

**SOUTH DAKOTA HEALTH AND EDUCATIONAL  
FACILITIES AUTHORITY**

**MINUTES OF THE FEBRUARY 29, 2012 SPECIAL MEETING**

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on Wednesday, February 29, 2012 at 10:00 a.m., CST, via telephone conference call. Mr. Norbert Sebade, Chairman, instructed the Secretary to call the roll.

Present:      Mr. Alan “Dick” Dempster  
                 Mr. Dave Fleck  
                 Mr. Gene Lebrun  
                 Mr. William Lynch  
                 Mr. Norbert Sebade

Absent:        Mr. William Fischer  
                 Mr. Mack Wylly

Other staff and representatives of the Authority and other parties present were:

Mr. Donald Templeton, Executive Director and Secretary  
Mr. Jerry Fischer, Administrative and Financial Assistant  
Mr. Vance Goldammer, General Legal Counsel  
Dustin Christopherson, Associate Director  
Steve Corbin, Finance Officer  
Dan Bacastow, Jones Day  
Amy Curran, Jones Day  
Bill Marlette, Chief Financial Officer, Sanford Health

A quorum was declared by the Chairman and the meeting was called to order. The notice of the meeting dated February 23, 2012 was posted at the entrance of the South Dakota Health and Educational Facility Authority prior to the meeting (*see Attachment #1*).

The Chairman asked for consideration of the minutes for the January 24, 2012 special meeting. Mr. Gene Lebrun moved to approve the minutes as presented, seconded by Mr. Dave Fleck. All members present voted aye, motion carried.

## **SANFORD HEALTH SERIES 2012A, B, C & D BONDS**

Mr. Templeton reviewed the map of the Sanford Health System locations. Mr. Templeton reviewed the Aberdeen hospital and clinic fact sheet and the photos of each. Mr. Templeton reviewed the Bemidji hospital and clinic and the summary of operations there. Mr. Templeton reviewed the Obligated Group and the new member Sanford Health of Northern Minnesota that will be joining the Obligated Group as part of this bond issue and the Bemidji Hospital. Mr. Bacastow explained that the Authority was to have a mortgage on all the properties that are part of the bonded project. He also stated that Sanford Health of Northern Minnesota was going to join the obligated group as part of this bond issue. The Obligated Group was reviewed.

The Series 2012 A, B, C and D bonds were reviewed in detail as to lender, loan terms, interest rate, project and projected present value savings. The bank term commitments were provided. Mr. Templeton and Mr. Marlette reviewed the Sanford Obligated Group audited June 30, 2011 financial statements along with the year-to-date September 30<sup>th</sup> and December 31<sup>st</sup>, 2011 unaudited statements. The debt service coverage ratio was 5.40 times for the period ending June 30, 2011 and the June 30, 2011 pro forma debt service coverage calculation that includes Sanford Health of Northern Minnesota (the Bemidji Minnesota Hospital and Clinic) operating income and the Series 2012 bonds debt service was 4.58 times. The Standard and Poor's rating report of AA- was reviewed and the Moody's rating of A1 report was reviewed.

Mr. Goldammer reviewed the Resolution (*see Attachment #2*) that authorized the bonds and after discussion a couple of small changes shown in bold were added to the attached Resolution, Mr. Gene Lebrun moved and Mr. Bill Lynch seconded and upon roll call the ayes were Dempster, Fleck, Lebrun, Lynch and Sebade; nays: none; abstain: none.

## **Adjournment**

The Chairman stated there being no further business at this meeting, the meeting adjourned at 10:55 a.m.



SOUTH DAKOTA  
HEALTH AND EDUCATIONAL  
FACILITIES AUTHORITY

**Date:** February 23, 2012

**To:** Members of the South Dakota Health and Educational Facilities Authority

**From:** Don A. Templeton, Executive Director

**Re:** Notice of Special meeting

You are hereby notified that the Chairman has set Wednesday, February 29, 2012 as the meeting date for the special meeting of the South Dakota Health and Educational Facilities Authority to be held via telephone conference call at 10:00 a.m. CST (9:00 a.m. MST).

You may participate in the meeting by dialing **1-877-336-1828 and enter your Participant Access Code, which is 4677196 followed by the # key.**

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

Dick Dempster	Gene Lebrun
William Fischer	William Lynch
David Fleck	Norbert Sebade

Attached is an agenda. Information on agenda items will be sent via Federal Express.

**Cc:** Jerry Fischer  
Vance Goldammer  
Dan Bacastow  
Amy Curran  
Bill Marlette

RESOLUTION authorizing the issuance of not to exceed \$135,000,000 aggregate original principal amount of Revenue Bonds, Series 2012 (Sanford) of the South Dakota Health and Educational Facilities Authority, authorizing and approving certain documents pertaining thereto and authorizing and approving certain other matters.

WHEREAS, the South Dakota Health and Educational Facilities Authority (the “*Authority*”) has been created by the South Dakota Health and Educational Facilities Authority Act, as amended (the “*Act*”); and

WHEREAS, Sanford (the “*Borrower*”), a North Dakota nonprofit corporation, is affiliated with and is the corporate parent of, or is the sole member of the corporate parent of, Sanford Medical Center d/b/a Sanford USD Medical Center, a South Dakota nonprofit corporation (“*Sanford Medical Center*”), Sanford Health Network, a South Dakota nonprofit corporation (“*Health Network*”), and Sanford Health of Northern Minnesota (formerly known as North Country Health Services), a Minnesota nonprofit corporation (“*Sanford Northern Minnesota*” and, together with Sanford Medical Center and Health Network, the “*Affiliates*”), which Borrower is an entity affiliated with participating health institutions as defined in the Act (the same participating health institutions being the Affiliates), and the proceeds of the hereinafter referred to Series 2012 Bonds will be made available to or otherwise applied for the benefit of such Affiliates, which are participating health institutions; and

WHEREAS, the Borrower has requested the Authority to assist the Borrower and the Affiliates in providing funds to (i) currently refund all or a portion of the outstanding principal amount of the Authority’s \$40,430,000 original principal amount Revenue Bonds, Series 2001E (Sioux Valley Hospitals and Health System) (the “*Series 2001E Bonds*”); (ii) refinance the taxable indebtedness (the “*Bridge Loan*”) incurred under that certain Credit Agreement between the Borrower and U.S. Bank National Association, the proceeds of which Bridge Loan were and

will be used to finance the acquisition, construction, renovation, remodeling and equipping of a new health facility located in Aberdeen, South Dakota (“*Sanford Aberdeen Medical Center*”); (iii) advance refund all or a portion of the outstanding \$40,020,000 original principal amount City of Bemidji, Minnesota Health Care Facilities First Mortgage Revenue Bonds (North Country Health Services) Series 2002 (the “*Series 2002 Bonds*”); (iv) advance refund all or a portion of the outstanding \$14,630,000 original principal amount City of Bemidji, Minnesota Health Care Facilities First Mortgage Revenue Bonds (North Country Health Services) Series 2006 (the “*Series 2006 Bonds*” and, together with the Series 2001E Bonds and the Series 2002 Bonds, the “*Prior Bonds*”); (v) pay a portion of the interest on the Series 2012 Bonds (as defined below), if deemed necessary or advisable by the Authority or the Borrower; (vi) provide working capital, if deemed necessary or advisable by the Authority or the Borrower; and (vii) pay certain expenses incurred in connection with the issuance of the Series 2012 Bonds, the refunding of the Prior Bonds and the refinancing of the Bridge Loan (collectively, the “*Financing Purposes*”), all as permitted under the Act;

Now, THEREFORE, Be It Resolved by the South Dakota Health and Educational Facilities Authority as follows:

*Section 1. Findings.* The Authority hereby makes the following findings and determinations with respect to the Borrower, the Affiliates, the Financing Purposes and the bonds to be issued by the Authority:

(a) The Borrower is a nonprofit corporation incorporated under the laws of the State of North Dakota and is the corporate parent of, or is the sole member of the corporate parent of, each of the Affiliates;

(b) Sanford Medical Center is a nonprofit corporation incorporated under the laws of the State of South Dakota and operates Sanford USD Medical Center, which is licensed by the South Dakota Department of Health;

(c) Health Network is a nonprofit corporation incorporated under the laws of the State of South Dakota and will operate Sanford Aberdeen Medical Center, which will be licensed by the South Dakota Department of Health;

(d) Sanford Northern Minnesota is a nonprofit corporation incorporated under the laws of the State of Minnesota and operates Sanford Bemidji Medical Center, which is licensed by the Minnesota Department of Health;

(e) The Borrower has properly filed with the Authority its request for assistance in the financing for the benefit of itself and the Affiliates for the Financing Purposes; the facilities to be financed or refinanced with proceeds of the bonds as a part of the Financing Purposes are included within the term “*facilities*” for a “*health institution*” as such terms are defined in the Act; and the facilities to be financed or refinanced with proceeds of the bonds as part of the Financing Purposes do not include any institution, place or building used or to be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship;

(f) The Series 2002 Bonds and the Series 2006 Bonds, which will be refinanced with proceeds of the bonds as part of the Financing Purposes, financed “*facilities*” located in the City of Bemidji, Minnesota that are owned by Sanford Northern Minnesota; such “*facilities*” are located in a state geographically contiguous to South Dakota; and Sanford Medical Center and Health Network, each an affiliate of Sanford Northern Minnesota, is also each engaged in a financing and refinancing, respectively on behalf of each such institution (financing and refinancing the facilities of Sanford Medical Center and refinancing the Sanford Aberdeen Medical Center of Health Network) located within the State of South Dakota; and

(g) The refunding of the Prior Bonds and the refinancing of the Bridge Loan are in the public interest, alleviate a financial hardship upon the Borrower and the Affiliates and will result in a lesser cost of patient care and a savings to third parties, including state or federal governments, and to others who must pay for health care; and

(h) The bonds herein authorized are being issued for a valid purpose under and in accordance with the provisions of the Act.

*Section 2. Series 2012 Bonds.* In order to obtain funds to loan to the Borrower to be used for the purposes aforesaid, the Authority hereby authorizes the issuance of (i) the South Dakota Health and Educational Facilities Authority Revenue Bonds, Series 2012A (Sanford) (the

“*Series 2012A Bonds*”), (ii) the South Dakota Health and Educational Facilities Authority Revenue Bonds, Series 2012B (Sanford) (the “*Series 2012B Bonds*”), (iii) the South Dakota Health and Educational Facilities Authority Taxable Revenue Bonds, Series 2012C (Sanford) (the “*Series 2012C Bonds*”), and (iv) the South Dakota Health and Educational Facilities Authority Revenue Bonds, Series 2012D (Sanford) (the “*Series 2012D Bonds*” and, together with the Series 2012A Bonds, the Series 2012B Bonds and the Series 2012C Bonds, the “*Series 2012 Bonds*”); said Series 2012 Bonds to be issued under and secured by and to have the terms and provisions set forth in the Bond Indentures hereinafter referred to, and such Series 2012 Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of its Chairman and by the manual or facsimile signature of its Executive Director or such other Member or officer designated by the Authority and the seal of the Authority shall be impressed manually or printed by facsimile thereon.

The Series 2012 Bonds shall be issued in an aggregate principal amount not to exceed \$135,000,000. The Series 2012 Bonds shall be dated as of their date of issuance. The Series 2012 Bonds may be subject to mandatory bond sinking fund redemption if and as provided in the related Bond Indenture (as hereinafter defined). The Series 2012 Bonds shall be subject to optional redemption, optional purchase in lieu of redemption and extraordinary redemption and be payable all as set forth in the related Bond Indenture.

The Series 2012A Bonds shall mature, subject to rights of prior redemption, not later than November 1, 2026 and shall bear interest at variable rates of interest not greater than 25% per annum; provided that as of the date of issuance and delivery of the Series 2012A Bonds, the Series 2012A Bonds shall bear interest at a Variable Rate for the Initial Term Rate Period (as such terms are defined in the hereinafter defined Series 2012A Bond Indenture) not greater than

3.5% per annum, unless the Chairman or the Executive Director of the Authority shall determine that the Series 2012A Bonds shall initially bear interest at another rate or rates permitted under the Series 2012A Bond Indenture and not in excess of 25% per annum, and shall bear such interest rate or rates as are (or have been in the form of appropriate parameters) approved by the Borrower (such approval to be evidenced by the delivery of the Series 2012A Bond Obligation (defined below) by the Borrower).

The Series 2012B Bonds shall mature, subject to rights of prior redemption, not later than November 1, 2033 and shall bear interest at variable rates of interest not greater than 25% per annum; provided that as of the date of issuance and delivery of the Series 2012B Bonds, the Series 2012B Bonds shall bear interest at a Variable Rate for the Initial Term Rate Period (as such terms are defined in the hereinafter defined Series 2012B Bond Indenture) as calculated in accordance with the provisions of the Series 2012B Bond Indenture but not greater than 3.5% annum, unless the Chairman or the Executive Director of the Authority shall determine that the Series 2012B Bonds shall initially bear interest at another rate or rates permitted under the Series 2012B Bond Indenture and not in excess of 25% per annum, and shall bear such interest rate or rates as are (or have been in the form of appropriate parameters) approved by the Borrower (such approval to be evidenced by the delivery of the Series 2012B Bond Obligation (defined below) by the Borrower).

The Series 2012C Bonds shall mature, subject to rights of prior redemption, not later than November 1, 2026 and shall bear interest at variable rates of interest not greater than 25% per annum; provided that as of the date of issuance and delivery of the Series 2012C Bonds, the Series 2012C Bonds shall bear interest at a Variable Rate for the Initial Term Rate Period (as such terms are defined in the hereinafter defined Series 2012C Bond Indenture) not greater than



4.5% per annum, unless the Chairman or the Executive Director of the Authority shall determine that the Series 2012C Bonds shall initially bear interest at another rate or rates permitted under the Series 2012C Bond Indenture and not in excess of 25% per annum, and shall bear such interest rate or rates as are (or have been in the form of appropriate parameters) approved by the Borrower (such approval to be evidenced by the delivery of the Series 2012C Bond Obligation (defined below) by the Borrower).

The Series 2012D Bonds shall mature, subject to rights of prior redemption, not later than November 1, 2047 and shall bear interest at variable rates of interest not greater than 25% per annum; provided that as of the date of issuance and delivery of the Series 2012D Bonds, the Series 2012D Bonds shall bear interest at a Variable Rate for the Initial Term Rate Period (as such terms are defined in the hereinafter defined Series 2012D Bond Indenture) not greater than 3.5% per annum, unless the Chairman or the Executive Director of the Authority shall determine that the Series 2012D Bonds shall initially bear interest at another rate or rates permitted under the Series 2012D Bond Indenture and not in excess of 25% per annum, and shall bear such interest rate or rates as are (or have been in the form of appropriate parameters) approved by the Borrower (such approval to be evidenced by the delivery of the Series 2012D Bond Obligation (defined below) by the Borrower).

The Authority hereby delegates to the Chairman or the Executive Director of the Authority the power and duty to make final determinations as to the principal amounts, maturities, purchase prices, mandatory sinking fund redemption dates and amounts, optional and extraordinary redemption and purchase provisions and interest rates of the Series 2012 Bonds, all within the parameters set forth herein, and within such parameters, as such terms are (or have been in the form of appropriate parameters) approved by the Borrower (such

approval to be evidenced by the delivery of the Series 2012 Bond Obligations (defined below) by the Borrower).

The Series 2012A Bonds shall be issued and sold by the Authority and purchased by JPMorgan Chase Bank, N.A. (“*JPMorgan*”) at a purchase price equal to 100% of the par amount of the Series 2012A Bonds. The Series 2012B Bonds shall be issued and sold by the Authority and purchased by JPMorgan at a purchase price equal to 100% of the par amount of the Series 2012B Bonds. The Series 2012C Bonds shall be issued and sold by the Authority and purchased by U.S. Bank National Association (“*U.S. Bank*”) at a purchase price equal to 100% of the par amount of the Series 2012C Bonds. The Series 2012D Bonds shall be issued and sold by the Authority and purchased by U.S. Bank at a purchase price equal to 100% of the par amount of the Series 2012D Bonds.

*Section 3. Purchase Contracts.* The Authority does hereby authorize and approve the execution and delivery of a Bond Purchase Agreement (the “*Series 2012A Purchase Contract*”) among the Authority, the Borrower, on behalf of itself and as Obligated Group Agent on behalf of the other Members of the Obligated Group (as such terms are defined in the hereinafter defined Master Indenture), and JPMorgan, providing for the issuance and sale of the Series 2012A Bonds. The Authority does hereby authorize and approve the execution and delivery of a Bond Purchase Agreement (the “*Series 2012B Purchase Contract*”) among the Authority, the Borrower, on behalf of itself and as Obligated Group Agent on behalf of the other Members of the Obligated Group, and JPMorgan, providing for the issuance and sale of the Series 2012B Bonds. The Authority does hereby authorize and approve the execution and delivery of a Bond Purchase Agreement (the “*Series 2012C Purchase Contract*”) among the Authority, the Borrower, on behalf of itself and as Obligated Group Agent on behalf of the other Members of

the Obligated Group, and U.S. Bank, providing for the issuance and sale of the Series 2012C Bonds. The Authority does hereby authorize and approve the execution and delivery of a Bond Purchase Agreement (the “*Series 2012D Purchase Contract*” and, together with the Series 2012A Purchase Contract, the Series 2012B Purchase Contract and the Series 2012C Purchase Contract, the “*Purchase Contracts*”) among the Authority, the Borrower, on behalf of itself and as Obligated Group Agent on behalf of the other Members of the Obligated Group, and U.S. Bank, providing for the issuance and sale of the Series 2012D Bonds. Each Purchase Contract will, be substantially in the form attached hereto and marked “*Exhibit A*” and hereby approved, or with such changes therein as shall be approved by the Borrower (such approval to be evidenced by the execution and delivery of the Purchase Contracts by the Borrower) and as shall be approved by the Chairman or other Member of the Authority or the Executive Director of the Authority executing the same, with such execution to constitute conclusive evidence of their approval and the Authority’s approval of any changes or revisions therein from the form of Purchase Contract attached hereto.

*Section 4. Continuing Covenant Agreements.* The Authority does hereby authorize and approve the execution and delivery of a Continuing Covenant Agreement (the “*Series 2012A Continuing Covenant Agreement*”), between the Borrower, on behalf of itself and as Obligated Group Agent on behalf of the other Members of the Obligated Group, and JPMorgan, pursuant to which the Members of the Obligated Group will make certain financial and other covenants for the benefit of JPMorgan. The Authority does hereby authorize and approve the execution and delivery of a Continuing Covenant Agreement (the “*Series 2012B Continuing Covenant Agreement*”), between the Borrower, on behalf of itself and as Obligated Group Agent on behalf of the other Members of the Obligated Group, and JPMorgan, pursuant to which the Members of

the Obligated Group will make certain financial and other covenants for the benefit of JPMorgan. The Authority does hereby authorize and approve the execution and delivery of a Continuing Covenant Agreement (the “*Series 2012C Continuing Covenant Agreement*”), between the Borrower, on behalf of itself and as Obligated Group Agent on behalf of the other Members of the Obligated Group, and U.S. Bank, pursuant to which the Members of the Obligated Group will make certain financial and other covenants for the benefit of U.S. Bank. The Authority does hereby authorize and approve the execution and delivery of a Continuing Covenant Agreement (the “*Series 2012D Continuing Covenant Agreement*” and, together with the Series 2012A Continuing Covenant Agreement, the Series 2012B Continuing Covenant Agreement and the Series 2012C Continuing Covenant Agreement, the “*Continuing Covenant Agreements*”), between the Borrower, on behalf of itself and as Obligated Group Agent on behalf of the other Members of the Obligated Group, and U.S. Bank, pursuant to which the Members of the Obligated Group will make certain financial and other covenants for the benefit of U.S. Bank. Each Continuing Covenant Agreement will be substantially in the form attached hereto and marked “*Exhibit B*” and hereby approved, or with such changes therein as shall be approved by the Borrower (such approval to be evidenced by the execution and delivery of each Continuing Covenant Agreement by the Borrower) and as shall be approved by the Chairman or other Member of the Authority or the Executive Director of the Authority executing the Loan Agreements (as hereinafter defined), with such execution to constitute conclusive evidence of their approval and the Authority’s approval of any changes or revisions therein from the form of Continuing Covenant Agreement attached hereto.

*Section 5. Bond Indentures.* The Authority does hereby authorize and approve the execution and delivery of a Bond Trust Indenture (the “*Series 2012A Bond Indenture*”) between

the Authority and The First National Bank in Sioux Falls, as bond trustee (the “*Bond Trustee*”), providing for the issuance thereunder of the Series 2012A Bonds and further setting forth the terms and provisions applicable to the Series 2012A Bonds, including securing the Series 2012A Bonds by an assignment thereunder of the Authority’s right, title and interest in the Series 2012A Bond Obligation (as hereinafter defined). The Authority does hereby authorize and approve the execution and delivery of a Bond Trust Indenture (the “*Series 2012B Bond Indenture*”) between the Authority and the Bond Trustee, providing for the issuance thereunder of the Series 2012B Bonds and further setting forth the terms and provisions applicable to the Series 2012B Bonds, including securing the Series 2012B Bonds by an assignment thereunder of the Authority’s right, title and interest in the Series 2012B Bond Obligation (as hereinafter defined). The Authority does hereby authorize and approve the execution and delivery of a Bond Trust Indenture (the “*Series 2012C Bond Indenture*”) between the Authority and the Bond Trustee, providing for the issuance thereunder of the Series 2012C Bonds and further setting forth the terms and provisions applicable to the Series 2012C Bonds, including securing the Series 2012C Bonds by an assignment thereunder of the Authority’s right, title and interest in the Series 2012C Bond Obligation (as hereinafter defined). The Authority does hereby authorize and approve the execution and delivery of a Bond Trust Indenture (the “*Series 2012D Bond Indenture*” and, together with the Series 2012A Bond Indenture, the Series 2012B Bond Indenture and the Series 2012C Bond Indenture, the “*Bond Indentures*”) between the Authority and the Bond Trustee, providing for the issuance thereunder of the Series 2012D Bonds and further setting forth the terms and provisions applicable to the Series 2012D Bonds, including securing the Series 2012D Bonds by an assignment thereunder of the Authority’s right, title and interest in the Series 2012D Bond Obligation (as hereinafter defined). Each Bond Indenture will be substantially in the form

attached hereto and marked “*Exhibit C*” and hereby approved, or with such changes therein as shall be approved by the Chairman or other Member of the Authority or the Executive Director of the Authority executing the same with such execution to constitute conclusive evidence of their approval and the Authority’s approval of any changes or revisions therein from the form of Bond Indenture attached hereto.

*Section 6. Loan Agreements.* The Authority does hereby authorize and approve the execution and the delivery of a Loan Agreement (the “*Series 2012A Loan Agreement*”), between the Borrower and the Authority, pursuant to which the Authority will lend the proceeds of the Series 2012A Bonds to the Borrower, all as more fully described in the Series 2012A Loan Agreement. The Authority does hereby authorize and approve the execution and the delivery of a Loan Agreement (the “*Series 2012B Loan Agreement*”), between the Borrower and the Authority, pursuant to which the Authority will lend the proceeds of the Series 2012B Bonds to the Borrower, all as more fully described in the Series 2012B Loan Agreement. The Authority does hereby authorize and approve the execution and the delivery of a Loan Agreement (the “*Series 2012C Loan Agreement*”), between the Borrower and the Authority, pursuant to which the Authority will lend the proceeds of the Series 2012C Bonds to the Borrower, all as more fully described in the Series 2012C Loan Agreement. The Authority does hereby authorize and approve the execution and the delivery of a Loan Agreement (the “*Series 2012D Loan Agreement*” and, together with the Series 2012A Loan Agreement, the Series 2012B Loan Agreement and the Series 2012C Loan Agreement, the “*Loan Agreements*”), between the Borrower and the Authority, pursuant to which the Authority will lend the proceeds of the Series 2012D Bonds to the Borrower, all as more fully described in the Series 2012D Loan Agreement. Each Loan Agreement will be substantially in the form attached hereto and marked “*Exhibit D*”

and hereby approved, or with such changes therein as shall be approved by the Borrower (such approval to be evidenced by the execution and delivery of each Loan Agreement by the Borrower) and as shall be approved by the Chairman or other Member of the Authority or the Executive Director of the Authority executing the same, with such execution to constitute conclusive evidence of their approval and the Authority's approval of any changes or revisions therein from the form of Loan Agreement attached hereto.

*Section 7. Supplemental Master Indentures.* The Authority does hereby authorize and approve the execution and delivery of a Sixteenth Supplemental Master Trust Indenture (the "*Sixteenth Supplemental Master Indenture*") and a Seventeenth Supplemental Master Trust Indenture (the "*Seventeenth Supplemental Master Indenture*"), each supplementing and amending the Master Trust Indenture dated as of July 1, 1997, as heretofore supplemented and amended (the "*Original Master Indenture*"), among the Borrower, Sanford Medical Center, Health Network, Sanford Northern Minnesota, Sanford Health, Sanford Clinic, Sanford Health Foundation, Sanford Home Health, Sanford North, Sanford Medical Center Fargo, Sanford Clinic North, Sanford Health Network North, Sanford Medical Center Mayville, Sanford Health Foundation North, Sanford Medical Center Thief River Falls, Meritcare Health Enterprises, Inc. and The First National Bank in Sioux Falls, as master trustee (the "*Master Trustee*"). The Original Master Indenture, together with the Sixteenth Supplemental Master Indenture, the Seventeenth Supplemental Master Indenture and all other supplements and amendments thereto, are hereinafter collectively referred to as the "*Master Indenture*." The Sixteenth Supplemental Master Indenture and Seventeenth Supplemental Master Indenture shall each be substantially in the form attached hereto and marked "*Exhibit E*" and hereby approved, or with such changes therein as shall be approved by the Borrower (such approval to be evidenced by the execution

and delivery of the Sixteenth and Seventeenth Supplemental Master Indentures by the Borrower) and as shall be approved by the Chairman or other Member of the Authority or the

Executive Director of the Authority executing the Loan Agreements, with such execution to constitute conclusive evidence of their approval and the Authority's approval of any changes or revisions therein from the form attached hereto.

*Section 8. Series 2012 Obligations.* Pursuant to the Master Indenture, the Borrower will issue to the Authority its Direct Note Obligation, Series 2012A (South Dakota Health and Educational Facilities Authority) (the "*Series 2012A Bond Obligation*"), as security for the Series 2012A Bonds. Pursuant to the Master Indenture, the Borrower will issue to the Authority its Direct Note Obligation, Series 2012B (South Dakota Health and Educational Facilities Authority) (the "*Series 2012B Bond Obligation*"), as security for the Series 2012B Bonds. Pursuant to the Master Indenture, the Borrower will issue to the Authority its Direct Note Obligation, Series 2012C (South Dakota Health and Educational Facilities Authority) (the "*Series 2012C Bond Obligation*"), as security for the Series 2012C Bonds. Pursuant to the Master Indenture, the Borrower will issue to the Authority its Direct Note Obligation, Series 2012D (South Dakota Health and Educational Facilities Authority) (the "*Series 2012D Bond Obligation*") and, together with the Series 2012A Bond Obligation, the Series 2012B Bond Obligation and the Series 2012C Bond Obligation, the "*Series 2012 Bond Obligations*"), as security for the Series 2012D Bonds. Each Series 2012 Bond Obligation will be in an aggregate principal amount equal to the aggregate principal amount of the related series of Series 2012 Bonds and have similar prepayment provisions, maturities and interest rates as the related series of Series 2012 Bonds. The Authority hereby approves the assignment of each Series 2012 Bond



Obligation by the Authority to the Bond Trustee under the related Bond Indenture for the benefit and security of the related series of Series 2012 Bonds.

Pursuant to the Master Indenture, the Borrower, individually and as Obligated Group Agent on behalf of itself and the other Members of the Obligated Group, will issue to JPMorgan its Direct Note Obligation, Series 2012A (JPMorgan Chase Bank, N.A.) (the “*Series 2012A Purchaser Obligation*”) to evidence the Members’ obligations to JPMorgan under the Series 2012A Continuing Covenant Agreement. Pursuant to the Master Indenture, the Borrower, individually and as Obligated Group Agent on behalf of itself and the other Members of the Obligated Group, will issue to JPMorgan its Direct Note Obligation, Series 2012B (JPMorgan Chase Bank, N.A.) (the “*Series 2012B Purchaser Obligation*”) to evidence the Members’ obligations to JPMorgan under the Series 2012B Continuing Covenant Agreement. Pursuant to the Master Indenture, the Borrower, individually and as Obligated Group Agent on behalf of itself and the other Members of the Obligated Group, will issue to U.S. Bank its Direct Note Obligation, Series 2012C (U.S. Bank National Association) (the “*Series 2012C Purchaser Obligation*”) to evidence the Members’ obligations to U.S. Bank under the Series 2012C Continuing Covenant Agreement. Pursuant to the Master Indenture, the Borrower, individually and as Obligated Group Agent on behalf of itself and the other Members of the Obligated Group, will issue to U.S. Bank its Direct Note Obligation, Series 2012D (U.S. Bank National Association) (the “*Series 2012D Purchaser Obligation*” and, together with the Series 2012A Purchaser Obligation, the Series 2012B Purchaser Obligation and the Series 2012C Purchaser Obligation, the “*Series 2012 Purchaser Obligations*”) to evidence the Members’ obligations to U.S. Bank under the Series 2012D Continuing Covenant Agreement.

The Series 2012 Bond Obligations and the Series 2012 Purchaser Obligations are referred to herein as the “*Series 2012 Obligations*.”

*Section 9. Mortgages, Eighth Supplemental Mortgage and Supplemental Mortgages.*

The Authority does hereby authorize and approve the execution and delivery of (i) a Mortgage and Security Agreement — One Hundred Eighty Day Redemption (the “*Aberdeen Mortgage*”), from Health Network to the Master Trustee and (ii) a Mortgage and Fixture Financing Statement (the “*Sanford Northern Minnesota Mortgage*” and, together with the Aberdeen Mortgage, the “*Mortgages*”), from Sanford Northern Minnesota to the Master Trustee, each creating a first mortgage lien (subject to Permitted Encumbrances, as defined therein) on certain facilities of Health Network and Sanford Northern Minnesota, as the case may be, and providing additional security, in the case of the Aberdeen Mortgage, for all Obligations heretofore and hereafter issued under the Master Indenture and designated as “Secured Obligations” entitled to the benefit and security of the Aberdeen Mortgage, and, in the case of the Sanford Northern Minnesota Mortgage, providing security for the Obligations designated as “Secured Minnesota Obligations” and entitled to the benefit and security of the Sanford Northern Minnesota Mortgage; such Mortgages to be in substantially the forms thereof attached hereto and marked *Exhibit F* and *Exhibit G*, respectively, with such changes therein as shall be approved by the Borrower (such approval to be evidenced by the execution and delivery of the such Mortgages by the Borrower) and as shall be approved on behalf of the Authority by the Chairman or other Member of the Authority or the Executive Director of the Authority executing the Loan Agreements, with such execution to constitute conclusive evidence of their approval on behalf of the Authority and the Authority’s approval of any changes or revisions in either Mortgage from the form of such Mortgage attached hereto.

The Authority does hereby further authorize and approve the execution and delivery of an Eighth Supplement to First Amended and Restated Mortgage and Security Agreement and Fixture Filing Statement – One Hundred Eighty Day Redemption (the “*Eighth Supplemental Mortgage*”) from Sanford Medical Center to the Master Trustee, supplementing and amending the First Amended and Restated Mortgage and Security Agreement - One Hundred Eighty Day Redemption dated as of July 1, 1997, as previously supplemented and amended (the “*Original Sanford Medical Center Mortgage*” and, together with the Eighth Supplemental Mortgage, the “*Sanford Medical Center Mortgage*”) and providing additional security for all Obligations heretofore and hereafter issued under the Master Indenture and designated as “Secured Obligations” entitled to the benefit and security of the Sanford Medical Center Mortgage; such Eighth Supplemental Mortgage to be in substantially the form thereof attached hereto and marked *Exhibit H*, with such changes therein as shall be approved by the Borrower (such approval to be evidenced by the execution and delivery of such Eighth Supplemental Mortgage by the Borrower) and as shall be approved on behalf of the Authority by the Chairman or other Member of the Authority or the Executive Director of the Authority executing the Loan Agreements, with such execution to constitute conclusive evidence of their approval on behalf of the Authority and the Authority’s approval of any changes or revisions in the Eighth Supplemental Mortgage from the form of such Eighth Supplemental Mortgage attached hereto.

The Authority does hereby further authorize and approve the execution and delivery of one or more supplemental mortgages (the “*Supplemental Mortgages*”), from Sanford Medical Center or Health Network, respectively, to the Master Trustee, reflecting the increased amount of Obligations secured thereby following the issuance of the Series 2012 Bonds. Such Supplemental Mortgages to be in the forms as shall be approved by the Borrower (such

approval to be evidenced by the execution and delivery of such Supplemental Mortgages by the Borrower) and as shall be approved on behalf of the Authority by the Chairman or other Member of the Authority or the Executive Director of the Authority executing the Loan Agreements, with such execution to constitute conclusive evidence of their approval on behalf of the Authority of the Supplemental Mortgages.

*Section 10. Series 2001E Escrow Agreement.* The Authority does hereby authorize and approve the execution and delivery of an Escrow Agreement (the “*Series 2001E Escrow Agreement*”) among the Authority, Sanford Medical Center and The First National Bank in Sioux Falls, as escrow agent, which provides for the refunding of all or a portion of the Series 2001E Bonds and their call for redemption, if permitted, prior to maturity as described therein. Such Series 2001E Escrow Agreement shall be substantially in the form attached hereto and marked *Exhibit I* and hereby approved, or with such changes therein as shall be approved by Sanford Medical Center (such approval to be evidenced by the execution and delivery of the Series 2001E Escrow Agreement by Sanford Medical Center) and as shall be approved on behalf of the Authority by the Chairman or other Member of the Authority or the Executive Director of the Authority executing same, with such execution to constitute conclusive evidence of their approval on behalf of the Authority and the Authority’s approval of any changes or revisions therein from the form of Series 2001E Escrow Agreement attached hereto. The Escrow Agent is hereby authorized and directed to give the notice of redemption, as required, for the Series 2001E Bonds at the times and in the manner provided in the Series 2001E Escrow Agreement.

*Section 11. Authorization and Ratification of Subsequent Acts.* The members, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and

to execute or accept all such documents as may be necessary to carry out and comply with the provisions of these resolutions and the documents attached hereto as *Exhibits A* through *I*, respectively, and all of the acts and doings of the Members, officers, agents and employees of the Authority which are in conformity with the intent and purposes of these resolutions, whether heretofore or hereafter taken or done, shall be and are hereby ratified, confirmed and approved. Without limiting the generality of the foregoing, the proper officers of the Authority are hereby also authorized and directed to execute, acknowledge and deliver such certificates, agreements and documents which, in the opinion of bond counsel, Jones Day, are necessary to preserve the tax exempt status of the Series 2012A Bonds, the Series 2012B Bonds and the Series 2012D Bonds, including forms of one or more Tax Exemption Agreements providing for the periodic payment of certain earnings on funds held by the Bond Trustee to the United States of America.

*Section 12. Hearing and Approval as required by Section 147(f) of the Internal Revenue Code of 1986.* The issuance of the Series 2012B Bonds and Series 2012D Bonds is subject to the approval by the Governor of the State of South Dakota of the issuance of such Series 2012B Bonds and Series 2012D Bonds following the hearing which was held on February 29, 2012, after due notice, regarding the issuance of such Series 2012B Bonds and Series 2012D Bonds, all as required by Section 147(f) of the Internal Revenue Code of 1986 (the “*Code*”). The issuance of the Series 2012A Bonds is subject to the approval by the City Council of the City of Bemidji, Minnesota following a hearing which was held on February 21, 2012 after due notice, regarding the issuance of the Series 2012A Bonds, all as required by Section 147(f) of the Code.

Adopted this 29th day of February, 2012.