

MINUTES
SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY
BOARD OF COMMISSIONER'S MEETING
TELEPHONIC
March 14, 2023

Board Members Present: Bill Hansen, Chairman
Preston Steele, Treasurer
Rick Hohn, Commissioner
Mark Puetz, Commissioner (joined at 11:02 a.m.)
David Pummel, Commissioner
Mark Roby, Commissioner (joined at 11:02 a.m.)

Board Members Absent: Scott Erickson, Vice-Chair

Staff Present: Lorraine Polak, 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
Chas Olson, Director of Rental Housing Development
Amanda Weisgram, Director of Marketing and Research
Kyle Amidon, System Administrator
Travis Dammann, Business Analyst
Amy Eldridge, Housing Development Officer
Beverly Katz, Housing Infrastructure Officer
Sheila Olson, Marketing and Executive Assistant
Scott Rounds, Housing Development Officer

Guests Present: Dixie Hieb, Davenport, Evans, Hurwitz & Smith, Counsel to SDHDA
Holly Englehart, Eide Bailly
Eric Kunzweiler, Inter-Lakes Community Action Partnership
Julie Johnson, Absolutely!Aberdeen
Tobin Morris, Colliers
Jason Boal, BlueLine Development
Maddy Mason, BlueLine Development
Bob Mercer, Keloland News
Sarah Foust, Watertown Cares Inc.
Logan Penfield, City of Sioux Falls

I. CALL TO ORDER/CONFLICTS OF INTEREST

The meeting was called to order at 11:00 a.m. and roll was called. Chairman Hansen called for conflicts of interest and none were noted.

II. PUBLIC COMMENT

None.

Commissioner Puetz and Roby joined the meeting.

III. APPROVAL OF AGENDA

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

Via roll call, the following votes were recorded:

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

IV. APPROVAL OF MINUTES

It was moved by Commissioner Hohn and seconded by Commissioner Puetz that the Minutes of the Board of Commissioners' Meeting held on February 28, 2023, be adopted as presented.

Via roll call, the following votes were recorded:

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

V. EXECUTIVE DIRECTOR'S REPORT

Executive Director Polak reported that the Mountain Plains Housing Summit is May 8-10, 2023 in Sioux Falls. She stated South Dakota Housing staff, along with our marketing firm The Sampson House, started something new and recorded podcasts that will be released soon. Executive Director Polak reported that department meetings were held in March to look at employee suggestions and review the housing programs. She stated a public meeting with the board members in attendance will need to be scheduled for the draft Housing Infrastructure Financing Program Allocation Plan and Administrative Rules.

VI. OLD BUSINESS

A. Resolution No. 23-03-11: Resolution to Approve and Authorize Release of the Draft Amended 2022 Annual Action Plan for Public Comment

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

WHEREAS, the 2018-2022 Five-Year Consolidated Housing and Community Development Plan (Consolidated Plan) has previously been approved by the U.S. Department of Housing and Urban Development (HUD);

WHEREAS, annually HUD requires an action plan with respect to the Consolidated Plan to enable the State to access the HOME, Emergency Solutions Grants, Housing Trust Fund and Community Development Block Grant Program funds;

WHEREAS, the Board adopted the 2022 Annual Action Plan per Resolution No. 22-03-03; and

WHEREAS, substantial amendments to the 2022 Annual Action Plan have been incorporated in the Draft Amended 2022 Annual Action Plan to include projects selected for funding during the program year, and other administrative updates;

NOW, THEREFORE, BE IT RESOLVED that the above referenced Draft Amended 2022 Annual Action Plan dated March 14, 2023, is hereby approved for public distribution, and the Executive Director is authorized to give the required public notice for a final 30-day comment period.

Via roll call, the following votes were recorded:

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

B. Resolution No. 23-03-12: Resolution to Make Findings with Respect to Housing Needs Within South Dakota; Approving the Issuance and Delivery of its Conduit Multifamily Revenue Bonds (Sagebrush Flats), Series 2023, in an Amount not to Exceed \$32,000,000; Authorizing the Preparation, Execution and Delivery of a Bond Financing 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 Pummel and seconded by Commissioner Puetz that the above Resolution be adopted as follows:

WHEREAS, Chapter 11-11, SDCL (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 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 (Sagebrush Flats), Series 2023 (the “**Bonds**”) pursuant to a Bond Financing Agreement (the “**Bond Financing Agreement**”) among the Authority, Blueline Development, Inc., or another affiliate of Blueline Development, Inc., which is a qualified housing sponsor, and Cedar Rapids Bank and Trust Company (the “**Bondholder**”), the proceeds of which will be used to finance a loan for the acquisition and construction (including reimbursement of any expenses permitted under the Internal Revenue Code of 1986, as amended (the “**Code**”)) of a 180-unit multifamily housing project located in Rapid City, South Dakota and known as Sagebrush Flats (the “**Project**”), and to make deposits in various funds and accounts; and

WHEREAS, the loan (the “**Loan**”) will be made to Borrower pursuant to the Bond Financing 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

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 maintains their 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 together with the Bond Financing Agreement, the “**Project Documents**”), in the form used by the Authority in its Low Income Housing Tax Credit Program; and

WHEREAS, the Bonds will be sold to the Bondholder pursuant to the Bond Financing Agreement, subject to the terms, conditions and limitations established herein.

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 Bond Financing Agreement. The Bond Financing 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 Bond Financing 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 Bond Financing Agreement.

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 the Chairman, the Vice Chairman, the Executive Director or the Director of Finance of the Authority, consistent with the terms of the Bond Financing Agreement and subject to the following conditions. The Bonds shall not be a general obligation of the Authority but shall be limited non-recourse obligations payable solely and only from the Pledged Security, as defined in the Bond Financing Agreement. The Bonds shall mature no later than December 31, 2043, bear interest at an initial fixed rate no greater than 10% per annum, subject to remarketing, be in a principal amount not to exceed \$32,000,000, be subject to redemption and have the other terms and provisions as definitively set forth in the Bond Financing Agreement upon execution and delivery as aforesaid in Section 2 hereof. The Bonds shall be executed and delivered substantially in the form set forth in the Bond Financing Agreement, with such additions, omissions and changes as are required or permitted by the Bond Financing Agreement and approved by the signatories thereto. The Bonds 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 an **“Authorized Official”**) 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; provided, however, that such Bonds shall not be valid or obligatory for any purpose unless the attestation by an Authorized Official of the Authority or the Trustee shall be a manual signature.

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 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 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 Bond Financing Agreement, the Regulatory Agreement, the LIHTC LURA, 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 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 7. Execution of Tax Compliance 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 Bonds as described in Section 148 of Code.

Section 8. 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 Bond Financing 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 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 14th day of March, 2023.

Via roll call, the following votes were recorded:

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

Excused: Commissioner Erickson

C. Resolution No. 23-03-13: Resolution to Commit HOME-ARP Funds for ICAP Community Commons

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

WHEREAS, per Resolution 22-10-58, a Reservation in the amount of \$1,161,330 of HOME-ARP funds was previously awarded to the following Applicant;

WHEREAS, the Applicant has agreed to comply with all HOME-ARP requirements; and

WHEREAS, the environmental review has been completed and Applicant has submitted most of the required documentation;

NOW, THEREFORE, BE IT RESOLVED that, upon receipt of the remaining required documentation, the Executive Director is authorized to issue a Commitment of HOME-ARP funds for the following:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT/ LOCATION</u>	<u>HOME-ARP FUNDS</u>
Inter-Lakes Community Action Partnership, Inc. (ICAP)	ICAP Community Commons Sioux Falls, SD	\$1,161,330

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

D. Resolution No. 23-03-14: Resolution to Commit HOME-ARP Funds for Watertown Cares

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

WHEREAS, per Resolution 22-10-62, a Reservation in the amount of \$1,031,000 of HOME-ARP funds was previously awarded to the following Applicant;

WHEREAS, per Resolution 22-12-127, a Reservation in the amount of \$86,000 of additional HOME-ARP funds was previously awarded to the following Applicant;

WHEREAS, the Applicant has agreed to comply with all HOME-ARP requirements; and

WHEREAS, the environmental review has been completed and Applicant has submitted most of the required documentation;

NOW, THEREFORE, BE IT RESOLVED that, upon receipt of the remaining required documentation, the Executive Director is authorized to issue a Commitment of HOME-ARP funds for the following:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT/ LOCATION</u>	<u>HOME-ARP FUNDS</u>
Watertown Cares, Inc.	Watertown Cares Watertown, SD	\$1,117,000

Via roll call, the following votes were recorded:

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

E. Resolution No. 23-03-15: Resolution to Commit HOME-ARP Funds for Watertown Cares Supportive Services

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

WHEREAS, per Resolution 22-10-63, a Reservation in the amount of \$104,500 of HOME-ARP funds was previously awarded to the following Applicant;

WHEREAS, per Resolution 22-12-128, a Reservation in the amount of \$225,500 of additional HOME-ARP funds was previously awarded to the following Applicant; and

WHEREAS, the Applicant has agreed to comply with all HOME-ARP requirements;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director is authorized to issue a Commitment of HOME-ARP funds for the following Applicant:

<u>OWNER/APPLICANT</u>	<u>DEVELOPMENT/ LOCATION</u>	<u>HOME-ARP FUNDS</u>
Watertown Cares, Inc.	Watertown Cares Supportive Services Watertown, SD	\$330,000

Via roll call, the following votes were recorded:

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

VII. NEW BUSINESS

A. Resolution No. 23-03-16: Resolution to Approve Transfer of Ownership and Assumption of HOME Loan for Edgewood Estates

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

WHEREAS, the South Dakota Housing Development Authority (SDHDA) previously made a loan under the HOME Investment Partnership Program to Edgewood Estates, Limited Partnership for the Edgewood Estates located in Rapid City, South Dakota;

WHEREAS, the HOME loan is secured by a Mortgage and Security Agreement;

WHEREAS, the property is subject to a Regulatory Agreement covering certain requirements and restrictions under the HOME Program;

WHEREAS, the owners propose to sell their interest in Edgewood Estates to Edgewood Estates of Rapid City LLC and Eldene LLC, unrelated limited liability companies;

WHEREAS, the owners and proposed purchaser have met SDHDA's criteria for transfer of ownership and assumption of the Mortgage Note and related Mortgage and Security Agreement; and

WHEREAS, Edgewood Estates of Rapid City LLC and Eldene LLC have agreed to enter into a Regulatory Agreement with respect to the ongoing requirements under HOME Program;

NOW, THEREFORE, BE IT RESOLVED, that the transfer of ownership of Edgewood Estates from Edgewood Estates, Limited Partnership to Edgewood Estates of Rapid City LLC and Eldene LLC and the assumption of the Mortgage Note and Security Agreement by Edgewood Estates of Rapid City LLC and Eldene LLC is hereby approved.

Via roll call, the following votes were recorded:

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

B. Resolution No. 23-03-17: Resolution to Approve Transfer of Ownership and Assumption of HOME Loan for Pine Crest Village

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

WHEREAS, the South Dakota Housing Development Authority (SDHDA) previously made a loan under the HOME Investment Partnership Program to Pine Crest Village, Limited Partnership for the Pine Crest Village located in Rapid City, South Dakota;

WHEREAS, the HOME loan is secured by a Mortgage and Security Agreement;

WHEREAS, the property is subject to a Regulatory Agreement covering certain requirements and restrictions under the HOME Program;

WHEREAS, the owners propose to sell their interest in Pine Crest Village to Edgewood Estates of Rapid City LLC and Eldene LLC, unrelated limited liability companies;

WHEREAS, the owners and proposed purchaser have met SDHDA's criteria for transfer of ownership and assumption of the Mortgage Note and related Mortgage and Security Agreement; and

WHEREAS, Edgewood Estates of Rapid City LLC and Eldene LLC have agreed to enter into a Regulatory Agreement with respect to the ongoing requirements under HOME Program;

NOW, THEREFORE, BE IT RESOLVED, that the transfer of ownership of Pine Crest Village from Pine Crest Village, Limited Partnership to Edgewood Estates of Rapid City LLC and Eldene LLC and the assumption of the Mortgage Note and Security Agreement by Edgewood Estates of Rapid City LLC and Eldene LLC is hereby approved.

Via roll call, the following votes were recorded:

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

Excused: Commissioner Erickson

C. Resolution No. 23-03-18: Resolution to Approve and Authorize Release of the Draft Housing Infrastructure Financing Program Allocation Plan for Public Comment and Establish a Public Hearing

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

WHEREAS, South Dakota Senate Bill 41 (SB 41) established a program for housing infrastructure loans and grants, made an appropriation therefor, and declared an emergency;

WHEREAS, SB 41 became effective on February 1, 2023, and has been codified at SDCL Chapter 11-15;

WHEREAS, pursuant to SDCL 11-15-2, the housing infrastructure fund is created, to be administered by South Dakota Housing Development Authority (SDHDA) for the purpose of making loans and grants for housing infrastructure projects; and

WHEREAS, pursuant to the authority granted it in SDCL Chapter 11-15, SDHDA has developed the Draft Housing Infrastructure Financing Program Allocation Plan for public review and comment;

NOW, THEREFORE, BE IT RESOLVED that the above referenced Draft Housing Infrastructure Financing Program Allocation Plan, dated March 14, 2023, is hereby approved for public distribution, and

BE IT FURTHER RESOLVED that the Executive Director is authorized to hold a public hearing and take public comment on the Draft Housing Infrastructure Financing Program Allocation Plan.

Via roll call, the following votes were recorded:

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

Excused: Commissioner Erickson

D. Resolution No. 23-03-19: Resolution to Approve Draft Housing Infrastructure Financing Program Administrative Rules, Authorize Release for Public Comment, and Establish a Public Hearing

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

WHEREAS, South Dakota Senate Bill 41 (SB 41) established a program for housing infrastructure loans and grants, made an appropriation therefor, and declared an emergency;

WHEREAS, SB 41 became effective on February 1, 2023, and has been codified at SDCL Chapter 11-15;

WHEREAS, SDCL 11-15-6 provides that SDHDA shall promulgate rules pursuant to SDCL Chapter 1-26, specifying the criteria and process for the application, approval, and disbursement of the loans and grants; and

WHEREAS, SDHDA has developed draft Housing Infrastructure Financing Program Administrative Rules;

NOW, THEREFORE, BE IT RESOLVED that the Draft Housing Infrastructure Financing Program Administrative Rules are hereby approved; and

BE IT FURTHER RESOLVED, that the Executive Director is authorized to take all actions required pursuant to SDCL Chapter 1-26 for final approval of the Draft Housing Infrastructure Financing Program Administrative Rules, including taking written comment and establishing a public hearing on such rules.

Via roll call, the following votes were recorded:

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

Excused: Commissioner Erickson

VIII. DATE OF NEXT MEETING AND ADJOURNMENT

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

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

Excused: Commissioner Erickson

The meeting adjourned at 11:36 a.m.

Respectfully submitted,

Lorraine Polak
Secretary

DRAFT