
SIXTEENTH SUPPLEMENTAL INDENTURE OF TRUST

Dated as of February 1, 2015

BETWEEN

SOUTH DAKOTA HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

AND

THE FIRST NATIONAL BANK IN SIOUX FALLS

As Trustee

Supplementing an Indenture of Trust
dated as of August 1, 1988 as heretofore supplemented and amended and
creating: South Dakota Health and Educational Facilities Authority
\$XXXXX Vocational Education Program
Refunding Revenue Bonds, Series 2015A

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THIS SIXTEENTH SUPPLEMENTAL INDENTURE OF TRUST, dated as of February 1, 2015, the **SOUTH DAKOTA HEALTH AND EDUCATIONAL FACILITIES AUTHORITY**, constituted as an authority to act on behalf of the State of South Dakota and created by virtue of the laws of the State (together with any legal successor thereto, herein referred to as the “Issuer”), and **THE FIRST NATIONAL BANK IN SIOUX FALLS**, a national banking association, as trustee (the “Trustee”),

WITNESSETH:

WHEREAS, the Issuer is duly organized pursuant to the provisions of the Chapter 1-16A of the South Dakota Codified Laws, as amended (“Issuer’s Act”); and

WHEREAS, the Issuer is authorized pursuant to the Issuer’s 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 (herein defined); and

WHEREAS, to secure the Bonds of the Issuer issued for such purposes, the Issuer’s Act authorizes the Issuer to pledge payments to be made to the Issuer pursuant to lease or leases; and

WHEREAS, Title 13 of the South Dakota Codified Laws provides that to secure lease purchase rentals payable by Participating Institutions and the Board to the Issuer 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; and

WHEREAS, the Issuer 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 Issuer 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 1998A in the original principal amount of \$4,705,000 (the “*Series 1998A 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*”) 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*”), its Vocational Education Program Revenue Bonds, Series 2012A in the original principal amount of \$18,810,000 (the “*Series 2012A Bonds*”), and its Vocational Education Program Revenue Bonds, Series 2014A in the original principal amount of \$1,790,000 (the “*Series 2014A Bonds*” and, collectively with the Series 1988 Bonds, Series 1990 Bonds, Series 1992 Bonds, Series 1993 Bonds, Series 1997 Bonds, Series 1998A Bonds, Series 1999 Bonds, Series 2004 Bonds, Series 2007 Bonds, Series 2008 Bonds, Series 2010AB Bonds, Series 2010C Bonds, Series 2011A Bonds, Series 2012A Bonds, the Series 2015A Bonds provided for herein, and any parity bonds issued in the future, the “*Bonds*”); and

WHEREAS, the Issuer issued the Series 1988 Bonds pursuant to an Indenture of Trust dated as of August 1, 1988 (the “*Original Indenture*”) between the Issuer and The First National Bank in Sioux Falls, as Trustee (the “*Trustee*”). The Issuer 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 Issuer and the Trustee (the “*First Supplemental Indenture*”). The Issuer 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 Issuer and the Trustee (the “*Second Supplemental Indenture*”). The Issuer 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 Issuer and the Trustee (the “*Third Supplemental Indenture*”). The Issuer 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 Issuer and the Trustee (the “*Fourth Supplemental Indenture*”). The Issuer 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 Issuer and the Trustee (the “*Fifth Supplemental Indenture*”). The Issuer issued the Series 1998A 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 Issuer and the Trustee (the “*Sixth Supplemental Indenture*”). The Issuer 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 Issuer and the Trustee (the “*Seventh Supplemental Indenture*”). The Issuer 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 Issuer and the Trustee (the “*Eighth Supplemental Indenture*”). The Issuer 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 Issuer and the Trustee (the “*Ninth Supplemental Indenture*”). The Issuer 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 Issuer and the Trustee (the “*Tenth Supplemental Indenture*”). The Issuer 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 Issuer and the Trustee (the “*Eleventh Supplemental Indenture*”), as subsequently modified by certain Omnibus Amendments dated as of May 1, 2011 (the “*Omnibus Amendments*”). The Issuer 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 Issuer and the Trustee (the “*Twelfth Supplemental Indenture*”). The Issuer 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 Issuer 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*”); and

WHEREAS, the Issuer applied the proceeds from the sale of the Series 1988 Bonds pursuant to a Lease Purchase Agreement dated August 1, 1988 as supplemented by the First Supplement to Lease Purchase Agreement (Watertown) dated as of August 1, 1989 and the First Supplement to Lease Purchase Agreement (Mitchell) dated as of March 1, 1990 (collectively, the “Original Lease”) between the Issuer and the State Board of Education (the “Board”); and

WHEREAS, the Issuer applied the proceeds from the sale of the Series 1990 Bonds pursuant to the Original Lease as amended and supplemented by a Second Supplement to Lease Purchase Agreement dated as of May 1, 1990 between the Issuer and the Board (the “Second Supplement”); and

WHEREAS, the Issuer and the Board entered into that certain Third Supplement to Lease Purchase Agreement dated as of October 1, 1991 (the “Third Supplement”) to provide for certain administrative and procedural matters in connection with the Program; and

WHEREAS, the Issuer applied the proceeds from the sale of the Series 1992 Bonds pursuant to the Original Lease as amended and supplemented by the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement to Lease Purchase Agreement dated as of December 15, 1992, between the Issuer and the Board (the “Fourth Supplement”); and

WHEREAS, the Issuer applied the proceeds from the sale of the Series 1993A Bonds pursuant to a Fifth Supplement to Lease Purchase Agreement dated as of August 1, 1993 between the Issuer and the Board (the “Fifth Supplement”); and

WHEREAS, the Issuer and the Board applied the proceeds from the sale of the Series 1993B Bonds pursuant to a Sixth Supplement to Lease Purchase Agreement dated as of August 1, 1993 between the Issuer and the Board (the “Sixth Supplement”) (i) to finance the Series 1993B Improvements; (ii) to fund a Debt Service Reserve Fund; (iii) to fund capitalized interest; and (iv) to pay costs of issuance and other costs associated therewith; and

WHEREAS, the Issuer and the Board applied the proceeds from the sale of the Series 1997 Bonds pursuant to a Seventh Supplement to Lease Purchase Agreement dated as of December 1, 1997 between the Issuer and the Board (the “Seventh Supplement”) (i) to finance the Series 1997 Improvements (as therein defined); (ii) to fund a Debt Service Reserve Fund;

(iii) to fund capitalized interest and/or finance certain capital expenditures of the State of South Dakota for public vocational educational purposes; and (iv) to pay costs of issuance and other costs associated therewith; and

WHEREAS, the Issuer and the Board applied the proceeds from the sale of the Series 1998A Bonds pursuant to an Eighth Supplement to Lease Purchase Agreement dated as of May 1, 1998 between the Issuer and the Board (the “Eighth Supplement”) (i) to refund in advance of their stated maturities all of the Outstanding Series 1988 Bonds as of May 1, 1998; (ii) to fund a Debt Service Reserve Fund; and (iii) to pay costs of issuance and other costs associated therewith; and

WHEREAS, the Issuer and the Board applied the proceeds from the sale of the Series 1999 Bonds pursuant to a Ninth Supplement to Lease Purchase Agreement dated as of June 1, 1999 between the Issuer and the Board (the “Ninth Supplement”) (i) to finance a portion of the costs for new Projects for (A) the Southeast Technical Institute and (B) the Lake Area Technical Institute (collectively, the “Series 1999 Projects”); (ii) to fund a Debt Service Reserve Fund; and (iii) to pay costs of issuance and other costs associated therewith (collectively, the “Refunding Plan”); and

WHEREAS, the Issuer and the Board applied the proceeds from the sale of the Series 2004 Bonds pursuant to a Tenth Supplement to Lease Purchase Agreement dated as of December 1, 2004 between the Issuer and the Board (the “Tenth Supplement”) (i) to refund on a current basis all of the Outstanding Series 1993 Bonds; (ii) to fund a required deposit to the Debt Service Reserve Fund; and (iii) to pay costs of issuance and other costs associated therewith; and

WHEREAS, the Issuer and the Board applied the proceeds from the sale of the Series 2007 Bonds pursuant to an Eleventh Supplement to Lease Purchase Agreement dated as of November 1, 2007 between the Issuer and the Board (the “Eleventh Supplement”) to (i) currently refund the outstanding Authority’s Vocational Education Program Refunding Revenue Bonds, Series 1997 (the “Series 1997 Bonds”) for optional redemption at par on February 1, 2008, (ii) make a deposit to the general fund of the State of South Dakota in an amount not to exceed the capital expenditures to be made by the State in the next 12 months for public vocational education purposes (the “Future Capital Expenditures”) and/or pay interest on the Series 2007 Bonds coming due within two years of the Issue Date, (iii) fund a deposit into the Debt Service Reserve Fund to secure the Bonds, (iv) pay a premium for a bond insurance policy to secure the Series 2008 Bonds, and (v) pay the costs of issuance of the Series 2007 Bonds; and

WHEREAS, the Issuer and the Board applied the proceeds from the sale of the Series 2008 Bonds pursuant to a Twelfth Supplement to Lease Purchase Agreement dated as of September 1, 2008 between the Issuer and the Board (the “Twelfth Supplement”) to (i) finance the Series 2008 Projects (as therein defined), (ii) fund a Debt Service Reserve Fund, (iii) fund capitalized interest on the Series 2008 Bonds, (iv) pay a premium for a bond insurance policy to secure the Series 2008 Bonds, and (v) pay the costs of issuance of the Series 2008 Bonds and other costs associated therewith; and

WHEREAS, the Issuer and the Board applied the proceeds from the sale of the Series 2010AB Bonds pursuant to a Thirteenth Supplement to Lease Purchase Agreement dated as of

July 1, 2010 between the Issuer and the Board (the “Thirteenth Supplement”) to (i) finance the Series 2010 Projects (as therein defined), (ii) fund a Debt Service Reserve Fund, (iii) fund capitalized interest on the Series 2010AB Bonds, and (iv) pay the costs of issuance of the Series 2008 Bonds and other costs associated therewith; and

WHEREAS, certain provisions of the Thirteenth Supplement were subsequently amended by the above-referenced Omnibus Amendments dated May 1, 2011; and

WHEREAS, the Issuer and the Board applied the proceeds from the sale of the Series 2010C Bonds pursuant to a Fourteenth Supplement to Lease Purchase Agreement dated as of November 1, 2010 between the Issuer and the Board (the “Fourteenth Supplement”) to (i) finance the Series 2010C Project (as therein defined), (ii) fund a Debt Service Reserve Fund, (iii) fund capitalized interest on the Series 2010C Bonds, and (iv) pay the costs of issuance of the Series 2010C Bonds and other costs associated therewith; and

WHEREAS, the Issuer and the Board applied the proceeds from the sale of the Series 2011A Bonds pursuant to a Fifteenth Supplement to Lease Purchase Agreement dated as of August 1, 2011 between the Issuer and the Board (the “Fifteenth Supplement”) to (i) finance the Series 2011A Project (as therein defined), (ii) fund a Debt Service Reserve Fund, (iii) fund capitalized interest on the Series 2011A Bonds, and (iv) pay the costs of issuance of the Series 2011A Bonds and other costs associated therewith; and

WHEREAS, the Issuer and the Board applied the proceeds from the sale of the Series 2012A Bonds pursuant to a Sixteenth Supplement to Lease Purchase Agreement dated as of February 1, 2012 between the Issuer and the Board (the “Sixteenth Supplement”) to (i) finance the Series 2012A Project (as therein defined), (ii) provide for a contribution to the State General Fund, (iii) refund the outstanding Series 1999 Bonds, and (iv) pay the costs of issuance of the Series 2012A Bonds and other costs associated therewith; and

WHEREAS, the Issuer and the Board applied the proceeds from the sale of the Series 2014A Bonds pursuant to a Seventeenth Supplement to Lease Purchase Agreement dated as of June 1, 2014 between the Issuer and the Board (the “Seventeenth Supplement”) to (i) refund on a current basis all of the outstanding Series 2004 Bonds, (ii) provide a Debt Service Reserve Fund with respect to the Series 2014A Bonds, (iii) provide for a contribution to the State General Fund, and (iv) pay the costs of issuance of the Series 2014A Bonds and other costs associated therewith; and

WHEREAS, Section 3.07 of the Original Indenture authorizes the issuance of Additional Bonds (as defined therein) by the Issuer from time to time in accordance with the provisions thereof for various purposes, including (i) refunding 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 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; and

WHEREAS, among other power and authority, the Issuer has the power and authority to issue bonds to reduce the cash flow difficulties of public bodies, including school districts, to finance capital improvements and other expenses for vocational education, and to issue refunding bonds; and

WHEREAS, section 1-16A-95 of the South Dakota Codified Laws provides that, beginning on July 1, 2013, the issuance of any additional bonds, notes, or other obligations of the Issuer 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 obligation;

WHEREAS, it has been proposed that the Issuer issue its Vocational Education Program Refunding Revenue Bonds, Series 2015A (the “Series 2015A Bonds”) in the aggregate principal amount of \$XXXXXX as Additional Bonds pursuant to Section 3.07 of the Original Indenture and simultaneously apply the proceeds from the sale of such Series 2015A Bonds pursuant to a Supplement to Lease Purchase Agreement dated as of December 1, 2014 between the Issuer and the Board (the “Eighteenth Supplement”) for the purposes of refinancing and refunding the Issuer’s Series 2004 Bonds (the “Refunded Bonds”), the accomplishment of which purposes includes paying the costs of issuance of the Series 2015A Bonds, providing a debt service reserve account with respect to the Series 2015A Bonds, and providing the General Fund of the State of South Dakota with an amount equal to the estimated present value savings on debt service with respect to the Refunded Bonds (the “Refunding Savings Amount”);

WHEREAS, the Issuer has determined that, under section 1-16A-95 of the South Dakota Codified Laws, because the Series 2015A Bonds are being issued for the purposes of refinancing or refunding existing bonds, notes, or other obligations of the Issuer, the approval of the South Dakota Legislature prior to the issuance of the Series 2015A is not required;

WHEREAS, the Issuer proposes to enter into the Eighteenth Supplement with the Board for the purpose of amending the Original Lease as heretofore amended and supplemented to reflect the terms of the Series 2015A Bonds and the Projects financed or refinanced with the Refunded Bonds (the “Refunded Projects”) and with respect to which the Board shall agree to pay supplemental Lease Rentals in amounts sufficient to pay debt service when due on the Series 2015A Bonds, subject to certain credits, limitations and other provisions as set forth in the Original Lease as supplemented by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement, the Eighth Supplement, the Ninth Supplement, the Tenth Supplement, the Eleventh Supplement, the Twelfth Supplement, the Thirteenth Supplement, the Fourteenth Supplement, the Omnibus Amendments, the Fifteenth Supplement, the Sixteenth Supplement, the Seventeenth Supplement, and the Eighteenth Supplement (collectively, the “Lease”); and

WHEREAS, the execution and delivery of this Sixteenth Supplemental Indenture (the “Sixteenth Supplemental Indenture”), and the issuance of the Series 2015A Bonds under the Original Indenture as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Omnibus Amendments, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, and the Fifteenth Supplemental Indenture have been duly approved by resolution adopted by the Issuer; and

WHEREAS, all acts, conditions and things necessary to make this Sixteenth Supplemental Indenture a valid and enforceable agreement according to its terms, for the purposes herein expressed, have happened and have been done and performed, and the execution and delivery of this Sixteenth Supplemental Indenture have been in all respects duly authorized; and

WHEREAS, all things necessary to make the Series 2015A Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the Program Revenues pledged to the payment of principal of and interest on the Series 2015A Bonds and a valid assignment of the rights of the Issuer in the Lease, and the creation, execution and delivery of this Sixteenth Supplemental Indenture, and the creation, execution and issuance of the Series 2015A Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, THIS SIXTEENTH SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH:

That in order to secure the payment of the principal of and interest and premium, if any, on the Outstanding Bonds, the Series 2015A Bonds being issued hereunder and all Bonds hereafter issued and outstanding under the Indenture as the same may be further supplemented according to its tenor, purport and effect, and in order to secure the performance and observance of all the covenants and conditions of the Indenture and in said Bonds contained, and in order to declare the terms and conditions upon which the Series 2015A Bonds are issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become holders thereof, and for and in consideration of the mutual covenants herein contained, of the acceptance by the Trustee of the trust hereby created, and of the purchase and acceptance of the Series 2015A Bonds by the purchasers thereof, the Issuer has executed and delivered this Sixteenth Supplemental Indenture, and by these presents does hereby convey, grant, assign, transfer, pledge, set over, confirm and grant a security interest in and unto the Trustee, its successor or successors and its or their assigns forever, with power of sale, all and singular, the property, real and personal, hereinafter described (said property being herein sometimes referred to as the “trust estate”, which is also to be deemed a portion of the “trust estate” under the Original Indenture, as now or hereafter supplemented) to wit:

GRANTING CLAUSES

DIVISION I

All right, title and interest of the Issuer in and to the Lease (including without limitation the Eighteenth Supplement), and all extensions and renewals of any of the terms of the Lease, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for all payments of Lease Rentals and other sums payable to or receivable by the Issuer under or due to its ownership of any interest in the Lease and all rights to bring actions and proceedings under the Lease for the enforcement thereof, and all right to do any and all things which the Issuer is or may become entitled to do under the Lease, which Lease has been recorded and filed in the offices of the Register of Deeds of Minnehaha, Codington, Davison and Pennington Counties, South Dakota; and

DIVISION II

All rights, title and interest of the Issuer in and to the Program Revenues, the Pledge Agreement and the Collection Agreement and any amounts payable thereunder, and any right, title or interest in or to the moneys on deposit in or receivable by the Tuition Subaccount; and

DIVISION III

All moneys and securities (including the investment income therefrom) and all other property of every kind and of every name and nature which are now or from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for security hereunder to the Trustee by the Issuer or by anyone in its behalf, or with its written consent, and all cash and securities now or hereafter held in the funds, accounts or subaccounts created or established under this Indenture and all investment earnings thereon; and

DIVISION IV

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by the Issuer, the Board, the Treasurer, any Participating Institution or by anyone in their behalf to the Trustee, including, without limitation, funds of the Board or any Participating Institution held by the Trustee as security for the Bonds;

EXCEPTED PROPERTY

There is, however, expressly excepted and excluded from the lien of this Indenture amounts held by the Trustee which are required to be paid to the United States of America pursuant to Section 148 of the Code and it is the understanding of the Issuer and the Trustee that amounts held in the Capitalized Interest Fund are not pledged to secure the Bonds but may be applied directly or indirectly to either pay or reimburse the State of South Dakota for payment of interest on the Series 2015A Bonds.

TO HAVE AND TO HOLD all and singular, the Trust Estate, whether now or hereafter owned, unto the Trustee as herein provided, its successors and assigns; provided, however, that

this Indenture is upon the express condition that if the Issuer shall pay or cause to be paid all indebtedness secured hereby and shall keep, perform and observe all and singular the covenants and promises in the Bonds kept, performed and observed by the Issuer, then this Sixteenth Supplemental Indenture and the rights hereby granted shall cease, determine and be void, otherwise to remain in full force and effect.

AND IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future registered owners of the Bonds issued under and secured by the Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds or series thereof appertaining thereto over any of the other Bonds or series thereof except as otherwise expressly provided herein;

PROVIDED, HOWEVER, that if the Issuer shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made of, the principal of and interest on the Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds, and shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions hereof and shall otherwise comply with Article IX of the Original Indenture, then this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

In connection with the foregoing transfer, pledge, grant and assignment, the Issuer does hereby deliver to, and deposit with, the Trustee for such purpose, and the Trustee hereby acknowledges receipt of the executed Lease, Pledge Agreement and Collection Agreement. The Trustee hereby acknowledges, approves and agrees to the terms, conditions, appointments and agencies of the Lease, Pledge Agreement, Collection Agreement and the Subleases as they relate to it and its participation in the transactions contemplated hereby and thereby.

THIS SIXTEENTH SUPPLEMENTAL INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights and interests, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I P

Definitions

Section 1.01 P Definitions in Original Indenture. Words and terms which are defined in the Original Indenture, as heretofore supplemented, and the Lease shall have, when used herein, the same meanings ascribed to them therein, unless the context or use indicates a different meaning or intent or unless a different meaning is ascribed thereto herein.

Section 1.02 P Additional Definitions. In addition to the words and terms elsewhere defined in this Sixteenth Supplemental Indenture, the following words and terms as used in this

Sixteenth Supplemental Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent and the definitions of such terms, if any, set forth in the Original Indenture, are hereby amended to read as follows unless the context requires otherwise:

“Bond” or “Bonds” means one or more of the Issuer’s Outstanding Series 1998A Bonds, Series 1999 Bonds, Series 2004 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2010AB Bonds, the Series 2010C Bonds, the Series 2011A Bonds, the Series 2015A Bonds, or any other Outstanding Bonds issued under the provisions of the Indenture on a parity with the Series 1998A Bonds, the Series 1999 Bonds, the Series 2004 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2010AB Bonds, the Series 2010C Bonds, the Series 2011A Bonds, the Series 2012A Bonds, the Series 2014A Bonds, and the Series 2015A Bonds, including any Additional Bonds.

“Bondholder”, “holder”, or “owner of the Bonds” means the registered owner of any Bond.

“Bond Register” means the registration books of the Issuer kept by the Trustee to evidence the registration and transfer of Bonds.

“Code” means the Internal Revenue Code of 1986, as amended.

“Cost of Issuance Fund” means the fund created by Section 4.01O hereof.

“Escrow Account” means the account established under the Escrow Agreement and held by the Escrow Agent, consisting of money and securities that will be used to refund the Refunded Bonds on August 1, 2018.

“Escrow Agent” means The First National Bank in Sioux Falls, as Escrow Agent under the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreement dated as of February 1, 2015 with respect to the Refunded Bonds between the Authority and The First National Bank in Sioux Falls.

“Indenture” means the Original Indenture as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Omnibus Amendments, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture, and this Sixteenth Supplemental Indenture, and as it may from time to time be further supplemented and amended.

“Lease” means the Original Lease as amended and supplemented by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement, the Eighth Supplement, the Ninth Supplement, the Tenth Supplement, the Twelfth Supplement, the Thirteenth Supplement, the Fourteenth Supplement, the Omnibus Amendments, the Fifteenth Supplement, the Sixteenth Supplement, the Seventeenth Supplement, and the Eighteenth Supplement, and as it may from time to time be further supplemented and amended.

“Mitchell Project” means the Refunded Project subleased to Mitchell School District No. 17-2 pursuant to the Mitchell Sublease.

“Mitchell Sublease” means that certain Sublease Agreement dated as of August 1, 1988, between the Board and Mitchell School District No. 17-2, as amended and restated from time to time.

“Omnibus Amendments” means the Omnibus Amendments dated as of May 1, 2011 and entered into by and among the Issuer, the Trustee, the Board, and certain Participating Institutions, effecting certain amendments to the Indenture and the Lease with respect to the Series 2010AB Bonds.

“Outstanding” or “Bonds outstanding” means all Bonds which have been duly authenticated, and delivered by the Trustee under the Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash or Government Securities have been deposited with the Trustee in such amount as the Trustee shall determine will, either alone or together with the income or increment to accrue thereon without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity dates; provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee have been made therefore, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated under the Indenture.

“Person” means any natural person, firm, joint venture, association, partnership, business trust, corporation, public body, agency or political subdivision thereof or any other similar entity.

“Rebate Fund” means the Rebate Fund established and created by Section 4.09 of the Original Indenture.

“Record Date” means the 15th day (whether or not a business day) of the calendar month next preceding the month in which an interest payment on any series of Bonds is to be made; provided, however, if the Issuer shall default in the payment of interest, the “Record Date” shall be determined as provided in the Series 2015A Bonds.

“Refunded Bonds” has the meaning given thereto in the Preamble.

“Refunded Projects” has the meaning given thereto in the Preamble, and such term is further described in attached Exhibit A.

“Series 2015A Bonds” means the \$XXXXXX aggregate principal amount of Vocational Education Program Refunding Revenue Bonds, Series 2015A of the Issuer authorized to be issued by the Issuer pursuant to the terms and conditions of Section 3.07 of the Original Indenture and Article II P hereof.

“Statutory Facilities Fund” means the fund created under section 13-39-69 of the South Dakota Codified Laws and currently designated in such section as the Postsecondary Technical Institutes Facilities Fund.

“Tax Exemption Certificate” means the Tax Regulatory Agreement of the Issuer and the Trustee, delivered at the time of the issuance of the Series 2015A Bonds.

“Watertown Project” means the Refunded Project subleased to Watertown School District No. 14-4 pursuant to the Watertown Sublease.

“Watertown Sublease” means that certain Sublease Agreement dated as of August 1, 1988, between the Board and Watertown School District No. 14-4, as amended and restated from time to time.

All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed, of the Original Indenture as originally executed or as supplemented, as the case may be. The words “herein,” or “hereof” and “hereunder” and other words of similar import wherever used in the Indenture refer to the Indenture, the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Omnibus Amendments, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture, and this Sixteenth Supplemental Indenture, as the case may be, as a whole and not to any particular Article, Section, or other subdivisions thereof unless the context indicates otherwise.

The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

ARTICLE II P

The Series 2015A Bonds

Section 2.01 P Authorized Amount of Series 2015A Bonds. No Bonds may be issued under the provisions of this Sixteenth Supplemental Indenture except in accordance with this Article. The total principal amount of Series 2015A Bonds that may be issued is hereby expressly limited to \$XXXXXX.

Section 2.02 P Issuance of Series 2015A Bonds. The Series 2015A Bonds shall be designated “\$XXXXXX Vocational Education Program Refunding Revenue Bonds, Series 2015A (the “Series 2015A Bonds”). The Series 2015A Bonds shall be issuable as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof. The Series 2015A Bonds shall each be lettered and numbered R-1 and upward.

The Series 2015A Bonds, as initially issued, shall be dated as of the date of original issuance thereof. Except as described in the preceding sentence, subsequently issued Series 2015A Bonds will be dated as of the later of the date of original issuance thereof or the most recent preceding interest payment date to which interest has been paid thereon. Series 2015A Bonds issued on an interest payment date to which interest has been paid will be dated as of such date. Interest on the Series 2015A Bonds shall be payable on February 1 and August 1 of each year commencing August 1, 2015. Each Bond shall bear interest from the dated date thereof.

The Series 2015A Bonds shall bear interest at the respective rates set forth below and shall mature on August 1 in the principal amounts in each of the years set forth below in the following schedule:

Maturing August 1	Par Amount (\$)	Interest Coupon	Price	CUSIP
2023				83755V
2024				83755V
2025				83755V
2026				83755V
2027				83755V
2028				83755V
2029				83755V
2038				83755V

The principal of, premium, if any, and interest on the Series 2015A Bonds shall be payable in any currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, and such principal

and premium, if any, shall be payable at the principal corporate trust office of the Trustee, upon presentation of the Bonds. Payment of the interest on any Bonds shall be made to the person appearing on the Bond Register as the registered owner thereof as of the Record Date for such interest payment and shall be paid (i) by check or draft mailed to the registered owner at his address as it appears on such registration books or at such other address as is furnished the Trustee in writing by such owner not later than the Record Date for such interest payment or (ii) as to any registered owner of \$1,000,000 or more in aggregate principal amount of Series 2015A Bonds who so elects, by wire transfers of funds to such wire transfer address within the continental United States as the registered owner shall have furnished in writing to the Trustee not later than the Record Date for such interest payment.

Defaulted Interest with respect to any Bond (“Defaulted Interest”) shall cease to be payable to the owner of such Bond on the relevant Record Date and, except as hereinafter provided, shall be payable to the person in whose name such Bond is registered at the close of business on the “Special Record Date” for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Board shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof) and, at the same time, the Board shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Board of such Special Record Date and, in the name and at the expense of the Board, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, not less than 10 days prior to such Special Record Date to each owner of a Bond of such series at the address of such owner as it appears on the Bond Register. Such Defaulted Interest shall be paid to the owners in whose names the Bonds on which such Defaulted Interest is to be paid are registered on such Special Record Date.

The Series 2015A Bonds maturing on August 1 in 2038 shall be redeemed prior to maturity at the par value thereof plus accrued interest to the date fixed for redemption (the Bonds to be redeemed to be selected by lot in authorized denominations in such manner as shall be determined by the Trustee), on the first day of August in 2030 and on the first day of each August thereafter in the Sinking Fund Installment amounts and in the years set forth below:

Series 2015A Bonds Due August 1, 2038

<u>Year</u>	<u>Sinking Fund Installments</u>
2030	\$ _____
2031	
2032	

2033
2034
2035
2036
2037
2038*

*Final Maturity

The Series 2015A Bonds are subject to redemption prior to maturity on or after August 1, 2024, at the option of the Issuer or upon direction of the Board out of amounts prepaid by the Board on the Lease and deposited in the Debt Service Fund, in whole or in part on any date, either (a) in the inverse order of maturity (less than all of a single maturity of such Series 2015A Bonds to be selected by lot in such manner as may be designated by the Trustee), or (b) on a reasonably proportionate basis for each maturity, such basis to be determined as nearly as practicable by the Trustee with respect to each outstanding maturity of the Series 2015A Bonds by multiplying the amount then available to redeem such Series 2015A Bonds, less the amount required to pay the accrued interest thereon, by the ratio by which (i) the principal amount of the Outstanding Bonds of each such maturity (for such Series) bears to (ii) the aggregate principal amount of all Outstanding Bonds for all maturities for such Series in each case at the redemption price of par plus accrued interest to the redemption date; *provided, however*, notice to the holders of the Bonds to be redeemed shall not be given by the Trustee unless the Trustee determines that sufficient funds shall be on deposit to pay the redemption price in full on the date set for redemption.

In all other respects the Series 2015A Bonds are redeemable upon the notice and in the manner provided in Sections 2.12 and 2.13 of the Original Indenture for fully registered Bonds and with the effect provided in said Section.

Section 2.03 P Form of Bond. The Series 2015A Bonds of each series and the Trustee's certificate of authentication to be endorsed thereon shall be in substantially the following form, with necessary and appropriate variations, omissions and insertions as permitted or required by the Indenture, to wit:

(FORM OF REGISTERED BOND)

No. R-

\$ _____

UNITED STATES OF AMERICA

SOUTH DAKOTA HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

VOCATIONAL EDUCATION PROGRAM REFUNDING REVENUE BONDS, SERIES 2015A

Interest
_____%

Maturity Date
August 1, 20__

Dated
February ____, 2015

CUSIP
83755 _____

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT:

The South Dakota Health and Educational Facilities Authority constituted as an authority to act on behalf of the State of South Dakota and created by virtue of the laws of the State (together with any legal successor thereto, herein referred to as the "Authority"), for value received, promises to pay, but only from the Lease Rentals and other Program Revenues (herein defined) and any amounts on deposit in the Debt Service Reserve Fund referred to herein, to the above Registered Owner or registered assigns, upon presentation and surrender of this Bond, the above Principal Amount on the above Maturity Date and to pay interest on said sum from the dated date hereof at the rate of interest per annum set forth above, payable semiannually on February 1 and August 1, of each year, commencing August 1, 2015, and at maturity, subject in all events to the provisions hereof respecting redemption before maturity. Principal of this Bond is payable, upon presentation and surrender, at the principal corporate trust office of The First National Bank in Sioux Falls, located in Sioux Falls, South Dakota, or any successor trustee appointed and acting under the indenture (the "Trustee") or paying agent appointed for such purpose pursuant to the Indenture, and except as otherwise provided herein, the semi-annual interest hereon shall be paid by check or draft mailed to the registered owner hereof at the address of the registered owner shown on the registration books of the Authority to be kept by the Trustee at the close of business on the record date, which is the fifteenth day (whether or not a business day) of the calendar month next preceding the month in which an Interest Payment Date occurs, unless the Authority shall default in the payment of interest due on such payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by or on behalf of the Authority to the registered owners of the Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing. Interest on this Bond

shall also be payable by wire transfer to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more at the written request of the owner specifying the owner's account at a bank located in the continental United States.

The Bonds issued prior to August 1, 2015, shall be dated as of February ____, 2015. Bonds issued on and after August 1, 2015 shall be dated as of the February 1 or August 1 next preceding their date of issue or, if issued on a February 1 or August 1, as of such date, provided that if payment of interest on the Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bonds surrendered. Each payment will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

This Bond is one of an authorized series of Bonds (the "Series 2015A Bonds") issued for the purposes of refunding or refinancing existing bonds of the Issuer.

This Bond is issued under and secured by a certain Indenture of Trust dated as of August 1, 1988 (the "Original Indenture") between the South Dakota Health and Educational Facilities Authority (the "Authority") and The First National Bank in Sioux Falls, as Trustee (together with any successor Trustee, the "Trustee"), as supplemented from time to time by various supplemental indentures of trust (collectively, "Supplemental Indentures") and most recently supplemented by that certain Sixteenth Supplemental Indenture of Trust dated as of February 1, 2015 (the "Sixteenth Supplemental Indenture"), each between the Authority and the Trustee. The Original Indenture, as supplemented from time to time is referred to herein as the "Indenture." The Authority has previously issued its Series 1988 Bonds, Series 1990 Bonds, Series 1992 Bonds, Series 1993 Bonds, Series 1997 Bonds, Series 1998A Bonds, Series 1999 Bonds, Series 2004 Bonds, Series 2007 Bonds, Series 2008 Bonds, Series 2010A Bonds, Series 2010B Bonds, Series 2010C Bonds, Series 2011A Bonds, Series 2012A Bonds, and Series 2014A Bonds, which, to the extent Outstanding as of the date hereof, are secured on a parity with the Series 2015A Bonds and any Additional Bonds issued under the Indenture (the "Bonds").

The Improvements which have been financed or refinanced with the proceeds of the Series 1988 Bonds, the Series 1990 Bonds, the Series 1992 Bonds, the Series 1993 Bonds, the Series 1997 Bonds, the Series 1998A Bonds, the Series 1999 Bonds, the Series 2004 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2010A Bonds, the Series 2010B Bonds, the Series 2010C Bonds, the Series 2011A Bonds, the Series 2012A Bonds, the Series 2014A Bonds, and the Series 2015A Bonds have been leased by the Authority to the Board of Education of the State of South Dakota (the "Board") pursuant to a Lease Purchase Agreement dated as of August 1, 1988 (the "Original Lease") as supplemented most recently by an Eighteenth Supplement to Lease Purchase Agreement dated as of February 1, 2015 (the "Eighteenth Supplement"). The Original Lease, as supplemented from time to time by the Supplemental Leases, is referred to herein as the "Lease." The lease purchase rentals payable under the Lease (the "Lease Rentals") are established in an amount sufficient to pay the principal of, interest and

premium on the Outstanding Bonds. The Board has leased the projects financed and refinanced with the proceeds of the Bonds (collectively, the “Facilities”) pursuant to various subleases (the “Subleases”) to one or more South Dakota school districts (the “Qualified Participating Institutions”).

The Lease is an annual appropriations obligation of the Board pursuant to which the Board is only obligated to pay Lease Rentals under or with respect to any year in which the South Dakota Legislature authorizes and/or appropriates sufficient funds therefor (as defined in the Lease, the “Appropriated Payments”). In order to effectuate the foregoing, the Board has agreed in the Lease that the Secretary of the Department of Education shall include in the Board’s budget for the next occurring Fiscal Year an amount sufficient to pay all of the Lease Rentals and other amounts scheduled to become due in the next occurring Fiscal Year. If, on April 1 of any fiscal year, sufficient funds or expenditure authority have not been made available, whether through appropriations of the State Legislature or otherwise for the purpose of paying Lease Rentals and other amounts scheduled to be paid in the next occurring fiscal year, the Board shall deliver written notice thereof (a “notice of nonappropriation”) to the Trustee within 10 calendar days of such April 1. Upon the Trustee’s receipt of a notice of nonappropriation, the Lease Term for all of the Facilities shall terminate, as of the end of the then current Fiscal Year, except as provided otherwise in the Lease, and the Board shall have no further obligation to pay Lease Rentals thereunder for any succeeding Fiscal Year. In such event, the Authority and Trustee covenant in the Indenture to use their best efforts to sell, lease or otherwise use the Facilities in a manner so as to generate such revenues as may be available for the operation and maintenance of the Improvements and the payment of amounts due or to become due on the Bonds. Payment of the Bonds is further secured by a Debt Service Reserve Fund (as defined in the Indenture).

By the Indenture, to secure performance of all covenants of the Authority under the Indenture, the Authority assigns and pledges to the Trustee, and grants a security interest to the Trustee in, the trust estate, including the Lease Rentals and certain other revenues described in the Indenture and any documents securing such revenues, and all income, revenues, issues and profits and other sums of money and funds referred to in the Granting Clauses of the Indenture, and all moneys and securities and all other property of every kind and of every name and nature from time to time received and held by the Trustee under the Indenture.

Pursuant to (i) a First Supplement to General Pledge and Escrow Agreement dated as of August 1, 1988, as amended by that certain Second Amendment dated as of February 1, 2012 (collectively, as amended, the “Pledge Agreement”) among the Authority, the Board, the Treasurer of the State of South Dakota (the “Treasurer”) and The First National Bank in Sioux Falls, as Escrow Holder (the “Escrow Holder”) and (ii) an Amended and Restated Facility Fee Tuition Collection and Deposit Agreement (the “Collection Agreement”) among the Board, the Treasurer, the Escrow Holder and four Qualified Participating Institutions, certain “Program Revenues” have been pledged to offset Lease Rentals due under the Lease.

Program Revenues include, subject to certain provisions for release thereof under the Indenture and Pledge Agreement: (i) Facility Fees collected by the four existing Qualified Participating Institutions from all students upon enrollment for post-secondary vocational education, (ii) Direct Authority Payments (as defined in the Indenture) received by the Authority

from the United States Treasury with respect to any Series 2010A Bonds, Series 2010 B Bonds and Series 2010C Bonds that are Build America Bonds or Recovery Zone Bonds to the extent such Direct Authority Payments have been expressly pledged and designated as Program Revenues under a Supplemental Indenture, (iii) any Optional Deposits (as defined in the Pledge Agreement) which the Board voluntarily elects to make to the credit of the Tuition Subaccount and (iv) investment earnings on the amounts described in (i), (ii), and (iii). Certain of the Program Revenues are required to be deposited on a periodic basis in the Tuition Subaccount and moneys in the Tuition Subaccount have been pledged, under and pursuant to the Pledge Agreement for application to offset Lease Rentals and other amounts due under the Lease and payment of corresponding amounts due with respect to the Outstanding Bonds. The Pledge Agreement contains provisions permitting the release of certain monies for other purposes upon compliance with certain conditions precedent, including certification by the Board of an expected debt service coverage ratio as specified therein.

The corpus of the Statutory Facilities Fund established pursuant to §13-39-69 SDCL and any earnings thereon is *not* pledged toward payment of the Bonds and will not constitute Program Revenues.

The Bonds are issued under the provisions of, and in full compliance with, the provisions of the South Dakota Codified Laws, Chapter 1-16A, as amended and supplemented. THIS BOND DOES NOT CONSTITUTE A DEBT OR LOAN OF CREDIT OF THE STATE OF SOUTH DAKOTA OR ANY SCHOOL DISTRICT, LOCAL EDUCATION AGENCY (“LEA”), AGENCY, COMMISSION, BOARD OR POLITICAL SUBDIVISION THEREOF OR THE UNITED STATES OF AMERICA OR ANY AGENCY OR DEPARTMENT THEREOF, AND NEITHER THE STATE NOR ANY SCHOOL DISTRICT, LEA, AGENCY, COMMISSION, BOARD OR POLITICAL SUBDIVISION THEREOF (OTHER THAN THE AUTHORITY) NOR THE UNITED STATES OF AMERICA OR ANY AGENCY OR DEPARTMENT THEREOF SHALL BE LIABLE ON THIS BOND. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF SOUTH DAKOTA OR ANY AGENCY, BOARD OR OFFICE THEREOF OR ANY SCHOOL DISTRICT OR POLITICAL SUBDIVISION THEREOF OR OF THE UNITED STATES OF AMERICA OR ANY AGENCY OR DEPARTMENT THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THIS BOND. NEITHER THE AUTHORITY NOR THE BOARD HAS TAXING POWERS.

This Bond is transferable by the registered holder hereof on the books of the Authority to be kept by the Trustee as Bond Registrar, in person or by his attorney duly authorized in writing upon surrender of this Bond for transfer at the principal corporate trust office of the Trustee, and upon payment of the charges and subject to the conditions provided in the Indenture. Upon such transfer a new Bond or Bonds of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Authority, the Trustee and any paying agent may deem and treat the registered holder hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Authority nor the Trustee nor any paying agent shall be affected by any notice to the contrary.

The Bonds are issuable in the form of fully registered Bonds in the denominations of \$5,000 or any integral multiple thereof. The Trustee will not be required to (i) transfer or exchange any Bonds during the period of 15 days next preceding any Interest Payment Date or any day for the selection of Bonds to be redeemed or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

The Series 2015A Bonds are not subject to redemption prior to maturity except as hereinafter provided.

Optional Redemption. The Series 2015A Bonds are subject to redemption prior to maturity on or after August 1, 2024, in whole or in part on any date, upon receipt by the Trustee of a written certificate from the Authority stating that it intends to effect redemption of all or a part of the Series 2015A Bonds at the redemption price of par plus accrued interest to the redemption date; *provided, however*, notice to the holders of the Bonds to be redeemed shall not be given by the Trustee unless the Trustee determines that sufficient funds shall be on deposit to pay the redemption price in full on the date set for redemption.

If less than all of the Bonds of a Series shall be called for optional redemption prior to their stated maturity date, the particular Bonds to be redeemed shall be selected by the Trustee in multiples of \$5,000 at the direction of the Authority either (a) in inverse order of maturity and within a maturity as selected by lot or (b) on a reasonably proportionate basis for each maturity, such basis to be determined as nearly as practicable by the Trustee with respect to each outstanding maturity of Series 2015A Bonds by multiplying the amount then available to redeem such Series 2015A Bonds (less any amount required to pay accrued interest thereon) by the ratio (i) which the principal amount of the Outstanding Bonds of each such maturity bears to (ii) the aggregate principal amount of all Outstanding Bonds for all maturities of such Series.

Mandatory Redemption. The Series 2015A Bonds maturing on August 1, 2038 shall be redeemed prior to maturity at the par value thereof plus accrued interest to the date fixed for redemption (the Bonds to be redeemed to be selected by lot in authorized denominations in such manner as shall be determined by the Trustee), on the first day of August in 2030 and on the first day of each August thereafter in the Sinking Fund Installment amounts and in the years set forth below:

Series 2015A Bonds Due August 1, 2038

<u>Year</u>	<u>Sinking Fund Installments</u>
2030	\$ _____
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038*	

*Final Maturity

The par value of the Series 2015A Bonds due August 1, 2038 (the “Series 2015A Term Bonds”), if redeemed otherwise than pursuant to Sinking Fund Installments, shall be credited, in whole or in part, against each Sinking Fund Installment for such Series of Bonds or Related Amount of Series Bonds to become due following the date of redemption, in an amount bearing the same ratio to each such Sinking Fund Installment for such Series of Bonds or Related Amount of Series Bonds as the total amount of Bonds so redeemed bears to the total amount of all Sinking Fund Installments for such Series of Bonds or Related Amount of Series Bonds to be so credited.

The par value of any Series 2015A Term Bonds purchased by the Authority and surrendered to the Trustee shall be credited, in whole or in part, against each Sinking Fund Installment for such Series of Bonds or Related Amount of Series Bonds to become due more than 45 days following the date of such surrender, in an amount bearing the same ratio to each such Sinking Fund Installment for such Series of Bonds or Related Amount of Series Bonds as the total amount of Bonds so surrendered bears to the total amount of all Sinking Fund Installments for such Series of Bonds or Related Amount of Series Bonds to be so credited.

In the event any of the Bonds or portions thereof (which shall be \$5,000 or any integral multiple thereof) are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first class mail not more than 45 days and not less than 30 days prior to the date fixed for redemption to the registered owner of any Bonds designated for redemption in whole or in part, at his address as the same shall last appear upon the registration books. Failure to give such notice by mailing to any such owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of notice, if sufficient funds for redemption are on deposit with the Trustee, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an event of default under the Indenture or to institute, appear in or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture. The Indenture prescribes the manner in which it may be discharged, including a provision that any Bonds shall be deemed to be paid if noncallable direct general obligations of, or obligations the prompt payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, maturing as to principal and interest in such amounts and at such times as will provide sufficient funds to pay the principal of and interest on such Bonds and all necessary and proper fees and expenses of the Trustee and any paying agent pertaining to such Bonds, shall have been paid or deposited with the Trustee, after which such Bonds shall no longer be entitled to the benefits of the Lease, the Lease Rentals, the Program Revenues or the Indenture, except for the purposes of registration and exchange of the Bonds and of any such payment from such obligations.

To the extent permitted by, and as provided in, the Indenture, modifications or amendments of the Indenture, the Lease and the Subleases, or of any indenture, pledge agreement or other instrument supplemental thereto, and of the rights and obligations of the Authority, the Board, Qualified Participating Institutions and of the registered owners of the Bonds may be made without the consent of the registered owners of the Bonds then outstanding. The Indenture and Lease also contain provisions permitting, with the consent of the Board and the registered owners of certain percentages in aggregate principal amount of the Bonds at the time outstanding, as defined in the Indenture, on behalf of the registered owners of all Bonds, to certain other amendments to the Indenture, the Lease, and such other instruments and the waiver of certain past defaults and their consequences. Any such consent by the registered owner of this Bond shall be conclusive and binding upon such registered owners and upon all future owners of this Bond and of any Bond issued upon the transfer or exchange of this Bond whether or not notation of such consent is made upon this Bond.

Neither the members of the Authority nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

The Authority hereby certifies, recites and declares that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Authority, does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the South Dakota Health and Educational Facilities Authority has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman and its seal to be impressed or imprinted hereon and attested by the manual or facsimile signature of its Executive Director.

SOUTH DAKOTA HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

[SEAL]

By _____
Chairman

Attest:

By _____
Executive Director

(Form of Trustee's Certificate of Authentication)

Trustee's Certificate of Authentication

This Bond is one of the Bonds of the issue described in the within-mentioned Indenture of Trust and one of the Vocational Education Program Refunding Revenue Bonds, Series 2015A of the South Dakota Health and Educational Facilities Authority.

THE FIRST NATIONAL BANK IN SIOUX FALLS, as Trustee

By _____
Authorized Signatory

Dated: _____

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM — as tenants in common
- TENANT — as tenants by the entireties
- JT TEN — as joint tenants with right of survivorship and not as tenants in common
- UMTA — _____ Custodian _____
(Cust) (Minor)
Under Uniform Transfers to Minors Act _____
(State)

(Form for Transfer)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ (please insert Social Security or other identifying number of assignee) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 2.04 P Amendment to Section 2.16 of the Original Indenture. Section 2.16 of the Original Indenture (as previously amended) is hereby amended to read as follows:

Section 2.16. Related Amount of Series Bonds. The Related Amount of Series Bonds shall mean those Bonds of any Series which are designated by the Issuer in the Indenture as having been allocated to the financing of any particular Project as set forth in Exhibit D to the Lease.

Section 2.05 P Principal Amount Limitation on Bonds Pursuant to Section 77 of the Issuer's Act. The limitations previously imposed under Section 77 of the Issuer's Act were repealed by Section 7 of 2013 HB 1098.

ARTICLE III P

Application of Bond Proceeds and Other Moneys

Section 3.01 P Deposit of Series 2015A Bond Proceeds. The Issuer shall deposit with the Trustee or otherwise apply (i) the net proceeds derived from the sale of the Series 2015A Bonds in the amount of \$_____, reflecting a purchase price of par, plus premium of \$_____, less an underwriter's discount of \$_____, together with (ii) \$_____ in cash transferred from the Debt Service Reserve Fund with respect to the Refunded Bonds, resulting in a total cash deposit with the Trustee of \$_____. In addition, the Trustee shall transfer, assign, and credit as set forth below the ownership and beneficial interest in certain securities that are currently credited to the Debt Service Reserve Fund with respect to the Refunded Bonds, which securities consist of (i) _____ and (ii) _____. The above-described cash and securities shall be applied as follows:

- (a) Deposit \$_____ in cash to the credit of the Cost of Issuance Fund;
- (b) Remit \$_____ in cash to the State of South Dakota General Fund, representing the Refunding Savings Amount
- (c) Credit a total of \$_____ to the credit of the Debt Service Reserve Account, Series 2015A, consisting of (i) _____ and (ii) \$_____; and
- (d) Deposit and/or credit \$_____ to the credit of the Escrow Account for the Refunded Bonds, consisting of (i) \$_____ from the net proceeds of the Series 2015A Bonds, (ii) \$_____ of cash transferred from the Debt Service Reserve Fund with respect to the Refunded Bonds, (iii) \$_____ of the \$_____ principal amount of the _____ Security. 2014 Treasury Security (*i.e.*, the portion of such security not credited to the Debt Service Reserve Account, Series 2015A), and (iv) the 2014 Fannie Mae Security (in the stated principal amount of \$41,000.00).

ARTICLE IV P

Revenues and Funds

Section 4.01 P Creation of Funds. There are hereby created by the Issuer and ordered established the following Funds to be held by the Trustee with respect to the Series 2015A Bonds:

(a) the Vocational and Educational Facilities Cost of Issuance Fund, Series 2015A (the “Cost of Issuance Fund”),

(b) the Vocational Educational Facilities Rebate Account, Series 2015A (the “Series 2015A Rebate Account”), and

(c) the Vocational Educational Facilities Debt Service Reserve Account, Series 2015A (the “Debt Service Reserve Account, Series 2015A”).

The Debt Service Reserve Account, Series 2015A, shall be an account within the Debt Service Reserve Fund. Upon the issuance and sale of the Series 2015A Bonds, the Issuer and Trustee shall make the deposits and transfers provided for in Section 3.01 P hereof.

Section 4.02 P Use of Moneys in the Cost of Issuance Fund.

(a) Moneys in the Cost of Issuance Fund shall be used to pay the costs of issuing the Series 2015A Bonds, including, but not limited to, all printing expenses in connection with this Indenture, the Lease, the Collection Agreement, the preliminary and final Official Statement for the Series 2015A Bonds, the Subleases, legal and other expenses relating to title to any Refunded Project and the Series 2015A Bonds, the legal fees and expenses of counsel to the Issuer, counsel to the Underwriters and Bond counsel, any accounting expenses incurred in connection with determining that the Series 2015A Bonds are not arbitrage Bonds, the Trustee’s initial fee for the Series 2015A Bonds, and application fees and annual authority service fee payable to the Issuer, the Trustee out-of-pocket and administrative expenses of the Issuer and the Trustee all upon the submission of requisitions by the Board signed by any authorized officer of the Board stating the amount to be paid, to whom it is to be paid and the reason for such payment, each such requisition to include a statement or certification that the amount of such requisition is justly due and owing and has not been the subject of another requisition which was paid and is a proper expense of issuing such Bonds. Any funds remaining in the Cost of Issuance Fund after six (6) months from the date of delivery of the Series 2015A Bonds shall be transferred to the Debt Service Fund.

(b) Moneys in the Cost of Issuance Fund may only be invested at the express written direction of the Issuer and any earnings realized thereon shall be credited to the Debt Service Fund and disbursed or transferred as provided in (a) above.

(c) The provisions of this Section 4.02 P are, in all respects, subject to the prior application of Section 4.09 of the Original Indenture regarding any obligation to transfer investment earnings to the Rebate Fund.

Section 4.03 P Debt Service Reserve Account, Series 2015A.

(a) The amount specified in Section 3.01 P (c) hereof shall be deposited upon receipt into (or otherwise credited to) the Debt Service Reserve Account, Series 2015A.

(b) The provisions of this Section 4.03 P are, in all respects, subject to the prior application of the provisions of Section 4.09 of the Original Indenture regarding any obligation to transfer investment earnings to the Rebate Fund.

Section 4.04 P Application of any Unused Moneys.

(a) If, on the 25th day of July, 2015 there are any proceeds of the Series 2015A Bonds which are not required to pay allowable costs hereunder, such proceeds shall be transferred to the Debt Service Fund for payment of interest on the Series 2015A Bonds on August 1, 2015.

ARTICLE V P

Redemption of Series 2015A Bonds Before Maturity

Section 5.01 P Redemption Dates and Prices. Except as otherwise herein provided, the Series 2015A Bonds are subject to redemption in whole or in part upon the conditions, in the manner and subject to the terms and provisions set forth in the Original Indenture.

ARTICLE VI P

Tax Covenants

Section 6.01 P Trustee and Issuer Not To Impair Tax Status of Bonds. The Trustee and the Issuer will not knowingly take any action or omit to take any action or permit any action which is within its control to be taken or omitted where, to the knowledge of such party, such action or omission would impair the exemption of interest on such Bonds from federal income taxation.

ARTICLE VII P

Miscellaneous Provisions

Section 7.01 P Statutory Facilities Fund; Amendments to Original Indenture and Pledge Agreement. Notwithstanding any other provision of the Original Indenture, the Pledge Agreement, the Lease, the Collection Agreement, any Sublease or any other document or instrument securing the Bonds or the Lease, the initial purchasers of the Series 2015A Bonds, by virtue of their purchase and acceptance of the Series 2015A Bonds, on behalf of themselves and any future holder of the Series 2015A Bonds shall be deemed to have unconditionally and irrevocably agreed and consented to the exclusion of the Statutory Facilities Fund and any earnings thereon from the Trust Estate for the Bonds, and to any and all conforming amendments to the Indenture, the Pledge Agreement and any other document or instrument securing the Bonds in order to provide for the irrevocable and unconditional release of the earnings on the

Statutory Facilities Fund (and any earnings thereon) from the Program Revenues and the cancellation of the pledge and assignment thereof as security for the Bonds, including any amendment of Section 5 of the Pledge Agreement and any conforming amendments to terms such as “Program Revenues,” “Trust Fund Earnings,” and “Trust Estate” the purpose and effect of which is to permanently release any claim or interest of any Bondholder with respect to the Statutory Facilities Fund or the Trust Fund Earnings thereon.

Section 7.02 P Arbitrage. The Issuer covenants and agrees that it will not take any action or fail to take any action with respect to the investment of the proceeds of any Bonds issued under the Indenture or with respect to the payments derived under the Lease, or any other amounts regardless of the source, which would result in constituting any Bonds as “arbitrage bonds” within the meaning of such term as used in Section 148 of the Code. The Issuer further covenants and agrees that it will comply with and take all actions required by the Tax Exemption Certificate.

Section 7.03 P Investments. Notwithstanding any other provision of the Pledge Agreement (including Section 11 thereof) or the Indenture (including Section 7.01), the Trustee is authorized and directed by the Authority to accept directions from the Board on its designee (including the Secretary of the Department or his or her designee) with respect to the investment of any funds under or governed by the Indenture, the Pledge Agreement or the Collection Agreement.

Section 7.04 P Ratification. In all respects not inconsistent with the terms and provisions of this Supplemental Indenture, the Original Indenture is hereby ratified, approved and confirmed. In executing and delivering this Supplemental Indenture the Trustee shall be entitled to all of the privileges and immunities afforded to the Trustee under the terms and provisions of the Original Indenture.

Section 7.05 P Consent to Amendments. By acceptance of the Series 2015A Bonds, the holders thereof, without further action, shall have and shall be deemed to have consented to and approved the amendments to the Original Indenture set forth in this Supplemental Indenture and the amendments to the Original Lease, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement, the Eighth Supplement, the Ninth Supplement, the Tenth Supplement, the Eleventh Supplement, the Twelfth Supplement, Thirteenth Supplement, the Fourteenth Supplement, the Omnibus Amendments, the Fifteenth Supplement, the Sixteenth Supplement, the Seventeenth Supplement, and the Eighteenth Supplement.

Section 7.06 P Counterparts. This Sixteenth Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.07 P Applicable Law. The Sixteenth Supplemental Indenture shall be governed exclusively by the applicable laws of the State of South Dakota.

Section 7.08 P Immunity of Officers and Members of the Issuer. No recourse shall be had for the payment of the principal of or premium or interest on any of the Series 2015A

Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Sixteenth Supplemental Indenture contained against any past, present or future officer or member of the Issuer, or of any successor public corporation, as such, either directly or through any successor public corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers or members as such is hereby expressly waived and released as a condition of and consideration for the execution of this Sixteenth Supplemental Indenture and the issuance of the Series 2015A Bonds.

IN WITNESS WHEREOF, Issuer has caused this Sixteenth Supplemental Indenture to be executed on its behalf by its Chairman and attested by its Executive Director and the seal of Issuer to be hereunto affixed and duly attested; and the Trustee, to evidence its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name by its duly authorized officers and its corporate seal to be hereunto affixed and duly attested, all as of the day and year first above written.

SOUTH DAKOTA HEALTH AND
EDUCATIONAL FACILITIES AUTHORITY

[SEAL]

By: _____
Chairman

Attest:

By _____
Executive Director

THE FIRST NATIONAL BANK IN
SIOUX FALLS, as Trustee

[Seal]

By _____
Its: Authorized Officer

EXHIBIT A

REFUNDED 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.