**BOARD OF TECHNICAL EDUCATION**

**MINUTES OF THE TELEPHONIC MEETING**

**January 25, 2018**

**Thursday, January 25, 2018**

The Board of Technical Education (BOTE) met telephonically January 25, 2018 at 12:00pm CT with the following members present:

 Dana Dykhouse

 Doug Ekeren

 Bob Faehn

 Rod Bowar

 Scott Knuppe

 Ed Mallett

 Scott Peterson

 Terry Sabers

Also present during all or part of the meeting were Nick Wendell, Board of Technical Education Executive Director; Mike Cartney, Lake Area Technical Institute (LATI) President; Ann Bolman, Western Dakota Tech (WDT) President; Bob Griggs, Southeast Technical Institute (STI) President; Will Mortenson, Board of Technical Education Lobbyist; Dustin Christopherson, SD Health & Education Facilities Authority & Kim VanDenHemel, Secretary for the Division of Career & Technical Education for the Department of Education.

**1-Call to Order and Roll Call**

Dana Dykhouse, Chairman, called the meeting to order at 12:03pm CT. Diana VanderWoude was excused; all other members were present.

**2-Approval of the Agenda**

Motion by Sabers, second by Bowar to adopt the January 25, 2018 proposed agenda. Voice vote, all present voted in favor. Motion carried.

**3-Potential Lake Area Technical Institute Bonding Effort-Bonding Proposal**

Nick Wendell, BOTE Executive Director, stated this is a new process or procedure. Normally this would be a longer process but all the information that needs to be included is included. They are only considering this as quickly as they are because of a private gift to the institution, the capacity needs for the high-need high-demand jobs, there are currently students being left out of the program and there is legislative interest or support during this session.

Wendell explained the scope of the project: The $3,000,000 bond would support 49% of the cost of the Healthcare Center of Learning, which includes 26,000 square feet of new space and 43,390 square feet of renovated existing space. The other 51% would be supported through a gift from the Prairie Lakes Healthcare System.

The Center will house the following academic programs:

 Community Healthcare Workers (fall 2018 launch)

 Dental Assisting

 Licensed Practical Nursing

 Medical Assisting

 Medical/Fire Rescue

 Medical Laboratory Technician

 Occupational Therapy Assistant

 Physical Therapy Assistant

 Registered Nursing (fall 2018 launch)

The facility will also include updated laboratory space in Chemistry, Hematology and

Microbiology. These labs will be relocated from another facility on campus. The Center will serve over 700 students, actively engaged in learning in healthcare-related fields. This number represents an increase in capacity of 300+ students.

Wendell also explained the overall impact: A $3,000,000 bond with a 20-Year term would add approximately $225,000 in annual expenditures to the system’s overall level of debt. Assuming the current $35/credit hour facility fee and a state appropriation covering 27% of the cost, an increase of 157 full-time equivalent (FTE) enrollment would be necessary to generate new revenue to cover the new debt.

Wendell stated at this time, the things that could stop progress or the project were if they was a need to increase the facility fee or allocating these funds would jeopardize the M & R funds because those are a priority. He stated neither of these would happen. There is no fee increase anticipated and he’s told Finance and the Governor that M & R funds are a priority.

**4-Discussion and Possible Action**

Rod Bowar asked about increasing funds in future years. Wendell stated they would need to take a look at enrollment in the future to determine that. They will need just a slight increase (.5%) in enrollment to absorb the debt. If no increase in enrollment, they may need to look at a fee increase or another project fee.

Dana Dykhouse stated this was a smaller bond issue. There are fees for this type of bond. Dustin Christopherson stated you would only get a portion of the money you were requesting as there are under writer fees also included.

Terry Sabers asked if the fees were fixed or a percentage of the costs. Christopherson said there were both fixed and percentage fees.

Sabers commented that the fees continue to go up with the bond amount. Dykhouse stated in the future it would be better to plan ahead and be able to ask for more than one project at a time.

Sabers stated planning is very important but this case is special because of the match funds that were received. In the future, they would need to plan better. Dykhouse responded that that is the board’s intention in the future.

Wendell stated they would like to talk about a state-wide plan at the next planning session of the board. They could use this project request as a template for future requests. Handling requests this way is not precedence but this project is an exception.

Sabers asked if the Administrative Rule changes were complete as listed. Wendell stated they are not finalized yet. The Administrative Rules Committee will do that when they convene at the end of session. Sabers asked if the Board of Technical Education needed to approve anything today. Wendell stated no. They had approved the changes at their December 2017 meeting.

Bowar asked how much room there is for more bonding. Wendell stated there is a debt service coverage projection (20-year term). They like to keep the percentage above 1.03. There are a few years in the future where it dips below that a little bit but that can be corrected, if needed. He stated they need to see if the .5% enrollment increase is safe over time. This can only be based on year to year projections.

Ed Mallett asked if Lake Area Technical Institute is the largest contributor to the increase in enrollment. Wendell stated without the expansion they won’t be able to grow and that they are a heavy contributor to enrollment increases.

Christopherson stated he thought the coverage ratio percentage was 1.05%. Wendell responded that it had been changed to 1.03% at the December 2017 meeting. Christopherson stated that a 3 million dollar bond would cost about $3,320,000.00 with $3,000,000.00 going into the account for the project and the rest would be debt reserve and other expenses.

Dykhouse stated there is room to do this project but then not much room for anything else.

Scott Peterson stated that in the future he would like to see the institutions know before they recruit people to speak to the state or during session regarding projects and bonding. Right now they are feeling forced or pressured to approve the project. He would like to see a process followed. Dykhouse stated again that they would need to be more organized in the future. Doug Ekeren stated the smaller amount of the request made it a little easier to act on in this short timeframe.

Motion by Ekeren, second by Mallett that the Board of Technical Education approves a new bond with a 20-year term for a lease purchase agreement, not to exceed a principal amount of three million dollars plus associated fees, to support the Healthcare Center of Learning at Lake Area Technical Institute. Roll call vote:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | AYE | NAY | ABSTAIN | EXCUSED |
| R. Bowar | X |  |  |  |
| D. Dykhouse | X |  |  |  |
| D. Ekeren | X |  |  |  |
| B. Faehn | X |  |   |  |
| S Knuppe | X |  |  |  |
| E. Mallett | X |  |  |  |
| S. Peterson | X |  |  |   |
| T. Sabers | X |  |  |  |
| D VanderWoude |   |  |  | X |
| **Total** | 8 | 0 | 0 | 1 |

Motion carried.

Dykhouse thanked Wendell for bringing everyone up to speed and working thru the process. Sabers also thanked Wendell and Will Mortenson for helping them thru the process. Mike Cartney thanked everyone for their consideration of the bonding proposal.

**5-Adjounment**

Motion by Sabers, second by Peterson to adjourn. Voice vote, all in favor. Motion carried. Adjourned at 12:34pm CT.