



Meeting Location: [Webinar](#)

Date: Tuesday, September 24, 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:

<https://attendee.gotowebinar.com/register/2211555890750434059>

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 (if needed)

Multifamily Program (Manager: Mary Bair)

- ❖ Bond Resolutions (if necessary)
 - Red Alder Helena

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

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.

RESOLUTION NO. 19-0924-MF03

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING A BORROWING, AND REPAYMENT THEREOF, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$7,000,000; APPROVING A FUNDING LOAN AGREEMENT, BORROWER LOAN AGREEMENT AND OTHER RELATED DOCUMENTS; 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 borrow and issue evidences of indebtedness concerning repayment thereof and to make loans and purchase mortgage loans in order to finance housing which will provide decent, safe and sanitary housing for persons and families of lower income in the State of Montana; and

WHEREAS, the Board intends to borrow on a non-recourse limited obligation basis from Glacier Bank (or such other financial institution as is approved by the Chairman, Vice Chairman or Executive Director and Treasurer) (the “Lender”) an aggregate principal amount not to exceed \$7,000,000, the proceeds of which will be used to finance a mortgage loan for the acquisition, construction and equipping of the Red Alder Residences, a 48-unit new construction affordable housing development located in Helena, Montana (the “Project”); and

WHEREAS, the borrowing by the Board will be pursuant to a Funding Loan Agreement, among the Board, the Lender and a fiscal agent to be determined by the Board (the “Fiscal Agent”) (the “Funding Loan Agreement”), and the agreement to repay such borrowing shall be reflected in a non-recourse revenue debt obligation (the “Obligation”) to be issued to the Lender pursuant thereto, which Agreement and Obligation will be in substantially the form approved by the Board with respect to the Starner Gardens Apartments financing in 2018 (the “Starner Gardens Financing”), subject to the terms, conditions and limitations established herein and in the Funding Loan Agreement; and

WHEREAS, the proceeds of the borrowing will be used to finance a loan (the “Mortgage Loan”) to Red Alder Residences 4% LLLP, a Montana registered limited liability limited partnership, or a similar affiliate of Rocky Mountain Development Council, Inc. or GL Development, Inc. (collectively, the “Borrower”), pursuant to a Borrower Loan Agreement, by and among the Board, the Borrower and the Funding Lender (the “Borrower Loan Agreement”), which will be in substantially the form used in the Starner Gardens Financing; and

WHEREAS, the interest on the Obligation is intended to qualify for a federal tax exemption under Section 142 of the Internal Revenue Code of 1986 (the “Code”), and to ensure that the

Obligation maintains its tax exempt status, the Borrower will enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), which will be in substantially the same form as such agreement approved by the Board with respect to the Starner Gardens Financing.

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING AS FOLLOWS:

Section 1. Public Hearing and Findings.

(a) The Board hereby finds and determines that the Project financed through the above described borrowing and issuance of the Obligation constitutes a “housing development” within the meaning of Section 90-6-103(8) of the Act; and

(b) In accordance with Section 90-6-109 of the Act, following a public hearing, the Board finds:

(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 Funding Loan Agreement and contained in the program documents relating to the mortgage loan financed thereby and to be financed are sufficient to ensure that the Project 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 Project to be financed which is 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 Project to be financed with the proceeds of the Obligation does 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 if the Mortgage Loan constitutes a direct loan, in accordance with Section 90-6-109(1)(f), by virtue of the Board effectuating the loan of the Obligation proceeds to the Borrower pursuant to the Borrower Loan Agreement,

the Project qualifies for federal funds through its receipt of 4% federal low-income housing tax credits.

Section 2. Approval of Funding Loan Agreement. The Funding Loan Agreement is hereby approved in the form hereinabove described, and the Chairman, the Vice Chairman or the Executive Director and Treasurer of the Board is hereby authorized and directed to select a Fiscal Agent and to execute and deliver the Funding Loan Agreement, with such changes, insertions or omissions therein as may be approved by such signatory, such approval to be evidenced conclusively by such execution of the Funding Loan Agreement, and the Treasurer, the Secretary, the Finance Officer, the Multifamily Program Manager or any other member of the Board is hereby authorized and directed to attest thereto.

Section 3. Authorization and Execution of the Obligation. The execution and delivery of the Board's Obligation to the Lender is hereby authorized and approved. The final amount and terms of the Obligation shall be determined by the Chairman, Vice Chairman or Executive Director and Treasurer of the Board, consistent with the terms of the Funding Loan Agreement and subject to the following conditions. The Obligation shall not be a general obligation of the Board but shall be a limited non-recourse obligation payable solely and only from Mortgage Loan payments and any other moneys pledged under the Funding Loan Agreement by the Borrower as required by the Borrower Loan Agreement. The Obligation shall mature no later than 2040, bear interest at a fixed or floating rate no greater than the net rate paid on the Mortgage Loan (i.e., net of fees due the Board and any other parties), be in a principal amount not to exceed \$7,000,000, be subject to prepayment and have the other terms and provisions as described to the Board, and definitively set forth in the Funding Loan Agreement upon execution and delivery as aforesaid in Section 2 hereof. The Obligation shall be executed and delivered substantially in the form set forth in the Funding Loan Agreement, with such additions, omissions and changes as are required or permitted by the Funding Loan Agreement and approved by the signatories thereto. The Obligation 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 Governmental Lender Representative (as such term is defined in the Funding Loan Agreement) for purposes of executing and attesting the Obligation, and their execution shall evidence their approval of the final terms thereof. Such signatures may be by facsimile; provided, however, that such Obligation shall not be valid or obligatory for any purpose unless the attestation by the authorized officer of the Board shall be a manual signature or the Obligation is authenticated by the manual signature of an authorized officer of the Fiscal Agent.

Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement is hereby approved in the form hereinabove described, and the Chairman, the Vice Chairman or the Executive Director and Treasurer of the Board is hereby authorized to execute and deliver the Borrower Loan Agreement, 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 Borrower Loan Agreement.

Section 5. Approval of Regulatory Agreement. The Regulatory Agreement is hereby approved in the form hereinabove described, and the Chairman, the Vice Chairman or the Executive Director and Treasurer of the Board 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 Regulatory Agreement.

Section 6. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Board within the authority granted herein, with respect to the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the Obligation is hereby approved, confirmed and ratified.

Section 7. Execution of Documents. In the event of the absence or disability of the Chairman, the Vice Chairman or the Executive Director and 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 Multifamily Program Manager or the Accounting and Finance Manager, with the same effect as if done by the Chairman, the Vice Chairman or the Executive Director and 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 8. Execution of No-Arbitrage Certificate. The Chairman, the Vice Chairman or the Executive Director and Treasurer 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 Obligation as described in Section 148 of the Internal Revenue Code of 1986, as amended.

Section 9. Additional Actions Authorized. The Chairman, the Vice Chairman, the Secretary or any other member of the Board, and the Executive Director and Treasurer, the Multifamily 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 Funding Loan Agreement and the Borrower Loan Agreement, 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 Governmental Lender Representatives for such purposes.

Section 10. Effective Date. This Resolution shall become effective immediately.

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ADOPTED by the Montana Board of Housing this 24th day of September, 2019.

MONTANA BOARD OF HOUSING

By _____
Patrick E. Melby, Chairman

By _____
Bruce Brensdaal, Executive Director

September 24, 2019

Montana Board of Housing
301 South Park Avenue
Helena, MT 59601

Montana Board of Housing
Multifamily Housing Revenue Obligation
(Red Alder Residences 4% Project)
Series 2019

Ladies and Gentlemen:

We are acting as bond counsel in connection with the proposed issuance of the Multifamily Housing Revenue Obligation (Red Alder Residences 4% Project), Series 2019 (the "Obligations") of the Montana Board of Housing (the "Board"), in a proposed aggregate principal amount of \$7,000,000. The Obligation is authorized to be issued pursuant to the Housing Act of 1975, as amended, constituting Sections 90-6-101 through 90-6-127, Montana Code Annotated, as amended (the "Act"). The Board adopted a Resolution granting preliminary approval to issue the Obligation on September 24, 2019. In connection with the issuance of the Obligation, the Board will enter into a Funding Loan Agreement (the "Funding Loan Agreement") among the Board, Valley Bank of Helena, a division of Glacier Bank, as funding lender, and U.S. Bank National Association, as Fiscal Agent.

The proceeds of the Obligation will be used to finance a loan to Red Alder Residences 4%, LLLP (the "Borrower"), for the acquisition, construction and equipping of the Red Alder Residences, a 48-unit affordable housing development located in Helena, Montana (the "Project").

In this connection, we have examined the Constitution of the State, the Act and various laws, rules and documents considered necessary.

The Board will covenant in the Funding Loan Agreement to do all things necessary to assure that interest on the Obligation will be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder. Under Sections 142 and 148 of the Code, certain requirements must be met subsequent to the delivery of the Obligation in order that interest on the Obligation be so excluded. Certain covenants of the Board, the Borrower and other parties, as well as affidavits

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Montana Board of Housing

September 24, 2019

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and other procedures, will be set forth in the documents relating to the issuance of the Obligation to comply with the requirements of the Code.

Based on the foregoing it is our opinion that:

(a) The Board has full power and authority under the Act to execute and deliver the Funding Loan Agreement, to issue the Obligation and to make a loan to the Borrower to finance the Project.

(b) Under existing laws, regulations, rulings and judicial decisions, the Project qualifies for financing with tax-exempt "private activity bonds" under the Code, and if private activity cap is allocated for the Obligation, interest on the Obligation will be excludable from gross income for federal income tax purposes (except to the extent an Obligation is held by a "substantial user" of the Project or by a "related person" to a "substantial user," as such terms are defined in the Code), assuming continuing compliance with covenants by the Board set forth in the Funding Loan Agreement as described above.

Very truly yours,

A handwritten signature in black ink that reads "Kutak Rock LLP". The signature is written in a cursive, stylized font.



Webinar - 301 S. Park Avenue, Suite 240 – Helena MT 59601
September 24, 2019

ROLL CALL OF BOARD

MEMBERS:

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

STAFF:

Bruce Brensdal, Executive Director	Cheryl Cohen, Operations Manager
Mary Bair, Multifamily Program	Paula Loving, Executive Assistant

COUNSEL:

Greg Gould, Luxan and Murfitt	Drew Page, Kutak Rock
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ADVISORS:

Gene Slater, SCG

UNDERWRITERS:

Patrick Zhang, RBC Capital

OTHERS:

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

0:00 Chairman Pat Melby called the Montana Board of Housing (MBOH) meeting to order at 8:34 a.m. Bruce Brensdal make housekeeping announcements.

1:10 Introductions of Board members and attendees were made.

1:50 Chairman Melby asked for public comment on items not listed on the agenda.

MULTIFAMILY PROGRAM

Bond Resolution No 19-0924-MF03 – Red Alder Residences – page 2

2:15 Presenters: Mary Bair
Motion: Jeanette McKee
Second: Eric Schindler
The Bond Resolution No. 19-0924-MF03 for the Red Alder Residences was approved unanimously.

Multifamily Update

6:10 Presenters: Mary Bair
An update on the 2020 Housing Credits application – Senior Hardin.

MEETING ADJOURNMENT

7:40 Meeting was adjourned at 8:40 a.m.

Sheila Rice, Secretary

Date