



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

Held: January 23, 2014

A regular meeting of the Board of Directors of the Indiana Housing and Community Development Authority (“IHCDA” or “Authority”) was held January 23, 2014 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), Pat Gamble-Moore, Lu Porter, Jacob Sipe (Executive Director for IHCDA), members of the staff of the Authority, and the general public. Tom McGowan and David Miller were not present.

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. December 19, 2013 Meeting Minutes

A motion was made by Chris Conner to approve the December 19, 2013 Meeting Minutes, which was seconded by Pat Gamble-Moore; the following Resolution was unanimously approved:

RESOLVED, the Minutes of the Board meeting held December 19, 2013, are hereby approved to be placed in the Minute Book of the Authority.

II. Finance

A. Bond Update

Chairman Brothers-Bridge recognized Blake Blanch who presented the Board with an update on Bonds.

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

III. Asset Preservation

A. Allocation Method for the Hardest Hit Fund Elimination of Blight Program

Chairman Brothers-Bridge recognized Rayanna Binder who presented information regarding the Allocation Method for the Hardest Hit Fund Elimination of Blight Program.

Background

The U.S. Department of the Treasury (“Treasury”) established the Housing Finance Agency Innovation Fund for the Hardest-Hit Markets (“Hardest Hit Fund” or “HHF”) to provide financial assistance to families in the states most impacted by the downturn of the housing market. Indiana was awarded over \$221 million to help unemployed homeowners pay their mortgage.

Treasury has acknowledged a causal connection between the demolition of blighted, residential properties and the stabilization of community property values. To facilitate the demolition of blighted properties, Treasury is allowing HHF recipients to seek permission to use a portion of their HHF awards to demolish blighted and abandoned properties. Indiana has requested authority to use \$75 million of its HHF allocation to demolish blighted and abandoned homes in a comprehensive statewide program.

Process

IHCDA has retained a private contractor, Rayanna Binder, to create and manage a statewide program to demolish blighted and abandoned homes. The program will be known as BEP or Blight Elimination Program. In support of BEP, bi-partisan public forums have been held in urban and rural communities across Indiana in the following locations: Indianapolis, Gary, South Bend, Muncie, Sullivan, Evansville, Shelbyville, and Richmond.

The state has been divided into six funding divisions. (See Exhibit A) A pool of BEP funds will be made available to each division based on the percentage of the State’s population contained within the given division. A competitive application process will be organized within each division to allocate the available funds.

To support its application process, IHCDA wishes to create an Advisory Committee that would advise IHCDA on the application process and scoring disputes. The Advisory Committee would be made up of individuals with no vested interest in the BEP. To date, four individuals have agreed to serve on the BEP Advisory Committee. Those individuals include:

- Sarah Dillinger, Attorney, Foutty & Foutty;
- John Marron, Policy Analyst, Indiana University Public Policy Institute;
- Pat Gamble-Moore, IHCDA Board Member; and
- Trish Lewis, Federal Home Loan Bank of Indianapolis

Using input from elected officials, information from private contractors, and feedback from the public forums, a Site Evaluation Matrix (“SEM”) has been created to assess blighted and abandoned properties. The goal of the SEM is to create a uniform standard for the properties that will be demolished as part of the BEP. A SEM will be required for every residential property an applicant seeks to demolish.

IHCDA has engaged in active discussions with Treasury to establish acceptable program parameters and guidelines. IHCDA and Treasury have successfully negotiated a Term Sheet for the BEP. (See Exhibit B) The approved terms of the BEP create a competitive application process which will include the demolition of one to four unit residential structures up to an allowable cost of \$25,000.00 per property. IHCDA will loan applicants funds to demolish homes from its general fund. The loans will then be modified using HHF funds. A demand note payable to IHCDA will be executed for every property. The notes will be secured by a mortgage, with 0% interest and decrease at 33.3% per year until expiring on December 31, 2017. To this end, the proposed BEP application packet will be available on IHCDA’s website by the close of business January 20, 2013. The following is a tentative schedule for rollout of the BEP:

January 20, 2014	Draft application packet available on IHCDA website for public comment.
February 3, 2014	Final application and application packet available on IHCDA website; commencement of application rounds.
February 7 – August 8, 2014	Application webinars by Division.
March 17 – September 15, 2014	Application deadlines by Division.
April 24 – October 23, 2014	Application awards approved by IHCDA Board and award announcement.

BEP Guidelines

Some of the proposed terms of the BEP are summarized below:

IHCDA’s Goals

Design a program and application process that meets the requirements of Treasury while allowing applicants flexibility to select program partners and negotiate demolition contracts at the local level.

Funding Rounds

Each funding division will have a fixed application due date, review period, and award announcement date.

Application Submission

Applicants are required to submit applications by e-mail and mail a hard copy. One hard copy application with original signatures must be submitted to IHCDCA by the published due date at 5:00 p.m. Eastern Time.

Application Review

The applications will be reviewed in three parts by IHCDCA staff and the BEP Program Director including completeness, threshold, and scoring. During threshold review, IHCDCA staff may contact an applicant to request clarification of information contained in the pending application.

Applications will be self-scoring. IHCDCA will review the self-score and score the application as well. The Advisory Committee will resolve any scoring discrepancies.

Following discussion, a motion was made by Lu Porter to approve the Blight Elimination Program application process, as recommended by staff, which was seconded by Chris Conner; the motion passed unanimously:

RESOLVED, that the Board approve the Blight Elimination Program application process, as recommended by staff.

Following discussion, a motion was made by Lu Porter to approve the creation of the Blight Elimination Program Advisory Committee with powers necessary to execute the above-described role, as recommended by staff, which was seconded by Mark Pascarella. The motion passed by a majority of the vote with Pat Gamble-Moore abstaining.

RESOLVED, that the Board approve the creation of the Blight Elimination Program Advisory Committee with powers necessary to execute the above-described role, as recommended by staff.

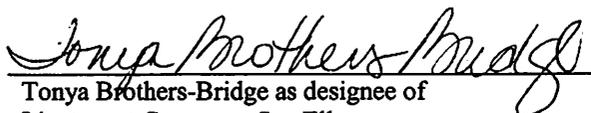
XI. Other Business

Chairman Brothers-Bridge recognized Jake Sipe who informed the Board that four Permanent Supportive Housing teams have been assembled to assist with making deals with service providers, among other things.

Jake also noted to the Board that the Lieutenant Governor has announced letters of intent are being accepted for the 2014 Stellar Communities program.

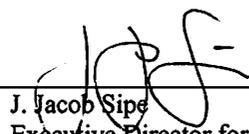
There being no further business a motion was made by Chris Conner to adjourn the meeting, and the meeting was adjourned at 11:11 a.m.

Respectfully Submitted,



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

ATTEST:



J. Jacob Sipe
Executive Director for IHCDCA

Proposed Funding Divisions

As of July 1, 2011, the State of Indiana had a population of approximately six million five hundred sixteen thousand nine hundred twenty two. The State's population is spread throughout its ninety two counties but it is not spread evenly. Indiana's largest county has a population of over nine hundred thousand. Indiana's smallest county has a population of approximately six thousand sixty-five people. The population of Indiana's largest county is approximately one hundred fifty times that of its smallest county.

Indiana is seeking permission to use a portion of its Hardest Hit Funds for the demolition of abandoned and blighted homes. Municipalities both small and large have expressed an interest in using the HHF funds to demolish abandoned residential homes. The key question is how a limited funding base can be fairly and transparently dispersed throughout Indiana.

This is one theory on how the counties could be divided to apportion funds from HHF for demolition. Indiana's counties could be divided into six population based divisions. Any municipality or unit of local government would apply for funds from the counties designated division.

Division One

Division One consists of Lake and Marion Counties.

Division One	Population Estimates		April 1, 2010	
	July 1, 2011	July 1, 2010	Census	Rank
Lake County	495,558	496,130	496,005	2
Marion County	911,296	904,789	903,393	1

Division Two

Division Two consists of Allen, Hamilton and St. Joseph Counties.

Division Two	Population Estimates		April 1, 2010	
	July 1, 2011	July 1, 2010	Census	Rank
Allen County	358,327	355,786	355,329	3
Hamilton County	282,810	276,452	274,569	4
St. Joseph County	266,700	266,848	266,931	5

Division Three

Division Three consists of Clark, Delaware, Elkhart, Hendricks, Johnson, LaPorte, Madison, Monroe, Porter, Tippecanoe, Vanderburgh and Vigo Counties.

Division Three	Population Estimates		April 1, 2010	
	July 1, 2011	July 1, 2010	Census	Rank
Clark County	111,570	110,605	110,232	16
Delaware County	117,660	117,677	117,671	14
Elkhart County	198,941	197,551	197,559	6
Hendricks County	147,979	145,866	145,448	10
Johnson County	141,656	140,028	139,654	11
LaPorte County	111,374	111,479	111,467	15
Madison County	131,235	131,652	131,636	13
Monroe County	139,799	138,478	137,974	12
Porter County	165,537	164,548	164,343	9
Tippecanoe County	174,724	172,897	172,780	8
Vanderburgh County	180,305	179,784	179,703	7
Vigo County	108,182	107,891	107,848	17

Division Four

Division Four consists of Bartholomew, Boone, Dearborn, Floyd, Grant, Hancock, Howard, Kosciusko, Morgan, Warrick and Wayne Counties.

Division Four	Population Estimates		April 1, 2010	
	July 1, 2011	July 1, 2010	Census	Rank
Bartholomew County	77,870	76,897	76,794	20
Boone County	57,481	56,827	56,640	27
Dearborn County	50,113	50,090	50,047	28
Floyd County	74,989	74,638	74,578	21
Grant County	69,793	70,003	70,061	22
Hancock County	70,529	70,239	70,002	23
Howard County	82,800	82,756	82,752	18
Kosciusko County	77,336	77,346	77,358	19
Morgan County	69,464	69,103	68,894	25
Warrick County	60,275	59,857	59,689	26
Wayne County	68,643	68,864	68,917	24

Division Five

Division Five consists of Adams, Cass, Clay, Clinton, Daviess, Decatur, DeKalb, Dubois, Gibson, Green, Harrison, Henry, Huntington, Jackson, Jasper, Jefferson, Jennings, Know, LaGrange, Lawrence Marshall, Miami, Montgomery, Noble, Posey, Putnam, Randolph, Ripley, Shelby, Steuben, Wabash, Washington, Wells and Whitley Counties.

Division Five	Population Estimates		April 1, 2010	
	July 1, 2011	July 1, 2010	Census	Rank
Adams County	34,370	34,419	34,387	45
Cass County	38,828	38,957	38,966	38
Clay County	26,894	26,898	26,890	59
Clinton County	33,104	33,218	33,224	50
Daviess County	31,978	31,721	31,648	54
Decatur County	25,944	25,785	25,740	62
DeKalb County	42,462	42,256	42,223	35
Dubois County	42,199	41,884	41,889	36
Gibson County	33,505	33,552	33,503	47
Greene County	32,895	33,185	33,165	51
Harrison County	39,336	39,383	39,364	37
Henry County	49,264	49,504	49,462	29
Huntington County	37,211	37,105	37,124	43
Jackson County	42,966	42,589	42,376	34
Jasper County	33,416	33,528	33,478	48
Jefferson County	32,249	32,365	32,428	53
Jennings County	28,196	28,479	28,525	56
Knox County	38,500	38,409	38,440	39
LaGrange County	37,382	37,145	37,128	42
Lawrence County	46,195	46,151	46,134	32
Marshall County	47,050	47,023	47,051	31
Miami County	36,611	36,789	36,903	44
Montgomery County	38,441	38,101	38,124	40
Noble County	47,553	47,505	47,536	30
Posey County	25,720	25,896	25,910	61
Putnam County	37,917	37,928	37,963	41
Randolph County	26,105	26,156	26,171	60
Ripley County	28,759	28,843	28,818	55
Shelby County	44,337	44,366	44,436	33
Steuben County	34,028	34,140	34,185	46
Wabash County	32,608	32,850	32,888	52
Washington County	28,147	28,278	28,262	57
Wells County	27,734	27,659	27,636	58
Whitley County	33,392	33,345	33,292	49

Division Six

Division Six consists of Benton, Blackford, Brown, Carroll, Crawford, Fayette, Fountain, Franklin, Fulton, Jay, Martin, Newton, Ohio, Orange, Owen, Parke, Perry, Pike, Pulaski, Rush, Scott, Spencer, Starke, Sullivan, Switzerland, Tipton, Union, Vermillion, Warren and White Counties.

Division Six	Population Estimates		April 1, 2010	
	July 1, 2011	July 1, 2010	Census	Rank
Indiana	6,516,922	6,490,622	6,483,802	X
Benton County	8,853	8,881	8,854	89
Blackford County	12,594	12,754	12,766	85
Brown County	15,099	15,228	15,242	81
Carroll County	20,031	20,163	20,155	73
Crawford County	10,658	10,729	10,713	86
Fayette County	24,285	24,298	24,277	64
Fountain County	17,213	17,262	17,240	78
Franklin County	23,041	23,074	23,087	67
Fulton County	20,872	20,839	20,836	72
Jay County	21,310	21,203	21,253	70
Martin County	10,332	10,336	10,334	88
Newton County	14,161	14,258	14,244	82
Ohio County	6,065	6,111	6,128	92
Orange County	19,969	19,802	19,840	74
Owen County	21,499	21,583	21,575	68
Parke County	17,237	17,338	17,339	77
Perry County	19,354	19,346	19,338	75
Pike County	12,728	12,847	12,845	84
Pulaski County	13,363	13,366	13,402	83
Rush County	17,287	17,358	17,392	76
Scott County	23,987	24,183	24,181	65
Spencer County	20,961	20,929	20,952	71
Starke County	23,199	23,376	23,363	66
Sullivan County	21,356	21,473	21,475	69
Switzerland County	10,569	10,628	10,613	87
Tipton County	15,788	15,889	15,936	80
Union County	7,513	7,530	7,516	91
Vermillion County	16,231	16,170	16,212	79
Warren County	8,431	8,503	8,508	90
White County	24,694	24,672	24,643	63

Allocation of Hardest Hit Funds by Division

Allocation				
Division	Total Population	Percentage of State Population	Percentage	Allocation in Millions
Division One	1,406,854	0.21587707	21.59	16,192,500
Division Two	907,837	0.13930457	13.93	10,447,500
Division Three	1,728,962	0.26530347	26.53	19,897,500
Division Four	759,293	0.11651098	11.65	8,737,500
Division Five	1,215,296	0.18648313	18.65	13,987,500
Division Six	498,680	0.07652079	7.65	5,737,500

SERVICE SCHEDULE B-4

**Indiana
Hardest Hit Fund Blight Elimination Program**

Summary Guidelines

1) Program Overview	Under Indiana’s Hardest Hit Fund Blight Elimination Program (“BEP”) the Indiana Housing and Community Development Authority (“IHCDA”) will work with applicants and their Program Partners (<i>i.e.</i> , nonprofit entities (“NFPs”), community development corporations (“CDCs”), land banks and/or for-profit entities) to strategically target residential properties for demolition and greening within the state of Indiana.
2) Program Goals	The goal of the BEP is to decrease foreclosures, stabilize homeowner property values and increase neighborhood safety in communities across the state of Indiana through the demolition and greening of vacant, abandoned and blighted residential properties. IHCDA will work with applicants and their Program Partners to identify meaningful indicators that will enable them to track and quantify the BEP’s impact in the designated communities.
3) Target Population / Areas	Municipalities located within the state of Indiana (“Applicants”) will be eligible to apply for BEP property eligibility through a competitive application process. Each Applicant will apply in one of six population divisions based on the population of the county in which the Applicant is located.
4) Program Allocation (Excluding Administrative Expenses)	\$75,000,000
5) Property Eligibility Criteria	IHCDA will determine property eligibility. Each property for which an Applicant requests blight elimination funding will be individually scored based on factors including, but not limited to: <ul style="list-style-type: none">• Inhabitability of Property• Structural Damage• Public Safety Impact Properties will be evaluated using a scoring matrix created by IHCDA and will be required to meet a minimum threshold score to be targeted for receipt of blight elimination funds.

<p>6) Property / Loan Eligibility Criteria</p>	<p>Vacant, abandoned and blighted residential properties located in Indiana.</p> <p>A Program Partner must hold title to the property.</p>
<p>7) Program Exclusions</p>	<p>Commercial structures.</p> <p>Properties listed on a national, state, or local historic register.</p>
<p>8) Structure of Assistance</p>	<p>IHCDA will determine project sites in direct consultation with Applicants.</p> <p>Program Partners will be responsible for property acquisition (if necessary), demolition work and on-going property stabilization.</p> <p>Applicants must submit in their application to IHCDA for BEP funds, information including, but not limited to, the following:</p> <ul style="list-style-type: none"> • A full and complete list of all properties the applicant seeks to make eligible • Acquisition information • The Program Partner responsible for the property • The post-demolition goal for each lot • Demolition bids from licensed contractors that include the removal of all debris, the backfill of basements or cellars, and any necessary environmental remediation <p>Upon receipt of appropriate documentation confirming the completion of BEP activities, IHCDA will provide Hardest Hit funding to Partner after Partner's execution of a secured lien mortgage and note for a maximum of \$25,000 in favor of IHCDA.</p> <p>Total assistance will include acquisition (if necessary), demolition, and property stabilization costs. Property stabilization costs will be a maximum of \$1,000 per year for a term of three years.</p> <p>The secured lien mortgage and notes will be structured as zero percent, non-amortizing loans, secured by a lien on the property. Loans will expire three years after their origination date ("Expiration Date"). Prior to the Expiration Date, loans will be forgiven at a rate of 33.3% per annum as long as covenants are met.</p> <p>The outstanding loan balance will become due and payable if a property is sold or title transferred, or unauthorized use prior to the Expiration Date. The method for calculating the outstanding balance will be determined based upon the time and method of transfer. The</p>

	<p>outstanding balance may include any and all net sale proceeds and/ or the full principal balance of the loan. Prior to the Expiration Date, all proceeds will be due and payable to IHCDA. All proceeds returned to the IHCDA from the BEP may be recycled until December 31, 2017; thereafter, the funds must be returned to Treasury.</p> <p>Special considerations may be made by IHCDA to release or subordinate its lien prior to expiration based upon the merit of the request and the proposed positive economic impact to the community as set forth in the program guidelines.</p>
9) Per Household Assistance	Maximum of \$25,000 per property, which includes the costs of acquisition (if necessary), demolition and property stabilization for a period of 3 years.
10) Duration of Assistance	One-time assistance per property
11) Estimated Number of Participating Households	IHCDA estimates that between 3000 and 5000 properties could be served under this program.
12) Program Inception / Duration	IHCDA anticipates program roll-out during the first quarter of 2014. Based on anticipated demand, funds allocated to BEP will likely be exhausted by the end of 2016.
13) Program Interaction with Other Programs (e.g. other HFA programs)	Property will only be eligible for one IHCDA Hardest Hit Fund Program.