

**WYOMING COMMUNITY DEVELOPMENT AUTHORITY
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING**

**May 24, 2017 at 8:30 am
Casper, Wyoming**

Notice of meeting published:

May 13, 2017 in the Casper Star Tribune

Board packets distributed to Board members:

May 19, 2017

WCDA Board Members Present: George Parks—Chairman, Judy Lane—Vice Chairman, Kristin Lee — Secretary/Treasurer, Pat Hand, Kari Cooper, Rob Boner, Mark Gordon, Susan Anderson, and Scott Hoversland—Executive Director.

WCDA Board Representatives Present: Colin McKee – Governor Representative via telecom

WCDA Board Representatives Absent: Erica Legerski – State Treasurer Representative

WCDA Staff Present: Lesli Wright, DJ Whitaker, Carol Wilson, Gayle Address, John Batey, Rick Juday, Kathy Swanson, Rachel Shaw, Jessica Howard, James Cochran, Sarah Saulsbury, and Daren Cook.

Guests: John Wagner (Kutak Rock), Mina Choo (RBC), Barbara Feldman (Bank of America/Merrill Lynch), William Veronda (Bank of America/Merrill Lynch), Daryn Murphy (Commonwealth Development), Jason Boal (Blueline Development, Inc.), Alex Burkhalter (Housing Solutions, LLC), Bonnie Mogen (Costello Investments, LLC), Ben Ide (G.A. Haan Development), Vicki Orcutt (Wyoming Rescue Mission), Bryce True (Wyoming Rescue Mission), Brad Hopkins (Wyoming Rescue Mission), and Jim Grenfell (Wyoming Housing Network).

Call Meeting to Order and Roll Call

Chairman George Parks called the meeting to order at 8:30 am. Roll was called and a quorum was confirmed.

1. Welcome

Chairman Parks welcomed the group to the meeting.

2. Agenda

Chairman Parks referred to the agenda as the first item of business. Pat Hand stated he would like to amend the agenda to include under item 6a a voting item for the Wyoming Rescue Mission loan application. The agenda was reviewed and unanimously approved as amended.

3. Approval of Board Work Session Minutes – March 21, 2017

Chairman Parks referred to the Board Work Session Minutes of March 21, 2017. Mr. Hand made a motion to approve the minutes of the Board Work Session of March 21, 2017 and Judy Lane

seconded the motion. There was no further discussion. The motion passed with all Board members voting the affirmative.

4. Approval of Board Meeting Minutes – March 22, 2017

Chairman Parks referred to the Board Meeting Minutes of March 22, 2017. Mr. Hand made a motion to approve the Board Meeting Minutes of March 22, 2017 and Ms. Lane seconded the motion. There was no further discussion. The motion passed with all Board members voting the affirmative.

5. Approval of Board Conference Call Minutes – April 26, 2017

Chairman Parks referred to the Board Conference Call Minutes of April 26, 2017. Mr. Hand made a motion to approve the Board Conference Call Minutes of April 26, 2017 and Ms. Lane seconded the motion. There was no further discussion. The motion passed with all Board members voting the affirmative.

6. Approval of 2017-01 Signature Resolution

Chairman Parks referred to the 2017-18 Signature Resolution. Scott Hoversland presented the Resolution to the Board and explained that the purpose was to include the Director of Legal and Compliance, Kathy Swanson as an authorized signator. Rob Boner made a motion to approve the 2017-18 Signature Resolution and Mark Gordon seconded the motion. There was no further discussion. The motion passed with all Board members voting the affirmative.

Chairman Parks referred to the Wyoming Rescue Mission loan request. Mr. Hand made a motion to authorize WCDA to make a loan to the Wyoming Rescue Mission for 2.8 million dollars at 0% interest for 5 years. Susan Anderson seconded the motion. Significant discussion ensued. Mr. Hand called for a Division of the House; a roll call vote followed.

George Parks – Negative
Judy Lane – Negative
Kristin Lee – Negative
Pat Hand – Affirmative
Kari Cooper – Negative
Rob Boner – Affirmative
Susan Anderson – Affirmative
Colin McKee – Negative
Mark Gordon – Negative

The motion failed with a vote 6 – 3.

Kristin Lee made a motion to direct the staff to explore funding availability with suggested parameters and filters that the staff would suggest be required for special capital construction projects, such as the Wyoming Rescue Mission project, and report back to the Board in three weeks.

Mr. Gordon seconded the motion. Some discussion ensued. The motion passed with all Board members voting the affirmative.

7. Finance and Administration

Chairman Parks referred to the Finance and Administration report. DJ Whitaker reviewed the balance sheet and statement of income as of April 30, 2017, and a breakdown of fees and other income. Ms. Whitaker compared the operating budget to actual as of April 30, 2017.

Ms. Whitaker reported to the Board on the recent bond issuance. Ms. Whitaker also updated the Board on the upcoming swap agreement with Barclays Bank. Some discussion ensued.

Chairman Parks referred to the Trustee RFP. Ms. Lee made a motion to approve the trustee RFP process as reported to date, and to ratify and confirm the authority of the Executive Director, Deputy Executive Director, and Director of Finance and Administration to execute appropriate documents, on the advice of counsel, to complete the bond trustee review and replacement process. Kari Cooper seconded the motion. There was no further discussion. The motion passed with all Board members voting the affirmative.

8. Delinquency and Foreclosure

Chairman Parks referred to the Delinquency and Foreclosure report. Gayle Andress reviewed the combined indenture totals, FNMA, and HTF delinquency reports. Ms. Andress reviewed the delinquency by insurer, seriously delinquent report by county, and seriously delinquent report by city.

Ms. Andress reviewed the seriously delinquent charts, WCDA servicing monthly delinquencies, and delinquency by program. Ms. Andress reviewed the MBA delinquencies for the first quarter. Further discussion ensued.

9. Single Family Review

Chairman Parks referred to the Single Family Review. Carol Wilson reviewed the loan volume graphs, current interest rates, and rate comparisons. Ms. Wilson updated the Board of the available Homestretch funds and program. Further discussion ensued.

Ms. Wilson updated the Board of the Loan Review and REO Departments. There was no further discussion.

William Veronda and Barbara Feldman of Bank of America/Merrill Lynch reported on economic trends as they relate to the State of Wyoming and WCDA. Some discussion ensued.

10. Federal Programs

Chairman Parks referred to the Approval of Round #1 LIHTC/HTF/HOME Allocations. John Batey summarized the staff recommended allocations for LIHTC/HTF/HOME which were presented to the Board. Mr. Batey identified the staff recommended projects to include: Chief Black Coal Project, Sage Apartments, Alpine Park Apartments, Granite Springs Apartments, Townsend Place,

Mission Village, and Grand Mesa Apartments. Mr. Batey addressed Hayden Common's application and its scoring pursuant to the Qualified Allocation Plan (QAP), stating that their negative cash flow made their project ineligible for funding. Lesli Wright addressed the requirements around the debt service coverage ratio range, stating Hayden Common's did not meet the requirements outlined in the QAP. Chairman Parks opened the floor for developer comments.

Alex Burkhalter with Housing Solutions, LLC presented prepared comments with regards to the Hayden Commons project and specifically requested that, on the advice of his counsel, the comments be included in the minutes so they are attached.

Bonnie Mogen with Costello Investments made comments regarding Grand Mesa Apartments and thanked WCDA and staff for their recommendations to fund their project.

Mr. Hoversland addressed the concerns and comments about whether the Authority made appropriate decisions pursuant to the QAP. Mr. Hoversland reminded the Board that there are certain requirements built into the QAP and they must be followed without exception even if it means certain projects do not qualify to receive funding. Mr. Batey informed the Board that the next QAP is due in September and the Authority has the opportunity to change the geographic scoring and further clarify the time period and parameters around the debt coverage ratio range.

Mr. Hand made a motion to approve the staff recommendations for Round #1 LIHTC/HTF/HOME Allocations as presented including Chief Black Coal Project, Sage Apartments, Alpine Park Apartments, Granite Springs Apartments, Townsend Place, and Hayden Commons based on scoring criteria that staff provided, eliminating Grand Mesa and Mission Village. The motion died for lack of a second.

Mr. Boner made a motion to approve the funding as recommended and presented by staff. Ms. Lee seconded the motion. Mr. Batey reminded the Board that the QAP clearly calls for a 15 year Pro Forma which includes a debt coverage ratio for each year. The motion passed with all Board members voting the affirmative except Pat Hand.

11. Executive Director's Update

Chairman Parks referred to the Executive Director's Update. Scott Hoversland updated the Board of the Fannie Mae Summit and appointments with congressional delegates. Mr. Hoversland updated the Board of the summary of the President's proposed 2018 budget request. Mr. Hoversland updated the Board of the recent Federal Liaison Conference Call, and upcoming Executive Director projects and opportunities. Further discussion ensued.

12. Upcoming Board Events

Chairman Parks requested that the Board refer to the advance packet's calendar for upcoming conferences and meetings. Mr. Hoversland, Ms. Cooper, and Mr. Hand updated the Board of the recent Mountain Plains Housing Summit conference. There was no further discussion.

13. Directors Forum

Chairman Parks referred to the Directors Forum.

Ms. Lane thanked the staff and professional associates for their support and presentations. Ms. Lane thanked the Board for their engagement and discussions.

Ms. Lee thanked staff and Board for their contributions.

Ms. Cooper thanked Rachel Shaw for all of the work with the MSEC salary review. Ms. Cooper thanked the HR committee for their availability prior to the meeting and Judy Lane's knowledge. Ms. Cooper welcome Susan Anderson.

Susan Anderson thanked the staff and Board for their comradery, respectful discussions, and understanding questions and concerns around the meeting.

Mr. Gordon thanked staff and Board for patiently listening to deliberation and good conversation. Mr. Gordon thanked Lesli Wright, John Batey, and Scott Hoversland for being transparent with some of the topics.

Mr. Boner welcomed Susan Anderson to the Board. Mr. Boner thanked the Board and showed appreciation for honest and sincere communication stating motivations are in the right place.

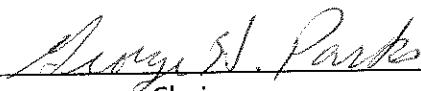
Mr. Hand welcomed Susan Anderson to the Board.

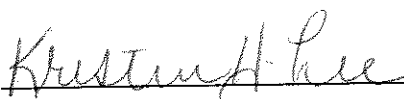
Mr. McKee welcomed Susan Anderson to the Board.

Chairman Parks welcomed Susan Anderson to the Board. Chairman Parks thanked the Board and showed appreciation for their participation while deliberating issues.

14. Adjournment

There being no further business or further discussion, the meeting adjourned at 11:17 am.


Chairman


Secretary

Comments of Alex Burkhalter at the Wyoming Community Development Authority Board Meeting on Wednesday, May 24, 2017:

I have been advised by my counsel to get our comments in the public record for this meeting. I will read them into the record and provide the board Secretary with a copy of what is read.

Yesterday, May 22nd, 2017 the WCDA Board met for a "Work Session" held at the WCDA offices. I was personally in attendance of the Work Session.

Agenda Item 1(d) was a review of the Low Income Housing Tax Credit, Housing Trust Fund, and Home Round #1. All projects that submitted applications were presented by WCDA Staff. A total of 16 applications were received. Seven of the projects were determined to not have been complete and therefore were not scored. The nine remaining projects were determined to be complete and scored by WCDA staff. Project scores were discussed and written scoring summaries were presented. Board discussion surrounding the following two items took up most of the agenda item time.

1. The scoring for Geographic Distribution was treated by staff differently this year than last; the language in the QAP had not changed from 2016 to 2017. Previous years the scoring was "dynamic," reflecting the effect of the highest ranking project in a city on the score of the second highest ranking in that same city. Had the staff stayed with "dynamic" scoring as previous years, the negative points in Geographic Scoring would have resulted in only one project being recommended in Cheyenne. Moving to static Geographic Scoring this year, without any change in QAP language, resulted in a five projects being recommended for Cheyenne. Concern about placing five projects in Cheyenne was expressed by several Board Members.
2. Hayden Commons
 - a. The Application was judged to be complete and scored by staff.
 - b. The Application score was 379.9, higher than Mission Village/Cheyenne (375.3) and Grand Mesa/Cheyenne (365.2)
 - c. The Application score was sufficient to have it's Housing Tax Credit and HOME Funds request fulfilled by funding highest ranking projects first.
 - d. Staff did not recommend, did not rank, Hayden Commons because the Debt Service Coverage Ratio was negative in year three.
 - e. I provided the reasons for the negative DSCR and the catch 22 the QAP put the project in with regards to operating expenses vs size of debt at Debt Coverage Ratio Requirements.
3. At least one Board Member inquired if the board was able to select Hayden Commons over one of the other projects in Cheyenne. The response from staff was a if you do that, call your lawyer and other lighthearted comments about it opening up the board to lawsuits.

As a result of what was discussed at the Work Session yesterday we feel it is important to be on record with the following:

1. We feel strongly the Hayden Commons project was unfairly removed from the pool of applicants, and had it not been removed it would be funded in the current round based in it's scoring.
2. The Work Session meeting was the first I had heard about the problem with the Hayden Commons Debt Coverage Ratio
3. The 2017 Housing Allocation Plan, Page 39, Item B states:
"When underwriting a project, the Debt Coverage Ratio, using rents at the committed amount, must be between 1.20 [1.15 for Rural Housing Service (RHS)] and 1.25 for foreclosable debt plus HOME and/or NHTF Loans."

This language is unclear as to when the Debt Coverage Ratio test is applied, and that is why we called and clarified with staff that it only applied, as shown on the Electronic Application "Checks Page."

4. Hayden Commons fully complies with financial requirements of the QAP as evidenced by the Electronic Application. There is no "red error" under for Debt Coverage Ratio on the Checks tab because it's Debt Coverage Ratio is between 1.20 and 1.25.
5. If the standard is a project must remain in between a 1.20 and 1.25 Debt Coverage Ratio for an extended time, how long is that? 15 year, 20 years, the entire extended use period? Was the same standard applied to all projects? Do all projects recommended for funding meet the requirement of being between 1.20 and 1.25 for the same amount of time?
6. We as developers have to do our best to fit individual projects into a general template and the confines of the QAP. I know we can operate a Hayden Commons with the rent set asides committed to and the debt sized as reflected in the application. My 13 years of experience and oversight of a portfolio of 16 projects and over 600 units gives me the confidence to say that.

Comments to the board generally:

1. The change in how Geographic Distribution points has been handled has us concerned. Housing Solutions, LLC was in Cheyenne and even made an offer on a piece of property there for this current round, but our review of the QAP and understanding of past practices for Geographical Distribution points caused us to move on and look outside of Cheyenne. Confident only one project could be funded there and our companies best chance for success would be found elsewhere in Wyoming.

2. I believe you, as Board, do have the ability to give input on which projects are funded. Being nervous about "getting sued" can't be a reason to not do what you know is right. This is the purpose of having a Board; to be the final decision maker.
3. Choose to make this round make sense. Follow the scoring, fund the project in Evanston; Cheyenne getting five projects in one round is not right.