

**UTAH HOUSING CORPORATION**  
**Minutes of Special Meeting**  
**December 10, 2015**

**PARTICIPANTS**

Trustees:

Kay Ashton, Chair  
Lerron Little, Vice Chair  
David Damschen, 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  
Jeff Parrish, Executive Assistant

Guests:

Daniel Herbert-Voss  
Randy Cassidy  
Tara Rollins  
Clint Costley  
Steve Kier  
Kirt Peterson  
Chris Parker  
Beau Ogzawalla  
Andrew Hiller

Trustees of the Utah Housing Corporation (UHC or Utah Housing) and UHC staff met in a Special Meeting on December 10, 2015, at 1:30 PM MDT 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  
David Damschen, Trustee  
Cate Burrows, Trustee  
Mark Cohen, Trustee  
Robert Majka, Trustee

The Chair excused the following Trustees:

Lucy Delgadillo, Trustee  
Jon Pierpont, Trustee  
Edward Leary, Trustee

The Chair introduced and welcomed new Board Member David Damschen, Acting Utah State Treasurer. The Chair then introduced the 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 Special 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 October 29, 2015 Regular Meeting**

The Trustees had been provided with a copy of the written minutes of the October 29, 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 October 29, 2015, minutes as presented.

Following any discussion, the Chair called for a motion.

**MOTION: TO APPROVE THE WRITTEN MINUTES OF THE  
REGULAR MEETING OF OCTOBER 29, 2015.**

**Made by: Mark Cohen  
Seconded by: Lerron Little  
Vote: Unanimous Approval**

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The Chair called for the next agenda item.

**2. Resolution 2015-22, Approving Low Income Housing Tax Credit reservations**

**A RESOLUTION OF THE UTAH HOUSING CORPORATION RESERVING  
FEDERAL AND STATE HOUSING TAX CREDITS**

Mr. Whitaker introduced Resolution 2015-22 which approves the reservation of Federal and State Low Income Housing Tax Credits. Utah Housing is the state's Low Income Housing Tax Credit "Allocating Agency" (established by Utah Code). All allocations are made according to a Federally Mandated "Qualified Allocation Plan" (QAP). Very little guidance is given by the Federal Government as to content of QAP. UHC's goal is a process that is fair, equitable and open.

The QAP contains the "program rules" by which applicants, UHC and recipients of Credits must abide. The demand for Credits always exceeds the available amount, making the rules doubly important.

On March 26, UHC held a "Professional Input Meeting" and invited developers, investors, advocates, and government representatives who have requested to be invited. On June 16 UHC published the initial draft QAP on its website and notified the same invitees of its publication. As always, amendments to the QAP are made each year. Amendments may be made because of UHC's differing objectives, for clarification, etc. A Public Hearing was held June 24, which is mandatory under Federal law. Some input to the QAP was received via email and conversations with staff but virtually none at the hearing. We received updates of market evaluation studies performed by Jim Wood, Director of the University of Utah's Bureau of Economic and Business Research, for Iron, Box Elder, Carbon and Uintah Counties. His studies maintained there are significant demand deficiencies in Carbon and Uintah Counties, but improving conditions in Iron and Box Elder Counties.

The UHC Staff agreed with his assessment; therefore the QAP permitted applications for projects in Iron and Box Elder counties, but continues to prohibit applications for projects in Carbon or Uintah counties. One application was received for a Box Elder County Project.

On July 14, the Tax Credit Committee consisting of three UHC Trustees reviewed the draft QAP and proposed some additional amendments. UHC's responsibility was fulfilled to weigh all input in the formation of the QAP. During the July 30<sup>th</sup> UHC public Board Meeting the QAP was approved by the adoption of Resolution 2015-10. UHC then published the proposed QAP on its website pending the Governor's approval. Notices of the publication of the proposed QAP were sent to the public mailing list. Governor Herbert approved the QAP on August 4<sup>th</sup>. The final version was published and notices of its approval were sent to the public.

Application training is available on the UHC website and is mandatory for new applicants. The application deadline for the 2016 round was October 5<sup>th</sup> at 5:00 pm.

The total amount of Federal Credits available to award was \$7,016,384 including 2016 Credits plus some 2015 returned and unallocated Credits. 20 applications were submitted for over \$11.8 million of Federal Credits compared to 19 applications for \$11.1 million last year. All applications were "conforming" and eligible to be scored. Scores were reduced for ineligibility to claim certain points in many of the applications. Several applications' adjusted scores were contested by applicants but were settled at staff level.

However; Mr. Whitaker said, three first level scoring appeals were made to me. I agreed with the requests made in two of the appeals fully and partially on another. There was some ambiguity regarding submission of associated costs of amenities. This ambiguity will be clarified in the next QAP. One second level appeal was made to the Committee, and the Committee upheld the President's decision to deny the request made in the appeal.

The QAP provides that allocations are to be made based on competitive scoring, and requires us to allocate to the highest scoring applications within the pools the applications are eligible for.

Mr. Whitaker asked the Board to refer to Exhibit A of Resolution 2015-22. The resolution, if adopted as recommended, awards \$6,521,553 of 2016 Federal Credits and \$100,564 of 2015 Federal Credits, leaving a balance of \$394,267 of 2016 Federal Credits. We recommend that we hold back those remaining Credits and not award them. UHC's typical stance on small amounts of remaining Credits is that if the \$394,294 covered 50% or more of the Recommended Reservation for the next highest scoring project, then those Credits would have been awarded along with a forward allocation from the following year's Credits. Because that is not the case; with 50% of the next highest scoring application equaling approximately \$452,000, we are going to hold back the remaining \$394,267. The Resolution also awards \$192,483 State of Utah Tax Credits for 2 projects. Leaving a balance of \$175,380 State Credits.

Mr. Whitaker then asked Mark Cohen, Chair of Tax Credit Committee to discuss the Committee's view. Whitaker noted the primary committee focus is to review staff process of developing the recommendations and to review any appeals of which there was one this year.

Mr. Cohen began by complimenting the developers on the quality of the work, projects and participation in the process. It allows for a better quality of housing and UHC appreciates their efforts. Each of these projects are worthy of Credits, but it's unfortunate that we just don't have enough Credits to award to all project applications.

Mr. Cohen noted that it's interesting how trends happen over the years. It seems like 3 or 4 years ago, we were seeing 70% of the Credits go to senior projects and this year, only 10% of the projects were senior projects. 80% were within 1/3<sup>rd</sup> of a mile from a Trax or Front Runner Station, so that's the new trend right now. As a result, almost 90% are either 1 or 2 bedroom units, so there is not a lot of family housing in this round; it's much more of an urban round. He complimented the quality of housing that this state gets, both from the lenders and the developers. He expressed appreciation to Jonathan Hanks, Claudia O'Grady and her staff for the hard work they do going through this complex process.

Mr. Whitaker recommended that Resolution 2015-22 be adopted.

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

**Motion: TO APPROVE RESOLUTION 2015-22 OF UTAH HOUSING CORPORATION APPROVING LOW INCOME HOUSING TAX CREDIT RESERVATIONS**

**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:

David Damschen	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**

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The Chair called for the next agenda item.

**3. Resolution 2015-23, Amending and Restating Resolution 2015-21, Approving 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 2015-23, which authorizes the issuance and sale of single family mortgage bonds in an amount not to exceed \$200,000,000. He noted that this resolution amends and restates Resolution 2015-21 adopted at the October 29<sup>th</sup> meeting regarding that large transaction that will fix a lot of our swap transaction problems. The bonds are scheduled to be sold next week including an amount that will be able to provide another \$50,000,000 or more of new mortgages. The bonds will settle out a lot of the cash flow issues that we have with our bonds sold under the 2000 and 2007

indentures. Resolution 2015-23 that was distributed at the meeting is marked showing the minor changes from Resolution 2015-21. There are four changed areas.

Resolution 2015-21 had a maximum bond rate of not to exceed 4%. Since the cash flows were started some time ago, which drive a lot of the numbers, rates have gone up a bit and so we feel more comfortable if we put a rate in here that is not to exceed 5% so that we don't end up having a rate that's higher than was authorized.

The credit facility under which we are going to borrow \$20,000,000 from to pay a fee to terminate the swaps is actually going to come from Barclay's Bank, PLC, whereas Resolution 2015-21 stated it was Barclay's Capital.

The third change is the initial rate on the credit facility. As stated in Resolution 2015-21, it would not exceed 1%, but it's actually going to not exceed the 1 month Libor rate plus 1.5%; still cheap money. Utah Housing's equity contribution will not exceed 2% of the initial amount of the \$100,000,000 of bonds expected to be sold rather than 1% of the not to exceed \$200,000,000. The dollar amount remains about the same at about \$2,000,000, but the safe way to address that is 2% of the amount being sold. A Preliminary Official Statement, the bond offering circular, has been sent out to potential investors, so the bankers are doing their initial marketing and we will plan on pricing the bonds on December 17<sup>th</sup>, 2015. All three rating agencies are expected to issue their ratings before the sale.

Mr. Cohen then inquired what the effects of the new dollar amounts are.

Mr. Butterfield responded by saying that there are many moving parts. In Resolution 2015-21 adopted over a month ago, we were expecting an amount not to exceed \$200,000,000, but we thought it would be a \$150,000,000 deal. The reason it's expected to be closer to \$100,000,000 is we're not going to include the 2001 indenture. The reason for not including the 2001 indenture is that we have some Guaranteed Investment Contracts that pay a high rate on cash held under that indenture. The benefit of the interest earnings on those investments would just be washed away if that indenture were included.

The other thing that reduced the new bonds is the way the swaps match up with the tax exempt yield compliance and how the monies flow. When we initially issued variable rate bonds with a swap, there is an established synthetic fixed rate that is used to calculate the bond yield for the life of the bonds, which is called "Super Integration." When we move too many pieces, we lose that Super Integration and then we would be required run regular yield recalculations and rebate excess revenues to the US Treasury, losing some of the benefits and creating a lot more work. When it's all said and done, we found some efficiency in some other areas and the amount of savings hasn't changed.

Mr. Whitaker recommended that Resolution 2015-23 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 2015-23 OF UTAH HOUSING CORPORATION AUTHORIZING THE SALE OF SINGLE FAMILY MORTGAGE BONDS, 2015 SERIES D, TO RESTRUCTURE EXISTING BOND ISSUES**

**Made by: David Damschen**  
**Seconded by: Robert Majka**

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

David Damschen	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**

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Mr. Ashton, 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: Robert Majka**  
**Seconded by: Cate Burrows**  
**Vote: Approved Unanimously**

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

**Other items of Business**

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