

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONERS' MEETING
SDHDA CONFERENCE ROOM
Telephonic
July 26, 2012

Board Members Present: Lloyd Schipper, Chairman
Linda Barker, Vice-Chair (via telephone)
Bill Hansen, Commissioner (via telephone)
Kurt Pfeifle, Commissioner (via telephone)
David Pummel, Commissioner (via telephone)
Paul Symens, Commissioner (via telephone)

Board Members Absent: Brent Dykstra

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
Amanda Weisgram, Director of Research and Marketing
Paul Kostboth, Director of Single Family Development
Scott Rounds, Housing Development Officer
Lisa Larson, Single Family Development Assistant
Peggy Severson, Housing Development Officer
Sheila Ricketts, Marketing/Executive Assistant

Guests Present: Glennis Zarecky, Highlands Ridge Apartments
Jim Protexter, PEDCO
Joy McCracken, NeighborWorks Dakota Home Resources

I. CALL TO ORDER

The meeting was called to order at 10:01 AM and roll was called.

II. APPROVAL OF AGENDA

It was moved by Commissioner Hansen and seconded by Commissioner Pummel 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 reported the NCSHA's Annual Conference will be in Orlando, Florida on October 20 to October 23, 2012 and if Commissioners would like to attend to please let him know. Executive Director Lauseng also mentioned to let him know if any Commissioners are available to attend the Pettigrew Heights Apartments Ribbon Cutting in Sioux Falls, on July 31, 2012, at 11:30 AM. Executive Director

Lauseng stated that Sheila Ricketts was the newest employee to join SDHDA as the Marketing/Executive Assistant. The next Board meeting will be held in the SDHDA Conference Room on August 16, 2012.

IV. OLD BUSINESS

A. Resolution No. 12-07-57: Resolution to Modify the Terms of the FLEX-Rural Site Development Loan for The Reserve on Higgins Creek

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

WHEREAS, per Resolution No. 07-03-20, a commitment of a FLEX-Rural Site Development loan was provided to Ward Development Company, LLC, for The Reserve on Higgins Creek 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 \$1,396,958.07 in principal and accumulated interest be set at an interest rate of 3.125%, which is half of the current first mortgage rate; and

WHEREAS, repayment will be based on a 20-year amortization with semiannual payments beginning on February 1, 2013, with a balloon payment due on the earlier of (i) August 1, 2015 or (ii) the date the first mortgage is paid off or refinanced;

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

OWNER/APPLICANT
Ward Development Co., L.L.C.

DEVELOPMENT NAME
The Reserve on Higgins Creek
Spearfish, SD

Via roll call vote, the motion carried unanimously.

B. Resolution No. 12-07-58: Resolution to Modify the Terms of the FLEX-Rural Site Development Loan for Grant Circle

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

WHEREAS, per Resolution No. 08-06-53, a commitment of a FLEX-Rural Site Development loan was provided to Randy Schaefer for the Grant Circle development;

WHEREAS, per the Note dated July 30, 2008, and the Personal Guaranty signed by Randy Schaefer (Guarantor) on July 31, 2008, Guarantor is obligated, beginning June 1, 2012, to pay any shortfall if the Tax Increment Financing (TIF) income from Tax Increment District No. One is not sufficient to make the payment due;

WHEREAS, the Guarantor has requested that the date on which the Guarantor's obligation is effective be extended to June 1, 2014; and

WHEREAS, SDHDA believes such extension is warranted based on current tax revenues and anticipated future revenues on contracts outstanding for additional construction in 2012;

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

OWNER/APPLICANT
Randy Schaefer

DEVELOPMENT NAME
Grant Circle
Madison, SD

Via roll call vote, the motion carried unanimously.

C. Resolution No. 12-07-59: Resolution to Modify the Terms of the 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 Pummel that the above Resolution be adopted as follows:

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

OWNER/APPLICANT
Cheyenne Pass Development Co., Inc.

DEVELOPMENT NAME
The Estates at Cheyenne Pass
Box Elder, SD

Via roll call vote, the motion carried unanimously.

D. Resolution No. 12-07-60: Resolution to Approve The Neighborhood Stabilization Program (NSP3) Plan as Amended

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

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

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, the SDHDA Board of Commissioners (Board) originally adopted the NSP3 Plan per Resolution 11-02-09 and subsequently amended the NSP3 Plan per Resolution 11-06-54;

WHEREAS, per Resolution 12-05-56, the Board approved additional amendments to the NSP3 Plan, and authorized the Executive Director to make the amended NSP3 Plan available for public comment;

WHEREAS, as required by Federal Regulations, notice of the 15-day comment period was published in area newspapers and no comments were received during the comment period, which ended on June 29, 2012;

NOW, THEREFORE, BE IT RESOLVED that the amended Neighborhood Stabilization Program (NSP3) Plan, dated July 26, 2012, is hereby adopted; and

BE IT FURTHER RESOLVED that the Executive Director is authorized to submit the amended NSP3 Plan to the U.S. Department of Housing and Urban Development (HUD) and, upon notification of approval, distribute it to the public.

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

IV. NEW BUSINESS

A. Resolution No. 12-07-61: Resolution to Approve HOME Application for Commitment of Funds for Inter-Lakes Community Action, Inc. under the Homeowner Rehabilitation Program

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

WHEREAS, the following HOME Program application was received in accordance with the set-aside for Homeowner Rehabilitation and has been reviewed and evaluated; 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 Homeowner Rehabilitation Program for the following:

APPLICANT
Inter-Lakes Community
Action, Inc.

HOMEOWNER
REHABILITATION
PROGRAM AMOUNT
\$200,000

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

B. Resolution No. 12-07-62: Resolution to Approve HOME Application for Commitment of Funds for Neighborhood Housing Services of the Black Hills, Inc. under the Homeowner Rehabilitation Program

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

WHEREAS, the following HOME Program application was received in accordance with the set-aside for Homeowner Rehabilitation and has been reviewed and evaluated; 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 Homeowner Rehabilitation Program for the following:

APPLICANT
Neighborhood Housing Service
of the Black Hills, Inc.

HOMEOWNER
REHABILITATION
PROGRAM AMOUNT
\$200,000

Via roll call vote, the motion carried unanimously.

C. Resolution No. 12-07-63: Resolution to Approve HOME Application for Commitment of Funds for Housing and Redevelopment Commission of Pierre under the Security Deposit Assistance Program

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

WHEREAS, a HOME Program application was received in accordance with the set-aside for the Security Deposit Assistance Program (SDAP) and has been reviewed and evaluated; 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:

APPLICANT
Housing and Redevelopment
Commission of Pierre

SECURITY DEPOSIT
ASSISTANCE
PROGRAM AMOUNT
\$10,000

Via roll call vote, the motion carried unanimously.

D. Resolution No. 12-07-64: Resolution to Approve HOME Application for Commitment of Funds for Inter-Lakes Community Action Partnership under the Security Deposit Assistance Program

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

WHEREAS, a HOME Program application was received in accordance with the set-aside for the Security Deposit Assistance Program (SDAP) and has been reviewed and evaluated; 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>SECURITY DEPOSIT</u>
Inter-Lakes Community Action	<u>ASSISTANCE</u>
Partnership	<u>PROGRAM AMOUNT</u>
	\$8,200

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

E. Resolution No. 12-07-65: Resolution to Approve the FLEX Program Funds for the HUD 811 PRA Demonstration Program

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

WHEREAS, the U.S. Department of Housing and Urban Development, Office of Multifamily Housing Programs has published a Notice of Funding Availability (NOFA) for the Section 811 Project Rental Assistance Demonstration Program (PRA Demo);

WHEREAS, this program will provide \$85 million in funding to state housing agencies or other appropriate housing agencies to provide long term project-based rental assistance contracts for approximately 2,800 affordable housing units set aside for extremely low-income persons with disabilities;

WHEREAS, the 811 PRA Demo will award rental assistance funds to housing agencies that have formed partnerships with state Medicaid and health and human services agencies that have developed methods for identifying, referring, and conducting outreach to a target population of extremely low-income persons with disabilities requiring long term services and supports;

WHEREAS, there is a need in South Dakota for additional rental assistance for extremely low-income persons with disabilities;

WHEREAS, the NOFA is a competitive application process and points are awarded for leveraging of financial resources, with maximum points being awarded for applicants providing a 50 percent match; and

WHEREAS, the minimum funding amount for which an applicant may apply is \$2,000,000 to be provided over a five-year period;

NOW, THEREFORE, BE IT RESOLVED that up to \$200,000 in FLEX funds shall be made available each year for a period of five years, for a total amount not to exceed \$1,000,000, to be utilized as a match for the HUD 811 PRA Demo Program and that the Executive Director is hereby authorized to issue a letter of commitment for such funds;

BE IT FURTHER RESOLVED that if SDHDA is not awarded HUD 811 PRA Demo Program funds or if additional match resources become available, then the amount of committed FLEX funds will be reduced accordingly and the amount of FLEX funds that are not utilized will revert back to the general FLEX program.

Via roll call vote, the motion carried unanimously

F. Resolution No. 12-07-66: Resolution to Conditionally Commit Community Housing Development Program Funds for Highlands Ridge Apartments

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

WHEREAS, the following application has been reviewed and evaluated in accordance with the Community Housing Development Program (CHDP) Administrative Plan;

WHEREAS, based on information provided, the Applicant is eligible to receive CHDP funds and has agreed to comply with all CHDP requirements;

NOW, THEREFORE, BE IT RESOLVED that based on information provided in the application, the Executive Director be authorized to issue a Conditional Commitment of CHDP funds to the following Applicant, conditioned upon receipt of additional required documentation:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT NAME</u>	<u>CHDP FUNDS</u>
Highlands Ridge Apartments, LLC	Highlands Ridge Apartments Pierre, SD	<u>RESERVED</u> \$5,000,000

The next Board of Commissioners' meeting is scheduled for Thursday, August 16, 2012, at 10:00 AM. Interested parties may participate at the SDHDA Board Room in Pierre. It was moved by Commissioner Symens and seconded by Commissioner Pummel that the meeting adjourn. The meeting adjourned at 10:52 AM.

Respectfully submitted,

Mark Lauseng
Secretary

Via roll call vote, the motion carried unanimously

G. Resolution No. 12-07-67: Resolution to Approve Partnership with South Dakota Home Builders Association to Create Construction Loan Fund

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

WHEREAS, the South Dakota Home Builders Association (SD Home Builders) has proposed to partner with SDHDA to establish a revolving low-interest loan fund to assist qualified home builders statewide in the development of speculative-type homes, which loan fund would be closely patterned after the SDHDA FLEX Rural Site Development Program (RSD);

WHEREAS, the SD Home Builders is applying for \$1,500,000 from the S.D. Attorney General's Mortgage Settlement funds;

WHEREAS, the SD Home Builders have further requested that SDHDA provide RSD funds to the loan fund in an amount equal to the Mortgage Settlement funds awarded to the loan fund;

WHEREAS, SD Home Builders funds received from the Mortgage Settlement would be available to be used in all communities throughout South Dakota with (A) the maximum loan amount not to exceed 80% of the lesser of (i) the appraised value of the finished home and (ii) the sales price of the home, and (B) the maximum sales price of the home not to exceed \$200,000;

WHEREAS, SDHDA funds would be available in communities throughout South Dakota, with the exception of Sioux Falls and Rapid City, with (A) the maximum loan amount not to exceed 80% of the lesser of (i) the appraised value of the finished home and (ii) the sales price of the home, and (B) the maximum sales price of the home not to exceed \$170,000; and

WHEREAS, the SD Home Builders have requested that SDHDA act as the administrator of the loan fund in conjunction with a five-member Board to be established for reviewing and approving construction loans from the fund;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director is hereby authorized to transfer up to \$1,500,000 of funds within the RSD loan pools as necessary to match the amount of Mortgage Settlement funds awarded to SD Home Builders; and

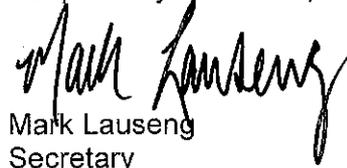
BE IT FURTHER RESOLVED that the Executive Director is hereby authorized to administer both loan funds as described above.

Via roll call vote, the motion carried unanimously

V. DATE OF NEXT MEETING AND ADJOURNMENT

The next Board of Commissioners' meeting is scheduled for Thursday, August 16, 2012, at 10:00 AM. Interested parties may participate at the SDHDA Board Room in Pierre. It was moved by Commissioner Symens and seconded by Commissioner Pummel that the meeting adjourn. The meeting adjourned at 10:52 AM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark Lauseng". The signature is written in a cursive style with a large, stylized initial "M".

Mark Lauseng
Secretary