

**SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**

MINUTES OF THE JANUARY 13, 2015 SPECIAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on Tuesday, January 13, 2015 at 10:00 a.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. Mack Wyly

Absent: Mr. Dave Timpe

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
Steve Corbin, Finance Officer
Bruce Bonjour, Perkins Coie
Marc Oberdorff, Perkins Coie
Jack Arnold, Dougherty and Company
Toby Morris, Dougherty and Company
Mark Thompson, Regional Health
Mary Masten, Regional Health
Dan Bacastow, Chapman & Cutler
Amy Curran, Chapman & Cutler

The Chairman declared a quorum and called the meeting to order.

The notice of the meeting dated January 9, 2015 was posted on the Authority door prior to the meeting (*see Attachment #1*).

The Chairman asked for consideration of the minutes for the November 14, 2014 special meeting. Mr. William Lynch moved to approve the minutes as presented, seconded by Mr. Mack Wyly. All members present voted aye, motion carried.

Regional Health Series 2015, not to exceed \$68,299,000 of bonds

Mr. Templeton reviewed the Series 2015 bonds that refunded the Series 2008 bonds, which are a private placement with U.S. Bank. Mr. Thompson explained the interest rate and that this will save Regional Health annual letter of credit and remarketing fees that the refunded Series 2008 bonds contained.

Mr. Dan Bacastow reviewed the Resolution (*see Attachment #2*). Mr. Mack Wyly moved to approved the Resolution, Mr. William Lynch seconded and upon roll call, the ayes were Dempster, Fleck, Lebrun, Lynch, Sebade and Wyly; nays: none; abstain: none.

Technical Education Series 2015A Refunding Bonds

Mr. Templeton explained that there are present value savings expected by refunding the Technical Education Series 2008 bonds.

Mr. Jack Arnold reviewed the projected sources and uses of funds, along with the projected present value savings and the costs of issuance.

Mr. Templeton explained the Preliminary Official Statement, the program revenues and expenses, the Moody's rating of Aa2 and the Fitch rating of AA.

Mr. Bonjour reviewed the Resolution (*see Attachment #3*). Mr. Gene Lebrun moved to approve the Resolution, Mr. Dick Dempster seconded and upon roll call, the ayes were Dempster, Fleck, Lebrun, Lynch, Sebade and Wyly; nays: none; abstain: none.

Audit, Audit Report, and Internal Control and Management Letters

Mr. Templeton, Mr. Christopherson and Mr. Corbin presented and reviewed in detail the FY2014 audit. These are on file at the Authority office and posted on the website. Mr. William Lynch moved to approve the audit and audit report letters, seconded by Mr. Dave Fleck and upon roll call, the ayes were Dempster, Fleck, Lebrun, Lynch, Sebade and Wyly; nays: none; abstain: none.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 10:50 a.m.



Date: January 9, 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 Tuesday, January 13, 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:

Dick Dempster (uncertain)	Gene Lebrun	Norbert Sebade	Mack Wyly
Dave Fleck	Bill Lynch		

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

Cc: Vance Goldammer, Murphy, Goldammer & Prendergast, LLP
Bruce Bonjour, Perkins Coie, LLP
Marc Oberdorff, Perkins Coie, LLP
Jack Arnold, Dougherty & Company, LLC
Toby Morris, Dougherty & Company, LLC
Dan Bacastow, Chapman & Cutler, LLP
Amy Curran, Chapman & Cutler, LLP
Mark Thompson, Regional Health

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RESOLUTION authorizing the issuance of not to exceed \$68,299,200 aggregate original principal amount of Variable Rate Demand Revenue Bonds, Series 2015 (Regional Health) 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*”) has been created by the South Dakota Health and Educational Facilities Authority Act, as amended (the “*Act*”); and

WHEREAS, Regional Health, Inc. (the “*Corporation*”), Rapid City Regional Hospital, Inc. (the “*Hospital*”), Regional Health Network, Inc. (the “*Health Network*”) and Regional Health Physicians, Inc. (“*RH Physicians*” and, together with the Hospital and Health Network, the “*Affiliates*”) are participating health institutions as defined in the Act; and

WHEREAS, the Corporation has requested the Authority to assist the Corporation and the Affiliates in providing funds to (i) refund all or a portion of the 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 (as herein defined) and the refunding of the Series 2008 Bonds (collectively, the “*Financing Purposes*”), all as permitted under the Act;

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 and the Affiliates, the Financing Purposes and the bonds to be issued by the Authority:

(a) The Corporation and each of the Affiliates is a nonprofit corporation incorporated under the laws of the State of South Dakota, the Corporation will make the proceeds of the loan from the Authority available to the Affiliates, and (i) the Hospital is licensed under Chapter 12 of Title 34 of the

South Dakota Codified Laws and is authorized by law to operate Rapid City Regional Hospital and related health care facilities, (ii) Health Network is licensed under Chapter 12 of Title 34 of the South Dakota Codified Laws and is authorized by law to operate Lead-Deadwood Regional Hospital, Spearfish Regional Hospital, Sturgis Regional Hospital and related health care facilities and assisted living homes for the aged, and (iii) RH Physicians is authorized by law to operate health care clinics and other health care facilities;

(b) The Corporation has properly filed with the Authority its request for assistance in refunding the Series 2008 Bonds for the benefit of itself and the Affiliates; the facilities to be refinanced with the proceeds of the Series 2015 Bonds and the projects for which the Series 2008 Bonds were issued consist of “*facilities*” for a “*health institution*” as such terms are defined in the Act; and such 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) The refunding of the Series 2008 Bonds is in the public interest, alleviates a financial hardship upon the Corporation and the Affiliates and will result in a lesser cost of patient care and a savings to third parties, including state or federal governments, and to others who must pay for health care; and

(d) The bonds herein authorized are being issued for a valid purpose under and in accordance with the provisions of the Act.

Section 2. Series 2015 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 the South Dakota Health and Educational Facilities Authority Variable Rate Demand Revenue Bonds, Series 2015 (Regional Health) (the “*Series 2015 Bonds*”); said Series 2015 Bonds to be issued under and secured by and to have the terms and provisions set forth in the Bond Indenture hereinafter referred to, and such Series 2015 Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of its Chairman and by the manual or facsimile signature of its Executive Director or such other Member or officer designated by the Authority and the seal of the Authority shall be impressed manually or printed by facsimile thereon.

The Series 2015 Bonds shall be issued in an aggregate principal amount not to exceed \$68,299,200. The Series 2015 Bonds shall be dated as of their date of issuance. The Series 2015

Bonds may be subject to mandatory bond sinking fund redemption if and as provided in the Bond Indenture. The Series 2015 Bonds shall be subject to optional redemption, optional purchase in lieu of redemption and extraordinary redemption and be payable all as set forth in the Bond Indenture.

The Series 2015 Bonds shall mature, subject to rights of prior redemption, not later than September 1, 2027 and shall bear interest at variable rates of interest not greater than 25% per annum; provided that as of the date of issuance and delivery of the Series 2015 Bonds, the Series 2015 Bonds shall bear interest at an Index Floating Rate for the initial Index Interest Period (as such terms are defined in the hereafter described Bond Indenture) not greater than 3% per annum, unless the Chairman or the Executive Director of the Authority shall determine that the Series 2015 Bonds shall initially bear interest at another rate or rates permitted under the Bond Indenture and not in excess of 25% per annum, and shall bear such interest rate or rates as are (or have been in the form of appropriate parameters) approved by the Corporation (such approval to be evidenced by the delivery of the Series 2015 Bond Obligation (as hereinafter defined) by the Corporation).

The Authority hereby delegates to the Chairman or the Executive Director of the Authority the power and duty to make final determinations as to the principal amount, maturities, purchase price, mandatory sinking fund redemption dates and amounts, optional and extraordinary redemption and purchase provisions and interest rates of the Series 2015 Bonds, all within the parameters set forth herein, and within such parameters, as such terms are (or have been in the form of appropriate parameters) approved by the Corporation (such approval to be evidenced by the delivery of the Series 2015 Bond Obligation by the Corporation).

The Series 2015 Bonds shall be issued and sold by the Authority and purchased by U.S. Bank National Association (the “*Purchaser*”) at a purchase price equal to 100% of the par amount of the Series 2015 Bonds.

Section 3. Continuing Covenant Agreement. The Authority does hereby authorize and approve the execution and delivery of a Continuing Covenant Agreement (the “*Continuing Covenant Agreement*”) between the Corporation, on behalf of itself and as Obligated Group Agent on behalf of the other Members of the Obligated Group, and the Purchaser, relating to the Series 2015 Bonds, pursuant to which the Members of the Obligated Group will make certain financial and other covenants for the benefit of the Purchaser. The Continuing Covenant Agreement 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 Corporation (such approval to be evidenced by the execution and delivery of the Continuing Covenant Agreement by the Corporation) and as shall be approved by the Chairman or other Member of the Authority or the Executive Director of the Authority executing the Loan Agreement (as hereinafter defined), 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 Continuing Covenant Agreement attached hereto.

Section 5. Bond Indenture. The Authority does hereby authorize and approve the execution and delivery of a Bond Trust Indenture (the “*Bond Indenture*”) between the Authority and The First National Bank in Sioux Falls, as bond trustee (the “*Bond Trustee*”), providing for the issuance thereunder of the Series 2015 Bonds and further setting forth the terms and provisions applicable to the Series 2015 Bonds, including securing the Series 2015 Bonds by an assignment thereunder of the Authority’s right, title and interest in the Series 2015 Bond

Obligation. The Bond Indenture will be substantially in the form attached hereto and marked “*Exhibit B*” and hereby approved, or with such changes therein as shall be approved by the 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 Bond Indenture attached hereto.

Section 6. Loan Agreement. The Authority does hereby authorize and approve the execution and the delivery of a Loan Agreement (the “*Loan Agreement*”), between the Corporation and the Authority, pursuant to which the Authority will lend the proceeds of the Series 2015 Bonds to the Corporation, all as more fully described in the Loan Agreement. The Loan Agreement will be substantially in the form attached hereto and marked “*Exhibit C*” and hereby approved, or with such changes therein as shall be approved by the Corporation (such approval to be evidenced by the execution and delivery of the Loan Agreement by the Corporation) and as shall be approved by the 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 attached hereto.

Section 7. Eleventh Supplemental Master Indenture. The Authority does hereby authorize and approve the execution and delivery of the Eleventh Supplemental Master Trust Indenture (the “*Eleventh Supplemental Master Indenture*”) supplementing and amending the First Amended and Restated Master Trust Indenture dated as of March 1, 1998, as heretofore supplemented and amended (the “*Original Master Indenture*” and together with the Eleventh Supplemental Master Indenture, the “*Master Indenture*”), among the Corporation, the Hospital,

Health Network and RH Physicians (collectively, the “*Members of the Obligated Group*”) and The First National Bank in Sioux Falls, as master trustee (the “*Master Trustee*”), and providing for, among other things, the issuance thereunder of the Series 2015 Obligations hereinafter referred to. Said Eleventh Supplemental Master Indenture shall be substantially in the form attached hereto and marked “*Exhibit D*” and hereby approved, or with such changes therein as shall be approved by the Corporation (such approval to be evidenced by the execution and delivery of the Eleventh Supplemental Master Indenture by the Corporation) and as shall be approved by the Chairman or other Member of the Authority or the Executive Director of the Authority executing the Loan Agreement, 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 the Eleventh Supplemental Master Indenture attached hereto.

Section 8. Series 2015 Bond Obligation. Pursuant to the Master Indenture, the Corporation will issue to the Authority its Direct Note Obligation, Series 2015 (South Dakota Health and Educational Facilities Authority) (the “*Series 2015 Bond Obligation*”) as security for the Series 2015 Bonds. The Series 2015 Bond Obligation will be in an aggregate principal amount equal to the aggregate principal amount of the Series 2015 Bonds and have similar prepayment provisions, maturities and interest rates as the Series 2015 Bonds. The Authority hereby approves the assignment of the Series 2015 Bond Obligation by the Authority to the Bond Trustee under the Bond Indenture for the benefit and security of the Series 2015 Bonds.

Section 9. Series 2015 Purchaser Obligation. Pursuant to the Master Indenture, the Corporation, on behalf of itself and as Obligated Group Agent on behalf of the other Members of the Obligated Group, will issue to the Purchaser its Direct Note Obligation, Series 2015 (U.S. Bank National Association) (the “*Series 2015 Purchaser Obligation*” and, together with the

Series 2015 Bond Obligation, the “*Series 2015 Obligations*”) to evidence the Members’ obligations to the Purchaser under the Continuing Covenant Agreement.

Section 10. Supplemental Mortgages. The Authority does hereby authorize and approve the execution and delivery by the parties thereto of (i) an Eighth Supplemental Mortgage and Security Agreement – One Hundred Eighty Day Redemption and Fixture Financing Statement (the “*Eighth Supplemental Hospital Mortgage*”) from the Hospital to the Master Trustee, supplementing and amending the Second Amended and Restated Mortgage – One Hundred Eighty Day Redemption dated as of March 1, 1998 between said parties, as previously supplemented and amended, reflecting the increased amount of Obligations secured thereby following the issuance of the Series 2015 Bonds and reflecting amendments required in connection with the issuance of the Series 2015 Bond Obligation and (ii) a Seventh Supplemental Mortgage and Security Agreement – One Hundred Eighty Day Redemption and Fixture Financing Statement (the “*Seventh Supplemental Health Network Mortgage*” and, together with the Eighth Supplemental Hospital Mortgage, the “*Mortgages*”) from Health Network, formerly known as West Dakota Health Care, Inc., to the Master Trustee, supplementing and amending the Mortgage and Security Agreement – One Hundred Eighty Day Redemption, dated as of April 1, 2001 between said parties, as previously supplemented and amended, reflecting the increased amount of Obligations secured thereby following the issuance of the Series 2015 Bonds and reflecting amendments required in connection with the issuance of the Series 2015 Bond Obligation, each creating a first mortgage lien (subject to Permitted Encumbrances, as defined therein) on certain facilities of the Hospital and Health Network, as the case may be, and providing additional security for all Obligations heretofore and hereafter issued under the Master Indenture and designated as “Secured Obligations” entitled to the benefit

of such Mortgages and the mortgages amended thereby; such Mortgages to be in substantially the forms thereof attached hereto and marked as “*Exhibits E and F*”, respectively, with such changes therein as shall be approved by the Hospital and Health Network, respectively (such approval to be evidenced by the execution and delivery of such mortgage by the Hospital and Health Network, respectively) and as shall be approved by the Chairman or other Member of the Authority or the Executive Director of the Authority executing the Bond Indenture, with such execution to constitute conclusive evidence of their approval and the Authority’s approval of any changes or revisions in either Mortgage from the form of each Mortgage attached hereto.

Section 11. 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 documents attached hereto as *Exhibits A through F*, respectively, 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 preserve the tax exempt status of the Series 2015 Bonds, including a Tax Exemption Certificate and Agreement providing for the periodic payment of certain earnings on funds held by the Bond Trustee to the United States of America.

Section 12. Hearing and Approval as required by Section 147(f) of the Internal Revenue Code of 1986. The issuance of the Series 2015 Bonds is subject to the approval by the Governor

of the State of South Dakota of the issuance of such Series 2015 Bonds following the hearing which will be held on January 15, 2015 after due notice, regarding the issuance of such Series 2015 Bonds, all as required by Section 147(f) of the Internal Revenue Code of 1986 (the “Code”).

Adopted this 13th day of January, 2015.

RESOLUTION authorizing the issuance and sale of the South Dakota Health and Educational Facilities Authority Vocational Education Program Refunding Revenue Bonds, for the purposes of refinancing and refunding existing bonds, authorizing the execution and performance of a Supplemental Indenture of Trust and a Supplement to Lease Purchase Agreement to secure such Refunding Bonds, authorizing the execution and performance of the Bond Purchase Agreement in connection therewith, authorizing distribution of a Preliminary Official Statement and an Official Statement relating to the Refunding Bonds, and authorizing execution, performance and delivery of other documents, certificates and instruments in connection therewith.

RECITALS

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*”);

WHEREAS, the Authority is authorized pursuant to the Act to issue revenue bonds and acquire vocational education facilities to be leased to and purchased by the State Board of Education (the “*Board*”) and/or certain participating institutions under Chapter 13-39, SDCL;

WHEREAS, to secure the bonds of the Authority issued for such purposes, the Act authorizes the Authority to pledge payments to be made to the Authority pursuant to lease or leases;

WHEREAS, Title 13, SDCL establishes the postsecondary technical institutes facilities fund (the “*Technical Institutes Facilities Fund*”) and provides that (i) the State Treasurer or others may pledge earnings on the Technical Institutes Facilities Fund and (ii) the Board may pledge certain amounts of tuition and other student fees required to be paid to the Treasurer and deposited into the Tuition Subaccount;

WHEREAS, the Authority has established a program (the “*Program*”) whereby the Board may lease purchase post-secondary vocational technical education facilities from the Authority and sublease such facilities to the Participating Institutions;

WHEREAS, the Authority and the Board have heretofore entered into a Lease Purchase Agreement dated as of August 1, 1988 (the “*Original Lease*”), as supplemented by various Supplements through and including a Seventeenth Supplement to Lease Purchase Agreement dated as of June 1, 2014 and certain Omnibus Amendments dated as of May 1, 2011 (collectively, as so supplemented and amended, the “*Lease*”) pursuant to which the Board is leasing with an option to purchase certain facilities the acquisition and/or improvement and equipping of which was financed or refinanced in part or in whole with the proceeds derived from the issuance and sale by the Authority of its Vocational Education Program Revenue Bonds, Series 1988 in the original principal amount of \$11,120,000 (the “*Series 1988 Bonds*”), its Vocational Education Program Revenue Bonds, Series 1990 in the original principal amount of \$1,315,000 (the “*Series 1990 Bonds*”), its Vocational Education Program Revenue Bonds,

Series 1992 in the original principal amount of \$8,785,000 (the “*Series 1992 Bonds*”), its Vocational Education Program Revenue Bonds, Series 1993 in the original principal amount of \$9,780,000 (the “*Series 1993 Bonds*”), its Vocational Education Program Revenue Bonds, Series 1997 in the original principal amount of \$10,365,000 (the “*Series 1997 Bonds*”), its Vocational Education Program Revenue Bonds, Series 1998 in the original principal amount of \$4,705,000 (the “*Series 1998 Bonds*”), its Vocational Education Program Revenue Bonds, Series 1999 in the original principal amount of \$7,135,000 (the “*Series 1999 Bonds*”), its Vocational Education Program Revenue Bonds, Series 2004 in the original principal amount of \$6,265,000 (the “*Series 2004 Bonds*”), its Vocational Education Program Revenue Bonds, Series 2007 in the original principal amount of \$8,805,000 (the “*Series 2007 Bonds*”), its Vocational Education Program Revenue Bonds, Series 2008 in the original principal amount of \$19,465,000 (the “*Series 2008 Bonds*”), its Vocational Education Program Revenue Bonds, Series 2010A and Series 2010B in the original principal amount of \$23,590,000 (collectively, the “*Series 2010A&B Bonds*”), its Taxable Vocational Education Program Revenue Bonds, Series 2010C (Build America Bonds) in the original principal amount of \$12,605,000 (the “*Series 2010C Bonds*”), its Vocational Education Program Revenue Bonds, Series 2011A in the original principal amount of \$20,140,000 (the “*Series 2011A Bonds*”), its Vocational Education Program Revenue Bonds, Series 2012A in the original principal amount of \$18,810,000 (the “*Series 2012A Bonds*”), its Vocational Education Program Revenue Bonds, Series 2014A in the original principal amount of \$1,790,000 (the “*Series 2014A Bonds*” and, together with the Series 1988 Bonds, Series 1990 Bonds, Series 1992 Bonds, Series 1993 Bonds, Series 1997 Bonds, Series 1998 Bonds, Series 1999 Bonds, Series 2004 Bonds, Series 2007 Bonds, Series 2008 Bonds, Series 2010A&B Bonds, Series 2010C Bonds, Series 2011A Bonds and Series 2012A Bonds, and any parity bonds issued in the future, the “*Bonds*”);

WHEREAS, the Authority issued the Series 1988 Bonds pursuant to an Indenture of Trust dated as of August 1, 1988 (the “*Original Indenture*”) between the Authority and The First National Bank in Sioux Falls, as Trustee (the “*Trustee*”). The Authority issued the Series 1990 Bonds pursuant to the Original Indenture as amended and supplemented by the First Supplemental Indenture of Trust dated as of May 1, 1990 between the Authority and the Trustee (the “*First Supplemental Indenture*”). The Authority issued the Series 1992 Bonds pursuant to the Original Indenture as amended and supplemented by the Second Supplemental Indenture of Trust dated as of December 15, 1992 between the Authority and the Trustee (the “*Second Supplemental Indenture*”). The Authority issued the Series 1993A Bonds pursuant to the Original Indenture as amended and supplemented by the Third Supplemental Indenture of Trust dated as of August 1, 1993 between the Authority and the Trustee (the “*Third Supplemental Indenture*”). The Authority issued the Series 1993B Bonds pursuant to the Original Indenture as amended and supplemented by the Fourth Supplemental Indenture of Trust dated as of August 1, 1993 between the Authority and the Trustee (the “*Fourth Supplemental Indenture*”). The Authority issued the Series 1997 Bonds pursuant to the Original Indenture as amended by the Fifth Supplemental Indenture of Trust dated as of December 1, 1997 between the Authority and the Trustee (the “*Fifth Supplemental Indenture*”). The Authority issued the Series 1998 Bonds pursuant to the Original Indenture as amended and supplemented by the Sixth Supplemental Indenture of Trust dated as of May 1, 1998 between the Authority and the Trustee (the “*Sixth Supplemental Indenture*”). The Authority issued the Series 1999 Bonds pursuant to the Original Indenture as amended and supplemented by the Seventh Supplemental Indenture of Trust dated as of June 1, 1999 between the Authority and the Trustee (the “*Seventh Supplemental*

Indenture”). The Authority issued the Series 2004 Bonds pursuant to the Original Indenture as amended and supplemented by the Eighth Supplemental Indenture of Trust dated as of December 1, 2004 between the Authority and the Trustee (the “*Eighth Supplemental Indenture*”). The Authority issued the Series 2007 Bonds pursuant to the Original Indenture as amended and supplemented by the Ninth Supplemental Indenture of Trust dated as of November 1, 2007 between the Authority and the Trustee (the “*Ninth Supplemental Indenture*”). The Authority issued the Series 2008 Bonds pursuant to the Original Indenture as amended and supplemented by the Tenth Supplemental Indenture of Trust dated as of September 1, 2008 between the Authority and the Trustee (the “*Tenth Supplemental Indenture*”). The Authority issued the Series 2010A&B Bonds pursuant to the Original Indenture as amended and supplemented by the Eleventh Supplemental Indenture of Trust dated as of July 1, 2010 between the Authority and the Trustee (the “*Eleventh Supplemental Indenture*”), as subsequently amended by certain Omnibus Amendments dated as of May 1, 2011. The Authority issued the Series 2010C Bonds pursuant to the Original Indenture as amended and supplemented by the Twelfth Supplemental Indenture of Trust dated as of November 1, 2010 between the Authority and the Trustee (the “*Twelfth Supplemental Indenture*”). The Authority issued the Series 2011A Bonds pursuant to the Original Indenture as amended and supplemented by the Thirteenth Supplemental Indenture of Trust dated as of August 1, 2011 between the Authority and the Trustee (the “*Thirteenth Supplemental Indenture*”). The Authority issued the Series 2012A Bonds pursuant to the Original Indenture as amended and supplemented by the Fourteenth Supplemental Indenture of Trust dated as of August 1, 2012 between the Authority and the Trustee (the “*Fourteenth Supplemental Indenture*”). The Authority issued the Series 2014A Bonds pursuant to the Original Indenture as amended and supplemented by the Fifteenth Supplemental Indenture of Trust dated as of June 1, 2014 between the Authority and the Trustee (the “*Fifteenth Supplemental Indenture*”). The Original Indenture as subsequently amended and supplemented from time to time is referred to herein as the “*Indenture*.”

WHEREAS, pursuant to the Authority’s Program in order to provide a credit against Lease Rentals owed by the Board under the Lease Purchase Agreement as heretofore amended and supplemented, all Participating Institutions have heretofore entered into the Amended and Restated Facility Fee Tuition Collection and Deposit Agreement dated as of September 1, 2008 (the “*Collection Agreement*”) with the Board, the South Dakota Treasurer (the “*Treasurer*”) and The First National Bank in Sioux Falls, as Escrow Holder (the “*Escrow Holder*”), providing for the collection of Facility Fees on a current basis (no less frequently than quarterly) and the deposit of such Facility Fees to the Tuition Subaccount (an account of the Treasurer’s maintained with the Escrow Holder);

WHEREAS, the Authority, the Escrow Holder, the Board, and the Treasurer have entered into a general Pledge and Escrow Agreement, dated as of April 1, 1988 (as amended and supplemented from time to time, the “*Pledge Agreement*”);

WHEREAS executed counterparts or copies of the Indenture, the Pledge Agreement, the Lease and all related documents and instruments heretofore executed and delivered in connection with the Program are on file with the Authority;

WHEREAS, Section 3.07 of the Original Indenture authorizes the issuance of Additional Bonds (as defined therein) by the Authority from time to time in accordance with the provisions

thereof for various purposes, including (i) refunding of any series of Outstanding Bonds, any maturity of any series of Outstanding Bonds or any Related Amount of Series Bonds within a series of Bonds by depositing with the Trustee, in trust for the sole benefit of such Bonds, noncallable “Eligible Investments” (as defined in the Original Indenture) which will, together with the income or increment to accrue thereon without consideration of any reinvestment thereof, be sufficient to pay or redeem (when redeemable) and discharge the indebtedness of all Bonds to be refunded at or before their respective maturity dates; (ii) obtaining funds to make the required deposit to the Debt Service Reserve Fund, and (iii) obtaining funds for any other purpose permitted under the Act, provided that any Facilities acquired within proceeds of such Additional Bonds shall become part of the Facilities and shall be subject to the Lease;

WHEREAS, pursuant to 1-16A-95, beginning on July 1, 2013, the issuance of any additional bonds, notes, or other obligations of the Authority which are payable out of receipts, rentals, and other payments made pursuant to lease purchase agreements with the Participating Institutions or the Board under the authority of chapter 13-39 shall be approved by the South Dakota Legislature before issuance; provided, however, this requirement, does not apply to the issuance of bonds for the purposes of refinancing or refunding existing bonds, notes, or other obligations;

WHEREAS, at the request of the Board, the Authority on November 14, 2014, adopted a resolution (the “*Prior Resolution*”) authorizing the issuance and sale of its Vocational Education Program Revenue Bonds, Series 2014B (the “*Previously Authorized Bonds*”) for the purpose of refinancing or refunding all or any portion of the Outstanding Series 2008 Bonds (the “*Refunded Bonds*”);

WHEREAS, such Previously Authorized Bonds have not been issued as of the date hereof and, at the request of the Board, the Authority now proposes to amend and restate the Prior Resolution to authorize issuance of bonds in one or more series (the “*Refunding Bonds*”) in an amount estimated to be necessary, together with other available funds for the purposes of refinancing and refunding all or any portion of the Refunded Bonds;

WHEREAS, the Authority has been presented with drafts of a Preliminary Official Statement, a Supplemental Indenture between the Authority and The First National Bank in Sioux Falls, a Supplemental Lease Purchase Agreement between the Authority and the Board, and a Bond Purchase Agreement among the Board, the Authority and Dougherty & Company LLC (the “*Underwriter*”) (the “*Preliminary Official Statement*”, the “*Refunding Supplemental Indenture*”, the “*Refunding Lease Supplement*” and the “*Bond Purchase Agreement*,” respectively) in forms substantially similar to those used for the Program in past transactions, as modified, revised or supplemented in the manner herein provided or contemplated;

WHEREAS, the Refunded Bonds financed or refinanced certain projects described on Exhibit A attached hereto (the “*Refinanced Projects*”) which were leased by the Authority to the Board pursuant to the Lease and in turn subleased by the Board to the Participating Institutions pursuant to the respective Sublease Agreements between the Board and each Participating Institution (as amended and supplemented from time to time the “*Subleases*”);

WHEREAS, in furtherance of the foregoing, it shall be necessary for the Board and other parties to execute, deliver and approve, as applicable, (i) the Refunding Lease Supplement, (ii) the Refunding Supplemental Indenture, (iii) the Bond Purchase Agreement, (iv) a Continuing Disclosure Agreement with respect to the Refunding Bonds (the “*Continuing Disclosure Agreement*”) and (v) an Escrow Agreement (the “*Escrow Agreement*”) between the Authority and The First National Bank in Sioux Falls as Escrow Agent (the “*Escrow Agent*”) providing for the refunding of the Refunded Bonds;

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:

(a) The Refinanced Projects shall be leased to the Board and subleased to the School Districts identified in the supplements to the Subleases entered into in connection with the issuance of the Refunded Bonds (herein, the “*Series 2008 Tenants*”) and shall be operated by the Series 2008 Tenants, each of which is a Participating Institution, and will serve the public purposes of the Program.

(b) The Authority is authorized pursuant to Chapter 1-16A, SDCL, to act on behalf of the government of the State of South Dakota to issue revenue bonds to finance and refinance vocational education facilities in the State, including the issuance of bonds for the purposes of refinancing or refunding existing bonds, notes or other obligations.

(c) Prior to the issuance of the Refunding Bonds, and as provided in Section 1-16A-93, the Board of Education shall determine that the estimated receipts, rentals, and other payments, including appropriations by the South Dakota Legislature, student fee payments, and other balances and revenues pledged under the Indenture or any other agreement or arrangement with respect to outstanding Bonds will not be less than one hundred three percent (103%) of the projected scheduled payments of principal and interest on all outstanding Bonds, which for purposes of this determination shall include the Refunding Bonds to be issued but shall exclude the Refunded Bonds.

(d) Section 1-16A-93 provides that the Authority may conclusively rely upon the determinations of the Board.

(e) Pursuant to Section 1-16A-95, no approval of the Legislature is required before the issuance of the Refunding Bonds since the issuance of the Refunding Bonds is for the purposes of refinancing or refunding existing bonds, notes or other obligations.

Section 2. Refunding Bonds. The Refunding Bonds shall be issued pursuant to the Original Indenture as amended and supplemented by the Refunding Supplemental Indenture. The Refunding Bonds are hereby authorized to be issued in fully registered form in an aggregate principal amount of not to exceed \$26,000,000 of Refunding Bonds with such maturities and interest rates to be finally determined by the officers executing and delivering the Refunding Supplemental Indenture and the Bond Purchase Agreement, *provided* that an Authorized Officer (as defined below) determine that the Refunding Bonds will bear interest at rates resulting in a

yield for arbitrage purposes not in excess of 5.00% per annum with a final stated maturity of no later than August 1, 2038), the purchase price of the Refunding Bonds to be paid by the underwriter will be not less than 97.50% of the principal amount of the Refunding Bonds (taking into account the underwriter's discount); the underwriter's discount (as measured as a percentage of total proceeds of the Refunding Bonds) shall not exceed 0.50%; *provided further* that the written determination of an Authorized Officer to such effect shall constitute absolute, irrevocable conclusive evidence of the validity of the Refunding Bonds and other instruments described herein. The Refunding Bonds shall be designated "South Dakota Health and Educational Facilities Authority Vocational Education Program Refunding Revenue Bonds" with a date and letter designation for the Refunding Bonds to be determined as provided in Section 8 of this Resolution. The form of the Refunding Bonds and trustee's certificate of authentication shall be substantially in the form of the draft of the Refunding Supplemental Indenture on file with the Executive Director, with such additions or other modifications to such designation as any Authorized Officer may deem necessary or appropriate.

The purpose of the issuance of the Refunding Bonds is to refund the Refunded Bonds.

Refunding Bonds shall have a date of initial issuance as specified in Section 2.02 of the Refunding Supplemental Indenture. Thereafter, the Refunding Bonds shall be dated as set forth in the specimen form of Bond approved hereby. The Refunding Bonds shall mature on August 1 in the years and in the principal amounts, and shall bear interest from the date thereof at the rates, and shall be payable semiannually on February 1 and August 1 of each year, until final payment of the principal thereof, all as specified in the Bond Purchase Agreement and Section 2.02 of the Refunding Supplemental Indenture. The Refunding Bonds shall be issued in the denominations specified in Section 2.02 of the Refunding Supplemental Indenture. The Trustee is hereby appointed the Paying Agent for the Refunding Bonds. The place of payment of the principal or redemption price of and interest on the Bonds shall be as provided in the Indenture.

The Refunding Bonds shall be subject to redemption prior to their maturity at the option of the Authority in whole or in part on any Interest Payment Date, at such redemption price and on such dates as shall be approved by the officers executing the Refunding Bonds and the Refunding Supplemental Indenture, such redemption to be as otherwise provided in Article II of the Refunding Supplemental Indenture. Any Refunding Term Bonds (as identified in the Bond Purchase Agreement and the Refunding Supplemental Indenture) shall be redeemed prior to maturity by payment of Sinking Fund Installments (as specified in the Refunding Supplemental Indenture based upon the parameters established in this Resolution), upon notice, as provided in Article II of the Refunding Supplemental Indenture, on each of the dates and in the respective principal amounts specified in the Bond Purchase Agreement, in each case at a redemption price of 100% of the principal amount of such Term Bonds or portions thereof to be so redeemed, together with accrued interest to the redemption date as set forth in the form of Refunding Bond approved hereby. Except as otherwise provided herein, all Refunding Bonds shall be redeemed in accordance with the Refunding Supplemental Indenture.

The Related Amount of Refunding Bonds shall be as provided in Exhibit D to the Refunding Supplement to Lease and Section 2.16 of the Original Indenture as amended by the Refunding Supplemental Indenture.

The Authority hereby covenants and agrees to cause the Refunding Supplement to Lease to require that the Board comply, and that the Board will cause each applicable Participating Institution to comply, with all applicable terms and conditions of the Internal Revenue Code of 1986, as amended (the “Code”) in order to preserve the tax-exempt status for federal income tax purposes of interest on the Refunding Bonds.

Section 3. Application of Bond Proceeds. The proceeds of the sale and delivery of the Refunding Bonds shall be deposited in the Funds and Accounts as specified in Article IV of the Refunding Supplemental Indenture.

Section 4. Refunding Supplemental Indenture, Refunding Lease Supplement, Continuing Disclosure Agreement, and Escrow Agreement. The Refunding Supplemental Indenture, Refunding Lease Supplement, the Continuing Disclosure Agreement, and the Escrow Agreement, in substantially the forms of the drafts currently on file, containing such additions, deletions and substitutions to be made to the text of such forms as hereby determined by the Authority as necessary or desirable in the refinancing of the Refinanced Projects and related matters, and accomplishment of the purposes of this Resolution, including providing proceeds in an amount not in excess of the amounts required to pay the redemption price plus accrued interest on the Refunded Bonds, to pay costs of issuance of the Refunding Bonds and to provide working capital in an amount equal to the present value savings on debt service with respect to the Refunded Bonds, are hereby approved. Any member or officer of the Authority is hereby authorized to execute and deliver or accept, as the case may be, the Refunding Supplemental Indenture, the Refunding Lease Supplement, the Continuing Disclosure Agreement, and the Escrow Agreement, together with the definitive Refunding Bonds authorized hereunder, in substantially the forms referred to herein with such changes, variations, omissions and insertions as the officer executing such documents shall approve. The execution, to the extent so required, or delivery of each such document by such member shall constitute conclusive evidence of such approval, including the approval of all such changes, variations, omissions and insertions in such documents or instrument contemplated by this Resolution. Any member or officer of the Authority is hereby authorized and directed for and in the name and on behalf of the Authority to do all acts and things required or provided for by the provisions of Refunding Supplemental Indenture, Refunding Lease Supplement, the Continuing Disclosure Agreement, and the Escrow Agreement, and to execute and deliver all such additional certificates, instruments and documents and to do all such further acts and things as may be necessary or, in the opinion of such member, desirable and proper to effect the purposes of this Resolution and to cause compliance by the Authority with all of the terms, covenants and provisions of said documents, including, without limitation, such certificates, acts and things as may be required by Bond Counsel, to show the facts relating to the legality and marketability of the Refunding Bonds and other matters.

Section 5. Bond Purchase Agreement; Preliminary Official Statement and Official Statement. The Refunding Bond Purchase Agreement, in substantially the form previously used by the Authority in connection with the Program (herein, the “*Bond Purchase Agreement*”) is hereby approved. The Refunding Bonds shall be sold and delivered in the manner, at a purchase price and on the terms and conditions set forth in the Bond Purchase Agreement including a purchase price to be approved by the officers executing the Bond Purchase Agreement (but in no event at a purchase price less than 97.50% of the principal amount thereof or with an

underwriting discount (measured as a percentage of total proceeds of the Refunding Bonds) of more than 0.50%). The distribution of the Preliminary Official Statement in the form on file is hereby authorized. The preparation of the final Official Statement, and its use and distribution, as contemplated by such Bond Purchase Agreement, is hereby approved, ratified and confirmed.

Section 6. Designation of Authorized Officers. The Chairman or the Vice Chairman or other member of the Authority or the Executive Director of the Authority (each, an “*Authorized Officer*” and collectively, the “*Authorized Officers*”) be and hereby are each authorized, empowered and directed (provided only one such signature shall be required) to execute the Refunding Supplemental Indenture, Refunding Lease Supplement, the Continuing Disclosure Agreement, the Escrow Agreement, and any and all other documents, agreements or instruments which such officers deem necessary or appropriate in connection therewith, (collectively, the “*Refunding Bond Documents*”) in the name and on behalf of the Authority to be delivered to the Underwriter, and the Underwriter shall be authorized to use the Preliminary Official Statement and the Official Statement in connection with the sale of the Refunding Bonds. The Chairman or the Vice Chairman or other member of the Authority or the Executive Director of the Authority are hereby authorized, empowered and directed (provided only one such signature shall be required) to do all such acts and things necessary to carry out and comply with the provisions of the Official Statement and the Bond Purchase Agreement. The execution, to the extent so required, or delivery of each such document by such member shall constitute conclusive evidence of such approval, including the approval of all such changes, variations, omissions and insertions in such documents as well as the interest rates, maturities, Sinking Fund Installments and other redemption terms and conditions for the Refunding Bonds as contemplated by this Resolution and any other change, revision, deletion or addition to any such document or instrument contemplated by this Resolution.

Section 7. Authorization and Ratification of Subsequent Acts. The Members, agents and employees of the Authority, general counsel to the Authority, and Perkins Coie LLP, acting in the capacity as Bond Counsel to the Authority, are hereby authorized and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of these resolutions and the documents approved hereby and to develop and implement post-issuance compliance procedures to facilitate compliance with requirements of the Code; and all of the acts and doings of the members, 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, are necessary to preserve the intended federal income tax treatment of the Refunding Bonds.

Section 8. The Authority is currently contemplating issuing its Vocational Education Program Revenue Bonds to finance certain improvements to the Western Dakota Technical Institute and Southeast Technical Institute as authorized by Sections 4 and 5 of Chapter 6 of the 2013 Session Laws (HB 1098) (herein the “*Project Bonds*”). The Authority acknowledges that the Project Bonds may be issued before, after or simultaneously with the Refunding Bonds (each of the Refunding Bonds and the Project Bonds are referred to herein as a “*New Series of Bonds*”). The Authority hereby authorizes and approves designation by the Authority of the first

New Series of Bonds to be issued and sold as the “Series 2015A Bonds” and the second such New Series of Bonds to be designated the “Series 2015B Bonds”, and the Authority authorizes the Authorized Officers executing and delivering the Supplemental Indentures, Supplements to Lease and related documents in connection with each New Series of Bonds to cause such documents to be designated in numerical order taking into account the designation of each such document executed and delivered in connection with a prior series of Bonds (e.g. Sixteenth Seventeenth or Eighteenth Indenture of Trust or Eighteenth, Nineteenth or Twentieth Supplement to Lease) and to make other or further conforming changes to or within any and all documents authorized by this Resolution to reflect the timing of the issuance and sale of each such New Series of Bonds.

Section 9. Amendment and Restatement of Prior Resolution; Effective Date. This Resolution amends and restates the Prior Resolution and shall take effect immediately. In addition, the condition established in the November 14, 2014 minutes of the Authority requiring an 8% present value debt service savings for the Previously Authorized Bonds is hereby eliminated. If any one or more of the covenants or agreements provided in this Resolution on the part of the Authority or any fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Resolution.

Adopted this 13th day of January, 2015.

EXHIBIT A

Series 2008 Projects (the “*Refinanced Projects*”)

(1) At Mitchell Technical Institute,

(a) A metal one-story building of approximately 40,000 square feet intended for use as classroom and labs for (1) the powerline program and (2) the propane and natural gas program and

(b) A block brick one-story addition to the technology center of approximately 14,000 square feet intended for use as classroom and labs for satellite communications technology, communications systems engineering technology and computer systems technology, with a focus on forensics and electronic security systems, computer software systems, and supervisory control and data acquisition.

(2) At Lake Area Technical Institute,

(a) A block brick two-story building of approximately 59,000 square feet intended for use as (1) a lab expansion for welding, (2) classroom and labs for diesel technology, and (3) classroom and labs for energy technology and

(b) A block brick one-story building of approximately 23,800 square feet intended for use as classroom and labs for the automotive technology program.