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WHEDA (October - 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**

* Contents organized for archiving by: Mike Barman (LRB) (August/2012)

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

October 17, 2005
10:30 a.m.

- A. Call to Order
- B. Roll Call
- C. Approval of the Minutes of the August 19, 2005 Meeting
- D. Authority Activity Report
- E. Report of the Directors Loan Committee
- F. Report of the Finance Committee
- G. Decision Items
 - 1. Series Resolution Authorizing the Issuance of Housing Revenue Bonds
 - 2. Single Family Line of Credit
 - 3. Approval of Contracts Greater than \$25,000
- H. Discussion Item
 - 1. Hmong Update
- I. Other Business
- J. Adjournment

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

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



**WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY**

Notice is hereby given that a meeting of the **Wisconsin Housing and Economic Development Authority (WHEDA)** shall be held on **Monday, October 17, 2005**, at **10:30 a.m.**, in the WHEDA Senator John R. Plewa Board Room, 201 West Washington Avenue, Suite 700, Madison, Wisconsin.

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director

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

NOTE: Members may attend by teleconference.

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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

August 19, 2005

10:38 a.m. – 11:18 a.m.

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

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

AUTHORITY MEMBERS EXCUSED: Mr. Hurtado; Senator Kanavas; Representative Wieckert; Mr. Storey

AUTHORITY MEMBERS PRESENT VIA PHONE: Ms. Stewart 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; Laura Morris, Chief Financial Officer; John Schultz, Community Development Director; Hector Economic Development Director; Chris Gunst; Sherry Pohlman; Ron Kerr; Brian Nowicki; Melissa Cumming and Maureen Brunner, Executive Secretary

OTHERS PRESENT: Jennifer Pflug-Murphy, Gonzalez, Saggio & Harlan, L.L.P; and others

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

The meeting was called to order at 10:38 a.m. by Mr. Armstrong. The roll was called and a quorum was present.

**APPROVAL OF THE MINUTES OF THE JUNE 20, 2005 MEETING
(Agenda Item C, Attachment #1)**

A motion was made by Mr. Kruger, seconded by Ms. Olson-Collins, that the minutes of the June 20, 2005, meeting be approved as presented. The motion carried on a unanimous voice vote. Resolution No. 6526

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

The Authority Activity Report, dated August 19, 2005, was included in the materials mailed to the Members.

Mr. Riley introduced Hector Colon to the Board. Mr. Colon has joined WHEDA as the new Director of Economic Development.

Mr. Riley acknowledged Diane Schobert's work on WHEDA Workforce Housing initiative. Several employers have completed or are currently doing housing needs assessments surveys. Upon completion of the survey, WHEDA will compile the results and will provide an analysis and recommendation for employer action based on the needs apparent in the survey.

**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

**DIVIDENDS FOR WISCONSIN, 2005-2006
(Agenda Item G1, Attachment #5)**

Laura Morris reviewed a draft of WHEDA's "Dividends for Wisconsin 2005-2006," dated August 19, 2005. Discussion followed.

As presented to the Board, "Dividends for Wisconsin, 2005-2006", will provide approximately \$8 million for housing and small business initiatives in Wisconsin. As in the past, funds are divided among four categories: homeownership, multifamily housing, small business and economic development and housing grants and services.

A motion was made by Mr. Lee, seconded by Mr. Kruger, that the Members of the Authority approve the draft "Dividends for Wisconsin 2005-2006" and authorize the Executive Director to submit the plan to the Governor. The motion carried on a unanimous voice vote. Resolution No. 6527

**SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF
HOME OWNERSHIP REVENUE BONDS
(Agenda Item G2, Attachment #6)**

Jennifer Pflug-Murphy, of Gonzalez, Saggio & Harlan, LLP reviewed the decision paper entitled "Series Resolution Authorizing the Issuance of Home Ownership Revenue Bonds", dated August 19, 2005. Discussion followed.

Ms. Pflug-Murphy noted that the amount of this bond issue would not exceed \$200 million.

A motion was made by Mr. Lee, seconded by Mr. Kruger, that the Members of the Authority adopt the "Series Resolution Authorizing the Issuance of Wisconsin Housing and Economic Development Authority Home Ownership Revenue Bonds" dated August 19, 2005. The motion carried on a roll call vote as follows: Ayes, 8, (Mr. Armstrong, Mr. Kruger, Mr. Lee, Ms. Stewart, Ms. Olson-Collins, Senator Taylor, Representative Young and Mr. Farley). Resolution No. 6528

**AMENDED 2005-2006 LOW INCOME HOUSING TAX CREDIT
QUALIFIED ALLOCATION PLAN
(Agenda Item G3, Attachment #7)**

Mary Zins reviewed the decision paper entitled "Amended 2005-2006 Low Income Housing Tax Credit Qualified Allocation Plan", dated August 19, 2005. Discussion followed.

Noted changes are as follows:

1. The General Set-aside will be reduced to 35% of the Credit allocated to the State. The Preservation Set-aside will be increased to approximately 40% of the credit allocated to the State.
2. There will be one application cycle in 2006. The cycle opens January 20, 2006 and closes February 3, 2006.
3. Developments are limited to \$750,000 in credit rather than being limited to \$750,000 in any one calendar year. Projects needing additional Credit over and above the \$750,000 must compete in a subsequent year.
4. Preservation Set-Aside – Limited to low-income housing development subsidized with federal assistance. Includes NAHASDA and tribal funding.
5. To qualify for the Rural Set-aside, a development must be in a location that is rural in character. The following criteria will be used by WHEDA in determining whether a site is rural in character or not: 1) Population (generally less than 10,000); b) Location relative to other communities and the population of those communities; c) Commuting patterns and distances; d) Community economic base, and d) Community land use patterns.

A motion was made by Ms. Olson-Collins, seconded by Mr. Farley, that the Members of the Authority adopt the revisions to the Amended 2005-2006 Low Income Housing Tax Credit Qualified Allocation Plan as described in the Decision Paper dated August 19, 2005. The motion carried on a unanimous voice vote. Resolution No. 6529

**APPROVAL OF SLATE OF RECOMMENDED WHPC BOARD MEMBERS
(Agenda Item G4, Attachment #8)**

Nelson Flynn reviewed the decision paper entitled "Approval of Slate of Recommended WHPC Board Members", dated August 19, 2005. Discussion followed.

A motion was made by Mr. Farley, seconded by Ms. Olson-Collins, that the Members of the Authority hereby recommend Gwendolyn F. Dansby, Richard A. Hansen and James J. Holt to the Governor for appointment to the Board of Directors of Wisconsin Housing Preservation Corporation for terms to expire on July 1, 2009. The motion carried on a unanimous voice vote, with Mr. Kruger abstaining. Resolution No. 6530

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

Laura Morris reviewed the decision paper entitled "Contracts – May 17, 2005 to August 8, 2005". Discussion followed.

The Finance Committee recommends that the Members of the Authority approve contracts over \$25,000 to the following organizations: Genworth Financial and MGIC for joint pool insurance for amounts of \$242,000 respectively.

A motion was made by Mr. Lee, seconded by Mr. Farley 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. 6531

**OTHER BUSINESS
(Agenda Item H)**

Mr. Riley informed the Board that Michael Ash will be leaving WHEDA to join Gorman and Company. The Board and the Executive Director expressed their gratitude for Mike's years of service to WHEDA.

**ADJOURNMENT
(Agenda Item I)**

A motion was made by Mr. Farley, seconded by Ms. Olson-Collins, that the meeting of the Wisconsin Housing and Economic Development Authority be adjourned. The motion carried on a unanimous voice vote. Resolution No. 6532

The August 19, 2005, meeting of the Wisconsin Housing and Economic Development Authority adjourned at 11:18 a.m.

The next meeting of the Authority will be held on Monday, October 17, 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.



AUTHORITY ACTIVITY REPORT

October 17, 2005

Antonio R. Riley, Executive Director

AUTHORITY ACTIVITY REPORT
October 17, 2005

CREDIT

Homeownership

HOME

Volume decreased due to a normal slow down from peak season, however volume still remains strong. For the month of September we closed 523 loans totaling \$56.5 million. We are 39% over budget for the fiscal year.

We continue to work with Virginia Surety to develop an insurance policy that would cover recapture tax for our borrowers. It is anticipated that this policy will be ready by the end of October.

We received good feedback at our Lender Advisory Meeting on product development in anticipation of approval of the Modernization Bill.

On September 22 Diane Schobert gave a presentation to 56 representatives from credit unions across the state on the WHEDA HOME and HILP programs along with detailed information on Down Payment Assistance programs throughout Wisconsin that can be used with the WHEDA loans. This was the first time some credit union staff heard about WHEDA loans and most had never used down payment assistance programs available in Wisconsin. The WHEDA Information Resource Toolkit CD was the primary tool for explaining WHEDA's role and the various assistance programs available. All attendees were given a CD and were excited about the potential to know how to use these programs for their membership.

Special Home Initiatives

Immigrant Lending Program – We have closed 199 loans totaling \$22.4 million. Interest continues to gain momentum throughout the state and loans under this program represented 6% of our volume for the month.

American Indian Loan Program – Tribal Court approval of our legal documents is progressing. The Red Cliff tribe has approved them and we expect to receive approval from Lac du Flambeau in the future.

Fixed-Interest Only – We have closed 22 loans totaling \$3.5 million. The low volume appears to be consistent with other Wisconsin programs based on feedback received at our Lender Advisory meeting.

Other Programs

Home Improvement – 9 loans were closed for \$127,084.

Affordable Housing Program Application – We have submitted an application in partnership with AnchorBank to the Federal Home Loan Bank of Chicago for their Affordable Housing Program funds for down payment and closing costs assistance funds. These funds will be available for homebuyers in target counties identified for our Rural Initiatives in the Strategic Plan. We are applying to assist 60 households, for a total request of \$420,000. An eligible household must be getting a WHEDA loan and be under 80% County Median Income in these counties: Ashland, Bayfield, Sawyer, Washburn, Vernon, Richland, Crawford, Langlade, Menominee, Shawano and Waupaca. The funds will be awarded by the end of November for use during 2006.

Workforce Housing – Work continues with a number of employers across the state. We met this month with the Bio-Medical Corridor Group in Madison who is very receptive to the concept.

Servicing

Delinquency rates for the Home Program remained at 2.11% for the month of September, with the WHEDA-serviced loans at 1.42%. The delinquency rate for HOME Plus was 0.85% and the HILP program was 1.76%.

In September, we sold one REO property and acquired five, leaving a balance of 17 in REO.

MULTIFAMILY HOUSING GROUP

At the NCSHA Conference in Boston on September 24-27th, WHEDA was awarded the *2005 Annual Award for Program Excellence* in the "Rental Housing: Preservation and Rehabilitation" category. The award recognized WHEDA's efforts in our Saving our Stock ("SOS") program and the Governor's Task Force for Housing Preservation. Special thanks to Sharon Rambadt who led the effort on behalf of WHEDA.

Multifamily Lending

The Multifamily Underwriting team received the following loan applications in September:

- Olympic Village I & II, Inc – Sun Prairie (69 elderly units) \$1,400,000
- Pioneer I & II – Poynette (38 elderly units) \$2,483,892
- Bayfield County Housing Redevelopment 90 LLC – Washburn (90 mixed units) \$2,776,229
- Historic Schweiger Apts – Jefferson (33 elderly) \$1,800,000

Loan closing activity can be found in the Legal Group's report.

Please mark your calendar for the annual Developer's Conference to be held on Thursday, December 8, 2005 at the Monona Terrace Convention Center. Additional information will be provided as the date nears.

Multifamily Servicing and Watch Lists

Starting this month, owners will receive automated letters for late occupancy reporting. In the past, staff needed to call owners reminding them that reports were due. For the past four quarters, occupancy reporting has averaged a compliance rate of 90%. We hope to increase this rate while reducing significant staff involvement.

Also beginning this month, the Multifamily Housing Group has combined the previous "Credit" and "Asset Management" watch lists. The list contains both those properties that have yet to reach stabilization but received construction financing and/or are nearing the expiration of their loan commitment; and, those developments that are currently held in portfolio but showing signs of stress in market, management, physical condition and/or financial feasibility. The list is prepared by the Risk Management Officers that now reside on the Multifamily Development underwriting team.

There are ten developments on the combined watch list, with cumulative outstanding balances of \$39,073,994.

Over half of that financial exposure is represented by a loan for a 168 unit property in Milwaukee. WHEDA closed the construction loan in June, 2002 and the property suffered from initial, inadequate construction (since remedied) and extremely slow lease-up. Current occupancy is 80%, insufficient to stabilize operations for now. Staff is monitoring the property closely and WHEDA has extended our loan commitment to March, 2006.

An additional \$10 million in exposure is represented by a family property in Sun Prairie. The loan was scheduled to begin amortization in October, but the owner has failed to return necessary loan documents. A deadline for compliance has been established or legal action may be commenced.

A family property in Appleton remains in foreclosure. The Owner has received and accepted an offer to purchase. Sale is expected to close no later than October 15, 2005. WHEDA will incur no losses as a result of this sale.

Another family tax credit property, located in Evansville, is in default of its September mortgage payment and a default letter was issued. Receipt of payment is expected within the 10 day cure period. Revised loan terms may be negotiated.

Staff continues with stepped up monitoring with these properties to assess WHEDA's potential risk of loss. All other properties on the watch list are performing as expected.

Low Income Housing Tax Credit Allocation

We are in the processing of adding the 2006 Tax Credit Application into the system. This is the first time that a new application is being added to the system. Once in place, testing will need to be done to ensure that the 2006 application does not affect the 2005 data. It is planned that the final implementation will be complete and ready for roll out at the Annual Developer's Conference.

Low Income Housing Tax Credit Monitoring

Work continues on the compliance monitoring software project (TrackPro replacement). Requirements for event processing and creation of letters and forms are progressing. A final version of compliance analysis requirements has been completed and testing of analysis rules is underway.

Contract Administration

Quality Assurance has been providing the Program Representative Team ongoing, refresher training. The purpose of the training is to give background training to newer staff specifically as it relates to the core tasks required under our HUD contract. The training is being done in discussion format, which is also creating opportunities to improve our processes.

Housing Choice Voucher Administration

Staff is monitoring proposed legislation on how calendar year 2006 funding will be calculated. The House bill calls for an Annual Adjustment Factor (AAF) increase to be applied to the current CY2005 funding; the Senate has proposed applying an AAF to the average of annual issuance from CY2005. While either calculation would result in a small funding increase, WHEDA supports the Senate version of the bill that would not only allow the AAF increase, but likely result in a higher utilization base to begin the calculation. We expect an answer within the next 60 days.

Fee Based Servicing

Badger Capital Services executed a Section 8 training contract with a local developer. As part of that agreement, Badger agreed to review occupancy files and provide a quality assurance report on findings, if any. To date, 45 files have been reviewed.

We are also still waiting to hear announcement of award of the HUD contract administration contract for non Performance Based contracts. This is the multi-state initiative that would be awarded to Badger and subcontracted to eight other states. HUD staff has been working on reviewing the responses as three clarification amendments have been posted in the past couple of weeks.

Staffing News

The Multifamily Housing Group is pleased to announce the following staffing changes:

Korey Kopp is moving from a Quality Assurance Analyst position to a Business Analyst position; Trish Myrick has been promoted from an Asset Manager to the Quality Assurance Analyst position; Shreedhar Ranabhat has been promoted from an Asset Manager to Multifamily Development Officer; Emily Austin has been promoted to a Program Representative coming from our Administration Group and, we are currently recruiting for two Asset Manager positions.

Other Highlights

In response to providing temporary housing for households displaced by Hurricane Katrina, owners and agents are being informed of federal notices and requirements via WHEDA's subscription service and information posted on wheda.com. We have also met with our State's Emergency Management Office on numerous occasions to help educate their staff on housing issues. Approximately 30 waivers (required by the IRS) have been approved for owners of our tax credit properties to house evacuees.

Staff also met with various representatives from HUD-Minneapolis and HUD-Milwaukee to discuss strengthening our partnership by utilization of HUD's Risk Share Program, open communication regarding our Performance Based HUD Contract and information sharing regarding vacancies available to help Hurricane Katrina evacuees.

ECONOMIC DEVELOPMENT

Organizational Information

In September, Staff participated in many outreach activities targeted to lenders, borrowers, and economic development professionals. Activities included:

- Lender training in Port Washington for Ozaukee, Washington, and Sheboygan county lenders;
- Program presentation to existing and new business owners at UW-Sheboygan sponsored by Kohler Credit Union;
- Small Business presentation to Hmong Borrowers in Milwaukee along with other government agencies, the SBA, WWBIC, and the Small Business Development Centers;
- Meeting with the mayor of Green Bay and other economic development groups;
- Meeting with ED professionals and the Director of the Visitors and Convention Bureau in Sturgeon Bay;
- Participation in the Hispanic Chamber of Commerce National Convention in Milwaukee and a presentation to the Board of Directors of the Hispanic Chamber of Commerce;
- Meeting with the Wisconsin Women's Business Initiative and a senior lender with US Bank to find ways to collaborate and work together

Staff reviewed and recommended approval of two New Market Tax Credit projects in September. An approval of \$2.0 million was granted for a Ponderosa restaurant located on Martin Luther King Drive in Milwaukee to recapitalize the business while \$8.6 million in credits were approved to redevelop an industrial site in West Milwaukee and construct a Pick and Save grocery store.

Staff also met and discussed possible New Market Tax credit deals for La Causa and Burcyrus Irie and also a possible loan guarantee to the Urban League.

Besides doing presentations and meeting with prospects, staff is exploring several new program ideas. One of the programs involves working with businesses in need of gap financing when the collateral value of their business assets would not support bank financing. Potential projects could involve the sale of a business or business expansions. Staff is working with lenders in Central Wisconsin on a possible pilot program.

Staff is also exploring the possibility of developing a preferred lender's program where banks would be given the authority to approve their own WHEDA guarantees with limited review by WHEDA.

The Dane Fund is applying to Fannie Mae's CDFI fund for \$1.0 million in debt financing and is looking at the possibility of WHEDA providing a guarantee on the debt used to develop affordable housing.

Lastly, staff is considering a technology venture capital program designed to provide gap financing to smaller early stage startups that are unable to provide the rate of return or investment size sought by venture capital funds or angel investors.

Staff is also preparing for interviews for a new commercial underwriter.

Small Business Lending

In September a Small Business Guarantee for \$200,000 was approved for a start-up restaurant and coffee shop in downtown Mineral Point. The property is also a mixed-use property with eight apartment units.

During the month a Linked Deposit Subsidy for \$99,000 was approved.

Neighborhood Business Revitalization Lending

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

Agricultural Lending

In September, 9 CROP applications were approved for \$213,000 in guarantees. Calendar year to date, 437 CROP guarantees have been approved for \$12.3 million. This compares to 450 guarantees for \$9.4 million for the same period last year. Staff does not expect to exceed the \$15 million annual program benchmark since there is very little activity in this seasonal program in the calendar fourth quarter.

In September one FARM guarantee for \$22,000 was approved.

LEGAL

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

- A mortgage loan to Housing Initiatives, Inc. in the amount of \$500,000.00 for **Ruskin Street Homes** to provide 9 units of housing for families with disabilities in Madison. As long as the loan is outstanding, 9 Affordable Units (100% of total) will be set aside for occupancy by a qualified tenant whose income does not exceed 50% of the Dane County Median Income (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 Future Wisconsin Taylor County, LLC in the amount of \$500,000.00 and assignment and assumption by Future Wisconsin Taylor County, LLC of the balances of the first and second mortgage loans in the original loan amounts of \$1,933,278.00 and \$496,077.00 for **Taylor County Housing** to provide 36 units of elderly housing in Medford, 16 units of multifamily housing in Medford, and 12 units of elderly housing in Gilman. As long as the loan is outstanding, 48 Affordable Units (75% of total) will be set aside for occupancy by a qualified tenant whose income does not exceed 80% of the Taylor County Median Income (CMI) and 16 Affordable Units (25% of total) will be set aside for occupancy by a qualified tenant whose income does not exceed 50% of the Taylor 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 80% and 30% of 50%, respectively, of the Taylor CMI.
- A mortgage loan to PORCHLIGHT, INC. in the amount of \$463,804.00 for **Pheasant Ridge Trail** to provide 16 units of housing for the homeless in the Town of Madison. As long as the loan is outstanding, 16 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 43 Apple Hill, LLC in the amount of \$2,169,300.00 for **Apple Hill Townhomes**, to provide 43 units of multifamily housing in Ashwaubenon. As long as the loan is outstanding, 43 Affordable Units (100% of total) will be set aside for occupancy by households whose incomes do not exceed 60% of the Brown County Median Income (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 appropriate Brown CMI. This project utilizes Affordable Housing Tax Credits.
- A mortgage loan to Park East Enterprise Lofts, LLC in the amount of \$6,585,400.00 for **Park East Enterprise Live-Work Lofts** to provide 85 units of multifamily housing in Milwaukee. As long as the loan is outstanding, 39 units (46% of total) will be set aside for occupancy by households whose incomes do not exceed 50% of the Milwaukee County Median Income (CMI) and 29 units (34% of total) will be set aside for occupancy by households whose incomes do not exceed 60% of the Milwaukee 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 Milwaukee CMI. This project also utilizes Affordable Housing Tax Credits.

COMMUNITY DEVELOPMENT

Community Development kicked into overdrive during August and September to spread word of WHEDA's proposed modernization legislation and to develop stronger ties with lenders, developers and community partners. It was also a busy time for public appearances by the executive office. Combined with events involving the governor and lieutenant governor, activity led to significant and positive press exposure for WHEDA, statewide and nationally.

Outreach - Lenders and Real Estate Professionals

Staff continued statewide lender visits to promote business and housing finance programs. Staff also conducted information sessions for two new HOME program lenders, and promoted availability of live and taped "webinars," interactive training that WHEDA offers via the Internet.

Staff met with a group of mortgage bankers, servicers and managers from Racine and Kenosha area M&I branches to discuss lending trends for WHEDA and the market in general. Minority home buying trends were also a topic. The lenders observed that FHA is in the two counties consuming a greater percentage of the first time home buyer market. Key reason: No money down. Of the two counties, Racine is perceived to offer the greater opportunity for increasing WHEDA home loans in low to moderate income homebuyers, because housing values have increased to a point where few affordable single-family homes exist in Kenosha County.

Outreach - Community

Staff met with community leaders, economic development professionals, lenders and others across the state to inform them of the WHEDA modernization legislation. Staff also paid visits to economic development officials in numerous counties, including Monroe, La Crosse, Barron and Polk counties. Staff coordinated and attended meetings with local officials and economic development professionals in Brown and Door Counties for the new economic development director.

Staff coordinated Capital for the Day in Manitowoc and Sheboygan Counties for the executive director.

Two homebuyer workshops attracted 35 citizens to Christian Faith Fellowship church on Milwaukee's far northwest side.

Staff also:

- set up and attended a workforce housing meeting in Onalaska.

- participated in the planning committee meetings for the Fox Cities Money Conference and the Shawano/Menominee Money Conference
- held four "Lunch & Learn" home buyer information sessions for employees as a follow-up to our Workforce Housing Initiative efforts with an Appleton-area company.
- met with the executive director of Neighborhood Housing Services of Southeastern Wisconsin regarding serving on the organization's board, minority lending issues and WHEDA's modernization bill.
- participated in the Bay-Lake Regional Planning Commission's Economic Development Advisory Committee and the Housing Advisory Committee meetings
- toured the Avanti properties in Hurley with the Executive Director. These properties include two nursing homes and two elderly properties, three of which involve WHEDA financing. One nursing home may be a candidate for conversion pilot.
- facilitated the Adams County Vision Team group with discussion on community project to increase tourism.
- co-facilitated the Highway 29 Community Partnership, working on a project involving local history and tourism development.
- joined in development of a housing survey in Juneau County. Partners include WHEDA, JCEDC, Dept of Aging, UW Ext, Wisconsin Partnership for Housing,
- traveled with the Executive Director to Tomah and La Crosse and visited Media, City Officials, NMTCC Project, NBRG Project, and 7 Rivers Region Alliance
- visited with residents of a 24-unit mobile home park currently for sale. Most units would be difficult to move to another site, if one could be found. In related efforts, staff heard from Mike Kornmann, UWEX agent in Burnett County; Jason Serck, City Planner in Superior; and Troy Sherwinski of Butternut Housing Partnership about trailer courts threatened by development.
- met with local officials and discussed needs for large economic developments such as a camping and recreation park in Forest County and small businesses such as a Gift and Candy shop in Rhinelander
- participated in the Home Buyer's Council of Dodge County's monthly meeting in Beaver Dam. We discussed ways to make our organization more visible to the community and toured several Paint and Fix-up homes that WHEDA funded.
- attended the Downtown Beloit Development Team meeting to discuss and review two Economic Development projects that Downtown Beloit is considering. The projects entail mixed retail and housing units. The City of Beloit is critically analyzing the feasibility of the projects and what role WHEDA might play.
- attended a meeting regarding the financing and development of a mixed use senior co-op in downtown Darlington. The purpose of the meeting was to assess the interest of the Darlington Development Corporation in the project
- attended a meeting regarding the possible acquisition and renovation of an Arts Center building in downtown Dodgeville. The building would be used for office space for several non-profits and state

agencies. Also, the joint venture would enable a "one stop shop" for Iowa County social services.

Staff also began researching alternative media outlets to increase outreach to Latino, Hmong, and African-American markets. In specific minority activity:

- **Native American Community**

The first tribe approved WHEDA documents that will allow the Authority to do home loans on tribal trust land. The Red Cliff tribe approved the papers on August 23. Two other tribes very close to formal approval are the Menominee and the Lac du Flambeau. Staff assisted the Executive Director, who met with representatives of the Lac du Flambeau tribe, discussing the importance of their adoption of WHEDA documents for home loans; tribal participation in the QAP for tax credits. Other topics included WHEDA's hope that it would in the future reach accords with tribes regarding economic development on tribal trust land and the importance of WHEDA's knowledge of HUD and NAHASDA.

Staff attended the HUD/ONAP Summit on Indian Housing in Reno, NV. Conference focused on creative partnerships for tribes to increase rental units and expand home ownership. Other than New Mexico and Arizona, Wisconsin was the only state agency in attendance, although significant emphasis was placed on importance of LIHTC, and tribes' access to them.

- **Hmong Community**

Staff participated in a WHEDA introductory program for the Hmong population in Wausau and assisted in the executive director's appearance at the annual Hmong Festival in Green Bay.

- **Latino Community**

WHEDA's Mobile Office set up at Mexican Fiesta in Racine. WHEDA partnered with Neighborhood Housing Services of Southeastern Wisconsin (NHS), the Bank of Elmwood and others to help build awareness for our programs in the Hispanic community.

Staff also participated in the National Hispanic Chamber Conference in Milwaukee and promoted WHEDA products with a trade show booth.

- **African American Community**

Staff met with Citizens Bank's newest African American mortgage loan originator, providing information regarding WHEDA products. The bank is very interested and committed to using WHEDA product and will work with us to attract more African American Loans in the Milwaukee market.

Staff also met with North Shore Bank representatives to discuss declining African American loans originating in Milwaukee. The bank indicated that its African American loan volume is down also and that it would like to work with WHEDA to look at opportunities for new product development to attract more African American lending.

Marketing

The Web Team designed new web pages to publish the WHEDA Resource Tool Kit and Single Family On Demand Training sessions on wheda.com. The team completed web page layout and design for the December Multifamily Conference materials and online registration. In addition, layout and planning are underway for the new Emerging Business web pages to support WHEDA's Emerging Business Forum in November.

Staff also:

- coordinated briefings for supporters testifying against the immigrant lending bill.
- coordinated trade booth, advertising, Mobile Office, and modernization bill outreach for the annual Wisconsin Realtors Conference in Wisconsin Dells
- assisted the Executive Director in preparing for a taped appearance in a Gorman & Company promotional video regarding affordable multifamily housing.
- attended the ribbon cutting ceremony for the City of Beloit's Redevelopment project. WHEDA provided \$300,000 to this project.

Media Relations and Public Relations

Staff prepared press materials, speaking materials and scheduling for the lieutenant governor's visit to Superior announcing both a New Markets Tax Credit award and a Low Income Housing Tax Credit deal.

For the announcement of the Authority's modernization bill, staff helped develop a news release for use by the governor's office, coordinated with several co-sponsoring legislators, and prepared background materials for news media, partners and supporters. Staff also advanced the executive director's participation in the governor's northern tour, arranging newspaper and radio interviews.

Staff also:

- provided background materials for a visit by the governor to distressed neighborhoods in Milwaukee and for the governor's northern tour.
- distributed a news release on a WHEDA emergency housing grant for tornado victims in south central Wisconsin.
- assisted the Executive Director by preparing itineraries, remarks and other materials for several public venues, including a National Council of State Housing Boards workshop in Colorado Springs discussing New Markets Tax Credits; testimony before the State Senate in opposition to a bill that would end WHEDA's immigrant lending program; an event celebrating the major rehabilitation of central city Milwaukee housing into Lindsay Commons; presentation of a grant check to the Red Cross in Dane County; a visit with the mayor of West Bend and local business officials; and a media tour in La Crosse and Monroe counties to promote modernization.
- helped the Division of Housing and Community Development craft language specific to WHEDA for use in the state's recurring fair housing plan.
- handled numerous inquiries from state and national news media and citizens regarding the immigrant lending program, arranging the executive director's on-camera interview with Fox News Channel and providing the Milwaukee Journal Sentinel with background materials that led to a supportive editorial.

Conferences and Training

Staff participated in a Money Smart training program coordinated by UW Extension offices in Sauk, Juneau and Adams counties. Staff presented materials to improve adult learning and supplemental material for teaching financial literacy.

Staff also attended the rural entrepreneurship program sponsored by the North Central Regional Center for Rural Development, the internal diversity workshop for WHEDA staff, and a Latino Culture Workshop in Sparta.

Staff manned a booth at the Wisconsin Association of Housing Authorities Conference in Appleton, sharing information about the Modernization Bill, multifamily programs, and handing out the WHEDA Resource Toolkit CD.

Staff also manned WHEDA booths at the 2005 Synergy Conference in Eau Claire, the Bootstrap: 7 Rivers Region Innovation Fair in Onalaska, the Community Bankers of Wisconsin conference and the Wisconsin Realtors Association fall convention.

INFORMATION TECHNOLOGY

New Initiatives:

- **2006 cycle setup and LOLA modifications:** This project involves getting LOLA ready to receive 2006 applications for tax credits. We need to modify the system to accommodate changes made to the QAP. We are also going to make some enhancements requested by external and internal users of the system. We must complete this project by very early January but will try to complete it sooner.
- **Windows XP SP2:** Service Pack 2 is a significant update to the desktop operating system. It includes a large number of fixes and enhancements. We consider this our first significant upgrade to the XP operating system since we implemented it in 2002. We will test every application for compatibility with service pack 2 before implementing it. We are tentatively planning to complete this upgrade by March 31, 2005.
- **ITIL – Best Practices for Problem Management:** ITIL stands for “Information Technology Infrastructure Library” and it is a framework of best practices used to deliver high quality Information Technology services. We have created a small team (Joe, Jim, Dana, Greg and Joyce) to determine the best practice and process for the “problem management” portion of ITIL. Think of this as a process improvement initiative.

In-progress:

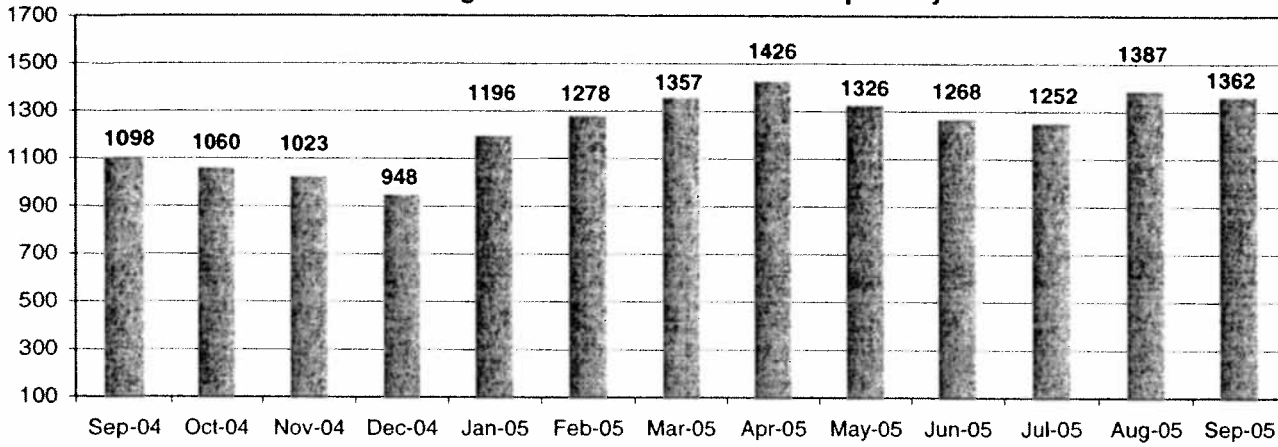
- **Lender System Conversion:** The Lender System’s primary purpose is to track lenders certified to participate in our single family lending and economic development programs. The conversion project involves migrating the software application from the Informix environment (which we will retire in 2006) to current technology standards while making certain functionality improvements. I am disappointed to report that this project has fallen off schedule again. We had been targeting an October 15 completion date, which we will not make. Basically, there are two problems. First, this project has not been getting the staff resources it needs and we are trying to resolve this. Second, it appears that we underestimated the amount of and complexity of the development work.
- **New single family underwriting system:** The selection team completed their evaluation and unanimously recommended the E3 system from Harland Financial Services. Harland also is the vendor of the system we use for single family loan servicing. The Finance Committee approved the award and we are now in contract negotiations. We are tentatively planning to begin implementation in November.

Completed:

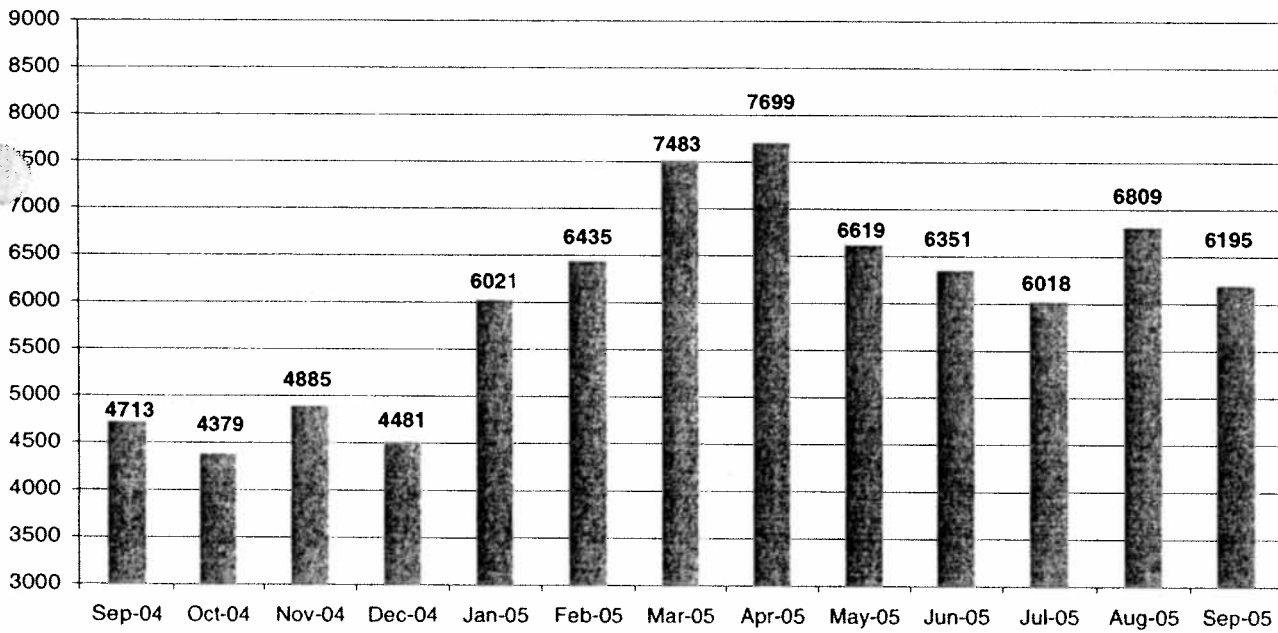
- **VPN Implementation:** All required users have been set up with VPN access. We have had a couple of small problems that we are working through.
- **Laptop Replacement Project:** The new IBM laptops have been deployed.

WHEDA.com Statistics
September 2004 – September 2005

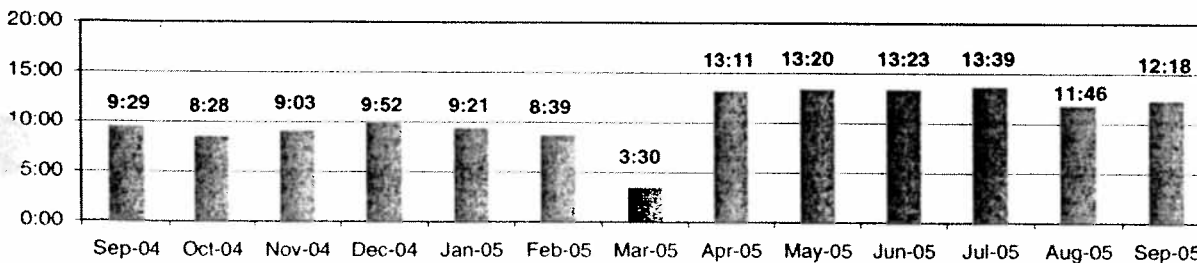
Average Number of User Sessions per Day



Average Number of Page Views per Day



Average Length of User Sessions per Day
(in minutes)



WHEDA e-Business Applications

(Utilization per Application) Sep-04 Oct-04 Nov-04 Dec-04 Jan-05 Feb-05 Mar-05 Apr-05 May-05 Jun-05 Jul-05 Aug-05 Sep-05 09/01 - 09/05 Total

Single Family Originations

Compliance Income Worksheet (Visitor Sessions):	291	259	244	338	313	458	470	372	391	348	397	415	4,297
eMagic Volume	17	13	11	20	67	101	94	66	67	63	48	49	634
eMagic (web) preapprovals	69	52	38	62	14	32	29	26	24	19	13	23	451
MIGIC (faxed data entry)	417	370	253	258	389	655	648	641	687	592	686	494	6,420
Total Loans Rate Locked	134	101	70	85	121	189	222	174	202	194	250	175	2,024
Rate Lock On-line	32%	27%	28%	33%	31%	29%	34%	27%	29%	33%	36%	35%	32%
Percentage Online:													

Home Funding eWHEDA

Application	394	355	263	185	210	359	520	547	571	567	569	524	5,380
Total loans funded	47	44	21	20	21	41	50	54	59	43	68	56	564
Loans funded online													

Single Family Servicing

Servicer Online Account	509	511	526	421	414	492	426	473	493	479	526		5,747
Remittance (SOAR)													
Total number of transactions	\$14,888,437	\$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	\$20,417,619.57		\$195,530,507
Dollar amount of transactions	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		100%
Percentage online:													

MF Occupancy Reporting

Projects Reporting	847			850						850			3,397
Number of Transactions Submitted	689			705						698			2,865
On-line	81%			83%						83%			84%
Percentage Online:													

Form 500/ Disbursements

Reports	130	115	235	59	132	191	187	149	151	122	155	183	1,962
Total forms submitted	45	51	92	51	111	123	134	104	130	102	140	164	1,439
Total forms submitted online	\$872,680	\$211,570	\$681,610	\$248,544	\$444,438	\$536,928	\$750,893	\$492,064	\$790,828	\$468,378	\$649,490	\$820,490	\$8,367,220
Total amount submitted online													

Secure Email Statistics

Encrypted Messages Sent	266	215	178	176	67	62	67	56	83	61	83	76	1,390
Decrypted Messages Received	85	73	64	56	33	32	36	16	21	16	105	113	650

Wisconsin Flood Decisions

Housing searches for the month	4,235	3,838	7,661	8,189	6,958	4,095	4,373	5,431	4,795	49,575
Number of units listed	75,053	80,077	90,000	99,898	111,000	114,000	117,000	120,000	125,000	932,028

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

ADMINISTRATION

Human Resources

In September the employment level was 162.40, with an attrition rate of 4.31%.

Current recruitments in the month of September include:

- Paralegal, Legal Services
- Software Developer/Analyst, Information Technology
- Receptionist, Administration
- Business Analyst, Single Family Housing
- Commercial Underwriting Officer, Economic Development
- Loan Program Specialist, Single Family Housing
- Multifamily Asset Manager, Multifamily Housing

Resource Management

The Resource Management Team assisted staff with a variety of projects in September.

Facilities Management

No updates to report.

FINANCE

Financial Statement Highlights

The Authority reported net income of \$2.7 million for the month ended August 31, 2005 (before the adjustment for the change in market value of investments) which was \$825,000 more than budgeted.

Mortgage income for the month totaled \$10.4 million and was \$601,000 greater than budget. The high volume of single family mortgage originations contributed the majority of the favorable variance.

Investment income of \$1.5 million, for the month of August was in line with budgetary expectations.

Bond interest expense for the month of August was \$7.9 million or \$127,000 less than budget. The variance was attributable to a favorable rate variance in the single family program. The actual average rate for single family bonds was 4.18% which was 26 basis points less than budgeted.

Other income of \$1 million was \$208,000 greater than budget. This positive variance was the result of the collection of fees related to Affordable Housing Tax Credits. These fees are received at various times throughout the year but are budgeted evenly throughout the year.

Grants and Services expense for the month of August was \$255,000 or \$187,000 over budget. A \$200,000 grant, approved by the members of the Authority in June 2005, was issued for the 20th and Walnut development project in Milwaukee. The budget variance is expected to reverse itself during the course of the year.

General and administrative expenses (G&A) for the month ended August 31, 2005 totaled \$1.4 million and were \$87,000 less than budget. This is expected for this time of year.

Finance Group Activities

During September, \$12.1 million of commercial paper, used to finance the building, was remarketed. The average cost for the month of August was 3.08% and the average maturity was 42 days.

The single family bond issue for \$150 million was closed at the end of September. It will provide proceeds to purchase new loans until December. The mortgage rate to achieve full spread is 5.27%, substantially below the current rate of 5.625%. This difference will provide a hedge against future rate changes in the single family program.

DRAFT

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Unaudited Financial Statements

August 2005

Table of Contents

Comparative Balance Sheet August 2005 and August 2004 Exhibit A

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

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Consolidated Balance Sheet
August 31, 2005

(Unaudited)

(In Thousands of Dollars)

Actual 2005	Budget FY06	Favorable/ (Unfavorable)		Actual 2005	Actual 2004	Favorable/ (Unfavorable)
ASSETS						
548,445	547,210	1,235	Cash, Cash Equivalents & Investments *	548,445	770,022	(221,577)
2,130,282	2,062,823	67,459	Mortgage Loans Receivable, Net	2,130,282	1,817,308	312,974
744	838	(94)	Real Estate Held	744	1,220	(476)
16,365	17,509	(1,144)	Accrued Interest Receivable	16,365	15,736	629
14,850	14,704	146	Deferred Debt Financing	14,850	13,924	926
23,367	22,114	1,253	Other Assets	23,367	25,084	(1,717)
<u>2,734,053</u>	<u>2,665,198</u>	<u>68,855</u>	Total Assets	<u>2,734,053</u>	<u>2,643,294</u>	<u>90,759</u>
LIABILITIES						
2,159,637	2,091,576	(68,061)	Bonds & Notes Payable	2,159,637	2,095,587	(64,050)
38,370	37,630	(740)	Accrued Interest on Bonds & Notes	38,370	33,981	(4,389)
90,415	90,767	352	Escrow Deposits	90,415	91,437	1,022
53,574	39,818	(13,756)	Other Liabilities	53,574	50,077	(3,497)
<u>2,341,996</u>	<u>2,259,791</u>	<u>(82,205)</u>	Total Liabilities	<u>2,341,996</u>	<u>2,271,082</u>	<u>(70,914)</u>
FUND BALANCE						
Restricted Funds:						
226,629	236,839	(10,210)	Bonded Program Funds	226,629	210,038	16,591
5,062	5,075	(13)	Administered Funds-State Programs	5,062	5,202	(140)
160,366	163,493	(3,127)	General Funds:			
			Encumbered	149,849	146,048	3,801
			Current year Dividends Plan (Undesignated)	8,066	8,150	(84)
			Funds Accumulated for next year's Dividends Plan	2,451	2,774	(323)
<u>160,366</u>	<u>163,493</u>	<u>(3,127)</u>	Total General Funds	<u>160,366</u>	<u>156,972</u>	<u>3,394</u>
<u>392,057</u>	<u>405,407</u>	<u>(13,350)</u>	Total Fund Balance	<u>392,057</u>	<u>372,212</u>	<u>19,845</u>
<u>2,734,053</u>	<u>2,665,198</u>	<u>68,855</u>	Total Liabilities & Fund Balance	<u>2,734,053</u>	<u>2,643,294</u>	<u>90,759</u>

- * Includes unrealized loss on investments of \$1.1 million as of August 31, 2005, an unrealized loss on investments of \$2.7 million in the FY06 budget, and an unrealized gain on investments of \$62,000 as of August 31, 2004 in accordance with GASB #31. Investments before the GASB adjustment total \$383 million for August 2005 and \$630.5 million for August 2004.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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

(Unaudited)

(In Thousands of Dollars)

Current Month				Fiscal Year-to-Date		
Actual	Budget	Favorable/ (Unfavorable)		Actual	Budget	Favorable/ (Unfavorable)
10,368	9,767	601	Mortgage Income	20,324	19,742	582
1,471	1,452	19	Investment Income	3,074	2,636	438
			Interest Expense & Debt			
(7,879)	(8,006)	127	Financing Costs	(15,708)	(15,528)	(180)
3,960	3,213	747	NET INTEREST INCOME	7,690	6,850	840
255	229	26	Mortgage Servicing Fees	503	457	46
788	606	182	Other Income	1,451	1,222	229
5,003	4,048	955	NET INTEREST & OTHER INCOME	9,644	8,529	1,115
			DEDUCT: Expenses			
314	315	1	Mortgage Loan Servicer Fees	624	616	(8)
375	348	(27)	Other Loan Program Expenses	709	680	(29)
250	63	(187)	Grants & Services	262	127	(135)
1,047	1,119	72	Personnel Expense	2,068	2,238	170
101	102	1	Professional Services	228	204	(24)
135	138	3	Occupancy Expenses	257	276	19
13	28	15	Marketing Expenses	19	56	37
89	85	(5)	Other G&A Expenses	133	169	36
(10)	(14)	(4)	Deferred G&A Expense	(17)	(29)	(12)
2,314	2,184	(130)	Total Expenses	4,283	4,337	54
2,689	1,864	825	Results Before Extraordinary Items and change in fair value of investments	5,361	4,192	1,169
401	0	401	Net Increase(Decrease) in fair value of investments (GASB #31 Adj.)	(273)	0	(273)
0	0	0	Extraordinary Gains (Losses): Extraordinary - Other	0	0	0
3,090	1,864	1,226	NET INCOME (LOSS)	5,088	4,192	896



WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

DAVID KRUGER, CHAIRMAN

**Report of the Directors Loan Committee to the
October 17, 2005 meeting of the Members**

Jim Doyle
Governor

The Directors Loan Committee met on August 3, August 19 and September 19. Attached are the Minutes of the meetings.

Perry Armstrong
Chairman

David Kruger, Chairman

Antonio R. Riley
Executive Director

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www.wisconsin.gov

WHEDA supports equal
housing opportunities for
all persons

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

**MINUTES
AUGUST 3, 2005
8:00 a.m.**

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

**COMMITTEE MEMBERS PRESENT
VIA TELECONFERENCE:**

David Kruger
Perry Armstrong
Dan Lee
Geoffrey Hurtado

**AUTHORITY STAFF PRESENT
VIA TELECONFERENCE:**

Nelson Flynn, Deputy Executive Dir / Gen Counsel

AUTHORITY STAFF PRESENT:

Mary Zins, Director, Credit
Rae Ellen Packard, Director, Asset Management
Laura Morris, Chief Financial Officer
Hèctor Colòn, Director, Economic Dev
Michael Ash, Manager, Credit
Sharon Rambadt, Manager, Asset Management
Chris Gunst, Executive Assistant
Farshad Maltes, Senior Research & Policy Analyst
Bev Smith, Operations Officer

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

David Kruger called the meeting to order at 8:05 a.m.

**APPROVAL OF MINUTES OF JULY 22, 2005 MEETING
(Agenda Item B)**

A motion was made by Geoffrey Hurtado, seconded by Perry Armstrong that the Members of the Directors Loan Committee hereby approve the minutes of the July 22, 2005 meeting. Motion carried unanimously. Resolution Number 6516

DECISION ITEMS

(Agenda Item C1)

Michael Ash presented for consideration the amended 2005-2006 Low Income Housing Tax Credit Qualified Allocation Plan (QAP). Discussion followed. Items discussed included:

- Category 1 – Work on defining specific low income and distressed areas next year. Scoring is not changed.
- Category 3 – Leave in because historically some projects did not have community support.
- Category 6 – In the past there was a conflict between the tax credit set-asides and other housing programs. Preservation projects to compete on bad playing field.
- Category 7 – Special needs population is only 3% of the Section 8 and WHEDA loan portfolio. Average age is 80 -81 years old, they then go to nursing homes or expire. Because of the services associated with these units, they are very expensive to operate. Other government support is needed to make these units affordable. WHEDA is working with DHFS to obtain Medicaid waivers to use with these units.
- Category 9 – The current category left new construction at a disadvantage. Looking for minimum amenities not the highest costs to get points. Syndicators are looking for design and quality. Losing the adaptive reuse advantage.
- In the future if the federal rules are changed, we would be able to give more credits to reduce rents for the lowest incomes.
- Establish preservation set-aside at 40% and General set-aside at 30%. This should not be an issue for the developers.
- Technical issues on expiring tax credit deals (credit upon credit) needs to be resolved before expiring credits can participate in preservation set-aside.
- Expiring tax credit projects may be easier to convert to market rate than Section 8 projects.
- QAP does not give points for mixed use properties. This style is usually driven by the local municipalities.
- Next year's QAP will incorporate REAC score on other risk variables.
- Process changes for QAP:
 - Cap on credits – new developments start at ground zero in following year. Existing allocations are grandfathered in.
 - Rural Set-aside: Staff to investigate other guidelines for rural qualifications other than OMB.

Dan Lee moved, seconded by Perry Armstrong that the Members of the Directors Loan Committee hereby recommend to the Members of the Authority Board of Directors the revisions to the Amended 2005-2006 Low Income Housing Tax Credit Qualified Allocation Plan as described in the Decision Paper dated June 21, 2004 contingent upon: 1) changing the Preservation Set-aside to 40 percent and the General Set-aside to 35 percent of the State's annual credit allocation; 2) changing eligibility for the Rural Set-aside to a community-based definition rather than the OMB county-wide definition. Motion carried unanimously. Resolution Number 6517

DISCUSSION ITEMS
(Agenda Item D)

Farshad Maltes presented applying for a 2006 New Markets Tax Credit Allocation (NMTC). Discussion followed. Items discussed included:

- WHEDA does not have past experience with commercial real estate loans – would have a better chance of receiving an allocation award with a CDFI partner.
- Will need to apply through WCDLF for history of allocations.
- Impact 7 is applying on their own for a four state area.
- WHEDA should look to other possible partners for the next application. Johnson Bank? – MEDC? Dane Fund? Or combination thereof.
- Need a better fee structure going forward.
- WHEDA would like control of a larger portion of the allocation award.

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 10:25 a.m.

The next regularly scheduled meeting of the Directors Loan Committee is August 19, 2005 in the Board Room.

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

MINUTES
AUGUST 19, 2005
8:00 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
Cheryll Olson Collins

AUTHORITY STAFF PRESENT: Antonio Riley, Executive Director
Nelson Flynn, Deputy Executive Dir / Gen Counsel
Mary Zins, Director, Credit
Rae Ellen Packard, Director, Asset Management
Laura Morris, Chief Financial Officer
Michael Ash, Manager, Credit
Sharon Rambadt, Manager, Asset Management
Chris Gunst, Executive Assistant
Jim Rodgers, Risk Management Officer
Farshad Maltes, Senior Research and Policy Analyst
Gary Levandoski, Commercial Underwriting Officer
Robb Mappes, Commercial Underwriting Officer
Bev Smith, Operations Officer

CALL TO ORDER/ROLL CALL
(Agenda Item A)

David Kruger called the meeting to order at 8:05 a.m.

APPROVAL OF MINUTES OF AUGUST 3, 2005 MEETING
(Agenda Item B)

A motion was made by Perry Armstrong, seconded by Cheryll Olson Collins that the Members of the Directors Loan Committee hereby approve the minutes of the August 3, 2005 meeting. Motion carried unanimously. Resolution Number 6524

DECISION ITEMS

(Agenda Item C1)

Jim Rodgers presented for consideration a loan approval on behalf of Berlin Housing in Berlin. Discussion followed. Items discussed included:

- Repositioning of the loan in the 90's was to preserve the units because of expiring HAP.
- This loan protects the HAP and strengthens WHEDA's position.
- Obtaining a PILOT will partially determine the project's future success.
- Buyer is a non-profit with a good track record with other WHEDA projects.

Dan Lee moved, seconded by Perry Armstrong that the Members of the Directors Loan Committee approve:

- 1.) An SOS long-term mortgage loan to Future Wisconsin Berlin Housing LLC, "The Borrower", in an amount not to exceed \$1,814,970 from available funds, and
- 2.) Loan approval will be contingent on Future Wisconsin Berlin Housing LLC being able to secure at least \$275,000 grant from the Federal Home Loan Bank (FHLB).

Funds for all mortgage loans shall be used in accordance with the Decision Paper entitled, "Loan Approval for Berlin Housing", dated August 9, 2005. Motion carried unanimously. Resolution Number 6525

DISCUSSION ITEMS

(Agenda Item D1)

Farshad Maltes presented an update on the New Markets Tax Credits. Discussion followed. Items discussed included:

- Projects should be coming in over the next six weeks from Legacy-Waveland.
- WHEDA will partner with The Dane Fund, Community Bankers of Wisconsin and Legacy-Waveland for the 2006 NMTC application.
- WHEDA will be in a position to apply on it's own for the 2007 allocation.
- The process of developing partners needs to start earlier in the year.

(Agenda Item D2)

There was no discussion regarding the quarterly reports.

(Agenda Item D3)

There was no discussion regarding the watchlists.

(Agenda Item D4)

Chris Gunst gave a brief update on the Columbus Park legislation.

OTHER BUSINESS
(Agenda Item E)

Michael Ash presented the Members with the requested change for the QAP definition of a rural area.

Today is the last DLC Meeting for Michael Ash because he has taken a position with Gorman and Company.

ADJOURNMENT
(Agenda Item F)

David Kruger declared the meeting adjourned at 9:20 a.m.

The next regularly scheduled meeting of the Directors Loan Committee is September 7, 2005 in the Board Room.

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

**MINUTES
SEPTEMBER 19, 2005
10:30 a.m.**

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

COMMITTEE MEMBERS PRESENT: David Kruger

COMMITTEE MEMBERS PRESENT
VIA TELECONFERENCE: Cheryll Olson-Collins
Dan Lee
Perry Armstrong
Geoffrey Hurtado

AUTHORITY STAFF PRESENT
VIA TELECONFERENCE: Hèctor Colòn, Director, Economic Dev

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
Farshad Maltes, Senior Research and Policy Analyst
David Luedcke, Multifamily Development Officer
Sue Falch, Multifamily Development Officer
Gary Levandoski, Commercial Underwriting Officer
Robb Mappes, Commercial Underwriting Officer
Lori Zander, Program Representative

CALL TO ORDER/ROLL CALL
(Agenda Item A)

Mr. Kruger called the meeting to order at 11:12 a.m.

APPROVAL OF MINUTES OF SEPTEMBER 19, 2005 MEETING
(Agenda Item B)

A motion was made by Geoffrey Hurtado, seconded by Cheryll Olson-Collins that the Members of the Directors Loan Committee hereby approve the minutes of the September 19, 2005 meeting. Motion carried unanimously. Resolution Number 6539.

DECISION ITEMS

(Agenda Item C1)

Dave Luedcke presented for consideration a Loan Approval on behalf of Kramer Lofts, Milwaukee. Discussion followed. Items discussed included:

- Adjacent Parcel
- Status of other projects done with this developer

Mr. Hurtado moved, seconded by Mr. Lee that the Members of the Directors Loan Committee hereby approve a construction mortgage loan to Kramer Lofts, LLC "The Borrower" in an amount not to exceed \$8,800,000 utilizing funds in such amount from WHEDA Revolving Fund, and a long-term mortgage loan to Kramer Lofts, LLC "The Borrower" in an amount not to exceed \$3,585,000 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 Kramer Lofts", dated September 19, 2005. Motion carried unanimously. Resolution Number 6540.

(Agenda Item C2)

Gary Levandoski presented for consideration a New Market Tax Credit Application Approval on behalf of Great Wealth, LLC, d/b/a Ponderosa Steakhouse in Milwaukee. Discussion followed. Items discussed included:

- Legacy Bank existing debt
- Stella Love is on the Board of Legacy Bank

Mr. Hurtado moved, seconded by Mr. Armstrong that the Members of the Directors Loan Committee, based on the information provided in the decision paper, find the Great Wealth, LLC, d/b/a Ponderosa Steakhouse project to be economically feasible, meets the eligibility requirements, and 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 Great Wealth, LLC, d.b.a. Ponderosa Steakhouse", dated September 19, 2005. Motion carried unanimously. Resolution Number 6541.

(Agenda Item C3)

Gary Levandoski presented for consideration a New Market Tax Credit Application Approval on behalf of GC/BV 1, LLC a.k.a. GE Hotpoint in West Milwaukee. Discussion followed.

Mr. Armstrong moved, seconded by Mr. Hurtado that the Members of the Directors Loan Committee, based on the information provided in the decision paper, find the GC/BV 1, LLC, a.k.a. GE Hotpoint project to be economically feasible, meets the eligibility requirements, and 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 GC/BV 1, LLC, a.k.a. GE Hotpoint", dated September 19, 2005. Motion carried unanimously. Resolution Number 6542.

(Agenda Item C5)

Sue Falch presented for consideration a Loan Approval on behalf of Bayfield County Housing Redevelopment-90, Bayfield County. Discussion followed.

Mr. Armstrong moved, seconded by Mr. Lee that the Members of the Directors Loan Committee hereby approve a construction mortgage loan to Bayfield County Housing Redevelopment-90, LLC "The Borrower" in an amount not to exceed \$2,776,229 utilizing funds in such amount from the General Fund "Construction Plus". Motion carried unanimously. Resolution Number 6543.

(Agenda Item C6)

Farshad Maltes presented for consideration a Decision Paper on behalf of Graceville LLC, Milwaukee. Discussion followed. Items discussed included:

- Revised amount fills the \$30 million allocation to US Bank

Mr. Hurtado moved, seconded by Mr. Armstrong that the Members of the Directors Loan Committee hereby approve a New Markets Tax Credit allocation for the Graceville LLC project located at 318 N Water Street, Milwaukee WI is increased from \$7,958,324 to an amount not to exceed \$8,000,000. Motion carried unanimously. Resolution Number 6544.

DISCUSSION ITEMS
(Agenda Item D)

New Market Tax Credits Pipeline Report was presented by Farshad Maltes

OTHER BUSINESS
(Agenda Item E)

There was no other business to come before the Committee.

ADJOURNMENT
(Agenda Item F)

Mr. Kruger declared the meeting adjourned at 11:40 a.m.

The next regularly scheduled meeting of the Directors Loan Committee is October 5, 2005 in the Board Room.



WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

**Report of Approved Loans to the
October 17, 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 loans, new markets tax credits and/or guarantees listed below in August and September 2005.

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director

- Berlin Housing in Berlin – SOS
- Kramer Lofts in Milwaukee – MF Loan
- Bayfield County Housing Redevelopment -90 in Bayfield County – MF Loan
- WHPC Acquisition of WHEDA Flad Portfolio – Scattered Site - MF Loan
- Great Wealth LLC d/b/a Ponderosa Steakhouse in Milwaukee – NMTC
- GC/BV 1 LLC a.k.a GE Hotpoint in West Milwaukee - NMTC

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.

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

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

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WHEDA supports equal
housing opportunities for
all persons

Quarterly Fiscal Lending Activity

As of

September 30, 2005

Single Family Program	Apps Received	Loan Amount	Apps Funded	Loan Amount	Fiscal YTD Apps Funded	Loan Amount
HOME	1,749	180,494,739	1,642	180,494,739	1,642	\$180,494,739
HOME Plus *	392	3,708,654	392	3,708,654	392	3,708,654
HILP	50	553,879	28	343,141	28	\$343,141
Totals:	1799		1,670	180,837,880	1,670	\$180,837,880

* \$1,272,606 funded at closing - \$2,436,048 committed on line of credit

Multi Family Program	Apps Received	Loan Amount	Apps Approved	Loan Amount	Fiscal YTD Apps Approved	Loan Amount
Tax Exempt	10	10,610,231	4	28,836,586	17	43,151,612
Taxable	3	18,826,229			6	17,676,756
Totals:	13	29,436,460	4	28,836,586	23	60,828,368

Multifamily Approved and Denied Loans									
1st Quarter FY06									
Project Name	City	County	Loan Amount	# of Units	Type	Funding	Status		
WHPC, Dominion Portfolio	Scattered	Scattered	14,840,086	521	Family	Revolving Fund	Approved		
Florence Terrace	Florence	Florence	111,500	24	Family	SOS	Approved		
Camilla Court	Milwaukee	Milwaukee	1,500,000	62	Elderly	Construction Plus	Approved		
Kramer Lofts	Milwaukee	Milwaukee	12,385,000	55	Family	Construction Plus	Approved		
Prairie View Senior Apts	Rothschild	Marathon	2,890,000	40	Elderly	Revolving Fund	Dropped		
The Carriage House	Arcadia	Trempealeau	126,402	19	Family	Revolving Fund	Dropped		
Low Income Hsg Near Campus	Rice Lake	Barron	6,000,884	48	Family	Revolving Fund	Dropped		
Riverwood Apts	Gilman	Taylor	188,624	12	Family	Revolving Fund	Dropped		
North Bay Residence	Luck	Polk	394,502	4	Mixed	SOS	Dropped		

**Economic Development
Quarterly Lending Activity
As of
September 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	0	0
Small Business	12	1,336,577	6	719,200	6	719,200
Neighborhood Business Revitalization	0	0	0	0	0	0
CROP	44	1,106,805	54	1,376,676	54	1,376,676
FARM	8	342,251	8	342,251	8	342,251
Beginning Farmer Bond	0	0	0	0	0	0
LIDL	6	407,000	4	278,000	4	278,000
Totals:	70	3,192,633	72	2,716,127	72	2,716,127

Economic Development Guarantees Approved and Denied 1st Quarter FY06							
Name	Program	City	County	Loan Amount	Guarantee Amount	Type Of Business	Status
Form and Fitness Exercise Ctr.	WSBG	Mequon	Milwaukee	350,100	200,000	Service	Approved
Built Rite Cabinets	WSBG	Sheboygan	Sheboygan	114,000	91,200	Manufacturing	Approved
Wild Bill's	WSBG	Webster	Burnett	400,000	200,000	Retail Sales	Approved
Christy's Child Care Ctr., LLC	WSBG	Stevens Point	Portage	135,000	108,000	Child Care	Approved
Madison Drum and Bugle Corps.	WSBG	Sun Prairie	Dane	50,000	40,000	Service	Approved
Wood Workery Corp.	WSBG	Gillett	Oconto	100,000	80,000	Manufacturing	Approved
Royal Inn & Royal Beans	WSBG	Mineral Point	Iowa	320,000	200,000	Restaurant	Approved
Aligned for Health Chiropractic	WSBG	La Crosse	La Crosse	80,000	59,2000	Service	Denied
Country Shoe Store	WSBG	Platteville	Grant	40,000	32,000	Retail Sales	Denied

**Wisconsin Development Reserve Fund Balance
As of 8/31/05**

Reserve Amount Available as of 7/31/05	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
11,539,679	-0-	52,907	-0-	22,680	91	34,053	45,837	9,609	11,553,682

**Remaining Guarantee Authority
As of 9/30/05**

Guarantee Authority as of 8/31/05 *	Less: Guarantee Amount of Approved Apps	Less: Guarantee Balance of Active Loans	Equals: Available Guarantee Authority
49,500,000	1,733,154	32,359,233	15,407,613

* 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