

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONERS' MEETING
SDHDA CONFERENCE ROOM
Telephonic
May 22, 2012

Board Members Present: Lloyd Schipper, Chairman (via telephone)
Linda Barker, Vice-Chair (via telephone)
Brent Dykstra, Treasurer (via telephone)
Bill Hansen, Commissioner (via telephone)
Kurt Pfeifle, Commissioner (via telephone)

Board Members Absent: Paul Symens
David Pummel

Staff Present: Mark Lauseng, Executive Director
Todd Hight, Director of Finance & Administration
Brent Adney, Director of Homeownership Programs
Lorraine Polak, Director of Rental Housing Development
Paul Kostboth, Director of Single Family Development
Amanda Weisgram, Director of Marketing & Research
Kelsey Baker, Marketing/Executive Assistant
Peggy Severson, Housing Development Officer
Lisa Larson, Single Family Development Assistant
Joni Lingle, Administrative Aide

Guests Present: Dixie Hieb, Davenport, Evans, Hurwitz & Smith, Counsel to SDHDA (via telephone)
John Wagner, Kutak Rock, Counsel to SDHDA (via telephone)
Tom Caine, CaineMitter Associates (via telephone)
Bronson Martin, CaineMitter Associates (via telephone)
Ren Yuan, CaineMitter Associates (via telephone)
Hoby Abernathy, DDI (via telephone)
Bob, DakotAbilities (via telephone)
Josh Christensen, NeighborWorks (via telephone)

I. CALL TO ORDER

The meeting was called to order at 2:03 P.M. and roll was called.

II. APPROVAL OF AGENDA

It was moved by Commissioner Dykstra and seconded by Commissioner Pfeifle that the Agenda be adopted as presented, but reserving the right to make changes during the meeting. The motion carried unanimously.

III. EXECUTIVE DIRECTOR'S REPORT

Executive Director Lauseng passed on his report due to the length of the meeting.

IV. OLD BUSINESS

A. Resolution No. 12-05-40: Resolution to Modify Terms of FLEX-Rural Site Development Loan for The Meadows

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

WHEREAS, per Resolution No. 05-02-05, a commitment of a FLEX-Rural Site Development loan was provided to Parker Development Corporation for The Meadows development;

WHEREAS, due to the economic conditions and the downturn of the housing market in the recent past, lot and house sales have declined significantly;

WHEREAS, the loan is currently in good standing;

WHEREAS, per Resolution No. 10-06-43, a 12-month extension to the original term was approved;

WHEREAS, per Resolution No. 11-05-40, terms of the loan were adjusted to monthly interest and principal payments based on a 15-year amortization at 3%, and an additional 12-month extension to the loan term was approved; and

WHEREAS, a third 12-month extension to the current term has been requested;

NOW, THEREFORE, BE IT RESOLVED that an additional 12-month extension to the loan term is hereby approved for:

OWNER/APPLICANT
Parker Development Corporation

DEVELOPMENT NAME
The Meadows
Parker, SD

Via roll call vote, the motion carried unanimously.

B. Resolution No. 12-05-41: Resolution to Modify Terms of FLEX-Rural Site Development Loan for Country Club Estates Development

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

WHEREAS, per Resolution No. 05-04-23, a commitment of a FLEX-Rural Site Development loan was provided to Elk Point Investments, L.L.P. for the Country Club Estates Development;

WHEREAS, due to the economic conditions and the downturn of the housing market in the recent past, lot and house sales have declined significantly;

WHEREAS, the loan is currently in good standing;

WHEREAS, per Resolution No. 10-06-44, a 12-month extension to the original term was approved;

WHEREAS, per Resolution No. 11-05-39, terms of the loan were adjusted to quarterly interest and principal payments based on a 20-year amortization at 3%, and an additional 12-month extension to the loan term was approved; and

WHEREAS, a third 12-month extension to the current term has been requested;

NOW, THEREFORE, BE IT RESOLVED that an additional 12-month extension to the loan term is hereby approved for:

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

Via roll call vote, the motion carried unanimously.

C. Resolution No. 12-05-42: Resolution to Modify Terms of FLEX-Rural Site Development Loan for The Estates at Cheyenne Pass

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

WHEREAS, per Resolution No. 07-12-126, a commitment of a FLEX-Rural Site Development loan was provided to Cheyenne Pass Development Co., Inc. for The Estates at Cheyenne Pass development;

WHEREAS, SDHDA remains committed to the long term success of new housing developments providing affordable housing;

WHEREAS, the Owner has requested that the loan be modified such that the current outstanding balance of \$963,699.41 in principal and accumulated interest be set at an interest rate of 3.25%, which is half of the current first mortgage rate, and repaid from future lot sales with a balloon payment due after 24 months or at such time as the first mortgage is paid off or refinanced, whichever comes first; and

WHEREAS, repayment from lot sales will be based on a flat rate of \$4,500 for single family lots, 15% of gross sale price for townhome lots, and 10% of gross sale price for commercial or multifamily lots beginning June 1, 2012;

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

| | |
|-------------------------------------|---|
| <u>OWNER/APPLICANT</u> | <u>DEVELOPMENT NAME</u> |
| Cheyenne Pass Development Co., Inc. | The Estates at Cheyenne Pass Box Elder, SD |

Via roll call vote, the motion carried unanimously.

D. Resolution No. 12-05-43: Resolution to Modify Terms of FLEX-Rural Site Development Loan for Northern Lights

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

WHEREAS, per Resolution No. 06-05-20, a commitment of a FLEX-Rural Site Development loan was provided to Elk Vale Business Park, LLC for the Northern Lights development;

WHEREAS, per Resolution No. 12-04-15, the FLEX-Rural Site Development/Loan Guarantee Program maximum affordable sales price limit was increased to \$170,000; and

WHEREAS, the developer has requested modification of the original terms to reflect the current maximum affordable sales price limit of \$170,000;

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

| <u>OWNER/APPLICANT</u> | <u>DEVELOPMENT NAME</u> |
|-----------------------------|----------------------------------|
| Elk Vale Business Park, LLC | Northern Lights Box Elder, SD |

Via roll call vote, the motion carried unanimously.

E. Resolution No. 12-05-44: Resolution to Approve HOME Application for Commitment of Funds for Huron Housing and Redevelopment Authority under the Security Deposit Assistance Program

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

WHEREAS, a HOME Program application for the set-aside for the Security Deposit Assistance Program (SDAP) has been received and reviewed; and

WHEREAS, the required documentation has been reviewed, 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 commitment of HOME funds from the SDAP for the following:

| <u>APPLICANT</u> | <u>DEVELOPMENT NAME</u> | <u>SECURITY DEPOSIT ASSISTANCE PROGRAM AMOUNT</u> |
|--|--|---|
| Huron Housing & Redevelopment Authority | Huron Housing Partnership Huron, SD | \$25,000 |

Via roll call vote, the motion carried unanimously.

F. Resolution No. 12-05-45: Resolution Authorizing the Funding Request of Neighborhood Lending Services in the Behalf of Dakota Land Trust

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

WHEREAS, land trusts are a means of preserving land and various types of housing in perpetuity to meet the needs of lower income homebuyers;

WHEREAS, Resolution 08-04-41 provided that \$300,000 be set aside for a period expiring on April 25, 2011, from FLEX Program funds for Neighborhood Lending Services in support of its efforts on behalf of Dakota Land Trust (DLT);

WHEREAS, Resolution provided that the expiration date of FLEX funding set-aside would be extended to April 25, 2012;

WHEREAS, Neighborhood Lending Services has requested that the expiration date of April 25, 2013;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to extend the FLEX Program set-aside to Neighborhood Lending Services from April 25, 2012 to April 25, 2013.

Via roll call vote, the motion carried unanimously.

IV. NEW BUSINESS

A. Resolution No. 12-05-46: Resolution to Approve Community Housing Development Program Administrative Plan

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

WHEREAS, there is a need for decent, safe, sanitary, and affordable housing in South Dakota;

WHEREAS, existing State and Federal programs do not sufficiently address this need for all types of housing, particularly residential rental housing;

WHEREAS, the Community Housing Development (CHD) is designed to address this need; and

WHEREAS, the Community Housing Development Program Administrative Plan outlines the policies and procedures for administration of The CHD Program;

NOW, THEREFORE, BE IT RESOLVED that Community Housing Development Program Administrative Plan is hereby approved and SDHDA staff may begin accepting applications for CHD Program funding.

Via roll call vote, the motion carried unanimously.

B. Resolution No. 12-05-47: Resolution Amending Resolution No. 77-27 Providing for the Issuance of Homeownership Mortgage Bonds of the South Dakota Housing Development Authority

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

WHEREAS, the South Dakota Housing Development Authority (the "Authority") adopted Resolution No. 77-27, "Resolution Providing for the Issuance of Homeownership Mortgage Bonds of the South Dakota Housing Development Authority," on June 16, 1977, as amended and restated as of March 11, 2008 (the "Bond Resolution"), and as subsequently amended;

WHEREAS, the Bond Resolution permits amendments thereto, without the consent of the holders (the "Bondholders") of the Homeownership Mortgage Bonds issued thereunder (the "Bonds"), but with the consent of the trustee for the Bondholders (the "Bond Trustee"), to cure ambiguities or omissions or inconsistent provisions, or to insert provisions clarifying matters or questions arising under the Bond Resolution, as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution;

WHEREAS, the Authority desires to clarify that a redemption of Bonds may be conditioned on receipt of moneys therefore or such other conditions as the Authority shall specify;

WHEREAS, the Authority has determined that the proposed changes set forth herein may be adopted without the consent of the current holders of the Bonds pursuant to Section 802 of the Bond Resolution; and

WHEREAS, based on the foregoing, the Authority hereby has determined to amend and supplement the Bond Resolution as provided herein;

NOW, THEREFORE, BE IT RESOLVED by the South Dakota Housing Development Authority amends the Bond Resolution as follows:

Via roll call vote, the motion carried unanimously.

C. Resolution No. 12-05-48: Resolution Authorizing the Issuance and Sale of South Dakota Housing Development Authority Homeownership Mortgage Bonds, 2012 Series A, 2012 Series B and 2012 Series C in the Principal Amount of \$58,245,000 and Setting Forth Covenants with Respect Thereto

After review and discussion, it was moved by Commissioner Barker and seconded by Commissioner Hansen that the above Resolution, which by this reference shall be herein included, be adopted.

Via roll call vote, the motion carried unanimously.

D. Resolution No. 12-05-49: Resolution to Conditionally Commit Neighborhood Stabilization Program (NSP3) Funds for Habitat for Humanity of Greater Sioux Falls Affordable Housing

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

WHEREAS, the following application has been reviewed and evaluated in accordance with the March 2011 Neighborhood Stabilization Program (NSP3) Plan;

NOW, THEREFORE, BE IT RESOLVED, based on information provided in the application, that a letter offering a Conditional Commitment of NSP3 funding be forwarded to the following Applicant:

| <u>OWNER/APPLICANT</u> | <u>DEVELOPMENT NAME</u> | <u>NSP AMOUNT</u> |
|--|---|-------------------|
| Habitat for Humanity of Greater Sioux Falls Affordable Housing | Habitat for Humanity of Greater Sioux Falls Sioux Falls, SD | \$49,560 |

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Executive Director be authorized to issue a Conditional Commitment of NSP3 Funds, conditioned upon HUD approval of the Neighborhood Stabilization Program (NSP3) Plan Amendment, receipt of the additional required documentation, and a favorable conclusion of the environmental review.

Via roll call vote, the motion carried unanimously.

E. Resolution No. 12-05-50: Resolution to Conditionally Commit Neighborhood Stabilization Program (NSP3) Funds for Centerville Rehab Project

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

WHEREAS, the following application has been reviewed and evaluated in accordance with the March 2011 Neighborhood Stabilization Program (NSP3) Plan;

NOW, THEREFORE, BE IT RESOLVED, based on information provided in the application, that a letter offering a Conditional Commitment of NSP3 funding be forwarded to the following Applicant:

| <u>OWNER/APPLICANT</u> | <u>DEVELOPMENT NAME</u> | <u>NSP AMOUNT</u> |
|------------------------|--|-------------------|
| City of Centerville | Centerville Rehab Project Centerville, SD | \$70,000 |

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Executive Director be authorized to issue a Conditional Commitment of NSP3 Funds, conditioned upon HUD approval of the Neighborhood Stabilization Program (NSP3) Plan Amendment, receipt of the additional required documentation, and a favorable conclusion of the environmental review.

Via roll call vote, the motion carried unanimously.

F. Resolution No. 12-05-51: Resolution to Conditionally Commit Neighborhood Stabilization Program (NSP3) Funds for Highland Home

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

WHEREAS, the following application has been reviewed and evaluated in accordance with the March 2011 Neighborhood Stabilization Program (NSP3) Plan;

NOW, THEREFORE, BE IT RESOLVED, based on information provided in the application, that a letter offering a Conditional Commitment of NSP3 funding be forwarded to the following Applicant:

| <u>OWNER/APPLICANT</u> | <u>DEVELOPMENT NAME</u> | <u>NSP AMOUNT</u> |
|------------------------|----------------------------------|-------------------|
| DakotAbilities, Inc. | Highland Home Sioux Falls, SD | \$545,720 |

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Executive Director be authorized to issue a Conditional Commitment of NSP3 Funds, conditioned upon receipt of the additional required documentation, and a favorable conclusion of the environmental review.

Via roll call vote, the motion carried unanimously.

G. Resolution No. 12-05-52: Resolution to Conditionally Commit Neighborhood Stabilization Program (NSP3) Funds for HAPI Sisseton Housing – Long Hollow Project

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

WHEREAS, the following application has been reviewed and evaluated in accordance with the March 2011 Neighborhood Stabilization Program (NSP3) Plan;

NOW, THEREFORE, BE IT RESOLVED, that the following application for Neighborhood Stabilization Program (NSP3) funds be denied:

| <u>OWNER/APPLICANT</u> | <u>DEVELOPMENT NAME</u> | <u>NSP AMOUNT</u> |
|--------------------------|--|-------------------|
| Homes are Possible, Inc. | HAPI Sisseton Housing Long Hollow Development Sisseton, SD | \$514,677 |

Via roll call vote, the motion carried unanimously.

H. Resolution No. 12-05-53: Resolution to Conditionally Commit Neighborhood Stabilization Program (NSP3) Funds for City View Apartments

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

WHEREAS, the following application has been reviewed and evaluated in accordance with the March 2011 Neighborhood Stabilization Program (NSP3) Plan;

NOW, THEREFORE, BE IT RESOLVED, that the following application for Neighborhood Stabilization Program (NSP3) funds be denied:

| <u>OWNER/APPLICANT</u> | <u>DEVELOPMENT NAME</u> | <u>NSP AMOUNT</u> |
|---|---|-------------------|
| Sioux Falls Housing Corporation (dba Affordable Housing Solutions) | City View Apartments Sioux Falls, SD | \$917,869 |

Via roll call vote, the motion carried unanimously.

I. Resolution No. 12-05-54: Resolution to Approve Transfer of Ownership and Assumption of HOME Loan for Whispering Pines Apartments

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

WHEREAS, the South Dakota Housing Development Authority (SDHDA) previously made a loan under the HOME Investment Partnership Program to Jerry Kutil and Roxey Ann Kutil for the Whispering Pines Apartments located in Hartford, South Dakota;

WHEREAS, the HOME loan is secured by a Mortgage and Security Agreement;

WHEREAS, the property is subject to a Regulatory Agreement covering certain requirements and restrictions under the HOME Program;

WHEREAS, the owners propose to sell their interest in Whispering Pines Apartments to Whispering Pines, LLC, an unrelated third party;

WHEREAS, the owners and proposed purchaser have met SDHDA's criteria for transfer of ownership and assumption of the Mortgage Note and related Mortgage and Security Agreement; and

WHEREAS, Whispering Pines, LLC has agreed to enter into a Regulatory Agreement with respect to the ongoing requirements under HOME Program;

NOW, THEREFORE, BE IT RESOLVED, that the transfer of ownership of Whispering Pine Apartments from Jerry Kutil and Roxey Ann Kutil to Whispering Pines, LLC, and the assumption of the Mortgage Note and Security Agreement by Whispering Pines, LLC, is hereby approved.

Via roll call vote, the motion carried unanimously.

J. Resolution No. 12-05-55: Resolution to Commit Preservation Loan Funds for Whispering Pines Apartments

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

WHEREAS, the South Dakota Housing Development Authority (SDHDA) previously made a loan under the HOME Investment Partnership Program to Jerry Kutil and Roxey Ann Kutil for the Whispering Pines Apartments located in Hartford, South Dakota;

WHEREAS, the owners propose to sell their interest in Whispering Pines Apartments to Whispering Pines, LLC, an unrelated third party;

WHEREAS, the transfer of ownership has been approved by SDHDA;

WHEREAS, additional funds are needed by Whispering Pines, LLC for acquisition and repair of the property;

WHEREAS, Whispering Pines, LLC has requested a loan from Preservation Loan Funds for this purpose;

WHEREAS, Whispering Pines, LLC has agreed to retain the property as affordable throughout the term of the Preservation Loan as well as throughout the remaining term of the HOME Program Loan; and

WHEREAS, preservation of properties with rental properties is a goal of SDHDA, particularly in areas of economic growth;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director is authorized to commit Bond Refunding Preservation Loan Funds for acquisition financing and the necessary renovation expenses, which will be repaid over a ten (10) year period, to:

| <u>APPLICANT/OWNER</u> | <u>DEVELOPMENT NAME</u> | <u>AMOUNT</u> |
|--|---|---------------|
| Whispering Pines, LLC Richard Brake, Managing Partner | Whispering Pines Apartments Hartford, SD | \$235,500 |

BE IT FURTHER RESOLVED that the HOME Program Loan will be subordinated to the Preservation Loan, thereby securing the financial viability of the property; and

BE IT FURTHER RESOLVED that the Executive Director is authorized to subordinate the HOME Loan to the Preservation Loan and to restructure the HOME Loan as necessary to allow this property to be financially feasible throughout the remaining life of the HOME Program Loan term.

Via roll call vote, the motion carried unanimously.

K. Resolution No. 12-05-55: Resolution to Amend the Neighborhood Stabilization Program (NSP3) Plan and Approve Release of the Plan for Public Comment

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

WHEREAS, per Title III of Division B of the Housing and Economic Recovery Act of 2008, for the purpose of assisting in the redevelopment of abandoned and foreclosed homes, the Neighborhood Stabilization Program (NSP) was created;

WHEREAS, per Section 1497 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, additional assistance under the Neighborhood Stabilization Program was authorized as NSP3;

WHEREAS, SDHDA is responsible for the development of the NSP3 Plan;

WHEREAS, the Board adopted the NSP3 Plan at the February 25, 2011, Board meeting; and

WHEREAS, SDHDA wishes to amend the NSP3 Plan to modify the targeted areas based on the NSP3 Applications which have been received in the second application round and considered by SDHDA;

NOW, THEREFORE, BE IT RESOLVED that the appropriate sections of the NSP3 Plan be amended to expand the targeted areas within the City of Sioux Falls (Minnehaha County) and add the City of Centerville (Turner County) as a new targeted area, and by this reference the revised maps are hereby made a part of this resolution; and

BE IT FURTHER RESOLVED that the above referenced Amended Neighborhood Stabilization Program (NSP3) Plan be approved for public distribution, and the Executive Director is authorized to give the required public notices for a 15-day comment period.

Via roll call vote, the motion carried unanimously.

A. DATE OF NEXT MEETING AND ADJOURNMENT

The next Board of Commissioners' Meeting has not been scheduled yet. It was moved by Commissioner Dykstra and seconded by Commissioner Hansen that the meeting be adjourned. The meeting was adjourned at 2:57 P.M.

Respectfully submitted,



Mark Lausehg
Secretary