

**SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**

MINUTES OF THE FEBRUARY 10, 2016 SPECIAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on Wednesday, February 10, 2016 at 11:00 a.m. CST (10:00 a.m. MST), via telephone conference call. Mr. Norbert Sebade, Chairman, instructed the Secretary to call the roll.

Present: Mr. Dave Fleck
Mr. Gene Lebrun
Mr. William Lynch
Mr. Norbert Sebade
Mr. Don Scott
Mr. Jim Scull
Mr. Dave Timpe

Absent: None

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

Donald Templeton, Executive Director
Vance Goldammer, General Legal Counsel
Dustin Christopherson, Associate Director
Dan Bacastow, Chapman and Cutler
Amy Cobb Curran, Chapman and Cutler
Steve Corbin, Finance Officer
Jim Breckenridge, Avera Health
Mike Olson, Avera Health
Bruce Bonjour, Perkins Coie
Toby Morris, Dougherty & Company
Bert Olson, The First National Bank in Sioux Falls

The Chairman declared a quorum and asked if anyone else that was not listed in the Meeting Notice was on the telephone call, to which no one responded. The notice of the meeting dated February 3, 2016 was posted on the Authority door prior to the meeting.

The meeting was called to order.

The Chairman asked for consideration of the minutes for the January 7, 2016 special meeting. Mr. Dave Timpe moved to approve the minutes as presented, seconded by Mr. Jim Scull. All members present voted aye, motion carried.

Avera Health Taxable Loan

Mr. Dan Bacastow gave an overview of the Obligated Group's legal structure and financial benefits. The Obligated Group's current loan agreement requires the consent to additional debt by the South Dakota Health and Educational Facilities Authority. Mr. Bacastow stated that this loan is not an Authority debt but rather a direct placement with U.S. Bank and as such the bank has analyzed the credit of Avera Health.

Mr. Jim Breckenridge reviewed the Bank Term Loan and stated it contains a 25 year amortization with a 10 year term with the current taxable rate of 2.92%, which was locked in for the final rate.

Mr. Don Templeton reviewed the Avera Health financial condition and the current bond ratings of Avera Health.

Mr. Breckenridge reviewed the DakotaCare purchase as well as a background of DakotaCare health insurance.

Mr. Bacastow reviewed the Resolution, which is on file at the Authority office.

Mr. Dave Fleck and Mr. Dave Timpe announced they would abstain from the vote.

Mr. Gene Lebrun moved to approve the Resolution, Mr. Bill Lynch seconded and upon the roll call, the ayes were Lebrun, Lynch, Sebade, Scott and Scull; nays: none; abstain: Fleck and Timpe.

Mr. Lebrun was excused from the call.

School District Capital Outlay Program

Mr. Templeton explained the past history of the South Dakota Health and Educational Facilities Authority Capital Outlay Program and that in 2015, the Legislature passed Senate Bill 191 in order to enhance the ratings of the School District financings. Standard & Poor's indicated ratings would be AA+ for School Districts with 2 times State Aid debt service coverage. The Standard & Poor's Rating Indication letter was reviewed. Mr. Toby Morris explained that he expects many school districts will use the new program.

Mr. Bruce Bonjour reviewed the amended Resolution on file at the Authority office. Mr. Dave Timpe moved to approve the Resolution, Mr. Bill Lynch seconded and upon roll call, the ayes were Fleck, Lynch, Sebade, Scott, Scull and Timpe; nays: none; abstain: none.

Mr. Dave Timpe moved to approve the payment of the upfront School District program costs with Standard and Poor's and the initial legal fees of Perkins Coie as well as any other initial program fees. Motion was seconded by Mr. Jim Scull and upon the roll call, the ayes were Fleck, Lynch, Sebade, Scott, Scull and Timpe; nays: none; abstain: none.

Rebate Computations

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

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

Mr. Bill Lynch moved to use Eide Bailly for future South Dakota Health and Educational Facilities Authority healthcare rebate computations, seconded by Mr. Don Scott and upon roll call, the ayes were Fleck, Lynch, Sebade, Scott, Scull and Timpe; nays: none; abstain: none.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 12:00 p.m.