

SOUTH DAKOTA HEALTH AND EDUCATIONAL

FACILITIES AUTHORITY

MINUTES OF THE JANUARY 18, 2017 SPECIAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on Wednesday, January 18, 2017 at 12:00 p.m., CDT (11:00 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
 Jim Scull
 Norbert Sebade
 Dave Timpe

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
Amy Curran, Chapman and Cutler
Bruce Bonjour, Perkins Coie
Toby Morris, Dougherty and Company
Adam Paul, Prairie Lakes Healthcare System
John Henningsgard, Piper Jaffray
Taylor Pike, Piper Jaffray

A quorum was declared by the Chairman and the meeting was called to order. The notice of the meeting dated January 13, 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 October 21, 2016 special meeting. Mr. William Lynch moved to approve the minutes, seconded by Mr. Don Scott and upon the roll call, the ayes were Lebrun, Lynch, Scott, Sebade and Timpe. 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. Two members expressed a conflict of interest. Mr. Templeton stated that two written disclosures including requests for conflict waivers under Section 3 of the Act had been received from board members in relationship to the current agenda. The requests were from Mr. Fleck in regards to the Bison School District Series 2017, and Mr. Timpe in regards to the Eide Bailly audit.

Mr. Fleck, as noted above, submitted a written disclosure statement and request for board waiver for the Bison School District Series 2017, which is attached as ***Attachment #1***. Mr. Fleck was present for the meeting, but left the call during the discussion of the waiver request. After full discussion of the nature of the potential conflict as disclosed by Mr. Fleck, the Board made the findings described above that Mr. Fleck's conflict was fair, reasonable and not contrary to the public interest. A motion was made to accept the waiver for Mr. Fleck as it related to the Bison School District Series 2017 by Mr. Dave Timpe seconded by Mr. William Lynch and upon the roll call, the ayes were Lebrun, Lynch, Scott, Sebade and Timpe: nays: none; abstain: none. Motion carried.

Mr. Timpe excused himself and left the meeting. Mr. Timpe, as noted above, submitted a written disclosure statement and request for board waiver for the Eide Bailly audit report dated June 30, 2016 and accompanying audit letter, which is attached as ***Attachment #2***. Mr. Timpe was present for the meeting, but left the call during the discussion of the waiver request. 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 the Eide Bailly audit report by Mr. Gene Lebrun seconded by Mr. Don Scott and upon the roll call, the ayes were Fleck, Lebrun, Lynch, Scott and Sebade: nays: none; abstain: none. Motion carried.

Mr. Timpe rejoined the meeting.

Bison School District Series 2017

Mr. Templeton explained that this is a private placement with Dacotah Bank in Bison, SD, in the approximate amount of \$4,350,000 million for 20 years for Capital Outlay Certificate. There will not be a Standard and Poor's rating, but the intercept program will be used. The application was provided, the bank term letter and the financials of the School District were reviewed. A detailed discussion was held on the projected Debt Service Coverage.

Mr. Bonjour reviewed the Resolution (on file at the Authority Office). Mr. William Lynch moved to approve the resolution, Mr. Dave Timpe seconded and upon the roll call, the ayes were Lebrun, Lynch, Scott, Sebade and Timpe. Nays: none; Abstained: none; motion carried.

Mr. Fleck joined the meeting.

Mr. Scull joined the meeting.

The Perkins Coie billings for the work performed on the South Dakota State Aid Intercept Program files were reviewed by the board. Mr. Gene Lebrun moved to approve the two bills, Mr. William Lynch seconded and upon the roll call, the ayes were Fleck, Lebrun, Lynch, Scott, Scull, Sebade and Timpe. Nays: none; Abstained: none; motion carried.

Prairie Lakes Healthcare System

Mr. Templeton reviewed that the Prairie Lakes Healthcare System was building a two-story, 65,000 square-foot, specialty clinic and medical office building with a new ER entrance, chiller and equipment, in the amount of \$40 million of which \$36 million of bonds are expected to be issued. A Private Placement is planned with BMO Harris Bank; some bonds may be purchased by Dacotah Bank. Mr. Templeton asked if any members had conflicts with BMO Harris Bank, or Dacotah Bank or affiliates. No members expressed conflicts.

Mr. Templeton reviewed the Bank Term Sheet, the S&P ratings letter and project descriptions and drawings. Dan Bacastow reviewed the Mortgage Resolution (on file at the Authority office). Mr. William Lynch moved to approve the resolution, Mr. Jim Scull seconded and upon the roll call, the ayes were Fleck, Lebrun, Lynch, Scott, Scull, Sebade, and Timpe. Nays: none; Abstained: none; motion carried.

Dan Bacastow reviewed the Bond Issuance Resolution (on file at the Authority office). Mr. Gene Lebrun moved to approve the resolution, Mr. Don Scott seconded and upon the roll call, the ayes were Fleck, Lebrun, Lynch, Scott, Scull, Sebade and Timpe. Nays: none; Abstained: none; motion carried.

Eide Bailly June 30, 2016 Audit and Letter

Mr. Timpe excused himself and left the meeting. Mr. Templeton explained the audit and the auditor letters. Mr. William Lynch moved to approve the audit and auditor letters, Mr. Dave Fleck seconded and upon the roll call, the ayes were Fleck, Lebrun, Lynch, Scott, and Sebade. Nays: none; Abstained: none; motion carried.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 1:02 p.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: January 9, 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 the Bison School District to be the Construction Manager at Risk of its new school building.

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

A contract has been entered into between Bison School District 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 and the School District complied with the state bid laws on hiring the Construction Manager at Risk.

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 January 9, 2017, was received from

Dave Fleck. The request was disclosed to the members of

South Dakota Health and Educational Facilities Authority during a meeting held on

January 18, 2017.

(check one)

 The request for waiver was denied for the following reasons:

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

The South Dakota Health and Educational Facilities Authority allows a member to have a conflict of interest if state law on selection of contractor is followed. Mr. Fleck has disclosed his conflict and has abstained from discussion and voting on the South Dakota Health and Educational Facilities Authority agenda item of allowing the Bison School District to use the new State Aid Intercept Program. Ainsworth-Benning Construction Company work on the Bison school will be completely independent from the South Dakota Health and Educational Facilities Authority and its voting members and is not contrary to the public interest. The South Dakota Health and Educational Facilities Authority will not issue the bonds nor was it involved in the selection of the construction company. Bison School District disclosed that state law was complied with on the Request for Proposal on Contract Manager at Risk "CMR" and selection of the CMR.

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

William F Lynch

Signature of Board Member

1/18/2017
Date

Printed Name: William F Lynch

Date mailed to Auditor-General: 1/19/2017

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: 1-17-2017

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'm a retired partner from Eide Bailly. A South Dakota Health and Educational Facilities Authority (the Authority) agenda item is to review the June 30, 2016 audit performed by Eide Bailly.

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 am a retired partner from Eide Bailly.

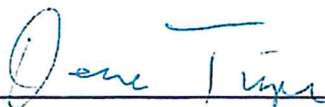
Brief explanation of the essential terms of the contract or transaction.

The Authority has a current contract with Eide Bailly to perform the annual audit.

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

The Authority has used Eide Bailly for several years and it is in the Authority's and public's best interest to have them perform the annual audit. I have opted to abstain from discussion and from voting on this agenda item.

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 January 17, 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
January 17, 2017.

(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 annual audit, conducted by Eide Bailly on June 30, 2016. The Authority has used Eide Bailly for several years and it is in the best interest of the Authority and the public to have them prepare the annual audit. Mr. Timpe has opted to abstain from discussion and vote.

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

William F Lynch 11/18/2017
Signature of Chairperson or Authorized Member Date

Printed Name: William F Lynch

Date mailed to Auditor-General: 1/19/2017