

**SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**

MINUTES OF THE AUGUST 14, 2019 SPECIAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority (SDHEFA) met on Wednesday, August 14, 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: Dave Fleck
 Don Scott
 Norbert Sebade
 Dave Timpe

Absent: Roberta Ambur
 William Lynch
 Jim Scull

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
Don Templeton, Executive Director and Secretary	Dustin Christopherson, Associate Director
Bruce Bonjour, Perkins Coie, LLC	Steve Corbin, Finance Officer
	Toby Morris, Dougherty & Company, LLC

A quorum was declared by the Chairman and the meeting was called to order. The notice of the meeting dated August 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 Jim Scull is listed below.

Approval of the June 19, 2019 Special Meeting Minutes

The Chairman asked for consideration of the minutes for the June 19, 2019 special meeting. Mr. Scott moved to approve the minutes, seconded by Mr. Fleck, and upon the roll call, the ayes were Fleck, Scott, Sebade and Timpe. Nays: none; abstain: none; motion carried.

Annual Meeting

The staff reviewed the annual meeting details set to be held in Yankton on September 16.

Executive Session

Mr. Fleck made motion to move into executive session to consult with legal counsel on contractual matters, seconded by Mr. Timpe, and upon the roll call, the ayes were Fleck, Scott, Sebade and Timpe. Nays: none; abstain: none; motion carried.

At 10:07 a.m., the Board met in executive session.

It was reported that the Board met in executive session to consult with legal counsel on contractual matters. Mr. Timpe moved to adopt the report of the executive session, seconded by Mr. Scott, and upon the roll call, the ayes were Fleck, Scott, Sebade and Timpe. Nays: none; abstain: none; motion carried. At 10:36 a.m., the board ended the executive session.

Jim Scull Conflict for Oglala Lakota County School District

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

At 10:39, Bruce Bonjour and Toby Morris joined the call.

Oglala Lakota County School District Series 2019 Tax-Exempt and Taxable Leases

Mr. Templeton explained that the two leases are in the amounts of \$14 million for the tax-exempt refunding of the Series 2016 lease, and approximately \$14 million for the taxable lease for the new construction.

Mr. Morris explained that the leases would not be possible without the State Aid Intercept Program.

The taxable lease for \$14 million is for construction of a Career Technical Education high school, for which the total cost is estimated at \$24 million.

The tax-exempt lease is for approximately \$14 million for the refunding of the Series 2016 lease and the estimated savings is more than \$2 million.

The minimum projected debt service coverage of 3.71 times was reviewed as well as the revenues over expenses and fund balances.

Mr. Templeton reviewed the Branch Bank and Trust Term Sheets and the two Pledge Agreements. Mr. Bonjour reviewed the Resolution, which is on file at the Authority Office. A motion was made to approve the Resolution by Mr. Scott, seconded by Mr. Fleck, and upon the roll call, the ayes were Fleck, Scott, Sebade and Timpe. Nays: none; abstained: none; motion carried.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 10:56 a.m., CT (9:56 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: July 18, 2019

Name of Board Member or Former Board Member: Jim Scull

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

Brief explanation of your potential conflict of interest:

I have more than a 5% ownership interest in Scull Construction Service, Inc. Scull Construction Service, Inc. has received the bid for Construction Manager at Risk (CMR) for the Oglala Lakota County School District's project for the construction of a Career Technical Education "CTE" high school. They are also refunding Series 2016 bonds for \$13,500,000, which refunded the Series 2013 bonds, which were used to improve Bateland School and Rockyford School.

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:

No transaction with a state agency or political subdivision will occur. Payment for work on the contract results from the issuance of bonds through a program administered by SDHEFA, a transaction that may be within the jurisdiction or subject matter of the SDHEFA.

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

Construction of an estimated \$14 million new Career Technical Education "CTE" high school located just East of Pine Ridge, SD in the Oglala Lakota County School District. Scull Construction Service, Inc. has been chosen as the CMR. The project will be financed by the school district and assisted by the South Dakota Health and Educational Facilities Authority.

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

The transaction is fair, reasonable, and not contrary to the public interest. The CMR was bid out according to state law. SDHEFA was not involved in the selection of the contractor for the project, and I will not vote or participate in any decision by SDHEFA relative to the bonding for the project.

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 18, 2019 was received from

Jim Scull. The request was acted upon by the members of

South Dakota Health and Educational Facilities Authority during a meeting held on

August 14, 2019.

(check one)

The request for waiver was denied for the following reasons:

The request for waiver was authorized for the following reasons:

Mr. Scull 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 allowing Oglala Lakota School to engage in the state aid intercept program through the Authority.

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

Donald E. Scott

8-14-2019

Signature of Chairperson or Authorized Member

Date

Printed Name: DONALD E. SCOTT

Date mailed to Auditor-General: 8/19/2019