ROLL CALL OF BOARD

MEMBERS:
Pat Melby, Chairman (Present)   Sheila Rice (Present)
Bob Gauthier (Excused)          Eric Schindler (Excused)
Johnnie McClusky (Present)      Amber Sundsted (Present)
Jeanette McKee (Present)

STAFF:
Bruce Brensdal, Executive Director Paula Loving, Executive Assistant
Ginger Pfankuch, Finance Program  Todd Jackson, Marketing
Vicki Bauer, Homeownership Program Ashly Amato, Administrative Assistant
Mary Bair, Multifamily Program   Kellie Guariglia, Multifamily Program
Mary Palkovich, Loan Servicing Program Danyel Bauer, Homeownership Program
Stacy Collette, Executive Operations Manager Hannah Rotter, Homeownership Program
Penny Cope, Research & Outreach Specialist

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

UNDERWRITERS:
Mina Choo, RBC Capital Patrick Zhang, RBC Capital
Paul Hoek, Wilmington Trust, NA

OTHERS:
Alex Burkhalter, Housing Solutions, LLC Tyler Currence, Housing Solutions, LLC
Craig Taylor, Communities for Veterans Don Sterhan, Mountain Plains Equity Group
Kristi Harris, PrimeLending Kirk Bruce
Adrienne Bombelles
These written minutes, together with the audio recordings of this meeting and the Board Packet, constitute the official minutes of the referenced meeting of the Montana Board of Housing (MBOH). References in these written minutes to tapes (e.g., FILE 1 – 4:34) refer to the location in the audio recordings of the meeting where the discussion occurred, and the page numbers refer to the page in the Board Packet. The audio recordings and Board Packet of the MBOH meeting of this date are hereby incorporated by reference and made a part of these minutes. The referenced audio recordings and Board Packet are available on the MBOH website at Meetings and Minutes.

CALL MEETING TO ORDER
3:20 Chairman Pat Melby called the Montana Board of Housing (MBOH) meeting to order at 8:30 a.m.
3:47 Bruce Brensdal reviewed the Webinar details for the meeting.
5:17 Introductions of Board members were made.
8:20 Chairman Melby asked for public comment on items not listed on the agenda.

APPROVAL OF MINUTES
January 8, 2018 MBOH Board Meeting Minutes – page 3 of the packet
8:37 Motion: Jeanette McKee
Second: Sheila Rice
The January 8, 2018 MBOH Board meeting minutes were approved unanimously.

FINANCE PROGRAM
Financial Update – page 5 of the packet
9:10 Ginger Pfankuch provided the Finance program update.

HOMEOWNERSHIP PROGRAM
Replenish DPA – page 6 of the packet
11:57 Presenters: Vick Bauer,
Motion: Sheila Rice
Second: Johnnie McClusky
Down Payment Assistance programs allocations were approved unanimously.

Lender Approval – page 8 of the packet
16:40 Presenters: Vick Bauer,
Motion: Amber Sunsted
Second: Jeanette McKee
PrimeLending, a PlainsCapital Company, was approved unanimously as an MBOH participating lender.

Hazard Insurance Policy – page 10 of the packet
21:50 Presenters: Vick Bauer,
Motion: Sheila Rice
Second: Johnnie McClusky
The Hazard Insurance Policy to allow a @2,500 or 1% deductible on wind and hail and leaves the standard deductible requirement at $1,500 or 1% was approved unanimously.

MCC Resolution – page 11 of the packet
24:17 Presenters: Vick Bauer,
Motion: Johnnie McClusky
Second: Amber Sundsted
MCC Resolution No. 18-0213-SF01 was approved unanimously.

Homeownership Program Update – page 15 of the packet
26:50 Vicki Bauer provided the Board with the Homeownership program update.

MORTGAGE SERVICING PROGRAM
Mortgage Servicing Program Update – page 20 of the packet
34:05 Mary Palkovich provided the Board with the Mortgage Servicing program update.

OPERATIONS
Operations Update – page 21 of the packet
37:36 Stacy Collette provided the Board with the Montana Housing Operations update.

MULTIFAMILY PROGRAM
Freedoms Path Request for Forward Allocation – page 26 of the packet
43:05 Presenters: Mary Bair, Craig Taylor, Greg Gould Dave Durbin, Don Sterhan, Alex Burkhalter
Motion: Sheila Rice
Second: Amber Sundsted
Motion 2 – page 47 of the packet; See Attachment I.
A Roll call vote was taken:
Sheila Rice Yes
Amber Sundsted Yes
Johnnie McClusky Yes
Jeanette McKee No
Pat Melby Yes

The Freedoms Path Request for Forward Allocation was approved.

2019 Qualified Allocation Plan – page 49 of the packet

1:28:50 Presenters: Mary Bair, Greg Gould, Alex Burkhalter

The motion to approve the 2019 Qualified Allocation Plan (QAP) as presented to the Board.

Motion: Sheila Rice
Second: Jeanette McKee

Mary Bair and Greg Gould reviewed all highlighted sections of 2019 QAP plan based on public comments.

1:58:54 Motion to amend original motion to include proposed “Credit Refresh” Amendment; See Attachment II.

Motion: Sheila Rice
Second: Johnnie McClusky

A Roll call vote was taken:

Sheila Rice Yes
Amber Sundsted Yes
Johnnie McClusky Yes
Jeanette McKee No
Pat Melby Yes

The Credit Refresh Amendment was approved.

2:00:43 A Roll call vote was taken for the 2019 Amended Qualified Allocation Plan:

Sheila Rice Yes
Amber Sundsted Yes
Johnnie McClusky Yes
Jeanette McKee Yes
Pat Melby Yes

Multifamily Program Update

2:01:21 Mary Bair provided the Board with the Multifamily program update.
EXECUTIVE DIRECTOR
Executive Director
2:01:53  Bruce Brensdal provided an Executive Director update.

MEETING ADJOURNMENT
2:03:09  Meeting was adjourned at 10:30 a.m.
      Motion: Amber Sundsted
      Second: Johnnie McClusky

__________________________________________
Sheila Rice, Secretary

__________________________________________
Date
ATTACHMENT I

ALTERNATIVE MOTION NO. 2

Moved that the Board hereby finds, determines and resolves:

1. That the Freedom’s Path Project (the “Project”) was awarded housing credits in the 2016 competitive award cycle, such credits were reserved for allocation to the Project buildings and the Project received a carryover commitment requiring that the Project be completed and placed in service by December 31, 2018;

2. That due to factors beyond the Owner’s control, the Project cannot be completed and placed in service by December 31, 2018;

3. That the Project is to be located on VA leased land, after the credit award the VA requested a reconfiguration of the Project buildings, the carryover does not allow for tax credits for all of the buildings as the Project was reconfigured and the carryover cannot be revised to allow credits for all such buildings;

4. That extensive resources and efforts have been expended in the development of the Project to date, there is great need among the target population for the housing units to be provided by the Project and it is in the best interests of MBOH, the Housing Credit Program and low-income persons in the State of Montana that the Project be completed;

5. That upon the Project’s return of the awarded 2016 credits to MBOH, the credits be immediately re-reserved to the Project as 2018 credits, by execution of a Reservation Agreement, subject to and conditional upon: (a) retaining the project-based VASH vouchers previously awarded by HUD; and (b) the Project’s compliance with such further submission and other requirements as MBOH staff shall determine reasonably necessary for legal compliance;

6. That the reservation of such credits to the Project shall be conditioned upon the Project making payment of the applicable Reservation Fee;

7. That any and all subsequent processes in the allocation process (e.g., Carryover Commitment, 8609 issuance, etc.) shall be subject to the Project’s payment of any applicable fees;

8. That the Project’s return of the 2016 credits as provided in item 5, above, shall not cause such credits to become “available for award” within the meaning of the Board’s January 8, 2018 resolution providing for award of additional available credits in a specified order of priority to certain 2018 award cycle applicants;

9. That Section 4 of the 2018 QAP provides that the Board, in its discretion, may waive any requirement of the QAP if it determines such waiver to be in the best interests of MBOH, the HC program or the application cycle (2018 QAP, Section 4, pp. 23); and
10. That any provision of any QAP inconsistent with this resolution is hereby waived solely to the extent and for the specific purpose provided in this resolution.

DATED this 13th Day of February 2018.
ATTACHMENT II

PROPOSED “CREDIT REFRESH” QAP AMENDMENT

1. **Amend definition:**

   “Applicable QAP” means: (a) for purposes of any substantive issues relating to an Award, the Development Evaluation Criteria, Scoring, Selection Criteria and Selection Standard for such Award, and the fee amounts charged for Letter of Intent, Application, 10% Cost Certification and Final Allocation, the particular year’s QAP under which the Application is or was submitted, evaluated and Awarded HC's; or (b) for purposes of Project changes, Reservation (Initial Allocation), Declaration of Restrictive Covenants, Carryover Commitment, 10% Cost Certification (other than the fee amount), Final Allocation (other than the fee amount), compliance requirements, compliance audits, and any post-Award procedures, the QAP most recently adopted; or (c) for purposes of a Credit Refresh application, consideration and determination regarding a Credit Request Application, and payment of MBOH legal fees relating to or required as a result of a Credit Refresh application or Credit Refresh, and for post-Credit Refresh Project changes, Reservation, Declaration of Restrictive Covenants, Carryover Commitment, 10% Cost Certification and Final Allocation (including fees and fee amounts for the foregoing specified post-award items), the QAP most recently adopted as of the date of submission of the Credit refresh application; except that for Projects that have received a Credit Refresh and purposes of compliance requirements, compliance audits, and any other post-Award procedures, the QAP most recently adopted.

2. **Add new definition:**

   “Credit Refresh” means a conversion of previously awarded Credits, from the original credit year (i.e., the year of the Available Annual Credit Allocation from which the Credits were awarded) to a more recent Credit year, pursuant to a Board-approved return of the Credits and immediate re-Reservation of the Credits as a more recent year’s Credits, as approved by the MBOH Board in accordance with the requirements of the Applicable QAP.

3. **Amend Section:**

    **SECTION 10 – RESERVATION, CARRYOVER, CREDIT REFRESH AND FINAL ALLOCATION**

Once MBOH has selected Projects and determined the Award of Housing Credits and amount of Credits to be reserved, MBOH will provide a Reservation Agreement, Gross Rent Floor Election, and Declaration of Restrictive Covenants to the partnership for execution and return to MBOH. Upon recording, the original recorded Restrictive Covenants must be returned promptly to MBOH. **The following requirements apply to Reservation Agreement, Gross Rent Floor Election, Declaration of Restrictive Covenants, Carryover Commitment, 10% Test, Credit Refresh, Placed in Service and Final Allocations/8609.**

4. **Add New Subsection:**
F. Refreshing Credits

The MBOH Board may in its sole discretion approve a Credit Refresh for Projects that have been issued a Carryover Commitment by MBOH as provided in Subsection D, above, and that have submitted all required 10% Cost Certification materials and fees, and for which MBOH has approved such 10% Cost Certification, as provided in Subsection E, above.

To obtain a Credit Refresh, the Owner must submit a Credit Refresh Application to MBOH in the form and according to the requirements provided in the Credit Refresh Application Form, along with the Credit Refresh fee as specified in the Fee Schedule. Upon receipt of a complying Credit Refresh Application Form and completion of staff evaluation of such application, the application will be placed on the agenda for consideration at the next MBOH meeting. The Owner or its representative should appear at the meeting to answer Board questions, if any, regarding the application and the factors leading to the submission of the application.

The MBOH Board may approve or deny the application, or may defer action on the application pending additional information or compliance with specified conditions. The Board may place any one or more conditions on approval or further consideration of an application.

In considering and making its determination regarding an application, the Board may consider any or all of the following:

1. The diligence, or lack of diligence, by the Development Team, Owner or other Project participant in seeking to complete the development, approval, construction and opening of the Project;
2. Any factors beyond the control of the Development Team, Owner or other Project participant, significantly contributing to the need for the Credit Refresh;
3. The likelihood that the Project will be completed and placed in Service within a reasonable time, under the circumstances, if the Credit Refresh is approved;
4. The likelihood that the Project will not be completed or placed in Service if the Credit Refresh is denied;
5. The need for the Project, as determined in the original Application and Award processes;
6. Any significant changes in market conditions or other factors that affect the financial feasibility of or need for the Project; and
7. Any other factor or factors that the Board deems relevant to the determination.

Upon approval of an application, the Owner shall return the Credits according to the instructions of MBOH staff and staff shall promptly provide for the re-Reservation of the Credits, as refreshed, to the Owner by providing a Reservation Agreement in accordance with Subsection A, above.

In addition to payment of any applicable fees, the Owner will be required to reimburse MBOH for legal fees and expenses incurred by MBOH in connection with the Credit Refresh Application in accordance with the Applicable QAP.

All requirements of the Applicable QAP and applicable law shall apply to such Reservation and Credits as if such Reservation were the original Reservation of Credits for the Project, including without limitation, Gross Rent Floor Election, Declaration of Restrictive Covenants, Carryover, 10% Test, Placed on Service and Final Allocations/8609 and payment of the Reservation fee and all other applicable fees; provided, that no further submission of executed and recorded Restrictive Covenants, or related survey or title...
commitment, shall be required if previously submitted in accordance with Applicable QAP requirements, but amendment of such covenants will be required as necessary to conform the covenants to the refreshed credits or to comply with any additional or different requirements in the Applicable QAP.

5. Amend fee schedule to add Credit Refresh Application Fee.

6. Renumber subsequent subsections and conform other QAP provisions as necessary.