ROLL CALL OF BOARD

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

STAFF: Bruce Brensdal, Executive Director
       Mary Bair, Multifamily Program
       Vicki Bauer, Homeownership Program
       Cody Pearce, Accounting Program
       Penny Cope, Public Relations
       Stacy Collette, Operations Manager
       Paula Loving, Executive Assistant
       Kellie Guariglia, Multifamily Program
       Jeannene Maas, Homeownership
       Todd Jackson, Multifamily Program
       Angela Heffern, Accounting Program
       Charlie Brown, Homeownership Program

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

UNDERWRITERS:

OTHERS: Mark Peterson Hill County
       Alex Burkhalter, Housing Solutions
       Lori Davidson, Missoula Housing Authority
       Taylor Hunt, Syringa Housing Corporation
       Suzette Sanders, Fairway Independent Mortgage Corporation
       Kim Sickler, BlueLine Development
       Nate Richmond, BlueLine Development
CALL MEETING TO ORDER

Chairman JP Crowley called the Montana Board of Housing (MBOH) to order at 10:05 a.m. Introductions were made. Bruce Brensdal reviewed the Webinar procedures.

Chairman asked for any public comment not on the agenda. Heather McMilin, Homeword Inc., provided an update on the Southern Lights project. All renovations have been done on building one. The completion of this building should be completed by end the year. Homeword is working with HOME program to secure funding on Building 2.

Charles Walking Child, Native American Contracting Company, presented to the Board a letter he wrote regarding his views on the relationship between the Board and/or its members and specific Tribal entities receiving Tax Credit funding. Mr. Walking Child stated in his opening statement that he was surprised there was no representation by
Native Americans at the meeting, given it was the allocation of Tax Credit funding for low income housing. As representation of the State of Montana which has been assigned guardianship over the Tax Credits, the Montana Board of Housing has the responsibility to ensure Native Americans are given a fair chance at receiving Housing funds. Mr. Walking Child specifically mentioned Travois Consulting relationship with Board Member Bob Gauthier. Supported by the contents of the letter Mr. Walking Child spoke of his understanding Travois Consulting had hired Mr. Gauthier as a Consultant for submitting Tax Credit applications. Through the tight relationship between Travois and Mr. Gauthier, work is being performed by out of state people and it is driving costs up on these projects. It is the Board’s responsibility to monitor these projects and giving Native Americans the chance to bid for these projects needs to be reviewed. Bruce Brensdal addressed Mr. Walking Child’s written and verbal concerns and stated MBOH Staff will look at these concerns and respond. Mr. Walking Child questioned why the MBOH Board did not have any Native American representation. Bruce stated the Board is comprised of two Native Americas, Ingrid Firemoon and Bob Gauthier.

After the 2015 Tax Credit Allocations portion of the meeting, Bob Gauthier asked for the Chairman for a few minutes to respond to Mr. Walking Child’s remarks. Bob stated that while he never has met Mr. Walking Child, he understands his frustration of developing housing in Indian country and Tax Credits are extremely difficult. Bob stated that even before his tenure as a Board member, MBOH has always worked with Indian programs and the staff has worked to make sure that this valuable resource is reaching the Tribes. Bob stated since he quit working for Salish and Kootenai approximately ten years ago, he has contracted with National American Indian Housing Council, which is a technical assistance contract. He has also worked with NeighborWorks, but at no time has he had a contract or did he advocate for Travois. While having been sued by Travois as part of the MBOH Board, Bob has recognized David Bland’s meaningful way to bring Tax Credits to Indian Country and getting people excited in his marketing has been a good thing. Bob states anybody, particularly an Indian who shows some initiative should have opportunity to work, but if they have questions they should call himself or the MBOH Staff. Bob concluded that he is proud of the fact that MBOH has two enrolled tribal members on the Board and it shows the Administration’s commitment to the Indian reservations.

**APPROVAL OF MINUTES**

Doug Kaercher moved to approve the September 15, 2014 MBOH Board meeting minutes and Bob Gauthier seconded the motion. Chairman Crowley asked for comments. The September 15, 2014 Board meeting minutes was passed unanimously.

**FINANCE PROGRAM**

Cody Pearce provided the Finance update. Cody reviewed the Diversification and Investment Report with the Board. Cody stated the MBOH Fiscal Year 2014 Financial Statement’s audit was completed and there were no findings.
HOMEOWNERSHIP PROGRAM
Vicki Bauer brought to the Board a request for a Participating Lender Approval Application from Fairway Independent Mortgage Corporation. Vicki introduced Suzette Sanders and Chris - the Bozeman office - who provided a brief history of the Fairway Independent Mortgage Corporation. The main office is in Plano, Texas, with an office in Bozeman. Sheila Rice asked about the lender’s opportunities for manufactured homes on permanent foundations. Chris stated their lending institution offers these loans. Sheila Rice moved to approve Fairway Independent Mortgage Corporation as a participating lender. Doug Kaercher seconded the motion. Chairman asked for comments. Fairway Independent Mortgage Corporation was approved unanimously as an MBOH participating lender. Jeanette McKee stated she appreciate the travel from Texas, as it shows the commitment to this Board and its programs.

Vicki Bauer pointed out the MBOH Brag Board located within the Board Packet, which included borrowers’ comments on the great work MBOH staff has been doing. Chairman Crowley stated the Board appreciates seeing this feedback as well.

Vicki Baur provided a Homeownership Program update. Vicki stated since the last Board meeting in September, the regular loan programs has reserved 39 loans, Score Advantage program has reserved two loans, and the Veteran’s loan program has reserved 13 loans. The current interest rate is 3.75%. Vicki stated the approved 2014B Bond Resolution will become the 2015A Bond Resolution due to the timing of the closing.

Vicki Bauer provided the Board with the Delinquency and Foreclosure Report, Servicer’s Report and the Setaside Report.

MULTIFAMILY PROGRAM
Mary Bair reviewed the documentation provided to the Board for the 2015 Montana Housing Tax Credit application summary. This documentation was provided to the Board both electronically and in physical copies. Kellie Guariglia provided a brief overview of the applications’ physical site visits conducted by MBOH staff.

Greg Gould, Board Council, explained the Setaside for Small Rural projects. The setaside is 20% of the overall total Credits. As part of this Setaside the project must submit no more than 10% of the total pool for the project and must not be located the specified urban areas of Montana.

The Board allowed final public comment by developers and public for each application.

- Gallatin Forks, Manhattan – Taylor Hunt, Syringa Housing Corporation, rehabilitation of 16 units for family housing – thanked the Board on the QAP process and project review. Gallatin Forks requested $153,494 Tax Credits from the Small Rural Setaside.
- Stower Commons, Miles City - Alex Burkhalter, Housing Solutions, new construction 30 units of family housing – provided a brief update of Housing Solutions projects and the great timing for Miles City. Mr. Burkhalter addressed
concerns from the last meeting regarding waitlists on other properties within Miles City. The other sites in Miles City serve 0-30% low income and this project will serve 50-60% low income, so the individuals served are different demographics. Miles City Mayor Grenz stated this project is a much needed housing solution for the people of Miles City. Mary Bair clarified the two subsidized housing projects within Miles City do have vacancy and this is due mostly to the high deposit required by the City of Miles City. Stower Commons requested $610,000 Tax Credits from General funds.

- Urban Missoula, Missoula – Heather McMilin, Homeword, 34 new construction units for family housing – provided a brief update on the project. Urban Missoula requested $430,000 Tax Credits from General funds.

- Guardian Apartments, Helena – Kirk Bruce, Detroit Affordable Homes, rehabilitation of 118 units for senior housing – provided the successful history of Detroit Affordable Homes rehabilitation efforts within Montana. Mary Martin stated Guardian Apartments has lived its lifespan and needs a major rehabilitation.

- Antelope Court, Havre – Karen Thomas, HRDC Havre, and Gene Leuwer, GL Development, new construction 24 units for family housing with 21 units being fully accessible – addressed the concerns from Buffalo Court residents. A public meeting was held and discussion resulted in favorable support by the Buffalo Court residents. Mark Peterson, Hill County Commissioner, expressed the need for this housing which includes fully accessible units which is a great need for this area. Antelope Court requested $568,750 Tax Credits from General fund.

- Stoneridge, Bozeman – Jeff Rupp, HRDC Bozeman, new construction 48 units for family housing – expressed the critical need of available affordable housing needs in Bozeman. Jeff Krauss, current Mayor of Bozeman, stated the Mill Levy setaside for affordable housing will be used on this project. Carson Taylor, Deputy Mayor of Bozeman, stated the commitment of Bozeman for this project. Stoneridge Apartments requested $658,750 Tax Credits from General fund.

- Cascade Ridge II, Great Falls – Peter Gray, Benefis Health System, 16 new construction units for elderly housing - stated the change from last meeting is the Cascade Ridge I’s waitlist continues to grow. Cascade Ridge II requested $245,183 from General fund.

- River Ridge, Missoula – Harlan Wells, Housing Authority of Missoula, rehabilitation of 70 units for senior housing – stated since the last meeting it has been discovered that five units that have been leaking rain water for the past couple of years. This project will result in lowering the rents for current tenants. River Ridge Apartments requested $501,723 from General fund.

Sheila Rice asked for clarification regarding forward allocation from future Tax Credit years. Mary Bair stated there is no forward allocation from future years and partial Tax Credits have been awarded, but those projects were not awarded remaining Tax Credits the following year due to the competitive process and project submitted.
Sheila Rice moved to approve Gallatin Forks in Manhattan and Bob Gauthier seconded the motion. Sheila stated this project is the only project which meets the requirements of the Small Rural Setaside requirements.

A Roll Call vote was taken:
- Bob Gauthier  Yes
- Sheila Rice  Yes
- Doug Kaercher  Yes
- Pat Melby  Yes
- Jeanette McKee  Yes
- Ingrid Firemoon  Yes
- J.P. Crowley  Yes

Gallatin Forks was approved for $153,494 Tax Credits unanimously.

Doug Kaercher moved for approval of Antelope Court for Tax Credits. Bob Gauthier seconded the motion. Doug stated this area is in desperate need of quality housing which will serve not only the City of Havre, but the two Indian reservations close by. Jeanette McKee stated she will not be supporting this project based on the requirements in which she personally ranks each project.

A Roll Call vote was taken:
- Bob Gauthier  Yes
- Sheila Rice  No
- Doug Kaercher  Yes
- Pat Melby  No
- Jeanette McKee  No
- Ingrid Firemoon  Yes
- J.P. Crowley  Yes

Antelope Court was approved for $568,750 in Tax Credits.

Pat Melby moved to approve Guardian Apartments for Tax Credits in Helena. Jeanette McKee seconded the motion. Pat stated this would preserve existing low income housing which is in severe need of rehabilitation. Bob Gauthier stated while he likes this project, his concern is based geographical distribution and other areas are still lacking Tax Credit distribution.

A Roll Call vote was taken:
- Bob Gauthier  No
- Sheila Rice  Yes
- Doug Kaercher  Yes
- Pat Melby  Yes
- Jeanette McKee  No
- Ingrid Firemoon  No
- J.P. Crowley  Yes

Guardian Apartments was approved for $658,758 in Tax Credits.
Jeanette McKee moved to approve Stoneridge Apartments in Bozeman. Pat Melby seconded the motion. Jeanette stated this developer has submitted this project multiple times and this, along with the collaborative efforts with the City of Bozeman, shows the dedication to this project. In addition, the City of Bozeman has not received significant Tax Credits since 2005. Bob Gauthier expressed the geographical distribution across the state.

A Roll Call vote was taken:
Bob Gauthier Yes
Sheila Rice Yes
Doug Kaercher No
Pat Melby Yes
Jeanette McKee Yes
Ingrid Firemoon No
J.P. Crowley No

Stoneridge Apartments was approved for $658,750 in Tax Credits.

Sheila Rice moved to approve Cascade Ridge II in Great Falls and Bob Gauthier seconded the motion. Sheila stated the waitlist for original Cascade Ridge is over 100 and these 16 units will help. In addition, this project represents the outstanding work Tax Credit dollars can provide. The phase I doesn’t look like low income housing. Doug Kaercher commented on the impressive Cascade Ridge I structure and will support this project due to the great use of Tax Credits.

A Roll Call vote was taken:
Bob Gauthier Yes
Sheila Rice Yes
Doug Kaercher Yes
Pat Melby Yes
Jeanette McKee Yes
Ingrid Firemoon Yes
J.P. Crowley Yes

Cascade Ridge II was approved unanimously for $245,183 Tax Credits.

Pat Melby moved to approve the remaining Tax Credits in the amount of $398,000 to Urban Missoula. Doug Kaercher seconded the motion. Doug stated the Missoula’s community has shown great support for this project. Sheila Rice stated it is difficult to determine between two projects in the same community and this project’s cost per unit is higher than the rehabilitation project. Pat has walked through the Sawmill area in Missoula and this project will be a great addition to the area. Jeanette McKee asked for justification on cost per unit. Heather McMilin, Homeword, stated this is a new development area and this includes above market rate of the land. Ms. McMilin stated the remaining credits would almost meet the full requested amount and other funding will be sought out to complete this project.

A Roll Call vote was taken:
Bob Gauthier Yes

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Urban Missoula was approved for the remaining Tax Credits in the amount of $398,000.

Mary Bair provided the Multifamily update. Mary reviewed the construction updates on previous allocated Tax Credit projects. Buffalo Grass is fully leased. Apsaalooke Warrior Apartments will be starting construction in a month or so. Cedar View has submitted plans. Chippewa Cree will start construction in early December. Hillview Apartments rehabilitation is continuing. Fort Peck is working through closing. Soroptimist Village rehabilitation continues with two buildings completed. Yellowstone Commons started in September. Aspen Place had the Grand Opening last week. Sunset Village’s buildings which are to be replaced have been demolished. Wolf Point Village is reviewing costs. Voyageur will have a spring construction start. The Buffalo Grass and Southern Lights loans will be closing within the next two weeks.

Pat Melby moved to release the 2016 Qualified Allocation Plan (QAP) for public comment. Bob Gauthier seconded the motion. Mary Bair reviewed several major changes proposed by the 2016 QAP.

Sheila Rice moved on page 17 - Smoke Free Housing – to vocally be recognized as a requirement of Smoke Free Housing requirements with the exception of the last sentence to replace the word “may” with “must”. The sentence was “The written policy must appropriate exceptions for bona fide cultural or religious practices”. Pat Melby seconded the motion. John Firehammer, MTUPP, stated within the last QAP workshop discussion between MBOH Staff and developers provided requirements suitable for compliance by property management and not MBOH Staff. Alison Reidmaour, MTUPP, addressed the wording of Tribal beliefs.

Ingrid Firemoon inquired on the revisiting of this topic since it had already been finalized previously. Bruce Brensdal stated from year to year, there are topics within the QAP which will be revisited and updated. Jeanette McKee appreciated the continuous defining of Smoke Free Housing and how to be monitored.

Ingrid Firemoon stated the “bona fide cultural” may need to be reviewed and she will look at wording.

The motion to recognize the change in the Smoke Free Housing was approved unanimously.

After review of the proposed 2016 Qualified Allocation Plan, Pat Melby called question. The 2016 Qualified Allocation Plan was approved to be released for public comment.
EXECUTIVE DIRECTOR UPDATE

Penny Cope and Sheila Rice stated the Housing Day at the Rotunda day is January 8, 2015 and the January Board meeting has been scheduled for the 9th so Board members can attend the Housing Day as well.

Stacy Collette, Operations Manager, provided the Board with an update of Montana Board of Housing staffing and the expectations of reporting to the Board on a monthly basis. Stacy is working on strategic planning and Board’s input will be needed in the coming months.

Bruce Brensdal provided the proposed meeting dates for 2015. Bruce thanked Mary Bair and Kellie Guariligia and the rest of the Multifamily program for their efforts of the Tax Credits allocation process and the Qualified Allocation Plan work.

Harlan Wells, Missoula Housing Authority, addressed the Board regarding the 2015 QAP’s Section 9 – Award Determination Selection Standard – “If all of the authorized credits are Award after a particular cycle, MBOH may place qualifying Applications which did not receive an Award of tax credits on a waiting list for potential Award of tax credits in the event credits become available at a later date.” Pat Melby moved to approve and place in order of River Ridge Apartments and then Stower Commons to be placed on a waitlist in case any Awarded Tax Credits are returned. Jeanette McKe seconded the motion. Sheila Rice expressed concern of bypassing a second round of Tax Credits and if a return was given back and there was another qualifying project in the same town, this would limit this opportunity for the town originally awarded. Bob Gauthier stated he liked both projects, however, whether this is a new policy should be considered.

A Roll Call vote was taken:
Bob Gauthier Yes
Sheila Rice No
Doug Kaecher No
Pat Melby Yes
Jeanette McKe Yes
Ingrid Firemoon Yes
J.P. Crowley Yes

River Ridge and Stower Commons were placed on a waitlist for returned Tax Credits, if any become available.

Meeting adjourned at 1:12 p.m.

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Sheila Rice, Secretary

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Date

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