

**SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY
MINUTES OF THE JUNE 19, 2019 SPECIAL MEETING**

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority (SDHEFA) met on Wednesday, June 19, 2019 at 10:00 a.m., CT (9:00 a.m. MT) via telephone conference call. Norbert Sebade, Chairman, instructed the Secretary to call the roll.

Present: Roberta Ambur
 Dave Fleck
 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	Dan Bacastow, Chapman & Cutler
Tony Venhuizen, Redstone Law Firm	Amy Cobb Curran, Chapman & Cutler
Donald Templeton, Executive Director and Secretary	Dustin Christopherson, Associate Director
Bill Marlette, Sanford Health	Steve Corbin, Finance Officer
Kendall Kliewer, Avera Health	

A quorum was declared by the Chairman and the meeting was called to order. The notice of the meeting dated June 7, 2019 was posted at the entrances 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.

Inquiry of the General Public present pursuant to HB 1172

Chairman Sebade asked if any members of the general public wished to speak. No members of the general public were in attendance.

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 members. The conflict for Dave Timpe is listed below.

Approval of the April 24, 2019 Special Meeting Minutes

The Chairman asked for consideration of the minutes for the April 24, 2019 special meeting. Mr. Timpe moved to approve the minutes, seconded by Ms. Ambur, and upon the roll call, the ayes were Ambur, Fleck, Scott, Scull, Sebade and Timpe. Nays: none; abstain: none; motion carried.

Sanford Health Bridge Loan

Sanford Health representative Mr. Marlette explained Sanford Health acquired the Evangelical Lutheran Good Samaritan Society on January 1, 2019 and would like to refinance the four existing bond issues through the Colorado Health Facilities Authority with a bridge loan using Key Bank. Mr. Marlette stated the bridge loan will be refinanced with tax exempt bonds through the Colorado Health Facilities Authority. (South Dakota State Law does not allow the issuance of bonds in states that are not contiguous with South Dakota.) As the Evangelical Lutheran Good Samaritan Society has buildings in 26 states, it is advantageous to issue bonds through the Colorado Health Facilities Authority.

The eventual debt service savings is expected to be more than \$2.3 million per year. Mr. Templeton explained the Standard and Poor's rating for Sanford Health. Ms. Curran reviewed the Resolution. A motion was made to approve the Resolution by Mr. Scott seconded by Mr. Timpe, and upon the roll call, the ayes were Ambur, Fleck, Scott, Scull, Sebade and Timpe. Nays: none; abstain: none; motion carried.

Proposed Budget for FY-2020 & FY-2019 Budget Adjustment

Mr. Templeton reviewed the FY-2020 budget (on file at the Authority Office). The Annual Service Fee was forecast at \$769,171. Application fees were forecast for \$50,000; year-to-date FY-19 application fees were \$76,456. 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-2020 budget expenses were reviewed in detail. The revenues over expenses are budgeted for \$182,059. Ms. Ambur moved to approve the FY-2020 budget seconded by Mr. Scull and upon the roll call, the ayes were Ambur, Fleck, Scott, Scull, Sebade and Timpe. Nays: none; abstain: none; motion carried.

Mr. Timpe proposed to compensate the staff for the extra work resulting from the busy fiscal year 2019 with the South Dakota State Aid Intercept Program workload. The bonus is for all employees for their work performed in FY-2019; the Authority has a back-up for this on file at their office. The wages are \$16,693, and retirement is \$1,669, and payroll taxes are \$1,277, for a total of \$19,639 and to be paid prior to June 30, 2019. Mr. Timpe moved to approve the FY-2019 budget adjustment, seconded by Mr. Scull and upon the roll call, the ayes were Fleck, Scull, Sebade and Timpe. Nays: Ambur and Scott; abstain: none; motion carried.

Contracts for Fiscal Year 2020

Mr. Templeton reviewed the FY-2020 contracts for the South Dakota Building Authority, the Educational Enhancement Funding Corporation and Redstone Law Firm, on file at the Authority office, in detail. Upon review, Mr. Scull moved to approve the contracts, seconded by Mr. Fleck, and upon the

roll call, the ayes were Ambur, Fleck, Scott, Scull, Sebade and Timpe. Nays: none; abstain: none; motion carried.

Mr. Timpe left the meeting.

Mr. Timpe's Conflict of Interest for Avera Health

Mr. Timpe, as noted above, submitted written disclosure statements and requests for board waivers for the Avera Health agenda item. After full discussion of the nature of the potential conflict 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 the Avera Health agenda item (**Attachment #1**) by Mr. Fleck, seconded by Mr. Scott, and upon the roll call, the ayes were Ambur, Fleck, Scott, Scull, and Sebade. Nays: none; abstain: none; motion carried.

Avera Health Substitution of Property

Avera Health representative Mr. Kliwer explained Avera Health had donated land to the City of Sioux Falls for street improvements related to its 69th Street campus project. The Appraised Value of the land was \$98,000, and Avera Health will deposit \$98,000 with the Master Trustee.

Ms. Curran reviewed the Resolution. A motion was made to approve the Resolution by Mr. Scull seconded by Mr. Scott, and upon the roll call, the ayes were Ambur, Fleck, Scott, Scull and Sebade. Nays: none; abstained: none; motion carried.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 9:47 a.m., CT (8:47 a.m. MT).

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: 5/28/2019

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 Finance Committee. Avera Health (an affiliate of Avera Health Plans) 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 the partial release of a small portion (10,065 square feet out of a 396,786 square foot site) of undeveloped property related to the development of public works infrastructure on 69th Street by the City of Sioux Falls, which is presently encumbered by the Avera McKennan Mortgage securing Avera Health's outstanding Master Indenture Notes. Such release will be accomplished under and in compliance with the Avera McKennan Mortgage in return for the contribution to the Master Trustee for the benefit of the outstanding Noteholders of cash equal to the fair market value of the property being released.

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

Avera McKennan has been required to contribute a small parcel of property to the City of Sioux Falls for the development of public infrastructure related to the 69th Street development currently being undertaken by Avera McKennan. The subject parcel is presently encumbered by the Avera McKennan Mortgage securing Avera Health's outstanding Master Indenture Notes. Such release will be accomplished under and in compliance with the Avera McKennan Mortgage in return for the contribution to the Master Trustee for the benefit of the outstanding Noteholders of cash equal to the fair market value of the property being released as determined by an independent appraisal of such parcel. In addition, the public works to be constructed on this parcel will permit the development of the parcel by Avera McKennan in the manner contemplated by its original plans and will protect the health and welfare of the citizens of the City of Sioux Falls and the State of South Dakota by assuring proper and safe flow of traffic in the development.

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

It is in the best interests of Avera Health, the City of Sioux Falls, the outstanding Master Indenture Noteholders and the citizens of the State of South Dakota that the transaction be completed to promote the health and welfare of the citizens of the State of South Dakota. All transaction requirements must be carried out in compliance with the outstanding Avera McKennan Mortgage as judged by the SDHEFA and the Master Trustee. 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 28, 2019, 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 19, 2019. (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 Avera Health partial release of land.

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



6-19-19

Signature of Chairperson or Authorized Member

Date

Printed Name: Norbert Sebade

Date mailed to Auditor-General: 6-19-19