

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONER'S MEETING
TELEPHONIC
MAY 2, 2024

Board Members Present: Scott Erickson, Chairman
Preston Steele, Vice-Chairman
Bill Hansen, Treasurer
Jonathan Guenthner, Commissioner
Rick Hohn, Commissioner
Alex Jensen, Commissioner
Mark Roby, Commissioner

Board Members Absent: None

Staff Present: Chas Olson, Executive Director
Brent Adney, Director of Homeownership Programs
Amy Eldridge, Director of Rental Housing Development
Todd Hight, Director of Finance and Administration
Tasha Jones, Director of Rental Housing Management
Tammy Jund, Director of Homeownership Programs
Mike Harsma, Director of Single Family Development
Amanda Weisgram, Director of Marketing and Research
Michele Bodurtha, Executive/Development Assistant
Beverly Katz, Housing Infrastructure Officer
Andy Fuhrman, Construction Management Officer
Bridgette Loesch, Housing Development Officer
Scott Rounds, Housing Development Officer
Rebecca Whidby, Housing Development Officer
Kenda Nutter, Housing Management Officer

Guests Present: Deborah Quinlan, Steele LLC
Makenzie Huber, South Dakota Searchlight

I. CALL TO ORDER/CONFLICTS OF INTEREST

The meeting was called to order at 11:03 a.m. and roll was called. Chairman Erickson called for conflicts of interest. Commissioner Jensen stated that he had a conflict of interest with respect to Old Business items 24-05-49 and 24-05-50, and New Business items 24-05-51 and 24-05-52, and would abstain from discussion and voting due to his service as a Sioux Falls City Councilmember.

II. PUBLIC COMMENT

None.

III. APPROVAL OF AGENDA

It was moved by Commissioner Steele and seconded by Commissioner Roby that the agenda be adopted as presented, reserving the right to make further changes during the meeting.

Motion passed by a voice vote.

IV. APPROVAL OF MINUTES

It was moved by Commissioner Jensen and seconded by Commissioner Guenther that the Minutes of the Board of Commissioners' Meeting held on April 9, 2024, be adopted as presented.

Motion passed by a voice vote.

V. EXECUTIVE DIRECTOR'S REPORT

Executive Director Olson announced that the Homeless Summit for June 11-12th at Drifter's in Pierre. Due to a reduction in funding for the Victims of Crime Act, we expect to see growing attendance as domestic violence shelters across the state rely more on ESG and HUD funding. There is a great deal of interest in SHIP funding as well. He also announced that registration has begun for the Annual Housing Conference scheduled for June 24-26th in Pierre. Board Members planning to attend may contact Sheila Olson with any questions. In addition, Executive Director Olson gave a brief update on HIFP projects. There are currently two applications in process, with 19 loan and grant agreements executed. The Authority has dispersed almost \$14,000,000 in HIFP funds with three projects completed.

VI. OLD BUSINESS

A. Resolution No. 24-05-49: Resolution to Approve the Draft Revised Housing Infrastructure Financing Program Administrative Rules, Authorize the Release for Public Comment, and Establish a Public Hearing

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. 23-05-20, the board of commissioners of the Authority approved the Draft Housing Infrastructure Financing Program Administrative Rules (Draft HIFP Rules);

WHEREAS, after meeting all statutory requirements, the Draft HIFP Rules became effective in 2023, and were promulgated in the Administrative Rules of South Dakota as Chapter 20:09:26: Housing Infrastructure Financing Program (ARSD HIFP Rules);

WHEREAS, South Dakota Senate Bill 93 (2024) amended SDCL 11-15-1(3), the originating statute of the Housing Infrastructure Financing Plan, to provide that the definition of "public infrastructure" shall include infrastructure owned, maintained, or provided by a political subdivision of a federally recognized Indian tribe; and

WHEREAS, the ARSD HIFP Rules must be amended to reflect the amendment of SDCL11-15-1(3);

NOW THEREFORE, BE IT RESOLVED, that the amendments to the ARSD HIFP Rules are hereby approved;

BE IT FURTHER RESOLVED, that the Executive Director is authorized to take all action required pursuant to SDCL Chapter 1-26 for final approval of the amendment of the ARSD HIFP Rules, including taking written comment and establishing a public hearing on such rules; and

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to make such changes to the proposed amendment to the ARSD HIFP Rules as may be required by the Legislative Research Council or the Interim Rules Review Committee of the South Dakota Legislature.

Motion passed by a voice vote.

B. Resolution No. 24-05-50: Consideration to Authorize a Downpayment Assistance Program for Recent Postsecondary Graduates

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

WHEREAS, statistics show South Dakota is a net-exporter of residents with college degrees;

WHEREAS, homeownership reflects an individual's commitment to remain in South Dakota;

WHEREAS, the Board of Commissioners wishes to create an incentive for recent college graduates to remain in or return to South Dakota;

WHEREAS, the Grants for Grads program is designed to meet this objective by providing a mortgage option for recent South Dakota college graduates to assist in the purchase of their first home; and

WHEREAS, the amount of each grant under the Grants for Grads program is anticipated to be five percent (5%) of the homebuyer's first mortgage loan amount;

NOW, THEREFORE, BE IT RESOLVED, that the issuance of up to one thousand grants under the Grants for Grads program is hereby approved and authorized;

BE IT FURTHER RESOLVED, that the expenditure of \$10 million of excess bond yield to fund the Grants for Grads program is hereby authorized and approved; and

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized to take such steps as are necessary to develop and implement the Grants for Grads program.

Motion passed by a voice vote.

VII. NEW BUSINESS

A. Resolution No. 24-05-51: Resolution to Make Findings with Respect to Housing Needs within South Dakota; Approving the Issuance and Delivery of its Conduit Multifamily Housing Revenue Bonds (Americana Apartment Project), Services 2024 in a Principal Amount not to Exceed \$7,000,000; Authorizing the Preparation, Execution and Delivery of an Indenture of Trust, Loan Agreement, Bond Purchase Agreement, and Certain Other Transaction Documents as Defined Herein as May Be Necessary for the Issuance of the Bonds, and Providing for Other Matters Properly Relating Thereto

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

WHEREAS, South Dakota Codified Laws 11-11 et seq., as amended (the “**Act**”) declares that there exists in the State of South Dakota (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 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 loans to qualified sponsors to provide for the acquisition, 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, to provide a source of funds for its programs authorized by the Act, the Authority has determined to authorize the issuance of its conduit Multifamily Housing Revenue Bonds (Americana Apartments Project), Series 2024 (the “**Bonds**”) pursuant to an Indenture of Trust (the “**Indenture**”) between the Authority and Computershare Trust Company, National Association (the “**Trustee**”), the proceeds of which will be used to finance a loan for the acquisition and rehabilitation (including reimbursement of any expenses permitted under the Internal Revenue Code of 1986, as amended (the “**Code**”) of a 42-unit multifamily housing project located at 700 East Dakota Avenue, Pierre, South Dakota (the “**Project**”), and to make deposits in various funds and accounts, and which Indenture 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

WHEREAS, the loan (the “**Loan**”) will be made to Steele Americana LLC (the “**Borrower**”) pursuant to a Loan Agreement between the Authority and the Borrower, (the “**Loan Agreement**”), which Loan Agreement 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

WHEREAS, the Bonds will be sold and delivered to FMSBonds, Inc. (the “**Underwriter**”) in the manner, at the purchase price and on the terms and conditions set forth in a bond purchase agreement by and among the Authority, the Borrower and the Underwriter (the “**Bond Purchase Agreement**”), which Bond Purchase Agreement 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

WHEREAS, the interest on the Bonds is intended to qualify for a federal tax exemption under Section 142 of the Code, and to ensure that the Bonds maintain their tax exempt status, the Borrower will enter into a Regulatory Agreement and Declaration of Restrictive Covenants for the project site (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 together with the Indenture, the 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 the (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 Indenture, Loan Agreement, Bond Purchase Agreement. The Indenture, Loan Agreement, and the Bond Purchase Agreement, are hereby approved in the form hereinabove described, and each of the Chair, the Vice Chair, the Executive Director and the Director of Finance of the Authority (each an “**Authorized Officer**” and collectively, the “**Authorized Officers**”) is hereby authorized to execute and deliver the such documents, with such changes, insertions or omissions therein as may be approved by such signatory, such approval to be evidenced conclusively by execution of said documents.

Section 3. Authorization and Execution of the Bonds. The execution and delivery of the Bonds is hereby authorized and approved. The final amount and terms of the Bonds shall be determined by an Authorized Officer, consistent with the terms of the Indenture and subject to the following conditions: (i) the Bonds shall not be a general obligation of the Authority but shall be limited non-recourse obligations payable solely and only from the Trust Estate, as defined in the Indenture; (ii) the Bonds shall mature no later than December 31, 2066, bear interest at a fixed rate or variable rate no greater than 15% per annum (or maximum amount permissible under law), issued in a principal amount not to

exceed \$7,000,000, be subject to redemption, and have the other terms and provisions as definitively set forth in the Indenture upon execution and delivery as aforesaid in Section 2 hereof; (iii) the Bonds shall be executed and delivered substantially in the form set forth in the Indenture, with such additions, omissions and changes as are required or permitted by the Indenture and approved by the signatories thereto; and (iv) the Bonds shall be executed in the name of the Authority by an Authorized Officer for purposes of executing and attesting the Bonds, and their execution shall evidence their approval of the final terms thereof. Such signatures may be by facsimile.

Section 4. Approval of Regulatory Agreement. The Regulatory Agreement and the LIHTC LURA are each hereby approved in the forms hereinabove described, and each of the Authorized Officers 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 5. 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 Project Documents and the Bonds, and taken with respect to the public notice and hearing with respect to the issuance of the Bonds as required by the federal tax laws, is hereby approved, confirmed and ratified.

Section 6. Execution of Documents. In the event of the absence or disability of an Authorized Officer, 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 an Authorized Officer 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 7. Execution of Tax Compliance Certificate. The Authorized Officers are hereby authorized to issue certifications as to the Authority's reasonable expectations regarding the amount and use of the proceeds of the Bonds as described in Section 148 of Code.

Section 8. Additional Actions Authorized. The Chair, the Vice Chair, 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 Project Documents, 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 an Authorized Official 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.

Section 9. Effective Date. This Resolution shall become effective immediately.

ADOPTED by the South Dakota Housing Development Authority this 2nd day of May, 2024.

Motion passed by a voice vote.

B. Resolution No. 24-05-52: Resolution to Conditionally Commit Housing Infrastructure Financing Program Funds for Bunkhouse Subdivision

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 following application has been reviewed and evaluated in accordance SDCL Chapter 11-15 and the Housing Infrastructure Financing Program (HIFP) Administrative Rules; and

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

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

Applicant: Vanocker Development, Inc.
Project Name: Bunkhouse Subdivision
Project Location: Belle Fourche, SD

HIFP General Fund Loan – Rural: \$1,433,911

Motion passed by a voice vote.

VIII. DATE OF NEXT MEETING AND ADJOURNMENT

The next Board of Commissioners' Meeting is scheduled for June 11, 2024. It was moved by Commissioner Jensen and seconded by Commissioner Steele that the meeting adjourn.

Motion passed by a voice vote.

The meeting adjourned at 11:27 a.m.

Respectfully submitted,

Chas Olson
Secretary