

SOUTH DAKOTA BUILDING AUTHORITY

MINUTES OF THE SPECIAL MEETING

JULY 5, 2011

Pursuant to due notice, the South Dakota Building Authority met on Tuesday, July 5, 2011. The Special meeting began at 2:00 p.m., CDT, via telephone. Mr. 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. D. J. Mertens
Mr. James Roby

Absent: Mr. Dennis Neugebauer

Other staff and representatives of the Authority present were:

Mr. Donald Templeton, Executive Secretary
Mr. Todd Meierhenry, General Legal Counsel
Mr. Dustin Christopherson, South Dakota Health and
Educational Facilities Authority
Mr. Mick Jost, 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 29, 2011. 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 25th, 2011 Special Meeting. Mr. James Roby moved to approve the minutes as presented, seconded by Mr. D.J. Mertens. All members present voted aye. Motion carried.

Fiscal Year 2012 Operating Budget

The Chairman stated the next order of business would be to consider the fiscal year 2012 operating budget (*see Attachment #2*) for the South Dakota Building Authority. Mr. Tom Graham participated in a Budget Committee meeting with the officers of the South Dakota Health and Educational Facilities Authority and gave input regarding 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. Mr. Don Templeton's fiscal year 2012 compensation was down \$5,000 as part of budget cuts from the South Dakota Building Authority for services rendered as Executive Secretary. The fiscal year 2012 budget cuts between the Educational Enhancement Funding Corporation, South Dakota Health and Educational Facilities Authority, South Dakota Building Authority and Conservation Reserve Enhancement Program totaled 10% collectively.

The support staff amount of \$88,382 is a salary allocation from the South Dakota Health and Educational Facilities Authority down \$2,120 from last year. These allocations will be reviewed at fiscal year end to actual hours spent and payments for these adjustments will be made accordingly. A transfer to the State of South Dakota of the excess cash balance over \$750,000 after June 30, 2011 was reviewed with the members and the amount built in the budget was expected to be \$249,365.

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

Transfer of \$400,000 of Funds from the Conservation Reserve Enhancement Program to the State

Mr. Templeton reviewed the history of the Conservation Reserve Enhancement Program. He reviewed the current loans outstanding and showed that no bonds are outstanding. Mr. Templeton reviewed the current cash and investments and the projected cash available after \$400,000 transfer to the State, the amount determined to be above the amount of cash needed to operate the program. The South Dakota Building Authority determined to eliminate the only full time employee of this program earlier on February 25, 2011 as part of the budget cuts. Mr. Templeton reported that staff of the South Dakota Health and Educational Facilities Authority has been assuming the day to day loan officer responsibilities of the eliminated staff position and is pleased that the transition has gone smoothly. The program will end on November 30, 2013 and there will be \$25,471 remaining after the \$400,000 transfer, and revenues are expected to exceed expenses each year hereafter.

Mr. Todd Meierhenry reviewed the Resolution to give \$400,000 to the State (*see Attachment #3*). Mr. Dennis Haan moved to approve the resolution seconded by Mr. James Roby. All members present voted aye. Motion carried.

Conservation Reserve Enhancement Program Fiscal Year 2012 Proposed Operating Budget

The Chairman stated the next order of business would be to consider the fiscal year 2012 operating budget for the Conservation Reserve Enhancement Program. Mr. Templeton presented a proposed budget (*see Attachment #4*) to the Directors and there was discussion about the various individual budgeted items.

The fiscal year 2012 budget cuts between the Educational Enhancement Funding Corporation, South Dakota Health and Educational Facilities Authority, South Dakota Building Authority and Conservation Reserve Enhancement Program totaled 10% collectively.

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

South Dakota Health and Educational Facilities Authority Contract

Mr. Templeton reviewed the South Dakota Health and Educational Facilities Authority contract with the South Dakota Building Authority for fiscal year 2012 at a monthly rate of \$12,390.41 for personal services, office space and utilities. Mr. Joe Lien moved to approve the contract seconded by Mr. James Roby and upon roll call the ayes were: Graham, Haan, Hajek, Lien, Mertens, Roby, nays: none; abstain: none.

Chapman and Cutler Contract

Mr. Templeton reviewed the Chapman and Cutler rebate computation contract for calendar year 2011. The contract allows \$2,500 per computation not to exceed \$15,000. Mr. Douglas Hajek moved to approve the contract seconded by Mr. D.J. Mertens Neugebauer and upon roll call the ayes were: Graham, Haan, Hajek, Lien, Mertens, Roby, nays: none; abstain: none.

Meierhenry Sargent LLP Contract

Mr. Templeton reviewed the Meierhenry Sargent LLP Contract for calendar year 2011. Mr. James Roby moved to approve the contract at an hourly rate of \$150 not to exceed \$15,000 seconded by Mr. Douglas Hajek and upon roll call the ayes were: Graham, Haan, Hajek, Lien, Mertens, Roby, nays: none; abstain: none.

Adjournment

The Chairman stated that there being no further business at this meeting, the meeting would be adjourned at 2:45 p.m. CDT.

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South Dakota Building Authority

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

Attachment #1

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

June 29, 2011

To the Members of the
South Dakota Building Authority

Re: Notice of Special Meeting

You are hereby notified that the Chairman has set Tuesday, July 5, 2011 as the meeting date for the special meeting of the South Dakota Building Authority to be held via telephone. Our special meeting will begin at 2:00 p.m. CDT (1:00 p.m. MDT) directly following the 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

D.J. Mertens
Dennis Neugebauer (Uncertain)
James Roby

An agenda is enclosed; information on agenda items will be sent by Fed Ex.

Cordially,



Don A. Templeton
Executive Secretary

DAT:dp

Cc: Todd Meierhenry
Bruce Bonjour

SOUTH DAKOTA BUILDING AUTHORITY
OPERATING BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2012

<u>Bond Issue</u>	<u>Project</u>	<u>Bonds Outstanding 6/30/2010</u>	<u>Rate Charged on Lease</u>	<u>FY - 12 Budget</u>	<u>FY - 11 Actual</u>
Cash balance, July 1				\$ 1,003,456	\$ 999,702
Annual administration fees:					
Office of Attorney General & Department of Public Safety					
Series 2005B		6,705,000	3.0%	19,500	19,542
Board of Regents					
Series 2002	Dakota State Univ., Black Hills State Univ.	3,865,000	3.0%	10,901	11,034
Series 2003	Refund 1993A&B, & 1995A	3,983,600	N/A	43,448	50,649
Series 2003A	USD Medical School, SDSM&T Projects	11,690,000	3.0%	29,702	29,649
Series 2003A	Refund Series 1997	1,575,000	N/A	5,598	5,463
Series 2005C	NSU - Technology Center	6,045,000	3.0%	14,622	14,570
Series 2005C	Partially refund 1999 & 2000	9,630,000	N/A	27,927	27,861
Series 2006A	USDSU Facility	1,740,000	3.0%	4,887	4,844
Series 2006A	Partially refund 1996C	1,021,946	N/A	13,764	13,687
Series 2007	USD, SDSU, USDSU Projects	37,720,000	3.0%	87,410	87,256
Series 2007	Critical M&R Projects	7,270,000	1.5%	10,353	10,424
Series 2008 A-1	BOR State Supported Science Projects	30,035,000	3.0%	69,188	69,184
Series 2008 A-2	BOR HEFF & M&R Supported Science Proj.	28,705,000	3.0%	66,152	66,100
Series 2008 A-3	BOR HEFF Supported Science Projects	9,200,000	3.0%	21,251	21,114
Series 2009	University Center of the Black Hills	12,800,000	3.0%	35,513	35,657
Series 2010A	BHSU, DSU & NSU Projects	10,940,000	3.0%	32,745	24,578
Series 2010B	University Center - Sioux Falls Project	8,970,000	3.0%	16,651	12,442
Series 2010D	Refund Remaining Series 1999	263,981	N/A	-	-
Bureau of Administration					
Series 1991B Lease	Refund Sale Lease. Springfield - 1989	1,750,000	1.5%	9,716	9,711
Game, Fish & Parks					
Series 1999	Refund 1992 Custer State Park	-	1.5%	1,927	1,942
Series 2003	Refund 1993B & 1996D	346,400	N/A	3,932	3,899
Series 2006A	Fish Hatcheries Renovations	8,685,000	1.5%	11,948	11,918
Series 2006A	Partially refund 1996C	421,716	N/A	3,260	3,285
Series 2007	CSP M&R	4,320,000	1.5%	6,138	6,194
Series 2007	CSP Cabins	710,000	3.0%	2,064	2,110
Series 2008 A-4	Custer State Park	1,960,000	1.5%	2,526	2,577
Series 2010C	Custer State Park	3,875,000	1.5%	4,828	2,129
Series 2010D	Refund Remaining Series 1999	801,019	N/A	-	-
Health Department					
Series 1996C	Refund State Health Lab - 94 A	-	3.0%	20,061	20,063
Series 2006A	Partially refund 1996C	1,666,338	N/A	-	-
Human Services Department					
Series 1993A Lease	Refund Human Services Center - 1992	15,580,000	3.0%	87,666	88,112
Series 1991A Lease	Refund 1986 B and 1987 A	1,920,000	N/A	-	-
Series 1996A	Refund Sale Leaseback - 1986 A	6,326,501	N/A	-	-
Series 2006B&C	Partially refund 1996A	11,995,000	N/A	-	-
Series 2010B	Human Services Center - Dietary Building	5,500,000	3.0%	13,710	10,248
Total bonds outstanding		<u>\$ 258,016,501</u>			
Total annual administration fees				<u>\$ 677,388</u>	<u>\$ 666,242</u>

SOUTH DAKOTA BUILDING AUTHORITY
 OPERATING BUDGET
 FOR THE FISCAL YEAR ENDING JUNE 30, 2012

	<u>FY - 12 Budget</u>	<u>FY - 11 Actual</u>
Other income:		
Interest income	\$ 56,000	\$ 58,953
Application Fee - Series 2010 A, B, C & D	-	10,000
Application Fee - Series 2011 & 2012	10,000	-
Other Income	-	174
Insurance reimbursement from Institutions	1,800	1,808
Total other income	<u>\$ 67,800</u>	<u>\$ 70,935</u>
Total receipts	<u>\$ 745,188</u>	<u>\$ 737,177</u>
Disbursements:		
Personal Services	104,834	109,532
Payroll taxes	7,581	8,543
Employee benefits	25,872	24,811
Fiscal Year-end compensation adjustment for FY-10 & 11	-	7,034
Total amount paid to the SDHEFA for administrative services	<u>\$ 138,287</u>	<u>\$ 149,920</u>
Authority member per diem	2,000	1,828
General legal counsel	5,000	1,044
Rent	8,124	8,124
Utilities	1,200	1,200
Office expense	3,000	3,562
Telephone	1,000	948
Travel	4,000	4,190
Audit fees	14,000	14,069
Insurance (for financed projects)	260,000	239,731
Central services - State of SD	3,000	2,752
Computer services - State of SD	750	547
Personnel Services - State of SD	750	282
Trustee / paying agent fees	19,500	19,500
Insurance - performance bond	750	705
Directors and Officers insurance	25,200	25,149
Arbitrage rebate calculations	10,000	10,000
Capital purchases	300	170
Total disbursements	<u>\$ 496,861</u>	<u>\$ 483,721</u>
Fiscal year receipts less disbursements	\$ 248,327	\$ 253,456
Cash balance before transfers	\$ 1,251,783	\$ 1,253,158
Transfer to State	<u>253,456</u>	<u>249,702</u>
Cash balance, June 30	<u><u>\$ 998,327</u></u>	<u><u>\$ 1,003,456</u></u>

SOUTH DAKOTA BUILDING AUTHORITY
POLICY ADOPTED JULY 5, 2011 ON CONSERVATION RESERVE ENHANCEMENT
PROGRAM "CREP"
RESERVE FUNDS

WHEREAS, The South Dakota Building Authority has made loans, referred to as the CREP Program, to farmers and ranchers who participated in the United States Department of Agriculture Conservation Reserve Program; and

WHEREAS, The CREP Program has successfully assisted South Dakota farmers and ranchers in a time of need; and

WHEREAS, the CREP Program has come to a conclusion and excess funds remain in the program which may be transferred to the State of South Dakota for its use.

NOW THEREFORE, Motion by Haan, Seconded by Roby, as follows:

The South Dakota Building Authority Board authorizes the Executive Secretary to transfer an amount not to exceed \$400,000 of excess "CREP" funds to the State of South Dakota upon the written direction of the Governor's office/Bureau of Finance and Management. This motion shall be effective until repealed by the Board.

**CONSERVATION RESERVE ENHANCEMENT PROGRAM
ADMINISTRATIVE FUND
FY-12 Operating Budget**

	FY-12 Budget	FY-11 Budget	Actual June 30, 2011
Cash balance, July 1	425,471	113,399	113,399
Income:			
Funded by annual ASCS payments/Residual Funds	22,950	72,837	72,837
Closed Remaining accounts to Admin Acct.	-	-	302,198
Interest income	100	500	5,171
Total receipts	23,050	73,337	380,206
Disbursements:			
Loan Officer	-	41,200	39,409
Payroll taxes	-	3,397	5,243
Health insurance	-	8,456	6,781
Dental insurance	-	425	358
Group term life insurance	-	218	178
Disability income insurance	-	319.00	258
Retirement plan contribution	-	2,472	2,008
Total payroll & benefits	-	56,487	54,235
Support Services & Other	-	1,350	750
Rent	6,500	6,500	6,480
Utilities	1,250	1,500.00	1,212
Office expense	1,000	1,500	1,257
Telephone	750	1,000	735
Postage	50	150	31
Audit fees	1,000	2,000	1,084
Insurance (Worker's Comp)	-	350	350
EDP & Accounting (Loan Admin)	1,000	2,000	2,000
Total disbursements	11,550	72,837	68,134
Fiscal year receipts less disbursements	11,500	500	312,072
Cash balance before transfers	436,971	113,899	
Transfer to State	(400,000)	-	
Cash balance, June 30	36,971	113,899	425,471