

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONER'S MEETING
SDHDA CONFERENCE ROOM
Telephonic
September 18, 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

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
Amanda Weisgram, Director of Marketing and Research
Sheila Ricketts, Marketing/Executive Assistant
Scott Rounds, Housing Development Officer

Guests Present: Dixe Hieb, Davenport, Evans, Hurwitz & Smith, Counsel to SDHDA
John Wagner, Kutak Rock, LLC

I. CALL TO ORDER/CONFLICTS OF INTEREST

The meeting was called to order at 10:01 a.m. and roll was called. Chairman Pummel called for conflicts of interest. Commissioner Hansen stated that he had a conflict of interest with respect to New Business items 18-09-G2 and 18-09-H2, which dealt with consideration to conditionally commit or commit Program funds for Inter-Lakes Community Action Partnership, Inc. (ICAP). Commissioner Hansen stated that he is a member of the ICAP Board and serves as its treasurer, positions for which he receives no compensation, and that he would abstain from discussion and voting on those items.

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, Kolbeck and Puetz.

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 August 1, 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 the HOME, Housing Tax Credit, Housing Trust Fund, Housing Opportunity Fund and Neighborhood Stabilization Program applications had a deadline of August 31. He mentioned there were a total of 64 applications received requesting \$23.5 million. Executive Director Lauseng stated a task force committee of three board members appointed by him will be reviewing applications and any commissioners with an interest in serving on the task force should please let him know. He said there is a ribbon cutting scheduled for Copper Pass and Horizon Place Apartments in Sioux Falls September 19 and 20, respectively. Executive Director Lauseng reported the Annual Housing Conference will be in Pierre on October 30-31 with the sponsor dinner to be held Monday, October 29. He stated the new design of the Governor's House was on display at fairs across the state with a total of over 24,000 people touring the houses during that time. Executive Director Lauseng stated representatives from Housing Finance Authorities from other states will tour the Governor's House construction site in Springfield on October 5 as many other states would like to consider the program.

V. OLD BUSINESS

A. Resolution No. 18-09-47: Resolution to Commit Housing Trust Fund Funds for North Star Senior Apartments

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

WHEREAS, per Resolution 17-11-83, a Reservation in the amount of \$479,600 of Housing Trust Fund (HTF) funds was previously awarded to the following Applicant;

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

WHEREAS, the environmental review has been completed and all of the required documentation has been received;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director be authorized to issue a Commitment of HTF Funds for the following:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT/ LOCATION</u>	<u>HOUSING TRUST FUNDS</u>
Cheyenne River Housing Authority	North Star Senior Housing Eagle Butte, SD	\$479,600

Via roll call vote, the following votes were recorded:

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

B. Resolution No. 18-09-48: Resolution to Make Findings with respect to Housing Needs within South Dakota; Approving a Borrowing, and Repayment thereof, in an Aggregate Principal Amount not to Exceed \$11,000,000; Approving a Funding Loan Agreement, Borrower Loan Agreement and other related Documents; Authorizing the Execution of such Documents; and Providing for other Matters Properly Relating thereto for Whittier Apartments

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

WHEREAS, Chapter 11-11, SDCL (the "Act") declares that there exists in the State a serious shortage of sanitary, decent and safe residential housing at rentals which people of the State can afford and that private enterprise and investment have been unable, without assistance, to produce the needed new construction and rehabilitation of residential housing, and sufficient long-term mortgage financing, to remediate said shortage; and

WHEREAS, the Act further declares that, inter alia, it is a valid public purpose to provide for the construction, rehabilitation and financing of residential housing for persons and families who would otherwise be unable to obtain adequate rental accommodations which they could afford and that the authority and powers conferred by the Act on the South Dakota Housing Development Authority (the "Authority") constitute a necessary public program and serve a valid public purpose; and

WHEREAS, the Act empowers the Authority to make mortgage loans to qualified sponsors to provide for the construction, rehabilitation and long-term financing of multifamily residential housing units in the State for occupancy by eligible persons and families and to service such loans and to perform any other duties that the Authority considers necessary in carrying out the purposes of the Act; and

WHEREAS, the Authority intends to borrow on a non-recourse limited obligation basis from Citibank, N.A. (the "Lender") an aggregate principal amount not to exceed \$11,000,000, the proceeds of which will be used to finance a mortgage loan for the acquisition, construction and rehabilitation of the Whittier Apartments, a 144-unit existing affordable housing development located in Sioux Falls, South Dakota (the "Project") consisting

of developments previously known as Rolling Hills and Heritage Square;
and

WHEREAS, the borrowing by the Authority will be pursuant to a Funding Loan Agreement, between the Authority and the Lender (the "Funding Loan Agreement"), and the agreement to repay such borrowing shall be reflected in a non-recourse revenue debt obligation (the "Note") to be issued to the Lender pursuant thereto, which Funding Loan Agreement and Note will be in substantially the form placed on file with the Authority prior to this meeting, subject to the terms, conditions and limitations established herein and in the Funding Loan Agreement; and

WHEREAS, the proceeds of the borrowing will be used to finance a loan (the "Mortgage Loan") to Steele Whittier LLC, or another affiliate of Steele Properties LLC (collectively, the "Borrower"), which is a qualified housing sponsor, pursuant to a Borrower Loan Agreement, by and among the Authority and the Borrower (the "Borrower Loan Agreement"), which will be in substantially the form placed on file with the Authority prior to this meeting, subject to the terms, conditions and limitations established herein and in the Borrower Loan Agreement; and

WHEREAS, the interest on the Note is intended to qualify for a federal tax exemption under Section 142 of the Internal Revenue Code of 1986 (the "Code"), and to ensure that the Note maintains its tax exempt status, the Borrower will enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), which will be in substantially the form placed on file with the Authority prior to this meeting; and

WHEREAS, the Project is intended to qualify for federal low-income housing tax credits under Section 42 of the Code, and to ensure that the Project maintains such qualification the Borrower will enter into a Declaration of Land Use Restrictive Covenants (the "LIHTC LURA," and collectively with the Borrower Loan Agreement and the Regulatory Agreement, the "Project Documents"), in the form used by the Authority in its Low Income Housing Tax Credit Program.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. Findings. The Authority does hereby find and determine that (i) financing of the Project will fulfill the public purposes set forth in the Act and (ii) financing of the Project is necessary to help alleviate a shortage of decent, safe and sanitary multifamily housing for persons and families of low and moderate income and will preserve the supply of affordable multifamily housing for persons and families of low and moderate income in the state. The additional and further findings of the Authority relating to the Project set forth in the Project Documents are incorporated herein by reference and adopted as if fully set forth at this place.

Section 2. Approval of Funding Loan Agreement. The Funding Loan Agreement is hereby approved in the form hereinabove described, and

each of the Chairman, the Vice Chairman, the Executive Director and the Director of Finance of the Authority is hereby authorized to execute and deliver the Funding Loan Agreement, with such changes, insertions or omissions therein as may be approved by such signatory, such approval to be evidenced conclusively by such execution of the Funding Loan Agreement, and the Secretary, the Director of Finance, the Director of Rental Housing Development or any other member of the board of the Authority is hereby authorized and directed to attest thereto.

Section 3. Authorization and Execution of the Note. The execution and delivery of the Authority's Note to the Lender is hereby authorized and approved. The final amount and terms of the Note shall be determined by the Chairman, the Vice Chairman, the Executive Director or the Director of Finance of the Authority, consistent with the terms of the Funding Loan Agreement and subject to the following conditions. The Note shall not be a general obligation of the Authority but shall be a limited non-recourse obligation payable solely and only from Mortgage Loan payments and any other moneys pledged under the Funding Loan Agreement by the Borrower as required by the Borrower Loan Agreement. The Note shall mature no later than 2053, bear interest at a fixed rate no greater than 6% per annum, be in a principal amount not to exceed \$11,000,000, be subject to prepayment and have the other terms and provisions as described to the Authority, reflective of and consistent with the Mortgage Loan definitively set forth in the Funding Loan Agreement upon execution and delivery as aforesaid in Section 2 hereof. The Note shall be executed and delivered substantially in the form set forth in the Funding Loan Agreement, with such additions, omissions and changes as are required or permitted by the Funding Loan Agreement and approved by the signatories thereto. The Note shall be executed in the name of the Authority by the Chairman or the Vice Chairman of the Authority, and attested to by the Secretary or the Director of Finance, each of whom is hereby appointed as an Authorized Governmental Lender Representative (as such term is defined in the Funding Loan Agreement) for purposes of executing and attesting the Note, and their execution shall evidence their approval of the final terms thereof. Such signatures may be by facsimile; provided, however, that such Note shall not be valid or obligatory for any purpose unless the attestation by the authorized officer of the Authority shall be a manual signature.

Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement is hereby approved in the form hereinabove described, and each of the Chairman, the Vice Chairman, the Executive Director and the Director of Finance of the Authority is hereby authorized to execute and deliver the Borrower Loan Agreement, with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Borrower Loan Agreement.

Section 5. Approval of Regulatory Agreement. The Regulatory Agreement and the LIHTC LURA are each hereby approved in the forms hereinabove described, and each of the Chairman, the Vice Chairman, the

Executive Director and the Director of Rental Housing Development of the Authority is authorized to execute and deliver the same, with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Regulatory Agreement and the LIHTC LURA.

Section 6. Ratification of Prior Actions. All action previously taken by the officers, members or staff of the Authority within the authority granted herein, with respect to the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement, the LIHTC LURA and the Note, and taken with respect to the public notice and hearing with respect to the issuance of the Note as required by the federal tax laws, is hereby approved, confirmed and ratified.

Section 7. Execution of Documents. In the event of the absence or disability of the Chairman, the Vice Chairman, the Executive Director or the Director of Finance of the Authority, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by another member of the Authority or by the Director of Rental Housing Development, with the same effect as if done by the Chairman, the Vice Chairman, the Executive Director or the Director of Finance of the Authority and without the further authorization of the Authority. The execution of such documents by any such person shall be conclusive evidence of his or her authority to so act.

Section 8. Execution of No-Arbitrage Certificate. The Chairman, the Vice Chairman, the Executive Director or the Director of Finance of the Authority is hereby authorized to issue certifications as to the Authority's reasonable expectations regarding the amount and use of the proceeds of the Obligation as described in Section 148 of the Internal Revenue Code of 1986, as amended.

Section 9. Additional Actions Authorized. The Chairman, the Vice Chairman, the Secretary or any other member of the Authority, the Executive Director, the Director of Finance and the Director of Rental Housing Development, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required by, or they deem appropriate to effectuate, the terms of the Funding Loan Agreement and the Borrower Loan Agreement, including any real estate documents, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the members and officers named above are hereby designated as Authorized Governmental Lender Representatives for such purposes. The execution and delivery by any such member or officer of the Authority of any of such agreements, documents, instruments or certifications, or the performance of any act in connection with any of the matters which are the subject of this Resolution, shall constitute conclusive evidence of the approval thereof of such member or officer and the Authority and shall conclusively establish such member or officer's absolute, unconditional and irrevocable authority with respect thereto from the Authority and the approval and ratification by the

Authority of the agreements, documents, instruments and certifications so executed and the action so taken.

Effective Date. This Resolution shall become effective immediately.

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. 18-09-49: Resolution to Conditionally Commit HOME Program Funds under the Security Deposit Assistance Program for Aberdeen Housing Authority

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 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>
Aberdeen Housing Authority Aberdeen, SD	\$25,000

Via roll call vote, the following votes were recorded:

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

B. Resolution No. 18-09-50: Resolution to Conditionally Commit HOME Program Funds under the Security Deposit Assistance Program for Inter-Lakes Community Action Partnership, Inc

After review and discussion, it was moved by Commissioner Hohn 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> Inter-Lakes Community Action Partnership, Inc. Madison, SD	<u>SECURITY DEPOSIT ASSISTANCE PROGRAM AMOUNT</u> \$15,000
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Via roll call vote, the following votes were recorded:

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

Abstained: Commissioner Hansen.

C. Resolution No. 18-09-51: Resolution to Conditionally Commit HOME Program Funds under the Security Deposit Assistance Program for Pathways Shelter for the Homeless

After review and discussion, it was moved by Commissioner Hohn and seconded by Commissioner Puetz 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> Pathways Shelter for the Homeless Yankton, SD	<u>SECURITY DEPOSIT ASSISTANCE PROGRAM AMOUNT</u> \$12,000
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Via roll call vote, the following votes were recorded:

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

D. Resolution No. 18-09-52: Resolution to Commit HOME Program Funds under the Homeowner Rehabilitation Program for Homes Are Possible, Inc.

After review and discussion, it was moved by Commissioner Dykstra and seconded by Commissioner Hansen 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 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	\$200,000

Via roll call vote, the following votes were recorded:

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

E. Resolution No. 18-09-53: Resolution to Commit HOME Program Funds under the Homeowner Rehabilitation Program for Inter-Lakes Community Action Partnership, Inc

After review and discussion, it was moved by Commissioner Hohn and seconded by Commissioner Kolbeck 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 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>
Inter-Lakes	Scattered Sites	\$200,000

Community Action
Partnership, Inc.
Madison, SD

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

F. Resolution No. 18-09-54: Resolution to Commit HOME Program Funds under the Homeowner Rehabilitation Program for Neighborhood Housing Services for the Homeless

After review and discussion, it was moved by Commissioner Dykstra and seconded by Commissioner Puetz 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 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>
Neighborhood Housing Services of the Black Hills, Inc. Deadwood, SD	Western South Dakota Scattered Sites	\$200,000

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

G. Resolution No. 18-09-55: Resolution to Approve Black Hills Federal Credit Union as a Participating Lender

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

WHEREAS, Black Hills Federal Credit Union (BHFCU) was previously approved as a SDHDA Participating Lender and because of continued customer concerns and complaints, SDHDA staff asked the Board to remove BHFCU from all SDHDA programs;

WHEREAS, BHFCU at the time informed the Board that it wished to continue as a Participating Lender and the Board agreed BHFCU could continue participation as long as certain conditions were met;

WHEREAS, subsequently those certain conditions were not met and BHFCU was suspended as a Participating Lender; and

WHEREAS, the Board has recently heard testimony from the BHFCU requesting to be re-instated as a SDHDA Participating Lender;

NOW, THEREFORE, BE IT RESOLVED that the Black Hills Federal Credit Union be approved as a SDHDA Participating Lender under the following conditions: all application documents for SDHDA program loans must be submitted to SDHDA for approval, at least 20 SDHDA program loans must be originated from each of the Rapid City and Sioux Falls markets annually; all BHFCU mortgage department staff must attend SDHDA training prior to such staff originating any SDHDA program loan, and BHFCU's website must include SDHDA products; and

FURTHER RESOLVED, BHFCU's compliance with these conditions will be monitored and continued participation by BHFCU as a SDHDA Participating Lender evaluated after one year.

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 is scheduled for Thursday, October 18, 2018. It was moved by Commissioner Hohn and seconded by Commissioner Dykstra that the meeting adjourn. The meeting adjourned at 10:24 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