

DRAFT
Michigan State Housing Development Authority
Minutes of Authority Meeting
December 12, 2018

AUTHORITY MEMBERS PRESENT (Lansing):

Jeremy Hendges
Mike Kapp for Mark Van Port Fleet
Anne Wohlfert for N.A. Khouri
Carl English
Deb Muchmore
Luke Terry

AUTHORITY MEMBERS ABSENT:

Tyrone Hamilton

OTHERS PRESENT (Lansing/Detroit):

Earl J. Poleski, Executive Director
Brian Mills, Chief of Staff
Maria Ostrander, Executive
Mary Cook, Executive
Clarence L. Stone, Jr., Legal Affairs
Willard G. Moseng, Legal Affairs
Margaret Meyers, Legal Affairs
Diana Bitely, Legal Affairs
Jeffrey Sykes, Chief Financial Officer
Linda Beachnau, Technical Support Services
Chris Hall, Technical Support Services
Katie Bach, Governmental & Media Affairs
Andy Martin, Rental Development
Mike Witt, Asset Management
Daphne Wells, Asset Management
Troy Thelen, Asset Management
John Hundt, Rental Development
Mary Townley, Homeownership
Dace Koenigskecht, Procurement
John Millhouse, Office of Attorney General
Ron Farnum, Office of Attorney General
Andrew Switalski, Dykema
James Kiefer, Dykema
Brandon Wolanski, Barclays
Tim Rittenhouse, CSG Advisors
Tom Coomes, Citigroup

Chairperson Jeremy Hendges, opened the meeting at 10:02 a.m.

There being no public comment, Mr. Hendges noted that Tabs I, J, and K and Goldenrods for Tabs B and I were distributed at the table. He thanked the board members and Authority staff for their work over the year. He then turned the meeting over to Executive Director Earl J. Poleski.

Executive Director's Report

Mr. Poleski reported on the following:

- **National Council of State Housing Agencies (NCSHA) Conference for Executive Directors in Washington DC.** Mr. Poleski reported that the prior week, he attended the NCSHA Conference for Executive Directors in Washington DC. He reported that more regulations for Opportunity Zones would be issued and hoped the regulations would encourage new investment in opportunity zones. NCSHA will be monitoring the regulations. Mr. Poleski also noted that economic forecasts were discussed, including predictions of an economic slowdown in 2020 and the leveling-off of interest rates. Mr. Poleski indicated that he co-chairs an Opportunity Zone Panel that is coordinating NCSHA's response to the IRS regulations.
- **Authority's Single-Family Program.** Mr. Poleski reported on the success of the Authority's single-family program. He noted the Authority has purchased over \$41 million of single-family loans and the Authority is at a pace of almost half a billion dollars this year. He commented on the effect of that pace, noting the proposed authorization of the Authority's credit facility, which, if approved would be a \$100,000,000 bridge to the Authority's next single-family bond deal. The proposed creation of the credit facility, he said has started a discussion on the Authority's statutory bond cap, which is at \$3.4 billion in debt. Authority staff are determining at what point the Authority may reach the cap, so the Authority can make statutory adjustments if necessary, to ensure the cap does not slow down the Authority's work. The increase in the statutory bond cap would take place in the next couple years.
- **October Round of Low-Income Housing Tax Credits.** Mr. Poleski reported on the October round of Low-Income Housing Tax Credits, which totaled approximately \$15 million out of \$28 million that the Authority is annually permitted to allocate. He noted that among the projects receiving tax credit awards are projects in Detroit, Ann Arbor, Jackson, Niles, Grand Rapids, Whitehall, Montague, Farwell, Prudenville and Jackson. (Mr. Poleski referenced a map on the screen showing the location of the projects—a copy of the map is attached.) There are a couple of projects in Grand Rapids under the Authority's Strategic Investment category that are unique and will be part of a community collaboration that will include a high school campus.

Mr. Hendges requested follow-up in a few months on the sober housing projects in Jackson and Grand Rapids. Mr. Poleski responded that sober housing is unique and new to Authority staff, noting the Rental Development division is monitoring closely the Jackson project.

Voting Issues:

Agenda (Tab A): Mr. Hendges requested a motion to approve the agenda. Deb Muchmore moved approval of the agenda. Luke Terry supported. The agenda was unanimously approved.

Consent Agenda (Tabs B-D) Mike Kapp moved approval of the consent agenda. Anne Wohlfert supported. The consent agenda was approved. The consent agenda included the following resolutions:

Tab B Minutes – November 14, 2018

Tab C Resolution Authorizing 2019 Authority Meeting Schedule

Tab D Resolution Authorizing Professional Services Contract with Michigan Multifamily Asset Managers

REGULAR VOTING ITEMS

Michigan State Housing Development Authority Resolution Authorizing Short-Term Revolving Credit Facility (Single-Family Program) 2019 in an Amount Not to Exceed \$100,000,000 (Tab E) was presented by Chief Financial Officer Jeff Sykes. Mr. Sykes reviewed the business aspects of the proposed Short-Term Credit facility (Single-Family Program) as detailed in the board documents. James Kiefer of Dykema reviewed the proposed resolution. Assistant Attorney General Ron Farnum and Director of Legal Affairs Clarence Stone concurred that the resolution was in proper order for the Authority’s action. Anne Wohlfert moved approval of the resolution. Luke Terry supported.

The following Roll Call vote was taken for Tab E:

| | | |
|----------------------|---------------------|---------------------------|
| Jeremy Hendges – Yes | Carl English - Yes | Tyrone Hamilton - Excused |
| Deb Muchmore – Yes | Anne Wohlfert - Yes | |
| Mike Kapp – Yes | Luke Terry - Yes | |

There were 6 “yeas” and 0 “nay” votes. The resolution was unanimously approved.

Resolution Authorizing Professional Services Contract with EPS, Inc. (Tab F) was presented by Daphne Wells of Asset Management. Ms. Wells reviewed the business aspects of the resolution as detailed in the board documents. Mike Kapp moved approval of the resolution. Deb Muchmore supported. The resolution was approved.

Resolution Determining Mortgage Loan Feasibility/Resolution Authorizing Mortgage Loan, Friendship Manor, MSHDA Development No. 341-2, City of Lansing, Ingham County (Tab G) were presented by John Hundt of Rental Development. Mr. Hundt reviewed the business aspects of the resolutions as detailed in the board documents. Deb Muchmore moved approval of the resolutions. Luke Terry supported. The resolutions were approved.

Resolution Determining Mortgage Loan Feasibility/Resolution Authorizing Mortgage Loan, Whispering Woods, MSHDA Development No. 3814, Charter Township of Waterford, Oakland County (Tab H) were presented by John Hundt of Rental Development. Mr. Hundt reviewed the business aspects of the resolutions as detailed in the board documents. Carl English moved approval of the resolutions. Anne Wohlfert supported. The resolutions were approved.

Resolution Authorizing Modification to Loan/Resolution Authorizing Mortgage Resource Fund Loan, Village Center I, MSHDA Development No. 3798, City of Detroit, Wayne County (Tab I) were presented by John Hundt of Rental Development. Mr. Hundt reviewed the business aspects of the resolutions as detailed in the board documents. Luke Terry moved approval of the resolutions. Carl English supported. The resolutions were approved.

Resolution Authorizing Modification to Loan/Resolution Authorizing Mortgage Resource Fund Loan, Village Center II, MSHDA Development No. 3799, City of Detroit, Wayne County – Loan Increase (Tab J) were presented by John Hundt of Rental Development. Mr. Hundt reviewed the business aspects of the resolutions as detailed in the board documents. Deb Muchmore moved approval of the resolutions. Luke Terry supported. The resolutions were approved.

Resolution Authorizing Modification to Loan for Burton Place, MSHDA Development No. 468-2, City of Burton, Genesee County (Tab K) was presented by John Hundt of Rental Development.

Mr. Hundt reviewed the business aspects of the resolution as detailed in the board documents. Anne Wohlfert moved approval of the resolution. Carl English supported. The resolution was approved.

Resolution Authorizing Partial Settlement on Two Parts of Complaint, Payment to Plaintiff, and Execution of Documents for Partial Settlement, Release and Waiver of Claims in ADR Consultants, LLC v Michigan Land Bank and Michigan State Housing Development Authority (Tab L) was introduced by Clarence Stone, Director of Legal Affairs.

Mr. Hendges requested a motion to go into closed session. Mr. Kapp moved that the Authority meet in closed session under section 8(e) of the Open Meetings Act to consult with its attorney regarding trial or settlement strategy in connection with pending litigation, and under section 8(h) to consider material exempt from disclosure under section 13(1)(g) of the Freedom of Information Act. Deb Muchmore supported the motion.

The following Roll Call vote was taken to go into Closed Session:

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|----------------------|---------------------|---------------------------|
| Jeremy Hendges – Yes | Carl English - Yes | Tyrone Hamilton - Excused |
| Deb Muchmore – Yes | Anne Wohlfert - Yes | |
| Mike Kapp – Yes | Luke Terry - Yes | |

There were 6 “yeas” and 0 “nay” votes. The motion was unanimously approved. Board members moved to conference room 4A to convene a closed session at approximately 10:52 a.m.

Closed session ended at 11:03 a.m. and the board reconvened in the board room.

Mr. Stone reviewed the resolution. Mike Kapp moved approval of the resolution. Carl English supported. The resolution was approved.

Mr. Hendges noted that the following reports were included for information: Homeownership Production Report (**Tab 1**), Current and Historical Homeownership Data (**Tab 2**), Hardest Hit Report (**Tab 3**).

Mr. Hendges noted that the next two board meetings are scheduled for January 24 and February 28, 2019. All subcommittee meetings will now be held on the Monday before the board meeting.

There being no further business, Mr. Hendges requested a motion to adjourn. Carl English moved to adjourn. Mike Kapp supported the motion, and it was unanimously approved and accepted. The meeting adjourned at 11:07 a.m.