI 3.82% / 4.23%		BBI / RBI 3.76% / 4.19%		BBI / RBI 3.85% / 4.25%	
Sr Manager		RBC Capital Markets		Citigroup		Citigroup		Morgan Stanley	

AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, 5/1/15 TO DATE PLUS EARLIER MINNESOTA HOUSING

Pricing Date		6/11/15		5/13/15		12/3/14	
Amount		$16,025,000		$25,400,000		$143,145,000	
Issuer		Idaho HFA		Tennessee HDA		Minnesota HFA	
Series		2015 Series A-2		Issue 2015-1A		2014 Series C	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aaa / - / AAA		Aa1 / AA+ / -		Aa1 / AA+ / -	
Tax Status		AMT		AMT		AMT	
Year	Maturity ('15 pricings)	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD
0	2015						
1	2016					0.350	+21
2	2017					0.50 / 0.60	+13 / +23
3	2018					0.95 / 1.05	+32 / +42
4	2019					1.30 / 1.40	+42 / +52
5	2020					1.70 / 1.80	+55 / +65
6	2021					2.05 / 2.15	+63 / +73
7	2022						
8	2023					2.900	+104
9	2024					3.00 / 3.05	+102 / +107
10	2025					3.125	+105
11	2026					3.200	+100
12	2027						
13	2028						
14	2029						
15	2030						
16	2031						
17	2032						
18	2033						
19	2034						
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34	2049						
35	2050						
36	2051						
37	2052						
38	2053						
39	2054						
40	2055						
41	2056						
42	2057						
PAC 1		4.00C/2.23Y	+92 to 4yr	4.00C /2.35Y	+95 to 5yr	4.00C/2.07Y	+92 to 5yr
PAC 2							
Notes		2034 PAC bond has 4% coupon priced at 106.889 to yield 2.23% and has an average life of 4.1 years from 75-400% PSA		2045 PAC bond has 4% coupon priced at 107.626 to yield 2.35% and has an average life of 5 years from 100-400% PSA		2045 PAC bond has 4.00% coupon priced at 108.975 to yield 2.07% and has an average life of 5 years from 100-400% PSA	
Mkt Index		BBI / RBI 3.87% / 4.28%		BBI / RBI 3.74% / 4.47%		BBI / RBI 3.94% / 4.58%	
Sr Manager		Barclays		Citigroup		RBC Capital Markets	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, 5/1/15 TO DATE PLUS EARLIER MINNESOTA HOUSING

Pricing Date		11/24/15		11/24/15		11/18/15		11/17/15		11/9/15		11/5/15		11/4/15	
Amount		$39,515,000		$55,000,000		$56,000,000		$86,420,000		$50,000,000		$25,000,000		$90,000,000	
Issuer		Minnesota HFA		Florida HFC		Missouri HDC		Massachusetts HFA		North Dakota HFA		Washington SHFC		Pennsylvania HFA	
Series		2015 Series F		2015 Series 1		2015 Series C		Series 178,179		2015 Series D		2015 Series 1N		Series 2015-118B	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aaa / - / -		- / AA+ / -		Aa2 / AA / -		Aa1 / - / -		Aaa / - / -		Aa2 / AA+ / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('15 pricings)	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD
0	2015														
1	2016					0.40 / 0.50	+10 / +20	0.55 / 0.80	+25 / +50	0.450	+18				
2	2017			0.60 / 0.80	-12 / +8	0.80 / 0.95	+8 / +23	0.875 / 1.00	+16 / +28	0.70 / 0.85	+0 / +15				
3	2018			1.00 / 1.10	+8 / +18	1.05 / 1.15	+12 / +22			0.95 / 1.10	+5 / +20				
4	2019			1.30 / 1.40	+21 / +31	1.30 / 1.40	+20 / +30			1.35 / 1.45	+25 / +35				
5	2020			1.55 / 1.60	+28 / +33	1.55 / 1.65	+24 / +34			1.60 / 1.65	+28 / +33				
6	2021			1.85 / 1.90	+40 / +45	1.85 / 1.95	+34 / +44			1.90 / 2.00	+36 / +46				
7	2022			2.05 / 2.15	+44 / +54	2.10 / 2.15	+43 / +48	2.300	+60	2.15 / 2.20	+42 / +47				
8	2023	2.35 / 2.40	+57 / +62	2.35 / 2.45	+57 / +67	2.35 / 2.45	+49 / +59	2.50 / 2.55	+61 / +66	2.35 / 2.45	+43 / +53				
9	2024	2.60 / 2.65	+68 / +73	2.55 / 2.60	+63 / +68	2.55 / 2.65	+55 / +65	2.65 / 2.70	+62 / +67	2.60 / 2.65	+53 / +58				
10	2025	2.75 / 2.80	+71 / +76	2.75 / 2.80	+71 / +76	2.75 / 2.80	+64 / +69	2.85 / 2.90	+71 / +76	2.80 / 2.85	+61 / +66				
11	2026	2.90 / 2.95	+74 / +79	2.90 / 2.95	+74 / +79	2.90 / 2.95	+67 / +72			2.900	+59				
12	2027			3.000	+76	3.00 / 3.05	+67 / +72								
13	2028					3.10 / 3.15	+69 / +74								
14	2029	3.300	+90			3.300	+81								
15	2030			3.450	+97	3.400	+83	3.550	+95			3.450	+87		
16	2031														
17	2032														
18	2033							3.700	+93						
19	2034											3.700	+89		
20	2035			3.750	+101	3.700	+87							3.800	+95
21	2036														
22	2037														
23	2038														
24	2039														
25	2040			3.900	+99									4.050	+102
26	2041														
27	2042														
28	2043														
29	2044														
30	2045			3.950	+97									4.100	+100
31	2046														
32	2047														
33	2048														
34	2049														
35	2050														
36	2051														
37	2052														
38	2053														
39	2054														
40	2055														
41	2056														
42	2057														
PAC 1				4.00C/2.14Y	+87 to 5yr	4.00C/2.18Y	+87 to 5yr	3.50C/2.23Y	+92 to 5yr	4.00C/2.26Y	+94 to 5yr				
PAC 2															
Notes				1/1/47 PAC bond has 4% coupon priced at 108.691 to yield 2.14% and has an average life of 4.9 years from 100-500% PSA		11/1/36 PAC bond has 4% coupon priced at 108.476 to yield 2.18% and has an average life of 5 years from 100-300% PSA		6/1/42 PAC bond has 3.5% coupon priced at 105.667 to yield 2.23% and has an average life of 4.8 years from 100-500% PSA		7/1/46 PAC bond has 4% coupon priced at 108.101 to yield 2.26% and has an average life of 5 years from 100-400% PSA					
Mkt Index		BBI / RBI 3.65% / 4.04%		BBI / RBI 3.65% / 4.04%		BBI / RBI 3.74% / 4.13%		BBI / RBI 3.74% / 4.13%		BBI / RBI 3.69% / 4.05%		BBI / RBI 3.69% / 4.05%		BBI / RBI 3.69% / 4.05%	
Sr Manager		RBC Capital Markets		RBC Capital Markets		George K. Baum		RBC Capital Markets		Wells Fargo		RBC Capital Markets		RBC Capital Markets	

Post-Sale Report: $171,445,000 Residential Housing Finance Bonds (RHFB) Agenda Item: 9.A
Series 2015 EFG Non-AMT Pricing Comparables
December 2, 2015

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, 5/1/15 TO DATE PLUS EARLIER MINNESOTA HOSUING

Pricing Date Amount Issuer Series Program Rating(s) Tax Status		10/14/15 $75,180,000 SONYMA Fifty-First Series Single Family / Negotiated Aaa / - / - Non-AMT		9/23/15 $131,930,000 Tennessee HDA Issue 2015-2B Single Family / Negotiated Aa1 / AA+ / - Non-AMT		9/22/15 $48,495,000 Maryland DHCD Series 2015 B Single & Multifamily / Negotiated Aa2 / - / AA+ Non-AMT		9/10/15 $30,000,000 West Virginia HDF 2015 Series D Single Family / Negotiated Aaa / AAA / - Non-AMT		9/9/15 $30,000,000 Montana BOH 2015 Series B-1 Single Family / Negotiated Aa1 / AA+ / - Non-AMT		9/3/15 $20,795,000 Wisconsin HEDA 2015 Series B Single Family / Negotiated Aa2 / AA / - Non-AMT		8/25/15 $20,000,000 Nebraska IFA 2015 Series C Single Family / Negotiated - / AA+ / - Non-AMT	
Year	Maturity ('15 pricings)	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD
0	2015														
1	2016			0.400	+17									0.600	+37
2	2017			0.60 / 0.80	+2 / +22	0.700	+12							0.80 / 0.90	+21 / +31
3	2018			1.00 / 1.10	+15 / +25	0.85 / 0.95	+0 / +10							1.15 / 1.20	+31 / +36
4	2019			1.375 / 1.50	+26 / +38	1.25 / 1.35	+13 / +23							1.40 / 1.50	+37 / +47
5	2020			1.70 / 1.80	+33 / +43	1.60 / 1.65	+23 / +28							1.75 / 1.80	+45 / +50
6	2021			2.00 / 2.15	+43 / +58	1.90 / 1.95	+33 / +38							2.10 / 2.20	+52 / +62
7	2022			2.30 / 2.375	+55 / +63	2.15 / 2.25	+40 / +50			2.450	+60			2.30 / 2.35	+52 / +57
8	2023	2.250	+48	2.50 / 2.60	+60 / +70	2.45 / 2.50	+55 / +60			2.55 / 2.60	+55 / +60			2.50 / 2.55	+60 / +65
9	2024	2.450	+55	2.700	+69	2.65 / 2.70	+64 / +69			2.70 / 2.80	+59 / +69	2.950	+87	2.70 / 2.75	+68 / +73
10	2025	2.60 / 2.65	+59 / +64	2.85 / 2.90	+73 / +78	2.75 / 2.80	+63 / +68			2.950	+73	3.05 / 3.10	+86 / +91	2.85 / 2.90	+72 / +77
11	2026	2.75 / 2.80	+62 / +67	3.00 / 3.05	+76 / +81	2.90 / 2.95	+66 / +71			3.125	+79	3.20 / 3.25	+89 / +94	3.050	+79
12	2027	2.95 / 3.00	+71 / +76	3.15 / 3.20	+82 / +87	3.10 / 3.15	+77 / +82								
13	2028			3.300	+88										
14	2029			3.450	+94										
15	2030	3.400	+88	3.550	+95	3.550	+95			3.550	+86			3.500	+91
16	2031														
17	2032							3.750	+92						
18	2033														
19	2034														
20	2035	3.700	+90	3.875	+101	3.900	+103	3.850	+89					3.900	+106
21	2036														
22	2037														
23	2038			3.950	+96					3.950	+91				
24	2039														
25	2040	3.870	+88			4.050	+101								
26	2041														
27	2042														
28	2043														
29	2044														
30	2045	4.000	+94			4.150	+104	4.100	+90						
31	2046														
32	2047														
33	2048														
34	2049														
35	2050					4.350	+124 to 30yr								
36	2051														
37	2052														
38	2053														
39	2054														
40	2055														
41	2056														
42	2057					4.500	+139 to 30yr								
PAC 1				4.00C/2.28Y	+91 to 5yr									3.50C/1.95Y	+92 to 4yr
PAC 2														3.50C/2.10Y	+107 to 4yr
Notes		10/1/40 is 3.75% coupon priced at 98.089 to yield 3.87%		1/1/46 PAC bond has 4% coupon priced at 107.967 to yield 2.28% and has an average life of 5 years from 100-400% PSA						12/1/38 bond has 4% coupon priced at 100.393 to yield 3.95% to 6/1/25 par call or 3.974% to maturity				3/1/45 PAC bond has 3.5% coupon priced at 105.908 to yield 1.95% and has an average life of 4 years from 100-500% PSA; 9/1/45 PAC bond has 3.5% coupon priced at 105.918 to yield 2.10% and has an average life of 4.5 years from 100-500% PSA	
Mkt Index		BBI / RBI 3.68% / 4.07%		BBI / RBI 3.78% / 4.18%		BBI / RBI 3.78% / 4.18%		BBI / RBI 3.82% / 4.25%		BBI / RBI 3.82% / 4.25%		BBI / RBI 3.82% / 4.25%		BBI / RBI 3.73% / 4.08%	
Sr Manager		J.P. Morgan		Raymond James		J.P. Morgan		Raymond James		RBC Capital Markets		RBC Capital Markets		J.P. Morgan	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, 5/1/15 TO DATE PLUS EARLIER MINNESOTA HOUSING

Pricing Date		8/18/15		8/13/15		8/11/15		8/6/15		8/5/15		8/5/15		8/4/15	
Amount		$55,000,000		$15,285,000		$50,000,000		$25,000,000		$77,760,000		$66,600,000		$79,195,000	
Issuer		Pennsylvania HFA		Vermont HFA		Missouri HDC		Maine SHA		Michigan SHDA		Wyoming CDA		Oregon HCSD	
Series		Series 2015-117B		2015 Series G		2015 Series B-2		2015 Series E-2		2015 Series A		2015 Series 5,6		2015 Series A	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa2 / AA+ / -		Aa3 / - / AA		- / AA+ / -		Aa1 / AA+ / -		Aa2 / AA+ / -		Aa1 / AA+ / -		Aa2 / - / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('15 pricings)	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD
0	2015														
1	2016									0.45 / 0.65	+18 / +38				
2	2017									0.90 / 1.00	+26 / +36				
3	2018			1.35 / 1.40	+45 / +50					1.25 / 1.35	+35 / +45				
4	2019			1.55 / 1.63	+47 / +55					1.55 / 1.65	+46 / +56			1.500	+43
5	2020			1.85 / 1.95	+51 / +61	1.75 / 1.85	+41 / +51			1.85 / 1.95	+50 / +60			1.75 / 1.80	+42 / +47
6	2021			2.15 / 2.25	+53 / +63	2.10 / 2.20	+50 / +60			2.15 / 2.25	+52 / +62			2.05 / 2.15	+45 / +55
7	2022			2.45 / 2.50	+60 / +65	2.40 / 2.45	+56 / +61			2.50 / 2.55	+62 / +67	2.45 / 2.55	+57 / +67	2.40 / 2.45	+55 / +60
8	2023			2.65 / 2.70	+68 / +73	2.60 / 2.65	+64 / +69			2.70 / 2.75	+70 / +75	2.65 / 2.75	+65 / +75	2.60 / 2.65	+63 / +68
9	2024			2.85 / 2.90	+77 / +82	2.80 / 2.85	+73 / +78			2.85 / 2.90	+72 / +77	2.875 / 2.95	+75 / +82	2.80 / 2.85	+70 / +75
10	2025			3.050	+86	3.00 / 3.05	+82 / +87			3.00 / 3.05	+76 / +81	3.00 / 3.05	+76 / +81	2.95 / 3.00	+74 / +79
11	2026			3.20 / 3.25	+90 / +95	3.10 / 3.125	+80 / +83					3.250	+89	3.10 / 3.15	+77 / +82
12	2027					3.20 / 3.25	+82 / +87					3.300	+86	3.250	+84
13	2028													3.350	+86
14	2029			3.750	+121										
15	2030					3.550	+95			3.750	+109	3.700	+104		
16	2031														
17	2032														
18	2033							3.800	+98						
19	2034			3.900	+108	3.800	+100					3.900	+104		
20	2035	3.900	+102							3.950	+105				
21	2036														
22	2037														
23	2038														
24	2039														
25	2040	4.050	+103			3.950	+95	4.050	+100						
26	2041														
27	2042														
28	2043														
29	2044														
30	2045	4.150	+107					4.150	+103						
31	2046														
32	2047														
33	2048														
34	2049														
35	2050														
36	2051														
37	2052														
38	2053														
39	2054														
40	2055														
41	2056														
42	2057														
PAC 1						4.00C/2.23Y	+89 to 5yr			4.00C/2.30Y	+95 to 5yr	4.00C/2.00Y	+65 to 5yr	3.50C/2.25Y	+92 to 5yr
PAC 2															
Notes						2045 PAC bond has 4% coupon priced at 108.189 to yield 2.23% and has an average life of 5 years from 100-300% PSA				2046 PAC bond has 4% coupon priced at 107.894 to yield 2.30% and has an average life of 5 years from 100-400% PSA		2030 bond has 3.625% coupon priced to yield 3.7%; 2045 PAC bond has 4% coupon priced at 108.536 to yield 2% and has an average life of 4.5 years from 75-500% PSA		2036 PAC bond has 3.5% coupon priced at 105.809 to yield 2.25% and has an average life of 5 years from 100-400% PSA	
Mkt Index		BBI / RBI 3.69% / 4.06%		BBI / RBI 3.69% / 4.06%		BBI / RBI 3.75% / 4.11%		BBI / RBI 3.75% / 4.11%		BBI / RBI 3.75% / 4.13%		BBI / RBI 3.75% / 4.13%		BBI / RBI 3.75% / 4.13%	
Sr Manager		J.P. Morgan		Raymond James		Stifel, Nicolaus		Citigroup		Morgan Stanley		BofA Merrill		J.P. Morgan	

Post-Sale Report: $171,445,000 Residential Housing Finance Bonds (RHFB) Agenda Item: 9.A
Series 2015 EFG Non-AMT Pricing Comparables
December 2, 2015

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, 5/1/15 TO DATE PLUS EARLIER MINNESOTA HOUSING

Pricing Date Amount Issuer Series Program Rating(s) Tax Status		7/30/15 $63,255,000 Minnesota HFA 2015 Series B,C Single Family / Negotiated Aa1 / AA+ / - Non-AMT		7/22/15 $105,000,000 Connecticut HFA 2015 Series C-1 Single Family / Negotiated Aaa / AAA / - Non-AMT		7/8/15 $66,050,000 SONYMA Series 192,193 Single Family / Negotiated Aa1 / - / - Non-AMT		7/7/15 $36,755,000 Rhode Island HMFC Series 66-A1,A2 Single Family / Negotiated Aa2 / AA+ / - Non-AMT		6/16/15 $30,000,000 Maine SHA 2015 Series D Single Family / Negotiated Aa1 / AA+ / - Non-AMT		6/11/15 $25,000,000 Idaho HFA 2015 Series A-1 Single Family / Negotiated Aaa / - / AAA Non-AMT		5/21/15 $46,100,000 North Dakota HFA 2015 Series B Single Family / Negotiated Aa1 / - / - Non-AMT	
Year	Maturity ('15 pricings)	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD
0	2015														
1	2016	0.40 / 0.50	+13 / +23			0.40 / 0.55	+10 / +25							0.40 / 0.50	+18 / +28
2	2017	0.625 / 0.80	-1 / +17			0.70 / 0.90	+8 / +28							0.90 / 1.00	+28 / +38
3	2018	1.10 / 1.20	+22 / +32			1.10 / 1.15	+21 / +26							1.500	+49
4	2019	1.35 / 1.45	+29 / +39	1.35 / 1.45	+31 / +41					1.650	+38			1.75 / 1.85	+51 / +61
5	2020	1.70 / 1.80	+39 / +49	1.70 / 1.80	+43 / +53					2.000	+51			1.95 / 2.05	+50 / +60
6	2021	2.05 / 2.10	+48 / +53	2.00 / 2.10	+46 / +56					2.350	+65			2.35 / 2.45	+65 / +75
7	2022	2.35 / 2.40	+50 / +55	2.40 / 2.50	+56 / +66					2.600	+71			2.55 / 2.65	+68 / +78
8	2023	2.55 / 2.60	+57 / +62	2.65 / 2.70	+65 / +70					2.800	+78	2.90 / 2.95	+83 / +88	2.75 / 2.80	+73 / +78
9	2024	2.75 / 2.80	+64 / +69	2.90 / 2.95	+78 / +83					2.950	+78	3.05 / 3.10	+83 / +88	2.950	+77
10	2025	2.90 / 2.95	+67 / +72	3.05 / 3.10	+81 / +86					3.125	+84	3.15 / 3.20	+81 / +86	3.050	+75
11	2026	3.05 / 3.10	+68 / +73	3.20 / 3.25	+82 / +87					3.300	+88				
12	2027														
13	2028														
14	2029														
15	2030			3.600	+89					3.750	+100				
16	2031	3.600	+86			3.800	+102								
17	2032														
18	2033														
19	2034														
20	2035			3.900	+96	4.000	+105			4.000	+101	4.000	+93		
21	2036														
22	2037														
23	2038														
24	2039														
25	2040					4.100	+98			4.250	+107				
26	2041														
27	2042														
28	2043														
29	2044														
30	2045														
31	2046														
32	2047														
33	2048														
34	2049														
35	2050														
36	2051														
37	2052														
38	2053														
39	2054														
40	2055														
41	2056														
42	2057														
PAC 1				3.50C/2.08Y	+81 to 5yr			4.00C/2.06Y	+97 to 4yr	4.00C/2.35Y	+86 to 5yr			4.00C/2.21Y	+76 to 5yr
PAC 2								4.00C/1.875Y	+97 to 3yr						
Notes				2045 PAC bond has 3.5% coupon priced at 106.645 to yield 2.08% and has an average life of 5 years from 75-500% PSA				A1 2033 PAC bond has 4% coupon priced at 107.321 to yield 2.06% with an average life of 4 years from 100-400% PSA; A2 2032 PAC bond has 4% coupon priced at 106.095 to yield 1.875% with an average life of 3 years from 100-400% PSA		2045 PAC bond has 4% coupon priced at 107.67 to yield 2.35% and has an average life of 5 years from 100-500% PSA				2036 PAC bond has 4% coupon priced at 108.347 to yield 2.21% and has an average life of 5 years from 100-500% PSA	
Mkt Index		BBI / RBI 3.75% / 4.13%		BBI / RBI 3.82% / 4.23%		BBI / RBI 3.76% / 4.19%		BBI / RBI 3.85% / 4.25%		BBI / RBI 3.87% / 4.28%		BBI / RBI 3.87% / 4.28%		BBI / RBI 3.81% / 4.56%	
Sr Manager		RBC Capital Markets		Citigroup		Citigroup		Morgan Stanley		BofA Merrill		Barclays		RBC Capital Markets	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, 5/1/15 TO DATE PLUS EARLIER MINNESOTA HOUSING

Pricing Date Amount Issuer Series Program Rating(s) Tax Status		5/13/15 $124,600,000 Tennessee HDA Issue 2015-1B,C Single Family / Negotiated Aa1 / AA+ / - Non-AMT		12/3/14 $82,585,000 Minnesota HFA 2014 Series D,E Single Family / Negotiated Aa1 / AA+ / - Non-AMT		4/16/14 $50,000,000 Minnesota HFA 2014 Series B Single Family / Negotiated Aa1 / AA+ / - Non-AMT		2/11/14 $50,000,000 Minnesota HFA 2014 Series A Single Family / Negotiated Aa1 / AA+ / - Non-AMT	
Year	Maturity ('15 pricings)	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD	Coupon/ Yield	Spread to MMD
0	2015								
1	2016	0.500	+28			0.20 / 0.30	+5 / +15	0.25 / 0.35	+8 / +18
2	2017	0.80 / 0.90	+20 / +30			0.45 / 0.50	+10 / +15	0.45 / 0.55	+14 / +24
3	2018	1.30 / 1.40	+33 / +43			0.85 / 0.95	+23 / +33	0.85 / 0.95	+34 / +44
4	2019	1.70 / 1.75	+50 / +55			1.20 / 1.35	+30 / +45	1.25 / 1.35	+43 / +53
5	2020	1.90 / 2.00	+50 / +60			1.60 / 1.70	+45 / +55	1.65 / 1.75	+55 / +65
6	2021	2.25 / 2.35	+65 / +75	2.000	+58	2.00 / 2.10	+53 / +63	2.10 / 2.20	+59 / +69
7	2022	2.45 / 2.55	+66 / +76	2.20 / 2.30	+52 / +62	2.35 / 2.45	+61 / +71	2.50 / 2.60	+65 / +75
8	2023	2.75 / 2.80	+78 / +83	2.600	+74	2.70 / 2.75	+74 / +79	2.80 / 2.90	+64 / +74
9	2024	2.900	+77			2.950	+81	3.05 / 3.10	+67 / +72
10	2025	3.050	+81			3.050	+78	3.30 / 3.35	+78 / +83
11	2026	3.150	+78	3.000	+80	3.200	+80		
12	2027	3.250	+76	3.100	+81	3.350	+83		
13	2028	3.400	+80					3.750	+83
14	2029	3.550	+87						
15	2030	3.650	+89	3.350	+87				
16	2031								
17	2032	3.850	+97						
18	2033			3.500	+87				
19	2034								
20	2035	3.950	+94						
21	2036								
22	2037								
23	2038	4.050	+95						
24	2039								
25	2040								
26	2041								
27	2042								
28	2043								
29	2044								
30	2045								
31	2046								
32	2047								
33	2048								
34	2049								
35	2050								
36	2051								
37	2052								
38	2053								
39	2054								
40	2055								
41	2056								
42	2057								
PAC 1		4.00C/2.20Y	+80 to 5yr			4.00C/2.08Y	+93 to 5yr	4.00C/2.17Y	+107 to 5yr
PAC 2									
Notes		2045 PAC bond has 4% coupon priced at 108.362 to yield 2.20% and has an average life of 5 years from 100-400% PSA				2038 PAC bond has 4.00% coupon priced at 108.915 to yield 2.08% and has an average life of 5.0 years over a range 100-500% PSA		2038 PAC bond has a 4.00% coupon priced at 108.500 to yield 2.17% and has an average life of 5.0 years over a range of 100-500% PSA	
Mkt Index Sr Manager		BBI / RBI 3.74% / 4.47% Citigroup		BBI / RBI 3.94% / 4.58% RBC Capital Markets		BBI / RBI 4.32% / 5.18% RBC Capital Markets		BBI / RBI 4.46% / 5.32% RBC Capital Markets	

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Board Agenda Item: 9.B
Date: 12/17/2015

Item: Schedule of 2016 Board Meetings

Staff Contact(s):
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Request Type:

☐ Approval	☒ No Action Needed
☐ Motion	☐ Discussion
☐ Resolution	☒ Information

Summary of Request:
The schedule of meetings for 2016 is attached. Committee meetings will be scheduled as needed. Members will be notified of the dates and times of these meetings as they are scheduled.

Please note that, historically, the December meeting has been held on the third Thursday of the month. Because of the date on which Christmas 2016 falls, the December 2016 meeting is not being adjusted and will be held on the fourth Thursday of December.

Fiscal Impact:
None.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- 2016 Meeting Schedule

All meetings are on the fourth Thursday of each month and will begin at 1:00 p.m. unless otherwise noted. Committee meetings will be scheduled as needed. Members will be notified of the dates and times of these meetings as they are scheduled.

Meeting dates are subject to change. All meeting dates and materials are available on www.mnhousing.gov (about us -> board meetings).

2016 Schedule of Minnesota Housing Board Meetings

January 28

February 25

March 24

April 28

May 26

June 23

July 28

August 25

September 22

October 27 (*morning meeting for RFP selections*)

November 17 *(one week early due to Thanksgiving Holiday)*

December 22