

HOUSING DIVISION – MONTANA BOARD OF HOUSING

**Radisson Colonial Hotel – 2301 Colonial Drive – Helena, Montana 59601
October 17, 2016**

ROLL CALL OF BOARD

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

STAFF: Bruce Brensdal, Executive Director
Vicki Bauer, Homeownership Program
Mary Palkovich, Loan Servicing Manager
Mary Bair, Multifamily Program
Stacy Collette, Operations Manager
Penny Cope, Marketing
Todd Jackson, Marketing
Paula Loving, Executive Assistant
Kellie Guariglia, Multifamily Program
Jeannene Maas, Homeownership Program
Cindy Maxwell, Administrative Assistant

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

UNDERWRITERS: Mina Choo, RBC Capital
Patrick Zhang, RBC Capital

OTHERS: Kelsen Young, MCADSV
Neil Fortier, NeighborWorks – Rockcross
Heather Greinier, HRDC
Chancy Kittson, Blackfeet Housing
Jon Phillips, YWCA Billings
Seana Rau, MPEG
Merry Lee Olson, YWCA Billings – Gateway Vista
Robin Hanel, City of Billings
Alex Burkhalter, Housing Solutions
Tom Mannschreck, Thomas Development
Gary MacDonald, Roosevelt County
Vermae Taylor
Peggy Trenk, MT Housing Coalition
Beki Brandborg, GL Development
Tyson O'Connell, WishRock Housing

Rick Wichcamper, WishRock Housing
Gene Lewuer, GL Development
Stephanie Baucus, YWCA Board – Billings
Jeffrey Rupp, HRDC Bozeman
Shane Walk, Mountain Plains Equity Group
Logan Anderson, Mountain Plains Equity Group
Don Sterhan, Mountain Plains Equity Group
Larissa Rippley, Rippley Richard Real Estate Development Services
Kent Martimer, Theis and Talle
Trent Rogers, Travois
Laura Bland, Travois

These written minutes, together with the audio recordings of this meeting, constitute the official minutes of the referenced meeting of the Montana Board of Housing (MBOH). References in these written minutes to tapes (e.g., Tape 1 – 4:34) refer to the location in the audio recordings of the meeting where the discussed occurred. The audio recordings of the MBOH meeting of this date are hereby incorporated by reference and made a part of these minutes. The referenced audio recordings are available on the MBOH website at [Meetings and Minutes](#) .

CALL MEETING TO ORDER

Chairman J.P. Crowley called the Montana Board of Housing (MBOH) meeting to order at 10:07 a.m. (10:15). Introductions were made. Chairman Crowley asked for any public comment that is not listed on the agenda. Bruce Brensdaal reviewed the webinar instructions and meeting housekeeping details (16:02).

APPROVAL OF MINUTES

Sheila Rice moved to approve the August 15, 2016 MBOH Board meeting minutes and Bob Gauthier seconded the motion (18:33). Chairman Crowley asked for comments. Bruce Brensdaal stated on page 7 – third paragraph of the Board minutes, Bob Gauthier seconded the motion. In addition, clarification of the project is Roosevelt Villas. The amended August 15, 2016 MBOH Board minutes were approved unanimously.

MULTIFAMILY PROGRAM

Mary Bair brought to the Board the 2017 Housing Credit applications (20:00). Sheila Rice recused herself from the Board during the 2017 Housing Credit application process due to conflict of interest (21:05).

Roosevelt Villas, Wolf Point-Culbertson – Acquisition/Rehabilitation, 16 family units – Developer is GL Development. Mary Bair described any changes for this project from the Letter of Intent (24:10). Chairman Crowley asked for public comment (26:46). Gary McDonald, mayor of Wolf Point provided public comment (27:48). Vermae Taylor provided public comment (30:31). Chris DeShaw provided public comment (32:30).

Polson Landing, Polson– New Construction, 35 family units - Developer is Housing Solutions. Mary Bair described any changes for this project from the Letter of Intent

(36:28). Chairman Crowley asked for public comment (37:45). Alex Burkhalter provided comment (38:10).

The Meadows Senior Apartments, Lewistown – Acquisition/Rehabilitation, 35 senior units - Developer is Homeward, Inc. and Thies & Talle. Mary Bair described any changes for this project from the Letter of Intent (38:43). Chairman Crowley asked for public comment (39:56). Heather McMilin provided comment (40:08).

Gateway Vista, Billings – New Construction, 16 senior units - Developer is Billings YWCA and CR Builders. Mary Bair described any changes for this project from the Letter of Intent (43:10). Chairman Crowley asked for public comment (44:12). Tom Hanel provided public comment (44:51). Kelsen Young provided public comment (50:50). Stephanie Baucus provided public comment (53:59). Robin Hanel provided public comment (58:17).

Aspen Place III, Butte – New Construction, 32 family units – Developer is Thomas Development and Butte Affordable Housing. Mary Bair described any changes for this project from the Letter of Intent (1:00:10). Chairman Crowley asked for public comment (1:00:55). Thomas Mannschreck provided public comment (1:01:05).

Livingston Memorial Hospital, Livingston – New Construction, 32 family units - Developer is Homeward. Mary Bair described any changes for this project from the Letter of Intent (1:03:52). Chairman Crowley asked for public comment (1:04:38). Heather McMilin provided public comment (1:04:53).

Blackfeet Homes VI, Browning – New Construction, 30 family units - Developer is Blackfeet Housing and Travois. Mary Bair described any changes for this project from the Letter of Intent (1:09:57). Chairman Crowley asked for public comment (1:10:52). Chancy Kittson provided public comment (1:11:09).

Rockcress Commons – New Construction, 124 family units - Developer is GMD Development and NeighborWorks Great Falls. Mary Bair described any changes for this project from the Letter of Intent (1:14:28). Chairman Crowley asked for public comment (1:16:27). Brett Downey, Great Falls Development Authority, provided comment (1:16:34). Neil Fortier provided public comment (1:19:04). Greg Dunfield provided comment (1:20:23).

Mary Bair and Bruce Brensdaal reviewed the Project data spreadsheet provided to the Board (1:23:43).

Mary Bair brought to the Board the Vista Villas No. 16-1017-MF02 (1:56:15). The bonds will have a short maturity (probably 14 months) with the proceeds to be used to provide construction financing and the project will qualify for 4% LIHTCs; permanent financing will be provided by a separate FHA insured loan made by Prudential Mortgage. At all times the bonds will be secured by a pledge of a collateral account containing cash equal to the amount of the bonds. The bond sale proceeds will be initially deposited in the collateral account; as moneys are needed for construction the developer will make draws on the bond proceeds moneys. At the same time an advance will be made on the FHA loan by Prudential in the same amount, and the amount of the FHA loan advance will be deposited with the bond trustee simultaneously with the advance of the bond proceeds. So at all times, between the un-advanced bond proceeds

and the FHA loan advances deposited with the bond trustee, the bond trustee will always hold cash equal to the amount of the bonds in the collateral account. Upon completion of construction the bond trustee will use the cash it holds to pay off the bonds. Costs of issuing the bonds will be paid by the developer/borrower from other funds. The bonds should be rated in the highest rating category for short-term debt.

Sheila Rice stated for the record that she had a conflict of interest regarding this project and will not be voting (1:59:42). Pat Melby moved to approve Resolution No. 16-1017-MF02 and Bob Gauthier seconded the motion (1:59:57). Chairman Crowley asked for comments (2:01:17). John Wagner stated the “Wells Fargo as Trustee” needs to be replaced with “US Bank as Trustee” Pat Melby and Bob Gauthier amended the motion with this change (2:00:44).

A Roll call vote was taken:

Jeanette McKee:	Yes
Pat Melby:	Yes
Bob Gauthier:	Yes
JP Crowley	Yes

The Vista Villas Resolution No. 16-1017-MF02 was approved unanimously.

Mary Bair brought to the Board the Big Sky Manor Inducement Resolution No. 16-1017-MF04 (2:04:00). Bob Gauthier moved to approve the Big Sky Manor Resolution No. 16-1017-MF03 and Jeanette McKee seconded the motion (2:05:11). Chairman Crowley asked for comments (2:05:24).

A Roll call vote was taken:

Jeanette McKee:	Yes
Pat Melby:	Yes
Bob Gauthier:	Yes
Sheila Rice:	Yes
JP Crowley	Yes

The Big Sky Manor Inducement Resolution No. 16-1017-MF03 was approved unanimously.

Mary Bair brought to the Board the Big Sky Manor Resolution No. 16-1017-MF04 (2:06:20). Pat Melby moved to approve the Big Sky Manor Inducement Resolution No. 16-1017-MF03 and Jeanette McKee seconded the motion (2:07:30). Chairman Crowley asked for comments (2:07:44).

A Roll call vote was taken:

Jeanette McKee:	Yes
Pat Melby:	Yes
Bob Gauthier:	Yes
Sheila Rice:	Yes
JP Crowley	Yes

The Big Sky Manor Resolution No. 16-1017-MF04 was approved unanimously.

Mary Bair provided the Multifamily update (2:08:45).

FINANCE PROGRAM

Bruce Brensdaal provided the Board with the Finance update (2:15:20). At the end of August 2016 we had 49.2% of our investments in Money Market accounts of which \$16.8 million was in the 2016 Acquisition Accounts for purchases of Mortgages. Another 34.7% was in Federal Home Loan Bank Discount notes with relatively short maturities in order to have them available for debt service at the end of the year. The remainder of the investments are in a variety of investments with maturities stretching to 23 years and yields from 0.04 to 6.46%.

HOMEOWNERSHIP PROGRAM

Vicki Bauer presented Acceptance Capital Mortgage Corporation for Lender Approval (2:17:32). Acceptance Capital Mortgage Corporation and Subsidiaries was incorporated under the laws of the State of Washington in 2002, and the maintain offices throughout the United States. Their Montana lending location is in Billings. Acceptance Capital Mortgage Corporation is interested in participating in the Board's MCC program. They are approved to underwrite FHA, RD and VA Loans and they will sell servicing to MBOH. Bob Gauthier moved to approve Acceptance Capital Mortgage Corporation as a participating lender and Pat Melby seconded the motion (2:19:24). Chairman Crowley asked for comments (2:19:30). Acceptance Capital Mortgage Corporation was approved unanimously to be a participating lender.

Vicki Bauer brought to the Board the setaside approval for Community Action Partnership of Northwest Montana (2:20:07). Northwest Montana (CAPNM) for low income buyers (at 80% AMI or less) of homes purchased and rehabilitated with Neighborhood Stabilization Program funds. They sell homes to individuals and families that are placed in the Northwest Montana Community Land Trust, Inc. (NWMTCCLT) at 50% or below AMI up to and including 120% of AMI. There have been 29 out of 46 homebuyers that fell at or under 80% of AMI in the last five years. The interest rates of this program, presently at 3-1/8%, would be very beneficial to the homebuyers even in comparison to 3-1/4% for a Rural Development (RD) Guaranteed Loan.

Jeanette McKee moved to approve the setaside to add the Northwest Montana Community land Trust, Inc. to Down Payment 1st Mortgage setaside pool and Pat Melby seconded the motion (2:23:00). Chairman Crowley asked for comments (2:23:07). The setaside was approved unanimously.

Vicki Bauer brought to the Board the Down Payment Assistance Program Pilot (2:23:25). Currently the Board of Housing offers a Down Payment Assistance Program that is a 15 year amortizing loan that the interest rate is determined by the borrower's credit score. We have provided this assistance on about 10% of our production. Recently at the NCSHA conference, it was found that number of other state HFA's provide down payment assistance in the form of a grant or deferred loan with a 0% interest rate, these down payment programs have helped states increase production in their programs and accomplish their mission assisting low to moderate income homebuyers. Interest rates have remained low and borrowers are refinancing their Board loans at a rate the new loan volume has not been able make up for. The Board's portfolio continues to run off, though at a much slower rate than before.

Pat Melby moved to approve the allocation of \$1 million of Special Reserve funds for the Down Payment Assistance Program Pilot, and Sheila Rice seconded the motion (2:28:17). Chairman Crowley asked for comments (2:28:50). The Down Payment Assistance Program Pilot was approved unanimously.

Vick Bauer provided the Board with the Homeownership Program update (2:29:00).

LOAN SERVICING PROGRAM

Mary Palkovich provided the Board with the Loan Servicing update (2:33:03). The servicing portfolio is 4,657 loans. Foreclosure loans for 2016 are 22 loans. Servicing staff received 84 payments by phone this last month. Staff has started a Loan Servicing Newsletter in September.

EXECUTIVE DIRECTOR UPDATE

Stacy Collette provided the Operations update (2:38:20). The RFP for the MBOH trustee is on the website. The Strategic planning will be held in March 2017.

Bruce Brensdal mentioned the next Board meeting is scheduled for December 2016 for the MBOH Trustee decision (2:40:50).

Penny Cope reminded the Board of Rotunda Day on January 5, 2017 (2:42:06). Discussion took place regarding contacts of Housing (2:42:37)

Meeting adjourned at 12:45 p.m.

Sheila Rice, Secretary

Date