

UTAH HOUSING CORPORATION
Minutes of Regular Meeting
October 30, 2014

PARTICIPANTS

Trustees:

Douglas DeFries, Chair
Kay Ashton, Vice Chair
Mark Cohen, Trustee
Lerron Little, Trustee
Ed Leary, Trustee
Jon Pierpont, Trustee
Robert Whatcott, Trustee

Staff:

Grant Whitaker, UHC President and CEO
Cleon Butterfield, UHC Senior Vice President and CFO
Jonathan Hanks, UHC Senior Vice President and COO
Kathy Crockett, UHC Executive Assistant

Guests:

Emma Gilchrist, Deloitte
Fred Olsen, Ballard Spahr

Trustees of the Utah Housing Corporation (UHC or Utah Housing) UHC staff, and guests met in a Regular Meeting on October 30, 2014 at 1:30 PM MDT via teleconference or in person at the Utah Housing Corporation offices.

The meeting was called to order by Chair, Doug DeFries. The Chair then determined for the record that a quorum of Trustees was present, as follows:

Douglas DeFries, Chair
Kay Ashton, Vice Chair (via teleconference)
Mark Cohen, Trustee (via teleconference)
Lerron Little, Trustee (via teleconference)
Ed Leary, Trustee (via teleconference)
Jon Pierpont, Trustee (via teleconference)
Robert Whatcott, Trustee (via teleconference)

The Chair excused the following Trustees:

Richard Ellis, Trustee
Lucy Delgadillo, Trustee

The President then reported that the Notice of the Regular Meeting was given to all Trustees of Utah Housing and that material addressing the agenda items had been distributed to the Trustees in advance of the meeting.

The President then acknowledged a Verification of Giving Notice, evidencing the giving of not less than 24 hours public notice of the date, time, place and summary of agenda of the Utah Housing Corporation Special Meeting in compliance with the requirements of the Open and Public Meetings Act, Section 52-4-202, Utah Code Annotated 1953, as amended; together with the form of Notice of Regular Meeting referred to therein; and also the required public notice of the 2014 Annual Meeting Schedule of Utah Housing will be entered into the Minutes.

Mr. DeFries began by welcoming the participating Trustees, staff and guests.

The Chair called for the first agenda item.

1. Approval of the Minutes of July 31, 2014, Regular Meeting

The President had provided each Trustee with a copy of the written minutes of the July 31, 2014, Regular Meeting, and the Trustees acknowledged they had sufficient time to review these minutes. Mr. DeFries asked for any discussion on the July 31, 2014 minutes as presented.

Following any discussion, the Chair called for a motion.

**MOTION: APPROVE THE WRITTEN MINUTES OF THE
REGULAR MEETING OF July 31, 2014**

Made by: Lerron Little
Seconded by: Kay Ashton
Vote: Unanimous approval

The Chair called for the next agenda item.

2. Report of Audit Committee: Presentation by Deloitte

Mr. DeFries asked Trustee Bob Whatcott, Chair of the Audit Committee, to begin discussion.

Mr. Whatcott reported that the audit committee, consisting of Ed Leary, Richard Ellis and himself, met by conference call on October 28th. Deloitte was represented by Emma Gilchrist and Greg Dixon. Staff members present included Cleon Butterfield and Chad Moore. Mr. Whatcott expressed appreciation to them for filling in the committee on all the important information gathered during the audit, and he said once again the staff has done extremely well. UHC received an unqualified opinion, which means a good bill of health. He commended Chad Moore, UHC Controller, Barbara Allred, Assistant Controller, and Cleon Butterfield, Senior Vice President and CFO, and all the other accounting staff involved in the audit and he expressed appreciation for the work both that UHC staff and Deloitte has done.

Cleon Butterfield expressed appreciation to the accounting staff for their diligence and timely preparation of the financials. The audit report came out as we hoped and the audit was completed on time. He complimented Deloitte for the work on the audit, cooperation they showed and the timeliness of their completion. He reviewed certain highlights of the financial statements included in the audit report that had been provided to the Board members, including a description of changes made to certain accounts and the net income earned compared to a year before.

Emma Gilchrist, representing Deloitte, commented that the audit was completed successfully and with the help of the corporation's team headed up by Cleon Butterfield and Chad Moore, the financial statements and the related audit was clean. She noted there were no findings of non-

compliance and that the review of controls enabled Deloitte to issue their opinion with no deficiencies or material weaknesses.

Mr. Whitaker stated that Utah Housing has appreciated the high quality work, professionalism, and the good relationship with everyone from Deloitte who worked on the account. He noted that Deloitte has the depth of resources to understand the complex transactions of Utah Housing Corporation. He noted that this was the fifth year the audit was done by Deloitte and the final year of the contract. UHC will issue an RFP next year to solicit proposals from accounting firms to perform the audits and we hope Deloitte will submit a proposal in response. He acknowledged Mr. Butterfield, Mr. Moore, Barbara Allred and the entire staff of the Financial Services Department, stating that they did a stellar job getting everything ready for an on time report this year.

Mr. DeFries then concluded that the audit reports are informational for the Board so there is no vote or approval required. He thanked Deloitte and the staff for the work and the excellent report.

The Chair called for the next agenda item.

3. **Resolution 2014-14** Authorizing the issuance of Tax Exempt GNMA MBS in an amount not to exceed \$75,000,000

RESOLUTION 2014-14

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) AUTHORIZING THE ISSUANCE AND SALE OF HOME OWNERSHIP MORTGAGE-BACKED EXEMPTED SECURITIES; AUTHORIZING THE EXECUTION OF SERIES INDENTURES, MORTGAGE PURCHASE AGREEMENTS, AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

The Chair asked the President to begin the discussion.

Mr. Whitaker introduced Resolution 2014-14 relating to raising capital for the purchase of single family loans under what is called the HOMES Program by Wells Fargo. The mainstay FirstHome Program is being funded by these tax-exempt Ginnie Mae Mortgage Backed Securities. So far after a slow start at the beginning of 2014, Utah Housing has settled on \$134,000,000 HOMES, with another \$20,000,000 scheduled for November with a similar amount expected in December, thus the total will be about \$175,000,000 for this year and an estimated amount of \$250,000,000 in 2015.

Mr. Whitaker remarked that UHC is 10 months into the calendar year and it appears that the overall production will be a little higher than last year with a production level of about \$580,000,000. Mr. Whitaker referred to the table of Capital Sources under tab 2. He said that the table identified five different capital sources and represented amounts

sold under the different pools but indicated that not all of the amounts are yet settled. He noted that in the first quarter of this fiscal year over \$7,500,000 premiums have been earned from the sale of loans and MBS.

He noted certain figures in the Capital Sources table including the fact that the HOMES Program has a lower average pass-through rate, reflecting the lower mortgage rate provided to our lower income home buyers. This lower rate was a major objective of our participation with the HOMES Program. None of the other funding sources can at this time provide a mortgage rate that is lower than market rates. Typically Utah Housing earns a higher servicing fee on HOMES enabling us to take the full spread allowed by tax law, although the lower pass-through rate prevents the premiums from being as high, meaning upfront income will be lower while ongoing income will be higher. We believe over time that as mortgage rates rise we will be able to continue offering the lower rate, allowing us to maintain high levels of production. Mr. Whitaker recommended that the Board adopt Resolution 2014-14.

The Chair asked for a motion to approve the resolution.

MOTION: APPROVE RESOLUTION 2014-14 authorizing the issuance of Tax Exempt GNMA MBS in an amount not to exceed \$75,000,000

Made by: Mark Cohen
Seconded by: Robert Whatcott

Mr. DeFries asked for disclosures of potential conflicts before the vote was taken. Each Trustee was called on and they responded as follows:

Douglas DeFries	Yes, as filed with UHC
Kay Ashton	Yes, as filed with UHC
Mark Cohen	Yes, as filed with UHC
Ed Leary	No interest to disclose
Lerron Little	Yes, as filed with UHC
Jon Pierpont	No interest to disclose
Robert Whatcott	No interest to disclose

The President confirmed that each of those Trustees who so indicated such interest had a Disclosure of Potential Interest statement on file with Utah Housing that it includes current pertinent information regarding his or her potential interests and that those statements are available for inspection and would be incorporated into the minutes by reference.

Following further discussion, Mr. DeFries called for a vote in this matter:

Vote: Approved Unanimously

The Chair called for the next agenda item.

Other Items of Business

Cleon Butterfield and Jonathan Hanks reviewed the operating reports to the satisfaction of the Trustees. The review included the financials, loan activity, delinquency and compliance program reports.

Mr. Whitaker reported that the next Board Meeting will be held December 11 at 1:30 pm, preceded by a light lunch here in the Utah Housing offices. He also noted that a meeting of the Tax Credit Committee will need to take place about a week before the meeting. The December Board meeting will be when the 2015 Tax Credit awards are made.

Chairman DeFries adjourned the meeting.