

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONER'S MEETING
SDHDA CONFERENCE ROOM
March 13, 2018

Board Members Present: Bill Hansen, Treasurer
Scott Erickson, Commissioner
Rick Hohn, Commissioner
Steve Kolbeck, Commissioner
Mark Puetz, Commissioner

Board Members Absent: David Pummel, Chairman
Brent Dykstra, Vice-Chair

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

Guests Present: Todd Valland, Guaranteed Rate

I. CALL TO ORDER/CONFLICTS OF INTEREST

The meeting was called to order at 9:58 a.m. by Commissioner Hansen, who served as Chair in the absence of Chairman Pummel. Roll was called. No conflicts of interest were noted. Executive Director Lauseng noted his wife, Sherry Lauseng, is employed in an administrative support capacity with a Raymond James financial advisor. Raymond James, as a company, is part of the group that sells SDHDA bonds. Executive Director Lauseng stated that he had confirmed with the Authority's legal counsel that this is not a conflict of interest because SDHDA has no contract with Raymond James.

II. APPROVAL OF AGENDA

The distributed Agenda was amended to add Resolution No. 18-03-08 under New Business and Resolution No. 18-03-17 under Old Business.

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

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

III. APPROVAL OF MINUTES

It was moved by Commissioner Kolbeck and seconded by Commissioner Hohn that the Minutes of the Board of Commissioners' Meeting held on January 17, 2018, be adopted as presented.

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

IV. TREASURER'S REPORT

Todd Hight, Director of Finance, presented the Treasurer's Report; the Statement of Net Position dated December 31, 2017 and the Statement of Revenues, Expenses and Changes in Net Position for the six months ending December 31, 2017. He also mentioned the Indirect Cost Plan. It was moved by Commissioner Puetz and seconded by Commissioner Erickson that the Treasurer's Report be accepted as presented.

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

V. EXECUTIVE DIRECTOR'S REPORT

Executive Director Lauseng stated the Governor's Office introduced Senate Bill 81, which dealt with Building South Dakota and the Housing Opportunity Fund. The bill passed resulting in the Housing Opportunity Fund receiving 60% or \$2.9 million of Building South Dakota's funds in fiscal year 2019. He said the NCSHA Board appointed a new Executive Director, Stockon Williams, replacing Barbara Thompson. Executive Director Lauseng and staff will meet with the Authority's bond counsel, financial advisor and investment managers. The goal of the meeting is to protect the financial strength of the Authority into the near and long-term future. He mentioned two trainings: Mountain Plains Housing Summit May 7-9, 2018 in Lincoln, Nebraska and NCSHA's Annual Conference October 13-16, 2018 in Austin, Texas.

VI. PROGRAM REPORTS

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

VII. OLD BUSINESS

A. Resolution No. 18-03-06: Resolution to Increase the Purchase Price for the Governor's House and Governor's Daycare Facility

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

WHEREAS, the last price increase to the Governor's House was in 2017;

WHEREAS, construction material costs have increased since 2017; and

WHEREAS, SDHDA also wishes to add central air conditioning as a feature of the Governor's House;

NOW, THEREFORE, BE IT RESOLVED that effective for purchase agreements signed on or after April 1, 2018, the purchase price for the 1,008 sq. ft. Governor's House will increase from \$44,700 to \$49,700; the purchase price for the 1,200 sq. ft. Governor's House will increase from \$51,700 to \$56,700; and the purchase price for the 1,200 sq. ft. Governor's Daycare Facility will increase from \$51,700 to \$56,700.

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

B. Resolution No. 18-03-07: Resolution to Amend the 2011 Servicing and Escrow Agreements and Amendments between the South Dakota Housing Development Authority (SDHDA) and its Servicing Agents

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

WHEREAS, the South Dakota Housing Development Authority (SDHDA) entered into the 2011 Servicing and Escrow Agreements (Agreements) with BankWest, CorTrust Bank/CorTrust Mortgage, CU Mortgage Direct, LLC, Home Federal Bank (nka Great Western Bank), and First Bank and Trust, to serve as SDHDA's Servicers for the Mortgage Revenue Bond (MRB) program;

WHEREAS, per Section 1.b. of the Agreements, authorized the amendment from time to time of the SDHDA's Rules and Homeownership Program Guide dated October 16, 2002, as revised;

WHEREAS, pursuant to the Guide the servicing fee shall be based upon the average delinquency percentage for the previous six (6) months for all of the particular Mortgage Loans made pursuant to that bond series and serviced by Servicer.

WHEREAS, SDHDA desires to exercise its right to amend the Agreements to revise the servicing compensation calculation to .00375 servicing fee factor of the interest collected.

WHEREAS, SDHDA desires to replace the reference to the Homeownership Program Guide dated October 26, 2002, with the Homeownership Servicing Guide dated January 17, 2018;

WHEREAS, SDHDA desires to revise the reference to the Homeownership Servicing Guide dated January 17, 2018, to incorporate the revised servicing compensation calculation;

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners hereby authorizes the SDHDA Executive Director to amend the Agreements and revise the Homeownership Servicing Guide dated January 17, 2018, to incorporate the revised servicing compensation calculation.

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

C. Resolution No. 18-03-08: Resolution to Approve Housing Tax Credit Program Waiver Request for Sage View Glen Apartments

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

WHEREAS, per Resolution No. 17-11-84, Pennington County Good Samaritan Housing Limited Partnership (Applicant) received a Reservation of Housing Tax Credits (HTC) for Sage View Glen Apartments; and

WHEREAS, the Applicant has requested a waiver of the Amended 2016-2017 HTC Program Qualified Allocation Plan (QAP) requirements with regard to certain underwriting standards related to the vacancy rate;

NOW, THEREFORE, BE IT RESOLVED that the waiver is hereby approved for Sage View Glen Apartments.

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

VIII. NEW BUSINESS

A. Resolution No. 18-03-09: Resolution to Approve Release of the Draft 2018-2022 Five-Year Consolidated Plan for Public Comment

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

WHEREAS, Title 24, Code of Federal Regulations, Part 91, requires that a Consolidated Housing and Community Development Plan (Plan) be adopted to enable the State to access the HOME, Housing Trust Fund, Emergency Solutions Grants, and Community Development Block Grant Program funds; and

WHEREAS, the required public hearings have been held and public comments have been considered in formulating the Plan;

NOW, THEREFORE, BE IT RESOLVED that the above referenced Draft 2018-2022 Five-Year Consolidated Plan dated March 13, 2018, 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 voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

B. Resolution No. 18-03-10: Resolution to Approve and Authorize Release of the Draft 2018-2019 HOME Program Allocation Plan for Public Comment

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

WHEREAS, SDHDA is responsible for the development of the HOME Program Allocation Plan; and

WHEREAS, the required public hearings have been held and public comments have been considered in formulating the Plan;

NOW, THEREFORE, BE IT RESOLVED that the above referenced Draft 2018-2019 HOME Program Allocation Plan dated March 13, 2018, is hereby approved for public distribution, and the Executive Director is authorized to give the required public notices for a 30-day comment period.

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

C. Resolution No. 18-03-11: Resolution to Approve and Authorize Release of the Draft 2018-2019 Housing Trust Fund Allocation Plan for Public Comment

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

WHEREAS, the Housing Trust Fund (HTF) is an affordable housing production program established under Title I of the Housing and Economic Recovery Act of 2008;

WHEREAS, SDHDA is responsible for the development of the Housing Trust Fund Allocation Plan (Plan) for the State of South Dakota; and

WHEREAS the required public hearings have been held and public comments have been considered in formulating the Plan;

NOW, THEREFORE, BE IT RESOLVED that the above referenced Draft 2018-2019 Housing Trust Fund Allocation Plan dated March 13, 2018, is hereby approved for public distribution, and the Executive Director is authorized to give the required public notices for a 30-day comment period.

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

D. Resolution No. 18-03-12: Resolution to Approve and Authorize Release of the Draft 2018-2019 Emergency Solutions Grants Program Administrative Plan for Public Comment

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

WHEREAS, SDHDA is responsible for the development of the Emergency Solutions Grants Program Administrative Plan (Plan) for the State of South Dakota; and

WHEREAS the required public hearings have been held and public comments have been considered in formulating the Plan;

NOW, THEREFORE, BE IT RESOLVED that the above referenced Draft 2018-2019 Emergency Solutions Grants Program Administrative Plan dated March 13, 2018, is hereby approved for public distribution, and the Executive Director is authorized to give the required public notices for a 30-day comment period.

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

E. Resolution No. 18-03-13: Resolution to Approve and Authorize Release of the Draft 2018-2019 Housing Tax Credit Qualified Allocation Plan (QAP) for Public Comment

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

WHEREAS, SDHDA is responsible for the development of the Housing Tax Credit Qualified Allocation Plan (QAP); and

WHEREAS, the required public hearings have been held and public comments have been considered in formulating the QAP;

NOW, THEREFORE, BE IT RESOLVED that the above referenced Draft 2018-2019 Housing Tax Credit Qualified Allocation Plan dated March 13, 2018, is hereby approved for public distribution, and the Executive Director

is authorized to give the required public notices for a 30-day comment period.

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

F. Resolution No. 18-03-14: Resolution to Approve and Authorize the Release of the Draft 2018-2019 South Dakota Housing Opportunity Fund Allocation Plan for Public Comment

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

WHEREAS, per SDCL 11-13, SDHDA is responsible for the administration of the Housing Opportunity Fund and the development of the South Dakota Housing Opportunity Fund Allocation Plan (Plan); and

WHEREAS, public hearings have been held and public comments have been considered in formulating the Plan;

NOW, THEREFORE, BE IT RESOLVED that the above referenced Draft 2018-2019 South Dakota Housing Opportunity Fund Allocation Plan dated March 13, 2018, is hereby approved for public comment and the Executive Director is authorized to release the Plan for a 30-day comment period.

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

G. Resolution No. 18-03-15: Resolution to Commit HOME Program Funds under the Security Deposit Assistance Program for Western Resources for Independent Living

After review and discussion, it was moved by Commissioner Kolbeck and seconded by Commissioner Hohn 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>
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Western Resources for
Independent Living

\$25,000

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

H. Resolution No. 18-03-16: Resolution to Grant Preliminary Approval to the Issuance of Multifamily Housing Revenue Bonds in One or More Series in an Aggregate Principal Amount Not to Exceed \$10,000,000 for Meadowland Apartments

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

WHEREAS, the South Dakota Housing Development Authority (the "Authority") is authorized by the South Dakota Housing Development Authority Act, South Dakota Codified Laws, Chapter 11-11, as amended (the "Act") to issue its revenue bonds to provide financing for the construction or rehabilitation of "Housing Developments" as that term is defined in the Act;

WHEREAS, Integra Property Group (the "Sponsors") have requested that the Authority indicate its willingness to issue its revenue bonds in an amount not to exceed \$10,000,000 (the "Bonds") and use the proceeds thereof to finance a loan to the Sponsors or an affiliate thereof, presently expected to be Sioux Falls LIHTC, LP, a South Dakota limited partnership (the "Borrower"), for the purpose of acquiring and renovating a multifamily housing development comprised of 120 housing units located at 3601 S. Marion Road, all to be known as the Meadowland Apartments, located in Sioux Falls, South Dakota (the "Project");

WHEREAS, in furtherance of the purposes of the Act, the Authority is preliminarily considering the issuance of the Bonds, the proceeds of which will be used to finance a loan to the Borrower to assist the Borrower in the acquisition, construction and renovation of the Project; and

WHEREAS, it is intended that the Authority take "official action" within the meaning of the applicable provisions of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder for the purpose of issuing the Bonds in an amount not to exceed \$10,000,000 for the purpose of acquiring and renovation the Project.

NOW, THEREFORE, BE IT RESOLVED, by the South Dakota Housing Development Authority that:

Section 1. **Preliminary Approval.** The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and renovate the Project is hereby preliminarily approved, and, pursuant to Section 1.150-2 of the Internal Revenue Code Regulations, the Authority hereby states its intention to reimburse itself or the Borrower from Bond

proceeds for any advances of funds prior to the issuance of any such Bonds.

Section 2. **Conditions.** The preliminary approval of Section 1 does not obligate the Authority to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent Authority action, which may contain such conditions thereto as the Authority may deem appropriate. The Authority in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so. In addition, the issuance of the Bonds is also subject to an allocation of South Dakota private activity volume cap, which allocation shall be separately requested by the Borrower and separately considered by the Authority at such time as determined by the Authority.

Section 3. **Prior Resolutions.** All provisions of prior resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

Section 4. **Effectiveness.** This Resolution shall be effective immediately. ADOPTED by the South Dakota Housing Development Authority this 13th day of March, 2018.

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

I. Resolution No. 18-03-17: Resolution to Approve and Authorize Release of the Draft 2017 Consolidated Plan Annual Performance Report for Public Comment

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

WHEREAS, SDHDA is responsible for the development of the 2017 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 2017 Consolidated Plan Annual Performance Report, dated March 13, 2018, 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, 2018.

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

IX. DATE OF NEXT MEETING AND ADJOURNMENT

The next Board of Commissioners' Meeting is scheduled for April 26, 2018. It was moved by Commissioner Puetz and seconded by Commissioner Kolbeck that the meeting adjourn. The meeting adjourned at 12:42 p.m.

Via voice vote, the following votes were recorded:

Voting AYE: Commissioners Erickson, Hansen, Hohn, Kolbeck and Puetz.

Excused: Chairman Pummel and Vice-Chair Dykstra.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark Lauseng". The signature is written in a cursive, flowing style.

Mark Lauseng
Secretary