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 via Webinar)  
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  
Todd Jackson, Multifamily Program  
Bob Vanek, Multifamily Program  
Rena Oliphant, Multifamily Program  
Angela Heffern, Accounting Program  
Charlie Brown, Homeownership Program

COUNSEL:  
Greg Gould, Luxan and Murfitt

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

OTHERS:  
Kevin Thane, Greater Gallatin Homeless Action Coalition  
Gene Leuwer, GL Development  
Beki Brandborg, Echo Enterprise  
Heather McMilin, Homeword  
Andrea Davis, Homeword
CALL MEETING TO ORDER
Chairman JP Crowley called the Montana Board of Housing (MBOH) to order at 8:45 a.m. Chairman asked for any public comment not on the agenda. Introductions were made. Bruce Brensdal reviewed the Webinar procedures.

APPROVAL OF MINUTES
Bob Gauthier moved to approve the November 17, 2014 MBOH Board meeting minutes and Doug Kaercher seconded the motion. Chairman Crowley asked for comments. The November 17, 2014 Board meeting minutes was passed unanimously.

FINANCE PROGRAM
Cody Pearce provided the Finance update. Cody reviewed the Diversification and Investment Report for the month ending November 2014 with the Board. Approximately 25% of the amounts in money market is for the December 1, 2014 Debt Service payment. After the payment in December, approximately 15% remaining was reinvested in short-term investment. Cody provided the Board the Investment policy and asked Board to review and further discussion will happen at next board meeting.

HOMEOWNERSHIP PROGRAM
Vicki Bauer provided a Homeownership Program update. Vicki stated since the last Board meeting in November, the regular loan programs has reserved 21 loans, Score Advantage program has reserved two loans, Veteran’s loan program has reserved three loans, and one loan through the setaside Habitat for Humanity program. The current interest rate is 3.5% which is approximately .25% lower than market rate.

Vicki Bauer introduced Mina Choo, RBC Capital, who provided an update on the 2015A Bond Issuance. On December 11, 2014, $20 million Montana Board of Housing bonds for the Single Family II Indenture were priced, which are set to close on January 22, 2015. The overall bond deal resulted in 2.65% which supports a current lending rate of 3.75%.

Vicki shared appreciation from John Grant, Board Foreclosure Council, regarding Doug Jensen’s testimony in a bankruptcy hearing.

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

MULTIFAMILY PROGRAM
Mary Bair presented the 2016 Qualified Allocation Plan to the Board. Doug Kaercher moved to approve the 2016 Qualified Allocation Plan which was placed out for public comment. Pat Melby seconded the motion. A Qualified Allocation Plan work session was conducted in December 2014 and the Plan was placed for public comment. Staff
reviewed public comment and work session comments. Mary reviewed these comments with proposed changes to the 2016 Qualified Allocation Plan.

Doug Kaercher agreed to revise the original motion to include the follow staff recommendations excluding page 35 Amenities and altering page 44-45 to include 7B of the 1976 Act. Pat Melby agreed to the motion as revised:

**Section 1 – Definitions (page 4 - under Development Team)** – change Management Company to “Qualified Management Company”. Add to definitions: “Qualified Management Company” means a Management Company that is not disqualified by MBOH to serve as a Management Company on existing, new or additional tax credit Properties or Projects, based upon the company’s (i) failure to complete timely any required training; (ii) failure to have or maintain any required certification; or (iii) record of noncompliance, or lack of cooperation in correcting or refusal to correct noncompliance, on or with respect to any tax credit or other publicly subsidized low-income housing property (unless the management company demonstrates to the satisfaction of MBOH that such noncompliance or lack of cooperation was beyond such company’s control).

**Section 1 – Definitions (page 7 – Small Rural Projects)** – remove “, and (3) with 24 or fewer total units.”

**Section 3 – Montana Specific Requirements (page 12 - Eligible Applicants)** – include “has outstanding late fees due and payable to MBOH” to the not eligible to apply due to debarred from federal programs or FHLB sentence.

**Section 3 – Montana Specific Requirements (page 17 – Substantial Rehabilitation)** – remove requirement list from Qualified Allocation Plan and create form within application.

Page 18 – Leave in “A list of items to be included in the rehabilitation and a detailed narrative explaining the rehabilitation expectations”

**Section 4 – Applications Cycle (page 22 – Second Allocation Round (if any))** - remove deadline structure and add “If the Board decides to hold a second allocation round, it will determine and post on MBOH’s website the dates for submission of Letters of Intent and Applications, Board review and discussion, Applicant presentations and Award determination.”

**Section 7 – Set Aside (page 26 – Small Rural Projects)** - remove “, and (3) with 24 or fewer total units.”

**Section 8 – Letter of Intent and Application Process (page 27 – Threshold Requirements)** – change bullet points to numbering.

**Section 9 – Evaluation and Award (page 31 – Development Evaluation Criteria and Scoring)** – insert 4% noncompetitive applications minimum score to read: “Non-competitive 4% Credit Bond Deals will meet at least a minimum threshold of 850 of the total possible 1330 available points to qualify for further consideration. Non-competitive developments not scoring the minimum Development Evaluation Criteria score of 850 of the total possible 1330 available points will not receive further consideration.”
Section 9 – Evaluation and Award (page 33 – Appropriate Size) – add category for projects developed, rehabbed or constructed in a location that is not within the city limits of Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, or Missoula, and (3) with 24 or fewer total units, using 75% on this category instead of 50%.

Section 9 – Evaluation and Award (page 36 – Development Team Characteristics) – change written score to reflect correct numeric score in Management Company & and Project Developer. Management Company has 60 points possible and Project Developer has 90 points possible.

Section 9 – Evaluation and Award (page 37 – Participation of Local Entity) – change the Section “5” of the last sentence to be Section “4”.

Section 9 – Evaluation and Award (page 38 – Developer Knowledge and Responsiveness) –

- Add bullet - Any member of the Development Team has outstanding late fees due and payable to MBOH.
- Remove bullet – Management company has been uncooperative in correcting noncompliance or has refused to correct non-compliance. The management company’s track record with other Owners and properties will also be taken into consideration.
- Add (or 850 points for non-competitive 4% Credit Bond Deals) to last paragraph, first sentence.

Section 10 – Reservation, Carryover and Final Allocation (page 41 – 10% Test) – Under second paragraph, add “At the Developer’s request, one extension will be granted if requested before the deadline. A fee of $2,500.00 will be imposed for the extension. The extension will not exceed the period allowed by federal law.”

Section 11 – Developer/Applicant Responsibilities (page 42) – change second paragraph, last sentence to read “If the schedule is more than 60 days “behind”, a late fee of $1,000.00 will be assessed. – instead of “late”.

Section 11 – Developer/Applicant Responsibilities (page 43 – Quarterly Status Reporting) – add the following language:

The following items must be addressed for each building on the quarterly report that is submitted to MBOH. If all items are not listed, the report will be returned. The report must be corrected and resubmitted. If the resubmitted report is received after the due date the late fee will apply.

- Updated implementation schedule if more than 60 days behind schedule submitted with application
- Advertising for construction bids
- Construction bid awards
- Pre-construction meeting date
- Groundbreaking ceremony date (at least 2 weeks’ notice)
- Future dates of construction/draw meetings
- Each phase of construction for each building including photos (excavation, foundation framed, etc.)
• Certificate of Occupancy for each building as issued for the month of report
• Number of units occupied and number left to full lease up each quarter
• Grand Opening date (at least 2 weeks’ notice)

All ARRA reports are due on or before the dates listed in the ARRA Exchange or TCAP Program Agreement.

$500.00 late fee will be assessed if the financial audit is not received by MBOH by the deadline.

$500.00 late fee will be assessed if the annual budget is not received by MBOH by the deadline.

$500.00 late fee will be assessed if the annual insurance binder is not received by MBOH by the deadline.

**Section 12 – Compliance Monitoring (page 44&45)** – Staff and Legal Council will review taking into consideration the following concerns of Bob Gauthier for appropriate verbiage of the Indian Preference Act which currently states:

All employees, who work for or with this Agency, agree not to discriminate against any client or co-worker based on race, color, religion, sex, handicap **disability**, familial status, national origin and any other classes protected in Montana. …it is none the less the Owner(s) responsibility to be aware of and comply with all nondiscrimination provisions related to race, color, religion, sex, handicap **disability**, familial status, national origin an any other classes protected in Montana, including design requirements for construction or Rehabilitation, Equal Opportunity in regard to marketing and tenant selection and reasonable accommodation and modification for those tenants covered under the Laws.

Bob Gauthier stated his concern over the wording which would take into consideration of the Indian Preference Act under 7B. Bob suggested there should be additional language that would recognize the preferences under 7B, which treats certain clients and participants as a political class and not a racial class. This would only apply on reservation projects. Additionally, Bob questioned the Native American Self-determination Act.

**Section 12 – Compliance Monitoring (page 46 – Ownership/Management Changes)** – Include “No Change in Management Company shall be acceptable unless it results in a Qualified Management Company assuming management of the Property. Replacement of a Management Company with a company that is not a Qualified Management Company or” to Failure to timely submit such notification to MBOH may trigger issuance of a Form 8823.

Chairman Crowley asked for Board public comment.

A roll call vote was taken:

Bob Gauthier       Yes
Doug Kaercher      Yes
Sheila Rice        Yes
Pat Melby          Yes
The 2016 Amended Qualified Allocation Plan was approved unanimously.

The Board held discussion regarding Section 9 – Evaluation and Award (page 35 – Amenities).

Through the public comment period, it was suggested that internet connection and secure bike parking be provided to tenants, as well as Greater Gallatin Homeless Action Coalition’s which included interior and exterior LED lighting, recycling bins, and garbage collection. Bob Gauthier stated his concern in regards to amenities has always been the result of less affordable units built. Bob stated it is always nice for a project to provide tenants with the extra features; however, it is at the cost of fewer units built.

Kevin Thane, Greater Gallatin Homeless Action Coalition, stated the listed amenities under his proposed plan would lower cost per units.

Sheila Rice moved to amend Section 9 – Evaluation and Award (page 35 – Amenities) to remove “for tenant use only” on title and add “amenities must include on a per unit basis and points are awarded on a ratio of the units” Pat Melby seconded the motion. Chairman Crowley asked for comments.

A roll call vote was taken:

Bob Gauthier Yes
Doug Kaercher Yes
Sheila Rice Yes
Pat Melby Yes
Ingrid Firemoon Yes
J.P. Crowley Yes

The wording for Sheila Rice moved to amend Section 9 – Evaluation and Award (page 35 – Amenities) was approved unanimously.

Pat Melby moved to approve the Administrative Rule for the publication of the new 2016 Qualified Allocation Plan. Sheila Rice seconded the motion. Chairman Crowley asked for comments. The 2016 Qualified Allocation Plan was approved for publication.

Mary Bair provided the Board with the Multifamily program update. The Southern Lights loan will be closing in mid-January. Mary gave status updates on the recent Tax Credit projects:

- Blackfeet Homes – complete
- Soroptimist Village – rehabilitation of units is complete and have received a loan to complete replacing water supply piping, light fixtures, and adding landscaping.
- Hillview – complete on interior, and the exterior siding should be complete in early January
- Wolf Point Village – MBOH staff continues to work with Jonathan Reed and HOME program.

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- Fort Peck Sustainable Village – hopes to close with investor in January.
- Cedar View – closed with investor and HUD loan on December 19, 2015 and building permits have been issued
- Apsaalooke Warrior – closed with investor and construction has started.
- Voyaguer – a spring construction start
- Sunset Village – a spring construction start
- Pearson Place – Exterior siding and roof is almost complete and expect to have units ready for lease up in May or June 2015.
- Chippewa Cree – closed with investor in November, rehabilitation has started.

EXECUTIVE DIRECTOR UPDATE
Penny Cope congratulated J.P. Crowley on the award given yesterday at the Housing Day at the Rotunda. Sheila Rice stated the collaboration of Housing entities is outstanding. The Housing Division and Department of Commerce should be commended on making chili for 250 people. People walked away yesterday knowing a little more about Housing in Montana and that was the goal. Penny reminded the Board of the Annual Housing Conference which takes place June 8-11, 2015 in Bozeman.

Stacy Collette updated the board on the Strategic plan and the push for finalizing the Standard Operating Procedures for the Housing Division.

Bruce Brensdal stated the next meeting will be on April 13, 2015 in Havre. June’s Board meeting will be held in conjunction with the Annual Housing Conference in Bozeman.

Meeting adjourned at 11:10 a.m.

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Sheila Rice, Secretary

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Date