



Minutes of the Board of Commissioners Meeting April 16, 2019

MEETING CONVENED

A regular meeting of the Board of Commissioners for MaineHousing convened on April 16, 2019 at the offices of MaineHousing, 353 Water Street, Augusta, Maine. A notice of the meeting was published on April 5, 2019 in Central Maine newspapers.

Chair Lincoln Merrill called the meeting to order at 9:00 a.m. The meeting convened with Commissioners Sheryl Gregory, Kevin P. Joseph, Laurence Gross, State Deputy Treasurer Matthew Colpitts, Donna Talarico, Thomas Davis, and Director Dan Brennan present. There was a quorum present.

PUBLIC ATTENDANCE

Guests and staff present for all or part of the meeting include: Linda Uhl, Chief Counsel; Peter Merrill, Deputy Director; Denise Lord, Senior Director of Communications and Planning; Tom Cary, Treasurer; Mark Wiesendanger, Director of Development; Daniel Drost, Director of Energy and Housing Services; Troy Fullmer, Manager of HEAP and Weatherization Services; Kyme Ferenc, Manager of Housing Services; Darren Brown, Director of Finance; Laurie Murray, Assistant Director of Finance; Lauren Bustard, Senior Director of Programs; Ruth Lawson-Stopps, Director of Homeless Initiatives; Karen Lawlor, Executive Administrator; Linda Grotton, Director of Audit and Compliance; Eric Porior, weatherization contractor; Brenda Sylvester, Community Housing of Maine, Inc.; Gerrylynn Ricker, Paralegal and Note taker.

ADOPT AGENDA

Commissioner Joseph made a motion seconded by Commissioner Gregory to adopt the April 16, 2019 agenda. The vote carried unanimously.

APPROVE MINUTES OF MARCH 19, 2019 MEETING

Commissioner Gregory made a motion seconded by Commissioner Joseph to accept the March 19, 2019 minutes as written. The vote carried unanimously.

COMMUNICATIONS AND CONFLICTS

Commissioner Joseph had a conversation with Fabian Oil regarding de minimus account balances; Chair Merrill told the Board members that his daughter is applying for a loan through the First Home Buyers program; and Commissioner Gregory was contacted by a lender. She gave the lender Craig Reynold's name and number.

CHAIR OF THE BOARD UPDATES

None.

DIRECTOR UPDATES

Director Brennan played a video of the demolition work at Edison Drive. He stated we are right on schedule with the construction. Mr. Brennan introduced the new Homeless Initiatives Director, Ruth Lawson-Stopps.

Director Brennan reported his activities and upcoming matters as follows:

- Met with Maine Municipal Association – outreach with 15 to 20 different towns around the state – talked about housing needs. Representatives from Avesta, Genesis, Rural Development, and AARP also attended. It was a great panel discussion.
- Went down to Biddeford and met with City officials, the public and interest groups and talked about Biddeford's unique issues.
- Attended meeting with several members of the Governor's cabinet.
- Follow-up meeting with Hannah Pingree and Michael Stoddard from Efficiency Maine to discuss heat pump installations throughout the state.
- Met with the Commissioners of the Department of Public Safety, Department of Education, Department of Administrative and Financial Services and Department of Health and Human Services.
- Met with Joe Everett, the new director at The Opportunity Alliance.
- Met with Lori Parham at AARP of Maine.
- MaineHousing staff attended the realtor rally at the Hall of Flags. Commissioner Gregory was there.
- Director Brennan and Deputy Director Merrill are advocating strongly against the \$5,000,000 being taken from the State HOME Fund.
- There are a number of bills at the Legislature that we are tracking including: State Low Income Housing Tax Credit bill; housing first for homeless bill; surplus state property bill (we have right of first refusal on surplus state property); and a bill asking for a study to be conducted with regard to the AccessAble Home Tax Credit program to assess the overall need.
- There is \$10,000,000 in the federal budget based on our Comfortably Home or Community Aging in Place grants with the public housing authorities.
- On May 1st, Director Brennan will be on the Maine Calling radio show.
- On May 6th he will attend the MREMA conference and on May 7th the MEREDA conference.
- Celebrating our 50th anniversary, on August 15th we will have a BBQ for staff and October 1st is going to be our housing conference at the Augusta Civic Center.
- We are doing great work with the University of Maine at Augusta School of Architecture program.
- We also have a program with Head Start asking kids "what home means to me."

COMMENCE RULEMAKING – Chapter 24, Home Energy Assistance Program

Daniel Drost, Director of Energy and Housing Services reviewed the two page memorandum from himself and Troy Fullmer, Manager of HEAP and Weatherization Services to the Commissioners dated April 10, 2019 which outlines the proposed changes to the Home Energy Assistance Program Rule for program year 2020. The elimination of the \$.07 discount was discussed. There being no further questions,

Commissioner Gregory made a motion seconded by Commissioner Talarico to authorize MaineHousing to commence the rulemaking process to repeal Chapter 24 of MaineHousing's rules and replace it with a new Chapter 24 substantially in the form provided to the Commissioners in the Board packet and described in the memorandum from Energy and Housing Services Director Dan Drost to the Commissioners dated April 10, 2019. The vote carried unanimously.

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

Mark Wiesendanger, Director of Development reviewed the proposed changes to the 2020 Qualified Allocation Plan (QAP). TDC Scoring, telemedicine plan, and broad band were discussed.

Commissioner Gregory asked about the “older adults” definition. Mark explained it depends on which guidelines are being used. Commissioner Davis asked if we require tenants to pay for the internet for telemedicine services. Mark said no. Dan Brennan said the outreach to our partners and their involvement in drafting the QAP was huge.

Commissioner Gregory made a motion seconded by Commissioner Davis to authorize MaineHousing to commence the rulemaking process to repeal Chapter 16 of MaineHousing’s rules and replace it with a new Chapter 16 in substantially the form emailed to the Commissioners on April 12, 2019, and described in the memorandum from Development Director Mark Wiesendanger to the Commissioners dated April 16, 2019. The vote carried unanimously.

2018 YEAR-END FINANCIAL AND AUDIT REPORT

Darren Brown, Director of the Finance Department, reviewed the final budget reports for the year. Each budget schedule was reviewed and explanations were provided for the larger variances. Overall the budget results were favorable for the year with revenues exceeding expenses by approximately \$8.7 million.

Commissioner Davis asked Treasurer Cary if we quantify on a yearly basis what we save by using the cash flow/arbitrage, swap consultants (Line 11 on Page 2 of Darren’s handout). Treasurer Cary believes we save a lot but it is hard to quantify. Mr. Cary explained that most of that expense was for the cash flow firm, cFX. The work they do for us is necessary for MaineHousing to sell rated tax exempt bonds. Their on-going maintenance fee is 3 basis points of the bonds outstanding. There are currently about \$1,400,000,000 bonds outstanding in 40 bond issues. Each bond issue is treated as a separate stand-alone tax plan and for each bond issue over the life of the bond issue they have to track on an on-going basis the relationship of the bond yield (bond costs) and the yield on the mortgages because there is an arbitrage restriction as to how much over the yield on the bond we can earn on the mortgages. They also track the non-mortgage investments for each tax plan and compare what we earn on that non-mortgage investment to what we would have earned if we had invested at the bond cost for that tax plan. They run various stress tests required by the rating agencies which rate our bonds and management analytical models at our direction. Overall we are paying them around \$400,000 (the 3 basis points) plus about \$20,000 per bond issue and we issue around 7 bond issues a year.

Mr. Brown and Mr. Cary welcomed and introduced Carl Chatto, Principal, and Jason Emery, Managing Director, with the public accounting firm Baker Newman & Noyes. Mr. Chatto reviewed the work performed for and the results of the audits conducted by his firm. His firm conducts two audits, the year ending December 31, 2018 financial statements and the Federal Financial Assistance Programs audit. Mr. Chatto reported that the financial statements were presented fairly in all material respects and MaineHousing was given a “clean opinion.” No material weaknesses were noted and there was no noncompliance that would have a direct and material effect on the financial statements. A Management Letter included comments on information technology. Management is adopting changes or already has made changes with regard to those comments. None of the comments were considered significant findings or deficiencies. The Commissioners thanked Mr. Chatto and Mr. Emery.

Treasurer Tom Cary reviewed the financial results of the Mortgage Purchase Program (MPP). We have issued about \$10 billion worth of bonds since 1972. We have an AA + 1 bond rating. He reported that all the trends are favorable and that profitability is at pre-financial crisis level. Last year we sold close to \$230,000,000 in bonds. The mortgage portfolio increased in size for the fourth

straight year as loan production for the single family program was up in 2018. Mr. Cary also reported our delinquencies are at an all-time low.

DEPARTMENT REPORTS

Commissioner Joseph asked about “manufactured sheds” referenced on page 59 of the Board packet qualifying as a “dwelling unit.” It was explained that a dwelling unit must have a functioning heating system. Commissioner Talarico commented that there is also a minimum living space requirement.

Chair Merrill asked whether the amounts listed under 1 month, 2 months, 3+ months, are the total outstanding balance of the multi-family delinquent loans. Director Brennan answered yes.

Commissioner Joseph asked about the citizen survey mentioned on page 197 of the Board packet. He was wondering if it was a statewide survey or just certain areas. It is meant to be statewide. Director Brennan will get Mr. Joseph more information.

Commissioner Gross questioned the cost of the National Energy Assistance Directors’ Association annual membership. Dan Brennan explained that it is expensive but it is necessary.

EXECUTIVE SESSION

Commissioner Gregory made a motion seconded by Commissioner Davis to enter into an Executive Session pursuant to 1 M.R.S.A 405.6(1) to discuss a personnel matter. Commissioners Talarico, Davis, Gross, Colpitts, Gregory and Joseph voted unanimously in favor of the motion. The Board of Commissioners entered into Executive Session at 11:34 a.m.

The Board of Commissioners came out of Executive Session at 12:05 p.m. and resumed the meeting. *Commissioner Davis made a motion seconded by Commissioner Talarico to award Director Daniel Brennan a 5.8% increase in salary effective April 9, 2019. The motion carried unanimously.*

ADJOURN

Commissioner Gregory made a motion seconded by Commissioner Joseph to adjourn the meeting. The meeting was adjourned at 12:07 p.m. by unanimous vote of the Board.

Respectfully submitted,



Donna Talarico, Secretary