

TECHNICAL EDUCATION

ANNUAL CERTIFICATE OF NO DEFAULT AND DEBT SERVICE COVERAGE

AS OF FEBRUARY 3, 2014

(All capitalized terms shall have the meaning assign 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 2012A (including any Additional Bonds expected to be issued and requiring debt service payments out of Revenues) for the period from August 1, 2014 through July 31, 2015 is \$6,671,812 and other estimated program expenses for such period are estimated to be \$150,000 for a total of \$6,821,812 (herein, this number is referred to as "**A**").
- (2) Scheduled debt service payments on Bonds through series 2012A (including 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 \$7,016,248 and other estimated program expenses for such period are estimated to be \$150,000, for a total of \$7,166,248 (herein, this number is referred to as "**B**").
- (3) For the period from the date hereof through January 31, 2016, 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>
Legislative Appropriations (FY 2015)	\$2,525,880
Estimated Appropriations (FY 2016)	\$2,733,750
Indenture Funds (Excluding DSRF) as of the date hereof:	
Tuition Subaccount as of 2/3/2014	\$2,457,585

Total Facility Fees from present to January 31, 2016 is estimated to be as follows:

6,072 students @ 30 credits per FTE \$25(5 months)	\$2,194,675
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6,014 students @ 30 credits per FTE \$28(12 months)	\$5,051,760
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6,075 students @ 30 credits per FTE \$30(7 months)	\$2,733,750
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Other Program Revenues through
January 31, 2016:

Estimated Interest Earnings(\$65,000 per year @ 24 months)	\$130,000
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IRS Rebates for 8/1/2014, 2/1/2015, and 8/1/2015	\$1,029,676
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Total Projected Available Program Revenues as of January 31, 2016 (herein referred to as "C")	\$18,857,077
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(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) \$18,857,077 Minus (A) \$6,821,812 Divided by (B) \$7,166,248 = 168%.

PROJECTED = 168%

Dated this ___ day of May, 2014

By: _____

President, South Dakota State Board of Education

**South Dakota Health and Educational Facilities Authority
 Technical Education's Annual Debt Service Coverage Certificate
 For Board Consideration of Approval - May 2014**

	<u>Amounts</u>	<u>Totals</u>
Section 1 - Current Year Disbursements		
Debt Service Payments		
#####	\$ 4,164,989	
#####	\$ 2,506,823	
Expenses	\$ 150,000	
(A) Total Section 1		\$ 6,821,812
Section 2- Following Year Disbursements		
Debt Service Payments		
#####	\$ 4,536,823	
##### Series 2014	\$ -	
#####	\$ 2,479,425	
##### Series 2014	\$ -	
Expenses	\$ 150,000	
(B) Total Section 2		\$ 7,166,248
Section 3 - Revenues		
Estimated Appropriations		
FY 2015	\$ 2,525,880	
FY 2016 (assumes \$2 fee increase per DOE)	\$ 2,733,750	
Indenture Funds		
Tuition Sub Account as of 2/3/2014	\$ 2,457,585	
Capitalized Interest 2012A	\$ -	
Facility Fees from present to 1/31/2015 estimated:		
FTE - 6,072 2/1/2014-6/30/2014 @ \$25/cred	\$ 2,194,675	
FTE - 6,014 7/1/2014-6/30/2015 @ \$28/cred	\$ 5,051,760	
FTE - 6,075 7/1/2015-1/31/2016 @ \$30/cred (assumes \$2 fee increase per DOE)	\$ 2,733,750	
Other Program Revenues Through 1/31/2016 Estimated:		
Interest Income \$65,000/yr	\$ 130,000	
IRS Rebates for		
#####		
2010A	\$ 157,079	
2010B	\$ 84,237	
2010C	\$ 103,526	
#####		
2010A	\$ 155,422	
2010B	\$ 84,237	
2010C	\$ 102,758	
#####		
2010A	\$ 155,422	
2010B	\$ 84,237	
2010C	\$ 102,758	
(C) Total Section 3		\$ 18,857,077
Section 4 - Debt Service Coverage Calculation		
Section 8 of the Collection Agreement Requires that:		
Section C minus Section A Divided by Section B \geq 103%.		
Using the Amounts Indicated Above:		
Section C	\$ 18,857,077	
minus Section A	\$ 6,821,812	\$ 12,035,265
divided by Section B	\$ 7,166,248	
equals Estimated Debt Service Coverage		168%