

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONER'S MEETING
SDHDA CONFERENCE ROOM
Telephonic
February 16, 2017

Board Members Present: David Pummel, Chairman
Brent Dykstra, Vice Chairman
Bill Hansen, Treasurer
Rick Hohn, Commissioner
Steve Kolbeck, Commissioner
Mark Puetz, Commissioner

Board Members Absent: Lloyd Schipper, Commissioner

Staff Present: Mark Lauseng, Executive Director
Brent Adney, Director of Homeownership Programs
Todd Hight, Director of Finance and Administration
Lorraine Polak, Director of Rental Housing Development
Mike Harsma, Director of Single Family Development
Amanda Weisgram, Director of Research and Marketing
Tasha Jones, Director of Rental Housing Management
Sheila Ricketts, Marketing/Executive Assistant

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

I. CALL TO ORDER/CONFLICTS OF INTEREST

The meeting was called to order at 10:02 a.m. and roll was called. No conflicts of interest were noted.

II. APPROVAL OF AGENDA

It was moved by Commissioner Kolbeck and seconded by Commissioner Dykstra that the Agenda be adopted as presented, but reserving the right to make further changes during the meeting.

Via roll call vote, the following votes were recorded:

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

Excused: Commissioner Schipper.

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 December 22, 2016, be adopted as presented.

Via roll call vote, the following votes were recorded:

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

Excused: Commissioner Schipper.

IV. EXECUTIVE DIRECTOR'S REPORT

Executive Director Lauseng reported that we are in the 24th day of legislature. He mentioned bills are at a record low and the State is experiencing budget constraints of \$25 million short this year and \$27 million short next year. Executive Director Lauseng talked about HB 1015, which would designate the South Dakota Housing Development Authority as the sole administrator of a federal housing program in South Dakota. He mentioned the allocation of fund percentages may change under the Building South Dakota Fund. The Housing Opportunity Fund would receive a larger percentage and there would be a reduction in percentage for economic development. GOED is in favor of this change. Executive Lauseng stated the Mountain Plains Housing Summit will be held in Idaho May 1-3. Please let Sheila know if you would like to attend.

V. OLD BUSINESS

A. Resolution No. 17-02-01: Resolution to Approve the Amended 2016-2017 South Dakota Housing Opportunity Fund Allocation Plan

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

WHEREAS, SDHDA is responsible for the administration of the Housing Opportunity Fund in accordance with SDCL 11-13;

WHEREAS, SDHDA is responsible for the development of the South Dakota Housing Opportunity Fund Allocation Plan;

WHEREAS, on December 22, 2016, the Board of Commissioners approved the Draft Amended 2016-2017 Housing Opportunity Fund Allocation Plan and authorized the Executive Director to make it available for public comment; and

WHEREAS, a Public Meeting was held on January 18, 2017, and comments received at the Public Meeting and during the public comment period, which ended February 3, 2017, were considered;

NOW, THEREFORE, BE IT RESOLVED that the Amended 2016-2017 Housing Opportunity Fund Allocation Plan, dated February 16, 2017, is hereby adopted; and

BE IT FURTHER RESOLVED that the Executive Director is authorized to distribute it to the public.

Via roll call vote, the following votes were recorded:

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

Excused: Commissioner Schipper.

B. Resolution No. 17-02-02: Resolution to Approve and Authorize Release of the Draft Amended 2016-2017 HOME Program Allocation Plan for Public Comment

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

WHEREAS, Title 24, Code of Federal Regulations, Part 92, requires that a HOME Program Allocation Plan (HOME Plan) be adopted;

WHEREAS, the Board adopted the 2016-2017 HOME Plan per Resolution No. 16-03-17;

WHEREAS, the U.S. Department of Housing and Urban Development has released an Interim Final Rule on December 2, 2016, implementing grant-specific compliance requirements, and a Final Rule on December 20, 2016, requiring the installation of broadband infrastructure; and

WHEREAS, amendments to the 2016-2017 HOME Plan are required in order to comply with new program requirements;

NOW, THEREFORE, BE IT RESOLVED that the above referenced Draft Amended 2016-2017 HOME Program Allocation Plan dated February 16, 2017, is hereby approved for public distribution, and the Executive Director is authorized to give the required public notices for a final 30-day comment period.

Via roll call vote, the following votes were recorded:

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

Excused: Commissioner Schipper.

C. Resolution No. 17-02-03: Resolution to Approve and Authorize Release of the Draft Amended 2016-2017 Housing Trust Fund Allocation Plan for Public Comment

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

WHEREAS, Title I of the Housing and Economic Recovery Act of 2008 requires that the Housing Trust Fund Allocation Plan be adopted;

WHEREAS, the Board adopted the 2016-2017 Housing Trust Fund Allocation Plan per Resolution No. 16-03-22; and

WHEREAS, the U.S. Department of Housing and Urban Development requires the Housing Trust Fund Allocation Plan to be revised annually for specific program items such as the Housing Trust Fund subsidy limits;

NOW, THEREFORE, BE IT RESOLVED that the above referenced Draft Amended 2016-2017 Housing Trust Fund Allocation Plan dated February 16, 2017, is hereby approved for public distribution, and the Executive Director is authorized to give the required public notices for a final 30-day comment period.

Via roll call vote, the following votes were recorded:

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

Excused: Commissioner Schipper.

D.

Resolution No. 17-02-04: Resolution to Approve and Authorize Release of the Draft 2017 Annual Action Plan for Public Comment

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

WHEREAS, the 2013-2017 Five-Year Consolidated Plan (Consolidated Plan) has previously been approved by the U.S. Department of Housing and Urban Development (HUD);

WHEREAS, annually HUD requires an action plan with respect to the Consolidated Housing and Community Development Plan to enable the State to access the HOME, Emergency Solutions Grants, Housing Trust Fund and Community Development Block Grant Program funds;

WHEREAS, the required public hearing has been held and public comments have been considered in formulating the Draft 2017 Annual Action Plan; and

WHEREAS, during this process HUD has released additional program rules and notices that SDHDA wants to incorporate into the 2017 Annual Action Plan;

NOW, THEREFORE, BE IT RESOLVED that the above referenced Draft 2017 Annual Action Plan dated February 16, 2017, is hereby approved for public distribution, and the Executive Director is authorized to give the required public notices for a final 30-day comment period.

Via roll call vote, the following votes were recorded:

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

Excused: Commissioner Schipper.

E. Resolution No. 17-02-05: Resolution to Approve FLEX Funds for Johnson Addition in Arlington

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

WHEREAS, per Resolution No. 07-01-10, a commitment of a FLEX-Rural Site Development loan was made to Johnson Addition, LLC (Owner) for Johnson Addition located in Arlington, South Dakota;

WHEREAS, per Resolution No. 12-02-02, a loan modification was approved;

WHEREAS, per Resolution No. 12-09-70, a 12-month extension to the original terms was approved;

WHEREAS, per Resolution No. 13-08-57, an additional 12-month extension was approved;

WHEREAS, per Resolution No. 16-06-36, the use of up to \$250,000.00 in FLEX Funds was approved to complete improvements and clear tax liens was approved; and

WHEREAS, the final quantities and cost for the improvement exceeded engineer's estimate;

NOW, THEREFORE, BE IT RESOLVED that an additional \$22,000.00 in FLEX Funds be approved to pay for improvements at Johnson Addition, Arlington, SD.

Via roll call vote, the following votes were recorded:

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

Excused: Commissioner Schipper.

F. Resolution No. 17-02-06: Resolution to Approve Request to Amend FLEX-Rural Site Development Loan for the Reserve on Higgins Creek

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

WHEREAS, per Resolution No. 07-03-20, a commitment for a loan under the FLEX-Rural Site Development/Loan Guarantee Program (the "Program") was provided to Ward Development Co., LLC ("Owner") for The Reserve on Higgins Creek;

WHEREAS, per Resolution No. 07-06-68, the Executive Director was authorized to increase the maximum affordable sales price limit to \$160,000 and provide for the building of two spec homes;

WHEREAS, per Resolution No. 10-08-59, the term of the mortgage loan was modified to shift a portion of the debt to Phase 2 and extended one year;

WHEREAS, per Resolution No. 11-08-70, the term of the mortgage loan was extended one year;

WHEREAS, per Resolution No. 12-02-01, the term of the mortgage loan was modified to decrease the interest rate to 3.125%;

WHEREAS, per Resolution No. 12-07-57, the term of the mortgage loan was modified to 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;

WHEREAS, Resolution No. 14-07-49, the term of the mortgage loan was modified to subordinate the debt to Phase 3;

WHEREAS, the Owner has requested that the loan be modified to accept new repayment terms, outlined on the attached summary sheet, with the final payment due on or before September 1, 2024;

WHEREAS, Owner has made arrangements with Black Hills Community Bank for a loan in the amount of \$1.4 million to finance Phase 4 of the Development, contingent upon SDHDA subordinating its FLEX-Rural Site Development loan to Black Hills Community Bank's loan; and

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

NOW, THEREFORE, BE IT RESOLVED that SDHDA's FLEX-Rural Site Development loan to Owner may be subordinated to the loan from Black Hills Community Bank in the amount of \$1.4 million for Phase 4;

BE IT FURTHER RESOLVED that the modified loan repayment terms be approved with final payment due on or before September 1, 2024; and

BE IT FURTHER RESOLVED that the Executive Director be authorized to approve future requests for subordination of the FLEX-Rural Site Development loan as long as the new financing doesn't exceed \$1.4 million or 40% of the retail sales value of remaining total development lots, whatever is less, and the FLEX-Rural Site Development payments are current.

Via roll call vote, the following votes were recorded:

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

Excused: Commissioner Schipper.

VI. NEW BUSINESS

A. Resolution No. 17-02-07: Resolution to Approve and Authorize Release of the Draft 2016 Consolidated Plan Annual Performance Report for Public Comment

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

WHEREAS, SDHDA is responsible for the development of the 2016 Consolidated Plan Annual Performance Report (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 2016 Consolidated Plan Annual Performance Report, dated February 16, 2017, 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 be incorporated into the Report and the final Report be submitted to the U.S. Department of Housing and Urban Development (HUD) by March 31, 2017.

Via roll call vote, the following votes were recorded:

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

Excused: Commissioner Schipper.

Commissioner Hansen left the meeting at 10:55 a.m.

B. Resolution No. 17-02-08: Resolution to Conditionally Commit HOME Program Funds under the Security Deposit Assistance Program for the Housing and Redevelopment Commission of the City of Aberdeen

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

WHEREAS, the following HOME Program application was received for the Security Deposit Assistance Program (SDAP) set-aside; and

WHEREAS, the required documentation has been reviewed and evaluated, 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 conditional commitment of HOME funds from the SDAP set-aside for the following:

<u>APPLICANT</u>	<u>SECURITY DEPOSIT ASSISTANCE PROGRAM AMOUNT</u>
Housing and Redevelopment Commission of the City of Aberdeen	\$25,000

Via roll call vote, the following votes were recorded:

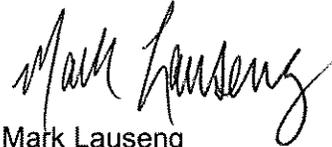
Voting AYE: Chairman Pummel; Commissioners Dykstra, Hohn, Kolbeck and Puetz.

Excused: Commissioners Hansen and Schipper.

VII. DATE OF NEXT MEETING AND ADJOURNMENT

The next Board of Commissioners' Meeting has not been scheduled. It was moved by Commissioner Kolbeck and seconded by Commissioner Dykstra that the meeting adjourn. The meeting adjourned at 10:59 a.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Mark Lauseng". The signature is written in a cursive style with a large, looping initial "M".

Mark Lauseng
Secretary