

UTAH HOUSING CORPORATION
Minutes of Special Meeting
June 9, 2016

PARTICIPANTS

UHC Trustees:

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

UHC Staff:

Grant Whitaker, President and CEO
Cleon Butterfield, Senior Vice President and CFO
Jonathan Hanks, Senior Vice President and COO
Jeff Parrish, Executive Assistant

Guests:

Ryan Warburton, Ballard Spahr
Preston Olsen, Ballard Spahr
Randy Hynote, Stifel
Tom Berggren, Jones Waldo
Barry Gottfried, Stifel

Trustees of the Utah Housing Corporation (UHC or Utah Housing) and UHC staff met in a Special Meeting on June 9, 2016, at 7:30 AM MDT at The Waldorf Astoria 2100 Frostwood Drive, Park City, Utah 84098.

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
Mark Cohen, Trustee
Lucy Delgadillo, Trustee
Edward Leary, Trustee (late arrival)
Robert Majka, Trustee
Cate Burrows, Trustee

The Chair excused the following Trustees:

David Damschen, Trustee
Jon Pierpont, Trustee

The Chair welcomed everyone to the meeting. 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 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 Regular Meeting referred to therein; and also the required public notice of the 2016 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 April 28, 2016 Regular Meeting

The Trustees had been provided with a copy of the written minutes of the April 28, 2016 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 April 28, 2016, minutes as presented.

Following any discussion, the Chair called for a motion.

**MOTION: TO APPROVE THE WRITTEN MINUTES OF THE
REGULAR MEETING OF APRIL 28, 2016.**

**Made by: Mark Cohen
Seconded by: Lucy Delgadillo**

Voted in Favor of the Motion: Voted Against the Motion: Abstained From Voting:

Mark Cohen
Lucy Delgadillo
Robert Majka
Cathy Burrows
Lerron Little
Kay Ashton

The Chair called for the next agenda item.

2. Resolution 2016-09, authorizing the issuance of not to exceed \$150,000,000 GNMA 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 began by asking the Board to please turn to the first Operating Report "Capital Sources". We can see the production levels for all capital sources back to 2009 and particularly

FY2015-16. Today we will be addressing all capital sources but the Taxable Bonds. Please turn to the second Operating Report "SF Production & Capital Sources" (4 fiscal years). He compared total loan production & funding sources in FY 16 as of 5-31-2016 = \$747,000,000 (annualized we should purchase over \$800,000,000). Loans purchased & funding sources FY 2015 = \$666,000,000 for FY 2014 = \$540,000,000 and for FY 2013 = \$528,000,000. Total SF reservation levels are 28% ahead of last Calendar year (\$433,000,000 since January 1st compared to \$336,000,000 YTD 2015). Purchases are 25% ahead, 2016 may exceed \$950,000,000. For the various loan programs, we need different capital sources.

Resolution 2016-09 approves the capital source GNMA MBS just like many previous resolutions. This is a primary source of funding for UHC's loan production equal to 48% of FY 2016 loans. First Home, Home Again, & Score Loan Programs plus Streamline refis all can be funded from GNMA MBS. 7 different Broker Dealers bid on the securities, UHC taking the highest premium. Daiwa was added recently. \$77,000,000 premiums have been earned since 2009. Resolution 2016-09 approves another \$150,000,000 issuance. The resolution establishes that the 1st mortgage rate will not exceed 5.5% although currently our rates are at 3.50% to 4.50% giving us flexibility in the event rates rise rapidly. It authorizes UHC general funds to be used for 2nd mortgages 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 said he recommended approval of Resolution 2016-09.

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 2016-08 OF UTAH HOUSING CORPORATION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$150,000,000 GNMA MBS

Made by: Robert Majka
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:

Mark Cohen, Trustee	Yes, as filed with UHC
Lucy Delgadillo, Trustee	No interest to disclose
Robert Majka, Trustee	No interest to disclose
Cate Burrows, Trustee	Yes, as filed with UHC
Lerron Little, Vice Chair	Yes, as filed with UHC
Kay Ashton, Chair	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:

Voted in Favor of the Motion:	Voted Against the Motion:	Abstained From Voting:
Mark Cohen Lucy Delgadillo Robert Majka Cathy Burrows Lerron Little Kay Ashton		

The Chair called for the next agenda item.

3. **Resolution 2016-10, authorizing the issuance of an amount not to exceed \$150,000,000 Fannie Mae MBS or whole loan sales.**

A RESOLUTION OF UTAH HOUSING CORPORATION AUTHORIZING THE PURCHASE OF NOT TO EXCEED \$150,000,000 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 began by stating Resolution 2016-10 approves the issuance of Mortgage Backed Securities & whole loans sold to Fannie Mae. UHC has issued/sold \$338,000,000 since 2013. This represents 13% of FY 2016 capital sources. 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.

Fannie Mae requires UHC to repurchase any loan that is delinquent when the 13th payment is due. UHC covers that risk by requiring FICO scores of 700 or above. Out of over 1850 loans purchased under this program, so far 2 loans have been modified to avoid repurchase & 1 foreclosure occurred because the owner died. This funding source provides a smaller source of income from premiums (4% vs 5% GNMA average this fiscal year) and also has the lowest delinquency rate. 7 different Broker Dealers bid on the securities, UHC taking the highest premium.

Resolution 2016-10 approves another \$150,000,000 issuance with 1st mortgage rate not to exceed 5.5% although our current rate is at 4.625%. It authorizes UHC general funds to be used for 2nd mortgages at up to 5% of 1st mortgage amount and at 2% higher than 1st mortgage rate. The Board approved the increase of the down payment assistance to 5% on April 28th and we have seen an increase in NoMI production as hoped. Program limits are as previously approved.

Mr. Cohen asked what the FHA Mortgage Insurance Premium is now that they pay. Mr. Hanks replied that, on an FHA loan, it's 85 basis points plus an up-front of 1 ¾%.

Mr. Majka then asked if, on a NoMI loan, borrowers still have to get mortgage insurance? Mr. Ashton replied that no, they do not need the mortgage insurance, only the homeowner's insurance. Mr. Majka then commented that, by making the scores higher, your credit risk is less. Mr. Whitaker replied that we have the risk only through the 13th payment and after that; it doesn't matter, as Fannie Mae takes all the risk. Mr. Ashton commented that the default rate is less than 1% on the NoMI v/s on the SCORE program; I think you are approaching a 9% delinquency and even on the FirstHome program you're still at around 5% delinquency. This is dramatically lower on the amount of delinquency.

Mr. Whitaker then stated that approving the resolution will enable Utah Housing to keep its production levels high and serve its mission. He recommended approval of Resolution 2016-10.

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 2016-10, AUTHORIZING THE ISSUANCE OF AN AMOUNT NOT TO EXCEED \$150,000,000 FANNIE MAE MBS OR WHOLE LOAN SALES.

Made by: Mark Cohen
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:

Kay Ashton, Chair	Yes, as filed with UHC
Lerron Little, Vice Chair	Yes, as filed with UHC
Mark Cohen, Trustee	Yes, as filed with UHC
Lucy Delgadillo, Trustee	No interest to disclose
Robert Majka, Trustee	No interest to disclose
Cate Burrows, Trustee	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:

Voted in Favor of the Motion:	Voted Against the Motion:	Abstained From Voting:
Mark Cohen Lucy Delgadillo Robert Majka Cathy Burrows Lerron Little Kay Ashton		

The Chair called for the next agenda item.

4. Resolution 2016-11, authorizing the Issuance of Single Family Tax-Exempt MBS Backed Securities not to exceed \$200,000,000

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$200,000,000 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 began by stating Resolution 2016-11 approves issuance of Tax-Exempt securities backed by Mortgage Backed Securities. This is a primary source of funding for UHC's FirstHome Loan production (48% of FY2016 loans purchased) and equals 25% of capital source FY 2016. FirstHome is substantially the same traditional loan program offered for about 20 years. Reservations for FirstHome since January 1st are over \$226,000,000 compared to 2015 FY to date \$155,000,000.

Securities are sold exclusively to Stifel Nicolaus since September 2015 after Wells Fargo wound down. The past couple months of production is almost frightening at \$600,000,000 on an annualized basis. Resolution 2016-11 approves another \$150,000,000 issuance where the 1st mortgage rate will not exceed 5.5 %, however our rate is currently at 3.75%. The Resolution 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 were just reduced last Friday to move production from FirstHome to NoMI and HomeAgain. These changes should reduce production by 12% at a minimum. The ultimate goal is to reduce production to a sustainable annual level of about \$250,000,000; equal to the maximum Private Activity Bond cap that may be available to us for Single Family loans. It will be necessary to reduce limits again to achieve that objective. Approving the resolution will enable Utah Housing to keep its production levels high and serve its mission. I recommend approval of Resolution 2016-11.

Mr. Cohen asked what was driving the program production and Mr. Whitaker replied that the tax exempt funding produce the lowest note rate even though with mortgage insurance the monthly payment is higher than on NoMI. Until April 28th when we changed the amount of down payment, we had a 4% limit of down payment assistance on NoMI. We were talking with some lenders who told us that if we raise that down payment assistance to 5%, we can cover everything under a conventional loan. Lenders can also earn a higher fee by originating the NoMI loans compared to FirstHome.

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 2016-11 AUTHORIZING THE ISSUANCE OF SINGLE FAMILY TAX-EXEMPT MBS BACKED SECURITIES NOT TO EXCEED \$200,000,000.

Made by: Mark Cohen
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:

Mark Cohen, Trustee	Yes, as filed with UHC
Lucy Delgadillo, Trustee	No interest to disclose
Robert Majka, Trustee	No interest to disclose
Cate Burrows, Trustee	Yes, as filed with UHC
Lerron Little, Vice Chair	Yes, as filed with UHC
Kay Ashton, Chair	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:

Voted in Favor of the Motion: Mark Cohen Lucy Delgadillo Robert Majka Cathy Burrows Lerron Little Kay Ashton	Voted Against the Motion:	Abstained From Voting:
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The Chair called for the next agenda item.

5. **Resolution 2016-12, approving one or more agreements to sell an undivided participation interest in newly originated fixed rate single family mortgage loans initially in an amount not to exceed \$100,000,000.**

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) AUTHORIZING UHC TO ENTER INTO MASTER PARTICIPATION AGREEMENTS WITH AMERICAN EXPRESS BANK, FSB AND AMERICAN EXPRESS CENTURION BANK FOR THE SALE OF AN UNDIVIDED PARTICIPATION INTEREST INITIALLY IN AN AMOUNT NOT TO EXCEED \$100,000,000 SINGLE FAMILY MORTGAGE LOANS; AUTHORIZING THE PRESIDENT OF UHC TO INCREASE THE AMOUNT OF SUCH MORTGAGE LOANS BEING PARTICIPATED IN CONNECTION WITH FUTURE EXTENSIONS OF SUCH MASTER PARTICIPATION AGREEMENTS; AUTHORIZING THE EXECUTION AND DELIVERY OF ALL NECESSARY 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 began by stating Resolution 2016-12 authorizes UHC to enter into Master Participation Agreements with two American Express Banks (FSB and Centurion). The previous Master Agreement approved in December 2014 expired several months ago and was for a cumulative amount of \$70,000,000. UHC sold about \$10,000,000 under that agreement. (Mr. Leary arrived at the board meeting.)

Cumulatively, UHC has sold \$232,000,000 under various Participation Agreements with AmEx, UBS and Synchrony Financial. It’s proved to be a small percentage of where UHC has raised its capital to buy mortgages. When the yield curve changes with shorter term LIBOR and higher 10 year treasuries; the CRA pools offer some of the best executions for UHC. This source of funding works for UHC's FHA insured loans, FirstHome, Home Again and Score Loans. Any given week, UHC compares the CRA pool option to our other capital sources and uses the best execution to fund the loans. Just like a Ginnie Mae pool, when a mortgage is seriously delinquent, UHC is required to repurchase the loan.

Resolution 2016-12 approves an initial \$100,000,000 issuance and provides the President the option to expand that to \$200,000,000 in connection with an extension of this agreement. 1st mortgage rates under this resolution are authorized to be determined by the UHC President vs. establishing a not to exceed rate because of the extensive time this agreement may be outstanding with extensions.

Resolution 2016-12 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 approval of Resolution 2016-12.

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 2016-12, APPROVING ONE OR MORE AGREEMENTS TO SELL AN UNDIVIDED PARTICIPATION INTEREST IN NEWLY ORIGINATED FIXED RATE SINGLE FAMILY MORTGAGE LOANS INITIALLY IN AN AMOUNT NOT TO EXCEED \$100,000,000

Made by: Robert Majka
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:

Kay Ashton, Chair	Yes, as filed with UHC
Lerron Little, Vice Chair	Yes, as filed with UHC
Mark Cohen, Trustee	Yes, as filed with UHC
Lucy Delgadillo, Trustee	No interest to disclose
Edward Leary, Trustee	Recused Himself*
Robert Majka, Trustee	No interest to disclose
Cate Burrows, Trustee	Yes, as filed with UHC

*Mr. Leary indicated that as the Commissioner of Financial Institutions, he is the regulator of one of the subject banks.

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:

Voted in Favor of the Motion:	Voted Against the Motion:	Abstained From Voting:
Mark Cohen Lucy Delgadillo Robert Majka Cathy Burrows Lerron Little Kay Ashton		Edward Leary

The Chair called for the next agenda item.

6. Resolution 2016-13, Reimbursement Resolution for Liberty Crossing, South Salt Lake, Utah

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) EXPRESSING AN INTENT TO REIMBURSE CERTAIN QUALIFIED EXPENDITURES WITH PROCEEDS OF AN ISSUE OF MULTIFAMILY HOUSING REVENUE BONDS TO BE ISSUED IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$3,500,000 TO FINANCE THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF A MULTIFAMILY HOUSING APARTMENT DEVELOPMENT; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

Mr. Whitaker began by stating Resolution 2016-13 states Utah Housing's intention to reimburse qualified costs incurred by the developer of the Liberty Crossing Apartments upon completion of a tax-exempt financing transaction. Reimbursement resolutions were common items for Utah Housing to address in the past, however more developers are going on a faster track and asking UHC to go directly to a Bond Resolution or Tax Exempt Loan Resolution. We have several of those Resolutions that will be addressed during this meeting.

This Resolution neither binds Utah Housing to issue bonds or to take out a tax exempt loan nor does it bind the developer to the transaction. The resolution starts the clock for purposes of the developer's incurring eligible costs in accordance with federal tax law. Once the developer has progressed further along, they will return to Utah housing to request the adoption of the bond or tax exempt loan resolution. The project will be eligible for 4% housing tax credits and UHC will address a separate resolution for the credits at that same time.

Liberty Crossing is a 157 unit project at approximately 2200 South Main Street. 32 of the units will be affordable to those earning 50% AMI or less and the balance will be rented at market rents. The project received an allocation of Private Activity Bonds on April 13, 2016 and the developer is Cowboy Partners, a very experienced Salt Lake development company. UHC has allocated tax credits and or issued bonds and loans for a dozen or more of their projects. Approving the resolution will enable Utah Housing to serve its mission to serve lower income renters He recommended approval of Resolution 2016-13.

Mr. Cohen asked if the Private Activity Bonds are first come first serve basis. Mr. Whitaker replied that was the way it used to be, but he had encouraged the staff to put together a scoring system for the eventuality that there are more applications than funding. There is now a scoring system that was adopted last October and then amended last December. A large component of the scoring has to do with the bond efficiency and cost efficiency.

A discussion ensued regarding the changes that have taken place in the metro rental markets. Market rents have risen substantially from a level that was affordable to households earning about 60% of the area median income, which is the high level of a tax credit project. That has allowed for market rate developments to be built and loans to be made unlike previous periods. At the same

time with low interest rates and high tax credit rates, developers are competing for the limited Private Activity Bonds that are available for rental housing.

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 2016-13,
REIMBURSEMENT RESOLUTION FOR LIBERTY
CROSSING, SOUTH SALT LAKE, UTAH**

**Made by: Lerron Little
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:

Mark Cohen, Trustee	Yes, as filed with UHC
Edward Leary, Trustee	No interest to disclose
Lucy Delgadillo, Trustee	No interest to disclose
Robert Majka, Trustee	No interest to disclose
Cate Burrows, Trustee	Yes, as filed with UHC
Lerron Little, Vice Chair	Yes, as filed with UHC
Kay Ashton, Chair	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:

Voted in Favor of the Motion:	Voted Against the Motion:	Abstained From Voting:
Mark Cohen Lucy Delgadillo Robert Majka Cathy Burrows Lerron Little Kay Ashton Edward Leary		

The Chair called for the next agenda item.

7. Resolution 2016-14, Mortgage Loan to Finance 120 unit multifamily development (Liberty on Main, South Salt Lake, Utah)

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) AUTHORIZING A MORTGAGE LOAN IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000 TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A MULTIFAMILY RENTAL HOUSING DEVELOPMENT WITH APPURTENANT COMMERCIAL FACILITIES; 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 began by stating Utah Housing has issued \$817,000,000 tax-exempt and taxable multifamily bonds or tax exempt loans and has financed 11,575 units of low-moderate income rental housing in 96 projects. Resolution 2016-14 approves a type of structure that is becoming the norm. This is a fairly new structure created by Freddie Mac, reproduced by other financial entities. Utah Housing was among the first State HFAs to issue this type of transaction. UHC's first issuance using this structure was closed in December 2015 for the 616 Lofts.

The Board approved the same structure for Granary Place February 25th, which has not yet closed. UHC's tax-exempt debt is in the form of a loan rather than issuing bonds. Each of the four multifamily tax exempt loan resolutions today have very similar characteristics, but some subtle differences that will be noted.

Resolution 2016-14 approves up to a \$12,000,000 Tax-Exempt "Funding Loan" from Goldman Sachs. The loan has variable rate debt during construction, and a long term fixed rate not to exceed 5.5%. Simultaneously, UHC makes a 1st mortgage loan to the project with the same economic characteristics. The long term loan will have a 16 year term and a 35 year amortization. Upon stabilization, the Funding Loan from Goldman Sachs will be transferred to Freddie Mac.

Just like our typical "conduit" bond issues, UHC has no risk in this transaction if the project stumbles. Debt on the Funding Loan is secured solely by the revenues and collateral of the project and none of the debt instruments are general obligations of Utah Housing. Liberty on Main is a 120 unit project on 2100 South just east of Main Street. 60 of the units will be affordable and 60 units will have market rate rents. The project received an allocation of Private Activity Bonds on April 13, 2016. The developer is Cowboy Partners, a very experienced Salt Lake development company. UHC has allocated tax credits and or issued bonds and loans for a dozen or more of their projects.

Approving the resolution will enable Utah Housing to serve its mission to serve lower income renters. Mr. Whitaker recommended approval of Resolution 2016-14.

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 2016-14, MORTGAGE LOAN TO FINANCE 120 UNIT MULTIFAMILY DEVELOPMENT (LIBERTY ON MAIN, SOUTH SALT LAKE, UTAH)

Made by: Lucy Delgadillo
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:

Mark Cohen, Trustee	Yes, as filed with UHC
Edward Leary, Trustee	No interest to disclose
Lucy Delgadillo, Trustee	No interest to disclose
Robert Majka, Trustee	No interest to disclose
Cate Burrows, Trustee	Yes, as filed with UHC
Lerron Little, Vice Chair	Yes, as filed with UHC
Kay Ashton, Chair	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:

Voted in Favor of the Motion:	Voted Against the Motion:	Abstained From Voting:
Mark Cohen Lucy Delgadillo Robert Majka Cathy Burrows Lerron Little Kay Ashton Edward Leary		

The Chair called for the next agenda item.

8. Resolution 2016-15, Mortgage Loans to Finance 239 unit multifamily development (Veranda Apartments, Draper, Utah)

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) AUTHORIZING A MORTGAGE LOAN IN AN AMOUNT NOT TO EXCEED \$21,478,000, THE ISSUANCE AND DELIVERY BY UHC OF ITS MULTIFAMILY HOUSING REVENUE NOTE (VERANDA APARTMENTS PROJECT) SERIES 2016 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$21,478,000, A TAXABLE MORTGAGE LOAN IN AN AMOUNT NOT TO EXCEED \$3,500,000 AND THE ISSUANCE AND DELIVERY BY UHC OF ITS MULTIFAMILY HOUSING REVENUE NOTE (VERANDA APARTMENTS PROJECT) SERIES 2016 (TAXABLE) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$3,500,000 TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A MULTIFAMILY RENTAL HOUSING DEVELOPMENT; AUTHORIZING THE EXECUTION BY UHC OF A FUNDING LOAN AGREEMENT, A BORROWER 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 began by stating Resolution 2016-15 approves up to \$21,478,000 Tax-Exempt and \$3,500,000 Taxable "Funding Loans" from Citibank. The loans have variable rate debt during construction, and the long term fixed rates are not expected to exceed 4.5% and 5.75% respectively. Simultaneously UHC makes two mortgage loans to the project with matching economic characteristics to the Funding Loans. The long term mortgage loans will have terms not to exceed 30 years and 35 year amortizations.

Just like our typical "conduit" bond issues, UHC has no risk in this transaction if the project stumbles. Debt on the Funding Loan is secured solely by the revenues and collateral of the project and none of the debt instruments are general obligations of Utah Housing. The project received an allocation of Private Activity Bonds on April 13, 2016.

The Veranda Apartments is a 239 unit 100% affordable project at about 13500 South very close to the Draper Front Runner station. The developer is Wasatch Residential Group, another very experienced development company. UHC has allocated tax credits and or issued bonds and loans for about 7 their projects. Approving the resolution will enable Utah Housing to serve its mission to serve lower income renters. He recommended approval of Resolution 2016-15.

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 2016-15, MORTGAGE LOANS TO FINANCE 239 UNIT MULTIFAMILY DEVELOPMENT (VERANDA APARTMENTS, DRAPER, UTAH)

Made by: Lerron Little
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:

Mark Cohen, Trustee	Yes, as filed with UHC
Edward Leary, Trustee	No interest to disclose
Lucy Delgadillo, Trustee	No interest to disclose
Robert Majka, Trustee	No interest to disclose
Cate Burrows, Trustee	Yes, as filed with UHC
Lerron Little, Vice Chair	Yes, as filed with UHC
Kay Ashton, Chair	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:

Voted in Favor of the Motion:	Voted Against the Motion:	Abstained From Voting:
Mark Cohen Lucy Delgadillo Robert Majka Cathy Burrows Lerron Little Kay Ashton Edward Leary		

The Chair called for the next agenda item.

9. Resolution 2016-16, Sale of multifamily housing revenue bonds and mortgage loan to finance a 370 unit multifamily development (The Boulders Apartments, Provo, Utah)

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) AUTHORIZING A MORTGAGE LOAN IN AN AMOUNT NOT TO EXCEED \$25,500,000, THE ISSUANCE AND DELIVERY BY UHC OF ITS MULTIFAMILY HOUSING REVENUE NOTE (THE BOULDERS APARTMENTS PROJECT) SERIES 2016 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$25,500,000 AND THE ISSUANCE AND SALE BY UHC OF ITS MULTIFAMILY HOUSING REVENUE SUBORDINATE BONDS (THE BOULDERS APARTMENTS PROJECT) SERIES 2016 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$4,500,000 TO FINANCE THE ACQUISITION, REHABILITATION AND EQUIPPING OF A MULTIFAMILY RENTAL HOUSING DEVELOPMENT; AUTHORIZING THE EXECUTION BY UHC OF A FUNDING LOAN AGREEMENT, A BORROWER LOAN AGREEMENT, A GOVERNMENTAL LENDER NOTE, A SUBORDINATE TRUST INDENTURE, A BOND PURCHASE AGREEMENT, A FINANCING 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 began by stating Resolution 2016-16 approves up to \$25,500,000 as a tax-exempt "Funding Loan" from Citibank and \$4,500,000 subordinate tax-exempt bonds privately placed with Reliant CAP VIII, LLC. The Funding Loan has a fixed rate not expected to exceed 5.5% and mature no later than 2050. The bonds will have a fixed rate not expected to exceed 9.5% and mature no later than 2046. Simultaneously UHC will make a mortgage loan to the project with matching economic characteristics to the Funding Loan. The long term mortgage loan will have a term not to exceed 16 years and a 35 year amortization.

Just like our typical "conduit" bond issues, UHC has no risk in this transaction if the project stumbles. Debt on the Funding Loan and the bonds are secured solely by the revenues and collateral of the project and none of the debt instruments are general obligations of Utah Housing. The Boulders Apartments is a 368 unit existing project built in two phases; 274 units in 1971 and 94 units in 1999. Other improvements will include updates to recreational facilities, remodeling the leasing office and upgrading the tot lots.

The project is 100% affordable and located at about 600 West and 700 South in Provo. The project received an allocation of Private Activity Bonds on April 13, 2016. The developer is Gung-Ho Partners, an experienced development company in California, with this being their first project in Utah. UHC has had no prior experience with this group. Approving the resolution will enable Utah Housing to serve its mission to serve lower income renters. He recommended approval of Resolution 2016-16.

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 2016-16, SALE OF MULTIFAMILY HOUSING REVENUE BONDS AND MORTGAGE LOAN TO FINANCE 370 UNIT MULTIFAMILY DEVELOPMENT (THE BOULDERS APARTMENTS, PROVO, UTAH)

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:

Mark Cohen, Trustee	Yes, as filed with UHC
Edward Leary, Trustee	No interest to disclose
Lucy Delgadillo, Trustee	No interest to disclose
Robert Majka, Trustee	No interest to disclose
Cate Burrows, Trustee	Yes, as filed with UHC
Lerron Little, Vice Chair	Yes, as filed with UHC
Kay Ashton, Chair	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:

Voted in Favor of the Motion:	Voted Against the Motion:	Abstained From Voting:
Mark Cohen Lucy Delgadillo Robert Majka Cathy Burrows Lerron Little Kay Ashton Edward Leary		

The Chair called for the next agenda item.

10. Resolution 2016-17, mortgage loan to finance 134 unit multifamily development (Artesian Springs III, Salt Lake, Utah)

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) AUTHORIZING A MORTGAGE LOAN IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000 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 began by stating Resolution 2016-17 will approve up to a \$12,000,000 Tax-Exempt "Funding Loan" from Bellwether Financial. The loan has variable rate debt during construction, and a long term fixed rate not to exceed 5.5%. Simultaneously UHC makes a 1st mortgage loan to the project with the same economic characteristics. The long term loan will have a 15 year term and a 35 year amortization.

Upon stabilization, the Funding Loan from Bellwether Financial will be transferred to Freddie Mac. Just like our typical "conduit" bond issues, UHC has no risk in this transaction if the project stumbles. Debt on the Funding Loan is secured solely by the revenues and collateral of the project and none of the debt instruments are general obligations of Utah Housing.

Artesian Springs Phase III is a 134 unit project at approximately 4150 South just east of Main Street on Columbia Avenue. All of the units will be affordable to those earning 60% AMI or less. The project received an allocation of Private Activity Bonds on April 13, 2016. This project received the last of what was available at the April PAB meeting. Later this year, additional Cap will be available and applications may be submitted to the PAB Board and this project should be able to receive the balance of its request. The developer is Paladin Resources, the Principals of which are experienced Salt Lake developers. UHC has allocated tax credits for about 6 of their projects; this is their first bond transaction. Approving the resolution will enable Utah Housing to serve its mission to serve lower income renters. Mr. Whitaker recommended approval of Resolution 2016-17.

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 2016-17, MORTGAGE LOAN TO FINANCE 134 UNIT MULTIFAMILY DEVELOPMENT (ARTESIAN SPRINGS III, SALT LAKE, UTAH)

Made by: Mark Cohen

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:

Mark Cohen, Trustee	Yes, as filed with UHC
Edward Leary, Trustee	No interest to disclose
Lucy Delgadillo, Trustee	No interest to disclose
Robert Majka, Trustee	No interest to disclose
Cate Burrows, Trustee	Yes, as filed with UHC
Lerron Little, Vice Chair	Yes, as filed with UHC
Kay Ashton, Chair	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:

Voted in Favor of the Motion:	Voted Against the Motion:	Abstained From Voting:
Mark Cohen Lucy Delgadillo Robert Majka Cathy Burrows Lerron Little Kay Ashton Edward Leary		

Mr. Little noted that this is the 3rd phase of this project and asked if the other two phases were affordable housing also. Mr. Whitaker responded that they were. The other two phases were 9% credit deals. This is the 1st of the three that will have bonds affiliated with it.

The Chair called for the next agenda item.

11. Resolution 2016-18, Reservation of Federal 4% Housing Tax Credits

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

Mr. Whitaker began by stating that Resolution 2016-18 approves a reservation of Federal 4% Low Income Housing Tax Credits for four apartments for which Bond Resolutions were passed. 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 or tax-exempt loans. 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 (PAB) Cap (Cap) available to multifamily rental projects.

Mr. Cohen added that it doesn't mean that they don't have to submit an application. UHC staff goes through it with a fine toothed comb and the application has to meet all of the basic parameters of our program. So, even though they are not "competing", they still have to abide by the same rules as those who do compete. Claudia O'Grady does a great job of reviewing the applications and making sure that they abide by those rules.

Mr. Whitaker stated that this year, for the first time, the Private Activity Bond Board established a competitive point system for developers to compete for the limited amount of Cap. 8 applications were submitted for the April 13 meeting of the PAB Board. 5 were approved before the Cap was exhausted.

UHC may adopt additional resolutions and award addition 4% housing Credits. Over 6,000 units of low-income rental housing in 47 projects have been funded with tax-exempt bonds or loans & Credits. Resolution 2016-18 proposes we reserve \$4,005,747 Federal 4% Credits for the four projects itemized on Exhibit A. Approving the resolution will enable Utah Housing to serve its mission to serve lower income renters. He recommended approval of Resolution 2016-18.

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 2016-18, RESERVATION OF FEDERAL 4% TAX CREDITS

Made by: Mark Cohen
Seconded by: Lucy Delgadillo

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

Mark Cohen, Trustee	Yes, as filed with UHC
Edward Leary, Trustee	No interest to disclose
Lucy Delgadillo, Trustee	No interest to disclose
Robert Majka, Trustee	No interest to disclose
Cate Burrows, Trustee	Yes, as filed with UHC
Lerron Little, Vice Chair	Yes, as filed with UHC
Kay Ashton, Chair	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:

Voted in Favor of the Motion:	Voted Against the Motion:	Abstained From Voting:
Mark Cohen Lucy Delgadillo Robert Majka Cathy Burrows Lerron Little Kay Ashton Edward Leary		

Other items of Business

The Chair then asked for Mr. Hanks and Mr. Butterfield to take the board through the operating reports. Mr. Hanks began by directing the board’s attention to the monthly single family mortgage loan activity bar chart. He noted that our production continues to increase. May was the highest month of production we’ve ever had. We reserved about \$116,000,000 worth of loans in May, compared to last year, when we were at about \$62,000,000. Those are in regard to reservations and not purchases, but the purchases will go up accordingly. The red line on the chart is showing the payoffs. Payoffs have remained relatively constant over the past year. Our total portfolio shows just under \$2,600,000,000. If we add in all of our 2nd mortgages and CROWN program, then the balance is about \$2,650,000,000 worth of mortgages that we’re servicing.

Mr. Majka commented that June, July and August of 2015 seemed to be the top 3 months of the year. April and May of 2016 are going off the charts. Are June, July and August of 2016 going to have a similar path? Mr. Hanks replied that we expect that it will continue to increase. Part of the reason for the increase is that there was another down payment assistance program that was available to lenders up until about February of this year, the NHF fund, and due to some issues with FHA questioning whether or not they could fund the way they were. They’ve actually pulled back so we’ve seen an increase because there’s not another down payment assistance type program out there. And so, we think some of the increase is attributable to that. June, July and August are typically our highest months of production and so we do expect to see that continue to go up through the summer. We would see in excess of about \$100,000,000 to \$120,000,000 per month over the next three months is what we’re anticipating right now.

Mr. Ashton commented that it will be interesting to see, I think some urgency was put into the market when the feds started talking about increasing interest rates. I think that put an earlier than usual push and I think another issue that could come into play is just the availability of property. What we’re hearing is that there’s not enough inventory in the \$300,000 and below price range. It will be interesting

to see if there is the inventory to sell if we keep this kind of pace up. Mr. Little said that was an accurate assessment and that the inventory of homes for sale is low.

The Chair then invited Mr. Butterfield to report. Mr. Butterfield began with the Statement of Revenue and Expense Report. He highlighted that there is a lot of business going on at Utah Housing with our banner production levels. Our loan purchases are at \$750,000,000 at the end of May compared to \$670,000,000 at the end of June 2015, and we still have another month to go for the 2016 FY. This statement translates to a gain on sale of single family mortgages of \$27,400,000. That's a one-time premium over the life of these mortgages, so we are able to show that revenue in a FY. This year, there's going to be a little bit of a change in terms of net income because in December 2015, we did a restructuring, and that cleaned up our bonds. It's a great structure and has produced money for additional mortgage loans, but we also wrote a check for about \$23,000,000 to terminate swaps. We still think that we'll end up with about \$8,000,000 in net income.

The other thing to highlight is on the balance sheet. As we securitize the mortgages and sell them into MBS, although we're still servicing them, we've sold them. They don't show up on balance sheet. But we're maintaining a healthy balance sheet because we're putting MBS's in a trust and assets have increased about \$500,000,000 as a result.

Mr. Whitaker reminded the board that the annual NCSHA Conference will be starting the 24th of September and will run from that Saturday through Tuesday in Miami Beach, Florida.

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