

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONER'S MEETING
TELEPHONIC
June 20, 2023

Board Members Present: Bill Hansen, Chairman
Scott Erickson, Vice-Chair
Preston Steele, Treasurer
Rick Hohn, Commissioner
David Pummel, Commissioner
Mark Roby, Commissioner

Board Members Absent: Mark Puetz, Commissioner

Staff Present: Chas Olson, Interim Executive Director
Brent Adney, Director of Homeownership Programs
Mike Harsma, Director of Single Family Development
Todd Hight, Director of Finance and Administration
Tasha Jones, Director of Rental Housing Management
Amanda Weisgram, Director of Marketing and Research
Shanna Brech, Mortgage Purchase Officer
Jason Bucholz, Mortgage Purchase Officer
Travis Dammann, Business Analyst
Amy Eldridge, Housing Development Officer
Ashlee Hemminger, Single Family Development Assistant
DeNeil Hosman, Accountant
Beverly Katz, Housing Infrastructure Officer
Sheila Olson, Marketing Assistant
Scott Rounds, Housing Development Officer
Rebecca Whidby, Housing Development Officer

Guests Present: Dixie Hieb, Davenport, Evans, Hurwitz & Smith, Counsel to SDHDA
Josh Meyer, Kutak Rock LLP

I. CALL TO ORDER/CONFLICTS OF INTEREST

The meeting was called to order at 2:00 p.m. and roll was called. Chairman Hansen called for conflicts of interest and none were noted.

II. PUBLIC COMMENT

None.

III. APPROVAL OF AGENDA

The distributed agenda was amended to add Resolution No. 23-06-34 through Resolution No. 23-06-37 under Old Business before Resolution No. 23-06-38. It was moved by Commissioner Erickson and seconded by Commissioner Hohn that the Agenda be adopted as amended, but reserving the right to make further changes during the meeting.

Via roll call, the following votes were recorded:
Voting AYE: Chairman Hansen; Commissioners Erickson, Hohn, Pummel, Roby and Steele

IV. APPROVAL OF MINUTES

It was moved by Commissioner Pummel and seconded by Commissioner Roby that the Minutes of the Board of Commissioners' Meeting held on June 20, 2023, be adopted as presented.

Via roll call, the following votes were recorded:
Voting AYE: Chairman Hansen; Commissioners Erickson, Hohn, Pummel, Roby and Steele

V. EXECUTIVE DIRECTOR'S REPORT

Interim Executive Director Olson reported that on June 4-6, 2023 staff attended the SDBA/NDBA Annual Convention in Sioux Falls where SD Housing sponsored the Business Meeting portion. He stated the Legislative Interim Rules Committee approved the proposed administrative rules for the Housing Infrastructure Financing Program. Interim Executive Director Olson reported staff attend the NCSHA Housing Tax Credit Conference June 13-16, 2023 in Seattle. He stated the Homeless Summit was held June 13-14, 2023 in Pierre. Interim Executive Director Olson reported the Housing Conference will be held June 27-28, 2023 in Pierre.

VI. OLD BUSINESS

A. Resolution No. 23-06-34: Resolution to Approve Housing Trust Fund Program Waiver Requests for South Dakota Portfolio

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

WHEREAS, Schuett, Spearfish Developer, LLC (Applicant) has submitted an application for Housing Trust Fund (HTF) funds for South Dakota Portfolio of apartments; and

WHEREAS, the Owner requested a waiver of the Amended 2020-2021 HTF Allocation Plan with regard to operating expense reserve requirements;

NOW, THEREFORE, BE IT RESOLVED that the waiver is hereby approved for South Dakota Portfolio of apartments.

Via roll call, the following votes were recorded:
Voting AYE: Chairman Hansen; Commissioners Erickson, Hohn, Pummel, Roby and Steele

B. Resolution No. 23-06-35: Resolution to Approve Housing Trust Fund Program Waiver Requests for South Dakota Portfolio

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

WHEREAS, Schuett, Spearfish Developer, LLC (Applicant) has submitted an application for Housing Trust Fund (HTF) funds for South Dakota Portfolio of apartments; and

WHEREAS, the Owner requested a waiver of the Amended 2020-2021 HTF Allocation Plan with regard to replacement reserve requirements;

NOW, THEREFORE, BE IT RESOLVED that the waiver is hereby approved for South Dakota Portfolio of apartments.

Via roll call, the following votes were recorded:

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

C. Resolution No. 23-06-36: Resolution to Approve Housing Trust Fund Program Waiver Requests for South Dakota Portfolio

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

WHEREAS, Schuett, Spearfish Developer, LLC (Applicant) has submitted an application for Housing Trust Fund (HTF) funds for South Dakota Portfolio of apartments; and

WHEREAS, the Owner requested a waiver of the Amended 2020-2021 HTF Allocation Plan with regard to projected vacancy requirements;

NOW, THEREFORE, BE IT RESOLVED that the waiver is hereby approved for South Dakota Portfolio of apartments.

Via roll call, the following votes were recorded:

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

D. Resolution No. 23-06-37: Resolution to Commit Housing Trust Fund Funds for South Dakota Portfolio: Bella Vista Village, Meadowlark Plaza Apartments, Iron Creek Plaza Apartments, Lookout Mountain View Apartments

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

WHEREAS, per Resolution 21-08-44, a Reservation in the amount of \$2,500,000 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 Applicant has submitted all of the required documentation;

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

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT/ LOCATION</u>	<u>HOUSING TRUST FUNDS</u>
Schuett, Spearfish Developer, LLC	South Dakota Portfolio: Bella Vista Village, Meadowlark Plaza Apartments, Iron Creek Plaza Apartments, Lookout Mountain View Apartments Spearfish, SD	\$2,500,000

Via roll call, the following votes were recorded:

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

- E. Resolution No. 23-06-38: Making Findings with Respect to Housing Needs Within South Dakota; Approving the Issuance and Delivery of its Conduit Multifamily Revenue Bonds (Schuett Portfolio Project), Series 2023A, and its Multifamily Housing Revenue Note (Schuett Portfolio Project), Subordinate Series 2023B, in an Aggregate Amount not to Exceed \$9,500,000; Authorizing the Preparation, Execution and Delivery of an Indenture of Trust, Loan Agreement, Bridge Note, Bridge Loan Agreement, Preliminary Official Statement, Bond Purchase Agreement, and Certain Other Transaction Documents as Defined Herein as may be Necessary for the Issuance of the Obligations; and Providing for Other Matters Properly Relating Thereto**

After review and discussion, it was moved by Commissioner Pummel and seconded by Commissioner Hohn 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 Revenue Bonds (Schuett Portfolio Project), Series 2023A (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 96-unit multifamily housing project located at (i) 1902-1918 Vista Street in Belle Fourche, South Dakota and known as “Bella Vista,” (ii) 1605A 5th Avenue in Belle Fourche, South Dakota and known as “Meadowlark,” (iii) 1710-1720 Ryan Road in Spearfish, South Dakota and known as “Iron Creek,” and (iv) 318 East Rushmore Street in Spearfish, South Dakota and known as “Lookout Mountain,” collectively known as the Schuett Portfolio Project (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 Schuett Spearfish, LP (the “**Borrower**”) pursuant to a Loan Agreement between the Authority and the Borrower, or another affiliate of The Schuett Companies, Inc. (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 Colliers Securities LLC (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, to market the Bonds, there shall be prepared and delivered to the Underwriter a preliminary official statement (the “**Preliminary Official**”

Statement”), which Preliminary Official Statement 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 Authority also intends to sell its Multifamily Housing Revenue Note (Schuett Portfolio Project), Subordinate Series 2023B (the **“Bridge Note”** and together with the Bonds, the **“Obligations”**) to Bridgewater Investment Management, Inc. (the **“Lender”**), or such other financial institution as is approved by the Executive Director, pursuant to the terms of a Loan Agreement between the Authority and the Borrower (the **“Bridge Loan Agreement”**), assigned to the Lender by the Authority by an Assignment of Loan Agreement (the **“Assignment”**), which Bridge Note, Bridge Loan Agreement, and Assignment will be in substantially the forms 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 Obligations is intended to qualify for a federal tax exemption under Section 142 of the Code, and to ensure that the Obligations maintain their tax exempt status, the Borrower will enter into a Regulatory Agreement and Declaration of Restrictive Covenants for each project site (collectively, 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, the Bridge Note, the Bridge Loan Agreement, the Assignment, 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, Bridge Note, Bond Purchase Agreement, Bridge Loan Agreement, and Assignment. The Indenture, Loan Agreement, Bridge Note, Bond Purchase Agreement, Bridge Loan Agreement, and Assignment are 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 (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, 2043, bear interest at a fixed rate no greater than 10% per annum, 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. Authorization and Execution of the Bridge Note. The execution and delivery of the Bridge Note is hereby authorized and approved. The final amount and terms of the Bridge Note shall be determined by an Authorized Officer, consistent with the terms of the Bridge Note and the Bridge Loan Agreement and subject to the following conditions: (i) the Bridge Note shall not be a general obligation of the Authority but shall be a limited non-recourse obligation payable solely and only from the payable solely from the revenues pledged pursuant to the Bridge Loan Agreement and the Assignment; (ii) the Bridge Note shall mature no later than December 31, 2043, bear interest at a variable rate not to exceed 15% per annum, be subject to repayment, and have the other terms and provisions as definitively set forth in the Bridge Loan Agreement upon execution and delivery as aforesaid in Section 2 hereof; (iii) the Bridge Note shall be executed and delivered substantially in the form placed on file with the Authority prior to this meeting, with such additions, omissions and changes as are required or permitted by the Loan Agreement and approved by the signatories thereto; and (iv) the Bridge Note shall be executed in the name of the Authority by an Authorized Officer and its execution shall evidence approval of the final terms thereof.

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 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 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 Project Documents and the Bonds, and taken with respect to the public notice and hearing with respect to the issuance of the Obligations 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 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 8. 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 Obligations as described in Section 148 of Code.

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 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 10. Effective Date. This Resolution shall become effective immediately.

ADOPTED by the South Dakota Housing Development Authority this 20th day of June, 2023.

Via roll call, the following votes were recorded:

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

F. Resolution No. 23-06-39: Resolution to Approve the SD Housing Employee Handbook

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

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

NOW, THEREFORE, BE IT RESOLVED that the SD Housing Employee Handbook is hereby approved.

Via roll call, the following votes were recorded:

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

VII. NEW BUSINESS

A. Resolution No. 23-06-40: Resolution to Approve and Obtain a Commemoration to Recognize and Thank Mark Puetz

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

WHEREAS, Mark Puetz is nearing completion of his service to the South Dakota Housing Development Authority Board of Commissioners; and

WHEREAS, the Board wishes to acknowledge Commissioner Puetz's contributions to the South Dakota Housing Development Authority as a Commissioner;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director is hereby authorized to present Mark Puetz with a commemoration reflecting the following:

MARK PUETZ

THANK YOU FOR YOUR COMMITMENT AND DEDICATION TO
PROVIDING AFFORDABLE HOUSING FOR SOUTH DAKOTANS.

2013 - 2023

Via roll call, the following votes were recorded:

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

B. Resolution No. 23-06-41: Resolution to Approve and Obtain a Commemoration to Recognize and Thank David Pummel

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

WHEREAS, David Pummel is nearing completion of his service to the South Dakota Housing Development Authority Board of Commissioners; and

WHEREAS, the Board wishes to acknowledge Commissioner Pummel's contributions to the South Dakota Housing Development Authority as a Commissioner;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director is hereby authorized to present David Pummel with a commemoration reflecting the following:

DAVID PUMMEL

THANK YOU FOR YOUR COMMITMENT AND DEDICATION TO
PROVIDING AFFORDABLE HOUSING FOR SOUTH DAKOTANS.

2011 - 2023

Via roll call, the following votes were recorded:

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

VIII. DATE OF NEXT MEETING AND ADJOURNMENT

The next Board of Commissioners' Meeting is scheduled for July 11, 2023. It was moved by Commissioner Steele and seconded by Commissioner Roby that the meeting adjourn.

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

The meeting adjourned at 2:31 p.m.

Respectfully submitted,

Chas Olson
Secretary