

Missoula Housing Authority Board
Regular Board Meeting & Public Hearing
Wednesday, November 19, 2008

-MINUTES-

Members Present: Sandy Mitchell, James Hoffmann, Collin Bangs, Betty Zander, Joe Pietro, Sheila Lund, John Boyle

Members Absent: NONE

Staff Present: Lori Davidson, Jim McGrath, Gloria Fortier, Merah Shurtliff

Guests Present: Keithi Worthington, Theodoray Butler

- I. Call to Order: The meeting was called to order at 5:52 p.m.
- II. Attendance: See above
- III. Minutes:
Regular Board Minutes October 15, 2008: Hoffmann called for comments. Bangs moved to approve the minutes, Boyle seconded and the minutes passed with all in favor.
- IV. Commissioner Comment/ conflict of interest disclosure: NONE
- V. Public Comment: NONE
- VI. Action Items:
 - a. Resolution 881: Authorizing resolution for Garden District I LP: Davidson stated this resolution gives authorization to enter into agreements that will be occurring with the Garden District partnership. This is the tax credit investor's requirement to give authority to sign onto loans and partnership agreements. Mitchell asked if only one signature was required. Davidson stated yes. Hoffmann called for comments. There were none. Mitchell moved to approve Resolution 881, Boyle seconded and Resolution 881 passed with all in favor.
 - b. Resolution 882: Authorize submission of HOME application to City of Missoula for Garden District I project: This resolution authorizes the submission of an application to the Missoula Office of Planning and Grants for a Home Investment Partnership Program Grant for the purpose of receiving funds to construct 37 affordable rental units at Garden District Phase I. Davidson stated only \$250,000 is needed of the available funds. MRA unanimously voted to award \$100,000 for offsite improvements. \$57,000 of the \$100,000 will be received in FY2009 to help get the sewer and water mains constructed and site infrastructure for the ditch. The remainder of the \$100,000 will be received in FY2010 to help pay for the boulevards and sidewalks. This money is not tied into a pay back agreement. Hoffmann asked for clarification that the

application is for \$250,000. Davidson confirmed. If the application is approved for \$250,000 the total amount received from the City in Home Funds including the previous year's allocation would be \$400,000. Davidson stated that both the interest of 1% and the principle on the CBGD Loan of \$435,000 will be waived for the first 15 years with principal and interest payments to start in year 16 and amortized over the next 20 years. This was needed to make the cash flow work because of the size of the loan.

Boyle asked if it was a requirement to only apply for the amount that is needed by the project. Davidson stated that the City views it as gap funding. Hoffmann asked if there is also a developer's fee. Davidson stated the developer's fee is about \$632,000. She stated Dunfield is negotiating on receiving \$100,000 at closing. The rest will not be received until the property is occupied. She added that \$162,000 of the developer's fee is being contributed to the property. Hoffmann is concerned how the City will view the developer's fee. Bangs stated developer's fees are necessary for a successful project. Hoffmann stated we are competing for funds against other agencies that do not present the same kind of risk as this one. He is not proposing building without a developer's fee. Davidson stated there are many risks in building a project and the developer's fee is a back up for those adjustments that occur at the end. McGrath stated this is a standard proposal for Home Funds. In response to a question by Hoffmann Davidson said that providing the land is a contribution. The project is paying \$360,000 for the land. MHA is contributing \$126,790 by writing down the debt IDC owes. This is a capital contribution from MHA to the project. She added that the City may not understand this. Hoffman asked if the bank is being paid anything. Davidson stated they receive \$367,000 for the land at closing.

The investors are holding the price of \$.82 until February 15, 2009 with the understanding the closing will happen in January 2009. In response to a question by Bangs, Davidson stated MMW is aware of the timeline. Davidson said a ditch agreement is near completion and she hopes the ditch problem will soon be solved. Bangs moved to approve Resolution 882, Mitchell seconded. Hoffmann called for comments. Bangs stated the rental analysis is positive. Hoffmann stated as a whole (market rate rent and subsidized housing) the vacancy rate is 5%, and design of buildings does matter. Resolution 882 passed with all in favor.

VII.

Staff Reports:

- a. IDC/ Garden District Update: Davidson stated the large elevator building has been expanded. During a discussion with Dunfield, it was discovered that overhead and profit was counted twice in the construction estimate. With this eliminated there was enough money to expand the building, add washer/dyer hookups, and add balconies as an add alternate. She is still looking at a bid opening for December 8, 2008. The \$100,000 awarded from MRA makes the pro forma work better. The due diligence with the investors is going well. An update on the Alta Survey for one lot and an update for the environmental people will need to be completed. Bangs stated the rental analysis was very good news. He said it shows the demand for housing in Missoula and to keep this in mind for future projects. Davidson stated US Bank is allowing the cost and

constructability review to take place concurrent to the bidding process to reduce the time involved.

Boyle asked if the lowest bid for construction wins. Davidson stated the Code of Federal Regulations (CFR) states federal procurement needs to take place, due to HOME and CBGD Funds being involved. The CFR states the lowest reasonable bidder wins. It also states you can consider the contractor's past performance, reliability, and integrity. It allows the checking of references. Worthington stated Montana State Law states it must go to the lowest bidder, but the contractor must be responsible based on ethics, skill, responsibility, and prior work history.

Davidson stated the Neighborhood Stabilization Program Grant is out for public comment. The money will be coming through local governments or tribes. Davidson will be making public comments regarding the time frame from acquisition of land to occupancy. The time frame given is not realistic for new construction. Davidson stated the IDC site is a prime location to receive some of the funds from the Neighborhood Stabilization Program. She is going to ask the City to include IDC in the application. Hoffmann asked if there is adequate staffing at MHA to take this on. Davidson's request would be to purchase Lot 3. This would buy down the land cost for the replacement public housing and the home ownership units that MHA wants to complete on the IDC site. Hoffmann clarified that this supports what MHA is already doing. Davidson stated an environmental review has already been completed on the property. *(Note: the investors have required an updated environmental review which will be complete by the end of December. LD)*

In response to a question by Bangs, Davidson stated building can start the day of the closing. The Certificates of Occupancy (CFO) have been staggered. The two smaller buildings will be built first with one being occupied in October 2009 and the other in November 2009. The larger building will follow in December 2009. The liquidated damages have also been staggered at \$250 a day for the smaller buildings and \$500 per day for the large building. Hoffmann asked if this time frame has been discussed with potential bidders because this may increase the bids to cover the risks presented due to the time frame. Hoffmann stated this needs to be discussed with potential bidders and have the best information available within the terms of the contract. Davidson stated the investor's schedule needs to be followed also. Bangs asked if the investors would extend the occupancy date. Davidson stated she will look into that. She added that a building permit has been applied for.

- b. homeWORD Property Management Addenda: Davidson stated the homeWORD investors have agreed to the changes made in the management agreement.

The disposition application is moving along through HUD very well. In response to a question by Bangs, Davidson stated a time line extension can be requested if the two years is not enough time to sell the units. Hoffmann stated if funding could be acquired to purchase one of the lots at IDC it would relieve a lot of pressure. Davidson stated a replacement plan needs to be submitted to HUD by June/July of 2009.

VIII. Old Business:

- a. 2222 Rattlesnake: Davidson stated the Fire Chief and his maintenance crew are fixing the holes in the roof. Hoffmann asked about the progress of the potential sale of the property. Davidson asked for direction from the Board if they want her to list the property. Bangs stated it was his understanding that we would give the Missoula Children's Theater (MCT) time to work on their proposal. Hoffmann stated the importance of communicating with MCT on a regular basis. Davidson said she visited with Don Collins and reviewed the language of their fundraising brochure. Lund believes MCT is moving forward with their fundraising.
- b. Nicole Court: Davidson stated Maura Murray is going to list the property at \$290,000 with a 6% commission.
- c. Board Strategic Planning: Davidson stated the Board Strategic Planning will be held November 20, 2008 from 8:00 a.m. to 5:00 p.m. at the Orchard Gardens Community Room. Melissa Bangs will be the facilitator.
- d. Staff satisfaction survey: Mitchell provided handouts to the Board with information on different types of surveys, potential outcomes, and different ways to administer the survey. Mitchell stated there are many types of surveys available and the Board needs to decide what outcome they want. Also, the type of survey affects the cost. It would be administered by a third party. Mitchell stressed the importance of being able to follow through with the outcomes of the survey. Hoffmann stated the Board will discuss this at the next Board Meeting. Mitchell stated after that discussion she can research the cost.

Boyle asked how filling the Operations Director position is progressing. Davidson stated she has worked with the city to develop scoring criteria for the applications. The interview panel is about half way through the review process and she hopes to start interviewing the following week. In a response to a question by Hoffmann, Davidson stated the panel consists of Gloria Fortier, Mary Melton, James Weir, Keithi Worthington, and herself.

IX. New Business: NONE

- X. Adjournment: The meeting was unanimously adjourned at 7:17 p.m.

James Hoffmann, Board Chair

Lori Davidson, Interim Executive Director