

A RESOLUTION AUTHORIZING THE ISSUANCE OF SALES
TAX REVENUE BONDS, SERIES 2005, OF THE CITY OF
RAPID CITY, SOUTH DAKOTA; PLEDGING A PORTION OF
THE SALES TAX RECEIPTS OF THE CITY TO THE
PAYMENT OF SAID BONDS; AUTHORIZING OFFICERS OF
THE CITY TO APPROVE, EXECUTE AND DELIVER
CERTAIN AGREEMENTS AND DOCUMENTS RELATING
TO THE BONDS

BE IT RESOLVED by the City Council of the City of Rapid City, South Dakota,
as follows:

Section 1. Findings. It is hereby found, determined and declared that:

(A) The City of Rapid City, in the County of Pennington and State of South Dakota (the “City”), is a political subdivision of the State of South Dakota and a body corporate and politic.

(B) Under the laws of the State of South Dakota, the City is possessed of all powers which are necessary, requisite or proper for the government and administration of its local and municipal matters, and all rights and powers that now or hereafter may be granted to municipalities by the laws of the State of South Dakota.

(C) The City is authorized by Chapter 10-52, South Dakota Codified Laws (the “Act”) to levy a “non-ad valorem tax” (as defined by the Act) on the sale, use, storage and consumption of items taxed under Section 10-45 and 10-46 of the South Dakota Codified Laws, subject to certain exceptions; and the City has adopted and enacted Chapter 3.16 of the Rapid City Municipal Code, as amended by Ordinances Nos. 5019 and 5046 (as so amended, the “Ordinance”), pursuant to the Act imposing the sales tax authorized by the Act within the City, such tax being hereinafter referred to as the “Sales Tax”.

(D) The City may issue municipal non-ad valorem tax revenue bonds pursuant to Section 10-52-2.10 of the Act and Chapter 6-8B, South Dakota Codified Laws in anticipation of the collection of the Sales Tax. Such bonds are required to be payable solely from collections of the Sales Tax, and the City is required to covenant that it will continue to impose and collect the Sales Tax so long as such bonds are outstanding.

(E) As authorized by the Ordinance and the Act, the City has determined that it is necessary and desirable to issue sales tax revenue bonds to be designated “City of Rapid City, South Dakota, Sales Tax Revenue Bonds, Series 2005” (the “Series 2005 Bonds”), the proceeds of which would be used, together with any additional funds of the City which might be required, (i) to finance the cost of improvements (the “Improvements”) to the City’s municipal utility facilities, consisting primarily of the construction and reconstruction of improvements to the water distribution and the sewer collection systems, (ii) to fund a reserve fund, if deemed advisable, (iii) to pay the costs of issuance of the Series 2005 Bonds and the premium for bond insurance, if any, and (iv) to provide an allowance for original issue discount. The Series 2005

Bonds will be issued pursuant to an Indenture of Trust (the “Indenture”), to be entered into with The First National Bank in Sioux Falls, Sioux Falls, South Dakota, as trustee.

Section 2. Authorization of Bonds.

(A) The City hereby authorizes the issuance of the Series 2005 Bonds in accordance with the provisions of the Act, the Ordinance, the Indenture and this Resolution. The Series 2005 Bonds shall be issued in a principal amount not to exceed the amount necessary to pay construction costs of the Improvements in an amount not exceeding \$_____, fund a reserve account and pay costs of issuance of the Bonds, including original issue discount, underwriter’s discount and any bond insurance premium, all subject to the limitations of the laws of the State of South Dakota and of the Internal Revenue Code of 1986 (the “Code”).

(B) The Series 2005 Bonds shall be issued in such form, mature on a date or dates not to exceed 11 years from the date of issue and on such terms, consistent with this resolution, as shall be provided in Indenture and other agreements whose execution and delivery is authorized by Section 5 of this resolution.

(C) The Series 2005 Bonds shall bear interest at the rate or rates per annum provided in the Indenture authorized by Section 5 of this resolution, but the average interest rate yield of the Series 2005 Bonds shall not exceed 4.00% per annum.

(D) The Series 2005 Bonds shall be special, limited obligations of the City, payable solely from the Sales Tax and other moneys pledged therefor. The Series 2005 Bonds shall not be payable from any general or other fund of the City, and the Series 2005 Bonds shall not constitute general obligations of the city.

Section 3. Pledge of Sales Tax. The Sales Tax collections shall be pledged and appropriated to the payment of the Series 2005 Bonds as set forth in the Indenture.

Section 4. Retention of Managing Underwriter, Bond Counsel and Disclosure Counsel, and Trustee, Registrar and Paying Agent. The City hereby retains Dougherty & Company LLC, in Minneapolis, Minnesota, as underwriter, for the purpose of underwriting the Series 2005 Bonds. The City hereby retains the firm of Dorsey & Whitney LLP, Minneapolis, Minnesota, to act as bond counsel and disclosure counsel with respect to the Series 2005 Bonds. The City hereby retains The First National Bank in Sioux Falls, in Sioux Falls, South Dakota, as trustee under the Indenture and as registrar and paying agent for the Series 2005 Bonds.

Section 5. Authorization of Documents. In connection with the authorization, issuance and delivery of the Series 2005 Bonds, the officers of the City designated by Section 6 of this resolution shall enter into, execute and deliver the following indenture, agreements and documents:

(A) the Indenture to provide for the issuance of the Series 2005 Bonds and setting forth the terms thereof;

(B) the Bond Purchase Agreement or similar agreement providing for sale of the Series 2005 Bonds at an underwriters' discount not exceeding .75% and an original issue discount not exceeding 2% of the principal amount of the Series 2005 Bonds;

(C) a Continuing Disclosure Agreement or undertaking satisfying the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended; and

(D) such other documents, agreements or instruments as may be necessary to make covenants and recite facts required to demonstrate the validity and enforceability of Series 2005 Bonds under the laws of the State of South Dakota and to assure the exclusion of the interest thereon from the gross income of the owners of the Series 2005 Bonds under the Code and to effectuate the terms and intent of this resolution. The execution and delivery of such indenture, agreements and documents is hereby authorized and directed, the indenture, agreements and documents to be in such form and to contain such terms, consistent with this resolution, as the officers of the City designated herein shall determine to be necessary and desirable.

Section 6. City Officers. The Mayor, City Finance Officer and City Attorney of the City are hereby authorized and directed to execute and deliver the indenture, agreements and documents authorized by Section 5 hereof. Execution and delivery of such items by the Mayor, City Finance Officer and City Attorney shall constitute evidence that such items are consistent with the terms of this resolution and have been duly authorized, executed and delivered by the City and are enforceable against the City in accordance with their terms, subject to customary exceptions relating to bankruptcy, reorganization, insolvency and other laws affecting creditors' rights. The Mayor, City Finance Officer and City Attorney are further authorized to take such other actions as may be required to effectuate the terms and intent of this resolution. In the event of the absence or disability of the Mayor, City Finance Officer or City Attorney, such other officers of the City as, in the opinion of the City Attorney act in the absence of such officers, are hereby authorized to act in the place and stead of the Mayor, City Finance Officer and City Attorney, and to take all actions and execute all documents approved hereby.

Section 7. Ratification. All actions heretofore taken by the City or any of its officers in connection with the Series 2005 Bonds are hereby ratified and confirmed.

Section 8. Amendment. This resolution may be amended at any time prior to the issuance of the Series 2005 Bonds by adoption of an administrative resolution.

Dated this 16th day of May, 2005.

(SEAL)

Mayor

ATTEST:

Finance Officer

Adopted: May 16, 2005.

Published: _____, 2005.

Effective Date: _____, 2005.