

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONER'S MEETING
ABERDEEN DAKOTA EVENT CENTER
August 29, 2019

Board Members Present: David Pummel Chairman
Bill Hansen, Treasurer
Scott Erickson, Commissioner
Rick Hohn, Commissioner

Board Members Absent: Brent Dykstra, Vice-Chair
Steve Kolbeck, Commissioner
Mark Puetz, Commissioner

Staff Present: Mark Lauseng, Executive Director
Todd Hight, Director of Finance and Administration
Brent Adney, Director of Homeownership Programs
Tasha Jones, Director of Rental Housing Management
Lorraine Polak, Director of Rental Housing Development
Amanda Weisgram, Director of Marketing and Research
Mike Harsma, Director of Single Family Development
Mary Stewart, HERO State Coordinator
Sheila Ricketts, Marketing/Executive Assistant
Chas Olson, Housing Development Officer (via telephone)

Guests Present: Dixie Hieb, Davenport, Evans, Hurwitz & Smith, Counsel to SDHDA
Bronson Martin, Caine Mitter & Associates
Nick Fluehr, Wells Fargo
Rebecca Reape, Wells Fargo
Holly Engelhart, Eide Bailly
Jeff Mitchell, Homes Are Possible, Inc.
Ben Fosland, JB Holdings/Black Hills CPA Group LLC (via telephone)
Kent Haag, Haag Development, Inc. (via telephone)
Bonnie Mogen, Costello Companies (via telephone)
Joan Franken, Costello Companies (via telephone)
Clint Powell, SHELTER Community Housing Corporation (via telephone)
Angie Boersma, ID8 Architecture
Judy Domalewski, Black Hills Works (via telephone)

I. CALL TO ORDER/CONFLICTS OF INTEREST

The meeting was called to order at 8:30 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 Hansen and seconded by Commissioner Erickson that the Agenda be adopted as presented, but reserving the right to make further changes during the meeting.

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

III. APPROVAL OF MINUTES

It was moved by Commissioner Hohn and seconded by Commissioner Hansen that the Minutes of the Board of Commissioners' Meeting held on August 8, 2019, be adopted as presented.

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

IV. TREASURER'S REPORT

Todd Hight, Director of Finance, presented the Treasurer's Report; the Comparison of Actual Expenses to the Budget dated May 31, 2019, Statement of Net Position dated May 31, 2019, the Statement of Net Position dated May 31, 2019 and the Statement of Revenues, Expenses and Changes in Net Position for the eleven months ending May 31, 2019. It was moved by Commissioner Erickson and seconded by Commissioner Hohn that the Treasurer's Report be accepted as presented.

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

V. EXECUTIVE DIRECTOR'S REPORT

Executive Director Lauseng mentioned the Annual Housing Conference is October 29-30, 2019. He stated the Governor's House was on display at the Sioux Empire Fair, Brown County Fair, Central States Fair and the DakotaPlex at the South Dakota State Fair. Executive Director Lauseng stated Housing Tax Credit, HOME, Housing Trust Fund and Housing Opportunity Fund applications are due August 30, 2019. He had Bronson Martin with Caine Mitter mention the upcoming bond closing had the lowest bond yield, 2.061, to date.

VI. PROGRAM REPORTS

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

VII. OLD BUSINESS

A. Resolution No. 19-08-52: Resolution to Commit Additional Neighborhood Stabilization Program Funds for Sunshine Mobile Home Park

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

WHEREAS, per Resolution 19-04-30, a Conditional Commitment in the amount of \$700,000 of NSP funds was previously awarded to the following Applicant;

WHEREAS, the Applicant did not receive all of the additional financing necessary to complete the project in one phase; and

WHEREAS, SDHDA has additional NSP funding available and the Applicant is eligible to receive additional NSP funding;

NOW, THEREFORE, BE IT RESOLVED that the commitment authorization set forth in Resolution 19-04-30 be amended as follows, and the Executive Director be authorized to commit NSP funds accordingly:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT/ LOCATION</u>	<u>TOTAL NSP AMOUNT</u>
JB Holding LLC	Sunshine Mobile Home Park Rapid City, SD	\$900,000

Via voice vote, the following votes were recorded:

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

Excused: Commissioner Dykstra, Kolbeck and Puetz.

B. Resolution No. 19-08-53: Resolution to Appoint Underwriters

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

WHEREAS, pursuant to Resolution No. 04-03-12, South Dakota Housing Development Authority (the "Authority") appointed Citigroup and Merrill Lynch and Company as rotating Co-Senior Managers for the Authority's Home Ownership Bond Program (the "Bond Program") and appointed Wells Fargo Brokerage Services, LLC, Bear, Stearns and Company Incorporated, and Dougherty and Company, LLC as Co-Managers for the Bond Program;

WHEREAS, pursuant to Resolution No. 08-07-60, the Authority acknowledged the acquisition of Bear, Stearns and Company Incorporated by J.P. Morgan and approved J.P. Morgan as a Co-Manager for the Bond Program; and

WHEREAS, the Board has heard staff's recommendation concerning underwriters for the Bond Program;

NOW, THEREFORE, BE IT RESOLVED that Wells Fargo Brokerage Services, LLC, be promoted to serve as a Co-Senior Manager for the Bond Program with Citigroup and Merrill Lynch and Company;

BE IT FURTHER RESOLVED that the lead Senior Manager for each bond issuance under the Bond Program shall be determined by the Authority prior to the bond issuance; and

BE IT FURTHER RESOLVED that J.P. Morgan and Dougherty and Company, LLC shall continue as Co-Managers for the Bond Program.

Via voice vote, the following votes were recorded:

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

Excused: Commissioner Dykstra, Kolbeck and Puetz.

C. Resolution No. 19-08-54: Resolution to Approve the DakotaPlex Program

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

WHEREAS, small communities have a need for affordable rental housing for their citizens;

WHEREAS, per Resolution No. 19-01-08 the Board approved the DakotaPlex Pilot Program to provide affordable rental opportunities to small communities; and

WHEREAS, SDHDA staff has developed purchase and rental guidelines for the DakotaPlex Program (attached);

NOW, THEREFORE, BE IT RESOLVED, that the DakotaPlex Program Purchase and Rental Guidelines are hereby approved;

Via voice vote, the following votes were recorded:

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

Excused: Commissioner Dykstra, Kolbeck and Puetz.

D. Resolution No. 19-08-55: Resolution to Postpone Consideration of the Modification of Terms of FLEX-Rural Site Development Loan for The Estates at Cheyenne Pass

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. 07-12-126, a commitment of a FLEX-Rural Site Development loan (the Loan) was provided to Cheyenne Pass Development Co., Inc. (Developer) for The Estates at Cheyenne Pass Development in Box Elder, South Dakota;

WHEREAS, at the request of Developer, the South Dakota Housing Development Authority (SDHDA) previously approved several modifications to the terms of the Loan; and

WHEREAS, Developer has requested that the terms of the Loan be modified to provide that SDHDA will subordinate its mortgage securing the Loan to a new mortgage to be given by Developer to BankWest securing a loan from BankWest to Developer in the amount of \$250,000;

NOW, THEREFORE, BE IT RESOLVED that consideration of Developer's request regarding the proposed modification of the terms of the Loan is hereby postponed until the next meeting of the Board of Commissioners.

Via voice vote, the following votes were recorded:

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

Excused: Commissioner Dykstra, Kolbeck and Puetz.

E. Resolution No. 19-08-56: Resolution to Commit HOME and Housing Trust Fund Funds and Provide Additional Funding for Roseland Heights Apartments

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

WHEREAS, per Resolution 18-11-81, a Reservation in the amount of \$850,000 of HOME funds and \$287,700 of Housing Trust Fund (HTF) funds was previously awarded to the following Applicant;

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

WHEREAS, the environmental review has been completed and Applicant has submitted most of the required documentation; and

WHEREAS, due to increased project costs the Applicant has requested additional HOME funds in the amount of \$170,000 and Housing Trust Fund funds in the amount of \$158,400;

NOW, THEREFORE, BE IT RESOLVED that, upon receipt of satisfactory documentation, the Executive Director be authorized to issue a Commitment of HOME and HTF Funds for the following:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT/ LOCATION</u>	<u>HOME FUNDS GENERAL POOL</u>
Roseland Heights Limited Partnership Sioux Falls, SD	Roseland Heights Apartments	\$1,020,000
	<u>HOUSING</u>	<u>TRUST FUNDS</u>
		\$437,900

Via voice vote, the following votes were recorded:

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

Excused: Commissioner Dykstra, Kolbeck and Puetz.

VIII. NEW BUSINESS

A. Resolution No. 19-08-57: Resolution to Approve the Fiscal Year 2020 Budget

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

WHEREAS, the Board has reviewed the proposed fiscal year 2020 budget as presented;

NOW, THEREFORE, BE IT RESOLVED that the proposed budget for fiscal year 2020 is hereby adopted.

Via voice vote, the following votes were recorded:

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

Excused: Commissioner Dykstra, Kolbeck and Puetz.

B. Resolution No. 19-08-58: Resolution to Establish Officer Positions

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

WHEREAS, SDCL 11-11-18 provides that the Commissioners of the South Dakota Housing Development Authority (the "Authority") shall elect from among their number a Chairman and a Vice-Chairman annually and such other officers as they may determine;

WHEREAS, SDCL 11-11-21 provides that the Executive Director is the Secretary of the Authority;

WHEREAS, the Bylaws of the Authority, which Bylaws were repealed pursuant to Resolution No. 18-08-34, provided that the officers of the Authority shall be a Chairman, Vice-Chairman, Secretary, Treasurer, and such Assistant Treasurers as may be appointed;

WHEREAS, the Authority has traditionally elected the Authority's Director of Finance as Assistant Treasurer; and

WHEREAS, the Board of Commissioners now wishes to establish by resolution the officer positions for the Authority;

NOW, THEREFORE, BE IT RESOLVED, that the following shall be the officers of the Board of Commissioners:

Chairman
Vice-Chairman
Secretary
Treasurer
Assistant Treasurer

BE IT FURTHER RESOLVED, that the Executive Director of the Authority shall serve as its Secretary;

BE IT FURTHER RESOLVED, that the Director of Finance of the Authority shall serve as the Assistant Treasurer; and

BE IT FURTHER RESOLVED, that all other officer positions shall be filled by nomination made by the Commissioners from the floor.

Via voice vote, the following votes were recorded:

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

Excused: Commissioner Dykstra, Kolbeck and Puetz.

C. Resolution No. 19-08-59: Resolution to Elect Officers for Fiscal Year 2020

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

WHEREAS, pursuant to Resolution No. 19-08-58, the Authority shall elect the following officers: Chairman, Vice-Chairman, Secretary, Treasurer, and Assistant Treasurer; and

WHEREAS, pursuant to the same resolution, the position of Secretary shall be filled by the Authority's Executive Director in accordance with SDCL 11-11-21 and the position of Assistant Treasurer shall be filled by the Authority's Director of Finance;

NOW, THEREFORE, BE IT RESOLVED, that the following are elected as officers of the Authority's Board of Commissioners for fiscal year 2020:

Chairman – David Pummel
Vice-Chairman – Brent Dykstra
Secretary – Mark Lauseng
Treasurer – Bill Hansen
Assistant Treasurer – Todd Hight

Via voice vote, the following votes were recorded:

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

Excused: Commissioner Dykstra, Kolbeck and Puetz.

D. Resolution No. 19-08-60: Resolution to Approve the Homeownership Education Resource Organization (HERO) Funding

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

WHEREAS, 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 \$845,125 for the fiscal year 2020; and

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

NOW, THEREFORE, BE IT RESOLVED that during fiscal year 2019, SDHDA shall financially support HERO up to \$418,135 for the purpose of providing homebuyer education in South Dakota.

Via voice vote, the following votes were recorded:

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

Excused: Commissioner Dykstra, Kolbeck and Puetz.

E. Resolution No. 19-08-61: Resolution to Amend the SDHDA Employee Handbook

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

WHEREAS, the Board has reviewed the proposed changes to the Employee Handbook as presented;

NOW, THEREFORE, BE IT RESOLVED that the SDHDA Employee Handbook be amended to reflect the changes presented.

Via voice vote, the following votes were recorded:

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

Excused: Commissioner Dykstra, Kolbeck and Puetz.

F. Resolution No. 19-08-62: Resolution to Conditionally Commit HOME Program Funds under the Homeowner Rehabilitation Program for Homes Are Possible, Inc.

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

WHEREAS, the following HOME Program application was received for the Homeowner Rehabilitation Program 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 Homeowner Rehabilitation Program set-aside for the following:

<u>APPLICANT</u>	<u>DEVELOPMENT/ LOCATION</u>	<u>HOMEOWNER REHABILITATION PROGRAM AMOUNT</u>
Homes Are Possible, Inc. Aberdeen, SD	Northeast South Dakota Scattered Sites	\$187,500

Via voice vote, the following votes were recorded:

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

Excused: Commissioner Dykstra, Kolbeck and Puetz.

G. Resolution No. 19-08-63: Resolution to Conditionally Commit HOME Program Funds under the Security Deposit Assistance Program for Mitchell Area Safehouse

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 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:

SECURITY DEPOSIT

APPLICANT
Mitchell Area Safehouse

ASSISTANCE
PROGRAM AMOUNT
\$14,000

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

H. Resolution No. 19-08-64: Resolution to Conditionally Commit Housing Opportunity Fund Funds for Black Hills Works Rehabilitation – Sitka

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

WHEREAS, the following application has been reviewed and evaluated in accordance with the Amended 2018-2019 Housing Opportunity Fund (HOF) Allocation Plan; and

WHEREAS, based on information provided, the Applicant is eligible to receive HOF funds and has agreed to comply with all HOF requirements;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to issue a Conditional Commitment of HOF funds to the following Applicant:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT/</u>	<u>HOF</u>
Black Hills Works, Inc.	<u>LOCATION</u>	<u>URBAN</u>
	Black Hills Works	<u>DEVELOPMENT</u>
	Rehabilitation – Sitka	\$100,000
	Rapid City, SD	

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

I. Resolution No. 19-08-65: Resolution to Conditionally Commit Housing Opportunity Fund Funds for SHELTER – White Lake and Platte

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

WHEREAS, the following application has been reviewed and evaluated in accordance with the Amended 2018-2019 Housing Opportunity Fund (HOF) Allocation Plan; and

WHEREAS, based on information provided, the Applicant is eligible to receive HOF funds and has agreed to comply with all HOF requirements;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to issue a Conditional Commitment of HOF funds to the following Applicant:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT/</u>	<u>HOF</u>
SHELTER Community	<u>LOCATION</u>	<u>RURAL</u>
	SHELTER – White Lake	<u>DEVELOPMENT</u>
		\$195,000

Housing Corporation and Platte
White Lake and
Platte, SD

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

J. Resolution No. 19-08-66: Resolution to Conditionally Commit Housing Opportunity Fund Funds for Tulare Duplex

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

WHEREAS, the following application has been reviewed and evaluated in accordance with the Amended 2018-2019 Housing Opportunity Fund (HOF) Allocation Plan; and

WHEREAS, based on information provided, the Applicant is eligible to receive HOF funds and has agreed to comply with all HOF requirements;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to issue a Conditional Commitment of HOF funds to the following Applicant:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT/ LOCATION</u>	<u>HOF RURAL DEVELOPMENT</u>
Tulare Action Committee	Tulare Duplex Tulare, SD	\$228,341

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

IX. DATE OF NEXT MEETING AND ADJOURNMENT

The next Board of Commissioners' Meeting is scheduled for Tuesday, September 17, 2019. It was moved by Commissioner Hansen and seconded by Commissioner Hohn that the meeting adjourn. The meeting adjourned at 10:29 a.m.

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

Respectfully submitted,

Mark Lauseng
Secretary



The objective of the DakotaPlex Program is to provide rental housing in our small communities based on the following criteria.

Community: Must be placed in communities in South Dakota of fewer than 5,000 people based on most current population information.

Must show a documented need for housing via market or housing needs study.

Must be placed within a community's city limits.

Eligible Purchasers: Can be purchased for development by for-profit developers, not-for-profit developers, or community development groups.

Maximum Rents: Purchaser can market to any potential tenant in the community but rents cannot exceed maximum rent at 70% of the State Median Income as determined by HUD each year.

Encumbrances: Additional encumbrances may not be filed against the property within three years following purchase approved by SDHDA.

Rental Affordability: DakotaPlex must remain an affordable rental property with maximum rents for a minimum of ten (10) years. A restrictive covenant will be placed on the property to ensure compliance with this requirement.

Delivered Price:	One Bedroom	Two Bedroom	Three Bedroom
Excluding Tax	\$54,700.00	\$59,700.00	\$66,700.00

For further information: Contact SDHDA at (605) 773-3181 or visit our website at www.sdhda.org.

Alternative formats of this document are available to persons with disabilities upon request.



DakotaPlex Purchase Guidelines