



**MINUTES AND MEMORANDA OF A MEETING
OF
THE BOARD OF DIRECTORS OF
INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY**

Held: April 25, 2013

A regular meeting of the Board of Directors of the Indiana Housing and Community Development Authority (“IHCDA” or “Authority”) was held April 25, 2013 at 10:00 a.m. at 30 South Meridian Street, Suite 1000, Indianapolis, Indiana 46204.

The following individuals were present at the meeting: Tonya Brothers-Bridge (Lieutenant Governor delegate), Mark Pascarella (Public Finance Director of the State of Indiana delegate), Chris Conner (Treasurer of the State of Indiana delegate), Tom McGowan, Pat Gamble-Moore, David Miller, Lu Porter, Jacob Sipe (Executive Director for IHCDA), members of the staff of the Authority, and the general public.

Tonya Brothers-Bridge served as Chair of the meeting, and upon noting the presence of a quorum, called the meeting to order. Sondra Craig served as Secretary.

I. Approval of Minutes

A. Meeting Minutes

A motion was made by David Miller to approve the March 28, 2013 Meeting Minutes, which was seconded by Mark Pascarella; the following Resolution was unanimously approved:

RESOLVED, the Minutes of the Board meeting held March 28, 2013, are hereby approved to be placed in the Minute Book of the Authority.

II. Real Estate

A. IHCDA Strategic Funding Process Recommendations

Chairman Brothers-Bridge recognized the following individuals who presented information regarding IHCDA’s Strategic Funding Process Recommendations:

Talisha Bradley	Owner-Occupied Rehabilitation Project – City of Seymour
	Owner-Occupied Rehabilitation Project – City of Richmond
Darin Edwards	Public Parking Garage City of Greencastle
Alan Rakowski	Waterview Apartments

Staff recommended four (4) projects for Board approval as follows:

i. Owner-Occupied Rehabilitation Project – City of Seymour

Project Summary

The City of Seymour is requesting \$259,000.00 to assist 15 homeowners with an owner-occupied rehabilitation project under the Aging in Place strategic priority. All beneficiaries will be at least 55 years of age and/or disabled. Repairs will be eligible for homeowners whose incomes are at or below 80% of the area median income.

Project Name:	Seymour Owner-Occupied Rehabilitation Project
IHCDA Amount Requested:	\$259,000.00
CDBG Amount Recommended:	\$259,000.00
IHCDA Per Unit Subsidy (Rehabilitation, Relocation, and Program Delivery):	\$15,400.00
Total Project Costs:	\$285,000.00
Other Funding:	\$26,000.00 cash contribution from the City of Seymour
Location:	Jackson County
Administrator:	Administrative Resources association (ARa)
Activity:	Owner-Occupied Rehabilitation
Award Type:	CDBG grant

Following discussion, a motion was made by David Miller to approve the allocation of CDBG funding, in an amount not to exceed \$259,000.00 for the above-referenced request received during the current review period of the 2012-2013 funding year, as recommended by staff, which was seconded by Pat Gamble-Moore; the motion passed unanimously:

RESOLVED, that the Board approve the allocation of CDBG funding, in an amount not to exceed \$259,000.00 for the above-referenced request received during the current review period of the 2012-2013 funding year, as recommended by staff.

ii. Owner-Occupied Rehabilitation Project – City of Richmond

Project Summary

The City of Richmond is requesting \$372,000.00 to assist 17 homeowners with an owner-occupied rehabilitation project under the Comprehensive Community Development strategic priority. The City of Richmond is a 2013 Stellar Communities Finalist, and this project has been highlighted in their comprehensive plan. This request for funding will be used to complete owner-occupied rehabilitation in the Vaile Neighborhood target area. Repairs will be eligible for homeowners whose incomes are at or below 80% of the area median income.

Project Name:	City of Richmond Owner-Occupied Rehabilitation Project
IHCDA Amount Requested:	\$372,000.00
CDBG Amount Recommended:	\$372,000.00
IHCDA Per Unit Subsidy (Rehabilitation, Relocation, Program Delivery):	\$20,000.00
Total Project Costs:	\$372,000.00
Other Funding:	\$37,200.00 – IHCDA banked match
Location:	Wayne County
Administrator:	Star Development, Inc.

Activity: Owner-Occupied Rehabilitation
Award Type: CDBG grant

Following discussion, a motion was made by Chris Conner to approve allocation of CDBG funding, in an amount not to exceed \$372,000.00, for the above-referenced request received during the current review period of the 2012-2013 funding year, as recommended by staff, which was seconded by Mark Pascarella; the motion passed unanimously:

RESOLVED, that the Board approve allocation of CDBG funding, in an amount not to exceed \$372,000.00, for the above-referenced request received during the current review period of the 2012-2013 funding year, as recommended by staff.

iii. Public Parking Garage City of Greencastle

Project Summary

The Greencastle Public Parking Garage is part of Greencastle’s Stellar Community Program. The garage will have 145 spaces on three levels. The garage will be free to the public with an open air design thus it will not require mechanical ventilation. The exterior design of the garage will complement the adjacent historic context of the downtown. The garage will be pedestrian friendly and provide for a safe, secure environment. A parking study was completed in 2011 and determined that there was a need for additional parking in and around the court house square. Additionally, the project is an important piece of the City’s overall plan to encourage visitors, residents, and businesses to visit or relocate to downtown Greencastle. The City of Greencastle has committed funds to cover the costs associated with the ongoing maintenance and operations of the garage which will be reflected in the 2014 City Budget moving forward.

Project Name:	City of Greencastle Stellar Communities Program Public Parking Garage
IHCDA Amount Requested:	\$3,550,000.00 CDBG-D Grant
Development Fund Requested:	\$600,000.00 Development Fund Loan
CDBG Amount Recommended:	\$3,550,000.00 CDBG-D Grant
Development Fund Amount Recommended:	\$600,000.00 Development Fund Loan – 20 Year Term, 0%, annual payments of \$30,000.00; 4 month maintenance & operating reserve (\$11,692.00)
Land Acquisition:	\$268,388.00
Design Engineering Costs:	\$323,000.00
Construction/Administration Costs:	\$3,827,000.00
Total Project Costs:	\$4,418,388.00
Other Funding:	\$268,388.00 – City of Greencastle
Location:	Greencastle, Putnam County
Developer:	City of Greencastle
Activity:	Public Facility - Comprehensive Community Development

Award Type:

CDBG-D Grant
Development Fund Loan

Following discussion, a motion was made by Tom McGowan to approve a CDBG-D grant of in an amount not to exceed \$3,550,000.00, for the above-referenced request received during the current review period of the 2012-2013 funding year, as recommended by staff, which was seconded by David Miller; the motion passed unanimously:

RESOLVED, that the Board approve a CDBG-D grant of in an amount not to exceed \$3,550,000.00, for the above-referenced request received during the current review period of the 2012-2013 funding year, as recommended by staff.

Following discussion, a motion was made by Pat Gamble-Moore to approve , as recommended by staff, which was seconded by Lu Porter; the motion passed motion passed by majority vote, with one opposition by Chris Conner:

RESOLVED, that the Board approve a Development Fund Loan in an amount not to exceed \$600,000.00, for the above-referenced request received during the current review period of the 2012-2013 funding year, as recommended by staff.

iv. Waterview Apartments

Background

Waterview Limited Partnership is requesting \$500,000.00 as a Development Fund loan due to cost overruns associated with the construction of this tax credit development in Lawrenceburg. Awarded tax credits in 2010, construction began in the summer of 2011, after which certain incidents occurred which lead to unanticipated cost overruns. First, it quickly became apparent that the excavation of the site was going to be more costly than originally planned. The excavator's civil engineer estimated 80,000 cubic yards of soil needed to be moved on the site in order for the new construction of the buildings. However, 480,000 cubic yards of soil actually needed to be moved to prepare the site, leading to cost overruns.

Second, the City of Lawrenceburg committed to bringing water/sewer lines to the site, which was a \$295,000.00 contribution to the development. While the City did spend the money to bring the water/sewer lines closer to the site, the lines were only brought to the property line where commercial development is planned, which is a quarter mile short of the buildings. Therefore, the developer incurred additional costs in bringing the utility lines to the project site.

After exhausting all project reserves, total cost overruns amount to \$974,000.00. Waterview Limited Partnership is requesting \$500,000.00 from IHCD in order to fill the financial gap and make the project financially viable for the low-income population of Lawrenceburg. The project will defer up to 90% of their developer fee to cover the remaining \$474,000.00.

Process

The applicant met with IHCD staff on January 30, 2013, at which time staff advised the developer to apply through the Strategic Investment Process. This began regular correspondence with IHCD and the determination that a Development Fund loan may be the best resource for this project. Initial analysis by underwriting staff showed a sufficient NOI to repay IHCD's loan.

After multiple discussions and review of the project's underwriting, market study, current rent roll, financial statements, and a status report from the architect, IHCD executive staff met and agreed to recommend a short-term loan to the developer. Additionally, IHCD will require a personal and corporate guarantee and require annual payments equal to the payout of the deferred developer fee. At year five, the project should be financially stable and in a position to pay off IHCD. IHCD will suspend the developer and associated parties for a period of two (2) tax credit funding rounds. This suspension will include all IHCD funding and is not limited to tax credits.

Recommendation

Project Name:	Waterview Apartments
IHCDA Amount Requested:	\$500,000.00
Development Fund Amount Recommended:	\$500,000.00
Per Unit Subsidy:	\$7,812.50
Total Project Costs:	\$8,291,508.00
Other Funding:	\$1,317,500.00 Permanent Financing \$5,672,333.00 Tax Credit Equity \$801,675.00 Deferred Developer Fee
Location:	Lawrenceburg, Dearborn County
Developer:	Linkmeyer Development Services, LLC
Activity:	Rental New Construction
Award Type:	Development Fund Loan – 5 year term; 5% interest rate; balloon payment at year 5; annual payments equal to the deferred developer fee payout

Following discussion, a motion was made by Pat Gamble-Moore to approve the loan of Development Fund funding to Linkmeyer Development Services, LLC, in an amount not to exceed \$500,000.00 for the above-referenced request received during the current review period of the 2012-2013 funding year, as recommended by staff, which was seconded by Tom McGowan; the motion passed by majority vote with two votes in opposition by Chris Conner and David Miller:

RESOLVED, that the Board approve the loan of Development Fund funding to Linkmeyer Development Services, LLC, in an amount not to exceed \$500,000.00 for the above-referenced request received during the current review period of the 2012-2013 funding year, as recommended by staff.

B. Bond Volume/4% Tax Credits

Chairman Brothers-Bridge recognized Megan Coler who presented information regarding Bond Volume/4% Tax Credits for Casey Acres.

Background

IHCDA is empowered to act as the housing credit agency for the State to administer, operate, and manage the allocation of the Internal Revenue Service Section 42 low-income housing tax credit (LIHTC) program. The purpose of the LIHTC is to provide an incentive for private developers and investors to provide more affordable rental housing. This is done by both new construction and rehabilitation of existing structures.

Process

On February 1, 2013 IHCDA began the 2013A-B bond round for multi-family bond volume. The third application received and reviewed represented a total development cost of \$28,774,279.00 with \$17,400,000.00 in bond volume and \$719,500.00 in annual LIHTCs to create 227 units of affordable housing and 25 market rate units for a total of 252 units.

The proposed development at 17830 Casey Road, accessible to State Road 32, will be just south of the new Grand Park sports facility that the City of Westfield currently has under construction. The project will address the need and market for affordable and market rate housing in Westfield and greater Hamilton County.

Once completed, Casey Acres will be a high quality apartment community with numerous amenities provided to residents including an outdoor pool with pavilion, playground, bark park, and gardening areas. The development will be designed to incorporate a variety of energy efficiency and universal design features. In addition, garage units will be available for rent to residents.

Casey Acres will conform to the City of Westfield's Comprehensive Plan by creating housing diversity, targeting a variety of income levels, and facilitating positive growth. The project is located in a prime location, with improvements scheduled for U.S. 31 and businesses moving to the immediate area. With growth has come the need for additional high quality and affordable housing, a need that Casey Acres will be ready to meet.

During the round the Real Estate Department staff reviewed the application to ensure it met the criteria set forth in the 2012-2013 Qualified Allocation Plan. Additionally, on April 15, 2013 the applicant was given an opportunity to present the development to many of the members of the Executive Committee and the Real Estate Department.

Recommendation

The Real Estate Department recommends the allocation of \$17,400,000.00 in bond volume and \$719,500.00 in annual LIHTC to Casey Acres, L.P.

Following discussion, a motion was made by Chris Conner to approve awarding \$17,400,000.00 in bond volume according to the terms of the 2013A-B Application Round and \$719,500.00 in LIHTC according to the terms of the 2013A-B Application Round to Casey Acres, L.P., as recommended by staff, which was seconded by David Miller; the motion passed unanimously:

RESOLVED, that the Board approve awarding \$17,400,000.00 in bond volume according to the terms of the 2013A-B Application Round and \$719,500.00 in LIHTC according to the terms of the 2013A-B Application Round to Casey Acres, L.P., as recommended by staff.

III. Energy

A. Weatherization Update

Chairman Brothers-Bridge recognized Donna Wright and Ray Judy who presented information regarding Weatherization.

No action was required, as this was an update to the Board on Weatherization.

VI. Asset Preservation

A. Amendment of IFPN Agency Contract – Neighborhood Christian Legal Clinic

Chairman Brothers-Bridge recognized Mark Neyland who presented information regarding the amendment of Neighborhood Christian Legal Clinic's IFPN agency contract.

Background:

IHCDA was awarded \$2,832,354.00 from a competitive NFMC grant allocation in 2012. The grant award included the following:

- Core Counseling Award: \$2,230,200.00
- Program-Related Support: \$446,040.00
- Operational Oversight: \$156,114.00

IHCDA allocated \$2,000,000.00 of the core counseling award, and \$200,000.00 of the program-related support funds to 30 Indiana Foreclosure Prevention Network ("IFPN") agencies, as sub-grantees. The contracts were for a term of one year, beginning July 1, 2012 and ending June 30, 2013. IHCDA allocated \$272,578.00 to Neighborhood Christian Legal Clinic ("NCLC").

It is projected that NCLC will exhaust the remainder of its allocation by the end of April, and the agency has formally requested an additional \$50,000.00 allocation. To date, approximately \$44,000.00 of the \$2,230,200.00 NFMC Core Counseling Award remains unallocated. Funds remaining from the \$333,000.00 dollars in IFPN matching funds (from foreclosure filing fees) required to secure to the NFMC grant are more than sufficient to cover the difference. Therefore, it is recommended that the IFPN network agency contract of NCLC be amended as identified below, with the June 30, 2013 contract expiration date unchanged.

NETWORK AGENCY	ORIGINAL CONTRACT AMOUNT	REQUESTED AMENDMENT AMOUNT	TOTAL AMOUNT OF CONTRACT IF AMENDED
Neighborhood Christian Legal Clinic	\$272,578.00	\$50,000.00	\$322,578.00

Recommendation:

Staff recommends approval to amend the IFPN network agency contract of Neighborhood Christian Legal Clinic to an amount not to exceed \$322,578.00.

Following discussion, a motion was made by Tom McGowan to allow staff to enter into an amended contractual agreement with Neighborhood Christian Legal Clinic, as recommended by staff, which was seconded by Pat Gamble-Moore; the motion passed unanimously:

RESOLVED, that the Board allow staff to enter into an amended contractual agreement with Neighborhood Christian Legal Clinic, as recommended by staff.

Following approval, Mark requested the Chair’s permission to present a brief update on IHCDA’s most recent application for National Mortgage Counseling Round competitive funding. Chairman Brothers-Bridge gave permission, and Mark notified the Board that if approved IHCDA would receive an NFMC award for this round in an amount close to that received in 2012. No action was required on this update.

V. Executive

Chairman Brothers-Bridge recognized Blake Blanch who presented information regarding the Rebuilding Neighborhoods Pilot Program.

A. Rebuilding Neighborhoods Pilot Program

Background

The Rebuilding Neighborhoods Pilot Program (“RBNP”) is a partnership between IHCDA, BMO Harris Bank (“BMO”), the City of Indianapolis, and King Park Area Development Corporation (“King Park”) and was designed to incentivize the construction of new affordable and market rate units of single family and multi-family housing (up to 4 units) within a targeted area. The RBNP will do this by leveraging private capital through the use of a loan loss reserve and by removing the loan-to-value equity requirements on developers and eliminating most of the risk associated with speculative building. A secondary goal of RBNP would be to build and sell homes at the appraised value and eliminate the need for homebuyer and development subsidies. This was originally approved at the July 2012 Board of Directors meeting but due to conflicts over contractual details, IHCDA began the search for a new banking partner.

Process

The pilot team selected the King Park area to launch the pilot for several reasons. Among the most important were the ability to absorb market rate housing, the designation as a “smart growth” area, the recent redevelopment area designation, and the amount of vacant lots available for new construction. The recent 16th and Monon Redevelopment Area Plan 9a (subsection of Kings Park area) identifies 602 vacant land parcels, 170 public and no tax properties, and 120 vacant addresses.

BMO and King Park will approve three to five single family builders, who must show the ability to post construction bonds for all developments. Approved builders will have access to a line of credit from BMO to build properties. Funds would be available for approved builders to build homes for pre-approved buyers. Spec homes are not allowed to be constructed with this line of credit. It is IHCDAs goal for this pilot program to remain in place until \$20 million of development has taken place, although IHCDAs retains a 30 day termination right.

IHCDAs will partner with BMO to set up the RBNP loan pool (funded by BMO). The funding pool will be loaned to approved builders at the 30 day LIBOR plus 350 basis points during the construction phase. IHCDAs will secure the loan pool with a loan loss reserve so that BMO would fund the construction pool at the agreed terms.

Prior to the start of construction, homebuyers would be required to secure permanent financing approval but would not be required to use BMO. Homebuyers would be required to deposit a 5% non-refundable down payment to ensure purchase. Advances to builders would be repaid from proceeds received at closing of each permanent loan.

To fund the loan loss reserve, IHCDAs will pledge investment securities held by the IHCDAs General Fund in the amount of \$3.5 million. IHCDAs will continue to earn interest on the securities while they are pledged to BMO. The terms of the pledge are set forth on Exhibit A.

Recommendation

Staff recommends that the Board approve entering into all those agreements necessary to establish a loan loss reserve under the terms set forth on Exhibit A.

Following discussion, a motion was made by Mark Pascarella to approve entering into all those agreements necessary to establish a loan loss reserve under the terms set forth on Exhibit A for the establishment of the Rebuilding Neighborhood Pilot Program construction loan pool, as recommended by staff, which was seconded by Chris Conner; the motion passed unanimously:

RESOLVED, that the Board approve entering into all those agreements necessary to establish a loan loss reserve under the terms set forth on Attachment A for the establishment of the Rebuilding Neighborhood Pilot Program construction loan pool, as recommended by staff.

B. Report of Delegation and Economic Stimulus Update

Chairman Brothers-Bridge recognized Jacob Sipe who updated the Board on contracts which fell under the Board's delegation of authority to staff. On February 26, 2009 the IHCDAs Board authorized the Executive Director to take all action necessary to obtain, accept and begin distributing ARRA funds, if those actions are approved by the Stimulus Panel and are recommended by the executive management committee created for this purpose. On July 23, 2009 the IHCDAs Board also approved a Delegation Policy by which the Board delegated certain decision-making authority to the Executive Director. On October 28, 2010, the IHCDAs Board approved revising the 2009-2010 Delegation Policy. The Executive Director has approved the items attached hereto as Exhibit B.

No action was required, as this was an update to the Board on delegated authority.

IV. Other Business

A. Audit Report

Chairman Brothers-Bridge recognized Mark Pascarella who presented information regarding the 2012 Audit of IHCDA.

Following discussion, a motion was made by Lu Porter to approve the 2012 Audit of IHCDA, as recommended by the Audit Committee, which was seconded by David Miller; the motion passed unanimously:

RESOLVED, that the Board approve the 2012 Audit of IHCDA, as recommended by the Audit Committee.

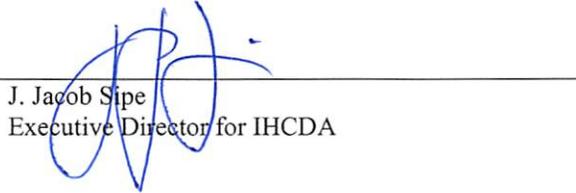
There being no further business a motion was made by Pat Gamble-Moore to adjourn the meeting, which was seconded by Mark Pascarella; the motion passed unanimously and the meeting was adjourned at 11:28 a.m.

Respectfully Submitted,



Tonya Brothers-Bridge as designee of
Lieutenant Governor, Sue Ellspermann

ATTEST:



J. Jacob Sipe
Executive Director for IHCDA