

MONTANA BOARD OF HOUSING

Fairmont Hot Springs – Fairmont, Montana
Pintler Conference Room
June 9, 2014

ROLL CALL OF BOARD

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

STAFF: Bruce Brensdaal, Executive Director
Mary Bair, Multifamily Program
Vicki Bauer, Homeownership Program
Chuck Nemecek, Accounting Program
Penny Cope, Public Relations
Paula Loving, Executive Assistant
Kellie Guariglia, Multifamily Program
Todd Jackson, Multifamily Program
Jeannene Maas, Homeownership Program
Charlie Brown, Homeownership Program
Lisa Tedder, Homeownership Servicing Program
Cody Pearce, Accounting Program
Angela Heffern, Accounting Program

COUNSEL: Greg Gould, Luxan and Murfitt
John Wagner, Kutak Rock

UNDERWRITERS: Mina Choo, RBC Capital

OTHERS: Don Sterhan, Mountain Plains Equity Group
Kayla Lasalle
Nate Richmond, BlueLine Development
Nate Shepard, BlueLine Development
Heather McMilin, Homeward
Kermit Mueller

Joe Mueller
Lucy Brown, Housing Authority of Billings
Patti Webster, Housing Authority of Billings
Adam Gratzner, Communities for Veterans
Jeff Edwards
Alex Burkhalter, Housing Solutions
Rusty Snow, Summit Management
Harlan Wells, Missoula Housing Authority
Lori Davidson, Missoula Housing Authority
Gene Leuwer, GL Development
Beki Branborg
Logan Anderson, Mountain Plains Equity Group
Steve Dymoke, GMD Development
Patrick Klier, Summit Management
Kevin McCarthy, Beneficial Communities

CALL MEETING TO ORDER

Chairman JP Crowley called the Montana Board of Housing (MBOH) to order at 8:30 a.m. Introductions were made. The Chairman asked for any public comment not on the agenda. Bruce Brensdaal reviewed the Webinar procedures.

APPROVAL OF MINUTES

Sheila Rice moved to approve the May 8, 2014 MBOH Board meeting minutes and Bob Gauthier seconded the motion. Chairman Crowley asked for comments. The May 8, 2014 Board meeting minutes was passed unanimously.

FINANCE PROGRAM

Chuck Nemecek introduced Cody Pearce as the new Accounting and Finance Manager. Chuck will be retiring as of June 13, 2014. Chuck and Cody provided the Finance Update. The 10-year Treasury is trading at 2.61%. Chuck and Cody reviewed the Diversification and Investment Report with the Board.

HOMEOWNERSHIP PROGRAM

Vicki Bauer brought to the Board the Bond Resolution No. 14-0609-S2. This resolution authorizes the issuance of Mortgage Credit Certificates (“MCCs”), approves the forms of the MCC Program Guide and related items; authorizing the Executive Director to file one or more MCC election with the Internal Revenue Service; authorizes the Executive Director to determine the MCC rates, terms and criteria; and authorizes the Executive Director to give notice as required by the Federal tax laws of the implementation of the MCC Program.

Sheila Rice moved to approve Bond Resolution No. 14-0609-S2 and Bob Gauthier seconded the motion. Chairman Crowley asked for comments. The MCC Program Bond Resolution No. 14-0609-S2 was approved unanimously.

Vicki Bauer brought to the Board the Setaside Requests and extensions.

- Vicki introduced David Magistrelli from Habitat for Humanity, who provided a brief history of the last year. Jeanette McKee moved to approve the extension of the program in the dollar amount of \$1.2 million dollars. Doug Kaercher seconded the motion. Chairman Crowley asked for comments. The Habitat for Humanity request of \$1,215,000 for FY2015 with the expiration date of June 30, 2015 was approved unanimously.
- Vicki provided a brief history of the Disabled Accessible Affordable homeownership Program (DAAHP). This program provides affordable loans to physically disabled borrowers and allows modifications to the home to make it more accommodating for the disability. This program was not utilized in the last year as much as previous; however, the program has remained a very good aspect to our borrowers. Sheila Rice moved to extend the expiration date of the DAAHP to June 30, 2015. Bob Gauthier seconded the motion. Chairman Crowley asked for comments. The DAAHP extension was approved unanimously.
- Vicki brought to the Board the Lot Refinance Program extension request. This program provides the permanent financing for new constructed homes that are built on lots where the homebuyer has title to the lot but still owes on the lot. This program was not utilized within the last year. Doug Kaercher moved to approve the extension of the Lot Refinance Program to June 30, 2015. Jeanette McKee seconded the motion. Chairman Crowley asked for comments. Sheila Rice inquired about the interest rate is the same as regular program. Vicki stated this program followed the Setaside rate of 5.5%. The Lot Refinance Program extension was approved.

Vicki Bauer brought to the Board an Application as Participating Lender. Vicki introduced Jeff Edwards, Eagle Home Mortgage - a dba of Universal American Mortgage Company, who provided a history of the Mortgage Company. Currently there is an office in Missoula with an office in Kalispell opening soon, and many locations across the state within the next year. Pat Melby moved to approve Eagle Home Mortgage as an MBOH participating lender. Jeanette McKee seconded the motion. Chairman Crowley asked for comments. Eagle Home Mortgage was approved unanimously as an MBOH participating lender.

Vicki Bauer reviewed the Income and Purchase Price Limits. The Board is required to review the Income Limits annually per Administrative Rules. Pat Melby moved the approval of the maximum Income and Purchase Price Limits for 2014 and Sheila Rice seconded the motion. Chairman Crowley asked for comments. The 2014 Income and Purchase Price Limit were approved unanimously.

Vicki Bauer provided the Homeownership Program update. The reservation report reflects 23 new loans in regular Bond program, three new loans in the Score Advantage program, and three new loans in the Veterans Program since the last Board meeting in May 2014.

MULTIFAMILY PROGRAM

Mary Bair brought to the Board a request for waiver of deadline for Letter of Intent by Community for Veterans. Mary introduced Adam Gratzner who thanked the Board for hearing this request. Mr. Gratzner thanked Bruce Brensdaal and the Montana Department of Commerce for submission of an application of VASH vouchers, specifically for the Freedoms Path project. Mr. Gratzner expressed the regrets on behalf of the Community for Veterans. Bob Gauthier inquired if these VASH vouchers are contingent on the successful award of the Tax Credits to the Freedoms Path application. Mr. Gratzner confirmed these vouchers are directly related to the success of these Tax Credit allocations. Bruce confirmed the vouchers are specifically for the Freedoms Path project, however, the award of these vouchers have not been determined. Sheila Rice asked if these vouchers could be transferred to another project and Bruce explained this is not an option.

There was no motion for waiver of deadline for Letter of Intent brought by Communities for Veterans – Freedoms Path.

Mary Bair presented to the Board the Letter of Intent submitted to MBOH for the 2015 Montana Housing Tax Credit allocation.

- Cascade Ridge II, Great Falls – Don Sterhan, Mountain Plains Equity Group, and Peter Gray, Benefis – includes 16 new construction units for elderly housing. Sheila Rice asked if there will be a garage for these units. Mr. Sterhan stated the initial 40 units include garage for tenants and the new 16 units will have garage at no additional cost.
- Urban Missoula, Missoula – Heather McMILIN, Homeward, - includes 34 new construction units for family housing. Sheila Rice asked about the cost. Ms. McMILIN stated this is a preliminary cost per unit and refining will accompany the full application.
- Stower Commons, Miles City – Alex Burkhalter, Housing Solutions – includes new construction 30 units for family housing. Doug Kaercher asked about Miles City environment with the Bakken. Mr. Burkhalter stated Miles City is not in the epicenter of the Bakken, however, as seen in the Housing Conference, semis are parking in the gas station parking lots.
- Story Mill, Bozeman – Heather McMILIN, Homeward, - includes new construction 26 units for family housing. Sheila Rice stated the cost per units is reasonable and questioned why. Ms. McMILIN stated the partners working on this project and knowing the area a little better.
- Stoneridge, Bozeman – Rusty Snow, Summit Housing – includes new construction 48 units for family housing. Sheila Rice suggested the developers

in the same town to somehow come together for one project as it is very difficult to have more than one project awarded for one town.

- Southern Lights, Billings – Heather McMilin, Homeword, – includes rehabilitation of 20 units for family housing. Ms. McMilin stated this project is the result of poor construction. After accessing this project’s issues, Homeword submitted the Letter of Intent as a safe guard. Ms. McMilin stated mitigation is going forth and based on the result of the mitigation will determine the submission of the application.
- River Ridge, Missoula – Harlan Wells, Missoula Housing Authority – includes rehabilitation of 70 units for senior housing. Bob Gauthier asked what the original construction date of this project. Mr. Wells stated it was 16 years ago. Sheila Rice questioned the urgency of rehabilitation of this project. Mr. Wells stated Missoula Housing Authority has a bridge loan to pay for the maintenance and there is concern of having two bridge loans. Bob Gauthier expressed the concern of the Board for so much rehabilitation for a project that is 16 years old. Mr. Wells stated the building materials and concepts 16 years ago are not built the same as they are today.
- Red Fox, Billings – Lucy Brown and Patti Webster, Housing Authority of Billings – includes new construction 30 units for family housing. Ms. Brown read a letter from Mayor of Billings expressing concern with the lack of funds for the City of Billings for affordable housing. Ms. Webster provided the struggles of the Housing Authority of Billings and the City of Billings to provide affordable housing. Bob Gauthier stated he has heard the compelling arguments. Bob questioned the lack of outrage in the political area for affordable housing. Ms. Webster stated the clients the Housing Authority are trying to survive and hardly vote. Bob stated the drive has to come from the groups that make up the attendees at today’s meeting.
- Polson Senior Housing, Polson – Nate Shepard, BlueLine Development – includes new construction 32 units for senior housing. Jeanette McKee inquired about location of the project. Mary Bair stated at this point in the process, locations are not discussed to protect the site from other potential buyers. Sheila Rice pointed out the cost per unit higher and Mr. Shepard responded that this project will include an elevator for the senior living.
- Immanuel Lutheran Affordable Living, Kalispell – Don Sterhan, Mountain Plains Equity Group – includes new construction 40 units for senior housing.
- Guardian Apartments, Helena – No representation – includes rehabilitation of 118 units for senior housing. Sheila Rice questioned whether these units are at risk of losing the project based section 8 subsidies if not funded. Mary Bair didn’t have an immediate answer, but was willing to follow up.
- Antelope Court, Havre – Gene Leuwer, GL Development and Havre HRDC, – includes new construction 24 units for family housing. Mr. Leuwer stated Kayla Lasalle was on the phone but was having difficulty hearing the discussion and

asked to relay her message. Ms. Lasalle is disabled and lives in Havre going to school and continues to live with family because there is no accessible living in Havre. Sheila Rice asked for clarification on the higher construction costs. Mr. Leuwer stated it is a little high because of complete accessibility for disability. Sheila asked what was waiting list at Buffalo Court in Havre. Mr. Leuwer stated Buffalo Court is a senior project and there are 20 individuals on the waiting list.

- Valley Villa I and II, Hamilton – Becky Branborg – includes rehabilitation of 34 units for family housing. Sheila Rice inquired if the subsidies are in jeopardy if this project is not funded. Kermit Meuller, owner of the project, stated not at this point but the project receives a review annually. Gene Leuwer stated this project is a USDA 515 project and as long as the Rural Development loan is still outstanding, the subsidies will remain. Bob Gauthier requested Staff notes during analysis which projects are Rural Development and subsidies funding.
- Homestead Lodge, Absarokee – Heather McMilin, Homewood, – includes rehabilitation of 32 units for senior housing.
- Gallatin Forks, Manhattan – No representation – includes rehabilitation of 16 units for family housing.
- Big Sky Villas, Belgrade – Gene Leuwer, GL Development, – includes rehabilitation of 24 units for family housing. This project is Rural Development and is subjected to the 515 program and receives project based section 8 subsidies.

Mary Bair introduced Alex Burkhalter, Housing Solutions, who brought a request to relocate the Pearson Place project in Glendive. Mr. Burkhalter provided a brief history of this project. Pearson Place was awarded Tax Credits in 2014. As predevelopment investigation began, two factors were discovered. The property would require significantly more fill than budgeted for flood plain purposes and the underlying soil conditions would require an incredible amount of amendment and work prior to pouring any foundations. After working with the City of Glendive and several entities, a new location was found and therefore, Housing Solutions requested Pearson Place relocation approval.

Sheila Rice moved to approve the relocation of Pearson Place and Pat Melby seconded the motion. Chairman Crowley asked for comments. Bob Gauthier asked if approving this request sets any precedence. Mary stated the Board has approved this type of request one time before. The Pearson Place lot relocation request was approved unanimously.

Mary Bair introduced the Qualified Contract Process to the Board. Greg Gould, Luxan& Murfitt and Board Council, and Mary have been working on develop this process. This is a required process by the Internal Revenue Service (IRS). The IRS has recently reworked this process and therefore, MBOH Staff and Board Council has been working to incorporate the IRS requirements into this Qualified Contract Process. Mary stated this is a draft and needs more work with input from the Board and the Developers.

Mary Bair provided a brief update on the recent Tax Credit projects. Seven of the Blackfeet homes are completed and placed in service. Buffalo Grass has been placed in service. Soroptomist rehabilitation is continuing. Hillview has completed the interior of the buildings. Makoshika has applied for HOME funds. Aspen Place has started. Mary shared pictures of a recent ground breaking ceremony at the Crow Agency.

Mary Bair brought to the Board an exception request for Reverse Annuity Mortgage RAM. This request comes from a single woman from Choteau. She is currently 71 years old and has an annual income of \$13,345. The request is for a Cash Advance of \$43,000 so she can pay off her sister's portion of the house and to pay off outstanding funeral and other expenses. Sheila Rice moved to approve this RAM exception and Pat Melby seconded the motion. Chairman Crowley asked for comments. The RAM exception request of a cash advance of \$43,000 was approved unanimously.

EXECUTIVE DIRECTOR UPDATE

Bruce Brensdaal stated the next scheduled meeting is for September, and will include Montana Housing Tax Credit application presentations.

Sheila Rice recognized MBOH for all of their efforts in producing an excellent Housing Conference. Bruce Brensdaal credited NeighborWorks with the success of the Housing Conference.

Meeting adjourned at 11:23 p.m.

Sheila Rice, Secretary

Date