

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONER'S MEETING
SDHDA CONFERENCE ROOM
AUGUST 11, 2015

Board Members Present: Lloyd Schipper, Chairman
David Pummel, Vice Chairman
Brent Dykstra, Treasurer
Linda Barker, Commissioner
Bill Hansen, Commissioner
Steve Kolbeck, Commissioner
Mark Puetz, Commissioner (via telephone)

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
Shanna Brech, Assistant Mortgage Purchase Officer
Jacque Selby, Assistant Housing Management Officer
Mary Stewart, HERO State Coordinator
Heather Stoesser, Assistant Mortgage Service Officer
Sheila Ricketts, Marketing/Executive Assistant

Guests Present: Dixie Hieb, Davenport, Evans, Hurwitz & Smith, Counsel to SDHDA

I. CALL TO ORDER

The meeting was called to order at 1:39 P.M. and roll was called. No conflicts of interest were noted.

II. APPROVAL OF AGENDA

The distributed Agenda was amended to add Resolution No. 15-08-44 and Resolution No. 15-08-45 under Old Business. It was moved by Commissioner Pummel and seconded by Commissioner Dykstra that the Agenda be adopted as amended, but reserving the right to make further changes during the meeting.

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

III. APPROVAL OF MINUTES

It was moved by Commissioner Hansen and seconded by Commissioner Dykstra that the Minutes of the Board of Commissioners' Meeting held on May 13, 2015, be adopted as presented.

Via roll call vote, the following votes were recorded:

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

It was moved by Commissioner Kolbeck and seconded by Commissioner Pummel that the Minutes of the Board of Commissioners' Meeting held on July 23, 2015, be adopted as presented.

Via roll call vote, the following votes were recorded:

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

IV. TREASURER'S REPORT

Todd Hight, Director of Finance, presented the Treasurer's Report; the Statement of Net Position dated May 31, 2015 and the Statement of Revenues, Expenses and Changes in Net Position for the eleven months ending May 31, 2015. It was moved by Commissioner Pummel and seconded by Commissioner Barker that the Treasurer's Report be accepted as presented.

Via roll call vote, the following votes were recorded:

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

V. EXECUTIVE DIRECTOR'S REPORT

Executive Director Lauseng reported that the U.S. Senate Appropriations Committee passed the THUD Bill, which would reduce South Dakota's HOME Program amount by 95%. Executive Director Lauseng also reported upcoming events: on August 17 the YMCA Apartments in Sioux Falls will have a ribbon cutting and on August 25 he will be presenting the Housing Opportunity Fund Annual Report to the Government Operations and Audit Committee.

VI. PROGRAM REPORTS

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

VII. OLD BUSINESS

A. Resolution No. 15-08-44: Resolution to Amend the Interest Rate Swap Management Policy for the Homeownership Program

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

WHEREAS, it is the intent of the South Dakota Housing Development Authority to provide mortgage loans at the lowest interest rate possible while maintaining its financial strength and integrity;

WHEREAS, short-term variable rate debt, which provides the lowest interest rates, includes risks associated with the low rates; and

WHEREAS, in light of changes in federal laws, the Board of Commissioners desires to update its policies under which variable rate debt interest rates may be swapped to manage the interest rate risk;

NOW, THEREFORE, BE IT RESOLVED that the Board adopts the amended Interest Rate Swap Management Policy dated August 11, 2015, which by this reference is hereby made a part of this Resolution.

Via roll call vote, the following votes were recorded:

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

B. Resolution No. 15-08-45: Resolution to Modify Terms of FLEX-Rural Site Development Loan for The Estates at Cheyenne Pass, Box Elder, SD

After review and discussion, it was moved by Commissioner Pummel and seconded by Commissioner Hansen 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, per Resolution No. 12-05-42, terms of the loan were modified such that loan was to become due June 1, 2014 or at such time the first mortgage was paid in full or refunded, whichever came first;

WHEREAS, per Resolution No. 14-09-58, terms of the loan were modified to extend the due date to June 1, 2017;

WHEREAS, the loan remains in good standing and the current balance is \$921,718.00;

WHEREAS, the developer has made arrangements with Bankwest to secure financing in the amount of \$892,000.00 for infrastructure improvements to the next phase contingent upon South Dakota Housing Development Authority (SDHDA) subordinating its mortgage to the new note; and

WHEREAS, SDHDA supports the infrastructure and wishes to subordinate its collateral position to that of Bankwest;

NOW, THEREFORE, BE IT RESOLVED that the modification, as per the attached summary, is hereby approved for:

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

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

VIII. NEW BUSINESS

A. Resolution No. 15-08-46: Resolution Adopting Fiscal Year 2016 Budget

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

WHEREAS, the Board has reviewed the proposed fiscal year 2016 budget as presented;

NOW, THEREFORE, BE IT RESOLVED that the Budget for fiscal year 2016 is hereby adopted.

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

B. Resolution No. 15-08-47: Resolution of Officers for Fiscal Year 2016

After review and discussion, it was moved by Commissioner Hansen 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 2016 are as follows:

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

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

C. Resolution No. 15-08-48: Resolution Approving Homeownership Education Resource Organization (HERO) Funding

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

WHEREAS, the Homeownership Education Resource Organization (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 \$700,000 for FY 2016; and

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

NOW, THEREFORE, BE IT RESOLVED that during FY 2016, SDHDA under its Board of Commissioners agrees to financially support HERO up to \$396,498 to deliver homebuyer education in South Dakota.

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

D. Resolution No. 15-08-49: Resolution Authorizing Loan Program for Repeat Homebuyers and Non-Qualifying First-time Homebuyers

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

WHEREAS, certain repeat homebuyers find it difficult to move up to a larger home because of downpayment requirements;

WHEREAS, certain first-time homebuyers are in need of financing assistance but fail to meet the requirements of the Internal Revenue Code with respect to Mortgage Revenue Bond (MRB) financing;

WHEREAS, the South Dakota Housing Development Authority desires to help such repeat homebuyers and non-qualifying first-time homebuyers, with mortgage loan financing; and

WHEREAS, the housing finance agencies of certain other states have developed successful programs for non-qualifying first-time homebuyers and repeat homebuyers;

NOW, THEREFORE, BE IT RESOLVED that a mortgage loan financing program to assist repeat homebuyers and non-qualifying first-time homebuyers is hereby authorized and approved;

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized to take such steps as are necessary to develop and implement such program.

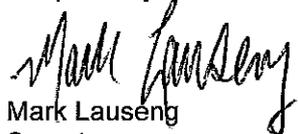
Via roll call vote, the following votes were recorded:

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

IX. 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 3:05 P.M.

Respectfully submitted,


Mark Lauseng
Secretary