South Dakota Legislative Research Council

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March 17, 2008

Robert "Tad" Perry, Executive Director
Board of Regents
306 East Capitol Ave, Suite 200
Pierre, SD 57501

RE: Joint Committee on Appropriations Regarding FY2009 Appropriation

Dear Dr. Perry:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your FY09 appropriation. As such, it supplements that appropriation with a specific policy guideline.

While the guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

Specifically, it is the request of the Joint Committee that:

1. The Board of Regents provide written quarterly progress reports on construction projects authorized by the Legislature. The reports should be provided to the Committee and its staff and should include the project timeline and funding status for each project. The funding status should include all sources of funds (general funds, federal funds, other funds, gifts, etc.).

2. The Board of Regents provide written quarterly reports detailing all bonds issued on behalf of the Board of Regents authorized by the Legislature during the Eighty-third Legislative Session. The reports should include the following:
   a) a description of the project to be funded;
   b) the actual and anticipated bond issuance schedule through completion, including actual and planned interest rates;
   c) the disposition of bond proceeds, including an expenditure plan and reinvestment plan, if applicable (reinvestment plan should include interest rates together with a demonstration of compliance with federal limitations on arbitrage);
   d) plans for proceeds from gains on any arbitrage earnings;
   e) plans for proceeds from refunding of previously issued bonds;

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f) cost of issuance (fees charged by financial advisors, underwriters, rating agencies, bond insurers, bond counsel, trustees, arbitrage rebate consultants, etc.);
g) indicate whether the bond was sold using the negotiated or competitive method;
h) indicate whether bond insurance was purchased, and if so, include the cost of the insurance; and
i) include an amortization schedule with the revenue streams pledged to meet debt service - including all fund sources.

3. The Board of Regents provide written quarterly reports on the Research, Education, and Economic Development (REED) Network project. The reports should include revised project timelines, budget status, and any other pertinent information.

4. The Joint Committee requests the Board of Regents to refrain from initiating or expanding the mobile computing network project without specific legislative authorization and specific expenditure authorization for the project.

In addition to the interim reports, it is also expected that you will be prepared to address this guideline in your FY10 budget presentation to the Joint Committee next January.

Thank you for your consideration.

Senator Gerald F. Apa
Co-Chair

Representative Larry Tidemann
Co-Chair

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management