

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONER'S MEETING
Telephonic
March 26, 2020

Board Members Present: David Pummel, Chairman
Bill Hansen, Treasurer
Rick Hohn, Commissioner
Steve Kolbeck, Commissioner

Board Members Absent: Brent Dykstra, Vice-Chair
Scott Erickson, 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
Mike Harsma, Director of Single Family Development
Amanda Weisgram, Director of Marketing and Research
Sheila Ricketts, Marketing/Executive Assistant
Doug Mahowald, Network Administrator
Alisia Whitaker, Housing Management Officer

Guests Present: Dixie Hieb, Davenport, Evans, Hurwitz & Smith, Counsel to SDHDA
Tom Caine, Caine Mitter & Associates, Inc.
Bronson Martin, Caine Mitter & Associates, Inc.
Jennifer Shing, Caine Mitter & Associates, Inc.
Patricia Ho, Caine Mitter & Associates, Inc.
John Wagner, Kutak Rock, LLP

I. CALL TO ORDER/CONFLICTS OF INTEREST

The meeting was called to order at 1:31 p.m. and roll was called. Chairman Pummel called for conflicts of interest and none were noted.

II. PUBLIC COMMENT

None.

III. APPROVAL OF AGENDA

It was moved by Commissioner Hohn 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 Hansen, Hohn and Kolbeck.

Excused: Commissioner Dykstra, Erickson and Puetz.

IV. APPROVAL OF MINUTES

It was moved by Commissioner Hansen and seconded by Commissioner Kolbeck that the Minutes of the Board of Commissioners' Meeting held on March 3, 2020, be adopted as presented.

Via roll call vote, the following votes were recorded:

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

Excused: Commissioner Dykstra, Erickson and Puetz.

V. EXECUTIVE DIRECTOR'S REPORT

Executive Director Lauseng stated due to the COVID-19 pandemic, South Dakota Housing Development Authority (SDHDA) staff will be working remotely through May 1, 2020, pursuant to an Executive Order from Governor Noem. He mentioned SDHDA staff located in Springfield were shut down temporarily waiting for COVID-19 test results; those results came back negative, and SDHDA Springfield staff will resume working again. Executive Director Lauseng stated SDHDA has received questions about rental assistance, mortgage payments, forbearance, and other matters related to the pandemic. Staff intends to carefully review the federal stimulus legislation and determine if additional funds are needed, in which case the Board may be asked to approve emergency funds at a later date.

VI. NEW BUSINESS

- A. Resolution No. 20-03-18: Resolution to Authorize the Issuance and Sale of South Dakota Housing Development Authority Homeownership Mortgage Bonds, in one or more Series, in an Aggregate Principal Amount not to Exceed \$150,000,000, Determining the Final Terms Thereof and Setting Forth Covenants and Authorizing Execution of Documents with Respect Thereto**

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

ARTICLE I

CREATION OF SERIES

Section 1.01. Authorization.

- (a) **Resolutions.** This resolution, referred to herein as the "Series Resolution," is adopted pursuant to Article II of the Authority's Resolution No. 77-27, adopted June 16, 1977, as amended and supplemented, and entitled: "Resolution Providing for the Issuance of Homeownership Mortgage Bonds of the South Dakota Housing Development Authority," referred to herein as the "Bond Resolution," to

authorize the issuance and sale and determination of the terms and provisions of bonds of the Authority which are designated as “Homeownership Mortgage Bonds, 2020 Series C” or such other series designations as an Authorized Officer may deem appropriate, in an aggregate principal amount not to exceed \$150,000,000 (such Series of Bonds are collectively referred to herein as the “Series Bonds”). All terms defined in Section 103 of the Bond Resolution are used with like meaning in this Series Resolution, and the terms, provisions and conditions of the Bond Resolution apply to the Series Bonds and the issuance thereof except as is otherwise provided herein.

(b) **Purposes.** It is determined to be in the best interests of the Authority to issue the Series Bonds for the purpose of providing funding for the Authority’s Program of making or purchasing Qualified Mortgage Loans to facilitate the development of a sufficient supply of residential housing in South Dakota at prices that persons and families of low and moderate income can afford, which funding may include the refunding of outstanding Homeownership Mortgage Bonds heretofore issued under the Bond Resolution, Single Family Mortgage Bonds, or bonds or other indebtedness incurred by the Authority to finance its Program (the “Refunded Bonds”), and deposit of sale proceeds of the Series Bonds into the Funds and Accounts set forth in Section 2.02 of Article II hereof to be expended for the Program.

(c) **Sale.**

(i) **Contracts of Purchase Relating to Series Bonds.** The Authority authorizes negotiation for the sale of the Series Bonds to one or more of BofA Securities, Inc. (Merrill Lynch, Pierce, Fenner & Smith Incorporated) (“Merrill Lynch”), Citigroup Global Markets Inc. (“Citigroup”), Wells Fargo Securities (Wells Fargo Bank, National Association), J.P. Morgan Securities LLC or Dougherty & Company LLC (collectively, the “Underwriters” or the “Original Purchasers”). Any single investor may also be the sole purchaser of any Series Bonds if so authorized by an Authorized Officer. The Authority hereby approves the use of the form of Contract of Purchase previously used with respect to its 2020 Series A/B Bonds, pursuant to which form(s) the Series Bonds are proposed to be sold, executed and delivered. The Chair, Vice Chair or Executive Director (each an “Authorized Officer”) is authorized to select the Underwriters for the Series Bonds, to approve the final terms and provisions of the Contract(s) of Purchase relating to each series of the Series Bonds, and to execute the Contract(s) of Purchase for each on behalf of the Authority.

(ii) **Official Statement.** The Authority hereby approves the use of a Preliminary Official Statement, in the form previously used with respect to its 2020 Series A/B Bonds, containing information relating to the Authority and the related Series Bonds and such other information as is deemed appropriate by an Authorized Officer, and hereby approves and ratifies the distribution thereof by the Underwriters. A final Official Statement, substantially in the form of the Preliminary Official Statement except for revisions required or approved by counsel for the Authority, and

the officers of the Authority executing the same, and insertion of the final terms of each of the related Series Bonds, is authorized to be prepared and signed by an Authorized Officer and furnished to the Underwriters.

(iii) *Approval of Continuing Disclosure Agreement.* The Authority hereby approves the use of a Continuing Disclosure Agreement relating to the Series Bonds in the form previously used with respect to its 2020 Series A/B Bonds, wherein the Authority will covenant for the benefit of the beneficial owners of the related Series Bonds to provide annually certain financial information and operating data relating to the Authority and to provide notices of the occurrence of certain enumerated events. Said Continuing Disclosure Agreement is approved substantially in the form described and is authorized to be signed on behalf of the Authority by an Authorized Officer.

(iv) *Approval of Interest Rate Hedging Agreements.* The Authority hereby approves the use of interest rate hedging agreements with such financial organizations as an Authorized Officer may specify (each, a "Counterparty"), in particular financial organizations with whom the Authority already has such hedging agreements and the form of the interest rate hedging agreements with such counterparties, consisting of an ISDA Master Agreement, including a Schedule and Credit Support Annex, and one or more Confirmations thereto, relating to any one or more series of the Series Bonds which may be variable rate bonds, which Counterparties and form of agreements satisfy the provisions of the Authority's Interest Rate Swap Policy (collectively, the "Hedging Agreements"), and the Authorized Officers of the Authority are authorized to negotiate the final terms of, approve and execute any such Hedging Agreements; and such execution and delivery shall constitute conclusive evidence of their approval of all changes thereto.

(v) *Continuing Covenant and Standby Bond Purchase Agreements.* The Authority hereby approves the use of a Continuing Covenant Agreement ("CCA") relating to any one or more of the variable rate Series Bonds in substantially the form used in conjunction with the sale of the 2016 Series E Bonds. The Authority also hereby approves the use of a Standby Bond Purchase Agreement or comparable liquidity agreement ("SBPA"), either itself or with a financial organization, relating to any one or more of the Series Bonds which have a tender right, in substantially the form used in conjunction with the sale of the 2020 Series B Bonds. The Authorized Officers of the Authority are authorized to negotiate the terms of, approve and execute such CCA or SBPA. The execution and delivery by any Authorized Officer of such Agreements shall constitute conclusive evidence of both the Authority's and said Authorized Officer's approval of all changes, modifications, amendments, revisions and alterations made therein and shall conclusively establish said Authorized Officer's absolute, unconditional and irrevocable authority with respect thereto from the Authority and the authorization, approval and ratification by the Authority of the Agreements so executed.

(d) **Pledge; Outstanding Bonds.** The pledge made and security interests granted in the Bond Resolution are hereby reconfirmed.

(e) **Reserve Requirements.** The Capital Reserve Requirement with respect to the Series Bonds is determined to be 3% of the aggregate Capital Value of the Series Bonds from time to time Outstanding and the Mortgage Reserve Requirement with respect to the Series Bonds shall be 2% of the Mortgage Loans then outstanding, or (in each case) any lesser amount determined by an Authorized Officer so long as the same does not adversely affect the ratings on the Bonds. Upon issuance, sale and delivery of the Series Bonds, there shall be deposited in the appropriate Account(s) for the Series Bonds in the Capital Reserve Fund or the Mortgage Reserve Fund, as the case may be, from the sources, or by transfer from other Accounts therein, the amounts, as directed in an Officer's Certificate delivered upon the Issue Date, which is equal to the Capital Reserve Requirement and the Mortgage Reserve Requirement for such Series Bonds.

Section 1.02. Form of Bonds.

The Series Bonds shall be issuable in the form of fully registered Bonds as provided in the Bond Resolution; provided, however, that the form of any of the Series Bonds which are variable rate bonds may be modified in such manner as is approved by the Authority for the purpose of reflecting the addition, substitution or elimination of a CCA or SBPA with respect to such Bonds in accordance with the terms hereof. Following a conversion date for any Series Bonds, the form of such Series Bonds may be appropriately revised to reflect the conversion of the interest rate on such Series Bonds, to delete the provisions of the form of Series Bonds which are then of no further force and effect, to include a description of the post conversion interest rate bonds, the terms upon which such Series Bonds may or are required to be redeemed and any additional security therefor and to make any other changes therein which are necessary or appropriate in such circumstances.

ARTICLE II

TERMS OF THE SERIES BONDS

Section 2.01. Terms.

(a) **Determination of Final Terms of Series Bonds and Refunded Bonds.** The issuance, sale and delivery of the Series Bonds from time to time is hereby approved, subject, however, to the hereinafter-described subsequent negotiation of the final terms of the Series Bonds, if issued, including the Series numbering and lettering, the interest rates on and maturities and redemption provisions of the Series Bonds, whether the Series Bonds or any portion thereof can be converted to other interest rates or maturities, any bondholder rights or obligations to tender any such Bonds, the purchase price thereof and the underwriting fee; provided, however, that the Series Bonds shall mature no later than

40 years from the date of issuance and bear an interest rate not to exceed 7% per annum with respect to fixed rate bonds and 15% per annum with respect to variable rate bonds. The terms of the Series Bonds and the determination of the Refunded Bonds, if any, to be refunded are subject to further authorization and approval as follows. The Executive Director-Secretary (or Director of Finance if the Executive Director-Secretary is not available) shall consult and coordinate with the Chair (or Vice Chair if the Chair is not available) with respect to the final terms of the Series Bonds and the determination of the Refunded Bonds, if any, and the Executive Director-Secretary (or Director of Finance if the Executive Director-Secretary is not available), after so discussing the final pricing terms and bonds to be refunded, if any, is authorized (subject in all cases to the limitations otherwise set forth herein) to determine the final size of the proposed issuance of the Series Bonds and bonds to be refunded, if any, and to negotiate the final terms of the proposed issuance of the Series Bonds with the Underwriter (which shall be selected from the Underwriters listed above), including the determination of final interest rates, initial fixed or variable interest rates and method of determination of fixed or variable rates and modes, tender provisions, provisions of any SBPA (which may initially be self-liquidity), including a mode change concerning such Series Bonds, redemption provisions (if any) and maturities, the sale price to the Underwriter and the net underwriting fee (which shall not exceed 1.5% of the principal amount of the Series Bonds to be issued), provided that all or a portion of any Series Bonds may be sold to a single institutional investor (and any CCA or any SBPA negotiated and finalized in conjunction therewith) if the Executive Director-Secretary (or Director of Finance if the Executive Director-Secretary is not available) determines the same will result in more beneficial financing terms for the Authority.

(b) ***Issue Date; Interest Payment Dates; Denominations and Record Date.*** The Issue Date of the Series Bonds shall be the date of delivery thereof, or such other date, and the Series Bonds shall be issued in denominations of \$5,000 principal amount, or any integral multiple thereof, or such other denominations, as shall be authorized by an Authorized Officer, all as specified in the related Series Determinations certificate. Interest on the Series Bonds shall be payable each May 1 and November 1, or such other dates as may be specified by an Authorized Officer, or such dates set forth in any applicable CCA or SBPA, by check or draft mailed to the person in whose name the Series Bond is registered on the registration books of the Authority maintained by the Trustee at the close of business on the Record Date (as set forth in the Series Determinations) or, upon the written request of a Holder of a Series Bond and payment of any applicable wire transfer fee of the Trustee, by wire transfer on each interest payment date from the Trustee to the Holder thereof as of the Record Date or as set forth in the CCA or applicable SBPA with respect to variable rate Series Bonds purchased thereunder; provided, however, that so long as all of the Outstanding Series Bonds are registered in the name of The Depository Trust Company (“DTC”) or its designee, or other securities depository approved by an Authorized Officer, payment of interest on the Series Bonds shall be made in accordance with operational

arrangements of the securities depository as agreed to by the Authority. The principal of, any redemption premium, if any, and interest due on Series Bonds shall be payable at the principal corporate trust office of the Trustee, or in the case of convertible or variable rate tender bonds, with respect to the purchase price, at the corporate trust office of the tender agent to be selected by an Authorized Officer, upon presentation and surrender of the Series Bonds on or after the date of maturity or redemption or purchase thereof; provided, however, that so long as all Outstanding Series Bonds are registered in the name of DTC or its designee, or other permitted securities depository, the securities depository may, in its discretion, make a notation on any Series Bond indicating the date and amount of any reduction of principal except in the case of final maturity, in which case the Series Bonds shall be surrendered to the Trustee for payment or in the case of variable rate bonds, with respect to the purchase price, at the corporate trust office of the Tender Agent. Notwithstanding the foregoing, payments on bonds purchased under a liquidity facility shall be made in accordance with the applicable liquidity facility.

(c) **General Redemption Provisions.**

(i) *Partial Redemption.* If less than all of the Series Bonds of any Series and maturity are to be redeemed at any time, whether by the application of Sinking Fund Installments or otherwise, the Trustee shall select the Series Bonds of said Series to be redeemed among numbers to be assigned by the Trustee to each \$5,000 principal amount or other applicable minimum denomination of any such Series Bond, or such other method as may be authorized by an Authorized Officer; provided, however, that so long as all Outstanding Series Bonds are registered in the name of DTC or its designee, or other permitted securities depository, the Series Bonds to be redeemed shall be selected in accordance with the operational arrangements of the securities depository as agreed to by the Authority.

(ii) *General Provisions.* All actions taken by the Authority and the Trustee in the redemption of Series Bonds shall conform to the provisions of Sections 405 and 409 and Article VII of the Bond Resolution, provided that, pursuant to the provisions of Section 803 of the Bond Resolution, the provisions of Section 704 of the Bond Resolution are hereby modified to require that mailed notice of redemption shall be given not less than 20 days prior to a redemption date and that published notice of redemption of the Series Bonds shall not be required, provided further that, notwithstanding the foregoing, a copy of the notice of the call for any redemption identifying any variable rate Series Bonds to be redeemed may be given by immediate notice, with respect to such Series Bonds, not less than 15 days (20 days if in book-entry-only form), or such lesser time period as may be agreed upon by the Authority and the purchaser of such Series Bonds prior to the date fixed for redemption if authorized by an Authorized Officer, and if Bonds purchased under a SBPA are to be redeemed, the Trustee shall give immediate notice of such Bonds to the SBPA counterparty at least one business day prior to the date fixed for redemption.

(d) **Modes, Tender and Conversion Provisions.** Any convertible or variable rate Series Bonds shall have such variable or fixed rate modes, tender provisions and conversion provisions as are authorized by an Authorized Officer as set forth in the related Series Determinations.

Section 2.02. Establishment and Funding of Accounts Related to Series Bonds.

(a) **Series Bond Clearing Account.** The Trustee shall establish on its books a Clearing Account for each series of the Series Bonds and deposit therein net proceeds of the related Series Bonds upon receipt by the Trustee from the Underwriters. The Trustee shall then transfer or credit amounts therein to other Funds and Accounts for the financing of Qualified Mortgage Loans and for the payment of the Refunded Bonds or costs of issuing the Series Bonds, if any, as directed in an Officer's Certificate.

(b) **Establishment and Funding of Certain Accounts Relating to the Series Bonds.** The following accounts are hereby created relating to the issuance of the Series Bonds and shall be funded from the sources and in the amounts set forth or determined in the manner as follows:

(i) There are established accounts designated as the Mortgage Loan Accounts for each series of the Series Bonds, moneys in which shall be used for the purposes and as authorized by Section 303 of the Bond Resolution. On the date of issuance of the Series Bonds, there shall be deposited by the Trustee into such Mortgage Loan Accounts, as the case may be, from the respective Series Clearing Accounts the amounts as directed in an Officer's Certificate delivered upon the Issue Date.

(ii) There is established within the Capital Reserve Fund, an account designated as such for each series of the Series Bonds. On the date of issuance of the Series Bonds, there shall be deposited by the Trustee into such Accounts, as the case may be, the Capital Reserve Requirement for the respective Series Bonds, from the respective Clearing Accounts as directed in an Officer's Certificate delivered upon the Issue Date.

(iii) There is established within the Mortgage Reserve Fund, an account designated as such for each series of the Series Bonds. On the date of issuance of the Series Bonds, there shall be deposited by the Trustee into such Accounts, as the case may be, the Mortgage Reserve Requirement for the respective Series Bonds, from the respective Clearing Accounts as directed in an Officer's Certificate delivered upon the Issue Date.

(iv) There is established within the Revenue Fund, an account designated as such for each series of the Series Bonds. On the date of issuance of the Series Bonds, the Trustee shall deposit the accrued

interest, if any, received with respect to the sale of the related Series Bonds into the respective Accounts in the Revenue Fund.

(v) Such moneys shall be transferred to each of the Series Accounts of the Revenue Fund from the related Clearing Accounts, and such deposits shall be made into said Accounts on the dates of issuance of the Series Bonds from such sources, all as directed by an Officer's Certificate, and the Trustee shall make deposits and disbursements of Revenues allocable to the Series Bonds into and from said Accounts from time to time in accordance with Sections 402 and 403 of the Bond Resolution or as otherwise directed by an Officer's Certificate.

(vi) Costs of Issuance of the Series Bonds may be paid from the Revenue Fund or Special Program Fund, or any Costs of Issuance Accounts established in connection with the issuance of the Series Bonds, upon receipt by the Trustee of an Officer's Certificate authorizing and directing such payment.

(vii) There shall be established, if so specified in an Officer's Certificate, a Bond Purchase Account on the books of the Trustee (herein, each a "Bond Purchase Account"), for any series of Series Bonds subject to tender rights, in which shall be deposited as and when received, (A) all proceeds of the remarketing of the related Series Bonds, (B) all amounts received under any SBPA with respect thereto and (C) all payments made directly by the Authority with respect to the purchase of such Series Bonds in accordance with the Series Determinations related to such Series Bonds. Money in such Bond Purchase Account, if any, shall be used as provided in the Series Determinations related to such Series Bonds.

(c) **Single Account.** In lieu of establishing separate accounts for each such series of the Series Bonds as provided above in this Section, one or more single accounts may be established upon receipt by the Trustee of an Officer's Certificate directing the same.

Section 2.03. Conditions Precedent to Issuance and Delivery.

(a) **Documents Furnished to Trustee.** For purposes of the Bond Resolution, the Series Bonds are considered as being issued to provide funds for the making or purchase of Qualified Mortgage Loans, the refunding of Outstanding Bonds as set forth in Section 202(2) of the Bond Resolution, or both. The Executive Director shall furnish to the Trustee, on the date of issuance and delivery of the Series Bonds, the documents required by the provisions of Section 203 of the Bond Resolution.

(b) **Trustee's Certification.** The Executive Director shall then request the Trustee to make the determinations and certifications required by Section 203 of the Bond Resolution.

(c) **Certification under Applicable Federal Tax Law.** If the interest on any of the Series Bonds is to be exempt from federal income taxation, an Authorized Officer is authorized and directed, on the date of

delivery of such Series Bonds, to prepare and execute a certificate on behalf of the Authority, setting forth in brief and summary terms the facts, estimates and circumstances on the basis of which the Authority reasonably expects that the proceeds of such Series Bonds will not be used in a manner that would cause such Series Bonds to be arbitrage bonds under applicable federal tax law.

(d) **Execution and Delivery of Series Bonds.** The Series Bonds shall be executed in the name of the Authority by the manual or facsimile signature of the Chair or Vice Chair, attested by the manual or facsimile signature of the Executive Director, shall be authenticated by the Trustee by manual signature in accordance with the provisions of the Bond Resolution, and shall be sealed with a printed or actual facsimile of the official seal of the Authority. After receipt of the Trustee's Certificate referred to in paragraph (b) of this Section, the Authorized Officers are authorized and directed to prepare, execute on behalf of the Authority and deliver to the Underwriters the certificates, opinions and other documents specified in the related Contract of Purchase and the Bond Resolution and this Series Resolution and to deliver the Series Bonds (then being issued) to the Underwriters or Original Purchaser, as the case may be, after receipt by the Trustee of the purchase price in the amount and in the manner therein specified.

(e) **Securities Depository.**

(i) For purposes of this Section, the following terms shall have the following meanings:

"Beneficial Owner" shall mean, whenever used with respect to a Series Bond, the person in whose name such Series Bond is recorded as the beneficial owner of such Series Bond by a Participant on the records of such Participant, or such person's subrogee.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series Bonds.

"DTC" shall mean The Depository Trust Company of New York, New York.

"Participant" shall mean any broker-dealer, bank or other financial institution for which DTC holds Series Bonds as securities depository.

(ii) The Series Bonds shall be initially issued as separately authenticated fully registered Bonds, and one Series Bond of each Series shall be issued in the principal amount of each stated maturity of the Series Bonds of each such Series. Upon initial issuance, the ownership of such Series Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the Authority may treat DTC (or its nominee) as the sole and exclusive owner of the Series Bonds registered in its name for the purposes of payment of the principal of or interest on the Series Bonds, selecting the Series Bonds or portions thereof

to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Series Bonds under the Bond Resolution or this Series Resolution, registering the transfer of Series Bonds, and for all other purposes whatsoever, and neither the Trustee nor the Authority shall be affected by any notice to the contrary. Neither the Trustee nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Series Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of, interest, redemption premium or purchase price on the Series Bonds, with respect to any notice which is permitted or required to be given to owners of Series Bonds under the Bond Resolution or this Series Resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption or purchase of the Series Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Series Bonds. So long as any Series Bond is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall pay all principal of and interest on, and purchase price of, such Series Bond, and shall give all notices with respect to such Series Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal of and interest on, and purchase price of, the Series Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series Bond for each separate stated maturity of each Series evidencing the obligation of the Authority to make payments of principal, interest and purchase price. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series Bonds will be transferable to such new nominee in accordance with subsection (iv) hereof.

(iii) In the event the Authority determines that it is in the best interest of the Beneficial Owners that they be able to obtain Series Bonds in the form of bond certificates, the Authority may notify DTC and the Trustee, whereupon DTC shall notify the Participants of the availability through DTC of Series Bonds in the form of certificates. In such event, the Series Bonds will be transferable in accordance with subsection (iv) hereof. DTC may determine to discontinue providing its services with respect to the Series Bonds at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event the Series Bonds will be transferable in accordance with subsection (iv) hereof.

(iv) In the event that any transfer or exchange of Series Bonds is permitted under subsection (ii) or (iii) hereof, such transfer or exchange shall be accomplished upon receipt by the Trustee of the Series Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of the Bond

Resolution and this Series Resolution. In the event Series Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Series Bonds, or another securities depository as owner of all the Series Bonds, the provisions of the Bond Resolution and this Series Resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Series Bonds in the form of bond certificates and the method of payment of principal of and interest on such Series Bonds in the form of bond certificates.

Section 2.04. General Authorization of Officers. The Authorized Officers are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, filings, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by the Bond Resolution or this Series Resolution.

ARTICLE III

THE CODE AND RESTRICTIONS

Section 3.01. Compliance With Applicable Federal Tax Law.

(a) **General Tax Covenant.** In Section 505 of the Bond Resolution the Authority has covenanted that, if interest on any of the Series Bonds is to be exempt from federal income taxation, it will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on the Bonds shall be exempt from all federal income taxation, and that no part of the proceeds of the Bonds shall at any time be used directly or indirectly to acquire securities or obligations the acquisition of which, from the funds used for that purpose, if reasonably anticipated on the date of issuance of any Bond, would have caused such Bond to be an arbitrage bond, unless such acquisition is at such time permitted by applicable federal tax law and the Treasury Regulations thereunder, as then in effect. The Authority shall at all times do and perform all acts and things permitted by law and the Bond Resolution and necessary or desirable in order to assure that the proceeds of such Series Bonds and the Revenues attributable thereto will be used in a manner consistent with the provisions of applicable federal tax law and applicable Regulations.

(b) **Code Provisions.** If interest on any of the Series Bonds is to be exempt from federal income taxation, the Authority determines to apply the provisions of Section 103 or 143, as applicable, of the Code to the Mortgage Loans to be made or purchased, in whole or in part, from the proceeds of such Series Bonds, and the Authority determines to take all necessary action to insure that the Series Bonds on which interest is to be exempt from federal income taxation meet the requirements of Section 103 or 143 as an issue of Pre-Ullman single-family mortgage revenue bonds or “qualified mortgage bonds”, as applicable. In conjunction with the issuance of any Refunded Bonds the Authority covenanted to comply with then applicable federal tax rules and take all action necessary to insure that such

Refunded Bonds (or any “new money” Bonds refunded thereby) complied with the requirements of said Section 103 or 143, as applicable (or any applicable prior provisions of the Code), including any Mortgage Loans financed with recycled repayments of Mortgage Loans financed by such Refunded Bonds, so that the interest on the related Bonds would be exempt from federal income taxation; the Authority hereby reconfirms and renews such covenants in conjunction with the issuance of the Series Bonds on which interest is to be exempt from federal income taxation. The Authority retains the right to impose covenants with respect to Mortgage Loans, Homes and Mortgagors more restrictive than those imposed by applicable federal tax law.

(c) **Arbitrage.** The Authority will take all actions as may be necessary to assure that the Series Bonds will meet the requirements of Sections 143(g), if applicable, and Section 148 of the Code, if any, and applicable Regulations, relating to arbitrage, and the Authority will pay or cause to be paid the rebate amount with respect to the Series Bonds on which interest is to be exempt from federal income taxation required by Section 148(f) of the Code and the Regulations, as provided in the Arbitrage Rebate Certificates executed by the Trustee and the Authority in conjunction with the issuance and delivery of the Series Bonds on which interest is to be exempt from federal income taxation.

(d) **Amendments.** If and to the extent that applicable federal tax law is amended or additional Regulations are promulgated or rulings given thereunder, and the Authority determines on the advice of counsel that the effect thereof is to add to, delete from or change the restrictions and limitations contained in applicable federal tax law or the Authority’s interpretation thereof, any provision of this Section may be amended or supplemented to conform to applicable federal tax law and the Regulations and rulings thereunder as then in effect, without the consent of the Trustee or Bondholders, as contemplated in Section 801 of the Bond Resolution.

Section 3.02. The Authority hereby declares its intention, within the meaning of Section 1.150-2 of the Internal Revenue Code regulations, to facilitate continuous funding of its homeownership program (as described above) by, from time to time, financing mortgage loans and then issuing bonds in one or more series within 18 months thereof to reimburse itself for such financing, all in an amount presently expected to not exceed the amount of the Series Bonds authorized by Article I hereof, and hereby confirms that the Executive Director has been and continues to be authorized to also so declare the intention of the Authority within the meaning of said Section 1.150-2 to issue bonds to reimburse itself for the financing of mortgage loans, provided that the final amount of any such bond issuances shall be determined only by subsequent action of the Authority and any such declaration does not authorize or obligate the Authority to issue any such bonds.

ARTICLE IV
EFFECTIVE DATE

This Series Resolution shall take effect immediately.

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

VII. DATE OF NEXT MEETING AND ADJOURNMENT

The next Board of Commissioners' Meeting is scheduled for April 21, 2020. It was moved by Commissioner Hohn and seconded by Commissioner Kolbeck that the meeting adjourn.

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

The meeting adjourned at 1:49 p.m.

Respectfully submitted,

Mark Lauseng
Secretary

DRAFT