

**MINUTES**  
**SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY**  
**BOARD OF COMMISSIONERS' MEETING**  
**SDHDA CONFERENCE ROOM**  
*Telephonic*  
*June 3, 2013*

**Board Members Present:** Lloyd Schipper, Chairman (via telephone)  
David Pummel, Vice Chairman (via telephone)  
Brent Dykstra, Treasurer (via telephone)  
\*joined at 2:02 P.M.  
Linda Barker, Commissioner (via telephone)  
\*joined at 2:05 P.M.  
Bill Hansen, Commissioner (via telephone)  
Paul Symens, Commissioner (via telephone)

**Board Members Absent:** Kurt Pfeifle, Commissioner

**Staff Present:** Mark Lauseng, Executive Director  
Brent Adney, Director of Homeownership Programs  
\*joined at 2:10 P.M.  
Amanda Weisgram, Director of Research and Marketing

**Guests Present:** John Wagner, Kutak Rock  
Dan Rosen, Bank of America Merrill Lynch  
Dixie Hieb, Davenport, Evans, Hurwitz & Smith  
Tom Caine, Caine Mitter and Associates  
Bronson Martin, Caine Mitter and Associates

**I. CALL TO ORDER**

The meeting was called to order at 2:01 P.M. and roll was called.

**II. APPROVAL OF AGENDA**

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

Via roll call vote, the motion carried unanimously.

Let it be noted that Commissioners' Dykstra and Barker joined, after roll was called and prior to the Commission taking action on any other items, at 2:02 P.M. and 2:05 P.M. respectively.

**III. EXECUTIVE DIRECTOR'S REPORT**

Executive Director Lauseng reported that due to the TEMPS bond rate being higher than anticipated and pass through model rates being better, the bond issue approved by Resolution 13-04-13 at the April 25, 2013 Commission Meeting was not issued. The

resolution that the board will consider at this meeting will replace the TEMPS bond issue with a pass through bond issue.

#### **IV. NEW BUSINESS**

**A. Resolution No. 13-06-38: Resolution to Authorize the Issuance and Sale, and Determination of the Final Terms, of South Dakota Housing Development Authority Homeownership Mortgage Bonds, in a Principle Amount not to exceed \$100,000,000 and Setting Forth Covenants with Respect Thereto**

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

BE IT RESOLVED by the South Dakota Housing Development Authority:

### **ARTICLE I**

### **CREATION OF SERIES**

#### **Section 1.01. Authorization.**

(a) **Resolutions.** This resolution, referred to herein as the "2013 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," in the aggregate principal amount not to exceed \$100,000,000 (the "Series Bonds"). All terms defined in Section 103 of the Bond Resolution are used with like meaning in this 2013 Series Resolution.

(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 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) **Contract of Purchase Relating to Series Bonds.** The Authority authorizes negotiation for the sale of the Series Bonds to one or more of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Dougherty & Company LLC and Wells Fargo Bank, National Association (collectively, the "Underwriters" or the

“Original Purchasers”). The Authority hereby approves the use of the form of Contract of Purchase previously used with respect to its 2013 Series ABC Bonds, pursuant to which 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 approve the final terms and provisions of the Contract of Purchase relating to the Series Bonds and to execute the Contract of Purchase for the Series Bonds on behalf of the Authority.

(ii) *Official Statement.* The Authority hereby approves the use of a Preliminary Official Statement relating to the Series Bonds, in the form previously used with respect to its 2013 Series ABC Bonds, containing information relating to the Authority and the Series Bonds, 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 the 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 2013 Series ABC Bonds, wherein the Authority will covenant for the benefit of the beneficial owners of the 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.

(d) ***Pledge; Outstanding Bonds.*** The pledge made and security interests granted in the Bond Resolution with respect to all Mortgage Loans, Revenues, money, securities, Funds and Accounts therein defined and created, and all covenants and agreements made by the Authority therein, are made and granted for the equal benefit, protection and security of the Holders of all Series Bonds, as well as all Bonds presently Outstanding under the Bond Resolution, without preference, priority or distinction of one Bond over any other of that or any other Series similarly authorized and issued under the Bond Resolution, as fully as though set out at length and resolved herein.

(e) ***Capital Reserve Requirement.*** 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, or 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 Series Bonds Account in the Capital Reserve Fund, from the sources set forth in paragraph (b) of Section 2.02 of Article II hereof, or by transfer from other Accounts therein, the amount, as directed in an Officer’s Certificate delivered upon the Issue Date, which is equal to the Capital Reserve Requirement for the Series Bonds.

(f) ***Mortgage Reserve Requirement.*** The Mortgage Reserve Requirement with respect to the Series Bonds shall be 2% of the Mortgage Loans then outstanding, or 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 Series Bonds Account in the Mortgage Reserve Fund, from the sources set forth in paragraph (b) of Section 2.02 of Article II hereof, or by transfer from other Accounts therein, the amount, as directed in an Officer's Certificate delivered upon the Issue Date, which is equal to the Mortgage Reserve Requirement for the Series Bonds.

#### **Section 1.02. Form of Bonds.**

(a) The Series Bonds shall be issuable in the form of fully registered Bonds, of single maturities, subject to transfer, registration and exchange as provided in Article VI of the Bond Resolution. The Series Bonds authorized hereby shall be numbered serially for each Series, and no such Series Bond, whether issued initially or upon reregistration, transfer or exchange, shall bear the same number as any other Bond of the same Series contemporaneously Outstanding.

(b) The Series Bonds shall be typewritten or printed in substantially the form specified in an Officer's Certificate.

### **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 in one or more Series 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, 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 6% per annum. 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 to be refunded, 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 Series Bonds and the 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, 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), provided that all or a portion of the Series Bonds may be sold to a single institutional investor 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 as may be otherwise specified by an Authorized Officer. The Series Bonds of each Series 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, not exceeding the principal amount maturing on any principal payment date. 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, 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 fifteenth day of the calendar month immediately preceding the interest payment date (the "Record Date") 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; 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 as permitted by paragraph (e) of Section 2.03 hereof, 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 and any redemption premium on all Series Bonds shall be payable at the principal corporate trust office of the Trustee upon presentation and surrender of the Series Bonds on or after the date of maturity or redemption 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.

(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 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 30 days prior to a redemption date and that published notice of redemption of the Series Bonds shall not be required.

**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 Series Clearing Account for the issuance of the Series Bonds and deposit therein net proceeds of the 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, 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 is established an account designated as the Mortgage Loan Account for such 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 the Series Bond Mortgage Loan Account from the Series Bond Clearing Account the amount as directed in an Officer's Certificate delivered upon the Issue Date.

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

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

(iv) There is established an account within the Revenue Fund designated as the Account for such 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 Series Bonds into the Series Bond Account in the Revenue Fund.

(v) Such moneys shall be transferred to the Series Bond Account of the Revenue Fund from the Series Bond Clearing Account, and such deposits shall be made into said Account on the date 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 Account 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 Account 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.

### **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 and the refunding of Outstanding Bonds as set forth in Section 202(2) of the Bond Resolution. In accordance with the provisions of Section 203 of the Bond Resolution, the Executive Director shall furnish to the Trustee on the date of issuance and delivery of the Series Bonds:

(i) Certified copies of the Bond Resolution and this 2013 Series Resolution.

(ii) An opinion of Counsel to the Authority that the Bond Resolution and this 2013 Series Resolution have been duly adopted by the Authority and are valid and binding upon it and enforceable in accordance with their terms, that the Bond Resolution creates the valid pledge it purports to create, and that the principal amount of the Series Bonds, when added to the principal amount of other obligations theretofore issued by the Authority, does not exceed any legal limitations.

(iii) An Officer's Certificate, stating:

(A) The Series designations, interest rates, maturities, redemption provisions and any other terms of the Series Bonds, as well as the form of the Bonds and the purchase price thereof and underwriting fee and any bonds to be refunded, pursuant to Section 2.01(a) hereof.

(B) The amounts of the proceeds of the Series Bonds and other funds to be credited to the Funds and Accounts referred to in Section 301 of the Bond Resolution at the time of delivery of the Series Bonds, as provided in this 2013 Series Resolution.

(C) Whether or not interest on the Series Bonds is to be exempt from federal income taxation;

(D) That upon the issuance of the Series Bonds, the Parity Test and the Cash Flow Test will be satisfied.

(E) That the issuance of the Series Bonds will have no material adverse effect on the ability of the Authority to pay the Principal Installments of and interest on all Bonds.

(iv) An Officer's Certificate:

(A) Identifying the bonds, interest and redemption premiums, if any, to be refunded and identifying separately those bonds to be paid at their respective maturity dates and those to be redeemed at specified Redemption Prices and on specified dates at which such bonds may be redeemed from funds held in the Redemption Fund and from other funds.

(B) Directing the Trustee to make due publication, if applicable, of a notice of redemption and refunding with respect to any Refunded Bonds to be redeemed prior to maturity.

(C) Stating that funds will be deposited with the Trustee at or before the time of delivery of the Series Bonds, sufficient to effect retirement of any Refunded Bonds, interest and any redemption premiums thereon.

(b) **Trustee's Certification.** The Executive Director shall then request the Trustee to determine and certify:

(i) That it has received the documents listed in paragraph (a) of this Section 2.03.

(ii) That the amount to be deposited in the Capital Reserve Fund is sufficient to increase the amount in that Fund to the Capital Reserve Requirement effective after the issuance of the Series Bonds, as computed by the Trustee.

(iii) That upon the issuance of the Series Bonds, and deposit of amounts in all Funds and Accounts as directed in the Officer's Certificate, the Parity Test will be satisfied.

(c) **Certification Under Applicable Federal Tax Law.** If the interest on the Series Bonds is to be exempt from federal income taxation, an Authorized Officer is authorized and directed, on the date of delivery of the 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 the Series Bonds will not be used in a manner that would cause the 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 and countersigned by the manual or facsimile signature of its counsel, 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 Section 603(A) 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 Contract of Purchase and the Bond Resolution and this 2013 Series Resolution and to deliver the Series Bonds to the Underwriters 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 2013 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 or interest 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 2013 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 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 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 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 and interest. 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 2013 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 2013 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 2013 Series Resolution.

## ARTICLE III

### THE CODE AND RESTRICTIONS

#### Section 3.01. Tax Covenant and Restrictions.

(a) **General Tax Covenant.** In Section 505 of the Bond Resolution the Authority has covenanted that, if interest on 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 the 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) **Authority and Effect.** Sections 3.01 and 3.02 of this Article III shall be applicable only to the obligations, covenants, agreements, limitations, conditions and restrictions of and upon the Authority in relation to the Holders of the Series Bonds. The meaning of capitalized terms used in Sections 3.01 and 3.02 of this Article III are as defined in Section 103 of the Bond Resolution or in this 2013 Series Resolution. The covenants and restrictions set forth in Section 3.02 hereof shall apply to Mortgage Loans made in whole or in part from the proceeds of the Series Bonds initially deposited into the Series Bonds Mortgage Loan Account or Revenues attributable thereto. 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) **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 Sections 3.01 and 3.02 of this Article III 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. Compliance With Applicable Federal Tax Law.

(a) **Code Provisions.** If interest on the Series Bonds is to be exempt from federal income taxation, the Authority determines to apply the provisions of Section 143 of the Code to the Mortgage Loans to be made or purchased, in whole or in part, from the proceeds of the Series Bonds, and the Authority determines to take all necessary action to insure that the Series Bonds meet the requirements of

Section 143 as an issue of "qualified mortgage bonds." 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 143 (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.

(b) **Arbitrage.** The Authority will take all actions as may be necessary to assure that the Series Bonds will meet the applicable requirements of Sections 143(g) and 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 required by Section 148(f) of the Code and the Regulations, as provided in the Arbitrage Rebate Certificate executed by the Trustee and the Authority in conjunction with the issuance and delivery of the Series Bonds.

**Section 3.03.** 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 Section 2 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 2013 Series Resolution shall take effect immediately.

Via roll call vote, the motion carried unanimously.

#### V. DATE OF NEXT MEETING AND ADJOURNMENT

The next Board of Commissioners' Meeting is scheduled for June 26, 2013, at 10:00 A.M. Interested parties may participate at the SDHDA Board Room in Pierre. It was moved by Commissioner Dykstra and seconded by Commissioner Symens that the Meeting adjourn. The Meeting adjourned at 2:12 P.M.

Respectfully submitted,



Mark Lauseng  
Secretary