

## **MONTANA BOARD OF HOUSING**

301 S. Park Avenue, Room 228 – Helena, Montana 59601  
Webinar  
January 22, 2014

### **ROLL CALL OF BOARD**

**MEMBERS:** J.P. Crowley, Chairman (Present)  
Bob Gauthier (Excused)  
Doug Kaercher (Present)  
Ingrid Firemoon (Present)  
Jeanette McKee (Present)  
Pat Melby (Present)  
Sheila Rice (Present)

**STAFF:** Bruce Brensdal, Executive Director  
Mary Bair, Multifamily Program  
Vicki Bauer, Homeownership Program  
Penny Cope, Public Relations  
Paula Loving, Executive Assistant  
Kellie Guariglia, Multifamily Program  
Charlie Brown, Homeownership Program  
Angela Heffern, Accounting Program  
Annette Blackman, Accounting Program  
Jill Hindoien, Accounting Program

**COUNSEL:** Greg Gould, Luxan and Murfitt

**UNDERWRITERS:** Mina Choo, RBC Capital Markets

**OTHERS:** Kreg Jones, D.A. Davidson  
Tim Morgan, Mountain Plains Equity Group  
Heather McMilin, Homeword  
Kristin Page-Nei, American Cancer Society Cancer Action Network  
Alex Burkhalter, Housing Solutions  
Alison Reidmohr, Montana Tobacco Use Prevention Program  
Heather Grenier, HRDC Distric IX  
John Fierhammer, MTUPP  
Justice Ender, Summit ILC

Liz Mogstad, Rocky Mountain Development Council  
Jeff Rupp, HRDC

### **CALL MEETING TO ORDER**

Chairman J.P. Crowley called the Montana Board of Housing (MBOH) Board meeting to Order at 10:05 a.m. Introductions were made. Bruce Brensdaal reviewed the process for Webinar.

### **APPROVAL OF MINUTES**

Jeanette McKee moved to approve the December 9, 2013 Board Meeting minutes. Pat Melby seconded the motion. Chairman Crowley asked for comments. The minutes were approved unanimously through roll call vote.

### **ACCOUNTING PROGRAM**

Chuck Nemec provided a Finance Update. Chuck reviewed the Diversification and Average Yield Investment Report as of November 30, 2013.

### **HOMEOWNERSHIP PROGRAM**

Vicki Bauer provided the Homeownership Program update. Vicki presented to the Board Bond Resolution No. 14-0122-SF1. See Attachment I. This Bond Resolution will include refunding of 2005A and 2005RA for approximately \$40 million and the remaining \$50 million funding of new Bond loans. Doug Kaercher moved to approve Bond Resolution No. 14-0122-SF1. Chairman Crowley asked for comments.

A roll call vote was taken:

Doug Kaercher	Yes
Jeanette McKee	Yes
Pat Melby	Yes
Ingrid Firemoon	Yes
Sheila Rice	Absent for vote
JP Crowley	Yes

Bond Resolution No 14-0122-SF1 was approved unanimously.

Vicki Bauer brought to the Board a request from Bozeman HRDC District IX – West Edge Condominium Project. Vicki provided a brief history of the project. The project has grant funding provided by the Department of Commerce's Neighborhood Stabilization Program funds. The projects consist of three phases. The third phase is being constructed and the units will be available to household earning less than 120% of the Area Median Income (AMI), but targeted primarily to households under 80% with at least 25% of the units being sold to households earning less than 50% AMI. The Board has financed 25 of the first 60 units and HRDC District IX is requesting the Board to approve a set aside funding to fund 12 of 24 units in Phase 3. Pat Melby moved to approve the West Edge Condominiums – Phase 3 to fund 12 units with set aside funds. Doug Kaercher seconded the motion. Chairman Crowley asked for comments.

A roll call vote was taken:

Jeanette McKee	Yes
Pat Melby	Yes
Ingrid Firemoon	Yes
Doug Kaercher	Yes
Sheila Rice	Absent for vote
JP Crowley	Yes

The motion was approved unanimously.

Vicki Bauer requested the Board attach dollar amount and interest rate to the West Edge Condominiums – Phase 3 project. Pat Melby moved to allocated \$840,000 at 5.5% for these 12 units. Doug Kaercher seconded the motion. Chairman Crowley asked for comments.

A roll call vote was taken:

Jeanette McKee	Yes
Pat Melby	Yes
Ingrid Firemoon	Yes
Doug Kaercher	Yes
Sheila Rice	Absent for vote
JP Crowley	Yes

The motion to include the dollar amount was approved unanimously.

### **MULTIFAMILY PROGRAM**

Mary Bair provided the Multifamily Program update. Mary brought to the Board the 2015 Qualified Allocation Plan. Pat Melby moved to approve the adoption of the 2015 Qualified Allocation Plan including outline changes. See Attachment II. Jeanette McKee seconded the motion. Chairman Crowley asked for comments.

Mary Bair reviewed the Matris Summary of Comments and MBOH Staff's Proposed Changes and Responses. See Attachment III.

Line item #10 – Section 1 Definition – the request is to expand Small Projects definition to include Small Rural Projects. This comment came from Homeword. Heather McMilin, Homeword, stated the definition makes sense, however, the small project ratio to soft cost. Heather stated one of their projects would not pass the 30% soft cost for a small rural project is not consistent for all projects. Jeanette McKee moved to amend the small project soft cost to 35% under the small rural project definition. Doug Kaercher seconded the motion. Chairman Crowley asked for comments.

A roll call vote was taken:

Jeanette McKee	Yes
Pat Melby	Yes
Ingrid Firemoon	Yes
Doug Kaercher	Yes
Sheila Rice	Absent for vote

JP Crowley            Yes

The amendment was approved unanimously.

Line Item #12 – Section 3 Sources and Uses – Describe formal process for updating on any 10% change. This comment was brought by Homeword. Tim Morgan, Mountain Plains Equity Group, questioned when MBOH will define when the underwriting rate will be established. Mary stated MBOH has never used a hard set limit and historically applicants have used the rate at the time of the application submittal. Pat Melby moved to establish the tax credit rate one month prior to the full application date submission. Jeanette McKee seconded the motion. Chairman Crowley asked for comments.

A roll call vote was taken:

Jeanette McKee	Yes
Pat Melby	Yes
Ingrid Firemoon	Yes
Doug Kaercher	Yes
Sheila Rice	Absent for vote
JP Crowley	Yes

The amendment was approved unanimously.

Line item #13 – Section 3 Per Unit Cost Limit – Heather McMilin, Homeword, stated she supports the hard cost limits, but there are inconsistencies throughout the QAP and it should be looked at in the future.

Line item #19-24 – Healthy Living Environment – comments from Riverstone Health, Montana Health Professionals, Alliance for a Health MT, MT DPHHS Tobacco Use Prevention Program, M+R Strategic Services and Lewis & Clark County Health Department. Mary Bair stated the biggest issue is the enforcement of the policy. Mary believes this will become a compliance issue within the Tax Credit property. Alison Riedmohr, Montana Tobacco Use Prevention Program, stated she understands the enforcement issue, however, would request MBOH to require to the lease to include the smoke-free policy. John Firehammer, MTUPP, reviewed the information submitted to MBOH regarding the overwhelming support for smoke-free environments and initiatives. Kristin Page-Nei, American Cancer Society Cancer Action Network, informed the Board of the research being done in the living environments of low income people and complaints of smoking are becoming a major issue as compared to providing a smoke-free environment. Bruce Brensdaal stated while Bob Gauthier was not able to attend this meeting, he supported the change to incorporate smoke-free environment within Tax Credit properties.

Pat Melby stated while he is very empathetic to the smoke-free movement, he does not believe the Board should be intervening with the rights of individuals within their own homes. JP Crowley agreed with Pat's comments. Kristin Page-Nei stated this is the next phase at looking hidden policies to incorporate smoke-free. People do not have the right to smoke, it is a choice. Ingrid Firemoon stated while she shows great support of the elimination smoking and bringing health to everyone in housing, the Indian

reservation housing must provided rights for religious reasons for the need of different types of smoke within the housing.

Pat Melby moved to adopt the first line, with the exception to change “must” to “may”. Doug Kaercher seconded the motion. Chairman Crowley asked for comments. Jeanette McKee stated she struggles with this issue because while she supports the movement towards smoke-free and the Board will need to address this within the next few years, she will not be supporting this amendment. Doug Kaercher stated when using public funds, the Board has a responsibility to take action to enforce and the wording should be “must”. Pat Melby called for Question.

A roll call vote was taken on Question:

Jeanette McKee	Yes
Pat Melby	Yes
Ingrid Firemoon	Yes
Doug Kaercher	Yes
Sheila Rice	Absent for vote
JP Crowley	Yes

A roll call vote was taken on the motion:

Jeanette McKee	No
Pat Melby	Yes
Ingrid Firemoon	Yes
Doug Kaercher	No
Sheila Rice	Absent for vote
JP Crowley	Yes

The amendment was approved.

Line item #25 – Section 4 Presentations – Extend maximum presentation time from 10 minutes to 20 minutes. Pat Melby moved to approve to extend presentation time from 10 minutes to 20 minutes. Jeanette McKee seconded the motion. Chairman Crowley asked for comments. Pat stated applicants spend a lot of time and money on these applications and they deserve the right to have ample time to present their project. In addition, the previous QAP process allowed 20 minutes: 10 at initial presentation and 10 minutes at allocation meeting. Staff agreed with Pat’s comments, the concern was that with the number of applicants and the duration, the last presentations do not get the same attention as those applicants at the beginning of the presentation. JP Crowley and Doug Kaercher agreed with staff’s concerns and the Board has the responsibility to review the applicants’ information prior to the presentations. Pat Melby asked to withdraw the motion and Jeanette McKee agreed due to lack of public comment from Developers.

Line item #45 – Section 9 Criteria 5 – Blower door tests should not be required other than if required by code. Comments came from Housing Solutions. Heather McMilin, Homeward, stated she supports codes and multifamily requirements need to be addressed through QAP. Heather questioned under the new constructions criteria; it states that MBOH will select the units. Heather requested a third party select the units instead of MBOH as the third party would know more the potential issues. Mary Bair  
Page 5 of 7

stated that MBOH would be able to do this 'in conjunction with MBOH and the provider'. Tim Morgan, Mountain Plains Equity Group, questioned to what standard of code. Mary stated MBOH does not have these codes, however, the QAP could state language of "acceptable building standard codes, according to CFM50". Pat Melby moved to approve the language outlined. Jeanette McKee seconded the motion. Chairman Crowley asked for comments.

A roll call vote was taken:

Jeanette McKee	Yes
Pat Melby	Yes
Ingrid Firemoon	Yes
Doug Kaercher	Yes
Sheila Rice	Absent for vote
JP Crowley	Yes

The amendment was approved unanimously.

Pat Melby moved to remove the word "new" from construction within rehabilitation on Line items 47 and 48. Jeanette McKee seconded the motion. Chairman Crowley asked for comments. A verbal vote was taken and amendment was approved unanimously.

Line item #51 – Section 9 Award Determination – Strongly recommend deleting clause that the Board can disregard. Comment from Travois. Pat Melby questioned whether there was any place within the QAP which states the Board can disregard the scores. Mary stated the QAP does not contain any disregard to scores. Pat stated the Board uses the scores to meet threshold.

Pat Melby moved to change the Exhibit number from "A and B" to Exhibit "E" on page 26, which was changed inadvertently. Doug Kaercher seconded the motion. Chairman Crowley asked for comments. A verbal vote was taken and the amendment was approved unanimously.

A roll call vote was taken on the 2015 Qualified Allocation Plan as amended:

Jeanette McKee	Yes
Pat Melby	Yes
Ingrid Firemoon	Yes
Doug Kaercher	Yes
Sheila Rice	Abstained
JP Crowley	Yes

The 2015 Qualified Allocation Plan was approved.

Jeanette McKee moved the approval of the ARMS Notice of the 2015 Qualified Allocation Plan with the revised amendments. Pat Melby seconded the motion.

A roll call vote was taken:

Jeanette McKee	Yes
Pat Melby	Yes
Ingrid Firemoon	Yes
Doug Kaercher	Yes
Sheila Rice	Yes

JP Crowley            Yes

The ARMS Notice adoption was approved unanimously.

Mary Bair brought to the Board an exception for a Reverse Annuity Mortgage (RAM). A 75 year old single man from Phillipsburg requested a cash advance of \$20,000. This request would be used for a new solar power system, credit card bills, and general home repairs. Doug Kaercher moved to approve the cash advance and Ingrid Firemoon seconded the motion. Chairman Crowley asked for comments.

A roll call vote was taken:

Jeanette McKee	Yes
Pat Melby	Yes
Ingrid Firemoon	Yes
Doug Kaercher	Yes
Sheila Rice	Yes
JP Crowley	Yes

The RAM exception was approved unanimously.

Mary Bair provided a history of the Reverse Annuity Mortgage Program. Mary stated that these funds were designed to be revolving and the reality is that these loans are not being paid off as quickly as expected. In the coming months, further action will be needed to help sustain the Reverse Annuity Mortgage Program.

Meeting adjourned at 12:50 p.m.

---

Sheila Rice, Secretary

---

Date