SOUTH DAKOTA CONSERVANCY DISTRICT

SOUTH DAKOTA STATE REVOLVING FUND PROGRAM

SECOND AMENDMENT

Dated as of April 1, 2006

TO:

AMENDED AND RESTATED
MASTER TRUST INDENTURE

Dated as of July 1, 2004

SOUTH DAKOTA CONSERVANCY DISTRICT

by and between

THE FIRST NATIONAL BANK IN SIOUX FALLS,

as Trustee

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SECOND AMENDMENT

TO:

AMENDED AND RESTATED MASTER TRUST INDENTURE

THIS SECOND AMENDMENT, dated as of April 1, 2006 (the "Second Amendment"), to that certain AMENDED AND RESTATED MASTER TRUST INDENTURE, dated as of July 1, 2004, by and between the SOUTH DAKOTA CONSERVANCY DISTRICT, a governmental agency, body politic and corporate of the State of South Dakota (the "District") and THE FIRST NATIONAL BANK IN SIOUX FALLS, a national banking association having trust powers and having its main office and place of business in Sioux Falls, South Dakota, as trustee (the "Trustee"),

WITNESSETH:

WHEREAS, the District is duly constituted as an instrumentality of the State of South Dakota exercising public and governmental functions under the operation, management and control of the Board of Water and Natural Resources of South Dakota (the "Board of Water and Natural Resources"), pursuant to SDCL Chapters 46A-1 and 46A-2 (the "Act"); and

WHEREAS, pursuant to the Act and the Clean Water Act, as hereinafter defined, the District has established a state revolving fund program; (the "Clean Water Program"); and

WHEREAS, pursuant to the Act and the Drinking Water Act, as hereinafter defined, the District has established a state revolving fund program (the "Drinking Water Program"); and

WHEREAS, pursuant to the Act, the District is authorized to issue bonds and to make loans to Borrowers (as herein defined) of the State of South Dakota through the purchase of municipal securities or loans in connection with the Clean Water Program and the Drinking Water Program (each a "Program" and collectively, the "Programs"); and

WHEREAS, to fund the Programs, the United States Environmental Protection Agency presently makes annual capitalization grants to the states, on the condition that each state provide an appropriate match for such state's related revolving fund; and

WHEREAS, the Board of Water and Natural Resources has heretofore determined it necessary and expedient to enter into an Amended and Restated Master Trust Indenture dated July 1, 2004 (as heretofore amended, the "Restated Master Trust Indenture" and, as amended and supplemented from time to time, the "Master Trust Indenture") with the Trustee for the purpose of authorizing the issuance of bonds and administering capitalization grants; and

WHEREAS, Section 11.01 of the Restated Master Trust Indenture authorizes certain amendments or supplements thereto without the necessity of obtaining the consent of any Bondholder under certain circumstances, including in order (a) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indentures which may be defective or inconsistent with any other provision contained herein or in any
supplemental indenture or to make such other provisions in regard to matters or questions arising under this Master Trust Indenture or any supplemental indenture as the District may deem necessary or desirable and which shall not be inconsistent with the provisions of this Master Trust Indenture or any supplemental indenture and which shall not impair the security of the same, or (b) to make such other modifications or amendments which are determined by the Trustee not to be of material prejudice to the rights of the Trustee or the Holders of the Bonds; and

WHEREAS, the Board of Water and Natural Resources has determined to implement the provisions of Section 11.01 of the Restated Master Trust Indenture by entering into this Second Amendment to Amended and Restated Master Trust Indenture dated as of April 1, 2006 (the "Second Amendment"), and

WHEREAS, the execution and delivery of this Second Amendment to Amended and Restated Indenture have been duly authorized by the Board of Water and Natural Resources; and

WHEREAS, the Trustee has accepted the trust created by the Amended and Restated Indenture and agrees to be bound by this Second Amendment thereto and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS SECOND AMENDMENT TO AMENDED AND RESTATED MASTER TRUST INDENTURE WITNESSETH:

ARTICLE I

Definitions and Interpretation

Section 1.01 Definitions. All terms not defined herein shall have the meanings assigned thereto in the Restated Master Trust Indenture.

Section 1.02 Interpretation. This Second Amendment is governed by and shall be construed in accordance with the laws of South Dakota.

ARTICLE II

Amendments

Section 2.01 Amendments to Article I. Article I of the Amended and Restated Indenture is hereby amended to revise the definition of "Transfer Date" to read as follows:

"Transfer Date" means with respect to a series of Bonds, the date established pursuant to Section 4.01(b) or Section 5.19(a) hereof.

Section 2.02 Amendment to Section 5.19 of the Restated Master Trust Indenture. The Restated Master Trust Indenture is hereby amended and supplemented by adding thereto the following Section 5.19:
Section 5.19 Transfers Between Programs and Accounts. The District may direct the Trustee to transfer amounts on deposit in any Leveraged Loan Account to any other Loan Account of either Program subject to the satisfaction of the following conditions:

(a) Delivery to the Trustee of a certificate of an Authorized Representative of the District stating that:

(i) the District has determined that it is necessary to transfer funds from a Loan Account to another Loan Account, specifying the amounts, proposed Transfer Date(s) and precise Loan Accounts and related Programs;

(ii) the District has determined that such transfer is not prohibited by any Relevant Federal Act;

(iii) the proposed use of funds, upon transfer, is authorized by State law and not prohibited by the Master Trust Indenture; and

(iv) indicating the adjusted Leveraged Portion and/or State Match Portion of Bonds for each Program as a result of such transfer of funds; and

(b) Delivery to the Trustee and each Rating Agency of a Coverage Certificate that demonstrates that, based upon the Adjusted State Match Portion and/or Adjusted Leveraged Portion for each Program to be affected by any such transfer, the tests established by Section 2.11(b) the Master Trust be satisfied as of the proposed Transfer Date.

ARTICLE III

Authority

Section 3.01 Authority for Which This Supplemental Indenture May be Executed. The District and the Trustee hereby find, determine and agree that they are authorized to enter into this Second Amendment as a supplemental indenture to the Restated Master Indenture without the consent of any Bondholder because:

(a) This Second Amendment is necessary to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indentures which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture or to make such other provisions in regard to matters or questions arising under this Master Trust Indenture or any supplemental indenture as the District may deem necessary or desirable and which shall not be inconsistent with the provisions of this Master Trust Indenture or any supplemental indenture and which shall not impair the security of the same; and
(b) This Second Amendment is necessary in order to make such other modifications or amendments which are determined by the District and the Trustee not to be of material prejudice to the rights of the Trustee or the Holders of the Bonds.

ARTICLE IV

Miscellaneous

Section 4.01 Execution of Second Amendment in Counterparts. This Second Amendment may be simultaneously executed in several counterparts, each of which, when so executed, shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

Section 4.02 Headings Not Controlling. The headings of the several Articles and Sections hereof are inserted for the convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.
IN WITNESS WHEREOF, the District, by the Board of Water and Natural Resources, has caused this Second Amendment to be signed in its name by the Chairman and the corporate seal of the District has been hereunto affixed, and The First National Bank in Sioux Falls, as Trustee, to evidence its acceptance of the trust hereby created, has caused this Second Amendment to Amended and Restated Master Trust Indenture to be signed in the name of the Trustee by an authorized officer of the Trustee, as of the day and year first above written.

SOUTH DAKOTA CONSERVANCY DISTRICT

By: [Signature]
Chairman

(Seal)

THE FIRST NATIONAL BANK IN SIOUX FALLS

By: [Signature]
Its: Trust Officer