

EDUCATIONAL ENHANCEMENT FUNDING CORPORATION

MINUTES OF THE SPECIAL MEETING

NOVEMBER 18, 2011

Pursuant to due notice, the Educational Enhancement Funding Corporation met on Friday, November 18, 2011. The special meeting began at 10:00 a.m., CST via telephone. Mr. Tom Graham, Chairman, instructed the Executive Secretary to call the roll.

Present: Mr. Tom Graham
 Mr. Dennis Haan
 Mr. Doug Hajek
 Mr. Ken Karels
 Mr. D. J. Mertens
 Mr. Dennis Neugebauer
 Mr. James Roby
 Mr. James Spies

Absent: Mr. Joe Lien

Other staff and representatives of the Corporation present were:

Mr. Donald Templeton, Executive Secretary
Mr. Todd Meierhenry, Meierhenry Sargent, LLP
Mr. Dustin Christopherson, South Dakota Health and Educational
Facilities Authority
Mr. Steve Corbin, South Dakota Health and Educational
Facilities Authority
Mr. Bruce Bonjour, Perkins Coie
Mr. Jack Arnold, Dougherty & Company

A quorum was declared by the Chairman and the meeting was called to order.

Mr. Don Templeton advised the Corporation members that the notice of the meeting had been posted at the entrance of the office of the Educational Enhancement Funding Corporation on November 15, 2011. A copy of that notice is attached hereto and is an integral part of the minutes (*see Attachment #1*).

The Chairman asked for consideration of the minutes for the September 22, 2011 meeting. Mr. Roby moved to approve the minutes as presented, seconded by Mr. Hajek. All members present voted aye. Motion carried.

TRUSTEE SERVICES

Mr. Templeton stated that Moody's Investor Service recently upgraded the EEFC Series 2002 A & B bonds to A1 and A3 on September 8, 2011. Mr. Templeton explained that he was contacted by Moody's Investor Service regarding a new policy that all Trustee's that hold overnight cash and investments for program funds other than the Operating Account and the Special Revenue Account need to be rated by Moody's.

The First National Bank in Sioux Falls has been the trustee since the bond issuance in 2002. Mr. Templeton stated that he had been pleased with the services of The First National Bank in Sioux Falls. Mr. Bonjour stated that The First National Bank in Sioux Falls provides some of the best trustee services that he has seen. Mr. Templeton stated that Moody's Investor Services has told him that the EEFC may face a downgrade from Moody's if a rated trustee is not used by the EEFC.

Mr. Jack Arnold contacted US Bank (rated Aa2) and Wells Fargo Bank (rated Aa3) by Moody's.

US Bank submitted proposal as a successor trustee in the initial amount of \$2000 and an annual amount of \$2,000. Wells Fargo Bank submitted proposal as a successor trustee with no initial fee and an annual amount of \$12,500.

The Board decided to have Don Templeton work with Tom Graham to negotiate with US Bank for services to satisfy the new Moody's Investor Service's requirement and retain The First National Bank in Sioux Falls to provide trustee services.

Resolution 1-EEFC-11 (*see Attachment #2*) was reviewed by Bruce Bonjour. Mr. Jim Spies moved to approve the resolution, Mr. Dennis Haan seconded, and upon roll call the ayes were Graham, Haan, Hajek, Karels, Mertens, Neugebauer, Roby and Spies; nays: none; abstain: none.

Adjournment

The Chairman stated that there being no further business at this meeting, the meeting would be adjourned at 10:50 a.m. CST.

Educational Enhancement Funding Corporation

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Date: November 15, 2011

To: Members of the Educational Enhancement Funding Corporation

From: Don A. Templeton, Executive Secretary

Re: Notice of Special Meeting

You are hereby notified that the Chairman has set Friday, November 18, 2011 as the date for the Special Meeting of the Educational Enhancement Funding Corporation to be held via telephone at 10:00 a.m. central time.

You may participate in the meeting by dialing 1-877-336-1828 and enter your Participant Access Code, which is 4677196 followed by the # key.

The following members have indicated they will be available for the meeting:

Tom Graham	DJ Mertens
Dennis Haan(uncertain)	Dennis Neugebauer
Doug Hajek	James Roby
Joe Lien	James Spies
Ken Karels	

Enclosed is the agenda; information on agenda items will be sent by Fed Ex.

Cc: Todd Meierhenry
Bruce Bonjour
Jack Arnold

RESOLUTION OF THE EDUCATIONAL ENHANCEMENT FUNDING CORPORATION AUTHORIZING (A) THE REPLACEMENT OF THE FIRST NATIONAL BANK IN SIOUX FALLS, AS TRUSTEE, AND (B) AUTHORIZING AND APPROVING OTHER MATTERS IN CONNECTION THEREWITH.

RESOLUTION NO. 1-EEFC-11.

WHEREAS, under chapter 5-12 of the laws of the State of South Dakota (the "*State*") as amended (the "*Act*"), and pursuant to Resolution No. 03-SDBA-02 (the "*Resolution*") of the South Dakota Building Authority (the "*Authority*"), the State and the Authority have authorized the establishment of the Educational Enhancement Funding Corporation (the "*Corporation*"), a body corporate and politic and instrumentality of, but having a legal existence independent and separate from, the State and the Authority; and

WHEREAS, the State has sold to the Corporation certain of the State's right, title and interest in, to and under the master settlement agreement dated as of November 23, 1998 by attorneys general and other parties from the several states and various tobacco companies, as now or hereafter amended, supplemented or restated (the "*Settlement Agreement*"); and

WHEREAS, pursuant to the Act and the Resolution, the Corporation has issued its Tobacco Settlement Asset-Backed Bonds, Series 2002 (the "*Bonds*") pursuant to an Indenture dated as of August 1, 2002 (the "*Indenture*") between the Corporation and The First National Bank in Sioux Falls, as Trustee (the "*Trustee*"), which Bonds are payable out of any property or funds of the Corporation, including any rights it has in, to or under the Settlement Agreement, including its rights to receive or collect tobacco settlement revenues, moneys or other funds deposited with, payable to or held by or on behalf of the Corporation (the "*Revenues*"), and the net proceeds of the Bonds have been paid to the State for deposit into the Educational Enhancement Trust Fund (the "*Trust Fund*") established by Article XII, Section 6 of the South Dakota Constitution (the "*Constitutional Amendment*"); and

WHEREAS, terms not defined herein shall have the meanings given thereto in the Indenture; and

WHEREAS, the Bonds are currently rated by Moody's Investor Service ("*Moody's*") as well as other national rating agencies (collectively, "*Rating Agencies*"); and

WHEREAS, Moody's published a "Request for Comment" dated October 17, 2011 which indicated that Moody's proposes to clarify and change certain guidelines ("*Revised Guidelines*") for trust account providers (herein "*Fiduciaries*") for structured transactions; and

WHEREAS, Moody's has advised the Corporation that the Revised Guidelines are expected to result in a downgrading of the Bonds unless the Corporation replaces The First National Bank in Sioux Falls with a successor trustee ("*Successor Trustee*") or enters into

certain alternative arrangements with a co-trustee (“*Co-Trustee*”), in either case, in which the Successor Trustee or Co-Trustee is part of a regulated financial institution is rated no less than [Aa2/Prime 1] (the “*Rating Requirement*”); and

WHEREAS, this Board believes it is in the best interests of the registered owners of Bonds to replace the current Trustee with a Successor Trustee that will satisfy the Rating Requirement announced in Moody’s Revised Guidelines; and

WHEREAS, the current Trustee may resign or the Corporation has a right to remove the current Trustee pursuant to Section 8.05 of the Indenture and the Corporation may designate a Successor Trustee pursuant to Section 8.06 of the Indenture.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS (THE “BOARD”) OF THE EDUCATIONAL ENHANCEMENT FUNDING CORPORATION:

Section 1. Findings and Determinations. It is hereby found and determined that it is necessary and desirable for the Corporation to replace the current Trustee with a Successor Trustee which can satisfy the Rating Requirement announced in Moody’s Revised Guidelines.

Section 2. Authorization to Appoint Successor Trustee. The Board hereby authorizes the Chairman and the Executive Secretary to accept and review proposals from proposed Successor Trustees and to select a Successor Trustee which such offices determine will satisfy the Revised Guidelines of Moody’s. Any such determination made by the Chairman and the Executive Secretary shall be evidenced by a written certificate (the “*Certificate*”). The Certificate, when filed with the Corporation, shall be deemed, for all purposes, irrevocable, final and conclusive evidence of (i) the satisfaction of the foregoing provisions, (ii) approval by such officers and by this Board and the Corporation of such terms and conditions, and (iii) the appointment of the Successor Trustee to replace the current Trustee.

Section 3. Execution and Delivery of the Documents. If the Chairman and Executive Secretary determine it is necessary or appropriate to supplement or amend the Indenture in order to implement the provisions or intent of this Resolution, then such officers are authorized to approve such supplement or amendment, and such supplement or amendment shall be executed on behalf of the Corporation by the manual or facsimile signature of its Chairman, Vice Chairman, or such other director or officer designated by the Chairman or Vice Chairman and attested by the manual or facsimile signature of its Executive Secretary, Secretary or such other director or officer designated by the Chairman or Vice Chairman, and following such execution, shall be executed by the Successor Trustee.

Section 4. Officer’s Certificate. Any authorized officer is hereby authorized to execute and deliver any Officer’s Certificate for any purpose as may be required by the Indenture, including for the purpose of directing the transfer and investment of monies held by the Trustee under the Indenture to the Successor Trustee and the giving of any notices required by the Indenture to Rating Agencies or owners of Bonds.

Section 5. Authorization of Transaction Expenses. In addition, the Board hereby specifically authorizes the payment of all transaction and administrative expenses incurred in

connection with the foregoing, including payment of fees and expenses of the Successor Trustee, Perkins Coie, LLP, as Bond Counsel to the Corporation, and The First National Bank in Sioux Falls.

Section 6. Prior Actions Ratified and Confirmed. The actions of the Chairman, the Vice Chairman, the Executive Secretary and the Secretary and all other directors, officers, employees and agents of the Corporation in doing any and all acts and deeds in connection with the foregoing are hereby approved, ratified and confirmed.


Section 7. Ratification and Continued Effectiveness of Actions of Any Officer or Director Who, For Any Reason, Ceases To Be an Officer or Director. In the event that any director or officer of the Corporation executes or delivers any document or other instrument approved hereunder and later ceases to be such officer or director before the delivery or performance of the document or instrument so executed, whether by reason of resignation, death or otherwise, any such document or instrument so executed or delivered and any such other action taken in connection therewith shall be and continue to be authorized by this Resolution and valid, binding and enforceable against the Corporation and this Board.

Section 8. Authorization and Ratification of Subsequent Acts. The directors, officers, agents and employees of the Corporation are hereby authorized and directed to do all such acts and showings and to execute, deliver or accept all such documents as may be necessary or appropriate to carry out and comply with the provisions of this Resolution, the documents approved hereby, and all of the acts and doings of the directors, officers, agents and employees of the Corporation which are in conformity with the intent and purpose of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby ratified, confirmed and approved. Without limiting the generality of the foregoing, the officers and directors of the Corporation are hereby also authorized and directed to execute, acknowledge and deliver such certificates, agreements and documents which, in the opinion of Perkins Coie, LLP, as Bond Counsel, are necessary or appropriate to implement this Resolution.

Section 9. Conflicting Resolutions Amended. All resolutions in conflict herewith are, to the extent of such conflict, hereby amended to conform to this Resolution.

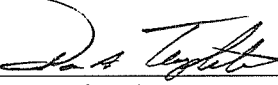
Section 10. Severability. If any section, paragraph or provisions of this Resolution shall be held invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any remaining provisions.

Section 11. Effective Date. This Resolution shall take effect immediately upon passage and approval.

Approved: 
Chairman

(Corporate Seal)

ATTEST:


Executive Secretary