



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Matt Blunt
Governor

Peter Kinder
Lieutenant Governor

Sarah Steelman
State Treasurer

Jay Nixon
Attorney General

**Richard F.
Baalmann Sr.**
Chairman

Robert C. Fulp
Vice Chairman

**Claudia L.
Oñate Greim**
Secretary - Treasurer

Loren Cook II
Commissioner

Bill Luetkenhaus
Commissioner

Pete Ramsel
Executive Director

Kansas City
3435 Broadway
Kansas City, Missouri
64111
v. 816.759.6600
f. 816.759.6828
tty. 816.759.6839

St. Louis
4625 Lindell, Suite 300
St. Louis, Missouri
63108
v. 314.877.1350
f. 314.877.1360
tty. 314.877.1303

NOTICE OF REGULAR MEETING

OF THE

MISSOURI HOUSING DEVELOPMENT COMMISSION

FRIDAY, SEPTEMBER 21, 2007

9:00 A.M.

**HARRY S. TRUMAN BUILDING
ROOM 493-494
301 W. HIGH STREET
JEFFERSON CITY, MO 65101**

Please **ALSO TAKE NOTICE THAT** the Missouri Housing Development Commission may, at any time during the public meeting of which notice is HEREBY given, vote by affirmative public vote of a quorum of the Commission, to close the public meeting, records and votes to the extent they relate to any of the subject matter pursuant to V.A.M.S., Section 610.021 (1) (3) as amended from time to time.

“REVISED”

REGULAR MEETING

AGENDA

SEPTEMBER 21, 2007

- 1. ROLL CALL**
- 2. APPROVAL of MINUTES of the August 17, 2007, REGULAR MEETING**
- 3. REPORT OF CHAIRMAN**
 - a) Audit Committee Report**
 - b) I-9 Workforce Eligibility Policy Committee Report**
 - c) Planning Session Progress and Report**
 - d) Executive Director Compensation and Evaluation**
 - e) Robert’s Rules of Order**
- 4. REPORT OF EXECUTIVE DIRECTOR**
 - a) Financial Report**
 - b) Southernside:** Discussion, update and possible vote on additional tax credits for **Southernside**
 - c) Staff recommendation regarding 10th Street Lofts**
 - d) Approval of Extension of Depository Banking Agreements**
 - e) Approval of Standards of Conduct**
 - f) Property Watch List**
 - g) Such other matters as may properly come before the Commission.**
- 5. REPORT OF FINANCIAL ADVISOR AND BOND COUNSEL**
- 6. ADJOURN**

*If you wish to attend this meeting and you require specific aids or services under the **Americans with Disabilities Act**, please notify Diana Greener (816.759.6822) at least three working days prior to the meeting.*



TAB 1



Strength, Dignity, Quality of Life

MISSOURI HOUSING
DEVELOPMENT COMMISSION

COMMISSIONERS

Matt Blunt
Governor

Matt Blunt
Governor
State Capitol Building
Jefferson City, MO 65102
573.751.3222
(Attention: Ed Martin)

Peter Kinder
Lieutenant Governor

Peter Kinder
Lieutenant Governor
State Capitol Building
Jefferson City, MO 65102
573.751.4727
(Attention: Jerry Dowell)

Sarah Steelman
State Treasurer

Sarah Steelman
State Treasurer
State Capitol Building
Jefferson City, MO 65102
573.751.2400
(Attention: Doug Gaston)

Jay Nixon
Attorney General

Jay Nixon
Attorney General
Supreme Court Building
Jefferson City, MO 65102
573.751.3321
(Attention: Ted Ardini/
Jeff Schaeperkoetter)

Richard F. Baalman Sr.
Chairman

Robert C. Fulp
Vice Chairman

Claudia L. Oñate Greim
Secretary - Treasurer

Loren Cook II
Commissioner

Bill Luetkenhaus
Commissioner

Pete Ramsel
Executive Director

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St. Louis
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Richard F. Baalman, Sr.
MHDC Chairman
11743 Manchester Road
St. Louis, MO 63131-4616
314.966.6618

Robert C. Fulp
MHDC Vice Chairman
The Signature Bank
4039 South Kansas Expressway
Springfield, MO 65807
417.890.2115

Claudia L. Oñate Greim
MHDC Secretary-Treasurer
Stinson Morrison Hecker
1201 Walnut, Suite 2900
Kansas City, MO 64106
816.691.3224

Loren Cook II, Commissioner
2015 E. Dale Street
Springfield, MO 65803
417.869.6474

Bill Luetkenhaus, Commissioner
410 Crestview Drive
O'Fallon, MO 63366
636.272.4200



TAB 2



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Matt Blunt
Governor

Peter Kinder
Lieutenant Governor

Sarah Steelman
State Treasurer

Jay Nixon
Attorney General

Richard F. Baalman Sr.
Chairman

Robert C. Fulp
Vice Chairman

Claudia L. Oñate Greim
Secretary - Treasurer

Loren Cook II
Commissioner

Bill Luetkenhaus
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Minutes of the Regular Meeting

of the

Missouri Housing Development Commission

The Regular Meeting of the Missouri Housing Development Commission was held at 9 A.M. on **Friday, August 17, 2007**, in Jefferson Room A and B, **Capitol Plaza Hotel, 415 West McCarty St., Jefferson City, Missouri 65105**

Commissioners present:

Richard Baalman, Chairman
Robert Fulp, Vice Chairman (via conference call)
Claudia Oñate Greim, Secretary Treasurer (via conference call)
Peter Kinder, Lieutenant Governor
Bill Luetkenhaus, Commissioner
Loren Cook II, Commissioner (via conference call)

Commissioners absent:

Matt Blunt, Governor
Jay Nixon, Attorney General
Sarah Steelman, State Treasurer

Person present to vote for Ex-Officio Member:

Doug Gaston, Deputy State Treasurer
Jeff Schaeperkoetter, Assistant Attorney General

Staff and Consultants present:

Pete Ramsel, Executive Director
Ed Martin, Chief of Staff, Governor's Office
Jerry Dowell, Lieutenant Governor's Office
Jim Torres, Legislative Liaison/Commission Secretary
Janell Thome, Director of Rental Production
Mary Helen Murphy, Director of Operations
Ron Hill, Fiscal and Accounting Manager
Bram Higgins, Attorney MHDC
Daniel McKim, MHDC
Diana Greener, Administrative Assistant
Bob Detjen, CSG Advisors (Financial Advisor)
Dennis Lloyd, Columbia Capital (Financial Advisor)
Kelsi Powell, Columbia Capital (Financial Advisor)
Dick Murray, AG Edwards
Jen Sieve, AG Edwards
Keith Tully, George K. Baum & Co. (Bond Counsel)
Kim Wells, Gilmore and Bell, PC
Terry Finn, Stern Brothers
Daniel Sanders, DSL Consulting
Kevin Smith, Shook Hardy and Bacon
John Stanfield, Carpenters District Council

Donald Rosemann, Rosemann & Associates
Peter Hennessey, Hennessey Development
David Lang, Rosenblum, Goldenhersh, Silverstein
and Zaff
Jeremy Cooper, Rosemann & Associates
Kim Lingle, MBL Development
Terry Nelson, Carpenters' Union
Shannon Weber, Carpenters' Union
Joey Holmgren, Cornerstone Development &
Consulting
Carla Potts, NECAC
Lynn Miller, NECAC
Donovan D. Mouton, One Economy Corp.
Bob Lowery, City of O'Fallon
Donna Murrow, City of O'Fallon
Carl Mari, City of O'Fallon
Carl Farrell, PDC #2
John O'Mara, UA Local 562
Kurt Wallace, Wallace Architects
Chuck Riser, MoCap Development
Bob Ring, JES
Joe Cavato, CPDC
Chris Hite, Sugar Creek Realty
Leon Gray, Neighborworks America
Chris Krehmeyer, Beyond Housing
Colin Cassidy, The Alexander Company
John Santer, Neighbor Works America
Leon Gray, Neighbor Works America
Becky Selle, New Beginnings
Jennifer Erickson, Bank of New York
John Pelzer, JPA & Associates
Denton Cline, DCT Construction
Skip O'Neal, Local #562
Brian Chandley, Plumbers and Pipefitters
Greg Young, Citizen

Chairman Richard Baalman called the meeting to order and asked Commission Secretary, Jim Torres, to call the roll. Not all the Commissioners were present and Chairman Baalman stated that he had some comments he would like to make until the meeting could begin. Commissioner Baalman stated that the Commission has put together a number of questions on how activities of the Commission could be improved. Chairman Baalman stated that various Commissioners have been asked to look into certain subjects and have accepted

the assignment. The memo in the Commission binder lists target dates as to when these items should be completed.

Once a quorum of six was established, Chairman Baalman asked for a motion to approve the minutes of the previous meeting. **Commissioner Luetkenhaus made a motion for approval and Assistant Attorney General Schaeperkoetter seconded the motion. A roll call vote was taken and the minutes were approved unanimously.**

Chairman Baalman moved to the next item on the agenda **Report of the Chairman**. Chairman Baalman asked for a motion for approval of the Commission's response to the Blue Ribbon Committee. **Commissioner Luetkenhaus made a motion for approval.** Assistant Attorney General Schaeperkoetter stated that he did not care for the sentence "the chances of the passage of Senate Bill 344 is nil," in regards to the method of increasing the Trust Fund. Mr. Ramsel stated that the language could be eliminated from the response. **Assistant Attorney General Schaeperkoetter made a motion that the first sentence of the proposed response, from "is the Commission's belief" down to word "nil," be excised from the response. Commissioner Luetkenhaus seconded the motion.** Assistant Attorney General Schaeperkoetter stated that a voice vote could be taken and **the motion was passed unanimously 6 to 0. Deputy State Treasurer Gaston stated that he would like to make a motion to change the wording in the last sentence by substituting the word "we" with the word "staff". Commissioner Luetkenhaus seconded the motion. A roll call vote was taken and the motion was passed unanimously 7 to 0, with Deputy State Treasurer Gaston joining the meeting.** Mr. Martin commented in regard to the Commission's response to transparency. He stated that all tax credits that are issued by the state will be posted on a website, allowing citizens to go to website and see who has acquired tax credits and who redeems tax credits. **Commissioner Luetkenhaus made a motion to accept and acknowledge the Blue Ribbon Panel responses. Lieutenant Governor Kinder seconded the motion.**

Assistant Attorney General Schaeperkoetter asked when the policy on telephonic participation by the Commissioners started. Chairman Baalman stated

that the policy had not been enacted but it would be looked into. **A roll call vote was taken on the previous motion and the motion was passed unanimously 7 to 0.**

Mr. Ramsel moved to the next item on the agenda the **Financial Report**. Mr. Hill stated that total assets at June 30, 2007 were \$2,088,000,000. For the month of June net operating results, before the implementation of GASB 31, were \$860,000. GASB 31 adjustments for the month of June 2007 resulted in a decrease in the market value of investments and mortgage-backed securities of \$12.5 million. Net operating results for the year amounted to a gain of \$16.3 million before including the effects of GASB 31. The results are \$7 million better than budget. For the fiscal year, the overall fair value on investments has increased \$4.8 million. The total mortgage portfolio has increased by \$234.6 million after repayments and GASB 31 adjustments.

Mr. Ramsel moved to the next item on the agenda the Qualified Allocation Plan. Mr. Ramsel stated that a Qualified Allocation Plan was proposed at the planning session to take to public hearings in July. The hearings were held on July 9th and they were held in Kansas City, Columbia, Springfield, and St. Louis. Mr. Ramsel stated that there were no public comments and that any written comments could be found in the attachments of the Commission Book. Mr. Ramsel stated that at the planning session there was discussion on whether the QAP should be a one year or a three year plan. Mr. Ramsel asked the Commission for approval of the Qualified Allocation Plan. Commissioner Luetkenhaus stated that he believed it was an MHDC policy that a State Representative and a State Senator are asked to send a letter of support when there is an application for state tax credits. Commissioner Luetkenhaus stated that with the changes on Page 5, Section J of the Qualified Allocation Plan, these letters would not be necessary. Commissioner Luetkenhaus asked what the purpose was in taking this out. Mr. Ramsel stated that it has been very difficult for many of the developers to actually receive that letter of support in time to submit the application on October 1st. Commissioner Luetkenhaus stated that he felt this policy was very important and asked that it be left in. Mr. Martin asked if a state Senator refuses to send a letter would the developer not be able to submit their application. Mr. Ramsel stated that was correct. Mr. Martin suggested that this could be resolved by making a waiver stating it is expected at the time of filing, and if for some reason

the letter cannot be obtained it will be expected within 60, 40 or even 30 days. Mr. Ramsel stated that the language would be left in and the initial application would be considered a primary review. If anything is missing in the primary review, staff will notify the developer that they have 30 days to respond and get the letters in. **Commissioner Luetkenhaus made a motion that on Page 5 under J that the original language remain. Assistant Attorney General Schaeperkoetter seconded the motion. A roll call vote was taken and the motion was passed unanimously with a vote of 8 to 0, with Lieutenant Governor Kinder joining the meeting.** Mr. Ramsel stated that a decision needed to be made by the commissioners as to whether they wanted a one year or a three year plan. Assistant Attorney General Schaeperkoetter stated that he preferred the one year plan. Mr. Martin stated that he also preferred the one year plan. Assistant Attorney General Schaeperkoetter stated that he had concerns that the proposed QAP did not adequately address the workforce eligibility undocumented worker issue and that he was very concerned that the QAP does not give staff adequate assurance as to what the Commission's policy is on undocumented workers. Mr. Martin stated that the Governor would be recommending and he suspected the legislature would be enacting laws that will make clearer how employers or developers who use illegal workers are sanctioned. Mr. Martin stated that he agreed that this should also be addressed in the MHDC policies. Mr. Ramsel stated that the Qualified Allocation Plan has our existing policy attached to it and the same exhibits will be in the developer's guide. An I-9 protocol is being enforced requiring all contractors, subcontractor, and all vendors to supply an I-9 form at the site. Mr. Ramsel said an inspector goes to the site and checks a list of employees on site with the I-9s to make sure every employee on the site has one. Mr. Martin stated that he did not feel that the policy was sufficiently clear to capture everything that is intended. Commissioner Greim asked if the vote could be bifurcated so that the commissioners could vote for the Qualified Allocation Plan and the exhibit could be revised as a separate matter. Deputy State Treasurer Gaston stated he found it disturbing when he went to the O'Fallon meeting and found they had been told there was nothing more MHDC could do to help the situation. Deputy State Treasurer Gaston stated that if this is true, a major radical change needs to be made in the policies. Assistant Attorney General Schaeperkoetter stated that the

Commission's policy on undocumented workers was clearly expressed at the April meeting and yet the staff is saying that it is not going to enforce the Commission's policy; staff is worried about the impact upon tax credit investors and the impact on developers. Mr. Ramsel stated that the O'Fallon project was approved in October of 2005 and the policy was not put in place until April or May of 2006. The commitment was issued in November of 2005 and the project in question precedes our policy. Mr. Ramsel stated that staff was not sure if legally they have the ability to check a social security number and MHDC does not want illegal workers on site but staff is concerned about the liability. Mr. Martin stated that the Department of Economic Development was going to come up with a policy, even if it is legislatively done, that across the board, if illegal workers are used in the state of Missouri you will not receive tax credits. Mr. Martin stated that the I-9 does not do anything and developers needed to be required to make sure the workers are not illegal. There was continued discussion among the Commissioners regarding the I-9 issues. Mr. Ramsel stated that he needed a vote from the Commissioners on what they wanted staff to do regarding the I-9 issue. It was decided that MHDC would quote the policy and make it clear to Mr. Hennessey, the developer of the project in O'Fallon, that going forward staff would see to it that there are only legal workers on this project. **Commissioner Luetkenhaus made a motion for a one year Qualified Allocation Plan and Lieutenant Governor Kinder seconded the motion. A roll call vote was taken and the motion was passed unanimously with a vote of 8 to 0.**

Mr. Ramsel moved to the next item on the agenda approval of the **Plan for Trust Fund Allocation Plan**. Mr. Ramsel stated that public hearings were held and staff received no response from the public. **Commissioner Luetkenhaus moved for approval of the Allocation Plan for the Trust Fund. Lieutenant Governor Kinder seconded the motion. A roll call vote was taken and the motion was passed unanimously with a vote of 8 to 0.**

Mr. Ramsel moved to the next item on the agenda approval of **the Rental Production Notice of Funding Availability**. Mr. Ramsel stated that the numbers reflected in the Notice of Funding Availability are from the budget that was approved at the June planning session. **Commissioner Luetkenhaus made a motion**

for approval of the **Notice of Funding Availability** and **Lieutenant Governor Kinder** seconded the motion. A roll call vote was taken and the motion was passed unanimously 8 to 0.

Mr. Ramsel moved to the next item on the agenda approval of the **Trust Fund Notice of Funding Availability**. Mr. Ramsel stated that this would be published by Monday and application responses would be due on October 5th. **Lieutenant Governor Kinder** moved for approval of the **Trust Fund Notice of Funding Availability** and **Commissioner Luetkenhaus** seconded the motion. A roll call vote was taken and the motion was passed unanimously 8 to 0.

Mr. Ramsel moved to the next item on the agenda approval of the **4% LIHTC NOFA**. Mr. Ramsel stated that staff is proposing to do a NOFA for the 4% credit. The applications will be received and reviewed and recommendations will be brought back to the Commission in December and the list of recommendations will be given to DED. **Commissioner Luetkenhaus** made a motion for approval of the **4% LIHTC NOFA** and **Commissioner Cook** seconded the motion. A roll call vote was taken and the motion was approved unanimously 8 to 0.

Mr. Ramsel moved to the next item on the agenda approval of the **HOME Repair NOFA**. Mr. Ramsel stated that the HOME Repair program is very significant and allows families to stay in their home, allows major repairs, and allows the elderly to stay in place. **Commissioner Luetkenhaus** moved for approval of the **HOME Repair program** and **Assistant Attorney General Schaeperkoetter** seconded the motion. **Assistant Attorney General Schaeperkoetter** stated that he would amend this to include non-profit organizations and Regional Planning Commissions. A vote was taken and the amended motion was passed unanimously 7 to 0, with Deputy State Treasurer not being present for the vote.

Mr. Ramsel moved to the next item on the agenda staff recommendations regarding **Mallory Place**. Mr. Ramsel stated this is a small multi-family project in Marshall, Missouri. It is the preservation of a 30 year old property that has project based rental assistance. **Commissioner Cook** made a motion for approval of **Mallory**

Place and Lieutenant Governor Kinder seconded the motion. A roll call vote was taken and the motion was passed unanimously 7 to 0, with Deputy State Treasurer Gaston not being present for the vote.

Mr. Ramsel moved to the next item on the agenda staff recommendation regarding **Courthouse Apartments**. Mr. Ramsel stated that this is a conversion of the Old Federal Courthouse in downtown Kansas City, Missouri. **Lieutenant Governor Kinder made a motion for approval of Courthouse Apartments and Commissioner Greim seconded the motion. A roll call vote was taken and the motion was passed unanimously 8 to 0.**

Mr. Ramsel moved to the next item on the agenda staff recommendation regarding **Craigmont Place III**. Mr. Ramsel stated that this is a preservation project and a project based Section 8 multi-family development. **Chairman Baalman made a motion for approval of Craigmont Place III. Lieutenant Governor Kinder seconded the motion. A roll call vote was taken and the motion was passed unanimously 8 to 0.**

Mr. Ramsel moved to the next item on the agenda approval of request for **2007 Single Family Mortgage Revenue Series E Bond, Resolution 991**. Mr. Ramsel stated that this is asking for approval to request \$40 million in new bond cap from DED and approval of Resolution 991 will authorize the sale of bonds in an amount not to exceed \$90 million. **Assistant Attorney General Schaeperkoetter made a motion for approval and Commissioner Luetkenhaus seconded the motion. A roll call vote was taken the motion was passed unanimously 8 to 0.**

Mr. Ramsel moved to the next item on the agenda staff recommendation regarding **General Counsel**. Mr. Ramsel stated that he would like to recommend Bram Higgins, a member of staff who has been managing the real estate closing department, for the position of General Counsel. Mr. Martin stated the Commission would understand if for certain significant legal issues there may be a need for specialized outside counsel. **Commissioner Luetkenhaus made a motion of approval of the recommendation of Bram Higgins for General Counsel and Commissioner**

Greim seconded the motion. Assistant Attorney General Schaeperkoetter expressed concern about there being no other interviews for the position and thought the personnel policy needs to be looked into. **A roll call vote was taken and the motion was passed unanimously with a vote of 8 to 0.**

Mr. Ramsel moved to the next item on the agenda regarding **MHDC participation in Foreclosure Prevention.** Mr. Ramsel stated that he was requesting approval for a \$90,000 grant to partner with Neighbor Works America and Beyond Housing. Neighbor Works will contribute \$90,000 to provide professional counseling for people with lender problems, in the state of Missouri, if MHDC would match that amount. **Assistant Attorney General Schaeperkoetter made a motion for approval of the \$90,000 grant and Commissioner Luetkenhaus seconded the motion. A roll call vote was taken and the motion was passed unanimously 6 to 0 with Commissioner Cook and Deputy State Treasurer Gaston no longer present.**

Mr. Ramsel moved to the next item on the agenda **Legislative Goals.** Mr. Ramsel stated that one of staff's priorities is working with DED and economic development and a big part of that is providing needed workforce housing. Staff would like to approach Federal legislators about getting an increase in existing income limits, especially for the tax credit program. Mr. Ramsel stated that there is also discussion with Federal legislators about the pricing of the state credit and what can be done to increase the price of the state credit. The possibility of making the state income tax credit a federal deduction and an exit tax strategy are other changes being pursued. Mr. Ramsel stated that on the state level there is the issue of increasing the recording fee for the Trust Fund.

Mr. Ramsel invited Mr. Hennessey, Hennessey Development, Inc. and Mr. David Lang, an attorney from Rosenblum, Goldenhersh, Silverstein and Zafft representing Mr. Hennessey, to speak to the commissioners in regards to the illegal worker issues at the O'Fallon project. Mr. Lang stated that Mr. Hennessey is taking a more proactive approach to the problem and has turned over the I-9s to Homeland Security. There were continued questions and discussion from the Commissioners about the I-9 issues, the O'Fallon project and how the MHDC policies on illegal

immigrants could be enforced or changed. Mr. Ramsel stated that he would encourage the Commissioners to form a task force to establish exactly how they would like these issues to be handled and how staff could enforce stricter policies.

Mr. Ramsel moved to the next item on the agenda **Resolution 877**. Mr. Ramsel stated that Resolution 877 is the authorized signature list. **Lieutenant Governor Kinder moved for approval of Resolution 877 and Commissioner Luetkenhaus seconded the motion. A voice vote was taken and the motion was passed unanimously 6 to 0.**

Mr. Martin stated that the agenda item regarding Standards of Conduct was overlooked. Chairman Baalman requested that it be brought back to the Commission in September.

Mr. Ramsel asked Chairman Baalman if he wanted to vote on the by-laws that needed to be amended, changing the May meeting to an April meeting. **Commissioner Luetkenhaus made a motion for approval of the amended by-laws and Chairman Baalman seconded the motion. A voice vote was taken and the motion was passed unanimously 6 to 0.**

There being no further business the meeting was adjourned at approximately 12:30 PM.

Richard Baalman, Chairman





TAB 3

3. Report of Chairman

- a) Audit Committee Report**
- b) I-9 Workforce Eligibility Policy
Committee Report**
- c) Planning Session Progress and
Report**
- d) Executive Director Compensation and
Evaluation**
- e) Robert's Rules of Order**

Missouri Housing Development Commission

Audit Committee Report

September 21, 2007

Attached are the following audit reports presented for formal acceptance by Commission vote:

- Audited Financial Statements of the **Missouri Housing Development Commission** for the year ended June 30, 2007
- Audited Financial Statements of the **Missouri Housing Trust Fund** for the year ended June 30, 2007
- **Single Audit** Report regarding **Federal Financial Assistance** for the year ended June 30, 2007



TAB 4a

FINANCIAL REPORT

FOR THE MONTH OF JULY 2007



Strength, Dignity, Quality of Life

MISSOURI HOUSING
DEVELOPMENT COMMISSION

Financial Reporting Package
for the month of July 2007 and the period then ended

Index

Page: 1 – 2	Executive Summary for the month
3	Key Financial Information
4	Balance Sheet
5	Summary of Net Assets: Restricted and Unrestricted
6	Budget for Use of Net Assets (Fund Balances) for Fiscal Year 2008
	Mortgage Revenue Bond Activity
	HUD Purchase Loan Program
7	Condensed Statement of Revenue and Expenses, including the effects of GASB Statement No. 31
7a	Condensed Statement of Revenues and Expenses, actual compared to budget (excluding the effects of GASB Statement No. 31)
8	Loan Servicing Report

**MISSOURI HOUSING DEVELOPMENT COMMISSION
FINANCIAL REPORT - EXECUTIVE SUMMARY**

July 2007

Assets

Total assets, as reported, were \$2,098,292,000 as compared to \$2,087,698,000 at the end of the previous fiscal year. Excluding the effects of GASB Statement No. 31, assets totaled \$2,116,789,000 at July 31, 2007 as compared to \$2,109,940,000 at June 30, 2007.

Mortgages and Mortgage-Backed Securities

New homeownership mortgage-backed securities purchased totaled \$12.8 million in this month. Net of scheduled principal payments and loan prepayments, the Homeownership bond-financed mortgage-backed securities and loan portfolio has increased \$1.1 million in July. In the Rental bond-financed program, 3 rental project loans totaling \$719,000 have been funded.

Principal pay-downs and prepayments in the Single Family Homeownership portfolio are 13% for July 2007 (13% in 2007, 19% in 2006, 26% in 2005 and 39% in 2004). In the Multifamily Rental portfolio, principal pay-downs and prepayments are 13% (6% in 2007, 15% in 2006, 15% in 2005 and 20% in 2004).

Bond Issues

In July, we sold \$50.0 million in Single Family Homeownership bonds (page 6). These bonds closed in August. Bond pay downs have totaled \$3.9 million.

Results of Operations: Month of July

For the month of July (see page 7a), net operating results amounted to a gain of \$6,025,000 before including the effects of GASB Statement No. 31, (see additional information below). Operating Revenue over Expenses was \$350,000 better than budget.

Effects of GASB 31

Governmental Accounting Standards Board (GASB) Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*" was instituted in 1998 and established fair value accounting for investment securities, such as U.S. government and agency securities; and GNMA and Fannie Mae mortgage-backed securities. GASB Statement No. 31 requires that these investments be reported at fair value on the balance sheet and that changes in fair value be reported as revenue in the

operating statement. During periods of rising market interest rates relative to the stated rates of our portfolio, the fair value of our investments and mortgage-backed securities will decline. Conversely, when market interest rates fall below those of the stated rates of our portfolio, the fair value of our investments and mortgage-backed securities will increase.

The required implementation of GASB Statement No. 31 has caused an increase of \$3,783,000 in the fair value of investments and our mortgage-backed security portfolio for the month of July (see page 7). During July, interest rates decreased below the level of the previous month-end, resulting in a corresponding increase in the fair value of mortgage-backed securities and other investments.

**Missouri Housing Development Commission
Key Financial Information as of July 31, 2007**

Trend Analysis					
(\$ in thousands)	2004	2005	2006	2007	7/31/07
Total assets *	1,657,328	1,614,216	1,800,070	1,983,030	1,988,555
Total debt *	1,239,234	1,181,238	1,341,189	1,511,115	1,506,606
Total equity *	315,703	325,165	342,311	360,017	366,080
Revenues *	101,103	96,642	101,414	113,638	118,583
Net income *	9,779	9,287	16,341	16,342	13,167
Total loans and MBS	1,103,838	1,101,195	1,228,984	1,424,153	1,418,151
FHA Risk-Share Loans	113,816	148,997	173,169	171,215	167,680
Nonperforming assets	440	100	100	184	142
Loan loss reserves	18,626	20,701	21,150	21,596	21,596

*** NOTES:**

Asset values exclude conduit debt issues and are adjusted to eliminate the effects of market value accounting (GASB Statement No. 31).

Debt values exclude conduit issues.

Equity values are adjusted to exclude the effects of market value accounting (GASB Statement No. 31).

Annualized growth rate of total assets is 3.34% at July 31, 2007, compared to 10.16% in FY07. Strategic Plan target is 5% annually.

Revenue and net income values exclude the effects of market value accounting (GASB Statement No. 31) and federal grants and assistance (pass-through revenues and disbursements). These values are projected for FY 2008.

Financial Ratio Analysis					
	6/30/2004	6/30/2005	6/30/2006	6/30/2007	7/31/07
PROFITABILITY (%)					
Return on Average Assets **	0.57	0.57	0.96	0.86	0.66
Return on average assets, excluding subsidy programs & special initiative	0.77	0.89	1.09	1.03	0.67
Return on Assets before Loan Loss Provision and Extraordinary item	0.77	0.71	0.97	0.85	0.66
Return on assets before loan loss provision and extraordinary item, excluding subsidy programs & special initiatives	0.98	1.03	1.09	1.02	0.67
Return on Average Equity ***	3.15	2.90	4.90	4.65	3.63
Net interest margin	0.69	1.05	1.30	1.38	1.31
ASSET QUALITY (%)					
Non-performing assets / Total Loans and real estate owned	0.04	0.01	0.01	0.01	0.01
Loan Loss Reserves / Total Loans and MBS	1.69	1.88	1.72	1.52	1.52
Loan Loss Reserves / Risk-Share Loans and Non-Performing Assets	16.30	13.88	12.21	12.60	12.87
LEVERAGE (%)					
Total Equity / Total Assets	19.05	20.14	19.02	18.15	18.41
Total Equity and Reserves / Total Loans and MBS	30.29	31.41	29.57	26.80	27.34

** 1% Strategic Plan target

*** 4% Strategic Plan target

Missouri Housing Development Commission
BALANCE SHEET, unaudited (In Thousands)
July 31, 2007

	Operating Funds	Rental Bond-Financed Program	Homeownership Bond-Financed Program	July 31, 2007	Combined Totals June 30, 2007 (unaudited)
ASSETS:					
CASH AND TEMPORARY INVESTMENTS	\$ 16,760	\$ 18,799	\$ 9,401	\$ 44,960	\$ 44,015
INVESTMENTS:					
Investment Agreements	-	23,817	234,016	257,833	256,416
Repurchase Agreements	10,660	1,014	-	11,674	8,874
U.S. Government and Agency Securities	132,690	58,221	-	190,911	184,728
Total	143,350	83,052	234,016	460,418	450,018
LOANS RECEIVABLE, net of allowance for loan losses (\$21,596)	106,724	335,147	1,087,528	1,529,399	1,531,258
OTHER ASSETS:					
Accrued Interest Receivable	1,827	1,953	8,998	12,778	11,582
Deferred Financing Charges	55	313	48,410	48,778	48,888
Fixed Assets, net of accumulated depreciation (\$1,534)	898	-	-	898	917
Accounts Receivable, Other	1,061	-	-	1,061	1,020
Total	3,841	2,266	57,408	63,515	62,407
Total Assets	\$ 270,675	\$ 439,264	\$ 1,388,353	\$ 2,098,292	\$ 2,087,698
LIABILITIES AND NET ASSETS:					
LIABILITIES					
Bonds and Notes Payable	\$ 2,040	\$ 338,661	\$ 1,294,139	\$ 1,634,840	\$ 1,638,025
Interest Payable	-	1,121	26,309	27,430	25,472
Escrow Deposits	10,986	54,148	-	65,134	62,077
Funds Due Others	1,249	-	-	1,249	1,643
Accounts Payable	703	459	531	1,693	2,288
Deferred Fees	9,390	2,433	8,540	20,363	20,418
Total Liabilities	24,368	396,822	1,329,519	1,750,709	1,749,923
NET ASSETS	246,307	42,442	58,834	347,583	337,775
Total Liabilities and Net Assets	\$ 270,675	\$ 439,264	\$ 1,388,353	\$ 2,098,292	\$ 2,087,698

Missouri Housing Development Commission
 Net Assets, unaudited (In Thousands)
 July 31, 2007

	7/31/2007				6/30/2007
	Operating Funds	Rental Bond-Financed Program	Homeownership Bond-Financed Program	Total Net Assets	
Invested in Capital Assets	\$ 898	\$ -	\$ -	\$ 898	\$ 917
Restricted	225,435	42,442	58,834	326,711	308,728
Unrestricted	19,974	-	-	19,974	28,130
Total Net Assets	\$ 246,307	\$ 42,442	\$ 58,834	\$ 347,583	\$ 337,775

MISSOURI HOUSING DEVELOPMENT COMMISSION

**FY2008 Fund Balance Budget
July 31, 2007**

	<u>BUDGET</u>	<u>DISBURSED</u>
Rental Housing Production and Preservation Program	\$ 6,775,000	\$ -
Downtown Revitalization Plan	300,000	-
Single-Family MRB Program Equity Contribution (See below for detail)	4,400,000	-
Rental Assistance Program	826,000	50,583
Multifamily and Home Improvement Interest Subsidy Program	<u>100,000</u>	<u>8,337</u>
TOTAL FUND BALANCE PROGRAM BUDGET	<u>\$ 12,401,000</u>	<u>\$ 58,920</u>

Mortgage Revenue Bond Activity

BOND ISSUES	<u>AMOUNT AUTHORIZED</u>	<u>AMOUNT ISSUED</u>	<u>MHDC CONTRIBUTION</u>
Homeownership:			
2007 Series D <small>closed 8-16-07</small>	\$ 50,000,000	\$ 50,000,000	\$ 875,000
At August 31, 2007		\$ 50,000,000	\$ 875,000
Rental:			
<i>Bonds Sold in FY07; Portion Issued in FY08:</i>			
2006 Series VI (Mill Pond Apts.) <small>closed 10-5-06</small>	\$ 3,500,000	\$ 536,805	\$ -
2006 Series VIII (Elmwood Estates Apts.) <small>closed 11-14-06</small>	3,200,000	112,101	-
2006 Series X (Center Apts.) <small>closed 11-14-06</small>	1,900,000	<u>70,044</u>	-
At July 31, 2007		\$ 718,950.00	\$ -

* - \$879,000 remaining bonds to be funded

** - bonds fully funded

HUD Purchase Loan Program

Since the purchase of 26 loans from HUD during 1996, we have collected principal and interest payment funds, which are available for rehabilitation work and tenant initiatives. These are restricted funds.

Program Receipts, since 1996	\$ 21,416,773
Grants and Loans, since 1996	<u>(14,305,996)</u>
Available for Rehab/Tenant Initiatives as of July 31, 2007	<u>\$ 7,110,777</u>

Missouri Housing Development Commission
 CONDENSED STATEMENT OF REVENUE AND EXPENSES, unaudited (In Thousands)
 Includes the effects of GASB Statement No. 31
 For the Month Ending July 31, 2007

Unaudited	Operating Funds	Rental Bond-Financed Program	Homeownership Bond-Financed Program	Combined
REVENUES:				
Interest on Mortgage Loans	\$ 369	\$ 1,059	\$ 5,332	\$ 6,760
Interest on Investments	574	192	995	1,761
Fair Market Value of Investments	605	371	2,807	3,783
Administrative Fees	629	-	-	629
Financing Fees and Other	154	18	246	418
Housing Trust Fund Receipts	4,757	-	-	4,757
Grants & Federal Assistance	6,172	-	-	6,172
Total Revenues	13,260	1,640	9,380	24,280
EXPENSES:				
Interest Expense on Bonds and Notes	5	916	5,505	6,426
Miscellaneous Bond Debt Expense	6	62	460	528
Compensation	665	-	-	665
Administrative Expenses	228	-	-	228
Provision for Loan Losses	-	-	-	-
Housing Trust Fund Grants	298	-	-	298
Grants & Federal Assistance	6,172	-	-	6,172
Total expenses	7,374	978	5,965	14,317
REVENUES OVER (UNDER) EXPENSES FROM OPERATIONS	5,886	662	3,415	9,963
Subsidy Programs and Special Initiatives	155	-	-	155
REVENUE FROM OPERATIONS AFTER SUBSIDY PROGRAMS & SPECIAL INITIATIVES	\$ 5,731	\$ 662	\$ 3,415	\$ 9,808

Missouri Housing Development Commission
 CONDENSED STATEMENT OF REVENUE AND EXPENSES, unaudited (In Thousands)
 Excludes the effects of GASB No. 31
 For the Month Ending July 31, 2007

	Operating Funds		Rental Bond-Financed Program		Homeownership Bond-Financed Program		Combined	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
REVENUES:								
Unaudited								
Interest on Mortgage Loans	\$ 369	\$ 347	\$ 1,059	\$ 1,066	\$ 5,332	\$ 5,916	\$ 6,760	\$ 7,329
Interest on Investments	574	550	192	150	995	691	1,761	1,391
Administrative Fees	629	940	-	-	-	-	629	940
Financing Fees and Other	154	210	18	5	246	67	418	282
Housing Trust Fund Receipts	4,757	4,500	-	-	-	-	4,757	4,500
Grants & Federal Assistance	6,172	9,878	-	-	-	-	6,172	9,878
Total Revenues	12,655	16,425	1,269	1,221	6,573	6,674	20,497	24,320
EXPENSES:								
Interest Expense on Bonds and Notes	5	6	916	875	5,505	5,666	6,426	6,547
Miscellaneous Bond Debt Expense	6	8	62	12	460	500	528	520
Compensation	665	725	-	-	-	-	665	725
Administrative Expenses	228	356	-	-	-	-	228	356
Provision for Loan Losses	-	59	-	-	-	-	-	59
Housing Trust Fund Grants	298	375	-	-	-	-	298	375
Grants & Federal Assistance	6,172	9,878	-	-	-	-	6,172	9,878
Total expenses	7,374	11,407	978	887	5,965	6,166	14,317	18,460
REVENUES OVER (UNDER) EXPENSES FROM OPERATIONS	5,281	5,018	291	334	608	508	6,180	5,860
Subsidy Programs and Special Initiatives	155	185	-	-	-	-	155	185
REVENUE FROM OPERATIONS AFTER SUBSIDY PROGRAMS & SPECIAL INITIATIVES	\$ 5,126	\$ 4,833	\$ 291	\$ 334	\$ 608	\$ 508	\$ 6,025	\$ 5,675

Number of Employees: 117
 Number of Employees at Prior Year End: 117
 Compensation and administrative expenses as percentage of Total Revenue - actual 4.36%, budget 4.44%

LOAN SERVICING REPORT
As of July 31, 2007

<u>Rental Programs</u>	<u>Loans</u>	<u>Units</u>	<u>Remarks</u>
FHA Insured	97	9,012	Includes FHA Insured, Section 8, Market Rate & Risk Share.
FNMA	22	1,591	Includes FNMA Participation Loans.
US Bank	8	576	Includes US Bank Participation Loans
Uninsured	185	9,850	Includes Acquisition/Construction/Permanent Financing for Special Needs, Elderly & Family housing using MHDC fund balances.
HUD Purchased Loans	22	1,605	Includes HUD Purchased Loans, special financing relating to the HUD Purchased Loan Program.
HOME Funds	266	7,554	Federal HOME Funds Construction Preservation non-profit and for profit and Federal HOME Funds Emergency Relief.
Subdivision Loans	2	40	Subdivision Loans units are based on lots.
Rural Initiative Loans	5	32	Rural Initiative Loan units are based on lots.
Rental Program Totals	607	30,260	
<u>Homeownership Programs</u>			
GNMA Master Servicer	10,349	10,349	Serviced by Master Servicer, MHDC funded through MRB.
FNMA Master Servicer	2,328	2,328	Serviced by Master Servicer, MHDC funded through MRB.
FHLMC Master Servicer	300	300	Serviced by Master Servicer, MHDC funded through MRB.
MRB Issues	227	227	Serviced by Participant/Servicers. MHDC reconciles bank accounts, audits foreclosures and processes assumptions.
GNMA MRB Issues	1,251	1,251	Serviced by GNMA Contract Servicers. MHDC processes assumptions, servicing fees and audits foreclosures.
Rural Growth Master Servicer	15	15	Resolution 853 Serviced by Master Servicer, MHDC funded through MRB.
HOME Funds/Other	1,697	1,697	Includes MHDC DP/AMRB Issues/Flood Program Funds and Federal HOME Funds/FmHA, Weatherization and Home Improvement, Habitat for Humanity. MHDC performs all servicing functions.
Homeownership Program Totals	16,167	16,167	
TOTALS	16,774	46,427	



TAB 4b



MISSOURI HOUSING
DEVELOPMENT COMMISSION

TAB 4c



MISSOURI HOUSING
DEVELOPMENT COMMISSION

TAB 4d



TAB 4e



TAB 4f

Asset Quality Ratings

September 2007

Asset Management Portfolio

MHDC Financed Portfolio 458,288,410.71
Federally Funded Portfolio 177,019,521.93
TOTAL 635,307,932.64

Loan & Reserve Balances as of 8/31/2007

PASS	Loan Balance	98.60%	626,384,327.64	Loan Date	Weakness	City	Loan Balance	1.40%	Available Reserves	Program	Months on List
SPECIAL MENTION											
Cameron Estates			1,091,636.00	1981	Occupancy	Webb City			48,334.00	HUD-insured	28
Cassville Heights			589,925.00	2001	Occupancy	Cassville			41,825.00	Federal - Uninsured	3
Columbia Oaks			371,836.00	1997	Occupancy	Centralia			9,777.00	Federal - Uninsured	2
Greyhound Apts.			513,898.00	1997	Occupancy	Windsor			85,010.00	Federal - Uninsured	2
Lamar Plaza			698,415.00	1997	Occupancy	Lamar			47,020.00	Federal - Uninsured	15
Mexico Meadows			1,414,301.00	1986	Occupancy	Mexico			131,084.00	Uninsured	1
Monett Meadows			816,682.00	1988	Occupancy	Monett			75,849.00	Uninsured	3
Noland Towers			2,867,907.00	1981	Occupancy	Independence			73,317.00	HUD-insured	5
Quality Heights I			417,083.00	1988	Occupancy	Kansas City			36,619.00	Uninsured	5
Take Part III-Courtyard			141,922.00	1992	Occupancy/Physical/Financial	Kansas City			27,707.00	Uninsured	4
			8,923,605.00						576,542.00		
CONCERNS: (Substandard, Doubtful, Loss)			Loan Balance		Weakness	City	Loan Balance	0.00%	Available Reserves	Adverse Classification	Months on List
			0.00				0.00		0.00		

Special Mention: An asset with potential weaknesses that deserve management's close attention. Special mention assets are not adversely classified and do not expose the Commission to sufficient risk.

Adverse Classifications: (Substandard, Doubtful, Loss)

Substandard: An asset that has a well-defined weakness and is inadequately protected by the current net worth and paying capacity of the obligor. These assets are characterized by the distinct possibility that the Commission will sustain some loss if the deficiencies are not corrected.

Doubtful: An asset that has the weaknesses of those classified Substandard, with the added characteristic that the weaknesses make collection or liquidation in full highly questionable and improbable.

Loss: An asset that is considered uncollectible and of such little value that continuance as an asset is not warranted. This classification does not necessarily mean that an asset has absolutely no recovery value; but rather, it is not practical or desirable to defer writing off a basically worthless asset even though partial recovery may be effected in the future.

Program Descriptions:

Risk Share: HUD insures 50% of the loan balance and MHDC assumes the risk on the other 50%. In addition, MHDC collects 50% of the annual mortgage insurance premium to off-set potential claims.

HUD-insured: 100% of the loan balance is guaranteed by HUD in the event of default.

Uninsured: Fund Balance loans in which MHDC is responsible for 100% of the losses incurred.

Federal-uninsured: Funds issued by the federal government for which MHDC administrators. Once the affordability period has expired, MHDC no longer has a responsibility to repay the federal funds.

Participation: A portion of the loan is sold to a participating lender and MHDC is only liable for the remaining balance.

Watch List - Special Mention

PROPERTY	CITY	TYPE	*AMI	TOTAL UNITS	OCCUPANCY	WEAKNESS	DEVELOPER	MANAGEMENT AGENT	COMMENTS
Cameron Estates	Webb City	Elderly	\$20,100	60	75%	Occupancy	Harold Bradford Moore III (FP)	Midwest Mngmt - Harold Bradford Moore III	Owner has entered into a purchase contract contingent on receiving LIHTC through the 2008 NOFA. In the event of default, MHDC will assign to HUD at 100% recovery of the loan. Occupancy remains the same since the last report.
Cassville Heights	Cassville	Family	\$24,180	32	72%	Occupancy	Bryan Jones (FP)	Fairway Management - Jeff Smith	Management reports that the area median income limits are too restrictive. Applicants are overqualified. Occupancy has decreased since the last report.
Columbia Oaks	Centralia	Family	\$33,480	16	75%	Occupancy	Central Missouri Community Action Agency (NFP)	Central Missouri Community Action Agency	The management company has experienced a turn over in staff. Several evictions are in process. MHDC is working with new management staff to improve operations. Occupancy has increased since the last report.
Greyhound Apts.	Windsor	Family	\$24,540	24	75%	Occupancy	West Central CAA- Chuck Khozadi (NFP)	West Central CAA- Chuck Khozadi	Management reports an unusually high turnover in recent months. Many of the applications received do not meet the resident selection criteria. Advertising has been increased. Occupancy has decreased since the last report.
Lamar Plaza	Lamar	Family	\$24,180	28	54%	Occupancy	Kim Lingle (FP)	Action Management - AC Lasher	Population 4,600 (4.6 increase since 2000). Occupancy has steadily declined since November 2005. O'Sullivan Furniture manufacturing plant began laying off workers in July 2005 and currently operates at 50% workforce. News broke in April that the doors will close and 735 employees will be out of work. The City Administrator reports record numbers of homes for sale. Management reports move-outs due to non-payment of rent, move-in with family, move to other cities for job opportunities. Rents have been reduced by \$100 and amenities such as washer/dryer hookups have been added to increase marketability. New Management took over April 1, 2007. Traffic has increased and new management has increased the occupancy level from 35% to 54% over the past three months. Occupancy has increased since the last report.
Mexico Meadows	Mexico	Family	\$26,820	64	77%	Occupancy	Jeff Smith (FP)	Fairway Management - Jeff Smith	The property has experienced excessive move outs due to evictions and job changes.
Monett Meadows	Monett	Family	\$24,600	48	75%	Occupancy	Jeff Smith (FP)	Fairway Management - Jeff Smith	This property maintains an occupancy rate between 80%-85% on a consistent basis. Management reports that the area median income limits are too restrictive. Applicants are overqualified. Occupancy has declined since the last report.
Noland Towers	Independence	Elderly	\$28,740	125	82%	Occupancy	Harold Bradford Moore III (FP)	Midwest Mngmt - Harold Bradford Moore III	This property has been on the occupancy watch list in the past. Units are dated which makes it difficult to compete in the market. In the event of default, MHDC will assign to HUD at 100% recovery of the loan. Occupancy has increased since the last report.
Quality Heights I	Kansas City	Family	\$36,960	39	78%	Occupancy	KCNA - Joseph Hirshleiner (NFP)	Blue Hills Management - Troy Osbourne	New management took over April 1, 2007. 8 units are off the market due to physical deficiencies related to water damage, resident abuse and theft. The property does not have the funds needed to make repairs. KCNA has closed their doors. Management reports a waiting list. Occupancy has increased since the last report.
Take Part III - Courtyard	Kansas City	Family	\$36,960	42	51%	Occupancy/ Physical/ Financial	KCNA - Joseph Hirshleiner (NFP)	Blue Hills Management - Troy Osbourne	New management took over April 1, 2007. The property does not have the funds needed to make units ready for occupancy. KCNA has closed their doors. Escrow payments of \$17,470 are past due. Owner has a contract on the property. Occupancy has declined since the last report.

*Area Median Income: *Family* of 3 or *Elderly* single household at 60% AMI

Changes since the last report: Good Shepherd Village reached 85% occupancy

Take Part KCNA notes were sold

Watch List - Loss

September 2007

PROPERTY	CITY	LOAN DATE	TYPE	TOTAL UNITS	OCCUPANCY	DEVELOPER	MANAGEMENT AGENT	COMMENTS
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NO LOSSES TO REPORT



TAB 4g

4. g) Such other matters as may properly come before the Commission



MISSOURI HOUSING
DEVELOPMENT COMMISSION

TAB 5

5. Report of Financial Advisor and Bond Counsel

Robert Detjen, CSG Advisors, Incorporated

Dennis Lloyd, Columbia Capital Management, L.L.C.

Kim Wells, Gilmore & Bell

Herbert Hardwick, Hardwick Law Firm