

A RESOLUTION AUTHORIZING THE ISSUANCE OF GROSS RECEIPTS REVENUE BONDS, SERIES 2008, OF THE CITY OF RAPID CITY, SOUTH DAKOTA; PLEDGING THE REVENUES OF THE GROSS RECEIPTS TAX 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 10-52A-2, South Dakota Codified Laws (the “Act”), to levy an additional “non-ad valorem tax” (as defined by the Act) of one percent upon the gross receipts of all leases or rentals of hotel, motel, campsites or other lodging accommodations within the City for periods of less than 28 consecutive days, or sales of alcoholic beverages as defined in Section 35-1-1, South Dakota Codified Laws, or establishments where the public is invited to eat, dine or purchase and carry out prepared food for immediate consumption, or ticket sales or admissions to places of amusement, athletic and cultural events, or any combination thereof; and the City has adopted and enacted Chapter 3.16.040 of the Rapid City Municipal Code (as so amended, the “Ordinance”), pursuant to the Act, imposing the gross receipts tax authorized by the Act within the City, such tax being hereinafter referred to as the “Gross Receipts Tax.”

(D) The City may issue municipal non-ad valorem tax revenue bonds pursuant to Section 10-52A-14 of the Act and Chapter 6-8B, South Dakota Codified Laws, in anticipation of the collection of the Gross Receipts Tax. Such bonds are required to be payable solely from collections of the Gross Receipts Tax, and the City is required to covenant that it will continue to impose and collect the Gross Receipts Tax so long as such bonds are outstanding.

(E) As authorized by the Ordinance and the Act, the City has determined that it is necessary and desirable to issue gross receipts revenue bonds to be designated “City of Rapid City, South Dakota, Gross Receipts Revenue Bonds, Series 2008” (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 (the “Improvements”) to the existing Rushmore Plaza Civic Center, including the construction and reconstruction of improvements to the roof

and heating and cooling system and the construction of additional parking facilities, (ii) to fund a reserve fund, if deemed advisable, (iii) to pay the costs of issuance of the Bonds and the premium for bond insurance, if any, and (iv) to provide an allowance for original issue discount. The Bonds will be issued pursuant to an Indenture of Trust (the "Indenture"), to be entered into with The First National Bank in Sioux Falls, Sioux Falls, South Dakota, as trustee.

Section 2. Authorization of Bonds.

(A) The City hereby authorizes the issuance of the 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 an amount not exceeding \$5,000,000, fund a reserve account and pay costs of issuance of the Bonds, including original issue discount, underwriter's discount and any bond insurance premium, all subject to the limitations of the laws of the State of South Dakota and of the Internal Revenue Code of 1986 (the "Code").

(B) The 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 Indenture and other agreements whose execution and delivery is authorized by Section 5 of this resolution.

(C) The Bonds shall bear interest at the rate or rates per annum provided in the Indenture authorized by Section 5 of this resolution, but the average yield of the Bonds shall not exceed 5.25% per annum.

(D) The Bonds shall be special, limited obligations of the City, payable solely from the Gross Receipts 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 Gross Receipts Tax. The Gross Receipts Tax collections 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 underwriter, 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. Authorization of Documents. In connection with the authorization, issuance and delivery of the Bonds, the officers of the City designated by Section 6 of this resolution shall enter into, execute and deliver the following indenture, agreements and documents:

(A) the Indenture to provide for the issuance of the 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 (exclusive of original issue discount not to exceed 2% of the principal amount of the Bonds) of not less than 99.1% of par, 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 6. City Officers. The Mayor, City Finance Officer and City Attorney of the City are hereby authorized and directed to execute and deliver the indenture, agreements and documents authorized by Section 5 hereof. Execution and delivery of such items by the Mayor, City Finance Officer and City Attorney shall constitute evidence that such items are consistent with the terms of this resolution and have been duly authorized, executed and delivered by the City and are enforceable against the City in accordance with their terms, subject to customary exceptions relating to bankruptcy, reorganization, insolvency and other laws affecting creditors' rights. The Mayor, City Finance Officer and City Attorney are further authorized to take such other actions as may be required to effectuate the terms and intent of this resolution. In the event of the absence or disability of the Mayor, City Finance Officer or City Attorney, such other officers of the City as, in the opinion of the City Attorney act in the absence of such officers, are hereby authorized to act in the place and stead of the Mayor, City Finance Officer and City Attorney, and to take all actions and execute all documents approved hereby. 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 7. Ratification. All actions heretofore taken by the City or any of its officers in connection with the Bonds are hereby ratified and confirmed.

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

Dated this 5th day of May, 2008.

Mayor

(SEAL)

ATTEST:

Finance Officer

Adopted: May 5, 2008.

Published: _____, 2008.

Effective Date: _____, 2008.