RESOLUTION 2012-084

A RESOLUTION AUTHORIZING THE ISSUANCE OF SALES TAX REVENUE 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 "Sales Tax Ordinance" or "Ordinance"), pursuant to the Act imposing the sales tax authorized by the Act within the City, such tax being hereinafter referred to as the "Sales Tax".

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

(E) The City is authorized under Section 3.16.060 of the Ordinance 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 original aggregate principal amount of $16,270,000, payable as to principal, premium, if any, and interest from the Pledged Sales Tax, pursuant to an Indenture of Trust, dated as of August 15, 2005 (the "Original Indenture"), between the City and The First National Bank in Sioux Falls, in Sioux Falls, South Dakota (the "Trustee").

(G) As authorized by the Ordinance 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 Bonds," (the "Bonds"), the proceeds of which would be used, together with any additional funds of the City which might be required, (i) to finance the cost of improvements to the City's utility facilities and streets (the "Improvements"), (ii) to fund a reserve fund and (iii) 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 to the Original Indenture, as amended and 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 Ordinance, the Indenture and this Resolution. The Bonds shall be issued in a principal amount not to exceed the amount necessary to pay construction costs of the Improvements in the approximate amount of $22,000,000, plus amounts necessary to fund a reserve account and pay costs of issuance of the Bonds, including original issue discount, underwriter's discount and any bond insurance premium, all subject to the limitations of the laws of the State of South Dakota and of the Internal Revenue Code of 1986 (the "Code"). 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 on a date or dates not to exceed 21 years from the date of issue 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.

(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 interest rate of the Bonds shall not exceed 5.00% 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, Registrar and Paying Agent. The City hereby retains Dougherty &

Company LLC, in Minneapolis, Minnesota, as senior managing underwriter (the "Managing Underwriter"), together with such other underwriters, as approved by the Managing Underwriter, 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 trustee under the Indenture and as registrar and paying agent for the Bonds.

Section 5. Official Statement. The Bonds will be offered for sale by means of an Official Statement. The Mayor, the City Attorney, and the Finance Officer, are authorized, in cooperation with the Managing Underwriter and Bond Counsel, to prepare a Preliminary Official Statement to be distributed to prospective purchasers of the Bonds. The Finance Officer is hereby authorized on behalf of the City to deem the Preliminary Official Statement a "final" official statement as of its date, in accordance with Rule 15c2-12(b)(1) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Mayor and the Finance Officer are hereby authorized and directed to approve, and, if requested, to execute the final Official Statement to be prepared substantially in the form of the Preliminary Official Statement, including final pricing terms. Execution of the Official Statement by appropriate officers of the City shall be conclusive as to the approval thereof by this Council. The City hereby consents to the distribution of the Preliminary Official Statement and the Official Statement to prospective purchasers of the Bonds.

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 the Bonds at a purchase price of not less than 99.3 % of the par amount (exclusive of original issue discount not exceeding 2%) of the Bonds, plus accrued interest, if any;

(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, such other officers of the City as, in the opinion of the City Attorney act in the absence of such officers, are hereby authorized to act in the place and stead of the Mayor, City Finance Officer and City Attorney, and to take all actions and execute all documents approved hereby.

Section 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) _____
Mayor

ATTEST:

_____
Finance Officer

Adopted: _____, 2012.

Published: _____, 2012.

Effective Date: _____, 2012.