

**SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**

MINUTES OF THE SEPTEMBER 28, 2015 ANNUAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on Monday, September 28, 2015 at 3:00 p.m., CDT, at Sutton Bay Lodge and via telephone conference call. Norbert Sebade, Chairman, instructed the Secretary to call the roll.

Present: Dave Fleck
 Gene Lebrun (via telephone)
 Jim Scull (via telephone)
 Norbert Sebade
 Don Scott
 Dave Timpe

Absent: William Lynch

Other staff and representatives of the Authority and other parties present were:

Donald Templeton, Executive Director
Vance Goldammer, Murphy, Goldammer & Prendergast, LLP
Dustin Christopherson, Associate Director
Steve Corbin, Finance Officer
Dan Bacastow, Chapman and Cutler (via telephone)
Bert Olson, First National Bank in Sioux Falls (via telephone)
Bill Marlette, Sanford Health (via telephone)
Toby Morris, Dougherty & Company
Bob Mercer

A quorum was declared by the Chairman and the meeting was called to order. The notice of the meeting dated September 2, 2015, was posted at the entrance of the South Dakota Health and Educational Facility Authority prior to the meeting.

The Chairman asked for consideration of the minutes for the June 26, 2015 special meeting. Mr. Dave Timpe moved to approve the minutes, seconded by Mr. Don Scott. All members present voted aye, motion carried.

Sanford Series 2015A Bond Issue

Mr. Templeton and Mr. Bill Marlette of Sanford Health reviewed the two new projects being:

- Construction Completion of a new Fargo Medical Center with bonding at approximately \$90 million
- Imagenetics Center in Sioux Falls with bonding at approximately \$25 million

In addition, the South Dakota Health and Educational Facilities Authority Series 2007 bonds are to be refunded in the approximate amount of \$66 million and the Series 2007 Traill County, North Dakota bonds of approximately \$11 million. Mr. Templeton and Bill Marlette reviewed the expected Sources and Uses of funds, yields, debt service and potential present value savings of the refundings for Sanford. Mr. Marlette explained that Standard and Poor's rated them A+ with a stable outlook.

Mr. Templeton and Mr. Dan Bacastow reviewed the Preliminary Official Statement regarding potential future bonding, debt service coverage and financial statements.

Mr. Dan Bacastow reviewed the Resolution (on file at the Authority Office). Mr. Gene Lebrun moved to approve the Resolution, seconded by Mr. Don Scott. Upon roll call, the ayes were Fleck, Lebrun, Scott, Scull, Sebade and Timpe. Nays: none; Abstained: none.

Avera Sacred Heart Mortgage

Mr. Dan Bacastow reviewed the request to release Yankton Care Center Property from the Avera Sacred Heart Mortgage which was appraised at \$285,000 by an independent appraiser. Mr. Bacastow reviewed the appraisal report with the Board.

Avera Sacred Heart would deposit \$285,000 into an account with The First National Bank in Sioux Falls and also a consultant's report will need to be delivered that the transfer and substitution will not adversely affect the operations of the facilities and properties of Avera Sacred Heart.

The Resolution on file at the Authority office authorizing the substitution of Property by Sacred Heart Health Series was reviewed. Mr. Timpe and Mr. Fleck recused themselves from the vote. Mr. Don Scott moved to approve the Resolution, seconded by Mr. Gene Lebrun. Upon roll call, the ayes were Lebrun, Scott, Scull and Sebade. Nays: none; Abstained: Fleck and Timpe.

Western Dakota Technical Institute Easements

Mr. Dustin Christopherson explained that four new building projects are currently in progress on the Western Dakota Technical Institute campus that were financed by the South Dakota Health and Educational Facilities Authority Series 2015B bonds.

Five easements and one vacation of easement that were necessary for the new construction projects were reviewed in detail and are on file at the office of the Authority.

The staff of Western Dakota Technical Institute have reviewed the easements and request the South Dakota Health and Educational Facilities Authority approve these.

Dave Timpe moved to approve the easements and Dave Fleck seconded. Upon the roll call, the ayes were Fleck, Lebrun, Scott, Scull, Sebade and Timpe. Nays: none; Abstained: none.

School District Capital Outlay Program

Don Templeton reviewed the past history of the South Dakota Health and Educational Facilities Authority capital outlay program. Toby Morris of Dougherty and Company reviewed the new legislation passed by the Legislature that allows for a state aid intercept to enhance the bond ratings for certain borrowers. School Districts would issue their own bonds and the South Dakota Health and Educational Facilities Authority would act as a facilitator. Mr. Morris explained that he and Jack Arnold are contacting rating agencies and Mr. Templeton explained their program will be brought back to the Board in the near future.

Election of Officers

Mr. Templeton reviewed current officers as being Norbert Sebade, Chairman, an open position for Vice-Chairman and William Lynch, Treasurer. Mr. Dave Timpe moved to elect Dave Fleck to the Vice-Chairman position and Mr. Gene Lebrun seconded. Upon roll call, the ayes Fleck, Lebrun, Scott, Scull, Sebade and Timpe. Nays: none and abstains: none. Gene Lebrun moved to reelect Norbert Sebade as Chairman and Bill Lynch as Treasurer. Don Scott seconded and upon the roll call, the ayes were Fleck, Lebrun, Scott, Scull, Sebade and Timpe. Nays: none; Abstained: none

Summary of Annual Reviews

Mr. Templeton, Mr. Christopherson and Mr. Corbin explained that the staff had reviewed the financial operations and bond covenant compliance of all borrowers and showed the members the most current audits and quarterly financial statements of each borrower which are on file at the Authority office. Mr. Templeton reported that all borrowers are in a financial position to repay the bonds and were in compliance with bond covenants. Post issuance compliance was reviewed with the Board as well.

Bank Signature Card

Mr. Dustin Christopherson explained since Mack Wyly is no longer on the board we visited the Department of Legislative Audit and Eide Bailly about putting Dustin Christopherson on the card to facilitate dual signatures when a Board member is not physically nearby to sign checks. Neither auditor objected to this. Dave Timpe moved to approve the addition of Dustin Christopherson to the bank signature card and Dave Fleck seconded. Upon the roll call, the ayes were Fleck, Lebrun, Scott, Scull, Sebade and Timpe. Nays: none; Abstained: none.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 4:36 p.m., CDT.