



First & Last Meeting
2009 Interim
November 16, 2009

Room 413
State Capitol Building
Pierre, South Dakota

Monday, November 16, 2009

The first meeting of the Bonding Committee was called to order by Chair Jean Hunhoff at 1:21 p.m. (CT), November 16, 2009, in Room 413 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members in attendance: Senators Dan Ahlers, Ryan Maher, Jean Hunhoff, Kathy Miles, and Craig Tieszen; and Representatives Quinten Burg, Justin Cronin, Shantel Krebs, Larry Lucas, J.E. "Jim" Putnam, Timothy Rave, Larry Tidemann, and Charles Turbiville. Senators Gene Adballah and Bob Gray were excused.

Staff Members present included Fred Baatz, Principal Research Analyst, and Lisa Shafer, Legislative Secretary.

(**NOTE:** All material distributed at the meeting is attached to the original minutes on file in the Legislative Research Council (LRC). For the purpose of continuity, these minutes are not necessarily in chronological order. This meeting was web cast live. The archived web cast is available at the LRC web site at <http://legis.state.sd.us> under "Interim Information – Minutes and Agendas.")

Reception of Annual Reports

South Dakota Housing Development Authority

Mr. Mark Lauseng, Executive Director, reviewed the Authority's annual Report (**Document #1**). He said that since last year, the Authority has issued over \$162,440,000 in home ownership bonds. During FY2009, the South Dakota Housing Development Authority loaned more than \$181.4 million to 1,709 First-time Homeowner families in South Dakota.

Mr. Lauseng reported that \$11.5 million were issued in multiple purpose bonds; consisting of \$4,920,000 to finance a multifamily project in Sioux Falls, South Dakota and \$6,650,000 to finance the Authority's office building.

As of October 26, 2009, a total of 1,819 Governor's houses have been sold, 1,778 have been completed, and 1,757 have been delivered. In addition, 74 daycare units have been completed and delivered.

The Authority administers additional programs through the Housing and Economic Recovery Act of 2008. Mr. Lauseng provided a review of the Neighborhood Stabilization Program, Tax Credit Assistance Program, and Tax Credit Exchange Program.

South Dakota Building Authority

Mr. Don Templeton, Executive Secretary for South Dakota Building Authority, discussed the financings and construction projects in progress, and he acknowledged projects funded in 2009 (**Documents #2**). A general discussion was held about the statutory requirements for two separate authorities for the South Dakota Building Authority and the South Dakota Health and Educational Facilities Authority and how they are staffed.

South Dakota Health and Educational Facilities Authority

Mr. Don Templeton, Executive Director and Secretary for the South Dakota Health and Educational Facilities Authority, discussed the Authority's annual report (**Document #3**). Included in the document was a chart displaying the projects financed, the amount of outstanding bonds, amount issued, and date of the issue.

Mr. Templeton stated that a new bond, in the amount of \$75,000,000, was issued to construct and equip a five-story Heart Hospital and Clinic at the Sanford USD Medical Center. Construction projects at all four technical education campuses are currently in progress.

South Dakota Conservancy District

Mr. Jim Feeney, representing the South Dakota Conservancy District, discussed the annual report of the Clean Water State Revolving Fund Program and the Drinking Water State Revolving Fund Program (**Document #4**). Mr. Feeney reported that as of June 30, 2009, the programs have provided 388 loans totaling \$620,899,063. He also reported on the 2008 bond issue for \$40,000,000.

Mr. Feeney said that Clean Water State Revolving Fund Program and the Drinking Water State Revolving Fund Program received \$19,239,100 from the American Recovery and Reinvestment Act (ARRA) of 2009. An update as to the requirements, deadlines, applicant qualifications, and bonds issued were reported to the committee.

South Dakota Value Added Financial Authority

Mr. Cody Richter, representing the South Dakota Value Added Financial Authority, reviewed the Authority's annual report (**Document #5**). Mr. Richter briefed the committee members on the Agribusiness Bond Program, Livestock Nutrient Management Bond Program, Beginning Farmer Bond Program, and Value Added Agribusiness Relending Program.

Mr. Richter included in the annual report a list of the Value Added Finance Authority's bond issues and direct loans closed by year. He also included in the details the addresses and names of the applicants, bond and loan amount, and interest rates.

South Dakota Economic Development Finance Authority

Mr. Michael Youngberg, representing the South Dakota Economic Development Finance Authority, reviewed the Authority's annual report (**Document #6**) and 2009 bond issues. He reported that in FY2009, the Authority had one loan issuance to the Angus Palm Industries,

Inc. in the amount of \$3 million. He noted that the loan funded in FY2010, and therefore is not included in the FY2009 overall principal outstanding.

Mr. Youngberg provided an update on the revenues, expenses and changes in the net assets. The net assets at the end of FY2009 were \$9,102,372. Of that, about \$7.5 million is restricted – over \$5 million for capital reserve funds and \$1.5 million for service reserve funds.

The committee was updated on the outstanding revenue bonds for the pooled bond program. As of June 30, 2009, there was \$22,605,000 outstanding in principal.

REPRESENTATIVE RAVE MOVED, SECONDED BY SENATOR MILES, THAT THE BONDING COMMITTEE RECEIVE AND ACCEPT THE SOUTH DAKOTA BONDING AUTHORITY REPORTS GIVEN INTO RECORD. The motion prevailed unanimously on a roll call vote with 13 AYES and 2 EXCUSED. Those members voting AYE include: Ahlers, Maher, Miles, Tieszen, Burg, Cronin, Krebs, Lucas, Putnam, Rave, Tidemann, Turbiville, and Hunhoff. Those members EXCUSED include: Abdallah and Gray.

REPRESENTATIVE KREBS MOVED, SECONDED BY REPRESENTATIVE TURBIVILLE THAT THE BONDING COMMITTEE ADJOURN. The motion prevailed unanimously on a voice vote.

The committee adjourned at 2:22 p.m



All Legislative Research Council committee minutes and agendas are available at the South Dakota Legislature's home page: <http://legis.state.sd.us>. Subscribe to receive electronic notification of meeting schedules and the availability of agendas and minutes at **My LRC** (<http://legis.state.sd.us/mylrc/index.aspx>).