

**SOUTH DAKOTA HEALTH AND EDUCATIONAL**

**FACILITIES AUTHORITY**

**MINUTES OF THE MAY 23, 2018 SPECIAL MEETING**

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority (SDHEFA) met on Wednesday, May 23, 2018 at 11:00 a.m., CT (10:00 a.m. MT) via telephone conference call. Norbert Sebade, Chairman, instructed the Secretary to call the roll.

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

Absent: William Lynch

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

Vance Goldammer, Redstone Law Firm	Jim Breckenridge, Avera Health
Donald Templeton, Executive Director	Mike Olson, Avera Health
Dustin Christopherson, Associate Director	Kendall Kliewer, Avera Health
Steve Corbin, Finance Officer	Dan Bacastow, Chapman and Cutler
Amy Cobb Curran, Chapman and Cutler	

A quorum was declared by the Chairman and the meeting was called to order. The notice of the meeting dated May 17, 2018 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 as well as posted on the Authority & State Board & Commission website.

**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 one written disclosure including request for conflict waiver under State Law, had been received from board member, Dave Timpe.

He submitted written disclosure statements and requests for board waivers for Avera Health. After full discussion of the nature of the potential conflicts as disclosed by Mr. Timpe, the Board made the findings that the 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 Avera Health (**Attachment #1**) by Mr. Gene Lebrun and seconded by Mr. Don Scott, and upon the roll call, the ayes were Fleck, Lebrun, Scott, Scull and Sebade. Nays: none; abstain: Timpe. Motion carried.

### **March 2, 2018 Minutes**

The Chairman asked for consideration of the minutes for the March 2, 2018 special meeting. Mr. Gene Lebrun moved to approve the minutes, seconded by Mr. Dave Fleck, and upon the roll call, the ayes were Fleck, Lebrun, Scott, Scull, Sebade and Timpe. Nays: none; abstained: none; motion carried.

Mr. Dave Timpe left the meeting.

### **Avera Health Conversion of Series 2012B Bonds**

Mr. Jim Breckenridge explained the U.S. Bank loan renegotiated with a July 1, 2023, mandatory term date with a new lower variable interest rate. The outstanding dollar amount of the loan is \$118,120,000.

Avera bond ratings are: Standard and Poor's AA- rating (with stable outlook) and Moody's A1 rating (with stable outlook). The FY-2017 audited financial statements were reviewed as well as the 3/31/2018 financials. The Resolution (on file at the Authority Office) was reviewed. Mr. Jim Scull moved to approve the Resolution, seconded by Mr. Don Scott and upon the roll call, the ayes were Fleck, Lebrun, Scott, Scull and Sebade. Nays: none; abstain; none. Motion carried.

Mr. Dave Timpe rejoined the meeting.

### **Budget for FY-2019**

Mr. Templeton reviewed HB 1318 that requires a reserve policy be implemented and allows for a potential transfer of cash and investments after July 1<sup>st</sup>.

Mr. Templeton reviewed the FY-2019 budget (on file at the Authority Office). The Annual Service Fee was forecast at \$795,125. Application fees were forecast for \$50,000. The additional work of the South Dakota School District State Aid Intercept program was reviewed as well as the additional application fee income for this program.

The FY-2019 budget expenses were reviewed in detail. Mr. Sebade commented that the exceptional work of all employees of the SDHEFA is appreciated. Mr. Dave Timpe moved to approve the FY-2019 budget with FY-2018 adjustments on file at the Authority Office, seconded by Mr. Gene Lebrun and upon the roll call, the ayes were Fleck, Lebrun, Scott, Scull, Sebade and Timpe. Nays: none; abstain; none. Motion carried.

### **South Dakota Building Authority Contract**

Mr. Templeton reviewed the FY-2019 contract, on file at the Authority office, in detail. Upon review, Mr. Gene Lebrun moved to approve the contract, seconded by Mr. Jim Scull, and upon the roll call, the ayes were Fleck, Lebrun, Scott, Scull, Sebade and Timpe. Nays: none; abstain; none. Motion carried.

**Educational Enhancement Funding Corporation Contract**

Mr. Templeton reviewed the FY-2019 contract, on file at the Authority office, in detail. Upon review, Mr. Gene Lebrun moved to approve the contract, seconded by Mr. Dave Timpe, and upon the roll call, the ayes were Fleck, Lebrun, Scott, Scull, Sebade and Timpe. Nays: none; abstain; none. Motion carried.

**Adjournment**

The Chairman stated there being no further business at this meeting, the meeting adjourned at 11:38 a.m., CT.

*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: 5/9/2018

Name of Board Member or Former Board Member: Dave Timpe

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

**Brief explanation of your potential conflict of interest:**

I am a member of the Avera Health Plans Board and Finance Committee, and Avera Health (an affiliate of Avera Health Plans Board and Finance Committee) has a matter described below which will be pending in front of the members of the SDHEFA for which I also serve as a member.

**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:**

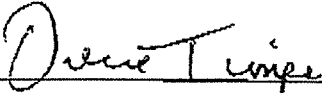
The SDHEFA will be considering an amendment to an existing SDHEFA Series 2012B Bond issue which benefits Avera Health. The purpose of the amendment that is required for the business transaction that benefits Avera Health is to implement a new direct placement floating index rate mode for the Series 2012B Bonds which will continue to be held by US Bank.

**Brief explanation of the essential terms of the contract or transaction:**

As noted above, the purpose of the amendment that is required for the business transaction that benefits Avera Health is to implement a new direct placement floating index rate mode for the Series 2012B Bonds. This new mode will allow Avera Health to continue to repay the loan of funds from the Series 2012B financing at advantageous rates over a longer period of time than presently provided for in the existing bond documents.

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

It is in the best interests of Avera Health and the citizens of the State of South Dakota that the transaction be completed to assure continued favorable borrowing rates for, and in turn lower costs to, Avera Health, which promotes the purposes of the SDHEFA. I have opted to abstain from discussion and vote. This proposed business 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 May 9, 2018, 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  
May 23, 2018.

(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 the Authority's consideration of an amendment to an existing SDHEFA Series 2012B Bond issue.*

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



Signature of Chairperson or Authorized Member

5/23/18  
Date

Printed Name: Norbert Sebade

Date mailed to Auditor-General: \_\_\_\_\_