

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONER'S MEETING
SDHDA CONFERENCE ROOM
Telephonic
June 29, 2018

Board Members Present: David Pummel, Chairman
Brent Dykstra, Vice-Chair
Bill Hansen, Treasurer
Scott Erickson, Commissioner
Rick Hohn, Commissioner
Steve Kolbeck, Commissioner
Mark Puetz, Commissioner (joined at 9:33 a.m.)

Board Members Absent: None.

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
Tasha Jones, Director of Rental Housing Management
Amanda Weisgram, Director of Marketing and Research
Sheila Ricketts, Marketing/Executive Assistant
Scott Rounds, Housing Development Officer
Chas Olson, Housing Development Officer

Guests Present: Todd Volland, Guaranteed Rate, Inc.
Shannon Clark, Sioux Falls Good Samaritan Housing
Tara Engquist, Eide Bailly LLP
Cameron Zent, Eide Bailly LLP

I. CALL TO ORDER/CONFLICTS OF INTEREST

The meeting was called to order at 9:31 a.m. and roll was called. Chairman Pummel called for conflicts of interest and none were noted.

II. APPROVAL OF AGENDA

It was moved by Commissioner Dykstra and seconded by Commissioner Kolbeck 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, Erickson, Hansen, Hohn and Kolbeck.

Absent: Commissioner Puetz.

Commissioner Puetz joined the meeting.

III. APPROVAL OF MINUTES

It was moved by Commissioner Hohn and seconded by Commissioner Kolbeck that the Minutes of the Board of Commissioners' Meeting held on April 26, 2018, be adopted as presented.

Via roll call vote, the following votes were recorded:

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

IV. EXECUTIVE DIRECTOR'S REPORT

Executive Director Lauseng stated South Dakota Housing Development Authority's by-laws state that we schedule our meetings every 4th Wednesday of the month. He mentioned that the by-laws may need to be amended to pick a monthly date to fit all of the commissioner's schedules, then monthly meetings will be added to the calendar a year in advance. Executive Director Lauseng stated the Annual Board Meeting will be held in Yankton on August 1-2, 2018. He said background checks will need to be submitted to Sheila as soon as possible. Executive Director Lauseng stated the HOME, Housing Tax Credit, Housing Trust Fund, Housing Opportunity Fund and Neighborhood Stabilization Program applications are due on Friday, August 31, by 5 p.m. Central Time. He reported the Annual Housing Conference will be in Pierre on October 30-31 with the sponsor dinner to be held Monday, October 29, and asked the Commissioners to please let Sheila Ricketts know if they would be attending.

V. OLD BUSINESS

A. Resolution No. 18-06-29: Resolution to Approve Housing Tax Credit Program Waiver Request for SWO Elderly Village

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

WHEREAS, per Resolution No. 16-11-77, SWO Elderly Village, Limited Partnership (Owner) received a Reservation of Housing Tax Credits (HTC) for SWO Elderly Village;

WHEREAS, per Resolution No. 17-11-87, the Owner received an extension to submit the housing tax credit syndication agreement and documentation of the ten percent test by July 1, 2018;

WHEREAS, per Resolution No. 17-11-88, the Owner received a Reservation of additional HTC;

WHEREAS, Owner has requested another extension to complete and submit due diligence items with the reservation requirements that were originally due by May 31, 2018, be extended until July 13, 2018; and the 10% test originally due by July 1, 2018, be extended until October 1, 2018; and

WHEREAS, the federal requirements allow such an extension;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the request, and the Executive Director is authorized to notify the Owner that if the remaining Carryover documentation is submitted to the satisfaction of SDHDA, a Carryover Allocation Agreement may be issued for the housing tax credits originally reserved or in an amount determined to be financially necessary by SDHDA.

Via roll call vote, the following votes were recorded:

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

B. Resolution No. 18-06-30: Resolution to Commit Additional HOME and Housing Trust Fund Funds for Sage View Glen 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, per Resolution No. 17-11-84, HOME and HTF funds were previously reserved for the project; and

WHEREAS, due to increased project costs the applicant is requesting additional HOME funds in the amount of \$160,000 and HTF funds in the amount of \$78,200 to assist in financing the additional costs;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to commit HOME and HTF Funds as follows:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT NAME</u>	<u>HOME FUNDS</u> <u>GENERAL POOL</u>
Pennington County Good Samaritan Housing Limited Partnership	Sage View Glen Apartments Rapid City, SD	\$590,000
		<u>HOUSING</u> <u>TRUST FUNDS</u>
		\$562,700

Via roll call vote, the following votes were recorded:

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

VI. NEW BUSINESS

A. Resolution No. 18-06-31: 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 \$10,010,000 for Whittier Apartments

After review and discussion, it was moved by Commissioner Dykstra and seconded by Commissioner Kolbeck 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, Steele Properties, LLC (the "Sponsors") have requested that the Authority indicate its willingness to issue its revenue bonds in an amount not to exceed \$10,010,000 (the "Bonds") and use the proceeds thereof to finance a loan to the Sponsors or an affiliate thereof, presently expected to be Steele Whittier, LLC, a South Dakota limited liability company (the "Borrower"), for the purpose of acquiring and renovating a multifamily housing development comprised of 144 housing units located at 1818 East 3rd Street; 614, 616, 705, and 709 North Lewis; and 1804, 1808 East 5th Street, all to be known as the Whittier 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 \$10,010,000 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 29th day of June, 2018.

Via roll call vote, the following votes were recorded:

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

B. Resolution No. 18-06-32: Resolution to Approve Guaranteed Rate, Inc. (GRI) as a Participating Lender

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

WHEREAS, the Board approved Participating Lender requirements pursuant to resolution 17-11-60, including the requirement that the lender has operated a mortgage origination office in South Dakota for at least two years;

WHEREAS, Guaranteed Rate, Inc. (GRI) has not operated a mortgage origination office in South Dakota for two years but does employ staff with experience in origination, processing, underwriting and closing of SDHDA loans;

WHEREAS, the Board has previously heard testimony from a representative from GRI and has heard testimony from the Director of Homeownership Programs who has recommended approval of GRI as a Participating Lender;

WHEREAS, GRI has agreed that its staff will attend a refresher training session with SDHDA staff prior to originating any loans; and

WHEREAS, GRI has certified that all other requirements with respect to approval as a Participating Lender have or will be met;

NOW, THEREFORE, BE IT RESOLVED that Board hereby waives the requirement that GRI must have operated a mortgage origination office in South Dakota for at least two years and approves GRI as an SDHDA Participating Lender.

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

VII. DATE OF NEXT MEETING AND ADJOURNMENT

The next Board of Commissioners' Meeting has been scheduled for August 1, 2018 in Yankton. It was moved by Commissioner Dykstra and seconded by Commissioner Kolbeck that the meeting adjourn. The meeting adjourned at 10:03 a.m.

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

Respectfully submitted,

Mark Lauseng
Secretary