

**BOARD OF REGENTS
MINUTES OF THE MEETING
April 27, 2017**

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**BOARD OF REGENTS
MINUTES OF THE MEETING
Board of Regents Central Office (Teleconference)
Pierre, South Dakota
April 27, 2017**

The Board of Regents convened by teleconference at 10:30 a.m. Central Time on April 27, 2017 with the following members in attendance:

ROLL CALL:

Conrad Adam – PRESENT
John Bastian – PRESENT
Harvey Jewett – PRESENT
Jim Morgan – PRESENT
Pam Roberts – PRESENT
Randy Schaefer – PRESENT
Joan Wink - PRESENT
Kevin Schieffer – ABSENT
Bob Sutton – PRESENT

Also present were Mike Rush, Executive Director and CEO; Monte Kramer, System Vice President of Finance and Administration; Guilherme Costa, BOR General Counsel; Julie Kueter, Executive Administrative Assistant; and other members of the Regental system, public at-large, and media.

Regents' President Bob Sutton called the public meeting of the Board of Regents to order and declared a quorum present.

Regent Sutton welcomed Regent Wink to the Board of Regents.

APPROVAL OF THE AGENDA

IT WAS MOVED by Regent Jewett, seconded by Regent Morgan, to approve the agenda as published.

ROLL CALL:

Conrad Adam – AYE
John Bastian – AYE
Harvey Jewett – AYE
Jim Morgan – AYE
Pam Roberts – AYE
Randy Schaefer – AYE
Joan Wink - AYE
Kevin Schieffer – ABSENT
Bob Sutton – AYE

Motion Passed.

SOUTH DAKOTA BUILDING AUTHORITY REVENUE BONDS, SERIES 2017A

Dr. Monte Kramer, System Vice President of Finance and Administration, provided background on the building process regarding the expansion of the Performing Arts Center at South Dakota State University. He said the Board last took action on the project when it approved its Facility Design Plan at its meeting in October of 2016. The most recent cost estimate for the project provided to the Board in December of 2016 identified a cost of \$48,391,807.

He said the bonds are being issued for this project along with the bonds for the ADR&DL facility with the benefit of reducing issuance costs. The Board does not need to take any action on ADR&DL as the new facility lease falls under the Animal Industry Board. The facility will be transferred to SDSU when the lease is satisfied.

The Building Authority, at the request of the Board of Regents, has agreed to finance the Performing Arts Center expansions through the issuance of revenue bonds. Dr. Kramer provided information about the parameters within which the Revenue Bonds are expected to be priced and sold.

He explained that the Board is being asked to adopt a single resolution on roll call vote, that will (1) request the Building Authority to go forward with the Project, (2) authorize the formal transfer of jurisdiction over the necessary property or structures to the Building Authority, (3) amend the lease agreement between the Board and the Building Authority to reflect the new transactions, and (4) authorize the officers of the Board of Regents and the Executive Director to execute other documents as may be required.

He noted that property transferred to the Building Authority as collateral for the Revenue Bonds will be reconveyed to the Board once the construction bonds, or refinancing instruments, have been discharged.

He said the private funds are currently available and have allowed the project to proceed and construction to begin. \$6,000,000 of the gifts will be funds from the City of Brookings' allocation of sales tax revenues. A plan was approved by the Board in December of 2015 to issue the HEFF bonds when appropriate and have SDSU cover the interest payments through FY21, and possibly through FY22. The interest payments will come from tuition captured in the university's Strategic Investment and Risk Management funds. The estimated cost to SDSU for interest through FY21 is \$1,888,129.38, and through FY22 would be \$2,350,244.38. Dr. Kramer noted that the interest rate for all inclusive costs is 3.94%. HEFF will pick up the principal starting in FY18, and principal and interest payments as soon as cash flows permit.

Regent Schaefer asked how this interest rate compares to those for other BOR bonds. Dr. Kramer said this rate is very close to what we've been getting on previous bonds due to the state's AAA+ rating.

IT WAS MOVED by Regent Adam, seconded by Regent Morgan, to adopt Special Resolution 26-2017 which will: request the Building Authority to proceed with the issuance of revenue bonds ("Revenue Bonds") to finance costs of constructing, renovating, furnishing, and equipping the Projects in an aggregate amount not to exceed \$13,000,000; to authorize the President of the Board and the Executive Director to execute an instrument of transfer to effect the transfer of jurisdiction

over the affected real property for the Project; to authorize the President of the Board and the Executive Director to execute a supplement to the existing lease between the Board and the Building Authority. This lease establishes the basis for the continued occupancy and use of the premises by the Board and outlines the conditions of payment to the Building Authority for such occupancy and use; and to authorize the officers of the Board and the Executive Director to take such other actions and to execute such other documents as may be required to carry out the actions approved pursuant to such special resolutions.

ROLL CALL:

Conrad Adam – AYE
John Bastian – AYE
Harvey Jewett – AYE
Jim Morgan – AYE
Pam Roberts – AYE
Randy Schaefer – AYE
Joan Wink - AYE
Kevin Schieffer – ABSENT
Bob Sutton – AYE

Motion Passed.

A copy of the item entitled South Dakota Building Authority Revenue Bonds, Series 2017a can be found on pages **1089** to **1110** of the official minutes.

ADJOURN

IT WAS MOVED by Regent Adam, seconded by Regent Schaefer, to adjourn the meeting of the full Board at 10:50 a.m.

ROLL CALL:

Conrad Adam – AYE
John Bastian – AYE
Harvey Jewett – AYE
Jim Morgan – AYE
Pam Roberts – AYE
Randy Schaefer – AYE
Joan Wink - AYE
Kevin Schieffer – ABSENT
Bob Sutton – AYE

Motion Passed. Meeting adjourned.

The South Dakota Board of Regents adjourned its special business meeting on April 27, 2017 and will meet again in regular session on May 9-11, 2017 in Brookings, South Dakota.

I, Mike Rush, Executive Director and CEO of the South Dakota Board of Regents, declare that the above is a true, complete and correct copy of the minutes of the Board of Regents meeting held on April 27, 2017.

A handwritten signature in black ink that reads "Mike Rush". The signature is written in a cursive, flowing style.

Mike Rush
Executive Director and CEO