

TECHNICAL EDUCATION

ANNUAL CERTIFICATE OF NO DEFAULT AND DEBT SERVICE COVERAGE

AS OF FEBRUARY 3, 2015

(All capitalized terms shall have the meaning assigned in the Collection Agreement)

Pursuant to Section 8 of the Amended and Restated Facility Fee Tuition Collection and Deposit Agreement dated as of September 1, 2008 (the "Collection Agreement"), the undersigned has reviewed all relevant records of the Board of Education with respect to the Bonds and determined that we are not aware of any default. We are projecting Debt Service Coverage as follows:

(1) Scheduled debt service payments on Bonds through series 2014A (including Series 2015A, 2015B, and 2015C and any Additional Bonds expected to be issued and requiring debt service payments out of Revenues) for the period from August 1, 2015 through July 31, 2016 is \$8,256,612 and other estimated program expenses for such period are estimated to be \$150,000 for a total of \$8,406,612 (herein, this number is referred to as "A").

(2) Scheduled debt service payments on Bonds through series 2014A (including Series 2015A, 2015B, and 2015C and any Additional Bonds expected to be issued and requiring debt service payments out of Revenues) for the period from August 1, 2016 through July 31, 2017 is \$9,414,274 and other estimated program expenses for such period are estimated to be \$150,000, for a total of \$9,564,274 (herein, this number is referred to as "B").

(3) For the period from the date hereof through January 31, 2017, the Facility Fees, together with the Appropriated Payments and any other Program Revenues are estimated to be as follows:

<u>Revenues</u>	<u>Amounts</u>
State of South Dakota Payment (FY 2016)	\$2,752,201
Estimated Appropriations (FY 2017)	\$3,138,091
Indenture Funds (Excluding DSRF) as of the date hereof:	
Tuition Subaccount as of 2/3/2015	\$3,587,053

Total Facility Fees from present to January 31, 2017 is estimated to be as follows:

6,000 students @ 30 credits per FTE \$28(5 months)	\$2,269,015
5,870 students @ 30 credits per FTE \$30(12 months)	
5,870 students @ 30 credits per FTE \$35(7 months)	\$5,283,000
	\$3,595,375

Other Program Revenues through January 31, 2017:

Estimated Interest Earnings(\$65,000 per year @ 24 months)	\$130,000
IRS Rebates for 8/1/2015, 2/1/2016, and 8/1/2016	\$1,021,755

Total Projected Available Program Revenues as of January 31, 2017 (herein referred to as "C") \$21,776,490

(4) Debt Service Requirement:

Section 8 of the Collection Agreement requires that:

(C) Minus (A) Divided by (B) \geq 103%.

REQUIRED \geq 103%

Projected Debt Service:

(C) \$21,776,490 Minus (A) \$8,406,612 Divided by (B) \$9,564,275 = 140%.

PROJECTED = 140%

Dated this 18th day of May, 2015

By: _____

President, South Dakota State Board of Education