

**SOUTH DAKOTA BUILDING AUTHORITY**

**MINUTES OF THE SPECIAL MEETING**

**JUNE 27, 2013**

Pursuant to due notice, the South Dakota Building Authority met on Thursday, June 27, 2013 at 2:25 P.M., CDT via telephone. Tom Graham, Chairman, instructed the Executive Secretary to call the roll.

Present: Mr. Tom Graham  
Mr. Dennis Haan  
Mr. Doug Hajek  
Mr. Joe Lien  
Mr. Dennis Neugebauer

Absent: Mr. D. J. Mertens  
Mr. James Roby

Other staff and representatives of the Authority present were:

Mr. Donald Templeton, Executive Secretary  
Mr. Todd Meierhenry, Meierhenry Sargent, LLP  
Mr. Dustin Christopherson, South Dakota Health and Educational  
Facilities Authority  
Mr. Mick Jost, South Dakota Health and Educational  
Facilities Authority  
Mr. Bruce Bonjour, Perkins Coie  
Mr. Steve Corbin, South Dakota Health and Educational Facilities Authority

A quorum was declared by the Chairman and the meeting was called to order.

Mr. Don Templeton advised the Authority members that the notice of the meeting had been posted at the entrance of the office of the South Dakota Building Authority on June 19, 2013. A copy of that notice is attached hereto and is an integral part of the minutes (*see Attachment #1*).

The Chairman asked for consideration of the minutes for the February 20, 2013 meeting. Mr. Doug Hajek moved to approve the minutes of the meeting as presented, seconded by Mr. Joe Lien. All members present voted aye. Motion carried.

## Contracts

Mr. Templeton reviewed the Chapman and Cutler rebate computation contract on file with the South Dakota Building Authority for calendar year 2013. The contract allows \$2,500 per computation not to exceed \$20,000. Mr. Douglas Hajek moved to approve the contract seconded by Mr. Dennis Neugebauer and upon roll call the ayes were: Graham, Haan, Hajek, Lien and Neugebauer, nays: none; abstain: none.

Mr. Templeton reviewed the Perkins Coie Contract on file with the South Dakota Building Authority relating to the Internal Revenue Service audit representation. Mr. Bruce Bonjour explained the work performed on the audit to the Board. Mr. Doug Hajek moved to approve the contract at \$15,000 seconded by Mr. Dennis Neugebauer and upon roll call the ayes were: Graham, Haan, Hajek, Lien and Neugebauer, nays: none; abstain: none.

Mr. Templeton reviewed the South Dakota Health and Educational Facilities Authority contract with the South Dakota Building Authority on file with the South Dakota Building Authority for fiscal year 2014 at a monthly rate of \$13,461.63 for personal services, office space and utilities. Mr. Dennis Neugebauer moved to approve the contract seconded by Mr. Doug Hajek and upon roll call the ayes were: Graham, Haan, Hajek, Lien and Neugebauer, nays: none; abstain: none.

## Fiscal Year 2014 Operating Budget

The Chairman stated the next order of business would be to consider the fiscal year 2014 operating budget (*see Attachment #2*) for the South Dakota Building Authority. Mr. Templeton reviewed the South Dakota Health and Educational Facilities Authority salaries and allocations of these to the South Dakota Building Authority. Mr. Don Templeton presented a proposed budget to the Directors and there was discussion about the various individual budget items. The South Dakota Health and Educational Facilities Authority total salary allocation is \$91,103. These allocations will be reviewed at fiscal year end to actual hours spent and payments for these adjustments will be made accordingly. The beginning cash balance is expected to be \$823,348 on July 1, 2013 with revenues of \$701,373, expenses of \$749,490 and an expected transfer to the State of South Dakota in the amount of \$73,348. The ending cash balance is expected to be \$701,883 on June 30, 2014.

After further discussion, it was moved by Mr. Dennis Haan to approve the fiscal year 2014 operating budget, seconded by Mr. Dennis Neugebauer and upon roll call the ayes were: Graham, Haan, Hajek, Lien and Neugebauer, nays: none; abstain: none.

## Conservation Reserve Enhancement Program Fiscal Year 2014 Operating Budget

The Chairman stated the next order of business would be to consider the fiscal year 2014 operating budget for the Conservation Reserve Enhancement Program. Mr. Templeton presented a proposed budget (*see Attachment #3*) to the Directors and there was discussion about the various individual budgeted items.

After further discussion, it was moved by Mr. Dennis Haan to approve the operating budget as presented, seconded by Mr. Joe Lien and upon roll call the ayes were: Graham, Haan, Hajek, Lien and Neugebauer, nays: none; abstain: none

### **South Dakota State University – Avera Science Center**

Mr. Todd Meierhenry explained that he talked with Mr. Rich Kormen of Avera Health and showed the Board an email that the \$1,500,000 annual payment to South Dakota State University is recorded as a donation from Avera Health.

Mr. Templeton explained that Avera Health records this donation expense as an operating expense. The Internal Revenue Service agent concluded that all of the Avera \$1,500,000 donation should be advertising expense due to an Avera sign on the Avera Science Center building.

Both Bruce Bonjour and Todd Meierhenry disagreed with the Internal Revenue Service agent and thought this email would be good for our file to support this as a donation.

Mr. Bonjour also suggested that any future bond issues with potential naming rights should be initially more closely examined to ensure compliance with federal tax law.

### **Adjournment**

The Chairman stated that there being no further business at this meeting, the meeting would be adjourned at 3:00 P.M. CDT.

## South Dakota Building Authority

330 South Poplar, Suite 102  
P.O. Box 846  
Pierre, SD 57501

Tel: 605-224-9200  
FAX: 605-224-7177

Date: June 19, 2013

To: Members of the South Dakota Building Authority

From: Don A. Templeton, Executive Secretary

Re: Notice of Special Meeting

You are hereby notified that the Chairman has set Thursday, June 27, 2013 as the date for the Special Meeting of the South Dakota Building Authority to be held via telephone conference immediately following the 2:00 p.m. (CST) 1:00 p.m. (MST) Educational Enhancement Funding Corporation meeting.

**You may participate in the meeting by dialing 1-877-336-1828 and enter your Participant Access Code, which is 4677196 followed by the # key.**

The following members have indicated they will be available for the meeting:

Tom Graham  
Dennis Haan

Doug Hajek  
Joe Lien

Dennis Neugebauer  
James Roby (Uncertain)

An agenda is enclosed and information on the agenda items will be sent via Federal Express.

Cc: Todd Meierhenry  
Bruce Bonjour

**SOUTH DAKOTA BUILDING AUTHORITY  
OPERATING BUDGET  
FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Attachment #2

<u>Bond Issue</u>	<u>Project</u>	<u>Bonds Outstanding 6/30/2013</u>	<u>Rate Charged on Lease</u>	<u>FY - 14 Budget</u>	<u>FY - 13 Actual</u>
<b>Cash balance, July 1</b>				\$ 824,132	\$ 984,884
<b>Annual administration fees:</b>					
<b>Office of Attorney General &amp; Department of Public Safety</b>					
Series 2005B		6,025,000	3.0%	19,443	19,415
<b>Board of Regents</b>					
Series 2003	Refund 1993A&B, & 1995A	1,384,600	N/A	25,403	43,588
Series 2005C	NSU - Technology Center	5,635,000	3.0%	14,590	14,614
Series 2005C	Partially refund 1999 & 2000	8,220,000	N/A	27,964	27,879
Series 2006A	USDSU Facility	1,590,000	3.0%	4,805	4,771
Series 2006A	Partially refund 1996C	435,395	N/A	-	-
Series 2007	USD, SDSU, USDSU Projects	35,440,000	3.0%	87,660	87,806
Series 2007	Critical M&R Projects	6,550,000	1.5%	10,192	10,276
Series 2008 A-1	BOR State Supported Science Projects	28,380,000	3.0%	69,180	69,143
Series 2008 A-2	BOR HEFF & M&R Supported Science Proj.	27,125,000	3.0%	66,088	66,001
Series 2008 A-3	BOR HEFF Supported Science Projects	8,690,000	3.0%	21,200	21,212
Series 2009	University Center of the Black Hills	12,050,000	3.0%	35,188	35,444
Series 2010A	BHSU, DSU & NSU Projects	9,705,000	3.0%	32,598	32,653
Series 2010B	University Center - Sioux Falls Project	8,970,000	3.0%	16,651	16,651
Series 2010D	Refund Series 1999	206,971	N/A	-	-
Series 2011	BHSU, NSU, SDSU & USD M&R Projects	11,630,000	1.5%	17,927	17,866
Series 2011A	Partially Refund 2002 & 2003A	6,925,000	N/A	10,835	46,225
Series 2012A	Refund Series 2003A	9,740,000	N/A	35,240	-
<b>Bureau of Administration</b>					
Series 1991A Lease	Refund 1986 B and 1987 A	1,205,000	N/A	-	-
Series 1991B Lease	Refund Sale Lease. Springfield - 1989	630,000	1.5%	9,912	9,761
<b>Game, Fish &amp; Parks</b>					
Series 2003	Refund 1993B & 1996D	120,400	N/A	251	253
Series 2006A	Fish Hatcheries Renovations	7,925,000	1.5%	11,889	11,963
Series 2006A	Partially refund 1996C	179,670	N/A	596	593
Series 2007	CSP M&R	3,895,000	1.5%	6,091	6,078
Series 2007	CSP Cabins	640,000	3.0%	1,972	2,018
Series 2008 A-4	Custer State Park	1,805,000	1.5%	2,578	2,550
Series 2010C	Custer State Park	3,610,000	1.5%	4,773	4,843
Series 2010D	Refund Series 1999	628,029	1.5%	1,943	1,972
<b>Health Department</b>					
Series 2006A	Partially refund 1996C	709,935	3.0%	20,219	20,113
<b>Human Services Department</b>					
Series 1993A Lease	Refund Human Services Center - 1992	11,760,000	3.0%	86,693	87,155
Series 2010B	Human Services Center - Dietary Building	5,145,000	3.0%	13,688	13,794
<b>Bureau of Finance &amp; Management</b>					
Series 1996A	Refund Sale Leaseback - 1986 A	6,326,501	N/A	-	-
Total bonds and notes outstanding		<u>\$ 233,281,501</u>			
Total annual administration fees				<u>\$ 655,569</u>	<u>\$ 674,637</u>

**SOUTH DAKOTA BUILDING AUTHORITY  
OPERATING BUDGET  
FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

	<b>FY - 14 Budget</b>	<b>FY - 13 Actual</b>
<b>Other income:</b>		
Interest income	\$ 27,000	\$ 26,318
Application Fee - Series 2013A	5,000	-
Application Fee - Series 2013B	5,000	-
Application Fee - Series 2014A	5,000	-
Insurance reimbursement from Agencies	3,804	98,451
<b>Total other income</b>	<b>\$ 45,804</b>	<b>\$ 124,769</b>
<b>Total receipts</b>	<b>\$ 701,373</b>	<b>\$ 799,406</b>
<b>Disbursements:</b>		
Personal Services	112,999	108,903
Payroll taxes	8,682	8,318
Employee benefits	30,535	30,035
Fiscal Year-end FY-12 compensation adjustment	-	(6,652)
<b>Total amount paid to the SDHEFA     for administrative services</b>	<b>\$ 152,216</b>	<b>\$ 140,604</b>
Authority member per diem	2,500	1,486
General legal counsel	15,000	15,403
Special legal counsel	15,000	-
Rent	8,124	8,124
Utilities	1,200	1,200
Office expense	4,500	4,010
Telephone	1,000	1,520
Travel	11,000	4,427
Audit fees	20,000	18,980
Insurance (Old Policy with Traveler's)	-	463,005
Hartford Insurance Policy	445,000 *	-
Central services - State of SD	2,500	1,465
Computer services - State of SD	500	278
Personnel Services - State of SD	500	355
Trustee / paying agent fees	22,500	22,250
Insurance - performance bond	750	705
Directors and Officers insurance	25,200	24,884
Arbitrage rebate calculations	20,000	15,000
Capital purchases	2,000	1,578
<b>Total disbursements</b>	<b>\$ 749,490</b>	<b>\$ 725,274</b>
<b>Fiscal year receipts less disbursements</b>	<b>\$ (48,117)</b>	<b>\$ 74,132</b>
<b>Cash balance before transfers</b>	<b>\$ 776,015</b>	<b>\$ 1,059,016</b>
Transfer to State	74,132	234,884
<b>Cash balance, June 30</b>	<b>\$ 701,883</b>	<b>\$ 824,132</b>

\* This includes two years of premiums.

**CONSERVATION RESERVE ENHANCEMENT PROGRAM  
ADMINISTRATIVE FUND  
FY-14 Operating Budget**

	<b>FY-14 Budget</b>	<b>Actual June 30, 2013</b>
<b>Cash balance, July 1</b>	50,318	37,550
<b>Income:</b>		
Funded by annual ASCS payments/Residual Funds	8,371	23,968
Interest income	1	1
<b>Total receipts</b>	8,372	23,969
<b>Disbursements:</b>		
Rent	2,700	6,480
Utilities	600	1,563
Office expense	400	1,050
Telephone	310	740
Postage	25	10
Audit fees	1,000	858
EDP & Accounting (Loan Admin)	500	500
<b>Total disbursements</b>	5,535	11,201
<b>Fiscal year receipts less disbursements</b>	2,837	12,768
<b>Cash balance before transfers</b>	53,155	50,318
<b>Transfer to State</b>	(53,155)	-
<b>Cash balance, June 30</b>	-	50,318