Thank you for attending this public meeting and for your support of affordable housing.

**Date:** Monday, December 12, 2016  
**Time:** 8:30 a.m.  
**Chairperson:** JP Crowley

### AGENDA ITEMS

**Public Comments** - Public comment is welcome on any public matter that is not on the agenda and that is within the jurisdiction of the agency. Please sign in on our attendance sheet.

#### Minutes

- Approve Prior Board Meeting Minutes

#### Finance Program (Manager: Ginger Pfankuch)

- Single Family Trustee Selection

#### Homeownership Program (Manager: Vicki Bauer)

- Lender Approval

#### Multifamily Program (Manager: Mary Bair)

- Big Sky Manor Amended Bond Resolution

*All agenda items are subject to Board action after public comment requirements are fulfilled.*

*We make every effort to hold our meetings at fully accessible facilities. Any person needing reasonable accommodation must notify the Housing Division at (406) 841-2840 or TDD (406) 841-2702 before the scheduled meeting to allow for arrangements.*

### Future Meeting Dates and Locations (subject to change)

- **January 23, 2017:** Helena  
- **February 13, 2017:** webinar  
- **March 13 (14), 2017:** Bozeman  
- **April 10, 2017:** no meeting  
- **May 8, 2017:** Great Falls  
- **June 12, 2017:** webinar
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 (Excused)

STAFF:     Bruce Brensdal, Executive Director
            Vicki Bauer, Homeownership Program
            Mary Bair, Multifamily Program
            Stacy Collette, Operations Manager
            Penny Cope, Marketing
            Todd Jackson, Marketing
            Paula Loving, Executive Assistant

COUNSEL:   Greg Gould, Luxan and Murfitt
            Andrew Page, Kutak Rock

UNDERWRITERS:  Mina Choo, RBC Capital

OTHERS:    Beki Brandborg, Echo Enterprises
           Tracy Menuez, HRDC Bozeman

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., Tape 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

4:21    Chairman J.P. Crowley called the Montana Board of Housing (MBOH) meeting to order at 8:33 a.m. Introductions were made.

6:20    Chairman Crowley asked for any public comment that is not listed on the agenda.

APPROVAL OF MINUTES

October 17, 2016 Board Meeting Minutes – page 2 of the packet

6:42    Jeanette McKee moved to approve the October 17, 2016 MBOH Board meeting minutes and Pat Melby seconded the motion.
Chairman Crowley asked for comments.

Doug Kaercher stated he was unavailable at the time of the motion in Board packet, page 5 – paragraph two, for the Resolution No. 16-1017-MF02.

Pat Melby moved to substitute the original motion with a motion to approve after correcting the minutes on the Vista Villa Bond Resolution second according to the audio. Doug Kaercher seconded the substitute motion.

A roll call vote was taken:

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<tr>
<td>Bob Gauthier</td>
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<td>Pat Melby</td>
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<td>J.P. Crowley</td>
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The amended October 17, 2016 MBOH Board minutes were approved unanimously.

**MULTIFAMILY PROGRAM**
**Carryover Commitment December 1, 2016 Extension – page 8 of the packet**

Mary Bair brought to the Board an exception to Carryover Requirements for Housing Credits.

Greg Gould explained the Qualified Allocation Plan requirements.

Pat Melby moved and Doug Kaercher seconded that the Board hereby finds, determines and resolves:

1. That a significant number of Projects awarded 2016 Housing Credits will be unable, for reasons beyond their respective Owners' control, to obtain and submit the Proof of Ownership and executed and recorded Restrictive Covenants by December 1, 2016, as required by the 2017 QAP to obtain a Carryover Commitment.

2. That absent action by the Board to effectively extend such submission deadline by waiving the QAP requirements for such submission, such Projects would lose their tax credits and be unable to move forward to completion, resulting in the loss or at least the substantial delay of the affordable housing units that would otherwise be provided by these Projects.

3. Section 4 of the 2017 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 (2017 QAP, Section 4, pp. 22-23);

4. Waiver of the requirement to obtain and submit the Proof of Ownership and executed and recorded Restrictive Covenants by December 1, 2016, as required by the 2017 QAP, Section 10, pp. 44-45, to obtain a Carryover Commitment, is in the best interests of the MBOH, the HC program and the application cycle.

5. The Board hereby waives, for all Projects awarded 2016 Housing Credits, the requirement in the 2017 QAP, Section 10, pp. 44-45, for submission of
Proof of Ownership and executed and recorded Restrictive Covenants by December 1, 2016. The requirement for submission of the Reservation fee by December 1, 2016, however, is not waived. Upon timely MBOH receipt of the required Reservation fee on or before December 1, 2016 at 5:00 p.m. and compliance with any additional requirements not waived herein by the Board, MBOH shall issue the Project a Carryover Commitment, conditioned upon the usual requirements (e.g., timely submission of 10% Cost Certification) and further conditioned upon the Owner’s submission of the Proof of Ownership and Restrictive Covenants as provided in the 2017 QAP no later than the first anniversary of the date on which MBOH executed the Reservation Agreement (i.e., the 10% Cost Certification deadline).

6. This Board resolution shall not be deemed to waive any requirement or provision of the 2017 QAP except as specifically provided herein.

17:58 Chairman Crowley asked for public comments.
18:10 Tracy Menuez made public comment.
18:49 A roll call vote was taken:

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The Carryover Commitment extension was approved unanimously.

**EXECUTIVE DIRECTOR UPDATE**

19:28 Bruce Brensdal stated there would be a Board meeting via webinar on December 12, 2016 at 8:30 a.m.

Meeting adjourned at 8:48 a.m.

________________________
Sheila Rice, Secretary

________________________
Date
PROGRAM
Finance Program

AGENDA ITEM
Bond Trustee for the Single-Family Bond programSelection

BACKGROUND
The Montana Housing Act of 1975 authorizes the Board to create and issue its bonds through a trust indenture with the proceeds from the bond sale being handled by the trustee.

Since the mid-1970’s the Board has always used an independent institutional trustee to serve as Bond Trustee and the trustee has only changed a couple of times over the course of forty years. The Bond Trustee performs certain duties for the benefit of bond holders and is compensated from the bond proceeds and/or revenues derived from investment of bond proceeds rather than direct payment from the Board.

This process is not subject to State procurement requirements.

At the August 15, 2016 meeting the Board authorized staff to proceed with a selection process for Bond Trustee services for the Single Family Bond Program. A Request for Proposal was posted on the Board’s website and proposals were accepted through October 19, 2016. Proposals were submitted from US Bank, Wells Fargo, Wilmington and Zions.

All proposals submitted were from well-established trust companies and all proposals generally were high quality in all areas of the RFP. Those areas included trust services to be provided, such as reporting and electronic capabilities, as well as firm and staff qualifications, experience with similar bond issues and programs, and availability of key personnel. Staff evaluation of the proposals included contacting several references for each company. Cost proposals were very reasonable and the differences between cost proposals were negligible.

The RFP provides that the Contract will be awarded to the offeror that MBOH, in its sole discretion, determines will provide the highest quality trust services at affordable prices as demonstrated in the proposals, based upon consideration of the stated factors. Cost is only one of the factors considered in its selection. Based upon consideration of all relevant factors, MBOH may award the Contract to an offeror that does not propose the lowest cost services. Proposals were not scored.
PROPOSAL:
Approve Wilmington Trust as the Board’s Single Family Bond Trustee based on the following staff comments:

As noted above, all offerors submitted quality proposals that met all RFP requirements. The staff review committee carefully evaluated and compared all proposals under all of the factors specified in the RFP and gathered and considered comments from references. Based upon this evaluation of the proposals, staff believes that Wilmington Trust will provide the highest quality trust services to MBOH and its bondholders at affordable prices.

The primary reasons for this recommendation include:

- The Relationship Manager will be Paul Hoek. Paul has 20 years of experience in the corporate trust industry. Prior to joining Wilmington in 2016 Paul worked directly with the MBOH account and has an extensive and specific working knowledge of MBOH’s business.
- The relatively smaller size of Wilmington Trust’s company will help to provide more of the personal service and attention to the details of MBOH’s account that are needed to effectively manage the program.
- The conversion of MBOH’s account will be relatively seamless and will save staff, as Wilmington and Wells Fargo both use the same bond software.

For these reasons, staff recommends that the Board determine that Wilmington Trust will provide the highest quality trust services at affordable prices as demonstrated in the proposals and award the contract to Wilmington Trust.

Staff will provide the Board with any additional information it may request regarding the proposals and evaluation.
PROGRAM
Homeownership Program

AGENDA ITEM
Lender Approval – Cornerstone Home Lending, Inc.

BACKGROUND
Cornerstone Home Lending, Inc. is a S-Corporation headquartered in Houston Texas. They operate primarily through retail production branches and various affiliates, which originate residential mortgages in numerous states. Their Montana lending location is in Bozeman, where they have staff who has experience with Board programs.

Cornerstone Home Lending, Inc. is interested in participating in the Board’s MCC program and they are approved to underwrite FHA, RD and VA Loans. They will sell servicing to MBOH.

Per their December 31, 2015 Balance Sheet, Cornerstone Home Lending, Inc. has equity to asset ratio of 17%, meeting the criteria for MBOH participating lenders (6%).

All required Errors and Omissions and Fidelity Bond Insurance coverage requirements have been met.

Cornerstone Home Lending, Inc. financial statements are available to Board members on request.

PROPOSAL
Staff requests for the Board to approve Cornerstone Home Lending, Inc. as a participating lender with MBOH.
PROGRAM
Homeownership Program

AGENDA ITEM
Lender Approval – First Federal Bank and Trust

BACKGROUND
First Federal Bank and Trust was originally established in 1935 as First Federal Savings Bank. Its home office is in Sheridan WY and it now has an office in Billings, with staff that has experience with Board programs.

They are interested in participating in all Board of Housing Programs. They are approved to originate FHA, VA and RD loans and they will sell their servicing to MBOH.

Per the most recent Report of Condition for quarter ending June 30, 2016, First Federal Bank and Trust has an equity to asset ratio of 16% which meets the criteria for MBOH participating lenders (6%).

All required Errors and Omissions and Fidelity Bond Insurance requirements have been met.

First Federal Bank and Trust’s Report of Condition for the last 4 quarters are available to Board members on request.

PROPOSAL
Staff requests for the Board to approve First Federal Bank and Trust as a participating lender with MBOH.
PROGRAM
Multifamily Program

AGENDA ITEM
Big Sky Manor bond resolution amendment.

BACKGROUND
Resolution No. 16-1017-MF04 clerical error

PROPOSAL
Staff recommends approval of the amendment
This amendment is correct a clerical error in the flowing paragraph, (2\textsuperscript{nd} WHEREAS)

WHEREAS, the Board intends to borrow on a non-recourse limited obligation basis from \textit{Citibank, N.A.} (the “Lender”) an aggregate principal amount not to exceed $4,500,000, the proceeds of which will be used to finance a mortgage loan for the acquisition, construction and equipping of the Big Sky Manor Apartments, a 60-unit acquisition/rehabilitation affordable housing development located in Helena, Montana (the “Project”); and

Be amended to:

WHEREAS, the Board intends to borrow on a non-recourse limited obligation basis from \textit{Glacier Bank Corp Inc.} (the “Lender”) an aggregate principal amount not to exceed $4,500,000, the proceeds of which will be used to finance a mortgage loan for the acquisition, construction and equipping of the Big Sky Manor Apartments, a 60-unit acquisition/rehabilitation affordable housing development located in Helena, Montana (the “Project”); and

ADOPTED by the Montana Board of Housing this 12th day of December, 2016.

MONTANA BOARD OF HOUSING

By

Attest: John P. Crowley, Chairman

By

Bruce Brensdal, Executive Director