

SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY

MINUTES OF THE JULY 23, 2014 SPECIAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on July 23, 2014 at 10:00 a.m., CST, via telephone conference call. Mr. Norbert Sebade, Chairman, instructed the Secretary to call the roll.

Present: Mr. Dave Timpe
 Mr. Dick Dempster
 Mr. Dave Fleck
 Mr. Gene Lebrun
 Mr. Norbert Sebade
 Mr. Mack Wyly

Absent: Mr. William Lynch

Other staff and representatives of the Authority present were:
 Mr. Donald Templeton, Executive Director and Secretary
 Mr. Vance Goldammer, General Legal Counsel
 Mr. Dustin Christopherson, Associate Director
 Mr. Steve Corbin, Finance Officer
 Mr. Bruce Bonjour, Perkins Coie
 Mr. Dan Eitrhein, Dougherty & Company

The Chairman declared a quorum and called the meeting to order.
The notice of the meeting dated July 16, 2014 was posted on the Authority door prior to the meeting (*see Attachment #1*).

The Chairman asked for consideration of the minutes for the July 8, 2014 special meeting. Mr. Dave Timpe moved to approve the minutes as presented, seconded by Mr. Gene Lebrun. All members present voted aye, motion carried.

Westhills Village Series 2014 Bonds

Mr. Don Templeton reviewed the refunding of the Westhills Village Series 2006 Bonds, by the new Series 2014 bonds, in the estimated amount of \$9,005,000 through a public offering with Dougherty and Company the investment banker. The Westhills Village FYE 2013 days cash on hand and debt service coverage was reviewed. The projected Series 2014 sources and uses of funds, interest rates, debt service payments and costs of issuance were reviewed. The bond are rated by Standard and Poor's as A. The refunding is expected to produce projected present value savings of \$673,098.

Mr Dan Eitheim reviewed the Preliminary Official Statement with the Board members.

Mr. Bruce Bonjour reviewed the Resolution (*see Attachment #2*) Mr. Mack Wyly moved to approve the resolution and Mr. Dick Dempster seconded. Ayes were Dempster, Fleck, Sebade, Timpe and Wyly. Nays: none and abstain: Gene Lebrun.

Financial Statement

The June 30, 2014 South Dakota Health and Educational Facilities Authority Financial Statement was reviewed. Mr. Dave Timpe moved to approve the statement and Mr. Gene Lebrun seconded. Ayes were Dempster, Fleck, Leburn, Sebade, Timpe and Wyly. Nays: none and abstain: none.

Adjournment

The Chairman moved, that there being no further business at this meeting, the Chairman adjourned the meeting at 10:24 a.m.

SOUTH DAKOTA
HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY

Date: July 16, 2014

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, July 23, 2014 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:

Gene Lebrun - uncertain	Norbert Sebade	Mack Wyly	Bill Lynch
Dave Fleck	Dave Timpe	Dick Dempster	

Attached is an agenda and information on agenda items.

Cc: Vance Goldammer
Bruce Bonjour, Perkins Coie, LLP
Dan Eitheim, Dougherty & Company, LLC

RESOLUTION authorizing the issuance of not to exceed \$10,000,000 aggregate original principal amount of South Dakota Health and Educational Revenue Bonds, Series 2014 (Westhills Village Retirement Community Issue), 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**") is a body politic and corporate of the State of South Dakota created and existing under Chapter 1-16A of the South Dakota Codified Laws (the "**Act**"); and

WHEREAS, the Authority has previously issued its Revenue Bonds, Series 2006 (Westhills Village Retirement Community Issuer) (the "**Series 2006 Bonds**") to finance or refinance certain facilities (the "**Financed Facilities**") owned and operated by the Presbyterian Retirement Village of Rapid City, Inc., a South Dakota non-profit corporation (the "**Corporation**"); and

WHEREAS, the Corporation is a participating health facility as defined in the Act and has requested the Authority to issue its revenue bonds (the "**Series 2014 Bonds**") in a principal amount not to exceed \$10,000,000 to fund a loan to the Corporation which, together with other available funds of the Corporation, will be used to finance (i) the refunding of the outstanding Series 2006 Bonds (other than the portion thereof scheduled to mature on September 1, 2014, the "Refunded Series 2006 Bonds") and (ii) certain costs of issuance of the Series 2014 Bonds and of the refunding of the Refunded Series 2006 Bonds.

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 Corporation and the bonds to be issued by the Authority:

(a) That the Corporation is a nonprofit corporation incorporated under the laws of the State of South Dakota, operates a health facility in Rapid City, South Dakota and is a "**health facility**" under the Act;

(b) That the Corporation has properly filed with the Authority its request for the Authority to issue the Series 2014 Bonds, that the Financed Facilities to be refinanced with proceeds of the Series 2014 Bonds are included within the term "**facilities**" for a "**health facility**," as such terms are defined in the Act, and the Authority hereby finds and determines that said Financed Facilities 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;

(c) That the Authority has full power and authority under the Act to issue the Series 2014 Bonds and apply the proceeds thereof by making the loan to the Corporation to refinance the Financed Facilities; and

(d) That the Series 2014 Bonds herein authorized are being issued for a valid purpose under and in accordance with the provisions of the Act.

Section 2. Series 2014 Bonds. In order to obtain funds to loan to the Corporation to be used for the purposes aforesaid, the Authority hereby authorizes the issuance of South Dakota Health and Educational Facilities Authority Revenue Bonds, Series 2014 (Westhills Village Retirement Community Issue) (the "**Series 2014 Bonds**"). The Series 2014 Bonds are to be issued under and secured by and to have the terms and provisions set forth in the Fifth Supplemental Trust Indenture hereinafter referred to, and such Series 2014 Bonds shall be executed on behalf of the Authority by the facsimile signature of its Chairman or Vice Chairman and by the original or facsimile signature of its Executive Director or such other member or officer designated by the Authority and the facsimile of the seal of the Authority to be printed thereon.

Section 3. Purchase Contract. The Authority does hereby authorize the execution and delivery of a Bond Purchase Agreement (the "**Purchase Contract**") among the Authority, the Corporation and Dougherty & Company LLC as underwriter (the "**Purchaser**") in substantially the same form on file with the Authority on this date, providing for the issuance and sale of the Series 2014 Bonds and setting forth the terms thereof, such Series 2014 Bonds to be issued in an aggregate original principal amount not to exceed \$10,000,000 at an aggregate purchase price of not less than 95% of the par amount of the Series 2014 Bonds (including original issue discount and an underwriter's discount not to exceed 1.0% of the par amount of the Series 2014 Bonds) plus accrued interest, if any, to mature in varying principal amounts with a final maturity no later than September 1, 2032 as set forth in the Purchase Contract and bearing interest at an overall bond yield (the same being computed for arbitrage yield purposes) of not to exceed 4.50%; said Purchase Contract to be in substantially the form on file with the Authority on this date and hereby approved, or with such changes therein as shall be approved by the Executive Director or Member of the Authority executing the same, with such execution to constitute conclusive evidence of his approval and the Authority's approval of any changes or revisions therein from the form of Purchase Contract approved hereby.

Section 4. Indenture. The Authority does hereby authorize and approve the execution and delivery of a Fifth Supplemental Trust Indenture (the "**Fifth Supplemental Indenture**") between the Authority and The First National Bank in Sioux Falls, as trustee (the "**Trustee**") amending and supplementing an Indenture of Trust dated as of December 1, 1993 (the "**Original Indenture**") as previously amended and supplemented by a First Supplemental Indenture of Trust dated as of October 1, 1999 (the "**First Supplemental Trust Indenture**"), a Second Supplemental Indenture of Trust dated as of March 1, 2003 (the "**Second Supplemental Indenture**"), a Third Supplemental Indenture of Trust dated as of July 1, 2006 (the "**Third Supplemental Indenture**"), and a Fourth Supplemental Indenture of Trust dated as of June 1, 2012 (the "**Fourth Supplemental Indenture**"), each between the Authority and the Trustee, providing for the issuance thereunder of the said Series 2014 Bonds and further setting forth the terms and provisions applicable to the Series 2014 Bonds, including securing the Series 2014 Bonds by an assignment thereunder of the Authority's right, title and interest in the Series 2014 Note (as hereinafter defined); such Fifth Supplemental Indenture to be substantially in the form on file with the Authority on this date, and such form with such changes is hereby approved, or with such further changes therein as shall be approved by the Chairman or Vice 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 Fifth Supplemental Indenture approved hereby. The Original Indenture as supplemented and amended by the First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture, and Fifth Supplemental Indenture is herein referred to as the "*Indenture.*"

Section 5. Mortgage. The Authority does hereby approve the execution and delivery of the Fifth Amendment to Combination Mortgage and Security Agreement - One Hundred Eighty Day Redemption (the "*Fifth Amendment to Mortgage*") from the Corporation to the Trustee which amends and supplements that certain Combination Mortgage and Security Agreement - One Hundred Eighty Day Redemption dated December 1, 1993 (the "*Original Mortgage*"), as previously amended and supplemented by that certain First Amendment to the Combination Mortgage and Security Agreement - One Hundred Eighty Day Redemption dated October 1, 1999 ("*First Amendment to Mortgage*"), the Second Amendment to Combination Mortgage and Security Agreement - One Hundred Eighty Day Redemption (the "*Second Amendment to Mortgage*"), the Third Amendment to Combination Mortgage and Security Agreement - One Hundred Eighty Day Redemption (the "*Third Amendment to Mortgage*"), and the Fourth Amendment to Combination Mortgage and Security Agreement - One Hundred Eighty Day Redemption (the "*Fourth Amendment to Mortgage*"), each of which is from the Corporation to the Trustee, pursuant to which the Corporation shall mortgage certain of its existing facilities, including the Financed Facilities, subject to Permitted Encumbrances (the "*Mortgaged Property*") to secure the Corporation's obligations under the Loan Agreement (hereinafter described) and the Series 2014 Note (hereinafter described); such Fifth Amendment to Mortgage to be in substantially the form on file with the Authority on this date and hereby approved, with such changes therein as shall be approved by the Chairman, Vice Chairman or other Member of the Authority or the Executive Director of the Authority executing the Purchase Contract, with such execution to constitute conclusive evidence of their approval and the Authority's approval of any changes or revisions in the Mortgage approved hereby. The Original Mortgage as supplemented and amended by the First Amendment to Mortgage, the Second Amendment to Mortgage, the Third Amendment to Mortgage, the Fourth Amendment to Mortgage, and the Fifth Amendment to Mortgage is herein referred to as the "*Mortgage.*"

Section 6. Loan Agreement. The Authority does hereby authorize and approve the execution and the delivery of a Fifth Amendment to Loan Agreement (the "*Fifth Amendment to Loan Agreement*") between the Corporation and the Authority which amends and supplements that certain Loan Agreement dated February 1, 1993 (the "*Original Loan Agreement*") as previously amended and supplemented by that certain First Amendment to Loan Agreement dated as of December 1, 1999 (the "*First Amendment to Loan Agreement*"), that certain Second Amendment to Loan Agreement dated as of March 1, 2003 (the "*Second Amendment to Loan Agreement*"), that certain Third Amendment to Loan Agreement dated as of July 1, 2006 (the "*Third Amendment to Loan Agreement*"), and that certain Fourth Amendment to Loan Agreement dated as of June 1, 2012 (the "*Fourth Amendment to Loan Agreement*"), each between the Authority and the Corporation, pursuant to which the Authority will lend the proceeds of the Series 2014 Bonds to the Corporation, all as more fully described in the Loan Agreement Amendment; such Fifth Amendment to Loan Agreement to be in substantially the

form on file with the Authority on this date and hereby approved, or with such changes therein as shall be approved by the Chairman or Vice 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 approved hereby. The Original Mortgage as supplemented and amended by the First Amendment to Loan Agreement, Second Amendment to Loan Agreement, Third Amendment to Loan Agreement, Fourth Amendment to Loan Agreement, and Fifth Amendment to Loan Agreement is referred to herein as the "*Loan Agreement.*"

Section 7. Series 2014 Note. Pursuant to the Loan Agreement, the Corporation will issue to the Authority its First Mortgage Note, Series 2014 (the "*Series 2014 Note*") as security for the Series 2014 Bonds. The Series 2014 Note will be in an aggregate original principal amount not less than the aggregate original principal amount of Series 2014 Bonds and have similar prepayment provisions, maturities and interest rates as the Series 2014 Bonds. The Authority hereby approves the assignment of the Series 2014 Note by the Authority to the Trustee under the Indenture for the benefit and security of the Series 2014 Bonds.

Section 8. Official Statement. The Authority does hereby approve the Official Statement relating to the Series 2014 Bonds (the "*Official Statement*") to be in substantially the form on file with the Authority on this date, but subject to the limitations and representations with respect thereto made by the Authority as set forth in the Purchase Contract.

Section 9. 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, including an escrow agreement by and between the Authority, the Corporation and The First National Bank in Sioux Falls or another financial institution providing for the refunding of the Refunded Series 2006 Bonds, as may be necessary to carry out and comply with the provisions of these resolutions and the documents approved hereby, 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, Perkins Coie LLP, are necessary to preserve the tax exempt status of the Series 2014 Bonds, including a form of Tax Agreement providing for the periodic payment of certain earnings on funds held by the Trustee to the United States of America.

Adopted this 23rd day of July, 2014.