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WHEDA (May - 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**



DATE: May 12, 2005
TO: WHEDA Board Members
FROM: Antonio Riley, Executive Director
RE: May 20 Board Meeting in Richland Center

WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director

Earlier this year several of you expressed an interest in conducting our Board Meeting outside of Madison so that we could experience first hand how WHEDA's mission positively affects the communities we serve.

In May we will meet in Richland Center and below are the details you will need in order to attend the Board Meeting.

- The WHEDA Board Meeting will be at:

The White House Ramada Inn
1450 Veterans Drive
Richland Center
608-647-7745

- Directions to the White House Ramada Inn:

From Madison take US Hwy. 14 West to Richland Center. Once you are in Richland Center, US Hwy. 14 becomes Sextonville Road. From Sextonville Road, turn Left on Bohmann Drive and then turn Right on Veterans Drive. Please reference the attached map for further details.

- For those of you who have made arrangements to stay overnight on Thursday, May 19, at the White House, a dinner will be served for you at the hotel beginning at 6:30 p.m.
- On Friday, May 20, a continental breakfast will be served at 8:30 a.m. Also at the breakfast, will be Richland Center local officials for you to meet and greet.
- The Board Meeting will begin at 9:30 a.m. After the meeting, a van will take you to tour WHEDA-financed new homes developed and built by Neighborhood Housing Services – Richland Center.
- The Board Meeting will adjourn after the tour.

I look forward to seeing you in Richland Center on the 20th. If you have any questions or concerns, please feel free to contact Maureen at 608-266-7354.

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

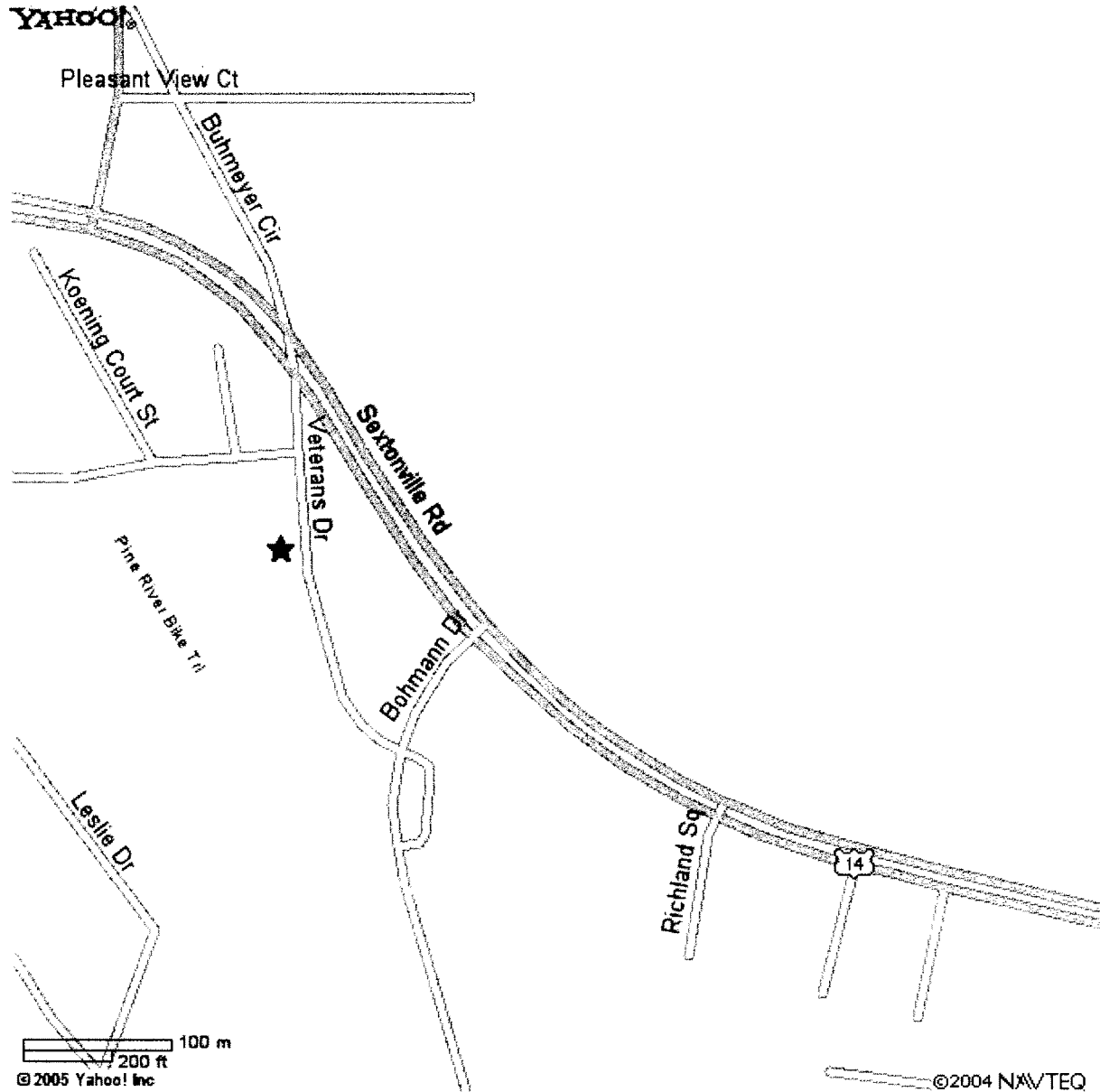
101 West Pleasant Street
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WHEDA supports equal
housing opportunities for
all persons

Directions to Richland Center: From Madison take US Hwy. 14 West to Richland Center. Once you are in Richland Center, US Hwy. 14 becomes Sextonville Road. From Sextonville Road, turn Left on Bohmann Drive and then turn Right on Veterans Drive. The White House is located at 1450 Veterans Drive.

Richland Center Map





**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 **Friday, May 20, 2005, at 9:30 a.m.**, at the White House Ramada Inn in Richland Center, WI.

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
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Perry Armstrong, Chairman
Wisconsin Housing and
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WHEDA supports equal
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all persons

AGENDA

Wisconsin Housing and Economic Development Authority

Meeting of the Members*

The White House Ramada Inn
1450 Veterans Drive
Richland Center, WI

May 20, 2005
9:30 a.m.

- A. Call to Order
- B. Roll Call
- C. Approval of the Minutes of the March 21, 2005 Meeting
- D. Authority Activity Report
- E. Report of the Directors Loan Committee
- F. Report of the Finance Committee
- G. Decision Items
 - 1. Series Resolution Authorizing the Issuance of Home Ownership Revenue Bonds
 - 2. Multifamily Revolving Line of Credit
 - 3. 2005 WHEDA Foundation Housing Grant Awards: Persons-in-Crisis Housing Program Fund Emergency/Transitional Housing Category and Permanent Housing Category
 - 4. Approval of Contracts Greater than \$25,000
- H. Discussion Item
 - 1. WHEDA's Rural/Urban Strategy
- 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

March 21, 2005

10:05 a.m. – 10:50 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. Lee; Ms. Olson-Collins, Senator Taylor, Representative Young; Mr. Storey; and Mr. Farley

AUTHORITY MEMBERS EXCUSED: Mr. Kruger; Senator Kanavas; Representative Wieckert

AUTHORITY MEMBERS PRESENT VIA PHONE: Mr. Hurtado

AUTHORITY STAFF PRESENT: Antonio Riley, Executive Director; Mary Zins, Credit Director; Nelson Flynn, Deputy Executive Director and General Counsel; George Christenson, Economic Development Director; Floyd DeBow, Administration Director; Rae Ellen Packard, Asset Management Director; John Schultz, Community Development Director; Chris Gunst; Sherry Pohlman; Ron Kerr; Diane Schobert; Brian Nowicki; and Melissa Cumming

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

The meeting was called to order at 10:05 a.m. by Mr. Armstrong. The roll was called and a quorum was present.

APPROVAL OF THE MINUTES OF THE FEBRUARY 21, 2005 MEETING
(Agenda Item C, Attachment #1)

A motion was made by Mr. Lee, seconded by Mr. Hurtado, that the minutes of the February 21, 2005, meeting be approved as presented. The motion carried on a unanimous voice vote. Resolution No. 6472

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

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

Mr. Riley informed the Board that all have been briefed on the modernization bill with the Governor being briefed this week (for legislative session in May).

WHEDA is three percent (3%) over budget for home lending.

Editorial in the Journal Sentinel was favorable regarding ITIN.

There was discussion regarding manufactured housing and the benefit it plays for rural and low income housing. Stressed that Door County needs affordable housing (employer to move – Bay Shipping -- and affordable housing needed for employees and others in this area).

**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

**BADGER CAPITAL SERVICE, LLC – Approval to Respond to Request for Proposal and Contract Negotiation
(Agenda Item G1, Attachment #5)**

Rae Ellen Packard presented for review a decision paper entitled "Badger Capital Service, LLC – Approval to Respond to Request for Proposal and Contract Negotiation," dated March 21, 2005. Discussion followed:

- Great opportunities, however, difficulties are ahead
- Jurisdictional restrictions will make it difficult for RFP
- Income diversification
- Many competitors, (four strong candidates as competitors)
- Need to discuss problem areas as process moves forward.
- Decision made to proceed with response.

A motion was made by Mr. Hurtado, seconded by Senator Taylor, that the Members of the Authority adopt the "Badger Capital Service, LLC – Approval to Respond to Request for Proposal and Contract Negotiation" dated March 21, 2005. The motion carried on a roll call vote as follows: Ayes, 8, (Mr. Armstrong, Mr. Lee, Ms. Olson-Collins, Mr. Hurtado, Senator Taylor, Representative Young, Mr. Storey and Mr. Farley). Resolution No. 6473

**OTHER BUSINESS
(Agenda Item H)**

There was no other business to come before the Board.

DISCUSSION ITEMS

**TOOLKIT PRESENTATION
(Agenda Item H)**

Diane Schobert presented an overview to the Board of the CD-Rom being used to showcase WHEDA's programs and resources.

**ADJOURNMENT
(Agenda Item J)**

A motion was made by Mr. Lee, seconded by Mr. Storey, that the meeting of the Wisconsin Housing and Economic Development Authority be adjourned. The motion carried on a unanimous voice vote. Resolution No. 6474.

The March 21, 2005, meeting of the Wisconsin Housing and Economic Development Authority adjourned at 10:50 a.m.

The next meeting of the Authority will be held on Friday, May 20, 2005, at 9:30 a.m. at the White House in Richland Center, Wisconsin.



WHEDA SM

AUTHORITY ACTIVITY REPORT

May 20, 2005

Antonio R. Riley, Executive Director

AUTHORITY ACTIVITY REPORT
May 20, 2005

CREDIT

Homeownership

HOME

In the month of March we funded 359 loans totaling \$36.9 million. In April we funded 511 loans totaling \$54.3 million. This sets a new record for the most loans funded in the history of the Authority in one month. With the heavy volume of loans we have funded in the last 3 months, we are 13% over budget. Revised projections appear that we will end our fiscal year \$50 million higher than we anticipated. We have begun preparations for an RFP to be sent out the end of May for pool insurance.

Special Home Initiatives

Immigrant Lending Program – In March we received 28 applications and in April we received 38 applications. In the last year, we have funded 70 loans for a total of \$7.4 million. We continue to receive numerous requests from lenders to participate in this program. We are receiving several requests to participate from mortgage brokers. We are in the process of setting up strict guidelines for brokers to participate and are working with MGIC to develop specific guidelines that need to be met in order to sign up correspondents in the future.

Native American Lending – Several external issues have delayed the implementation of this product. We have received approval from the Ashland Bureau of Indian Affairs and are waiting for a response from Minneapolis. We expect to begin accepting preapproval applications sometime in May.

Workforce Housing – We are working on a new loan product that will serve as a match to the employer's contribution toward the purchase of a home. The City of Middleton has been selected to be our first initiative. We are continuing to work with a number of other employers across the state and expect the next initiative to be in Fond du Lac.

Fixed-Interest Only – We have funded 2 loans and ratelocked another 6 loans under this new product. On April 20, we expanded the product to 25 counties. With this expansion and updates to origination systems by lenders to handle this type of loan, we can expect to see an increase in volume soon.

Other Programs

Home Plus – In the month of April, 26% of our borrowers also requested this loan. Of the 26%, 69% used the loan to help with the down payment and closing costs.

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

Property Tax Deferral Loan – Volume has remained about the same as last year. We have funded 147 loans for a total of \$316,000.

Multifamily Development

Loan Closings

Colonial Residence, located in Chilton (8 elderly units) closed March 17, 2005 with a loan amount of \$116,307; Stonebridge Condos, located in Madison (6 family units) closed March 29, 2005 with a loan amount of \$134,500.

Applications Received in March and April

Fifteen loan applications were received for WHEDA financing. They are currently in the underwriting process

- The Carriage House – Arcadia (19 family units) \$126,402
- Boscobel Family Housing – Boscobel (18 family units) \$169,182
- Low Income Housing Near Campus – Rice Lake, (240 beds) \$6,000,884
- Hillside Apartments – Darlington (8 family units) \$79,140
- Riverwood Apartments – Gilman (12 family units) \$188,624
- The Wisconsin Housing Preservation Corporation (WHPC) submitted 10 preservation applications totaling \$27,674,650.

Eight RHD HOME loan applications were received.

Tax Credits

Tax credits were announced for 22 Wisconsin housing developments totaling \$8,479,354. The tax credits will help finance 1,215 units of new affordable housing. Developments are planned for Racine, Pleasant Prairie, Milwaukee, Howard, Madison, Washburn, Mt. Pleasant, Superior, Adams, Brodhead, Fond du Lac, Baraboo, Plover, Barron and Wausau. A list of developments moving forward is in the Board packet. Developments have 90 days to submit additional documentation to be eligible for a tax credit allocation.

Milwaukee County developers received \$3 million for 6 projects creating 385 units of housing. Three Racine County developments plus two developments in Dane County were awarded credits. All other awardees were the sole developments in their respective counties.

This year's applications represented nearly \$16.6 million in requests. Approximately six of the approved applications also have requested WHEDA loan funds as part of their overall financing package.

Applications for the 2005 allocation were down about 38 percent over last year.

ASSET MANAGEMENT

Single Family

Delinquency rates for all WHEDA serviced programs were below 1% in March. The WHEDA serviced HOME Program fell to an all-time low of 0.90%. The previous record was 1.3% in March 2004. The rate for HOME Plus was 0.71% and the HILP program was at 0.53%.

April delinquency rates for the WHEDA serviced HOME Program, HOME Plus Program and HILP program are under 2%. In March and April, we sold 6 REO properties and acquired 7, leaving a balance of 14 in REO.

A new Real Estate Owned (REO) tracking system was implemented May 1. The team has been working to move REO expenses being tracked with spreadsheets to the single family loan servicing

system. This change will improve the disbursement process by eliminating the need to prepare individual disbursement requests. The disbursements will now be done as a batch process similar to insurance disbursements. This will save time not only in Asset Management, but also in Finance with the improved process.

Multifamily

There are eleven developments on the watchlist, with cumulative outstanding balances of \$33,235,471. Three developments have been added to the watch list this month. One development has a current mortgage balance in excess \$20 million and continues with a slow rent-up period combined with residual construction issues that are finally being resolved. The other two developments recently added to the watchlist have requested mortgage relief due to ongoing occupancy issues.

One family property in Appleton remains in foreclosure. Occupancy continues to be the main concern with the current rate at 66%. A new purchase offer has been accepted on this property. If sale cannot be consummated, sheriff's sale is expected November 2005. No mortgage loss is expected on this loan. Staff continues with stepped up monitoring with these properties to assess WHEDA's potential risk of loss.

The group is also preparing for a mortgage loan audit by Midland Loan Services on May 25. WHEDA, through Badger Capital Services, performs the mortgage loan servicing for a small portfolio of multifamily loans on behalf of Midland.

Rural Housing Services has recently published a Notice of Funding Availability for Section 515 Multi-Family Housing Preservation Revolving Loan Fund (PRLF) Demonstration Program. Available funding is set at just over \$6 million. WHEDA was instrumental in negotiating the terms of the demonstration program. We will be competing for award of these dollars. Due date for response is August 8.

Contract Administration

We are preparing for the annual HUD Contract Administration audit scheduled for May 18 & 19. We have received a one year extension with a one year renewal option for our PBCA contract. The current contract expires June 30.

As Badger Capital Services, we continue to work with seven other states to respond to a HUD RFP to perform contract administration services for HUD's non-Section 8 portfolio. The due date for this RFP has been extended to June 15. The work required under this RFP is substantially similar to the work we are performing on the Section 8 portfolio.

Tax Credit Monitoring

Annual Compliance Monitoring fees, totaling more than \$760,000, were due March 15. Payment was received via Automated Clearing House Transfer (ACH) for 91% of properties.

Asset Managers and Program Representatives have performed desk audits of 91% of the portfolio for program compliance through the end of 2004. No violations were found in 70% (395) of the properties analyzed.

Housing Choice Vouchers

HUD performed a Quality Assurance Audit on April 12-13 at our largest Voucher Agent's office in La Crosse. Although the report has not been received, HUD indicated at their exit interview there were no significant findings.

Asset Management Conference

The 2005 Asset Management Conference will be held May 11-12 at the Marriott Hotel in Middleton. The conference will focus on the preservation of Wisconsin's multifamily housing. We are pleased to have a number of nationally known professionals presenting sessions ranging from physical condition concerns with this aging portfolio, how to successfully market your property, expiring Section 8 contracts, to expiring use restrictions for the tax credit portfolio. We are expecting a variety of housing providers to be in attendance.

We are also very pleased the Governor will be addressing the group at our luncheon on Wednesday, May 11.

ECONOMIC DEVELOPMENT

Organizational Information

In April Staff was busy with outreach activities that included the following:

- Various lender and customer visits in Superior along with a training session sponsored by the Superior BID
- Participation in a general Economic Development discussion with economic development professionals from Central Wisconsin
- Attendance at the Northwest Wisconsin Workforce Investment Board Conference in Ashland
- Attendance at the Wisconsin Supplier Development Council Conference in Green Bay
- A general Economic Development presentation to Hmong lenders, business owners and business professionals

The underwriters have become involved in processing New Markets Tax Credit projects. Staff will review the underwriting on the deals and gauge their financial feasibility and report to both the Internal and Director's loan committees. Staff has been working hard with our legal staff to formalize the application process and to make clear the information needed in applications forwarded to WHEDA.

Staff is working on a lender update that will detail changes made to our guarantee programs to make them more attractive to lenders and borrowers. Changes include modifications to our fee structures, new rules regarding refinancing debt and increased underwriting authority to speed up turnaround time.

Small Business Lending

During the months of March and April, five guarantees totaling \$731,380 were approved. All five of these requests were approved at the Staff level utilizing both the increase in the underwriter's individual approval authority and the recently approved change that allows the individual underwriters to combine their individual authority to approve deals more quickly.

Fiscal year to date (July '04 thru April '05) the dollar volume of Small Business guarantees is approximately 13% higher than it was during the same period in fiscal 2004.

Neighborhood Business Revitalization Lending

In March and April, two Neighborhood Business Revitalization guarantees for \$1.3 million were approved. The projects included a guarantee to the Fox Cities Children Museum in Appleton and the other was for Supreme Manufacturing, a stainless steel fabricator in Beaver Dam.

A total of 15 projects with \$7.1 million in guarantees have been approved through the Neighborhood Business Revitalization Guarantee program. The program is currently authorized to approve up to \$12 million in guarantees.

Agricultural Lending

In April, 141 CROP applications were approved for \$3,890,751 in guarantees. Calendar year to date, 262 CROP guarantees have been approved for \$7.6 million. This compares to 233 guarantees for \$4.8 million for the same period last year. Staff believes it will meet its benchmark of \$15 million in total CROP guarantees this year.

The average CROP guarantee this year is \$29,000 compared to \$21,000 last year. The increase in the maximum allowable guarantee from \$30,000 to \$60,000 has contributed to this increase.

During March and April, five FARM guarantees for \$390,000 were approved.

LEGAL

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

- A mortgage loan to Colonial Residence, LLC in the amount of \$116,307.00 for COLONIAL RESIDENCE to provide an 8-unit assisted-living facility in Chilton for the elderly. As long as the loan is outstanding, the mortgaged property will have 3 affordable units (37.5% of total) set aside for occupancy by a qualified tenant whose income does not exceed 50% of the Calumet County Median Income (CMI) as adjusted for family size and as published by the United States Department of Housing and Urban Development (HUD). A residential unit will be rent-restricted if the gross rent with respect to such unit does not exceed 30% of 50% of the Calumet CMI.

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

- Assumption of the balance of the first and second mortgage loans in the original loan amounts of \$1,021,000.00 and \$469,000.00 by LAKESHORE VILLAGE TOWNHOMES, LLC for **Lakeshore Village Townhomes** in La Crosse. This project consists of 24 units for families. As long as the loans are outstanding, two units (8.33% of total) will be set aside for occupancy by families whose household incomes do not exceed 40% of the La Crosse County Median Income (CMI) and six units (25% of total) will be set aside for occupancy by families whose incomes do not exceed 50% of the La Crosse CMI, as adjusted for family size and as published by HUD. Such units will have rents, including estimated utilities, that do not exceed 30% of 40% and 30% of 50%, respectively, of the La Crosse CMI. The loans may not be prepaid at any time, in whole or in part, and payment of the second loan will be deferred until December 1, 2024.

COMMUNITY DEVELOPMENT

Outreach – Lenders

Staff met and conferred with business lenders about potential projects for the Neighborhood Business Revitalization Guarantee and Small Business Guarantee.

Staff also visited with lenders regarding the HOME program, homebuyer education, and minority lending.

A lender information session on WHEDA economic development programs took place in Superior. The session was attended by commercial lenders, city officials, and real estate professionals.

Outreach – Community

Staff prepared for and attended the Great Lakes Inter-Tribal Council meeting with the Executive Director where he presented to tribal representatives an update on WHEDA's initiative to do home loans on trust land. Copies of final lease documents were presented for tribal review.

Staff prepared for and attended the Governor's Capitol for a Day event in the Fox Valley. Executive Director Riley conducted regional tours and gave a speech to the Realtors Association of Northeastern Wisconsin.

Community Development staff also:

- Met with community leaders to discuss the idea of a mixed-use project in downtown Darlington.
- Spoke with Spooner Health Care System, regarding the WHEDA/DHFS pilot program for conversion of nursing home to assisted living.
- Attended the Green County Housing Partnership meeting in Monticello; included in the discussion was the possibility of developing affordable elderly housing.
- Met with the Jefferson County Housing Coalition to put together a strategy for affordable housing in the county.
- Met with WestCAP, a representative of Governor's Office, and consultants from the Minneapolis Muslim business community regarding the efforts to create a Somali halal grocery in Barron County.
- Met with the Planning Department for City of Racine to discuss financing opportunities with WHEDA's Neighborhood Revitalization Loan Guarantee for a building on the city's main street.
- Met with leaders in various communities to ascertain the current situation relating to housing and business and to determine what services WHEDA could provide to the communities.
- Met with lenders and economic development professionals to discuss the issue of WHEDA developing a pilot program to cover business succession financing.

Marketing

Staff wrote, designed and printed a brochure to promote WHEDA's Developers and Emerging Business Forum in May. Ads for local newspapers and content for wheda.com were also developed to promote the event.

Community Development and Credit met to finalize WHEDA's rural and urban housing strategy targeted towards underserved markets. Focus counties have been identified and tactics have been developed.

The Web Team coordinated production of wheda.com content for the May Asset Management Conference and the 2005 WHEDA Foundation Grants.

Staff coordinated the script and tape production for Executive Director Riley's appearance on the TV show "Focus on Diversity." The show is aired in Southeastern Wisconsin on WITI-TV. This commentary focused on WHEDA's Immigrant Lending Program.

Staff completed the production of a condensed homebuyer education video in Spanish. The video will be distributed to various Latino faith-based organizations and community groups to promote homeownership and drive traffic to WHEDA homebuyer seminars.

Community Relations Officers teamed up with Credit to conduct lender information sessions in Waukesha, Ozaukee, Dane, St. Croix and Vilas counties to promote WHEDA's new Interest-Only mortgage product.

Media Relations

Staff researched and developed Executive Director Riley's testimony for a public hearing on proposed state legislation to prevent WHEDA from offering HOME mortgage loans to individuals with Individual Taxpayer Identification Numbers (ITIN). Community Development also coordinated the appearance and testimony of WHEDA partners to support the Authority's position at the public hearing. As a result of the hearing, staff provided media follow-up and arranged for a telephone interview between the executive director and the Capital Times.

Staff coordinated three news conferences for Executive Director Riley, of which two were attended by Governor Doyle. Staff coordinated site setup, executive director's remarks, governor's remarks, media coverage and follow-up inquiries. These included:

- 1) A \$200,000 check presentation to NHS Richland Center. NHS will use the dollars to continue with their first-time homebuyers home building program. After the presentation, a tour was setup to review two WHEDA-financed new homes developed and built by NHS.
- 2) The announcement regarding Lena's Food Market, a Milwaukee central city grocery store chain that is receiving nearly \$4 million in New Markets Tax Credits to purchase and rehab an old Kohl's food store.
- 3) The grand opening of Columbus Square, a north side Milwaukee multifamily and mixed-use development using WHEDA-awarded housing tax credits.

Staff prepared and distributed a news release in which the governor announced that Fox Cities Children's Museum of Appleton was receiving a \$750,000 loan guarantee.

Staff prepared remarks, itinerary and news releases for a three-city tour in which the governor announced affordable housing tax credit awards for 2005.

Staff also distributed several news releases announcing small business loan guarantees.

Staff arranged a meeting for the Executive Director with the Milwaukee Journal Sentinel editorial board.

Staff prepared remarks and itinerary for the Executive Director's appearances at the Davila Village affordable housing dedication in Milwaukee, the WHEDA Asian Community meeting in Madison, and the La Courts Oreilles tribal visit in Hayward.

Staff assisted various national and state news reporters in covering WHEDA-related stories, including reporters from Newhouse News Service and the Wall Street Journal. The Newhouse reporter filed a national wire story about the Immigrant Lending program, and the Wall Street Journal story was expected in May.

Staff attended the state public information officers meeting at the governor's office.

Conferences & Training

Staff participated in three-day conference on rural leadership in Eau Claire, presented by UW Extension and Wisconsin Rural Partners, co-sponsored by WHEDA.

Staff attended and manned a booth at the Wisconsin Mortgage Bankers Association (WMBA) annual conference in Pewaukee.

Staff represented WHEDA and operated a booth at the northwestern Wisconsin "Grow Your Business" conference in Ashland.

Staff promoted WHEDA products at the Central Wisconsin Home Builders show in Wisconsin Rapids and the Waterford Home & Garden Show.

INFORMATION TECHNOLOGY

New Initiatives:

- **Staff recruitment:** Jeff Carley resigned effective May 6. We are now recruiting to fill two vacant Software Developer positions.
- **Firewall Audit:** Jefferson Wells will be conducting its annual audit of the firewall during the week of May 9.
- **Remote Access:** After surveying WHEDA staff to better understand their needs and reviewing alternative solutions, we have decided to move forward with four distinct solutions. They are:
 - Implement a BlackBerry infrastructure: This technology allows for wireless delivery of e-mail to a hand-held device.
 - Implement Virtual Private Network (VPN) technology: This technology allows a remote user to securely connect to our network and work as if they were in the office.
 - Implement Notes' webmail application: This application provides an alternative means for WHEDA staff to check their e-mail when away from the office. All that is needed is Internet access.
 - Outsource dial-in capabilities: When/where internet access is unavailable, staff will need to dial-in to connect and work. Rather than investing in infrastructure to support this, we plan to outsource this to a telecommunications vendor.

In-progress:

- **Tax Credit Application:** We are proceeding on schedule but continuing to do so will be very difficult given our staffing situation. We are planning to move version 1 of the Post Award system into production in mid May. This version gives Credit the ability to:
 - Electronically accept the 2nd and 3rd iterations of the tax credit application through LOLA (LOLA is the system used by developers to submit an application for tax credits)
 - Electronically transfer application data from LOLA into the Post Award System for each iteration of the application
 - Perform underwriting and financial feasibility task.
 - Track application milestones (fees and document tracking)
 - Generate required documentation (with the exception of 8609s)
 - Track awards and balances

Our longer term goal is to complete the Post Award system by the end of June and then begin shifting resources to the Compliance Monitoring system.

- **Desktop PC Replacement project:** The order for the (90) Dell GX280's has been placed. We anticipate having the first batch of PC's here on May 9 and will start to deploy them soon after they arrive.
- **Laptop PC Replacement project:** We are planning to replace 24 laptop PCs. We ordered two IBM R51 laptops. The image including the operating system and all the software applications has been built and the testing is almost complete. If the testing proceeds like it is, we should have the testing completed the first week in May and the remaining laptops will be ordered.

Completed:

- **Occupancy Housing Management System (OHMS):** As part of our plan to retire the Informix applications we removed everyone's access to the Informix Occupancy Housing Management System (OHMS), in production. After all of the users have been removed we will also remove the Application/Form Description data. During the coming months, we will remove as many of the OHMS tables and data as possible. Notification will be sent to the Crystal Reports users, prior to that time, to ensure that they do not have any reports that might be using any of the affected tables.

WHEDA's e-Business Applications

(Utilization per Application)

Apr-04 May-04 Jun-04 Jul-04 Aug-04 Sep-04 Oct-04 Nov-04 Dec-04 Jan-05 Feb-05 Mar-05 Apr-05 Total

Single Family Originations

Compliance Income Worksheet (Visitor Sessions):	268	188	302	303	315	291	259	244	338	313	458	470	3,749
eMagic Volume	19	17	21	23	20	17	13	11	20	67	101	94	441
eMagic (web) preapprovals	131	116	86	97	78	69	52	38	62	14	32	29	854
MAGIC (faxed data entry)													
Rate Lock	568	563	531	458	480	417	370	253	258	389	655	648	5,920
Total Loans Rate Locked	153	159	154	125	132	134	101	70	85	121	188	222	1,752
Rate Lock On-line	27%	29%	29%	27%	28%	32%	27%	28%	33%	31%	29%	34%	30%
Percentage Online:													

Home Funding eWHEDA

Application	370	441	475	457	415	394	355	263	185	210	359	516	4,756
Total loans funded	41	49	53	47	47	47	44	21	20	21	41	50	521
Loans funded online													

Single Family Servicing

Servicer Online Account

Remittance (SOAR)	710	613	611	544	551	509	511	526	421	414	482	426	6,805
Total number of transactions	27,021,843	23,341,565	20,715,821	16,562,574	\$17,623,992	\$14,886,437	\$16,399,621	\$16,830,108	\$15,716,884	11,668,541.35	16,836,211	14,050,511	228,820,455
Dollar amount of transactions	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage online:													

MF Occupancy Reporting

Projects Reporting	867			833			847		850			850	4,247
Number of Transactions Submitted On-line	730			667			689		705			773	3,564
Percentage Online:	84%			80%			81%		83%			91%	84%

Form 500/ Disbursements

Reports	121	99	119	96	133	130	115	235	59	132	191	187	1,770
Total forms submitted	25	9	28	21	31	45	51	192	51	111	123	134	913
Total forms submitted online	\$70,735	\$20,638	\$68,676	\$57,092	\$239,509	\$872,690	\$211,570	\$681,610	\$248,544	\$444,438	\$636,928	\$750,893	5,602,620
Total amount submitted online													

Secure Email Statistics

Encrypted Messages Sent							266	178	176	67	62	67	1,031
Encrypted Messages Received							85	64	56	33	32	36	379

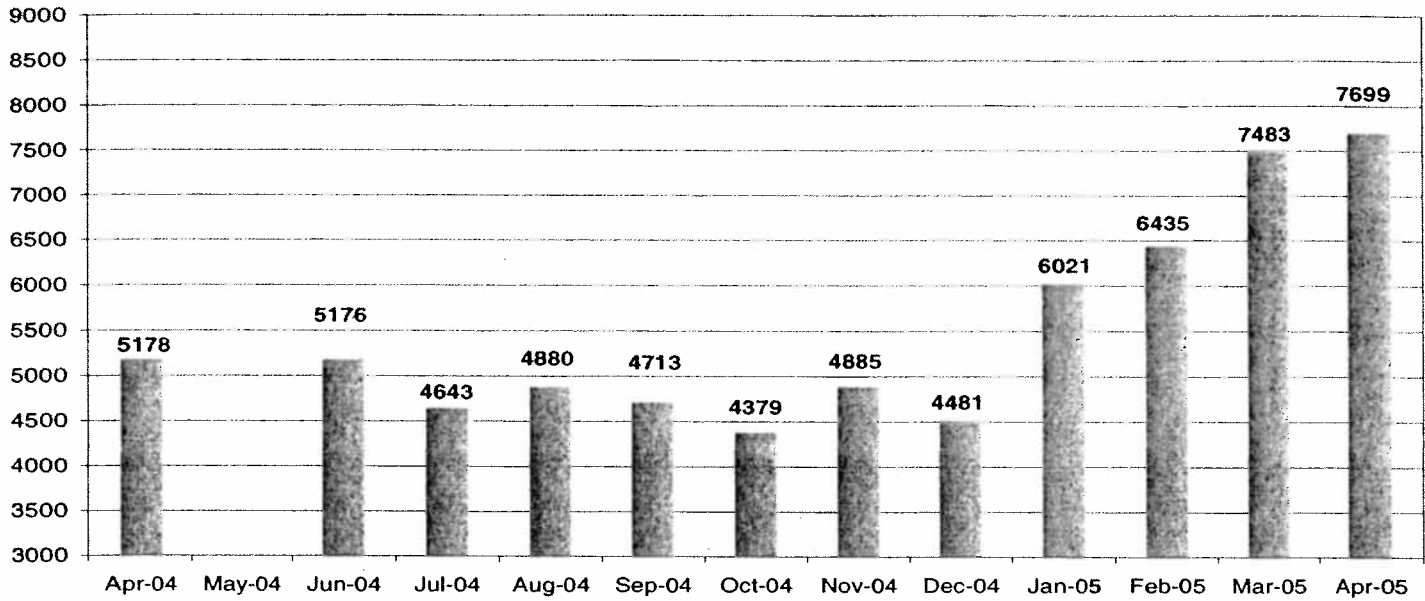
Wildcard Front Doors

Housing searches for the month				4,235	3,838	7,661	8,189	23,923
Number of units listed				75,053	80,077	90,000	99,898	345,028

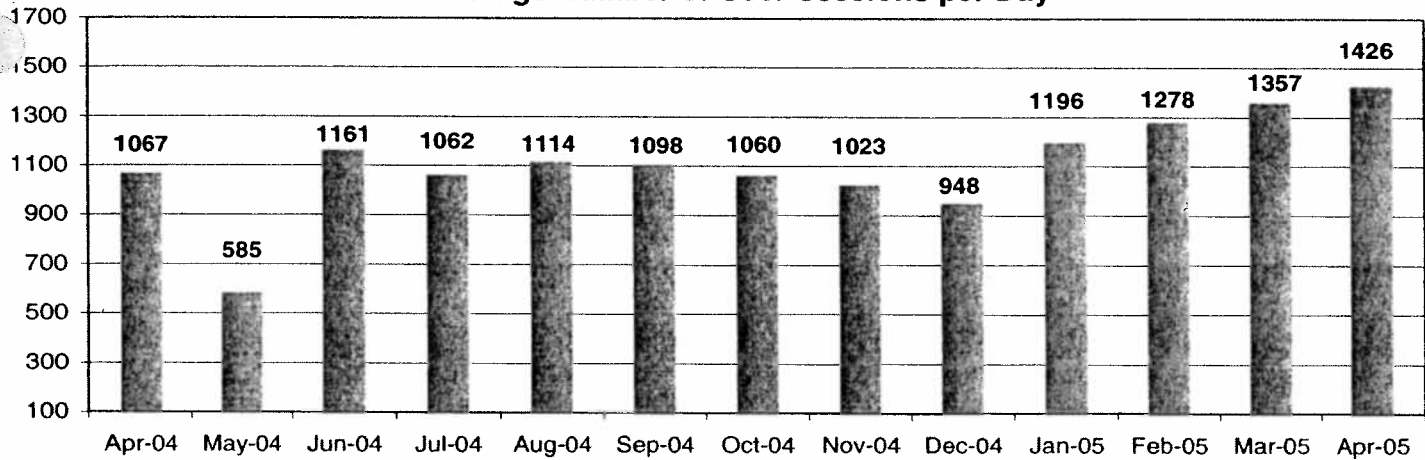
***Quarterly Occupancy Reporting must be posted by the tenth of the month following the close of each quarter (i.e. April, July, October, January).

April 2004 – April 2005

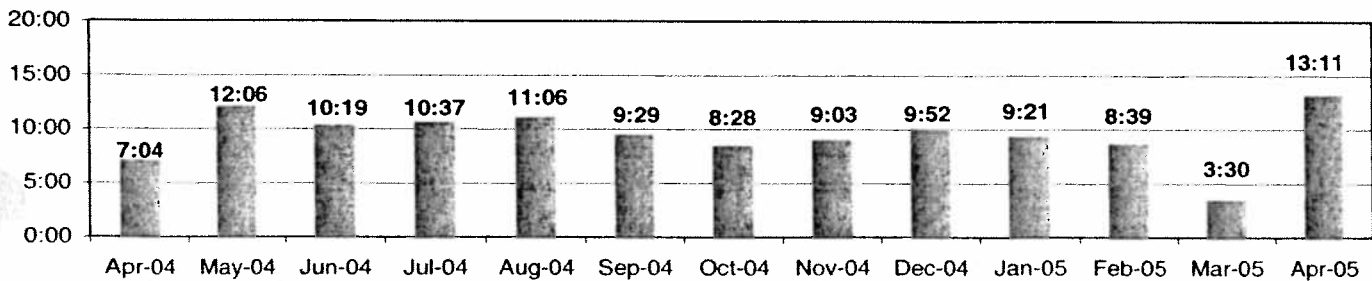
Average Number of Page Views per Day



Average Number of User Sessions per Day



Average Length of User Sessions per Day (In minutes)



ADMINISTRATION

Facilities Management

WHEDA's mobile office will be stored in the Madison area during the off season. Facilities Management will be responsible for securing a storage site, as well as overseeing the service and maintenance of the vehicle.

Human Resources

In March, the employment level was 169.21, with an attrition rate of 7.02%. In April, the employment level was 167.11, with an attrition rate of 8.56%.

In March, the Finance Group welcomed Bhagwan Motwani, Staff Accountant-Compliance.

Current recruitments include a Software Developer/Analyst position with the Information Technology Group, Director of Economic Development with Executive Office, Loan Program Specialist with the Asset Management Group, and Receptionist with the Administration Group.

On March 31, 2005 Directors and Managers attended a full day session on Coaching for Success. This training explained the concepts of effective coaching through identifying personal barriers to coaching, different styles of coaching and understanding the difference between coaching, training and counseling.

Resource Management

The Resource Management Team assisted staff with a variety of projects in March and April.

FINANCE

Financial Statement Highlights

The Authority net income in March 2005 of \$2.2 million was \$279,000 less than budgeted.

Mortgage income for March was \$9.4 million or \$195,000 less than budgeted. The weighted average mortgage rate, on a consolidated basis, was 5.99% compared to a budgeted rate of 6.20%

Investment income for the month totaled \$1.1 million or \$96,000 more than budgeted. The rise in short-term interest rates created a positive rate variance however; this positive variance was offset by lower investment balances.

Bond interest expense for the month was \$7.3 million and was \$21,000 less than budgeted. The favorable effect of lower than budgeted outstanding bond balances was offset by the effects of rising short term interest rates.

Other Income for March, of \$1.1 million, was \$85,000 over budget. The majority of the variance resulted from the recognition of the quarterly Affordable Housing Tax Credit monitoring fee of \$253,000 which was \$82,000 greater than budgeted.

Expenses for the month ended March 31, 2005 were \$2 million or \$272,000 less than budgeted. Grants and Services expense of \$12,000 for the month were \$111,000 less than budget as a result of minimal activity during the month. General and Administrative Expenses (G&A) of \$1.4 million were approximately \$95,000 less than budget.

Finance Group Activities

During April, \$14.9 million of commercial paper, used to finance the building, was remarketed. The average cost for the month of April was 2.88% and the average maturity was 40 days.

First Southwest has been selected as a Financial Advisor to review the investment policies of the Authority. The scope is limited to reviewing the investment policies, making recommendations for changes and assisting with the implementation of any changes. They will be completing the work by June 30 and reporting to the Finance Committee.

The Authority received three responses to the cash management RFP, which was distributed in April. The proposals are being evaluated by Finance and Asset Management staff. We expect to make a selection in June.

DRAFT

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Unaudited Financial Statements

March 2005

Table of Contents

Comparative Balance Sheet March 2005 and March 2004

Exhibit A

Comparative Statement of Income for the
Month Ending March 31, 2005 and Fiscal Year-to-Date

Exhibit B

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Consolidated Balance Sheet
March 31, 2005

(Unaudited)

(In Thousands of Dollars)

Actual 2005	Budget FY05	Favorable/ (Unfavorable)		Actual 2005	Actual 2004	Favorable/ (Unfavorable)
ASSETS						
488,591	623,080	(134,489)	Cash, Cash Equivalents & Investments *	488,591	704,258	(215,667)
1,932,328	1,893,336	38,992	Mortgage Loans Receivable, Net	1,932,328	1,687,954	244,374
869	1,256	(387)	Real Estate Held	869	2,438	(1,569)
15,153	15,964	(811)	Accrued Interest Receivable	15,153	15,049	104
13,514	13,936	(422)	Deferred Debt Financing	13,514	13,084	430
22,845	21,899	946	Other Assets	22,845	23,105	(260)
<u>2,473,300</u>	<u>2,569,471</u>	<u>(96,171)</u>	Total Assets	<u>2,473,300</u>	<u>2,445,888</u>	<u>27,412</u>
LIABILITIES						
1,943,680	2,039,433	95,753	Bonds & Notes Payable	1,943,680	1,929,424	(14,256)
14,309	14,940	631	Accrued Interest on Bonds & Notes	14,309	14,582	273
79,720	83,214	3,494	Escrow Deposits	79,720	84,026	4,306
39,310	41,220	1,910	Other Liabilities	39,310	46,383	7,073
<u>2,077,019</u>	<u>2,178,807</u>	<u>101,788</u>	Total Liabilities	<u>2,077,019</u>	<u>2,074,415</u>	<u>(2,604)</u>
FUND BALANCE						
Restricted Funds:						
228,914	226,304	2,610	Bonded Program Funds	228,914	208,489	20,425
4,994	5,255	(261)	Administered Funds-State Programs	4,994	5,197	(203)
162,373	159,105	3,268	General Funds:			
			Encumbered	153,618	149,350	4,268
			Current year Dividends Plan (Undesignated)	1,235	796	439
			Funds Accumulated for next year's Dividends Plan	7,520	7,641	(121)
<u>162,373</u>	<u>159,105</u>	<u>3,268</u>	Total General Funds	<u>162,373</u>	<u>157,787</u>	<u>4,586</u>
<u>396,281</u>	<u>390,664</u>	<u>5,617</u>	Total Fund Balance	<u>396,281</u>	<u>371,473</u>	<u>24,808</u>
<u>2,473,300</u>	<u>2,569,471</u>	<u>(96,171)</u>	Total Liabilities & Fund Balance	<u>2,473,300</u>	<u>2,445,888</u>	<u>27,412</u>

- * Includes unrealized loss on investments of \$2.9 million as of March 31, 2005, an unrealized gain on investments of \$2.3 million in the FY05 budget, and an unrealized gain on investments of \$2.3 million as of March 31, 2004 in accordance with GASB #31. Investments before the GASB adjustment total \$357 million for March 2005 and \$548 million for March 2004.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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

(Unaudited)

(In Thousands of Dollars)

Current Month				Fiscal Year-to-Date		
Actual	Budget	Favorable/ (Unfavorable)		Actual	Budget	Favorable/ (Unfavorable)
9,381	9,576	(195)	Mortgage Income	84,045	85,256	(1,211)
1,114	1,018	96	Investment Income	11,854	10,438	1,416
			Interest Expense & Debt			
			Financing Costs	(67,294)	(66,522)	(772)
(7,346)	(7,367)	21				
3,149	3,227	(78)	NET INTEREST INCOME	28,605	29,172	(567)
550	410	140	Mortgage Servicing Fees	2,869	2,478	391
531	586	(55)	Other Income	8,746	5,273	3,473
4,230	4,223	7	NET INTEREST & OTHER INCOME	40,220	36,923	3,297
			DEDUCT: Expenses			
281	281	0	Mortgage Loan Servicer Fees	2,423	2,441	18
348	408	60	Other Loan Program Expenses	5,263	3,796	(1,467)
12	123	111	Grants & Services	830	1,103	273
1,041	1,096	55	Personnel Expense	9,308	9,864	556
78	126	48	Professional Services	783	1,134	351
117	140	23	Occupancy Expenses	1,131	1,260	129
33	47	14	Marketing Expenses	196	423	227
115	70	(45)	Other G&A Expenses	659	630	(29)
(13)	(7)	6	Deferred G&A Expense	(178)	(60)	118
2,012	2,284	272	Total Expenses	20,415	20,591	176
2,218	1,939	279	Results Before Extraordinary Items and change in fair value of investments	19,805	16,332	3,473
(415)	0	(415)	Net Increase(Decrease) in fair value of investments (GASB #31 Adj.)	(675)	0	(675)
0	0	0	Extraordinary Gains (Losses): Extraordinary - Other	0	0	0
<u>1,803</u>	<u>1,939</u>	<u>(136)</u>	NET INCOME (LOSS)	<u>19,130</u>	<u>16,332</u>	<u>2,798</u>



WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

DAVID KRUGER, CHAIRMAN

**Report of the Directors Loan Committee to the
May 20, 2005 meeting of the Members**

The Directors Loan Committee met on March 9, March 21, April 6 and April 18.
Attached are the Minutes of the meetings.

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director

David Kruger, Chairman

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WHEDA supports equal
housing opportunities for
all persons

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

**MINUTES
MARCH 9, 2005
9:00a.m.**

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

**COMMITTEE MEMBERS PRESENT
VIA TELECONFERENCE:**

David Kruger
Dan Lee
Geoffrey Hurtado

**AUTHORITY STAFF PRESENT
VIA TELECONFERENCE:**

George Christenson, Director, Economic Dev

AUTHORITY STAFF PRESENT:

Nelson Flynn, Deputy Executive Dir / Gen Counsel
Mary Zins, Director, Credit
Rae Ellen Packard, Director, Asset Management
Michael Ash, Manager, Credit
Kym Johnson, Manager, Asset Management
Sharon Rambadt, Manager, Asset Management
Chris Gunst, Executive Assistant
Jim Rodgers, Risk Management Officer
Robb Mappes, Commercial Underwriting Officer
David Luedcke, Multifamily Development Officer
Bev Smith, Operations Officer

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

David Kruger called the meeting to order at 9:04 a.m.

**APPROVAL OF MINUTES OF FEBRUARY 21, 2005 MEETING
(Agenda Item B)**

A motion was made by Dan Lee, seconded by Geoffrey Hurtado that the Members of the Directors Loan Committee hereby approve the minutes of the February 21, 2005 meeting. The motion carried on a voice vote. Resolution Number 6442

DECISION ITEMS
(Agenda Item C1)

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:

- At loan closing, full monthly interest payments on second mortgage due until February 28, 2011. Surplus cash will be used to pay down the \$124,175 loan from Future Wisconsin.
- A reasonable price was paid for the project in comparison to Fair Market Values.
- Mission - Loan will keep the project in the program to keep the much needed low income housing.
- PILOT – if Future Wisconsin does not get the PILOT the additional taxes may be covered in part by the additional income from the difference of the underwritten 95% occupancy and the expected occupancy rate at 98%. Also, some capital items may need to be deferred to be used for operational deficits.

• Geoffrey Hurtado moved, seconded by Dan Lee that the Members of the Directors Loan Committee hereby approve the following resolution:

- 1) Allow assignment and assumption of WHEDA first and second mortgages to Future Wisconsin Taylor County LLC.
- 2) Approve modification of the interest rate on WHEDA's first mortgage from 10.45% to 7.35%.
- 3) Approve modification of the interest rate on WHEDA's second mortgage to be (Mortgage Amendment) maintained at 7% until final payment of note. Terms of second note to include language that states "repayment to be based on future cash flow up to an annual debt payment of \$194,656." Maker may prepay note anytime after March 1, 2011. All other terms and conditions of second mortgage will remain in place.
- 4) Provide \$500,000 from FAF Funds for a third mortgage. Terms of note, 3% deferred interest, \$15,000 annual accrued interest. Terms of repayment of third mortgage, to include language that states "repayment to be based on future cash flow up to an annual debt payment of \$194,656. Maker may prepay note at anytime.
- 5) At loan closing, full monthly interest payments on second mortgage due until February 28, 2011.
- 6) Annually, after review of the audited financial statement, surplus cash first applied to Future Wisconsin Loan of \$124,175, until paid in full; and second, applied to past due preservation fees and then deposited into the replacement reserve escrow.
- 7) The annual \$8,000 asset management fee may accrue and only become due and payable from available cash flow once all of WHEDA's debt is paid.
- 8) Assignment, Assumption & Loan Approval will be contingent on Future Wisconsin Taylor County LLC being able to secure at least \$351,680 grant from the Federal Home Loan Bank (FHLB). Grant may be used for purchase of buildings and related soft costs of purchase.
- 9) Allow FWTC to use up to \$50,000 of operating account cash to assist with soft costs related to purchase.
- 10) In 2006, ownership must apply for PILOT or tax exempt status.

Funds for all mortgage loans shall be used in accordance with the Decision Paper entitled, "Wisconsin Saving Our Stock (SOS) Preservation Initiative 2004, Assignment, Assumption & Loan Approval for Medford Gilman Housing", dated March 9, 2005. Motion carried on a voice vote. Resolution Number 6443

(Agenda Item C2)

Robb Mappes presented for consideration a Neighborhood Business Revitalization Guarantee approval on behalf of Fox Cities Children's Museum Inc. in Appleton. Discussion followed. Items discussed included:

- Pledges are to be used to offset the interest and loan amount.
- Pledges are to come in over the next three to five years.
- WHEDA's Guarantee will not go into place until the completion certificate is received.
- The museum will have better visibility on the first floor.
- The project has been in process for two years.
- Currently has 7,000 square feet and will have 34,886 square feet.
- The recent increased marketing has increased attendance at the museum.
- Has a strong Board of Directors and Management Team.
- Bank wants guarantee because this is a non profit owner.
- Large funding raising activity in the Fox Valley – Last year was the Future Youth Project. – Staff not aware of others currently.
- Risk is minimal – approximately 90% of the pledges will be in prior to the start of construction.

Dan Lee moved, seconded by Geoffrey Hurtado that the Members of the Directors Loan Committee hereby approve the following resolution for a Neighborhood Business Revitalization Guarantee on behalf of Fox Cities Children's Museum, Inc. for a \$750,000 guarantee on a maximum \$1,700,000 five year term loan, priced at Prime Rate, adjustable monthly. Other terms and conditions are 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 "Guarantee Approval for Fox Cities Children's Museum Inc." dated March 9, 2005. Motion carried on a voice vote. David Kruger abstained from the vote. Resolution Number 6444

(Agenda Item C3)

David Luedcke presented for consideration a conversion to amortization approval on behalf of The Boardwalk in Burlington. Discussion followed. Items discussed included:

- Borrower will pay \$400,000 into the Interest Reserve Account up front. Then the Letter of Credit can be released.
- Variable rate could create problems with the rising interest rate.
- WHEDA may want future variable interest rate deals to buy a rate cap.
- Community supports the project
- Project is at 100% occupancy but was rented below pro forma rents. Has a small waiting list.
- Staff to check out succession plan given that Mr. Styza is one of our largest borrowers.

Dan Lee moved, seconded by Geoffrey Hurtado that the Members of the Directors Loan Committee hereby approve the conversion of the construction loan to amortization for Burlington Boardwalk, LLC (The Borrower) in the amount of \$8,000,000 according to the provisions outlined in the Decision Paper entitled, "Approval of Conversion to Amortization for The Boardwalk", dated February 24, 2005; contingent upon: 1) the existing Letter of Credit shall be released upon payment of the \$400,000 for the Interest Reserve Account; and 2) the Borrower provides a 100% personal guarantee to cover operating expenses and debt service until the DCR is at 1.15 at a 6% interest rate. Motion carried on a voice vote. Resolution Number 6445

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 9:25 a.m.

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

DECISION ITEMS

(Agenda Item C1)

Gary Levandoski presented for consideration a Neighborhood Business Revitalization Guarantee on behalf of Stainless Equipment Design and Manufacturing, Inc. in Beaver Dam. Discussion followed. Items discussed included:

- Name has been changed to Supreme Manufacturing Inc.
- Strong management background in business
- A diversified business

Perry Armstrong moved, seconded by Geoffrey Hurtado that the Members of the Director's Loan Committee approval a Neighborhood Business Revitalization Guarantee on behalf of Stainless Equipment Design & Manufacturing, Inc., Beaver Dam for a 75% guarantee on a \$750,000 five year term loan at an interest rate of Prime + 1.0% contingent upon: Annual compensation to include wages, salaries, bonuses, withdrawals or dividends shall not exceed \$30,000 for Eva Heim; \$65,000 for Eric Heim; and \$65,000 for Kevin Heim during fiscal year 2005 without the Lender's and WHEDA's written approval. In no event shall compensation to officers, result in a net operating loss, as defined by generally accepted accounting principles for any quarter. Other terms and conditions are 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 "Stainless Equipment Design and Manufacturing, Inc., dated March 21, 2005. Motion carried on a voice vote. Resolution Number 6460

DISCUSSION ITEMS

(Agenda Item D)

An extended Director's Loan Committee is planned for April 18 after the Board Meeting. The meeting will cover preservation and multifamily lending strategies.

OTHER BUSINESS

(Agenda Item E)

There was no other business to come before the Committee.

ADJOURNMENT

(Agenda Item F)

Dan Lee declared the meeting adjourned at 9:50 a.m.

The next regularly scheduled meeting of the Directors Loan Committee is April 6, 2005 in the Board Room.

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

**MINUTES
APRIL 6, 2005
10:00 a.m.**

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

COMMITTEE MEMBERS PRESENT: David Kruger

COMMITTEE MEMBERS PRESENT
VIA TELECONFERENCE: Dan Lee

AUTHORITY STAFF PRESENT: Antonio Riley, Executive Director
Nelson Flynn, Deputy Executive Dir / Gen Counsel
Mary Zins, Director, Credit
Rae Ellen Packard, Director, Asset Management
Laura Morris, Chief Financial Officer
George Christenson, Director, Economic Dev
Sharon Rambadt, Manager, Asset Management
Farshad Maltes, Senior Research and Policy Analyst
Bev Smith, Operations Officer

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

David Kruger called the meeting to order at 10:10 a.m.

**APPROVAL OF MINUTES OF MARCH 21, 2005 MEETING
(Agenda Item B)**

Approval of minutes moved to the next DLC Meeting on April 18.

DISCUSSION ITEMS
(Agenda Item C)

An update on the New Markets Tax Credit deals was discussed. Items discussed included:

Nelson Flynn outlined process going forward:

1. Initial application, complete scoring and policy goals – economically feasible, mission, economic development and job creation.
2. Internal underwriting review – WHEDA's Commercial Underwriters are to review each application for underwriting criteria and all documents needed to bring the project forward to ILC and DLC. Applications are to be submitted in a timely fashion to allow time for a complete underwriting review.
3. Focus on closing and proper compliance – outstanding and corporate documents should be submitted at closing. Waveland-Legacy to set up and service new entities, sub CDE's and have the appropriate agreements and contracts in place.
4. Profitability – Each partner should receive a fee. Fees to be monitored for each partner to ensure the fee is appropriate for the amount of time and man power invested and performance. Set up a financial reimbursement mechanism for WHEDA to receive fees to compensate for our efforts.

Nelson is to prepare a written summary of issues for use as a checklist for DLC.

Farshad presented a review of projects in the pipeline and the remaining tax credits. There are more projects in the pipeline than New Market Tax Credits remaining. WHEDA is to work with Waveland-Legacy to possibly move some of the Southeastern allocation to the other part of the State. Check the possibility to use other state or national allocations.

Use less credits in each project to allow several areas of the State to benefit. Possibly restrict to \$10 million per project.

Projects in the next 30 days:

Logistics Health Incorporated in La Crosse - \$8 million

- City is invested
- Approximately 300 jobs will be created
- Good deal for the area
- This project will go forward with or without NMTC – possibly offer less credits

Graceville in Milwaukee - \$8 million

Skoopz in Milwaukee - \$1.5 million

Catalyst for North Avenue area – Bundle this with the Graceville project through US Bank.

Commercial/Retail Development in Stevens Point - \$8 million (\$30 million total project cost)

Anchor project in the center city area.

Madison Community Health Center - \$3 million

City is deeply involved

Huge mission component serving low income and distressed populations

Expansion would provide services to more people.

Projects ready for DLC in the next 60 days:

Duracolor in Racine - \$8 million

Columbia St. Mary's/Whole Foods in Milwaukee - \$15 million

Toussaint Square in Milwaukee - \$5.3 million

Projects in exploratory stage or with no agreement using NMTC:

Bay Ship Building – Palmer Johnson - in Sturgeon Bay - \$20 million

Not ready to go until harbor funding is in place – after new State budget is implemented.

Sherman Plaza Grocery Store in Madison - \$3 million

DRS Technologies in Milwaukee - \$20 million

Don't want to own the property – wants to lease it.

Milwaukee TIF has been pledged.

Department of Commerce is also involved.

Riverworks Development Corporation in Milwaukee - \$4 million

Tower Auto Site/Pressed Steel Tank in Milwaukee - \$20 million

Whitnall Summit Phase II in West Allis - \$10 million

Falk Corporation in Milwaukee - \$20 million

Schuster Historic Building in Milwaukee - \$7 million (\$14 million total project)

MEDC Facility in Milwaukee - \$10 million

WWBIC in Milwaukee - \$1 million

Smaller projects should be ready so they can be bundled with larger projects at any time.

WHEDA should be notified some time in May regarding the approval of the next round of New Market Tax Credit allocations – cautiously optimistic.

OTHER BUSINESS
(Agenda Item D)

There was no other business to come before the Committee.

ADJOURNMENT
(Agenda Item E)

David Kruger declared the meeting adjourned at 11:05 a.m.

The next regularly scheduled meeting of the Directors Loan Committee is April 18, 2005 in the Board Room.

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

**MINUTES
APRIL 18, 2005
10:00a.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
 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
 Laura Morris, Chief Financial Officer
 Michael Ash, Manager, Credit
 Kym Johnson, Manager, Asset Management
 Sharon Rambadt, Manager, Asset Management
 Jim Rodgers, Risk Management Officer
 Connie Willemssen, Manager, Asset Management
 Russell Kaney, Multifamily Development Officer
 Bev Smith, Operations Officer

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

David Kruger called the meeting to order at 10:50 a.m.

**APPROVAL OF MINUTES OF MARCH 21 AND APRIL 6, 2005 MEETINGS
(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 March 21 and April 6, 2005 meetings. The motion carried on a voice vote. Resolution Number 6461

DECISION ITEMS

(Agenda Item C1)

Russ Kaney presented for consideration a loan approval on behalf of Bayfield County Housing Redevelopment. There was no discussion.

Perry Armstrong moved, seconded by Geoffrey Hurtado that the Members of the Directors Loan Committee approve a construction mortgage loan to Bayfield County Housing Redevelopment, LLC "The Borrower" in an amount not to exceed \$1,573,866 utilizing funds in such amount from Construction Plus. Funds for all mortgage loans shall be used in accordance with the Decision Paper entitled, "Loan Approval for Bayfield County Housing Redevelopment", dated April 18, 2005. Motion carried on a voice vote. Resolution Number 6462

DISCUSSION ITEMS

(Agenda Item D)

Multifamily Strategy – the future of multifamily lending

- Local bonding is impacting WHEDA's financing in the market.
- Non performing properties could perform if the real estate taxes did not need to be paid out of operating funds
- Preserving Section 8 and Section 42 projects is vital to Wisconsin's affordable housing future.
- Vacancies are high in the unassisted projects – especially family units – low interest rates provided a means for more home ownership.
- Not enough money available to support housing needs
- Rent freezes by HUD hurts the properties – higher insurance costs and maintenance costs with stagnant rents
- HUD going out of the Section 8 subsidy business
- Borrowers are going to other lenders – aggressive competition and investor stability
- Residual receipts give WHEDA funds to preserve more housing.
- Present value of the spread – WHEDA has some control over this
- Properties have to be in the State to use WHEDA bond resources.
- May be able to do something as an investor out of state.
- Create a mechanism to use with out of state investments
- Possibly lend on WHEDA's credit rating
- Possibly provide Letter of Credit
- Provide loans to convert existing housing into condos
- Borrower's seeking lower costs of capital
- Rate and timing puts WHEDA at a disadvantage
- Rate, Term and Securitization proposals will be brought forward at future DLC meetings
- Separate subsidiary to use WHEDA's corporate rating
- Do more preservation projects in next year's tax credits.
- Keep the same proportions for tax credit rural projects
- Consider foreclosure on the preservation projects with above market rents and serious maintenance issues.
- Review different types of projects for preservation and define a process that fits best for each type.

- Compressed spread between taxable and tax-exempt financing is an issue
- Possibly use commercial paper to take away the delay with bond issues.
- Review underwriting criteria for possible changes to make WHEDA more competitive in the market.
- Review possibilities of funding outside tax exempt bonding or in conjunction with tax exempt bonding.

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 1:55 a.m.

The next regularly scheduled meeting of the Directors Loan Committee is May 4, 2005 in the Board Room.