



Meeting Location: **WEBINAR**

301 S. Park Avenue, Suite 240, Helena MT 59601

Date: Monday, February 11, 2019

Time: 8:30 a.m.

Chairperson: Pat Melby

Remote Attendance: Join our meetings remotely via webinar and phone.

To hear the meeting, Dial (877) 273-4202, Access Code: 7233056#

To register for Webinar, Click: <http://housing.mt.gov/About/MBOH/Meetings>

Board Offices: Montana Housing

301 S Park Ave., Room 240, Helena MT 59601

Phone: 406.841.2840

AGENDA ITEMS

- ❖ Meeting Announcements
- ❖ Introductions - Sign in on our attendance sheet.
- ❖ 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.

Minutes

- ❖ Approve Prior Board Meeting Minutes

Operations (Cheryl Cohen)

- ❖ Financial Advisor Selection

Finance Program (Manager: Ginger Pfankuch)

- ❖ Financial Update

Homeownership Program (Manager: Vicki Bauer)

- ❖ 2019 B Bond Resolution
- ❖ Sparrow Group Set-aside Request
- ❖ Homeownership Update

The Board of Housing's mission is to create affordable housing opportunities for Montanans whose needs are not met by the market. We value people, families, communities, fairness, teamwork, mutual respect, integrity. We are committed and passionate about collaborating with our partners to make sure Montana's families and communities have attainable, affordable, accessible and sustainable homes.



MONTANA
HOUSING

Mortgage Servicing (Manager: Mary Palkovich)

- ❖ Servicing Update

Multifamily Program (Manager: Mary Bair)

- ❖ Bond Resolutions (if necessary)
- ❖ Reverse Annuity Mortgage Exceptions (if necessary)
- ❖ Multifamily Update

Executive Director (Bruce Brensdal)

- ❖ Update

Miscellaneous

Meeting Adjourns

*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 can be found in the Operations Dashboard

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Webinar – 301 S. Park Avenue, Suite 240, Helena MT 59601
December 18, 2018

ROLL CALL OF BOARD

MEMBERS:

Patrick Melby, Chairman (Present*)	Sheila Rice (Excused)
Bob Gauthier (Excused)	Eric Schindler (Present)
Johnnie McClusky (Present)	Amber Parish (Present)
Jeanette McKee (Present)	

STAFF:

Bruce Brensdal, Executive Director	Cheryl Cohen, Operations Manager
Mary Bair, Multifamily Program	Vicki Bauer, Homeownership Program
Mary Palkovich, Mortgage Servicing Program	Ginger Pfankuch, Finance Program
Penny Cope, Research & Outreach Specialist	Paula Loving, Executive Assistant
Angela Heffern, Finance Program	Todd Jackson, Marketing
	Kellie Guariglia, Multifamily Program

COUNSEL:

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

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

Heather McMilin, Homeword, Inc.	Gene Leuwer, GL Development
Liz Mogstad, Rocky Mountain Development Council	Jodie Paxton, Lack County Community Housing
Ashley Grant, Homeword	Beki Brandborg, Echo Enterprises
Michelle Landay, Thomas Development	Tom Mannschreck, Thomas Development
Bonnie Craigie, RCAC	Alex Burkhalter, Housing Solutions
Seana Rau, Mountain Plains Equity Group	Shane Walk, Mountain Plains Equity Group
Andrew Chanania, AC Solutions	Julie Stiteler, Homeword
Don Sterhan, Mountain Plains Equity Group	

**All persons listed present by telephone/webinar only*

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

- Before recording Chairman Pat Melby called the Montana Board of Housing (MBOH) meeting to order at 8:35 a.m.
- 0:00 Introductions of Board members and attendees were made.
- 2:25 Chairman Melby asked for public comment on items not listed on the agenda.

APPROVAL OF MINUTES

November 19, 2018 MBOH Board Meeting Minutes – page 2 of packet

- 3:15 Motion: Eric Schindler
Second: Jeanette McKee
- 3:45 The November 19, 2018 MBOH Board meeting minutes were approved unanimously.

MULTIFAMILY PROGRAM

Cottonwood Creek, Deer Lodge Additional Housing Credits – page 10 of packet

- 3:50 Presenters: Mary Bair
- 8:50 Board member questions/discussion of both proposals
- 11:30 Public comment on both proposals: Alex Burkhalter, Housing Solutions
- 19:00 Public comment on both proposals: Bonnie Craigie, RCAC
- 19:55 Staff response on both proposals: Bruce Brensdal, Executive Director
- 22:00 Public comment on both proposals: Don Sterhan, Mountain Plains Equity Group
- 22:25 Staff response on both proposals: Bruce Brensdal, Executive Director
- 23:05 Public comment on Cottonwood Creek: Gene Leuwer, GL Development
- 25:35 Public comment on both proposals: Heather McMilin, Homeward, Inc.
- 28:15 Motion to approve Cottonwood Creek proposal: Jeanette McKee
- 29:55 Second: Amber Parish
- 30:05 Board member discussion on Cottonwood Creek proposal
- 31:15 Counsel comment: Greg Gould, Luxan and Murfitt

- 35:20 Roll Call Vote:
 Amber Parish YES
 Eric Schindler YES
 Jeanette McKee NO AUDIBLE RESPONSE (Chair interprets as abstention)
 Johnnie McClusky YES
 Pat Melby NO
- 37:35 Vote is 3-1; Motion is not approved.
- 39:00 Board member: Jeanette McKee reestablishes audible connection and votes YES, reporting that she was voting Yes but not able to respond audibly during roll call vote due to technical difficulties.
- 39:20 Vote is 4-1; Motion carries. Cottonwood Creek request for \$966,740 in additional 2019 Housing Credits was approved.

Bluebunch Flats, Livingston Additional Housing Credits – page 12 of packet

- 6:20 Presenters: Mary Bair
- 8:00 Public comment on Bluebunch Flats: Heather McMilin, Homeword Inc.
- 39:25 Chair solicits motion on Bluebunch Flats. Initially, no motion is submitted.
- 40:00 Public comment: Heather McMilin, Homeword, Inc.
- 40:45 Motion to approve Bluebunch Flats proposal: Jeanette McKee
 Second: Johnnie McClusky
- 42:20 Board member discussion to revisit public comments raised at this meeting at the following Board meeting in February 2019.
- 42:45: Public comment: Heather McMilin, Homeword, Inc.
- 44:45 Staff response: Mary Bair, Multifamily Program
- 45:10 Chair solicits comments from members of the public; no further comments.
- 45:15 Roll Call Vote:
 Amber Parish YES
 Eric Schindler YES
 Jeanette McKee YES
 Johnnie McClusky YES
 Pat Melby YES
- 46:00 Vote is 5-0; Motion carries. Bluebunch Flats request for \$74,690 in additional 2019 Housing Credits was approved unanimously.

MEETING ADJOURNMENT

46:20 Meeting was adjourned at 9:20 a.m.

Sheila Rice, Secretary

Date

BOARD AGENDA ITEM

PROGRAM

Montana Board of Housing

AGENDA ITEM

Request for Proposals: Financial Advisor

BACKGROUND

In December 2018, Montana Board of Housing issued a Request for Proposals (RFP) seeking submissions from qualified Financial Advisors to provide advisory services including pipeline management, program analysis and other necessary advice for both our Single Family and Multifamily Programs. Our RFP specified that qualified firms must have experience with housing finance agencies using mortgage revenue bonds and assisting in the diversification of program offerings within the marketplace.

This RFP and selection process were determined by the Montana Department of Administration and State Procurement Bureau not to be subject to the Montana Procurement Act (Mont. Code Ann. Title 18, Chapter 4). MBOH released the RFP publicly on our website and shared it directly with four (4) firms with whom we had engaged in prior discussions, received solicitation, and/or provide Financial Advisory services to other housing finance agencies. These firms included: Caine Mitter & Associates Incorporated, CSG Advisors Incorporated, PFM Financial Advisors, LLC, and Robert W. Baird & Company.

MBOH received two (2) proposals by the January 18, 2019 response deadline, from Caine Mitter & Associates and CSG Advisors Incorporated.

SELECTION PROCESS

The Request for Proposals “Award of Contract” provision states:

The Contract will be awarded to the Offeror that the Board, in its sole discretion, determines will provide the highest quality Financial Advisory

Board Meeting: February 11, 2019

BOARD AGENDA ITEM

services at affordable prices as demonstrated in the proposals, based upon consideration of the following factors: qualifications, services to be provided, understanding of the Financial Advisory services needed, ability to identify and analyze key issues, experience with similar housing finance agencies and programs, assurances and availability of key personnel, benefits to the Board, and costs.

While the Board will consider cost, cost will be only one of the factors considered in its selection. Based upon consideration of all relevant factors listed above, the Board may award the Contract to an Offeror that does not propose the lowest cost services.

The Board will award the contract in a public meeting and will post on its website at www.housing.mt.gov the Offeror selected.

MBOH formed a staff selection committee comprised of Bruce Brensdal, Cheryl Cohen, Mary Bair, Vicki Bauer and Ginger Pfankuch. Each committee member reviewed the submitted proposals, including required responses to each RFP element: Scope of Services, Description of Firm, Staff Qualifications, Cost Proposal, and Implementation after Selection.

The committee met six times to evaluate and contrast the two proposals, including cost comparison (transaction costs and hourly rates), as well as a side-by-side comparison of over twenty key categories, such as firm experience/staff qualifications, bond issue transactions/volume history, and DPA and Multifamily program expertise. Finally, we conducted multiple reference checks of each firm, asking a consistent set of questions about the working relationship with, and quality of work, reliability and cost of their Financial Advisor.

RECOMMENDATION

Both firms submitted strong and competitive proposals, each meeting the RFP minimum qualifications. References obtained were equally positive. The consensus of the MBOH selection committee was that, although both firms were clearly qualified and capable of performing the Financial Advisory services MBOH

BOARD AGENDA ITEM

is seeking, CSG Advisors is a better fit for MBOH and our organizational needs at this time. Some determining factors forming the basis of this recommendation include the detailed narrative responses and exhibits included in CSG Advisors submitted proposal demonstrating their expertise and work product deliverables in the following areas:

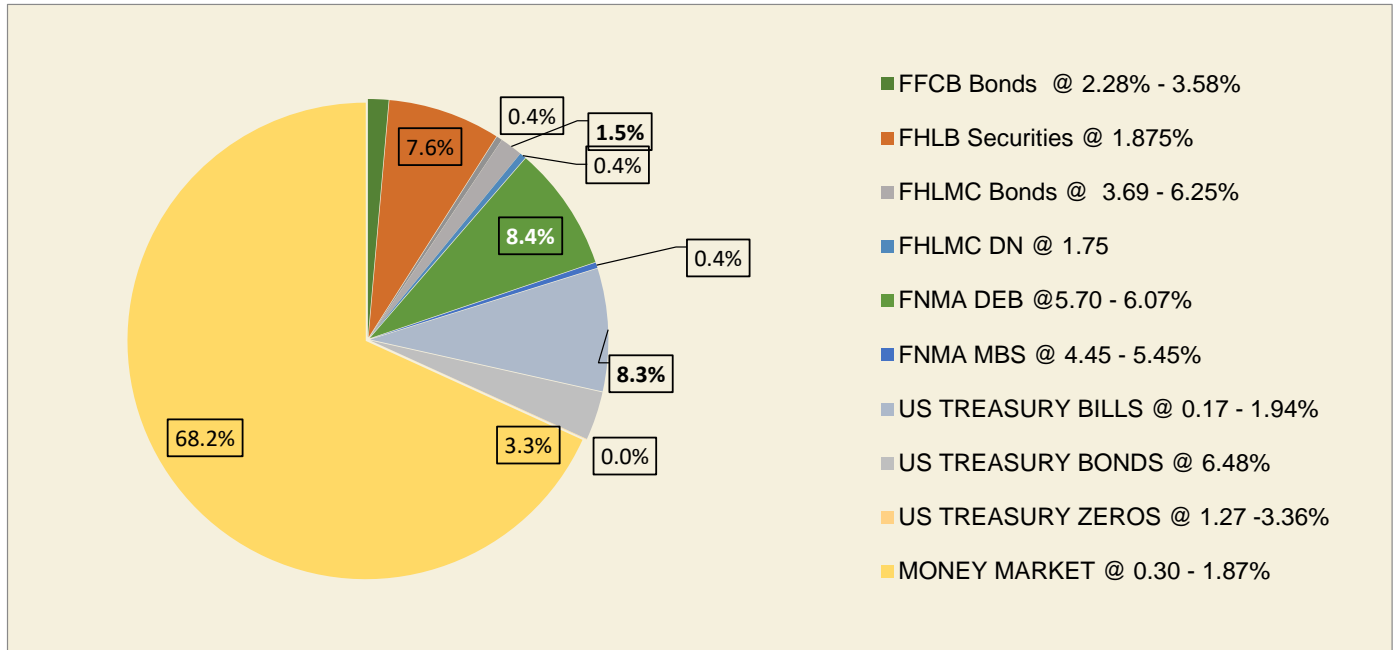
- Conducting in-depth program level analysis
- Engaging clients in risk-assessments and long-term strategic planning
- A hand-on approach with financial planning and staff / board training

Should the Board concur with the MBOH selection committee's recommendation to award the Financial Advisor contract to CSG Advisors, a vote affirming this decision is requested.

Accounting & Finance Dashboard

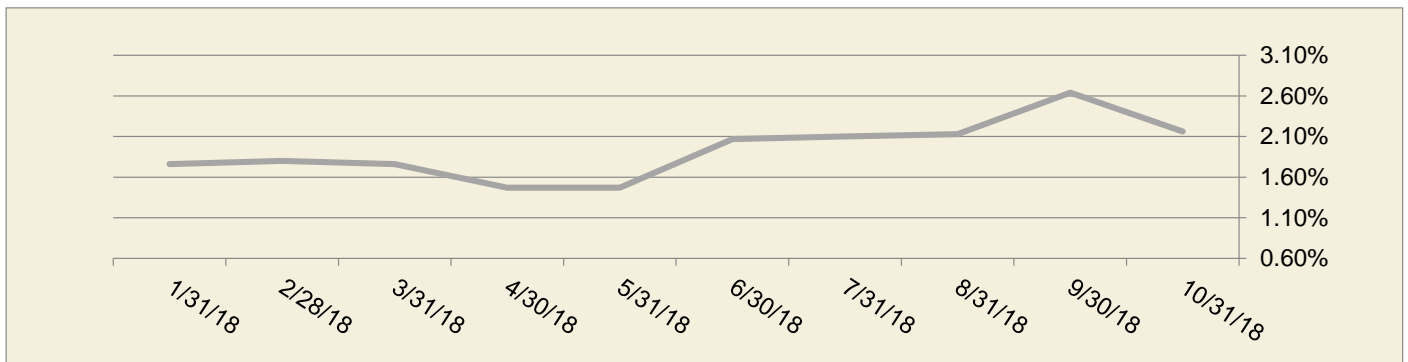
Data as of November 30, 2018

INVESTMENT DIVERSIFICATION



FNMA = Federal National Mortgage Association
 FHLB = Federal Home Loan Bank
 FHLMC = Federal Home Loan Mortgage Corporation
 FFCB = Federal Farm Credit Bank

WEIGHTED AVERAGE YIELD TREND



PORTFOLIO MATURITY

For November 30, 2018

Available Now	< 1 year	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years	21 to 25 years	Grand Total
\$ 99,426,924	\$ 11,350,000	\$ 14,452,000	\$ 17,919,000	\$ 2,225,000	\$ 474,598	\$ 63,702	\$ 145,911,224

BOARD AGENDA ITEM

PROGRAM

Homeownership Program

AGENDA ITEM

Approval of Bond Resolution 19-0211-SF01

BACKGROUND

The attached Resolution approves the issuance of fixed or variable rate Mortgage Revenue Bonds in an aggregate principal amount not to exceed \$75,000,000 to finance loans or refund bonds previously issued for such purpose or both.

The resolution is written to give us the flexibility to issue bonds under any of the three indentures and to refund bonds from any of the three indentures.

This resolution is the same as the one approved for the 2019A issue, in that this resolution allows for a Floating Rate Note as a variable rate option and it includes the authority to enter into a standby bond purchase (liquidity) agreement and a remarketing agreement in case it is needed.

As of February 7, we had just over \$16,000,000 left to reserve in the 2019A issue, our current lending rate is 4.5%.

This resolution will allow us to move forward with a new bond issue this spring once the 2019A issue is fully reserved.

PROPOSAL

Staff requests that the Board approve the attached resolution.

RESOLUTION NO. 19-0211-SF01

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING THE ISSUANCE AND DELIVERY OF, AND AUTHORIZING THE DETERMINATION OF CERTAIN TERMS OF, ONE OR MORE NEW ISSUES OF SINGLE FAMILY BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$75,000,000, WITH FIXED OR VARIABLE RATES, TO FINANCE LOANS, REFUND OUTSTANDING BONDS OR BOTH; APPROVING THE SALE OF SAID BONDS PURSUANT TO A PURCHASE CONTRACT; APPROVING THE SUPPLEMENTAL TRUST INDENTURE, PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT IF THE BONDS ARE SOLD TO THE PUBLIC, CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATED THERETO; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-127, as amended (the "Act"), to issue and refund its bonds and to purchase mortgage loans or mortgage-backed securities in order to finance single family housing which will provide decent, safe and sanitary housing for persons and families of lower income in the State of Montana (the "State"); and

WHEREAS, the Board has previously implemented mortgage purchase programs in order to finance single family dwellings in the State for families and persons of lower income; and

WHEREAS, the Board intends to issue its Single Family Mortgage Bonds, Single Family Program Bonds or Single Family Homeownership Bonds, in one or more series or subseries in an aggregate principal amount not to exceed \$75,000,000 with fixed or variable rates (the "New Series Bonds"), under the provisions of either the Trust Indenture dated March 7, 1977, as restated and amended, the Trust Indenture dated August 16, 1979, as amended, or the Trust Indenture dated as of December 1, 2009 (each, the "General Indenture"), each between the Board and Wilmington Trust, National Association (as successor trustee), as trustee, which New Series Bonds will be used to finance mortgage loans to provide additional moneys to finance single family dwellings in the State pursuant to the Mortgage Purchase and Servicing Guide and the forms of the Invitation to Participate and Notice of Acceptance previously approved by the Board, and to fund certain reserve funds, if necessary, or to refund bonds previously issued for such purpose; and

WHEREAS, a Supplemental Trust Indenture (the "Supplemental Indenture") (together with the General Indenture under which the New Series Bonds are to be issued, which it supplements, the "Trust Indenture"), between the Board and Wilmington Trust, National Association (as successor trustee), as Trustee, will be prepared in substantially the form of such document previously approved by the Board and used in connection with the issuance of the Single Family Program Bonds, 2019 Series A (the "2019 Series A Bonds") with appropriate changes as hereinafter described, whereby the Board would issue the New Series Bonds subject to the terms, conditions and limitations established in the Trust Indenture; and

WHEREAS, if the New Series Bonds are to be sold to the public, a Preliminary Official Statement (the "Preliminary Official Statement") will be prepared in substantially the form of such document previously approved by the Board and used in connection with the marketing of the 2019 Series A Bonds, containing certain information relating to the Board, the Trust Indenture and the New Series Bonds, and

which will be distributed to the prospective purchasers of such New Series Bonds and others by a group of investment dealers and brokers represented by RBC Capital Markets, LLC (the “Underwriters”); and

WHEREAS, a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) will be prepared in substantially the form of such document previously approved by the Board and used in connection with the sale of each series of the 2019 Series A Bonds containing the agreement of the Board to annually update certain financial and operating information in the final Official Statement (as hereinafter described) and to timely provide notice of the occurrence of certain specified events; and

WHEREAS, a purchase contract (the “Purchase Contract”), to be dated the date of sale of the New Series Bonds, between the Board and the Underwriters (or if the New Series Bonds are sold to a single institutional investor, such investor) will be prepared in substantially the form of such document previously approved by the Board and used in connection with the sale of the 2019 Series A Bonds, pursuant to which the Board would agree to sell and the New Series Bonds purchaser would agree to purchase the New Series Bonds, at the prices and upon the terms and conditions therein set forth;

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING as follows:

Section 1. Findings.

(a) The Board hereby finds and determines:

(i) that the homes to be financed through the issuance of New Series Bonds, and the purchase by the Board from proceeds thereof of mortgage loans or mortgage-backed securities as contemplated by the Trust Indenture, constitute “housing developments” within the meaning of Section 90-6-103(8) of the Act; and

(ii) that the housing market area to be served by homes to be financed as aforesaid consists of the entire State of Montana.

(b) In accordance with Section 90-6-109 of the Act, the Board previously found and hereby confirms:

(i) that there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford, or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Trust Indenture and contained in the program documents relating to the mortgage loans financed thereby and to be financed are sufficient to ensure that the homes will be well planned and well designed so as to constitute decent, safe and sanitary housing and that the “housing sponsors” (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the homes financed and to be financed which are referred to in paragraph (a) above will be of public use and will provide a public benefit, taking into

account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans and other public desires;

(v) that the homes financed and to be financed with the proceeds of the New Series Bonds do not involve the construction of “second homes,” which are defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that the findings required by Section 90-6-109(1)(f) of the Act are inapplicable because the homes financed by the New Series Bonds do not involve direct loans.

Section 2. Approval of Supplemental Indenture. A Supplemental Indenture for each series of New Series Bonds is hereby approved in the form described above (and reflecting the provisions of the New Series Bonds consistent with the parameters set forth in the following Section) and the Chairman or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Supplemental Indenture with such changes, insertions or omissions therein as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Supplemental Indenture, and the Treasurer, the Secretary or any other member of the Board is hereby authorized and directed to attest thereto.

Section 3. Authorization of Bonds. The issuance, sale and delivery of the Board’s New Series Bonds, in one or more series or subseries, is hereby authorized and approved, subject to the following provisions. The New Series Bonds shall be issued in an aggregate principal amount (not to exceed \$75,000,000, mature on the date or dates (but no more than 40 years from the date of issuance), bear interest at the rate or rates (which may be fixed or variable rate, initially not exceeding 6.0% per annum and in no case to exceed 14%), be sold to the bond purchaser(s) for an amount (but not less than 98.5% of the principal amount of the Bonds), be subject to optional, special optional, mandatory and sinking fund redemption, be subject to mandatory or optional tenders and convertible into fixed or variable rate bonds, be issued under the related General Indenture, and have such other terms and provisions, all as are determined by the Chairman and Executive Director (with the advice of such members of the Board as are available upon the pricing of such New Series Bonds) and definitively set forth in the related Supplemental Indenture or Purchase Contract upon execution and delivery as authorized in Sections 2 and 5 hereof. The New Series Bonds shall be executed and delivered substantially in the form set forth in the Trust Indenture, with such additions, omissions and changes as are required or permitted by the Trust Indenture. The New Series Bonds shall be executed in the name of the Board by the Chairman or the Vice Chairman of the Board, and attested to by the Secretary or the Treasurer, each of whom is hereby appointed as an Authorized Officer (as such term is defined in the Trust Indenture) for purposes of executing and attesting the New Series Bonds. Such signatures may be in facsimile, provided, however, that such New Series Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee.

Section 4. Approval of Preliminary Official Statement and Official Statement. If the New Series Bonds are to be sold to the public through the Underwriters, a Preliminary Official Statement for a series of New Series Bonds is hereby approved in the form described above, with such changes, insertions or omissions therein as may be approved by the Executive Director, and the Chairman or the Vice Chairman of the Board is hereby authorized to execute and deliver a final official statement (the “final Official Statement”) substantially in the form of the Preliminary Official Statement with such changes, insertions or omissions therein as may be approved by the Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the final Official Statement.

Section 5. Approval of Purchase Contract and Sale of the Bonds. A Purchase Contract for a series of New Series Bonds is hereby approved in the form described above and the execution of the Purchase Contract by the Chairman, the Vice Chairman or Executive Director of the Board is hereby authorized and directed in order to effectuate the sale of the related New Series Bonds with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Purchase Contract.

Section 6. Authorization of Standby Bond Purchase Agreement and Remarketing Agreement. If any New Series Bonds are subject to optional or mandatory tender, the Chairman or Vice Chairman of the Board or the Executive Director are authorized to negotiate, execute and deliver one or more standby bond purchase or similar agreements with a financial institution, with a rating of no less than "A1" or the equivalent by Moody's Investors Service, Inc., whereby such institution agrees to purchase (or provide the Board with funds to purchase) tendered bonds, and a remarketing agreement with any Board approved underwriter with respect to the remarketing of any tendered bonds; such agreements to have such terms and conditions, and provide for the payment by the Board of such fees, as are determined by the Chairman and Executive Director to be in the best interests of the Board, such determinations to be evidenced conclusively by the execution thereof.

Section 7. Approval of Continuing Disclosure Agreement. A Continuing Disclosure Agreement for a series of New Series Bonds is hereby approved in the form described above, and the Chairman or Vice Chairman of the Board or the Executive Director is authorized and directed to execute and deliver the same with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Continuing Disclosure Agreement.

Section 8. Approval of Program Documents. The Executive Director and Single Family Program Manager are hereby authorized to continue to use the form of the Mortgage Purchase and Servicing Guide, Invitation to Participate and Notice of Acceptance presently in use, and to the extent they deem necessary and appropriate, the Executive Director and Single Family Program Manager are authorized to execute and deliver the same, with such changes, insertions or omissions therein as may be approved by such person, to continue the Single Family Program.

Section 9. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board with respect to the Trust Indenture, a Preliminary Official Statement, a Purchase Contract and the New Series Bonds is hereby approved, confirmed and ratified.

Section 10. Execution of Documents. In the event of the absence or disability of the Chairman, the Vice Chairman or the Treasurer of the Board, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by another member of the Board or by the Single Family Program Manager or the Accounting and Finance Manager, with the same effect as if done by the Chairman, the Vice Chairman or the Treasurer of the Board and without the further authorization of the Board. The execution of such documents by such member shall be conclusive evidence of his or her authority to so act.

Section 11. Execution of Tax Certificate and Declaration of Intent. The Chairman, the Vice Chairman or the Executive Director of the Board is hereby authorized to issue certifications as to the Board's reasonable expectations regarding the amount and use of the proceeds of the New Series Bonds as described in Section 148 of the Internal Revenue Code of 1986, as amended. The Board also hereby declares its intention, within the meaning of Section 1.150-2 of the Internal Revenue Code regulations, to facilitate continuous funding of its Single Family Program (as described above) by, from time to time, financing mortgage loans and then issuing bonds in an amount to be determined by the Board in one or more series within 18 months thereof to reimburse itself for such financing, which reimbursement amount

is presently expected to not exceed \$50,000,000 (or such greater reimbursement amount as may from time to time be determined by written declaration of the Executive Director), provided that this declaration does not obligate the Board to issue any such bonds.

Section 12. Additional Actions Authorized. The Chairman, the Vice Chairman, the Secretary or any other member of the Board, and the Executive Director and Treasurer, the Single Family Program Manager and the Accounting and Finance Manager, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Trust Indenture and a Purchase Contract, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the members and officers named above are hereby designated as Authorized Officers for such purposes.

Section 13. Effective Date. This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 11th day of February, 2019.

MONTANA BOARD OF HOUSING

Attest:

By _____
Chairman

By _____
Treasurer/Executive Director

BOARD AGENDA ITEM

PROGRAM

Homeownership Program

AGENDA ITEM

Setaside Approval - Sparrow Homes

BACKGROUND

Tim German, with Sparrow Group, is requesting a setaside for Sparrows Homes in Pablo.

Sparrow Homes 1, consisting of 18 units, was awarded housing credits in 2001 and Sparrow Homes 2, also 18 units, was awarded housing credits in 2002. Both projects were awarded as eventual homeownership and both properties have completed their 15-year initial compliance period and are able to proceed to Homeownership. The owner and management company are working through this process with Mary Bair.

The anticipated price of the 36 homes being offered is \$135,000 each and the initial borrowers must be below 80% of area median income.

Setaside funds are used to provide first mortgages for borrowers earning less than 80% of area median income. Many of the setasides we currently provide are to borrowers who qualify for down payment assistance from specific providers, such as Home\$tart, Dream Makers and nonprofits. Other setasides are associated with special programs such as HUD 184 or Community Land Trusts, below is the list of partners/programs associated with the 1st mortgage pool:

- NeighborWorks Home Deferred 2nd Mortgage
- CAP NWMT Kalispell Community Land Trust
- Missoula Combined HRDC XI HOME Funds
- Bozeman District IX HOME Funds
- Home\$tart Program, HUD Section 184
- Dream Makers, City of Billings, & Lot Refinance

The loans we fund with the 1st Mortgage Setaside Pool must be insured by FHA, VA, RD or HUD 184 and the current rate is 3.75%.

PROPOSAL

Staff requests the Board approve adding Sparrow Homes to the 1st Mortgage Set-Aside Pool. Funds are available for this request.

Board Meeting: February 11, 2019

Homeownership Program Dashboard

February 1, 2019

RATES

	<u>CURRENT</u>	<u>LAST MONTH</u>	<u>LAST YEAR</u>
MBOH	4.50	4.50	3.50
Market	4.34	4.44	4.13
10 yr treasury	2.70	2.67	2.79
30 yr Fannie Mae	3.96	3.97	3.92

LOAN PROGRAMS

	<u>JANUARY</u>		<u>TOTAL</u>		<u>ORIGINAL</u>	
	<u>RESERVATIONS</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>BALANCE</u>
REGULAR PROGRAM						
Series 2018C(9.21.18)	20	3,034,338	133	23,422,530	40,400,000	16,977,470
80% Combined (20+)	0	0	101	13,244,853	bond & setaside	4,377,865
OTHER PROGRAMS						
Veterans (Orig)	4	743,721	296	63,339,537	Revolving	581,638
910 Mrtg Cr Cert (MCC)	8	1,734,940	115	24,859,483	60,000,000	35,140,517
SET-ASIDE PROGRAMS						
Score Advantage	1	6,500	337	1,877,093	Revolving	215,576
MBOH Plus	11	60,440	295	1,765,118	2,000,000	234,882
Set-aside Pool (7.1.18)	8	1,272,454	95	14,482,885	17,500,000	3,017,115
NeighborWorks	3	445,938	21	3,209,855		
CAP NWMT CLT						
Missoula HRDC XI			1	137,362		
Bozeman HRDC IX	2	389,094	10	1,639,305		
Home\$tart	2	296,499	35	5,387,769		
HUD 184						
Dream Makers			2	384,345		
City of Billings	1	140,923	26	3,724,249		
Foreclosure Prevent	0	0	0	0	50,000	50,000
Disabled Accessible	0	0	227	16,497,050	Ongoing	862,950
Lot Refi	0	0	12	1,273,560	2,000,000	726,440
FY18 Habitat	1	153,000	5	665,910	2,388,350	1,722,440
Montana Street	0	0	0	0	1,000,000	1,000,000
Lee Gordon Place	0	0	0	0	1,045,000	1,045,000

DECEMBER CHANGES IN PORTFOLIO

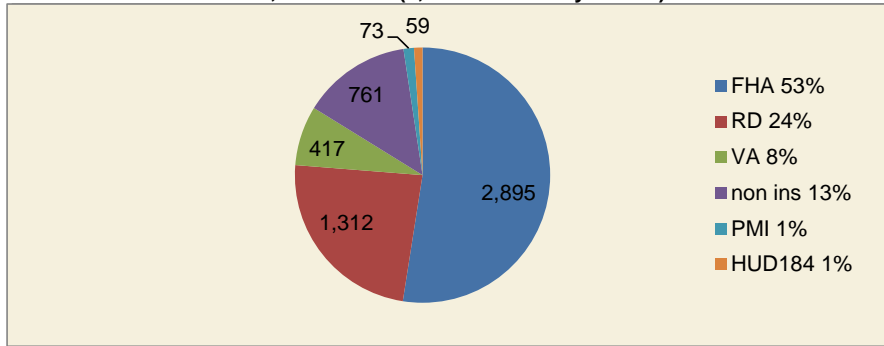
	<u># loans</u>	<u>Princ Bal</u>
November Balance	5,436	484,771,325.67
December Purchases	116	14,559,283.35
December Amortization		(1,227,776.14)
December Payoffs	(35)	(2,485,783.54)
December Foreclosures		
December Balance	5,517	495,617,049.34

DELINQUENCY AND FORECLOSURE RATES

	<u>MONTANA BOARD OF HOUSING</u>			<u>MORTGAGE BANKERS ASSOC. 9/2018</u>			(most recent available)
	<u>Dec-18</u>	<u>Nov-18</u>	<u>Dec-17</u>	<u>Montana</u>	<u>Region</u>	<u>Nation</u>	
30 Days	1.58	1.58	1.93	1.69	1.91	2.60	
60 Days	0.69	0.74	0.61	0.43	0.55	0.80	
90 Days	<u>0.69</u>	<u>0.55</u>	<u>1.44</u>	<u>0.50</u>	<u>0.62</u>	<u>1.14</u>	
Total Delinquencies	2.96	2.87	3.98	2.62	3.08	4.54	
In Foreclosure	0.54	0.51	0.92	0.56	0.50	0.99	

MBOH DECEMBER PORTFOLIO

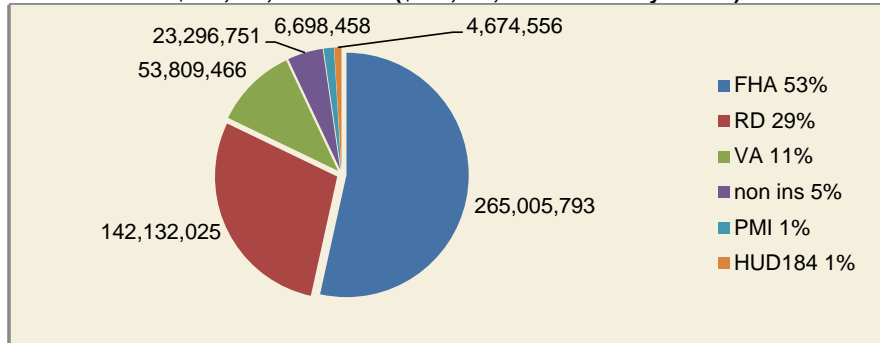
5,517 Loans* (4,716 serviced by MBOH)



**Weighted Average
Interest Rate
4.13%**

*This a 8.90% increase in number of loans from December 2017 when we had 5,065 loans

\$495,617,049 Loans* (\$421,980,173 serviced by MBOH)



*This a 15.3% increase in portfolio size from December 2017 when we had \$430,032,354 loans

LENDER/REALTOR/PUBLIC OUTREACH

<u>Date</u>	<u>Event</u>
Dec 5 Julie	Webinar training with Paramount Residential Mortgage Group (PRMG)
Dec 6 Julie	Webinar training with Stockman Bank
Dec 12 Julie	Webinar training with Bay Equity/Equity MT
Dec 15 Julie	RMDC Homebuyer Education
Jan 8 Julie	Webinar training with Bay Equity/Fidelity Mortgage on DPA programs
Jan 30 Julie	2 Webinar trainings with Fairway (morning and afternoon)

*** Currently recruiting for Loan Specialist position
Danyel Bauer's last day February 5th

Mortgage Servicing Program Dashboard Effective 1/31/19

	Last Year	Last Month	This Month
MONTH	JAN 2018	DEC 2018	JAN 2019
PORTFOLIO TOTAL LOANS	4647	5044	5140
MBOH	4337	4737	4834
BOI	294	291	290
MULTI FAMILY	16	16	16
PRINCIPAL (all loans)	\$ 433,865,114.65	\$ 475,348,644.90	\$ 487,795,234.19
ESCROW (all loans)	\$ 4,278,610.78	\$ 4,109,216.26	\$ 4,861,191.17
LOSS DRAFT (all loans)	\$ 639,290.66	\$ 677,929.08	\$ 587,274.74
LOANS DELINQUENT (60+ days)	180	158	165
ACTUAL FORECLOSURE SALES IN MONTH	3	0	2
FORECLOSURES TOTAL CALENDAR YEAR	3	25	2
DELINQUENT CONTACTS TO MAKE	639	683	732
LATE FEES - NUMBER OF LOANS	862	725	767
LATE FEES - TOTAL AMOUNT	\$ 24,173.28	\$ 20,263.77	\$ 21,564.21
PAYOFFS	26	36	34
NEW LOANS/TRANSFERS	45	67	132

2019 Monthly Servicing Report Purchased 50 loans from Bank of the Rockies

LOSS MITIGATION	JAN 2019	HUD's National Servicing Center TRSII Reporting FY2018 Q4 95.09% Tier 1 - Grade A
ACTIVE FINANCIALPACKETS	3	
REPAYMENT/FORBEARANCE	38	
SHORT SALE	0	
DEED IN LIEU	0	
HAMPS/PARTIAL CLAIMS & MODS PNDG	2	
PRESERVATION PROPERTIES	6	
REAL ESTATE OWNED PROPERTIES	7	
CHAPTER 13 BANKRUPTCIES	23	

BOARD AGENDA ITEM

PROGRAM

Multifamily Program

AGENDA ITEM

RAM Exception

BACKGROUND

Male 72 years old in Yellowstone County is seeking an exception for \$50,000 to pay off an MBOH mortgage and make repairs to the home. Annual income is \$9,960. That income will rise by \$380.00 a month with this loan as that is his mortgage payment amount.

PROPOSAL

Presentation for the Board to consider and approve the exception

Reverse Annuity Mortgage Program

Exception Request

February 6, 2019

Cash advance for \$50,000

Single man in Yellowstone County age 72

Current Income = Social Security \$9960.00 annual

Payoff of MBOH would increase monthly income by \$380.00

Approval pending, the RAM loan is to payoff current MBOH first of approximate \$21,000 and a DAAHP second loan of approximate \$3,100.

Additional funds are to do repairs on home. (siding and updating porches)

Multifamily & RAM Program Dashboard

January 1, 2019

LOAN PROGRAMS

	<u>Applications</u>	<u>Active Loan</u>	<u>Outstanding Balance</u>	
Reverse Annuity				
RAM		57	\$2,883,802	
Housing Montana				
TANF		61	\$270,616	
Revolving Loans		3	\$835,662	
AHP		8	\$1,512,117	
Bond Programs				
Regular Program	-	-	11	\$1,008,333
Conduit (2006-2016)	11	\$57,250,000		
Risk Share	-	-	6	\$6,282,085
Credits Assets Administered/P				
Allocated				\$561,492,874
Number of Projects				261
Units/Families Served				7,954

HOUSING CREDITS (HCs) ALLOCATION

<u>Project</u>	<u>City</u>	<u>Award</u>	<u>HC Year</u>	<u>Status</u>
Blackfeet VI	Browning	Jan 2017	2017	construction underway
Rockcross Commons	Great Falls	Jan 2017	2017	construction underway
Roosevelt Villas	WP/Culbertson	Jan 2017	2017	RD Transfer tied up in shutdown
Meadows Senior	Lewistown	Nov 2017	2018	rehab underway
Courtyard Starnier	Kalispell	Nov 2017	2018	close to completion
Gardens 9	Billings	Nov 2017	2018	construction underway
Copper Ridge/9%	Butte	Nov 2017	2018	closed/no activity at site
Blue Bunch Flats	Livingston	Nov 2017	2018	Brownfield cleanup completed

Cottonwood Creek Freedoms Path	Deer Lodg Fort Harris	April 2018 Feb 2018	2018 2018	reservation received started renovation in late October
Starner Gardens 4 Rockcress/4 %	Billings Great Falls	Dec 2017 Dec 2017	TE bond TE bond	closed bond closed bond
Copper Ridge	Butte	Dec 2017	TE bond	closed bond
Oakwood Meadowlark Vista Chapel Court	Havre Ronan Billings	Nov 2018 Nov 2018 Nov 2018	2019 2019 2019	reservation sent out reservation sent out reservation sent out
Red Alder 9 Whitefish HA	Helena Whitefish	Nov 2018 Nov 2018	2019 2019	reservation sent out reservation sent out
Red Alder 4	Helena	Nov 2018	2019	working through bond process

HOUSING CREDITS (HCs) COMPLIANCE

Year to
Date Last Year

Project Site Visits	98
Units monitored	3,418

Projects inspected and au

will be sent separately

Available Balance

\$2,177,345

403,484
pledged
NA

3,384,385

NA

Owner

Blackfeet Housing

GMD/Neighborworks GF

GL Development

Theis & Talle
CAPN Kalispell

GMD Dev

Butte Aff/Thom Dev

Homeword

GL Development
Communities for Veterans

GMD

GMD

Butte Aff/Thom Dev

Affiliated Developer

Ronan Housing/RCAC

St Johns Luth/C.R. Build

GL/RMDC

Whitefish HA/Homeword

GL/RMDC

2019 CALENDAR

January						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

February						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

March						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

June						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

July						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

October						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

November						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

December						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

December 2018

18 – Board Meeting - Webinar

January 2019

7 – Board Meeting – Webinar, if needed

February 2019

11 – Board Meeting, Webinar 8:30 am
12 – Rotunda Day – Helena

March 2019

No Board Meeting
11-13 – NCSHA Legislative Conference – Washington DC

April 2019

4-5 – Board financial training (noon to noon) – Bozeman, Springhill Suites by Marriott

May 2019

6-8 – Mountain Plains Housing Summit – Utah
20 – Board Meeting - Helena, Housing Credit LOI Presentations
21 – Board Meeting – Helena, Delta Marriott – Housing Credit LOI Selection for Full Application

June 2019

17 – Board meeting – Billings, Billings Hotel
17-19 – Housing Conference – Billings, Billings Hotel

July 2019

No Board Meeting

August 2019

7 – Board Meeting QAP Draft Review – Webinar

September 2019

9 – Strategic Planning – Lewistown, Yogo Inn
10 – Board Meeting – Lewistown, Yogo Inn

October 2019

19-22 – NCSHA Annual Conference – Boston MA
28 - Board Meeting – Helena, Delta Marriott – Housing Credit Award

November 2019

No Board Meeting

December 2019

No Board Meeting

Operations Dashboard February 2019

Board Meetings

The next Board meeting will be held Monday, May 20, 2019 through Tuesday, May 21, 2019 in Helena at the Delta Marriott Hotel. The Board will hear Housing Credit Letter of Intent presentations on Monday and will decide which projects move forward to full application Tuesday morning.

Board Training

In state Board Member training: April 4-5 Board financial training – Bozeman, Springhill Suites by Marriott

The following are out of state Board Member training:

March 11-13, 2019	NCSHA Legislative Conference – Washington DC (Bob and Jeanette)
May 6-8, 2019	Mountain Plains Regional Summit – Utah (estimated) (no members)
October 19-22, 2019	NCSHA Annual Conference – Boston MA (Pat, Eric and Amber)

Staffing

Montana Housing is hiring a Mortgage Loan Compliance Program Specialist. Applications are due February 7.

Procurement

FINANCIAL ADVISOR

Two firms have submitted RFPs. Montana Housing staff selection committee evaluated both proposals, and has submitted a recommendation to engage CSG Advisors to the Board for their review and confirmation at the February Board meeting. Subject to Board approval, CSG Advisors will be a critical part of our April Board training.

HOMEOWNERSHIP CONSULTANT

In September 2018 we contracted with a consulting firm, on a limited basis, to complete an assessment of our single-family program's internal processes. The consultant's list of recommendations has proven beneficial in many respects. We are going through a full procurement cycle to expand this work. The final Request for Proposals was released for bids on February 1, and is scheduled to close February 26.

GSE SELLER/SERVICER APPROVAL WORK PLAN



The staff GSE work group is meeting bi-weekly and have identified an initial scope of work. We are planning on re-submitting to Fannie Mae by June 1, 2019 and concurrently becoming Freddie Mac approved.

Legislative Update

Housing Bill Status:

Bill Type - Number	LC Number	Primary Sponsor	Status	Status Date	Short Title
HB 16	LC0131	Dave Fern (D) HD 5	(H) Transmitted to Senate	02/06/2019	Establish affordable housing loan program
HB 376	LC1474	Ross H Fitzgerald (R) HD 17	(H) Rereferred to Committee -- (H) Business and Labor	02/06/2019	Repeal the real estate recovery account.
HB 422	LC0544	Edward Buttrey (R) HD 21	(H) Introduced	02/07/2019	Increase amount available for Montana veteran home loan program
SB 15	LC0132	Carlie Boland (D) SD 12	(S) Tabled in Committee* -- (S) Business, Labor, and Economic Affairs	01/17/2019	Allow certain state funds to be used for affordable housing infrastructure
SB 18	LC0130	Margaret (Margie) MacDonald (D) SD 26	(S) Hearing -- (S) Taxation	01/23/2019; 8:00 AM, Rm 405	Establish workforce housing tax credits
SR 15	LC3153	Steve Fitzpatrick (R) SD 10	(S) Scheduled for 2nd Reading	02/07/2019	Confirm Governor's appointees to business-related boards

Operations Dashboard February 2019

Bill Draft No. (LC No.)	Request Date	Requestor	Status	Status Date	Short Title
LC1220  	11/14/2018	Tom Jacobson (D) SD 11	(C) Draft Ready for Delivery	01/17/2019	Allow creation of district that uses TIF for workforce housing deficiency
LC2432	12/05/2018	Dave Fern (D) HD 5	(C) Draft On Hold	02/01/2019	Allocate lodging tax revenue to fund affordable housing
LC3018	01/02/2019	Nate McConnell (D) SD 48	(C) Draft On Hold	01/15/2019	Generally revise the board of housing laws
LC3218	01/22/2019	Zach Brown (D) HD 63	(C) Draft to Requester for Review	02/01/2019	Revise laws related to affordable housing tax exemptions
LC3259	02/05/2019	(S) Business, Labor, and Economic Affairs Standing Committee	(C) Draft in Input/Proofing	02/07/2019	Confirm Governor's appointee to the board of housing

Section 8 Program Dashboard

January 31, 2019

TENANT BASED, VETERANS' VOUCHERS, MOD REHAB, SHELTER PLUS CARE I and II, 811 PRA DEMO PROGRAMS:

CURRENT PERIOD: January 2019

SECTION 8 PROGRAMS	<u>Previous Month</u>	<u>Month</u>	<u>Change</u>	<u>Year</u>	<u>HUD</u>	<u>Date</u>
	<u>Dec-2018</u>	<u>Jan-2019</u>		<u>HAP</u>	<u>Budget</u>	<u>Fees</u>
Housing Choice Voucher (HCV)					15,426,099	CY 2019
PBS8 Opt-Out Conversion Funding						
Paid Units (3625 Agency contracts)	3,050	3,043	-7			
Current Month Payment Amount	1,461,052	1,474,032	12,980	1,474,032	107,371	
Veterans Affairs Supportive Housing (VASH)						CY2019
Number Units Paid (321 Authorized)	259	277	18		9,044	
Payment Amount	137,590	140,994	3,404	140,994	9,044	
Moderate Rehabilitation (ModRehab)					2,012,728	CY2019
Number Contracts	18	18	0			
Paid Units (297 Authorized)	259	251	-8		8,181	
Payment Amount	144,246	138,838	-5,408	138,838	8,181	
Shelter Plus Care I (Individual) FY13 Grant Funds					195,344	8-1-17-7-31-18
Number Units Paid (28 Authorized)	4	0	-4		Grant Balance	
Payment Amount	2,088	0	-2,088	130,229	61,459	Grant ended 11/18
Shelter Plus Care II (Family)						
Number Units Paid (5 Authorized)	0	0	0		Grant Balance	
Payment Amount	0	0	0			Grant ended 11/18
Project-Based (PBS8)						Admin Earnings
Contracts	87	87	0		76,372	
Units Paid (4132 Authorized with 8bb)	3,620	3,614	-6			Contract Extension
Payment Amount	1,772,804	1,784,685	11,881			
Calendar Year Admin Earnings					76,372	
811 Project Rental Assistance Demo (FY)					1,900,000	157,000 Five Year
Rental Assistance Contracts (RAC)	4	4	0	Disbursed:	233,109	Balance: 1,666,891
Units (grant requires 82)	16	17	1			8 Units Kalispell
Payment Amount	10,135	10,131	-4			40 Units Missoula
						5 Units Ronan
						21 Units Bozeman/Blegrade
						74

TOTALS

	<u>Previous Month</u>	<u>Current Month</u>	<u>Change</u>
Paid Units:	7,192	7,185	-7
Budgeted Units:		8,317	
All Section 8 HAPs	3,517,779	3,538,548	20,769