

RESOLUTION 2012-039

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

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

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

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

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

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

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

(E) The City is authorized under Section 3.16.060 of the City Code to allocate up to 8% of the revenue generated by the Sales Tax levied in Sections 3.16.010 and 3.16.050 to finance the construction, operation and maintenance of the City's utility facilities and streets (the "Pledged Sales Tax").

(F) The City has heretofore issued its Sales Tax Revenue Bonds, Series 2005 (the "Series 2005 Bonds"), in the aggregate principal amount of \$16,270,000, payable as to principal, premium, if any, and interest from the Pledged Sales Tax.

(G) As authorized by the City Code and the Act, the City has determined that it is necessary and desirable to issue additional sales tax revenue bonds under Sections 4-1 and 4-2 of the Original Indenture, in one or more series, to be designated “City of Rapid City, South Dakota, Sales Tax Revenue Refunding Bonds” (the “Bonds”), the proceeds of which would be used, together with any additional funds of the City which might be required, (i) to refund in advance of maturity in a crossover refunding the callable maturities of the Series 2005 Bonds (the “Refunded Bonds”), outstanding in the aggregate principal amount of \$4,395,000 and (ii) to pay the costs of issuance of the Bonds (including an original issue discount not to exceed 2% of the par amount of the Bonds and any bond insurance premium as may be required). The Bonds will be issued pursuant the Indenture of Trust, dated as of August 15, 2005 (the “Original Indenture”), as supplemented by a First Supplemental Indenture of Trust (the “Supplemental Indenture,” the Original Indenture, as amended and supplemented by the Supplemental Indenture is referred to herein as the “Indenture”), between the City and the Trustee.

Section 2. Authorization of Bonds.

(A) The City hereby authorizes the issuance of the Bonds in accordance with the provisions of the Act, the City Code, the Indenture and this Resolution. The Bonds shall be issued in the principal amount not to exceed the amount necessary to provide for the refunding of the Refunded Bonds and to pay the costs of issuance, including bond insurance premium, if any, plus any additional principal amount of bonds (not exceeding 2% of the principal amount of the bonds) necessary as an allowance for original issue discount; all subject to the limitations of the laws of the State of South Dakota and of the Internal Revenue Code of 1986 (the “Code”). The Original Indenture permits the issuance of additional bonds payable on a parity with the Outstanding Bonds, as defined therein; and it is hereby found that the tests set forth in the Original Indenture for the issuance of additional bonds can be met.

(B) The Bonds shall be issued in such form, mature at the time or times and on such terms, consistent with this Resolution, as shall be provided in the Supplemental Indenture and other agreements whose execution and delivery is authorized by Section 6 of this Resolution, provided that the Bonds shall mature not later than four (4) years from their date of issue.

(C) The Bonds shall bear interest at the rate or rates per annum provided in the Supplemental Indenture authorized by Section 6 of this Resolution, but the average yield on the Bonds shall not exceed 1.50% per annum.

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

Section 3. Pledge of Sales Tax. A portion of the Sales Tax collections, defined herein as the Pledged Sales Tax, shall be pledged and appropriated to the payment of the Bonds as set forth in the Indenture.

Section 4. Retention of Managing Underwriter, Bond Counsel and Disclosure Counsel and Trustee. The City hereby retains Dougherty & Company, LLC, in Minneapolis, Minnesota, as senior managing underwriter (the “Underwriter”), together with such other underwriters as may be named in the Bond Purchase Agreement described below, for the purpose of underwriting the Bonds. The City hereby retains the firm of Dorsey & Whitney LLP, Minneapolis, Minnesota, to act as bond counsel and disclosure counsel with respect to the Bonds. The City hereby retains The First National Bank in Sioux Falls, in Sioux Falls, South Dakota as the Registrar, Trustee and Paying Agent for the Bonds.

Section 5. Official Statement. The Mayor, Finance Officer and the City Attorney, are authorized, in cooperation with the Underwriter, to prepare an Official Statement to be distributed to prospective purchasers of the Bonds. The Mayor and the Finance Officer are hereby authorized and directed to approve, and, if requested, to execute the Official Statement.

Section 6. Authorization of Documents. In connection with the authorization, issuance and delivery of the Bonds, the officers of the City designated by Section 7 of this Resolution shall enter into, execute and deliver the following indenture, agreements and documents:

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

(B) the Bond Purchase Agreement or similar agreement providing for sale of Bonds at a purchase price of not less than 99% of the par amount (exclusive of original issue discount not exceeding 2%) of the Bonds plus accrued interest;

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

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

Section 7. City Officers. The Mayor, City Finance Officer and City Attorney of the City are hereby authorized and directed to execute and deliver the indenture, agreements and documents authorized by Section 6 hereof. Execution and delivery of such items by the Mayor, City Finance Officer and City Attorney shall constitute evidence that such items are consistent with the terms of this Resolution and have been duly authorized, executed and delivered by the City and are enforceable against the City in accordance with their terms, subject to customary exceptions relating to bankruptcy, reorganization, insolvency and other laws affecting creditors' rights. The Mayor, City Finance Officer and City Attorney are further authorized to take such

other actions as may be required to effectuate the terms and intent of this Resolution. In the event of the absence or disability of the Mayor, City Finance Officer or City Attorney, the President of the City Council, the Assistant Finance Officer or the Assistant City Attorney are hereby authorized to act in the place and stead of the Mayor, City Finance Officer and City Attorney, and to take all actions and execute all documents approved hereby. The City Finance Officer is authorized to designate the Bonds as "qualified tax exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended, if bond counsel determines that such designation is appropriate.

Section 8. Ratification. All actions heretofore taken by the City or any of its officers in connection with the Bonds are hereby ratified and confirmed.

Section 9. Amendment. This Resolution may be amended at any time prior to the issuance of the Bonds by adoption of an administrative resolution.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

(SEAL)

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Mayor

ATTEST:

\_\_\_\_\_  
Finance Officer

Adopted: \_\_\_\_\_, 2012.

Published: \_\_\_\_\_, 2012.

Effective Date: \_\_\_\_\_, 2012.