

APPENDIX B

FORM OF BORROWER BOND

FOR VALUE RECEIVED, the undersigned, the City of Rapid City, South Dakota (the "Borrower"), promises to pay, but only from the sources described herein, to the order of the South Dakota Conservancy District (the "District"), or its successors and assigns, the principal sum equal to the sum of the amounts entered on Schedule A hereto under "Total Amount Advanced," less the amount of principal forgiven pursuant to Section 4.2 of the Loan Agreement, with interest on each such amount from the date such amount is advanced hereunder at the rate of 2.50% per annum on the unpaid balance until paid. In addition, the Borrower shall pay an Administrative Expense Surcharge on the outstanding principal amount of this Borrower Bond at a rate of .50% per annum. The said principal and interest and Administrative Expense Surcharge shall be payable in quarterly installments, each payable on the first day of February, May, August and November of each year (each such date for payment of principal, interest or Administrative Expense Surcharge is referred to herein as a "Loan Payment Date") commencing on the first Loan Payment Date occurring after the Initial Loan Amortization Date plus an initial payment representing accrued interest and Administrative Expense Surcharge payable on the Initial Loan Amortization Date, all subject to revision as required by Section 5.1 of the Loan Agreement (as defined below) if the Initial Loan Amortization Date occurs before _____, 201_. Each installment shall be in the amount set forth opposite its due date in Schedule B hereto under "Payment Amount." The portion of each such payment consisting of principal, the portion consisting of interest and the portion consisting of Administrative Expense Surcharge shall be as set forth in Schedule B hereto.

Upon each disbursement of Loan amounts to the Borrower pursuant to the Loan Agreement described below, the District shall enter (or cause to be entered) the amount advanced on Schedule A under "Advances" and the total amount advanced under the Loan Agreement, including such disbursement under "Total Amount Advanced." The District shall prepare Schedule B and revised Schedules B, or cause Schedule B and revised Schedules B to be prepared, as provided in ~~Section~~ [Sections 4.2 and 5.1](#) of the Loan Agreement described below. Schedule B shall be calculated and recalculated on a substantially level annual debt service basis assuming a combined interest and Administrative Expense Surcharge rate of 3.00% per annum. Past-due payments of (i) principal and interest and (ii) the Administrative Expense Surcharge shall bear interest at the rate of 8% per annum, compounded on each Loan Payment Date, until paid. Interest on the unpaid principal amount hereof and Administrative Expense Surcharge shall be calculated on the basis of a 360-day year made up of 12 months of 30 days each.

All payments under this Borrower Bond shall be payable at the principal corporate trust office of The First National Bank in Sioux Falls, in Sioux Falls, South Dakota, or such other place as the District may designate in writing.

This Borrower Bond is issued pursuant to and is secured by a certain Loan Agreement, dated the date hereof (the "Loan Agreement"), by and between the Borrower and the District, the terms and provisions of which are incorporated herein by reference. This Borrower Bond is further secured by