

State of South Dakota

SEVENTY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 1998

448B0578

SENATE BILL NO. 115

Introduced by: Senators Everist, Lawler, and Whiting and Representatives Broderick, Barker, Gabriel, Hunt, and Solum

1 FOR AN ACT ENTITLED, An Act revise and clarify certain provisions relating to the Health
2 and Education Facilities Authority.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 1-16A-19 be amended to read as follows:

5 1-16A-19. The authority may invest any funds, including funds made available to the
6 authority pursuant to § 1-16A-75, in the following:

- 7 (1) Bonds, notes, certificates of indebtedness, treasury bills or other securities
8 constituting direct obligations of, or obligations the principal of and interest on which
9 are fully guaranteed or insured by, the United States of America;
- 10 (2) In obligations issued by or obligations the principal of and interest on which are fully
11 guaranteed or insured by any agency or instrumentality of the United States of
12 America;
- 13 (3) In certificates of deposit or time deposits constituting direct obligations of any bank
14 which is a "qualified public depository" or any savings and loan association which is
15 a "savings and loan depository" under the Public Deposit Insurance Act pursuant to

chapter 4-6A, unless sufficient volume of such certificates is not available at competitive interest rates. In that event, the authority may purchase noncollateralized direct obligations of any bank or savings institution or holding company if such institution or holding company is rated in the highest two quality categories by a nationally recognized rating agency;

(4) In obligations of any solvent insurance company or other corporation or business entity existing under the laws of the United States or any state thereof, provided the obligation of such insurance company or other corporation or business entity shall be rated in the two highest classifications established by a standard rating service of insurance companies or a nationally recognized rating agency;

(5) In short term discount obligations of the Federal National Mortgage Association;

(6) In obligations issued by any state of the United States or any political subdivision, public instrumentality, or public authority of any state of the United States, which obligations are not callable before the date the principal thereof will be required to be paid and which obligations are fully secured as to both sufficiency and timely payment by, and payable solely from, securities described in subdivision (1) and which obligations are rated in the highest investment classification by at least two standard rating services of such obligations.

Any such securities may be purchased at the offering or market price thereof at the time of such purchase. All such securities so purchased shall mature or be redeemable on a date or dates prior to the time when, in the judgment of the authority, the funds so invested will be required for expenditure. The express judgment of the authority as to the time when any funds will be required for expenditure or be redeemable is final and conclusive. Investment in any obligation enumerated in this section may be made either directly or in the form of securities of, or other interests in, an investment company registered under the Federal Investment Act of 1940, whose

1 shares are registered under the Federal Securities Act of 1933 and whose investments are limited
2 to these obligations.

3 Section 2. That § 1-16A-31 be amended to read as follows:

4 1-16A-31. The authority shall have the power, together with all powers incidental thereto
5 or necessary for the performance thereof, to make loans to or for the benefit of any participating
6 health institution or participating educational institution, as the case may be, for the cost of the
7 facilities in accordance with an agreement between the authority and such participating health
8 institution or participating educational institution, as the case may be, ~~provided that no.~~ No such
9 loan ~~shall~~ may exceed the total cost of such facilities as determined by such participating health
10 institution or participating educational institution, as the case may be, and approved by the
11 authority. No such loans may be made to an entity affiliated with a participating health institution
12 or participating educational institution, as the case may be, if the proceeds of such loans are
13 made available to or otherwise applied for the benefit of such participating health institution or
14 participating educational institution, as the case may be.

15 Section 3. That § 1-16A-32 be amended to read as follows:

16 1-16A-32. The authority shall have the power, together with all powers incidental thereto
17 or necessary for the performance thereof, to make loans to or for the benefit of a participating
18 health institution or participating educational institution, as the case may be, to refund
19 outstanding obligations, mortgages or advances issued, made or given by such institution for the
20 cost of its facilities including the function to issue bonds and make loans to a participating health
21 institution or participating educational institution, as the case may be, to refinance indebtedness
22 incurred for facilities undertaken and completed prior to or after the enactment of this chapter
23 whenever the authority finds that such financing is in the public interest, alleviates the financial
24 hardship upon the participating health institution or participating educational institution, as the
25 case may be, and results in a lesser cost of patient care or cost of education and a saving to third

1 parties, including state or federal governments, and to others who must pay for such care or
2 education. Such loans may be made to any entity affiliated with a participating health institution
3 or participating educational institution, as the case may be, if the proceeds of such loans are
4 made available to or otherwise applied for the benefit of such participating health institution or
5 participating educational institution, as the case may be.