



Minutes
National Housing Development Trust Board of Directors Meeting
Thursday, Jul 9, 2015
10:00 a.m.

1. Call to Order

The Chairman called the meeting to order at 10:40 a.m.

2. Attendance

| Name | Initials | Title | In Attendance | Apologies |
|---|----------|-----------------------------------|---------------|-----------|
| Mr. George A. Powell | GP | Chairman | ✓ | |
| Mr. Kearney S. Gomez | KG | Deputy Chairman | ✓ | |
| Mr. Teddie C. Ebanks | TE | Director | ✓ | |
| Mr. Harwell A. McCoy | HM | Director | ✓ | |
| Ms. Lucille Barnes Rico | LR | Director | ✓ | |
| Ms. Louise Christine Burke-Richardson | LB | Director | ✓ | |
| Mr. Rayburn Farrington | RF | Director | ✓ | |
| Mr. Allan Bush | AB | Director | | ✓ |
| Deputy Chief Officer, PLAHI Mrs. Leyda Nicholson-Makasare | LM | Ministry's Representative (PLAHI) | ✓ | |
| Ministry of PLAHI Designate Mrs. Tanya Vasquez-Ebanks | TV-E | Ministry's Representative (PLAHI) | | ✓ |
| Financial Secretary's Office Designate – Mr. Randy Myles | RM | FS's Office Representative | ✓ | |
| Mr. Julio Ramos | JR | General Manager/ Secretary | ✓ | |

3. Welcome and Prayer

A heart felt prayer was delivered by HM.

4. Chairman's Opening Remarks

The Chairman welcomed the attendees and also apologized for the long delay in meeting as a Board. It was further confirmed, that even though we are not meeting as frequently that does not mean that the housing initiative are not being met.

The Chairman further expressed his gratitude to the Board, the Ministry and the NHDT Operations for the continued efforts and support.

5. Formal Approval of the Previous Board Meetings

5.1 Minutes of the Board of Directors meeting held on April 16, 2015 were approved and confirmed.

Moved: HM

Second: LB

Agreed: All

5.2 Minutes of the Audit & Accounts Committee Meeting held on April 30, 2015 and the following Board Resolutions were approved and confirmed.

- Adjustment of Lease-To-Own Client Interest Rate – Effective 1st May 2015
- Discontinue Old AHI Monthly Charges and Receipt of Payments – Effective 1st May 2015

Moved: KG

Second: HM

Agreed: All

6. Matters arising from the last Board Meeting.

Press Release – Now that the Trust has streamlined its approach to homeownership and progress has been made with respect to allocating the remaining affordable houses, efforts should be taken to do a press release provide an update give a briefing on the ongoing initiatives.

Proposal for National Campaign – It was recommended that the NHDT encourage the Cayman Islands Government to initiate a program that will assist Caymanians in purchasing land that will be in part of Caymanians aiming toward homeownership. On having to do so, a restriction can be put in place whereby the land will not be sold, transferred or utilized as a security for other loans.

Affordable Housing Homeowners Association – The Trust has been tasked with establishing a homeowners association that will assist in supervising the affordable Housing Sites, coordinating activities and meeting with community officials. It was recommended that each site be assigned an NHDT Staff to assist with this initiative until when we can fully handover to the community.

Affordable Housing Evictions – As update on the eviction notices, the Board was advised that most of the delinquent tenants have made efforts in their part to commit to their arrangements. Of the 4 severely delinquent tenants there were 2 that are currently seeking financing to purchase the affordable house that they currently occupy.

Project Development in George Town – In effort to initiate the required project development, the NHDT has been tasked to do a follow up with the CIG confirm their position with respect to listing the Eastern Avenue Property for sale that is currently zoned residential & commercial.

Agreed: Look into the status of the Fairbanks property that was previously taken from the NHDT and further confirm if consideration can be given as an alternate housing site.

Affordable Housing Site Retaining Wall – As a follow up from a previous matter the Board was reminded of the steep drop off behind 7 houses that are located at the top of the hills in the Windsor Park housing site. An estimate was submitted to construct a retaining wall however this was not finalized by the Committee.

Concerns were raised that if the Trust commit to constructing this wall with fencing then there will be a long term obligation by the Trust to routinely make any relevant repairs. In response to the concern raised it was outlined that the Tenants be given written notice that the Trust will only be liable for 6 months after which it would be their responsibility for upkeep.

Agreed: Do the relevant follow up to assess the cost for erecting a retaining wall with chain link fencing and also request that a costing estimate also be provided by the Cayman Islands Government's Public Works Department.

7. Audit & Accounts Report

Annual Audit The 2013-14 Audited Financials have been signed off and have been scheduled to be tabled at the Legislative Assembly.

FS 2013-14 Management Points - As a follow up from the Audit & Account Board Review of the April 30, 2015 the pending Management Point were discussed and finalized.

Agreed: Proceed in populating the relevant response to the Office of the Auditor General on the Management Points that were raised for the 2013-14 Audited Financials.

2014-15 Draft Financial Statements - The Trust is currently finalizing its year end figures as at Jun 2015 in preparation for the Draft Financial Statements that need to be submitted to the CIG Finance Department and the Office of the Auditor General. A review of the financials performance will be made prior to submission.

Output Billing & Equity Injection 2014-15- NHDT has received payment for the Equity Injections and all bond commitments for the 2014-15 have been met. The Output billing for the remaining balance is being finalized.

NHDT Cash Balance Report was circulated and it was observed that the Trust currently has approximately \$3m as at Jul 9 2015.

NHDT 2015-16 Budget - The NHDT 2015-16 Annual Budget was confirmed and approved.

Cost of Living Adjustment (COLA) - As a follow up from the COLA proposal, a 3% increase COLA was approved for the NHDT Staff. It was pointed out that the last COLA increase was awarded in Jul 2009.

8. Affordable Housing Initiative Program (AHI) Program

8.1 Update on the New Affordable Houses - The below summary was presented and an overview on the allocation of the New Affordable Houses was provided.

NHDT NEW AFFORDABLE HOUSE SUMMARY - UPDATE Jul 9, 2015

| New AHI House Allocation | East End | West Bay | Windsor Park | Bodden Town | Total |
|-------------------------------------|-----------------|-----------------|---------------------|--------------------|--------------|
| Houses Sold | 8 | 7 | 5 | 5 | 25 |
| Assigned under Lease & Lease-to-Own | 1 | 19 | 21 | 0 | 41 |
| Assigned As Special Case | 0 | 1 | - | 1 | 2 |
| Assigned for Sale | 2 | 4 | - | 12 | 18 |
| Vacant Available for Sale | 1 | 5 | | 2 | 8 |
| Total | 12 | 36 | 26 | 20 | 94 |

Houses Sold - A total of 25 New Affordable Houses have been sold from 2011 to May 2015. Of which 12 have been sold since 2013.

Assigned House on Lease & Lease-to-Own - To date there are 41 houses under Lease/Rental and Lease-to-Own arrangement, of which there are approximately 12 Clients pursuing their Banks to purchase the house that they occupy.

Assigned Special Case - There are 2 Houses Assigned as Special Case and both cases remain to be finalized with Attorneys.

Agreed: Do the relevant follow up in order to complete the transition and arrangements.

Assigned AHI Houses for Sale - As at May 2015 a total of 12 Vacant Houses have been assigned and committed for Sale. The Applicants are pursuing financing with their respective Banks.

AHI Applications – There are currently 9 applications that need to be reviewed and finalized for Committee Review. In addition to this there are also a few pending applications for the few remaining houses in East End and West Bay. Based on these there are clear indications that there are individuals that continue to express interest in affordable houses in Bodden Town.

Agreed: Complete the allocation of the few remaining houses. Also continue to assess the remaining applications to obtain pre-approval from the Banks as this will assist in determining the further project development.

Property Insurance – The property insurance on the new houses is up for renewal on Jul 13, 2015. The total to be insured is the houses 69 houses that currently remain registered under the NHDT and the sum to be insured is for approximately \$10.5m.

8.2 Update on the Old Affordable Houses - The below summary was presented as an update on the remaining old affordable Houses and the Tenants.

NHDT OLD AFFORDABLE HOUSE SUMMARY - UPDATE MAY 2015

| NHDT Old AHI Site | Mortgage Tenants | Rental Tenants | Grand Total | NAU Assessed in Jun 2014 | NAU Identified Need Assistance | NAU identified Tenant that DO NOT Need Assistance | NAU identified Tenants currently getting Gov't Support |
|--------------------------|------------------|----------------|-------------|--------------------------|--------------------------------|---|--|
| Captain Joe & Osbert Dr. | 10 | 12 | 22 | 15 | 7 | 8 | 7 |
| Courts Road, Eastern Ave | 0 | 3 | 3 | 2 | 1 | 1 | |
| Total | 10 | 15 | 25 | 17 | 8 | 9 | 7 |

Mortgage Tenant Arrangements - The NHDT initially entered into mortgage arrangement, in that if the Clients maintain their payment commitments they will be entitled with the benefit of owning their house. The NHDT records reflect that the above 10 clients are not in good standing with the Trust as their arrears as significantly high.

Rental Tenant Arrangements - Based on the records these are straightforward rental arrangements with no long-term benefit of homeownership to the occupants. The 15 Rental Clients are also not in good standing with the Trust due to unpaid rent.

NAU-DCFS Assessment – A total of 17 Tenants were assessed by the NAU, of which 9 were identified as needing further Government Assistance and 8 as not qualifying for Government Assistance. Also as of recently the NAU identified 7 cases where Tenants are getting Government Assistance in the form of Poor People Relief, Food, CINICO etc.

Resolution Passed – On April 30, 2015 a resolution was passed and the following agreed to:

1. The discontinuance of charging or receiving payments as of May 2015 for Tenants under the Old AHI Mortgage & Rental Arrangements.
2. The Tenants of the Old Affordable Housing Site be given an opportunity to apply for the New Vacant Houses at the price that they are currently being sold (\$105k for a 2Bedroom & \$120k for a 3Bedroom).
3. The Accumulated Client Arrears be written off and will not be held against them.

9. Government Guarantee Home Assisted Mortgage (GGHAM) Program

9.1 Quarterly & Delinquent Report – The standing GGHAM quarterly and delinquent reports are gradually being submitted by the 6 participating banks. The outcome of these reports will assist in calculating the CIG's GGHAM liability that will be subsequently reported in the books of the CIG. To since 2008 – 2012 a total of 325 Mortgages were approved for a total of \$57m with an approved 35% guarantee of approximately \$20m.

9.2 Demand Payments – As of Jun 2015 a total of 14 demand payment requests were made from 3 of the 6 GGHAM participating banks. The Demand Request is for GGHAM Clients that have defaulted on their commitment and the banks have no other alternative than to proceed with legal action and claim on accordingly. Below is an overview of the Demand Request that is currently being finalized.

GGHAM - Bank Demand Payment Request - GGHAM Liability

| Original Mortgage & Guarantee | | | | Bank Balances & Claims | | | | Recalculation of GGHAM | |
|-------------------------------|--------------|---------------|--------------------|---------------------------|------------|---------------|----------------|------------------------|------------|
| Participating Bank | Client Count | Original Loan | Original Guarantee | Current Principal Balance | Other Fees | Total Balance | Amount Claimed | Recalculated Amount | Difference |
| Claims from 3 Banks | 14 | 2,377,000 | 831,950 | 2,025,452 | 390,241 | 2,415,693 | 740,409 | 509,456 | 230,953 |

9.3 GGHAM Renewal – The GGHAM program remains to be renewed. The CIG and the Participating Banks will be picking up on the issues that need to be resolved and addressed in the new agreement.

10. Property Management & Projects

10.1 Old Affordable Houses – The work has been limited to the effluent septic services, common grounds maintenance and a few one off plumbing and electrical works. Note there was no report of water leakage or flooding in the West Bay and Eastern Avenue site despite of the heavy rains in May.

Notices – The relevant hurricane and liability notices were circulated to all the AHI Tenants.

10.2 New Affordable Houses – There has been ongoing routine repairs and maintenance of the houses that are under the lease arrangement. Remedial works & Repairs are ongoing on the vacant houses that have currently been assigned for Sale. There will delays in completing the repairs on one of the vacant houses as it has been infested with termites.

11. Other Matters

11.1 Property Insurance Bid Review – In preparation for the Property Insurance Bid Process the NHDT further consulted with the Cayman Islands Government’s Central Tenders Committee, the Risk Management Unit and the Procurement Office for guidance.

The NHDT reached out to 11 Bidders to provide Property insurance for the 69 New Affordable Houses that are currently registered under the Trust for a total sum insured of approximately CI\$10.5m

The Board was presented with 7 bid submission that further outlined that they were consistent with the coverage requested. It was further concluded that the proposals and bids were competitive in that the costing were below the expected premiums.

Agreed: It was confirmed by way of round robin on Friday July 10 2015, that the relevant property insurance for the 2015-16 period be renewed and placed with Island Heritage Insurance Company through Derek Bogle Insurance Broker Ltd.

11.2 Bodden Town Site - Alternative Access – In preparation for further development at Bodden Town Affordable Site the NHDT has had ongoing discussions and legal guidance that will assist in fine tuning any easement grant arrangements with the adjacent land owner. The Board was advised that further consultation and confirmation will be required from the CIG as there are issues that extend beyond the remit NHDT.

11.3 Office Vehicle – Due to the heavy rains in May 2015, the Office vehicle was flooded due to water leakage from the top of the vehicle. A repair estimate of approximately \$3,000 along with the claims form was submitted to the insurance for processing.


Agreed: Due to the 2008 vehicle being depreciated and the possibility of carrying a high maintenance cost, it is most practical that the NHDT dispose of the vehicle by getting the vehicle valued, listing it for sale and proceed with obtaining a vehicle through procurement exercise under the CIG's Department of Vehicles and Equipment.

12. Adjournment

The meeting adjourned at 1:00pm.

13. Next Meeting

The next Board of Directors Meeting will be held on August 13, 2015 at 10:00am.



George Anthony Powell
Chairman



Julio Ramos
General Manager

01-OCT-2015

Date

01-OCT-2015

Date