ROLL CALL OF BOARD

MEMBERS: J.P. Crowley, Chairman (Present)
Bob Gauthier (Present)
Doug Kaercher (Present)
Ingrid Firemoon (Excused)
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
Paula Loving, Executive Assistant
Stacy Collette, Operations Manager
Kellie Guariglia, Multifamily Program
Jeannene Maas, Homeownership
Todd Jackson, Multifamily Program
Angela Heffern, Accounting Program

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

UNDERWRITERS:

OTHERS: Greg Dunfield, GMD Development
Heather McMilin, Homeword
Logan Anderson, Mountain Plains Equity Group
Fred Sterhan, Mountain Plains Equity Group
Don Sterhan, Mountain Plains Equity Group
Carilla French, District 4 HRDC
Gene Leuwer, GL Development
Taylor Hunt, Syringa Housing Corp
CALL MEETING TO ORDER

Chairman JP Crowley called the Montana Board of Housing (MBOH) to order at 8:30 a.m. Introductions were made. Chairman Crowley introduced Tom Hanel, Mayor of Billings, who welcomed the Board to the City of Billings. Mr. Hanel thanked the Board and everyone who helps with the development of affordable housing in the City of Billings and surrounding areas. Mr. Hanel expressed his gratitude to the Housing Authority of Billings for their dedication to providing housing to the citizens of Billings. Bruce Brensdal reviewed the Webinar procedures.

Chairman asked for any public comment not on the agenda. Heather McMilin, Homeword, provided an update on the Southern Lights project in Billings. This project received a loan to repair the structural issues and eliminate severe mold issues. Ms. McMilin reviewed pictures of the issues as the demolition took place and the structural and mold issues become apparent. Steps have been taken to eliminate the mold and the structure rebuild is on schedule and within budget.

Sheila Rice, NeighborWorks Montana, announced that NeighborWorks Montana will be opening a satellite office in Billings.
APPROVAL OF MINUTES

Doug Kaercher moved to approve the June 9, 2014 MBOH Board meeting minutes and Bob Gauthier seconded the motion. Chairman Crowley asked for comments. The June 9, 2014 Board meeting minutes was passed unanimously. Sheila Rice moved to approve the August 13, 2014 MBOH Board conference call meeting minutes and Pat Melby seconded the motion. Chairman Crowley asked for comments. The August 13, 2014 Board meeting minutes were approved unanimously.

FINANCE PROGRAM

Cody Pearce provided the Finance update. The 10-year Treasury rate is 2.60%. Cody reviewed the Diversification and Investment Report with the Board. Cody reported the MBOH portfolio is more diversified than at June 2014 meeting.

HOMEOWNERSHIP PROGRAM

Vicki Bauer brought to the Board the Bond Resolution No. 14-0915-S3. This resolution authorizes the issuance and delivery of, and authorizing the determination of certain terms of, a new issue of Single Family bonds in an aggregate principle amount not to exceed $60,000,000 to finance loans; approving the sale of said bonds pursuant to a purchase contract; approving the supplemental trust indenture, preliminary official statement and final official statement, continuing disclosure agreement and other documents related thereto; authorizing the execution of such document; and providing for other matters properly relating thereto.

Vicki explained how this bond issuance in combination with funds of existing bond series and refunding of previous bond issuances will allow for MBOH to offer a rate of approximately 4.00%.

Bob Gauthier moved to approve Bond Resolution No. 14-0915-S3 and Pat Melby seconded the motion. Chairman Crowley asked for comments. The Bond Resolution No. 14-0915-S3 was approved unanimously.

Vicki Bauer provided the Homeownership update. The Reservation report reflects 81 new loans in regular Bond program, 14 new loans in the Score Advantage program, and 11 new loans in the Veterans Program since the last Board meeting in June 2014. Vicki updated the Board on the Servicing Program. The program is fully staffed and staff training is continuing and preparation is starting for year end and transferring of First Interstate Bank portfolio of approximately 1,200 loans.

MULTIFAMILY PROGRAM

Mary Bair introduced to the Board the 2015 Montana Housing Tax Credit applications.

- Antelope Court, Havre – Camilla French, HRDC Havre, and Gene Leuwer, GL Development – includes new construction 24 units for family housing with 21 units being fully accessible. Ms. French provided a history of the lack of affordable housing in the Havre area. French stated 79 applicants are disabled. Mr. Leuwer stated the area has a zero vacancy in their affordable housing. Doug
Kaercher stated Havre is the hub for the Hi-line communities. For example, Buffalo Court has tenants who came from Harlem. Doug stated the need for disabled housing goes beyond the City of Havre.

- Gallatin Forks, Manhattan – Taylor Hunt, Syringa Housing Corporation – includes rehabilitation of 16 units for family housing. This is the only affordable housing project in Manhattan. Mr. Hunt stated this project has never been updated and will include funding through USDA Rural Development 515 Multifamily program, along with Tax Credits. Bob Gauthier inquired about the funding timeline for the approval from USDA Rural Development preservation program. Mr. Hunt stated the timeline will be after the Tax Credit allocation due to the wording of the application and the need to fill the funding gap if Tax Credits are not allocated. Pat Melby questioned whether a 4% bond deal is possible. Mr. Hunt stated it was not feasible to do the 4% bond loan. Bob stated he appreciated the efforts to keep existing affordable housing in these small towns.

- Valley Villa I and II, Hamilton – Beki Brandborg, Echo Enterprises – includes rehabilitation of 34 units for family housing. This housing project is currently a Rural Development property. There are two wheelchair accessible units; however, six residents use wheelchairs. There is no vacancy in the Bitterroot Valley and Valley Villa has a waiting list. Every unit in need of flooring, lighting, plumbing and electrical update. Bob Gauthier inquired about the monthly rents. Ms. Brandborg stated it is $380 monthly. Bob stated the monthly rent seems very low. Ms. Brandborg stated it is low and the property will be asking for higher rents upon rehabilitation.

- Stower Commons, Miles City – Alex Burkhalter, Housing Solutions – includes new construction 30 units for family housing. Mr. Burkhalter provided an overview of the project’s location and unit layouts. Miles City is experiencing the effects of the Baaken. The rental housing costs are increasing dramatically and local every day jobs remain unfilled due to the lack of affordable housing.

Brian Steffens, Action for Eastern Montana, spoke about the lack of affordable housing for the individuals on the Section 8 waitlist. Currently, there are 30 individuals on the waiting list with only one unit available within the Fair Market Rents. Mr. Steffens stated the land availability is a challenge with the Baaken growth and having the access to this location for the project is rare and will not always be available due to out of state developers building housing for the Baaken. Mark Ahner, City Councilperson of Miles City, stated the City Council voted 8-0 in support of the Stower Commons project. Chris Grenz, Mayor of Miles City, stated the City of Miles City has given this project for a 40% discount on building permits. Melissa Hartman, Housing Authority of Miles City, spoke about vacancies in other affordable housing properties in Miles City.

- Stoneridge, Bozeman – Jeff Rupp, HRDC Bozeman – includes new construction 48 units for family housing. This project is the one area in Bozeman housing which is lacking. The average cost per bedroom housing is $450. This is not
affordable to the working citizens of Bozeman. Rusty Snow, Summit Housing Group, provided details of the Bozeman housing market. There is a 0% vacancy rate. Wendy Thomas, City of Bozeman, expanded on the 0% vacancy rate in Bozeman. The vacancy rate is for the entire City of Bozeman and not just for affordable housing; it is the entire housing market.

- River Ridge, Missoula – Lori Davidson and Harlan Wells, Housing Authority of Missoula – includes rehabilitation of 70 units for senior housing. Mr. Wells addressed need for rehabilitation of Tax Credit projects after the 15 years. The project’s initial cost was geared for refinancing after the 15 years. The problem becomes the increase of expenses and the fixed rents. The property appraisal price does not meet the actual appraisal. Refinancing requires an 85% Loan to value down payment which is not feasible with maintaining the fixed affordable rents. Mr. Wells compared the funding through 9% Tax Credits vs. 4% bond issue. Sheila Rice asked if a Montana Housing Fund loan at 2 or 3% would help this project.

- Guardian Apartments, Helena – Bruce Michael, Detroit Affordable Homes – includes rehabilitation of 118 units for senior housing. This project provides a central food service to the tenants. Due to the lack of individual kitchens in each unit, tenants are struggling with the affordability of the food program, which loses approximately $100,000 annually. The rehabilitation of this project would include removal of the food service and adding a kitchen to each unit.

- Cascade Ridge II, Great Falls – Don Sterhan, Mountain Plains Equity Group, Peter Gray and Amy Beames, Benefis Health System – includes 16 new construction units for elderly housing. This is the second phase of the initial 56 unit project. The first phase was funded by Tax Credits in 2011 which included 40 units. The current waiting list is 87 applicants and therefore, the need for the additional 16 units is great. Ms. Beames stated the initial project is centrally located within the medical needs and is very close in proximity to middle to high income housing units, which integrates the entire community and supports Benefis Health System’s mission.

- Urban Missoula, Missoula – Heather McMilin, Homeword, includes 34 new construction units for family housing. The Old Sawmill district in which this project is located was part of a massive Brownfield redevelopment that took many years to complete. The location is a 46 acre revitalization project which includes significant public and private resources. The vacancy rate is low for the City of Missoula. Pat Melby inquired about a report in the Missoulian which stated this project was not initially the goal of this revitalization. Ms. McMilin stated the revitalization project includes workforce housing and Homeword has been working very closely with the parties and this has not been expressed.

Mary Bair brought to the Board the Wolf Point Village Project proposed changes. Mary stated Staff decided these proposed changes may change the overall project from the originally approved design that the Board reviewed and approved. Mary introduced Jonathan Reed, Jonathan Reed & Associates, who provided a brief history of the
The Wolf Point Village was awarded Tax Credits in 2013. Due to the Baaken construction demands, it has been difficult to secure construction in Wolf Point. The investor pulled out of the project due to the timing of the project. Bruce Brensdal inquired on the proposal budget cost. Mr. Reed stated the lowest bid was $1.6 million over budget. Pat Melby questioned whether this project would have met threshold with the proposed changes. Sheila Rice asked for clarification on what the major changes and how do these changes affect the allocation threshold scoring. Mary stated the overall threshold would have been met but rescoring of the application was not completed due to the vagueness of the changes. Sheila stated the decision by the Board should be delayed until more precise budget and changes are determined. Mr. Reed stated details would be available within three weeks, but timing for the investor is essential as weather inhibits the construction start.

Jeanette McKee stated without the specifics of the changes and budgets to review, the Board cannot make decisions on these project changes and agrees with Sheila Rice that the project changes should be delayed. Mr. Reed restated timing is the issue and asked the Board to determine the Board’s requirements for the project. Pat Melby stated he agreed with Sheila and Jeanette and that it is not the Board’s duty to list what they can or cannot live with for this project. Bob Gauthier stated that his issue is the fact that the round of applicants had outstanding projects and for this application to be awarded based on presentation and application submittal and then to come back with so many changes is not fair to the application process.

Greg Gould stated the Board needs to decide to deny, approve or a middle ground. Sheila asked if the Board could table this request until there is more known. Bob Gauthier moved to deny the request for the Wolf Point Village project changes. Doug Kaercher seconded the motion. Chairman Crowley asked for comments. Bob stated as with any project the developer has the opportunity to find additional partners, grants, but it is the responsibility of the developer to work through this project’s application and fulfill on its obligations. Patty Webster, Housing Authority of Billings, stated she appreciated Bob’s comments as one of the Housing Authority of Billings projects competed in this round and had a perfect score and several projects were awarded instead of theirs, including two projects in Wolf Point.

A Roll Call vote was taken:

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<th>Name</th>
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<td>Bob Gauthier</td>
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<td>Sheila Rice</td>
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<td>Doug Kaercher</td>
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<td>Pat Melby</td>
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<td>Jeanette McKee</td>
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<td>J.P. Crowley</td>
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The motion to deny the proposed changes to the Wolf Point Village project was approved.

Mr. Reed stated he would have more definitive information on September 30, 2014 and requested a conference call Board meeting to discuss and approve changes. Patty Webster inquired if the public would have ability to comment at this conference call.
Bruce Brensdal stated if there is a meeting, notification would be sent and the meeting would be posted online and the public would be able to provide comment. Jeanette stated her vote was final. The Board decided Staff needs to review any further changes to this project and if Staff decides these changes are substantial and needs Board’s approval then will bring it back to the Board on a conference call.

Mary Bair provided the Multifamily update.

**EXECUTIVE DIRECTOR UPDATE**

Penny Cope and Bruce Brensdal 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. Stay is working on strategic planning and Board’s input will be needed in the coming months.

Bruce Brensdal expressed recognition to Vicki Bauer and her nomination for Governor’s Award. Vicki was nominated by her staff in maintaining the origination program while implementing the servicing program while transitioning from her previous position in Accounting to Homeownership.

Bruce Brensdal stated the next scheduled meeting is for November 17, 2014 and will include the allocation of the 2015 Montana Housing Tax Credits.

Bruce Brensdal thanked Patty Webster and the Housing Authority of Billings for the tour of Billings affordable housing.

Meeting adjourned at 1:05 p.m.

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Sheila Rice, Secretary

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Date