

**SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**

MINUTES OF THE MAY 22, 2013 SPECIAL MEETING

Pursuant to due notice, the South Dakota Health and Educational Facilities Authority met on Wednesday, May 22, 2013 at 11:00 a.m. CDT (10:00 a.m. MDT), via telephone conference call. Mr. Norbert Sebade, Chairman, instructed the Secretary to call the roll.

Present:

Mr. Alan "Dick" Dempster
Mr. Dave Fleck
Mr. Gene Lebrun
Mr. William Lynch
Mr. Norbert Sebade
Mr. Dave Timpe
Mr. Mack Wyly

Other staff and representatives of the Authority and other parties present were:

Mr. Donald Templeton, Executive Director
Mr. Vance Goldammer, General Legal Counsel
Dustin Christopherson, Associate Director
Bruce Bonjour, Perkins Coie

The Chairman declared a quorum and called the meeting to order. The notice of the meeting dated May 15, 2013 was posted at the entrance of the South Dakota Health and Educational Facility Authority prior to the meeting (*see Attachment #1*).

The Chairman asked for consideration of the minutes for the April 3, 2013 special meeting. Mr. Gene Lebrun moved to approve the minutes as presented, seconded by Mr. Dave Timpe. All members present voted aye, motion carried.

Technical Education – Change of Use of Bond Proceeds at Lake Area Technical Institute

Mr. Templeton reviewed the Series 2012A bond proceeds for Lake Area Technical Institute “LATI”. LATI staff estimate that there will be approximately \$2,000,000 of left over construction funds. They would like to use the approximate amounts of \$515,000 for the purchase of land, \$200,000 for paving and site preparation to make a parking lot on this land and use approximately \$1,285,000 for equipment. At the request of Lake Area Technical Institute, the Board of Education and the Watertown School District approved the changes to the use of the excess 2012 bond proceeds.

Mr. Bruce Bonjour reviewed the Resolution (*see Attachment #2*) to allow for this change of use and approve the Omnibus Amendment. Mr. William Lynch moved to approve the Resolution and Mr. Alan “Dick” Dempster seconded and upon roll call, the ayes were Dempster, Fleck, Lebrun, Lynch, Sebade, Timpe and Wyly; nays: none: abstain: none.

FY-2014 Annual Service Fee

Mr. Templeton reviewed the April 30, 2013 financial statement and current cash and investment balances. He reviewed what other state health and educational bonding authorities charge for an annual service fee that averaged 5.271 basis points with South Dakota Health and Educational Facilities Authority charging 6.0 basis points.

He next reviewed the future effects of charging 4, 4.5 and 5 basis points. After discussion from board members Mr. Gene Lebrun moved to temporarily reduce the 6.0 basis points annual fee to 4.5 basis points for fiscal year 2014. Mr. Mack Wyly seconded, and upon roll call, the ayes were Dempster, Fleck, Lebrun, Lynch, Sebade, Timpe and Wyly; nays: none: abstain: none.

Adjournment

The Chairman stated there being no further business at this meeting, the meeting adjourned at 11:17 a.m.



Date: May 15, 2013

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 Wednesday, May 22, 2013 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 11:00 a.m. CDT (10:00 a.m. MDT).

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	Gene Lebrun	Norbert Sebade	Mack Wyly
David Fleck	William Lynch (Uncertain)	Dave Timpe	

Attached is an agenda. Information on agenda items will be sent via Federal Express.

Cc: Vance Goldammer
Bruce Bonjour

RESOLUTION (i) authorizing the execution, delivery and performance of an Omnibus Amendment Document relating to (A) the Fourteenth Supplemental Indenture of Trust, (B) the Sixteenth Supplement to Lease Purchase Agreement, and (C) the Tenth Supplement to Sublease Agreement relating to the Lake Area Technical Institute and (ii) approving certain related matters in connection therewith, including the acquisition of certain land for use by Lake Area Technical Institute.

RECITALS

WHEREAS, Rapid City Area School District No. 51-4 (the "*Rapid City School District*"), Sioux Falls School District No. 49-5 (the "*Sioux Falls School District*"), Watertown School District 14-4 (the "*Watertown School District*") and Mitchell School District No. 17-2 (the "*Mitchell School District*" and together with the Rapid City School District, Sioux Falls School District, and Watertown School District, the "*Participating Institutions*") are authorized pursuant to Title 13, South Dakota Codified Laws to operate post-secondary vocational technical education institutes under the general supervision of the State Board of Education (the "*Board*"); and

WHEREAS, pursuant to such authority, the Watertown School District operates the Lake Area Technical Institute in Watertown, South Dakota; and

WHEREAS, the South Dakota Health and Educational Facilities Authority (the "*Authority*") is authorized pursuant to Chapter 1-16A, South Dakota Codified Laws, to issue bonds to finance the acquisition and improvement of post-secondary vocational technical education facilities for use by the Participating Institutions and the Board; and

WHEREAS, Title 1-16A and Title 13, South Dakota Codified Laws, permits the Board to lease purchase post-secondary vocational technical education facilities from the Authority and permits the Board to sublease such facilities to the Participating Institutions; and

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; and

WHEREAS, the Authority and the Board have heretofore entered into a Lease Purchase Agreement dated as of August 1, 1988 as supplemented by various Supplements through and including a Sixteenth Supplement to Lease Purchase Agreement dated as of February 1, 2012 (collectively, as so supplemented 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 2010AB Bonds*”) and its Vocational Education Program Revenue Bonds, Series 2010C 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*”), and its Vocational Education Program Revenue Bonds, Series 2012A in the original principal amount of \$18,810,000 (the “*Series 2012A Bonds*” and, collectively 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 2010AB Bonds, Series 2010C Bonds, Series 2011A 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 2010AB 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 modified by certain Omnibus Amendments dated as of May 1, 2011 among the Authority and certain other parties. 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 February 1, 2012 between the Authority and the Trustee (the "*Fourteenth Supplemental 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:

- A. 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);
- B. The Treasurer pledged the earnings on the statutorily created Vocational Education Facility Fund (the "*Trust Fund Earnings*") to the Tuition Subaccount pursuant to a certain General Pledge and Escrow Agreement (the "*Pledge Agreement*") among the Authority, the Escrow Holder, the Board, and the Treasurer; and
- C. Certain other Program Revenues (as defined in the Indenture) have been pledged;

WHEREAS, executed counterparts or copies of the Lease, the Original Indenture and all Supplemental Indentures described above, the Pledge Agreement, the Collection Agreement, all Supplements to the Lease described above and all related documents and instruments heretofore executed and delivered in connection with the Program are on file with the Authority; and

WHEREAS, the Authority issued and sold its Series 2012A Bonds for various purposes, including the financing of a portion of the costs of various improvements to the Lake Area Technical Institute campus variously referred to in the documents as the “Lake Area Project” and the “Series 2012A Project” (referred to herein as the “*Series 2012A Project*”), as defined in the Fourteenth Supplemental Indenture and the Sixteenth Supplement to Lease Purchase Agreement dated as of February 1, 2012 between the Board and the Authority (the “*Sixteenth Supplement*”); and

WHEREAS, the improvements constituting the Series 2012A Project have been subleased to the Watertown School District under the terms of a Sublease Agreement, dated as of August 1, 1988, between the Board and the Watertown School District, as most recently amended by a Tenth Supplement to Sublease Agreement (as so amended, the “*Watertown Sublease*”); and

WHEREAS, the Watertown School District has found and determined, owing to various cost savings and other factors, that the amount of proceeds of the Series 2012A Bonds that were set aside for certain building construction costs contemplated for the Series 2012A Project will exceed the actual costs of such construction by approximately \$2,000,000; and

WHEREAS, the Watertown School District desires to apply such excess (i) to purchase the “Additional Land” described below at a cost of approximately \$515,000, (ii) to pay the site preparation, paving, and other costs of providing a parking lot on the Additional Land at an aggregate cost of approximately \$200,000, and (iii) to purchase additional equipment for use by the Lake Area Technical Institute at an aggregate cost of approximately \$1,285,000; and

WHEREAS, the Authority, the Board, and the Watertown School District have accordingly agreed that it is necessary and appropriate to authorize the acquisition of the Additional Land, to make certain related changes to the description of the “Series 2012A Project,” and to make certain conforming amendments to reflect such modifications in the Fourteenth Supplemental Indenture, the Sixteenth Supplement to Lease Purchase Agreement, and the Watertown Sublease (collectively, the “Series 2012A Bond Documents”); and

WHEREAS, in furtherance of the foregoing, it shall be necessary for the Authority and other parties to execute, deliver and approve an Omnibus Amendment Document, substantially in the form of the draft reviewed by the Authority (the “*Omnibus Amendment Document*”).

NOW THEREFORE, BE IT RESOLVED, by the South Dakota Health and Educational Facilities Authority as follows:

Section 1. Acquisition of Additional Land and other Changes to the Series 2012A Project. The Authority hereby approves the changes to the Series 2012A Project described above, including the acquisition of an approximately 96,470 square foot parcel of property (currently being used as a trailer court) adjoining the Lake Area Technical Institute campus for use as a parking lot for the Lake Area Technical Institute. Such parcel is referred to herein as the “Additional Land” and has substantially the following legal description (subject to modification as described below):

Lots 1-8, inclusive, in Block 2, and Outlot "B," of Gilberts Addition to Watertown, Section 32, Township 117 North, Range 52 of Codington County, South Dakota.

It is contemplated that, upon its acquisition, the Additional Land will be leased by the Authority to the Board under the Lease, and in turn subleased by the Board to the Watertown School District under the Watertown Sublease.

Section 2. Approval of Omnibus Amendment Document. The Authority hereby approves the execution of an Omnibus Amendment Document, substantially in the form of the draft reviewed by the Board of the Authority, in order to authorize and implement the transactions contemplated by this Resolution, including the acquisition of the Additional Land for use by the Lake Area Technical Institute.

Section 3. 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"*) are hereby authorized and directed on behalf of this Authority to do all things reasonably necessary and appropriate to enter into and perform the Omnibus Amendment Document as provided herein. In furtherance of the foregoing, the Authority hereby approves the execution and delivery of the Omnibus Amendment Document with such other, further provisions that are not inconsistent with law, as may be approved by the officer executing the same, which approval shall be conclusively evidenced by the execution thereof. The Authorized Officers, or any of them, may alter the legal description of the Additional Land from that set forth above in order to conform the same to the results of a survey or title report or as any of the Authorized Officers may otherwise regard as consistent with the purposes of this Resolution.

Section 4. Effective Date. This Resolution shall take effect immediately. 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 22nd day of May, 2013.