

**MINUTES**  
**SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY**  
**BOARD OF COMMISSIONERS' MEETING**  
**SDHDA CONFERENCE ROOM**  
**Telephonic**  
**March 4, 2013**

**Board Members Present:** David Pummel, Vice Chair (via telephone)  
Kurt Pfeifle, Commissioner (via telephone)  
Brent Dykstra, Commissioner (via telephone)  
Bill Hansen, Commissioner (via telephone)  
Paul Symens, Commissioner (via telephone) (joined meeting prior to Agenda Item VI. A)

**Board Members Absent:** Lloyd Schipper  
Linda Barker

**Staff Present:** Mark Lauseng, Executive Director  
Vona Johnson, Director of Rental Housing Management  
Lorraine Polak, Director of Rental Housing Development  
Amanda Weisgram, Director of Research and Marketing  
Brent Adney, Director of Homeownership Programs  
Todd Hight, Director of Finance and Administration  
Sheila Ricketts, Marketing/Executive Assistant

**Guests Present:** John Wagner, Kutak Rock (via telephone)  
Bronson Martin, Caine Mitter & Associates (via telephone)

**I. CALL TO ORDER**

The meeting was called to order at 1:04 PM and roll was called. It is noted that Commissioner Symens came on the call at approximately 1:18 PM and was not present for items presented before that time, but a quorum was still present.

**II. APPROVAL OF AGENDA**

The distributed Agenda was changed to remove Agenda Item I. It was moved by Commissioner Dykstra and seconded by Commissioner Hansen that the Agenda be adopted as amended, but reserving the right to make changes during the meeting. The motion carried unanimously.

**III. EXECUTIVE DIRECTOR'S REPORT**

Executive Director Lauseng reported that he will be appointing a task force to meet April 17, 2013; to review HOME and HTC applications and that SDHDA will be hosting a tour of the Governor's House March 6, 2013. Executive Director Lauseng noted that the Legislative Session has been fairly quiet, but that he expects that there will be lots of activity this week as the last day for a bill to pass both houses in March 8, 2013. He also noted that the Mountain Plains Regional Housing Summit will take place May 6 through May 8 this year in Bozeman, Montana.

#### **IV. OLD BUSINESS**

##### **A. Resolution No. 13-03-06: Resolution to Modify Terms of FLEX-Rural Site Development Loan for Elk Point Investments, L.L.P.**

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

WHEREAS, per Resolution No. 05-04-23, a commitment for a loan under the FLEX-Rural Site Development/Loan Guarantee Program (the "Program") was provided to Elk Point Investments, L.L.P. for the Country Club Estates Development;

WHEREAS, per Resolution No. 12-04-15, the Program maximum affordable sales price limit was increased to \$170,000; and

WHEREAS, the developer has requested modification of the original terms set pursuant to Resolution No. 05-04-23 to reflect the current maximum affordable sales price limit under the Program of \$170,000;

NOW, THEREFORE, BE IT RESOLVED that the modification is hereby approved for:

|                               |   |
|-------------------------------|---|
| <u>OWNER/APPLICANT</u>        | <u>DEVELOPMENT NAME</u>                           |
| Elk Point Investments, L.L.P. | Country Club Estates Development<br>Elk Point, SD |

Via roll call vote, the motion carried unanimously.

#### **V. NEW BUSINESS**

##### **A. Resolution No. 13-03-07: Resolution to Approve and Authorize Release of Draft 2012 Consolidated Plan Annual Performance Report for Public Comment**

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

WHEREAS, SDHDA is responsible for the development of the Draft 2012 Consolidated Plan Annual Performance (Report); and

WHEREAS, such Report, which has been reviewed by the Board, must be made available for public comment for a 15-day period;

NOW, THEREFORE, BE IT RESOLVED that the Draft 2012 Consolidated Plan Annual Performance Report, dated March 4, 2013, is hereby approved and the Executive Director is authorized to release the Report for the purpose of taking public comment; and

BE IT FURTHER RESOLVED that public comments received will be incorporated into the Report and the final Report will be submitted to the U.S. Department of Housing and Urban Development (HUD) by March 30, 2013.

Via roll call vote, the motion carried unanimously.

**B. Resolution No. 13-03-08: Resolution to Approve Continuation of “Paint-South Dakota” Campaign 2013**

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

WHEREAS, on July 1, 1998, the South Dakota Housing Development Authority (SDHDA) officially began a celebration of its 25<sup>th</sup> Anniversary with a “Paint-South Dakota” campaign which was held in conjunction with National Homeownership Week;

WHEREAS, over the past fifteen years, the campaign has resulted in hundreds of homeowners in need receiving assistance in painting their homes; and

WHEREAS, the Authority has received positive exposure in rural areas through the publication of countless news articles and press coverage;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the continuance of the “Paint-South Dakota” campaign in 2013, and the Executive Director is authorized to approve expenditures related to the campaign, including the primer and paint necessary to paint one home in 25 different communities; and

BE IT FURTHER RESOLVED that each community would be responsible for organizing the “Paint-South Dakota” campaign, including soliciting volunteers, equipment, other sponsors for meals, etc; and

BE IT FURTHER RESOLVED that if more than 25 communities apply and meet the criteria, a drawing may be held to select the communities that will participate in the campaign.

Via roll call vote, the motion carried unanimously.

**C. Resolution No. 13-03-09: Resolution Authorizing and Approving the Issuance and Delivery of, and Determination of the Final Terms of, Multiple**

**Purpose Bonds, 2013 Series A, in a Principal Amount not to Exceed \$22,000,000, Pursuant to the Multiple Purpose Bond General Indenture of Trust; and Authorizing the Preparation, Execution and Delivery of a 2013 Series A Supplemental Indenture of Trust and certain other Transaction Documents as Described Herein as may be necessary for the issuance of the Bonds.**

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

WHEREAS, pursuant to the Constitution and the laws of the State of South Dakota, particularly the South Dakota Housing Development Authority Act, South Dakota Codified Laws, Chapter 11-11, as amended (the "Act"), the Authority is authorized to carry out the public purposes described in the Act by issuing its bonds and by entering into any agreements made in connection therewith, and using bond proceeds to, among other things, make mortgage loans to sponsors to finance the construction or rehabilitation of residential housing developments, as defined in the Act, and to refund such bonds; and

WHEREAS, the Authority has previously entered into a General Indenture of Trust, dated as of March 1, 2002 (the "General Indenture"), between itself and Wells Fargo Bank, National Association as trustee (the "Trustee"), and has issued various series of its Multiple Purpose Bonds thereunder, including the 2002 Series A and 2002 Series B Multiple Purpose Bonds (the "Prior Bonds"); and

WHEREAS, the Authority has determined to authorize the issuance of its Multiple Purpose Bonds, 2013 Series A (the "Bonds") pursuant to the General Indenture and a 2013 Series A Supplemental Indenture of Trust (the "Supplemental Indenture"), between the Authority and the Trustee, for the purpose of refunding the Prior Bonds, which Prior Bonds financed, or themselves refunded bonds which financed, loans to sponsors of residential housing developments (the "Projects"), and to make deposits in various funds and accounts; and

WHEREAS, there has been filed or is on file with the Secretary as of the date hereof the following documents related to the Bonds (i) a draft of the Supplemental Indenture, (ii) a draft of the preliminary Official Statement of the Authority proposed to be used to market the Bonds (the "Official Statement"), (iii) the form of Bond Purchase Agreement (the "Bond Purchase Agreement") between the Authority and Dougherty & Company LLC (the "Underwriter") used in conjunction with the sale of the Prior Bonds, and (iv) the Continuing Disclosure Agreement used in conjunction with the sale of the Multiple Purpose Bonds, 2009 Series A (the "CDA") (together, the forms of the Supplemental Indenture, the Official Statement, the Bond Purchase Agreement and the CDA are referred to as the "Bond Documents").

NOW, THEREFORE, BE IT RESOLVED as follows:

WHEREAS, pursuant to the Constitution and the laws of the State of South Dakota, particularly the South Dakota Housing Development Authority Act, South Dakota Codified Laws, Chapter 11-11, as amended (the "Act"), the Authority is authorized to carry out the public purposes described in the Act by issuing its bonds and by

entering into any agreements made in connection therewith, and using bond proceeds to, among other things, make mortgage loans to sponsors to finance the construction or rehabilitation of residential housing developments, as defined in the Act, and to refund such bonds; and

WHEREAS, the Authority has previously entered into a General Indenture of Trust, dated as of March 1, 2002 (the "General Indenture"), between itself and Wells Fargo Bank, National Association as trustee (the "Trustee"), and has issued various series of its Multiple Purpose Bonds thereunder, including the 2002 Series A and 2002 Series B Multiple Purpose Bonds (the "Prior Bonds"); and

WHEREAS, the Authority has determined to authorize the issuance of its Multiple Purpose Bonds, 2013 Series A (the "Bonds") pursuant to the General Indenture and a 2013 Series A Supplemental Indenture of Trust (the "Supplemental Indenture"), between the Authority and the Trustee, for the purpose of refunding the Prior Bonds, which Prior Bonds financed, or themselves refunded bonds which financed, loans to sponsors of residential housing developments (the "Projects"), and to make deposits in various funds and accounts; and

WHEREAS, there has been filed or is on file with the Secretary as of the date hereof the following documents related to the Bonds (i) a draft of the Supplemental Indenture, (ii) a draft of the preliminary Official Statement of the Authority proposed to be used to market the Bonds (the "Official Statement"), (iii) the form of Bond Purchase Agreement (the "Bond Purchase Agreement") between the Authority and Dougherty & Company LLC (the "Underwriter") used in conjunction with the sale of the Prior Bonds, and (iv) the Continuing Disclosure Agreement used in conjunction with the sale of the Multiple Purpose Bonds, 2009 Series A (the "CDA") (together, the forms of the Supplemental Indenture, the Official Statement, the Bond Purchase Agreement and the CDA are referred to as the "Bond Documents").

NOW, THEREFORE, BE IT RESOLVED as follows:

**Section 1.** The Authority does hereby find and determine that (i) the refunding of the Prior Bonds and making the deposits to the Funds and Accounts created under the General Indenture and the Supplemental Indenture will fulfill the public purposes set forth in the Act and (ii) such refunding of the Prior Bonds will reduce the Authority's net cost of funds and is necessary and appropriate to provide funds to help alleviate a shortage of decent, safe and sanitary multifamily housing for persons and families of low and moderate income and will preserve the supply of affordable multifamily housing to persons and families of low and moderate income in the State.

**Section 2.** The issuance, sale and delivery of a maximum of \$22,000,000 principal amount of Bonds and the application of the proceeds of the sale of such Bonds to refund all or part of the Prior Bonds are approved, subject, however, to the hereinafter described subsequent negotiation of the final terms of the Bonds, if issued, including the interest rates on and maturities of the Bonds and the underwriting fee; provided, however, that the Bonds shall mature no later than 30 years from the date of issuance and bear an interest rate not to exceed 7% per annum. The terms of the Bonds are subject to further authorization and approval as follows. The Executive Director-Secretary and Director of Finance shall

consult and coordinate with the Chair (or Vice Chair if the Chair is not available) with respect to the final terms of the Bonds and the net savings to the Authority as a result of the refunding of the Prior Bonds, and the Executive Director-Secretary and Director of Finance, after so discussing the final pricing terms and net savings, are authorized (subject in all cases to the limitations otherwise set forth herein) to determine the final size of the proposed issuance of Bonds and to negotiate the final terms of the proposed issuance of the Bonds with the Underwriter, including the determination of final interest rates, redemption provisions (if any) and maturities, the sale price to the Underwriter and the net underwriting fee (which shall not exceed 2.0% of the principal amount of the Bonds).

**Section 3.** The forms of the Bond Documents are hereby approved. On behalf of the Authority the Chair, Vice Chair, Executive Director-Secretary or Director of Finance are hereby authorized and directed to execute the Bond Documents requiring execution by the Authority. Said authority includes the authority to approve such modifications in the Bond Documents not affecting the substance of the transaction as are deemed appropriate by the officer executing the same, which approval shall be conclusively evidenced by execution of a Bond Document by said officer.

**Section 4.** Without in any way limiting the power, authority or discretion elsewhere herein granted or delegated, the Authority hereby authorizes and directs the Chair, Vice Chair, Executive Director-Secretary and Director of Finance, or any of them, to perform or cause to be performed such obligations of the Authority and such other actions as any such officer, in consultation with bond counsel and/or general counsel, shall consider necessary or desirable in connection with or in furtherance of this Resolution and the transactions contemplated by the documents and agreements identified in this Resolution, including, without limitation, the execution and delivery of agreements (including investment agreements), documents, instruments and certifications, whether or not identified herein. The execution and delivery by any such officer of the Authority of any of such agreements, documents, instruments or certifications, or the performance of any act in connection with any of the matters which are the subject of this Resolution, shall constitute conclusive evidence of the approval thereof of such officer and the Authority and shall conclusively establish such officer's absolute, unconditional and irrevocable authority with respect thereto from the Authority and the approval and ratification by the Authority of the agreements, documents, instruments and certifications so executed and the action so taken. Said officers are also authorized to prepare and deliver a final Official Statement, in substantially the form of the preliminary Official Statement with the final interest rates, terms and conditions of the Bonds, and such amendments, additions and deletions as the Chair or Executive Director-Secretary in the exercise of his independent judgment and discretion determines to be necessary to effectuate the marketing the Bonds are hereby approved, and the Underwriter is hereby authorized to distribute such document to prospective investors and other interested persons.

**Section 5.** Notwithstanding anything contained in the foregoing sections, if the Executive Director-Secretary, upon consultation with the Chair and upon the advice of bond counsel and/or general counsel, determines that it is not in the best interests of the Authority to issue and sell the Bonds or any portion thereof (subject

to any applicable provisions of the Bond Purchase Agreement), then such Bonds shall not be issued or sold in accordance with this Resolution.

**Section 6.** This Resolution shall take effect immediately.

Via roll call vote, the motion carried unanimously.

## **VI. OLD BUSINESS**

### **A. Resolution No. 13-03-10: Resolution to Approve Assumption of Mortgage Loan on Menlo Condominium Project**

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

WHEREAS, per Resolution No. 09-09-104 the South Dakota Housing Development Authority (SDHDA) provided financing to Sioux Empire Housing Partnership (SEHP) for the Menlo Condominium Project in Sioux Falls, South Dakota;

WHEREAS, SEHP proposes to sell/transfer their interests in the Menlo Condominium Project;

WHEREAS, the South Eastern Development Foundation would like to purchase the Menlo Condominium Project and assume the SDHDA financing; and

WHEREAS, all of the parties have met SDHDA's criteria for transfer of ownership and assumption of mortgage;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the change in ownership of, and assumption of the mortgage related thereto, the Menlo Condominium Project from SEHP to the South Eastern Development Foundation.

Via roll call vote, the motion carried with Commissioner Hansen abstaining.

## **VII. DATE OF NEXT MEETING AND ADJOURNMENT**

The next Board of Commissioners' Meeting has been scheduled for March 28, 2013 at 11:00 AM (CST). It was moved by Commissioner Symens and seconded by Commissioner Pfeifle that the meeting adjourns. The meeting adjourned at 1:25 PM.

Respectfully submitted,



Mark Lauseng  
Secretary