

MONTANA BOARD OF HOUSING

Red Lion Colonial Hotel - 2301 Colonial Drive - Helena, MT

August 16, 2012

ROLL CALL OF BOARD

MEMBERS: J.P. Crowley, Chairman (Present)
Betsy Scanlin, Vice Chairman (Present)
Jeff Rupp, Secretary (Present)
Audrey Black Eagle (Absent)
Bob Gauthier (Present via Conference Call)
Jeanette McKee (Excused)
Sheila Rice (Present)

STAFF: Bruce Brensdaal, Executive Director
Chuck Nemec, Accounting
Mary Bair, Multifamily Program
Vicki Bauer, Homeownership Program
Penny Cope, Marketing & Web Specialist
Paula Loving, Administrative Assistant
Todd Jackson, Multifamily Program
Kellie Guariliga, Multifamily Program
Mary Poepping, Multifamily Program
Bob Vanek, Multifamily Program
Angela Heffern, Accounting
Lisa Tedder, Homeownership Program
Jeannene Maas, Homeownership Program

COUNSEL: Greg Gould, Luxan and Murfitt (Present via teleconference)

UNDERWRITERS: Mina Choo, RBC Capital

OTHERS: Greg Dunfield, GMD Development
Kelly Gill, BlueLine Development
Patrick Klier,
David Bland, Travois
Marianne Roos, Travois
Craig Taylor, Communities for Veterans
Lori Davidson, Missoula Housing Authority
Heather McMilin, Homeword

Alex Burkhalter, Housing Solutions
Elizabeth Andrews, MTUPP
Harlan Wells, Summit Management Group
Nate Richmond
Eileen Piekarz
Tarie Beck
JoAnn Hansen
Tom Mannschreck
Jennifer Siegel
Kathleen O'Grady
Darren Larson
Tim Morgan

CALL MEETING TO ORDER

Chairman JP Crowley called the Montana Board of Housing (MBOH) Board meeting to Order at 12:30 p.m. Introductions were made. Bruce Brensdaal reviewed the process for the Conference call participation. The Chairman asked for any items not listed on the agenda.

APPROVAL OF MINUTES

Sheila Rice moved to approve the June 26, 2012 Board meeting minutes and Jeff Rupp seconded the motion. Chairman Crowley asked for comments. The June 26, 2012 Board meeting minutes were approved unanimously.

MULTIFAMILY PROGRAM

Mary Bair provided the Board with the Multifamily Program update. The Annual Tax Credit Compliance training will be held on September 14-15, 2012 in Great Falls. Mary introduced Mary Poepping as the new Multifamily Compliance Specialist, replacing Judy Tice.

Mary Bair brought to the Board the 2013 Qualified Allocation Plan (QAP). A brief discussion followed regarding the 2013 QAP workshop talking points which took place earlier in the day. The Board provided brief comment in regards to changes within the upcoming 2013 QAP.

Greg Gould, Board Legal Counsel, reviewed the process for finalization of the 2012 QAP. Upon approval from the Board, the Plan is released for public comment and placed on the MBOH website for review. The public will have at least 30 days to review the Plan and provide feedback to MBOH staff. After the public comment period has past, a Public Hearing will take place for final public comment. Within a following MBOH Board meeting, the Board will then discuss and take action on the finalization of the 2013 Qualified Allocation Plan.

Jeff Rupp moved to release the Staff's recommended 2013 Qualified Allocation Plan for public comment with one change which would change the small set-aside project to become a rural set-aside program for towns with population less than

10K. Sheila Rice seconded the motion. Chairman Crowley asked for comments. The 2013 Qualified Allocation Plan was approved to release for public comment.

FINANCE PROGRAM

Chuck Nemec presented the Finance report. The 10-year US Treasury was trading at 1.83%. On August 2, 2012, MBOH issued \$81,280,000 of 2012A / 2009D bonds. The bond issue provided \$25 million for purchasing new loans and \$56,280,000 for refunding old bonds. Through this bond issuance, MBOH will produce approximately \$6.75 million of "zero" funds available to subsidize future mortgage interest rates.

Chuck Nemec updated the Board on the Securities Exchange Commission municipal bond market regulation. The SEC continues to expand municipal bond market regulation that affects the Board. One example is the SEC proposed broad definition of municipal advisor and the associated fiduciary responsibilities that included each of you as a board member. Bruce sent comments explaining why this was a bad idea for boards such as ours.

Common sense prevailed and the House Financial Services Committee Subcommittee on Capital Markets and Government Sponsored Enterprises approved legislation limiting the definition of municipal advisors to advisors who are formally engaged in work by an issuer. It excludes appointed members of issuers' governing bodies.

Chuck Nemec updated the Board on the financial reports and the closing of FY2012. Reports and review of MBOH finances will be discussed at a future meeting.

MBOH has started working on a new bond issuance (2012B). There is \$25 million remaining in NIBP funds. The NIBP funds are available only until December 2012 when the program expires and the Board should utilize these funds before expiration. The issue may include market (non-NIBP) bonds for refunding of old Bond series and potentially creating additional "zero" funds.

HOMEOWNERSHIP PROGRAM

Vicki Bauer provided the Homeownership Program update. The Servicing program is currently servicing 30 BOI Veteran loans. From the latest Bond issuance, the balance of the zero interest funds is approximately \$13 million. This will continue to allow MBOH to remain close to current market rates.

Vicki Bauer reported on the Delinquency Report. Vicki stated as the portfolio is reduced due to refinance, the ratio of delinquent loans to total loans will increase. MBOH remains well below the regional and national average.

Vicki Bauer reviewed the FY2012 Loan Activity report. The report the number of loans purchased during the Fiscal year with type of home/purchase price and type of MBOH purchase program. In addition, the report provides a summary of MBOH loans for the last six years.

Vicki Bauer provided a FY2012 Mortgage Credit Certificate (MCC) Program Summary. A total of 42 MCC loans were purchased in the amount \$6,625,539. A summary of the last five years of the MCC program was provided for comparison.

Vicki updated the board on the Down payment assistance program. Staff is currently working on the requirements and guidelines.

EXECUTIVE DIRECTOR

Bruce Brensdal reviewed briefly the Strategic Plan for MBOH. The Strategic Plan will become a regular reporting within each meeting.

Bruce recommended not holding a September Board Meeting but rather hold the October meeting in Missoula. The Board concurred.

Greg Gould, Luxan Murfitt, updated the Board on the pending lawsuit with Fort Harrison Freedoms Path.

Meeting adjourned at 1:25 p.m.

Jeffrey Rupp, Secretary

Date