

# 05hr\_SC-JCEDCA\_Misc\_pt10a



WHEDA (August - 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**

## 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

**August 19, 2005**  
**10:30 a.m.**

- A. Call to Order
- B. Roll Call
- C. Approval of the Minutes of the June 20, 2005 Meeting
- D. Authority Activity Report
- E. Report of the Directors Loan Committee
- F. Report of the Finance Committee
- G. Decision Items
  - 1. Dividends for Wisconsin, 2005-2006
  - 2. Series Resolution Authorizing the Issuance of Home Ownership Revenue Bonds
  - 3. 2006 Qualified Allocation Plan
  - 4. Approval of Slate of New WHPC Board Members
  - 5. Approval of Contracts Greater than \$25,000
- H. Other Business
- I. 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

Jim Doyle  
Governor

Perry Armstrong  
Chairman

Antonio R. Riley  
Executive Director

Notice is hereby given that a meeting of the **Wisconsin Housing and Economic Development Authority (WHEDA)** shall be held on **Friday, August 19, 2005**, at **10:30 a.m.**, in the WHEDA Senator John R. Plewa Board Room, 201 West Washington Avenue, Suite 700, Madison, Wisconsin.

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.

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WHEDA supports equal  
housing opportunities for  
all persons

**WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY**

**MINUTES**

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

**June 20, 2005**  
**10:20 a.m. – 10:46 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; Ms. Stewart; Ms. Olson-Collins; Representative Young; and Mr. Storey

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

**AUTHORITY MEMBERS PRESENT VIA PHONE:** Mr. Lee; Mr. Hurtado; and Senator Taylor

**AUTHORITY STAFF PRESENT:** Antonio Riley, Executive Director; Mary Zins, Credit Director; Nelson Flynn, Deputy Executive Director and General Counsel; Rae Ellen Packard, Asset Management Director; Chris Gunst; Anthony Brown; and Maureen Bruner, Executive Secretary

**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 MAY 20, 2005 MEETING**  
**(Agenda Item C, Attachment #1)**

A motion was made by Mr. Storey, seconded by Ms. Stewart, that the minutes of the May 20, 2005, meeting be approved as presented. The motion carried on a unanimous voice vote. Resolution No. 6518

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

The Authority Activity Report, dated June 20, 2005, was included in the materials mailed to the Members.

Mr. Riley introduced Anthony Brown to the Board. Mr. Brown has joined WHEDA as a Community Relations Officer.

**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**

**FY2006 OPERATING AND CAPITAL BUDGET  
(Agenda Item G1, Attachment #5)**

Laura Morris reviewed the decision item "FY2006 Operating and Capital Budget." Discussion followed.

A motion was made by Mr. Lee, seconded by Mr. Hurtado, that the Members of the Authority hereby adopt the Annual Operating Budget and the Capital Expenditure Budget as presented in the Budget Report for Fiscal Year 2006, dated June 20, 2005. The motion carried on a unanimous voice vote.  
Resolution No. 6519

**ENCUMBRANCES FROM THE FY2005 DIVIDENDS FOR WISCONSIN PLAN  
(Agenda Item G2, Attachment #6)**

Laura Morris reviewed the decision paper entitled "Encumbrances", dated June 20, 2005. Discussion followed.

A motion was made by Mr. Hurtado, seconded by Ms. Stewart, that the Members of the Authority authorize encumbrances from Dividends for Wisconsin, 2004-05, for the following purposes: 1) \$200,000 for the redevelopment of a site at 20<sup>th</sup> and Walnut Street in Milwaukee; 2) \$25,000 for support of LISC Milwaukee; and 3) \$25,000 for Career Youth Development (Homebuyer education). The motion carried on a unanimous voice vote. Resolution No. 6520

**APPROVAL OF REVISED CONTRACT POLICY  
(Agenda Item G3)**

Mr. Flynn informed the Board of several changes made to the contract policy. These changes mainly consisted of small changes to the expense approval category.

A motion was made by Mr. Hurtado, seconded by Representative Young, that the Members of the Authority adopt the amended Contract Policy as of June 20, 2005. The motion carried on a unanimous voice vote.  
Resolution No. 6521

**APPROVAL OF CONTRACTS GREATER THAN \$25,000  
(Agenda Item G4, Attachment #7)**

Laura Morris reviewed the decision paper entitled "Contracts – May 9, 2005 to June 16, 2005". Discussion followed.

The Finance Committee recommends that the Members of the Authority approve contracts over \$25,000 to the following organizations: M & I and Legacy Bank for Cash Management Services for an amount of \$180,000; Jefferson Wells for internal audit for an amount of \$325,000; Lenovo for IBM Laptop PCs in an amount of \$28,224; and Compuware for an amount of \$75,600.

A motion was made by Mr. Storey, seconded by Ms. Olson-Collins that the Members of the Authority hereby approve the above listed contracts in excess of \$25,000. The motion carried on a unanimous voice vote.  
Resolution No. 6522

**OTHER BUSINESS  
(Agenda Item H)**

There was no other business to come before the Board.

**ADJOURNMENT  
(Agenda Item I)**

A motion was made by Mr. Storey, seconded by Senator Taylor, that the meeting of the Wisconsin Housing and Economic Development Authority be adjourned. The motion carried on a unanimous voice vote.  
Resolution No. 6523

The June 20, 2005, meeting of the Wisconsin Housing and Economic Development Authority adjourned at 10:46 a.m.

The next meeting of the Authority will be held on Friday, August 19, 2005, at 10:30 a.m. in WHEDA's Senator John R. Plewa Board Room, located at 201 West Washington Avenue, Suite 700, Madison, Wisconsin.



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**AUTHORITY ACTIVITY REPORT**

**August 19, 2005**

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**Antonio R. Riley, Executive Director**

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## AUTHORITY ACTIVITY REPORT

August 19, 2005

### CREDIT

#### Homeownership

##### HOME

For the fiscal year (FY) we funded 4,600 loans totaling \$476 million. This exceeds the original budget by 19%. For the month of July we funded \$61.2 million which starts the new fiscal year at 22% over budget. Loans being processed through Quick Decision (delegated underwriting) now represent 30% of our volume.

##### Special Home Initiatives

**Immigrant Lending Program** – Since the program began, we have funded 128 loans totaling \$14 million. We have also processed a total of 352 applications from 19 lenders.

**American Indian Loan Program** – We have received one preapproval application. This applicant is working with the Lac Courte Oreilles tribe. We are waiting for the tribe's approval of our lease in order for this applicant to purchase a home.

**Workforce Housing** – Since this initiative began in late 2004, the following employers have completed or are currently doing housing needs assessment surveys: Pitney Bowes (Appleton), Spooner Health Systems, Milwaukee City Housing Authority, US Bank (Madison), Madison Newspapers, CUNA CU and Kraft Foods (Madison). Upon completion of the survey WHEDA compiles the results and provides an analysis and recommendation for employer action based on the needs apparent in the survey. The analysis also includes a limited market analysis of available housing and the available down payment and closing costs assistance to those potential buyers.

**Fixed-Interest Only** – 12 loans have been closed for a total of \$1.9 million.

**Mortgage Guardian** – Since January 2004, 15 claims have been paid for a total of \$33,000. In addition, 18 borrowers are currently in the claims process.

##### Other Programs

**Home Plus** – This product ended the FY at 22% over budget. We closed 1,100 loans totaling \$11 million. 18% of all HOME loans closed used Home Plus to help with the down payment/closing costs. In July we closed 120 loans.

**Home Improvement** – For the FY we were 40% over budget. This is the first time since 1999 that we have seen an increase in activity under this product line. In July we funded 12 loans which is the most we have funded in any given month in the last 5 years.

**Property tax deferred loans** – We have funded 160 loans for a total of \$344 thousand. This represents a slight increase over last year. We were 14% under budget for the FY.

#### **Multifamily Development**

Multifamily Development completed FY2005 with total loan closings reaching \$45,612,524, less than 1% under budget. Four loans closed in June totaling \$7.6MM. These loans were Frost Woods Apartment Homes for Seniors (\$2.9MM), Ridgeview Highlands Apartments III (\$2.6MM), McKenna Boulevard Apartments (\$217K), Parkwood Highlands Apartments (\$1.8MM).



Westminster Apartment Homes for Seniors, located in Madison (66 elderly units), closed July 8, 2005 with a loan amount of \$2.6MM.

A cross functional team is exploring enhancements to our current multifamily lending product line.

#### Applications Received in July

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

- Central Manor Apartments – Arcadia (40 elderly units) \$144,831
- New Village – Milwaukee (24 family units) \$3,315,000
- Apple Hill Homes – Ashwaubenon (43 family units) \$1,933,000
- Northwoods I – Phelps (20 elderly units) \$499,924
- Northwoods II – Phelps (12 elderly units) \$107,782
- North Bay Residence – Luck (4 special needs) \$394,502

The Wisconsin Collaborative for Affordable Housing which WHEDA sponsors held a two-day conference, July 20-21, in Stevens Point, Wisconsin. The theme for this conference was *A Home for Everyone 2005: Make it Happen*. Three staff members attended this conference.

WHEDA's Multifamily Development conference is scheduled for Thursday, December 8, 2005 at the Monona Terrace Convention Center. Breakout sessions are still being worked on and two speakers have been selected and finalized. We will continue to focus on this event as it gets closer. All Members are invited and encouraged to attend.

Michael Ash, manager of the multifamily development team, will be leaving WHEDA at the end of August. The manager position has been posted and applications are being accepted through August 19.

#### Tax Credits

Tax credit Reservation Agreements have been sent to three quarters of the 2005 applicants approved to move forward in the process totaling approximately \$6.3 million. Second submission LIHTC applications have been successfully input by developers and received by WHEDA via the new online (LOLA) system. WHEDA's LIHTC Advisory Committee had their second and final meeting on August 26, 2005.

Staff continues to work on developing the 2006 tax credit qualified allocation plan. Staff will present a summary of their recommended changes at the August 3 DLC meeting and present the QAP to WHEDA Board August 19, 2005.

#### Grand Openings/Ground Breakings:

- Grand Opening for Waupaca Senior Housing (WHEDA financing) was held in on July 27, 2005.
- Ground Breaking will be held on August 10 for New York Apartments (WHEDA financing and tax credits) in Superior.
- Ground Breaking will be held on August 1 for Highpoint Commons (WHEDA financing and tax credits) in Baraboo.
- Grand Opening for Lindsay Commons (WHEDA tax credits) will be held August 10 in Milwaukee.

## ASSET MANAGEMENT

### Single Family

Delinquency rates for the entire Home Program remained at an average of about 2% in June, with the WHEDA-serviced loans at 1.40%. The delinquency rate for HOME Plus was 1.06% and the HILP program at 1.13%.

In June, we sold two REO properties and acquired one, leaving a balance of 14 in REO.

The Asset Management welcomed Julie Warne to the Servicing Team July 22<sup>nd</sup>. Julie comes to WHEDA with a wealth of lending experience.

### Multifamily

There are nine developments on the Asset Management watchlist, with cumulative outstanding balances of \$29,235,783. One development has a current mortgage balance of \$20,615,049 and continues with occupancy and tax credit compliance issues. Another property in forbearance has received an offer to purchase. This development is expected to close in August 2005 which will reduce WHEDA's outstanding loan balance exposure to approximately \$82,000.

One family property in Appleton remains in foreclosure. Occupancy continues to struggle, currently at 64%. Property continues to be marketed for sale, no offers pending. Sheriff's sale is scheduled for January 2006. No mortgage loss is expected on this loan.

One development on the watch list has been removed due to sale that occurred in July, 2005. WHEDA did incur a loss of \$48,833 with this sale.

There was a recent internal audit on the multifamily loan process. This review included the loan process from start to finish, including the Credit Group and Legal Group. Final audit report is in process.

A review of the responses to the Governor's Preservation Task Force questionnaire is continuing. Asset Management is looking at ways to facilitate matching participants that may want to leave the program with potential new participants.

In addition, Asset Management staff submitted a response to Rural Housing Services for funding in the amount of \$2.125 million. If awarded, Rural would lend funds to WHEDA at 1% interest and in turn, WHEDA would utilize this money to fund preservation requests for Rural Housing's Section 515 program properties within the state. Timing of award was not addressed in the solicitation, however we believe funds would not be available until next calendar year.

### Contract Administration

In the last fiscal year, Asset Management earned 99.7% of the maximum potential basic fee and 97.5% of the maximum potential incentive fee. The workplan for the upcoming contract year has been submitted to HUD along with a recap of the work that was completed in the prior contract year.

As Badger Capital Services, we submitted a response to HUD's Request For Proposal to perform contract administration services for HUD's non-Section 8 portfolio by working with seven other states. The response was submitted to HUD July 18<sup>th</sup>. The work required under this RFP is substantially similar to the work we are performing on the Section 8 portfolio.

### Business Risk Analysts

Work continues on the compliance monitoring software project (TrackPro replacement). The first data conversion took place and it worked as expected. Testing has started and is going well.

James Bennett will be leaving the Business Risk Analyst Team in August.

### Housing Choice Voucher Program

We are preparing for the annual SEMAP (Section Eight Management Assessment Program) Certification to HUD. WHEDA is required to complete a self evaluation of its performance for the past fiscal year and electronically submit its findings to HUD.

## **ECONOMIC DEVELOPMENT**

### Organizational Information

Staff welcomed Héctor Colón, the new Director of Economic Development in July. Héctor comes to us from the City of Milwaukee as a Legislative Fiscal Manager. Héctor's background also includes working as an Associate Executive Director at the United Community Center in Milwaukee.

In July, Staff's outreach activity included participation in Farm Progress Days.

In July, two New Markets Tax Credit applications were reviewed by Staff and approved by the Directors Loan Committee.

\$22.0 million in New Markets Tax Credits were approved on behalf of Palermo Properties, LLC in Milwaukee. The project will allow this manufacturer of frozen pizzas to construct a 150,000 square foot manufacturing facility in the Menomonee Valley. The project will allow the company to meet its growing demand, improve efficiencies, and relocate 85 jobs currently in northern Illinois to Wisconsin. Palermos currently employs over 275.

New markets tax credits in the amount of \$3.6 million were approved on behalf of A&L Superior City Center, LLC in Superior. This project involves the renovation of a 54,000 square foot commercial property into Class A office and retail space. The city currently has no Class A office space. It is expected that this centrally located site will be well received.

### Small Business Lending

Demand for the Small Business Guarantee was slow in July. Staff reviewed 4 applications during the month and approved one for a fitness club expansion. Staff has been talking to lenders about potential deals that are expected to be received in August.

In fiscal 2005 there were 28 guarantees approved for \$3.4 million. This compares to 24 guarantees for \$2.5 million in fiscal 2004.

### Neighborhood Business Revitalization Lending

There was no new activity to report in the Neighborhood Business Revitalization program in July. To date, \$7.1 million in guarantees have been approved through the program. The program can provide up to \$12 million in guarantees.

In fiscal 2005 there were six guarantees approved for \$2.5 million.

### Agricultural Lending

In July, 28 CROP applications were approved for \$774,000 in guarantees. Calendar year to date, 416 CROP guarantees have been approved for \$11.8 million. This compares to 405 guarantees

for \$8.5 million for the same period last year. Staff is right on pace to meet its 2005 benchmark of \$15 million in guarantees.

Staff has received very few default and forbearance requests for the 2004 CROP loans that were due June 30<sup>th</sup>. Improved milk prices over the last year are largely responsible for the low number of defaults.

In July, two FARM guarantees for \$90,500 were approved.

In fiscal 2005 there were 25 FARM guarantees approved for \$1.8 million compared to 19 for \$800,000 in fiscal 2004.

## LEGAL

During the month of **June**, the Legal Group closed the following transactions:

- A mortgage loan to Frost Woods Senior Housing, LLC in the amount of \$2,900,000.00 for **Frost Woods Apartment Homes for Seniors**, to provide 68 units (which includes one manager's unit) of elderly housing in Monona. As long as the loan is outstanding, 29 units (43.28% of total) will be set aside for occupancy by households whose incomes do not exceed 50% of the Dane County Median Income (CMI) and 38 units (56.72% of total) will be set aside for occupancy by households whose incomes do not exceed 60% of the Dane CMI, all as adjusted for family size and as published by the United States Department of Housing and Urban Development. Such units shall have rents, including estimated utilities, which do not exceed 30% of 50% and 30% of 60%, respectively, of the appropriate Dane CMI. This project utilizes Affordable Housing Tax Credits.
- Additional closing for disbursement of remaining funds from the original mortgage loan (\$134,500.00) to Housing Initiatives, Inc. for the **Stonebridge Condominiums** to provide an additional three units of housing for families in Madison (total of six units). As long as the loan is outstanding, 6 units (100% of total) will be set aside for occupancy by a qualified tenant whose income does not exceed 50% of the Dane CMI, as adjusted for family size and as published by HUD. Such units shall have rents, including estimated utilities, which do not exceed 30% of 50% of the Dane CMI.
- A mortgage loan to PORCHLIGHT, INC. in the amount of \$217,500.00 for **McKenna Boulevard Apartments** to provide 4 units of housing for homeless families in Madison. As long as the loan is outstanding, 3 units (75% of total) will be set aside for occupancy by a qualified tenant whose income does not exceed 60% of the Dane CMI, as adjusted for family size and as published by HUD. Such units shall have rents, including estimated utilities, which do not exceed 30% of 60% of the Dane CMI.
- Recast of a mortgage loan in the amount of \$2,635,712.95 to RIDGEVIEW HIGHLANDS APARTMENTS LIMITED PARTNERSHIP III for **Ridgeview Highlands Apartments III**. The project is a recast of WHEDA Project No. 001656. The project consists of 62 units for the elderly in the Town of Grand Chute. As long as the loan is outstanding, 31 Affordable Units (50% of total) will be set aside for occupancy by a qualified tenant whose income does not exceed 60% of the Outagamie CMI, as adjusted for family size and as published by the United States Department of Housing and Urban Development. Such units shall have rents, including estimated utilities, which do not exceed 30% of 60% of the Outagamie CMI.
- Recast of a mortgage loan in the amount of \$1,858,369.00 to PARKWOOD HIGHLANDS LIMITED PARTNERSHIP III for **Parkwood Highlands Apartments, formerly known as**

**National Manor Apartments III.** The project is a recast of WHEDA Project No. 001657. The project consists of 38 units for the elderly in the Town of Grand Chute. As long as the loan is outstanding, 19 Affordable Units (50% of total) will be set aside for occupancy by a qualified tenant whose income does not exceed 60% of the Waukesha CMI, as adjusted for family size and as published by the United States Department of Housing and Urban Development. Such units shall have rents, including estimated utilities, which do not exceed 30% of 60% of the Waukesha CMI.

During the month of **July**, the Legal group closed the following transaction:

- A mortgage loan by Wisconsin Affordable Housing Alliance, LLC to Westminster Senior Housing, LLC in the amount of \$2,600,000.00 for WESTMINSTER APARTMENT HOMES FOR SENIORS to provide 66 units (including one manager's unit) of elderly housing in Madison. As long as the loan is outstanding, the Mortgaged Property will have 4 affordable units (6.15% of total) set aside for occupancy by a Qualified Tenant whose income does not exceed 30% of the Dane CMI, 4 affordable units (6.15% of total) set aside for occupancy by a Qualified Tenant whose income does not exceed 40% of the Dane CMI, and 57 affordable units (87.7% of total) set aside for occupancy by a Qualified Tenant whose income does not exceed 60% of the Dane 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 30%, 30% of 40%, and 30% of 60%, respectively, of the Dane CMI.

## **COMMUNITY DEVELOPMENT**

### Outreach - Lenders and Real Estate Professionals

Lender information sessions on our new Interest Only mortgage product were conducted in Green Bay, Jefferson, Washburn, Richmond and Madison. Staff also coordinated various training sessions for lenders and mortgage companies on single family products.

Staff conducted information sessions for real estate professionals regarding WHEDA, our homeownership products and how they can be layered with down payment assistance programs.

Staff continued lender visits throughout the state to promote our business financing programs and HOME program. During these visits, lender feedback was solicited regarding WHEDA product; comments and suggestions were recorded and shared with Credit for future planning and product development.

### Community Outreach

In June and July we put considerable effort into investigating Employer Assisted Housing (EAH) opportunities by meeting with various businesses throughout the state. This included attending a meeting at Alexian Village in Milwaukee to explore their continued efforts for EAH as well as working with a group in Door County to facilitate the relocation and expansion of an existing manufacturer and the creation of affordable housing at their current site.

Staff promoted WHEDA business financing products by participating at the Heart of Wisconsin Business and Economic Development board meeting, the Entrepreneur Club start up meeting, and the Small Business and Financial Institution cluster meetings for central Wisconsin.

Within the economic development arena, staff also met with UW - La Crosse Small Business Development Center and Seven Rivers Region Alliance to discuss micro lending. Staff also attended a meeting to discuss a potential NMTC deal partnership with a company the City of Racine has been courting from Chicago area.

Staff concentrated outreach efforts throughout Wisconsin to build awareness for WHEDA within the Asian Community by participating in WHEDA information sessions with Hmong community leaders in Manitowoc, Eau Claire, Milwaukee Sheboygan and Fond du Lac. Staff also participated in a meeting with DWD to isolate programs and products that would be able to help the new Asians that just arrived from Thailand.

Staff also participated in the following outreach efforts to promote WHEDA within the American Indian Community:

- Met with the Oneida Tribe regarding our housing programs and products and their local housing initiatives as well as presented WHEDA Home Loan information to the Red Cliff Tribal Council.
- Attended meetings of tribal liaisons from state agencies and departments hosted by the DOA.
- Participated in the "Commemorative Signing of the Wisconsin State-Tribal Consultation Policies" at the Governor's Residence.
- Met with housing staff at the Menominee Reservation regarding past tax credit denials and explored opportunities to engage tribes in QAP

Additional outreach activities around the state included:

- Met with NHS – Green Bay to discuss the potential REO pilot, the Adopt-A-Home Program and homebuyer education.
- Met with City of Green Bay housing staff regarding potential redevelopment site and possible use of our revolving loan fund.
- Conducted Dividends for Wisconsin public hearings.
- Met with the Board of the Ashland Senior Center, regarding their plans to build a new facility, explained WHEDA's SBG program and made suggestions for fundraising.
- Met with Hurley officials to discuss housing and economic development goals, including plans to develop 20-acre parcel into affordable housing
- Met with the strategic planning team of Northern Lights Health Care Center in Washburn regarding its future, and a possible application to WHEDA/DHFS nursing home conversion pilot.
- Met with developers interested in senior coop housing. Also, had discussions with other developers interested in rehabbing duplexes for multifamily housing.

#### Marketing

Developed the Marketing Resource Team in conjunction with Credit to explore and implement creative marketing strategies to increase single family lending activity to the African American community and other minority groups.

Using the Mobile Office, staff promoted WHEDA products at the following events: Fiesta Waukesha, Farm Technology Days in Loyal, The Art of the Deal Homeownership event in Milwaukee, and Fiesta Hispania in Madison.

Staff promoted homeownership to consumers through the following venues: Ashland Homebuyer Information Program, the Allied Drive Community Fair in Madison, Southside Madison Homebuyers Fair, the 1290 WMCS Housing Expo in Milwaukee, the Tabernacle Community Baptist Church homebuyer sessions in Milwaukee, and the NHS Richland Center Home Fair.

WHEDA products were also promoted at the following events and conferences:

- Home for Everyone conference in Stevens Point
- National NAACP Conference in Milwaukee
- Congress of American Indians, hosted by the Oneida
- Conference on Fair Housing Standards and compliance, presented by the Housing Coalition of Superior
- National Council of La Raza conference in Philadelphia to build continued awareness of WHEDA's Immigrant Lending Program
- Business Financing Seminar at the Burleigh Enterprise Center in Milwaukee

#### Media Relations

Staff made the transition to an electronic news clipping service that will eventually speed up and expand the WHEDA news monitoring process. Staff also:

- Arranged for and staffed several meetings for the Executive Director throughout Washington and Ozaukee Counties for Governor Doyle's Capitol for the Day.
- Planned schedule and participated in Door County Capitol for the Day
- Distributed numerous news releases, including the announcement of annual foundation grant awards, several New Markets Tax Credit awards, and emergency aid to tornado victims
- Assisted the Executive Director and Governor in preparing remarks for several public venues, including a Milwaukee Urban League dinner, Fiesta Waukesha, the LISC 10<sup>th</sup> anniversary dinner, the Wisconsin Hispanic Chamber office grand opening, testimony before the state Senate committee hearing a bill on immigrant lending, and a New Markets Tax Credit news event in Milwaukee.
- Handled numerous inquiries from state and national news media and citizens regarding the immigrant lending program and arranged several interviews.
- Arranged and provided logistics for Executive Director's interview with the Daily Reporter including a walking tour and photo shoot of the Brewers Hill neighborhood in Milwaukee.
- Attended the NHS Neighborworks Week National Celebration in Richland Center, participated in a radio interview and received an Affordable Housing Partnership Award from NHS Richland Center.
- Participated in various Hmong radio programs in Green Bay and Wausau to promote WHEDA financing programs.

- Contacted local groups regarding support for the modernization bill
- Participated in WMCS-AM's radio talk show panel discussing home ownership opportunities in Milwaukee.
- Presented WHEDA Foundation Grant checks to awardees and a grant check to the American Red Cross for the tornado victims in Hammond. Coordinated media and news release distribution to support the event.

## INFORMATION TECHNOLOGY

### New Initiatives:

- **Staffing:** We initiated recruitment for a Systems Support Analyst to replace Sebastian Wallang, who left WHEDA on June 17.

### In-progress:

- **Tax Credit Application:** We are now in the third and final phase of this project, which focuses on the compliance monitoring component of the tax credit system. During July the bulk of our time on this project was spent developing business requirements for the compliance monitoring analysis functions of the new system and for converting data from the current system.
- **Lender System Conversion:** The Lender System's primary purpose is to track lenders certified to participate in our single family lending and economic development programs. The conversion project involves migrating the software application from the Informix environment (which we will retire in 2006) to current technology standards while making certain functionality improvements. Good progress was made on the project in July. As reported earlier, staffing issues prevented us from completing this project by July 31, as originally planned. We are now planning to complete the project in October.
- **Laptop PC Replacement project:** We purchased 24 laptop PCs. These PCs will be deployed in August and September in conjunction with the VPN project.
- **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. We completed our evaluation of VPN systems and purchased a system from Cisco off a State of WI contract. Testing has gone well. The new laptop PCs will be deployed with required VPN client software.
- **Biometric Authentication Project:** We began the deployment of the u.are.u devices to all authorized users. 49 of the 96 devices were deployed in July. The remaining 47 devices should be completed by mid August.

### Completed:

- **Staffing:** Wrapped up recruitment for two Software Developer/Analyst positions. The new employees are Roger Marty (who started on 7/25/2005) and James Wong (who started on 8/8/2005).
- **Desktop PC Replacement project:** All desktop PCs have been deployed. The old PCs will be "cleaned" and made ready for disposal (donated or sold to employees).
- **Blackberry infrastructure:** This project was completed in July and several WHEDA staff are now using blackberry devices. All managers and directors were notified that blackberry devices are now available and procedures are in-place for their acquisition and support.

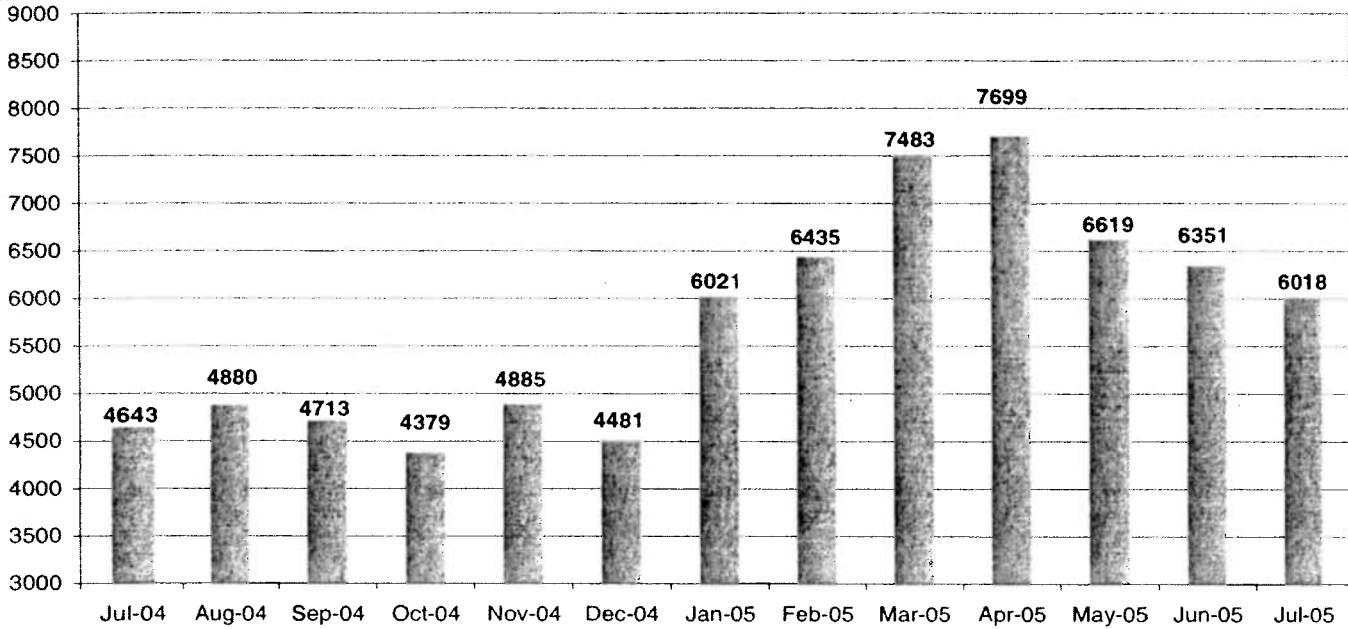


Applications	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	07/04 - 07/05 Total
<b>Compliance Income Worksheet (Visitor Sessions):</b>	303	315	291	259	244	338	313	458	470	372	391	348	4,103	
<b>eMagic Volume</b>	23	20	17	13	11	20	67	101	94	66	67	63	580	
eMagic (web) preapprovals	97	78	69	52	38	62	14	32	29	26	24	18	590	
M/S/C (based data entry)														
<b>Rate Lock</b>	458	480	417	370	253	258	389	655	648	641	687	583	6,179	
Total Loans Rate Locked	125	132	134	101	70	85	121	189	222	174	202	195	1,857	
Rate Lock On-line	27%	28%	32%	27%	28%	33%	31%	29%	34%	27%	29%	33%	30%	
Percentage Online:														
<b>Home Funding eWHEDA</b>	457	415	394	355	263	185	210	359	520	547	571	507	5,159	
Application	47	47	47	44	21	20	21	41	50	54	59	43	534	
Total loans funded														
Loans funded online														
<b>Single Family Servicing</b>	544	551	509	511	528	421	414	492	426	473	483	479	6,316	
Remittance (SOAR)	\$ 16,562,574	\$ 17,623,992	\$ 14,896,437	\$ 16,399,621	\$ 15,166,346	\$ 15,716,884	\$ 11,668,541	\$ 16,836,211	\$ 14,050,511	\$ 16,931,293	\$ 17,976,051	\$ 18,650,884	\$ 209,299,453	
Total number of transactions	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Dollar amount of transactions														
Percentage online														
<b>MF Occupancy Reporting</b>	833	847	847	847	847	850	850	850	850	850	850	850	4,230	
Projects Reporting	667	689	689	689	689	705	705	773	773	773	773	698	3,532	
Number of Transactions Submitted On-line	80%	81%	81%	81%	81%	83%	83%	91%	91%	91%	91%	83%	83%	
Percentage Online:														
<b>Form 500/ Disbursements Reports</b>	96	133	130	115	153	59	132	191	187	149	151	122	1,853	
Total forms submitted	21	31	45	51	92	51	111	123	134	104	130	102	1,187	
Total forms submitted online	\$57,092	\$239,509	\$972,680	\$211,570	\$681,610	\$248,544	\$444,438	\$636,928	\$750,893	\$492,064	\$790,828	\$468,378	\$7,193,841	
Total amount submitted online														
<b>Encrypted Messages Sent</b>	266	215	178	178	178	178	67	62	67	56	83	61	1,231	
Decrypted Messages Received	85	85	73	73	64	56	33	32	36	16	21	16	432	
<b>Housing searches for the month</b>	4,235	3,838	7,661	8,189	6,958	8,189	6,958	8,189	6,958	8,189	6,958	8,189	39,349	
Number of units listed	75,053	80,077	90,000	99,898	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	687,028	

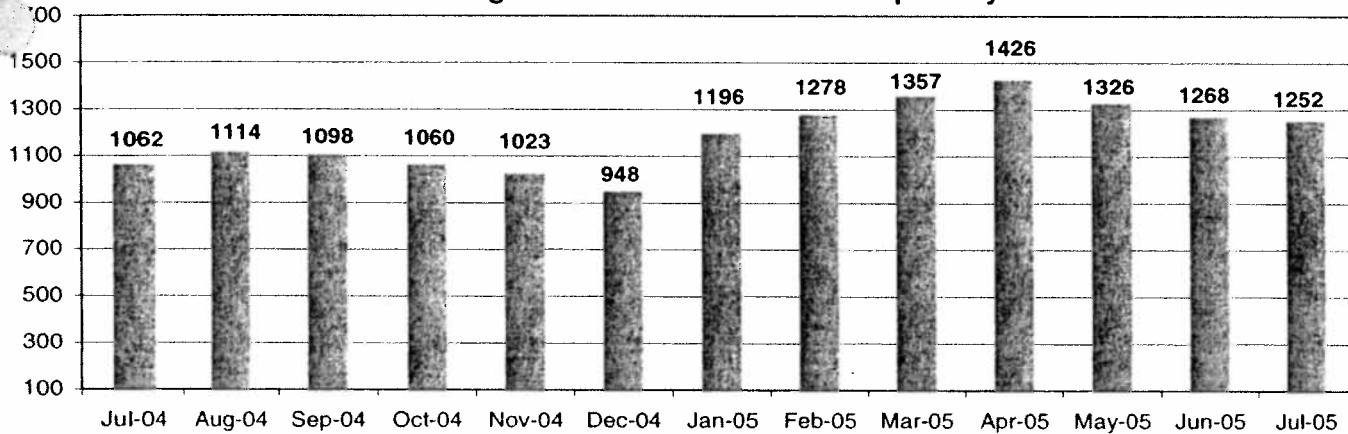
\*\*\*Quarterly Occupancy Reporting must be posted by the tenth of the month following the close of each quarter (i.e. April, July, October, January).

WHEDA.com Statistics  
July 2004 – July 2005

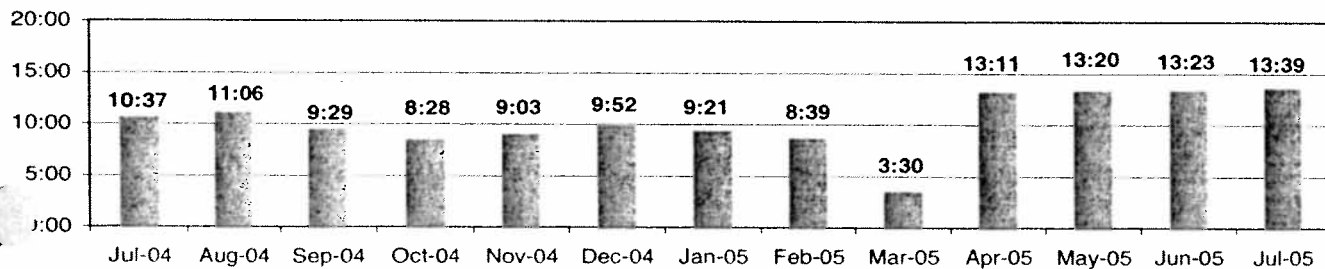
Average Number of Page Views per Day



Average Number of User Sessions per Day



Average Length of User Sessions per Day  
(in minutes)



## **ADMINISTRATION**

### Human Resources

In June, the end of the fiscal year, employment level was 166.11, with an attrition rate of 12.26%. In July, the beginning of the new fiscal year, employment level was 162.30, with an attrition rate of 1.23%

In June, The Community Development Group welcomed Community Relations Officer, Anthony Brown. July brought Loan Program Specialist, Julie Warne, working in the Asset Management Group; Roger Marty, a Software Developer with the Information Technology Group, and Hector Colon, the new Group Director of Economic Development.

Current recruitments include a Systems Support Analyst position with the Information Technology Group.

### Training and Development

On Wednesday and Thursday, July 27th and 28th, 2005, WHEDA non-management staff attended a half-day training session focusing on raising awareness of diversity issues. This training also encouraged greater accountability for inappropriate or objectionable behavior and to understand the business case for diversity at the Wisconsin Housing and Economic Development Authority and how diversity relates to the organization's strategic business objective.

### Resource Management

The Resource Management Team assisted staff with a variety of projects in June and July.

### Facilities Management

The Facilities Management team has been working on the following projects:

1. The investigative work on exterior facade to determine rain leaks has been completed and we are waiting for a preliminary report to arrive.
2. Annual Fire Equipment testing for all fire sensing and actuating devices was completed this month with no deficiencies.
3. The New NFPA 25 Fire Code requirements for elevator testing were implemented this month.
4. To enhance the look of WHEDA, bids for interior and exterior plants are being considered.

## **FINANCE**

### Financial Statement Highlights

The Authority finished the year with net income (before the mark-to-market adjustments of investments) of \$24.6 million which was \$5.8 million more than budgeted. This was primarily due to unexpected Other Income and savings in Other Loan Program Expenses.

Net Interest Income for the year of \$37.6 million was \$1.2 million less than budget due primarily to activity in the Home Program. Mortgage Income of \$113.3 million was \$1.1 million less than budgetary expectations. The average Home mortgage rate of 5.98% was 13 basis points less than projected creating a negative rate variance which was offset by the high volume of single family mortgage originations during the later part of the year. Net single family originations for the year were \$63.7 million. Investment Income of \$15.9 million was \$2.2 million greater than budget while Interest Expense and Debt Financing costs of \$91.6 million exceeded the budget by \$2.2 million. The high volume of single family originations necessitated an earlier-than-budgeted bond issue.

Proceeds from that bond issue increased the outstanding investments as well as outstanding bonds causing variances in both Interest Income and Interest Expense.

Other Income of \$14.2 million for the year was \$3.9 million more than budget. The Authority recorded approximately \$3 million of unbudgeted income that resulted from the payoff of multifamily loans. In certain cases, multifamily project reserves become the property of the Authority when a loan is paid off.

For the year, Other Loan Program Expenses of \$6.6 million were \$1.2 million less than budget. The activity in the lease purchase, multifamily and Neighborhood Revitalization Business Guarantee programs did not warrant an expenditure to increase the loan loss reserves in those programs, which had been anticipated in the budget.

General and Administrative Expense totaled \$16.4 million in fiscal year 2005 which was \$1.3 million less than budget. The positive variance resulted from projects that were budgeted but not undertaken and from projects or expenses that came in at less than originally budgeted.

#### Finance Group Activities

During July, \$15.0 million of commercial paper, used to finance the building, was remarketed. The average cost for the month of July was 2.84% and the average maturity was 46 days.

In July, the Authority issued an RFP for revolving line of credit for single family. The line of credit is used to fund a pool of loans which will be transferred to a bond issue at closing. The line of credit reduces interest rate risk and limits the amount of negative carry on the bond proceeds. The RFP was sent to 12 banks and is due August 10<sup>th</sup>.

The contract was signed for the new Wisconsin Affordable Housing Alliance revolving line of credit in July. The \$20 million line of credit is used to fund multifamily loans until they are sold in the secondary market. This contract was awarded to JPMorgan Chase as a result of an RFP. The cost of the new line of credit will be approximately .70% less than the previous line of credit.

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Consolidated Balance Sheet  
May 31, 2005

(Unaudited)

(In Thousands of Dollars)

Actual 2005	Budget FY05	Favorable/ (Unfavorable)		Actual 2005	Actual 2004	Favorable/ (Unfavorable)
<b>ASSETS</b>						
500,253	670,249	(169,996)	Cash, Cash Equivalents & Investments *	500,253	793,298	(293,045)
1,992,028	1,953,282	38,746	Mortgage Loans Receivable, Net	1,992,028	1,712,372	279,656
897	1,319	(422)	Real Estate Held	897	1,836	(939)
15,375	16,172	(797)	Accrued Interest Receivable	15,375	15,191	184
13,896	14,527	(631)	Deferred Debt Financing	13,896	13,481	415
25,240	21,779	3,461	Other Assets	25,240	22,981	2,259
<u>2,547,689</u>	<u>2,677,328</u>	<u>(129,639)</u>	Total Assets	<u>2,547,689</u>	<u>2,559,159</u>	<u>(11,470)</u>
<b>LIABILITIES</b>						
2,003,221	2,136,983	133,762	Bonds & Notes Payable	2,003,221	2,041,407	38,186
18,195	17,626	(569)	Accrued Interest on Bonds & Notes	18,195	16,242	(1,953)
84,578	88,045	3,467	Escrow Deposits	84,578	85,457	879
56,095	40,393	(15,702)	Other Liabilities	56,095	30,721	(25,374)
<u>2,162,089</u>	<u>2,283,047</u>	<u>120,958</u>	Total Liabilities	<u>2,162,089</u>	<u>2,173,827</u>	<u>11,738</u>
<b>FUND BALANCE</b>						
Restricted Funds:						
217,560	229,985	(12,425)	Bonded Program Funds	217,560	223,446	(5,886)
5,096	5,266	(170)	Administered Funds-State Programs	5,096	5,004	92
162,944	159,030	3,914	General Funds:			
			Encumbered	154,639	145,766	8,873
			Current year Dividends Plan (Undesignated)	1,025	716	309
			Funds Accumulated for next year's Dividends Plan	7,280	10,400	(3,120)
<u>162,944</u>	<u>159,030</u>	<u>3,914</u>	Total General Funds	<u>162,944</u>	<u>156,882</u>	<u>6,062</u>
<u>385,600</u>	<u>394,281</u>	<u>(8,681)</u>	Total Fund Balance	<u>385,600</u>	<u>385,332</u>	<u>268</u>
<u>2,547,689</u>	<u>2,677,328</u>	<u>(129,639)</u>	Total Liabilities & Fund Balance	<u>2,547,689</u>	<u>2,559,159</u>	<u>(11,470)</u>

\* Includes unrealized loss on investments of \$1.9 million as of May 31, 2005, an unrealized gain on investments of \$2.3 million in the FY05 budget, and an unrealized loss on investments of \$1.8 million as of May 31, 2004 in accordance with GASB #31. Investments before the GASB adjustment total \$347 million for May 2005 and \$609 million for May 2004.

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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

(Unaudited)

(In Thousands of Dollars)

Current Month				Fiscal Year-to-Date		
Actual	Budget	Favorable/ (Unfavorable)		Actual	Budget	Favorable/ (Unfavorable)
9,787	9,711	76	Mortgage Income	103,383	104,542	(1,159)
1,272	1,179	93	Investment Income	14,446	12,669	1,777
			Interest Expense & Debt			
			Financing Costs	(83,458)	(81,768)	(1,690)
<u>(8,248)</u>	<u>(7,838)</u>	<u>(410)</u>				
2,811	3,052	(241)	<b>NET INTEREST INCOME</b>	34,371	35,443	(1,072)
233	199	34	Mortgage Servicing Fees	3,334	2,875	459
518	586	(68)	Other Income	9,787	6,445	3,342
<u>3,562</u>	<u>3,837</u>	<u>(275)</u>	<b>NET INTEREST &amp; OTHER INCOME</b>	<u>47,492</u>	<u>44,763</u>	<u>2,729</u>
			DEDUCT: Expenses			
289	294	5	Mortgage Loan Servicer Fees	3,007	3,014	7
303	197	(106)	Other Loan Program Expenses	5,857	4,257	(1,600)
16	123	107	Grants & Services	930	1,348	418
1,035	1,096	61	Personnel Expense	11,400	12,056	656
42	126	84	Professional Services	878	1,386	508
136	140	4	Occupancy Expenses	1,375	1,540	165
10	47	37	Marketing Expenses	217	517	300
72	70	(2)	Other G&A Expenses	803	770	(33)
(11)	(7)	4	Deferred G&A Expense	(204)	(73)	131
<u>1,892</u>	<u>2,086</u>	<u>194</u>	Total Expenses	<u>24,263</u>	<u>24,815</u>	<u>552</u>
<u>1,670</u>	<u>1,751</u>	<u>(81)</u>	Results Before Extraordinary Items and change in fair value of investments	<u>23,229</u>	<u>19,948</u>	<u>3,281</u>
642	0	642	Net Increase(Decrease) in fair value of investments (GASB #31 Adj.)	(55)	0	(55)
0	0	0	Extraordinary Gains (Losses): Extraordinary - Other	0	0	0
<u>2,312</u>	<u>1,751</u>	<u>561</u>	<b>NET INCOME (LOSS)</b>	<u>23,174</u>	<u>19,948</u>	<u>3,226</u>



WISCONSIN  
HOUSING AND  
ECONOMIC  
DEVELOPMENT  
AUTHORITY

DAVID KRUGER, CHAIRMAN

**Report of the Directors Loan Committee to the  
August 19, 2005 meeting of the Members**

Jim Doyle  
Governor

The Directors Loan Committee met on June 9, June 20, July 6 and July 22.  
Attached are the Minutes of the meetings.

Perry Armstrong  
Chairman

David Kruger, Chairman

Antonio R. Riley  
Executive Director

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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  
JUNE 9, 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

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  
   Sharon Rambadt, Manager, Asset Management  
   Chris Gunst, Executive Assistant  
   Bill Boerigter, Multifamily Development Officer  
   Kate Blood, Multifamily Development Officer  
   Gary Levandoski, Commercial Underwriting Officer  
   Kym Johnson, Risk Management Officer  
   Connie Willemsen, Manager, Asset Management  
   Bev Smith, Operations Officer

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

David Kruger called the meeting to order at 9:08 a.m.

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

A motion was made by Perry Armstrong, seconded by Dan Lee that the Members of the Directors Loan Committee hereby approve the minutes of the May 16, 2005 meeting. Motion carried unanimously. Resolution Number 6497



## DECISION ITEMS

### (Agenda Item C1)

Kate Blood presented for consideration a loan approval for New Village LLC on behalf of New Village in Milwaukee. Discussion followed. Items discussed included:

- Tax credit projects are mixed rental income properties. – Subsidized units are well below market rents and tax credit maximum rents.

Perry Armstrong moved, seconded by Dan Lee that the Members of the Directors Loan Committee approve a construction mortgage loan to New Village, LLC "The Borrower" in an amount not to exceed \$2,800,000 utilizing funds in such amount from General Fund, and a long-term mortgage loan to New Village, LLC "The Borrower" in an amount not to exceed \$515,000 utilizing funds in such amount from WAHA; contingent upon: A Letter of Credit in the amount of 15% of project hard costs will be posted through construction and a 5% Letter of Credit will be posted thereafter for latent defects and operating deficits until the last equity pay-ins. Funds for all mortgage loans shall be used in accordance with the Decision Paper entitled, "Loan Approval for New Village", dated June 9, 2005. Motion carried unanimously. Resolution Number 6498

### (Agenda Item C2)

Kate Blood presented for consideration a loan approval for Mission Village of Plover II, LLC on behalf of Mission Village of Plover II in Plover. Discussion followed. Items discussed included:

- Market dictates large units.
- Moderate income renters.
- WHEDA data compared with market study to ensure accuracy.
- Point system with tax credits encourages mixed rental properties – market rate and subsidized units.
- Environmental requirements are addressed in the legal documents.

Dan Lee moved, seconded by Perry Armstrong that the Members of the Directors Loan Committee approve a construction mortgage loan to Mission Village Plover II, LLC "The Borrower" in an amount not to exceed \$1,805,000 utilizing funds in such amount from General Fund; and a long-term mortgage loan to Mission Village Plover II, LLC "The Borrower" in an amount not to exceed \$823,638 utilizing funds in such amount from WAHA; and a long-term mortgage loan to Mission Village Plover II, LLC "The Borrower" in an amount not to exceed \$180,000 utilizing funds in such amount from WHEDA, contingent upon: \$180,000 utilizing funds in such amount from WHEDA only if not available from HOME, and contingent upon the HOME loan (or WHEDA replacement loan with similar terms) structured as cashflow note, with foreclosure rights for reasons other than non-payment, prior to construction loan closing. Funds for all mortgage loans shall be used in accordance with the Decision Paper entitled, "Loan Approval for Mission Village Plover II, LLC", dated June 9, 2005. Motion carried unanimously. Resolution Number 6499

(Agenda Item C3)

Bill Boerigter presented for consideration a loan approval on behalf of Townhall Apartments in Delavan. Discussion followed. Items discussed included:

- Purchase price reasonable.

Perry Armstrong moved, seconded by Dan Lee that the Members of the Directors Loan Committee approve a long-term mortgage loan to Affordable Community Housing LLC, "The Borrower", in an amount not to exceed \$1,300,500 utilizing funds in such amount from Project Mortgage Loan Account (PMLA) contingent upon: 1) Receipt of qualified opinion from tax attorney or tax accountant that all sources of financing funds may remain in eligible basis for purposes of tax credits; and 2) Provide a second mortgage not to exceed \$105,000 with 0% interest (from Preservation Reserve Account) to complete the capital needs. The scope of work will be determined prior to release of funds. This loan will be repaid with a 50/50 split of available cashflow. Loan-To-Value and Loan-To-Cost requirements will be waived. Funds for all mortgage loans shall be used in accordance with the Decision Paper entitled, "Loan Approval for Town Hall Apartments", dated May 19, 2005. Motion carried unanimously. Resolution Number 6500

(Agenda Item C4)

Bill Boerigter presented for consideration a loan approval on behalf of Apple Hill Townhomes in Ashwaubenon. Discussion followed. Items discussed included:

- Didn't score high enough for 9% tax credits – using 4% tax credits and tax exempt bond funding.
- 40 year term – won't work with a 30 year term – can't meet the 50% test.
- Property needs to be sold and a new management agent put in place to turn the property around.
- Legal risk – need to prove that the economic life of the property is at least 80% of the bond maturity.

Perry Armstrong moved, seconded by Dan Lee that the Members of the Directors Loan Committee approve 1) a long-term mortgage loan to 43 Apple Hill LLC, "The Borrower", in an amount not to exceed \$1,463,000 utilizing funds in such amount from Multifamily Revolving Fund to be replaced by tax-exempt bond proceeds, and 2) a long-term mortgage loan to 43 Apple Hill LLC, "The Borrower", in an amount not to exceed \$470,000 utilizing funds in such amount from Financial Adjustment Factor (FAF), and 3) a short-term mortgage loan to 43 Apple Hill LLC, "The Borrower", in an amount not to exceed \$146,300 utilizing funds in such amount from Project Mortgage Loan Account (PMLA). Additional contingencies: a) sufficient documentation from HUD for release from enforcement center; and b) "The Borrower" will be required to provide an engineer's study, appraisal or other evidence satisfactory to bond counsel that the remaining reasonably expected economic life of the project exceeds 80% of the average maturity of the tax-exempt bond issue expected to finance the loan. Funds for all mortgage loans shall be used in accordance with the Decision Paper entitled, "Loan Approval for Apple Hill Townhomes", dated June 9, 2005. Motion carried unanimously. Resolution Number 6501

DISCUSSION ITEMS  
(Agenda Item D1)

1. Quarterly Reports for Multifamily and Economic Development – No discussion.
2. Watchlists for Multifamily and Economic Development
  - a. Wilson Commons – due to convert to permanent on August 1, 2005. Has not reached rent up requirements. Phase II was not completed on time and lost potential renters. WHEDA staff will meet with Borrower to negotiate moving forward. Tax credit provider is fully committed.
3. QAP – Focus Group has been held. New members are being selected for the Advisory Committee. Staff to bring forward comments and suggestions to DLC in August.

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 10:03 a.m.

The next regularly scheduled meeting of the Directors Loan Committee is June 20, 2005 in the Board Room.

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

**MINUTES  
JUNE 20, 2005  
9:00 a.m.**

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

COMMITTEE MEMBERS PRESENT: Perry Armstrong

COMMITTEE MEMBERS PRESENT  
VIA TELECONFERENCE: Geoffrey Hurtado  
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  
Sharon Rambadt, Manager, Asset Management  
Chris Gunst, Executive Assistant  
Ron Kerr, Manager, Finance  
Gary Levandoski, Commercial Underwriting Officer  
Robb Mappes, Commercial Underwriting Officer  
Bev Smith, Operations Officer

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

Perry Armstrong called the meeting to order at 9:10 a.m.

**APPROVAL OF MINUTES OF JUNE 9, 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 June 9, 2005 meeting. Motion carried unanimously. Resolution Number 6507

## DECISION ITEMS

(Agenda Item C1)

Gary Levandoski presented for consideration a New Markets Tax Credit (NMTC) application on behalf of Graceville LLC in Milwaukee. Discussion followed. Items discussed included:

- Project could be done without NMTC. US Bank has agreed to do more mission based projects in conjunction with doing this project.
- Need strong deals in the portfolio – not a mission driven project
- 142 jobs retained by existing businesses relocating to this location. New businesses will bring in more jobs.
- Developer's Fee possibly larger with NMTC in the project.

Dan Lee moved, seconded by Geoffrey Hurtado that the Members of the Director's Loan Committee, based on the information provided in the decision paper, find the Graceville LLC project to be economically feasible, meets the eligibility requirements, is a desirable project and ready to be presented to the WDCLF Investment Committee. New Markets Tax Credits allocations shall be used in accordance with the Decision Paper entitled, "New Markets Tax Credit Approval for Graceville, LLC", dated June 20, 2005. Motion carried unanimously. Resolution Number 6508

## DISCUSSION ITEMS

(Agenda Item D1)

Mary Zins presented for discussion the Wisconsin Affordable Housing Alliance (WAHA) process.

- WAHA was established as an LLC about seven years ago to be used as financing with 9% tax credit projects.
- WHEDA is in control of WAHA.
- Taxable loans are structured as permanent loans and held and pooled until the pool is large enough to be sold to the secondary market.
- Larger pools, more diversification can produce a better return.
- Loans are funded by a line of credit. A line of credit was just approved with Chase Bank.
- Opens opportunities to other HFA's and banks for new partnerships.
- Staff to check with CFO on the cost of keeping WAHA separate from WHEDA.
- WAHA produces a uniform product and uniform documentation.
- Majority of servicing is run through Badger Capital.
- At present the pool is usually sold at par.

## OTHER BUSINESS

(Agenda Item E)

Nelson Flynn updated the DLC Members regarding a NMTC meeting with Legacy-Waveland.

- WHEDA and Legacy-Waveland have to agree on projects to bring forward for approval.
- Remaining pipeline projects were prioritized.
- Smaller mission driven projects will be coming forward from southeastern Wisconsin.
- Funding for WDCLF – WHEDA is the controlling entity.

- Funding for WDCLF was not initially determined.
- Funding needs to come from fees
- WHEDA to provide equity capital for Sub CDE's.

Nelson Flynn updated the DLC Members regarding a meeting with WHPC.

- WHPC and WHEDA are pointing in the same direction regarding housing preservation.
- WHPC has two pools of equity but needs a way to tap into that equity. - WHEDA needs to assist with that task.
- Dominionium portfolio needs to be kept as affordable housing. WHEDA and WHPC are working together to make that happen.

ADJOURNMENT  
(Agenda Item F)

Perry Armstrong declared the meeting adjourned at 9:50 a.m.

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

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

**MINUTES  
JULY 6, 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:**

Perry Armstrong  
Dan Lee  
Geoffrey Hurtado

**AUTHORITY STAFF PRESENT  
VIA TELECONFERENCE:**

Antonio Riley, Executive Director  
Michael Ash, Manager, Credit

**AUTHORITY STAFF PRESENT:**

Nelson Flynn, Deputy Executive Dir / Gen Counsel  
Mary Zins, Director, Credit  
Rae Ellen Packard, Director, Asset Management  
Laura Morris, Chief Financial Officer  
Sharon Rambadt, Manager, Asset Management  
Chris Gunst, Executive Assistant  
David Luedcke, Multifamily Development Officer  
Bill Boerigter, Multifamily Development Officer  
Jim Rodgers, Risk Management Officer  
Kym Johnson, Risk Management Officer  
Bev Smith, Operations Officer

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

Dan Lee called the meeting to order at 9:40 a.m.

**APPROVAL OF MINUTES OF JUNE 20, 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 June 20, 2005 meeting. Motion carried unanimously. Resolution Number 6509

## DECISION ITEMS

### (Agenda Item C1)

David Luedcke presented for consideration a loan approval on behalf of Park East Enterprise Live-Work Lofts in Milwaukee. Discussion followed. Items discussed included:

- Last equity payment received releases the corporate guarantee. Change contingency two to read "The Corporate Guarantee shall remain in place until WHEDA is provided evidence that the final tax credit equity installment payment has been made."
- Prefer one parking stall per unit.

Perry Armstrong moved, seconded by Geoffrey Hurdado that the Members of the Directors Loan Committee approve a construction mortgage loan to Park East Enterprise Lofts LLC, "The Borrower", in an amount not to exceed \$6,585,400 utilizing funds in such amount from WHEDA Revolving Fund; and a long-term mortgage loan to Park East Enterprise Lofts LLC, "The Borrower", in an amount not to exceed \$4,420,000 utilizing funds in such amount from WAHA. Funds for all mortgage loans shall be used in accordance with the Decision Paper entitled, "Loan Approval for Park East Enterprise Live-Work Lofts", dated July 6, 2005. Motion carried unanimously. Resolution Number 6510

### (Agenda Item C2)

Bill Boerigter presented for consideration a loan approval on behalf of WHPC for the acquisition of WHEDA Dominion Portfolio. Discussion followed. Items discussed included:

- Deal structured so it can be included in a bond issue.
- Physical replacement needs of \$3 million put in reserves.
- Follow reserve policy.
- Development is limited to a 6% return. Excess revenues revert to WHEDA.
- WHPC to provide a guarantee of cash flow and operating expenses.
- Assumption – by 2008 all locations will have PILOTS.
- HUD will not increase rents in the near future.

Perry Armstrong moved, seconded by Geoffrey Hurtado that the Members of the Directors Loan Committee approve a long-term mortgage loan to WHPC-various names, LLC "The Borrower" in an amount not to exceed \$14,840,086 utilizing funds in such amount from Tax Exempt Bond. Funds for all mortgage loans shall be used in accordance with the Decision Paper entitled, "Loan Approval for WHPC Acquisition of WHEDA Dominion Portfolio," dated July 6, 2005. Motion carried unanimously. Resolution Number 6511

### (Agenda Item C3)

Bill Boerigter presented for consideration a loan approval on behalf of WHPC for Wisconsin Housing Preservation Corp. Discussion followed. Items discussed included:

- Lending from excess reserves of the Dominion Portfolio, a \$1.6 million equity loan to WHPC at 0% interest for up to ten years and WHEDA would be the third party beneficiary with option to call. – To be repaid from paidoff loans within the next 10 years.



Perry Armstrong moved, seconded by Geoffrey Hurtado that the Members of the Directors Loan Committee approve a loan, not to exceed 10 years, to WHPC "The Borrower" in an amount not to exceed \$1,653,100 utilizing funds in such amount from WHEDA's General Fund. Funds for all mortgage loans shall be used in accordance with the Decision Paper entitled, "Loan Approval for Wisconsin Housing Preservation Corp.," dated July 6, 2005. Motion carried unanimously. Resolution Number 6512

DISCUSSION ITEMS  
(Agenda Item D)

David Luedcke presented for discussion two tax credit deals with per unit costs from \$173,000 and \$195,000. Looking for input from the DLC Members on whether or not WHEDA would be interested in financing deals with high per unit costs.

- Tax credits have to meet HUD 221(d)(4) guidelines.
- Look at deals with high per unit cost with an open mind, but with caution and be flexible.
- Inner city Milwaukee has higher per unit costs.
- Tax credits already approved - Loan will be done by WHEDA or another lender.
- Look at what makes the cost per unit high. - Land value, and quality of finish required by the community.
- Governor endorses projects with justified higher per unit costs.
- Cost per unit is low compared to other areas of the United States.
- Current tax credit QAP requires affordable housing set-aside for 30 years compared to the previous 15 year requirement.
- Loan resources are not limited, because the loans are normally sold.

Nelson Flynn gave an update on the New Market Tax Credit (NMTC) deal for Palemo's Pizza. There is still debate on whether the WHEDA allocation will be \$20 million. A total of \$27 million is needed for this project. Gap financing will be needed if WHEDA only does an allocation of \$20 million. The City of Milwaukee has invested \$19 million through the land, and Commerce is looking to approve Brownfield funds up to \$750,000.

Johnson Bank has allocated NMTC in the Racine and Kenosha areas. No other deals are expected from those areas. DRS will be coming in from the Milwaukee area at \$40 million.

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 10:30 a.m.

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

# Quarterly Fiscal Lending Activity

As of  
June 30, 2005

Single Family Program	Apps Received	Loan Amount	Apps Funded	Loan Amount	Fiscal YTD Apps Funded	Loan Amount
HOME	1753	177,714,725	1627	177,714,725	4,596	475,776,743
HOME Plus *	414	3,880,310	414	3,880,310	1,153	10,952,550
HILP	29	341,171	18	218,366	64	769,902
<b>Totals:</b>		181,936,206	2,059	181,813,401	5,813	487,499,195

\*\$1,271,039 funded at closing - \$2,609,271 committed on line of credit

Multi Family Program	Apps Received	Loan Amount	Apps Approved	Loan Amount	Fiscal YTD Apps Approved	Loan Amount
Tax Exempt	9	35,094,310	6	10,110,427	13	14,315,026
Taxable	4	15,353,525	4	15,353,525	6	17,676,756
<b>Totals:</b>	13	50,447,835	10	25,463,952	19	31,991,782

## Multifamily Approved and Denied Loans 4th Quarter FY05

Project Name	City	County	Loan Amount	# of Units	Type	Funding	Status
Pheasant Ridge Trail	Madison	Dane	451,495	16	Special Needs	Revolving Fund	Approved
Townhall Apartments	Delavan	Walworth	1,405,500	30	Family	PMLA, Preservation Reserve	Approved
Apple Hill Homes	Ashwaubenon	Brown	1,933,000	43	Family	Revolving, FAF, PMLA	Approved
Bayfield County Housing Redevelopment-RD	Bayfield	Bayfield	1,887,366	48	Elderly	SOS, Construction Plus	Approved
Highpointe Commons	Baraboo	Sauk	1,658,128	24	Elderly	Construction Plus, WAHA	Approved
Mission Village of Plover II	Plover	Portage	2,628,638	24	Family	Construction Plus, WAHA	Approved
Adams-Friendship Senior Village	Adams	Adams	510,125	24	Elderly	PMLA	Approved
Brodhead Senior Village	Brodhead	Green	523,000	24	Elderly	PMLA	Approved
Park East Enterprise Live Works	Milwaukee	Milwaukee	11,005,400	85	Family	Construction Plus, WAHA	Approved
New Village	Milwaukee	Milwaukee	3,315,000	24	Family	Construction Plus, WAHA	Approved
LSS Housing Inc	Milwaukee	Milwaukee	4,521,396	126	Mixed	Revolving Funds	Denied

**Economic Development  
Quarterly Lending Activity  
As of  
June 30, 2005**

Economic Development Programs	Apps Received	Guarantee/ Loan Amount	Apps Approved	Guarantee/ Loan Amount	Fiscal YTD Apps Approved	Guarantee/ Loan Amount
Agribusiness	0	0	0	0	1	599,846
Small Business	7	807,774	7	886,176	27	2,797,837
Neighborhood Business Revitalization	0	0	0	0	6	2,459,907
CROP	272	7,266,654	274	7,403,939	468	12,669,127
FARM	5	330,000	5	330,000	25	1,768,591
Beginning Farmer Bond	0	0	0	0	0	0
LIDL	4	242,984	2	53,984	13	637,934
<b>Totals:</b>	<b>288</b>	<b>8,647,412</b>	<b>288</b>	<b>8,674,099</b>	<b>540</b>	<b>20,933,242</b>

<b>Economic Development Guarantees Approved and Denied 4th Quarter FY05</b>							
Name	Program	City	County	Loan Amount	Guarantee Amount	Type Of Business	Status
Right Way Motors	WSBG	Sussex	Waukesha	200,000	160,000	Retail Sales	Approved
Peterson Lawn & Garden Service	WSBG	Rice Lake	Barron	200,000	160,000	Service	Approved
Duke & FloAnn's LLC	WSBG	Bay City	Pierce	238,158	171,355	Restaurant	Approved
Galloto's Vintage Grille, Inc.	WSBG	Cedarburg	Ozaukee	60,000	48,000	Restaurant	Approved
Tiny Tots Child Care Center, LLC	WSBG	Stanley	Clark	255,000	200,000	Child Care	Approved
Batkiewicz Properties, LLC	WSBG	Sheboygan Falls	Sheboygan	191,028	152,822	Restaurant	Approved
Circle C Builders Supply	WSBG	Mellen	Ashland	87,669	70,135	Retail Sales	Denied
Stone Specialty Co., LLC	WSBG	Eikhorn	Walworth	250,000	200,000	Retail Sales	Denied

**Wisconsin Development Reserve Fund Balance  
As of 5/31/05**

Reserve Amount Available as of 4/30/05	Less: Deposits/(Returns) to State	Less: G&A Expenses	Less: Interest Rate Subsidies	Less: Guarantee Payments Paid Out	Plus: Guarantee Payments Recovered	Plus: Investment Income	Plus/Minus: Unrealized Gain/(Loss)	Plus: Fee Income	Equals: Remaining Reserve Amount
\$11,587,167	-0-	\$48,753	-0-	-0-	\$4,109	\$33,158	\$29,437	\$31,427	\$11,636,545

**Remaining Guarantee Authority  
As of 6/30/05**

Guarantee Authority as of 5/31/05 *	Less: Guarantee Amount of Approved Apps	Less: Guarantee Balance of Active Loans	Equals: Available Guarantee Authority
\$49,500,000	\$1,524,975	\$39,909,573	\$8,065,452

\* This figure is derived by multiplying the Remaining Reserve Amount in the previous table by 4.5 (as mandated by legislature), up to a maximum of \$49,500,000



WISCONSIN  
HOUSING AND  
ECONOMIC  
DEVELOPMENT  
AUTHORITY

**Report of Approved Loans to the  
August 19, 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, new markets tax credits and/or guarantees listed below in June and July 2005.

Jim Doyle  
Governor

Perry Armstrong  
Chairman

Antonio R. Riley  
Executive Director

- New Village in Milwaukee – MF Loan
- Mission Village of Plover II in Plover – MF Loan
- Town Hall Apartments in Delavan – SOS
- Apple Hill Townhomes in Ashwaubenon – MF Loan/SOS
- Graceville LLC in Milwaukee – NMTC
- Park East Enterprise Live-Work Lofts in Milwaukee – MF Loan
- WHPC Acquisition of WHEDA Dominionium Portfolio, scattered sites – MF Loan
- A&L Superior City Center LLC in Superior, NMTC
- Palermo's Properties LLC in Milwaukee - NMTC

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, 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

**Type of Loan**

**MF Loan – Multifamily Loan**

**SOS – Multifamily Loan –Saving Our Stock – Preservation**

**WSBG – WHEDA Small Business Guarantee**

**LiDL – Link Deposit Loan Interest Subsidy**

**NBRG – Neighborhood Business Revitalization Guarantee**

**NMTC – New Markets Tax Credits**

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

WHEDA supports equal  
housing opportunities for  
all persons

# Dividends for Wisconsin 2005-06

A plan for creating housing, business and job opportunities for the people of Wisconsin

Jim Doyle  
Governor

Perry Armstrong  
Chairman

Antonio R. Riley  
Executive Director

August 19, 2005



WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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## Executive Summary

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### Introduction

WHEDA annually develops a plan for the use of its unencumbered general reserve funds. *Dividends for Wisconsin* contains a list of initiatives the Authority may undertake with such funds. Programs must be consistent with WHEDA's mission of providing affordable housing and small business development opportunities, and the Wisconsin Consolidation Plan. The amounts available in *Dividends* are based upon actual year-end results that will be certified by independent public accountants. Dividends for Wisconsin, 2005-06 will provide \$8,066,280 for housing and small business initiatives.

### Priorities

**Bonded Program Support** WHEDA's most important tool to successfully fulfill its affordable housing mission is low cost financing provided by federally tax exempt mortgage revenue bonds. WHEDA satisfies rating agency requirements by using general reserve funds to make contributions to new bond issues. This use of reserves is important to the financial strength of the bond resolutions and conserves the use of federal private activity bond cap.

**Small Business and Economic Development** WHEDA's strategy for fiscal year 2006 will be to catalyze economic growth by identifying economic development opportunities, developing strategic relationships to leverage resources and developing innovative products and services to meet market needs.

**Foundation Grants** Over the years, WHEDA has granted \$16.7 million to create 15,229 units of housing for persons-in-crisis. The WHEDA Foundation Grant Program will continue to provide needed assistance to Wisconsin housing organizations for the creation and/or improvement of special needs housing.

**Education and Promotion Initiatives** WHEDA will continue with the homebuyer education program and partner with non-profits to provide financial literacy to potential borrowers. In an effort to inform the market place, including minorities and other underserved populations, of WHEDA's homeownership programs, additional promotional efforts will be undertaken.

**Other Initiatives** Other initiatives are included in *Dividends, 2005-06*. Each is explained in more detail on page 6.

### Public Hearings

WHEDA held public hearings in eight locations (Milwaukee, Stevens Point, Ashland, Beloit, Eau Claire, Green Bay, Madison, and Racine) and solicited written and electronic comments to obtain ideas for the development of this plan and identify the needs of its customers. *Dividends, 2005-06* is based in part upon those comments.



## Overview of WHEDA and *Dividends for Wisconsin*

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### WHEDA at a Glance

The Wisconsin Housing and Economic Development Authority was created by the State Legislature in 1972 to meet a pressing need for affordable housing for low- and moderate-income citizens. WHEDA sells bonds and notes in national capital markets to finance housing development because Wisconsin law does not permit the State to incur debt for housing. In 1983, legislation was enacted to broaden WHEDA's mission to include financing for businesses and agriculture.

WHEDA has been an active partner in the development of affordable housing and job opportunities for Wisconsin citizens. Since its creation, WHEDA has:

- Financed home purchase mortgages for more than 95,000 Wisconsin families
- Made 14,900 home improvement loans
- Financed the development of more than 25,000 rental apartments/beds throughout the state
- Allocated tax credits for the development more than 28,500 apartment units
- Made more than 25,000 loan guarantees on behalf of Wisconsin farmers
- Made more than 490 loan guarantees on behalf of Wisconsin small businesses
- Provided down payment and closing cost assistance to 1,500 borrowers and loans for future home repairs to 750 borrowers
- Provided over 2,340 closing cost assistance loans through the Easy Close Loan program
- Provided interest rate subsidies for 920 Linked Deposit Loans to small businesses owned and controlled by women or minority groups
- Provided contract administrative services for HUD for 600 contracts representing more than 30,000 multifamily units.

WHEDA is governed by a Board of twelve members including six public members, one State Senator and State Representative of each party, and the Secretaries of Wisconsin's Departments of Commerce and Administration (or their designees). The Executive Director is appointed by the Governor to a two-year term with the advice and consent of the State Senate.

### How WHEDA's Reserves Provide Support For Its Programs

As an independent authority, WHEDA is self-supporting and receives no state tax dollars to support its housing programs. Its income is generated from interest on loans and investments, and loan origination and servicing fees.

WHEDA's reserves provide a financial base that enables it to accomplish its mission without relying on the state for financial support. These reserves are vital; they secure \$2.1 billion of bonds, provide financial backing for housing and small business programs, and maintain WHEDA's high bond rating. Reserves are used to provide the lowest possible rates for WHEDA borrowers.

Reserves also ensure that WHEDA can meet its financial obligations and withstand financial risks including uninsured loan losses, investment losses, early loan repayments, interest fluctuations, and shortfalls in operating expenses. Reserves that are used in these ways are set aside (encumbered) and unavailable for any other purpose until specifically released.

WHEDA's reserves are a valuable asset for the citizens of Wisconsin and have been preserved over the years through careful management and sound financial policies. Wise use of these reserves will ensure they continue to play an important role in creating new housing and small business opportunities for future generations.

## Overview of WHEDA and *Dividends for Wisconsin* (continued)

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### **Dividends for Wisconsin Approval Process**

The Members of the Authority will take action on Dividends, 2005-06 at their August 19, 2005 meeting. The plan will then be submitted to Governor Doyle by no later than August 31, 2005. The procedure following its submission to the Governor is outlined in §234.165, Wisconsin Statutes:

“The governor may modify the plan and shall submit the plan as modified to the presiding officer of each house of the legislature, who shall refer the plan to the appropriate standing committees within 7 days.

“The standing committee review period extends for 30 days after the plan is referred to it. If within the 30-day period a standing committee requests the authority to meet with it to review the plan, the standing committee review period is continued until 30 days after the request. If a standing committee and the governor agree to modifications in the plan, the review period for all standing committees is continued until 10 days after receipt by the committees of the modified plan.

“The plan or modified plan is approved if no standing committee objects to the plan or modified plan within its review period. If a standing committee objects to the plan or modified plan, it shall refer the parts to which objection was made to the joint committee on finance.

“The joint committee on finance shall meet in executive session within 30 days after referral by a standing committee...joint committee on finance action shall consist of concurrence in standing committee objections, modifications to the parts referred to it which are approved by the governor or approval of the plan or modified plan notwithstanding standing committee objections.

“The plan is not effective until approved or modified under this paragraph.”

Approval of *Dividends* by the WHEDA Board, Governor and Legislature merely authorizes a list of initiatives WHEDA may undertake with its unencumbered reserve funds. The WHEDA Board is vested with all powers necessary to create specific programs and fund individual projects after the plan becomes effective.

### **General Fund Balance Compared to *Dividends for Wisconsin***

WHEDA's General Fund Balance increases or decreases due to the net impact of changing levels of revenues, expenses, grants and services and transfers to or from restricted funds.

The following table compares the General Fund Balance and the amounts available for *Dividends* during each of the last three years:

<u>General Plan Year</u>	<u>Fund Balance</u>	<u>Encumbrances</u>	<u>Dividends</u>
2003-04	152,320,000	142,264,487	10,055,513
2004-05	154,633,000	146,482,535	8,150,465
2005-06	158,915,000	150,848,720	8,066,280

## 2005-06 Plan

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*Dividends, 2005-06* authorizes WHEDA to encumber unrestricted general reserves for programs that are clearly needed and can be effectively administered within its operating budget. Funds are divided among four categories: Homeownership, Multifamily Housing, Small Business and Economic Development, and Housing Grants and Services. The plan contains successful programs from past plans and new initiatives that may be effectively implemented. Consistent with WHEDA's primary mission, the majority of funds available are allocated to housing programs.

Following is a listing of categories and initiatives that may receive financial consideration from *Dividends, 2005-06*.

<b>Category I: Homeownership</b>	\$2,675,000
Homeownership Bond Support Strategic Initiatives	
<b>Category II: Multifamily Housing</b>	500,000
Strategic Initiatives	
<b>Category III: Small Business and Economic Development</b>	500,000
Economic Development Initiatives	
<b>Category IV: Housing Grants and Services</b>	4,391,280
Contribution to the State of WI Budget Deficit (\$3,000,000) WHEDA Foundation Housing Grants Program Paint and Fix-Up Programs Education and Promotion Initiatives	
<b>Total</b>	<u><b>\$8,066,280</b></u>

## **Category I: Homeownership**

### **Homeownership Bond Support**

WHEDA's major homeownership programs are funded with federally tax-exempt mortgage revenue bond proceeds. The plan permits WHEDA to encumber funds to contribute to the cost of issuance of bonds and permanent and/or temporary contributions to reserve funds.

### **Strategic Initiatives**

The Plan permits WHEDA to address homeownership strategic initiatives. Initiatives that will be explored include workforce housing, single family lending to underserved markets such as immigrants and minorities, rural housing and manufactured housing.

## **Category II: Multifamily Housing**

### **Preservation of Multifamily Housing**

The Plan permits WHEDA to provide resources for multifamily housing within the State of Wisconsin. Those activities could include, but are not limited to, preservation activities such as refinancing current debt or providing soft second mortgages for rehabilitation.

## **Category III: Small Business and Economic Development**

### **Economic Development Initiatives**

The plan permits WHEDA to encumber funds to develop alternative or unconventional financing models to overcome barriers faced by entrepreneurs and small business owners. It also allows WHEDA to extend financial support to economic development activities.

## **Category IV: Housing Grants and Services**

### **Contribution to the State of WI Budget Deficit**

The State Budget Bill requires a contribution from WHEDA's general reserves of \$3,000,000 in fiscal year 2006.

### **WHEDA Foundation Housing Grants Program**

The plan permits WHEDA to encumber funds to support Wisconsin organizations in developing special housing for persons-in-crisis. Target populations include homeless persons, runaways, alcohol or drug dependent persons, persons in need of protective services, domestic abuse victims, developmentally disabled persons, low-income elderly or frail elderly persons, chronically mentally ill persons, persons with disabilities, migrant farm workers, and individuals/families who do not have access to traditional or permanent housing.

### **Paint and Fix-Up Programs**

The plan permits WHEDA to encumber funds for grants to property owners for the purchase of materials and labor necessary for exterior repairs to help restore older distressed neighborhoods. Such encumbrances may also include funds for this purpose on main streets in rural communities.

### **Education and Promotional Initiatives**

The plan permits WHEDA to encumber funds for advertising and marketing efforts to increase minority lending in Milwaukee, Racine, Kenosha, Dane and Rock counties. The funds may also be used to support training and education for issues related to housing.

# Appendix I

## Amounts Available for Dividends for Wisconsin, 2005-06

June 30, 2005.

Wisconsin Statutes require WHEDA to report actual year-end figures for the purposes of calculating the amount of unencumbered general reserves available for *Dividends for Wisconsin*. Unencumbered general reserves available through Dividends for Wisconsin, 2005-06 total \$8,066,280. This amount is based upon the General Fund balance less encumbered general reserves as of June 30, 2005, as shown below and in the Exhibits that follow.

Total Restricted and Unrestricted Reserves	\$381,528,000
Less: Restricted Reserves	<u>222,613,000</u>
General Fund Balance	\$158,915,000
Less: General Reserve Encumbrances	
Homeownership Programs (Exhibit 1)	\$21,595,846
Multifamily Programs (Exhibit 2)	101,039,250
Small Business Programs (Exhibit 3)	7,631,866
Grants and Other Services (Exhibit 4)	610,031
Authority Operations (Exhibit 5)	<u>19,971,727</u>
Subtotal	<u>150,848,720</u>
<b>Unencumbered General Reserves</b>	<b><u>\$8,066,280</u></b>

## Exhibit 1

### General Reserves Encumbered For Homeownership Programs

June 30, 2005

	Encumbrances 6/30/2004	Increases	Decreases	Encumbrances 6/30/2005
Deferred Payment Loans	\$158,350		(\$28,633)	\$129,717
Delinquent Borrower Assistance	25,000		(25,000)	0
HOME Plus (Closing Cost Assistance portion)	4,448,448			4,448,448
FHA Mortgage Reserve	10,000		(10,000)	0
Lease Purchase Program	982,464	\$500,000	(3,847)	1,478,617
Neighborhood Revitalization	123,032		(979)	122,053
Program 65 Mortgages	4,381,415		(1,172,202)	3,209,213
Property Tax Deferred Loans	2,685,000			2,685,000
Homeownership Bond Support	1,052,956	2,500,000	(2,000,000)	1,552,956
Homeownership Development Fund	7,729,842			7,729,842
Special Edition Home Program	50,000		(50,000)	0
Urban Issues Research	9,320		(9,320)	0
Federal Home Loan Bank Collateral Account	44,195		(44,195)	0
Individual Development Account	0	40,000	(10,000)	30,000
Workforce Housing Initiative	0	210,000		210,000
<b>Total</b>	<b>\$21,700,022</b>	<b>\$3,250,000</b>	<b>(\$3,354,176)</b>	<b>\$21,595,846</b>

The **Deferred Payment Loan Program** was a pilot home improvement loan program for elderly southwestern Wisconsin residents. Loans are repayable when the property ceases to be the borrower's permanent residence. WHEDA estimates that all loans will be repaid within 20 years and all repayments will revert back to *Dividends*.

**Delinquent Borrower Assistance** was a revolving loan fund to help delinquent HOME Program customers unable to make monthly mortgage payments during temporary difficulties such as a sudden illness, short-term disability, or job loss. The encumbrance was released due to inactivity in the program.

**HOME Plus (Closing Cost Assistance portion)** provides WHEDA HOME loan borrowers the opportunity to borrow funds for down payment and closing cost assistance.

The **FHA Mortgage Reserve** covered extraordinary losses that could be incurred in the foreclosure of FHA-insured mortgage loans. The encumbrance was released as it was no longer necessary.

The **Lease Purchase Program** encumbrance is a revolving fund to make loans to purchase and lease homes to low-income households with an option to buy within three years.

The **Neighborhood Revitalization Program** was a long-term interest subsidy program providing low interest rate home improvement loans in participating Wisconsin neighborhoods. The subsidies will be paid over the life of the loans and will not return to *Dividends*.

**Program 65 Mortgages** When all debt associated with mortgages originated in a resolution is repaid, the mortgage assets are available to the General Fund. As these loans pay off, the repayments revert to *Dividends*.

**Property Tax Deferral Loan Program** The Property Tax Deferral Loan Program provides loans to low-income Wisconsin seniors to pay property taxes on their homes. The encumbrance represents a revolving loan fund.

**Homeownership Bond Support** provides funds to cover the cost of issuing homeownership revenue bonds.

**Homeownership Development Fund** provides financing for the construction and/or rehabilitation of owner-occupied, affordable housing throughout the state. This fund may also be used to hold loans prior to a bond issuance or loan sale or to provide financing for activities which cannot utilize WHEDA's traditional homeownership financing products. The encumbrance is a revolving loan fund.

The **Special Edition Home Program** provided mortgage financing to encourage minority homeownership and stabilized neighborhoods in the City of Milwaukee. This encumbrance established a risk sharing structure with MGIC and Fannie Mae. The encumbrance was released as it was no longer required.

**Urban Issues Research** studied minority housing and economic trends in the City of Milwaukee. Minority households comprise a growing percentage of those seeking access to affordable housing and housing financing. This information will be used to make WHEDA programs more responsive to the housing and financing needs of minority households.

The **Federal Home Loan Bank Collateral Account** supported the Authority's participation in the Federal Home Loan Bank of Chicago's Mortgage Finance Partnership Program. The encumbrance was released as we discontinued participation in the program..

The **Individual Development Account** program supports building the assets of low-income individuals in Milwaukee through a process of matching their savings for homeownership and secondary education. The encumbrance, paid in four equal annual installments, represents a portion of the community match needed to secure a federal grant received by The Boys and Girls Club of Greater Milwaukee.

The **Workforce Housing Initiative** is a fund to be used for workforce housing initiatives which strengthen and revitalize communities. WHEDA will partner with employers and communities who have committed financial resources to help the workforce purchase homes in their communities.

## Exhibit 2

### General Reserves Encumbered For Multifamily Housing Programs

June 30, 2005

	Encumbrances 6/30/2004	Increases	Decreases	Encumbrances 6/30/2005
<b>General Revolving Fund:</b>				
Family House, Inc.	\$606		(\$606)	\$0
Kilbourn Knoll	85,650		(85,650)	0
St. Paul	41,127			41,127
Eagle Ridge	1,524,309		(18,389)	1,505,921
Appleton Court	865,992		(1,115)	864,876
Trillium	393,382		(12,112)	381,270
School Street Apartments	633,432		(633,432)	0
Wunderhaven	57,311		(588)	56,723
PADA	29,572		(718)	28,854
WI Correctional 1 (Joshua Glover Center)	120,335		(1968)	118,368
Springbrook Trace Apartments	161,713		(2,422)	159,291
Assisted Living Village Lancaster	69,901		(13,932)	55,969
Falconer Coop (Common Wealth)	187,777		(3,057)	184,720
Whispering Pines Apartments	268,274		(3,276)	264,998
Marquette Special Needs	49,691		(1,276)	48,415
Villa Vista	1,746,000			1,746,000
Villa Rita	1,770,000		(1,770,000)	0
Meadow Park Townhomes	1,720,857		(46,575)	1,674,282
Parkway Highlands	0	\$4,700,000	(23,629)	4,676,371
Craftsman Village	1,585,375		(1,585,375)	0
Regency Place Apartments	5,640,000		(5,640,000)	0
Wolf River Senior Village	315,170		(1,435)	313,735
Boulder Ridge Apartments	1,850,000			1,850,000
Majestic Milwaukee Apartments	8,707,000		(8,707,000)	0
South Manor & Church Street Apartments	91,471		(3,746)	87,725
Monona Senior Housing	2,950,000		(2,950,000)	0
Greenfield Senior Housing IV	3,050,000		(3,050,000)	0
All Saints Retirement Center	11,803,275		(11,803,275)	0
One West Wolf	11,878			11,878
Chateau Gardens Housing	1,861,327		(1,861,327)	0
White Birch I	2,287,650			2,287,650
White Birch II	9,758,494	1,093,248		10,851,742
Schofield Apartments	350,000		(350,000)	0
Hi-Rise Affordable Housing	0	1,395,682		1,395,682
Washburn Housing Redevelopment-HUD	0	927,549		927,549
Sturgeon Bluff	0	723,000		723,000
LaFollette Park	0	998,631		998,631
Outagamie County Housing	0	600,000		600,000
Mission Village Plover II	0	1,805,000		1,805,000
New Village, LLC	0	2,800,000		2,800,000
Highpointe Commons	0	963,732		963,732
43 Apple Hill, LLC	0	1,463,000		1,463,000
Park East Enterprise Lofts	0	6,585,400		6,585,400
<b>Preservation Loans (Multifamily)</b>				
River Park	809,349		(48,277)	761,071
Bradford Place	758,327		(15,954)	742,373
Woodview	527,449			527,449
Statewide	1,967,938			1,967,937
Willow Park	2,769,467	125,264		2,894,730
Dryden	1,349,633	66,728		1,416,361
Taylor County	589,084	13,957		603,041
Berlin Housing	468,943	26,103		495,046
Lincoln Mill	127,179		(3,482)	123,697



	Encumbrances 6/30/2004	Increases	Decreases	Encumbrances 6/30/2005
Mariner's Pointe	\$400,000			\$400,000
<b>Saving Our Stock</b>				
Washburn Housing Redevelopment	0	\$265,000		265,000
<b>Construction Plus</b>				
Bayfield County Housing Redevelopment	0	1,573,866		1,573,866
Washburn Housing Redevelopment	0	927,549		927,549
<b>Uncommitted General Funds</b> (w/Homeless Funds)	(25,807,103)	41,324,883	(\$24,287,294)	(8,769,516)
<b>Preservation Loans From Project Reserves</b>	20,161,501	1,033,052	(140,517)	21,054,036
Total General Revolving Funds	\$64,109,336	\$69,411,644	(\$63,066,429)	\$70,454,550
<b>Homeless Fund:</b>				
Britton House/Beloit SRO	201,718		(38,938)	162,780
Liberty Place – Platteville	179,694		(5,151)	174,543
Winfield Apartments-Reedsburg	462,251		(13,462)	448,789
Genesis V Housing – Oregon	426,463		(12,420)	414,043
Merrill City Hall	279,623		(6,245)	273,378
First Avenue II	348,799		(9,325)	339,474
Liberty Place Prairie Du Chien	147,589		(3,741)	143,848
ADA James Place (Passages)	394,285		(7,517)	386,768
Jeffries Flats	255,292		(6,722)	248,570
Cedar Meadows – Holmen	448,549		(448,549)	0
Eldorado Apartments	369,285		(3,398)	365,887
1336 E Mifflin	100,185	9,123		109,308
Uncommitted Homeless Funds	2,686,267		(2,686,267)	0
Total Homeless Funds	\$6,300,000	\$9,123	(\$3,241,735)	\$3,067,388
<b>Fannie Mae Secondary Market Initiative</b>	700,000			700,000
<b>Preservation Reserve Account</b>	5,104,926	1,953,499	(517,500)	6,540,925
<b>Housing Preservation Initiative</b>	750,000	500,000		1,250,000
<b>FAF Savings – WHEDA Portion</b>	11,503,546		(529,992)	10,973,554
<b>Interest Strip Funds</b>	5,425,968	9,065		5,435,033
<b>Multifamily Bond Support</b>	2,617,800			2,617,800
<b>Total</b>	<b>\$96,511,576</b>	<b>\$71,883,330</b>	<b>(\$67,355,656)</b>	<b>\$101,039,250</b>

As provided in *Dividends, 1992-93*, WHEDA established a revolving loan fund for the development of multifamily rental housing "from the aggregate of outstanding loan commitments and encumbrances." The **Multifamily Loan Fund** contains the following major categories.

**General Lending** includes financing for multifamily projects that serve low-income families, the elderly and persons with disabilities. Loans under this category represent construction lending or short-term financing prior to conversion to long-term financing. The types of long-term financing that will be used for projects include tax-exempt housing revenue bonds, taxable bonds, sale to the secondary market, and financing provided by the Federal Home Loan Bank. The date on which individual mortgages will be converted to long-term financing is not presently known.

In addition to individual project mortgages, the General Lending category contains encumbrances for special programs including a multifamily preservation initiative. The intent of the preservation initiative is to maintain the affordability of Section 8 projects in WHEDA's loan portfolio. The Multifamily Loan Fund will be used to finance preservation agreements.

**Saving our Stock** is a strategic initiative which directs low cost financing resources to preserve affordable rental housing properties.

**Construction Plus** is a loan program that provides short-term, variable interest rate financing of up to 90% of the development cost of rental housing for families, elderly, or people with disabilities. This product was designed for tax credit developments.

**Homeless Funds** includes financing for permanent housing for the homeless, Affordable Housing Tax Credit Homeless set-aside, group homes, and community based residential facilities. The majority of all funds under this category are used to provide financing for homeless and special needs projects. Some projects may qualify for long-term financing through bonding. This amount is available to match grants received under the Stewart B. McKinney Homeless Assistance Program.

The **Fannie Mae Secondary Market Initiative** provides collateralization of WHEDA's guarantee requirement for the sale of the "pipeline" of certain Tax Credit projects now held in our portfolio and future loan pools.

The **Preservation Reserve Account** was created for the purpose of providing resources for preserving low-income rental housing. The funds become available when certain project mortgages are prepaid and reserves revert to WHEDA. In December, 1998, WHEDA approved the transfer of these project reserves to the General Fund.

The **Housing Preservation Initiative** provides resources for preserving housing within the State of Wisconsin. The dollars will provide for activities that may include refinancing current debt or rehabilitation.

**FAF Savings-WHEDA Portion** FAF savings represent an accumulation of funds generated by a 1992 refinancing in the multifamily bond resolution. A 1999 accounting change moved those funds from the multifamily resolution to WHEDA's General Fund. The funds were immediately encumbered because their use is restricted to very low-income households pursuant to the FAF contract. Repayments of loans made using FAF funds return to *Dividends*.

**Interest Strip Funds** are available to subsidize interest rates on multifamily project loans. These funds are restricted for this use by federal law and bond covenants. In August, 1998 and 2000, WHEDA approved the transfer of Interest Strip Funds to the General Fund.

**Multifamily Bond Support** provides funds to cover the cost of issuing housing revenue bonds.

Exhibit 3

**General Reserves Encumbered For Small Business Programs**

June 30, 2005

	<u>Encumbrances</u> <u>6/30/2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Encumbrances</u> <u>6/30/2005</u>
Linked Deposit Loan Program	\$6,000,000			\$6,000,000
BDB Reserve	315,200			315,200
Small Business Disaster Initiative	5,000		(\$5,000)	0
Taliesin Loan	911,109		(44,443)	866,666
New Markets Tax Credits	(24,785)		24,785	0
Minority Business Initiatives	225,000			225,000
Community Development Venture Capital Fund	225,000			225,000
<b>Total</b>	<b><u>\$7,656,524</u></b>		<b><u>\$24,658</u></b>	<b><u>\$7,631,866</u></b>

The **Linked Deposit Loan Program** provides financing to small businesses owned and controlled by women or minority group members. The encumbrance represents a revolving fund.

The **Business Development Bond Reserve** is a reserve against loss on loans made under the BDB Program. Reserves are evaluated each year for appropriateness.

**Small Business Disaster Initiative** WHEDA encumbered funds to provide affordable financing to small businesses affected by disasters including fires. This encumbrance was released due to inactivity.

The **Taliesin Loan** was made to the Taliesin Preservation Commission. The loan represents a non-cash asset that returns to *Dividends* as it is repaid.

**New Markets Tax Credits** funds were used to apply for the federal New Markets Tax Credits for the State of Wisconsin and get the program up and running.

The **Minority Business Initiatives** encumbrance will allow WHEDA to assist and partner with organizations that serve minority populations to promote homeownership and economic development and create stronger, more secure communities.

The **Community Development Venture Capital Fund**, established by the Helen Bader Foundation, is a community development fund to positively impact low-to-moderate income communities in Wisconsin and Illinois. WHEDA's contribution will be directed to projects in Wisconsin.

Exhibit 4

General Reserves Encumbered For Housing Grants and Services

June 30, 2005

	Encumbrances 6/30/2004	Increases	Decreases	Encumbrances 6/30/2005
Beloit Site-Ready Housing	\$20,000			\$20,000
Natural Disaster Grants	47,000		(\$15,000)	32,000
Paint and Fix-Up Grants	167,785		(54,748)	113,037
WHEDA Foundation Grants	0	\$500,000	(500,000)	0
Wisconsin Economy Study	5,000		(5,000)	0
Wisconsin Fresh Start	92,549	150,000	(141,661)	100,887
Wisconsin Realtors	25,000		(25,000)	0
Distressed Area Support	25,000			25,000
Contribution to the State of Wisconsin	0	2,125,000	(2,125,000)	0
Education Support Programs	19,976		(19,976)	0
Metropolitan Milwaukee Fair Housing Council	60,000		(60,000)	0
Workforce Housing	50,000		(20,000)	30,000
Housing for HIV/AIDS Population of Wisconsin	20,000		(20,000)	0
Home Ownership Awareness Campaign for Minority and Underserved Markets	0	450,465	(411,359)	39,106
Youth Financial Literacy	0	25,000		25,000
Spanish Consumer Marketing and Educational Material	0	25,000		25,000
La Casa de Esperanza	0	100,000	(100,000)	0
Redevelopment of Site-20 <sup>th</sup> & Walnut, Milwaukee	0	200,000		200,000
LISC (Local Initiatives Support Corporation)	0	25,000	(25,000)	0
Career Youth Development	0	25,000	(25,000)	0
Fondy Market	12,500		(12,500)	0
<b>Total</b>	<b>\$544,810</b>	<b>\$3,625,465</b>	<b>(\$3,560,244)</b>	<b>\$610,031</b>

**Beloit Site-Ready Housing** WHEDA encumbered funds to prepare lots for the construction of site-ready homes in Beloit. These funds are grants that will not return to *Dividends*.

**Natural Disaster Grants** are encumbered to provide grants to units of local government or recognized disaster relief agencies that provide temporary housing for persons displaced from their homes by natural or other disasters.

**Paint and Fix-up Grants** are encumbered to promote minor exterior improvements in Wisconsin Communities. These funds are grants that will not return to *Dividends*.

**WHEDA Foundation Grants** Please see page 18 for a description of this item.

**Wisconsin Economy Study** In partnership with the Department of Commerce, WHEDA funded a study of the quality of business and personal life Wisconsin offers manufacturers and their employees. The study was completed by the University of Wisconsin-Madison School of Business.

**Wisconsin Fresh Start** These funds provide competitive grants to agencies that provide at-risk youth with education, employment skills and career direction leading to economic self-sufficiency. These funds are grants that will not return to *Dividends*.

**Wisconsin Realtors** used a grant to study the relationship between affordable housing and economic development at the local level. Their work related to Wisconsin's Smart Growth Law and its impact on local communities.

**Distressed Area Support** funds will be used to help areas within central cities that are experiencing housing distress.

**Contribution to the State of Wisconsin** As required by the State Budget Bill, these funds will be contributed to the State of Wisconsin.

**Education Support Programs** supported training and education for housing-related issues, including issues related to predatory lending.

**Metropolitan Milwaukee Fair Housing Council** provides fair housing testing services. WHEDA's contribution will be used to support their testing programs.

**Workforce Housing** is a recognized approach to strengthen and revitalize communities. These funds will be used to support workforce housing initiatives throughout the state.

The **Housing for HIV/AIDS Population of Wisconsin** encumbrance was used to support the housing needs of individuals and families affected by HIV/AIDS in Wisconsin.

**Homeownership Awareness Campaign for Minority and Underserved Markets** supported WHEDA's strategic plan by providing funds to promote homeownership and WHEDA mortgage products in minority and underserved markets throughout Wisconsin. Funding was used for homebuyer educational support materials, media, and production of advertising and promotional materials. A portion of the encumbrance was released.

**Youth Financial Literacy Program** will provide funds to be used for the development and implementation of a youth financial literacy website. Additionally, funds will be used as scholarship dollars for website visitors who qualify and enter a site contest. The website promotes healthy credit choices for junior high and high school students in Wisconsin.

**Spanish Consumer Marketing and Education Material** funding will be used to develop Spanish homebuyer education workshops throughout the state of Wisconsin to build awareness for WHEDA's immigrant lending program. Funding will also be used for the production of support and promotional material.

The **La Casa de Esperanza** housing initiative is designed to assist homebuyers with all aspects of the home buying process. The initiative educates and coaches homebuyers from the initial stages through the final processes of home ownership by providing information regarding credit applications, credit reports, and overall training of the mortgage loan process. A special emphasis is placed on teaching ways to identify and avoid predatory lenders.

WHEDA encumbered funds to assist with the **Redevelopment of Site-20th and Walnut, Milwaukee** which is in the center of a significant new residential development in Milwaukee. It is a five acre site adjacent to the Lindsay Heights neighborhood, a Habitat for Humanity area, and a multifamily Section 8 property. The site is included in the city's Fond du Lac and North Plan and is considered a catalytic project for improving the area. The city intends to convert the property to residential use and create 40 single family lots.

**LISC (Local Initiatives Support Corporation)** invests in community development and affordable housing programs in Milwaukee. The funds will be used to allow LISC and the Authority to partner in media relations to increase the visibility of the community investment made in Milwaukee.

**Career Youth Development (CYD)** is a non-profit community-based organization, funded by the City of Milwaukee Community Block Grant Administration, that offers social services, including homebuyers education, to economically disadvantaged, working poor, elderly, youth and their families and has been operating for more than 34 years. provides funding for this organization. CYD's primary focus is on Milwaukee's north side central city community and they serve predominantly low-income and African-American residents. The funds will be used for the expansion of CYD's pre-purchase, homebuyers' education workshops.

**Fondy Market** was an economic development project created by the Hunger Task Force of Milwaukee. The encumbrance was released.

## Exhibit 5

### General Reserves Encumbered For Authority Operations June 30, 2005

	Encumbrances <u>6/30/2004</u>	Net Increase (Decrease)	Encumbrances <u>06/30/2005</u>
Capital Adequacy Reserve	\$2,750,000		\$2,750,000
Operating Expense Reserve	2,000,000		2,000,000
Authority Property	4,434,622	(\$302,606)	4,132,016
Authority Property Replacement Reserve	631,577	(89,306)	542,271
Deferred Receivable - HOME Expense	5,541,850	66,747	5,608,597
Other Receivables	2,314,811	93,830	2,408,641
New Markets Tax Credits	0	30,202	30,202
GASB 31 Adjustment	2,500,000		2,500,000
<b>Total</b>	<b><u>\$20,172,860</u></b>	<b><u>(\$201,133)</u></b>	<b><u>\$19,971,727</u></b>

On May 24, 1991, the Members of the Authority established capital ratio standards. The Finance Committee evaluated the outlook for meeting the established standards and established a **Capital Adequacy Reserve** encumbrance of \$2,750,000. The Members review the capital ratio on a regular basis and established a new benchmark in fiscal year 2001 for that ratio based on feedback from the rating agencies. These monies will continue to be encumbered until the benchmark is reached or until the Board releases the encumbrance.

WHEDA's **Operating Expenses** are paid from cash flowing into the general reserves. However, WHEDA's general reserve carries a large receivable from the programs as there is, on average, a 60 day lag before expenses are recorded, allocated and reimbursed. This receivable averages \$2 million and represents a noncash asset which is unavailable for other purposes.

**Authority Property** (desks, computers, building, etc.) reflects non-liquid assets that cannot be used for other purposes. The book value of this property on June 30, 2005 is \$4,132,016. The **Replacement Reserve** of \$542,271 is established to allow for the purchase of fixed assets authorized in the most recent annual capital budget. These dollars are not available for other purposes as they will be converted to Authority Property.

To ensure the financial stability of past homeownership bond issues, WHEDA deferred reimbursement for expenses incurred in administering the issues. These expenses at June 30, 2005 total \$5,608,597, and represent a **Deferred Receivable for HOME Expense**.

**Other Receivables/Deferrals** Any other long-term receivables or deferrals are encumbered because they are noncash assets that are unavailable for other purposes. As they are received or amortized, the encumbrance is reduced.

The Authority is a member of the Wisconsin Community Development Legacy Fund (WCDFL), a partnership established to make qualified low income community investments throughout the State of Wisconsin or other activities which qualify for New Markets Tax Credits (NMTC) and to engage in all activities necessary, customary, convenient or incident to NMTC activities. The start up costs, such as compliance training, legal fees, consultant fees and application costs, associated with NMTC activities, were funded through the **New Markets Tax Credits** encumbrance. In addition, funds were encumbered for compliance and application expenses.

The **GASB 31 Adjustment** represents a reserve for unrealized gains on certain investments in the General Fund at June 30, 2005. Governmental Accounting Standards Board (GASB) Statement No. 31 requires investments to be reported at fair value with (realized and unrealized) gains and losses included in the Consolidated Statement of Income and Expenses. Any unrealized gains on investments are not available funds for inclusion in *Dividends*.

Appendix II  
**Status of Dividends for Wisconsin, 2004-2005**  
 June 30, 2005

	<u>Plan Amount</u>	<u>Encumbered</u>
Category I: Homeownership	\$3,250,000	\$3,250,000
Category II: Multifamily Housing Development	500,000	500,000
Category III: Small Business	775,000	0
Category IV: Housing Grants and Services	<u>3,625,465</u>	<u>3,625,465</u>
Totals *	<u>\$8,150,465</u>	<u>\$7,375,465</u>

\*The Dividends Plan amount was based on unaudited financial statements as of June 30, 2004.

**Category I: Homeownership**

**Homeownership Bond Support** (\$2,500,000) was encumbered to support the cost of issuing homeownership revenue bonds and will be used to help provide a continuous source of funds for the HOME loan program.

**Lease Purchase Program** (\$500,000) was encumbered to increase the pool of funds available and to expand into other communities. The program allows credit-impaired individuals to clean up their credit record while they lease a home for up to two years. As soon as they are ready they purchase the home with a WHEDA Home loan.

**Individual Development Account** (\$40,000) encumbrance is a four year commitment of \$10,000 per year to be used as community contribution for a \$1,000,000 federal grant received by the Boys and Girls Club of Milwaukee. The funds will be used to match dollars saved by recipients to be used for housing or secondary education.

**Workforce Housing Initiatives** (\$210,000) was encumbered to help in assisting 30 to 40 employees, in partnerships with three or four employers, purchase homes in the communities in which they work.

**Category II: Multifamily Housing Development**

**Housing Preservation Initiative** (\$500,000) encumbrance was made to provide resources for preserving housing within the State of Wisconsin. The dollars will provide for activities that may include refinancing current debt or rehabilitation.

**Category IV: Housing Grants and Services**

*See pages 14-15 for a description of each of the grants listed below:*

- Contribution to the State of WI** (\$2,125,000)
- WHEDA Foundation Grants** (\$500,000)
- Wisconsin Fresh Start** (\$150,000)
- Home Ownership Awareness Campaign for Minority and Underserved Markets** (\$450,465)
- Youth Financial Literacy** (\$25,000)
- Spanish Consumer Marketing and Education Material** (\$25,000)
- La Casa de Esperanza** (\$100,000)
- Redevelopment of Site-20th & Walnut, Milwaukee** (\$200,000)
- LISC (Local Initiatives Support Corporation)** (\$25,000)
- Career Youth Development** (\$25,000)

**WHEDA Foundation Housing Grants Program**

In June 2005, WHEDA awarded \$821,849 through a statewide competition to support the efforts of nonprofit and local community providers in meeting the housing needs of Wisconsin's persons-in-crisis. These funds are grants that will not return to *Dividends*. The following awards will result in the creation or improvement of special needs housing throughout the state:

**Category IV: Housing Grants and Services (continued)**

<b>Recipient</b>	<b>Community</b>	<b>Award</b>
Time-Out Family Abuse Shelter Inc	Ladysmith	5,000
Turningpoint for Victims of Domestic and Sexual Violence Inc	River Falls	17,500
Hope House of South Central Wisconsin Inc	Baraboo	6,200
Alcohol and Other Drugs Council of Kenosha County Inc	Kenosha	9,582
Faith United Methodist Church Inc	Superior	35,000
Southeastern Youth & Family Services Inc	Milwaukee	12,000
Housing Partnership of the Fox Cities Inc	Appleton	14,000
United Migrant Opportunities Services Inc	Montello	7,200
Hope House of Milwaukee Inc	Milwaukee	35,000
People Against A Violent Environment Inc	Beaver Dam	10,000
Guest House of Milwaukee Inc	Milwaukee	20,000
Family Advocates Inc	Platteville	16,600
Community Action Inc of Rock and Walworth Counties	Darien	7,000
SAFE Haven of Racine Inc	Racine	10,000
Meta House Inc	Milwaukee	21,996
District Council of Madison Inc, Society of St Vincent de Paul	Madison	7,000
Southwestern Wisconsin Community Action Program Inc	Richland Center	35,000
Coulee Youth Centers Inc	La Crosse	24,500
The Counseling Center of Milwaukee Inc	Milwaukee	8,827
Homeless Assistance Leadership Organization	Racine	25,000
United Community Center Inc	Milwaukee	20,000
Polk County Housing Collaborative Inc	Luck	16,500
Eau Claire Area Hmong Mutual Assistance Association Inc	Eau Claire	10,000
Dunn County Interfaith Volunteers Inc	Menomonie	8,200
St Catherine Residence	Milwaukee	18,840
Habitat for Humanity Northwoods Wisconsin Inc	Scattered	20,000
Telos Inc	Milwaukee	32,360
Catholic Charities Bureau Inc	Scattered	31,500
Lutheran Social Services of Wisconsin & Upper Michigan Inc	Eau Claire	30,000
Rodney Scheel House Foundation Ltd	Madison	10,000
Foundation for Rural Housing Inc	Scattered	20,000
Challenge Center Inc	Superior	30,000
NEWCAP Inc	Oconto	30,000
La Paz Housing Corporation	Milwaukee	6,880
Hispanic Housing Corporation	Milwaukee	7,280
Tellurian UCAN Inc	Madison	30,000
Housing Authority of Walworth County	Elkhorn	30,000
Door County Habitat for Humanity Ltd	Sevostopol	20,000
West Central Wisconsin Community Action Agency Inc	Cumberland	32,884
Milwaukee Community Service Corps Inc	Milwaukee	30,000
Rehabilitation Center of Sheboygan Inc	Sheboygan	30,000
Harambee Ombudsman Project Inc	Milwaukee	30,000
<b>Total</b>		<b>\$821,849</b>





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