

SOUTH DAKOTA HEALTH AND EDUCATIONAL

FACILITIES AUTHORITY

MINUTES OF THE JULY 12, 2018 SPECIAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority (SDHEFA) met on Thursday, July 12, 2018 at 10:30 a.m., CT (9:30 a.m. MT) via telephone conference call. Norbert Sebade, Chairman, instructed the Secretary to call the roll.

Present: Roberta Ambur
 Dave Fleck
 William Lynch
 Don Scott
 Jim Scull
 Norbert Sebade
 Dave Timpe

Absent: None

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

Vance Goldammer, Redstone Law Firm	Dustin Christopherson, Associate Director
Matt McCaulley, Redstone Law Firm	Steve Corbin, Finance Officer
Grace Beck, Redstone Law Firm	Mike Cartney, Lake Area Technical Institute
Donald Templeton, Executive Director and Secretary	

A quorum was declared by the Chairman and the meeting was called to order. The notice of the meeting dated July 3, 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.

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 two written disclosures including request for conflict waiver under State Law, had been received from board members. The conflicts, listed below in two agenda-item sections, were noted.

Introduction of New Board Member Roberta Ambur

Mr. Sebade welcomed Roberta Ambur, who was appointed to replace Gene Lebrun whose term had expired. Mr. Sebade wanted to note his gratitude for the board service of Mr. Lebrun. Ms. Ambur explained her current work at the University of South Dakota and other relevant work history.

Mr. Templeton also said that Mr. Sebade and Mr. Timpe had been reappointed.

Approval of the May 23, 2018 Special Meeting Minutes

The Chairman asked for consideration of the minutes for the May 23, 2018 special meeting. Mr. Lynch moved to approve the minutes, seconded by Mr. Timpe, and upon the roll call, the ayes were Ambur, Fleck, Lynch, Scott, Scull, Sebade and Timpe. Nays: none; abstained: none; motion carried. Ms. Ambur left the call.

Ms. Ambur's Conflict of Interest for Cash and Investment agenda item

Ms. Roberta Ambur, as noted above, submitted written disclosure statements and requests for board waivers for the Cash and Investment agenda item. After full discussion of the nature of the potential conflicts as disclosed by Ms. Ambur, 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 Ms. Ambur as it related to the Cash and Investment agenda item (**Attachment #1**) by Mr. Scott, seconded by Mr. Lynch, and upon the roll call, the ayes were Fleck, Lynch, Scott, Scull, Sebade and Timpe. Nays: none; abstain: none. Motion carried.

Cash and Investment Policy and Transfer

Mr. Templeton reviewed the history of the cash and investments and requests to transfer excess funds to another entity. Mr. McCaulley also reviewed House Bill 1318 that allows for a policy to be set for a minimum amount of cash and reserves and allows for a cash transfer to a South Dakota governmental entity before July 1, 2019.

Mr. McCaulley also reviewed the Letter of Intent dated March 6, 2018 which was requested by the Governor's Office and legislative leaders for planning purposes.

Mr. Templeton reviewed the cash reserves policies of similar Authority offices in five other states. Mr. Templeton explained that he thought the Lake Area Technical Institute (LATI) project fit well into the South Dakota Health and Educational Facilities Authority's mission to assist education and healthcare in South Dakota. LATI is a current borrower of the South Dakota Health and Educational Facilities Authority.

Mr. Mike Cartney of LATI joined the call to explain the need for a new Healthcare Learning Center to educate additional skilled healthcare workers within South Dakota. Mr. Cartney reviewed the past

bonding of LATI through the South Dakota Health and Educational Facilities Authority in the approximate amount of \$35 million.

The newly planned Healthcare Learning Center will include a new two-year Registered Nursing degree along with other healthcare degrees. He noted that Prairie Lakes Healthcare System in Watertown plans to donate \$3.1 million and the South Dakota State Legislature appropriated \$250,000 toward the \$6.1 million building project.

Mr. Cartney dropped off the call and Mr. McCaulley reviewed the Resolution (**Attachment #2**) that sets the minimum cash and investment balance at the level of two times the next year's budgeted operating expenses. For fiscal year 2019, the minimum amounts to \$1,659,600.

The Resolution also states that the excess "cash and investment reserves" equaling \$1,913,403 be transferred to the State Board of Technical Education to be applied to the LATI Healthcare Learning Center (or another project). The State Board of Technical Education is to approve the project and report to the South Dakota Health and Educational Facilities Authority to approve prior to remitting the money.

A motion was made to approve the Resolution by Mr. Timpe, seconded by Mr. Lynch, and upon the roll call, the ayes were Fleck, Lynch, Scott, Scull, Sebade and Timpe. Nays: none; abstain: none. Motion carried.

Ms. Ambur rejoined the call. Mr. Timpe then left the call. Mr. Scull also left the call.

Mr. Timpe's Conflict of Interest with Eide Bailly Agenda Item

Mr. Dave Timpe, as noted above, submitted a written disclosure statement and requests for board waivers for Eide Bailly. 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 Eide Bailly (**Attachment #3**) by Mr. Lynch, seconded by Mr. Scott, and upon the roll call, the ayes were Ambur, Fleck, Lynch, Scott and Sebade. Nays: none; abstain: none. Motion carried.

Eide Bailly FY 2018-2019 Fee Proposal

Mr. Templeton reviewed the past fees and the Eide Bailly fee proposal letter dated May 1, 2018.

A motion was made to accept the fee proposal by Mr. Lynch, seconded by Mr. Fleck, and upon the roll call, the ayes were Ambur, Fleck, Lynch, Scott and Sebade.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 11:35 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: 7/12/18

Name of Board Member or Former Board Member: Roberta Ambur

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 University of South Dakota and thus may have a conflict of interest in the matter described below with reference to Lake Area Technical Institute.

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 approval of a cash transfer to Lake Area Technical Institute Healthcare Learning Center at an estimated range of \$2 million to \$2.5 million.

Brief explanation of the essential terms of the contract or transaction. This transfer of funds to Lake Area Technical Institute is to help fund a 26,000 square foot wing and renovate the 29,000 square foot building.

Brief explanation of why you believe a waiver should be granted: Being in the public education business, I am not sure why this would not go through legislative approval as all building do for the university system as well. Since I am a new member and this will be my first meeting, I have been in no discussions with this item nor understand what other projects have been considered that this one rises to the top. I have no doubt labs need updating as they become quickly outdated with changes in technology and processes.

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 July 12, 2018, was received from Roberta Ambur. The request was acted upon by the members of South Dakota Health and Educational Facilities Authority during a meeting held on July 12, 2018.


(check one)

The request for waiver was denied for the following reasons:

The request for waiver was authorized for the following reasons:

Ms. Ambur has disclosed her 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 approving a potential cash transfer to Lake Area Technical Institute Healthcare Learning Center.

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



7/12/2018
Date

Signature of Chairperson or Authorized Member

Printed Name: Norbert Sebade

Date mailed to Auditor-General: 7-17-18

**SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**

CASH AND INVESTMENT POLICY; TRANSFER OF SURPLUS

Resolved that, as of the date of this resolution, based on the projected financial statements to date, the unrestricted cash and investment funds on hand for the Authority is: \$3,573,003;

Resolved that, pursuant to SDCL 1-16A-15(7), and based on recommendations from staff, past performance, and guidance from accounting firm for the Authority and such other factors as considered by the Board, the Board hereby sets a minimum "cash and investment reserves" in the amount of two times the next year's budgeted operating expenses (as of this resolution, two times the FY2019 budget of \$829,800 is a minimum of \$1,659,600);

Resolved that, based on the above minimum, pursuant to South Dakota law the Authority hereby determines it presently has excess "cash and investment reserves" in the amount of \$1,913,403 ($\$3,573,003 - \$1,659,600 = \$1,913,403$);

Resolved that, pursuant to SDCL 1-16A-15(8), the Board has received a request to transfer the excess cash reserves and desires to make such a transfer, on the condition that such funds are transferred to the South Dakota Board of Technical Education and are used for health or educational purposes of the technical institutes; and

Resolved that, pursuant to SDCL 1-16A-15(8) and the Letter of Intent dated March 6, 2018, the Board directs a transfer in the amount of \$1,913,403 to the South Dakota Board of Technical Education, subject to: (a) the restrictions above, (b) use in a manner consistent with the purposes of the Authority under SDCL 1-16A-1, (c) for a specific use to be proposed by the South Dakota Board of Technical Education and approved by the Authority, and (d) acceptance of these conditions by the South Dakota Board of Technical Education.

Dated July 12, 2018

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: 7-10-2018

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'm a retired partner from Eide Bailly. A South Dakota Health and Educational Facilities Authority (the Authority) agenda item is to review the Eide Bailly audit fee proposal.

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 am a retired partner from Eide Bailly.

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

The Authority has a current contract with Eide Bailly to perform the annual audit.

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

The Authority has used Eide Bailly for several years, and it is in the Authority's and public's best interest to consider having the firm perform the annual audit. I have opted to abstain from discussion and from voting on this agenda item.

Signature of Person Requesting Waiver: _____

Dave Timpe

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 July 10, 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 July 12, 2018.

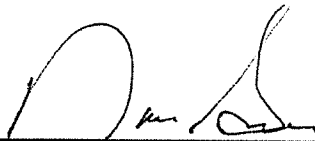
(check one)

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 Eide Bailly audit fee proposal.

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



Signature of Chairperson or Authorized Member

7/12/2018
Date

Printed Name: Norbert Sebade

Date mailed to Auditor-General: 7-17-18