

**SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**

MINUTES OF THE DECEMBER 27, 2013 SPECIAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on Friday, December 27, 2013 at 10:00 a.m. CST (9:00 a.m. MST), 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
Jim Breckenridge, Avera Health

The Chairman declared a quorum and called the meeting to order. The notice of the meeting dated December 18, 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 October 28, 2013 special meeting. Mack Wyly moved to approve the minutes as presented, seconded by Gene Lebrun. All members present voted aye, motion carried.

Avera Health – Line of Credit

Mr. Jim Breckenridge of Avera Health explained that they want to enter into a short term \$20 million Revolving Credit Agreement with Wells Fargo Bank. He explained the projects as construction of a new clinic located at 69th and Cliff Avenue in Sioux Falls of which \$10 million of financing is to be used and the construction of a new 90 bed skilled nursing facility at Prince of Peace Retirement Community located in Sioux Falls in which \$10 million is to be financed. Mr. Templeton reviewed the Avera Health June 30, 2013 audited financial statements and debt service coverage along with the September 30, 2013 Avera Health first quarter unaudited financial statements. The Revolving Credit Agreement was reviewed and the initial interest rate is expected to be .56%. Mr. Dan Bacastow reviewed the Fourth Supplemental Master Trust Indenture as well as the Resolution (*see Attachment #2*). Mr. Dave Timpe made a motion to approve the Resolution, Mr. Mack Wyly seconded and upon roll call, the ayes were Fleck, Lebrun, Sebade, Timpe and Wyly; nays: none; abstain: none.

Eide Bailly – fy-14 and fy-15 audit fees

Mr. Templeton reviewed the Eide Bailly audit fee proposal letters with the fy-14 fee of \$24,500, the same as fy-13, and the fee of \$25,250 for fy-15. Mr. Templeton also reviewed the past fee proposal history. Gene Lebrun moved to accept the audit fees and 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 10:35 a.m.



SOUTH DAKOTA
HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY

Date: December 18, 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 Friday, December 27, 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 10:00a.m. CST (9:00a.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:

Gene Lebrun	Norbert Sebade	Mack Wyly
Dave Fleck	Bill Lynch	Dave Timpe

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

Cc: Dan Bacastow
Vance Goldammer
Jim Breckenridge

RESOLUTION consenting to the execution and delivery of a Fourth Supplemental Master Indenture (as defined herein) 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, the Authority has previously issued certain outstanding indebtedness (the “*Prior Debt*”) and loaned the proceeds thereof to Avera Health (“*Avera Health*”) and/or its affiliated corporations; and

WHEREAS, Avera Health is the sole member of Avera St. Luke’s, Avera McKennan, Avera Queen of Peace, Sacred Heart Health Services d/b/a Avera Sacred Heart (“*Avera Sacred Heart*”), Avera St. Mary’s and Avera Marshall, and Avera Health, as such sole member, has the exclusive authority to authorize and approve indebtedness of Avera St. Luke’s, Avera McKennan, Avera Queen of Peace, Avera Sacred Heart, Avera St. Mary’s and Avera Marshall, which, together with Avera Health, are collectively referred to herein as the “*Members of the Obligated Group*”, and each of which is a participating health institution as defined in the Act; and

WHEREAS, on or prior to December 31, 2013, Avera Health, on behalf of itself and as Obligated Group Agent (as defined in the hereinafter referred to Restated Master Indenture) on behalf of the other Members of the Obligated Group, expects to enter into a Revolving Credit Agreement (the “*Credit Agreement*”) with Wells Fargo Bank, National Association (the “*Lender*”), pursuant to which the Lender will provide a revolving credit facility in the aggregate principal amount of \$20,000,000, for the purpose of providing interim funding of capital projects or for any other purpose agreed on by Avera Health and the Lender; and

WHEREAS, in connection with the issuance of the Prior Debt, Avera Health, on behalf of itself and as Obligated Group Agent on behalf of the other Members of the Obligated Group, has granted to the Authority the right to consent to the execution and delivery of certain supplements or amendments to the Restated Master Indenture; and

WHEREAS, the Members of the Obligated Group have previously entered into that certain Second Amended and Restated Master Trust Indenture dated as of May 1, 2012, between the Members of the Obligated Group and The First National Bank in Sioux Falls, as master trustee (the "*Master Trustee*"), as heretofore supplemented and amended (collectively, the "*Restated Master Indenture*"); and

WHEREAS, Avera Health, as the Obligated Group Agent, has full and exclusive power to approve, authorize and execute supplemental Master Indentures, additional Obligations and related financing documents on behalf of the Members of the Obligated Group; and

WHEREAS, the Members of the Obligated Group now desire to further amend and supplement the Restated Master Indenture pursuant to that certain Fourth Supplemental Master Trust Indenture dated as of December 1, 2013 (the "*Fourth Supplemental Master Indenture*" and, together with the Restated Master Indenture, the "*Master Indenture*"), among the Members of the Obligated Group and the Master Trustee, providing for the issuance of the Credit Agreement as an Additional Obligation under the Restated Master Indenture to secure loans made by the Lender to Avera Health and the Obligated Group pursuant to the Credit Agreement up to an aggregate principal amount of not to exceed \$20,000,000; and

WHEREAS, the delivery of the Fourth Supplemental Master Indenture and the Obligations to be issued thereunder are permitted by the terms of the Master Indenture and without the consent of any Obligation holders;

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

Section 1. Fourth Supplemental Master Indenture. The Authority, at the request of Avera Health, does hereby consent to the execution and delivery by the parties thereto of the Fourth Supplemental Master Indenture; said Fourth Supplemental Master Indenture to be in substantially the form attached hereto and marked *Exhibit A* and hereby approved, or with such changes therein as shall be approved by Avera Health (such approval to be evidenced by the execution and delivery of the Fourth Supplemental Master Indenture by Avera Health) and with such changes therein 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 consent attached to the Fourth Supplemental Master Indenture, 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 Fourth Supplemental Master Indenture attached hereto.

Section 2. 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 and to execute, consent to or accept all such documents as may be necessary to carry out and comply with the provisions of these resolutions and the document attached hereto as *Exhibit A*, 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 27th day of December, 2013.