

South Dakota Building Authority

330 South Poplar, Suite 102

P.O. Box 846

Pierre, SD 57501

Tel: 605-224-9200

FAX: 605-224-7177

Date: June 2, 2016

To: Members of the South Dakota Building Authority

From: Don A. Templeton, Executive Secretary

Re: Notice of Special Meeting

You are hereby notified that the Chairman has set Monday, June 6, 2016, as the date for the Special Meeting of the South Dakota Building Authority to be held via telephone conference immediately following the Educational Enhancement Funding Corporation meeting which begins at 10:00 a.m. (CDT) 9:00 a.m. (MDT).

You may participate in the meeting by dialing 1-877-336-1828 and enter your Participant Access Code, which is 4677196 followed by the # key.

Members of the public who wish to listen to the teleconference meeting may do so by dialing in with the above number or by joining us at 330 S. Poplar Ave, Suite 102, Pierre, SD.

The following members have indicated they will be available for the meeting:

Tom Graham
Tina Van Camp
Steve Zellmer

Jim Breckenridge
James Roby

Doug Hajek
Dennis Neugebauer (uncertain)

Enclosed is the agenda and information on agenda items.

Cc: Todd Meierhenry, Meierhenry Sargent LLP

SOUTH DAKOTA BUILDING AUTHORITY
TABLE OF CONTENTS
FOR THE JUNE 6, 2016 SPECIAL MEETING

1. Board Member Roll Call and attendance confirmation for all non-board attendees
2. Minutes of the February 17, 2016 special meeting
3. Resolution for Property Releases
4. SDBA FY 2017 Budget
5. Contracts
 - A) Eide Bailly Arbitrage Computation Contract
 - B) FY 2017 SDHEFA/SDBA contract
6. Adjournment

SOUTH DAKOTA BUILDING AUTHORITY

MINUTES OF THE SPECIAL MEETING

FEBRUARY 17, 2016

Pursuant to due notice, the South Dakota Building Authority met on Wednesday, February 17, 2016 at 10:00 A.M., CST via telephone. Tom Graham, Chairman, instructed the Executive Secretary to call the roll.

Present: Mr. Tom Graham
Mr. Jim Breckenridge
Mr. Doug Hajek
Mr. D. J. Mertens
Mr. Dennis Neugebauer
Mr. James Roby
Mr. Steve Zellmer

Absent: None

Other staff and representatives of the Authority present were:

Mr. Donald Templeton, Executive Secretary
Mr. Todd Meierhenry, Meierhenry Sargent, LLP
Mr. Dustin Christopherson, South Dakota Health and Educational
Facilities Authority
Mr. Michael Jost, South Dakota Health and Educational Facilities Authority

The Chairman declared a quorum and asked if anyone else that was not listed in the Meeting Notice was on the telephone call and no one acknowledged they were on the call. The meeting was called to order.

Mr. Don Templeton advised the Authority members that the notice of the special meeting had been posted at the entrance of the office of the South Dakota Building Authority on February 9, 2016. A copy of that notice is on file at the Authority office.

The Chairman asked for consideration of the minutes for the September 23 and 24, 2015 annual meeting. Mr. James Roby moved to approve the minutes of the meeting as presented, seconded by Mr. Dennis Neugebauer. All members present voted aye. Motion carried.

Contract with Meierhenry Sargent LLP

Mr. Don Templeton and Mr. Todd Meierhenry reviewed the contract, which is on file at the Authority office. Mr. Steve Zellmer moved to approve the Meierhenry Sargent LLP calendar year 2016 contract to provide legal services. The motion was seconded by Mr. Jim Breckenridge and upon the roll call, the ayes were Graham, Breckenridge, Hajek, Mertens, Neugebauer, Roby and Zellmer; nays: none; abstain: none.

Proposals for Arbitrage Rebate Calculations

Mr. Templeton explained that Chapman and Cutler, who had been providing our rebate computations, has discontinued their rebate computation services for the South Dakota Building Authority bond issuances. The South Dakota Building Authority staff found three reputable preparers and asked them to give proposals for certain South Dakota Building Authority bond issues.

Mr. Templeton reviewed all three proposals and explained that Eide Bailly's proposal had the lowest fees. Mr. Templeton has worked with Larry Evans of Eide Bailly before. Mr. Templeton stated that Mr. Bert Olson has worked with Larry Evans on the rebate computations provided for the bond issues associated with Trustee services of The First National Bank in Sioux Falls. Mr. Olson spoke with Mr. Templeton prior to the meeting and stated that Eide Bailly has provided professional and timely services for The First National Bank in Sioux Falls.

Mr. Doug Hajek moved to use Eide Bailly for future South Dakota Building Authority rebate computations, seconded by Mr. D.J. Mertens and upon roll call, the ayes were Graham, Breckenridge, Hajek, Mertens, Neugebauer, Roby and Zellmer; nays: none; abstain: none.

Update on Bond Rating Meetings & Billings

Mr. Templeton updated the Board on the recent rating agency meetings as well as reviewed the airplane billing from the state in the amount of \$16,124.50 for travel to and from the meetings in New York. Mr. Dennis Neugebauer motioned to approve the payment, seconded by Mr. Jim Breckenridge and up on the roll call, the ayes were Graham, Breckenridge, Hajek, Mertens, Neugebauer, Roby and Zellmer; nays: none; abstain: none.

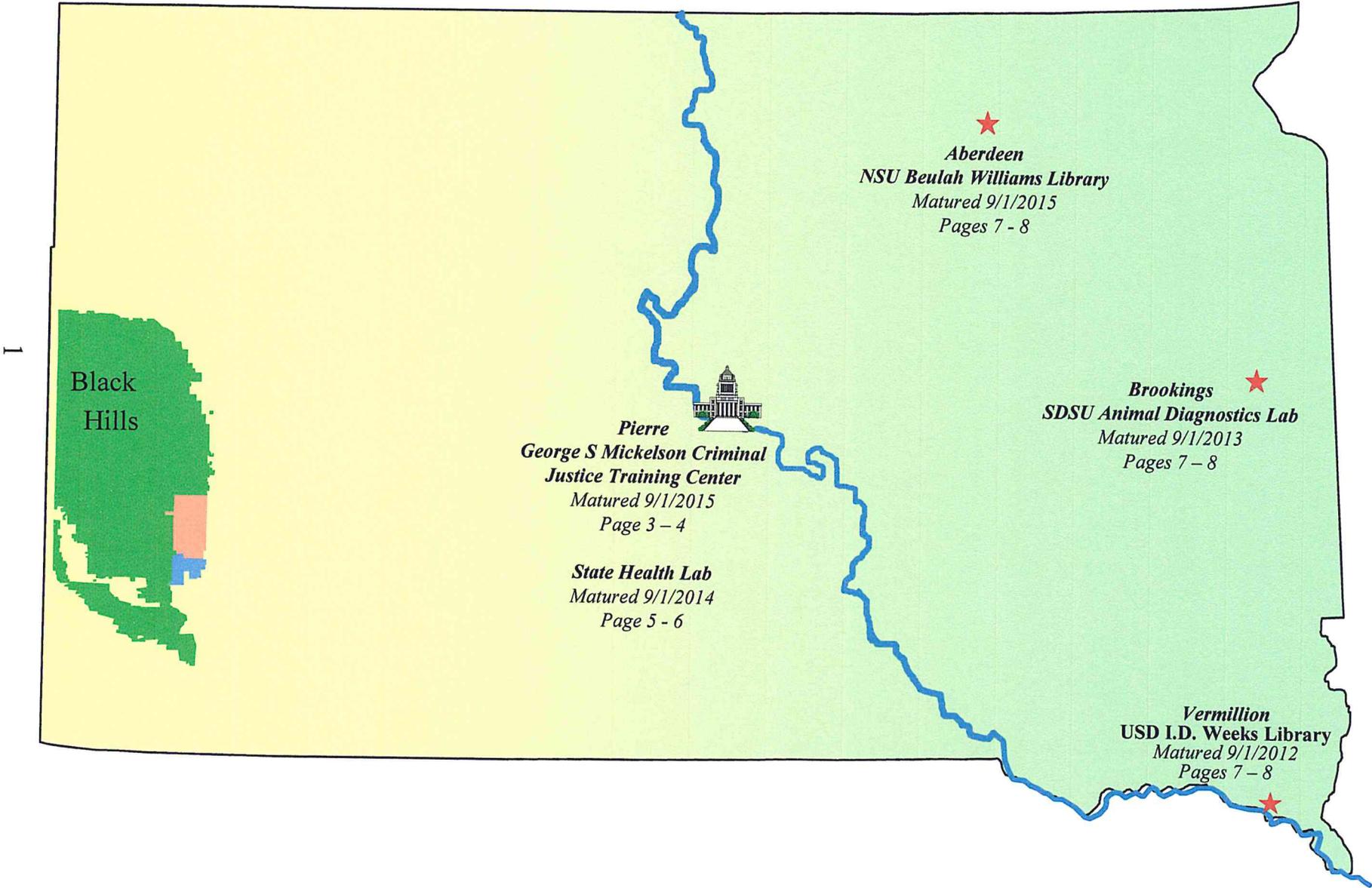
Current Legislative Bills

Senate Bill 11, House Bills 1016, 1203 and 1214 were reviewed by the staff. Mr. Todd Meierhenry answered questions about these bills.

Adjournment

The Chairman stated that there being no further business at this meeting, the meeting would be adjourned at 10:24 a.m. CST.

South Dakota Building Authority Map of Property Releases



1-SDBA-16

RESOLUTION TO AUTHORIZING INSTRUMENTS OF TRANSFER OF PROPERTY

WHEREAS, SDCL § 5-12-36 requires the South Dakota Building Authority to convey jurisdiction of property to the appropriate state entity if all debts which have been secured by the income from the property have been paid; and

WHEREAS, South Dakota Building Authority staff have certified that the debts secured by income of the property described in the attached Instruments of Transfer have been paid in full; and

WHEREAS, the South Dakota Building Authority does hereby find that the conveyance of the properties described in the Instruments of Transfer are in the furtherance of the purposes for which the Authority was organized; and

WHEREAS, the South Dakota Building Authority in its judgment is necessary or convenient to the exercise of the powers granted by SDCL Chapter 5-12

NOW THEREFORE BE IT RESOLVED BY THE SOUTH DAKOTA BUILDING AUTHORITY BOARD as follows:

Section 1. Declaration of Necessity. The South Dakota Building Authority Board does hereby find it necessary to transfer the properties listed in attached Instruments of Transfer back to the state entities that had original jurisdiction thereof.

Section 2. Authorization of Officers. The Chairman and Executive Secretary are authorized to execute Instruments of Transfer for all properties attached conveying jurisdiction back to the state entities that had original jurisdiction thereof. The forms of the Instruments of Transfer shall be substantially in the form as attached. The Chairman and Executive Secretary are authorized and directed to cause the filing and delivery of the Instruments of Transfer in accordance with South Dakota law.

Adopted this _____ day of _____, 2016.

George S. Mickelson Criminal Justice Training Center

Drafted By:

Todd Meierhenry
Meierhenry Sargent LLP
315 S. Phillips Avenue
Sioux Falls, SD 57104
(605)3363075

INSTRUMENT OF TRANSFER

As required pursuant to SDCL § 5-12-36 and Resolution ____, dated _____, ____, the **SOUTH DAKOTA BUILDING AUTHORITY**, 330 South Poplar, Suite 102, Pierre, SD 57501 for and in consideration of the sum of One and 00/100 Dollar (\$1.00) and other good and valuable consideration transfers to the **ATTORNEY GENERAL OF THE STATE OF SOUTH DAKOTA**, 1302 E Hwy 14, Suite, Pierre SD 57501-8501, jurisdiction in the properties described in Exhibit A attached hereto.:

Dated this _____ day of _____.

SOUTH DAKOTA BUILDING
AUTHORITY

ATTEST

Thomas Graham
Chairman

Don Templeton
Executive Secretary

State of South Dakota }
 :SS
County of _____ }

On this the ____ day of _____ 2016 before me, _____, the undersigned officer, a Notary Public, personally appeared Thomas Graham and Don Templeton, known to me or satisfactorily proven to be the Chairman and Executive Secretary of the South Dakota Building Authority whose name are subscribed to the within instrument and acknowledged that they executed the same as Chairman and Executive Secretary for the South Dakota Building Authority for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Notary Public
My Commission

EXHIBIT A

All of Block 13 less Rock Ridge Subdivision, together with the N1/2 of the vacated 9th Street and the S1/2 of vacated 10th Street and vacated E1/2 of vacated Michigan Street adjoining and together with the vacated alley therein, lying East of Lot H-1 Highway Right-of way; All of Lots 13 through 28 inclusive, Block 14 together with the W1/2 of vacated Michigan Street and the N1/2 of vacated 9th Street adjoining and together with the vacated alley therein, lying East of Lot H-1 Highway Right-of way; All of Lots 5-24, Block 22 lying south of Lot H-1 and the West Half of vacated Wisconsin Street adjoining; All of Block 23 together with the W1/2 of vacated Michigan Street and the E1/2 of vacated Wisconsin Street and the S1/2 of vacated 9th Street adjoining and together with the vacated alley therein, lying East of Lot H-1 Highway Right-of way; All of Lots 1 through 24 and Lots 31 through 48 both inclusive, Block 24, together with the E1/2 of vacated Michigan Street and the W1/2 of vacated Illinois Street and S1/2 of vacated 9th Street and together with the vacated alley therein; All of Block 25 less Rock Ridge Subdivision, together with the W1/2 of vacated Washington Street and the E1/2 of vacated Illinois Street and the S1/2 of vacated 9th Street adjoining and together with the vacated alley therein, ALL IN EUCLID AVENUE ADDITION TO THE CITY OF PIERRE, HUGHES COUNTY, SOUTH DAKOTA, LESS HIGHWAY RIGHT-OF-WAY, ACCORDING TO THE RECORDED PLAT THEREOF.

AND, All of Lots 1 through 12 inclusive and 13A Rock Ridge Subdivision, formerly portions of Blocks 12, 13 and 25 and Illinois Street, Washington Street, 9th Street and 10th Street in Euclid Avenue Addition TO THE CITY OF PIERRE, HUGHES COUNTY, SOUTH DAKOTA, ACCORDING TO THE RECORDED PLAT THEREOF.

AND, All of Lot C-1 being a portion of vacated Michigan Street located in SW1/4 of Section 28, Township 111, Range 79, TO THE CITY OF PIERRE, HUGHES COUNTY, SOUTH DAKOTA, ACCORDING TO THE RECORDED PLAT THEREOF.

State Health Lab

Drafted By:

Todd Meierhenry
Meierhenry Sargent LLP
315 S. Phillips Avenue
Sioux Falls, SD 57104
(605)3363075

INSTRUMENT OF TRANSFER

As required pursuant to SDCL § 5-12-36 and Resolution ____, dated _____, _____, the **SOUTH DAKOTA BUILDING AUTHORITY**, 330 South Poplar, Suite 102, Pierre, SD 57501 for and in consideration of the sum of One and 00/100 Dollar (\$1.00) and other good and valuable consideration transfers to the **BUREAU OF ADMINISTRATION FO THE STATE OF SOUTH DAKOTA**, 500 E Capitol Avenue, Pierre, South Dakota 57501, jurisdiction in the properties described in Exhibit A attached hereto:

Dated this _____ day of _____.

SOUTH DAKOTA BUILDING
AUTHORITY

ATTEST

Thomas Graham
Chairman

Don Templeton
Executive Secretary

State of South Dakota }
 :ss
County of _____ }

On this the ___ day of _____ before me, _____, the undersigned officer, a Notary Public, personally appeared Thomas Graham and Don Templeton, known to me or satisfactorily proven to be the Chairman and Executive Secretary of the South Dakota Building Authority whose name are subscribed to the within instrument and acknowledged that they executed the same as Chairman and Executive Secretary for the South Dakota Building Authority for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Notary Public
My Commission

EXHIBIT A

Metes and Bounds description of the parcel for the land for:

Plat Health Lab Lot 1, City of Pierre
All in Hughes County, South Dakota,

Being the site upon which the South Dakota Building Authority constructed and equipped a health laboratory, in Pierre South Dakota.

SDSU Animal Diagnostics Lab

USD I. D. Weeks Library

Drafted By:

NSU Beulah Williams Library

Todd Meierhenry
Meierhenry Sargent LLP
315 S. Phillips Avenue
Sioux Falls, SD 57104
(605)3363075

INSTRUMENT OF TRANSFER

As required pursuant to SDCL § 5-12-36 and Resolution ____, dated _____, ____, the **SOUTH DAKOTA BUILDING AUTHORITY**, 330 South Poplar, Suite 102, Pierre, SD 57501 for and in consideration of the sum of One and 00/100 Dollar (\$1.00) and other good and valuable consideration transfers to the **BOARD OF REGENTS OF THE STATE OF SOUTH DAKOTA**, 306 E. Capital Avenue, Pierre, SD 57501, jurisdiction in the properties described in Exhibit A attached hereto:

Dated this _____ day of _____.

SOUTH DAKOTA BUILDING
AUTHORITY

ATTEST

Thomas Graham
Chairman

Don Templeton
Executive Secretary

State of South Dakota }
 :ss
County of _____ }

On this the ____ day of _____ 2013 before me, _____, the undersigned officer, a Notary Public, personally appeared Thomas Graham and Don Templeton, known to me or satisfactorily proven to be the Chairman and Executive Secretary of the South Dakota Building Authority whose name are subscribed to the within instrument and acknowledged that they executed the same as Chairman and Executive Secretary for the South Dakota Building Authority for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Notary Public
My Commission

EXHIBIT A

SDSU - Animal Diagnostics Lab

A parcel of land located in Brookings, Brookings County, South Dakota, being described as follows:

Beginning at a point 890.77 feet North and 552.8 feet East of the SW corner of the NW $\frac{1}{4}$ Section 24, T110N, R50W of the 5th P.M.; thence north 245 feet; thence West 43 feet, thence North 220 feet; thence East 282 feet; thence South 465 feet; thence west 239 feet to the point of beginning. Said parcel contains 2.77 acres.

USD - I.D. Weeks Library

The South 289.3 feet of the north 623 feet of the west 400 feet of the east 433 feet of the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 13, T92N, R52W of the 5th Principal Meridian, Clay County, South Dakota, being the site upon which the addition of the I.D. Weeks Library was constructed on the campus at the University of South Dakota, Vermillion, South Dakota.

NSU - Beulah Williams Library

A parcel of land located in Aberdeen, Brown County, South Dakota, being described as follows:

140 Feet next North of the South 438 feet of west 185 feet of Melgaard Outlot "A": also 140 feet next North of South 438 feet of Howell and Simmons Outlot 1; also the 140 feet next north of the south 438 feet of the vacated east 7 feet of South Washington Street, contiguous to said portion of Howell and Simmons Outlot.

5-12-36. Authority to convey property to state when debt paid or payment provided for--
Reversion to authority. To accomplish projects of the kind listed in this chapter, the Building Authority may convey property, without charge, to the State of South Dakota, if all debts which have been secured by the income from the property have been paid. The authority may transfer title and jurisdiction to the State of South Dakota of facilities, for which bonds have been issued and payment for the bonds has been provided for by an escrow. The facility shall revert to the authority if the lessee fails to make lease payments in connection with the facility until the bonds are paid.

Source: SL 1967, ch 276, § 5; SL 1986, ch 50, § 2; SL 1994, ch 50, § 10.

STATE OF SOUTH DAKOTA
CONSULTING CONTRACT

Agreement made and entered into this 6th day of June, 2016,
by and between the South Dakota Building Authority, a state agency, of 330 S Poplar
Ave., PO Box 846, Pierre, SD, 57501, (the "State") and Eide Bailly LLP, 1601 N.W.
Expressway, Suite 1900, Oklahoma City, OK, 73118, 1-405-478-3334 (the "Consultant").

The State hereby enters into this Agreement for services with Consultant in
consideration of and pursuant to the terms and conditions set forth herein.

1. The Consultant will perform those services described in the Work Plan,
attached hereto as Exhibit A and by this reference incorporated herein.
2. The Consultant's services under this Agreement shall commence on January 1,
2016 and end on December 31, 2016, unless sooner terminated pursuant to the terms
hereof.
3. The Consultant will not use State equipment, supplies or facilities. The
Consultant will provide the State with its Employer Identification Number, Federal Tax
Identification Number or Social Security Number upon execution of this Agreement.
4. The State will make payment for services upon satisfactory completion of the
services. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$5,000.00. The
State will not pay Consultant's expenses as a separate item. Payment will be made pursuant
to itemized invoices submitted with a signed state voucher. Payment will be made
consistent with SDCL ch. 5-26.
5. The Consultant agrees to indemnify and hold the State of South Dakota, its
officers, agents and employees, harmless from and against any and all actions, suits,
damages, liability or other proceedings that may arise as the result of performing services
hereunder. This section does not require the Consultant to be responsible for or defend
against claims or damages arising solely from errors or omissions of the State, its
officers, agents or employees.

6. The Consultant, at all times during the term of this Agreement, shall obtain and maintain in force insurance coverage of the types and with the limits as follows:

A. Commercial General Liability Insurance:

The Consultant shall maintain occurrence based commercial general liability insurance or equivalent form with a limit of not less than \$1,000,000.00 for each occurrence. If such insurance contains a general aggregate limit it shall apply separately to this Agreement or be no less than two times the occurrence limit.

B. Professional Liability Insurance or Miscellaneous Professional Liability Insurance:

The Consultant agrees to procure and maintain professional liability insurance or miscellaneous professional liability insurance with a limit not less than \$1,000,000.00.

C. Business Automobile Liability Insurance:

The Consultant shall maintain business automobile liability insurance or equivalent form with a limit of not less than \$1,000,000.00 for each accident. Such insurance shall include coverage for owned, hired and non-owned vehicles.

D. Worker's Compensation Insurance:

The Consultant shall procure and maintain workers' compensation and employers' liability insurance as required by South Dakota law.

Before beginning work under this Agreement, Consultant shall furnish the State with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Agreement. In the event a substantial change in insurance, issuance of a new policy, cancellation or nonrenewal of the policy, the Consultant agrees to provide immediate notice to the State and provide a new certificate of insurance showing continuous coverage in the amounts required.

7. While performing services hereunder, the Consultant is an independent contractor and not an officer, agent, or employee of the State of South Dakota.

8. Consultant agrees to report to the State any event encountered in the course of performance of this Agreement which results in injury to the person or property of third parties, or which may otherwise subject Consultant or the State to liability. Consultant shall report any such event to the State immediately upon discovery.

Consultant's obligation under this section shall only be to report the occurrence of any event to the State and to make any other report provided for by their duties or applicable law. Consultant's obligation to report shall not require disclosure of any information subject to privilege or confidentiality under law (e.g., attorney-client communications). Reporting to the State under this section shall not excuse or satisfy any obligation of Consultant to report any event to law enforcement or other entities under the requirements of any applicable law.

9. This Agreement may be terminated by either party hereto upon thirty (30) days written notice. In the event the Consultant breaches any of the terms or conditions hereof, this Agreement may be terminated by the State at any time with or without notice. If termination for such a default is effected by the State, any payments due to Consultant at the time of termination may be adjusted to cover any additional costs to the State because of Consultant's default. Upon termination the State may take over the work and may award another party an agreement to complete the work under this Agreement. If after the State terminates for a default by Consultant it is determined that Consultant was not at fault, then the Consultant shall be paid for eligible services rendered and expenses incurred up to the date of termination.

10. This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State.

11. This Agreement may not be assigned without the express prior written consent of the State. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

12. This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

13. The Consultant will comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

14. The Consultant may not use subcontractors to perform the services described herein without the express prior written consent of the State. The Consultant will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement, to indemnify the State, and to provide insurance coverage for the benefit of the State in a manner consistent with this Agreement. The Consultant will cause its subcontractors, agents, and employees to comply, with applicable federal,

state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

15. (Not Applicable)

16. The Consultant certifies that neither Consultant nor its principals are presently debarred, suspended, proposed for debarment or suspension, or declared ineligible from participating in transactions by the federal government or any state or local government department or agency. Consultant further agrees that it will immediately notify the State if during the term of this Agreement Consultant or its principals become subject to debarment, suspension or ineligibility from participating in transactions by the federal government, or by any state or local government department or agency.

17. Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to the South Dakota Building Authority on behalf of the State, and by Eide Bailly LLP, on behalf of the Consultant, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

18. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

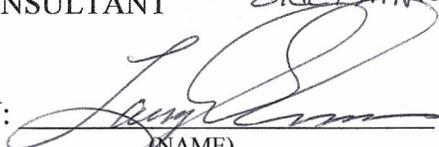
19. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

STATE

CONSULTANT - *Eide Bailly LLP*

BY: _____
Don A. Templeton

BY:  _____
(NAME)

Executive Secretary, South Dakota Building Authority
(TITLE AND AGENCY)

TAX TECHNICAL RESOURCE LEADER
(TITLE)

(DATE)

June 1, 2016
(DATE) *(Arbitrage Rebate)*

- State Agency Coding (MSA Center): 011500067652.
- State Agency MSA Company for which contract will be paid: 6013.
- Object/subobject MSA account to which voucher will be coded: 52040800.
- Name and phone number of contact person in State Agency who can provide additional information regarding this contract: Don Templeton 1-605-224-9200.



CPA's & BUSINESS ADVISORS

Exhibit A

Mr. Don Templeton
South Dakota Building Authority
330 South Poplar, Suite 102
Pierre, South Dakota 57501

RE: South Dakota Building Authority
Arbitrage Rebate Calculations

Dear Don:

I have finished reviewing the bond documents your office provided related to the South Dakota Building Authority (Authority) bond issues for which arbitrage rebate calculations have been requested. A primary purpose in the bond document review was to confirm information Eide Bailly had previously provided in the service proposal related to the suggested timing of future arbitrage rebate calculations for the subject bonds. The following is a summary of my review comments and sets forth the timing of future arbitrage calculations to meet IRS compliance requirements for calculating, and, if necessary, reporting arbitrage rebate.

The Tax Regulatory Agreements for each of the bonds reviewed had the same provisions related to the timing of arbitrage rebate calculations. Those provisions are:

- "Bond year should mean the one year period that ends on the date selected by the [South Dakota Building] Authority. The first and last Bond Years may be short periods."
- [The rebate] "Computation Date shall mean an Installment Computation Date..." , and
- "Installment Computation Date shall mean the last day of the fifth Bond Year and each succeeding fifth Bond Year."

According to the last arbitrage calculations made by another rebate analyst, the Authority has selected a Bond Year of June 30 for all of the bonds reviewed other than Series 2015B, which is yet to be selected. The last arbitrage rebate calculation date, except for Series 2015B which has not had a previous rebate calculation, for the bonds reviewed was June 30, 2015.

www.eidebailly.com

1601 N.W. Expressway, Ste. 1900 | Oklahoma City, OK 73118-1429 | T 405.478.3334 | F 405.478.5673 | EOE

Timing of future arbitrage rebate calculations:

Series 2010A and 2010B

Both bond series were issued on September 2, 2010, and the bonds have been treated as a single issue for the purposes of arbitrage rebate calculations. The first Bond Year ended on June 30, 2011. The first fifth year anniversary calculation date was June 30, 2015. The June 30, 2015 arbitrage rebate calculation indicated a negative rebate amount of (\$20,041.32). The Regulatory Agreement requires an arbitrage rebate calculation every fifth year; therefore, unless the bonds are paid in full prior thereto, the next arbitrage rebate calculation period, will end on June 30, 2020.

Series 2011

The bonds were issued on August 11, 2011. The first Bond Year ended on June 30, 2012. The June 30, 2015 arbitrage rebate calculation indicated a negative rebate amount of (\$251,499.87). The Tax Regulating Agreement requires an arbitrage rebate calculation every fifth Bond Year; therefore, unless the bonds are paid in full prior thereto, the first fifth year arbitrage rebate calculating period will end on June 30, 2016.

Series 2013B

The bonds were issued on November 26, 2013. The first Bond Year ended on June 30, 2014. The June 30, 2015 arbitrage rebate calculation indicated a negative rebate amount of (\$2,863,309.41). The Tax Regulatory Agreement requires an arbitrage rebate calculation every fifth Bond Year; therefore, unless the bonds are paid in full prior thereto, the first fifth year arbitrage rebate calculation period will end on June 30, 2018.

Series 2014A and 2014B

Both bond series were issued on August 28, 2014. The first Bond Year for both ended on June 30, 2015. The June 30, 2015 arbitrage rebate calculation indicated a negative amount of (\$642,615.63) for Series 2014A and a negative amount of (\$296,805.42) for Series 2014B. The Tax Regulatory Agreement for both bond series requires an arbitrage rebate calculation every fifth Bond Year; therefore, unless the bonds are paid in full prior thereto, the first fifth year arbitrage rebate calculation period will end on June 30, 2019.

Series 2014D and 2014E

Both bond series were issued on August 28, 2014 and according to the Tax Regulatory Agreement are for federal income tax purposes treated as a single issue of obligations and were similarly treated in the prior arbitrage calculations. The first Bond Year for both ended on June 30, 2015. The June 30, 2015 arbitrage rebate calculation indicated a negative amount of (\$497,378.77). The Tax Regulatory Agreement executed for both bond series requires an arbitrage rebate calculation every fifth Bond Year; therefore, unless the bonds are paid in full prior thereto, the first fifth year arbitrage rebate calculation period will end on June 30, 2019.

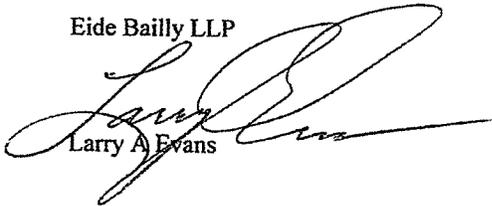
Series 2015B

The bonds were issued on July 8, 2015. To be in conformity with other bonds issued by the Authority, a Bond Year ending June 30 should be selected by the Authority. The proceeds of the issue will be primarily used for construction purposes. The arbitrage rebate rules provide an exception to standard rebate requirements if the Available Bond Proceeds are timely spend over a two year period of time commencing with the issue date. A test of the two year spenddown exception should be made as of the second anniversary issuance date, July 8, 2017. Depending on the activities of the bond and because no debt service reserve was established for the bonds, if the spend-down test is met, further arbitrage rebate calculations should be eliminated. However, unless the bonds are paid in full prior thereto, if the spend-down exception is not met, the first fifth year calculation period will end June 30, 2020.

Unless you request otherwise, we will follow the calculation date information outlined above to maintain arbitrage rebate compliance for the Authority.

Please contact me with any questions.

Eide Bailly LLP



Larry A. Evans

**South Dakota Building Authority
And
South Dakota Health and
Educational Facilities Authority**

**PROPOSAL TO PROVIDE
ARBITRAGE REBATE SERVICES**

**Prepared by:
EIDE BAILLY LLP**

November 24, 2015



CPAs & BUSINESS ADVISORS

November 24, 2015

Don Templeton
South Dakota Health and Educational Facilities Authority
330 South Poplar Avenue, Suite 102
Pierre, South Dakota 57501

We appreciate the opportunity to present our proposal to serve the South Dakota Building Authority and the South Dakota Health and Educational Facilities Authority (the "Authorities") as Arbitrage Rebate Consultant. We would appreciate having the opportunity to prepare the necessary arbitrage rebate calculations regarding the Authorities' bond issues as listed on Exhibit 1.

The decision of selecting a consulting firm is not an easy one. However, the more positive reasons for selecting a consultant, the easier the decision becomes. We have identified what we believe are six excellent reasons why the Authorities should select Eide Bailly LLP ("EB"). These reasons support our belief that by selecting EB, the Authorities will receive special bond issuance tax law and regulation analysis, current and aggregate rebate calculations and required compliance reporting of the highest quality and responsiveness; yielding meaningful benefits to the Authorities. The reasons are:

1. **Specific experience with the Authorities in preparing bond refunding verification calculations.**
2. **Arbitrage rebate and bond financing industry experience, including consultation both prior to and after the issuance of bonds.**
3. **Dedication and involvement in supporting a client's business dealings.**
4. **Practical suggestions for improvement of processes and procedures used by a client.**
5. **Proper planning, organization and administration in the conduct of engagements.**
6. **Price competitive services.**

www.eidebailly.com

1601 N.W. Expressway, Ste. 1900 | Oklahoma City, OK 73109 | T 405.478.3334 | F 405.478.5673 | EOE

Page Two

The scope of services you have requested is understood to be:

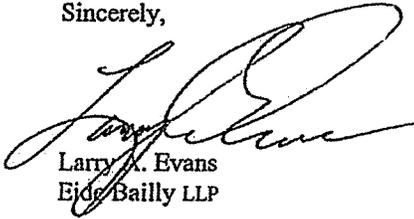
- * Preparation of arbitrage rebate calculations for the bond issues listed on Exhibit 1 for various time lines.

Details related to our service deliverables and discussion of the fee structure of our service is outlined on Exhibit 1.

After this proposal is approved, we will provide you with a list of information needed to complete the calculation.

We look forward to continuing and expanding our relationship with you and the Authorities. We would welcome the opportunity to discuss this proposal with you at your convenience. Please contact Larry A. Evans at (405) 478-3334 if you have any questions or wish to arrange a meeting to discuss our proposal.

Sincerely,



Larry A. Evans
Ejck/Bailly LLP

Description of Firm and Professionals

Firm name: Eide Bailly LLP
Address: 1601 N.W. Expressway, Suite 1900
Oklahoma City, Oklahoma 73118
Telephone: (405) 478-3334
Fax: (405) 478-5673

Professionals Assigned to Project

Lead Contact and Service Provider

Name: Larry A. Evans
Position: Consultant
Address: 1601 N.W. Expressway, Suite 1900
Oklahoma City, Oklahoma 73118
Telephone (Direct): (405) 858-5508
Fax: (405) 478-5673
E-mail: levans@eidebailly.com

Arbitrage Calculation Specialist

Name: Meg Stolpestad
Position: Sr Associate
Address: 4310 17th Ave S
Fargo, ND 58108-2545
Telephone (Direct): (701) 476-8345
Fax: (701) 239-8600
E-Mail: mstolpestad@eidebailly.com

Professional Qualifications

Larry A. Evans – Mr. Evans is a certified public accountant with over 40 years of public accounting experience and 5 years of banking, including experience as Senior Trust Officer responsible for bonds administered through the area of corporate trust. Mr. Evans has worked in the bond arbitrage rebate and arbitrage restriction service areas since 1988 and has personally made hundreds of arbitrage rebate calculations during that time frame, has consulted with government organizations on arbitrage rebate rules and regulations and is frequently called upon by Bond attorneys concerning arbitrage rebate matters.

Because Mr. Evans has a background in Trustee responsibilities and operations, he is able to understand and comment on the handling of bond financial information at the Trustee level, which has led to benefits for his rebate clients. Mr. Evans has worked with, and been hired by, many different trustees from most all of the local corporate trust providers in Oklahoma, as well as out of state corporate trust service providers.

Not all arbitrage rebate services require calculations. Mr. Evans has assisted many clients with arbitrage rebate consultation including both pre and post bond issue planning. Mr. Evans is also one of few dealing with arbitrage rebate that have had clients apply for and receive refunds of prior paid arbitrage rebate amounts and has represented clients before the Internal Revenue Service in the waiver of penalties and interest on delinquent rebate tax payment issues.

Meg Stolpestad – Ms. Stolpestad has worked in the bond arbitrage rebate area since 1990 and has been responsible for the preparation of all types of arbitrage rebate calculation services including standard arbitrage rebate calculations, spend down exception calculations, calculations related to yields, transferred proceeds, spending exceptions and applications for refunds of overpaid rebate amounts.

ARBITRAGE REBATE LETTER

DATE

[REDACTED]

RE: Aggregate Rebate Calculation

[REDACTED]

Dear [REDACTED]:

Pursuant to the request by the [REDACTED], we have calculated the aggregate amount of rebate ("Aggregate Rebate Amount") required on the [REDACTED] (the "Authority") [REDACTED] Revenue Bonds ([REDACTED] Project) (the "Bonds") for the initial period beginning February 17, 2000 through February 1, 2005.

The Aggregate Rebate Amount on the Bonds has been computed in accordance with the requirements of Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations (the "Regulations") issued pursuant thereto.

In general, the Code and Regulations provide that the excess of the amount earned on all nonpurpose investments over the amount earned if such nonpurpose investments were invested at a rate equal to the yield on the bond issue, plus the income attributable to the amount of such excess, must be paid to the United States. A nonpurpose investment is any investment property acquired with the gross proceeds of the issue that is not acquired in order to carry out the governmental purpose of the issue. The payment must be made at least once every five years, and the amount paid must equal at least 90 percent of the rebate required.

Final payment of all amounts required to be rebated must be made no later than 60 days after the day on which the last payment on the Bonds is made. Failure to comply with these provisions could result in penalties and/or the loss of the tax-exempt status of the issue retroactive to the date of issue.

The Aggregate Rebate Amount is also based upon the information contained in the cash receipts and disbursement statements provided to us by you, representing the [REDACTED], on behalf of the Authority. We have not verified or otherwise audited the accuracy of the information provided us by you, and accordingly, we express no opinion concerning the accuracy of the information used in calculating the Aggregate Rebate Amount, nor do we express an opinion on whether the obligation shall be treated as an arbitrage bond as defined in Code Section 148.

It is understood that the arbitrage rebate requirements are based on Section 1.148 of the Income Tax Regulations promulgated under Section 148(f) of the Code.

Based upon the information provided to us by the [REDACTED], and the provisions of the Treasury Regulations referred to above, our calculations indicate the Aggregate Rebate Amount to be a negative amount of (\$ [REDACTED]) for the rebate period beginning February 17, 2000 through February 1, 2005, after the Computation Date Credit, provided in the Treasury Regulations is considered. Therefore, no amount is required to be rebated to the United States for the period beginning February 17, 2000 and ended February 1, 2005.

It is our understanding that this rebate calculation is solely for the information of, and assistance to, the addressee for the purpose of complying with Section 148(f) of the Code and Regulations related thereto and is not to be used, circulated, quoted, or otherwise referred to within or without the above parties for any other purpose, without our permission. We hereby give permission for a copy of this report to be furnished to the [REDACTED] and [REDACTED] (Trustee for the Bonds).

Very truly yours,

Rebate Computations

South Dakota Building Authority

Series	Amount Issued		Last Computation Date	Next Computation Date	Liability	Rebate Service Ref @
Series 2010A&B	\$ 26,000,000	BHSU,DSU,NSU;UniversityCenter(SF), HSC	June30,2015	June30,2016	\$ (20,041.32)	
Series2011	\$ 12,880,000	Various Maintenance and Repair Projects	June30,2015	June30,2016	\$ (251,499.87)	1
Series2013B	\$ 67,340,000	BHSU,DSU,NSU,SDSM&T,SDSU,USD	June30,2015	June30,2016	\$ (2,863,309.41)	2
	\$ 35,820,000	Board of Regents & SDGF&P	June30,2015	June30,2016	\$ (642,615.63)	3
Series2014B	\$ 5,250,000	Refund Series 2005C New Money Portion	June30,2015	June30,2016	\$ (296,805.42)	4
Series2014D&E	\$ 42,960,000	Refund Series2006A, Refund Series2007	June30,2015	June30,2016	\$ (497,378.77)	5
Series2015B	\$ 10,880,000	SDSM&T, DSU	Will be computed 2016	June30,2016	N/A	6
						7

South Dakota Health and Educational Facilities Authority

Series	Amount Issued		Last Computation Date	Next Computation Date	Liability	Rebate Service Ref
Series 1994	\$ 11,315,000	Huron Regional Medical Center	April 18, 2014	April 1, 2016	\$ (1,526,742)	8
Series 2007	\$ 8,705,000	Children's Care	March 29, 2015	March 26,2016	\$ (128,475)	9
Series 2014	\$ 58,750,000	Avera Health	June 26, 2015	June 26, 2016	\$ (1,550,050)	10
Series 2014B	\$ 186,105,000	Sanford Health	October 28, 2015	October 28, 2016	N/A	11
Series 2015	\$ 67,210,000	Regional Health	N/A	January 27, 2016	N/A	12
Series 2015	\$ 208,000,000	Sanford Health	N/a	October 21,2016	N/A	13

@ Rebate Service Reference – See attached page for service and fee details.

Rebate Service and Fee Details
Made Part of Exhibit 1

<u>Ref</u>	<u>Description</u>
1.	Depending on the date of issue, the last calculation made on June 30, 2015 should serve as the required fifth year calculation. Because of the negative arbitrage amount calculated as of June 30, 2015, it is recommended that, unless more frequent calculations are required by bond documents, no calculation of arbitrage rebate should be done until June 30, 2020. The fee for the five year calculation would be \$2,600. However, if an annual arbitrage rebate calculation as of June 30, 2016 is desired, the fee would be \$1,200.
2.	Based on an issue date in 2011, a first fifth year calculation will need to be made in 2016 unless a decision to treat the June 30, 2015 calculation as the first can be made. If the earlier calculation can be used as the first fifth year calculation and because of the negative arbitrage calculation as of that date, it would be recommended that, unless required by bond documents on a more frequent calculation, no calculation of arbitrage rebate be made until 2020. The fee for the five year calculation would be \$2,600. If a short period arbitrage rebate calculation is required to conform to a first fifth year calculation, the fee would be \$1,200.
3.	It is recommended that any bond issue classified as a construction issue have an arbitrage rebate calculation made two years after issue to determine if the spend down provision related to arbitrage rebate has been met. With the last calculation made as of June 30, 2015, information related to the spend down exception, should have been considered. Therefore, also noting the large negative rebate amount as of June 30, 2015, it is recommended that the next rebate calculation not be made until the first fifth year anniversary issue date of the bonds in 2018, unless bond documents would require an earlier calculation frequency. Based on current fee structures, the calculation in 2018 would be estimated at \$2,100. If an annual report is required, the first such calculation fee would be \$1,200.
4.	It is usually recommended that any bond issue classified as a construction issue have an arbitrage calculation at the end of two years from the date of issue. The last calculation for this bond issue was made in the first year and produced a large negative arbitrage. Because of the large negative arbitrage, it is recommended that, unless bond documents require a more frequent calculation period, the next calculation not be made until the first fifth year anniversary date of the bonds in 2019. Based on current fee structures, the calculation in 2019 would be estimated at \$2,400. If an annual report is required the first such calculation fee would be \$1,200.
5.	It is usually recommended that any bond issue classified as a construction issue have an arbitrage calculation at the end of two years from the date of issue. The last calculation for this bond issue was made in the first year and produced a large negative arbitrage. Because of the large negative arbitrage, it is recommended that, unless bond documents require a more frequent calculation period, the next calculation not be made until the first fifth year anniversary date of the bonds in 2019. Based on current fee structures, the calculation in 2019 would be estimated at \$2,400. If an annual report is required the first such calculation fee would be \$1,200.

<u>Ref</u>	<u>Description</u>
6.	It is usually recommended that any bond issue classified as a construction issue have an arbitrage calculation at the end of two years from the date of issue. The last calculation for this bond issue was made in the first year and produced a large negative arbitrage. Because of the large negative arbitrage, it is recommended that, unless bond documents require a more frequent calculation period, the next calculation not be made until the first fifth year anniversary date of the bonds in 2019. Based on current fee structures, the calculation in 2019 would be estimated at \$2,400. If an annual report is required the first such calculation fee would be \$1,200.
7.	It is recommended that any bond issue classified as a construction issue have an arbitrage rebate calculation made two years after issue to determine if the spend down provision related to arbitrage rebate have been met. With this issue originating in the current year, it is recommended that the first rebate calculation not be made until the second year anniversary of the issue in 2017, with the next arbitrage calculation then made at the first fifth year anniversary issue date of the bonds in 2020, unless bond documents would require an earlier calculation frequency. Based on current fee structures, the calculation in 2020 would be estimated at \$2,600. The first calculation at the second anniversary date in 2017 fee would be \$1,800, which would include spend down calculation testing.
8.	Because of the age of this issue and the large negative arbitrage rebate amount calculated as of the last report on April 18, 2014, it is recommended that the next arbitrage rebate calculation not be made until sometime in 2019 at the end of the required fifth year calculation period, unless bond documents would require an earlier calculation frequency. Based on current fee structures, the calculation in 2019 would be estimated at \$2,400.
9.	The first fifth year required rebate calculation for this bond issue would have occurred not later than 2012. The last calculation, showing a negative arbitrage rebate amount, was made as of March 29, 2015. It is recommended that the next calculation not be made until 2017 and then only every fifth year unless bond documents require a more frequent calculation period. Based on current fee structure, the fee for the calculation in 2017 would be \$1,500.
10.	It is usually recommended that any bond issue classified as a construction issue have an arbitrage calculation at the end of two years from the date of issue. The last calculation for this bond issue was made in the first year and produced a large negative arbitrage. Because of the large negative arbitrage, it is recommended that, unless bond documents require a more frequent calculation period, the next calculation not be made until the first fifth year anniversary date of the bonds in 2019. Based on current fee structures, the calculation in 2019 would be estimated at \$2,400. If an annual report is required the first such calculation fee would be \$1,200.
11.	It is usually recommended that any bond issue classified as a construction issue have an arbitrage calculation at the end of two years from the date of issue. The last calculation for this bond issue was made in the first year and produced a large negative arbitrage. Because of the large negative arbitrage, it is recommended that, unless bond documents require a more frequent calculation period, the next calculation not be made until the first fifth year anniversary date of the bonds in 2019. Based on current fee structures, the calculation in 2019 would be estimated at \$2,400. If an annual report is required the first such calculation fee would be \$1,200.

<u>Ref</u>	<u>Description</u>
12.	It is usually recommended that any bond issue classified as a construction issue have an arbitrage calculation at the end of two years from the date of issue. No rebate calculation for this bond issue has been made. It is recommended that, unless bond documents require a more frequent calculation period, the first calculation not be made until the second year anniversary date of the bonds in 2017, which would allow testing of the spend down exceptions to arbitrage rebate. Based on current fee structures, the calculation in 2017 would be estimated at \$2,000. However, if an annual report is required the first such fee would be \$1,800.
13.	It is usually recommended that any bond issue classified as a construction issue have an arbitrage calculation at the end of two years from the date of issue. No rebate calculation for this bond issue has been made. It is recommended that, unless bond documents require a more frequent calculation period, the first calculation not be made until the second year anniversary date of the bonds in 2017, which would allow testing of the spend down exceptions to arbitrage rebate. Based on current fee structures, the calculation in 2017 would be estimated at \$2,000. However, if an annual report is required the first such fee would be \$1,800.

AGREEMENT FOR ADMINISTRATIVE SERVICES

THIS AGREEMENT FOR ADMINISTRATIVE SERVICES made and entered into this 31st day of December, 1996, and as amended for fiscal year 2016/2017, by and between the SOUTH DAKOTA BUILDING AUTHORITY, hereinafter referred to as "SDBA", and the SOUTH DAKOTA HEALTH AND EDUCATIONAL FACILITIES AUTHORITY, hereinafter referred to as "HEFA";

WITNESSETH:

WHEREAS, SDBA is a public authority established pursuant to SDCL 5-12 principally to assist the State of South Dakota in the financing of its public buildings; and

WHEREAS, SDBA does not have any full-time employees; and

WHEREAS, SDBA has obtained its administrative services through contract with third party providers since its inception; and

WHEREAS, HEFA was created pursuant to SDCL 1-16A primarily to provide financing and lending assistance to health care and educational institutions located within the State of South Dakota; and

WHEREAS, HEFA has a staff of full-time employees to provide administrative services to HEFA; and

WHEREAS, SDBA desires to have HEFA perform required administrative services for it, and HEFA is willing to provide such services to SDBA; and

WHEREAS, SDCL Chapter 1-24 allows public agencies to contract for services with one another;

NOW, THEREFORE, in consideration of mutual covenants and premises contained herein, the parties hereto agree as follows:

1. Appointment of Executive Secretary. SDBA does hereby appoint Donald A. Templeton to serve as Executive Secretary of SDBA at an annual compensation of \$20,523. Mr. Templeton agrees to perform all of the functions and services required of the Executive Secretary of SDBA on its behalf.

2. Provision of Administrative Services. HEFA agrees to provide to SDBA all central office and administrative services as may reasonably be required to perform the duties and functions of SDBA and as may be specially requested by the Board of SDBA. HEFA represents that it is familiar with the level of administrative duties currently provided by third party service providers to SDBA and will maintain and provide administrative services of a comparable nature. Wherever possible, HEFA shall provide such services through its own employees and staff members but where services to SDBA require the use of outside service providers, HEFA will arrange for the provision of such services to SDBA.

3. Compensation to HEFA.

- a. For the period from July 1, 2016 through June 30, 2017, on the 15th day of each month, SDBA shall pay monthly to HEFA an amount not to exceed the sum of \$13,697.08 for HEFA's general administrative personnel services, office space, utilities and the salary of the Executive Director of the HEFA per the SDBA approved budget.
- b. Wherever possible, HEFA shall segregate and separately account for all sums expended by it to provide for administrative services to SDBA excluding personnel costs for services rendered by HEFA personnel to SDBA. At the end of each month, for the period July 1, 2016 through June 30, 2017, HEFA shall separately bill to SDBA, and SDBA shall pay to HEFA, the actual costs expended for such segregated and separately accounted for administrative services.

4. Adjustment of Compensation. Prior to June 30, 2017, SDBA and HEFA shall meet jointly together to review the provision of administrative services pursuant to this agreement by HEFA. At that time, HEFA shall present to SDBA an accounting to the best ability of HEFA of the total costs expended by HEFA in providing the services called for under this Agreement. SDBA

Monthly Reimbursement to SDHEFA Proposed FY 17

<u>Personal Services</u>		
Payroll allocation	101,318.00	
Payroll Taxes	7,431.00	
Employee Benefits	13,107.00	
Retirement	10,132.00	
	<u>131,988.00</u>	
Total personal services	131,988.00	
	<u>12</u>	
Monthly Personal Services	10,999.00	
Rent	677.00	
Storage Unit	80.00	
Utilities	100.00	
	<u>11,856.00</u>	
Total monthly personal services, rent & utilities		11,856.00
<u>Executive Secretary Compensation</u>		
Compensation	20,523.00	
Payroll Taxes	1,570.01	
	<u>22,093.01</u>	
Total Executive Secretary compensation	22,093.01	
	<u>12</u>	
Total monthly Executive Secretary compensation		<u>1,841.08</u>
Total monthly reimbursement to SDHEFA		<u><u>\$ 13,697.08</u></u>
		<u>12</u>
Total yearly reimbursement to SDHEFA		<u><u>\$164,364.96</u></u>