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☞ **WHEDA (March - 2005)**

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

**Committee on ... Job Creation, Economic
Development and Consumer Affairs (SC-JCEDCA)**

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**



**WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY**

Notice is hereby given that a meeting of the **Wisconsin Housing and Economic Development Authority (WHEDA)** shall be held on **Monday, March 21, 2005**, at **10:00 a.m.**, in the WHEDA Senator John R. Plewa Board Room, 201 West Washington Avenue, Suite 700, Madison, Wisconsin.

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director

NOTE: During the meeting, WHEDA may go into Closed Session, pursuant to s. 19.85 (1) (c), (e), (f) and/or (g), Wisconsin Statutes, for the purpose of considering personnel matters, conducting public business of a competitive nature; considering financial, social, personal histories, information, or data of specific persons; and/or considering pending litigation, and then reconvene in open session.

NOTE: Members may attend by teleconference.

201 West Washington Avenue
Suite 700
P.O. Box 1728
Madison, WI 53701-1728
608/266-7884
800/334-6873
fax 608/267-1099

Perry Armstrong, Chairman
Wisconsin Housing and
Economic Development Authority

101 West Pleasant Street
Suite 100
Milwaukee, WI 53212-3962
414/227-4039
800/628-4833
fax 414/227-4704

www.wheda.com
info@wheda.com
www.wisconsin.gov

WHEDA supports equal
housing opportunities for
all persons

AGENDA

Wisconsin Housing and Economic Development Authority

Meeting of the Members*

WHEDA Senator John R. Plewa Board Room
201 W. Washington Avenue, Suite 700
Madison, WI

March 21, 2005
10:00 a.m.

- A. Call to Order
- B. Roll Call
- C. Approval of the Minutes of the February 21, 2005 Meeting
- D. Authority Activity Report
- E. Report of the Directors Loan Committee
- F. Report of the Finance Committee
- G. Decision Item
 - 1. Badger Capital Services, LLC - Approval to Respond to Request for Proposal and Contract Negotiation
- H. Discussion Item
 - 1. Toolkit Presentation
- I. Other Business
- J. Adjournment

*The Executive Committee will meet if a quorum is not present.

NOTE: During the meeting, WHEDA may go into Closed Session, pursuant to s. 19.85 (1) (c), (e), (f) and/or (g), Wisconsin Statutes, for the purpose of considering personnel matters; conducting public business of a competitive nature; considering financial, social, personal histories, information, or data of specific persons; and/or considering pending litigation, and then reconvene in open session.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

MINUTES

Senator John R. Plewa Board Room
201 W. Washington Avenue
Madison, Wisconsin

February 21, 2005
10:20 a.m. – 11:20 a.m.

(The file copy of these minutes has appended to it a copy of each document prepared for, or submitted to the Authority during the meeting. A tape recording of the meeting will be retained by the Authority in its office at 201 W. Washington Avenue, Suite 700, Madison, Wisconsin for a period of six months.)

AUTHORITY MEMBERS PRESENT: Mr. Armstrong; Mr. Kruger; Mr. Lee; Ms. Olson-Collins; Mr. Storey; and Mr. Farley

AUTHORITY MEMBERS PRESENT VIA PHONE: Mr. Hurtado and Representative Wieckert

AUTHORITY MEMBERS EXCUSED: Senator Taylor; Senator Kanavas and Representative Young

AUTHORITY STAFF PRESENT: Antonio Riley, Executive Director; Mary Zins, Credit Director; Laura Morris, Chief Financial Officer; Nelson Flynn, Deputy Executive Director and General Counsel; Jim Siebers, Chief Information Officer; George Christenson, Economic Development Director; Floyd DeBow, Administration Director; Rae Ellen Packard, Asset Management Director; John Schultz, Community Development Director; Brenda Marquardt; Chris Gunst; Sherry Pohlman; Cindy Jenson; Larry Odegaard; Brian Nowicki; Melissa Cumming; and Maureen Brunker, Executive Secretary

OTHERS PRESENT: Dan Rosen, Merrill Lynch; Chris Knight, Foley and Lardner; and others

CALL TO ORDER/ROLL CALL
(Agenda Item A-B)

The meeting was called to order at 10:20 a.m. by Mr. Armstrong. The roll was called and a quorum was present.

APPROVAL OF THE MINUTES OF THE JANUARY 18, 2005 MEETING
(Agenda Item C, Attachment #1)

A motion was made by Mr. Kruger, seconded by Mr. Lee, that the minutes of the January 18, 2005 meeting be approved as presented. The motion carried on a unanimous voice vote. Resolution No. 6446

AUTHORITY ACTIVITY REPORT
(Agenda Item D, Attachment #2)

The Authority Activity Report, dated February 21, 2005, was included in the materials mailed to the Members.

Mr. Riley noted the following highlights:

- After 20 years of dedicated service to WHEDA, Larry Odegaard has announced his retirement as of February 28, 2005. Pat Multerer has been promoted to replace this position. Mary Zins presented Larry with a plaque and commended him on his years of service and dedication to the Authority.
- Asset Management staff has sent out over 650 letters and questionnaires to owners of properties identified by the Preservation Task Force to be nearing the end of their use restrictions and at risk of leaving the affordable housing stock. Responses are expected in early spring and will then be prioritized based on defined criteria for our preservation efforts and resources.
- Staff has estimated that WHEDA will only be able to provide assistance to 1,176 housing voucher recipients which is a reduction of 70 households per month. Staff continues to work with our management agents in trying to reduce our per unit costs and communicate with HUD the need to fund the program at least at existing levels.
- The Board was provided with a brief update on budget and legislative issues confronting WHEDA over the next few months.

**REPORT OF THE DIRECTORS LOAN COMMITTEE
(Agenda Item E, Attachment #3)**

The report was accepted as presented.

**REPORT OF THE FINANCE COMMITTEE
(Agenda Item F, Attachment #4)**

The report was accepted as presented.

DECISION ITEMS

**SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF
HOME OWNERSHIP REVENUE BONDS
(Agenda Item G1, Attachment #5)**

Chris Knight, Foley and Lardner., reviewed the decision paper entitled "Series Resolution Authorizing the Issuance of Home Ownership Revenue Bonds", dated February 21, 2005. Discussion followed.

Mr. Knight noted that the amount of this bond issue would not exceed \$150 million.

The lead underwriter will be Merrill Lynch.

A motion was made by Mr. Hurtado, seconded by Mr. Lee, that the Members of the Authority adopt the "Series Resolution Authorizing the Issuance of Wisconsin Housing and Economic Development Authority Home Ownership Revenue Bonds" dated February 21, 2005. The motion carried on a roll call vote as follows: Ayes, 8, (Mr. Armstrong, Mr. Kruger, Mr. Lee; Mr. Hurtado; Ms. Olson-Collins, Representative Wieckert, Mr. Storey and Mr. Farley). Resolution No. 6447

**CONTRACT POLICY
(Agenda Item G2, Attachment #6)**

Nelson Flynn reviewed the decision paper entitled "Contract Policy", dated February 21, 2005. Discussion followed.

This proposal will create a Contract Policy to regulate all contracts and purchases of the Authority. The basic concepts include:

- To create a Contract Policy similar to WHEDA's Loan Policy
- The Board will review, in differing levels of detail, all contracts of the Authority

- The Contract Administrator will review and approve contract requests up to \$4,999 to ensure their compliance with the Contract Policy
- A new Internal Contract Committee (similar to the Internal Loan Committee) will take action on all contract requests of \$5,000 - \$24,999 and make recommendations for action by the Finance Committee/Board on contract requests over \$25,000
- All actions of the Internal Contract Committee and the Contract Administrator will be reported to the Board

A motion was made by Ms. Olson-Collins, seconded by Mr. Hurtado, that the Members of the Authority hereby adopt the contract policy as the Contract Policy of the Authority. The motion carried on a unanimous voice vote. Resolution No. 6448

**RESTATED BYLAWS
(Agenda Item G3, Attachment # 7)**

Nelson Flynn reviewed the decision paper entitled "Restated Bylaws", dated February 21, 2005. Discussion followed.

The revised Bylaws address several deficiencies in the old Bylaws:

- The appointment and tenure of Board members and the Executive Director are addressed in more detail and clarity
- Certain corporate practices, such as resolution by unanimous written consent are added
- The responsibility of Board members and Officers of the Board and of the Authority are addressed with more detail and clarity
- The treatment of appointment and composition of committees is expanded and substantial policies of the Authority, such as the loan policy and contract policy are appropriately addressed
- The indemnity section of the Bylaws is substantially changed to reflect current corporate practice

A motion was made by Mr. Kruger, seconded by Mr. Storey, that the Members of the Authority hereby adopt the draft amended and restated bylaws dated February 21, 2005 as the Bylaws of the Authority. The motion carried on a unanimous voice vote. Resolution No. 6449

**ENCUMBRANCES
(Agenda Item G4, Attachment #8)**

Laura Morris reviewed the decision paper entitled "Encumbrance", dated February 21, 2005. Discussion followed.

A brief description of each encumbrance was provided.

A motion was made by Mr. Kruger, seconded by Mr. Storey, that the Members of the Authority authorize encumbrances from Dividends for Wisconsin, 2004-05 for the following purposes: 1) \$150,000 for Wisconsin Fresh Start; and 2) \$100,000 for the LaCasa de Esperanza Housing Initiative. The motion carried on a unanimous voice vote. Resolution No. 6450

DISCUSSION ITEMS

**INFORMATION TECHNOLOGY SECURITY PROGRAM REPORT
(Agenda Item H1, Attachment #9)**

Jim Siebers reviewed WHEDA's Information Technology Security Program Report. It was noted the GLBA and WHEDA policy requires that the CIO report annually to the Board of Directors on the status of the IT Security Program.

**LEGISLATION BRIEFING
(Agenda Item H2, Attachment #10)**

The Board was provided with a briefing of WHEDA's Modernization Bill.

OTHER BUSINESS
(Agenda Item I)

There was no other business to come before the Board.

ADJOURNMENT
(Agenda Item J)

A motion was made by Mr. Kruger, seconded by Mr. Farley, that the meeting of the Wisconsin Housing and Economic Development Authority be adjourned. The motion carried on a unanimous voice vote.
Resolution No. 6451

The February 21, 2005, meeting of the Wisconsin Housing and Economic Development Authority adjourned at 11:20 a.m.

The next meeting of the Authority will be held on Monday, March 21, 2005, at 10:00 a.m. in WHEDA's Senator John R. Plewa Board Room, located at 201 West Washington Avenue, Suite 700, Madison, Wisconsin.



WHEDA SM

AUTHORITY ACTIVITY REPORT

March 21, 2005

Antonio R. Riley, Executive Director

AUTHORITY ACTIVITY REPORT
March 21, 2005

CREDIT

Homeownership

HOME

In February we funded 206 loans totaling \$20.9 million. This is 3% over budget for the fiscal year. We received an unusually high number of rate lock requests in February which is an increase of 150% over last year.

The new Fixed – Interest Only product was implemented on March 1 for high-cost, rapidly appreciating counties of Dane, Ozaukee, St. Croix, Vilas and Waukesha. We will be expanding the number of counties in April when we receive the 2004 data from the Real Estate Transfer Tax report.

MGIC has offered their version of providing unemployment insurance. They have offered to pay for the borrower's \$150 cost through Mortgage Guardian. We think this a great alternative and will be taking the necessary internal steps to make this option available.

We have received new purchase price and income limits and plan on introducing these new limits on March 21. Both limits will increase in all counties.

Special Home Initiatives

Immigrant Lending Program – Interest in this program remains very strong. We revised some of the underwriting guidelines in February and our volume has increased. We have several lenders signed up for our next webinar on April 5. We now have a lender in the Appleton area and will be expanding to Green Bay. Since the program inception, we have funded 52 loans for \$5.7 million.

Native American Lending – We have finalized the legal documents between us and the tribes and borrowers. They will be presented to the tribal councils for review and approval. We are planning an implementation date of April 1.

Lender List – On March 3, we revised our lender referral list on our website. Lenders are now listed in order of volume rather than alphabetically. This will help direct borrowers to lenders that do WHEDA loans and will also encourage lenders to do more business with us if they want to be on the top of the lender list in their county.

Quick Decision – We continue to receive 25% of our volume through this process.

Other Programs

Home Plus – This continues to be a popular product. Again, the Modernization Bill revisions are needed to provide sufficient resources to fund the down payment/closing cost portion of this loan.

Home Improvement – The Modernization Bill revisions are necessary to improve volume in this product and bring it up to current industry standards.

HouseKey Wisconsin – We will be discontinuing service on March 11. We will be replacing this with a web-based filter on wheda.com where borrowers will answer a few questions, and based on their answers will be referred to either a WHEDA lender or a credit counseling agency.

PTDL – Through the end of February we have funded 46 loans totaling \$99,000. This is a slight increase over activity in 2004.

Multifamily Development

Loan Closings

ARC Housing, located in Fond du Lac (22 units and 12 beds) closed February 22, 2005 with a loan amount of \$968,500.00. We anticipate closing two loans in March.

Applications Received

Four applications were received in February for WHEDA financing. They are currently in the underwriting process.

- McKenna Boulevard – Madison (four family units), \$217,500
- Pheasant Ridge Trail – Madison, (16 special needs units) \$451,495
- Waupaca-CAP Special Needs - New London, Clintonville, (12 units) \$730,290
- Delavan Affordable Housing LP – Delavan, (30 family units) \$1,260,000

In conjunction with the 2005 tax credit applications, eleven loan applications and eight RHD HOME loan applications were received. These applications are on hold pending their approval or denial of tax credits.

Tax Credits

The 2005 tax credit application season is officially upon us. We received 47 applications (2147 units). Total Credit requested is \$7 million in the general setaside, \$3 million in the non-profit setaside, \$5 million in the preservation setaside and \$1 million in rural setaside. Total credit requested is \$16.6 million with available credit for 2005 at approximately \$10.2 million. Multifamily Development Officers have received their assigned applications, are in the process of site reviews, and will have internal review meetings with Management and Asset Management to make final determinations on market feasibility. Announcements are scheduled to be posted on WHEDA.com by April 15, 2005.

ASSET MANAGEMENT

A year ago the Governor announced WHEDA's multifamily Saving our Stock (SOS) preservation initiative. As you recall, through our Strategic Plan we've directed \$10 million toward addressing preservation issues of some of our existing, most vulnerable housing stock. Through February we have approved use of nearly half of our commitment. Activity has been somewhat slow though we expect requests to increase as the preservation questionnaires are received in the next 60 days.

Single Family

February's delinquency rates for the WHEDA serviced HOME Program, HOME Plus Program and HILP program all remain under 2%. In February we sold 2 REO properties, acquired 2, leaving a balance of 13 in REO.

Multifamily

There are eight developments on the watchlist, with cumulative outstanding balances of \$9,081,127. One property continues in foreclosure while the remaining developments are performing as expected or better than expected.

March is the onset of audited financial statement reporting for the entire portfolio and the Asset Managers will be completing a detailed review of the financial stability of the portfolio. The entire portfolio will also be risk graded based on financial, management, market and physical performance.

Contract Administration

In the month of March staff is busy preparing for year-end reporting and submission of our proposed workplan for the upcoming fiscal year. WHEDA continues to perform exceptionally well under the Contract Administration contract.

Tax Credit Monitoring

Staff is working with WHEDA's IT division in discussions with a group of Housing Finance Agencies to establish a standardized reporting format for all tax credit monitoring duties. In addition, work is continuing on evaluating the North Carolina monitoring system for WHEDA's purposes.

Asset Management Conference

We are in the final planning stages for a 2005 Asset Management Conference that will focus on the preservation of Wisconsin's multifamily housing. The conference is scheduled for May 11-12th at the Marriott Hotel in Middleton. We expect a variety of housing providers to be in attendance.

ECONOMIC DEVELOPMENT

Organizational Information

During the February Board meeting the WHEDA Modernization Bill was discussed. This bill will address both housing and economic development issues. In economic development, the items that are addressed in the bill include:

- Removing the \$49.5 million cap on the total amount of loan guarantees that can be approved;
- Removing the maximum loan amount of \$750,000 in the various business guarantee programs;
- Simplifying existing debt refinance rules and;
- Modifying the maximum term from five years to ten years on FARM guarantees that involve real estate improvement.

Staff also participated in economic development training sponsored by Wisconsin Business Development in De Pere.

Small Business Lending

One Small Business Guarantee for \$20,000 was approved during the month of February. Staff has been discussing several other new deals with lenders and we have started to receive them the first week of March.

Fiscal year to date (July '04 thru February '05) the dollar volume of Small Business guarantees is 39% higher than it was during the same period in fiscal 2004.

Neighborhood Business Revitalization Lending

One Neighborhood Business Revitalization Guarantee for \$317,600 was approved in February. The project involved the purchase and renovation of the building known as Lynne Tower in La Crosse. The total project amount was approximately \$510,000. The property will offer a mix of residential, condominiums, and retail use when completed. The building consists of eight floors and over 18,000 square feet. It is a historic building that was originally built in 1915.

Staff has been discussing several NBRG projects and in the first week of March three projects for \$3.1 million were received. The projects are located in Appleton, Beaver Dam, and Milwaukee. Staff is underwriting these deals for presentation to Directors Loan Committee later in March.

Agricultural Lending

In February 37 CROP applications were approved for \$1,203,000 in guarantees. Staff has already noticed an increase in the average CROP loan. Effective January 1, the maximum CROP loan increased from \$30,000 to \$60,000.

During February, staff also participated in a crop insurance meeting.

LEGAL

During the month of **February**, the Legal Group closed the following transactions

- A mortgage loan to ARC HOUSING, INC. in the amount of \$968,500.00 for ARC Housing to provide 22 units and 12 beds of housing for families in Fond du Lac. As long as the loan is outstanding, the mortgaged property shall have 22 affordable units and 12 beds (100% of total) set aside for occupancy by a qualified tenant whose income does not exceed 60% of the Fond du Lac CMI, as adjusted for family size and as published by HUD. A residential unit shall be rent-restricted if the Gross Rent with respect to such unit does not exceed 30% of 60% of the Fond du Lac CMI.

COMMUNITY DEVELOPMENT

Outreach – Lenders

Staff met and conferred with business lenders about potential economic development projects. As in February, staff maintained efforts to meet with lenders regarding the HOME program, home buyer education, and minority lending. In addition, the team continued conducting annual Lender HOME information sessions throughout the state.

Outreach – Community

Staff met with developers regarding the Neighborhood Business Revitalization Guarantee, Small Business Guarantee, and multifamily products. Staff also held homebuyers workshops in Spanish in Madison and Milwaukee. Staff also participated in a home buyer education program for mortgage brokers, as well as planned and conducted an information session for real estate professionals regarding our single family mortgage products.

Menominee Tribe and Shawano County representatives met with staff to plan financial literacy classes. Meanwhile, staff met with Neighborhood Housing Services to continue discussion of a potential WHEDA owned real estate pilot and home buyer education.

Staff worked with a Door County group to help in an effort to relocate and expand an existing manufacturer and create affordable housing at the firm's current site.

Staff also participated in the first meeting to plan a Green Building Conference in southeastern Wisconsin. Green Buildings use recycled and energy-efficient materials to the greatest extent possible.

Among other assignments, staff:

- Continued to participate in planning for the Appleton Money Conference with the Dept. of Financial Institutions and the Asset Builders of America.
- Attended and participated in meetings of the Door County Attainable Housing Committee and the Shawano County Housing Resource Committee. Staff worked with the Shawano

County branch of the UW-Extension and others on housing needs and housing grant programs.

- Met with a developer about creating affordable housing in the City of Waukesha.
- Met with Oconto County Economic Development Corp. regarding local projects and WHEDA products.

Marketing

Staff introduced WHEDA's ITIN lending program to lenders and bilingual Realtors in Madison and Waukesha.

The Metropolitan Milwaukee Fair Housing Council's STOPP and Outreach and Education staff met with WHEDA to discuss joint marketing efforts to generate publicity about predatory lending and STOPP's consumer hotline and other services.

Staff completed the video script and filmed a condensed homebuyer education video in Spanish. The purpose of the film is to promote the benefits of homeownership and educate consumers on the negative affects of predatory lending. The Spanish video is targeted to be complete at the end of March. Efforts are underway to complete the English and Hmong version of the video. The video will be distributed to various faith-based organizations and community groups to promote WHEDA and drive traffic to our homebuyer seminars.

CRO's along with Community Development support staff set up lender and realtor information sessions on WHEDA's new Fixed Interest-Only Product in each of the pilot counties. Sessions will be conducted in March.

The Web Team worked with Single Family Credit to make changes to wheda.com for the new Fixed Interest-Only Product, WHEDA's new Online Lender Referral Service and the phase-out of HouseKey Wisconsin. Staff also worked with the Asset Management Team in preparation for printed and web communication for the group's upcoming conference in May.

Media Relations

Staff distributed comments by the executive director regarding the proposed federal budget to news media and our partners. Staff also worked with several more regional and national news organizations to provide interviews and background materials on the ITIN mortgage program.

Staff worked with WHEDA's Economic Development team to prepare publicity materials for upcoming tax credit awards by the Wisconsin Community Development Legacy Fund.

Staff also developed several news releases announcing small business deals and a \$100,000 grant to La Casa de Esperanza of Waukesha for housing-related educational programs. The executive director gave a speech announcing the grant at the agency's annual dinner.

In preparation for the Great Lakes Tribal Council meeting in March, staff worked on a housing-related presentation for the executive director. In addition, preparations were made in February for Executive Director Riley to attend an editorial board meeting in March with the Milwaukee Journal Sentinel to discuss WHEDA issues.

Conferences & Training

Staff participated in an Agriculture program conference coordinated by DATCP.

Staff attended and manned a booth for the Governor's Conference on Economic Development.

INFORMATION TECHNOLOGY

New Initiatives:

- **FY06 Budget Preparation:** We initiated our process for developing IT's FY06 capital budget request. Business Units need to submit their requests by March 11 so that we have time to review all requests and meet Finance's deadline of April 8.
- **Staff recruitment:** Will Thompson resigned in February and we are now actively recruiting for his replacement. Applications are due March 7.

In-progress:

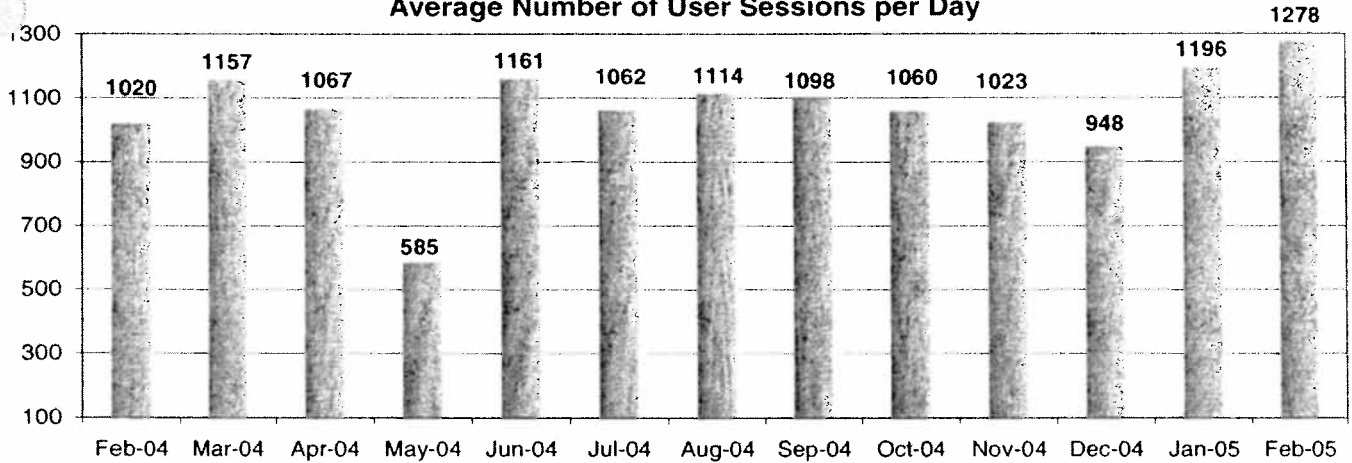
- **Tax Credit Application:** The majority of February was spent planning and documenting the design for the post award module of the Tax Credit system. Key issues addressed include additional applications for credit, version/status changes to the process flow, receiving 2nd and 3rd applications, necessary security requirements for the post-award application, and document and form generation.
- **Desktop Replacement project:** We encountered a technical issue with the new IBM PC that took a couple of weeks to work through and resolve. So, we are behind schedule. We are now cautiously optimistic that the issues are resolved and that we will be able to order the PCs during the week beginning March 7.
- **ePolicy Orchestrator Implementation Project:** We are continuing our planning for deployment of ePolicy Orchestrator. This system will allow us to centrally manage our McAfee antivirus and firewall software and to be able to make changes and updates quickly to all WHEDA systems.

Completed:

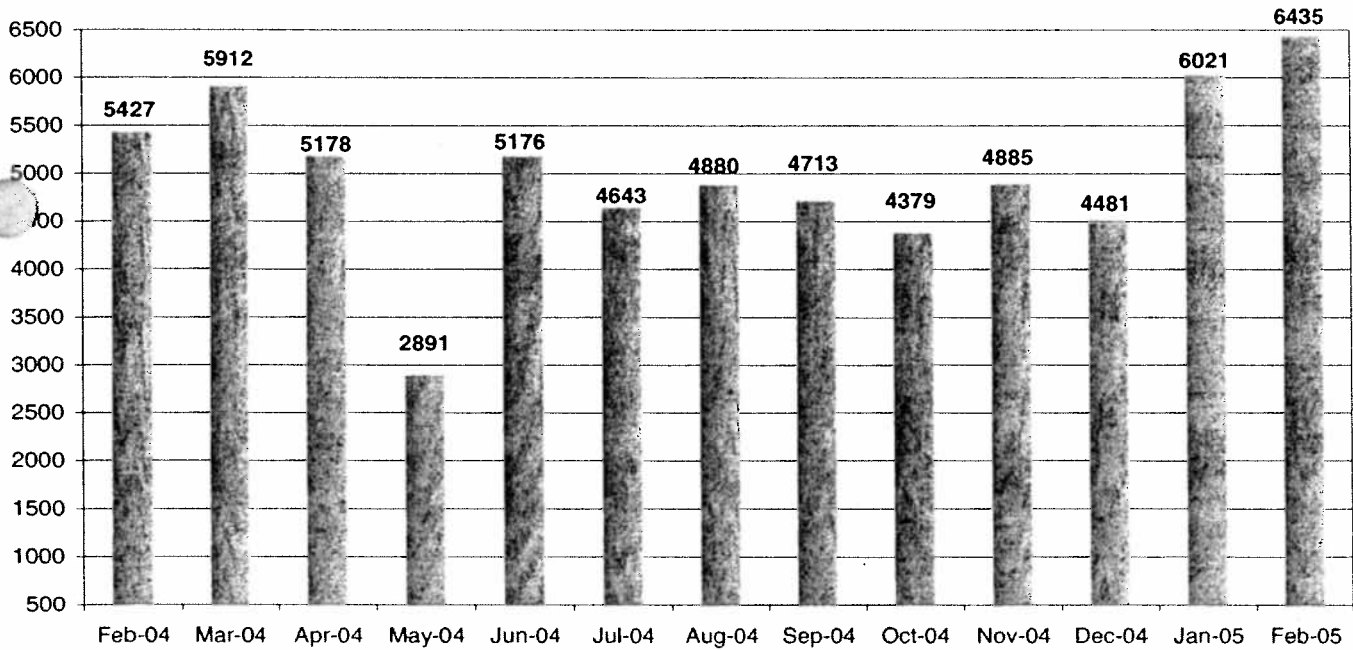
- **Email Anti Spam System project:** We moved McAfee's SpamKiller product into production on February 25.
- **Conversion from Majordomo List Serve:** The eWHEDA Subscription Services application was developed to allow WHEDA customers to subscribe to periodic updates on WHEDA programs. The updates themselves are distributed to subscribers via e-mail, using the State's list server, Majordomo. The State has chosen to migrate from Majordomo to another list server, IMail. A small team has been working on the changes required to accomplish this migration. All subscription services were migrated from Majordomo to IMail on February 24th

**WHEDA.com Statistics Report
February 2004 – February 2005**

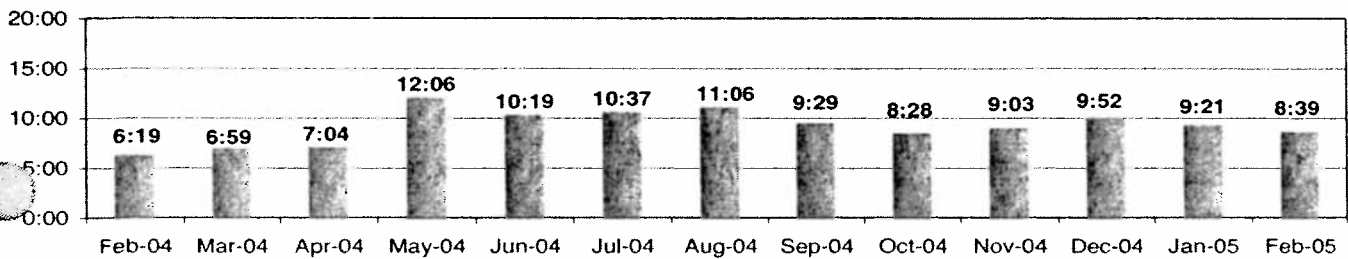
Average Number of User Sessions per Day



Average Number of Page Views per Day



**Average Length of User Sessions per Day
(in minutes)**



WHEDA's e-Business Applications

(Utilization per Application) Feb-04 Mar-04 Apr-04 May-04 Jun-04 Jul-04 Aug-04 Sep-04 Oct-04 Nov-04 Dec-04 Jan-05 Feb-05 Total

204 - 205

Single Family Origination

Compliance Income Worksheet

Visitor Sessions:	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Total
eMagic Volume	12	24	19	17	21	23	20	17	13	18	11	20	67	282
eMagic (Web) preapprovals	92	121	131	116	86	97	78	69	52	50	38	62	18	1,006
MOC (taxed data entry)														

House Key WI

Applications started	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Total
Applications started	223	272	315	267	230	222	223	201	169	124	97	182	25	2,525
Pre-approvals approved	41	39	67	46	35	29	43	29	19	21	18	25	18	412

Rate Lock

Total Loans Rate Locked	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Total
Total Loans Rate Locked	285	506	568	563	531	458	480	417	370	330	253	259	390	5,410
Rate Lock On-line	85	187	153	159	154	125	132	134	101	107	70	85	121	1,613
Percentage On-line	30%	37%	27%	29%	29%	27%	28%	32%	27%	32%	28%	33%	31%	30%

Home Funding eWHEDA

Application	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Total
Application	180	284	370	441	475	457	415	394	355	316	263	185	20	4,341
Loans funded	13	27	41	49	53	47	47	47	44	40	21	20	21	470

Service Online Account

Remittance (SOAR)	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Total
Total number of transactions	505	683	710	613	611	544	551	509	511	477	526	421	414	7,055
Dollar amount of transactions	15,419,891	23,776,980	27,021,843	23,341,565	20,715,821	16,582,574	17,623,992	14,896,437	16,399,621	15,166,346	16,830,108	15,716,884	11,668,541.35	223,130,403.74
Percentage online	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Mortgage Servicing

***MF Occupancy Reporting	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Total
Projects Reporting														3,397
Number of Transactions														2,791
Submitted On-line														850
Percentage On-line														82%

Form 500/ Disbursements

Reports	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Total
Total forms submitted	90	114	121	99	119	96	133	130	115	153	235	59	132	1,596
Total forms submitted online	5	28	25	9	28	21	31	45	51	92	192	51	111	889
Total amount submitted online	\$7,890	\$107,840	\$70,735	\$20,638	\$68,676	\$57,092	\$239,509	\$872,680	\$211,570	\$681,610	\$1,299,307	\$248,544	\$444,435	\$4,330,529.00

Secure Email Statistics

Encrypted Messages Sent	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Total
Encrypted Messages Sent														902
Decrypted Messages Received														311

Wisconsin Front Door

Housing searches for the month	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Total
Housing searches for the month														8,073
Number of units listed														155,130

***Quarterly Occupancy Reporting must be posted by the tenth of the month following the close of each quarter (i.e. April, July, October, January).

ADMINISTRATION

Facilities Management

A means to address leaks with the WHEDA building are now being discussed so a plan of action can be implemented. Otherwise, operations in the WHEDA Building were on track for the month of February.

Human Resources

In February, the employment level was 168.21, with an attrition rate of 7.02%.

The Administration Group welcomed Rosemary Strand on February 23, 2005. Rosemary is WHEDA's new Receptionist. And, WHEDA bid a fond farewell to Larry Odegaard, a 20 year veteran of WHEDA. Larry, a Senior Housing Officer with the Single Family Credit Group, retired on February 28, 2005.

Current recruitments include a Software Developer/Analyst position with the Information Technology Group, and a Staff Accountant-Compliance position with the Finance Group.

Human Resources distributed a survey to all WHEDA employees asking for their input regarding outings, awards, cultural events, and feedback on past events. Forty-one percent of the employees responded.

Resource Management

The Resource Management Team assisted staff with a variety of projects in February including a 900 piece mailing of the "Homeworks" newsletter sent to WHEDA's borrowers.

FINANCE

Financial Statement Highlights

The Authority net income in January 2005 was \$801,000 which was \$1 million less than budgeted. The major contributor to the unfavorable variance was the Authority's \$2.1 million contribution to the State of Wisconsin.

Mortgage income for December was \$9.2 million, \$356,000 less than budgeted. The weighted average mortgage rate, on a consolidated basis, was 5.97% compared to a budgeted rate of 6.20%

Investment income for the month totaled \$1.2 million and was \$24,000 greater than budgeted. Rising short-term interest rates over the past several months contributed to the favorable variance.

Bond interest expense for the month was \$7.5 million or \$76,000 less than budgeted. The effects of rising short term interest rates were offset by lower-than-budgeted outstanding bond balances.

Other Income for the month of January was \$1.7 million or \$1.1 million greater than budgeted. The Authority recognized \$1.2 million of income from the payoff of two multifamily loans; a portion of their project escrow reserves reverted to WHEDA. The payoffs were not expected at the time the budget was prepared.

Expenses for the month ended January 31, 2005 were \$4.1 million or \$1.9 million more than budgeted. Other Loan Program Expenses of \$2.4 million were \$2.1 million more than budgeted due primarily to the contribution to the State of Wisconsin which was budgeted to occur later in the year. General and Administrative Expenses (G&A) of \$1.4 million were \$109,000 less than budgeted.

Finance Group Activities

During February, \$14.6 million of commercial paper, used to finance the building, was remarketed. The average cost for the month of February was 2.32% and the average maturity was 46 days.

An RFP for a Financial Advisor to review the investment policies of the Authority was issued in March. The scope is limited to reviewing the investment policies and making recommendations for changes. The responses are due back to the Authority March 22nd.

DRAFT

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Unaudited Financial Statements

January 2005

Table of Contents

Comparative Balance Sheet January 2005 and January 2004	Exhibit A
Comparative Statement of Income for the Month Ending January 31, 2005 and Fiscal Year-to-Date	Exhibit B

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Consolidated Balance Sheet
January 31, 2005

(Unaudited)

(In Thousands of Dollars)

Actual 2005	Budget FY05	Favorable/ (Unfavorable)		Actual 2005	Actual 2004	Favorable/ (Unfavorable)
ASSETS						
525,468	684,926	(159,458)	Cash, Cash Equivalents & Investments *	525,468	746,599	(221,131)
1,900,880	1,886,480	14,400	Mortgage Loans Receivable, Net	1,900,880	1,687,963	212,917
697	1,247	(550)	Real Estate Held	697	1,847	(1,150)
16,215	17,242	(1,027)	Accrued Interest Receivable	16,215	17,838	(1,623)
13,914	14,398	(484)	Deferred Debt Financing	13,914	13,477	437
23,121	22,094	1,027	Other Assets	23,121	23,150	(29)
<u>2,480,295</u>	<u>2,626,387</u>	<u>(146,092)</u>	Total Assets	<u>2,480,295</u>	<u>2,490,874</u>	<u>(10,579)</u>
LIABILITIES						
1,944,636	2,089,168	144,532	Bonds & Notes Payable	1,944,636	1,969,871	25,235
29,110	29,340	230	Accrued Interest on Bonds & Notes	29,110	27,520	(1,590)
76,121	79,732	3,611	Escrow Deposits	76,121	79,990	3,869
50,586	41,313	(9,273)	Other Liabilities	50,586	38,791	(11,795)
<u>2,100,453</u>	<u>2,239,553</u>	<u>139,100</u>	Total Liabilities	<u>2,100,453</u>	<u>2,116,172</u>	<u>15,719</u>
FUND BALANCE						
Restricted Funds:						
213,698	223,590	(9,892)	Bonded Program Funds	213,698	211,629	2,069
5,082	5,245	(163)	Administered Funds-State Programs	5,082	5,268	(186)
161,062	157,999	3,063	General Funds:			
			Encumbered	150,739	149,477	1,262
			Current year Dividends Plan (Undesignated)	1,485	1,106	379
			Funds Accumulated for next year's Dividends Plan	8,838	7,222	1,616
<u>161,062</u>	<u>157,999</u>	<u>3,063</u>	Total General Funds	<u>161,062</u>	<u>157,805</u>	<u>3,257</u>
<u>379,842</u>	<u>386,834</u>	<u>(6,992)</u>	Total Fund Balance	<u>379,842</u>	<u>374,702</u>	<u>5,140</u>
<u>2,480,295</u>	<u>2,626,387</u>	<u>(146,092)</u>	Total Liabilities & Fund Balance	<u>2,480,295</u>	<u>2,490,874</u>	<u>(10,579)</u>

* Includes unrealized loss on investments of \$1.7 million as of January 31, 2005, an unrealized gain on investments of \$2.3 million in the FY05 budget, and an unrealized gain on investments of \$1.7 million as of January 31, 2004 in accordance with GASB #31. Investments before the GASB adjustment total \$384 million for January 2005 and \$573 million for January 2004.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Comparative Statement of Income
for the Month Ending January 31, 2005

(Unaudited)

(In Thousands of Dollars)

Current Month				Fiscal Year-to-Date		
Actual	Budget	Favorable/ (Unfavorable)		Actual	Budget	Favorable/ (Unfavorable)
9,182	9,538	(356)	Mortgage Income	65,129	66,112	(983)
1,223	1,199	24	Investment Income	9,538	8,205	1,333
			Interest Expense & Debt			
			Financing Costs	(52,220)	(51,595)	(625)
(7,503)	(7,579)	76				
2,902	3,158	(256)	NET INTEREST INCOME	22,447	22,722	(275)
244	204	40	Mortgage Servicing Fees	2,088	1,865	223
1,737	633	1,104	Other Income	7,636	4,101	3,535
4,883	3,995	888	NET INTEREST & OTHER INCOME	32,171	28,688	3,483
			DEDUCT: Expenses			
284	279	(5)	Mortgage Loan Servicer Fees	1,869	1,880	11
2,442	308	(2,134)	Other Loan Program Expenses	4,297	3,141	(1,156)
5	123	118	Grants & Services	761	858	97
1,058	1,096	38	Personnel Expense	7,223	7,672	449
123	126	3	Professional Services	626	882	256
104	140	36	Occupancy Expenses	904	980	76
19	47	28	Marketing Expenses	141	329	188
66	70	4	Other G&A Expenses	473	490	17
(19)	(7)	12	Deferred G&A Expense	(149)	(47)	102
4,082	2,182	(1,900)	Total Expenses	16,145	16,185	40
801	1,813	(1,012)	Results Before Extraordinary Items and change in fair value of investments	16,026	12,503	3,523
			Net Increase(Decrease) in fair value of investments (GASB #31 Adj.)	83	0	83
(309)	0	(309)				
			Extraordinary Gains (Losses):			
0	0	0	Extraordinary - Other	0	0	0
492	1,813	(1,321)	NET INCOME (LOSS)	16,109	12,503	3,606



WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

DAVID KRUGER, CHAIRMAN

**Report of the Directors Loan Committee to the
March 3, 2005 meeting of the Members**

The Directors Loan Committee met on February 2, February 16 and February 21.
Attached are the Minutes of the meetings.

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director


David Kruger, Chairman



201 West Washington Avenue
Suite 700
P.O. Box 1728
Madison, WI 53701-1728
608/266-7884
800/334-6873
fax 608/267-1099

101 West Pleasant Street
Suite 100
Milwaukee, WI 53212-3962
414/227-4039
800/628-4833
fax 414/227-4704

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**WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY
MEETING OF THE DIRECTORS LOAN COMMITTEE**

**MINUTES
FEBRUARY 2, 2005
9:30 a.m.**

(These minutes should be read in conjunction with the agenda and documents prepared for the meeting)

**COMMITTEE MEMBERS PRESENT
VIA TELECONFERENCE:**

David Kruger
Perry Armstrong
Dan Lee
Geoffrey Hurtado

**AUTHORITY STAFF PRESENT
VIA TELECONFERENCE:**

Antonio Riley, Executive Director

AUTHORITY STAFF PRESENT:

Nelson Flynn, Deputy Executive Dir / Gen Counsel
George Christenson, Director, Economic Dev
Michael Ash, Manager, Credit
Sharon Rambadt, Manager, Asset Management
Chris Gunst, Executive Assistant
Ed Winders, Asset Manager
Dan Prast, Asset Manager
Becky Boright, Commercial Underwriting Officer
Farshad Maltes, Senior Research and Policy Analyst
Bev Smith, Operations Officer

OTHERS PRESENT:

Rick Hayes, Waveland-Legacy

**CALL TO ORDER/ROLL CALL
(Agenda Item A)**

David Kruger called the meeting to order at 9:34 a.m.

**APPROVAL OF MINUTES OF JANUARY 20, 2005 MEETING
(Agenda Item B)**

A motion was made by Geoffrey Hurtado, seconded by Dan Lee that the Members of the Directors Loan Committee hereby approve the minutes of the January 20, 2005 meeting. The motion carried on a voice vote. Resolution Number 6430

DECISION ITEMS

(Agenda Item C1)

Rick Hayes from Waveland-Legacy presented for consideration a New Markets Tax Credit allocation on behalf of Lena's Food Market in Milwaukee. Discussion followed. Items discussed included:

- 10% cushion built into the construction cost for any budget deficits
- Budget based on schematics - project is being developed in the last Kohl store that was closed. Same use as prior occupant - needs some reconfiguration and updating.
- Borrower has 35 years experience in this market – 40% of income is from food stamps – serve a niche population - densely populated area – value added - deliveries made to those who don't have transportation – customer loyalty
- Minority fulfillment contracts – Milwaukee County Prison System
- DLC Members want 2004 financial statements, in writing, for review and acceptance, including year to date if available – balance sheet, off balance sheet, explanation for any negative net worth.
- Lena's gets supplies from several distributors.

Geoffrey Hurtado moved, seconded by Perry Armstrong that the Members of the Directors Loan Committee defer the New Markets Tax Credit Allocation request until the next DLC Meeting after 2004 financial information has been reviewed and accepted. Motion carried on a voice vote. Resolution Number 6431

(Agenda Item C2)

Ed Winders presented for consideration an approval of the assumption and transfer of physical assets for Lakeshore Village Townhomes in La Crosse. Discussion followed. Items discussed included:

- 1031 exchange – needed to buy property to replace sold property
- Buyer owns property next to this property
- New tax depreciation basis with new owner.

Dan Lee moved, seconded by Geoffrey Hurtado that the Members of the Directors Loan Committee approve 1) The transfer of Lakeshore Village Townhomes, (the "Project") from Tomden LLP, a Wisconsin Limited Partnership, to Lakeshore Townhomes, LLC; and 2) the assignment from Tomden LLP and the assumption by Lakeshore Townhomes, LLC of all Authority Contract Documents secured by the Project. This transaction shall be completed in accordance with the Decision Paper entitled Assumption and Transfer of Physical Assets and Loan Approval of Lakeshore Village Townhomes dated February 2, 2005. Motion carried on a voice vote. Resolution Number 6432

DISCUSSION ITEMS

(Agenda Item D)

The pipeline of projects for New Markets Tax Credits is being updated.

A large project is being discussed for La Crosse - \$20 million with a several new jobs being created.

Bay Ship Builders is ready to move forward after their new budget is passed.

OTHER BUSINESS
(Agenda Item E)

There was no other business to come before the Committee.

ADJOURNMENT
(Agenda Item F)

David Kruger declared the meeting adjourned at 10:04 a.m.

The next regularly scheduled meeting of the Directors Loan Committee is February 21, 2005 in the Board Room.

**WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY
MEETING OF THE DIRECTORS LOAN COMMITTEE**

**MINUTES
FEBRUARY 16, 2005
9:30 a.m.**

(These minutes should be read in conjunction with the agenda and documents prepared for the meeting)

**COMMITTEE MEMBERS PRESENT
VIA TELECONFERENCE:**

David Kruger
Perry Armstrong
Geoffrey Hurtado

**AUTHORITY STAFF PRESENT
VIA TELECONFERENCE:**

Antonio Riley, Executive Director
George Christenson, Director, Economic Dev
Farshad Maltes, Senior Research and Policy Analyst

AUTHORITY STAFF PRESENT:

Nelson Flynn, Deputy Executive Dir / Gen Counsel
Mary Zins, Director, Credit
Rae Ellen Packard, Director, Asset Management
Sharon Rambadt, Manager, Asset Management
Dan Prast, Asset Manager
Bev Smith, Operations Officer

**OTHERS PRESENT VIA
TELECONFERENCE:**

Rick Hayes, Legacy-Waveland Advisors, LLC
Margaret Hennesey, Legacy Bank
Deloris Sims, Legacy Bank

**CALL TO ORDER/ROLL CALL
(Agenda Item A)**

David Kruger called the meeting to order at 9:40 a.m.

**APPROVAL OF MINUTES OF FEBRUARY 2, 2005 MEETING
(Agenda Item B)**

A motion was made by Perry Armstrong, seconded by Geoffrey Hurtado that the Members of the Directors Loan Committee hereby approve the minutes of the February 2, 2005 meeting. The motion carried on a voice vote. Resolution Number 6437

DECISION ITEMS

(Agenda Item C1)

George Christenson and Rick Hayes from Legacy-Waveland presented for consideration an approval of New Markets Tax Credits on behalf of Lena's Food Market in Milwaukee. Discussion followed. Items discussed included:

- Property appraised at \$4.2 million
- Principals net worth - \$5-6 million with \$1 million in liquid assets
- M&I is the lender for this project – has term sheet – Working to buy NMTC as well as be the lender.
- Legacy not participating in this loan.
- Also has term sheet from US Bank and Park Bank Milwaukee
- This deal is not part of the \$30 million to US Bank.
- M&I has the original loan on the property.
- This project appears to be creating 140 jobs

Perry Armstrong moved, seconded by Geoffrey Hurtado that the Members of the Directors Loan Committee hereby approve a New Markets Tax Credit allocation for the CAPTA, LLC project, Lena's Food Market, located at 4030 W. Teutonia Avenue, Milwaukee, Wisconsin, and 2930 W. Center Street, Milwaukee, Wisconsin in an amount not to exceed \$3,600,000. This Allocation shall be used in accordance with the Decision Paper entitled "New Markets Tax Credits Approval for CAPTA, LLC Lena's Food Market" dated February 16, 2005. Motion carried on a voice vote. Resolution Number 6438

DISCUSSION ITEMS

(Agenda Item D)

Pipeline projects for New Markets Tax Credits were discussed. Items discussed included:

- Antonio met with Randy Alexander regarding the Novations Research Park in the Town of Madison.
- Bay Shipping would create 100 jobs.
- WHEDA looking at using NMTC allocations outside of WCDLF for some of the pending projects.

OTHER BUSINESS

(Agenda Item E)

There was no other business to come before the Committee.

ADJOURNMENT

(Agenda Item F)

David Kruger declared the meeting adjourned at 9:54 a.m.

The next regularly scheduled meeting of the Directors Loan Committee is February 21, 2005 in the Board Room.

**WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY
MEETING OF THE DIRECTORS LOAN COMMITTEE**

**MINUTES
FEBRUARY 21, 2005
9:00 a.m.**

(These minutes should be read in conjunction with the agenda and documents prepared for the meeting)

COMMITTEE MEMBERS PRESENT: David Kruger
Perry Armstrong
Dan Lee

COMMITTEE MEMBERS PRESENT
VIA TELECONFERENCE: Geoffrey Hurtado

AUTHORITY STAFF PRESENT: Antonio Riley, Executive Director
Nelson Flynn, Deputy Executive Dir / Gen Counsel
Mary Zins, Director, Credit
Rae Ellen Packard, Director, Asset Management
George Christenson, Director, Economic Dev
Sharon Rambadt, Manager, Asset Management
Chris Gunst, Executive Assistant
Becky Boright, Commercial Underwriting Officer
Jim Rodgers, Risk Management Officer
Robb Mappes, Commercial Underwriting Officer
Bev Smith, Operations Officer

**CALL TO ORDER/ROLL CALL
(Agenda Item A)**

David Kruger called the meeting to order at 9:15 a.m.

**APPROVAL OF MINUTES OF FEBRUARY 16, 2005 MEETING
(Agenda Item B)**

A motion was made by Dan Lee, seconded by Perry Armstrong that the Members of the Directors Loan Committee hereby approve the minutes of the February 16, 2005 meeting. The motion carried on a voice vote. Resolution Number 6439

DECISION ITEMS

(Agenda Item C1)

Becky Boright presented for consideration a Neighborhood Business Revitalization Guarantee approval on behalf of Lynne Tower Development, Ryan Properties. Discussion followed. Items discussed included:

- Lender wants the guarantee in place because of the pre-sale agreement and contract
- Rentals, condo's and commercial space in one building with no parking is a risk
- This project is a continuation of other projects being done to revitalize the downtown area of La Crosse.
- Parking is available approximately a block away.
- Borrower is flexible with the use of the building as needed for the downtown area.

Dan Lee moved, seconded by David Kruger that the Members of the Directors Loan Committee hereby approve the following resolution: a Neighborhood Business Revitalization Guarantee on behalf of John and Cynthia Ryan dba Ryan Properties, LLC for a 75% guarantee on a loan up to \$423,490 for a five year term loan, priced at 6.65%. Other terms and conditions as detailed in the recommendation profile found in the Loan Authorization. Funds for all guarantees shall be used in accordance with the Decision Paper entitled "Loan Approval for Lynne Tower Development Ryan Properties, dated February 17, 2005. Motion carried on a voice vote. Perry Armstrong voted no. Resolution Number 6440

(Agenda Item C2)

Jim Rodgers presented for consideration an SOS Preservation Initiative 2004 assignment, assumption and loan approval on behalf of Medford Gilman Housing in Medford and Gilman. Discussion followed. Items discussed included:

- Issues – frozen rents, depleted resources and rising expenses
- \$30,000 per unit cost
- HAP Contract stays in place
- Seller Participation - Seller receiving \$421,355 equity take out – alternatives, including deferral, discussed.
- Review preservation strategy.
- Must be approved before March 15 to receive an FHLB grant.
- Discuss alternatives for the use of equity with the seller.
- Determine feasibility of foreclosure action.

Perry Armstrong moved, seconded by Dan Lee that the Members of the Directors Loan Committee hereby refer to the next meeting the decision item for Medford Gilman Housing. Motion carried on a voice vote. Resolution Number 6441

DISCUSSION ITEMS
(Agenda Item D)

There were no discussion items to come before the Committee.

OTHER BUSINESS
(Agenda Item E)

There was no other business to come before the Committee.

ADJOURNMENT
(Agenda Item F)

David Kruger declared the meeting adjourned at 10:00 a.m.

The next regularly scheduled meeting of the Directors Loan Committee is March 2, 2005 in the Board Room.



WISCONSIN
HOUSING AND
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**Report of Approved Loans to the
March 21, 2005 Meeting of the Members**

In accordance with the procedures and guidelines set forth by WHEDA's Revised Loan Policy, the Internal Loan Committee and/or the Directors Loan Committee approved the loans and/or guarantees listed below in February 2005.

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director

- Lena's Food Market in Milwaukee
- Ryan Properties in La Crosse
- Brodhead Street Redevelopment in Mazomanie
- Washburn Housing Redevelopment in Washburn

201 West Washington Avenue
Suite 700
P.O. Box 1728
Madison, WI 53701-1728
608/266-7884
800/334-6873
fax 608/267-1099

Copies of the decision papers are not included. If you would like copies of any of the decision papers for these loans, please contact Bev Smith or Maureen Brunner.

101 West Pleasant Street
Suite 100
Milwaukee, WI 53212-3962
414/227-4039
800/628-4833
fax 414/227-4704

www.wheda.com
info@wheda.com
www.wisconsin.gov

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AUTHORITY**

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director

PERRY ARMSTRONG, CHAIRMAN

Report of the Finance Committee to the March 21, 2005

Meeting of the Members

The Finance Committee met on Monday, February 21, 2005. The approved minutes for the December 2, 2004 are attached.

Perry Armstrong, Chairman

201 West Washington Avenue
Suite 700
P.O. Box 1728
Madison, WI 53701-1728
608/266-7884
800/334-6873
fax 608/267-1099

101 West Pleasant Street
Suite 100
Milwaukee, WI 53212-3962
414/227-4039
800/628-4833
fax 414/227-4704

www.wheda.com
info@wheda.com
www.wisconsin.gov

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WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

FINANCE COMMITTEE MINUTES

201 West Washington Avenue
Madison, Wisconsin

Thursday, December 2, 2004
9:00 a.m.

(These minutes should be read in conjunction with the meeting agenda and documents prepared for the meeting.)

COMMITTEE MEMBERS PRESENT: Perry Armstrong
David Kruger

AUTHORITY STAFF PRESENT: Antonio Riley, Executive Director
Nelson Flynn, General Counsel
Laura Morris, Chief Financial Officer
Ron Kerr, Controller
Sherry Pohlman, Treasury Manager
Sue Wilberding, Financial Officer

GUESTS: Connie McDonald, Jefferson Wells
Dan Rosen, Merrill Lynch
Mike Toth, Citigroup

CALL TO ORDER:

The meeting was called to order at 9:20 a.m. by Mr. Armstrong.

Approval of the Finance Committee minutes of the October 22 and October 27, 2004 meetings.

A motion was made by Mr. Kruger and seconded by Mr. Armstrong to approve the minutes of the October 22 and October 27, 2004 Finance Committee meetings. The motion carried unanimously on a voice vote. Resolution No. 6423

The following decision and discussion items are listed below in order of presentation.

DECISION ITEMS:

Approval of Investment Purchases and Sales for September and October, 2004

Ms. Pohlman presented the Investment Purchases and Sales for September and October, 2004. Ms. Pohlman highlighted the activity from each month. In September, Investments were transferred between the General Fund, and Escrow or WDRF to provide additional liquidity in the General Fund. GIC balances decreased due to the September 1st debt service and calls, and a reduction of the draw down bond. October

had very little activity other than the monthly increase in the GIC balance due to the receipt of P&I payments and prepayments.

A motion was made by Mr. Kruger and seconded by Mr. Armstrong, to approve the Investment Purchases and Sales for September and October, 2004. The motion carried unanimously on a voice vote. Resolution No. 6424

Transfer of Funds from the General Reserve Account of Bonds Issued under the 1991 Home Ownership Revenue Bond General Resolution to the Authority General Fund (Program 93)

- Ms. Pohlman presented the Analysis with the recommendation that \$610,574 in available funds be retained in the program where it would be invested short term until drawn on to fund additional single family mortgages.

A motion was made by Mr. Kruger and seconded by Mr. Armstrong to approve the Retention of Funds as recommended for the 1991 General Resolution. The motion carried unanimously on a voice vote. Resolution No. 6425

Review of Corporate Investment Holdings

- Ms. Pohlman presented an analysis of Corporate Securities held by the Authority whose ratings have dropped below the investment policy limits. Ms. Pohlman recommended three of the six securities be sold based on the reasons for the downgrade. Mr. Kruger recommended a fourth security also be sold based on its current credit rating. The remaining two securities will be reviewed quarterly.

A motion was made by Mr. Kruger and seconded by Mr. Armstrong, to approve the Corporate Investment Holdings with the changes discussed. The motion carried unanimously on a voice vote. Resolution No. 6426

DISCUSSION ITEMS:

Investment Review Services RFP

Ms. Pohlman presented the draft version of the Investment Review Services RFP. However, due to the timing of this RFP and the Investment Banking RFP, Mr. Kruger recommended this RFP be delayed two months.

A motion was made by Mr. Kruger and seconded by Mr. Armstrong to defer the RFP for Investment Review Services for two months. Resolution No. 6427

Use of Financial Advisors Summary

Discussion regarding using a financial advisor for SWAPs will be addressed later to facilitate the investment banking RFP decision.

Internal Audit Reports

Ms. Connie McDonald from Jefferson Wells presented the findings from the following internal audit:

Remote Access/Citrix Controls Audit: There was one procedural and two technical vulnerabilities that were actionable and warranted management's attention. Management agreed with the recommendations and implemented the appropriate changes for two of the issues; the third will be monitored but will not be remedied at this time. Internal Audit agreed with management's responses.

Audit Follow-up Report – Outstanding Business Issues

Mr. Kerr discussed the outstanding business issues from previous audits. He noted that an auditor had been contracted to review disbursements and contract administration. Mr. Kerr informed the committee that the contracted auditor would be in place until such time that personnel were on staff to complete the review process.

Ms. Morris informed the board that a committee had been formed to address contracting and contract administration issues. She noted that Mr. Flynn and she were members of the committee.

FY2005 Internal Audit Schedule- Status Update

Ms. McDonald presented the Internal Audit Status Update report. The report was discussed.

Financial Statement Review for October 2004

Mr. Kerr presented the financial statement highlights for the month of October. He noted that prepayments have been lower than budgeted, and loan originations, although down year to date, had been higher than projected for the month of October.

Other Business

Mr. Kerr presented a Waiver of Request for Proposal on behalf of the Authority's IT Group. He noted that the waiver, related to the purchase of computer hardware, was requested as a statewide contract (contract number 15-20453-400, term 5/3/04-6/30/05) was in place.

A motion was made by Mr. Kruger and seconded by Mr. Armstrong to approve the Waiver of Request for Proposal as presented. The motion carried unanimously on a voice vote. Resolution No. 6428

ADJOURNMENT:

A motion was made by Mr. Kruger and seconded by Mr. Armstrong to adjourn the Finance Committee meeting. The motion carried unanimously on a voice vote. The meeting adjourned at 10:47 a.m. Resolution No. 6429

**BADGER CAPITAL SERVICES, LLC
WISCONSIN HOUSING & ECONOMIC DEVELOPMENT AUTHORITY**

DECISION PAPER

**Approval to Respond to Request for Proposal and Contract Negotiation
March 21, 2005**

ACTION REQUESTED

Approval for the Executive Director, on behalf of Badger Capital, LLC, to respond to a Request For Proposal and contract negotiation to administer Non-Section 8 rental housing assistance contracts and assisted properties for HUD's Office of Multifamily Housing.

BACKGROUND

One objective of WHEDA's Affordable Housing Strategy for 2004-2007 is to diversify income by providing value added services for our customers. Currently approximately 92% of WHEDA's income is derived from our mortgage lending and investment activities. It is our hope to begin diversifying this income by expanding our services within our core competencies, including Multifamily Asset Management. One focus, among others, is to pursue program compliance monitoring for others (i.e., Section 8 Contract Administration, LIHC monitoring).

On January 24, 2005 staff received a copy of a Request for Proposal seeking a prospective service provider to administer Non-Section 8 rental housing assistance contracts and assisted properties for HUD's Office of Multifamily Housing. The statement of work is substantially similar to the duties we are performing under our existing HUD contract, although broader in scope. One of the largest differences, however, is HUD's definition of the smallest geographical jurisdiction that a prospective provider can bid. Wisconsin's portfolio is included in the Detroit-Minneapolis-Denver jurisdiction including eight other states. WHEDA is coordinating efforts with these other states to explore potential partnership opportunities to compete for this contract. Responses to HUD are due April 28, 2005. The contract term would begin October, 2005 with a six month phase in period; followed by a three year contract with two one-year extensions.

ANALYSIS

Staff has analyzed the Request for Proposal and believes the business opportunity is worth pursuing based on WHEDA's experience performing similar duties under the HUD Contract. Key areas to be considered include, 1) service area; 2) profitability; and, 3) organizational impact.

Service Area: HUD currently administers the covered programs from 59 local jurisdictional offices. The local offices, in turn, report to 18 Multifamily Hub Offices. Under this Request, HUD has combined the portfolios within these Hub offices down to 8 service areas. Wisconsin's portfolio is included in the Detroit-Minneapolis-Denver service area including the other states of Michigan, Minnesota, North Dakota, South Dakota, Wyoming, Montana, Utah and Colorado.

A majority of the tasks identified in this Request are currently being completed by all of these states under our duties as Performance Based Contract Administrators (which was limited to state boundaries). WHEDA staff met with representatives from seven of these states on February 25th to discuss the possibility of combining our efforts to compete for the contract. Response was very positive.

Staff is proposing that Badger Capital, LLC respond to the RFP to qualify as the Service Provider. In turn, Badger would execute a Memorandum of Understanding (MOU) with each of the individual states, outlining the specific duties and performance level required as well as

compensation allowable at the state level. With the exception of the Service Provider's administrative duties (monthly invoice, etc.), all tasks would be passed through to the states.

Profitability: HUD's Request for Proposal seeks to determine the most efficient and cost-effective means for the Office of Multifamily Housing to administer non-Section 8 rental housing assistance contracts and assisted properties by conducting this competitive procurement. We have received cost estimates from the other states and are currently reviewing them for financial feasibility. We are targeting a minimum net profit of 10%, however, the overall costs are yet to be determined.

Organizational Impact: As stated, many of the required functions are currently being performed by staff on our existing portfolio. Of primary importance is Badger Capital's (WHEDA's) ability to serve as the overriding administrator of this contract, directing the activities of eight other entities. Defining proper terms of the MOU, technology issues, quality control, security and access to program records are paramount. Similar to the current HUD contract, a stand alone budget would be prepared to address staffing and/or general and administrative costs directly related to the income potential.

Budget Consideration: No additional funding is required for this request. In 2002, the WHEDA Members approved a \$150,000 loan to Badger Capital Services, LLC for start-up costs. Badger Capital has a cash balance (at 01/31/05) of \$213,158, more than sufficient to cover the costs of response. These funds will be utilized to pursue this opportunity.

RECOMMENDED MOTION

The Members of the Authority give approval for the Executive Director, on behalf of Badger Capital, LLC, to respond to a Request For Proposal and contract negotiation to administer Non-Section 8 rental housing assistance contracts and assisted properties for HUD's Office of Multifamily Housing.