

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONERS' MEETING
SDHDA CONFERENCE ROOM
Telephonic
October 15, 2012

Board Members Present: Lloyd Schipper, Chairman (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
Linda Barker

Staff Present: Mark Lauseng, Executive Director (via telephone)
Todd Hight, Director of Finance and Administration
Brent Adney, Director of Homeownership Programs
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
Joanne Heckenlaible, Housing Development Officer
Sheila Ricketts, Marketing/Executive Assistant

Guests Present: Dixie Hieb, Davenport, Evans, Hurwitz & Smith, Counsel to
SDHDA (via telephone)
Joan Franken, Costello Companies
Holly Engelhart, CPA, Partner, Eide Bailly, LLP (via telephone)
Tom Caine, CaineMitter Associates (via telephone)
Bronson Martin, CaineMitter Associates (via telephone)

I. CALL TO ORDER

The meeting was called to order at 10:15 AM and roll was called.

II. APPROVAL OF AGENDA

The distributed agenda was amended to add Consideration of the Eide Bailly Audit Report. It was moved by Commissioner Pummel and seconded by Commissioner Hansen 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.

IV. OLD BUSINESS

A. Resolution No. 12-10-93: Resolution to Commit HOME Program Funds for Acadia Creek Apartments

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 12-04-17, a Reservation in the amount of \$950,000 was previously awarded to the following HOME Applicant;

WHEREAS, the Applicant has agreed to comply with all HOME requirements; and

WHEREAS, the required documentation has been received, with the exception of the match documentation;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to issue a Commitment of HOME Funds, conditioned upon receipt of documentation of applicant's match contribution, for the following:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT NAME</u>	<u>GENERAL POOL HOME AMOUNT</u>
Acadia Creek Limited Partnership	Acadia Creek Apartments Aberdeen, SD	\$950,000

Via roll call vote, the motion carried unanimously.

B. Resolution No. 12-07-94: Resolution to Commit HOME Program Funds for Lincoln County Affordable Housing

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

WHEREAS, per Resolution 12-04-25, a Reservation in the amount of \$86,660 was previously awarded to the following HOME Applicant; and

WHEREAS, required documentation has been received, 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, for the following:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT NAME</u>	<u>GENERAL POOL HOME AMOUNT</u>
Habitat for Humanity of Greater Sioux Falls, Inc.	Habitat for Humanity Lincoln County Affordable Housing Affordable Housing Harrisburg, SD	\$86,660

Via roll call vote, the motion carried unanimously.

C. Resolution No. 12-10-95: Resolution to Commit HOME Programs Funds for Rocky Bluff Apartments

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 12-04-28, a Reservation in the amount of \$270,000 was previously awarded to the following HOME Applicant;

WHEREAS, the Applicant has agreed to comply with all HOME requirements; and

WHEREAS, the required documentation has been received, with the exception of the match documentation;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to issue a Commitment of HOME Funds, conditioned upon receipt of documentation of applicant's match contribution, for the following:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT NAME</u>	<u>GENERAL POOL HOME AMOUNT RESERVED</u>
Rocky Bluff Apartments, Limited Partnership	Rocky Bluff Apartments Spearfish, SD	\$270,000

Via roll call vote, the motion carried unanimously.

D. Resolution No. 12-10-96: Resolution to Commit HOME Programs Funds for Tower of Watertown

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

WHEREAS, per Resolution 12-04-36, a Reservation in the amount of \$275,000 was previously awarded to the following HOME Applicant; and

WHEREAS, required documentation has been received, 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, for the following:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT NAME</u>	<u>GENERAL POOL HOME AMOUNT</u>
Steele Tower Apartments L.L.C.	Tower of Watertown Watertown, SD	\$275,000

Via roll call vote, the motion carried unanimously.

E. Resolution No. 12-10-97: Resolution Amending Series Resolutions Providing for the Issuance of Homeownership Mortgage Bonds of the South Dakota Housing Development Authority

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 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

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 and to make any other change as shall not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondholders; and

WHEREAS, pursuant to Article II of the Bond Resolution, the Authority has adopted certain series resolutions, which are numbered 04-05-39, 05-03-13 and 05-03-15 (each a "Series Resolution," and collectively, the "Series Resolutions") authorizing the issuance and sale of, and establishing the terms and provisions for, the Homeownership Mortgage Bonds, 2004 Series D, 2005 Series C and 2005 Series D (the "Bonds"); and

WHEREAS, the Authority desires to clarify certain matters and make changes which do not materially adversely affect the security or other interests of the Bondholders (as evidenced by the fact that the underlying ratings on the Bonds does not change as a result thereof) by certain amendments, which amendments are being made in connection with the substitution of the existing standby bond purchase agreements with respect to the Bonds anticipated to occur on or about November 7, 2012 and the substitution of the remarketing agent, which substitution is expected to occur on or before the facility substitution date; and

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:

Section 1. Each Series Resolution is hereby amended and supplemented as hereinafter set forth provided that such amendments shall only be effective as provided in Section 8 hereof.

Section 2. The definition of "BMA" in each Series Resolution is hereby amended by replacing "The Bond Market Association Municipal Swap Index" with "SIFMA Municipal Swap Index". The definition of "Remarketing Agreement" in each Series Resolution is hereby amended to provide: "Remarketing Agreement" means the Remarketing Agreement with the Remarketing Agent, as such Remarketing Agreement may be amended or replaced upon the appointment of a substitute Remarketing Agent, all in accordance with the provisions hereof.

Section 3. The definition of "Interest Payment Date" with respect to the Series Resolutions for the 2004 Series D Bonds and 2005 Series D Bonds is hereby amended by adding ", or on dates provided for in an Alternate Facility" after "(iii) the date of remarketing of the Bank Bonds". The definition of "Interest Payment Date" with respect to the Series Resolution for the 2005 Series C Bonds is hereby amended by replacing "or on the schedule provided for in an Alternate Facility" with "or on the dates provided for in an Alternate Facility." The definition of "Interest Payment Date" with respect to all Series Resolutions is hereby amended by adding "in the case of clauses (a) and (b)" after the following words: "with the exception of Bank Bonds."

Section 4. Section 2.04 of each Series Resolution is hereby modified by adding the following as the last sentence of such section: "Notwithstanding the foregoing, Bank Bonds may be registered in the name of the Bank and delivered to the Bank, or at the instruction of the Bank, as so determined by the Bank." Section 2.18 of each Series Resolution is hereby amended by adding the following as the last sentence thereof: "Notwithstanding the foregoing, the special redemption of Bank Bonds pursuant to an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or a Self Liquidity, if applicable, shall occur in accordance with the terms of such Liquidity Facility, and payments on Bank Bonds shall be made when due in accordance with the terms of the Liquidity Facility."

Section 5. The Mode Chart for Variable Rate Bonds in Section 2.12(b) and in Appendix A of the Series Resolution for the 2004 Series D Bonds is hereby amended and supplemented by modifying the column under "Weekly Mode" related to "Rate Determination Date" and "Effective Rate Date" to provide as follows:

	WEEKLY MODE
Rate Determination Date	Effective Rate Date by 10:00 a.m.
Effective Rate Date	For Liquidity Facility Bonds, (i) initially, from and including the day that the 2004 Series D Bonds are remarketed in connection with the Standby Bond Purchase Agreement with The Bank of New York Mellon becoming effective, to and including the Thursday of the next following calendar week and (ii) thereafter, each Thursday; For R-FLOATS, each Thursday

The Mode Chart for Variable Rate Bonds in Section 2.12(b) and in Appendix A of the Series Resolution for the 2005 Series C Bonds is hereby amended and supplemented by modifying the column under "Weekly Mode" related to "Rate Determination Date" and "Effective Rate Date" to provide as follows:

	WEEKLY MODE
Rate Determination Date	Effective Rate Date by 10:00 a.m.
Effective Rate Date	For Liquidity Facility Bonds, (i) initially, from and including the day that the 2005 Series C Bonds are remarketed in connection with the Standby Bond Purchase Agreement with The Bank of New York Mellon becoming effective, to and including the Thursday of the next following calendar week and (ii) thereafter, each Thursday; For R-FLOATS, each Thursday

The Mode Chart for Variable Rate Bonds in Section 2.12(b) and in Appendix A of the Series Resolution for the 2005 Series D Bonds is hereby amended and supplemented by modifying the column under "Weekly Mode" related to "Rate Determination Date" and "Effective Rate Date" to provide as follows:

	WEEKLY MODE
Rate Determination Date	Effective Rate Date by 10:00 a.m.
Effective Rate Date	For Liquidity Facility Bonds, (i) initially, from and including the day that the 2005 Series D Bonds are remarketed in connection with the Standby Bond Purchase Agreement with The Bank of New York Mellon becoming effective, to and including the Thursday of the next following calendar week and (ii) thereafter, each Thursday; For R-FLOATS, each Thursday

Section 6. Section 5.04(a) of each Series Resolution is hereby amended by replacing the last sentence with the following:

“However, immediately following an immediate termination event as a result of a ratings downgrade on the debt of the Authority, as more fully described in a Liquidity Facility, the Authority may elect to provide self-liquidity without satisfying the requirements of this Section 5.04.”

Section 7. The first sentence of Section 6.05(a) of each Series Resolution is hereby amended by replacing “Merrill Lynch, Pierce, Fenner & Smith Incorporated” with “BNY Mellon Capital Markets, LLC or such other Remarketing Agent as an Authorized Officer may appoint to replace it in accordance with the provisions hereof.” Section 6.05(c) of each Series Resolution is amended by replacing “National Association of Securities Dealers, Inc. (“NASD”)” with “Financial Industry Regulatory Authority (“FINRA”)”. Each Series Resolution is amended by replacing “NASD” with “FINRA”.

Section 8. Each Series Resolution shall be amended by adding the following as Section 9.08 thereof:

“To the extent set forth in any Liquidity Facility, amounts payable to the Liquidity Facility provider (other than principal and interest on bank bonds) shall constitute Program Expenses pursuant to the Bond Resolution and, pursuant to Section 403(5) of the Bond Resolution, shall be paid from the Revenue Fund when due.”

Section 9. This Resolution as it amends and supplements the Series Resolutions is authorized and permitted by the Bond Resolution, particularly Section 802 thereof, for the reasons aforesaid.

Section 10. This Resolution shall be effective immediately, provided that, except with respect to the changes set forth in Sections 2 and 7 hereof, changes made to the Series Resolutions shall be effective upon the later of the effective date of the Standby Bond Purchase Agreements with The Bank of New York Mellon (the “BNY Mellon Agreements”) and the date of the filings with, and the consent of, the

Bond Trustee, Wells Fargo Bank, National Association, to the amendments set forth herein; and, provided further, that the changes made to the Series Resolutions in Sections 2 and 7 shall be effective upon the later of the effective date of remarketing agreements with BNY Mellon Capital Markets, LLC (which is anticipated to occur on or about November 1, 2012) and the date of filings with, and the consent of the Bond Trustee, Wells Fargo Bank, National Association, to the amendments set forth in Sections 2 and 7. To the extent necessary, changes shall be made on the form of the applicable Bonds to conform to the amendments set forth herein.

Section 11. The Authority confirms the authority of the staff to substitute BNY Mellon Agreements for the existing liquidity facilities for the Bonds and to substitute BNY Mellon Capital Markets, LLC for Merrill Lynch, Pierce, Fenner & Smith Incorporated, as remarketing agent for the Bonds.

Section 12. In conjunction with the extension or substitution of a liquidity facility or remarketing agreement with respect to the Bonds (including the BNY Mellon Agreements), the Authority hereby authorizes each Authorized Officer, by delivery of an Officer's Certificate, to agree to terms other than as specified in the Series Resolutions but only if and to the extent such Authorized Officer determines the same to be in the best interests of the Authority and necessary or desirable to facilitate such extension or substitution including conforming the provisions hereof to such liquidity facility or agreement, provided that no such terms shall change the maturity, interest rate or redemption provisions with respect to the Bonds or substantially change the Mode or method of determining the interest rate on the Bonds nor purport to modify the terms or rights of other bonds outstanding under the Bond Resolution; any determination so made in any such Officer's Certificate shall be deemed conclusive thereof.

Via roll call vote, the motion carried unanimously.

V. NEW BUSINESS

A. Resolution No. 12-10-98: Resolution to Approve HOME Application for Commitment of Funds for Northeast South Dakota Community Action Program (DBA as Grow South Dakota) Under the Security Deposit Assistance Program

After review and discussion, it was moved by Commissioner Hansen and seconded by Commissioner Pummel 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
Northeast South Dakota
Community Action Program
Sisseton, SD

SECURITY DEPOSIT
ASSISTANCE
PROGRAM AMOUNT
\$10,000

Via roll call vote, the motion carried unanimously.

B. Treasurer's/Audit Committee and Presentation of Audit

Holly Engelhart, CPA, Partner with Eide Bailly, LLP went over the Audit Report, including the Management SAS 114 letter, the compliance report and also covered the financial statements. After review and discussion, it was moved by Commissioner Pummel and seconded by Commissioner Symens to approve the Audit Report.

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, October 30, 2012. A time was not set. Interested parties may participate at the SDHDA Board Room in Pierre. It was moved by Commissioner Pummel and seconded by Commissioner Hansen that the meeting adjourn. The meeting adjourned at 10:58 AM.

Respectfully submitted,



Mark Lauseng
Secretary