SOUTH DAKOTA HEALTH AND EDUCATIONAL

FACILITIES AUTHORITY

MINUTES OF THE MARCH 2, 2018, SPECIAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority (SDHEFA) met on Friday, March 2, 2018, at 10:00 a.m., CT (9:00 a.m. MT) via telephone conference call. Norbert Sebade, Chairman, instructed the Secretary to call the roll.

Present:	Dave Fleck Gene Lebrun Don Scott Norbert Sebade
Absent:	William Lynch Jim Scull Dave Timpe

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

Matt McCaulley, Redstone Law Firm	Jim Breckenridge, Avera Health
Donald Templeton, Executive Director	Mike Olson, Avera Health
Dustin Christopherson, Associate Director	Kendall Kliewer, Avera Health
Dan Bacastow, Chapman and Cutler	Amy Cobb Curran, Chapman and Cutler

A quorum was declared by the Chairman and the meeting was called to order. The notice of the meeting dated February 23, 2018, was posted at the entrance of the South Dakota Health and Educational Facility Authority prior to the meeting and is on file at the Authority office as well as posted on the Authority & State Board & Commission website.

The Chairman asked for consideration of the minutes for the November 30, 2017, special meeting. Mr. Gene Lebrun moved to approve the minutes, seconded by Mr. Don Scott, and upon the roll call, the ayes were Fleck, Lebrun, Scott, and Sebade. Nays: none; abstained: none; motion carried.

Board Member Conflict of Interest and Inquiry of Conflicts of Interest

Mr. Templeton asked if any Board Members had a Conflict of Interest with any of the current meeting agenda items. Mr. Templeton stated that one written disclosure including request for conflict waiver under State Law, had been received from a board member. The conflict listed below was noted.

Avera Health Aircraft Financing

Mr. Dave Timpe, as noted above, submitted written disclosure statements and requests for board waivers for Avera Health. After full discussion of the nature of the potential conflicts as disclosed by Mr. Timpe, the Board made the findings that the conflict was fair, reasonable and not contrary to the public interest.

A motion was made to accept the waiver for Mr. Timpe as it related to Avera Health **(Attachments #1)** by Mr. Don Scott, seconded by Mr. Gene Lebrun, and upon the roll call, the ayes were Fleck, Lebrun, Scott and Sebade. Nays: none; abstain: none. Motion carried.

Mr. Jim Breckenridge explained the five new aircraft were to be at Sioux Falls, Aberdeen and Pierre and cost approximately $30 million to be privately placed with BMO Harris Equipment Finance.

Avera bond ratings are: Standard and Poor's AA- rating (with stable outlook) and Moody's A1 rating (stable outlook). The FY-17 audited financial statements were reviewed as well as the 12/31/17 financials. The Aircraft Resolution (on file at the Authority Office) was reviewed. Mr. Don Scott moved to approve the Resolution, seconded by Mr. Dave Fleck and upon the roll call, the ayes were Fleck, Lebrun, Scott and Sebade. Nays: none; abstain; none. Motion carried.

Senate Bill 19

Mr. Matt McCaulley reviewed Senate Bill 19 that made a technical correction to a technical education bill passed last Legislative Session.

House Bill 1318

Mr. McCaulley also reviewed House Bill 1318 that allows for a policy to be set for a minimum amount of cash and reserves and allows for a cash transfer to a South Dakota governmental entity before July 1, 2019. Mr. McCaulley explained if the Bill passed in the current form and the Governor signs it, the law would become effective July 1, 2018.

Mr. Scott asked if the money was to still be used for the FY-18 budget shortfall and Mr. McCaulley replied no (due to revised revenue estimates) and the Legislature and Governor's office have not agreed on the best use for a transfer.

Mr. Templeton explained that we were asked for an intended dollar amount to be transferred so the legislature could use it for the budget process. Upon discussion, this amount and identity of any transferee would be decided at a future Authority meeting due to the following reasons:

1) Proposed legislation would not be effective until July 1, 2018;
2) Potential different board members on and after effective date;
3) The board needs to analyze the appropriate amount of cash reserves necessary as contemplated under Section 1 of HB 1318 as it is presently drafted;
4) The limited duration of the transfer period, which would expire on July 1, 2019 as presently drafted;
5) Appropriate restrictions of the use of any grant as provided under the limitations set forth in SDCL 1-16A-1; and
6) To properly comply with statutory notice periods prior to any board action.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 10:55 a.m., CT.

Please complete this form, sign it and return to us prior to the meeting so we can include your waiver when we discuss it as an agenda item.

REQUEST FOR STATE BOARD WAIVER

THIS IS A PUBLIC DOCUMENT

Date: 1/31/2018

Name of Board Member or Former Board Member: Dave Timpe

Name of Board, Authority or Commission:
South Dakota Health and Educational Facilities Authority "SDHEFA"

Brief explanation of your potential conflict of interest:

I am on the Avera Health Plans Board and Finance Committee.

Brief explanation of the current or anticipated business transaction with a State agency or with a political subdivision of the State and your role in the transaction:

I am a board member of the Authority and an Avera Health board/committee member.

Brief explanation of the essential terms of the contract or transaction:

The South Dakota Health and Educational Facilities Authority will consider approving the direct placement taxable loan financing for aircraft through the Obligation Group. The SDHEFA will not issue the debt but consider approving it through the Master Indenture.

Brief explanation of why you believe a waiver should be granted:

It is in the best interest of Avera Health and the public that the transaction be completed. I have opted to abstain from discussion and vote. This transaction is fair, reasonable, and not contrary to the public interest.

Signature of Person Requesting Waiver: David A. Timpe

STATE OF SOUTH DAKOTA

South Dakota Health and Educational Facilities Authority

STATE BOARD DISCLOSURE LAWS
WAIVER AUTHORIZATION
PURSUANT TO SDCL 3-23-3 (current member)

A written request for waiver of conflict, dated January 31, 2018, was received from Dave Timpe. The request was acted upon by the members of South Dakota Health and Educational Facilities Authority during a meeting held on March 2, 2018.

(check one)

_____ The request for waiver was denied for the following reasons:

X The request for waiver was authorized for the following reasons:

Mr. Timpe has disclosed his potential conflict and has abstained from discussion and voting on the South Dakota Health and Educational Facilities Authority (the Authority) agenda item of the Authority's consideration of approving certain documents pertaining to Avera Health's Direct Note Obligation, Series 2018 with BMO Harris Equipment Finance Company and authorizing and approving certain other matters.

_____ The request for waiver was authorized subject to the following conditions:

William F Lynch 3/28/18

Signature of Chairperson or Authorized Member Date

Printed Name: William F. Lynch

Date mailed to Auditor-General: March 28, 2018