

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONER'S MEETING
SDHDA CONFERENCE ROOM
AUGUST 23, 2016

Board Members Present: Lloyd Schipper, Chairman
David Pummel, Vice Chairman
Brent Dykstra, Treasurer
Bill Hansen, Commissioner
Rick Hohn, Commissioner
Steve Kolbeck, Commissioner
Mark Puetz, Commissioner

Board Members Absent: None.

Staff Present: Mark Lauseng, Executive Director
Todd Hight, Director of Finance and Administration
Brent Adney, Director of Homeownership Programs
Vona Johnson, Director of Rental Housing Management
Lorraine Polak, Director of Rental Housing Development
Mike Harsma, Director of Single Family Development
Amanda Weisgram, Director of Research and Marketing
Mary Stewart, HERO State Coordinator
Sheila Ricketts, Marketing/Executive Assistant
Jenni Bauer, Continuum of Care Administrator
Scott Rounds, Housing Development Officer
Travis Dammann, Business Analyst

Guests Present: Dixie Hieb, Davenport, Evans, Hurwitz & Smith, Counsel to SDHDA
Kevin Keating, Urban Housing Partners, LLC.

I. CALL TO ORDER

The meeting was called to order at 10:00 a.m. and roll was called. No conflicts of interest were noted.

II. APPROVAL OF AGENDA

It was moved by Commissioner Kolbeck and seconded by Commissioner Pummel that the Agenda be adopted as presented, but reserving the right to make further changes during the meeting.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper; Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

APPROVAL OF MINUTES

It was moved by Commissioner Dykstra and seconded by Commissioner Puetz that the Minutes of the Board of Commissioners' Meeting held on June 16, 2016, be adopted as presented.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper; Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

III. TREASURER'S REPORT

Todd Hight, Director of Finance, presented the Treasurer's Report; the Statement of Net Position dated May 31, 2016 and the Statement of Revenues, Expenses and Changes in Net Position for the eleven months ending May 31, 2016; and the Comparison of Actual Expenses to Budget as of May 31, 2016. It was moved by Commissioner Hansen and seconded by Commissioner Hohn that the Treasurer's Report be accepted as presented.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper; Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

IV. EXECUTIVE DIRECTOR'S REPORT

Executive Director Lauseng introduced two new employees: Travis Dammann, Business Analyst, and Jenni Bauer, Continuum of Care Coordinator. He also stated that the NCSHA conference will be held September 24-27. Executive Director Lauseng mentioned the Annual Housing Conference will be October 25-26. He said the HOME, Housing Tax Credit, Housing Opportunity and Housing Trust Fund applications are due August 31. He is expecting a Board of Commissioner's Task Force Meeting to be scheduled for some time around November 8 with a Board of Commissioner's Meeting November 16 or 17. Executive Director Lauseng had Dixie Hieb give a summary of HB 1214, the recently adopted law dealing with conflicts of interest.

V. 2016 HIGHLIGHTS REPORT AND PROGRAM REPORTS

The 2016 Highlights Report and the Program Reports were given by Directors and discussed with the Board.

VI. OLD BUSINESS

A. Resolution No. 16-08-39: Resolution to Approve Forgiveness of Debt for Meadowlands Apartments HOME Loan

After review and discussion, it was moved by Commissioner Puetz and seconded by Commissioner Hansen that the above Resolution be adopted as follows:

WHEREAS, the South Dakota Housing Development Authority (SDHDA) previously made two loans with a combined total of \$71,000 under the HOME Investment Partnership Program to Lutheran Housing Corporation/Meadowlands for the Meadowlands Apartments located in Viborg, South Dakota, in December of 1999;

WHEREAS, the property has suffered ongoing substantial vacancies and cash flow problems for many years;

WHEREAS, the current outstanding HOME loan debt on the property is \$15,150 on the first HOME loan and \$35,000 on the second HOME loan;

WHEREAS, each of the HOME loans are secured by a mortgage on the property, but the mortgage for the second HOME loan is junior to a HUD Restructure Loan mortgage in the amount of \$81,390;

WHEREAS, per Resolution No. 15-12-105 the Board, in connection with a proposed sale of the property, approved forgiveness of up to \$32,590 of the HOME Loan debt;

WHEREAS, the previously proposed sale of the property was not completed, and the Owner now has a new purchase offer in the amount of \$90,000 for the property;

WHEREAS, the sale of the property for \$90,000 would permit the First HOME loan in the amount of \$15,150 to be repaid in full but would result in no funds available for repayment of the second HOME loan in the amount of \$35,000; and

WHEREAS, SDHDA wishes to permit the sale of the property for the proposed purchase price;

NOW, THEREFORE, BE IT RESOLVED forgiveness of the second HOME loan in connection with the sale of the property is hereby approved and the Executive Director is authorized, upon receipt of the closing statement for the property sale, to forgive up to the remaining \$35,000 in HOME loan debt on Meadowlands Apartments in Viborg.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper; Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

VII. NEW BUSINESS

A. Resolution No. 16-08-40: Resolution to Conditionally Commit HOME Program Funds under the Security Deposit Assistance Program for Mitchell Area Safehouse

After review and discussion, it was moved by Commissioner Pummel and seconded by Commissioner Kolbeck that the above Resolution be adopted as follows:

WHEREAS, the following HOME Program application was received for the Security Deposit Assistance Program (SDAP) set-aside; and

WHEREAS, the required documentation has been reviewed and evaluated, and the Applicant has agreed to comply with all HOME requirements;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to issue a conditional commitment of HOME funds from the SDAP set-aside for the following:

	<u>SECURITY DEPOSIT ASSISTANCE PROGRAM AMOUNT</u>
<u>APPLICANT</u>	
Mitchell Area Safehouse	\$10,000

Via voice vote, the following votes were recorded:
Voting AYE: Chairman Schipper; Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

B. Resolution No. 16-08-41: Resolution to Conditionally Commit HOME Program Funds under the Security Deposit Assistance Program for Western Resources for Independent Living

After review and discussion, it was moved by Commissioner Hansen and seconded by Commissioner Puetz that the above Resolution be adopted as follows:

WHEREAS, the following HOME Program application was received for the Security Deposit Assistance Program (SDAP) set-aside; and

WHEREAS, the required documentation has been reviewed and evaluated, and the Applicant has agreed to comply with all HOME requirements;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to issue a conditional commitment of HOME funds from the SDAP set-aside for the following:

<u>APPLICANT</u>	<u>SECURITY DEPOSIT ASSISTANCE PROGRAM AMOUNT</u>
Western Resources for Independent Living	\$10,000

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper; Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

C. Resolution No. 16-08-42: Resolution to Conditionally Commit HOME Program Funds under the Security Deposit Assistance Program for the Housing and Redevelopment Commission of the City of Aberdeen

After review and discussion, it was moved by Commissioner Dykstra and seconded by Commissioner Pummel that the above Resolution be adopted as follows:

WHEREAS, the following HOME Program application was received for the Security Deposit Assistance Program (SDAP) set-aside; and

WHEREAS, the required documentation has been reviewed and evaluated, and the Applicant has agreed to comply with all HOME requirements;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to issue a conditional commitment of HOME funds from the SDAP set-aside for the following:

<u>APPLICANT</u>	<u>SECURITY DEPOSIT ASSISTANCE PROGRAM AMOUNT</u>
Housing and Redevelopment Commission of the City of Aberdeen	\$25,000

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper; Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

D. Resolution No. 16-08-43: Resolution to Approve Housing Tax Credit Program and Tax Exempt Bond Waiver Requests for South 3rd Avenue Lofts

After review and discussion, it was moved by Commissioner Hansen and seconded by Commissioner Kolbeck that the above Resolution be adopted as follows:

WHEREAS, 415 South 3rd Ave, LP (Applicant) has submitted an application for Tax Exempt Bond Financing and Housing Tax Credits (HTC) for the South 3rd Avenue Lofts, located in Sioux Falls, SD (the Project);

WHEREAS, the Applicant previously received a conditional commitment of Housing Opportunity Funds for the Project per Resolution No. 15-11-74;

WHEREAS, in connection with the conditional commitment of Housing Opportunity Funds and the anticipated submission of an application for Tax Exempt Bond Financing and Housing Tax Credits, the Applicant requested and was granted a waiver of the Housing Opportunity Fund (HOF) Allocation Plan and the 2015-2016 HTC Program Qualified Allocation Plan (QAP) requirements for the Project with regard to certain underwriting standards relating to fair market rent requirements and project cost limits and certain development standards that pertain to the required number of parking spaces, installation of playground equipment and certain construction standards per Resolution No. 15-11-73;

WHEREAS, per the 2016-2017 HTC Program QAP, projects financed with tax exempt bonds are subject to the requirements of the QAP;

WHEREAS, since the time of the approval of the prior waiver request, the Applicant has experienced a significant increase in estimated project costs; and

WHEREAS, the Applicant has requested a waiver of the 2016-2017 HTC Program QAP requirements for the Project with regard to certain underwriting standards relating to project cost limits;

NOW, THEREFORE, BE IT RESOLVED that the waiver is hereby approved for South 3rd Avenue Lofts.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper, Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

- E. Resolution No. 16-08-44: Resolution Granting Preliminary Approval to the Issuance of Multifamily Housing Revenue Bonds in one or more Series in an Aggregate Principal Amount not to exceed \$8,650,000, for South 3rd Avenue Lofts**

After review and discussion, it was moved by Commissioner Pummel and seconded by Commissioner Hohn that the above Resolution be adopted as follows:

WHEREAS, the South Dakota Housing Development Authority (the "Authority") is authorized by the South Dakota Housing Development Authority Act, South Dakota Codified Laws, Chapter 11-11, as amended (the "Act") to issue its revenue bonds to provide financing for the construction or rehabilitation of "Housing Developments" as that term is defined in the Act;

WHEREAS, Urban Housing Partners, LLC and Legacy Development and Consulting, LLC (collectively, the "Sponsors") have requested that the Authority indicate its willingness to issue its revenue bonds in an amount not to exceed \$8,650,000 (the "Bonds") and use the proceeds thereof to finance a loan to the Sponsors or an affiliate thereof, presently expected to be 415 South 3rd Avenue, LP, a South Dakota limited partnership (the "Borrower"), for the purpose of acquiring, constructing, installing and equipping a multifamily housing development which is expected to be comprised of 82 new housing units located in a single four-story building with a parking garage and surface parking, all to be known as the South 3rd Avenue Lofts, located in Sioux Falls, South Dakota (the "Project");

WHEREAS, in furtherance of the purposes of the Act, the Authority is preliminarily considering the issuance of the Bonds, the proceeds of which will be used to finance a loan to the Borrower to assist the Borrower in the acquisition, construction, installation and equipping of the Project; and

WHEREAS, it is intended that the Authority take "official action" within the meaning of the applicable provisions of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder for the purpose of issuing the Bonds in an amount not to exceed \$8,650,000 for the purpose of acquiring, constructing, installing and equipping the Project.

NOW, THEREFORE, BE IT RESOLVED, by the South Dakota Housing Development Authority that:

Section 1. **Preliminary Approval.** The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire, construct, install and equip the Project is hereby preliminarily approved, and, pursuant to Section 1.150-2 of the Internal Revenue Code Regulations, the Authority hereby states its intention to reimburse itself or the Borrower from Bond proceeds for any advances of funds prior to the issuance of any such Bonds.

Section 2. **Conditions.** The preliminary approval of Section 1 does not obligate the Authority to finally approve the issuance of said Bonds. Final

approval of the issuance of the Bonds can only be authorized by subsequent Authority action, which may contain such conditions thereto as the Authority may deem appropriate. The Authority in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so. In addition, the issuance of the Bonds is also subject to an allocation of South Dakota private activity volume cap, which allocation shall be separately requested by the Borrower and separately considered by the Authority at such time as determined by the Authority.

Section 3. **Prior Resolutions.** All provisions of prior resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

Section 4. **Effectiveness.** This Resolution shall be effective immediately.

ADOPTED by the South Dakota Housing Development Authority this 23rd day of August 2016.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper, Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

F. Resolution No. 16-08-45: Resolution to Approve Public Hearing for the Issuance of Multifamily Housing Revenue Bonds for South 3rd Avenue Lofts, Sioux Falls, SD

After review and discussion, it was moved by Commissioner Puetz and seconded by Commissioner Hohn that the above Resolution be adopted as follows:

WHEREAS, the Board of Commissioners has adopted a goal to develop affordable housing in areas of need;

WHEREAS, such goal is restated in the 2013-2017 Consolidated Plan;

WHEREAS, the Authority has granted preliminary approved in the issuance of multifamily housing revenue bonds in one or more series in an aggregate principal amount not to exceed \$8,650,000 (the Bonds) in connection with financing the South 3rd Avenue Lofts, located in Sioux Falls, South Dakota (the Project) per Resolution No. 16-08-L;

WHEREAS, the City of Sioux Falls has endorsed the Project; and

WHEREAS, SDHDA must hold a public hearing on the issuance of Bonds for the Project;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to hold the necessary public hearing for the issuance of Mortgage Revenue Bonds in connection with financing the South 3rd Avenue Lofts.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper, Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

G. Resolution No. 16-08-46: Resolution to Amend the SDHDA Employee Handbook

After review and discussion, it was moved by Commissioner Dykstra and seconded by Commissioner Kolbeck that the above Resolution be adopted as follows:

WHEREAS, the Board has reviewed the proposed changes to the Employee Handbook as presented;

NOW, THEREFORE, BE IT RESOLVED that the SDHDA Employee Handbook be amended to reflect the changes presented.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper, Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

H. Resolution No. 16-08-47: Resolution to Approve the Use of Electronic Signatures on Gift Letters

After review and discussion, it was moved by Commissioner Hansen and seconded by Commissioner Puetz that the above Resolution be adopted as follows:

WHEREAS, in connection with certain loans having a "Fixed Rate Plus" interest rate option, the South Dakota Housing Development Authority (SDHDA) issues a letter to the participating lender (the "Gift Letter") evidencing the cash assistance gift to be made by SDHDA to the borrower;

WHEREAS, pursuant to the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. 7001 et.al. (ESIGN) and the Uniform Electronic Transaction Act, SDCL Ch. 53-12 (UETA), an electronic signature is valid and enforceable; and

WHEREAS, SDHDA wishes to authorize the use of an electronic signature in connection with the execution of Gift Letters by an SDHDA-authorized representative;

NOW, THEREFORE, BE IT RESOLVED that the use of electronic signatures by SDHDA-authorized representatives in connection with the execution of Gift Letters is hereby authorized and approved.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper, Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

I. Resolution No. 16-08-48: Resolution Adopting Fiscal Year 2017 Budget

After review and discussion, it was moved by Commissioner Puetz and seconded by Commissioner Dykstra that the above Resolution be adopted as follows:

WHEREAS, the Board has reviewed the proposed fiscal year 2017 budget as presented;

NOW, THEREFORE, BE IT RESOLVED that the proposed budget for fiscal year 2017 is hereby adopted.

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper, Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

J. Resolution No. 16-08-49: Resolution of Officers for Fiscal Year 2017

After review and discussion, it was moved by Commissioner Hohn and seconded by Commissioner Kolbeck that the above Resolution be adopted as follows:

BE IT HEREBY RESOLVED that the officers of South Dakota Housing Development Authority Board of Commissioners for fiscal year 2017 are as follows:

Chairman – David Pummel
Vice-Chair – Brent Dykstra
Secretary – Mark Lauseng (SDCL 11-11-12)
Treasurer – Bill Hansen
Assistant Treasurer – Todd Hight

Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper, Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

K. Resolution No. 16-08-50: Resolution Approving Homeownership Education Resource Organization (HERO) Funding

After review and discussion, it was moved by Commissioner Dykstra and seconded by Commissioner Pummel that the above Resolution be adopted as follows:

WHEREAS, HERO is an affiliate created and supported by South Dakota Housing Development Authority (SDHDA) as a independent 501(c)(3);

WHEREAS, BE IT KNOWN that the cost of providing education and counseling services in South Dakota is projected at \$748,773 for the fiscal year 2017; and

WHEREAS, HERO continuance is dependent upon the financial support of SDHDA;

NOW, THEREFORE, BE IT RESOLVED that during fiscal year 2017, SDHDA shall financially support HERO up to \$396,498 for the purpose of providing homebuyer education in South Dakota.

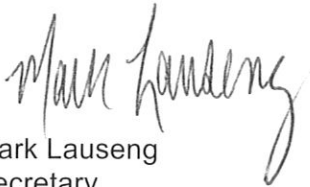
Via voice vote, the following votes were recorded:

Voting AYE: Chairman Schipper, Commissioners Dykstra, Hansen, Hohn, Kolbeck, Puetz and Pummel.

VIII. DATE OF NEXT MEETING AND ADJOURNMENT

The next Board of Commissioners' Meeting has not been scheduled. It was moved by Commissioner Dykstra and seconded by Commissioner Kolbeck that the meeting adjourn. The meeting adjourned at 12:22 p.m.

Respectfully submitted,



Mark Lauseng
Secretary