

Public Finance

LF101001-06

August 1, 2001

Coleen Schmidt
Assistant Finance Director
City of Rapid City
300 Sixth Street
Rapid City, SD 57701

Dear Ms. Schmidt:

The Evangelical Lutheran Good Samaritan Society is constructing a senior living complex in Rapid City. The complex consists of 59 congregate apartments and 28 assisted living apartments called Echo Ridge, the complexes are contiguous. The Society is requesting that the City of Rapid City issue tax-exempt revenue bonds in an amount not to exceed \$9,500,000 to finance these facilities.

The project's congregate care facility will be located at 821 Fox Run Drive, the facility is called the Lodge. The residents will be provided supportive services. Congregate units at the Lodge are offered in one- and two-bedroom floor plans, and include a full kitchen. The units share a commons, which includes a library, living room with a fireplace, dining room, activity room and exercise room. Laundry facilities are located on each floor. Congregate residents can opt for basic services, including meals, housekeeping and transportation. Additional services may also be provided.

The project's assisted living facility will be located at 931 Fox Run Drive. This facility will be called the Manor. The assisted living option fills the gap between full independence and traditional skilled nursing care. Daily staff supervision and a variety of supportive services includes meals, housekeeping and laundry/linen, scheduled transportation, 24-hour emergency call staffing and limited personal/medical care support. Each one-bedroom unit includes a private bath and a living area with refrigerator, sink and microwave. The assisted living common area offers a library, beauty salon, activity area, lounge with a fireplace, dining room and therapy/exercise area.

The combined complex will be called Echo Ridge and will be managed by the New Underwood Good Samaritan Center. The Evangelical Lutheran Good Samaritan Society is the largest non-profit operator of nursing homes and residential facilities for the elder in the U.S. is headquartered in Sioux Falls. It operates in 194 locations in 25 states, has 17,154 nursing and assisted-care beds and 4,788 units of senior living housing. Total debt outstanding was \$341 million.

The Evangelical Lutheran Society has engaged Wells Fargo Brokerage Services, LLC to structure and place the tax-exempt financing. This financing will be privately placed with

sophisticated investors or institutions as a variable rate revenue note in minimum denominations of \$250,000. Interest rates will be reset quarterly based off an index such as 90-day LIBOR. The exact formula is subject to initial market conditions.

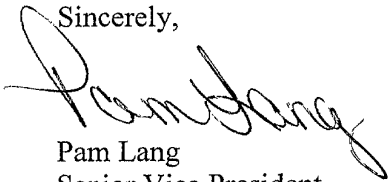
The notes will be non-rated general obligations of the Society, which has an underlying rating of "A-/A3". The proposed term is 7 years with quarterly principal and interest payments and a balloon payment at the end of the 7th year. Wells Fargo currently remarkets over \$2 billion of tax-exempt variable rate notes for units of government and non-profit institutions. We are confident of our ability to place this debt and of the Society's ability to repay this debt.

The Society's Representative on this financing is:
Thomas Peterson
Assistant Treasurer and Chief Investment Officer
(612) 337-9044

The bond counsel is:
William C. Gorham
Kutak Rock Denver
(303) 297-2400

Please call if additional information is needed to initiate this request for the issuance of tax-exempt revenue bonds by the City of Rapid City.

Sincerely,



Pam Lang
Senior Vice President
Wells Fargo Public Finance

Wells Fargo Public Finance (WFPF) bankers are registered representatives of Wells Fargo Brokerage Services, LLC, or Wells Fargo Institutional Securities, LLC, brokerage affiliates of Wells Fargo & Company and members of the NASD and SIPC. WFPF has entered into arrangements with its banking and other affiliates under which WFPF may pay compensation to them of up to 25% of its net fee for referrals and assistance in finding, soliciting, and obtaining business.

Investments: • NOT FDIC insured • May lose value • No bank guarantee

**NOTICE OF PUBLIC HEARING
CONCERNING BOND TO FINANCE A PROJECT FOR
THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY**

Notice is hereby given that the City of Rapid City, South Dakota (the "City") will conduct a public hearing concerning the approval of the issuance by the City of its Health Care Facilities Revenue Bond (The Evangelical Lutheran Good Samaritan Society Project), Series 2001 in a principal amount not to exceed \$9,500,000 (the "Bond"), for the purpose of financing the acquisition, construction, improvement and equipping of Echo Ridge, a senior living complex consisting of the Lodge, a 59-unit congregate-housing facility located at 821 Fox Run Drive, Rapid City, South Dakota and the Manor, a 28 assisted living unit facility located at 931 Fox Run Drive, Rapid City, South Dakota (together, the "Project").

The Bond, together with interest payable thereon, will constitute a special, limited obligation of the City payable solely from revenues derived by the City pursuant to a Financing Agreement among the City, Wells Fargo Brokerage Services LLC (the "Lender") and The Evangelical Lutheran Good Samaritan Society (the "Borrower"), or collateral provided by security agreements between the Borrower and the Lender. The Borrower will be the owner and operator of the Project.

All interested parties are invited to present comments at a public hearing regarding the issuance of the Bond and the Project being financed thereby. The public hearing will be held November 5, 2001, at 7:00 p.m. at the offices of Council Chamber, 2nd floor City-School Administration Building, 300 Sixth Street, Rapid City, South Dakota. Written comments to be presented at the public hearing may be mailed to the City c/o Tamara M. Pier, Esq., City Attorney of Rapid City, 300 6th St., Rapid City, South Dakota 57701.