

SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY

MINUTES OF THE OCTOBER 28, 2013 SPECIAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on Monday, October 28, 2013 at 2:00 p.m. CDT (1:00 p.m. MDT), via telephone conference call. Mr. Norbert Sebade, Chairman, instructed the Secretary to call the roll.

Present:

Mr. Dave Fleck
Mr. Gene Lebrun
Mr. Norbert Sebade
Mr. Dave Timpe
Mr. Mack Wyly

Absent: Mr. Alan "Dick" Dempster
Mr. William Lynch

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

Donald Templeton, Executive Director
Vance Goldammer, General Legal Counsel
Dustin Christopherson, Associate Director
Dan Bacastow, Jones Day
Alan Svenes, Trail Ridge, President
Kim Patrick, Sanford
Bill Marlette, Sanford

The Chairman declared a quorum and called the meeting to order. The notice of the meeting dated October 23, 2013 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 September 25, 2013 annual meeting. Mack Wyly moved to approve the minutes as presented, seconded by Dave Timpe. All members present voted aye, motion carried.

Sanford Health – Land Transfer

Don Templeton explained that Sanford Health would like to substitute like kind mortgaged property for the same acreage of mortgage property just blocks away.

Dan Bacastow reviewed the Eleventh Supplemental First Amended and Restated Mortgage.

Vance Goldammer reviewed the Resolution (*Attachment #2*) to allow this substitution. Gene Lebrun moved to approve the Resolution and Dave Fleck seconded and upon roll call, the ayes were Fleck, Lebrun, Sebade, Timpe and Wyly; nays: none; abstain: none.

American Baptist Homes of the Midwest – Trail Ridge Project

Don Templeton reviewed the Trail Ridge bond issuance through the Colorado Health Facilities Authority in an amount not to exceed \$13,800,000 for the South Dakota projects and \$56,700,000 total for bonds in five states with the main projects in Sioux Falls being a 40 new assisted living units at a projected cost of \$3,818,000 and a Wellness addition at a projected cost of \$3,225,000. Dan Bacastow reviewed the TEFRA Notice and Resolution to approve the bond issue. Mack Wyly moved to approve the Resolution (*Attachment #3*), Dave Timpe seconded and upon roll call, the ayes were Fleck, Lebrun, Sebade, Timpe and Wyly; nays: none; abstain: none.

Resolution to Approve a Single Meeting for the Special TEFRA Projects

Dan Bacastow recommended that the Board consider a single step approval of these out-of-state issuances (*Attachment #4*). Gene Lebrun moved to approve the Resolution and Mack Wyly seconded and upon roll call, the ayes were Fleck, Lebrun, Sebade, Timpe and Wyly; nays: none; abstain: none.

Employee Health Insurance

Don Templeton explained that staff sought two quotes on the South Dakota Health and Educational Facilities Authority health insurance plan. Don Templeton and Dustin Christopherson reviewed the two proposals and explained that the Fischer Rounds Health Savings Account plan would save the Authority money as well as being better for the employees.

Vance Goldammer reviewed the Resolution (*Attachment #5*). Mack Wyly moved to approve the Resolution. Dave Fleck seconded and upon roll call, the ayes were Fleck, Lebrun, Sebade, Timpe and Wyly; nays: none; abstain: none.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 2:31 p.m.



SOUTH DAKOTA
HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY

Date: October 23, 2013

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 Monday, October 28, 2013 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 2:00 p.m. CDT (1:00 p.m. MDT).

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:

Gene Lebrun	Dave Timpe	Mack Wyly
Dave Fleck	Norbert Sebade	

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

Cc: Dan Bacastow
Vance Goldammer
Bill Marlette
Kim Patrick

**RESOLUTION AUTHORIZING THE SUBSTITUTION OF PROPERTY
BY SANFORD MEDICAL CENTER**

Be it resolved by the Board of the South Dakota Health and Educational Facilities Authority as follows:

1. Findings. Pursuant to the First Amended and Restated Mortgage and Security Agreement – 180 Day Redemption entered into between Sioux Valley Hospital, a successor to Sioux Valley Hospital Association, now known as Sanford Medical Center (“Sanford”), Mortgagor, and The First National Bank in Sioux Falls, as Master Trustee, Mortgagee, dated July 1, 1997, and recorded in Book 1246 of Mortgages on Page 276 at the office of the Register of Deeds for Minnehaha County, South Dakota (“Mortgage”), Sanford mortgaged, among other property, a 1.31 acre parcel as shown and described on Exhibit A, which is attached hereto and by this reference incorporated as if fully set forth herein. Pursuant to the provisions of Article V of the Mortgage, Sanford has requested release of the parcel described on Exhibit A by substituting therefore the property as shown and described on Exhibit B, which is attached hereto and by this reference incorporated as if fully set forth herein. As part of its compliance with the applicable process, Sanford has provided an appraisal by an expert acceptable to the Master Trustee and the Authority, as set forth on Exhibit C, which is attached hereto and by this reference incorporated as if fully set forth herein.

2. Approval. The South Dakota Health and Educational Facilities Authority hereby approves the request of Sanford for the substitution of the property described on Exhibit B for the property described on Exhibit A with respect to the Mortgage referenced herein. Furthermore, the Chairman and/or Executive Secretary are authorized to execute any and all documents necessary to effectuate the purposes hereof, including, but not limited to, the Consent of South Dakota Health and Educational Facilities Authority related hereto, which is attached as Exhibit D and by this reference incorporated as if fully set forth herein.

Dated this 28th day of October, 2013.

EXHIBIT A

Lot 1, Hotel Addition to the City of Sioux Falls, being a replated portion of Block 9 of Park Addition to Sioux Falls, Minnehaha County, South Dakota, according to the recorded plat thereof.

Exhibit B

Block 25 of Park Addition to Sioux Falls, Minnehaha County, South Dakota, according to the recorded plat thereof, except the West 67.5 feet of the Northwest Quarter (NW1/4) thereof.

ATTACHMENT 3

RESOLUTION pursuant to Section 1-16A-15.1 of the South Dakota Codified Laws authorizing a financing by the Colorado Health Facilities Authority to proceed with respect to the financing of certain facilities of American Baptist Homes of the Midwest in South Dakota, and requesting the approval of the Governor of the State of South Dakota under Section 147(f) of the Internal Revenue Code of 1986.

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, American Baptist Homes of the Midwest (“*ABHM*”), has advised the Authority of its desire (i) to finance and refinance the cost of the acquisition, construction, improvement and equipping of certain skilled nursing facility and other health care, assisted living and senior living facility improvements in various locations outside of the State of South Dakota, (ii) to finance the renovation and remodeling of various portions of the entire health care campus, including in particular the independent living corridors, common areas and support service areas; and the construction, improvement and equipping of a new wellness center and related amenities, a new memory support service line with 22 apartments, a new 40 unit assisted living addition, and a new greenhouse, all at the Trail Ridge Retirement Community located at 3408 W. Ralph Rogers Road in Sioux Falls, South Dakota 57108, and on the currently undeveloped property located immediately to the south of and adjacent to the existing Trail Ridge Retirement Community facilities at 3408 W. Ralph Rogers Road (collectively, the “*South Dakota Project*”), (iii) to establish a reserve fund for the hereinafter referred to Bonds, and (iv) to pay certain costs of issuing the Bonds, all through the issuance by the Colorado Health Facilities Authority (the “*Colorado Authority*”) of its Health Facilities Revenue Bonds (American Baptist Homes of the Midwest Obligated Group), Series 2013 (the “*Bonds*”), in a principal amount not

to exceed \$56,7000,000, of which an amount not to exceed \$13,800,000 will be applied to finance the South Dakota Project and certain related costs described above; and

WHEREAS, because a portion of the facilities proposed to be financed by the Bonds of the Colorado Authority are or will be located in South Dakota, and because the Colorado Authority is an “*out-of-state issuer*” for purposes of Section 1-16A-15.1 of the South Dakota Codified Laws, said Section 1-16A-15.1 requires that the Authority determine whether the financing by the Colorado Authority shall proceed with respect to the South Dakota Project and requires the approval of the Governor of the State of South Dakota pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the “*Code*”) following a public hearing required by said Section 147(f); and

WHEREAS, in connection with any financing under Section 1-16A-15.1 by an out-of-state issuer, the Authority is designated by Section 1-16A-15.1 as the only entity in the State of South Dakota which may conduct the public hearing required by said Section 147(f); and

WHEREAS, the public hearing required by Section 147(f) of the Code was held on October 23, 2013, after notice duly provided (the “*TEFRA Notice*”) in compliance with said Section 147(f); and

WHEREAS, the Authority will not issue the Bonds, nor will the Authority or the State of South Dakota have any liability with respect to the Bonds which will be issued by the Colorado Authority; and

WHEREAS, the Authority has not reviewed, passed upon, or approved, and will not review, pass upon or approve, among other matters: (i) the financial feasibility of the plan of finance described in this resolution, (ii) the feasibility or advisability of the financing of the

South Dakota Project, (iii) the adequacy or operations of the South Dakota Project financed with the proceeds of the Bonds or (iv) the validity, credit or feasibility of the Bonds or the status of interest on the Bonds themselves, nor will the Authority approve or pass upon, the sufficiency of any official statement or other offering document with respect to the Bonds;

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

Section 1. TEFRA Notice. The publication by the Authority of the TEFRA Notice over the signature of the Executive Director of the Authority is hereby authorized, ratified and approved.

Section 2. Determination with respect to Financing by an Out-of-State Issuer. The Authority hereby finds and determines pursuant to Section 1-16A-15.1 of the South Dakota Codified Laws that the financing with respect to the South Dakota Project by the Colorado Authority should proceed in an aggregate amount not to exceed \$13,800,000, subject to the authorization and approval of the Bonds by ABHM and the Colorado Authority. The Authority has been informed by ABHM that the Bonds will constitute special limited obligations of the Colorado Authority payable solely from amounts received by the Colorado Authority pursuant to a Loan Agreement between the Colorado Authority and ABHM. The Authority shall not issue the Bonds, nor shall the Authority or the State of South Dakota have any liability with respect to the Bonds or the sale or offering thereof. The Authority has not reviewed, passed upon, or approved, and will not review, pass upon or approve, among other matters: (i) the financial feasibility of the plan of finance described in this resolution, (ii) the feasibility or advisability of the financing of the South Dakota Project, (iii) the adequacy or operations of the South Dakota Project financed with the proceeds of the Bonds or (iv) the validity, credit or feasibility of the

Bonds or the status of interest on the Bonds themselves, nor will the Authority approve or pass upon, the sufficiency of any official statement or other offering document with respect to the Bonds.

Section 3. Governor's Approval. The Authority hereby authorizes and directs the Executive Director of the Authority to request the approval of the Governor of the State of South Dakota of the issuance of Bonds in an aggregate amount not to exceed \$13,800,000 by the Colorado Authority for the South Dakota Project and related costs described above as required by Section 147(f) of the Code and Section 1-16A-15.1 of the South Dakota Codified Laws.

Section 4. Authorization and Ratification of Subsequent Acts. The Members, Executive Director, agents and employees of the Authority are hereby authorized and directed to do all such acts and things, to cooperate with the Colorado Authority with respect to the South Dakota Project, and to execute or accept all such documents as may be necessary to carry out and comply with the provisions of these resolutions, and all of the acts and doings of the Members, Executive Director, officers, agents and employees of the Authority which are in conformity with the intent and purposes of this resolution, whether heretofore or hereafter taken or done, shall be and are hereby ratified, confirmed and approved.

Adopted this 28th day of October, 2013.

ATTACHMENT 4

RESOLUTION OF THE SOUTH DAKOTA HEALTH AND EDUCATIONAL FACILITIES AUTHORITY REGARDING OUT-OF-STATE ISSUING AUTHORITIES SEEKING TEFRA HEARINGS IN SOUTH DAKOTA

BE IT RESOLVED by the South Dakota Health and Educational Facilities Authority (the "Authority"), that the Executive Director of the Authority is hereby authorized to approve the publication of TEFRA hearing notices and notices under SDCL 1-16A-15.1 for "out-of-state issuers" without the need for Board action prior to such publication; provided that:

1 Each Board member receives, prior to submission of the notice to the publisher, evidence of the type, location and nature of any such notice pertaining to a financing by an "out-of-state issuer" and;

2 Following such publication and hearing, the Board shall meet to consider whether or not to approve the financing of the project by an "out-of-state issuer" at which time it may, but shall be under no obligation to, ratify the publication of such hearing notice and approve such project on behalf of such "out-of-state issuer".

Adopted by the South Dakota Health and Educational Facilities Authority on the 28th day of October, 2013.

RESOLUTION AUTHORIZING CHANGE IN HEALTH INSURANCE PLANS

Be it resolved by the Board of the South Dakota Health and Educational Facilities Authority as follows:

1. Findings. The South Dakota Health and Educational Facilities Authority ("Authority") currently maintains insurance with Wellmark with deductibles of Five Hundred Dollars (\$500) and out-of-pocket maximums of One Thousand Dollars (\$1,000) at a total premium cost to the Authority of Sixty-One Thousand Seven Hundred Twenty-Six Dollars and Twenty Cents (\$61,726.20). By switching to an HSA (Health Savings Account) Plan with a deductible of Two Thousand Dollars (\$2,000) and out-of-pocket maximum of Two Thousand Dollars (\$2,000), the total proposed cost from Fischer Rounds with regard to a Wellmark HSA Plan, including the payment of Two Thousand Dollars (\$2,000) to each employee at the beginning of each calendar year, is initially for plan year 2014 projected to be Forty-Two Thousand Eight Hundred Four Dollars and Fifty-Two Cents (\$42,804.52), a savings of almost Nineteen Thousand Dollars (\$19,000).

2. Approval. The Authority hereby authorizes the Chairman and/or Executive Secretary to change from the existing Wellmark Plan to the Wellmark HSA Plan as proposed by Fischer Rounds effective January 1, 2014. Furthermore, the Chairman and/or Executive Secretary are authorized to execute any and all documents necessary to effectuate the purposes hereof and to annually fund a Health Savings Account of Two Thousand Dollars (\$2,000) for each employee on the first day of each calendar year.

Dated this 28th day of October, 2013.