

UTAH HOUSING CORPORATION
Minutes of Regular Meeting
October 29, 2015

PARTICIPANTS

Trustees:

Kay Ashton, Chair
Lerron Little, Vice Chair
Edward Leary, Trustee
Richard Ellis, Trustee
Cate Burrows, Trustee
Mark Cohen, Trustee
Robert Majka, Trustee

Staff:

Grant Whitaker, UHC President and CEO
Cleon Butterfield, UHC Senior Vice President and CFO
Jonathan Hanks, UHC Senior Vice President and COO
Claudia O'Grady, UHC Vice President Multifamily Finance
Chad Moore, UHC Controller
Jeff Parrish, Executive Assistant

Guests:

Fred Olsen	Ballard Spahr
Preston Olsen	Ballard Spahr
Emma Gilchrest	Deloitte
Chase Jensen	Deloitte

Trustees of the Utah Housing Corporation (UHC or Utah Housing) and UHC staff met in a Regular Meeting on October 29, 2015, at 1:30 PM MDT via teleconference and in person at the offices of Utah Housing Corporation, 2479 S Lake Park Blvd, West Valley City, UT.

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

Kay Ashton, Chair
Lerron Little, Vice Chair (via teleconference)
Ed Leary, Trustee
Richard Ellis, Trustee
Cate Burrows, Trustee (via teleconference)
Mark Cohen, Trustee (via teleconference)
Robert Majka, Trustee

The Chair excused the following Trustees:

Lucy Delgadillo, Trustee
Jon Pierpont, Trustee

The Chair introduced President and CEO, Grant Whitaker, and announced that he would be taking the Trustees through the Board Packet.

Grant S. Whitaker, President of Utah Housing, 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.

Mr. Whitaker 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 Special Meeting referred to therein; and also the required public notice of the 2015 Annual Meeting Schedule of Utah Housing will be entered into the Minutes.

The Chair called for the first agenda item.

1. Approval of the Minutes of August 27, 2015, Regular Meeting

The Trustees had been provided with a copy of the written minutes of the August 27, 2015 Regular Meeting in their board packets. The Trustees acknowledged they had sufficient time to review these minutes. Mr. Ashton asked for any discussion on the August 27, 2015, minutes as presented.

Following any discussion, the Chair called for a motion.

**MOTION: TO APPROVE THE WRITTEN MINUTES OF THE
REGULAR MEETING OF AUGUST 27, 2015.**

Made by: Richard Ellis
Seconded by: Ed Leary
Vote: Unanimous Approval

The Chair called for the next agenda item.

2. Report of Audit Committee: Presentation by Deloitte

Mr. Ashton asked Trustee Richard Ellis, Chair of the Audit Committee, to begin discussion.

Mr. Ellis reported that the audit committee, consisting of Ed Leary, Bob Majka and himself, along with staff met before the Board meeting in the UHC offices. Deloitte was represented by Emma Gilchrist and Chase Jensen. Mr. Ellis noted that the audit went well and the opinions are clean. He asked Ms. Gilchrist to report on the audit.

Ms. Gilchrist reported that they issued unqualified opinions on the financial statements; they issued opinions on the controls, and clean opinions on the Ginnie Mae audit, the USAP compliance requirements and the Yellow Book compliance requirements. She said there were no significant deficiencies or material weaknesses and they received full cooperation from management and staff. She summed it up as a very successful audit.

Mr. Ellis described how the audit committee met privately with the auditors without any staff present, and he said that the committee received a very positive report. He commended Chad

Moore, UHC Controller, and all the other accounting staff involved in the audit. He noted that the return of Emma Gilchrist and Deloitte made the audit successful, despite it being a relatively complex audit to perform because of the type of business UHC is involved in. He said one topic that came from the private meeting was the review of the audit committee's responsibilities regarding the trend in the corporate world with respect to cyber security. He said Deloitte would be sending out some white papers they have prepared regarding this issue, and he suggested we should evaluate whether periodic testing and engagement of hired hackers may be advisable.

Cleon Butterfield expressed appreciation to the accounting staff for their diligence, hard work and timely preparation of the financials. He complimented Deloitte for the work on the audit, cooperation they showed and the timeliness of their completion.

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 sixth year the audit was done by Deloitte and the first year of the new 5 year contract. We look forward to several more years of working with Deloitte. He acknowledged Mr. Butterfield, Mr. Moore, 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. Ashton thanked everyone and then concluded that the audit reports are informational for the Board so there is no vote or approval required.

The Chair called for the next agenda item.

3. Resolution 2015-14, Amending Administrative Rules

**A RESOLUTION OF THE UTAH HOUSING CORPORATION
AMENDING ITS ADMINISTRATIVE RULES; AND RELATED MATTERS**

Mr. Whitaker introduced Resolution 2015-14 which amends Utah Housing Corporation's ("UHC") Administrative Rules to reflect changes recently made in the Utah Code and other program-related changes, including the methodology used to set income and purchase price limits. Any amendments to the UHC administrative rules must be adopted according to the procedures outlined in the Utah Administrative Rulemaking Act ("the Act").

Mr. Whitaker said the federal government is known for its Regulations issued by the various federal agencies and departments. Utah Government is less well known for its agency and department Rules, but they amount to the same thing. The Utah Administrative Rule Making Act specifies how Rules should be adopted, published for comment, and finalized. Rules have the effect of state law, and are the interpretation of what a law allows, encourages or requires of a state entity. Rules must be established to assure equal treatment of parties to prevent an entity

from treating parties arbitrarily. The Rule Making Act requires a Rule to cite where in the Utah Code it states that a particular rule is allowed, encouraged or required.

He noted that when the Utah Housing Corporation Act was moved from beneath the Workforce Services Code (Title 35A) to the Independent Entities Code (Title 63H) in the last General Session of the Legislature, those citations changed and will be amended in the UHC Administrative Rules. He also noted that Governor Herbert's Executive Order (12/06/2011) encouraged adoption of Rules that minimize compliance costs, paperwork and other burdens.

To make the procedures to amend the Single Family Limits less cumbersome, he proposed to amend the Rules to describe that the Program Limits will now be set administratively by the President vs. bringing each change to the Board for adoption. The Utah Housing Act requires us to serve Low and Moderate income persons as determined by Utah Housing. The Rules would now state that the income limits may not exceed 140% of Area or State Median Income, consistent with Federal Tax Code as the high end of "Moderate Income".

As requested at the August 27th Board Meeting, the Rule amendments have been clarified to outline the criteria under which the President may vary income limits (loan program, household size, county, source of funding, etc.) and specify how that information will be made available to interested parties. The UHC Act does not require us to establish Acquisition Cost Limits. The Rules would now state the President may vs. shall establish Acquisition Cost Limits, providing the flexibility to eliminate them where not required by State or Federal law, and specify how that information will be made available to interested parties.

The Rules are also amended respecting applicants who are not in good standing, and the length of time they are barred from applying for Low Income Housing Tax Credits (increasing from a 2 year maximum to 5 years). These Rule amendments are not expected to cause direct or indirect costs or savings in terms of the fiscal and non-fiscal impacts and burdens to state government, local government, small business, and persons.

Mr. Hanks commented that we do have, in the Rule, that we will be using the area median incomes that are produced annually by HUD as the basis for our limits.

Mr. Whitaker recommended that Resolution 2015-12 be adopted.

Mr. Ashton then asked if there were any additional comments or discussion from the Board, and following any additional discussion asked for a motion to adopt the resolution.

Motion: TO APPROVE RESOLUTION 2015-14 OF UTAH HOUSING CORPORATION AMENDING ITS ADMINISTRATIVE RULES

Made by: Robert Majka
Seconded by: Edward Leary

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

Richard Ellis

No interest to disclose

Edward Leary	No interest to disclose
Cate Burrows	Yes, as filed with UHC
Lerron Little	Yes, as filed with UHC
Mark Cohen	Yes, as filed with UHC
Robert Majka	No interest to disclose
Kay Ashton	Yes, as filed with UHC

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.

Mr. Ashton called for a vote on the motion:

Vote: Approved Unanimously

The Chair stated that the board would address Resolution 2015-21 as the next agenda item because Richard Ellis may need to leave before the end of the meeting and his presence and commentary are important to include as this item is discussed.

4. Resolution 2015-21, Authorizing the sale of Single Family Mortgage Bonds, 2015 Series D, to restructure existing bond issues

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) AUTHORIZING THE ISSUANCE AND SALE OF SINGLE FAMILY MORTGAGE BONDS IN A TOTAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$200,000,000; AUTHORIZING THE EXECUTION OF SERIES INDENTURES, A BOND PURCHASE CONTRACT, AN OFFICIAL STATEMENT AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AUTHORIZING THE EXECUTION AND DELIVERY OF A CREDIT FACILITY WITH BARCLAYS CAPITAL INC. AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

Mr. Whitaker introduced Resolution 2015-21, which authorizes the issuance and sale of single family mortgage bonds in an amount not to exceed \$200,000,000. He said he will try to provide a simplified background report explaining why we have some economic problems that must be dealt with, and ask Cleon and Fred to explain the proposed structure that will help solve much of it.

He noted that we discussed these problems in some detail at the May 22 Board retreat. Typical “new money” tax exempt bond issues are limited in part by the amount of “Private Activity Bond Cap” (PAB) allotted to an issuer from the limited amount each state is allowed under Federal Tax Law (1986 and after) . In the mid 1980’s the amount of PAB allotted to UHC for its single

family program was typically \$63M, with additional amounts becoming available when other allotments for manufacturing, multifamily and exempt facilities were not used (approx. \$30M to \$60M). In the mid-1980's demand for UHC's loan programs simply exceeded our ability to issue traditional tax exempt bonds (demand = \$140M to \$204M).

One way to overcome that shortage of supply, we found, was to issue Refunding bonds. A typical Refunding is where cash held from loan payments and prepayments, normally used to pay scheduled debt service on outstanding bonds is used instead to make new loans, and money raised (proceeds) of a new bond issue are used to pay the scheduled debt service of the outstanding bonds. An economic refunding is when proceeds of a new issue of lower rate bonds are used to redeem outstanding higher rate bonds.

Strict Federal Tax law and regulations regarding refundings do not favor needs of issuers so there are limits on our ability to solve demand problems. Refundings have amounted to about 35% total issuance, and has been a large party of the supply side of capital. In the late 1980's, when demand remained above UHC's ability to issue new money and refunding bonds, we began issuing taxable bonds, and even though taxables demand a higher interest rate, the blending of relatively small amounts with tax exempt bonds helped us to meet the demand. Taxables have amounted to about 16% of total issuance. UHC continued to find that demand exceeded our ability to issue bonds, so in 2000 UHC began issuing variable rate debt hedged with interest rate swaps to help increase the amount of taxable bonds we could issue. This structure effectively lowered interest rates to blend in more taxables with fixed rate tax-exempt debt.

Mr. Whitaker provided a visual description of the relationship of fixed and variable income and sources for each:

Revenue	Fixed mortgage income	Variable rate swap income
Expense	Variable rate bond payments	Fixed rate swap payments

He continued by saying this structure worked for UHC and solved the demand vs. supply problem and UHC continued issuing fixed and variable rate debt with the variable rate bonds hedged by swaps until September 2008. One characteristic of a swap is that it typically remains in place without an ability to terminate it unless the counterparty "out of the money" is willing to pay a termination fee to the counterparty who is "in the money". UHC has been out of the money since 2008 because the cost to terminate has been prohibitive.

Two major events occurred in 2008 and are continuing through today at much greater intensity than the bond issues were structured to endure. He noted that variable rate bonds were and

remain AAA rated because of conservative structure. 1. Interest rates dropped precipitously and have remained low. 2. Mortgage loans, with their fixed rate payments, paid off rapidly, so issues with the swaps have lots of cash invested at very low rates with limited economic options to terminate swaps or redeem bonds. Because of those two circumstances, those issues are presently losing money at about \$1M per month because we pay a relatively high fixed rate on the swaps, while cash from prepaid loans is invested at practically 0%. Mr. Whitaker asked Mr. Butterfield to describe the transaction proposed by Resolution 2015-21.

Mr. Butterfield began by saying that we are excited about this transaction. It is designed to clean up a lot of the financial issues that have been described. It's an opportunity to improve upon our financials, not only of these bond issues, but for UHC as a whole. There are savings that the bankers have identified as \$36.1M of net present value. The reason the bond issues are struggling is because interest rates are near zero. The low interest rates have been disruptive and have caused problems, particularly in terms of revenue for the bond issues.

The timing now is advantageous because we have some optionality on some of our swaps that are going to allow us to get rid of about \$87M worth of swaps because they are callable over the next two years. Low interest rates are good for the refunding bonds because they will be fixed rate bonds.

Last year, as we completed the fiscal year on June 30, these three structures lost about \$10,000,000 and as we look at the first quarter for the 2016 fiscal year, we're losing about \$1,000,000 per month, amounting to approximately \$12,000,000 over the year and because these structures have eaten away all of their equities, causing the indentures to be in negative net positions so we actually have to infuse assets in each year to maintain parity on the bond issue. When we restructure, it will condense all the remaining bonds and we'll build around our existing swaps so we're not entering into any new swap contracts. We're going to be able to issue new bonds and have enough cash in this structure to come up with \$50,000,000 new capital to buy new mortgage loans. We're also going to try to keep certain of the positive components of the old structure, specifically the guaranteed investment contracts (GICs) that are paying, on average, 5%. Overall, the new structure will reduce our outstanding bonds by about \$232,000,000. In these three indentures, there are about \$643,000,000 of bonds that will be reduced down to about \$410,000,000.

The swap portfolio will be reduced from \$462,000,000 by \$184,000,000 or 40%, leaving a balance of \$277,000,000. Some other nagging issues will be solved, such as the elimination of the infusion of assets to maintain parity, and the AAA rating. Going forward, we will actually make money on these issues, and reaffirm those ratings.

Deutsche Bank is our swap provider that has had their rating downgraded and for whom we will be substituting a different counterparty. Our swaps and structure, because they are rated AAA, require providers to be at a minimum long term rating of 'A', both by Moody's and by S&P. Deutsche Bank currently is at an 'A-' by Moody's and a 'BBB+' by S&P. They are two notches below what they need to maintain by S&P and one notch below on Moody's, so the swaps must

be terminated and replaced. Deutsche Bank is willing to give us a 5% discount on that termination or about \$800,000.

Presently the structure consists of 3 general indentures with 76 series indentures. As we condense it, we hope to end up with 1 indenture and 16 series. By doing that, it's going to have a lot of administrative benefits and value to this restructuring. These are the big benefits we see in this new structure, so we're excited to get approval, move forward and get this done as soon as we can.

There is a cost of terminating swaps of approximately \$21,000,000. But because we're losing about \$1,000,000 per month, as we convert this restructuring to a bond issue that's making money, it's projected to make \$2,000,000 per year with a net \$14,000,000 cash flow difference, so a simple payback of that \$21,000,000 would take a year and a half. That \$21,000,000 is in 2 parts. The part that's being paid to terminate with Deutsche Bank is \$14,000,000. The other \$7,000,000 is being paid to terminate swaps to match the closing of the bond issue, but those swaps have callability, so we're actually pre-paying the debt service.

Finally, we have deferred the mark to market on our swap portfolio. Meaning, it doesn't come across on our income statement, it's just presented on the balance sheet. A refunding is replacing bonds and there is the risk that we would have to recognize that mark to market on the income statement. We're already spoken with our auditors and brought them up to speed and because this is similar to some transactions we did in 2012 and 2013 we may be able to continue to defer that mark to market.

Mr. Butterfield then invited Mr. Fred Olsen, UHC's bond counsel from Ballard Spahr LLP, to speak.

Mr. Olsen stated that he has been concerned about these issues for some time. We have looked at this plan and believe that it is feasible. We only really have two concerns, neither of which are issues that would stop the transaction, but would optimize it. First of all, the proposal is that you maintain some of your variable rate bonds outstanding with the existing GICs. We have to structure this in a way that those GICs will remain outstanding and we don't give the providers an excuse to terminate. Secondly, the complex tax issue is that we're terminating some swaps hedging the variable rate bonds and then reassigning a new swap to them. From a tax point of view, we have to align the new swap in such a way that it doesn't deteriorate if the amount of money you can keep is paying on these swaps.

Mr. Butterfield added that with board approval of the resolution, we hope to be done by the end of the year while interest rates are low and while we can still negotiate discounts with the swap provider.

Mr. Majka commented that in regard to the \$7,000,000 pre-pay of the callable swaps, he doesn't consider that to be a cost. He asked if it's a net cost of \$14,000,000 to do this transaction?

Mr. Butterfield confirmed that he is correct.

Mr. Whitaker added that the structure itself is not very complex, but what is complex is the fact that there are 76 bond issues and a lot of timing that must be accomplished correctly. We may end up borrowing the \$21,000,000 from Barclay's at a very low rate rather than using company assets to pay it. That way, we can continue to use our assets to make 2nd mortgages at 6%. We think that's a good way to go on this.

This is a structure being done with Barclay's rather than any of the other investment banks. We have worked with Barclays after the Lehman Brothers collapsed and all of their investment banking team moved over there, so we've known those people for a long time. They've done a transaction like this with the Idaho Housing Agency and it worked out really well for them. We think it will be a good transaction and are happy to solve a lot of these long-term issues over the next few months.

Mr. Whitaker recommended that Resolution 2015-21 be adopted.

Mr. Ashton then asked if there were any additional comments or discussion from the Board, and following any additional discussion asked for a motion to adopt the resolution.

Motion: TO APPROVE RESOLUTION 2015-21 OF UTAH HOUSING CORPORATION AUTHORIZING THE SALE OF SINGLE FAMILY MORTGAGE BONDS, 2015 SERIES D, TO RESTRUCTURE EXISTING BOND ISSUES

Made by: Robert Majka
Seconded by: Richard Ellis

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

Richard Ellis	No interest to disclose
Edward Leary	No interest to disclose
Cate Burrows	Yes, as filed with UHC
Lerron Little	Yes, as filed with UHC
Mark Cohen	Yes, as filed with UHC
Robert Majka	No interest to disclose
Kay Ashton	Yes, as filed with UHC

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.

Mr. Ashton called for a vote on the motion:

Vote: Approved Unanimously

The Chair called for the next agenda item.

5. Resolution 2015-15, Modifications to Office Facilities

**A RESOLUTION OF THE UTAH HOUSING CORPORATION
AUTHORIZING THE ENGAGEMENT OF PROFESSIONALS AND
APPROVING THE EXPENDITURE OF UHC FUNDS IN ORDER TO
DESIGN, MODIFY AND FURNISH ITS OFFICE FACILITIES.**

Mr. Whitaker introduced Resolution 2015-15, stating that it is recommended that the Trustees adopt Resolution 2015-15 authorizing the President to enter into agreements and expend funds to design, modify, and furnish UHC's building to accommodate the growth of its staff and to resolve certain inefficiencies and inadequacies. The resolution also authorizes expenditure of funds to archive and image records that are currently in paper form

Staff growth including the organization of two new small departments specializing in secondary marketing and compliance along with general growth in IT, HR and Multifamily finance require the modification to occur. Part of the first floor and major portions of the 2nd floor require demolition and reconstruction of very inefficient areas that consist of hard walled offices, storage, underutilized meeting rooms, etc. Reconfiguration of these areas to accommodate systems furnishings (cubicles) is essential for future staff growth.

Part of the second floor is unfinished, and will be finished to be used for staging and future growth. A tiny breakroom and restroom facilities will be expanded, while a large conference room will be moved and downsized. Records (thousands of boxes containing files) currently archived and at risk of damage and loss will be transferred to a new storage facility awaiting imaging on a large scale

A semi-retired architect who designed remodeling of the 2nd floor in 2013 has been engaged to perform the design work and coordinate with required engineering firms. A contractor used for that remodeling will be engaged again on a cost-plus basis with a not-to-exceed cap. Not less than 3 bids will be obtained for each subcontractor and trade.

UHC's Construction Manager in our Housing Development Department will assist the architect and staff to monitor the work. Itemized invoices will be required before any payment is made. Furnishings will be supplied by the same vendor used from when we first moved in, matching current systems furnishings at the discounted costs negotiated by the state government.

Approving the resolution will enable Utah Housing to more effectively serve its mission.

Mr. Hanks added that with the remodel, we are picking up 35 additional work stations. Some of those will be relocated from the imaging area and other temporary locations into workstations. The expense is not to exceed \$600,000, including a 10% buffer. \$600,000 should be inserted in

the blank space of Section 3 on page 2 of the resolution.

Mr. Ashton inquired as to the timeline for the remodel.

Mr. Hanks stated that the earliest construction would begin would be mid-December. We want to finish the unfinished areas first to accommodate staff as we move them for the remodel of their existing spaces. After speaking with the contractor, it should be done in about a three month period. Most of the work will be started in January.

Mr. Whitaker recommended that Resolution 2015-15 be adopted.

Mr. Ashton then asked if there were any additional comments or discussion from the Board, and following any additional discussion asked for a motion to adopt the resolution.

Motion: APPROVE RESOLUTION 2015-15, AUTHORIZING THE ENGAGEMENT OF PROFESSIONALS AND APPROVING THE EXPENDITURE OF NOT TO EXCEED \$600,000 UHC FUNDS IN ORDER TO DESIGN, MODIFY AND FURNISH ITS OFFICE FACILITIES.

Made by: Ed Leary
Seconded by: Robert Majka

Mr. Ashton noted that this resolution is an administrative item for which there would not be any potential conflicts of interest, thus he would suspend calling for conflicts as is usually done.

Mr. Ashton called for a vote on the motion:

Vote: Approved Unanimously

The Chair called for the next agenda item.

6. Resolution 2015-16, Authorizing the Issuance of Single Family Tax-Exempt MBS Backed Securities not to exceed \$75,000,000

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) AUTHORIZING THE ISSUANCE AND SALE OF SINGLE FAMILY TAX-EXEMPT MBS BACKED SECURITIES; AUTHORIZING THE EXECUTION OF GENERAL AND SERIES INDENTURES, MORTGAGE PURCHASE AGREEMENTS, DISCLOSURE STATEMENTS, MASTER SECURITIES FORWARD TRANSACTIONS AGREEMENTS, BOND 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.**

Mr. Whitaker introduced Resolution 2015-16

He asked the board to turn to the first Operating Report “Capital Sources”. Here we can see the production levels for all capital sources back to 2009. Total funding sources sold the first quarter of this new fiscal year ending September 30 = \$226,532,231. He noted that on an annualized basis we would nearly reach \$900,000,000. He also highlighted that loans purchased in the 1st 10 months of calendar year 2015 equals \$647,000,000 while in all of 2014 purchases totaled \$597,000,000. The reservation levels have never been greater at \$266,000,000 since July 1st or \$3,300,000 per day. For the various loan programs we need different capital sources so we will ask the Board to address several resolutions approving several capital sources.

Resolution 2015-16 approves a capital source just like Resolution 2015-08 approved May 21st. It approves the issuance of Tax-Exempt securities backed by Mortgage Backed Securities. This is a primary source of funding for UHC’s FirstHome Loan production equalling 47% of 2015 reservations. First Home is substantially the same traditional loan program offered for over 20 years. The reservations for FirstHome since January 1st exceed \$316,000,000.

For past two months securities have been sold to Stifel Nicolaus. They are gearing up with new investors, when Wells Fargo was winding down. There is a slight slowdown this quarter; largely because of the gear up with Stifel. The tax-exempt program equaled 22% of capital source during the first quarter.

Resolution 2015-16 approves another \$75,000,000 issuance. The 1st mortgage rate will not exceed 5.5%. The current rate offered today is at 3.91%. It authorizes UHC general funds to be used for 2nd mortgages at up to 6% of 1st mortgage amount and at 2% higher than 1st mortgage rate. The program limits are as previously approved. Approving the resolution will enable Utah Housing to keep its production levels high and serve its mission.

Mr. Whitaker recommended that Resolution 2015-16 be adopted.

Mr. Ashton then asked if there were any additional comments or discussion from the Board, and following any additional discussion asked for a motion to adopt the resolution.

**Motion: TO APPROVE RESOLUTION 2015-16 OF UTAH
HOUSING CORPORATION AUTHORIZING THE
ISSUANCE AND SALE OF SINGLE FAMILY TAX-
EXEMPT MBS BACKED SECURITIES**

**Made by: Lerron Little
Seconded by: Richard Ellis**

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

Richard Ellis	No interest to disclose
Edward Leary	No interest to disclose
Cate Burrows	Yes, as filed with UHC
Lerron Little	Yes, as filed with UHC
Mark Cohen	Yes, as filed with UHC
Robert Majka	No interest to disclose
Kay Ashton	Yes, as filed with UHC

Mr. Ashton called for a vote on the motion:

Vote: Approved Unanimously

The Chair called for the next agenda item.

7. Resolution 2015-17, Authorizing the issuance of an additional amount not to exceed \$150,000,000 Ginnie Mae MBS

A RESOLUTION OF UTAH HOUSING CORPORATION AUTHORIZING THE PURCHASE OF NOT TO EXCEED \$150,000,000 OF SINGLE FAMILY MORTGAGE LOANS, THE EXCHANGE OF SUCH MORTGAGE LOANS FOR GINNIE MAE MORTGAGE-BACKED SECURITIES, THE SALE OF SUCH GINNIE MAE MORTGAGE-BACKED SECURITIES AND AUTHORIZING ALL 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.

Mr. Whitaker introduced Resolution 2015-17 that approves a capital source just like Resolution 2015-06 when it was approved March 17. It approves the issuance of Mortgage Backed Securities backed by Ginnie Mae. UHC has issued nearly \$1,300,000,000 Ginnie Mae MBS since 2009. This is a major source of funding for UHC's FHA Insured Loan production, 060% of UHC production in the first quarter of this fiscal year. It is the largest source of UHC income from premiums amounting to 63% or over \$7,000,000 during the first quarter.

Loan programs that may be funded with these MBS include First Home, Home Again, Score and Streamlined Refis. There are 6 different Broker Dealers that bid on the securities, UHC taking the highest premium offered.

Resolution 2015-17 approves another \$150,000,000 issuance. The 1st mortgage rate will not exceed 6.0% (currently range from 3.91 to 4.875%). It authorizes UHC general funds to be used for 2nd mortgages at up to 6% of 1st mortgage amount and at 2% higher than 1st mortgage rate. Program limits are as previously approved.

Approving the resolution will enable Utah Housing to keep its production levels high and serve its mission.

Mr. Whitaker recommended that Resolution 2015-17 be adopted.

Mr. Ashton then asked if there were any additional comments or discussion from the Board, and following any additional discussion asked for a motion to adopt the resolution.

Motion: TO APPROVE RESOLUTION 2015-17 OF UTAH HOUSING CORPORATION AUTHORIZING THE ISSUANCE OF AN ADDITIONAL AMOUNT NOT TO EXCEED \$150,000,000 GINNIE MAE MBS

Made by: Richard Ellis
Seconded by: Cate Burrows

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

Richard Ellis	No interest to disclose
Edward Leary	No interest to disclose
Cate Burrows	Yes, as filed with UHC
Lerron Little	Yes, as filed with UHC
Mark Cohen	Yes, as filed with UHC
Robert Majka	No interest to disclose
Kay Ashton	Yes, as filed with UHC

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.

Mr. Ashton called for a vote on the motion:

Vote: Approved Unanimously

The Chair called for the next agenda item.

8. Resolution 2015-18, authorizing the additional issuance of an amount not to exceed \$75,000,000 Fannie Mae MBS or whole loan sales.

A RESOLUTION OF UTAH HOUSING CORPORATION AUTHORIZING THE PURCHASE OF UP TO \$75,000,000 OF SINGLE FAMILY MORTGAGE LOANS, THE SALE OF SUCH MORTGAGE LOANS TO

FANNIE MAE FOR CASH OR THE EXCHANGE OF SUCH MORTGAGE LOANS FOR FANNIE MAE MORTGAGE-BACKED SECURITIES, THE SALE OF SUCH FANNIE MAE MORTGAGE-BACKED SECURITIES, AND AUTHORIZING ALL 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.

Mr. Whitaker introduced Resolution 2015-18 that approves a capital source just like Resolution 2015-04 approved January 19. It approves the issuance of Mortgage Backed Securities backed by & whole loans sold to Fannie Mae. UHC has issued or sold nearly \$276,000,000 since 2013, and equal to 18% of UHC production in the first quarter of this fiscal year or \$38,000,000. This is the exclusive source of funding for UHC's uninsured NoMI Loan product.

The NoMI loan product offers the lowest monthly payment because the borrower pays no mortgage insurance premium. It is the smallest source of income from premiums equal to \$1,760,000 or 18% of the total. There are 6 different Broker Dealers that bid on the securities, UHC taking the highest premium offered.

Resolution 2015-18 approves another \$75,000,000 issuance. The 1st mortgage rate is currently at 4.875%. It authorizes UHC general funds to be used for 2nd mortgages at up to 4% of the 1st mortgage amount and at 2% higher than the 1st mortgage rate. Program limits are as previously approved.

Approving the resolution will enable Utah Housing to keep its production levels high and serve its mission.

Mr. Whitaker recommended that Resolution 2015-18 be adopted.

Mr. Ashton then asked if there were any additional comments or discussion from the Board, and following any additional discussion asked for a motion to adopt the resolution.

Motion: TO APPROVE RESOLUTION 2015-18 OF UTAH HOUSING CORPORATION AUTHORIZING THE ADDITIONAL ISSUANCE OF AN AMOUNT NOT TO EXCEED \$75,000,000 FANNIE MAE MBS OR WHOLE LOAN SALES

Made by: Mark Cohen
Seconded by: Lerron Little

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

Richard Ellis

No interest to disclose

Edward Leary	No interest to disclose
Cate Burrows	Yes, as filed with UHC
Lerron Little	Yes, as filed with UHC
Mark Cohen	Yes, as filed with UHC
Robert Majka	No interest to disclose
Kay Ashton	Yes, as filed with UHC

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.

Mr. Ashton called for a vote on the motion:

Vote: Approved Unanimously

The Chair called for the next agenda item.

9. Resolution 2015-19, Mortgage Loan to Finance a 274 Unit Multifamily Development (616 Lofts)

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) AUTHORIZING A MORTGAGE LOAN IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$27,000,000 TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A MULTIFAMILY RENTAL HOUSING DEVELOPMENT; AUTHORIZING THE EXECUTION BY UHC OF A FUNDING LOAN AGREEMENT, A FUNDING LOAN NOTE, A PROJECT LOAN AGREEMENT, A TAX REGULATORY AGREEMENT 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.

Mr. Whitaker introduced Resolution 2015-19

Utah Housing has issued over \$790M tax-exempt and taxable bonds for multifamily projects. We have financed 11,300 units of low-moderate rental housing in 95 projects. Resolution 2015-19 approves a different type of structure. This structure is a tax-exempt loan vs. tax-exempt bonds as we are accustomed to issuing. This is a new Freddie Mac developed structure. Utah Housing is among or is the first State HFA to issue this type of transaction.

Resolution approves the issuance of up to a \$27,000,000 Tax-Exempt loan. Just like our typical “conduit: bond issues, UHC has no risk in this transaction if the project stumbles. Approving the resolution will enable Utah Housing to serve its mission to serve lower income renters.

Mr. Hanks referred to Exhibit A; it is a brief description of the project location and scope. It is 1 building and 274 units be developed by Wasatch Advantage Group and this will be their 7th project that they have done with bonds and credits or with just credits. They've been a great developer and have built great projects. This particular project will be 5 stories on top of 2 stories of parking. It is located downtown at 600 South and State St., south of the Grand America Hotel. The developer is purchasing the land from Salt Lake County.

Mr. Whitaker recommended that Resolution 2015-19 be adopted.

Mr. Ashton then asked if there were any additional comments or discussion from the Board, and following any additional discussion asked for a motion to adopt the resolution.

Motion: TO APPROVE RESOLUTION 2015-19 OF UTAH HOUSING CORPORATION AUTHORIZING THE MORTGAGE LOAN TO FINANCE A 274 UNIT MULTIFAMILY DEVELOPMENT (616 LOFTS)

Made by: Robert Majka
Seconded by: Mark Cohen

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

Richard Ellis	No interest to disclose
Edward Leary	No interest to disclose
Cate Burrows	Yes, as filed with UHC
Lerron Little	Yes, as filed with UHC
Mark Cohen	Yes, as filed with UHC
Robert Majka	No interest to disclose
Kay Ashton	Yes, as filed with UHC

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.

Mr. Ashton called for a vote on the motion:

Vote: Approved Unanimously

The Chair called for the next agenda item.

10. Resolution 2015-20, Reservation of Federal Housing Tax Credits

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) RESERVING FEDERAL HOUSING TAX CREDITS

Mr. Whitaker introduced Resolution 2015-20 that approves a reservation of Federal 4% Low Income Housing Tax Credits for the 616 loft Apartments located in Salt Lake City Utah. Utah Housing is the designated allocator of Federal and State Housing Credits. 4% Credits are available only to projects that fund at least 50% of eligible costs with tax exempt bonds. There is no specific limit of these Credits and there is no competition for them.

We refer to them often as non-competitive because they are not awarded from the limited pool available to Utah each year for which UHC takes applications and awards credits to highest scoring projects. The limitation on amount of credits comes as a result of the limited amount of Private Activity Bond cap available to multifamily rental projects.

There have been over 6,000 units of low-income rental housing in 46 projects have been funded this way. Resolution 2015-20 proposes we award \$1,675,976 in Credits. Approving the resolution will enable Utah Housing to serve its mission to serve lower income renters.

Mr. Hanks added that this is a new structure and we were approached by the developer less than 2 months ago. He recognized Claudia O’Grady and her staff for the quick turn around on this deal.

Ms. O’Grady mentioned that the credit pricing is rather extraordinary at \$1.15, which we see on our 9% projects, but on a 4% project it is pretty extraordinary.

Mr. Whitaker recommended that Resolution 2015-20 be adopted.

Mr. Ashton then asked if there were any additional comments or discussion from the Board, and following any additional discussion asked for a motion to adopt the resolution.

Motion: TO APPROVE RESOLUTION 2015-20 OF UTAH HOUSING CORPORATION RESERVING FEDERAL HOUSING TAX CREDITS

Made by: Lerron Little
Seconded by: Ed Leary

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

Richard Ellis	No interest to disclose
Edward Leary	No interest to disclose
Cate Burrows	Yes, as filed with UHC
Lerron Little	Yes, as filed with UHC
Mark Cohen	Yes, as filed with UHC
Robert Majka	No interest to disclose
Kay Ashton	Yes, as filed with UHC

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.

Mr. Ashton called for a vote on the motion:

Vote: Approved Unanimously

Other items of Business

Cleon Butterfield and Jonathan Hanks reviewed the operating reports to the satisfaction of the Trustees.

Mr. Whitaker reminded the Board of the Special Board Meeting that will be held on December 10th, preceded by lunch and a farewell for Richard Ellis. He also discussed the dates for the UHC annual Board Retreat to be held in June, 2016 and the upcoming Annual Conference of the National Council of State Housing Agencies.

Mr. Whitaker apprised the Board that Richard Ellis, Utah State Treasurer and Exofficio Trustee of Utah Housing Corporation had announced his resignation as State Treasurer effective November 1st. Because that office holder serves as a member of the Utah Housing Board, Richard will no longer be a Trustee as of that date.

Richard Ellis then described the new employment opportunity at the Utah Educational Savings Plan that he has accepted and expressed his pleasure at having served on the Utah Housing Board and that he and his wife Joyce will miss the friendship and comradery they have enjoyed.

Ed Leary asked that the record reflect Utah Housing's acknowledgment of the passing of his mother and his deep appreciation for that.

Mr. Ashton, the Vice Chair, hearing no other business called for a motion to move into an executive session.

Motion: To Move into an Executive Session to Discuss Litigation Strategy

Made by: Bob Majka

Seconded by: Ed Leary

Vote: Approved Unanimously

The Trustees and members of the Executive Staff discussed strategy regarding ongoing litigation matters involving Utah Housing.

Following the other items of business The Chair adjourned the meeting.