

NOTICE OF PUBLIC HEARING

Public Notice is hereby given that a public hearing will be held on Thursday, January 15, 2015 at 9:00 a.m. local time, in the offices of the South Dakota Health and Educational Facilities Authority (the “*Authority*”), 330 South Poplar, Suite 102, Pierre, South Dakota, regarding a plan to issue not to exceed \$68,299,200 aggregate original principal amount of Revenue Bonds, Series 2015 (Regional Health) in one or more series (collectively, the “*Series 2015 Bonds*”) of the Authority. The proceeds of the Series 2015 Bonds will be loaned to Regional Health, Inc., a South Dakota nonprofit corporation (the “*Corporation*”). The proceeds of the Series 2015 Bonds will be applied, together with other available funds, to (i) refund all or a portion of the outstanding \$67,465,000 original principal amount South Dakota Health and Educational Facilities Authority Variable Rate Demand Revenue Bonds, Series 2008 (Regional Health) (the “*Series 2008 Bonds*”); and (ii) pay certain expenses incurred in connection with the issuance of the Series 2015 Bonds and the refunding of the Series 2008 Bonds.

The proceeds of the Series 2008 Bonds were used, among other things, to (i) pay or reimburse the Corporation and certain of its affiliates, including Rapid City Regional Hospital, Inc. (the “*Hospital*”), Regional Health Network, Inc. (“*Health Network*”) and Regional Health Physicians, Inc. (“*RH Physicians*” and, together with the Hospital and Health Network, the “*Affiliates*”) for the cost of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Corporation and/or the Affiliates, and all necessary and attendant facilities, equipment, site work and utilities appurtenant thereto, including, but not limited to (A) projects in or attached to Rapid City Regional Hospital, a 429 licensed bed acute care general hospital located at 353 Fairmont Boulevard, Rapid City, South Dakota (the “*Main Unit*”), including, but not limited to the following projects: the constructing, remodeling, renovating and equipping of the Hospital’s main campus central utility plant (said main campus consisting of a parcel of land which is bordered to the West by Fifth Street, to the North by Fairmont Boulevard, to the East by Second Street and to the South by Elk Street, Rapid City, South Dakota) (the “*Main Campus*”), the construction, renovation and equipping of inpatient rooms on the ninth floor of the Main Unit, the construction, renovation and equipping of integrated OR suites within the Main Unit, the construction of a new approximately 13,500 square foot addition to the third floor of the Main Unit building to house a Rapid Admissions Unit, and the renovation, remodeling, construction and equipping of various spaces within the existing Main Unit building; (B) projects in or attached to Belle Fourche Regional Senior Care, an 83 licensed skilled nursing bed and 16 licensed assisted living bed long term care facility located at 2200 13th Avenue, Belle Fourche, South Dakota, including, but not limited to the construction, remodeling and equipping of a 10,000 square foot, one-story health care clinic; (C) projects in or attached to Lead Deadwood Regional Hospital, an 18 bed general acute care hospital located at 61 Charles Street, Deadwood, South Dakota, including, but not limited to the equipping of a gas water heater; (D) projects in or attached to Sturgis Regional Hospital, a 25 licensed bed general acute care hospital and 84 licensed bed long term care facility located at 949 Harmon Street, Sturgis, South Dakota, including, but not limited to the construction and equipping of a Plant Operations garage and air handling controls for the facility; (E) projects in or attached to Spearfish Regional Hospital, a 40 licensed bed general acute care hospital and the attached Spearfish Regional Medical Clinic located at 1440 N. Main Street and 1445 North Avenue, respectively, in Spearfish, South Dakota, including but not limited to an air conditioner compressor and air dampers; and (F) projects in or attached to Queen City

Regional Medical Clinic, a health care clinic located at 1420 N. 10th Street, Spearfish, South Dakota, including, but not limited to the construction, remodeling, renovating and equipping of the approximately 15,000 square foot clinic (collectively, the “*Series 2008 Project*”), (ii) refund all or a portion of the outstanding \$60,000,000 original principal amount of South Dakota Health and Educational Facilities Authority Variable Rate Revenue Bonds, Series 2003 (Rapid City Regional Hospital) (the “*Series 2003 Bonds*”), and (iii) pay certain expenses incurred in connection with the issuance of the Series 2008 Bonds including the cost of credit enhancement for the Series 2008 Bonds. On March 17, 2011, the Corporation defeased that portion of the Series 2008 Bonds allocable to the Belle Fourche Regional Senior Care project described in (B) above. The facility is no longer owned by the Corporation or any of its Affiliates.

The proceeds of the Series 2003 Bonds were used, among other things, to (i) pay or reimburse the Corporation and the Affiliates for the payment of, or to refinance certain indebtedness the proceeds of which were used to pay, the costs of acquiring, constructing, remodeling, renovating and equipping certain portions of the Hospital’s and the Affiliates’ health care facilities, including projects in, or attached to, the Hospital’s Main Unit and projects in facilities or the construction of facilities adjacent to or located on or about the Main Campus, including, but not limited to the following projects: expanding, constructing and equipping the Hospital’s main campus central utility plant and tunnel, constructing and equipping inpatient rooms on the ninth and tenth floors of the Main Unit, relocating existing support services from the Main Unit to a new two-story approximately 16,000 square foot grounds building on the Main Campus, and acquiring, constructing, remodeling, renovating and equipping certain portions of the Hospital’s and the other Affiliates’ existing health care facilities listed in the next paragraph below and acquiring, equipping, renovating and constructing all necessary appurtenances and associated land and utility improvements related to such facilities, and (ii) pay certain expenses incurred in connection with the issuance of the Series 2003 Bonds, including the cost of a municipal bond insurance premium and initial liquidity facility.

All of the improvements financed or refinanced by the Series 2015 Bonds, the Series 2008 Bonds and the Series 2003 Bonds, with the exception of those improvements that have been sold and/or the allocable portion of the related bonds defeased, are located on land owned, operated or managed by the Corporation or the Affiliates at the following locations: 209 Ramsland, Buffalo, South Dakota; 1039 Montgomery Street, 1041 Montgomery Street, 1065 Montgomery Street, and 423 N. 10th Street, each in Custer, South Dakota; 71 Charles Street and 61 Charles Street, each in Deadwood, South Dakota; 130 N. 15th Street, Hot Springs, South Dakota; 200 Montana Avenue, Lead, South Dakota; 1011 11th Street, 224 Elk Street, 2331 Oak Avenue, 2311 Oak Avenue, 2805 5th Street, 2908 5th Street, 2929 5th Street, 301 Fox Run Drive, 353 Fairmont Boulevard, land that is bordered to the west by Fifth Street, to the north by Fairmont Boulevard, to the east by Second Street and to the south by Elk Street (the Rapid City Regional Hospital Main Campus), 405 E. Fairlane Drive, 409 E. Fairlane Drive, 413 E. Fairlane Drive, 417 E. Fairlane Drive, 4940 5th Street, 502 E. Monroe Street, 529 Kansas City Street, 640 Flormann Street, 651 Cathedral Drive, 677 Cathedral Drive, 915 Mountain View Road and 4150 Fifth Street, each in Rapid City, South Dakota; 132 N. Yankee Street, 1440 N. Main Street, 1445 North Avenue, 1420 N. 10th Street, 1316 N. 10th Street and 2479 East Colorado Boulevard, each in Spearfish, South Dakota; an approximately 70 acre site located east of US Highway 85 and approximately one mile south

of Interstate 90, Exit 17, on the eastern edge of Spearfish, South Dakota; and 890 Lazelle Street and 949 Harmon Street, each in Sturgis, South Dakota.

The Series 2015 Bonds shall not be deemed to constitute a debt or liability of the State of South 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 or of any such political subdivision other than the Authority, and neither the State of South Dakota nor any political subdivision thereof will be liable on the Series 2015 Bonds nor will the Series 2015 Bonds be payable out of any funds other than those pledged and assigned under the Loan Agreement between the Authority and the Corporation and the Master Trust Indenture among the Corporation, the Hospital, Health Network, RH Physicians 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, through January 15, 2015. Prior to the issuance of the Series 2015 Bonds, the Members of the Authority will meet to approve the issuance of the Series 2015 Bonds.

Notice dated: December 30, 2014.

/s/ Donald A. Templeton
Executive Director, South Dakota Health and
Educational Facilities Authority