

## **SOUTH DAKOTA HEALTH AND EDUCATIONAL**

### **FACILITIES AUTHORITY**

#### **MINUTES OF THE JUNE 16, 2017 SPECIAL MEETING**

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on Friday, June 16, 2017 at 10:00 a.m., CDT (9:00 a.m. MDT) 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  
Donald Templeton, Executive Director  
Dustin Christopherson, Associate Director  
Steve Corbin, Finance Officer  
Dan Bacastow, Chapman and Cutler  
Amy Curran, Chapman and Cutler

A quorum was declared by the Chairman and the meeting was called to order. The notice of the meeting dated June 6, 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 March 2, 2017 special meeting. Mr. Don Scott moved to approve the minutes, seconded by Mr. Jim Scull, and upon the roll call, the ayes were Fleck, Lebrun, Scott, Scull, 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 had been received from board members in relationship to the current agenda. The requests were from Mr. Dave Fleck in regards to Avera Health, and Mr. Dave Timpe in regards to Avera Health. The conflicts were discussed later in the meeting.

### **Transfer of Western Dakota Technical Institute Rushmore Campus**

Mr. Templeton explained that Western Dakota Technical Institute was no longer using the South Campus and it was costing more to rent this out than rental receipts. The original deed was reviewed where the land was to revert back to the State if no longer used for Technical Education. House Bill 1205, from the 2017 legislative session, was also reviewed. Mr. Templeton reviewed the Resolution (on file at the Authority office) to release the Rushmore Campus back to the State of South Dakota. Mr. Gene Lebrun moved to approve the Resolution, seconded by Mr. Dave Timpe, and upon the roll call, the ayes were Fleck, Lebrun, Scott, Scull, Sebade and Timpe. Nays: none; abstained: none; motion carried.

### **Budget for FY-2018**

Mr. Templeton reviewed the FY-2018 budget (on file at the Authority office). The Annual Service Fee will remain the same at .00045 times the bonds outstanding balance. Application fees were forecast for \$50,000. Salaries were reviewed with no increases for full-time employees. The additional work of the South Dakota State Aid Intercept program was reviewed. This program has saved school districts more than \$4.1 million dollars. The Authority considered hiring additional staff to implement the program, but did not, and current staff shared the additional work load. The receipts over disbursements were projected to be \$170,111.

The FY-2017 budget for special legal counsel was adjusted to \$27,000 and health insurance was adjusted to \$45,000. These additional costs were reviewed in detail. Mr. Don Scott moved to approve the FY-2018 budget with the FY-2017 adjustment, seconded by Mr. Jim Scull and upon the roll call, the ayes were Fleck, Lebrun, Scott, Scull, Sebade and Timpe. Nays: none; abstained: none; motion carried.

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

Mr. Templeton reviewed the contract 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; abstained: none; motion carried. A copy of the contract is on file at the Authority office.

### **Educational Enhancement Funding Corporation Contract**

Mr. Templeton reviewed the contract 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; abstained: none; motion carried. A copy of the contract is on file at the Authority office.

### **Sanford Health Acquisition of Dakota Hospital Foundation and Dakota Care Center in Vermillion**

Sanford Health plans to purchase the Vermillion Hospital. Mr. Templeton reviewed that Sanford Health guaranteed the Series 1997 Dakota Hospital bonds to remodel the 36-bed hospital. The financials of Sanford Health were reviewed. Mr. Bacastow reviewed the Resolution (on file at the Authority office). Upon review, Mr. Dave Fleck moved to approve the Resolution, seconded by Mr. Gene Lebrun, and upon the roll call, the ayes were Fleck, Lebrun, Scott, Scull, Sebade and Timpe. Nays: none; abstained: none; motion carried.



## **Conflict of Interest**

Mr. Dave Fleck, as noted above, submitted a written disclosure statement and request for board waiver for Avera Health, which is attached as ***Attachment #1***. 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 Avera Health by Mr. Gene Lebrun, seconded by Mr. Don Scott, and upon the roll call, the ayes were Lebrun, Scott, Scull and Sebade. Nays: none; abstain: none. Motion carried.

Mr. Timpe, as noted above, submitted a written disclosure statement and request for board waiver for Avera Health, which is attached as ***Attachment #2***. 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 Avera Health by Mr. Gene Lebrun, seconded by Mr. Jim Scull, and upon the roll call, the ayes were Lebrun, Scott, Scull and Sebade. Nays: none; abstain: none. Motion carried.

Mr. Fleck and Mr. Timpe left the meeting during the conflict discussion and for the Avera Health agenda item.

## **Avera Health Purchase of Lewis & Clark Specialty Hospital in Yankton**

Mr. Templeton reviewed the \$19,250,000 taxable loan with U.S. Bank for purchasing the Yankton Specialty Hospital. The Avera Health financials were reviewed. Mr. Bacastow reviewed the Resolution (on file at the Authority office). Upon review, Mr. Don Scott moved to approve the Resolution, seconded by Mr. Gene Lebrun, and upon the roll call, the ayes were Lebrun, Scott, Scull, and Sebade. Nays: none; abstain: none. Motion carried.

## **Adjournment**

The Chairman stated there being no further business at this meeting, the meeting adjourned at 10:39 a.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: 6/6/2017

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 on the Avera McKennan Board of Directors.

**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 the Avera McKennan board. The Authority is considering allowing the Yankton Lewis and Clark specialty hospital purchase transaction by Avera under the loan documents.

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

Avera purchasing the Yankton Lewis and Clark specialty hospital under the loan documents.

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

It is in the best interest of Avera and the public that the transaction be completed. I have opted to abstain from discussion and vote. This 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 June 6, 2017, was received from  
Dave Fleck. The request was acted upon by the members of  
South Dakota Health and Educational Facilities Authority during a meeting held on  
June 16, 2017.

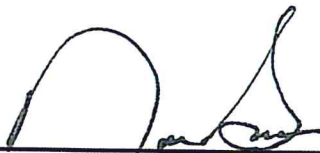
(check one)

       The request for waiver was denied for the following reasons:

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

***Mr. Fleck has disclosed his potential conflict and has abstained from discussion and voting on the South Dakota Health and Educational Facilities Authority agenda item of the Authority's consideration of allowing the Yankton Lewis & Clark Specialty Hospital purchase transaction by Avera Health under the loan documents.***

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



Signature of Chairperson or Authorized Member

6-16-17  
Date

Printed Name: \_\_\_\_\_

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: 6/6/2017

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 am on the Avera Health Plans Board and Finance Committee and an employee of Avera Health.

**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:**

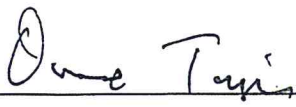
I am a board member of the Authority and an Avera Health board/committee member. I work professionally on a part-time basis for Avera Health.

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

The Authority is considering allowing the Yankton Lewis and Clark Specialty Hospital purchase transaction by Avera Health under the loan documents.

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

It is in the best interest of Avera Health and the public that the transaction be completed. I have opted to abstain from discussion and vote. This 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 June 6, 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  
June 16, 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 agenda item of the Authority's consideration of allowing the Yankton Lewis & Clark Specialty Hospital purchase transaction by Avera Health under the loan documents.*

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



Signature of Chairperson or Authorized Member

6-16-17

Date

Printed Name: \_\_\_\_\_

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