

Notice of Public Hearing

Public Notice is hereby given that a public hearing will be held on Monday, September 14, 2015, at 9:00 a.m., in the offices of the South Dakota Health and Educational Facilities Authority (the “*Authority*”), 330 South Poplar, Pierre, South Dakota, regarding a plan to issue not to exceed \$208,000,000 aggregate original principal amount of Revenue Bonds in one or more series (collectively, the “*Bonds*”) of the Authority for Sanford (“*Sanford*”), a North Dakota nonprofit corporation, and/or certain corporate affiliates thereof (collectively with Sanford, the “*Borrower*”), including, without limitation, Sanford Health, Sanford Medical Center d/b/a Sanford USD Medical Center, Sanford Health Network, Sanford Clinic, Sanford Health Foundation and Sanford Home Health, each a South Dakota nonprofit corporation; Sanford North, Sanford Medical Center Fargo, Sanford Clinic North, Sanford Health Network North, Sanford Medical Center Mayville, Sanford Health Foundation North, Sanford West, Sanford Bismarck, Sanford Health Foundation West and Sanford Hillsboro, each a North Dakota nonprofit corporation; and Sanford Medical Center Thief River Falls and Sanford Health of Northern Minnesota, each a Minnesota nonprofit corporation. The Bonds will be issued in one or more series pursuant to Sections 1-16A-1 through 1-16A-92 of the South Dakota Codified Laws, as part of a plan of finance to provide the Borrower with moneys to finance projects located in the States of South Dakota and North Dakota.

Not to exceed \$90,000,000 principal amount of the Bonds, together with certain other moneys, will be used in Fargo, North Dakota, to pay (i) the costs of acquiring, constructing and equipping a previously commenced healthcare complex project consisting of an approximately 51,000 square foot energy plant and an approximately 905,000 square foot combined 284-licensed bed tertiary hospital, healthcare and clinic facility, and the costs of continued development of the healthcare complex’s infrastructure including grading, landscaping, utility infrastructure development, road access and other infrastructure (collectively, the “*Fargo Medical Center Project*”), and (ii) pay expenses incurred in connection with the issuance of the Bonds. Public approval by the City of Fargo, North Dakota has been or will be obtained following a public notice and public hearing regarding the Bonds and the Fargo Medical Center Project.

Not to exceed \$13,000,000 principal amount of the Bonds, together with certain other moneys, will be used in Traill County, North Dakota, to (i) refund all or a portion of the \$13,325,000 original principal amount Traill County, North Dakota Health Care Revenue Bonds (Hillsboro Medical Center) Series 2007 (the “*Traill County 2007 Bonds*”), and (ii) pay expenses incurred in connection with the issuance of the Bonds and the refunding of the Traill County 2007 Bonds. The proceeds of the Traill County 2007 Bonds were used, among other things, to (a) pay the costs of renovating the Borrower’s existing hospital facility and constructing and equipping a 36-bed nursing facility and a 16-unit assisted living facility adjoining the existing hospital facility, all located at 12 3rd Street SE, Hillsboro, North Dakota, (b) repay certain debt of the Borrower, (c) fund capitalized interest, (d) fund a reserve fund for the benefit of the Traill County 2007 Bonds, and (e) pay certain costs of issuance of the Traill County 2007 Bonds. Public approval by Traill County, North Dakota has been or will be obtained following a public notice and public hearing regarding the Bonds and the refunding of the Traill County 2007 Bonds.

Not to exceed \$105,000,000 principal amount of the Bonds, together with certain other moneys, will be used in the State of South Dakota to (i) pay or reimburse the Borrower for the costs of acquiring, constructing and equipping certain health care facilities owned by the Borrower, including, but not limited to the costs (totaling approximately \$30,000,000) of acquiring, constructing and equipping an approximately 100,000 square foot healthcare complex consisting of a three level combined clinic, genetic lab and dialysis treatment facility adjacent to the main Sanford Medical Center campus on land located within the area bounded by 22nd Street to the north, Grange Avenue to the east, Covell Avenue to the west and vacated 24th Street to the south in Sioux Falls, South Dakota; (ii) refund all or a portion of the \$72,755,000 original principal amount South Dakota Health and Educational Facilities Authority Revenue Bonds, Series 2007 (Sanford Health Issue) (the “*SDHEFA 2007 Bonds*”); (iii) pay a portion of the interest on the Bonds, if deemed necessary; (iv) provide working capital, if deemed necessary; and (v) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the SDHEFA 2007 Bonds.

The proceeds of the SDHEFA 2007 Bonds were used, among other things, to (a) pay or reimburse the Borrower for the costs of acquiring, constructing and equipping a children’s hospital and clinic, an expansion of the existing cancer center, an expansion of the existing power plant and renovations to the existing acute care hospital facility, all located on the Sanford Medical Center campus on land located within the area bounded by West Avenue, Grange Avenue, 17th Street and 24th Street in Sioux Falls, South Dakota.

All of the improvements financed or refinanced by the Bonds in South Dakota are or will be owned, operated or managed by the Borrower at: 1305 West 18th Street, within the area bounded by West Avenue, Grange Avenue, 17th Street and 24th Street, 4201 South Oxbow, 3401 West 49th Street, 1216 West 19th Street and 1100 East 21st Street, each in Sioux Falls, South Dakota.

The Bonds shall not be deemed to constitute a debt or liability of the State of South Dakota, the State of North Dakota or of any political subdivision thereof other than the Authority or a pledge of the faith and credit of the State of South Dakota, the State of North Dakota or of any such political subdivision, and neither the State of South Dakota, the State of North Dakota nor any political subdivision thereof will be liable on the Bonds nor will the Bonds be payable out of any funds other than those pledged and assigned under the Loan Agreement between the Authority and Sanford and the Master Trust Indenture among Sanford, certain affiliates of Sanford and The First National Bank in Sioux Falls, Sioux Falls, South Dakota, as master trustee, as amended.

The public hearing is required by Section 147(f) of the Internal Revenue Code of 1986. Written comments may be submitted to the Executive Director of the South Dakota Health and Educational Facilities Authority at his office located at 330 South Poplar, Suite 102, Pierre, South Dakota 57501, until Monday, September 14, 2015.

Notice dated: August 28, 2015.

/s/ Donald A. Templeton

Executive Director, South Dakota Health
and Educational Facilities Authority

MINUTES of a public hearing of the South Dakota Health and Educational Facilities Authority held in the offices of the South Dakota Health and Educational Facilities Authority at 330 South Poplar, Pierre, South Dakota at 9:00 A.M., on Monday, September 14, 2015.

Donald A. Templeton called the meeting to order as the Executive Director of the South Dakota Health and Educational Facilities Authority (the “*Authority*”).

Donald A. Templeton presented publishers’ affidavits, with newspaper clippings attached, showing the publication on August 28, 2015 of the notice of the meeting in the Sioux Falls Argus Leader, a newspaper of general circulation in the State of South Dakota and Sioux Falls, South Dakota, and on August 28, 2015 in the Daily Capital Journal, a newspaper of general circulation in the State of South Dakota and the City of Pierre, South Dakota, said publications being at least 14 days prior to the date hereof, which affidavits are on file in the office of the Authority as a part of the permanent records of the Authority.

Donald A. Templeton stated that the purpose of the meeting was to conduct a public hearing, pursuant to published notice as required by Section 147(f) of the Internal Revenue Code of 1986, on the proposed issuance by the South Dakota Health and Educational Facilities Authority of its revenue bonds in an aggregate principal amount not to exceed \$208,000,000 in one or more series (collectively, the “*Bonds*”). The proceeds of the Bonds will be loaned by the Authority to Sanford, a North Dakota nonprofit corporation, and/or certain corporate affiliates thereof, including, without limitation, Sanford Health, Sanford Medical Center d/b/a Sanford USD Medical Center, Sanford Health Network, Sanford Clinic, Sanford Health Foundation and Sanford Home Health, each a South Dakota nonprofit corporation, Sanford North, Sanford Medical Center Fargo, Sanford Clinic North, Sanford Health Network North, Sanford Medical Center Mayville, Sanford Health Foundation North, Sanford West, Sanford Bismarck, Sanford Health Foundation West and Sanford Hillsboro, each a North Dakota nonprofit corporation, and Sanford Medical Center Thief River Falls and Sanford Health of Northern Minnesota, each a Minnesota nonprofit corporation.

Donald A. Templeton then announced that all those interested persons wishing to argue for or protest against the issuance by the Authority of such revenue bonds for such purposes, orally or in writing, would be heard and that all such written or oral statements would be considered.

All interested persons wishing to speak were then given full opportunity to be heard, the persons so speaking being as follows:

<u>Name</u>	<u>Address</u>
Gary Grittner	PO Box 464 Fort Pierre, SD 57532 605-223-3255

All interested persons wishing to file written statements were given the opportunity to do so, the persons so filing written statements being as follows:

Name

Address

None

Written statements had been received and filed by the Executive Director of the Authority prior to the meeting from the following persons, copies of which are attached:

Name

Address

None

Thereupon, after all persons desiring to speak or submit written statements had been permitted to do so, Donald A. Templeton stated that the public hearing on the proposed issuance of such revenue bonds by the Authority was concluded.

Executive Director

September __, 2015

Honorable Dennis Daugaard
Governor
Office of The Governor
500 E. Capital Avenue
Pierre, South Dakota 57501

Re: Not to Exceed \$208,000,000 South Dakota Health and Educational
Facilities Authority Revenue Bonds, Series 2015 (Sanford)

Dear Governor Daugaard:

On behalf of the South Dakota Health and Educational Facilities Authority (the “*Authority*”), I hereby respectfully request, in accordance with Section 147(f) of the Internal Revenue Code of 1986 (the “*Code*”), your approval of the Authority’s proposed issuance of not to exceed \$208,000,000 aggregate original principal amount of its South Dakota Health and Educational Facilities Authority Revenue Bonds, Series 2015 (Sanford) in one or more series (the “*Bonds*”). The proceeds of such Bonds will be used to finance projects in the State of South Dakota in an amount up to \$105,000,000 and in the State of North Dakota in an amount up to \$103,000,000, pursuant to Sections 1-16A-1 through 1-16A-92 of the South Dakota Codified Laws. The proceeds of the Bonds will be loaned by the Authority to Sanford, a North Dakota nonprofit corporation, and/or certain corporate affiliates thereof (collectively, the “*Borrower*”), including, without limitation, Sanford Health, Sanford Medical Center d/b/a Sanford USD Medical Center, Sanford Health Network, Sanford Clinic, Sanford Health Foundation and Sanford Home Health, each a South Dakota nonprofit corporation, Sanford North, Sanford Medical Center Fargo, Sanford Clinic North, Sanford Health Network North, Sanford Medical Center Mayville, Sanford Health Foundation North, Sanford West, Sanford Bismarck and Sanford Health Foundation West, each a North Dakota nonprofit corporation, and Sanford Medical Center Thief River Falls and Sanford Health of Northern Minnesota, each a Minnesota nonprofit corporation.

Not to exceed \$90,000,000 principal amount of the Bonds, together with certain other moneys, will be used in Fargo, North Dakota, to pay (i) the costs of acquiring, constructing and equipping a previously commenced healthcare complex project consisting of an approximately 51,000 square foot energy plant and an approximately 905,000 square foot combined 284-licensed bed tertiary hospital, healthcare and clinic facility, and the costs of continued development of the healthcare complex’s infrastructure including grading, landscaping, utility infrastructure development, road access and other infrastructure (collectively, the “*Fargo Medical Center Project*”), and (ii) pay expenses incurred in connection with the issuance of the Bonds.

Not to exceed \$13,000,000 principal amount of the Bonds, together with certain other moneys, will be used in Traill County, North Dakota, to (i) refund all or a portion of the \$13,325,000 original principal amount Traill County, North Dakota Health Care Revenue Bonds (Hillsboro Medical Center) Series 2007 (the “*Traill County 2007 Bonds*”), and (ii) pay expenses incurred in connection with the issuance of the Bonds and the refunding of the Traill County

2007 Bonds. The proceeds of the Traill County 2007 Bonds were used, among other things, to (a) pay the costs of renovating the Borrower's existing hospital facility and constructing and equipping a 36-bed nursing facility and a 16-unit assisted living facility adjoining the existing hospital facility, all located at 12 3rd Street SE, Hillsboro, North Dakota, (b) repay certain debt of the Borrower, (c) fund capitalized interest, (d) fund a reserve fund for the benefit of the Traill County 2007 Bonds, and (e) pay certain costs of issuance of the Traill County 2007 Bonds.

Not to exceed \$105,000,000 principal amount of the Bonds, together with certain other moneys, will be used in the State of South Dakota to (i) pay or reimburse the Borrower for the costs of acquiring, constructing and equipping certain health care facilities owned by the Borrower, including, but not limited to the costs (totaling approximately \$30,000,000) of acquiring, constructing and equipping an approximately 100,000 square foot healthcare complex consisting of a three level combined clinic, genetic lab and dialysis treatment facility adjacent to the main Sanford Medical Center campus on land located within the area bounded by 22nd Street to the north, Grange Avenue to the east, Covell Avenue to the west and vacated 24th Street to the south in Sioux Falls, South Dakota; (ii) refund all or a portion of the \$72,755,000 original principal amount South Dakota Health and Educational Facilities Authority Revenue Bonds, Series 2007 (Sanford Health Issue) (the "*SDHEFA 2007 Bonds*"); (iii) pay a portion of the interest on the Bonds, if deemed necessary; (iv) provide working capital, if deemed necessary; and (v) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the SDHEFA 2007 Bonds.

The proceeds of the SDHEFA 2007 Bonds were used, among other things, to (a) pay or reimburse the Borrower for the costs of acquiring, constructing and equipping a children's hospital and clinic, an expansion of the existing cancer center, an expansion of the existing power plant and renovations to the existing acute care hospital facility, all located on the Sanford Medical Center campus on land located within the area bounded by West Avenue, Grange Avenue, 17th Street and 24th Street in Sioux Falls, South Dakota.

All of the improvements financed or refinanced by the Bonds in South Dakota are or will be owned, operated or managed by the Borrower at: 1305 West 18th Street, within the area bounded by West Avenue, Grange Avenue, 17th Street and 24th Street, 4201 South Oxbow, 3401 West 49th Street, 1216 West 19th Street and 1100 East 21st Street, each in Sioux Falls, South Dakota.

All of the facilities financed by the Bonds in Fargo, North Dakota are or will be owned, operated or managed by Sanford, Sanford Medical Center Fargo and/or Sanford Clinic North at 5225 23rd Avenue SW, Fargo, North Dakota.

All of the facilities refinanced by the Bonds in Traill County, North Dakota are owned, operated or managed by the Borrower at 12 3rd Street SE, Hillsboro, North Dakota.

In support of such request, please find enclosed the following: (1) a copy of the publishers' affidavits evidencing publication of the notice of the public hearing held by the Authority on September 14, 2015, regarding the Bonds and (2) a copy of the minutes of said hearing held by the Authority, attaching all written comments received by the Authority prior to

said hearing, and the Authority's response thereto. In addition, the Authority represents that it will comply with all state statutory requirements in connection with the issuance of the Bonds prior to the issuance thereof. The Authority adopted the final bond resolution relating to the Bonds at a meeting of the Authority on September 14, 2015. Therefore, your approval of the issuance of the Bonds is requested.

This issue of Bonds is not subject to the unified state volume cap under Section 146 of the Code, and therefore no allocation of cap is requested or will be required in connection with the Bonds.

I have also enclosed a form of elected representative approval letter for your convenience.

Thank you.

Sincerely,

Executive Director

_____, 2015

Mr. Donald A. Templeton
Executive Director
South Dakota Health and
Educational Facilities Authority
330 South Poplar
Pierre, South Dakota 57501

Dear Mr. Templeton:

In accordance with Section 147(f) of the Internal Revenue Code of 1986, the South Dakota Health and Educational Facilities Authority (the “*Authority*”) has requested approval of its proposed issuance of not to exceed \$208,000,000 aggregate original principal amount of its South Dakota Health and Educational Facilities Authority Revenue Bonds, Series 2015 (Sanford) in one or more series (the “*Bonds*”). The proceeds of such Bonds will be used to finance projects in the State of South Dakota in an amount up to \$105,000,000 and in the State of North Dakota in an amount up to \$103,000,000, pursuant to Sections 1-16A-1 through 1-16A-92 of the South Dakota Codified Laws.

In support of such request, I have been presented with the following: (1) a copy of the publishers’ affidavits evidencing publication of the notice of the public hearing held by the Authority on September 14, 2015, regarding the Bonds and (2) a copy of the minutes of said hearing held by the Authority. In addition, the Authority has represented to me that it will comply with all state statutory requirements in connection with the issuance of the Bonds prior to the issuance thereof.

[The Authority duly adopted the final bond resolution relating to the Bonds at a meeting of the Authority on September __, 2015.]

Based upon the information and representations noted above, I hereby approve the issuance of the Bonds by the Authority in the aggregate amount of not to exceed \$208,000,000 for the purpose of providing a portion of the funds necessary to make loans to Sanford, a North Dakota nonprofit corporation, and/or certain corporate affiliates thereof (collectively, the “*Borrower*”), including, without limitation, Sanford Health, Sanford Medical Center d/b/a Sanford USD Medical Center, Sanford Health Network, Sanford Clinic, Sanford Health Foundation and Sanford Home Health, each a South Dakota nonprofit corporation, Sanford North, Sanford Medical Center Fargo, Sanford Clinic North, Sanford Health Network North, Sanford Medical Center Mayville, Sanford Health Foundation North, Sanford West, Sanford Bismarck, Sanford Health Foundation West and Sanford Hillsboro, each a North Dakota nonprofit corporation, and Sanford Medical Center Thief River Falls and Sanford Health of Northern Minnesota, each a Minnesota nonprofit corporation.

Not to exceed \$90,000,000 principal amount of the Bonds, together with certain other moneys, will be used in Fargo, North Dakota, to pay (i) the costs of acquiring, constructing and equipping a previously commenced healthcare complex project consisting of an approximately 51,000 square foot energy plant and an approximately 905,000 square foot combined

284-licensed bed tertiary hospital, healthcare and clinic facility, and the costs of continued development of the healthcare complex's infrastructure including grading, landscaping, utility infrastructure development, road access and other infrastructure (collectively, the "*Fargo Medical Center Project*"), and (ii) pay expenses incurred in connection with the issuance of the Bonds.

Not to exceed \$13,000,000 principal amount of the Bonds, together with certain other moneys, will be used in Traill County, North Dakota, to (i) refund all or a portion of the \$13,325,000 original principal amount Traill County, North Dakota Health Care Revenue Bonds (Hillsboro Medical Center) Series 2007 (the "*Traill County 2007 Bonds*"), and (ii) pay expenses incurred in connection with the issuance of the Bonds and the refunding of the Traill County 2007 Bonds. The proceeds of the Traill County 2007 Bonds were used, among other things, to (a) pay the costs of renovating the Borrower's existing hospital facility and constructing and equipping a 36-bed nursing facility and a 16-unit assisted living facility adjoining the existing hospital facility, all located at 12 3rd Street SE, Hillsboro, North Dakota, (b) repay certain debt of the Borrower, (c) fund capitalized interest, (d) fund a reserve fund for the benefit of the Traill County 2007 Bonds, and (e) pay certain costs of issuance of the Traill County 2007 Bonds.

Not to exceed \$105,000,000 principal amount of the Bonds, together with certain other moneys, will be used in the State of South Dakota to (i) pay or reimburse the Borrower for the costs of acquiring, constructing and equipping certain health care facilities owned by the Borrower, including, but not limited to the costs (totaling approximately \$30,000,000) of acquiring, constructing and equipping an approximately 100,000 square foot healthcare complex consisting of a three level combined clinic, genetic lab and dialysis treatment facility adjacent to the main Sanford Medical Center campus on land located within the area bounded by 22nd Street to the north, Grange Avenue to the east, Covell Avenue to the west and vacated 24th Street to the south in Sioux Falls, South Dakota; (ii) refund all or a portion of the \$72,755,000 original principal amount South Dakota Health and Educational Facilities Authority Revenue Bonds, Series 2007 (Sanford Health Issue) (the "*SDHEFA 2007 Bonds*"); (iii) pay a portion of the interest on the Bonds, if deemed necessary; (iv) provide working capital, if deemed necessary; and (v) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the SDHEFA 2007 Bonds.

The proceeds of the SDHEFA 2007 Bonds were used, among other things, to (a) pay or reimburse the Borrower for the costs of acquiring, constructing and equipping a children's hospital and clinic, an expansion of the existing cancer center, an expansion of the existing power plant and renovations to the existing acute care hospital facility, all located on the Sanford Medical Center campus on land located within the area bounded by West Avenue, Grange Avenue, 17th Street and 24th Street in Sioux Falls, South Dakota.

All of the improvements financed or refinanced by the Bonds and the SDHEFA 2007 Bonds are owned, operated or managed by the Borrower at: 1305 West 18th Street and 1508 West 22nd Street, Sioux Falls, South Dakota, and on the main Sanford Medical Center campus within the area bounded by Lake Avenue, Grange Avenue, 16th Street and 22nd Street, in Sioux Falls, South Dakota.

Sincerely,

Dennis Daugaard
Governor