

**SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**

MINUTES OF THE AUGUST 8, 2017 SPECIAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority (SDHEFA) met on Tuesday, August 8, 2017 at 10:00 a.m., CDT (9:00 a.m. MDT) via telephone conference call. Norbert Sebade, Chairman, instructed the Secretary to call the roll.

Present: Dave Fleck
 Gene Lebrun
 William Lynch
 Don Scott
 Norbert Sebade

Absent: Jim Scull
 Dave Timpe

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

Vance Goldammer, Redstone Law Firm	John Henningsgard, Piper Jaffray and Co.
Donald Templeton, Executive Director	Mark Thompson, Regional Health
Dustin Christopherson, Associate Director	Dave Goehring, Regional Health
Steve Corbin, Finance Officer	Mary Masten, Regional Health
Dan Bacastow, Chapman and Cutler	Austin Willuweit, Regional Health
Amy Curran, Chapman and Cutler	Marcelo Olarte, Kaufman Hall

A quorum was declared by the Chairman and the meeting was called to order. The notice of the meeting dated August 4, 2017 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.

The Chairman asked for consideration of the minutes for the June 16, 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, Lynch, 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 five written disclosures including requests for conflict waivers had been received from board members in relationship to the current agenda. The conflicts were discussed later in the meeting.

Good Samaritan Society Series 2017 Bonds through the Colorado Authority

Mr. Jim Scull, as noted above, submitted a written disclosure statement and request for board waiver for the Good Samaritan Society construction project, which is (**Attachment #1**). After full discussion of the nature of the potential conflict as disclosed by Mr. Scull, the Board made the findings described above that Mr. Scull's conflict was fair, reasonable and not contrary to the public interest. A motion was made to accept the waiver for Mr. Scull as it related to the Good Samaritan Society by Mr. William Lynch, seconded by Mr. Dave Fleck, and upon the roll call, the ayes were Fleck, Lebrun, Lynch, Scott and Sebade. Nays: none; abstain: none. Motion carried.

Mr. Templeton reviewed a request for board approval from the Good Samaritan Society. They chose the Colorado Health Facilities Authority (CHFA) as this is part of a multi-state bond issuance. The SDHEFA Questionnaire was reviewed as was the Resolution on file with the Authority. Bond proceeds will fund a 30-bed skilled nursing facility in the bond amount of \$12.5 million at the St. Martin Village in Rapid City along with the refunding of Sioux Falls and Rapid City prior bonded projects.

Dan Bacastow reviewed the Resolution on file at the Authority Office. Mr. William Lynch moved to approve the Resolution, seconded by Mr. Dave Fleck, and upon the roll call, the ayes were Fleck, Lebrun, Lynch, Scott and Sebade. Nays: none; abstained: none; motion carried.

Mr. Fleck left the meeting at this time.

Regional Health Series 2017 Bond Issue

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

A motion was made to accept the waiver for Mr. Fleck as it relates to Regional Health (**Attachment #2**) by Mr. Gene Lebrun, seconded by Mr. Don Scott, and upon the roll call, the ayes were Lebrun, Lynch, Scott and Sebade. Nays: none; abstain: none. Motion carried.

A motion was made to accept the waiver for Mr. Scull as it relates to Regional Health (**Attachment #3**) by Mr. William Lynch, seconded by Mr. Don Scott, and upon the roll call, the ayes were Lebrun, Lynch, Scott and Sebade. Nays: none; abstain: none. Motion carried.

A motion was made to accept the waiver for Mr. Timpe as it relates to Regional Health (**Attachment #4**) by Mr. Gene Lebrun, seconded by Mr. Don Scott, and upon the roll call, the ayes were Lebrun, Lynch, Scott and Sebade. Nays: none; abstain: none. Motion carried.

Mr. Templeton explained the Regional Health history of bonding and construction projects. Mark Thompson explained the new money projects at Custer, Sturgis and Rapid City, to be approximately \$175 million and the total bond issuance not to exceed \$250 million. Mr. Templeton explained that Series 2010 and Series 2011 Bonds issued by the Authority to benefit Regional Health were to be refunded as well. The expected present value savings were reviewed as part of the projected number runs.

The Fitch A+ rating (with stable outlook) was reviewed. The Moody's A1 rating (with negative outlook) was reviewed. The outlook was changed from stable to negative. Mark Thompson explained the steps that

Regional Health plans to take to change the outlook to stable or positive in the future. The POS was reviewed and discussed.

The Mortgage Termination Resolution (on file at the Authority Office) was reviewed. This allows the existing mortgages to be terminated upon the refunding of the Series 2010/2011 Bonds and the issuance of the Series 2017 Bonds. Memos by Piper Jaffray and Chapman and Cutler were reviewed and discussed. Following such discussion, and input from Mary Masten of Regional Health, Mr. William Lynch moved to approve the Resolution (on file at the Authority Office), seconded by Mr. Gene Lebrun, and upon the roll call, the ayes were Lebrun, Lynch, Scott and Sebade. Nays: none; motion carried.

The Bond Issue Resolution (on file at the Authority Office) was reviewed. Mr. Don Scott moved to approve the Resolution, seconded by Mr. William Lynch, and upon the roll call, the ayes were Lebrun, Lynch, Scott and Sebade. Nays: none; motion carried.

Sioux Valley School District

Mr. Timpe's Conflict of Interest (**Attachment #5**) was reviewed. Mr. Timpe, as noted above, submitted a written disclosure statement and request for board waiver for the Sioux Valley School District. After full discussion of the nature of the potential conflict as disclosed by Mr. Timpe, the Board made the findings described above that Mr. Timpe's 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 Sioux Valley School District by Mr. Don Scott, seconded by Mr. Gene Lebrun, and upon the roll call, the ayes were Lebrun, Lynch, Scott and Sebade. Nays: none; abstain: none. Motion carried.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 11:10 a.m. CDT.

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: 7-21-2017

Name of Board Member or Former Board Member: Jim Scull

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

Brief explanation of your potential conflict of interest:

I have more than a 5% ownership interest in Scull Construction Service, Inc. Scull Construction Service, Inc. is constructing a 30-bed skilled nursing facility in Rapid City for the Good Samaritan Society.

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:

No transaction with a state agency or political subdivision will occur. Payment for work on the contract results from the issuance of bonds through a program administered by the Colorado Health Facilities Authority. This bond issue requires approval of the SDHEFA.

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

Construction of a 30-bed skilled nursing facility for the Good Samaritan Society. The Good Samaritan Society has selected Scull Construction Service, Inc. as the contractor.

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

The transaction is fair, reasonable, and not contrary to the public interest. SDHEFA was not involved in the selection of the contractor for the Good Samaritan project, and I will not vote or participate in any decision by SDHEFA relative to the bonding for the project.

Signature of Person Requesting Waiver: 

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 July 21, 2017, was received from
Jim Scull. The request was acted upon by the members of
South Dakota Health and Educational Facilities Authority during a meeting held on
August 8, 2017.

(check one)

The request for waiver was denied for the following reasons:

The request for waiver was authorized for the following reasons:

Mr. Scull 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 allowing the Good Samaritan Society to issue the bonds through the Colorado Health Facilities Authority.

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

William F Lynch 8/8/17
Signature of Chairperson or Authorized Member Date

Printed Name: _____

Date mailed to Auditor-General: _____

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: June 20, 2017

Name of Board Member or Former Board Member: Dave Fleck

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

Brief explanation of your potential conflict of interest:

I am the Chairman of the Board of Directors for Journey Construction, which owns Ainsworth-Benning Construction Company.

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:

Ainsworth-Benning Construction Company has been selected by Regional Health to build the Sturgis Clinic.

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

A contract has been entered into between Regional Health and Ainsworth-Benning.

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

This transaction is fair, reasonable, and not contrary to the public interest.

Signature of Person Requesting Waiver: 

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 June 20, 2017, was received from Dave Fleck. The request was acted upon by the members of South Dakota Health and Educational Facilities Authority during a meeting held on August 8, 2017.

(check one)

The request for waiver was denied for the following reasons:

The request for waiver was authorized for the following reasons:

Mr. Fleck 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 allowing Regional Health to issue the Series 2017 bond issue through the Authority.

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

William F. Lynch 8/8/17
Signature of Chairperson or Authorized Member Date

Printed Name: William F. Lynch

Date mailed to Auditor-General: 8-9-2017

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: 6-5-2017

Name of Board Member or Former Board Member: Jim Scull

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

Brief explanation of your potential conflict of interest:

I have more than a 5% ownership interest in Scull Construction Service, Inc. Scull Construction Service, Inc. is constructing Custer Regional Hospital for Regional Health.

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:

No transaction with a state agency or political subdivision will occur. Payment for work on the contract results from the issuance of bonds through SDHEFA, a transaction that may be within the jurisdiction or subject matter of the SDHEFA.

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

Construction of Custer Regional Hospital. Regional Health selected Scull Construction Service, Inc. as the contractor.

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

The transaction is fair, reasonable, and not contrary to the public interest. SDHEFA was not involved in the selection of the contractor for the Custer Hospital project, and I will not vote or participate in any decision by SDHEFA relative to the bonding for the project.

Signature of Person Requesting Waiver:



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 June 5, 2017, was received from Jim Scull. The request was acted upon by the members of South Dakota Health and Educational Facilities Authority during a meeting held on August 8, 2017.

(check one)

The request for waiver was denied for the following reasons:

The request for waiver was authorized for the following reasons:

Mr. Scull 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 allowing Regional Health to issue the Series 2017 bond issue through the Authority.

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

William F. Lynch 8/8/17
Signature of Chairperson or Authorized Member Date

Printed Name: William F. Lynch

Date mailed to Auditor-General: 8-9-2017

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: June 20, 2017

Name of Board Member or Former Board Member: Dave Timpe

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

Brief explanation of your potential conflict of interest:

I am on the Finance and Investment Committee for Regional Health.

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:

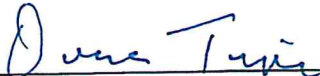
I am a board member of the South Dakota Health and Educational Facilities Authority and a committee member of Regional Health.

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

Regional Health is proposing to issue its Series 2017 bonds through the South Dakota Health and Educational Facilities Authority.

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

Member has opted to abstain from discussion and vote on this and the transaction is fair, reasonable, and not contrary to the public interest.

Signature of Person Requesting Waiver: 

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 June 20, 2017, 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 August 8, 2017.

(check one)

The request for waiver was denied for the following reasons:

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 allowing Regional Health to issue the Series 2017 bond issue through the Authority.

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

William F. Lynch 8/8/17
Signature of Chairperson or Authorized Member Date

Printed Name: William F. Lynch

Date mailed to Auditor-General: 8-9-2017

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: May 15, 2017

Name of Board Member or Former Board Member: Dave Timpe

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

Brief explanation of your potential conflict of interest:

Audit Committee member and stockholder with Fishback Financial Corporation and Board member of First Bank and Trust in Sioux Falls

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:

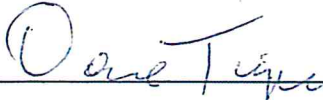
Sioux Valley School District financing through First Bank and Trust, Brookings

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

Sioux Valley School District Series 2017A construction project

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

The school district independently selected First Bank and Trust, Brookings, as the paying agent. Member has opted to abstain from discussion and vote.

Signature of Person Requesting Waiver: 

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 May 15, 2017, 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 August 8, 2017.

(check one)

The request for waiver was denied for the following reasons:

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 allowing Sioux Valley School District to issue the Series 2017A bond issue through the Authority.

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

William F. Lynch 8/8/17
Signature of Chairperson or Authorized Member Date

Printed Name: William F. Lynch

Date mailed to Auditor-General: 8-9-2017