

**SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**

MINUTES OF THE SEPTEMBER 21, 2016 ANNUAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on Wednesday, September 21, 2016 at 1:00 p.m., CDT, at the Avera McKennan Prairie Center and via telephone conference call. Norbert Sebade, Chairman, instructed the Secretary to call the roll.

Present: Dave Fleck
 Gene Lebrun
 Don Scott
 Norbert Sebade
 Dave Timpe

Absent: William Lynch
 Jim Scull

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
Bert Olson, First National Bank in Sioux Falls

A quorum was declared by the Chairman and the meeting was called to order. The notice of the meeting dated September 14, 2016, 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 August 31, 2016 special meeting. Mr. Dave Timpe moved to approve the minutes, seconded by Mr. Don Scott and upon the roll call, the ayes were Fleck, Lebrun, Sebade, Scott 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. No one 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 upcoming Westhills Village Retirement Community. The requests were from Mr. Lebrun and Mr. Scull. The board discussed each request individually and determined that each matter underlying the conflict disclosed was fair, reasonable and not contrary to the public interest, as described below.

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

Mr. Lebrun rejoined the meeting.

Mr. Scull, as noted above, submitted a written disclosure statement and request for board waiver for the Westhills Village Retirement Community, which is attached as ***Attachment #2***. Mr. Scull was not present for the meeting as noted above. 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 Westhills Village Retirement Community by Mr. Dave Fleck seconded by Mr. Don Scott and upon the roll call, the ayes were Fleck, Lebrun, Scott, Sebade and Timpe; nays: none; abstain: none. Motion carried.

Redstone Law Firm Legal Contract

The legal contract, which is on file at the Authority office, was reviewed by the board. The contract was for a base annual amount of \$10,000 for fiscal years 2017, 2018 and 2019. A motion was made by Mr. Lebrun to approve the contract, seconded by Mr. Dave Timpe and upon the roll call the ayes were Fleck, Lebrun, Scott, Sebade and Timpe; nays: none; abstain: none. Motion carried.

Election of Officers

Mr. Templeton reviewed current officers as being Norbert Sebade, Chairman, Dave Fleck, Vice-Chairman and William Lynch, Treasurer. Mr. Gene Lebrun moved to keep the same officers and Mr. Don Scott seconded. Upon roll call, the ayes Fleck, Lebrun, Scott, Sebade and Timpe. Nays: none and abstains: none. Motion carried.

Summary of Annual Reviews and Year to Date Quarterly Reports

Mr. Templeton, Mr. Christopherson and Mr. Corbin explained that the staff had reviewed the financial operations and bond covenant compliance of all borrowers and showed the members the most current audits and quarterly financial statements of each borrower which are on file at the Authority office. Mr. Templeton reported that all borrowers are in a financial position to repay the bonds and were in compliance with bond covenants. Post issuance compliance was reviewed with the Board as well.

Year to Date Financial Statements of the Authority

Mr. Christopherson went over the year to date Authority financial statement for the period ending August 31, 2016. Revenues, Expenses and the Authority investments were reviewed at this time.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 2:29 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: August 24, 2016

Name of Board Member or Former Board Member: Gene N. Lebrun

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

Brief explanation of your potential conflict of interest:

I am an employee of the law firm of Lynn, Jackson, Smith & Larson, P.C. The law firm does the legal work for Westhills Village Retirement in Rapid City, SD, including a new project that the SDHEFA will be issuing bonds to finance.

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:

It is anticipated that the SDHEFA Authority will be issuing bonds for the financing of this new project at Westhills Village. I am also a resident of the Village at Westhills Village.

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

The SDHEFA will be issuing bonds to finance a new project at Westhills Village, for which the law firm will be doing the legal work.

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

Since the law firm for which I am employed will be paid by Westhills from proceeds of the bonds, disclosure of this is appropriate.

Signature of Person Requesting Waiver: Gene N. Lebrun

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 August 24, 2016, was received from

Mr. Gene Lebrun. The request was acted upon by the members of
South Dakota Health and Educational Facilities Authority during a meeting held on
September 21, 2016.

(check one)

 The request for waiver was denied for the following reasons:

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

Mr. Lebrun has made the South Dakota Health and Educational Facilities Authority board aware that he is an employee of the law firm Lynn, Jackson, Shulz and Lebrun, P.C. which has been selected by Westhills Village to do their legal work. Mr. Lebrun has disclosed his potential conflict and will abstain from discussion and voting on the South Dakota Health and Educational Facilities Authority agenda item of the Westhills Village Series 2016. The selection of the law firm Lynn, Jackson, Shulz and Lebrun, P.C. was completely independent from the South Dakota Health and Educational Facilities Authority and it's voting members and is not contrary to the public interest.

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



Signature of Chairperson or Authorized Member

9/21/16

Date

Printed Name: Norbert Sebade, Chairman

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: August 31, 2016

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. has been selected to enter into a contract with Westhills Village Retirement Community ("Westhills") for the construction of the addition of an assisted living facility to Westhills in Rapid City, SD.

The project will be financed by bonds issued by the South Dakota Health and Educational Facilities Authority ("SDHEFA"). I am a current member of the board of SDHEFA. As a result, I have an interest in a contract that may be within the jurisdiction or relate to the subject matter of the SDHEFA pursuant to SDCL 3-23-1 that I am disclosing to the SDHEFA before entering into a contract with Westhills.

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 by 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 an estimated \$14 million dollar assisted living facility addition to Westhills in Rapid City, SD. Scull Construction Service, Inc. will serve as the general contractor on the project.

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

The transaction is fair, reasonable, and not contrary to the public interest. Westhills interviewed multiple construction companies for the project, SDHEFA was not involved in the selection of the contractor for the project, the contract will be independently negotiated with Westhills, and I will not vote or participate in any decision by SDHEFA relative to the bonding for the project.

Signature of Person Requesting Waiver: Jim Z. Scull

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 August 31, 2016, was received from

Mr. Jim Scull. The request was acted upon by the members of

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

September 21, 2016.

(check one)

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

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

Mr. Scull made the South Dakota Health and Educational Facilities Authority board aware that he has more than a 5% ownership interest in Scull Construction Service, Inc., which has been independently selected by Westhills Village to provide the construction services associated with the Westhills Village Series 2016 bond issue. After multiple construction companies were interviewed, Scull Construction Service, Inc. was awarded the construction contract by Westhills Village. This was done independently from the South Dakota Health and Educational Facilities Authority and it's voting members and is not contrary to the public interest. Mr. Scull has disclosed his potential conflict and will abstain from discussion and voting on the South Dakota Health and Educational Facilities Authority agenda item of the Westhills Village Series 2016.

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



Signature of Chairperson or Authorized Member

9/21/16

Date

Printed Name: Norbert Sebade, Chairman

Date mailed to Auditor-General: _____