

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

March 21, 1979

The forty-eighth meeting of the State Administration Committee was called to order by Chairman Pete Story at 10:00 a.m. in Room 442 of the State Capitol on the above date.

ROLL CALL: All members of the Committee were present, with the exception of Sen. Tom Rasmussen who was absent.

CONSIDERATION OF HOUSE BILL No. 82: The Chairman called on Rep. Harold Gerke, House District 62, Billings, to present his testimony as sponsor of the Bill.

Rep. Gerke explained this was an act to increase the bonding limit to \$375 million from its present \$75 million which has been totally invested. Reasons that the Board is requesting the increase will be addressed by Bill Groff, Chairman of the Housing financing agency, whom Rep. Gerke introduced.

Bill Groff, Board of Housing, encouraged support of the Bill, stating that if someone might think the increase was too much, just recently Wyoming approved \$228 million for just one project. This is an economic weapon, he thought, as well as a help to those who are trying to get homes in the middle income bracket. One-half of these funds would be spent on the single family housing and the other goes to multiple housing areas. This is a program which helps young people which he felt was quite successful and was available in areas where money for housing was a real problem. The program is operating in 33 counties in the state which have less than 1,000 population.

Further proponents include:

Jim Snow, Piper, Jaffray & Hopwood, Great Falls, Vice President and Resident Manager, and also representing one of the major underwriters of the previous bond issue, submitted his testimony in writing, copy of which is attached to these original Minutes for further reference. Testimony pertained to the Board of Housing's careful and prudent management of the program, that these bonds have been rated AA, that the program is self-supporting and that the Housing Board is not a direct lender. Also, that 85% of the bonds are sold outside of Montana, bringing in desperately needed outside capital.

Gene Todd, Todd & Associates, supporting the legislation, stated he represented and dealt with multiple housing projects and was 98% owner of a project in Havre which was funded under this plan. Also under construction is an 18-unit facility in Great Falls. Most of these are for elderly people, and if they have to go to outside funding sources, it results in high cost housing. They could be working with companies which are local if the capital was available, he stated, but then the interest rates are higher.

Harold Pitts, representing the Montana Bankers Association, supporting the Bill, explained it provided an excellent means of supplying funds in the smaller communities. He stated in these smaller localities,

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there are contractors who would like to build homes and bankers who would like to lend, but the capital just isn't available. The bigger banks can put a bond issue together and sell it out of state, but the out of state buyers want a large block. The smaller communities are not able to put this much money together.

Dennis Rehberg, representing the Montana Realtors Association, stated they support the increase to \$375 million, as home cost is an increasing expense and yet is a basic need. The greatest need is in the area of the middle and lower income people, particularly the elderly, who are going more and more into the multiple housing units.

Dan Mizner, League of Cities & Towns, stated they support the Bill.

John Frankino, Director of the Montana Services for the Elderly and the Catholic Social Service rose in support of the legislation.

Al Williams, representing the Montana AFL-CIO, submitted his testimony in support of the Bill in writing, copy of which is attached hereto for further particulars, and pertained to the need for family housing and the adverse impact of higher interest rates making buying a home an unreachable goal for lower-income families.

Glen Gray, representing the First National Bank of Helena, testified they had \$3 million invested in this program and was in favor of the increase in bonding capacity.

The Chairman then called for opponents.

Walter Sales, Representative from House District 79, Manhattan, in opposition to the Bill, testified that he wanted the Committee to know there was something here that was not perfect. He was concerned about the state going into the banking business in such a big way and with such permanency. He felt this Board was originally created to meet a crisis, but now there are five bills on increasing the board in size. money, etc., adding permanence. He was not sure the legislature did the right thing in creating this board. Low interest rates for homes are too good a thing to speak against, however, he suggested the Committee should question the board and its staff as to some of the problems they have had and the bad publicity, and find out who actually has been getting the loans. He found most of these people could have gotten loans from other sources, only at a higher interest rate. You are establishing a market which will favor some people, but he was not sure that the right people are going to get the benefit of these low interest loans. They must run a sound business, but the pressure may be quite great to make some misjudgments, however, the present board could withstand this type of pressure. This was becoming so big so quickly that he felt the Committee should make provisions for a review in the near future to make sure things are working as well as they were intended to work.

In closing, Rep. Gerke remarked that Rep. Sales should have told the Committee he is on the board of directors of a savings and loan association at Bozeman, however 67% of the coming issue of bonds have already been applied for by the savings and loan associations. In listing reasons for passing this Bill, he mentioned the economic

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benefits, providing jobs, increasing capital and bringing owning a home within reach of low to middle-income families, without injuring the bonding capacity of the state or local community. Also mentioned was that it would increase the staff by 2 persons, which he felt was not much considering the amount of work handled. Safety standards were built into the program and the \$300 million should not be spent overnight. Other organizations wanting to be on record supporting this legislation included the Montana Citizens, Gary Rushing, and Diane Ashorn, Assistant of the Billings Bank.

The hearing was then opened for questions from the Committee.

Sen. Roskie commented that the Coal Oversight Committee had a hearing this last year in Billings on the investment of these funds, and they were questioned at that time. Mr. Groff added that the Board is reviewed every year and they check the limitations and a survey indicates a growing need in the middle and lower income levels. They intend to stay in the lower income area.

Lyle Olson, Montana Board of Housing, stated that \$16,000 is presently their limitation on assets and they are also looking at a limitation of only one loan without special permission from the board.

Mr. Todd added that the limitations for multiple housing units start at \$8,300 and go to \$9,600 for income and the assets are also established at \$16,000. A family of 4 persons can rent for \$93.00 a month, with utilities and all the other facilities, and this is doing a lot for those who can't afford a downpayment on their own home.

Responding to Sen. Roskie's inquiry on who got this money, Mr. Olson said that White Sulphur Springs has taken \$450,000 for pre-built homes, Ennis, Whitefish, Columbia Falls and many other smaller communities; these small communities have come in and asked for these funds. It creates a secondary market. We have called on all these towns, and if they don't know how to make FHA or VA loans, we will work with them. We will not cut these smaller communities out.

Sen. Story then read a portion of the law pertaining to this board as to whom would be liable in case of default, that the state did not have any money invested.

There being no further testimony, the hearing was closed on House Bill No. 82.

CONSIDERATION OF HOUSE BILL No. 176: Rep. Gerke also being the sponsor of this Bill, Chairman Story called for him to proceed.

Rep. Gerke advised this Bill was introduced at the request of the Board of Housing and pertained to the sale of bonds above or below par in order to allow more flexibility. He then called on Gene Hufford, D.A. Davidson, to explain the Bill's purposes.

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Gene Hufford, Vice President of D.A. Davidson & Co., and the person in charge of their bond department, submitted his testimony in writing, copy of which is hereto attached for further particulars, which pertained to the manner of selling bonds, and how allowing flexibility in selling at below par value could save the board money. Also included was a copy of the D.A. Davidson bond offer dated July 1, 1978.

Closing statement was waived as there were no opponents.

During questioning by the Committee, Sen. Jergeson asked Mr. Snow if Piper, Jaffray & Hopwood were competitors of D.A. Davidson, and if he agreed with what Mr. Hufford had said, to which Mr. Snow replied yes to both questions, and added that in order for them to make a profit on a \$1,000 bond, they have to price that bond at \$1,100 so it is natural that the investor is going to lose that \$100 and it is therefore more attractive to the investor to buy at below par. It is easier to sell bonds at par than at premium.

There being no further questions, the hearing on House Bill No. 176 was closed.

CONSIDERATION OF HOUSE BILL No. 197: The Chairman invited Rep. Gerke to proceed, as he was the sponsor of this Bill also.

Rep. Gerke explained this Bill would authorize the pre-session organizational activities and provide compensation for the legislators and the staff involved. It would allow those who are elected to the leadership positions and those who are appointed to committees to meet and do pre-session work. It would authorize those people who are elected to leadership positions and those who are appointed to these committees to be reimbursed for their expenses. In the past session and those of previous years, these people might be able to sustain themselves in traveling to Helena, but it has been a hardship at times, and this would allow these people to be reimbursed and also pay the staff. He did not feel it was fair to have the staff working during this time but having to wait until the feed bill was passed to be paid.

There were no further proponents to the Bill, no opponents appeared and no questions from the Committee. Rep. Gerke stated he had no preference on who might carry the Bill on the floor.

Sen. Roskie moved that House Bill No. 197 BE CONCURRED IN; motion carried by unanimous vote of the Committee members present, with Sen. Rasmussen being absent.

Sen. Roskie volunteered to sponsor the Bill on the Senate floor.

CONSIDERATION OF HOUSE BILL No. 597: Rep. Gerke was invited to present his testimony as sponsor of the Bill.

Rep. Gerke advised this Bill was introduced at the request of the Legislative Audit Committee in connection with the sunset review. This Bill relates to doing away with the Board of Institutions, it would abolish the board of institutions. The Department of

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Institutions may appoint an advisory council to do the same things at any time - it is already in the law. This board has exercised its quasi-judicial functions only 7 times in the past 6 years. Patients in institutions do have available to them legal services and help through other programs, such as the Board of Visitors.

There being no further proponents to the Bill and no opponents appearing, the hearing was opened to questions from the Committee.

Sen. Roskie questioned the advisory board, if it would be an in-house board, to which Rep. Gerke replied the law says the director may appoint one, but it is not mandated. It would be an in-house board if he did.

Sen. Ryan questioned what the 6 cases involved. Scott Seacat, Legislative Auditor's office, replied that 3 of the cases involved employee grievances, one pertained to an inmate's request for importation of pornographic material and others involved reimbursement of trust property of patients. In all cases, the board reaffirmed the department action.

There being no further questions, the hearing on House Bill No. 597 was closed.

CONSIDERATION OF HOUSE BILL No. 178: The Chairman called on Rep. Rosenthal, House District 43, Great Falls, to present his testimony as sponsor of the Bill.

Rep. Rosenthal testified that this Bill was introduced at the request of the Board of Housing, and defined the language used in terms relating to revenues of the Board of Housing. He discussed the particular sections of the law relating to those which would be repealed under this Bill from prepared testimony.

Further proponents were called for by the Chairman.

John Oitzinger of the firm of Willkie, Farr & Gallagher, New York, in support of the Bill, testified its purpose was to amend the sections relating to the state trust fund accounting system as well as those dealing with the capital reserve funding. He handed out material which included a graph of the handling of bond proceeds under the present law and how enactment of this Bill would facilitate this and set up a means of possible state appropriation for a reserve fund, copy of which is attached hereto and to which reference is hereby made for further particulars. This Bill would also pertain to the present law that there are no provisions for enforcement; they depend on a moral obligation to pay these loans, which he felt was a defect.

Opponents to the Bill were called for.

Rep. Walter Sales, House District 79, testified this Bill does allow a further extension of the Housing Board into the banking profession. It relates to foreclosures etc., and going into a different type of lending. He asked the Committee to consider this carefully as it was another means of continued expansion.

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In closing, Rep. Rosenthal added it would allow the establishment of more than one capital reserve account and sets up a procedure which would enable each bond issue to establish its own reserve account and allow a transfer of funds to an ailing account, if necessary.

In questions by the Committee, it was asked who this would affect, the company or the owner, to which Rep. Rosenthal replied it affects the owners. Mr. Oitzinger added this concerns money held by the trustee and is sort of neutral between owners and mortgage lenders - it relates to the perspective that the state fund more than one reserve account.

Kraig Kushar, Board of Housing, further explained what they were trying to clear up is that in the future if the state wanted to put some money into this type of program, it would be only for a particular program they wanted to support. It allows the establishment of a separate fund for a particular account.

Sen. Story questioned if he was not clear that the present law specifically stated that the state is not supporting any program. Mr. Kushar replied he was, but that this would allow them in the future to put the money where you wanted to put in any of these accounts as provided in the Bill.

There being no further testimony or questions, the hearing closed on House Bill No. 178.

DISPOSITION OF HOUSE BILL No. 82: After short discussion, Sen. Hafferman moved that House Bill No. 82 BE CONCURRED IN; motion carried by unanimous vote of the Committee members present, with Sen. Rasmussen being absent.

It was decided that Sen. Pat Goodover will carry this Bill on the floor.

DISPOSITION OF HOUSE BILL No. 176: Sen. Greg Jergeson moved that House Bill No. 176 BE CONCURRED IN. Without further discussion, the motion passed by unanimous vote of the members present, with Sen. Rasmussen being absent.

Sen. Jergeson will sponsor this Bill on the floor.

DISPOSITION OF HOUSE BILL No. 597: After a short discussion, Sen. Bob Brown moved that House Bill No. 597 BE CONCURRED IN. With Sen. Jergeson voting "no" and Sen. Rasmussen being absent, the motion was passed by the majority of the Committee members.

Sen. Brown will carry the Bill on the floor.

FURTHER CONSIDERATION OF HOUSE BILL No. 178: Discussion on the merits of the Bill was held; consensus of opinion was that no one really supported it.

Sen. Pat Ryan moved that House Bill No. 178 BE LAID ON THE TABLE; motion carried by majority vote, with Sen. Jergeson voting "no"

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and Sen. Rasmussen being absent.

DISPOSITION OF HOUSE BILL No. 174: Sen. Brown presented his amendments to the Bill which would change the number of days proposed for annual sessions to 75 days in odd-numbered years and 25 days in even-numbered years with a restriction on carry-over legislation.

Sen. Story suggested it would be better to make these amendments on the floor, with Sen. Brown stating he felt what he proposed for amendments were too extensive to explain on the floor.

Sen. Brown then moved that House Bill No. 174 BE AMENDED according to the copy of the proposal as attached hereto and explained his reasons for these amendments and that he felt this would allow time to get the work done in a timely manner and still handle it in a business-like way. It also provides that revenue matters could be considered every year rather than once in two years and would not allow hold-over legislation unless by special vote. He felt strongly about trying to run a multi-million dollar business by operating only every other year.

Sen. Jergeson asked what purpose amendment No. 4 had, to which Sen. Brown responded that he did not mean to delete that section as it is existing law.

Sen. Story suggested rather than locking this annual session concept into our Constitution, perhaps it would be a better approach to allow annual sessions as an experiment without putting it into a permanent thing. He felt they should try to do something like this without a set law, on a trial basis; then if it worked out, and everyone knowing what the rules were, then it would be easier for the legislators to present it to the voters. If it didn't work out, they wouldn't have to face the voters with a law to undo it. If it was a meritorious idea, they should be able to accomplish it without a constitutional mandate.

Further discussion on the financial aspects of annual sessions was held, with Sen. Brown stating he felt it should go to the floor in an acceptable manner.

Upon roll call vote, the motion for adoption of the amendments carried by majority vote, with Senators Story and Hafferman voting "no" and Sen. Rasmussen being absent.

Sen. Brown then moved that House Bill No. 174 AS AMENDED, BE CONCURRED IN.

In further discussion, Sen. Ryan stated he was for the concept but that the fear of criticism in voting for it was something to be considered, and Sen. Brown commented that both he and Sen. Himsel ran on a platform favoring annual sessions in their area and it was accepted.

Upon roll call vote, the motion carried by majority vote, with Senators Story and Hafferman voting "no" and Senator Rasmussen being absent and Sen. Roskie being absent at this time also. Amendments are as appear on attached copy of Standing Committee Report, to which

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reference is made for further particulars.

Sen. Brown will carry the Bill on the floor.

The Chairman called the meeting adjourned at 11:40 A.M., however, was reminded of additional bills yet to be acted on. He then recalled the meeting to order, however, Senators Roskie and Jergeson were absent at this time, in addition to Sen. Rasmussen.

DISPOSITION OF HOUSE BILL No. 886: The Chairman explained this was the House State Administration Bill relating to the state pay plan structure.

Discussion was held on the merits of passing the Bill as it seemed to pertain primarily to county assessors with Sen. Story remarking this Bill seems to tighten up the state Pay Plan, yet the House sent over so many other bills asking for exemptions.

Sen. Hafferman questioned how the Public Service Commission came under this, to which Sen. Story commented it gave them 5 more exemptions than they have now, and Sen. Ryan added that it does take away some from the governor.

Chairman Story said he would find someone to carry it if the Committee wanted to get it on the floor.

Sen. Bob Brown moved that House Bill No. 886 BE CONCURRED IN; motion carried by unanimous vote of the members of the Committee present at this time, with Senators Roskie, Rasmussen and Jergeson being absent. It was announced later that Sen. Larry Fasbender agreed to sponsor the Bill on the floor.

The Chairman stated the following bills will be left in the Committee: HB 47, HB 83, HB 227, HB 484, HB 847 and HB 178.

The additional governor's appointments will be considered at a later date, the Chairman announced.

ADJOURNMENT:

There being no further business to bring before the Committee, the Chairman closed the meeting at the hour of 12:05 P.M.



PETE STORY, Chairman

Date March 19 1979

ROLL CALL

STATE ADMINISTRATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

NAME	PRESENT	ABSENT	EXCUSED
Senator Pete Story, Chairman	✓		
Senator George F. Roskie, V. Chmn.	✓		
Senator Bob Brown	✓		
Senator A. T. (Tom) Rasmussen			
Senator Patrick L. Ryan	✓		
Senator Greg Jergeson	✓		
Senator William F. Hafferman	✓		

Each Day Attach to Minutes.

DATE

March 21, 1977

COMMITTEE ON

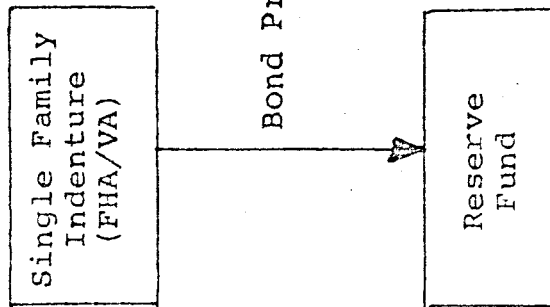
State Administration

HB 82, 176, 178, 197, 597

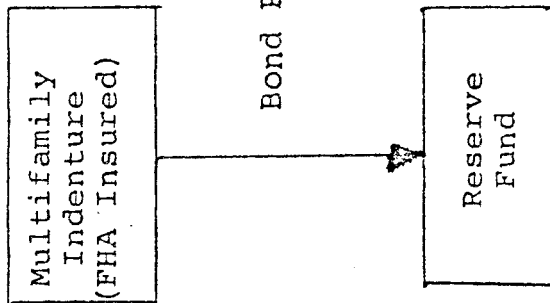
VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
KRAIG KUSHAK	Board of Housing	82, 176, 178	✓	
Gine Hufford	W. H. Dickinson & Co	176	✓	
JOHN J. DITZINGER	WILLIE EARLE GRUBBS	176, 178	✓	
Bill Hall	Board of Housing	82		
Jim Snow	Piper, Jeffrey & Howard	82	✓	
James Todd	Tree & Wood	82	✓	
John Morrison	Mont. Bd. Housing	82-176 178	✓	
James R. Dwyer	Mont. Bd. Housing	82	✓	
Al Williams	Montana App-CIO	82	✓	
Jones, Roubly	# 43 House	178	✓	
Glen Gray	1st Ward CH, Helen	82	✓	
Leb Olla	Mont Bd Housing	82 176-178	✓	
Robert G. Daw	Leg. Auditors. Office			
Frederick T. H.	Mont. Bd. Housing	82	✓	
John Frankins	Cath. Soc. Seco	82	✓	
Al Olsen	VA	82		
Walter J. Selms	H. D. # 19	178 82		✓

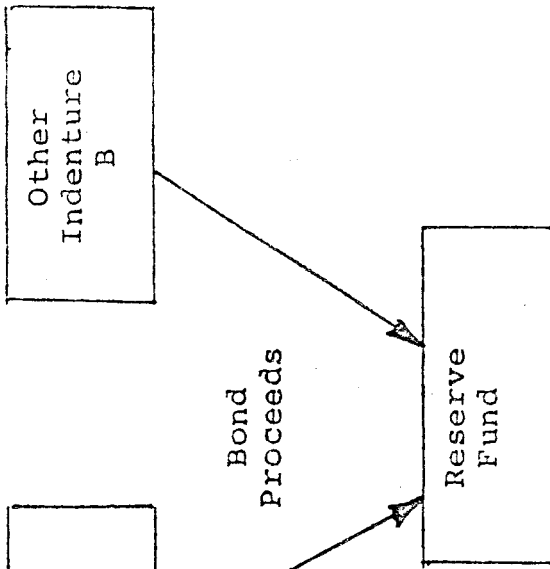
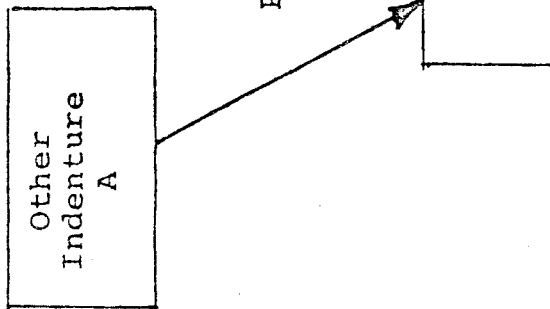
PRESENT LAW



No provisions for
State Appropriations



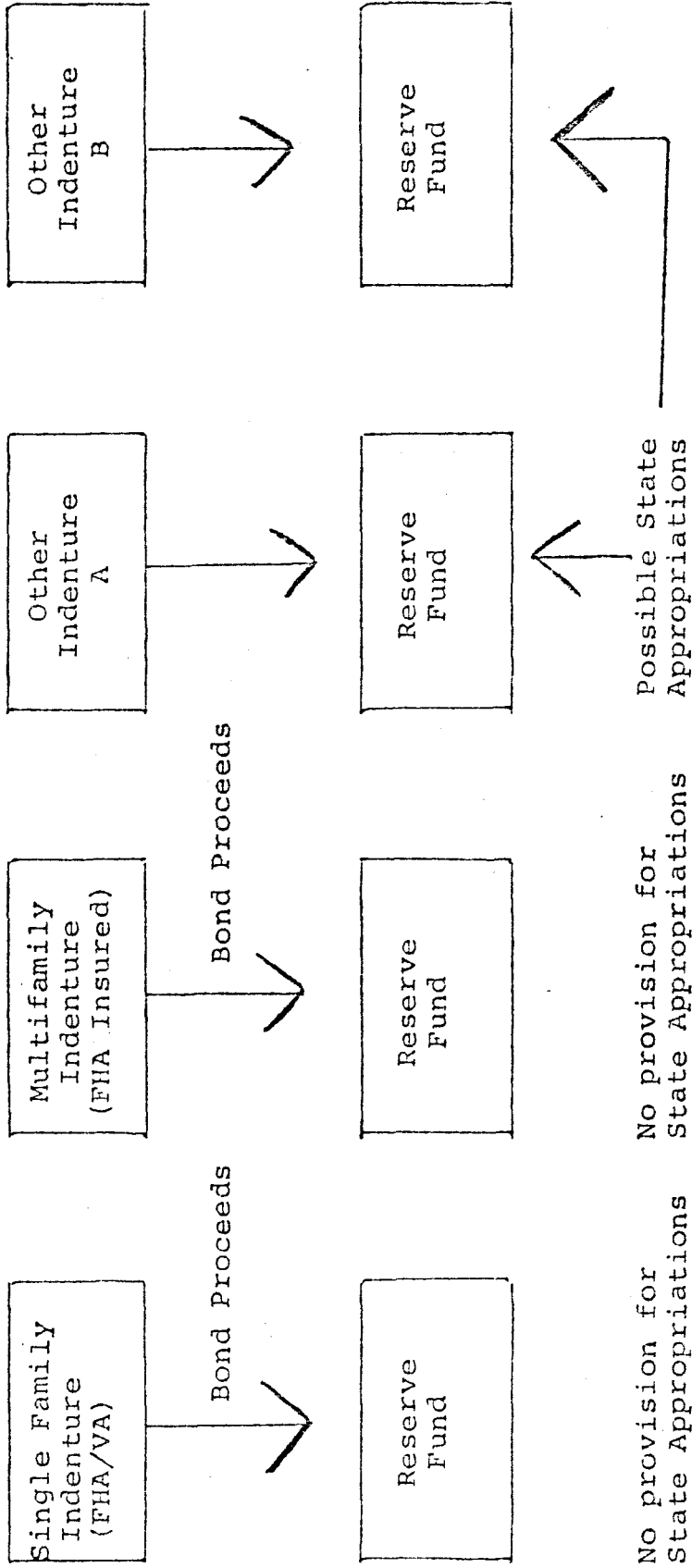
No provisions for
State Appropriations



Possible future
Appropriations

10. 11. 0
from John J.
Oitzinger

3-21-79





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H.B. 176

My name is Gene Hufford. I am Vice President of D. A. Davidson & Co. and in charge of the Bond Department. I am here today to explain to you a problem that now exists with the marketing of Board of Housing bonds and to show you how H.B. 176 will solve the problem and save the Board money.

In order to understand the problem it is necessary to understand some of the fundamentals of bond pricing. Bonds are sold to investors on a "yield basis". Yield basis is the stated percentage of yield or rate of return which the investor will obtain if the bond is held to maturity. If the yield basis is lower than the interest rate on the bonds, the dollar price of the bond is higher than the par value of the bond and the bond is said to be priced at a "premium" (for example, if a \$1,000 bond maturing in five years and three months and paying interest fixed at 8% is priced on a yield basis of 5.00%, the dollar price will be \$1,136.90 with a premium of \$136.90 per bond).

Under existing law the Board of Housing is required to sell their Bonds at a par value. Therefore any profit the underwriter is to realize must come from the premium at which the bonds are sold. The investor will be receiving a lower rate of return or yield than the interest rate the Board is paying.

The problem is, that it is more difficult to sell bonds at a premium than it is to sell bonds at par value. Therefore if bonds are to be sold at a premium they must be at a higher yield basis than if they are sold at par.

Lets look at a specific example. Attached is offering details of the 1978 Series A issue of the Board of Housing. The only bonds of this issue priced at a premium were the bonds maturing in the years 1979 to 1984. All other bonds of the issue were offered at par. I have noted the dollar prices of the premium bonds of the issue. The premium produced a gross profit to the underwriters of \$218,008 or \$16.03 per \$1,000 par value of bonds sold.

Now lets look at the yield column. Because of the premium on the bonds maturing through the year 1984 these bonds were offered on a higher yield than they would have been, if they could have been offered at par. In my opinion the premium bonds of this issue could have been sold at a lower yield basis at a par sale, and this would have been done had the Board been able to sell the bonds at a discount thereby enabeling the underwriters to make their normal profit spread from the discount.

The effect if a discount sale for the 1978 issue as compared to a par sale is as follows:

PAR SALE

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Dollars of Interest Paid by Board</u>
1979	\$280,000	8.00%	\$ 28,000.00
1980	315,000	8.00	56,700.00
1981	390,000	8.00	101,400.00
1982	465,000	8.00	158,100.00
1983	500,000	8.00	210,000.00
1984	485,000	5.875	178,085.94
Total Dollars of Interest			\$732,285.94

DISCOUNT SALE

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Dollars of Interest Paid by Board</u>
1979	\$280,000	4.30%	\$ 15,050.00
1980	315,000	4.45	31,539.38
1981	390,000	4.60	58,305.00
1982	465,000	4.75	93,871.88
1983	500,000	4.85	127,312.50
1984	485,000	4.95	150,046.88
Total Dollars of Interest			\$476,125.64
Plus Discount			218,008.00
Cost to Board with Discount			\$694,133.64
Cost to Board with Par Sale			732,285.94
Savings of Discount Sale			\$ 38,152.30

The Board of Housing could have saved \$38,152 on the sale of \$13,600,000 Series 1978 Bonds. This amount by itself is a lot of money, however, if you consider the amount in relation to an additional \$300,000,000 in bonds which may be sold over the next two years than we are talking about a savings of \$841,588.

Because there is a substantial amount of money to be saved which will result in a lower rate of interest to the low income families borrowing money from the Board and because marketability of the Board's bonds will be improved we urge the passage of H.B. 176.

NEW ISSUE

In the opinion of Bond Counsel, according to present federal laws, regulations, rulings and decisions, the interest on the 1978 Series A Bonds is exempt from federal income tax. Furthermore, in the opinion of Bond Counsel, according to present Montana laws, the interest on the 1978 Series A Bonds is exempt from Montana income tax.

\$13,600,000

Montana Board of Housing

Single Family Mortgage Bonds, 1978 Series A

(FHA Insured or VA Guaranteed Mortgage Loans)

Dated July 1, 1978

Due October 1, as shown below

Interest is payable on April 1 and October 1 in each year, commencing April 1, 1979 (representing nine months interest). The Bonds will be coupon bonds in denominations of \$5,000 each, registrable as to principal only, and fully registered bonds in denominations of \$5,000 each or any authorized multiple thereof. Coupon bonds and interest on bonds registered as to principal only are payable, at the option of the holder, at the principal corporate trust offices of Northwestern National Bank of Minneapolis, Minneapolis, Minnesota, the Trustee, Northwestern Union Trust Company, Helena, Montana, the Co-Trustee, or Harris Trust and Savings Bank, Chicago, Illinois, the Paying Agent. Registered bonds and principal on bonds registered as to principal only are payable at the principal corporate trust office of the Trustee.

The 1978 Series A Bonds are subject to redemption prior to maturity, including a special optional redemption of bonds maturing on or after October 1, 1985 at any time at 100% under certain circumstances from certain moneys, as more fully described herein.

The 1978 Series A Bonds are being issued to provide funds for the Board to purchase certain FHA insured or VA guaranteed mortgage loans which will be used to finance single family housing units within the State of Montana for persons and families of lower income. Such Bonds will be secured by a pledge of mortgages, mortgage loans, revenues and other assets, as described herein, and will constitute obligations of the Board payable from any of the Board's other revenues, assets or moneys, subject only to agreements made with holders of notes and bonds other than the 1978 Series A Bonds. Neither the faith and credit nor the taxing power of the State of Montana or of any political subdivision thereof is pledged to the payment of the 1978 Series A Bonds. The Board has no taxing power.

Year	Amount	Interest Rate	Yield or Price	<i>Dollar Price</i>	Year	Amount	Interest Rate	Yield or Price
1979	\$280,000	8 %	4.40%	104.321	1989	\$480,000	5.40%	100%
1980	315,000	8	4.60	107.177	1990	435,000	5½	100
1981	390,000	8	4%	109.669	1991	395,000	5.60	100
1982	465,000	8	4.90	111.752	1992	430,000	5.70	100
1983	500,000	8	5	113.690	1993	450,000	5.80	100 - .75
1984	485,000	5%	5	104.638	1994	440,000	5.90	100
1985	470,000	5.05	100		1995	570,000	6	100
1986	485,000	5.10	100		1996	445,000	6.05	100
1987	475,000	5.20	100		1997	600,000	6.10	100
1988	455,000	5.30	100					

\$2,305,000 6.40% Term Bonds due October 1, 2003—Price 100%

\$2,730,000 6½ % Term Bonds due October 1, 2009—Price 100%

(plus accrued interest)

The 1978 Series A Bonds are offered when, as and if issued and received by the Underswriters, subject to the approval of legality by Messrs. Dorsey, Windhorst, Hannaford, Whitney & Halladay, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the Underswriters by their Counsel, Messrs. Willkie Farr & Gallagher, New York, New York. It is expected that Bonds in definitive form will be available for delivery in New York, New York, on or about July 6, 1978.

The First Boston Corporation

Dain, Kalman & Quail

Incorporated

Piper, Jaffray & Hopwood

Incorporated

D. A. Davidson & Co.

Incorporated

June 13, 1978



Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARY

ZIP CODE 59601

TESTIMONY OF JAMES W. MURRY ON HOUSE BILL 82, BEFORE HEARINGS OF THE SENATE STATE ADMINISTRATION COMMITTEE, MARCH 21, 1979

PASSAGE OF HOUSE BILL 82 WOULD ENABLE MORE MONTANANS TO REALIZE THE AMERICAN DREAM OF OWNING A HOME.

BY RAISING THE VALUE OF NOTES AND BONDS TO INCREASE THE DEBT LIMIT OF THE MONTANA BOARD OF HOUSING BY \$300 MILLION, MORE MONEY FOR HOUSING WILL BE MADE AVAILABLE TO MORE FAMILIES SEEKING HOMES.

HOUSING FOR FAMILIES OF LOW TO MODERATE INCOME IN 1977, AFTER FOOD COSTS, AVERAGE THE GREATEST EXPENSE. ACCORDING TO THE BUREAU OF LABOR STATISTICS, 20% OF A FAMILY'S AFTER-TAXES PAY WENT TO HOUSING. DURING THE PERIOD BETWEEN 1970 AND 1977, THE COST OF AN AVERAGE NEW HOME JUMPED FROM \$23,400 TO \$48,800 -- AN INCREASE OF 109%.

THESE HIGH PRICES WERE COMPOUNDED BY THE HIGH INTEREST POLICIES DICTATED BY THE FEDERAL RESERVE BOARD WHICH HELPED TO UP THE MORTGAGE RATE FROM 6.5% IN 1970, TO A WHOPPING 10.8% IN 1977. LAND PRICES SOARED FROM 20% OF THE COST OF HOME CONSTRUCTION TO 25%.

THAT GOOD OLD AMERICAN DREAM OF HOME-OWNERSHIP IS SADLY OUT OF THE REACH OF MANY MONTANA FAMILIES. THE PREVALENT MORTGAGE RATE IN HELENA, FOR EXAMPLE, IS A SKY-HIGH 10 AND THREE-QUARTERS PER CENT FOR A CONVENTIONAL LOAN. THIS MEANS THAT FOR A \$40,000 HOME IN HELENA AT THAT RATE ON A 30-YEAR MORTGAGE, AND 25% DOWN, A FAMILY WILL END UP PAYING \$110,818 DURING THAT PERIOD ON HOUSING COSTS ALONE, NOT TO MENTION TAXES AND S.I.D.s.

ACCORDING TO THE MONTANA BOARD OF HOUSING IN ITS 1978 ANNUAL REPORT, MONTANA'S 1975 LEGISLATURE DECLARED THERE WAS A SHORTAGE OF DECENT, SAFE, AND SANITARY HOUSING IN MONTANA WITHIN THE FINANCIAL GRASP OF LOW TO MODERATE INCOME FAMILIES.

IT IS OUR HOPE THAT INCREASING THE VALUE OF THESE NOTES AND BONDS WILL ALSO INCREASE THE ISSUANCE AND UTILIZATION OF FUNDS TO IMPROVE THE HOUSING AVAILABILITY FOR MONTANA'S PROSPECTIVE HOME BUYERS, ESPECIALLY THOSE FAMILIES IN THIS CATEGORY.

THE ROLE OF THE MONTANA BOARD OF HOUSING IS CLEAR IN THIS PURPOSE. DURING THE LAST FISCAL YEAR, THE MONTANA BOARD OF HOUSING EMPHASIZED SINGLE FAMILY HOME-OWNERSHIP FOR LOW AND MODERATE INCOME PERSONS AND FAMILIES IN MONTANA. BELOW MARKET INTEREST RATES OF 7 AND 1/8TH PER CENT, 6 AND 7/8TH PER CENT, AND 7 AND 1/2 PER CENT WERE MADE AVAILABLE TO QUALIFIED BORROWERS.

RAISING THE VALUE OF THESE NOTES AND BONDS FOR HOUSING PURPOSES WILL SPARK MONTANA'S ECONOMY, BOLSTER THE HOUSING INDUSTRY, AND PROVIDE WORK INCENTIVES, ESPECIALLY IN THE TIMBER AND CONSTRUCTION INDUSTRY.

FINALLY, IT IS THE NATIONAL POLICY OF THE AFL-CIO TO INCREASE HOUSING PRODUCTION TO A LEVEL REQUIRED TO MEET NATIONAL NEEDS, TO PLACE ADEQUATE HOUSING WITHIN THE ECONOMIC REACH OF ALL FAMILIES, AND TO COMBAT INFLATION IN HOUSING AND DECREASE UNEMPLOYMENT.

THAT IS WHY WE SUPPORT HOUSE BILL 82, WHICH WE HOPE WILL REMEDIATE THE DIFFICULT PLIGHT OF MANY MONTANA FAMILIES TO PURCHASE A HOME OF THEIR OWN, WHICH FOR MANY, IS SADLY OUT OF ECONOMIC REACH.

James E. Snow, Vice President & Resident Manager, Piper, Jaffray & Hopwood, Great Falls and a representative of one of the major underwriters of the previously issued mortgage bonds.

I am appearing in favor of HB #82.

From our point of view we are pleased with the operation and management of the Board of Housing. It has capable people in key positions with strong backgrounds in banking and finance in the person of Lyle Olson & Kraig Kushar, in addition to its Board Chairman, Bill Groff. We have found the Board to be responsible and cautious.

The bonds were rated Double A by the two recognized bond rating agencies and were well received by the investing public. There is a continuing appetite for such Montana bonds since the amount that Montana brings to market is still relatively small by comparison. With interest rates still at close to record highs, not only is the demand for such bonds still strong, but those same very high rates illustrate why the normal supply of funds for mortgages is limited.

Two very important facts to consider; this program is self supporting, that is, it does not cost the taxpayer; and the Board of Housing is not a direct lender, in-so-far as all loans are made by qualified Montana lending institutions. The growing list of participants attests to its successful acceptance. This method of raising capital for housing seems a much more appropriate avenue than looking to the coal tax revenues as has been proposed in another bill.

Finally, around 85% of the bonds were sold outside of Montana. This brought in outside capital desperately needed in our state and was one of several objectives in the original legislation. Of course, no Montana institutions or individuals are denied the opportunity to buy the bonds. But as a practical matter, bringing issues of size to market and needing immediate sales to make the issues successful suggests that such buying power would be difficult to marshal with such speed in Montana alone. I would guess that 85% or more of future issues also would be sold outside our state.

Thank You.....

Jim Snow

ROLL CALL VOTE RECORD

SENATE COMMITTEE STATE ADMINISTRATION

Date 7/12/12 House Bill No. 178 Time

lay on the table

NAME	YES	NO
Senator Pete Story, Chairman	<i>-</i>	
Senator George F. Roskie, V. Chairman	<i>L</i>	
Senator Bob Brown	<i>L</i>	
Senator A. T. (Tom) Rasmussen	<i>absent</i>	
Senator Patrick L. Ryan		
Senator Greg Jergeson		<i>-</i>
Senator William F. Hafferman		

Jennie L. Palmer
Secretary

Pete Story
Chairman

Motion: Senator Pat Ryan moved that House Bill No. 178 be
laid on the table; motion carried by majority vote,
with Sen. Jergeson voting "no" and Sen. Rasmussen being
absent.

(include enough information on motion--put with yellow copy of committee report.)

ROLL CALL VOTE RECORD

SENATE COMMITTEE STATE ADMINISTRATION

Date March 27, 1979 House Bill No. 82 Time

*Bill introduced by
Pat Goodover 4:15*

NAME	YES	NO
Senator Pete Story, Chairman	✓	
Senator George F. Roskie, V. Chairman	✓	
Senator Bob Brown	✓	
Senator A. T. (Tom) Rasmussen	(absent)	
Senator Patrick L. Ryan	✓	
Senator Greg Jergeson	✓	
Senator William F. Hafferman	✓	

Jennie L. Palmer
Secretary

Pete Story
Chairman

Motion: Senator Bill Hafferman moved that House Bill No. 82

BE CONCURRED IN; motion carried by unanimous vote of

the Committee members present, with Sen. Tom Rasmussen

being absent. Sen. Pat Goodover is to carry the Bill on the
floor.

(include enough information on motion--put with yellow copy of
committee report.)

STANDING COMMITTEE REPORT

March 21 19 79

MR. President

We, your committee on State Administration

having had under consideration House Bill No. 82

Senke (Goodover)

Respectfully report as follows: That House Bill No. 82,

Third Reading Bill,

DO PASS BE CONCURSED IN

ROLL CALL VOTE RECORD

SENATE COMMITTEE STATE ADMINISTRATION

Date March 11-54 House Bill No. 197

NAME	YES
Senator Pete Story, Chairman	<input checked="" type="checkbox"/>
Senator George F. Roskie, V. Chairman	<input checked="" type="checkbox"/>
Senator Bob Brown	<input checked="" type="checkbox"/>
Senator A. T. (Tom) Rasmussen	<input checked="" type="checkbox"/>
Senator Patrick L. Ryan	<input checked="" type="checkbox"/>
Senator Greg Jergeson	<input checked="" type="checkbox"/>
Senator William F. Hafferman	<input checked="" type="checkbox"/>

Jennie L. Palmer
Secretary

Pete Story
Chairman

Motion: Senator George Roskie moved that House Bill
BE CONCURRED IN; motion carried by unanimous
Committee members present, with Sen. Rasmussen
absent. Sen. Roskie will carry the Bill on the

(include enough information on motion—put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

March 21 1979

MR. President

We, your committee on State Administration

having had under consideration House Bill No. 197

Gerke (Roskie)

Respectfully report as follows: That House Bill No. 197,

Third Reading Bill,

~~XXXXXX~~
76-1155

BE CONCURRED IN

ROLL CALL VOTE RECORD

SENATE COMMITTEE STATE ADMINISTRATION

Date March 21, 70 House Bill No. 176 Time

*DB introduced the
Bill*

NAME	YES	NO
Senator Pete Story, Chairman	<i>✓</i>	
Senator George F. Roskie, V. Chairman	<i>✓</i>	
Senator Bob Brown	<i>✓</i>	
Senator A. T. (Tom) Rasmussen	<i>Absent</i>	
Senator Patrick L. Ryan	<i>✓</i>	
Senator Greg Jergeson	<i>✓</i>	
Senator William F. Hafferman	<i>✓</i>	

Jennie L. Palmer
Secretary

Pete Story
Chairman

Motion: Senator Greg Jergeson moved that House Bill No. 176

BE CONCURRED IN: motion carried by unanimous vote of the
Committee members present, with Sen. Rasmussen being absent.

Sen. Jergeson will carry the Bill on the floor.

(include enough information on motion--put with yellow copy of
committee report.)

STANDING COMMITTEE REPORT

March 21 1972

MR. President

We, your committee on State Administration

having had under consideration House Bill No. 176

Gerke (Jergeson)

Respectfully report as follows: That House Bill No. 176

Third Reading Bill,

~~WILL PASS~~

BE CONCURRED IN

ROLL CALL VOTE RECORD

SENATE COMMITTEE STATE ADMINISTRATION

Date March 21 70 House Bill No. 597 Time 10:00
Roll called
Rolling

NAME	YES	NO
Senator Pete Story, Chairman	<u>✓</u>	
Senator George F. Roskie, V. Chairman	<u>✓</u>	
Senator Bob Brown	<u>✓</u>	
Senator A. T. (Tom) Rasmussen	<u>absent</u>	
Senator Patrick L. Ryan	<u>✓</u>	
Senator Greg Jergeson		<u>✓</u>
Senator William F. Hafferman	<u>✓</u>	

Jennie L. Palmer
Secretary

Pete Story
Chairman

Motion: Senator Bob Brown moved that House Bill No. 597

BE CONCURRED IN; motion carried by majority vote, with
Sen. Jergeson voting "no" and Sen. Rasmussen being absent.

Sen. Brown will carry the Bill on the floor.

(include enough information on motion--put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

March 21 1973

MR. President

We, your committee on State Administration

having had under consideration House Bill No. 597

Gerke (B. Brown)

Respectfully report as follows: That House Bill No. 597,

Third Reading Bill,

~~DO PASS~~

ALL CONCURRED IN

ROLL CALL VOTE RECORD

(2)

SENATE COMMITTEE STATE ADMINISTRATION

Date Nov. 21-74 House Bill No. 174 Time

6 amendments, 2nd passage on.

NAME	YES	NO
Senator Pete Story, Chairman		<i>✓</i>
Senator George F. Roskie, V. Chairman	<i>(Absent)</i>	
Senator Bob Brown	<i>✓</i>	
Senator A. T. (Tom) Rasmussen	<i>(Absent)</i>	
Senator Patrick L. Ryan	<i>✓</i>	
Senator Greg Jergeson	<i>✓</i>	
Senator William F. Hafferman		<i>✓</i>

Jennie L. Palmer
Secretary

Pete Story
Chairman

Motion: Sen. Bob Brown moved that House Bill No. 174 AS AMENDED,
BE CONCURRED IN; motion carried by majority vote, with Senators
Story and Hafferman voting "no" and Sen. Rasmussen being absent.
Sen. Roskie was also absent at this time.
Sen. Brown will carry the Bill on the floor.

(include enough information on motion--put with yellow copy of committee report.)

①

ROLL CALL VOTE RECORD

SENATE COMMITTEE STATE ADMINISTRATION

Date March 21-77 House Bill No. 174 Time

Carried 1-2-3-4-5-6-7-8-9-10-11-12

NAME	YES	NO
Senator Pete Story, Chairman		<i>1-2-3-4-5-6-7-8-9-10-11-12</i>
Senator George F. Roskie, V. Chairman	<i>1-2-3-4-5-6-7-8-9-10-11-12</i>	
Senator Bob Brown	<i>1-2-3-4-5-6-7-8-9-10-11-12</i>	
Senator A. T. (Tom) Rasmussen	<i>1-2-3-4-5-6-7-8-9-10-11-12</i>	
Senator Patrick L. Ryan	<i>1-2-3-4-5-6-7-8-9-10-11-12</i>	
Senator Greg Jergeson	<i>1-2-3-4-5-6-7-8-9-10-11-12</i>	
Senator William F. Hafferman		<i>1-2-3-4-5-6-7-8-9-10-11-12</i>

Jennie L. Palmer
Secretary

Pete Story
Chairman

Motion: Senator Bob Brown moved that House Bill No. 174 be
amended to limit annual sessions to 75 and 25 days and as ap-
pears on the attached sheet, amendments 1 through 3. Motion

carried by majority vote, with Senators Story & Hafferman voting
'No' and Sen. Rasmussen being absent, & Sen. Roskie being absent at
(include enough information on motion--put with yellow copy of this time.
committee report.)

STANDING COMMITTEE REPORT

March 21 19 79

MR. President

We, your committee on State Administration

having had under consideration House Bill No. 174

Vincent (B. Brown)

Respectfully report as follows: That House 174, Bill No.

Third Reading Bill, be amended as follows:

1. Page 1, line 19

Following: "than"

Strike: "60"

Insert: "25"

2. Page 1, line 20

Following: "than"

Strike: "60"

Insert: "75"

3. Page 1, lines 22 through 25

Following: "even-numbered"

Strike: the remainder of line 22 through "house" on line 25

Insert: "even-numbered years shall be limited to legislation approved for introduction by a two-thirds vote of the members of either house or legislation specifically requested"

DO PASS

(continued)

March 21 19 79

by the governor. Legislation introduced during the 73-day session and which is finally rejected or postponed at adjournment may not be carried over to the 2nd session unless there is a majority vote by both houses to do so.

And, as so amended, BE CONCURRED IN

PROPOSED AMENDMENTS TO HB 174

1. Page 1, line 19
Following: "than"
Strike: "60"
Insert: "25"
2. Page 1, line 20
Following: "than"
Strike: "60"
Insert: "75"
3. Page 1, lines 22 through 25
Following: "~~even-numbered~~"
Strike: the remainder of line 22 through "house" on line 25
Insert: "even numbered years shall be limited to legislation approved for introduction by a two-thirds vote of the members of either house or legislation specifically requested by the governor. Legislation introduced during the 75 day session and which is finally rejected or postponed as of adjournment may not be carried over to the 25 day session unless there is a majority vote by both houses to do so."
amended
4. Page 1, line 25 through line 4 on page 2
Following: "house"
Strike: the remainder of line 25 on page 1 through line 4 on page 2 in their entirety.

ROLL CALL VOTE RECORD

(2)

SENATE COMMITTEE STATE ADMINISTRATION

Date March 21-74 Bill No. 986 Time

Who carry? (Foster)

NAME	YES	NO
Senator Pete Story, Chairman	<i>✓</i>	
Senator George F. Roskie, V. Chairman	<i>absent</i>	
Senator Bob Brown	<i>✓</i>	
Senator A. T. (Tom) Rasmussen	<i>absent</i>	
Senator Patrick L. Ryan	<i>✓</i>	
Senator Greg Jergeson	<i>absent</i>	
Senator William F. Hafferman	<i>✓</i>	

Jennie L. Palmer
Secretary

Pete Story
Chairman

Motion: _____

(include enough information on motion--put with yellow copy of committee report.)

①

SENATE COMMITTEE

STATE ADMINISTRATION

Date March 19-79

Ken.

Bill No.

90

Time

2) at least 1000 ft. long

[illegible]

Jennie L. Palmer
Secretary

Pete Story
Chairman

Motion: Senator Greg Jergeson moved that House Bill No. 886
BE CONCURRED IN; motion carried by majority vote, with
Senators Story and Ryan voting "no".

Senator will carry the Bill on the floor

(include enough information on motion--put with yellow copy of committee report.)

[Signature]

STANDING COMMITTEE REPORT

March 21 1979

MR. President

We, your committee on State Administration

having had under consideration House Bill No. 886

House State Administration Committee (Pasbender)

Respectfully report as follows: That House Bill No. 886,

Third Reading Bill,

DO PASSX BE CONCURRED IN