

**EXTRACT OF MINUTES OF MEETING OF THE
CITY COMMISSION OF CITY OF STURGIS
MEADE COUNTY, SOUTH DAKOTA**

Pursuant to due call and notice thereof, a meeting of the City Commission of City of Sturgis, Meade County, State of South Dakota, was held on April 5th, 2010, at 6:30 o'clock p.m.

The following members were present: Clint Brengle, David Hersrud, Jamie McVay, Sherry Scudder, Dane Sundstrom, Bernadette Usera, Mayor Maury LaRue

and the following were absent: Mark Chaplin and Joe DesJarlais

Thereupon Mayor LaRue declared that a quorum was present and the meeting opened for transaction of business.

Commissioner, Bernadette Usera, introduced the following resolution and moved its adoption:

RESOLUTION NO. 2010-11

RESOLUTION AUTHORIZING THE EXECUTION, TERMS, ISSUANCE, SALE AND PAYMENT OF SALES TAX REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED EIGHT HUNDRED ELEVEN THOUSAND DOLLARS (\$811,000), FOR THE CITY OF STURGIS OF MEADE COUNTY, SOUTH DAKOTA.

WHEREAS, the City of Sturgis is authorized by the provisions of SDCL §10-52-2.10 to issue Sales Tax Revenue Bonds and use the proceeds for any public purpose; and

WHEREAS, the City Commission has determined that the issuance of Sales Tax Revenue Bonds of the City is in the best interests of City; and

WHEREAS, the City Commission has determined and does hereby declare that is necessary and in the best interest of the City to issue Sales Tax Revenue Bonds for the purpose of providing funds (i) to construct capital improvements to the Liquor Store; and (ii) pay the costs of issuance of the Bonds described herein.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION 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 Chapter 10-52, 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.

"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.

"Bond Resolution" means the within Resolution, duly adopted by the City Commission on the date hereof, as it may be amended from time to time.

"Bonds" mean not to exceed \$811,000, plus Cost of Issuance in aggregate principal amount of Sales Tax Revenue Bonds Series 2010 (Build America Bonds-Direct Pay), dated the Closing Date, or such other designation or date as shall be determined by the City Commission and issued under the Bond Resolution.

"City" means the City of Sturgis, Meade County, South Dakota, a municipality organized under the State of South Dakota.

"City Commission" means the City Commission of the City elected pursuant to the provisions of the SDCL Title 9.

"Closing Date" means the date the Bonds are exchanged for value.

"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.

"Costs of Issuance" means all costs, fees, charges and expenses incurred in connection with the issuance of the Bonds, in an amount not to exceed 2%.

"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 City Commission to perform the duties otherwise performed by the Finance Officer, or her designee.

"Interest Payment Dates" means the dates that the interest is paid..

"Letter of Conditions" means the Letter of Conditions issued by the United States Department of Agriculture to the City concerning the conditional purchase of the purchase of the Bonds.

"Mayor" means the Mayor elected pursuant to the provisions of SDCL § 9-8-1 or his or her designee acting on his or her behalf pursuant to the Charter.

"Outstanding Bonds" means all obligations payable from the Sales Tax.

"Pledged Tax" means so much of the Sales Tax as is necessary to principal, premium and interest on the Bonds when due.

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

"Purchaser" means any person who exchanges money or value for the Bonds.

"Registration Agent" means the Finance Officer or any Registration Agent appointed by the Finance Officer its successor or successors hereafter appointed in the manner provided in Article VI hereof.

“Sales Tax” means the non-ad valorem taxing powers of the City imposed under the authority of SDCL § 10-52-2.

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 Commission 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 the Act.

ARTICLE III
AUTHORITY, PLEDGE, AND LEVY

Section 3.1 Authority.

In order to provide funds (i) construct capital improvements to the City Liquor Store; and (ii) pay Costs of Issuance, there shall be issued pursuant to, and in accordance with, the provisions of the Act, the Bond Resolution, and other applicable provisions of law, Sales Tax Revenue Bonds of the City in the aggregate principal amount as finalized by the Bond Purchase Agreement.

Section 3.2 Pledge of Sales Tax.

The Sales Tax shall be and they are hereby irrevocably pledged to the prompt and full payment of the principal, premium and interest on each and all of said Bonds as such principal, premium and interest respectively become due.

Section 3.3. Collection of Taxes.

Pursuant to SDCL § 10-52-2.10, the City does hereby pledge, provide and agree that it will continue to impose and collect the non-ad valorem tax so long as the Bonds are outstanding. The governing body shall also pledge so much of the collections of the taxes as may be necessary to pay the principal, premium and interest on the bonds and to maintain any debt service reserve established for the Bonds.

Section 3.4. Accounts.

(a) Special Revenue Fund. The Finance Officer has established and will maintain the Special Revenue Fund as a separate and special fund in the financial records of the City until all Bonds issued and made payable therefrom, and interest due thereon, have been duly paid or discharged. All collections of the Sales Tax shall be credited, as received, to the Special Revenue Fund. Within the Special Revenue Fund are various separate accounts to be maintained by the City.

(b) Principal and Interest Account. There is hereby created and established as an account of the Special Revenue Fund, a "Principal and Interest Account." Immediately upon delivery of the Bonds, there shall be credited to the Principal and Interest Account the amount of accrued interest received from the Purchaser. Commencing on the date specified in the Bond Purchase Agreement, there shall be withdrawn from the Special Revenue Fund at least monthly and credited to the Principal and Interest Account an amount which will equal at least one-sixth (1/6th) of the interest becoming due on the next succeeding payment date and one-twelfth (1/12th) of the principal becoming due on the next succeeding payment date with respect to the Outstanding Bonds. In all events there shall be credited to the Principal and Interest Account amounts sufficient to pay the principal of and interest on the Outstanding Bonds as the same become due.

(c) Subordinate Lien Bonds. After making the above required payments, any remaining Pledged Revenues may be used for the payment of the principal of and interest on any additional sales tax revenue bonds having a lien which is subordinate to the lien of the Outstanding Bonds, and for a reserve fund as additional security for the payment of such subordinate lien bonds.

(d) Other Expenditures. The remaining Pledged Revenues may be used for any legally authorized purpose.

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 Eight Hundred Eleven Thousand Dollars (\$811,000). The Mayor and Finance Officer are authorized to negotiate the sale, the final terms of the Bonds. The Letter of Conditions are incorporated herein as if stated in full.

Section 4.2. Build America Bonds and Tax Matters.

(a) The City irrevocably designates the Bonds as Build America Bonds under Section 54AA(g) of the Code.

(b) 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 Bonds to fail to qualify as Build America Bonds. The City covenants and agrees to comply with all provisions relating to Build America Bonds under the Code and applicable Treasury Regulations (the "Regulations").

(c) 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 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.

(d) 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.

Section 4.3. Form of Bonds; Execution.

(a) The Bonds are issuable only as fully registered Bonds. 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 of the City, 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 4.4 Maturities, Interest Rates, and Certain Other Provisions of Bonds.

(a) The term of the Bonds may not be greater than 40 years and bear interest at a rate not greater than 4.00%..

(b) The Bonds shall be designated "Sales Tax Revenue Bonds, Series 2010 (Build America Bonds-Direct Pay)," or such other designation as shall be determined by the City Commission 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 Bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on Interest Payment Dates. 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 on the Bond Payment Date. Each Bond shall state that it is issued pursuant to the Act.

(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 4.5 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 4.6 Authentication.

The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the Purchaser 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.

ARTICLE V
REDEMPTION OF BONDS PRIOR TO MATURITY

The Bonds are subject to redemption prior to maturity.

ARTICLE VI
REGISTRATION AGENT

The City Finance Officer is hereby appointed as the registrar and paying agent.

ARTICLE VII
ADDITIONAL BONDS

The City may issue additional bonds (the “Parity Bonds”) payable from the Pledged Revenues and having a lien upon such revenues on a parity with the Bonds and the Outstanding Parity Bonds providing that:

1. The City is current in the payment of principal and interest on the Outstanding Bonds and is current in the collections required for the Principal and Interest Account.
2. The Pledged Revenues collected by the City in the last preceding fiscal year are sufficient to cover 1.25 times the maximum annual principal interest requirements on the Outstanding Bonds and the proposed Parity Bonds.

ARTICLE VIII
SALE OF BONDS AND DEPOSIT OF PROCEEDS

Section 8.1. Sale of Bonds.

The Bonds shall be sold to the United States of America acting through the Department of Agriculture.

This Bond Resolution shall take effect 20 days after publication if not referred to a vote of the public.

Said motion was seconded by Member Jamie McVay and upon vote being taken the following voted AYE: Clint Brengle, David Hersrud, Jamie McVay, Sherry Scudder, Dane Sundstrom, Maury LaRue and Bernadette Usera and the following voted NAY: None whereupon said motion was declared duly passed and adopted, and was signed and attested by the Mayor and Finance Officer.

ATTEST:

Mayor

Finance Officer

EXHIBIT A-(FORM OF BOND)
UNITED STATES OF AMERICA
STATE OF SOUTH DAKOTA
CITY OF STURGIS
MEADE COUNTY, SOUTH DAKOTA
SALES TAX REVENUE BONDS SERIES 2010 (BUILD AMERICA BONDS-DIRECT PAY)

REGISTERED

REGISTERED

No. «No»

\$«AMOUNT» .00

Interest Rate
%

Maturity Date

Bond Date

Registered Owner:

Principal Amount:

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THE CERTIFICATE 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. This Bond is issued in full conformity with SDCL Chapters 10-52 and 6-8B and Resolution ____ adopted by the City on _____, 2010.

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

By:

COUNTERSIGNED:

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.

Bond Registrar and Paying Agent

By: _____
Authorized Officer

KNOW ALL MEN BY THESE PRESENTS: That the City of Sturgis (the "City"), in Meade County, South Dakota, hereby acknowledges itself to owe and for value received promises to pay, 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 _____, and monthly thereafter on _____ 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 the _____, as Bond registrar and paying agent (the "Registrar"), on the close of business on _____ and _____ immediately preceding the 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.

This Bond is one of an authorized issue of Bonds limited in aggregate principal amount to a maximum of \$_____ (the "Bonds") all of like date and tenor except as to maturity, interest rates and privileges of redemption, the proceeds of this issue (Series 2010) will be used for the purpose of providing funds (i) _____; and (ii) pay the costs of issuance, pursuant to a resolution duly and regularly adopted by the City (the "Bond Resolution"), and are subject to all the provisions and limitations of the Resolution and Chapters 10-52 and 6-8B, South Dakota Codified Laws, as amended. The City has pledged and agreed to collect, so long as the Bonds are outstanding, non-ad valorem tax (the "Sales Tax") in an amount sufficient to pay principal, premium and interest when due on the Bonds.

BUILD AMERICA BOND DESIGNATION

This Bond is irrevocably designated as Build America Bonds.

REDEMPTION PROVISIONS

The bonds are subject to redemption prior to maturity on any date.

Extraordinary Redemption

Determination of Ineligibility. The Bonds are designated and issued as taxable "Build America Bonds (Direct Pay)" under Section 54AA of the Code, at the option of the Issuer, the Bonds are also subject to extraordinary redemption in whole, but not in part, at a redemption price equal to par plus accrued interest to the redemption date, upon or on any date after the occurrence of a Determination of Ineligibility. A "Determination of Ineligibility" means (i) the enactment of legislation or the adoption of final regulations or a final decision, ruling or technical advice by any federal judicial or administrative authority which would have the effect of rendering the Bonds as not qualifying for treatment as qualified Build America Bonds under Section 54AA of the Code; (ii) the federal government discontinues the Build America Bonds Direct Payment program with retroactive applicability to bonds issued prior to the date of such discontinuance (including the Bonds); (iii) the U.S. Treasury Department determines that the Bonds are not qualified Build America Bonds under Section 54A of the Code; or (iv) the receipt by the Issuer of a written opinion of nationally recognized bond counsel selected by the Issuer to the effect that the Bonds are not qualified Build America Bonds under Section 54AA of the Code.

ADDITIONAL BONDS

The City may issue additional bonds (the "Parity Bonds") payable from the Pledged Revenues and having a lien upon such revenues on a parity with the Bonds and the Outstanding Parity Bonds providing that:

1. The City is current in the payment of principal and interest on the Outstanding Bonds and is current in the collections required for the Principal and Interest Account.
2. The Pledged Revenues collected by the City in the last preceding fiscal year are sufficient to cover 1.25 times the maximum annual principal interest requirements on the Outstanding Bonds and the proposed Parity Bonds.

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 _____, 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.

BOND OPINION

\$ _____

City of Sturgis
Meade County, South Dakota
Sales Tax Revenue Bonds Series 2010 (Build America Bonds-Direct Pay)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Sturgis (the "Issuer") of \$ _____ Sales Tax Revenue Bonds Series 2010 (Build America Bonds-Direct Pay), dated _____, 2010, (the "Bonds"). We have examined such certified proceedings and other papers as we deem necessary to render this opinion.

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.

3. The Resolution pledges the City's non-ad valorem tax (the "Sales Tax") in an amount sufficient to pay principal, premium and interest when due on the Bonds.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from City's Sales Tax.

5. The interest on the Bonds is not excluded from gross income for federal income tax purposes. The Issuer has irrevocably elected to apply the provisions of Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code") to the 2010A Bonds, and further elected under such section to treat the Bonds as "qualified bonds" thereunder. As a result, the Issuer is entitled to receive refundable credits (the "Refundable Credits") from the United States Department of Treasury under Section 6431 of the Code. Such Refundable Credits equal 35% for the stated interest on the Bonds on each interest payment date. The Refundable Credits will be deposited into the debt service fund for the Bonds and will be used solely for the payment of interest on the Bonds. The opinions set forth in the preceding four sentences, and the entitlement of the Issuer to the Refundable Credits, are subject to the condition that the Issuer comply with all the requirements of the Code that must be satisfied subsequent to the issuance of the Series 2010A Bonds in order that interest thereon would be excludable from gross income for federal income tax purposes, but for the Issuer elections under Section 54AA of the Code described above. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the loss of the Refundable Credits to be retroactive to the date of the issuance of the Series 2010A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2010A Bonds.

6. The Bonds are exempt from all taxation as property by the State of South Dakota, its subdivisions and municipalities and bear interest not includible in the gross income of the recipient for purposes of computing any tax imposed by the provisions of South Dakota law. We express no further opinions regarding other South Dakota tax consequences arising with regard to the Bonds.

7. The Bonds are qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

8. The offering and sale of the Bond is 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 accordance with general principles of equity and subject to regulatory requirements under the laws of the United States and of the State of South Dakota.

Meierhenry Sargent LLP

(Form of Assignment)

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

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer the within Certificate 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 Certificate in every particular, without alteration or enlargement or any change whatever.