

RESOLUTION NO. 2010-10

Resolution authorizing the execution, terms, issuance, sale and payment of General Obligation Crossover Refunding Bonds in the aggregate principal amount of not to exceed Two Million Five Hundred Thousand and 00/100 (\$2,500,000) of the City of Sturgis of Meade County, South Dakota.

WHEREAS, the City of Sturgis is authorized by the provisions of SDCL §§ 6-8B-30 through 6-8B-52 to issue General Obligation Crossover Refunding Bonds to refund and refinance validly issued outstanding General Obligation Bonds of the City; and

WHEREAS, the City Council has determined that refunding certain General Obligation Bonds of the City will reduce the interest expense to the City; and

WHEREAS, the City Council has determined that is necessary and in the best interest of the City to issue General Obligation Crossover Refunding Bonds of the City for the purpose of providing funds to (i) crossover refund on December 1, 2010 the June 1, 2011 through June 1, 2021 maturities of the City's General Obligation Refunding Bonds, Series 2002; and (ii) pay the costs of issuance of the Bonds described herein.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STURGIS OF MEADE COUNTY, AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.1. Definition of Terms.

In addition to the words and terms elsewhere defined in this Bond Resolution, the following words and terms as used herein, whether or not the words have initial capitals, shall have the following meanings, unless the context or use indicates another or different meaning or intent, and such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms herein defined:

"Act" means collectively SDCL Chapter 6-8B and Title 13-16, as amended.

"Authorized Officer of the City" means the Mayor and the Finance Officer, or, in the case of any act to be performed or duty to be discharged, any other member, officer, or employee of the City then authorized to perform such act or discharge such duty.

"Bonds" means not to exceed \$2,500,000 in aggregate principal amount of General Obligation Crossover Refunding Bonds, Series 2010A, dated in 2010, or such other designation or date as shall be determined by the City Council pursuant to Section 8.1 hereof, authorized and issued under the Bond Resolution.

"Bond Counsel" means Meierhenry Sargent LLP, a firm of attorneys recognized as having experience in matters relating to the issuance of state or local governmental obligations.

"Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical Bond Bonds in fully registered form are issued to a Depository or to its nominee as Registered Owner, with the certificated Bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the City or the Registration Agent, constitute the written record that identifies, and records the transfer of the beneficial "book-entry" interests in those Bonds.

"Bond Payment Date" means each date on which interest, or both principal and interest, shall be payable on the Bonds so long as any of the Bonds shall be outstanding.

"Bond Resolution" means the within Resolution, duly adopted by the City Council on April 5, 2010, as it may be amended from time to time.

"Bondholder", "Holder" and "Registered Owner" means the registered owner of a Bond, including any nominee of a Depository.

"City" means the City of Sturgis, Meade County, South Dakota.

"City Council" means the Common Council elected pursuant to the provisions of SDCL Chapter 9-8.

"City of Sturgis" means the City of Sturgis, Meade County, South Dakota.

"Closing Date" means the date of delivery and payment of the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the United States Department of Treasury promulgated thereunder as in effect on the date of issuance of the Bonds.

"Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to DTC.

"DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system.

"DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns.

"Escrow Agent" means Wells Fargo Bank, NA, Minneapolis, Minnesota, as Escrow Agent under the Escrow Agreement, or its successor or successors under the terms of the Escrow Agreement.

"Escrow Agreement" means the Refunding Escrow Agreement.

"Finance Officer" means the Finance Officer of the City appointed pursuant to the provisions of South Dakota Codified Laws Title 9 or, in the absence of such appointment or in the event the person so appointed is unable or incapable of acting in such capacity, the person appointed by the Mayor and approved by the City Council to perform the duties otherwise performed by the Finance Officer, or his/her designee.

"Interest Payment Date" means June 1 and December 1 of each year commencing December 1, 2010 and concluding June 1, 2021.

"Letter of Representation" means the Issuer Letter of Representations or Blanket Issuer Letter of Representations to DTC of the City.

"Mayor" means the Mayor elected pursuant to the provisions of the SDCL 9-13 or his or her designee acting on his or her behalf pursuant to the Charter.

"Net Revenues" means the revenues of the Water System and Wastewater System after paying costs of operations and maintenance.

"Official Statement" and "Preliminary Official Statement" means that Official Statement and Preliminary Official Statement described in Section 8.2 hereof pertaining to the sale of the Bonds.

"Outstanding," "Bonds Outstanding," or "Outstanding Bonds" means, as of a particular date all Bonds issued and delivered under this Bond Resolution except: (1) any Bond paid or redeemed or otherwise canceled by the City at or before such date; (2) any Bond for the payment of which cash, equal to the principal amount thereof with interest to date of maturity, shall have theretofore been deposited prior to maturity by the City for the benefit of the Owner thereof; (3) any Bond for the redemption of which cash, equal to the redemption price thereof with interest to the redemption date, shall have theretofore been deposited with the Registration Agent and for which notice of redemption shall have been mailed in accordance with this Bond Resolution; (4) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to this Resolution, unless proof satisfactory to the City is presented that any Bond, for which a Bond in lieu of or in substitution therefor shall have been delivered, is held by a bona fide purchaser, as that term is defined in Article 8 of the Uniform Commercial Code of the State, as amended, in which case both the Bond in lieu of or in substitution for which a new Bond has been delivered and such new Bond so delivered therefor shall be deemed Outstanding; and, (5) any Bond deemed paid under the provisions of Article VII of this Resolution, except that any such Bond shall be considered Outstanding until the maturity or redemption date thereof only for the purposes of being exchanged, transferred, or registered.

"Paying Agent" means Wells Fargo Bank, NA, Minneapolis, Minnesota or his or her successor or successors hereafter appointed in the manner provided in Article VI hereof.

"Person" means an individual, partnership, corporation, trust, or unincorporated organization, or a governmental entity or agency or political subdivision thereof.

“President” means the President of the City Council who may act for the Mayor in the absence of the Mayor.

"Purchase Agreement" means the Bond Purchase Agreement authorized pursuant to and described in Section 8.1 hereof by and between the City and the Underwriter.

“Record Date” means the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date.

"Refunded Bonds" means the General Obligation Refunding Bonds, Series 2002.

"Refunding Escrow Agreement” means the Agreement with Escrow Agent relating to the Refunded Bonds.

"Registration Agent" means Wells Fargo Bank, NA, Minneapolis, Minnesota or his or her successor or successors hereafter appointed in the manner provided in Article VI hereof.

"Resolution" means this Bond Resolution.

"Schedule" means the schedule which indicates the principal and interest payments on the Bonds.

"Series 2002 Bonds" means the City’s outstanding General Obligation Refunding Bonds, Series 2002, dated February 15, 2002, as follows:

<u>Maturity</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>
June 1, 2011	\$ 130,000	4.35%
December 1, 2011	130,000	4.35%
June 1, 2012	135,000	4.45%
December 1, 2012	135,000	4.45%
June 1, 2013	140,000	4.55%
December 1, 2013	140,000	4.55%
June 1, 2014	150,000	4.70%
December 1, 2014	150,000	4.70%
June 1, 2015	130,000	4.80%
December 1, 2015	105,000	4.80%
June 1, 2021	825,000	5.05%

"Underwriter" means Northland Securities, Minneapolis, Minnesota, acting for and on behalf of themselves and such securities dealers as they may designate.

“Water System” means the water system or systems of the City.

“Wastewater System” means the wastewater system of systems of the City.

“Verification Agent” means Grant Thorton, LLP, Minneapolis, Minnesota or any other firm that the Authorized Officers of the City appoint.

Section 1.2. References to Resolution.

The words "hereof", "herein", "hereunder", and other words of similar import refer to this Bond Resolution as a whole.

Section 1.3. References to Articles, Sections, Etc.

References to Articles, Sections, and other subdivisions of this Bond Resolution are to the designated Articles, Sections, and other subdivisions of this Bond Resolution as originally adopted.

Section 1.4. Headings.

The headings of this Bond Resolution are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

FINDINGS

Section 2.1.

It is hereby found and determined by the City Council as follows:

- (a) The refunding of the Refunded Bonds as set forth herein through the issuance of the Bonds will result in the reduction in debt service payable by the City over the term of the Refunded Bonds thereby effecting a cost savings to the public;
- (b) It is advantageous to the City to deposit a portion of the proceeds from the sale of the Bonds and other funds of the City, if any, with the paying agent of the Refunded Bonds, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds.
- (c) The City hereby determines that all limitations upon the issuance of Bonds have been met and the Bonds are being authorized, issued and sold in accordance with the provisions of §§ 6-8B-30 to 6-8B-52, inclusive.

ARTICLE III

AUTHORITY, PLEDGE, AND COLLECTION OF TAXES

Section 3.1. Authority.

In order to (i) refund the Refunded Bonds and (ii) pay costs incident to the sale and issuance of the Bonds, there shall be issued pursuant to, and in accordance with, the provisions of the Act,

the Bond Resolution, and other applicable provisions of law, General Obligation Crossover Refunding Bonds of the City in the aggregate principal amount of not to exceed \$2,500,000.

Section 3.2. Pledge.

The Bonds will be secured by a pledge of (i) Net Revenues derived from the operation of the Water System and Wastewater System (the “Systems”). It is expected that such Net Revenues and funds will produce amount in excess of the amounts needed to meet the principal and interest when due on the Bonds.

Nevertheless, the Bonds are general obligations of the City payable from ad valorem taxes without limit levied against all taxable property in said City, sufficient in rate and amount to pay the interest on and principal of said Bonds as the same become due, without limitation as to rate or amount.

Section 3.3. Levy and Collection of Taxes.

The City does hereby levy an amount, taking into account amounts uncollected in each year, sufficient to pay principal and interest on the Bonds when due. The City agrees and covenants to impose and collect the General Obligation as long as the Bonds are outstanding in accordance with SDCL 13-16. If there exists sufficient funds from the Net Revenues of the Water System and Wastewater System, said levy will not be spread.

ARTICLE IV

FORM, TERMS, EXECUTION, AND TRANSFER OF BONDS

Section 4.1. Authorized Bonds;

The aggregate principal amount of Bonds that may be issued under the Bond Resolution shall not exceed Two Million Five Hundred Thousand and 00/100 Dollars (\$2,500,000).

Section 4.2. Form of Bonds; Execution.

(a) The Bonds are issuable only as fully registered Bonds, without coupons, in the denomination of Five Thousand Dollars (\$5,000) or any integral multiple thereof. All Bonds issued under the Resolution shall be substantially in the form set forth in Exhibit A attached hereto, and by this reference incorporated herein as fully as though copied.

(b) The Bonds shall be executed in such manner as may be prescribed by applicable law in the name and on behalf of the City with the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the Finance Officer, and approved as to form and countersigned by a Resident Attorney by his manual or facsimile signature.

(c) In the event any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such manual or such facsimile

signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until such delivery. Any Bond may bear the facsimile signature of, or may be manually signed by, such individuals who, at the actual time of the execution of such Bond, were the proper officers of the City to sign such Bond, although on the date of the adoption by the City of this Resolution, such individuals may not have been such officers.

Section 4.3. Maturities, Interest Rates, and Certain Other Provisions of Bonds.

(a) The Bonds shall become due and payable semi-annually of each of the years (subject to Optional Redemption of certain official Bonds as hereinafter provided) in the amount and bearing interest per annum as negotiated with the Underwriter.

(b) The Bonds shall be designated "General Obligation Crossover Refunding Bonds, Series 2010A", or such other designation as shall be determined by the City Council pursuant to Section 8.1 hereof. The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Bond is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on Interest Payment Date, commencing on December 1, 2010 and semiannually thereafter. Interest on each Bond shall be paid by wire transfer, check or draft of the Paying Agent, payable in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the Record Date. The principal of the Bond shall be payable in lawful money of the United States of America at the principal office of the Paying Agent.

(c) The Registration Agent shall make all interest payments with respect to the Bonds on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the Record Date by wire transfer, check or draft mailed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the City in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

Section 4.4. Negotiability of Bonds.

All Bonds issued under this Resolution shall be negotiable, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds.

Section 4.5. Registration, Transfer and Exchange of Bonds.

(a) The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the

legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the City to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Bonds of the same maturity in any authorized denomination or denominations.

- (b) Except as otherwise provided in this subsection, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody. Unless otherwise provided herein, a Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership affected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are herein referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS BOND RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co., as provided in the Letter of Representation. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. Neither the City nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the City determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the City may discontinue the Book-Entry System with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

NEITHER THE CITY NOR THE REGISTRATION AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS BOND RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE HERewith, THE PROVISIONS OF THIS RESOLUTION RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES SHALL BE DEEMED INAPPLICABLE OR BE OTHERWISE SO CONSTRUED AS TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM. IF THE PROVISIONS OF THE LETTER OF REPRESENTATION SHALL BE IN CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION AS SAID PROVISIONS RELATE TO DTC, THE PROVISIONS OF THE LETTER OF REPRESENTATION SHALL CONTROL.

Section 4.6. Mutilated, Lost, Stolen, or Destroyed Bonds.

(a) In the event any Bond is mutilated, lost, stolen, or destroyed, the City may execute, and upon the request of an Authorized Officer of the City the Registration Agent shall authenticate and

deliver, a new Bond of like maturity, interest rate, and principal amount, and bearing the same number (but with appropriate designation indicating that such new Bond is a replacement Bond) as the mutilated, destroyed, lost, or stolen Bond, in exchange for the mutilated Bond or in substitution for the Bond so destroyed, lost, or stolen. In every case of exchange or substitution, the Bondholder shall furnish to the City and the Registration Agent: (1) such security or indemnity as may be required by them to save each of them harmless from all risks, however remote; and, (2) evidence to their satisfaction of the mutilation, destruction, loss, or theft of the subject Bond and the ownership thereof. Upon the issuance of any Bond upon such exchange or substitution, the City and the Registration Agent may require the Owner thereof to pay a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including printing costs and counsel fees, of the City and the Registration Agent. In the event any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost, or stolen, the City may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the Owner thereof shall pay all costs and expenses, including attorneys fees, incurred by the City and the Registration Agent in connection herewith, as well as a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and shall furnish to the City and the Registration Agent such security or indemnity as they may require to save them harmless and evidence to the satisfaction of the City and the Registration Agent the mutilation, destruction, loss, or theft of such Bond and of the ownership thereof.

(b) Every Bond issued pursuant to the provisions of this section shall constitute an additional contractual obligation of the City (whether or not the destroyed, lost, or stolen Bond shall be found at any time to be enforceable) and shall be entitled to all the benefits of this Bond Resolution equally and proportionately with any and all other Bonds duly issued under this Bond Resolution.

(c) All Bonds shall be held and owned upon the express condition that the provisions of this Section are exclusive, with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Bonds, and, to the maximum extent legally permissible, shall preclude all other rights or remedies, notwithstanding any law or statute now existing or hereafter enacted to the contrary.

Section 4.7. Authentication.

The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the Underwriter or as it may designate upon receipt by the City of the proceeds of the sale thereof, to authenticate and deliver Bonds in exchange for Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an officer thereof on the certificate set forth herein on the Bond form.

Section 4.8. Qualification for DTC.

The Registration Agent is hereby authorized to take such actions as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by the DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the Owners of the Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

Section 4.9. Additional Bonds.

The City may issue additional debt payable from General Obligation provided (i) the City is current in the payment of principal and interest on the Bonds and is current in the accumulations required for the Principal and Interest Account, (ii) the City is in compliance with the covenants contained in the Resolution, and either (iii) the General Obligation collected by the City in the last preceding fiscal year (as determined by the City) is sufficient to cover 1.25 times the combined average annual principal and interest requirements on the all Outstanding Bonds, and the proposed parity lien bonds, or (iv) the estimated General Obligation to be collected in the fiscal year in which the proposed parity lien bonds will be issued shall be at least equal to 1.25 times the combined average annual principal and interest requirements of the Outstanding Bonds and the proposed parity lien bonds.

ARTICLE V

REDEMPTION OF BONDS PRIOR TO MATURITY

Section 5.1. Optional Redemption

The Bonds shall be subject to optional redemption as set forth in the Purchase Agreement.

Section 5.2. Notice of Redemption.

(a) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The Registration Agent shall mail said notices, in the case of mandatory redemption of term Bonds, as and when provided herein and in the Bonds, and, in the case of optional redemption, as and when directed by the City pursuant to written instructions from an Authorized Representative of the City given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent).

(b) Each notice required by this Section shall state: (1) the Bonds to be redeemed identified by CUSIP number and called amounts of each bond (for partial calls), date of issue, interest rate, and maturity date; (2) the date fixed for redemption; (3) that such Bonds will be redeemed at the principal corporate trust office of the Registration Agent; (4) the redemption price to be paid; and, (5) that from and after the redemption date interest thereon shall cease to accrue. If at the time of notice of optional redemption, the City shall not have deposited with the Registration Agent monies sufficient to redeem all the Bonds called for optional redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption monies with the Registration Agent not later than the opening of business on the redemption date, and such notice shall be of no effect unless monies are so deposited.

Section 5.3. Payment of Redeemed Bonds.

(a) If notice of redemption shall have been given in the manner and under the conditions provided in Section 5.2 hereof and if on the date so designated for redemption the Registration Agent shall hold sufficient monies to pay the redemption price of, and interest to the redemption date on, the Bonds to be redeemed as provided in this Bond Resolution, then: (1) the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date; (2) interest on the Bonds so called for redemption shall cease to accrue; and, (3) such Bonds shall no longer be Outstanding or secured by, or be entitled to, the benefits of the Resolution, except to receive payment of the redemption price thereof and interest thereon from monies then held by the Registration Agent.

(b) If on the redemption date, monies for the redemption of all Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, shall not be held by the Registration Agent so as to be available therefor on such date, the Bonds or portions thereof so called for redemption shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption and shall continue to be secured by and be entitled to the benefits of the Resolution.

ARTICLE VI

Section 6.1. Appointment and Acceptance of Duties.

(a) The City hereby authorizes the Finance Officer to appoint the Registration and Paying Agent with respect to the Bonds and authorizes and directs the Registration Agent to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the City, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the City at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the City at least annually an audit confirmation of Bonds paid, Bonds Outstanding and payments made with respect to interest on the Bonds. The Mayor and the Finance Officer, or either of them is hereby authorized to execute and the Finance Officer is hereby authorized to attest such written agreement between the City and the Registration Agent as they shall deem necessary or proper with respect to the obligations, duties

and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

Section 6.2. Permitted Acts and Functions.

The Registration Agent may become the Owner of any Bonds, with the same rights as it would have if it were not a Registration Agent. The Registration Agent may act as an underwriter or fiscal agent in connection with the sale of the Bonds or of any other securities offered or issued by the City.

Section 6.3. Resignation or Removal of the Registration Agent and Appointment of Successors.

(a) The Registration Agent may at any time resign and be discharged of the duties and obligations created by the Bond Resolution by giving at least sixty (60) calendar days' written notice to the Mayor. The Registration Agent may be removed at any time by the Finance Officer, provided that such removal does not constitute a breach of any contractual agreement with any such Registration Agent, by filing written notice of such removal with such Registration Agent. Any successor Registration Agent shall be appointed by the Mayor and shall be a trust company or a bank having the powers of a trust company, willing to accept the office of Registration Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Bond Resolution.

(b) In the event of the resignation or removal of the Registration Agent, such Registration Agent shall pay over, assign and deliver any monies and securities held by it as Registration Agent, and all books and records and other properties held by it as Registration Agent, to its successor, or if there be no successor then appointed, to the Finance Officer until such successor be appointed.

Section 6.4. Merger or Consolidation of Registration Agent.

Any corporation or association into which the Registration Agent 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 shall be and become successor Registration Agent hereunder and shall be vested with all the trusts, powers, discretion, immunities, privileges, and 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 contained to the contrary notwithstanding. Upon any such conversion, merger, consolidation, sale or transfer, the Finance Officer shall have the right and option, upon notice to such converted, merged, consolidated or acquiring entity, to remove such entity and appoint a successor thereto pursuant to the procedures and requirements set forth in Section 6.3 hereof.

Section 6.5. Escrow Agent.

The City Council hereby authorizes the Mayor and Finance Officer to appoint the Escrow Agent.

Section 6.6. Escrow Refunding Agreement.

The Mayor and Finance Officer are authorized to enter into a Refunding Escrow Agreement. The final form of the Refunding Escrow Agreement shall be filed with the Finance Officer and open to public inspection.

Section 6.7. Verification Agent.

The City Council hereby authorizes the Mayor and Finance Officer to appoint the Verification Agent.

ARTICLE VII

Section 7.1. Call and Redemption of Refunded Bonds

The Refunded Bonds shall be called on such date as set forth in the Bond Purchase Agreement after which date said bond shall cease to accrue interest.

ARTICLE VIII

SALE OF BONDS AND DEPOSIT OF PROCEEDS

Section 8.1. Sale of Bonds.

The Bonds shall be sold to the Underwriter at a price set forth in the Bond Purchase Agreement. The Mayor and the Finance Officer, or either of them, in consultation with the Underwriter, are authorized to make such changes in the structuring of the terms and sale of the Bonds as they shall deem necessary to maximize the savings from the refunding of the Refunded Bonds. In this regard, they, or either of them, in consultation with the Underwriter, are authorized to cause to be sold an aggregate principal amount of the Bonds less than that authorized herein, cause fewer than all the Refunded Bonds to be refunded, to sell any or all of the Bonds as term Bonds with annual mandatory redemption requirements which will produce substantially the same annual principal reductions as authorized herein, to change the dated date of the Bonds, and to adjust principal and interest payment dates and redemption dates of the Bonds. The form of the Bond set forth in Exhibit A attached hereto shall be conformed to reflect any changes, if any, as hereinbefore mentioned. The Mayor is hereby authorized to execute and the Finance Officer is authorized to attest the Purchase Agreement with the Underwriter providing for the purchase and sale of the Bonds. The Purchase Agreement shall be in form and content acceptable to the Mayor and Finance Officer, the execution thereof by either of them to constitute conclusive evidence thereof, and approved as to form and legality by the City Attorney; provided the Purchase Agreement effects the sale of the Bonds in accordance with the provisions of this Resolution, and is not inconsistent with the terms hereof. The Mayor and the Finance Officer, or any of them, are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the Underwriter and to execute, publish, and deliver all certificates and documents, including the Official Statement, and closing certificates and documents, as they shall deem necessary in connection with the sale and delivery of the Bonds.

Section 8.2. Official Statement.

The Mayor, Finance Officer, and the Underwriter are hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Bonds in the form of the Preliminary Official Statement attached hereto and by this reference made a part hereof (the "Preliminary Official Statement"). After the Bonds have been sold, the Mayor and Finance Officer shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The Mayor and Finance Officer shall arrange for the delivery to the Underwriter of the Bonds a reasonable number of copies of the Official Statement within seven business days after the Bonds have been sold for delivery by the Underwriter to each potential investor requesting a copy of the Official Statement.

The City agrees to deliver to the Underwriter, at such addresses as the Underwriter shall specify, as many copies of the Official Statement, relating to the Bonds as the Underwriter shall reasonably request as necessary to comply with paragraph (b) (3) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. The City agrees to deliver such copies of the Official Statement (which shall be a final official statement, as such term is defined in the Rule, as of its date) in an electronic format as prescribed by the MSRB within seven business days after the Bonds have been sold.

Section 8.3. Disposition of Bond Proceeds.

The proceeds of the sale of the Bonds shall be disbursed as follows:

(a) An amount which, together with other legally available funds of the City, if any, and investment earnings thereon and on said Bond proceeds, will be sufficient to pay principal of and premium on the Refunded Bonds to their earliest optional redemption dates and interest on the Bonds to and including December 1, 2010 shall be transferred to the Escrow Agent under the Escrow Agreement to be deposited to the escrow fund established thereunder to be held and applied as provided therein;

(b) The remaining proceeds of the sale of the Bonds shall be used to pay the costs of issuance and sale of the Bonds including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, Registration Agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Any funds remaining after payment of said expenses shall be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds.

Section 8.4. Tax Matters.

(a) The City covenants and agrees with the registered owners from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action

which would cause the interest on the Bonds to become includable in gross income for federal income tax purposes under the Code and applicable Treasury Regulations (the "Regulations"), and covenants to take any and all actions within its powers to ensure that the basic interest on the Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

(b) The Mayor and the Finance Officer, being the officers of the City charged with the responsibility for issuing the Bonds pursuant to this Resolution are hereby authorized and directed to execute and deliver to the Underwriter thereof a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds, it is reasonably expected that the proceeds of the Bonds will be used in a manner that would not cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

(c) The City shall file with the Secretary of the Treasury a statement concerning the Bonds containing the information required by Section 149(e) of the Code.

(d) Pursuant to Section 265(b)(3)(B)(ii) of the Code, the City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The City hereby represents that it does not anticipate that obligations bearing interest not includable in gross income for purposes of federal income taxation under Section 103 of the Code (including refunding obligations as provided in Section 265 (b) (3) of the Code and including "qualified 501 (c)(3) Bonds" but excluding other "private activity bonds," as defined in Sections 141(a) and 145(a) of the Code) will be issued by or on behalf of the City and all "subordinate entities" of the City in 2010 in an amount greater than \$30,000,000.

ARTICLE IX

NOTICE OF REFUNDING

Section 9.1 Notice of Refunding.

After the issuance of the Bonds, notice of the City's intention to refund the Refunded Bonds shall be given, at the direction of the Finance Officer, by the respective paying agents for the Refunded Bonds, via first-class mail to the respective Registered Owners of the Refunded Bonds. Such notice shall be in substantially the form as provided in Exhibit B attached hereto and by this reference made a part hereof.

ARTICLE X

MISCELLANEOUS

Section 10.1. Failure to Present Bonds.

(a) Subject to the provisions of Section 4.7 hereof, in the event any Bond shall not be presented for payment when the principal or redemption price hereof becomes due, either at maturity or at the date fixed for prior redemption thereof or otherwise, and in the event monies sufficient to pay such Bond shall be held by the Registration Agent for the benefit of the Owner thereof, all

liability of the City to such Owner for the payment of such Bond shall forthwith cease, determine, and be completely discharged. Whereupon, the Registration Agent shall hold such monies, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such monies for any claim under the Resolution or on, or with respect to, said Bond.

(b) If any Bond shall not be presented for payment within a period of five years following the date when such Bond becomes due, whether by maturity or otherwise, the Registration Agent shall, subject to the provisions of any applicable escheat or other similar law, pay to the City any monies then held by the Registration Agent for the payment of such Bond and such Bond shall (subject to the defense of any applicable statute of limitation) thereafter constitute an unsecured obligation of the City.

Section 10.2. Payments Due on Saturdays, Sundays, and Holidays.

In any case where the date of maturity or interest on or principal of any Bond, or the date fixed for redemption of any Bond, shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions similar to the Registration Agent are authorized by law to close, then the payment of the interest on, or the principal, or the redemption price of, such Bond need not be made on such date but must be made on the next succeeding day not a Saturday, Sunday, or a legal holiday or a day upon which banking institutions similar to the Registration Agent are authorized by law to close, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 10.3. Miscellaneous Acts.

The appropriate officers of the City are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, deliver, and, if applicable file or record, or cause to be filed or recorded, in any appropriate public offices, all such documents, instruments, and certifications, in addition to those acts, things, documents, instruments, and certifications hereinbefore authorized and approved, as may, in their discretion, be necessary or desirable to implement or comply with the intent of the Bond Resolution, or any of the documents herein authorized and approved, or for the authorization, issuance, and delivery by the City of the Bonds.

Section 10.4. Amendment.

The City Council is hereby authorized to make such amendments to the Bond Resolution as will not impair the rights of the Bondholders.

Section 10.5. No Recourse Under Bond Resolution or on Bonds.

All stipulations, promises, agreements, and obligations of the City contained in the Initial Resolutions or the Resolution shall be deemed to be the stipulations, promises, agreements, and obligations of the City and not of any officer, director, or employee of the City in his or her

individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on the Initial Resolution or the Resolution against any officer, director, or employee of the City or against any official or individual executing the Bonds.

Section 10.6. Partial Invalidity.

If any one or more of the provisions of the Bond Resolution, or of any exhibit or attachment thereto, shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, or of any exhibit or attachment thereto, but the Bond Resolution, and the exhibits and attachments thereto, shall be construed the same as if such invalid, illegal, or unenforceable provision had never been contained herein, or therein, as the case may be.

Section 10.7. Continuing Disclosure.

The City hereby covenants and agrees that it will provide financial information and material event notices as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The Mayor is authorized to execute at the Closing of the sale of the Bonds, an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the City to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the City to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 10.8. Post Issuance Compliance.

The City does hereby adopt the Meierhenry Sargent LLP Post Issuance Compliance Procedure Manual as the City's written post issuance compliance procedures with regard to the Bonds. The City appoints the finance officer as the officer in charge of the post issuance compliance procedures.

Section 10.9. Conflicting Resolutions Repealed.

All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

The above and foregoing resolution was moved for adoption by _____,
seconded by _____ and upon roll call vote,

voted aye,

voted nay,

Absent:

whereupon the Mayor declared the resolution to be duly passed and adopted.

Mayor

Attest:

Finance Officer

Adopted:

Published:

Effective Date:

EXHIBIT A-(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH DAKOTA
MEADE COUNTY
CITY OF STURGIS
GENERAL OBLIGATION CROSSOVER REFUNDING BONDS SERIES 2010A

REGISTERED
No. «No»

REGISTERED
\$«AMOUNT» .00

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Bond Date</u>	<u>CUSIP No.</u>
«INTEREST_RATE» %	«maturity»	____, 2010	«cusip»

Registered Owner: Cede & Co.
55 Water Street, 1st Floor.
New York, New York 10041
Tax ID #13-2555119

Principal Amount: «DOLLARLONG» AND NO\100 DOLLARS

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THE BOND SET FORTH ON THE FOLLOWING PAGES, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been done and performed in regular and due form and time as required by law. The Bonds are issued and sold in full compliance in full compliance with South Dakota Codified Laws Sections 6-8B-30 to 6-8B-52 inclusive and are incontestable for any cause whatsoever after their delivery for value.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until it shall have been authenticated by the execution by the Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the City has caused this Bond to be signed by the manual or facsimile signature of its Mayor of the City and to be countersigned by the manual or facsimile signature of its Finance Officer all as of the Bond Date specified above.

ATTEST: City of Sturgis , South Dakota

Finance Officer
COUNTERSIGNED: By:
 Mayor

Resident Attorney

CERTIFICATE OF AUTHENTICATION

This Bond is a Bond of the series designated therein and has been issued under the provisions of the within-mentioned Resolution and the date of its authentication is _____, 2010.

Wells Fargo Bank, NA
Minneapolis, Minneapolis
Bond Registrar and Paying Agent

By: _____
Authorized Officer

KNOW ALL MEN BY THESE PRESENTS: That the City of Sturgis, South Dakota (the "City"), in Meade County, in the State of South Dakota, hereby acknowledges itself to owe and for value received promises to pay, from the General Obligation Bond Fund of the City, to the Registered Owner mentioned above in lawful money of the United States of America, together with interest thereon from the Bond Date mentioned above at the Interest Rate mentioned above. The interest hereon is payable December 1, 2010, and semiannually thereafter on June 1 and December 1 in each year to maturity or earlier redemption by wire transfer, check or draft mailed to the Registered Owner at its address as it appears on the Bond registration books of the City maintained by Wells Fargo Bank, NA, Minneapolis, Minnesota, as Bond registrar and paying agent (the "Registrar"), on the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the "Record Date"). The principal hereof due at maturity or upon redemption prior to maturity is payable at the office of Registrar upon presentation and surrender of this Bond at maturity or upon earlier redemption. The principal of, premium (if any) and interest on this Bond is payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

The Bonds: This Bond is one of an authorized issue of Bonds limited in aggregate principal amount to a maximum of \$2,500,000 (the "Bonds") all of like date and tenor except as to maturity, interest rates and privileges of redemption, the proceeds of this issue combined with interest earnings will be used for the purpose of providing funds to 1) refund General Obligation Refunding Bonds, Series 2002; and 2) pay the costs of issuance of the Bonds, pursuant to a resolution duly and regularly adopted by the City on April 5, 2010 (the "Bond Resolution"), and are subject to all the provisions and limitations of the Resolution and Chapters 13-16 and Sections 6-8B-30 to 6-8B-52, South Dakota Codified Laws, as amended.

[Redemption: Redemption Language to be inserted]

This Bond is transferable by the registered holder hereof in person or by his attorney duly authorized in writing at the office of the Bond Registrar in Minneapolis, Minnesota, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denomination of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefore.

The City and the Bond Registrar may deem and treat the registered holder hereof as the absolute owner hereof and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

Bank Qualification: The City has in the Resolution designated such issue of Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B)(III) of the Internal Revenue Code of 1986, as amended.

Form of Bond Opinion

_____, 2010

CITY OF STURGIS
MEADE COUNTY, SOUTH DAKOTA
\$ _____ GENERAL OBLIGATION CROSSOVER REFUNDING BONDS
SERIES 2010A

We have acted as bond counsel in connection with the issuance by the City of Sturgis, Meade County, South Dakota, (the "Issuer") of \$ _____ General Obligation Crossover Refunding Bonds, Series 2010A, dated _____, 2010 (the "Bonds"). We have examined the law, Resolution _____ (the "Resolution") and such certified proceedings and other papers as we deemed necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is duly created and validly existing as a body corporate and politic and public instrumentality of the State of South Dakota with the corporate power to adopt and perform the resolution and issue the Bonds.

2. Resolution _____ has been duly adopted by the Issuer on _____, 2010 and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer and enforceable within its terms.

3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding general obligations of the Issuer.

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on certain corporations as defined for federal income tax purposes, such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. (We express no opinion regarding other federal tax consequences arising with respect to the Bonds.)

5. The interest on the Bonds is free from taxation within the State of South Dakota, except for estate, inheritance taxes and taxes imposed on financial institutions under South Dakota Codified Law Chapter 10-43. (We express no opinion regarding other South Dakota tax consequences arising with respect to the Bonds.)

6. The Bonds are qualified tax-exempt obligations within the meaning of Section 265(b)(3)(B)(i)(III) of the Code. The Bonds are eligible for purchase by financial institutions.

7. The offering and sale of the Bonds are exempt from registration under the Securities Act of 1933 and the Resolution is exempt from qualification under the Trust Indenture Act of 1939.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Investors are urged to obtain independent tax advice regarding the Bonds based upon their particular circumstances. The tax discussion above regarding the Bonds was not intended or written to be used and cannot be used, for the purposes of avoiding federal taxpayer penalties. The advice was written to support the promotion or marketing of the Bonds. This notice is intended to comply with the provisions of Section 10.35 of the United States Treasury publication Circular 230.

Meierhenry Sargent LLP

AS PROVIDED IN THE RESOLUTION REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE RESOLUTION, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISIONS OF THE RESOLUTION TO THE CONTRARY, A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE REGISTRAR. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE

PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE RESOLUTION.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE REGISTRAR FOR PAYMENT OF PRINCIPAL, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, DTC OR ITS NOMINEE, HAS AN INTEREST HEREIN.

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

NOTICE: The 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 whatever.

EXHIBIT B
NOTICE OF ADVANCED REFUNDING AND DEFEASANCE
CITY OF STURGIS
STATE OF SOUTH DAKOTA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2002

NOTICE IS HEREBY GIVEN, that the City of Sturgis, South Dakota, has irrevocably deposited with the Wells Fargo Bank, NA, Minneapolis, Minnesota, as Escrow Agent (the “Escrow Agent”), in trust, and irrevocably set aside for such payment, direct obligations of the United States of America and other properties, maturing as to principal and interest and in such amounts and at such times as will ensure the availability of sufficient moneys to pay the principal of, redemption premium, and interest thereon to the redemption of City of Sturgis, South Dakota General Obligation Refunding Bonds, Series 2002 (the “Refunded Bonds”). The lien of the Refunded Bonds on the Pledged Taxes has been defeased.

The Refunded 2002 Bonds consist of the following:

<u>Maturity</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>CUSIP</u>
June 1, 2011	\$ 130,000	4.35%	864133 CY7
December 1, 2011	130,000	4.35%	864133 CZ4
June 1, 2012	135,000	4.45%	864133 DA8
December 1, 2012	135,000	4.45%	864133 DB6
June 1, 2013	140,000	4.55%	864133 DC4
December 1, 2013	140,000	4.55%	864133DD2
June 1, 2014	150,000	4.70%	864133 DE0
December 1, 2014	150,000	4.70%	864133 DF7
June 1, 2015	130,000	4.80%	864133 DG5
December 1, 2015	105,000	4.80%	864133 DH3
June 1, 2021	825,000	5.05%	864133 DJ9

The Refunded Bonds have been refunded and will be redeemed on December 1, 2010, at a price equal to the principal amount of such bonds to be redeemed, plus accrued interest.

A notice of redemption will be mailed to the registered owners of the Refunded Bonds at least thirty days prior to the scheduled redemption date of December 1, 2010.

FIRST NATIONAL BANK IN SIOUX FALLS
As Escrow Agent

_____, 2010

Customer Service Telephone Number (605) 335-5122

This notice is for your information only; you are not required to take any action at this time.

**NOTICE OF REDEMPTION OF
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2002
OF THE CITY OF STURGIS
MEADE COUNTY
STATE OF SOUTH DAKOTA**

GREETINGS BONDHOLDER:

Notice is hereby given to the owners and holders of following Bonds named in the above caption that the City of Sturgis, Meade County, State of South Dakota has exercised its option to call for redemption and payment all of said Bonds prior to their maturity, and such Bonds will be paid on December 1, 2010, upon surrender of said Bonds, and such payment will be at a price of par plus accrued interest up to and including December 1, 2010.

<u>Maturity</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>CUSIP</u>
June 1, 2011	\$ 130,000	4.35%	864133 CY7
December 1, 2011	130,000	4.35%	864133 CZ4
June 1, 2012	135,000	4.45%	864133 DA8
December 1, 2012	135,000	4.45%	864133 DB6
June 1, 2013	140,000	4.55%	864133 DC4
December 1, 2013	140,000	4.55%	864133DD2
June 1, 2014	150,000	4.70%	864133 DE0
December 1, 2014	150,000	4.70%	864133 DF7
June 1, 2015	130,000	4.80%	864133 DG5
December 1, 2015	105,000	4.80%	864133 DH3
June 1, 2021	825,000	5.05%	864133 DJ9

Payment of the Bonds called for redemption will be made upon presentation and surrender of such Bonds at The First National Bank in Sioux Falls, Sioux Falls, South Dakota. Called Bonds should be presented as follows:

By Mail or Hand:

Registered or certified insured mail is suggested when submitting Bonds for payment.

When inquiring about this redemption, please have the Bond Number available. Please inform customer service representative of the CUSIP number(s) of the affected Bond(s). Customer Service (605) 335-5122.

THE FIRST NATIONAL BANK IN SIOUX FALLS

As Registrar and Paying Agent

Dated:

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act") unless the Paying Agent has the correct taxpayer identification number (social security number) or exemption certificate of the payee. Please furnish a properly completed form W-9 or exemption certificate or equivalent when presenting your Certificates.

The Issuer and Paying Agent shall not be responsible for the use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Certificate. They are included solely for the convenience of the holders.