

IDAHO STATE BUILDING AUTHORITY
MINUTES OF THE MEETING OF THE
BOARD OF COMMISSIONERS

DATE: August 21, 2018

LOCATION: 950 W. Bannock Street
Suite 490
Boise, Idaho 83702

Commissioners Present

V.L. "Bud" Tracy, Chairman (via telephone)
James Hammond, Vice Chairman (via telephone)
Candice Allphin (via telephone)
John Ewing (via telephone)
Greg Schade (in person)
Shelly Enderud (via telephone)
Tim Anderson (via telephone)

Others Present

Wayne Meuleman, Executive Director
Joe Meuleman, Meuleman Law Group, PLLC
Eric Heringer, Piper Jaffray
Edith Pacillo, State Attorney General's Office (via telephone)

1. Call to Order

Chairman Tracy called the meeting to order at 10:07 a.m.

2. Approval of Development Agreement for Skilled Nursing Facility

Wayne Meuleman reviewed the provisions of the proposed Development Agreement noting that it generally conforms to similar agreements used on prior projects. He reported that site of the project on the State Hospital Campus is to be expanded slightly from the Department of Health and Welfare's ("Department") initial plan to accommodate all of the improvements based upon current design. The site plan and legal description is being prepared by the surveyor and will be provided as Exhibit 1 prior to execution of the Agreement. Other exhibits describe the Preliminary Project Budget totaling \$35M, the project schedule projecting completion of construction in approximately May or June 2020, and the Department's Program setting for the functional requirements and approximate square footage of the facilities.

MOTION TO APPROVE:

Following discussion, Commissioner Hammond moved to approve and authorize execution of the Development Agreement. The motion was seconded by Commissioner Allphin and, upon vote, was unanimously adopted.

3. Approval of Architect Agreement with TreanorHL for Skilled Nursing Facility

Joe Meuleman presented the Architect Agreement to the Board and discussed the primary provisions. He noted that the Agreement is based upon a standard form agreement similar to the one used for the SBOE/INL project. The architect fees are \$2,100,235, consistent with TreanorHL's proposal for the basic design and construction administration. He reported that additional services may be added for fees not to exceed \$52,500 to assist the Department in selection of furniture, artwork and equipment that will be purchased from bond proceeds. In order to keep expenses to be advanced by the Authority within the \$250,000 previously authorized by the Board, he also reported that the Agreement limits payments for fees and expenses to \$110,000 prior to issuance of bonds, with any fees in excess to be payable from bond proceeds.

MOTION TO APPROVE:

Commissioner Hammond moved to approve and authorize execution of the Architect Agreement. Commissioner Anderson seconded the motion and, upon vote, the motion was unanimously adopted.

4. Appointment of Bond Counsel for Skilled Nursing Facility

5. Appointment of Underwriter for Skilled Nursing Facility

Agenda items 4 and 5 were addressed together. Wayne Meuleman reported that he has worked with Eric Heringer, Financial Advisor, and recommends engaging Skinner Fawcett (Rick Skinner and John McDevitt) as bond counsel and Wells Fargo Securities as underwriter for the Skilled Nursing Facility bond issue. Zions Bank would continue to serve as bond trustee. Mr. Heringer obtained fee and underwriting proposals and prepared the MEMO dated August 20, 2018, in the Board's packets detailing the estimated costs of issue.

MOTION TO APPROVE:

Commissioner Schade moved to appoint Skinner Fawcett as Bond Counsel and Wells Fargo Securities as underwriter for the Skilled Nursing Facility. Commissioner Ewing seconded the motion and, upon vote, the motion was unanimously adopted.

6. Consideration of Refunding of 2008A Bonds and Termination of Swap

Wayne Meuleman reported that he has been working with Piper Jaffray to evaluate the opportunity to refund the outstanding 2008A variable rate bonds and terminate the interest rate swap with Barclays Capital. In light of increasing short term interest rates and accumulated funds, it is appropriate for the Board to consider refunding primarily as a way to manage and eliminate risk inherent in variable rate bonds and swap transactions without increasing the costs of the project to the State. Mr. Heringer then reviewed his MEMO, also dated August 20, 2018 and distributed to the Board, outlining the financial and risk/costs considerations. Following discussion, Commissioner Allphin strongly favored pursuing the refunding, noting that the Authority should act to minimize financial and market risks, and to fix the interest rate and eliminate the swap transaction risks. Commission Hammond agreed, stating that the market conditions at the time the swap transaction was approved in 2003 were substantially different that current conditions and the Authority should take advantage of current conditions. Chairman Tracy also agreed that the refunding should be pursued.

MOTION TO APPROVE:

Commissioner Hammond moved to direct Executive Director to pursue refunding of the 2008A bonds and termination of the swap contract. Commissioner Allphin seconded the motion and, upon vote, the motion was unanimously adopted

7. Minutes of June 19, 2018 Meeting

Chairman Tracy requested consideration of the June 19, 2018 meeting minutes.

MOTION TO APPROVE:

Commissioner Anderson moved to approve the meeting minutes as presented. Commissioner Hammond seconded the motion and, upon vote, the motion was unanimously adopted.

8. Other Business

Update on SBOE/INL Project

Wayne Meuleman reported that construction of the project has been going very well with minimal changes. Monthly reports by the Construction Manager are provided to Commissioners and will continue. In the event any significant issues arise, the Board will be promptly informed.


Status of Skilled Nursing Facility

Mr. Meuleman reported that a Request for Qualifications has been issued for a construction manager/general contractor for construction of the project. Responses are to be received by close of business on August 30, 2018, followed by selection of construction firms to be interviewed and selected by the Board. He suggested that a Commissioner assist in evaluation of the written responses, with a selection team comprised of the architect and Department's officials. Commissioner Enderud volunteered to participate in the selection team review.

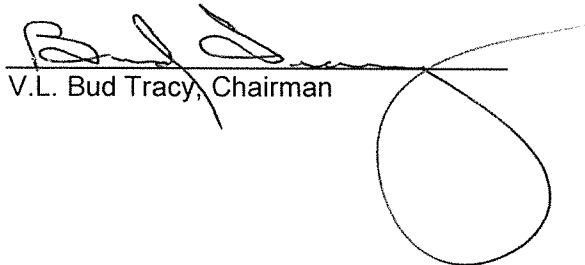
ADJOURNMENT

At 10:55 a.m. Chairman Tracy adjourned the meeting.

Submitted by:


Wayne Meuleman, Executive Director

Approved by:


V.L. Bud Tracy, Chairman