

\$XXXXXX

**SOUTH DAKOTA HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
VOCATIONAL EDUCATION PROGRAM REVENUE BONDS, SERIES 2014A**

BOND PURCHASE AGREEMENT

South Dakota Health and Educational
Facilities Authority
P.O. Box 846
Pierre, South Dakota 57501

State Board of Education
State of South Dakota
Kneip Building
700 Governors Drive
Pierre, South Dakota 57501
Attention: State Superintendent of Education

Gentlemen:

The undersigned (the “*Underwriter*”) hereby offers to purchase, upon the terms and conditions hereinafter specified, \$XXXXXX aggregate principal amount of Vocational Education Program Revenue Bonds, Series 2014A (the “*Series 2014A Bonds*”) to be issued by the South Dakota Health and Educational Facilities Authority (the “*Issuer*”), pursuant to the South Dakota Health and Educational Facilities Act, as amended (the “*Act*”), and the Constitution of the State of South Dakota. This offer is made subject to your acceptance on or before 4:00 p.m., Sioux Falls time, on _____, 2014. The Series 2014A Bonds are described in the Preliminary Official Statement and the appendices thereto (the “*Preliminary Official Statement*”) dated May 7, 2014 and will bear interest at the rates per annum set forth in Schedule I hereto. If and when accepted by all of you, this document shall constitute our Bond Purchase Agreement.

1. *Background.* The Series 2014A Bonds will be issued by the Issuer pursuant to an Indenture of Trust between the Issuer and The First National Bank of Sioux Falls, Sioux Falls, South Dakota, as trustee (the “*Bond Trustee*”), dated as of August 1, 1988 (the “*Original Indenture*”), as amended and supplemented by a First Supplemental Indenture of Trust dated as of May 1, 1990 (the “*First Supplemental Indenture*”) between the Authority and the Trustee, by a Second Supplemental Indenture of Trust dated as of December 15, 1992 (the “*Second Supplemental Indenture*”) between the Authority and the Trustee, by a Third Supplemental Indenture of Trust dated as of August 1, 1993 (the “*Third Supplemental Indenture*”), by a Fourth Supplemental Indenture of Trust, dated as of August 1, 1993 (the “*Fourth Supplemental Indenture*”), by a Fifth Supplemental Indenture of Trust dated as of December 1, 1997 (the “*Fifth Supplemental Indenture*”), by a Sixth Supplemental Indenture of Trust dated as of May 1, 1998 (the “*Sixth Supplemental Indenture*”), by a Seventh Supplemental Indenture of Trust dated as of June 1, 1999 (the “*Seventh Supplemental Indenture*”), by an Eighth Supplemental Indenture of Trust dated as of December 1, 2004 (the “*Eighth Supplemental Indenture*”), by a Ninth Supplemental Indenture of Trust dated as of November 1, 2007 (the “*Ninth Supplemental*

Indenture”), by a Tenth Supplemental Indenture dated as of September 1, 2008 (the “*Tenth Supplemental Indenture*”), by an Eleventh Supplemental Indenture of Trust dated as of July 1, 2010 (the “*Eleventh Supplemental Indenture*”), by a Twelfth Supplemental Indenture of Trust dated as of November 1, 2010 (the “*Twelfth Supplemental Indenture*”), as subsequently amended by certain Omnibus Amendments dated as of May 1, 2011 (the “*Omnibus Amendments*”), by a Thirteenth Supplemental Indenture of Trust dated as of August 1, 2011 (the “*Thirteenth Supplemental Indenture*”), by a Fourteenth Supplemental Indenture of Trust dated as of February 1, 2014 (the “*Fourteenth Supplemental Indenture*”), and by a Fifteenth Supplemental Indenture of Trust dated as of June 1, 2014 (the “*Fifteenth Supplemental Indenture*” and, together with 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, and the Fourteenth Supplemental Indenture, being referred to collectively as the “*Indenture*”). The Issuer will use the net proceeds of the Series 2014A Bonds as described in the Preliminary Official Statement.

The Series 2014A Bonds, the Authority’s Vocational Education Program Revenue Bonds, Series 1998A (the “*Series 1998A Bonds*”), the Authority’s Vocational Education Program Revenue Bonds, Series 1999 (the “*Series 1999 Bonds*”), the Authority’s Vocational Education Program Revenue Bond, Series 2004 (the “*Series 2004 Bonds*”), the Authority’s Vocational Education Program Revenue Refunding Bonds, Series 2007, the Authority’s Vocational Education Program Revenue Bonds, Series 2008, the Authority’s Vocational Education Program Revenue Bonds, Series 2010A (Build America Bonds) (the “*Series 2010A Bonds*”), the Authority’s Taxable Vocational Education Program Revenue Bonds, Series 2010B (Recovery Zone Economic Development Bonds (the “*Series 2010B Bonds*”), the Authority’s Vocational Education Program Revenue Bonds, Series 2010C (Build America Bonds) (the “*Series 2010C Bonds*”), the Authority’s Vocational Education Program Revenue Bonds, Series 2011A (the “*Series 2011A Bonds*”), the Authority’s Vocational Education Program Revenue Bonds, Series 2012A (the “*Series 2012A Bonds*”), and any additional bonds issued on a parity therewith as provided in the Indenture (herein “*Additional Bonds*”), shall be secured by the Lease (defined in the Indenture) between the Issuer and the South Dakota State Board of Education (the “*Board*”), the lease rentals payable under the Lease (the “*Lease Rentals*”), which Lease Rentals are payable from Appropriated Payments (defined in the Indenture) and from Program Revenues (defined in the Indenture), including Facility Fees collected and deposited pursuant to the Collection Agreement (defined herein), Trust Fund Earnings (defined in the Indenture), any Optional Deposits as defined and provided in the General Pledge and Escrow Agreement, as supplemented (the “*Pledge Agreement*”) among the Issuer, the South Dakota State Treasurer (the “*Treasurer*”), the South Dakota State Board of Education (the “*Board*”) and The First National Bank in Sioux Falls, as Escrow Holder (the “*Escrow Holder*”) and investment earnings on the foregoing.

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 any Additional Bonds are referred to herein as the “*Bonds*.”

The Series 2014A Bonds will be sold by the Underwriter pursuant to a definitive Official Statement and the appendices thereto (the “*Official Statement*”) dated the date hereof and containing the information set forth on Schedule I hereto and such other terms as described therein, with such changes from the Preliminary Official Statement as the Issuer and the Board have previously advised the Underwriter.

2. *Representations of the Issuer.* The Issuer makes the following representations and warranties:

(a) The Issuer is a body politic and corporate duly organized and validly existing under the Constitution and laws of the State of South Dakota. The Issuer has full power and authority under the laws of the State of South Dakota (including, in particular, the Act) to issue the Series 2014A Bonds, to execute and deliver this Agreement, the Indenture, and the Seventeenth Supplement to Lease (as defined in the Indenture) and to carry out the terms thereof, including the acquisition and leasing of post-secondary vocational education facilities to the Board pursuant to the Lease and for the benefit of one or more Qualifying Participating Institutions (as defined in the Collection Agreement) pursuant to the Subleases (defined in the Indenture).

(b) The Issuer has complied with all applicable provisions of the Constitution and laws of the State of South Dakota in connection with the authorization and sale of the Series 2014A Bonds.

(c) The Issuer has duly taken all necessary action for (i) the authorization, issuance and sale of the Series 2014A Bonds upon the terms set forth herein and in the Preliminary Official Statement and (ii) the execution, delivery, receipt and due performance of the Series 2014A Bonds, this Agreement, the Indenture, and the Seventeenth Supplement to Lease.

(d) The Series 2014A Bonds, when issued, delivered and paid for as provided herein and in the Indenture, will have been duly and validly authorized and issued and will constitute valid and binding special obligations of the Issuer enforceable in accordance with their terms and entitled to the benefits and security of the Indenture. The Indenture, the Lease, and the Pledge Agreement, on the Closing Date (as hereinafter defined), will have each been duly and validly authorized, executed and delivered by the Issuer, will be in full force and effect and will be valid and binding instruments of the Issuer enforceable in accordance with their terms.

(e) The Issuer will cause the proceeds from the sale of the Series 2014A Bonds to be applied as specified in the Indenture and the Lease. So long as any of the Series 2014A Bonds remain outstanding, the Issuer will not issue or sell any bonds or obligations (other than the Series 2014A Bonds), the principal of, premium, if any, or interest on which will be payable from the payments due to the Issuer out of Lease Rentals or Program Revenues other than as permitted and provided in the Indenture and Pledge Agreement.

(f) There are no legal or governmental proceedings pending or, to the best of the knowledge of the Issuer, threatened, or any basis therefor, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the validity or security of the Series 2014A Bonds, this Agreement, the Indenture, the Pledge Agreement, the Collection Agreement, the Lease, or the transactions contemplated thereby or by the Official Statement.

(g) The execution and delivery of this Agreement, the Series 2014A Bonds, the Indenture, and the other agreements and instruments contemplated hereby, and compliance with the provisions thereof, will not conflict with or constitute a breach of or default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which it is bound.

(h) The information in the Official Statement relating to the Issuer under the captions “THE AUTHORITY” and “LITIGATION” does not contain any untrue statement of a material fact and does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(i) The Issuer has ratified the use of the Preliminary Official Statement and has approved the use of the Official Statement.

(j) The Issuer, on behalf of itself and any other “issuers,” within the meaning of Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the “Rule”), agrees to deliver to the Underwriter, at such addresses as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with Paragraph (b)(4) of the Rule and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. The Issuer agrees to deliver such Official Statements within seven business days after the execution hereof. The parties hereto hereby agree to supply the Issuer with such information at such times, and to otherwise cooperate with the Issuer so that the Issuer can deliver the Official Statement in compliance with the preceding sentence.

(k) The Underwriter shall give notice to the Issuer and any additional “issuer” on the date after which no participating underwriter, as such term is defined in the Rule, remains obligated to deliver Official Statements pursuant to Paragraph (b)(4) of the Rule.

(l) The Underwriter agrees that it shall, until a Official Statement is available, send or cause to be sent no later than the next business day, by first class mail or other equally prompt means, to any potential customer, on request, one or more copies of the Preliminary Official Statement, as most recently supplemented or amended (if any).

(m) The Underwriter agrees from the time the Official Statement becomes available until the earlier of (i) ninety days from the end of the underwriting period or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days

following the end of the underwriting period, the Underwriter shall send or cause to be sent no later than the next business day, by first class mail or other equally prompt means to any potential customer, on request, at least one copy of the Official Statement.

3. *Representations of the Board.* The Board makes the following representations and warranties:

(a) The Board will enter into a Continuing Disclosure Undertaking (the “*Undertaking*”) pursuant to Rule 15c2-12(b)(5) adopted by the Commission under the Exchange Act (the “*Rule*”) to provide ongoing disclosure concerning the Board for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds, which agreement shall be substantially in the form attached as *Appendix C* to the Preliminary Official Statement, with such changes as may be agreed to by the Underwriter.

(b) The Board is a lawfully established and validly existing board of the State of South Dakota with full power and authority to enter into and perform the Lease, the Pledge Agreement, the Collection Agreement, this Agreement, the Subleases and the Continuing Disclosure Undertaking and to regulate and administer post-secondary vocational technical education in the State of South Dakota.

(c) This Agreement, the Lease, and the Continuing Disclosure Undertaking on the Closing Date (as hereinafter defined), will have been duly and validly authorized, executed and delivered, will be in full force and effect and will be valid and binding instruments of the parties thereto enforceable in accordance with their terms.

(d) The consummation of the transactions herein contemplated and carrying out of the terms hereof will not result in violation of any provision of, or any default under, any indenture, mortgage, deed of trust, indebtedness, agreement, instrument, judgment, decree, order, statute, rule or regulation to which the Board is a party or by which any of them or their property is bound.

(e) No approval, authorization, consent or other order of any public board or body (other than the authorization of the Issuer) is legally required for the transactions contemplated by this Agreement.

(f) Except as may be described in the Official Statement, there are no legal or governmental actions, suits, proceedings, inquiries or investigations pending, or, to the best of the Board’s knowledge, threatened or contemplated, or any basis therefor, to which the Board or any Qualified Participating Institution is or may become a party or of which any property of the Board or any Qualified Participating Institution is or may become subject, other than ordinary routine litigation incident to the kind of programs conducted by them which, if determined adversely to the Board or any Qualified Participating Institution, would not individually or in the aggregate have a material adverse effect on the financial position or results of operations of the Board or any Qualified Participating Institution.

(g) The information contained in the Official Statement is complete and accurate. Neither the Official Statement nor any amendment or supplement thereto made pursuant to paragraphs 6, 7 or 8 of this Agreement, does or will contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

4. *Purchase, Sale and Delivery of the Series 2014A Bonds.* On the basis of the representations and warranties and subject to the terms and conditions set forth herein, the Underwriter agrees to purchase from the Issuer, and the Issuer agrees to sell to the Underwriter, the total principal amount of the Series 2014A Bonds at a purchase price of \$_____, reflecting an underwriter's discount of \$_____ and a reoffering premium of \$_____. Payment for the Series 2014A Bonds shall be made to the Bond Trustee for the account of the Issuer in immediately available funds at such place as shall be agreed upon by the Issuer and the Underwriter, at 10:00 a.m. prevailing time on June ____, 2014, or at such date or time as may be agreed upon by an appropriate officer of the Issuer and the Underwriter against delivery of the Series 2014A Bonds to the Underwriter. The date and time of such payment and delivery are herein called the "*Closing Date.*" The Series 2014A Bonds will be delivered in definitive form, and the Series 2014A Bonds shall be made available to the Underwriter or its designee for inspection and packaging at least 48 hours before the Closing Date.

5. *Covenants of the Issuer.* The Issuer will:

(a) cooperate in qualifying the Series 2014A Bonds for offer and sale under the Blue Sky laws of states designated by the Underwriter, provided that the Issuer shall not be required to qualify to do business or consent to service of process in any state or jurisdiction and

(b) if, at any time prior to the Closing Date or prior to the time that the Underwriter has sold all of the Series 2014A Bonds, an event pertaining to the Issuer shall have occurred as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein not untrue or misleading or to make the Official Statement comply with any state Blue Sky act, notify the Underwriter promptly thereof and furnish to the Underwriter an appropriate amendment or a supplement that will correct the statements in the Official Statement in order to make the statements therein not untrue or misleading.

(c) refrain from taking any action or permitting any action to be taken, with regard to which the Issuer may exercise control that results in a loss of the tax-exempt status of interest on the Series 2014A Bonds for federal income tax purposes.

6. *Covenants of the Board.* The Board will:

(a) cooperate in qualifying the Series 2014A Bonds for offer and sale under the Blue Sky laws of states designated by the Underwriter, provided that the Board shall not be required to qualify to do business or consent to service of process in any state or jurisdiction;

(b) if, at any time prior to the Closing Date or prior to the time that the Underwriter has sold all of the Series 2014A Bonds, an event shall have occurred as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein not untrue or misleading or to make the Official Statement comply with any state Blue Sky act, notify the Underwriter promptly thereof and furnish to the Underwriter an appropriate amendment or a supplement that will correct the statements in the Official Statement in order to make the statements therein not untrue or misleading;

(c) refrain from taking any action or permitting any action to be taken with regard to which the Board may exercise control that results in a loss of the tax-exempt status of interest on the Series 2014A Bonds for federal income tax purposes; and

(d) do all such acts and things as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed.

7. [Intentionally Deleted.]

8. *Conditions of Underwriter's Obligation.* The obligation of the Underwriter to purchase and pay for the Series 2014A Bonds is subject to the following conditions:

(a) The representations and warranties of the Board and the Issuer shall be true and correct as of the date hereof and shall be deemed to be made again as of the Closing Date and shall be true and correct as of that time.

(b) At the Closing Date the Board and the Issuer shall have performed all of their obligations hereunder theretofore to be performed.

(c) At the Closing Date, there shall be delivered to the Underwriter and dated the Closing Date:

(i) an opinion of Bond Counsel addressed to the Issuer, in form and substance satisfactory to the Underwriter, substantially in the form *Appendix D* to the Preliminary Official Statement;

(ii) a letter of Bond Counsel addressed to the Underwriter and advising the Underwriter that it may rely on the opinion described in 8(c)(i) and covering such other matters as shall be satisfactory to Underwriter;

(iii) an opinion of the Issuer's counsel addressed to the Issuer, Bond Counsel, Trustee and Underwriter, in form and substance satisfactory to the addressees, substantially in the form attached hereto as *Exhibit A*;

(iv) an opinion of the Attorney General addressed to the Issuer, Bond Counsel, Trustee and Underwriter, in form and substance satisfactory to the addressees, substantially as attached as *Exhibit B* hereto;

(v) an opinion of Bond Counsel addressed to the Underwriter, in form and substance satisfactory to the Underwriter, substantially in the form attached hereto as *Exhibit C*;

(vi) evidence from Moody's Investors Services that the Series 2014A Bonds are rated “Aa2”; and

(vii) an executed copy of the Continuing Disclosure Agreement by the Board, in substantially the form attached to the Preliminary Official Statement as *Appendix C*.

(d) The Indenture, the Seventeenth Supplement to Lease and the Continuing Disclosure Agreement, in substantially the forms existing on the date hereof, with such changes therein as may be mutually agreed upon by the parties thereto and the Underwriter, shall have been duly authorized, executed and delivered by the respective parties thereto and shall be in full force and effect on the Closing Date.

(e) All proceedings and related matters in connection with the authorization, issue, sale and delivery of the Series 2014A Bonds shall have been satisfactory to Bond Counsel, and such counsel shall have been furnished with such papers and information as they may have reasonably requested to enable them to pass upon the matters referred to in this subdivision.

(f) The Board and the Issuer shall have furnished or caused to be furnished to the Underwriter on the Closing Date certificates satisfactory to the Underwriter and Bond Counsel as to the accuracy of all representations and warranties contained herein as of the date hereof and as of the Closing Date and as to the performance by the Board and the Issuer of all of their respective obligations hereunder to be performed at or prior to the Closing Date.

(g) The offer and sale of the Series 2014A Bonds and underlying securities shall be exempt from registration under the Securities Act of 1933, as amended; the Series 2014A Bonds and underlying securities shall constitute “*municipal securities*” under the Securities Exchange Act of 1933, as amended; the Series 2014A Bonds and underlying securities shall constitute “*municipal securities*” under the Securities Exchange Act of 1934, as amended; and in connection with the offer and sale of the Series 2014A Bonds it shall not be necessary to qualify the Indenture under the Trust Indenture Act of 1939, as amended.

(h) The Series 2014A Bonds shall be registered or exempt from registration for sale in such states as the Underwriter may designate on or prior to the Closing Date.

(i) As of the Closing Date, subsequent to the respective dates as to which information is given in the Official Statement, except as set forth or contemplated by the Official Statement, (1) the State of South Dakota shall not have incurred any material liabilities or obligations, direct or contingent, except in the ordinary course of business and shall not have entered into any material transaction not in the ordinary course of business, (2) except for scheduled repayments of long-term debt, there shall not have

been any change in long-term debt or decrease in the fund balances of the State of South Dakota, (3) there shall not have been any material adverse change in the business or financial position or results of operations of the State of South Dakota, and (4) no legal or governmental proceeding affecting the State of South Dakota or the transactions contemplated by this Agreement shall have been instituted or threatened which is material.

All such opinions, certificates, letters and documents will be in compliance with the provisions hereof only if they are in all material respects satisfactory to the Underwriter, as to which the Underwriter shall act reasonably.

If any condition of the Underwriter's obligation hereunder to be satisfied prior to the Closing Date is not so satisfied, this Agreement may be terminated by the Underwriter by notice in writing or by telegram to the Board and the Issuer.

The Underwriter may waive in writing compliance by the Board or the Issuer of any one or more of the foregoing conditions or extend the time for their performance.

9. [Intentionally Omitted.]

10. *Offering by Underwriter.* The Underwriter proposes to offer the Series 2014A Bonds for sale to the public (which may include selected dealers and special purchasers) as set forth in the Official Statement. Concessions from the public offering price may be allowed to selected dealers and special purchasers.

The initial public offering price and concessions set forth in the Official Statement may vary after the initial public offering. The Series 2014A Bonds may be offered to the public at prices other than the par value thereof. The Issuer and the Board hereby confirm the authority and use by the Underwriter of the Preliminary Official Statement and the Official Statement.

The Issuer and the Board acknowledge that the Underwriter, without regard to priority, may allocate the Series 2014A Bonds between customer orders and orders that could be considered to be from "related accounts" for purposes of MSRB Rule G-11. The Issuer and the Board hereby agree to the Underwriter's allocation of the Series 2014A Bonds to the orders that the Underwriter receives during the order period for the Series 2014A Bonds, regardless of priority between customer accounts and those accounts that could be considered "related accounts."

11. *Representations, Warranties and Agreements to Survive Delivery.* The representations, warranties, agreements and other statements of the Board, the Issuer, the Qualified Participating Institutions and the Underwriter or their officers set forth in or made pursuant to or in connection with this Agreement will remain operative and in full force and effect regardless of any investigation made by or on behalf of the Board, the Issuer, or the Underwriter or controlling person and will survive delivery of and payment for the Series 2014A Bonds. Any certificate signed by an authorized officer of any party to this Agreement and delivered shall be a representation and warranty by the party represented by such officer.

12. *Payment of Costs and Expenses.* All costs and expenses incident to the execution and performance of this Agreement, regardless of whether the Series 2014A Bonds are delivered and paid for, and to the sale and delivery of the Series 2014A Bonds to the Underwriter, including, but not limited to, the fees and expenses of Bond Counsel, Issuer's counsel, the costs and expenses of preparing, printing and distributing the Preliminary Official Statement and the Official Statement, this Agreement, any selling agreement, Blue Sky memoranda, the Series 2014A Bonds, the Indenture, the Seventeenth Supplement to Lease, and related documents; the expenses (including fees and disbursements of counsel) incurred in connection with qualification of the Series 2014A Bonds for sale and determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate and preparation of Blue Sky; the Bond Trustee's fees; fees incurred in connection with the authentication of the Series 2014A Bonds; fees of the Issuer; and any fees charged by investment rating agencies for the rating of the Series 2014A Bonds, shall be payable by the Board, or, if available, from Bond proceeds.

13. *Termination of Agreement.* This Agreement may be terminated at any time prior to the Closing Date by the Underwriter by written notice to the Issuer and the Board if (i) legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of the State of South Dakota, or legislation pending in the Congress of the United States shall be amended, or a decision shall have been rendered by a court of the United States or the State of South Dakota, including the Tax Court of the United States, or a ruling shall have been made or a regulation shall have been proposed or made or a press release or other form of notice shall be issued by the Treasury Department of the United States or the Internal Revenue Service or other Federal or South Dakota authority, with respect to Federal or South Dakota taxation upon revenues or other income of the general character to be derived by the Issuer or by any similar body, or upon interest on obligations of the general character of the Series 2014A Bonds, which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or state tax consequences of any of the transactions contemplated in connection herewith, or, in the reasonable opinion of the Underwriter, affects materially and adversely the market for the Series 2014A Bonds, or the market price generally of obligations of the general character of the Series 2014A Bonds, or (ii) there shall exist any event which in the reasonable opinion of the Underwriter either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (B) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or (iii) there shall have occurred any outbreak of hostilities or other national or international calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Series 2014A Bonds, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, or (v) a general banking moratorium shall have been declared by either Federal, New York, Minnesota or South Dakota authorities having jurisdiction and be in force.

If this Agreement shall be terminated pursuant to Section 8 or this Section 13, or if the purchase provided for herein is not consummated because any condition to the Underwriter's

obligation hereunder is not satisfied or because of any refusal, inability or failure on the part of the Board or the Issuer to comply with any of the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Board or the Issuer shall be unable to perform all of their respective obligations under this Agreement, neither the Board nor the Issuer shall be liable to the Underwriter for damages on account of loss of anticipated profits arising out of the transactions covered by this Agreement, but the Board shall remain liable to the extent provided in Paragraph 12 hereof and the Board shall pay all out-of-pocket expenses incurred by the Underwriter and the Issuer in contemplation of the performance by it of its obligation hereunder.

14. *Rule 15c2-12 and Related Matters.* Each of the parties hereto agree to reasonably cooperate with each other in order to carry out and comply with certain requirements of the Rule. In furtherance of such agreement, the parties agree that (i) Paragraph 2(1) hereof is intended to satisfy the requirements of Paragraph (b)(2) of the Rule; (ii) Paragraph 2(j) hereof is intended to satisfy the requirements of Paragraph (b)(3) of the Rule; (iii) Paragraph 2(m) hereof is intended to satisfy the requirements of Paragraph (b)(4) of the Rule; and (iv) the last paragraph of this Paragraph 14 is intended to evidence satisfaction of the requirements of Paragraph (b)(1) of the Rule.

The Underwriter has obtained and reviewed the Preliminary Official Statement, and on the basis of such review, the Underwriter states that it has no reason to believe that the key representations contained therein are not truthful and complete. In reaching such conclusion the Underwriter has relied upon (1) the accuracy and completeness of the information included as *Appendix A* and *Appendix B* to the Preliminary Official Statement; (2) the accuracy and completeness of the discussion under the heading "TAX EXEMPTION" in the Preliminary Official Statement; (3) the accuracy of all the other information furnished by the Board or the Qualified Participating Institutions (defined in the Indenture).

15. *Notices and Governing Law.* All communications hereunder shall be in writing and, except as otherwise provided, shall be delivered at or mailed or telegraphed to, the following addresses: if to the Underwriter, to 90 South Seventh Street, Suite 4300, Minneapolis, Minnesota 55402, Attn: Jack Arnold; if to the Board, addressed as set forth on the first page hereof, and if to the Issuer, South Dakota Health and Educational Facilities Authority, P.O. Box 846, Pierre, South Dakota, 57501 Attn: Executive Director. This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota.

16. *Parties in Interest.* This Agreement shall be binding upon and shall insure to the benefit of the Underwriter, the Issuer and the Board, and to the extent expressed, any person controlling the Issuer, the Board, or the Underwriter and their respective executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser, as such purchaser, from the Underwriter of the Series 2014A Bonds.

17. *Time.* Time shall be of the essence of this Agreement.

18. *Counterparts.* This Agreement may be executed in any number of counterparts.

[Signature Pages Follow]

If the foregoing is in accordance with your understanding of this Agreement, please sign and return to the undersigned the enclosed duplicate copies hereof, whereupon it will become a binding agreement between the Issuer, the Board and the Underwriter in accordance with its terms.

Very truly yours,

DOUGHERTY & COMPANY LLC

By: _____
Senior Vice President

Signed at 10:00 a.m. on _____, 2014

Confirmed and accepted as of
the date first above written.

SOUTH DAKOTA HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY

By: _____
Its:

Signed at _____ a.m. on _____, 2014

SOUTH DAKOTA BOARD OF EDUCATION

By: _____
Its:

Signed at _____ a.m. on _____, 2014

Schedule I

SERIES 2014A BONDS

Serial Bonds

Maturing August 1	Par Amount	Interest Coupon	Price	CUSIP
2015				83755V
2016				83755V
2017				83755V
2018				83755V
2019				83755V
2020				83755V
2021				83755V
2022				83755V
2023				83755V
2024				83755V

Term Bonds

\$ _____ % SERIES 2014A TERM BONDS MATURING AUGUST 1, 20____
PRICE _____% CUSIP 83755V _____.

The Series 2014A Bonds are callable prior to maturity on and after August 1, 2024 at a redemption price of par, plus accrued interest to the redemption date.

EXHIBIT A

[Murphy, Goldammer & Prendergast L.L.P.]

[Date of Issue]

Dougherty & Company LLC
Suite 4400
90 South Seventh Street
Minneapolis, Minnesota 55402

The First National Bank
in Sioux Falls
P.O. Drawer 1186
Sioux Fall, South Dakota 57117

South Dakota Health and Educational
Facilities Authority
330 South Poplar
Pierre, South Dakota 57501

Perkins Coie LLP
131 S. Dearborn Street
Chicago, Illinois

Gentlemen:

We have acted as General Counsel to the South Dakota Health and Educational Facilities Authority (the “*Issuer*”), a public body corporate and politic of the State of South Dakota created and existing under the authority of and pursuant to the provisions of Chapter 1-16A of the South Dakota Compiled Laws (the “*Act*”), in connection with the issuance and sale of the Issuer’s Vocational Education Program Revenue Bonds, Series 2014A (the “*Bonds*”), pursuant to the Act and under an Indenture of Trust, as amended and supplemented (the “*Indenture*”) dated as of August 1, 1988 between the Issuer and The First National Bank in Sioux Falls, Sioux Falls, South Dakota, as Trustee (the “*Trustee*”).

We have examined (a) a certified transcript of the proceedings had by the Issuer relating to the issuance and sale of the Bonds, (b) certificates showing execution, authentication and delivery of the Bonds and no litigation pending as of the date of delivery of the Bonds, (c) an executed copy of the Indenture and (d) executed copies of the Bond Purchase Agreement dated _____, 2014 with respect to the Bonds (the “*Purchase Agreement*”), the Seventeenth Supplement to Lease (the “*Seventeenth Supplement to Lease*”), dated as of June 1, 2014, between the Authority and South Dakota Board of Education, and the Pledge Agreement, the Collection Agreement and the Lease, all as defined or referenced in the Indenture.

Based on the foregoing, we are of the opinion that:

1. The Authority is duly organized and existing under the constitution and laws of the State and is authorized thereby, particularly by the Act, to enter into and perform its obligations under the Indenture, Bonds, Purchase Agreement, Pledge Agreement, Collection Agreement and Lease (the “*Financing Documents*”).

2. The Authority has duly and validly approved and authorized the execution and delivery of the Financing Documents. The Financing Documents have been executed and delivered by and on behalf of the Authority by its authorized officers. The Financing Documents will not cause or result in a conflict with, violation of or default under any other law, agreement or instrument to which the Authority is a party or subject.

3. The Financing Documents are valid and legally binding obligations of the Authority enforceable in accordance with their terms.

4. There is no litigation threatened or pending questioning the organization or existence of the Authority, the power or authority of its officers or the validity of or the authority of the Authority to issue, enter into or perform its obligations under the Financing Documents.

5. We have participated in the preparation of the Official Statement and have generally reviewed and discussed such information with officials of the Authority and, in the course of such review and discussion, but without independent verification, no facts came to our attention that cause us to believe that the Official Statement (except for financial and statistical data contained therein as to which we express no view) as of its date, or as of the date hereof, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Very truly yours,

MURPHY, GOLDAMMER & PRENDERGAST L.L.P.

EXHIBIT B

[Opinion of the Attorney General]

[Date of Issue]

South Dakota Health and Educational
Facilities Authority
330 South Poplar
Pierre, South Dakota 57501

Dougherty & Company LLC
Suite 4400
90 South Seventh Street
Minneapolis, Minnesota 55402

The First National Bank in Sioux Falls,
as Trustee and Escrow Holder
100 South Phillips
Sioux Falls, South Dakota 57102

Perkins Coie LLP
131 S. Dearborn Street
Chicago, Illinois 60603

Re: Vocational Education Program Revenue Bonds, Series 2014A

Gentlemen:

In my capacity as Attorney General of the State of South Dakota in connection with the issuance by the South Dakota Health and Educational Facilities Authority (the “*Authority*”) of its Vocational Education Program Revenue Bonds, Series 2014A in the aggregate principal amount of \$_____ (the “*Series 2014A Bonds*”), I have caused a review of executed counterparts or copies otherwise identified to my satisfaction of the following:

- a. The Indenture of Trust dated August 1, 1988, as amended and supplemented (the “*Indenture*”) from the Authority to The First National Bank in Sioux Falls, as Trustee (the “*Trustee*”);
- b. The Amended and Restated Facility Fee Tuition Collection and Deposit Agreement dated as of September 1, 2008, as supplemented (the “*Collection Agreement*”) among the Treasurer of the State of South Dakota (the “*Treasurer*”), the South Dakota Board of Education (the “*Board*”), The First National Bank in Sioux Falls, as escrow holder (the “*Escrow Holder*”) and the following four “Qualified Participating Institutions”: Rapid City Area School District 51-4 (“*Rapid City School District*”), Sioux Falls School District 49-5 (“*Sioux Falls School District*”), Watertown School District 14-4 (“*Watertown School District*”) and Mitchell School District 17-2 (“*Mitchell School District*”);
- c. The General Pledge and Escrow Agreement dated as of August 1, 1987, as supplemented (the “*Pledge Agreement*”) among the Treasurer, the Board, the Authority and the Escrow Holder;
- d. The Lease Purchase Agreement dated as of August 1, 1988, as supplemented (the “*Lease*”) between the Authority and the Board on behalf of the Qualified Participating Institutions for which Bonds have been issued;

e. The Authority's Official Statement with respect to the Series 2014A Bonds (the "*Official Statement*");

f. The Bond Purchase Agreement with respect to the Series 2014A Bonds (the "*Bond Purchase Agreement*") among the Authority, the Board and Dougherty & Company LLC (the "*Underwriter*");

g. The Subleases entered into between the Board and the Qualified Participating Institution for which Bonds have been issued;

h. Various resolutions adopted by the Board of Education and the Authority with respect to the above instruments to which such entities are parties; and

i. Such other documents, instruments or proceeding as deemed necessary or appropriate for the purpose of this opinion.

I have also caused an examination of such laws, regulations, rulings, decisions and other authorities as deemed necessary in order to render this opinion. Based upon such review, we are of the opinion that:

1. The Pledge Agreement and Collection Agreement have been duly authorized, executed and delivered by the Treasurer and the Board and constitute the legal, valid and binding obligations, respectively, of the Treasurer and the Board, in accordance with their terms, except to the extent that the enforceability thereof may be limited by laws affecting creditors' rights generally or because the obligations are held to be contrary to public policy. In addition, we are not expressing an opinion with respect to the effects of bankruptcy or insolvency.

2. The Lease has been duly authorized, executed and delivered by the Board and constitutes the legal, valid and binding obligation of the Board in accordance with its terms, except to the extent that the enforceability thereof may be limited by laws affecting creditors' rights generally or because the obligations are held to be contrary to public policy. In addition, we are not expressing an opinion with respect to the effects of bankruptcy or insolvency.

3. We have reviewed generally and discussed with such parties and deemed necessary the statements and information contained in the Official Statement and the Appendices thereto. In the course of performing such services, nothing has come to our attention which would cause us to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. We are not, however, passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of such statements nor do we express any opinion or view with respect to the validity or as to the federal income tax treatment of the Bonds.

Very truly yours,

EXHIBIT C

[Date of Issue]

Dougherty & Company LLC
Suite 4400
90 South Seventh Street
Minneapolis, Minnesota 55402

Gentlemen:

We have acted as bond counsel in connection with the issuance of \$XXXXXX aggregate principal amount of Vocational Education Program Revenue Bonds, Series 2014A (the “*Series 2014A Bonds*”) of the South Dakota Health and Educational Facilities Authority (the “*Authority*”) pursuant to a Bond Purchase Agreement, dated January 20, 2014, (the “*Purchase Agreement*”), between you, the Authority and the South Dakota Board of Education (the “*Board*”). Terms not defined herein shall have the meanings assigned thereto in the Purchase Agreement.

In our capacity as Bond Counsel, we have participated in various conferences and meetings held for the purpose of preparing the Official Statement dated _____, 2014, with respect to the Series 2014A Bonds (the “*Official Statement*”), which meetings were attended by, among others, your representatives, representatives of the Authority, the Board, certain School Boards, the State Attorney General and general counsel to the Authority and at which meetings the contents of the Official Statement were prepared, discussed and revised. We have reviewed generally and discussed with your representatives and the representatives referred to above the statements and information contained in the Official Statement. We have also reviewed various documents referred to in the Official Statement, including (but not limited to) the Indenture, the Pledge Agreement, the Collection Agreement, the Seventeenth Supplement to Lease, the Lease and the Subleases.

Based upon the foregoing, and without having undertaken to determine independently the accuracy, completeness or fairness of the statements and information in the Official Statement, as of the date hereof:

A. The statements and information under the captions “LEASE RENTALS,” “THE BONDS,” “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” “SUMMARY OF CERTAIN PROVISIONS OF THE PLEDGE AGREEMENT,” “SUMMARY OF CERTAIN PROVISIONS OF THE COLLECTION AGREEMENT,” “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” and “TAX EXEMPTION” are fair and accurate and, to the extent to which they summarize the provisions of the Series 2014A Bonds, the Indenture, the Pledge Agreement, the Collection Agreement, and the Lease, constitute fair and accurate summaries thereof.

B. In the course of our performance of the services referred to above, nothing has come to our attention which would cause us to believe that the Official Statement (but expressly excluding financial and statistical information for which we assume no responsibility) contains any untrue statement of a material fact or omits to state a material fact necessary to make the

statements contained therein, in light of the circumstances under which they were made, not misleading.

Based on the foregoing, and our opinion of even date as bond counsel to the effect that interest on the Series 2014A Bonds is exempt from federal income taxes, we are of the opinion that the offer and sale of the Series 2014A Bonds and any securities underlying the Series 2014A Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Series 2014A Bonds and any securities underlying the Series 2014A Bonds constitute “municipal securities” within the meaning of the Securities and Exchange Act of 1934, as amended.

Very truly yours,

PERKINS COIE LLP

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