

MONTANA BOARD OF HOUSING

301 S. Park – Room 228 and via Webinar, Helena MT

February 13, 2012

ROLL CALL OF BOARD

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

STAFF: Bruce Brensdal, Executive Director
Chuck Nemece, Accounting
Mary Bair, Multifamily Program
Vickie Bauer, Homeownership Program
Penny Cope, Marketing & Web Specialist
Paula Loving, Administrative Assistant
Charlie Brown, Homeownership Program
Kellie Guariglia, Homeownership Program
Emy Ingebritson, Multifamily Program
Judy Tice, Multifamily Program
Lisa Tedder, Homeownership Program
Angela Heffern, Accounting Program
Jeannene Maas, Homeownership Program

COUNSEL: Greg Gould, Luxan and Murfitt (Present via Webinar)
John Wagner, Kutak Rock

UNDERWRITERS: Sandy Shupe, Wells Fargo Bank
Mina Choo, RBC

OTHERS: Steve Grover, Grover Development Group
Alex Burkhalter, Sparrow Group
Tim German, Sparrow Group
Kris Wilkinson, LFD
Tom Mannschreck, Thomas Development
Revonda Stordahl, Butte Affordable Housing
Rick Schleuker, SMD Architects
Tim Howard, HCC Inc.

Galen Amy, Rocky Mountain Development Council
Melissa Lewis, City of Shelby, Toole County
Scott Keiper, Summit Housing Group
Harlan Wells, Summit Housing Group
Steve Inman, Tamarack Property Management
Christi Fisher, Soroptimist Village
Gib Glasson, Housing Authority of Billings
Lucy Brown, Housing Authority of Billings
Sanjay Talwani, Independent Record
Gene Leuwer, Rocky Mountain Development Council
J.S. Turner, City of Dillon
Marty Malesich, City of Dillon Mayor
Alvina Sullivan, Soroptimist Village
Kermit Meuller, American Building Association
Jim Morton, HRC – District XI
Lucy Pettapiece, Soroptimist Village
Benna McGeorge, Soroptimist Village
Sally Remy, Soroptimist Village
Nate Richmond, BlueLine Development
Kelly Gill, BlueLine Development
Greg Dunfield, GMD Development
Greg Taylor, Communities for Veterans
John Wiseman, Communities for Veterans
Ken Bowron Jr., Communities for Veterans
Tillie Butts
Jim McIsaac, Bicentennial Apartments
Tracy Menez, HRDC IX
Andrea Davis, Homeward, Inc.
Sean McKenna, GMD Development
Gail Briese-Zimmer, Rocky Mountain Development Council
Liz Mogstad, Rocky Mountain Development Council
Helen Pent Jenkins, Montana Veterans Foundation
Patrick Klier, Summit Management Group
Sam Long, Summit Housing Group
Heather McMilin, homeWORD
Don Sterhan, Mountain Plains Equity Group
Paul Groshart, Richland Affordable Housing Corporation
Jim Harvey, Harvey Investments
Kathleen O'Grady, Communities for Veterans
Don Paxton, Beneficial
Kirsten Holland
Marney McCleary, CAPNWMT
Teresa Bekk, Department of Veterans Affairs
Eileen Piekarz, Rural Community Assistance Corporation
Ann Atkinson, Kutak Rock

Ned Halling,
Terrie Casey, VA Montana Health Care System
Jennifer Siegel, Rural Community Assistance Corporation
Tarie Beck, Mountain Plains Equity Group
Jeryl Schneider, Tamarack Property Management Company
Tom Welch
Jeff Miller, Rocky Mountain Development Council
Claire Casazza, Thomas Development Co.

CALL MEETING TO ORDER

Chairman JP Crowley called to Order at 8:35 a.m. Introductions were made. Bruce Brensdaal reviewed the process for the Webinar participation. The Chairman asked for any items not listed on the agenda.

APPROVAL OF MINUTES

Betsy Scanlin moved to approve the January 9, 2012 minutes and Jeanette McKee seconded the motion. Chairman Crowley asked for comments. The January 9, 2012 minutes were approved unanimously.

FINANCE PROGRAM

Chuck Nemec provided a brief financial update. The 10-year Treasury dropped to 1.97% as of meeting time. This affects the funds that have a 0.0% rate. Standard & Poors downgraded Society General, a French bank. Currently, MBOH has four bond series in investment.

Chuck Nemec provided the Board a comparative summary of operations from FY2005 to FY2011. Overall, the MBOH loan portfolio has decreased by 27%.

HOMEOWNERSHIP PROGRAM

Vicki Bauer provided the Homeownership Program update. Due to the low 10-year Treasury rate, MBOH continues to struggle to be competitive within the market.

Vicki Bauer provided an update on the potential Down Payment Assistance Program. Staff was working on providing an outline for the February meeting; however, Bond Council from Kutak Rock, John Wagner, recommended waiting until FHA has completed the revised Mortgagee letter for Down Payment Assistance. This revision is expected within the next two months.

Vicki Bauer informed the Board of the finalization of the First Interstate Bank Servicing Agreement. MBOH will bring the First Interstate Bank portfolio in-house once the software has been purchased and adequate staff is hired. MBOH is currently servicing all Veterans Home Loan program.

Vicki Bauer introduced Tracy Menezes, HRDC IX, who is requesting a revision of the West Edge Set-aside approved in July 2010. This Set-aside is for \$1,600,000 at 5.5% for 15 unites for borrowers at or below 80% Area Medium income. In

addition, the Set-aside would only become available once 50% of the units were sold. Currently, 30 units of the 60 available units have been sold. HRDC IX requested the following revisions:

1. Up to \$250,000 be made available at 3.875% to borrowers at or below 50% AMI with Loan to Values less than 55%. These loans would not have the 1.5% origination fees paid to the lenders by the Board of Housing.
2. The Board providing MBOH Staff authorization to approve borrowers earning up to 120% AMI on an exception basis.

Tracy explained West Edge is an affordable homeownership development of Gallatin County and the HRDC. The project was awarded grant funding by the Department of Commerce's Neighborhood Stabilization Program (NSP). The units are available to households earning less than 120% AMI, but targeted primarily to households earning under less than 80% AMI. In accordance with NSP guidelines, at least 25% of the units will be sold to households earning less than 50% AMI.

Due to higher property tax assessments on the Phase 2 units came in much higher than those in Phase 1, which has reduced the ability of households earning less than 50% AMI to purchase in West Edge. The revision to allow interest rate at 3.875% would make the difference of the property tax increase. In addition, NSP guidelines allow for purchase by households earning up to 120% AMI; without an exception by MBOH, HRDC IX would be unable to provide financing for households earning between 80-120% AMI until they reached 0% owner-occupancy. Bob Gauthier moved to approve the two revisions to the West Edge Set-aside program. Jeanette McKee seconded the motion. Chairman Crowley asked for comments. The revisions were approved unanimously with Jeff Rupp abstaining.

MULTIFAMILY PROGRAM

Mary Bair provided the Board with the Multifamily Program update. The Bond issuance approved in January has been sent to the Governor's office for approval.

Mary Bair brought to the Board two Reverse Annuity Mortgage (RAM) exception requests. The first is from an 82 year-old Bozeman woman who is requesting \$41,000 to pay off current debts. The second is from an 85 and 86 year old Livingston couple who are requesting \$25,000 to pay off vehicle loans and make minor repairs to their home. Sheila Rice moved to approve both RAM exceptions and Betsy Scanlin seconded the motion. The Chairman asked for comments. The two Reverse Annuity Mortgage exceptions were approved unanimously.

Mary Bair presented the 2012 Low Income Housing Tax Credits (LIHTC). MBOH received 15 applications, including three projects in the Small Projects funding and seven are from Non-profit organizations. The total requested was \$7,209,430, with a total of MBOH \$2,534,920 LIHTC allocation funds. Mary stated the applicants will present the projects for the Board's consideration.

Chairman Crowley reminded the Board and project presenters the goal of the projects' presentation is for the Board's information and approval of LIHTC allocation funds will take place at the April 9, 2012 meeting.

- Haven Homes (Small project – New Construction) – Steve Grover, Grover Development Group – located in Missoula; this project will be four 3-bedroom family homes. Three homes will be targeted to 60% Area Medium Income (AMI) and one home will be targeted to 50% AMI. The goal upon completion of the 15-year compliance period is homeownership. Mr. Grover provided an overview of the project and letters of support. There was no opposition to the project at the time of the Board meeting.
- Sweet Grass Apartments (Small project, Non-Profit – New Construction) – Nate Richmond and Kelly Gill, BlueLine Development – located in Shelby; this project is for 12 family units. Three units will be 40% AMI, six units will be 50% AMI, and three units will be 60% AMI. Melissa Lewis, City of Shelby, provided the Board with the history of the need of housing in the Shelby area. Shelby will experience substantial economic growth. The City of Shelby has committed to fund the water line to the project site and paving of streets. Mr. Richmond provided an overview of the project and letters of support. There was no opposition to the project at the time of the Board meeting.
- Haggerty Lane (Small project – New Construction) – Dab Dabney, Farmhouse Partnership – located in Bozeman; this project is for 11 family units. Two units will be 40% AMI, five units will be 50% AMI, and four units will be 60% AMI. Via video, Dab Dabney provided the overall need for affordable housing within Bozeman. The project received letters of support. There was no opposition to the project at the time of the Board meeting.
- Aspen Place (Non-Profit – New Construction) – Jim Morton, HRC XI – located in Missoula; this project is for 36 senior units. Four units will be 40% AMI, 23 units will be 50% AMI, and nine units will be 60% AMI. Mr. Morton provided an overview of the project and letters of support. There was no opposition to the project at the time of the Board meeting.
- Depot Place (Non-Profit – New Construction) – Alex Burkhalter, Sparrow Group – located in Kalispell; this project is for 40 senior units. Four units will be 40% AMI, 25 units will be 50% AMI, and 11 units will be 60% AMI. Mr. Burkhalter provided an overview of the project and letters of support. There was no opposition to the project at the time of the Board meeting.
- Deer Park Apartments (Non-Profit – New Construction) – Revonda Stordahl, Butte Affordable Housing – located in Dillon; this project is for 24 senior units. Four units will be 35% AMI, 10 units will be 40% AMI, and 10 units will be 45% AMI. Ms. Stordahl provided an overview of the project and letters of support. Tom Mannschreck, Thomas Development, reviewed the outcome of two public hearings held on the project. Tom Welch, citizen of Dillon and former Board member, stated via Webinar in his attendance in two public

hearings and the review of the overall project, it supports the aging community of Dillon. Marty Malesich - City of Dillon Mayor and J.S. Turner – City of Dillon Operations Director, stated the project has been positively supported by the City of Dillon. Jim McIsaac voiced his opposition to the project, stating his Projected Based Section 8 affiliated apartment complex, Bicentennial Apartments, has had a vacancy rate of at least 10% the last two years.

- North Stone Residence (Non-Profit – New Construction) – Gene Leuwer, Rocky Mountain Development Council – located in Helena; this project is for 30 senior units. Three units will be 40% AMI, 23 units will be 50% units, and four units will be 60% AMI. Mr. Leuwer provided an overview of the project and letters of support. There was no opposition to the project at the time of the Board meeting.
- Hillview Apartments (General – Acquisition/Rehabilitation) – Greg Dunfield, GMD Development – located in Havre; this project is for 52 family units. All 52 units will be targeted to 40-60% AMI. Mr. Dunfield provided a history of the existing project, along with the overview of the “like new” rehabilitation with letters of support. There was no opposition to the project at the time of the Board meeting.
- Red Fox Apartments (General – New Construction) – Lucy Brown, Housing Authority of Billings – located in Billings; this project is for 30 family units. Three units will be for 40% AMI, 18 units will be for 50% AMI, and nine units will be for 60% AMI. Ms. Brown provided an overview of the project and letters of support. There was no opposition to the project at the time of the Board meeting.
- Parkview Village (Non-Profit – New Construction) – Paul Groshart, Richland Affordable Housing Corporation – located in Sidney; this project is for 20 family units. Three units will be for 40% AMI, 13 units will be for 50% AMI, and four units will be 60% AMI. Mr. Groshart provided an overview of the project and letters of support. There was no opposition to the project at the time of the Board meeting.
- Freedom’s Path (General – Acquisition/Rehabilitation) – Greg Taylor, Communities for Veterans – located at Fort Harrison; this project is for 40 family units. Three units will be for 40% AMI, two units will be for 50% AMI, one unit will be for 60% AMI, and 34 units will be for 40-60% AMI. Mr. Taylor provided a history of the Federal campaign to eliminate Veteran’s homelessness by 2015 and an overview of the rehabilitation project and letters of support. There was no opposition to the project at the time of the Board meeting.
- Soroptimist Village (Non-Profit – Acquisition/Rehabilitation) – Andrea Davis and Heather McMilin, Homeword – located in Great Falls; this project is for 50 senior/disabled units. Five units will be for 40% AMI, 31 units will be for 50% AMI, seven units will be for 60% AMI, and seven units will be for 100%

AMI. Ms. McMilin provided an overview of the rehabilitation project and letters of support. Benna McGeorge, Board of Directors for Soroptismist Village, provided a history of the complex and business structure. Christi Fisher, Board of Directors for Soroptismist Village, provided a history of the rent control structure and maintenance. There was no opposition to the project at the time of the Board meeting.

- Stoneridge Apartments (General – New Construction) – Harlan Wells , Summit Housing Group – located in Bozeman; this project is for 39 family units. Five units will be for 40% AMI, 24 units will be for 50% AMI, and ten units will be for 60% AMI. Mr. Wells provided an overview of the project and letters of support. There was no opposition to the project at the time of the Board meeting.
- Courtyard Apartments (Non-Profit – Acquisition/Rehabilitation) – Marney McCleary, Community Action Partnership of NWMT – located in Kalispell; this project is for 32 family units. Seven units will be for 50% AMI, and 25 units will be for 60% AMI. Ms. McCleary provided an overview of the project and letters of support. There was no opposition to the project at the time of the Board meeting.
- Blackfeet Homes V (General – New Construction) – No Representative present at Board meeting – located in Browning. Mary Bair stated this project is for 24 family units.

Chairman Crowley and the Board thanked the applicants for their time and presentations of their projects. At the April 9, 2012 Board meeting, the Board will award the 2012 Low Income Housing Tax Credits.

EXECUTIVE DIRECTOR

Bruce Brensdal updated the Board on the Mountain Plains Regional Summit in Mandan, North Dakota being held May 1-3, 2012. Currently, Jeff Rupp and Betsy Scanlin will be attending. Bob Gauthier and Jeanette McKee expressed interest in attending.

Penny Cope reminded the Board of the Montana Housing Partnership Conference takes place June 26-28, 2012 in Billings. The June Board meeting will be in Billings on the 26th so Board members can participate in the Housing Conference.

Meeting adjourned at 1:35 p.m.

Jeffrey Rupp, Secretary

Date