

**SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**

MINUTES OF THE APRIL 26, 2012 SPECIAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on Thursday, April 26, 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. William Fischer
Mr. Dave Fleck
Mr. Norbert Sebade
Mr. Mack Wyly

Absent: Mr. Gene Lebrun
Mr. William Lynch

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
Dan Eitrheim, Dougherty & Company
Bruce Bonjour, Perkins Coie

A quorum was declared by the Chairman and the meeting was called to order. The notice of the meeting dated April 19, 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 April 3, 2012 special meeting. Mr. Mack Wyly moved to approve the minutes as presented, seconded by Mr. Dick Dempster. All members present voted aye, motion carried.

Westhills Village

The Westhills Village's new construction projects consist of a) \$4.5 million addition and renovation at the Commons facility include a swimming pool, lockers, fitness room, theater, dining room expansion, new front entrance, salon, bank, library and office spaces. b) \$3.1 million for 11 new congregate living apartment units and, c) 18 new garages that cost \$250,000.

The Series 2012A bonds were reviewed in detail as to lender, loan terms, projected interest rate, projected present value savings and the projected sources and uses of funds. Mr. Templeton reviewed the Westhills Village September 30, 2011, September 30, 2010 and September 30, 2009 audited financial statements along with the year-to-date February 29, 2012 unaudited statements. The debt service coverage ratio was 3.20 times for the period ending September 30, 2011 and the September 30, 2011 pro forma debt service coverage calculation was 2.80 times with the Series 2012 bond debt service. The Standard and Poor's rating of A with a stable outlook was reviewed. Westhills Village was upgraded by Standard and Poor's from A- to A in February 2012 and reaffirmed on April 25, 2012.

Mr. Goldammer and Mr. Bonjour reviewed the Resolution (*see Attachment #2*) that authorized the bonds, Mr. Dick Dempster moved and Mr. Dave Fleck seconded and upon roll call the ayes were Dempster, Fischer, Fleck, Sebade and Wyly; nays: none; abstain: none.

Good Samaritan Society Series 2012 Bonds

Mr. Don Templeton reviewed the reasons given by the Good Samaritan Society for the Series 2012 bond issuance through the Colorado Health Facilities Authority and the request to have the South Dakota Health and Educational Facilities Authority hold the TEFRA hearing. The bonds would refund the Series 1998A and the Series 2002 bonds. Mr. Dan Bacastow and Mr. Goldammer reviewed the approving resolution to request approval of this bond issue by the Governor (*see Attachment #3*). Mack Wyly moved to approve the resolution and Dick Dempster seconded. Ayes were Dempster, Fischer, Fleck, Sebade and Wyly. Nays: none.

March 31, 2012 Financial Statement

Mr. Templeton reviewed the March 31, 2012 financial statements and noted that with the unusually large number of bond issues that the application fees collected are projected to be approximately \$80,000 this fiscal year which may be the most fees collected ever. With the large volume of business it is projected that legal fees, travel and office expenses will exceed the budget which would be expected. Dick Dempster moved to approve the financial statements and Dave Fleck seconded. Ayes were Dempster, Fischer, Fleck, Sebade and Wyly. Nays: none.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 10:30 a.m.



ATTACHMENT 1
SOUTH DAKOTA
HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY

Date: April 19, 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 Thursday, April 26, 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	David Fleck	Norbert Sebade
William Fischer	William Lynch	Mack Wyly

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

Cc: Jerry Fischer
Vance Goldammer
Dan Eitrheim
Bruce Bonjour
Dan Bacastow

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 refinancing of certain facilities of The Evangelical Lutheran Good Samaritan Society 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, The Evangelical Lutheran Good Samaritan Society (the “*Society*”), has advised the Authority of its desire (i) to refund that portion the City of Sioux Falls, South Dakota Health Facilities Revenue Bonds (The Evangelical Lutheran Good Samaritan Society Project), Series 1998A (such portion, the “*Series 1998A Bonds*”), issued on behalf of the Society, which were used for the construction and equipping of a facility, consisting of a national center for the study of long term care, located at the Society’s main campus at 4800 West 57th Street, Sioux Falls, South Dakota, 57106 (the “*Campus*”), (ii) to refund that portion of the Colorado Health Facilities Authority’s outstanding Health Facilities Revenue Bonds (The Evangelical Lutheran Good Samaritan Society Project), Series 2002 (such portion, the “*Series 2002 Bonds*” and, together with the Series 1998A Bonds, the “*South Dakota Refunded Bonds*”), issued on behalf of the Society, which were used for the purchase of a generator and accounts receivable software for use at the Campus (iii) to finance and refinance the cost of the acquisition, construction, improvement and equipping of certain skilled nursing facility and other health care and senior living facility improvements in various locations outside of the State of South Dakota, (iv) to refund certain outstanding bonds of the Society which financed capital projects outside of the State of South Dakota, (v) to establish a reserve fund for the hereinafter referred to Bonds, and (vi) 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 (The Evangelical Lutheran Good Samaritan Society Project), Series 2012 (the “Bonds”), in a principal amount not to exceed \$250,000,000, of which an amount not to exceed \$11,000,000 will be applied to refund the South Dakota Refunded Bonds and certain related costs described above; and

WHEREAS, because a portion of the facilities proposed to be financed or refinanced 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 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 April 25, 2012 after notice duly provided 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 related to the Bonds, (ii) the feasibility or advisability of the refunding of the South Dakota Refunded Bonds, (iii) the adequacy or operations of the facilities financed with the proceeds of the South Dakota Refunded Bonds or (iv) the validity, credit or feasibility of the Bonds or the status of interest on the Bonds themselves, nor has the Authority approved or passed upon, 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. 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 refunding of the South Dakota Refunded Bonds by the Colorado Authority should proceed in an aggregate amount not to exceed \$11,000,000, subject to the authorization and approval of the Bonds by the Society and the Colorado Authority. The Authority has been informed by the Society that the Bonds will constitute special limited obligations of the Colorado Health Facilities Authority payable solely from amounts received by the Colorado Authority pursuant to a Loan Agreement between the Colorado Authority and the Society. 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 related to the Bonds, (ii) the feasibility or advisability of the refunding of the South Dakota

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

Section 2. 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 \$11,000,000 by the Colorado Authority for the 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 3. 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 refunding of the South Dakota Refunded Bonds, 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 26th day of April, 2012.

RESOLUTION authorizing the issuance of not to exceed \$20,000,000 aggregate original principal amount of South Dakota Health and Educational Revenue Bonds, Series 2012 (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 Presbyterian Retirement Village of Rapid City, Inc., a South Dakota non-profit corporation (the “**Corporation**”), is a participating health facility as defined in the Act and has requested the Authority to issue its revenue bonds (the “**Series 2012 Bonds**”) in a principal amount not to exceed \$20,000,000 to fund a loan to the Corporation which, together with other available funds of the Corporation, will be used to pay for, or reimburse the Corporation for the payment for, (i) the refunding of the outstanding Series 2003 Bonds (the “**Refunded Series 2003 Bonds**”), (ii) the payment or reimbursement of various items of capital rehabilitation and improvement to the Facilities, including improvements to the Commons of Westhills Village, consisting of addition of a swimming pool, lockers, fitness room, theatre/program room, expansion of dining room, front entrance and canopy, salon, bank, library, business resource center, game room, multi-program room, pantry store and offices; possible purchase of area homes and land for future expansion; possible new apartment expansion (approximately eleven units with parking); and expansion of existing garages (the “**2012 Project**”), (iii) pay certain costs of issuance of the Series 2012 Bonds (hereinafter defined) and the refunding of the Refunded Series 2003 Bonds, and (iv) the funding a deposit into the debt service reserve fund;

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, the 2012 Project 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 assistance in the financing of the costs of the 2012 Project, that the facilities to be financed as a part of the 2012 Project 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 2012 Project and 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 2012 Bonds and apply the proceeds thereof by making the loan to the Corporation to finance all or a portion of the costs of the 2012 Project; and

(d) That the Series 2012 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 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 2012 (Westhills Village Retirement Community Issue) (the “*Series 2012 Bonds*”). The Series 2012 Bonds are to be issued under and secured by and to have the terms and provisions set forth in the Fourth Supplemental Trust Indenture hereinafter referred to, and such Series 2012 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 2012 Bonds and setting forth the terms thereof, such Series 2012 Bonds to be issued in an aggregate original principal amount not to exceed \$20,000,000 at an aggregate purchase price of not less than 95% of the par amount of the Series 2012 Bonds (including original issue discount and an underwriter’s discount not to exceed 1.0% of the par amount of the Series 2012 Bonds) plus accrued interest, if any, to mature in varying principal amounts with a final maturity no later than September 1, 2034 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 6.00%; 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 Fourth Supplemental Trust Indenture (the “*Fourth 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*”) and a Third Supplemental Indenture of Trust dated as of July 1, 2006 (the “*Third Supplemental Indenture*”), each between the Authority and the Trustee, providing for the issuance thereunder of the said Series 2012 Bonds and further setting forth the terms and provisions applicable to the Series 2012 Bonds, including securing the Series 2012 Bonds by an assignment thereunder of the Authority’s right, title and interest in the Series 2012 Note (as

hereinafter defined); such Fourth 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 Fourth Supplemental Indenture approved hereby. The Original Indenture as supplemented and amended by the First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture and Fourth Supplemental Indenture is herein referred to as the "**Indenture.**"

Section 5. Mortgage. The Authority does hereby approve the execution and delivery of the Fourth Amendment to Combination Mortgage and Security Agreement - One Hundred Eighty Day Redemption (the "**Fourth 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**") and the Third Amendment to Combination Mortgage and Security Agreement - One Hundred Eighty Day Redemption (the "**Third 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 2012 Project, subject to Permitted Encumbrances (the "**Mortgaged Property**") to secure the Corporation's obligations under the Loan Agreement (hereinafter described) and the Series 2012 Note (hereinafter described); such Fourth 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 and Fourth 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 Fourth Amendment to Loan Agreement (the "**Fourth 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**") and that certain Third Amendment to Loan Agreement dated as of July 1, 2006 (the "**Third Amendment to Loan Agreement**"), each between the Authority and the Corporation, pursuant to which the Authority will lend the proceeds of the Series 2012 Bonds to the Corporation, all as more fully described in the Loan Agreement Amendment; such Fourth 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 and the Fourth Amendment to Loan Agreement is referred to herein as the "*Loan Agreement.*"

Section 7. Series 2012 Note. Pursuant to the Loan Agreement, the Corporation will issue to the Authority its First Mortgage Note, Series 2012 (the "*Series 2012 Note*") as security for the Series 2012 Bonds. The Series 2012 Note will be in an aggregate original principal amount not less than the aggregate original principal amount of Series 2012 Bonds and have similar prepayment provisions, maturities and interest rates as the Series 2012 Bonds. The Authority hereby approves the assignment of the Series 2012 Note by the Authority to the Trustee under the Indenture for the benefit and security of the Series 2012 Bonds.

Section 8. Official Statement. The Authority does hereby approve the Official Statement relating to the Series 2012 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 2003 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 2012 Bonds, including a form of Arbitrage and Tax Agreement providing for the periodic payment of certain earnings on funds held by the Trustee to the United States of America.

Section 10. Hearing and Approval. The issuance of the Series 2012 Bonds hereunder is subject to (i) a hearing being held, after due notice, upon the issuance of such Series 2012 Bonds and (ii) the approval by the Governor of the issuance of such Series 2012 Bonds, each as required by Section 147(f) of the Internal Revenue Code of 1986, as amended.

Adopted this 26th day of April, 2012.