

**SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**

MINUTES OF THE SEPTEMBER 19, 2017, ANNUAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on Tuesday, September 19, 2017, at 3 p.m. (MDT) and 4 p.m. (CDT), in Rapid City at the Lynn, Jackson, Shultz and Lebrun Law Firm and via conference call. Norbert Sebade, Chairman, instructed the Secretary to call the roll.

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

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

Donald Templeton, Executive Director & Secretary
Vance Goldammer, Redstone Law Firm
Dustin Christopherson, Associate Director
Steve Corbin, Finance Officer
Dan Bacastow, Chapman and Cutler
Bert Olson, First National Bank in Sioux Falls
Jack Arnold, Dougherty & Company

Bruce Bonjour, Perkins Coie
Amy Curran, Chapman & Cutler
Jim Breckenridge, Avera Health
Mike Olson, Avera Health
Marcelo Olarte, Kaufman Hall

A quorum was declared by the Chairman and the meeting was called to order. The notice of the meeting dated September 1, 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 August 16, 2017, special meeting. Mr. Jim Scull moved to approve the minutes, seconded by Mr. Don Scott and upon the roll call, the ayes were Fleck, Lebrun, Lynch, 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. Mr. Templeton stated that three written disclosures including requests for conflict waivers under Section 3 of the Act had been received from board members. The three conflicts listed below were noted.

Avera Health Series 2017 Bond Issue

Mr. Dave Fleck and Mr. Dave Timpe, as noted above, submitted written disclosure statements and requests for board waivers for Avera Health and left the meeting. After full discussion of the nature of the potential conflicts as disclosed by Mr. Fleck and Mr. Timpe, the Board made the findings that the two conflicts were fair, reasonable and not contrary to the public interest.

A motion was made to accept the waivers for Mr. Fleck and Mr. Timpe as they relate to Avera Health (**Attachments #1 and #2**) by Mr. Gene Lebrun, seconded by Mr. William Lynch, and upon the roll call, the ayes were Lebrun, Lynch, Scott, Scull and Sebade. Nays: none; abstain: none. Motion carried.

Mr. Jim Breckenridge explained the new money projects at Sioux Falls and Pierre to be approximately \$190 million and the total bond issuance not to exceed \$265 million. Mr. Templeton explained that the Series 2008B Bonds issued by the Authority to benefit Avera Health were to be refunded as well. The expected present value savings were reviewed as part of the projected number runs.

The Standard & Poor's AA- rating (with stable outlook) was reviewed. The Moody's A1 rating (with stable outlook) was reviewed. The Preliminary Official Statement was reviewed and discussed.

The FY-17, FY-16, FY-15 financial statements were reviewed. The bond issue Resolution (on file at the Authority Office) was reviewed. Mr. Don Scott moved to approve the Resolution, seconded by Mr. William Lynch, and upon the roll call, the ayes were Lebrun, Lynch, Scott, Scull and Sebade. Nays: none; motion carried. Mr. Dave Fleck returned to the meeting.

LifeScape Series 2017 Bond Issue

Mr. Dave Timpe, as noted above, submitted a written disclosure statement and request for board waiver for LifeScape. 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 relates to LifeScape (**Attachment #3**) by Mr. Gene Lebrun, seconded by Mr. William Lynch, and upon the roll call, the ayes were Fleck, Lebrun, Lynch, Scott, Scull and Sebade. Nays: none; abstain: none. Motion carried.

Mr. Templeton explained the Children's Care Hospital and School history of bonding and construction projects and affiliation with LifeScape. Mr. Jack Arnold explained the new money projects at Sioux Falls to be approximately \$600,000 and the total bond issuance not to exceed \$6 million. Mr. Templeton explained that the Series 2007 Bonds issued by the Authority to benefit Children's Care

Hospital and School were to be refunded as well. The expected present value savings were reviewed as part of the projected number runs.

The Preliminary Official Statement was reviewed and discussed. The FY-17, FY-16 and FY-15 operating results were reviewed. The bond issue Resolution (on file at the Authority Office) was reviewed. Mr. Gene Lebrun moved to approve the Resolution, seconded by Mr. Dave Fleck, and upon the roll call, the ayes were Fleck, Lebrun, Lynch, Scott, Scull and Sebade. Nays: none; motion carried. Mr. Timpe returned to the meeting.

Election of Officers

Mr. Templeton reviewed current officers as being Mr. Norbert Sebade, Chairman, Mr. Dave Fleck, Vice-Chairman, and Mr. William Lynch, Treasurer. Mr. Gene Lebrun moved to keep the same officers and Mr. Dave Timpe seconded. Upon roll call, the ayes were Fleck, Lebrun, Lynch, Scott, Scull, Sebade and Timpe. Nays: none; abstained: none; motion carried.

Redstone Law Firm Legal Contract

The legal contract, which is on file at the Authority office, was reviewed by the board. The contract is for an hourly rate of \$180 for FY-2018. A motion was made by Mr. Gene Lebrun to approve the contract, seconded by Mr. William Lynch and upon the roll call the ayes were Fleck, Lebrun, Lynch, Scott, Scull, Sebade and Timpe; Nays: none; abstained: none; motion carried.

School District State-Aid Intercept Program

Mr. Templeton reviewed the list of 22 completed financings that total \$121,906,654 and 6 financings in process for \$38,765,000. The estimated savings for South Dakota School Districts is over \$4.4 million. Mr. Templeton reported that this work was performed without adding any staff.

LIBOR Presentation

Mr. Templeton reviewed the outstanding variable rate bonds of the South Dakota Health and Educational Facilities Authority that total \$435,675,000 and the swaps of the Authority's borrowers that total \$133,710,000. Mr. Dan Bacastow gave a presentation on the London Interbank Offered Rate "LIBOR" which is used as a reset index on many variable rate bonds and swaps. This index is scheduled to close by the end of 2021. Various other benchmarks are under consideration.

Year-to-Date Financial Statements of the Authority

The year-to-date financial statements through August 31, 2017, were reviewed in detail. Budget adjustments to fiscal years 2017 and 2018, on file at the Authority Office, were discussed and reviewed. A motion was made by Mr. Dave Timpe to provide to approve the amendments, seconded by Mr. Jim Scull and upon the roll call the ayes were Fleck, Lebrun, Lynch, Scott, Scull, Sebade and Timpe; Nays: none; abstained: none; motion carried.

Summary of Annual Reviews and Year-to-Date Quarterly Reports of Borrowers

These were provided for the board members to review and will be discussed at a future meeting.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 4:32 p.m. (MDT) and 5:32 p.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: 7/24/2017

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.

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

The South Dakota Health and Educational Facilities Authority will issue the Avera Health Series 2017 bonds for the completion of the designated construction projects.

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 July 24, 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
September 19, 2017.


(check one)

☐ The request for waiver was denied for the following reasons:

☒ 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 (the Authority) agenda item of allowing Avera Health to issue the Series 2017 bond issue through the Authority.

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



Signature of Chairperson or Authorized Member

September 19, 2017
Date

Printed Name: Norbert Sebade

Date mailed to Auditor-General: 9-29-2017

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: 9-2-17

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 LIMITED PART-TIME EMPLOYEE OF AVERA HEALTH AND SERVE ON THE FINANCE COMMITTEE AND BOARD OF AVERA HEALTH PLANS.

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:

AVERA HEALTH INTENDS TO SELL BONDS THROUGH THE SD HEFA. I WILL ABSTAIN FROM THE DISCUSSIONS AND VOTE.

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

AVERA HEALTH BOND ISSUE.

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

IT'S IN THE BEST INTERESTS OF AVERA HEALTH TO PROCEED WITH THE ANTICIPATED BOND ISSUE.

Signature of Person Requesting Waiver: David G. 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 September 2, 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
September 19, 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 (the Authority) agenda item of allowing Avera Health to issue the Series 2017 bond issue through the Authority.

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



Signature of Chairperson or Authorized Member

September 19, 2017

Date

Printed Name: Norbert Sebade

Date mailed to Auditor-General: 9-29-2017

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: 9-2-17

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 WAS THE INTERIM CEO OF CHILDREN'S CARE HOSPITAL & SCHOOL WHICH AFFILIATED WITH SD ACHIEVE TO FORM LIFESCAPE. I'VE HAD NO INVOLVEMENT WITH LIFESCAPE SINCE THE AFFILIATION.

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:

LIFESCAPE INTENDS TO SELL BONDS THROUGH THE SD HEFA. I WILL ABSTAIN FROM THE DISCUSSIONS AND VOTE.

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

LIFESCAPE BOND ISSUE.

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

IT'S IN THE BEST INTERESTS OF LIFESCAPE TO PROCEED WITH THE ANTICIPATED BOND ISSUE.

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 September 2, 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 September 19, 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 the Authority) agenda item of allowing LifeScape to issue the Series 2017 bond issue through the Authority.

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



Signature of Chairperson or Authorized Member

September 19, 2017

Date

Printed Name: Norbert Sebade

Date mailed to Auditor-General: 9-29-2017