

**SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**

MINUTES OF THE JUNE 26, 2015 SPECIAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on Friday, June 26, 2015 at 10:00 p.m. CST (9:00 a.m. MST), 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
 Mr. Dave Timpe
 Mr. Mack Wyly

Absent: None

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, Chapman and Cutler
Jim Breckenridge, Avera Health
Geoff Durst, Avera Health

The Chairman declared a quorum and called the meeting to order. The notice of the meeting dated June 18, 2015 was posted on the Authority door prior to the meeting (*see Attachment #1*).

The Chairman asked for consideration of the minutes for the June 3, 2015 special meeting. Mr. Dick Dempster moved to approve the minutes as presented, seconded by Mr. Gene Lebrun. All members present voted aye, motion carried.

Avera Taxable Loan

Mr. Geoff Durst and Mr. Jim Breckenridge described the Avera Health purchase and financing of the Dakota Plains Surgical Center in Aberdeen. They also stated that this purchase will produce future additional net income for Avera St. Lukes in Aberdeen. The loan is to be taxable, so it will not be issued by the Authority, but the loan needs to be consented to by South Dakota Health and Educational Facilities Authority under the Master Trust Indenture.

Mr. Templeton reviewed that Avera Health is rated AA- by Standard and Poors, and had a Historical Maximum Annual Debt Service Coverage of 4.49 times at June 30, 2014.

Mr. Dan Bacastow reviewed the Resolution (*see Attachment #2*).

Mr. Gene Lebrun moved to approve the Resolution, seconded by Mr. Bill Lynch and upon roll call, the ayes were Dempster, Lebrun, Lynch, Sebade, and Wyly; nays: none; abstain: Fleck and Timpe.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 10:27 a.m.



SOUTH DAKOTA
HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY

Date: June 18, 2015

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, June 26, 2015 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	Norbert Sebade	Dave Timpe	Dick Dempster
Dave Fleck	Mack Wyly	Bill Lynch	

Attached is an agenda. Information on agenda items will be sent in the near future.

Cc: Vance Goldammer, Murphy, Goldammer & Prendergast, LLP
Dan Bacastow, Chapman & Cutler LLP
Jim Breckenridge, Avera Health Systems

RESOLUTION authorizing and approving certain documents pertaining to Avera Health's \$27,000,000 Direct Note Obligation, Series 2015 (BMO Harris Bank N.A.) 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, Avera Health (the "Parent"), a South Dakota nonprofit corporation, is affiliated with and is the sole member of Avera McKennan, Avera St. Luke's, Avera Queen of Peace, Sacred Heart Health Services d/b/a Avera Sacred Heart and Avera St. Mary's ("St. Mary's," and collectively, the "Affiliates"), and the proceeds of the hereinafter referred to Series 2015 Obligation of Avera Health will be applied for the benefit of one or more such Affiliates in connection with the purchase of the Dakota Plains Surgery Center in Aberdeen, South Dakota (the "Financing Purposes"); and

WHEREAS, the Parent will issue the Series 2015 Obligation to BMO Harris Bank N.A. (together with any other participant banks, the "Bank"), under the hereinafter referred to Master Indenture to secure the loan to be made to the Parent under that certain Term Loan Agreement dated as of June 29, 2015 (the "Term Loan Agreement") with the Bank to accomplish the Financing Purposes, and the Authority will not be obligated under the Series 2015 Obligation; and

WHEREAS, the Authority is required to consent to any supplemental master trust indenture issued to supplement or amend the Master Indenture; and

WHEREAS, the Authority has not undertaken to review, pass upon, or approve, and will not review, pass upon or approve, among other matters: (i) the financial feasibility or advisability of the Financing Purposes, (ii) the adequacy of any funds or revenues of the Parent and the Affiliates to repay the Series 2015 Obligation or the Term Loan Agreement or (iii) the

validity or feasibility of performance of the Term Loan Agreement or the Series 2015 Obligation;

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

Section 1. Fifth Supplemental Master Indenture. The Authority does hereby approve the execution and delivery of a Fifth Supplemental Master Trust Indenture dated as of June 29, 2015 (the “*Fifth Supplemental Master Indenture*”), supplementing and amending the Second Amended and Restated Master Trust Indenture dated as of May 1, 2012, as previously supplemented and amended (the “*Second Amended and Restated Master Indenture*” and, together with the Fifth Supplemental Master Indenture, the “*Master Indenture*”), among the Parent, Avera McKennan, Avera St. Luke’s, Avera Queen of Peace, Avera Sacred Heart, Avera Marshall and Avera St. Mary’s (collectively, the “*Members of the Obligated Group*”) and The First National Bank in Sioux Falls, as master trustee (the “*Master Trustee*”), between the Parent, on behalf of itself and as Obligated Group Agent (as defined in the Master Indenture) on behalf of the Members of the Obligated Group, and the Master Trustee. The Fifth Supplemental Master Indenture 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 Parent (such approval to be evidenced by the execution and delivery of the Fifth Supplemental Master Indenture by the Parent) and as shall be approved by the Chairman or other Member of the Authority or the Executive Director of the Authority executing the Authority’s consent to the Fifth Supplemental Master Indenture (attached thereto), 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 the Fifth Supplemental Master Indenture attached hereto.

Section 2. Series 2015 Obligation. Pursuant to the Master Indenture, the Parent will issue to the Authority its Direct Note Obligation, Series 2015 (South Dakota Health and Educational Facilities Authority) (the “*Series 2015 Obligation*”) as security for the Term Loan Agreement and the amounts loaned by the Bank to Avera Health thereunder. The Series 2015 Obligation will be in an aggregate principal amount equal to the aggregate principal amount of the amount advanced under the Term Loan Agreement and have the same optional prepayment provisions, principal repayment provisions and interest rates as provided for in the Term Loan Agreement.

Section 3. 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 document attached hereto as *Exhibit A*, 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, Chapman and Cutler LLP, are necessary to accomplish the foregoing purposes.

Adopted this 26th day of June, 2015.