

EDUCATIONAL ENHANCEMENT FUNDING CORPORATION

MINUTES OF THE SPECIAL MEETING

JULY 5, 2011

Pursuant to due notice, the Educational Enhancement Funding Corporation 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.

Mr. Douglas Hajek was welcomed to the Educational Enhancement Funding Corporation as a new member appointed by the Governor.

Present: Mr. Tom Graham
Mr. Dennis Haan
Mr. Douglas Hajek
Mr. Joe Lien
Mr. D. J. Mertens
Mr. James Roby
Mr. James Spies

Absent: Mr. Ken Karels
Mr. Dennis Neugebauer

Other staff and representatives of the Corporation present were:

Mr. Donald Templeton, Executive Secretary
Mr. Todd Meierhenry, General Legal Counsel
Mr. Dustin Christopherson, SDHEFA
Mr. Mick Jost, SDHEFA
Mr. Bruce Bonjour, Perkins & Coie

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

Mr. Don Templeton advised the Corporation members that the notice of the meeting had been posted at the entrance of the office of the Educational Enhancement Funding Corporation 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 September 16, 2010 annual meeting. Mr. Dennis Haan moved to approve the minutes as presented, seconded by Mr. D.J. Mertens. All members present voted aye. Motion carried.

MSA Payments

Mr. Templeton reviewed the turbo redemption schedule, the debt service schedule and the current Debt Service Reserve Fund and the investment provider for this fund's commercial paper of Scaldis LLC with the Educational Enhancement Funding Corporation Members.

FY-2012 Educational Enhancement Funding Corporation Operating Budget (see Attachment #2)

The FY-2012 Educational Enhancement Funding Corporation operating budget was reviewed with the Board Members and the budget cuts from FY-2011 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. Mr. D.J. Mertens moved to approve the budget seconded by Mr. James Roby and upon roll call the ayes were: Graham, Haan, Hajek, Lien, Mertens, Roby, Spies; nays: none; abstain: none

Agreement for Legal Services with Meierhenry Sargent

Mr. Todd Meierhenry explained that the new agreement for fiscal year 2012 with Meierhenry Sargent is at a rate of \$150 per hour not to exceed \$10,000 for FY-2012. Mr. Douglas Hajek moved to approve the contract seconded by Mr. Jim Roby and upon roll call the ayes were: Graham, Haan, Hajek, Lien, Mertens, Roby, Spies nays: none; abstain: none.

South Dakota Health and Educational Facilities Authority Contract

Mr. Templeton reviewed the contract with South Dakota Health and Educational Facilities Authority for fiscal year 2012 in the monthly amount of \$2,916.67 for personnel services, office space, and utilities. Mr. D.J. Mertens moved to approve the contract seconded by Mr. James Roby and upon roll call the ayes were: Graham, Haan, Hajek, Lien, Mertens, Roby, Spies; nays: none; abstain: none.

Adjournment

The Chairman stated that there being no further business at this meeting, the meeting would be adjourned at 2:19 p.m. CDT.

Educational Enhancement Funding Corporation

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Date: June 29, 2011
To: Members of the Educational Enhancement Funding Corporation
From: Don A. Templeton, Executive Secretary
Re: Notice of Special Meeting

You are hereby notified that the Chairman has set Tuesday, July 5, 2011 as the date for the Special Meeting of the Educational Enhancement Funding Corporation to be held via telephone at 2:00 p.m. CDT (1:00 p.m. MDT).

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

Tom Graham
Dennis Haan
James Roby
D.J. Mertens

Dennis Neugebauer (uncertain)
Douglas Hajek
Joe Lien
James Spies

In order to participate in the call you should dial 1-877-336-1828 and enter your Participant Access Code which is 4677196 (followed by the # key).

Enclosed is the agenda; information on agenda items will be sent by Fed Ex.

Cordially,

Don Templeton
Executive Secretary

DAT:dp

Cc: Todd Meierhenry, Legal Counsel
Cc: Bruce Bonjour, Bond Counsel

EDUCATIONAL ENHANCEMENT FUNDING CORPORATION
Final Operating Budget for FY - 2012

	Final FY-12 Budget	Final FY-11 Budget	FY-11 Actual
Beginning Balance July 1:	\$ 2,120,203	\$ 1,904,224	\$ 1,904,224
Revenues:			
Annual tobacco payments	\$ 342,622	\$ 342,622	\$ 342,622
Interest income	10,000	10,000	8,158
Total revenues	<u>\$ 352,622</u>	<u>\$ 352,622</u>	<u>\$ 350,780</u>
Expenses:			
Directors and Officers insurance	\$ 51,530	\$ 100,000	\$ 52,530
SDHEFA			
Management fee	32,000	32,000	32,000
Supplies	3,000	3,000	3,000
Trustee annual fee	15,000	15,000	15,000
Legal services - Meierhenry	3,000	10,000	-
Legal services and rebate computation - Perkins Coie	22,000	22,500	5,007
Travel and meeting expense	3,000	5,000	2,272
Audit	5,000	5,000	4,992
Standard and Poor's annual fee	10,000	10,000	10,000
Moody's annual fee	10,000	10,000	10,000
Total expenses	<u>\$ 154,530</u>	<u>\$ 212,500</u>	<u>\$ 134,801</u>
Revenues less expenses	\$ 198,092	\$ 140,122	\$ 215,979
Ending cash balance	<u><u>\$ 2,318,295</u></u>	<u><u>\$ 2,044,346</u></u>	<u><u>\$ 2,120,203</u></u>

EEFC Special Reserve Sub-Account Balance 5/31/2011 = \$838,036