

DRAFT 09/29/09

CITY OF RAPID CITY, SOUTH DAKOTA,
Issuer

AND

THE FIRST NATIONAL BANK IN SIOUX FALLS,
Trustee

INDENTURE OF TRUST

Dated as of _____, 2009

WATER REVENUE BONDS
SERIES 2009

This instrument drafted by:
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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (the “Indenture”) dated as of _____, 2009, by and between the CITY OF RAPID CITY, SOUTH DAKOTA, a political subdivision of the State of South Dakota (the “City”), and THE FIRST NATIONAL BANK IN SIOUX FALLS, a national banking association duly established, existing and authorized to accept and execute trusts of the character herein set out, with its principal office at Sioux Falls, South Dakota (the “Trustee”):

WITNESSETH

WHEREAS, under the Constitution, the general 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; and

WHEREAS, the City currently operates a municipal water utility (the “Utility”), consisting of improvements or parts of improvements for the purpose of providing water for municipal, industrial and domestic purposes, and has determined that additional improvements to the Utility are required to support the current and anticipated future water demands; and

WHEREAS, the City, pursuant to a resolution adopted by its Governing Body on _____, 2009 (the “Bond Resolution”) has determined to proceed with the acquisition and construction of improvements to the Utility, consisting of the acquisition and construction of the Jackson Springs Water Treatment Plant and related improvements and the acquisition and construction of the Saint Martin’s Reservoir and related improvements (collectively, the “Improvements”); and

WHEREAS, under the provisions of Chapter 9-40, South Dakota Codified Laws (the “Act”), the City is authorized to borrow money and issue its water revenue bonds in order to defray the cost of acquiring and constructing the Improvements and has deemed it advisable and necessary to issue \$_____ aggregate principal amount of City of Rapid City, South Dakota, Water Revenue Bonds, Series 2009 (the “Series 2009 Bonds”), to be payable solely from the revenue or income derived from the operation of the Improvements; and

WHEREAS, the City may issue Additional Bonds (as herein defined) on a parity basis in the future pursuant to and in accordance with this Indenture; and

WHEREAS, the Governing Body is desirous of causing the Series 2009 Bonds to be issued, of authorizing and directing the application of the proceeds to finance the Improvements as set forth herein, and of providing security for the payment thereof, all in the manner hereinafter set forth; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, valid, binding and legal limited obligations of the City according to the import thereof, and to constitute this Indenture a valid contract for the security of the Bonds, have been done and performed; and the creation, execution and delivery of

this Indenture, and the creation, execution and issuance of said Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS INDENTURE WITNESSETH:

The City, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Series 2009 Bonds and the Additional Bonds, if any (collectively, the "Bonds") by the Holders (as herein defined) thereof, in order to secure the payment of the principal of and interest and premium, if any, on the Bonds according to their tenor and effect and the performance and observance by the City of all the covenants expressed or implied herein and in the Bonds, does hereby grant, mortgage, grant a security interest in, assign, transfer in trust, and pledge to the Trustee, and to its successors in trust, and to them and their assigns forever, the following:

FIRST

The Net Revenues (as herein defined) derived from the operation of the Improvements collected by the City and all other sums (including Bond proceeds) which are required to be deposited in the trust accounts in accordance with Article Six hereof; and

SECOND

The earnings derived from the investment of any of the foregoing sums as provided herein; and

THIRD

All other property of every name and nature which may from time to time hereafter by delivery or by writing of any kind be subjected to the lien hereof by the City or by anyone in its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same as additional security hereunder subject to the terms hereof.

The City recognizes that the statutory mortgage provisions of South Dakota Codified Laws, Sections 9-40-25 through 9-40-27, are applicable to the Bonds. The City agrees that the rights and remedies of the Bondholders under SDCL Chapter 9-40, including without limitation the statutory mortgage provisions under South Dakota Codified Laws, Sections 9-40-25 through 9-40-27, may be enforced by the Trustee.

TO HAVE AND TO HOLD all the same (herein called the "Trust Estate") with all privileges and appurtenances hereby granted and assigned, or agreed or intended so to be, to the Trustee and its successors in trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Holders from time to time of the Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the others except as otherwise provided herein;

PROVIDED, HOWEVER, that if the City, its successors or assigns, shall well and truly pay, or cause to be paid, or provide fully for payment as herein provided of the principal of the Bonds and the interest due or to become due thereon (together with premium, if any), at the time and in the manner set forth in the Bonds according to the true intent and meaning thereof, and shall make the payments into the Debt Service Subaccount as required under Article Six or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee sums sufficient for payment of the entire amount due or to become due thereon as herein provided, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease, terminate and be void except as otherwise provided herein; otherwise, this Indenture shall be and remain in full force and effect.

UNDER THE PROVISIONS OF THE ACT the Bonds may not be payable from or be a charge upon any funds of the City other than the Net Revenues derived from the operation of the Improvements and other revenues pledged to the payment thereof nor shall the City be subject to any pecuniary liability thereon (other than with respect to such Net Revenues) and no Holder or Holders of the Bonds shall ever have the right to compel any exercise of the ad valorem taxing power of the City to pay any Bonds or the interest and premium, if any, thereon, or to enforce payment thereof against any property of the City, except as above provided; the Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City, except as above provided; but nothing in the Act impairs the rights of Holders of Bonds issued under this Indenture to enforce the covenants made for the security thereof as provided in this Indenture and in the Act, and by authority of the Act the City and the Trustee mutually covenant and agree, to the extent specifically provided herein, for the equal and proportionate benefit of all Holders of the Bonds, as follows:

[The remainder of this page is intentionally left blank.]

ARTICLE ONE

DEFINITIONS, EXHIBITS AND GENERAL PROVISIONS

Section 1-1. Definitions. In this Indenture the following terms have the following meanings unless the context hereof clearly requires otherwise:

Accountant shall mean a Person engaged in the practice of accounting as a certified public accountant, whether or not employed by the City.

Act shall mean Chapter 9-40, and, to the extent applicable, Chapter 6-8B, South Dakota Codified Laws, as heretofore and hereafter amended or supplemented.

Additional Bonds shall mean Bonds issued pursuant to this Indenture, other than the Series 2009 Bonds.

Bond Closing shall mean each date on which there is delivery by the City of, and payment for, a series of Bonds.

Bond Counsel shall mean a firm of nationally recognized bond counsel experienced in tax exempt financing selected by the City and acceptable to the Trustee.

Bondholder or Holder shall mean the person in whose name a Bond is registered in the Bond Register.

Bond Register shall mean the register maintained by the Trustee pursuant to Section 2-10.

Bond Resolution shall mean Resolution No. 2009-118 adopted by the Governing Body on _____, 2009.

Bonds shall mean all Bonds issued pursuant to this Indenture, including the Series 2009 Bonds and any Additional Bonds.

Business Day shall mean any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in the City where the principal corporate trust office of the Trustee is located are authorized by law or executive order to close.

City shall mean the City of Rapid City, South Dakota.

City Resolution shall mean a resolution, ordinance or other appropriate enactment by the Governing Body certified by the Finance Officer to have been duly adopted and to be in full force and effect.

Code or Internal Revenue Code shall mean the Internal Revenue Code of 1986, as amended, and all applicable Treasury Regulations.

Construction SubAccount shall mean the subaccount so designated in Section 6-2 hereof.

Debt Service Subaccount shall mean the subaccount so designated in Section 6-3 from which the principal of and interest and premium, if any, on the Bonds are payable.

Discharge Date shall mean the date on which all Outstanding Bonds are discharged under Article Eight.

Disclosure Agreement shall mean the Disclosure Agreement, dated as of _____, 2009, between the Trustee and the City, including any amendment thereof.

Event of Default shall mean any of the events set forth in Section 9-1.

Fiscal Year shall mean the period commencing on the first day of January of any year and ending on the last day of December of that year, or any other 12-month period, authorized by law and specified by the Governing Body as the City's fiscal year.

Governing Body shall mean the City Council of the City.

Government Obligations shall mean direct obligations of, or obligations the payment of the principal of and the interest on which is fully and unconditionally guaranteed as to payment by, the United States of America.

Improvements shall mean the Jackson Springs Water Treatment Plant and related improvements and the Saint Martin's Reservoir and related improvements.

Indenture shall mean this Indenture of Trust by and between the City and the Trustee, as the same may from time to time be amended or supplemented as herein provided.

Independent shall mean, when used with respect to any specified Person, such a Person who (i) is in fact independent; (ii) does not have any direct financial interest or any material indirect financial interest in the City, other than the payment to be received under a contract for services to be performed by such Person; and (iii) is not connected with the City as an officer, employee, promoter, trustee, partner, director, underwriter or person performing similar functions. Whenever it is herein provided that any Independent Person's opinion or certificate shall be furnished, such Person shall be appointed by the Mayor and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

Independent Counsel shall mean any attorney designated by the Trustee, duly admitted to practice law before the highest court of any state, who may be counsel to the City but who may not be an officer or a full time employee of the City.

Interest Payment Date shall mean the date fixed for payment of an installment of interest on any of the Bonds.

Internal Revenue Code or Code shall mean the Internal Revenue Code of 1986, as amended and all applicable Treasury Regulations.

Mandatory Redemption Payments shall mean the payments which are required to be made to redeem Bonds in accordance with a Mandatory Redemption Schedule after appropriate credits, if any, have been made.

Mandatory Redemption Schedule shall mean for any series of Bonds, the mandatory redemption schedule for such series of Bonds included in the Indenture or the applicable supplemental indenture with respect to such series of Bonds.

Maturity Date shall mean any date on which principal of or interest or premium, if any, on Bonds is due, whether at maturity, on a scheduled interest payment date, or upon redemption or acceleration, or otherwise.

Net Revenues shall have the meaning given in Section 4.3 of the Bond Resolution.

Opinion of Counsel shall mean a written opinion of counsel, who may (except as otherwise expressly provided in this Indenture) be counsel for the City.

Original Purchaser shall mean, with respect to any series of Bonds, the original purchaser or underwriter of such series of Bonds. The Original Purchaser of the Series 2009 Bonds is RBC Capital Markets Corporation.

Outstanding shall mean, when used with reference to Bonds, as of the date of determination, all Bonds theretofore issued and delivered under this Indenture except:

(A) Bonds theretofore canceled by the Trustee or Paying Agent or delivered to the Trustee or Paying Agent canceled or for cancellation.

(B) Bonds for which payment or redemption moneys or securities (as provided in Article Eight) shall have been theretofore deposited with the Trustee or Paying Agent in trust for the Holders of such Bonds; provided, however, that if such Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to this Indenture or irrevocable action shall have been taken to call such Bonds for redemption at a stated redemption date; and

(C) Bonds in exchange for or in lieu of which other Bonds shall have been issued and delivered pursuant to this Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the City shall be disregarded and deemed not to be Outstanding Bonds, except that in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Bonds which the Trustee knows to be so owned shall be disregarded.

Paying Agent shall mean the Person designated by or pursuant to this Indenture to receive and disburse the principal of, premium, if any, and interest on Bonds on behalf of the City.

Payment Date shall mean any date on which the principal or premium, if any, or interest on any Bonds is required to be paid.

Permitted Investments shall mean, to the extent permitted by applicable law:

(a) (1) bonds or interest-bearing notes or obligations of the United States or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

(2) Securities either directly or indirectly guaranteed by the United States.

(3) Repurchase agreements fully collateralized by securities described in (1) or (2) above, meeting the requirements of Sections 4-5-6 and 4-5-9, South Dakota Codified Laws.

(4) Shares of an open-end, no-load fund administered by an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933 and whose only investments are in securities described in (1) and (2) above and repurchase agreements described in (3) above.

(5) Time deposits and interest-bearing accounts with any institution constituting a “qualified public depository” under Chapter 4-6A, South Dakota Codified Laws.

(b) bonds or interest-bearing notes or obligations that are guaranteed as to principal and interest by a federal agency of the United States;

(c) bonds, consolidated bonds, collateral trust debentures, consolidated debentures or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan act, as amended; debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended; bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act; stocks, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act, as amended; bonds of any federal home loan bank established under said Act; and obligations of the Federal Home Loan Mortgage Corporation.

Person shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Principal and Interest Requirements shall mean, with respect to Outstanding Bonds and for any Fiscal Year, the amount required to pay the principal of and interest on all such Outstanding Bonds during such Fiscal Year, assuming that Outstanding Bonds are to be paid at their Stated Maturities or, if applicable, in accordance with their Mandatory Redemption Schedule.

Principal Payment Date shall mean the Maturity Date of principal of any Bond.

Project shall mean the construction of the Improvements.

Project Costs shall mean costs which are, under generally accepted accounting principles, capital costs of the Project authorized in accordance with law, including but not limited to payments due for work and materials performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of land and easements, the costs of acquisition and installation of machinery, equipment, furnishings and other personal property, interest accruing on Bonds during the first three years following their date of delivery, if and to the extent that funds in the Debt Service Subaccount are not expected to be sufficient for the payment of such interest, reimbursement of any advances made from other City funds, and all other expenses incurred in connection with the acquisition, construction, equipping and financing of the Improvements, including the costs of issuance of the Bonds issued to finance the Improvements.

Rebate Amount shall mean the amount of investment earnings on the “gross proceeds” (as defined under the Code) of a series of tax-exempt Bonds in excess of the “yield” (as determined in accordance with the Code) on such series of Bonds.

Rebate Certificate shall mean the certificate, if any, executed by the City on the date of issuance of any series of Bonds and pursuant to which the City represents and covenants to segregate funds, calculate amounts and report and pay to the United States Department of Treasury any rebatable arbitrage relating to the Bonds in accordance with the requirements of Section 148 of the Code and the regulations promulgated or applicable thereunder.

Rebate Fund means the fund so designated and created by Section 6-6 hereof.

Record Date shall mean with respect to any Payment Date for interest on the Bonds, (i) the fifteenth day (whether or not a business day) of the month preceding the month in which such Payment Date occurs or (ii) if the City shall be in default in payment of interest due on such Payment Date, a special Record Date for the payment of such defaulted interest established by notice mailed by the Trustee on behalf of the City; notice of such special Record Date shall be mailed not less than 15 days preceding such special Record Date, to the Holder at the close of business on the fifth Business Day preceding the date of mailing.

Redemption Date, when used with respect to any Bond to be redeemed, shall mean the date on which it is to be redeemed pursuant hereto.

Redemption Price, when used with respect to any Bond to be redeemed, shall mean the price at which it is to be redeemed pursuant hereto.

Representative shall mean the Finance Officer or Assistant Finance Officer of the City, or any other person at any time designated to act on behalf of the City as evidenced by a written certificate furnished to the Trustee containing the specimen signatures of such persons and signed for the City by its Mayor.

Reserve Subaccount shall mean the subaccount created by Section 6-4.

Reserve Requirement shall mean, as of the date of reference, an amount equal to the lesser of: (1) the maximum amount of Principal and Interest Requirements on all Outstanding Bonds in the then current or any future Fiscal Year, (2) 125% of the average annual amount of Principal and Interest Requirements on all Outstanding Bonds, or (3) an amount equal to ten percent (10%) of the proceeds of all series of Bonds of which any Bond is then Outstanding, calculated in accordance with Section 148(d) of the Code.

Responsible Agent shall mean any person duly authorized and designated by the Trustee to act on its behalf in carrying out the applicable duties and powers of the Trustee as set forth in this Indenture; (any action required by the Trustee under this Indenture may be taken by a Responsible Agent).

Series 2009 Bonds shall mean the City's Water Revenue Bonds, Series 2009, issued in the original principal amount of \$_____ pursuant to this Indenture.

SLGS shall mean United States Treasury obligations - State and Local Government Series, as provided for in the United States Treasury Regulation 31 CFR 344.

Stated Maturity when used with respect to any Bond shall mean the date specified in such Bond as the fixed date on which the principal of such Bond is due and payable.

Supplemental Indenture shall mean any Indenture supplemental to or amendatory of this Indenture adopted pursuant to Article Eleven.

Trust Estate shall mean the Trust Estate as defined and set forth in the Granting Clauses hereof.

Trustee shall mean The First National Bank in Sioux Falls, Sioux Falls, South Dakota, and any co-trustee or successor trustee appointed, qualified and then acting as such under the provisions of this Indenture.

Unpaid Bonds shall mean all Outstanding Bonds and any other Bonds which have neither matured nor been redeemed or purchased and canceled under this Indenture.

Utility shall mean the municipal water utility of the City operated for the purpose of providing water for municipal, industrial and domestic purposes.

Section 1-2. Rules of Interpretation.

(1) This Indenture shall be interpreted in accordance with and governed by the laws of the State of South Dakota.

(2) The words "herein" and "hereof" and "hereunder" and words of similar import, without reference to any particular section or subdivision, refer to this Indenture as a whole rather than to any particular section or subdivision of this Indenture.

(3) References in this Indenture to any particular article, section or subdivision hereof are to the designated article, section or subdivision of this Indenture as originally executed.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; and all computations provided for herein shall be made in accordance with generally accepted accounting principles consistently applied and applied on the same basis as in prior years.

(5) The Table of Contents and titles of articles and sections herein are for convenience only and are not a part of this Indenture.

(6) Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa.

(7) Articles, sections, subsections and clauses mentioned by number only are those so numbered which are contained in this Indenture.

(8) Any opinion of counsel called for herein shall be a written opinion of such counsel.

Section 1-3. Exhibit. Attached hereto are the following exhibits

Exhibit A: Form of Series 2009 Bonds.

Exhibit B: Construction Subaccount Disbursement Request.

[The remainder of this page is intentionally left blank.]

ARTICLE TWO

THE BONDS

Section 2-1. General Title. The general title of the Bonds of all series shall be “Water Revenue Bonds.” Bonds of each series shall be titled so as to distinguish them from Bonds of all other series.

Section 2-2. General Limitations; Issuable in Series. The aggregate principal amount of Bonds that may be authenticated and delivered and Outstanding under this Indenture is limited to \$_____, unless Additional Bonds are issued as provided in Article Four hereof. The Bonds may be issued in series as from time to time as are authorized by the Governing Body. With respect to the Bonds of any particular series, the City may incorporate in or add to the general title of such Bonds any words, letters or fixtures designed to distinguish that series.

The Bonds shall be special, limited obligations of the City. Principal of, premium, if any, and interest on the Bonds are payable solely from the Water Utility Fund, to which the Bond Resolution appropriates the Net Revenues derived by the City from the Improvements or other sources which may be pledged to the payment of any series of Bonds (other than to the extent payable out of proceeds of the Bonds). The Bonds shall not pledge the general credit or taxing powers of the City and the State of South Dakota, and neither Pennington County, the State of South Dakota nor any political subdivision thereof shall in any event be liable for the payment of the principal of, premium, if any, or interest on the Bonds or for the performance of any pledge of any kind whatsoever that may be undertaken by the City.

If the Maturity Date for the payment of any interest on or principal of any Bond or if any Redemption Date shall be a day which is not a Business Day, then such payment may be made on the next succeeding Business Day, with the same force and effect as if made on such Maturity Date or Redemption Date (whether or not such next succeeding Business Day occurs in a succeeding month).

The City may designate any series of Bonds as obligations the interest on which is not exempt from federal income taxation. The City may also purchase, as investments for any of its municipal funds, all or any part of any series of Bonds upon their initial issuance.

Section 2-3. Terms of Particular Series. Each series of Bonds (except the Series 2009 Bonds, which are created by Article Three) shall be created by a Supplemental Indenture. The Bonds of each series (other than the Series 2009 Bonds, as to which specific provision is made in this Indenture) shall bear such date or dates, shall be payable at such place or places, shall have such Stated Maturities and Redemption Dates, shall bear interest at such rate or rates, from such date or dates, shall mature or be payable in such installments and on such dates and at such place or places, and may be redeemable at such price or prices and upon such terms (in addition to the prices and terms herein specified for redemption of all Bonds) as shall be provided in the Supplemental Indenture creating that series, all upon such terms as the City may determine; provided that the principal of all Additional Bonds shall be payable on _____ 1 and interest thereon shall be payable on _____ 1 and _____ 1. The City may, at the time of

the creation of any series of Bonds or at any time thereafter, make, and the Bonds of that series may contain provision for:

- A. a sinking, amortization, improvement or other analogous fund;
- B. limiting the aggregate principal amount of the Bonds of that series and of Additional Bonds thereafter to be issued;
- C. exchanging Bonds of that series, at the option of the Holders thereof, for other Bonds of the same series of the same aggregate principal amount of a different authorized kind or authorized denomination or denominations; or
- D. registration or transfer of ownership or delivery.

Section 2-4. Form and Denominations of Particular Series. The form of the Bonds of each series (other than the Series 2009 Bonds, as to which specific provision is made in Section 3-1) shall be established by the provisions of the Supplemental Indenture creating such series. The Bonds of each series shall be distinguished from the Bonds of other series in such manner as the Governing Body may determine. The Bonds of each series shall be in such denominations as shall be provided in the Supplemental Indenture creating such series (other than the Series 2009 Bonds, as to which specific provision is made in this Indenture). In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be in the denomination of \$5,000 or any integral multiple thereof of single maturities.

Section 2-5. Execution. The Bonds shall be executed on behalf of the City by the signature of its Mayor and Finance Officer and by the counter-signature of its City Attorney provided, however, that all such signatures may be printed facsimiles, in which event the Bonds shall also be executed manually by the Trustee as authenticating agent as provided in Section 2-6. In the event of disability or resignation or other absence of such officers, the Bonds may be signed by the manual or facsimile signature of that officer who may act in behalf of such absent or disabled officer. In case any such officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

Section 2-6. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless a Certificate of Authentication on such Bond, substantially in the form hereinabove set forth, shall have been duly executed manually by a Responsible Agent of the Trustee. Certificates of Authentication on different Bonds need not be signed by the same person. The Trustee shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond; and the executed Certificate of Authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Indenture.

Section 2-7. Delivery of Bonds. Upon the execution and delivery of this Indenture or the applicable supplemental indenture the City shall execute and deliver to the Trustee, and the Trustee shall authenticate Bonds in the aggregate principal amount specified

herein or the applicable supplemental indenture and the Trustee shall deliver the series of Bonds to the Original Purchaser at such time or times as may be directed by the City after filing with the Trustee the following:

- (1) an original executed counterpart of this Indenture or the applicable supplemental indenture;
- (2) a copy, duly certified by the Finance Officer, of the resolutions adopted and approved by the Governing Body authorizing the Project and the execution and delivery of this Indenture or the applicable supplemental indenture and the issuance of the related series of Bonds;
- (3) a request and authorization (which may be part of a certificate of the City) to the Trustee on behalf of the City, signed by its Mayor and Finance Officer, to deliver the related series of Bonds to the Original Purchaser therein identified upon payment to the Trustee for the account of the City of a specified sum plus accrued interest;
- (4) the opinion of Bond Counsel approving the legality of the related series of Bonds issued pursuant to this Indenture or the applicable supplemental indenture; and
- (5) any other documents or opinions which Bond Counsel may reasonably require for purposes of rendering its opinion required under subsection (4) of this Section.

Section 2-8. Mutilated, Lost and Destroyed Bonds. In case any Bond issued hereunder shall become mutilated or be destroyed or lost, the City shall, if not then prohibited by law, cause to be executed, and the Trustee shall authenticate and deliver, a new Bond of like amount, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond, or in lieu of and in substitution for any such Bond destroyed or lost, upon the Holder's paying the reasonable expenses and charges of the Trustee and City and, in the case of a Bond destroyed or lost, his filing with the Trustee evidence satisfactory to the Trustee that such Bond was destroyed or lost, and of his ownership thereof, and furnishing the City and the Trustee with indemnity satisfactory to them. If the mutilated, destroyed or lost Bond has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Bond prior to payment.

Section 2-9. Ownership of Bonds. The City, Trustee and Paying Agent may deem and treat the Holder of any Bond, whether or not such Bond shall be overdue, as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes whatsoever, and the City (or any agent thereof), Trustee and Paying Agent shall not be affected by any notice to the contrary.

Section 2-10. Registration, Transfer and Exchange of Bonds.

(1) The City will cause to be kept at the principal corporate trust office of the Trustee a Bond Register in which, subject to such reasonable regulations as the Trustee may prescribe, the City shall provide for the registration of Bonds and the registration of transfers of Bonds; and the Trustee is hereby appointed "Bond Registrar" for the purpose of registering the Bonds and transfers of the Bonds as herein provided. The Bond Register shall contain a record of every

Bond at any time authenticated hereunder, together with the name and address of the Holder thereof, the date of authentication, the date of transfer or payment, and such other matters as are appropriate for the Bond Register in the estimation of the Trustee.

(2) Upon surrender for transfer of any Bond at the principal corporate trust office of the Trustee, the City shall execute (if necessary), and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees (but not registered in blank or to “bearer” or a similar designation), one or more new Bonds of any authorized denomination or denominations of a like aggregate principal amount, having the same Stated Maturity and interest rate, as requested by the transferor.

(3) At the option of the Holder, Bonds may be exchanged for other Bonds of any authorized denomination or denominations of a like aggregate principal amount and Stated Maturity, upon surrender of the Bonds to be exchanged at the principal corporate trust office of the Trustee, and upon payment, if the City shall so require, of the taxes, if any, hereinafter referred to. Whenever any Bonds are so surrendered for exchange, the City shall execute, and the Trustee shall authenticate and deliver, the Bonds which the holder making the exchange is entitled to receive.

(4) All Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly canceled by the Trustee and thereafter disposed of as directed by the City.

(5) All Bonds delivered in exchange for or upon transfer of Bonds shall be valid special obligations of the City evidencing the same debt, and entitled to the same benefits under this Indenture, as the Bonds surrendered for such exchange or transfer.

(6) Transfer of a Bond may be made on the City’s books by the registered owner in person or by the registered owner’s attorney duly authorized in writing. Every Bond presented or surrendered for transfer or exchange shall (if so required by the City or the Trustee) be duly endorsed or be accompanied by a written instrument or instruments of transfer, in the form printed on the Bond or in another form satisfactory to the Trustee, duly executed and with guaranty of signature of the Holder thereof or his attorney duly authorized in writing and shall include written instructions as to the details of the transfer of the Bond.

(7) No service charge may be made to the Holder for any registration, transfer or exchange, but the Trustee may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, other than exchanges expressly provided in this Indenture to be made without expense or without charge to Bondholders.

(8) Subject to the provisions of subsection (9) below, the Trustee as Bond Registrar shall endeavor to comply with rules applicable to transfer agents registered with the Securities and Exchange Commission as to the “turnaround” standard established for the transfer of registered corporate securities.

(9) The Trustee shall not be required (i) to transfer or exchange any Bond during a period beginning at the opening of business 10 days before the day of the first publication or the

mailing (if there is no publication) of a notice of redemption of Bonds under this Indenture and ending at the close of business on the day of such publication or mailing, or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

Section 2-11. Interest Rights Preserved. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

Section 2-12. Destruction of Bonds. Whenever any Outstanding Bond shall be delivered to Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 2-8 or transfer pursuant to Section 2-10, such Bond shall be canceled and destroyed by Trustee and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the City.

Section 2-13. Securities Depository. (a) For purposes of this section the following terms shall have the following meanings:

“Beneficial Holder” shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

“Representation Letter” shall mean the Representation Letter pursuant to which the City agrees to comply with DTC’s Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Trustee nor the City shall be affected by any notice to the contrary. Neither the Trustee nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to

owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the City determines that it is in the best interest of the Beneficial Holders that they be able to obtain Bonds in the form of bond certificates, the City may notify DTC and the Trustee, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (d) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (d) hereof.

(d) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Trustee of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

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ARTICLE THREE

THE SERIES 2009 BONDS

Section 3-1. Denominations, Maturities and Interest. The Water Revenue Bonds, Series 2009, to be issued hereunder, in the aggregate principal amount of \$ _____, shall be issued in fully registered form only, in the denomination of \$5,000 each or any integral multiple thereof of a single Stated Maturity, shall mature on _____ 1 in the years and amounts set forth below and shall bear interest from _____, 2009, to their respective Stated Maturities or Redemption Dates at the rates per annum set forth opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
20__	\$,000	%	20__	\$,000	%
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	
20__	,000		20__	,000	

The Series 2009 Bonds shall be issuable only in fully registered form, and the ownership of the Series 2009 Bonds shall be transferred only on the books of the City at the principal office of the Trustee. Interest on the Series 2009 Bonds shall be payable on _____ 1 and _____ 1 in each year, commencing _____ 1, 20__, to the owners of record of the Series 2009 Bonds as such appear on the Bond Register as of the Record Date. Interest on the Series 2009 Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months. The principal of and premium, if any, on the Series 2009 Bonds shall be payable at the principal corporate office of the Trustee in Sioux Falls, South Dakota. Interest on the Series 2009 Bonds which is payable, and is punctually paid on any Interest Payment Date shall be paid by check or draft of the Trustee and mailed to the Persons in whose name the Series 2009 Bonds are registered as of the close of business on the Record Date for such Interest Payment Date at the address of such Holders as they appear on the Bond Register. The Series 2009 Bonds shall be in substantially the form of Exhibit A hereto.

Section 3-2. Dating of Series 2009 Bonds. Each Series 2009 Bond shall be dated, as originally issued, as of _____, 2009. Upon the original delivery of the Series 2009 Bonds

pursuant to Section 3-6 or upon the delivery of a Series 2009 Bond upon an exchange or transfer pursuant to Section 5, the Trustee shall date each Series 2009 Bond so delivered as of the date of its authentication.

Section 3-3. Redemption.

(a) Optional Redemption of Series 2009 Bonds. The Series 2009 Bonds maturing on or after _____ 1, 20__ shall each be subject to redemption and prepayment at the request of the City to the Trustee on _____ 1, 20__, and on any date thereafter, in whole or in part, in inverse order of maturities as the City may select, and within a maturity in \$5,000 principal amounts selected by the Trustee by lot or other manner deemed fair, at a Redemption Price equal to the principal amount of each such Series 2009 Bond to be redeemed, plus interest accrued thereon to the Redemption Date.

[(b) Mandatory Sinking Fund Redemption. The Series 2009 Bonds maturing in the years _____ are term bonds (the “Term Bonds”), and as such are subject to mandatory redemption, and will be redeemed pursuant to a mandatory sinking fund redemption, at a redemption price equal to their principal amount plus accrued interest to the date of redemption, on the dates shown below (each such date being a “Sinking Fund Payment Date”) and in an amount (a “Mandatory Sinking Fund Payment”) equal to the following principal amounts:

<u>Term Bonds Maturing in 20--</u>		<u>Term Bonds Maturing in 20--</u>	
<u>Sinking Fund Payment Date</u>	<u>Principal Amount</u>	<u>Sinking Fund Payment Date</u>	<u>Principal Amount</u>
20__	\$,000	20__	\$,000
20__	,000	20__	,000
20__ (Maturity)	,000	20__ (Maturity)	

<u>Term Bonds Maturing in 20--</u>		<u>Term Bonds Maturing in 20--</u>	
<u>Sinking Fund Payment Date</u>	<u>Principal Amount</u>	<u>Sinking Fund Payment Date</u>	<u>Principal Amount</u>
20__	\$,000	20__	\$,000
20__	,000	20__	,000
20__ (Maturity)	,000	20__	,000
		20__ (Maturity)	,000

or if less than such amount of Series 2009 Bonds is outstanding on any such Sinking Fund Payment Date, an amount equal to the aggregate principal amount of all Bonds then outstanding.

The Trustee shall select and call for redemption from the Terms Bonds the amounts shown above, and the Term Bonds selected by the Trustee shall become due and payable on such

date. In the event that Term Bonds are redeemed at the option of the City, the Term Bonds so optionally redeemed may, at the option of the City, be applied as a credit against any subsequent Mandatory Sinking Fund Payment with respect to Term Bonds otherwise to be redeemed thereby, such credit to be equal to the principal amount of such Term Bonds redeemed, provided that the City shall have delivered to the Trustee not less than 60 days prior to such Sinking Fund Payment Date a certificate stating its election to apply such Bonds as such as credit. In such case, the Trustee shall reduce the amount of Term Bonds to be redeemed on the Sinking Fund Payment Date specified in such certificate by the principal amount of Term Bonds so redeemed. Any credit given to Mandatory Sinking Fund Payments shall not affect any subsequent Mandatory Sinking Fund Payments, unless and until another credit is given in accordance with provisions hereof.]

(c) Notice of Redemption. Notice of redemption, stating the amount, the serial numbers, the CUSIP numbers, if any, the interest rates and the Stated Maturities of the Series 2009 Bonds or portions thereof called for redemption, will be mailed, by first-class mail, to the Holder of each Series 2009 Bond to be redeemed at such Person's address shown in the Bond Register, not less than 30 days before the Redemption Date; provided that any defect in or failure to give such mailed notice shall not affect the validity of proceedings for the redemption of any Series 2009 Bond not affected thereby. Notice of the redemption of any Series 2009 Bond having been mailed as herein provided, and funds sufficient for its payment with accrued interest having been deposited with the Trustee on or before the Redemption Date, interest on such Series 2009 Bond shall cease on said date, and the Holder shall have no further rights with respect thereto or under the Indenture except to receive the Redemption Price so deposited.

(d) Method of Redemption. Series 2009 Bonds in a denomination larger than \$5,000 may be redeemed in part in any integral multiple of \$5,000. The owner of any Series 2009 Bond redeemed in part shall receive, upon surrender of such Series 2009 Bond to the Trustee, one or more new Series 2009 Bonds in authorized denominations equal in principal amount to the unredeemed portion of the Bond so surrendered.

Section 3-4. Execution and Delivery. The Series 2009 Bonds shall be forthwith prepared for execution under the direction of the Finance Officer, at the expense of the City, and shall be executed on behalf of the City as provided in Section 2-5 hereof and authenticated by the Trustee as provided in Section 2-6 hereof. When the Series 2009 Bonds have been fully executed and authenticated, they shall be delivered by the Trustee to the Original Purchaser thereof upon payment of the purchase price in accordance with the Bond Purchase Agreement heretofore made and executed, and the Original Purchaser shall not be obligated to see to the application of the purchase price.

Section 3-5. Proceeds of the Series 2009 Bonds. The proceeds of the Series 2009 Bonds shall be applied as follows:

(a) Any accrued interest received from the Original Purchaser, together with capitalized interest in the amount of \$_____,] shall be deposited in the Debt Service Subaccount;

(b) \$_____ shall be deposited in the Reserve Subaccount; and

(c) the balance of the proceeds shall be deposited in the Construction Subaccount and applied to Project Costs and costs of issuance of the Series 2009 Bonds.

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ARTICLE FOUR

ADDITIONAL BONDS

In addition to the Series 2009 Bonds, whose issuance and delivery is provided for in Article Three, Additional Bonds may at any time and from time to time be issued, sold and delivered by the City upon compliance with the provisions of Section 5 of the Bond Resolution.

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ARTICLE FIVE

GENERAL COVENANTS

Section 5-1. Payment of Principal, Premium and Interest. Solely from the moneys derived from the Net Revenues of the Improvements (other than to the extent payable from proceeds of the Bonds or temporary investments), the City will duly and punctually pay the principal of, premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and this Indenture. Nothing in the Bonds or in this Indenture shall be considered as assigning or pledging funds or assets of the City other than those covered by the Granting Clauses set forth herein.

Section 5-2. Performance of and Authority for Covenants. The City covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its Governing Body pertaining thereto; that it is duly authorized under the Constitution and laws of the State of South Dakota, including particularly, but without limitation, the Act, to issue the Bonds authorized hereby, to execute this Indenture, to pledge the Net Revenues of the Improvements in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders thereof are and will be valid and enforceable special, limited obligations of the City according to the terms thereof.

Section 5-3. Instruments of Further Assurance. The City covenants that it has not made, done, executed or suffered, and will not make, do, execute or suffer, any act or thing whereby its interest in the Net Revenues of the Improvements or any part thereof is now or at any time hereafter impaired, changed or encumbered in any manner whatsoever, except as may be expressly permitted herein; and that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such instruments supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the sums assigned and pledged hereby to the payment of the principal of and interest on the Bonds.

Section 5-4. Recording and Filing. The Trustee covenants that solely from available monies it will cause this Indenture, all supplements thereto and all related financing statements, to be kept, recorded and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the Holders of the Bonds and the rights of the Trustee hereunder and under any other instruments aforesaid. The Trustee shall be fully protected in relying on an opinion of Bond Counsel with respect to satisfaction of the requirements of this Section.

Section 5-5. Books and Records. The Trustee covenants that so long as any Outstanding Bonds issued hereunder and secured by this Indenture shall be unpaid, the Trustee will keep proper books or records and accounts, in which full, true and correct entries will be made of all its financial dealings or transactions in relation to this Indenture, the funds and accounts created hereby, all Net Revenues of the Improvements and other revenues received or

disbursed, and the Bonds. At reasonable times and under reasonable regulations established by the Trustee, such books shall be open to the inspection of Holders and such accountants or other agencies as the Trustee may from time to time designate.

Section 5-6. Bondholders' Access to Bond Register. At reasonable times and under reasonable regulations established by the Trustee, the Bond Register or a copy thereof may be inspected and copied by Holders (or a designated representative thereof) of ten percent (10%) or more in principal amount of the then Outstanding Bonds, such authority of any such designated representative to be evidenced to the satisfaction of the Trustee. Except as otherwise may be provided by law, the Bond Register shall not be deemed a public record and shall not be made available for inspection by the public, unless and until notice to the contrary is given to the Trustee by the City.

Section 5-7. Tax Covenants and Tax Certificate. The City hereby covenants for the benefit of the Bondholders that no use will be made of the proceeds of the Series 2009 Bonds or of any other moneys in the funds and accounts created hereunder and that no action shall be taken which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations prescribed thereunder.

The City hereby covenants that it will comply with the covenants made by the City in the tax certificate relating to the Bonds, and that all representations and warranties made in such tax certificate will be true and correct on the date made.

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ARTICLE SIX

TRUST FUNDS

Section 6-1. Trust Funds Pledged and Assigned to the Trustee. The proceeds of the Bonds and all payments, revenues and income receivable by the City as Net Revenues of the Improvements and pledged and assigned by this Indenture to the Trustee, together with the balance of the Trust Estate, are to be paid to the Trustee and, subject to the provisions of Section 8-4, deposited by it in the Funds described in this Article Six and held in trust for the purposes set forth herein, and shall not be subject to any lien, levy, garnishment or attachment by any creditor of the City. The Trustee shall at all times maintain accurate records of deposits into such funds and the sources and timing of such deposits.

Section 6-2. Construction Subaccount.

(1) There is hereby created a Construction Subaccount within the Revenue Account to be maintained by the City within its Water Utility Fund. Upon delivery of the Series 2009 Bonds, the City shall deposit with the Trustee for credit to the Construction Subaccount, from the proceeds of the Series 2009 Bonds, the sum specified in Section 3-5. The Construction Subaccount shall be used only to pay as incurred and allowed Project Costs. To the Construction Subaccount shall be credited as received all proceeds of Bonds issued to finance the Project and any other funds appropriated by the City for payment of Project Costs, and all income received from the investment of the Construction Subaccount.

(2) Sums held in the Construction Subaccount shall be disbursed to or upon the order of the City to pay or reimburse for the costs of the Project upon receipt by the Trustee of a disbursement request in substantially the form of Exhibit B hereto, which request shall state the following:

- (a) the amount to be disbursed;
- (b) the payees of the disbursement (which may include the City) and the amount to be disbursed to each payee;
- (c) a general description of the work to be paid or reimbursed for by the disbursement;
- (d) that the disbursement is not for any Project Cost previously paid from Bond proceeds; and
- (e) that the disbursement will be applied solely to costs properly incurred for Project Costs.

For the purposes of this subsection (2), the costs of issuance of any series of Bonds shall be deemed a "Project Cost" and may be paid or reimbursed from the Construction Subaccount by the Trustee.

(3) Upon completion of the Project, the balance of such Bond proceeds remaining in the Construction Subaccount may be used to pay the cost of other public works or improvements within the Utility, but if and to the extent not so used shall be transferred to the Reserve Subaccount to the extent required to establish the Reserve Requirement therein and, to the extent not so required, to the Debt Service Subaccount. Any sums so transferred to the Debt Service Subaccount shall be used to redeem Series 2009 Bonds on the earliest optional redemption date in accordance with Section 3-3(c) hereof unless the Trustee receives a written direction from the City that such excess should be used for a different purpose, accompanied by an opinion of Bond Counsel to the effect that use for such different purpose will not adversely affect the tax-exempt status of interest on the Series 2009 Bonds. From and after the earlier of (i) _____, 2012, or (ii) the date of transfer, such excess funds shall not be invested at a yield higher than the yield on the series of Bonds from which such funds are derived, as required by Section 148 of the Code.

(4) Any interest earned on sums held in the Construction Subaccount shall be retained therein, or, at the direction of the City, transferred to the Debt Service Subaccount.

Section 6-3. Debt Service Subaccount.

(1) There is hereby created the Water Revenue Bond Subaccount (also referred to herein as the “Debt Service Subaccount”) within the Revenue Account to be maintained by the City within its Water Utility Fund. Upon delivery of the Series 2009 Bonds, the Trustee shall credit to the Debt Service Subaccount from the proceeds of the Series 2009 Bonds, the sum specified in Section 3-5. Such amount shall be available for the payment of interest on the Series 2009 Bonds in the following amounts on the following dates:

<u>Date</u>	<u>Amount</u>
_____ 1, 2010	\$ _____
_____ 1, 2010	_____
_____ 1, 2011	_____
_____ 1, 2011	_____
_____ 1, 2012	_____
_____ 1, 2012	_____

The Trustee shall also credit to the Debt Service Subaccount the Net Revenues of the Improvements transmitted by the City pursuant to Section 4.4 of the Bond Resolution, until the balance in the Debt Service Subaccount equals the interest due and payable on the next Interest Payment Date on all Bonds then Outstanding and the principal, if any, due and payable, whether by reason of Stated Maturity or otherwise, on any Principal Payment Date within the next succeeding twelve months on all Outstanding Bonds. The Trustee shall notify the City whenever the balance on hand in the Debt Service Subaccount is sufficient for the foregoing purpose. Money from time to time held in the Debt Service Subaccount shall be disbursed only to meet payments of principal of, premium, if any, and interest on the Bonds as such payments become due; provided that on any date when the balance then on hand in the Debt Service Subaccount and the balance then on hand in the Reserve Subaccount allocable to a series of Bonds are sufficient with other money available for the purpose to pay or discharge all of the Bonds of such series and the interest accrued thereon in full, and the balance thereafter on hand in the Reserve

Subaccount will be at least equal to the Reserve Requirement for all Bonds not to be discharged, it may be used for that purpose. The Trustee shall notify the City if on the 25th day of the month preceding any Interest Payment Date or Principal Payment Date there are insufficient moneys on deposit in the Debt Service Subaccount for the payment of principal and interest coming due, and the City shall forthwith transfer the amount of such deficiency from amounts on deposit in the Surplus Subaccount. If any payment of principal or interest becomes due when money in the Debt Service Subaccount is insufficient therefor, an amount equal to such deficiency shall be transferred to the Debt Service Subaccount from the Reserve Subaccount.

(2) Moneys in the Debt Service Subaccount shall be used and withdrawn by the Trustee solely to pay the interest on Bonds as they become due and payable, including accrued interest on any Bonds redeemed before maturity pursuant to this Indenture and including interest accruing on any Bond after its Maturity Date, if not then paid or redeemed, and, to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate borne by the Bonds; to pay the principal amount of the Bonds at their respective stated maturities; to redeem and prepay Bonds in accordance with Article Three and to pay any penalty or premium due thereon; to discharge all Outstanding Bonds as provided in Article Eight.

(3) Any moneys escrowed to discharge Bonds under Article Eight shall be deemed to be held in a subaccount of the Debt Service Subaccount and available solely to pay the debt service on the Bonds so discharged.

Section 6-4. Reserve Subaccount. There is hereby created the Water Revenue Bond Debt Service Reserve Subaccount (also referred to herein as the "Reserve Subaccount") within the Revenue Account to be maintained by the City within its Water Utility Fund. Upon delivery of the Series 2009 Bonds, the City shall credit to the Reserve Subaccount from the proceeds of the Series 2009 Bonds, the sum specified in Section 3-5. If on any Interest Payment Date the balance in the Reserve Subaccount is less than the Reserve Requirement, the City shall deposit, from the Surplus Subaccount or if the amounts on hand in the Surplus Subaccount are insufficient, from the next Net Revenues of the Improvements received after the required deposits to the Debt Service Subaccount have been made, with the Trustee for credit to the Reserve Subaccount an amount sufficient to restore the balance on hand in the Reserve Subaccount to the Reserve Requirement. The Trustee shall notify the City each time that the balance in the Reserve Subaccount falls below the Reserve Requirement and shall also notify the City when the balance therein has been restored to the Reserve Requirement.

If on any Interest Payment Date, Principal Payment Date or Redemption Date the balance on hand in the Debt Service Subaccount is less than the sum required to pay all principal, premium, and interest then due and payable on the Bonds after transfer of amounts from the Surplus Subaccount, the Trustee forthwith shall transfer from the Reserve Subaccount to the Debt Service Subaccount an amount equal to such deficiency.

If the City issues any Additional Parity Bonds, the City shall provide for increasing the balance in the Reserve Subaccount to the Reserve Requirement, calculated after giving effect to the issuance of such Additional Parity Bonds, simultaneously with the issuance of the Additional Parity Bonds.

Money in the Reserve Subaccount shall be used only to pay when due principal of, premium, if any, and interest on Bonds when the balance on hand in the Debt Service Subaccount is insufficient therefor.

If on any Principal Payment Date, the balance in the Reserve Subaccount exceeds the Reserve Requirement, the Trustee shall transfer such excess to the Debt Service Subaccount.

Section 6-5. Deposit of Funds with Paying Agent.

(1) The Trustee shall transfer and remit sums from the Debt Service Subaccount to the Paying Agent in advance of each interest and principal due date and redemption date, from the balance then on hand in the Debt Service Subaccount, sufficient to pay all principal, interest and redemption premiums then due on Bonds. The Paying Agent shall hold in trust for the Holders of such Bonds all sums so transferred to it until paid to such Holders or otherwise disposed of as herein provided.

(2) Interest on each Bond including accrued interest to the date of deposit and interest, to the extent permitted by law, on overdue installments of interest at the rate borne by such Bond, (a) shall cease on its maturity date, or on any prior date on which it shall have been duly called for redemption as herein provided, provided that funds sufficient for the payment thereof with accrued interest and any redemption premium have been deposited with the Paying Agent on or before the maturity date or redemption date, as the case may be, and in the case of redemption, that the requirements of Article Three have been complied with, or (b) shall cease on any date after maturity or redemption on which such deposit has been made, and the Holder shall have no further rights with respect to the Bonds or under this Indenture except to receive the payment so deposited.

(3) If any Bond is not presented for payment when due and funds sufficient to pay such Bond shall have been paid to the Trustee (or other Paying Agent, if any): (i) all liability of the City for payment of such Bond shall forthwith cease, (ii) such Bond shall forthwith cease to be entitled to any lien, benefit or security under this Indenture and the Holder of such Bond shall forthwith have no rights in respect thereof except to receive payment thereof, and (iii) the Trustee (or other Paying Agent, if any) shall hold such funds, without liability for interest thereon, for the benefit of the Holder of such Bond. Any moneys still held by the Trustee (or other Paying Agent, if any) after four years and eleven months from the date on which the Bond with respect to such amount was paid to the Trustee (or other Paying Agent, if any), shall, if and to the extent permitted by law, be paid by the Trustee (or other Paying Agent, if any) to the City and shall be discharged from the trust and all liability of the Paying Agent or the Trustee with respect to such trust money shall cease; and the Bondholders shall thereafter be entitled to look only to the City for payment, and the City shall not be liable for any interest thereon.

(4) If there is any Paying Agent who is not the Trustee, the Trustee will cause such Paying Agent to execute and deliver to it an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section 6-5, that such Paying Agent will:

(a) hold all sums held by it for the payment of principal of (and premium, if any) or interest on Bonds in trust for the benefit of the Holders of such Bonds until such sums shall be paid to such Holders or otherwise disposed of as herein provided; and

(b) at any time during the continuance of any default in the making of any such payment of principal (and premium, if any) or interest, upon the written request of the Trustee forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Trustee, acting as Paying Agent, shall also be bound by the terms of the foregoing requirements.

Section 6-6. Rebate Fund.

(1) There is hereby created and established with the Trustee a Rebate Fund. The Trustee shall deposit in the Rebate Fund, upon receipt, all Rebate Amounts received from the City and designated as such, or for purposes of making such deposits, the Trustee shall, at the direction of the City, transfer from the Construction Subaccount or Debt Service Subaccount to the Rebate Fund a sum equal to any Rebate Amounts attributable to sums held in each such Fund.

(2) The City shall be responsible for the timely calculation of the Rebate Amounts and the Trustee shall cooperate with the City in connection therewith. To that end, the Trustee shall, within 30 days after each anniversary date of the issuance of the Bonds, prepare and file with the City a report with respect to the Construction Subaccount and the Debt Service Subaccount setting forth the total amount invested during the preceding bond year, the investments made with the moneys in the Construction Subaccount and the Debt Service Subaccount and the investment earnings (and losses) resulting from such investments, together with such additional information concerning the Construction Subaccount and the Debt Service Subaccount and the investments therein as the City shall reasonably request.

(3) Upon written direction of the City, the Trustee shall remit sums in the Rebate Fund to the United States Treasury as payment of rebatable arbitrage as required by Section 148 of the Code.

(4) Upon written direction of the City, the Trustee shall transfer to the Debt Service Subaccount any amount held in the Rebate Fund which the City certifies is in excess of amounts required to be paid to the United States as rebatable arbitrage.

(5) The provisions of this Section and the other provisions of this Indenture relating to rebatable arbitrage (i) shall not apply to any series of Bonds which the City finds are eligible for one or more of the exceptions to rebate contained in Section 148 of the Code and the Income Tax Regulations related thereto and (ii) shall be supplemented by, and if inconsistent shall be superseded by, the provisions of any Rebate Certificate or Tax Certificate executed by the City, with the approval of Bond Counsel, in connection with the execution and delivery of any series of Bonds.

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ARTICLE SEVEN

INVESTMENTS

Section 7-1. Investments by Trustee.

(1) Except during the continuance of an Event of Default, and subject to the provisions of Section 7-2, moneys held for the credit of the Funds established by Article Six shall be held by the Trustee as required by law and shall at the written request, or verbal request confirmed in writing, of the Representative of the City, or in the absence of such direction at the initiative of the Trustee, to the extent practicable and permitted by the Act, be invested as received and reinvested by the Trustee in Permitted Investments. The Permitted Investments shall be of the type, amount and maturity specified by the Representative of the City; provided that sums in the Debt Service Subaccount may in any event only be invested in securities which mature or are subject to redemption or repurchase at the option of the Trustee on or prior to the date or dates on which the Trustee anticipates that cash funds will be required.

(2) The Trustee shall sell and reduce to cash a sufficient portion of investments under the provisions of this Section whenever the cash balance in the fund for which the investment was made is insufficient for its current requirements. Securities so purchased as an investment of money shall be held by the Trustee, shall be registered in the name of the Trustee if registration is required, and shall be deemed at all times a part of the applicable Fund, and the interest accruing thereon and any profit realized from such investments shall be credited to the Fund from which the investment was made, subject to any transfer to another Fund as herein provided. Any loss resulting from such investment shall be charged to the Fund from which the investment was made.

(3) The Trustee may purchase from or sell to itself, or through any affiliated company, as principal or agent, securities herein authorized so long as such purchase or sale is at fair market value.

Section 7-2. Return on Investments.

(1) In directing investments pursuant to Section 7-1, the City will not instruct the Trustee to use (and, in the absence of directions from the City, the Trustee will not use) the proceeds of the Bonds or other sums pledged to the payment of the Bonds, directly or indirectly, to acquire any securities or obligations the acquisition of which would cause any of the Bonds to be an "arbitrage bonds" as defined in Section 148 of the Code, and for this purpose the Trustee, in order to restrict yield on investments, may invest in SLGS (and accordingly is hereby authorized to act as agent of the City for such purpose) and may assume (unless otherwise specified in writing by the City) that the yield on each series of Bonds is as stated in the tax certificate or similar document of the City dated the date of original issuance of such series of Bonds. The Trustee shall be fully protected in relying on an opinion of Bond Counsel with respect to whether the acquisition of any securities or obligations would have the effect prohibited by this Section.

(2) No moneys in any Fund or subaccount held hereunder shall be invested in investments which cause the Bonds to be "federally guaranteed" within the meaning of Section

149 of the Code. If at any time the moneys in all Funds and accounts exceed, within the meaning of Section 149(a) of the Code, (i) amounts invested for an initial temporary period until the moneys are needed for the purpose for which the Bonds were issued, (ii) investments of a bona fide debt service fund, and (iii) investments of a reserve which meet the requirements of Section 147(d) of the Code, then moneys in excess of such amounts shall be invested at the direction of the City pursuant to Section 7-1 in (a) bonds issued by the United States Treasury, (b) other investments permitted under regulations, or (c) obligations which are (i) not issued by, or guaranteed by, or insured by, the United States or any agency or instrumentality thereof or (ii) not federally insured deposits or accounts, all within the meaning of Section 147(a) of the Code. The Trustee shall not take any action or do anything the effect of which shall be to cause the Bonds to be “federally guaranteed” within the meaning of Section 147(a) of the Code.

(3) The Trustee shall be relieved of any obligation under this Section 7-2 to comply with any provisions contained in the Code upon receipt of a written opinion from Bond Counsel stating in effect that such relief will not impair the tax exempt status of the Bonds.

(4) The provisions of this Section 7-2 shall survive discharge and release of the Indenture.

Section 7-3. Computation of Balances in Fund. In computing the assets of any Fund established hereunder, investments and accrued but unpaid interest thereon shall be deemed a part thereof. Investments of funds held for the account of the Debt Service Subaccount which will mature on or prior to the date when such funds will be applied to the payment of debt service on Bonds shall be valued at their par amount. All other investments shall be valued at the lesser of cost or market value, except that investments in the Reserve Subaccount shall be valued as provide below. In any event for purposes of determining whether any balance in a Fund may only be invested at a restricted yield to comply with Section 148 of the Code and the Federal arbitrage regulations, any investments in the Fund shall be valued at their par value or the price (less accrued interest) at which they were purchased, whichever is the greater.

The Trustee shall value the Permitted Investments in the Reserve Subaccount on each _____ at the market value thereof. Accrued but unpaid interest on any Permitted Investments in the Reserve Subaccount shall be included in calculating the balance on deposit therein. If it is determined upon any such valuation that the value of the Permitted Investments, together with any cash in the Reserve Subaccount is less than the Reserve Requirement, a deposit is required to be made under Section 4.5 of the Bond Resolution in an amount necessary to cause the balance on hand in the Reserve Subaccount to equal the Reserve Requirement. It shall be an Event of Default hereunder if by the date which is 180 days after such valuation date or the date of any draw on the Reserve Subaccount, the balance in the Reserve Subaccount is less than the Reserve Requirement. If it is determined upon any valuation of Permitted Investments in the Reserve Subaccount that the value of the Permitted Investments, together with any cash in the Reserve Subaccount is greater than the Reserve Requirement, the amount in excess of the Reserve Requirement shall be transferred to the Debt Service Subaccount.

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ARTICLE EIGHT

DISCHARGE OF LIEN

Section 8-1. Payment of Bonds; Satisfaction and Discharge of Bonds and Obligation to Bondholders. Whenever the conditions specified in either clause (A) or clause (B) of the following subsection (1) and the conditions specified in the following subsections (2), (3) and (4), to the extent applicable, shall exist, namely:

(1) either

(A) all Bonds have been canceled by the Trustee or delivered to the Trustee for cancellation, excluding, however,

(i) Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Paying Agent or Trustee and thereafter repaid to the City or discharged from such trust, and

(ii) Bonds alleged to have been destroyed, lost or stolen which have been replaced or paid as provided in Section 2-8 hereof, and (1) which, prior to the satisfaction and discharge of this Indenture as hereinafter provided, have not been presented to the Paying Agent or the Trustee with a claim of ownership and enforceability by the Holder thereof, or (2) whose enforceability by the Holder thereof has been determined adversely to the Holder by a court of competent jurisdiction or other competent tribunal; or

(B) the City has deposited or caused to be deposited as trust funds:

(i) with the Trustee cash which shall be sufficient, or

(ii) with the Trustee cash and/or Government Obligations, which do not permit the redemption thereof at the option of the issuer thereof, the principal of, premium, if any, and interest on which when due (or upon the redemption thereof at the option of the holder), will, without reinvestment, provide cash which together with the cash, if any, deposited with the Trustee at the same time, shall be sufficient,

to pay and discharge the entire indebtedness on Bonds not theretofore canceled by the Trustee or delivered to the Trustee for cancellation by the payment of interest on and principal (and premium, if any) of the Bonds which have become due and payable or which shall become due at their Stated Maturity or Redemption Date, as the case may be, and which are to be discharged under the provisions hereof, and has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name, and at the expense, of the City in the same manner as is provided by Section 3-5(d) hereof; and

(2) the City has paid, caused to be paid or made arrangements satisfactory to the Trustee for the payment of all other sums payable hereunder until the Bonds are so paid; and

(3) if any Additional Bonds have been issued the conditions specified in clause (A) or clause (B) of subsection (1) above shall also have been met with respect to such Additional Bonds as if they were also Bonds; and

(4) the City has delivered to the Trustee a report of a certified public accountant or firm of certified public accountants stating that the payments to be made on the securities referred to in clause (B) of subsection (1) above will be sufficient, with any cash deposit, to pay when due the principal of, premium, if any, and interest on the Bonds and any Additional Bonds to be defeased;

(5) if discharge is to be effected under clause (B) of subsection 1, an opinion of Bond Counsel is delivered to the Trustee stating in effect that such discharge will not impair the tax exempt status of the Bonds;

then, except as otherwise expressly provided in this Indenture, the rights of the Bondholders shall be limited to the cash or cash and securities deposited as provided in clause (A) or (B) above, and upon the City's request the rights and interest hereby granted to or for the benefit of the Trustee or Bondholders shall cease, terminate and become null and void, and the City and the Trustee shall execute and deliver such instruments of satisfaction and transfer as may be necessary, and forthwith the estate, right, title and interest of the Trustee in and to all rights under this Indenture (except the moneys or securities or both deposited as required above and except as may otherwise be expressly provided in this Indenture) shall thereupon be discharged and satisfied.

Section 8-2. Cancellation of Surrendered Bonds. The City may at any time surrender to the Trustee for cancellation by the Trustee any Bonds previously authenticated and delivered hereunder which the City acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 8-3. Payment of Bonds. Any Bonds shall be deemed paid, if the conditions set forth in clause (A) or (B) of subsection (1) of Section 8-1 and, if clause (B) is applicable and securities are deposited in trust, subsections (4) and (5) of Section 8-1, have been satisfied with respect thereto even though other Bonds may remain Outstanding.

Section 8-4. Application of Deposited Money. All money, obligations and income thereon deposited with the Trustee pursuant to Section 8-1 for the purpose of paying the principal, premium, if any, and interest on Bonds and any Additional Bonds shall be applied by the Trustee solely for such purpose.

ARTICLE NINE

DEFAULT PROVISIONS AND REMEDIES

Section 9-1. Events of Default. Subject to the provisions of Section 9–10, any of the following events is hereby defined as and declared to be and to constitute an Event of Default (whatever the reason for such an Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) If default shall be made in the due and punctual payment of any interest on any Outstanding Bond hereby secured; or

(2) If default shall be made in the due and punctual payment of the principal of any Outstanding Bond hereby secured, whether at the Stated Maturity thereof or at the date fixed for redemption thereof, or upon the maturity thereof by declaration, plus redemption premium, if any; or

(3) If default shall be made in the due and punctual payment of any other moneys required to be paid to the Trustee under the provisions hereof and such default shall have continued for a period of 30 days after written notice thereof, specifying such default, shall have been given by the Trustee to the City or to the City and the Trustee by the Holders of not less than 25 percent in aggregate principal amount of the then Outstanding Bonds; or

(4) If default shall be made in the performance or observance of any other of the covenants, agreements or conditions on the part of the City contained in this Indenture or in the Bonds or the Bond Resolution, and such default shall have continued for a period of 30 days after written notice thereof given in the manner provided in clause (3) above; or

(5) An Event of Default as described in Section 7-3.

Section 9-2. Acceleration. Upon the occurrence of an Event of Default, the Trustee may by notice in writing delivered to the City, declare the principal of all of the then Unpaid Bonds and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable at the place of payment provided in the Bonds, anything in this Indenture or in the Bonds to the contrary notwithstanding. The Trustee shall give notice of acceleration to Bondholders in the same manner as notice of redemption is given under Section 3-5 (except as to the timing thereof) stating the accelerated date upon which the Bonds are due and payable, provided that the Trustee shall not be required to delay the effective date of acceleration until such notice is given.

Section 9-3. Remedies.

(1) Subject to the provisions of Section 9-2, upon the occurrence of an Event of Default, the Trustee may proceed to pursue any available remedy by suit at law or in equity to enforce all rights of the Bondholders, including without limitation the right to the payment of the principal or premium, if any, and interest on the then Outstanding Bonds.

(2) If the Event of Default results from failure of the City to maintain the Net Revenue coverage requirements of Section 6.12 of the Bond Resolution, the Trustee shall direct the City to retain a consultant experienced in analyzing the operations of municipal utility systems and acceptable to the Trustee, to analyze the operations of the System and make recommendations for changes which will allow the City to comply with the requirements of Section 6.12 of the Bond Resolution. The Trustee shall not exercise further remedies under this Article 9 with respect to that Event of Default so long as the City proceeds with due diligence to retain the consultant and to implement the consultant's recommendations and the Net Revenue Coverage is at least 100%.

(3) The Trustee may direct the City in writing to remit all collections of Net Revenues of the Improvements directly to the Trustee, and the Trustee shall then apply the moneys received to satisfy the obligations of the City hereunder.

(4) If any Event of Default shall have occurred, and if it shall have been requested so to do by the Holders of two-thirds in aggregate principal amount of the then Outstanding Bonds, and if it shall have received an indemnity bond as provided in Section 10-1 hereof, the Trustee shall be obliged to exercise such rights and powers conferred on the Trustee by this Section and Section 9-2, as so directed; provided, however, that the Trustee shall have the right to decline to comply with any such request if the Trustee shall be advised by Independent Counsel that the action so requested may not lawfully be taken.

(5) No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy (i) given to the Trustee or to the Holders hereunder or (ii) now or hereafter existing at law or in equity or by statute.

(6) No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

(7) No waiver of any Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent Event of Default or impair any rights or remedies consequent thereon.

Section 9-4. Direction of Proceedings By Bondholders. The Holders of two-thirds in aggregate principal amount of the then Outstanding Bonds shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 9-5. Waiver of Stay or Extension Laws. Upon the occurrence of an Event of Default, to the extent that such rights may then lawfully be waived, neither the City nor

anyone claiming through it or under it shall or will set up, claim, or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture, but the City, for itself and all who may claim through or under it, hereby waives to the extent that it lawfully may do so the benefit of all such laws and all right of appraisal and redemption to which it may be entitled under the laws of the State of South Dakota.

Section 9-6. Priority of Payment and Application of Moneys. All Bonds issued hereunder and secured hereby shall be equally and ratably secured by and payable from the Debt Service Subaccount, without priority of one Bond over any other, except as otherwise expressly provided herein. Upon the occurrence of an Event of Default, all moneys collected pursuant to remedial action taken hereunder, after payment of the costs, and expenses of the proceedings resulting in the collection of such moneys incurred or made by the Trustee, and after any other prior application of such moneys has been made as is required by law or by Section 10-2 hereof shall be deposited in such Fund or Funds described in Article Six as the Trustee deems appropriate; and all moneys in the Debt Service Subaccount (and, at the discretion of the Trustee except when otherwise required hereunder, any other Fund described in Article Six), excluding however any moneys held in trust for the payment of Bonds or interest thereon which have matured or otherwise become payable prior to such Event of Default, shall be applied as follows:

(1) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment of the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

SECOND: To the payment of the persons entitled thereto of the unpaid principal of and redemption premium, if any, on any of the Bonds which shall have become due (other than Bonds which have matured or have otherwise become payable prior to such Event of Default and moneys for the payment of which are held in trust pursuant to the provisions of this Indenture) in the order of their due dates and, if the amount available shall not be sufficient to pay in full the unpaid principal and redemption premium, if any, on Bonds due on any particular due date, then to the payment ratably, according to the amount of principal and premium, if any, due on such date, to the persons entitled thereto, without any discrimination or privilege; and

THIRD: To the payment of interest and premium, if any, on and the principal of the Bonds, and to the redemption of Bonds, as thereafter may from time to time become due, all in accordance with the provisions of Article Five of this Indenture; and

FOURTH: To reimburse the Trustee for costs and expenses described in the first unnumbered paragraph of this Section 9-6 and not reimbursed thereunder.

(2) If the principal of all Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied first to the payment of the principal,

redemption premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal or any redemption premium over interest or of interest over principal or any redemption premium, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or privilege; and second to reimburse the Trustee for any costs and expenses described in the first unnumbered paragraph of this Section 9-6 and not reimbursed thereunder.

(3) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (2) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (1) of this Section.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall (i) fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue and (ii) on or before such date set aside the moneys necessary to effect such application. The Trustee shall give to the Bondholders mailed notice of the deposit with it of any such moneys and of the fixing of any such date. Neither the Trustee nor any Paying Agent shall be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Bonds and interest thereon have been paid under the provisions of this Section 9-6, and all expenses and charges of the Trustee have been paid, any balance remaining shall be paid to the City.

Section 9-7. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Bonds to the extent and in the manner provided herein. The City and the Trustee hereby agree, without in any way limiting the effect and scope thereof, that the pledge and assignment hereunder to the Trustee of all rights included within the Trust Estate shall constitute an agency appointment coupled with an interest on the part of the Trustee which, for all purposes of this Indenture, shall be irrevocable and shall survive and continue in full force and effect notwithstanding the bankruptcy or insolvency of the City or its default hereunder or on the Bonds.

Section 9-8. Rights and Remedies of Holders. No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this

Indenture or for the execution of any trust hereof or any remedy hereunder or thereunder or for the appointment of a receiver, unless: (i) a default thereunder shall have become an Event of Default and the Holders of 25 percent in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereunder granted or to institute such action, suit or proceeding in its own name; (ii) such Holders shall have offered to indemnify the Trustee as provided in Section 10-1; and (iii) the Trustee shall thereafter fail or refuse to exercise within a reasonable period of time the remedies hereunder granted, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are hereby declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right thereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Holders of all Bonds then Outstanding; provided, however, that nothing herein shall be construed to preclude any Bondholder from enforcing, or impair the right of any Bondholder to enforce, the payment by the Trustee of principal of, and interest and premium, if any, on any Bond of such Bondholder at or after its date of maturity, if and to the extent that such payment is required to be made to such Bondholder by the Trustee from available funds in accordance with the terms hereof. In the event of default in any such payment, any court having jurisdiction of the action may appoint a receiver to administer the Water Utility Fund and to collect and segregate and apply the Net Revenues of the Improvements and other revenues pledged thereto as provided by the Bond Resolution, this Indenture and the Act.

Section 9-9. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry and possession or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the City and the Trustee shall be restored to their former positions and rights hereunder with respect to the property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 9-10. Waiver of an Event of Default. The Trustee may in its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity or principal, and shall do so upon written request of the Holders of (1) 51 percent in aggregate principal amount of all the Bonds then Outstanding with respect to which default in the payment of principal, premium, and interest, or any of them, exists, or (2) two-thirds in aggregate principal amount of all the Bonds then Outstanding in the case of any other Event of Default; provided, however, that there shall not be waived (A) any Event of Default in the payment of the principal of or premium on any Outstanding Bonds on the redemption date or at the date of maturity specified therein or (B) any Event of Default in the payment when due of the interest on any such Bonds, unless prior to such waiver all arrearages of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds with respect to which such Event of Default shall have occurred, and all arrearages of payments of principal and premium, if any,

with interest (to the extent permitted by law) at the rate borne by the Bonds with respect to which such Event of Default shall have occurred, and all expenses of the Trustee and Paying Agents in connection with such Event of Default, shall have been paid or provided for. No such waiver or rescission shall extend to any subsequent or other Events of Default, or impair any right consequent thereon.

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ARTICLE TEN

THE TRUSTEE

Section 10-1. Acceptance of the Trustee. The Trustee, prior to the occurrence of an Event of Default, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture; and no implied covenants or obligations should be read into this Indenture against the Trustee. In case an Event of Default has occurred, the Trustee agrees to perform such trusts as an ordinarily prudent trustee under a corporate mortgage, but in any such event, only upon and subject to the following express terms and conditions:

(1) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, or employees, but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and duties hereunder, and may in all cases pay such reasonable compensation to any attorney, agent, receiver or employee retained or employed by it in connection herewith. The Trustee may act upon the written opinion or written advice of any attorney, surveyor, engineer or accountant selected by it in the exercise of reasonable care or, if selected or retained by the City, approved by the Trustee in the exercise of such care, provided that the only legal advice or opinion that the Trustee may rely upon for purposes of securing advice or an opinion relating to the tax exempt status of the Bonds is given by a firm of nationally recognized bond counsel experienced in tax exempt revenue bond financing. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction in good faith in reliance upon such opinion or advice.

(2) The Trustee shall not be responsible for any recital herein, or in the Bonds (except with respect to the certificate of the Trustee endorsed on the Bonds) or for the investment of moneys as herein provided, except as provided in Section 7-1, or for the validity of the execution by the City of this Indenture, or of any supplemental indentures or instruments of further assurance, or for the sufficiency of any security for the Bonds issued hereunder or intended to be secured hereby.

(3) The Trustee shall not be accountable for the use or application by the City of any of the Bonds or the proceeds thereof (except as herein expressly provided) or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any Paying Agent. The Trustee may become the owner of Bonds secured hereby with the same rights he would have if not Trustee.

(4) The Trustee shall be protected in acting upon any written notice, order, requisition, request, consent, certificate, opinion (including an opinion of Independent Counsel or Bond Counsel), affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond, shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor, upon transfer thereof, or in place thereof.

(5) As to the existence or non-existence of any fact or as to the sufficiency or authenticity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the City signed by its Finance Officer under the seal of the City as sufficient evidence of the facts stated therein as the same appear from the books and records under the Finance Officer's custody or control or are otherwise known to him. The Trustee may accept a certificate of the Finance Officer of the City under the seal of the City to the effect that a motion, resolution or ordinance in the form therein set forth has been adopted by the Governing Body as conclusive evidence that such motion, resolution or ordinance has been duly adopted, and is in full force and effect, and may accept such motion, resolution or ordinance as sufficient evidence of the facts stated therein and the necessity or expediency of any particular dealing, transaction or action authorized or approved thereby, but may at its discretion, secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(6) The Trustee shall not be answerable except for its negligence or willful default.

(7) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the real and tangible personal property as in this Indenture provided.

(8) At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property comprising the Trust Estate, including all books, papers and records of the City pertaining to the Net Revenues of the Improvements and the Bonds, and to make such summaries with regard thereto as may be desired.

(9) The Trustee shall not be required to give any bond or surety with respect to the execution of said trusts and powers or otherwise in respect to the premises.

(10) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, with respect to the authentication of any Bonds, the withdrawal of any cash, the release of any property or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions (including opinions of Independent Counsel), appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the purpose of establishing the right of the City to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(11) Before taking any action hereunder, the Trustee may require that it be furnished an indemnity bond satisfactory to it for the reimbursement of all expenses to which it may be put and to protect it against all liability except liability which is adjudicated to have resulted from the negligence or willful default of the Trustee, by reason of any action so taken by the Trustee.

Section 10-2. Trustee's Fees, Charges and Expenses. The Trustee and any Paying Agent shall be entitled to payment and/or reimbursement for reasonable fees for services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily

made or incurred by the Trustee in and about the execution of the trusts created by this Indenture and in and about the exercise and performance of the powers and duties of the Trustee hereunder and for the reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee). Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of interest on or principal or premium, if any, of any Bond and upon the money received by it hereunder, for said fees, advances, counsel fees, costs and expenses incurred by it.

Section 10-3. Notice to Holders of Default. The Trustee shall give to the Bondholders written notice of all Events of Default known to the Trustee, within 90 days after the occurrence of an Event of Default; provided that, except in the case of an Event of Default in the payment of the principal of or interest on any of the Bonds, the Trustee shall be protected in withholding such notice if and so long as the Board of Directors, the executive committee or a trust committee of directors or chief executive officer of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders.

Section 10-4. Intervention by Trustee. In any judicial proceeding to which the City is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Holders of Bonds, the Trustee may intervene on behalf of Holders and shall do so if requested in writing by the Holders of at least 25 percent of the aggregate principal amount of Outstanding Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction in the premises.

Section 10-5. Successor Trustee. Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor trustee and paying agent under this Indenture and vested with all of the title to the Trust Estate, and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 10-6. Resignation by Trustee. The Trustee and any successor trustee may at any time resign from the trusts hereby created by giving 30 days' written notice to the City and by first class mail to each Holder of Bonds as shown on the Bond Register, and such resignation shall take effect at the end of such 30 days, or upon the earlier appointment of a successor trustee by the Holders or by the City. Such notice to the City may be served personally or sent by registered mail.

Section 10-7. Removal of Trustee. The Trustee may be removed for cause at any time by an instrument in writing delivered to the Trustee and signed by the City, which instrument shall take effect 60 days after the date of delivery to the Trustee unless disapproved in writing prior to that date by the Holders of 51 percent in aggregate principal amount of then Outstanding Bonds. The City shall give mailed notice of removal of the Trustee to the Holders of all then Outstanding Bonds within 10 days after the date of delivery of the instrument of

removal to the Trustee. If at any time the Trustee is in default for having failed to perform or for improperly performing its duties and responsibilities hereunder, the Holders of 51 percent in aggregate principal amount of the then Outstanding Bonds may remove the Trustee by an instrument in writing delivered to the Trustee and signed by said Holders, which instrument shall take effect 60 days after the date of delivery to the Trustee. Said Holders shall give mailed notice of removal of the Trustee to the City within ten days after the date of delivery of the instrument of removal to the Trustee.

Section 10-8. Appointment of Successor Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Holders of a majority in aggregate principal amount of the then Outstanding Bonds, by an instrument or concurrent instruments in writing signed by such Holders, or by their attorney-in-fact, duly authorized. Nevertheless, in case of such vacancy the City by resolution of its Governing Body may appoint a temporary trustee to fill such vacancy until a successor trustee shall be appointed by the Holders in the manner above provided; and any such temporary trustee so appointed by the City shall immediately and without further act be superseded by the Trustee so appointed by such Holders. Every such Trustee appointed pursuant to the provisions of this Section 10-8 shall be a trust company or bank having trust powers and having a reported capital and surplus not less than \$1,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Section 10-9. Acceptance by Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the City, an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors as Trustee and Paying Agent; but such predecessor shall, nevertheless, on the written request of the City, or of its successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be forthwith filed or recorded or both by the successor Trustee in each recording office where the Indenture shall have been filed or recorded or both.

Section 10-10. Trustee Protected in Relying Upon Resolutions. The resolutions, orders, requisitions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee.

Section 10-11. Successor Trustee as Custodian of Funds and Paying Agent. In event of a change in the office of Trustee the predecessor trustee which has resigned or been removed shall cease to be custodian of the funds prescribed in Article Six and shall cease to act as the Paying Agent for principal and interest on the Bonds, and the successor trustee shall be and become such custodian and Paying Agent.

Section 10-12. Co-Trustee. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the City and the Trustee shall have the power to appoint, and, upon the request of the Trustee or of the Holders of at least fifty-one percent (51%) in aggregate principal amount of the then Outstanding Bonds, the City shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint one or more persons approved by the Trustee either to act as co-trustee or co-trustees, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such right to the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the City and the Trustee may consider necessary or desirable subject to the remaining provisions of this Section 10-12.

If the City shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

The City shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(1) The Bonds shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property shall be exercised solely by the Trustee.

(2) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(3) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(4) Any co-trustee or separate trustee may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(5) The Trustee at any time, by an instrument in writing, with the concurrence of the City, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section 10-12, and, in case of a continuing Event of Default the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the City. Upon the request of the Trustee, the City shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 10-12.

(6) No Trustee hereunder shall be personally liable by reason of any act or omission of any other Trustee hereunder.

(7) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each co-trustee or separate trustee.

(8) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with such interest in and to the Trust Estate or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee. Any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee its or his attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his behalf and in its or his name.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 10-13. Obligation to Trustee as to Reporting. The Trustee, when notified by the City, Bond Counsel or the Original Purchaser, shall cause to be filed any reports lawfully required by any public agency to be filed under any applicable security laws and any other reports lawfully required by any public agency to be filed under applicable state law. For this purpose the Trustee is entitled to require the City to cause to be furnished to the Trustee whatever information is necessary to comply with such reporting requirements.

Section 10-14. Successor Paying Agent. The provisions of Sections 10-5 through 10-9 with respect to removal, resignation and appointment of a successor trustee shall be equally

applicable to resignation, removal and appointment of a successor to the Paying Agent. The Trustee shall be eligible for appointment as successor to the Paying Agent.

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ARTICLE ELEVEN

SUPPLEMENTAL INDENTURES

Section 11-1. Supplemental Indentures Not Requiring Consent of Bondholders.

The City and the Trustee may, from time to time and at any time, without the consent of, or notice to, any of the Holders, and when so required by this Indenture shall, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof (which supplemental indenture or indentures shall thereafter form a part hereof), so as to thereby (1) permit the issuance of Additional Bonds to the extent permitted by Article Four; (2) cure any ambiguity or formal defect or omission in this Indenture or in any supplemental indenture, (3) grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Trustee, (4) more precisely identify the Trust Estate, or any other property which may become a part of the Trust Estate, (5) subject to the lien and pledge of this Indenture additional revenues, properties or collateral, (6) evidence the appointment of a separate trustee or a co-trustee or the succession of a new Trustee and/or Paying Agent hereunder, (7) modify, eliminate and/or add to the provisions of this Indenture to such extent as shall be necessary to prevent any interest on the Bonds from becoming taxable under the Federal income tax laws or to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar Federal statute hereafter enacted, and to add to this Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939, excluding however the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939, (8) make any other change which is required by any provision of this Indenture, or (9) make any other change which in the judgment of the Trustee is necessary or desirable and will not materially prejudice any non-consenting Holder of a Bond.

Section 11-2. Supplemental Indentures Requiring Consent of Holders. Exclusive of supplemental indentures covered by Section 11-1 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the Trustee, upon receipt of an instrument evidencing the consent to the below mentioned supplemental indenture by the Holders of not less than 51 percent of the aggregate principal amount of the then Outstanding Bonds, shall join with the City in the execution of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing herein contained shall permit or be construed as permitting (1) an extension of the maturity of the principal or of the interest on any Bond issued hereunder, or (2) a reduction in the principal amount of any Bond or the rate of interest thereon, or (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds except as may be otherwise expressly provided herein, or (4) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, or (5) modifying any of the provisions of this Section without the consent of the Holders of 100 percent of the principal amount of all Bonds adversely affected thereby (“100% Bondholders’ Consent”).

If at any time the City shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section which does not require 100%

Bondholders' Consent, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by first class mail, postage prepaid, to the Holders of the Bonds at the addresses shown on the Bond Register. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice to any particular Bondholder if notice was generally mailed to Bondholders, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in this Section. If the Holders of not less than 51 percent in aggregate principal amount of the then Outstanding Bonds at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to any of the terms and provisions contained herein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and is deemed to be modified and amended in accordance herewith.

Section 11-3. Rights of Trustee. If, in the opinion of the Trustee, any supplemental indenture provided for in this Article affects the rights, duties or immunities of the Trustee under this Indenture or otherwise, the Trustee may, in its discretion, decline to execute such supplemental indenture, except to the extent that this may be required in the case of a supplemental indenture entered into under Section 11-1. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of Independent Counsel as conclusive evidence that any such supplemental indenture conforms to the requirements of this Indenture.

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ARTICLE TWELVE

MISCELLANEOUS PROVISIONS

Section 12-1. Consent of Holders. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Holders may be in any number of concurrent writings of similar tenor and must be signed or executed by such Holders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(1) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgements within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(2) The fact of the ownership by any person of Bonds and the amounts and numbers of such Bonds, and the date of the holding of the same, may be proved only by reference to the Bond Register.

Section 12-2. Rights Under Indenture. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give any person or company other than the parties hereto, and the Bondholders, any legal or equitable right, remedy, or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds hereby secured as herein provided.

Section 12-3. Meetings of Bondholders.

(1) A meeting of Bondholders may be called at any time and from time to time pursuant to this Section to facilitate any of the following purposes:

(A) to give any notice to the City or the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any default under this Indenture, or to take any other action authorized to be taken by the Bondholders under this Indenture;

(B) to remove the Trustee or to appoint a successor trustee pursuant to Sections 10-7 and 10-8 of this Indenture;

(C) to consent to the execution of a supplemental indenture pursuant to Section 11-2 hereof; or

(D) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Bonds under any other provision of this Indenture or under applicable law.

(2) Meetings of Bondholders may be held at such place or places as the Trustee or, in case of its failure to act, the Bondholders calling the meeting, shall from time to time determine.

(3) The Trustee may at any time call a meeting of Bondholders to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of Bondholders setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be mailed by first class mail, postage prepaid, to the Holders of the Bonds at the address shown on the Bond Register. Any failure of the Trustee to mail such notice to a particular Bondholder, or any defect therein shall not, however, in any way impair or affect the validity of any such meeting if notice was generally mailed to Bondholders. In the event that the Holders of at least 10 percent in aggregate principal amount of the Outstanding Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have accomplished the mailing of notice of such meeting within 20 days after receipt of such request, then such Bondholders may determine the time and the place for such meeting and may call such meeting to take any action authorized in paragraph (1) of this Section by giving notice of such meeting in accordance with the provisions of this paragraph (3).

(4) To be entitled to vote at any meeting of Bondholders, a person shall be a Holder of one or more Bonds Outstanding, or a person appointed by an instrument in writing as proxy for a Bondholder by such Bondholder. The only persons who shall be entitled to be present or to speak at any meeting of Bondholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and City and their counsel.

(5) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Bondholders in regard to proof of the ownership of Bonds and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the ownership of Bonds shall be proved in the manner specified in Section 11-11 of this Indenture and the appointment of any proxy shall be proved in the manner specified in said Section or by having the signature of the person executing the proxy witnessed or guaranteed by any bank, banker or trust company authorized by said Section to certify to the ownership of Bonds.

(A) The Trustee or, if the Bondholders have called the meeting, the Bondholders shall, by an instrument in writing, appoint a temporary chairperson of the meeting. A permanent chairperson and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority of the Bonds represented at the meeting and entitled to vote.

(B) At any meeting such Bondholder or proxy shall be entitled to one vote for each \$5,000 of principal amount of Outstanding Bonds owned or represented by him or her; provided, however, that no vote shall be cast or counted at any meeting in respect of any Bond challenged as not Outstanding and ruled by the chairperson of the meeting to be not Outstanding. The chairperson of the meeting shall have no right to vote, except as a Bondholder or proxy.

(C) At any meeting of Bondholders, the presence of persons owning or representing Bonds in an aggregate principal amount sufficient under the appropriate provision of this Indenture to take action upon the business for the transaction of which such meeting was called shall constitute a quorum. Any meeting of Bondholders duly called pursuant to this Section may be adjourned from time to time by vote of the Holders (or proxies for the Holders) of a majority of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present; and the meeting may be held as so adjourned without further notice.

(6) The vote upon any resolution submitted to any meeting of Bondholders shall be by written ballots on which shall be subscribed the signatures of the Bondholders or of their proxies and the number or numbers of the Bonds Outstanding held or represented by them. The permanent chairperson of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Bondholders shall be prepared by the secretary of the meeting. The original reports of the inspectors of votes on any vote by ballot taken at such meeting, and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was published or mailed as provided in this Section shall be attached to such record. Each copy shall be signed and verified by the affidavits of the permanent chairperson and secretary of the meeting and one such copy shall be delivered to the City and another to the Trustee to be preserved by the Trustee, which copy shall have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

(7) At any time prior to the preparation of the record of the meeting in accordance with the terms of this Section for delivery to the Trustee evidencing the taking of any action by the Holders of the percentage in aggregate principal amount of the Bonds specified in this Indenture in connection with such action, any Holder of a Bond the number of which is included in the Bonds, the Holders of which have consented to such action, may, by filing written notice with the Trustee at its principal corporate trust office and upon proof of holding as provided in Section 12-1 of this Indenture, revoke such consent so far as it concerns such Bond. Except as aforesaid, any such consent given by the Holder of any Bond shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Bond and of any Bond issued in exchange therefor, upon transfer thereof, or in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such Bond. Any action taken by the Holders of the percentage in aggregate principal amount of the Bonds specified in this Indenture in connection with such action shall be conclusively binding upon the City, the Trustee and the Holders of all the Bonds.

Section 12-4. Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Indenture contained shall not affect the remaining portions of this Indenture or any part thereof.

Section 12-5. Notices. All notices, certificates or other communications hereunder shall be in writing (except as otherwise expressly provided herein) and shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, with proper address as indicated below. The City, the Bondholders and the Trustee may, by written notice given by each to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Indenture.

Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the City:	City of Rapid City 300 Sixth Street Rapid City, South Dakota 57701 Attn: Finance Officer
To the Trustee:	The First National Bank in Sioux Falls 100 South Phillips P.O. Box 5186 Sioux Falls, SD 57117-5186 Attn: Corporate Trust Department
To the Bondholders:	At their respective addresses set forth on the Bond Register.

Section 12-6. Required Approvals. Consents and approvals required by this Indenture to be obtained from the City or the Trustee shall be in writing and shall not be unreasonably withheld or delayed.

Section 12-7. Counterparts. This 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 12-8. Limitation of Liability of City and its Officers, Employees and Agents. To the extent permitted by law, no provision, covenant or agreement contained in this Indenture or the Bonds, or any obligation herein or therein imposed upon the City, or the breach thereof, shall constitute or give rise to or impose upon the City or any of its officers, employees

or agents a pecuniary liability (other than as to Net Revenues of the Improvements) or a charge upon the City's general credit or ad valorem taxing powers. In making the agreements, provisions and covenants set forth in this Indenture, the City has not obligated itself except with respect to the Net Revenues of the Improvements and the application of the revenues therefrom as hereinabove provided.

Section 12-9. Amounts Remaining in Funds. After adequate provision has been made to discharge the Bonds in accordance with Article Seven and make all other payments required hereunder the Trustee forthwith shall pay all remaining amounts in the Funds established in Article Six hereof to the City.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the City has caused these presents to be signed in its name on its behalf by its Mayor and Finance Officer and has caused its corporate seal to be hereunto affixed, and to evidence its acceptance of the trusts hereby created the Trustee has caused these presents to be signed in its name and behalf by its duly authorized officer, all as of the date first above written.

CITY OF RAPID CITY, SOUTH DAKOTA

By: _____
Mayor

Attest: _____
Finance Officer

(SEAL)

[Signature page to Indenture of Trust]

THE FIRST NATIONAL BANK IN SIOUX
FALLS, as Trustee

By _____
Assistant Vice President

[Signature page to Indenture of Trust]

EXHIBIT A

[Form of Series 2009 Bonds]

UNITED STATES OF AMERICA
STATE OF SOUTH DAKOTA
PENNINGTON COUNTY
CITY OF RAPID CITY

WATER REVENUE BOND
SERIES 2009

<u>Interest Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
----------------------	-----------------	-------------------------------	--------------

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The City of Rapid City, Pennington County, South Dakota (the "City"), acknowledges itself to be indebted and, for value received, hereby promises to pay solely from the revenues appropriated and pledged to the Debt Service Subaccount of the Water Utility Fund of the City, to the registered owner named above, or registered assigns, upon presentation and surrender at the principal corporate trust office of the Trustee hereinafter identified, the principal amount specified above, on the maturity date specified above, and to pay interest thereon from the date of original issue or from the most recent date to which interest has been paid or duly provided for, at the annual rate specified above, all subject to the provisions for redemption prior to maturity set forth below. Interest hereon is payable on _____ 1 and _____ 1 in each year, commencing _____ 1, 20__ to the person in whose name this Bond is registered as of the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof at the principal corporate trust office of The First National Bank in Sioux Falls, Sioux Falls, South Dakota, or a successor designated under the Indenture described herein (the "Trustee"), the principal hereof are payable in lawful money of the United States of America by check or draft of the Trustee, as registrar, transfer agent and paying agent.

This Bond is one of an issue in the aggregate principal amount of \$_____, issued to defray the cost of the acquisition of certain improvements (the "Improvements") to the City's municipal water utility (the "Utility"). This Bond is issued pursuant to and in full conformity with the Constitution and laws of the State of South Dakota, including Chapters 6-8B and 9-40, South Dakota Codified Laws, as amended (the "Act"), ordinances of the City thereunto enabling a Resolution duly adopted by the City Council on _____, 2009 (the "Resolution"), and an Indenture of Trust, dated as of _____, 2009 (as amended or supplemented from time to time in accordance with its terms, the "Indenture"), duly executed and delivered by the City to the Trustee, setting forth the terms upon which such Bonds are issued. Reference is hereby made to the Indenture, copies of which are on file with the City, for a description of the nature and

extent of the security, the conditions under which Additional Bonds may be issued on a parity with the Series 2009 Bonds, the conditions under which the Indenture may be amended and the rights of the Holders of the Bonds.

This Bond, and the interest hereon, is payable solely from the Net Revenues of the Improvements pledged to the Debt Service Subaccount and, if necessary, from amounts on hand in the Reserve Subaccount established for the security of the Bonds, within the Water Utility Fund of the City, and does not constitute a general obligation or pledge of the full faith, credit or taxing powers of the City and does not constitute an indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations. The Improvements are a part of the municipal water utility of the City and the City has established and agreed to revised from time to time a special surcharge for the services provided by the Improvements sufficient to pay the costs of operation and maintenance of the Improvements and to produce Net Revenues sufficient to pay the principal of and interest on the Bonds when due and to restore any deficiency in the Reserve Subaccount.

Bonds maturing on and after _____ 1, 20__, are subject to optional redemption and prepayment at the option of the City on _____ 1, 20__, or on any date thereafter, in such order of maturities as the City may select and within any maturity as selected by the Trustee by lot, at a price of par plus accrued interest to the date of redemption. Prior to the date specified for the redemption of any Bond prior to its stated maturity date, the City will cause notice of the call for redemption to be published as required by law, and, at least 30 days prior to the designated redemption date, will cause notice of the call thereof to be mailed by first class mail to the registered owner of any Bond to be redeemed at the owner's address as it appears on the bond register maintained by the Trustee but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the owner without charge, representing the remaining principal amount outstanding.

[Bonds maturing on _____ 1, 20__ (the "Term Bonds") are subject to mandatory redemption and will be redeemed pursuant to mandatory sinking fund redemption at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Trustee shall select for redemption, by lot or other manner deemed fair, on _____ 1 in each of the following years the following stated principal amounts of Term Bonds:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

Notice of redemption shall be given as provided in the preceding paragraph.]

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Trustee, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee, duly

executed by the registered owner or the owner's attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange, the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Trustee shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the City.

The City and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Trustee shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the City has fixed and established and will collect reasonable rates and charges for the services and facilities afforded by the Improvements, and has created a special Water Utility Fund (the "Fund") into which the gross revenues of the Improvements, including all additions thereto and replacements and improvements thereof subsequently constructed or acquired, will be paid; and a separate and special Debt Service Subaccount in the Fund, to be maintained by the Trustee under the Indenture, into which there shall be credited periodically, at least once in each calendar month, out of the Net Revenues of the Improvements then on hand, an amount equal to one-twelfth of the principal of and interest on all bonds payable from the Debt Service Subaccount in the next twelve months as such principal and interest become due; there has also been created within the Fund, to be maintained by the Trustee under the Indenture, a Reserve Subaccount, in which there has been established a reserve in the amount of \$_____, which Reserve Subaccount shall thereafter be maintained by the transfer of additional Net Revenues whenever necessary; that the Bonds are payable from the Debt Service Subaccount, which will be used only to pay the principal of and interest on Bonds issued pursuant to the authority herein recited, as such principal and interest respectively become due; that such rates and charges will from time to time be made and kept sufficient to provide gross income and revenues adequate for prompt payment of the reasonable and current expenses of operation and maintenance of the Improvements and to produce in each fiscal year Net Revenues, in excess of such current expenses, sufficient to pay the principal of and interest and redemption premiums, if any, on all Bonds issued and made payable from the Net Revenues, including adequate reserves therefor, and sufficient also to provide for the replacement and depreciation of the Improvements; that the payments required to be made to the Debt Service Subaccount constitute a first and prior lien and charge on the entire net income and revenues to be derived from the operation of the Improvements and of all future additions thereto and betterments thereof; that additional bonds may be issued and made payable from the Net Revenues of the Improvements on a parity with the Bonds, subject to the conditions and limitations set forth in the Resolution and the Indenture;

that no other obligation will be incurred and made payable from the Net Revenues of the Improvements, whether or not such obligation shall also constitute a general obligation and indebtedness of the City, unless the lien thereof shall be expressly made subordinate to the lien of this Bond on such Net Revenues; that all provisions for the security of this Bond set forth in the Resolution and the Indenture will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of South Dakota and the ordinances of the City, the Resolution and the Indenture to be done, to exist, to happen and to be performed in order to make this Bond a valid and binding special obligation of the City according to its terms have been done, do exist, have happened and have been performed as so required; and that the issuance of this Bond does not cause the indebtedness, whether general or special, of the City to exceed any constitutional or statutory limitation of indebtedness.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Trustee by the manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Rapid City, Pennington County, South Dakota, by its City Council, has caused this Bond to be executed by the facsimile signatures of the Mayor and the Finance Officer, countersigned by the facsimile signature of an attorney actually residing in the State of South Dakota and duly licensed to practice therein and has caused this Bond to be dated as of the date of original issue set forth above.

(Facsimile Signature - Finance Officer)

(Facsimile Signature - Mayor)

Countersigned: (Facsimile Signature - Attorney)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

Date of Authentication: _____

The First National Bank in Sioux Falls,
Trustee

By _____
Authorized Representative

—

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

TEN COM--as tenants
in common

UTMACustodian.....
(Cust) (Minor)

TEN ENT--as tenants
by the entireties

under Uniform Transfers to Minors Act.....
(State)

JT TEN--as joint tenants with
right of survivorship
and not as tenants in common

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____
the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint
_____ attorney to transfer the said Bond on the books kept for registration of the within
Bond, with full power of substitution in the premises.

Dated: _____

NOTICE: The assignor's 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 whatsoever.

Signature Guaranteed: _____

Signature(s) must be guaranteed by an “eligible guarantor
institution” meeting the requirements of the Registrar, which
requirements include membership or participation in
STAMP or such other “signature guaranty program” as may
be determined by the Registrar in addition to or in
substitution for STAMP, all in accordance with the
Securities Exchange Act of 1934, as amended.

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF
ASSIGNEE: _____

EXHIBIT B

CONSTRUCTION SUBACCOUNT
DISBURSEMENT REQUEST

The undersigned Representative of the City of Rapid City, South Dakota (the "City") requests disbursement from the Construction Subaccount held pursuant to the Indenture of Trust dated as of _____, 2009 (the "Indenture") between the City and The First National Bank in Sioux Falls (the "Trustee") as follows:

- (A) Series. This disbursement shall be made from the proceeds of the City's Water Revenue Bonds, Series 2009 (the "Bonds").
- (B) Amount. Amount to be disbursed: \$_____.
- (C) Payees.

<u>Name</u>	<u>Amount</u>
	\$

- (D) General Description of the work to be paid or reimbursed:

- (E) Certifications:

(1) The disbursement requested hereby is for costs which have not previously been paid or reimbursed from Bond proceeds.

(2) The disbursement will be applied solely to costs properly incurred for Project Costs (as defined in the Indenture).

CITY OF RAPID CITY, SOUTH DAKOTA

Date: _____

Representative