



South Carolina State Housing Finance and Development Authority

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Donald R. Tomlin, Jr.
Chairman

Robert S. Wilson, Jr.
Interim Executive Director

TELEPHONIC COMMISSION MEETING

The Board of Commissioners of the South Carolina State Housing Finance and Development Authority convened a telephonic meeting on Friday, January 26, 2018 at 10:00 a.m., at the Authority's office, 300-C Outlet Pointe Boulevard, Columbia, South Carolina.

The following Commissioners participated in the call:

Donald R. Tomlin, Jr., Chairman
Robert D. Mickle, Jr., Vice Chairman
Bradley J. Allen
Charles E. Gardner
Chris Goodall
Kenneth E. Ormand, Jr.
Sue Ann Shannon
Mary Sieck

Staff and Guests attending the meeting included the following:

STAFF: Robert Wilson, Interim Executive Director
Ed Knight, Deputy Director of Programs
Richard Hutto, Deputy Director of Financial Operations
Tracey Easton, General Counsel
Del Collins, Information Technology Director
Anastasia Rodriguez, Internal Audit Director
Laura Nicholson, Development Director
Steve Clements, Homeownership Director
Bonita Shropshire, Executive Assistant

GUESTS: Julie Ann Alvin, MERCI

Chairman Tomlin called the meeting to order and asked Robert Wilson to read into the record the Freedom of Information Statement.

"As required by the provisions of Section 30-4-80(e) of the Code of Laws of South Carolina, notification of this meeting has been given to all persons, organizations, local news media, and other news media which have requested such notifications."

Agenda

The Chairman presented the agenda and asked if there were any amendments or corrections.

MOTION Commissioner Mickle moved to adopt the agenda as presented. The motion received a second from Commissioner Sieck. There being no discussion, all Commissioners voted in the affirmative and the motion carried.

Minutes

The Chairman asked if there were any additions or corrections to the minutes of November 15, 2017 and December 13, 2017. There being none, he called for a motion to approve the minutes.

MOTION Commissioner Ormand moved to approve the minutes of both meetings as presented. The motion received a second from Commissioner Shannon. There being no discussion, all Commissioners voted in the affirmative and the motion carried.

Program Committee**Consideration of HTF Award – MIRCI**

Chairman Tomlin called on Laura Nicholson to present the Housing Trust Fund Award (HTF) request. Ms. Nicholson began with a brief description of the proposed project. According to Ms. Nicholson's report, the Mental Illness Recovery Center, Inc. (MIRCI) has requested funding assistance to construct a ten bedroom multifamily dwelling in Richland County, which will house young men between the ages of 17-24. Ms. Nicholson reminded the Board that they had previously approved a \$100,000 State HTF at the November 15, 2017 board meeting. Ms. Nicholson continued to explain that the State HTF funding was supposed to be combined with a \$500,000 National Housing Trust Fund award; however the Authority had to rescind that commitment after HUD determined that the development was not eligible for National HTF funding.

Ms. Nicholson reported that staff determined that the project does meet the State HTF's Supportive Housing activity which can provide up to \$300,000 in funding. She also reported that MIRCI's Board and the SC Department of Mental Health have also provided additional funding to make the project financial feasible. She stated that Staff recommends approval to increase the \$100,000 State HTF award to \$300,000.

MOTION Commissioner Shannon moved to approve the additional funding. The motion received a second from Commissioner Mickle. There being no further discussion, all Commissioners voted in the affirmative and the motion carried.

Development Division Update

Tax Credit Program Update

Ms. Nicholson continued with a Tax Credit Program update. According to Ms. Nicholson the final technical changes to the 2017-2018 Qualified Allocation Plan (QAP) and Tax Credit Manual were provided to Governor McMaster for informational purposes. She reported that the tax credit application workshop is scheduled for January 24, 2018 at the Embassy Suites in Columbia and that applications for this funding cycle are due March 5 – 9, 2018.

NCSHA'S Recommended Best Practices for Tax Credits

Ms. Nicholson then informed the Board that the National Council of State Housing Agencies (NCSHA) recently published an updated Recommended Best Practice Guide for State Housing Finance Agencies (HFA) in the administration of the Low Income Housing Tax Credit Program. According to Ms. Nicholson, the new guidelines respond to current program challenges by updating and expanding the existing recommended practices in housing credit allocation, underwriting, and compliance monitoring. Ms. Nicholson highlighted that the report significantly strengthens existing practices and includes 13 new practices that the Authority will look to include in the 2019-2020 QAP and Tax Credit Manual.

National Housing Trust Fund Update

Ms. Nicholson concluded her reports with an update on the National Housing Trust Fund (HTF) program. According to Ms. Nicholson only one award totaling \$700,000 had been funded in the 2016 National HTF funding cycle.

Homeownership Update

The Chairman asked Steve Clements for the Homeownership division report. Mr. Clements began with by reporting that new loan reservations for the month of December totaled \$3.6 million in new reservations (net cancellations). He also reported that first mortgage loan purchases totaled \$8.49 million. He then highlighted mortgage rates, down payment assistance and MCC data.

SC HELP Update

The Chairman asked Kim Wilbourne to provide the SC HELP update. Ms. Wilbourne reported that the program continues to be in its final stages of wind down and issuance of commitments since closing the application portal on December 1, 2017. She reported that the SC HELP staff will continue to review applications through March of 2018. She then provided program figures including the total number of applicants, funds committed, and funds expended to date.

Reports

Executive Director

Chairman Tomlin asked Mr. Wilson for the Executive Director's report. Mr. Wilson reminded the Board that the SC Ethics Commission's Statement of Economic Interest is due before March 30, 2018. He also referenced the 2018 NCSHA Legislative Conference that will be held March 5 – 7 in Washington, DC and encouraged all commissioners to attend.

Mr. Wilson also reported that the March Board Meeting would be held in Greenville, SC as a request from the Board to be able to network with other housing partners and to be able to see the Developments that the Authority has helped fund. Mr. Wilson then informed the Board that the Commissioner's Program Survey had been completed and that Staff would get the results ready as soon as possible.

Deputy Director of Programs

The Chairman called on Ed Knight for the Deputy Director of Programs' report. Mr. Knight provided the Board with an update on the Project-Based Rental Assistance Contract Administrator (PBCA). Mr. Knight reminded the Board that the Authority has been serving as the PBCA contractor for HUD since 2000. Mr. Knight detailed that this contract allows the Authority to administer contracts for 261 properties assisting over 17,000 families throughout the state.

Mr. Knight reminded the Board that HUD has been trying to rebid the PBCA contracts nationwide since 2001 and has faced legal appeals since then. In the most recent draft solicitation, dated December 6, 2017 HUD proposed to post two separate RFPs to contract out the services on a national and regional basis. Mr. Knight briefly discussed how the proposed RFPs would disrupt the Authority and tenants of project-based properties in South Carolina. He concluded with a discussion on staff's plans to reach out to the SC Congressional Delegation to ensure they are aware of HUD's proposals and to solicit their support in getting HUD to reconsider.

Director of Internal Audit

The Chairman asked Anastasia Rodriguez for the Internal Audit report. Ms. Rodriguez presented the official report of the Internal Audit's (IA) review of the agency's compliance with the Fair Labor Standards Act (FLSA). Her report included an Executive Summary, background of current FLSA rules in relation to an employee's exemption status, scope of the IA review process, and recommendations. According to Ms. Rodriguez, IA found that approximately 55% of the agency's employees that currently have exempt status should have non-exempt status as defined by FLSA. Ms. Rodriguez asked management to respond to the audit report within 90 days.

Mr. Rodriguez also provided an update on the ongoing risks and challenges within Information Technology (IT). She then provided an update on the annual Security Assessment and Adversarial Simulation engagement conducted by SeNet in November 2017. According to Ms. Rodriguez, this year's engagement identified six external findings and 64 internal findings.

She then provided a summary of the high priority issues highlighting 1) the attempt to gain access from outside the agency was unsuccessful; 2) the attempt to elevate credentials from a regular user to an administration and gain access to the network was unsuccessful; and 3) the attempt to gain access to the complete network with basic administrator access inside the network was successful. Ms. Rodriguez concluded with the IT department's response and plans to counter the vulnerabilities.

Other Business

There being no additional business to come before the Board, Chairman Tomlin adjourned the meeting.

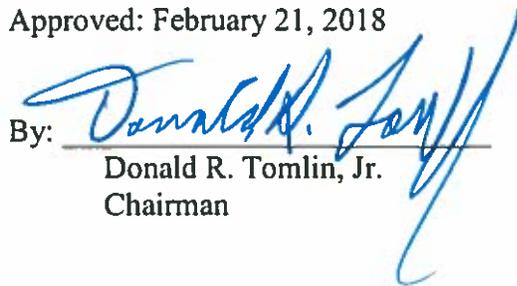
Respectfully submitted,



Robert S. Wilson, Secretary

Approved: February 21, 2018

By:



Donald R. Tomlin, Jr.
Chairman

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