
\$ _____
**SOUTH DAKOTA CONSERVANCY DISTRICT
STATE REVOLVING FUND PROGRAM BONDS,
SERIES 2012**

BOND PURCHASE AGREEMENT

April 26, 2012

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South Dakota Conservancy District
Pierre, South Dakota

Wells Fargo Bank, National Association, for itself and as Representative of Piper Jaffray & Co., Inc. and J.P. Morgan Securities LLC (the “Underwriters”), offers to enter into this Bond Purchase Agreement with respect to \$_____ aggregate principal amount of State Revolving Fund Program Bonds, Series 2012 (the “Bonds”) to be issued by the South Dakota Conservancy District (the “District”). The Bonds are described in the Preliminary Official Statement dated April 19, 2012 (the “Preliminary Official Statement”), the Series Resolution described below and the term sheets attached as Appendix I hereto. A final Official Statement reflecting the terms described in Appendix I shall be prepared in substantially the same form as the Preliminary Official Statement and is hereinafter referred to as the “Official Statement”. If and when accepted by you not later than 4:00 p.m., Central Time, on April 26, 2012, this document shall constitute our Bond Purchase Agreement.

1. Background. The Bonds are to be issued under Chapters 46A-1 and 46A-2, South Dakota Codified Laws, as amended (the “Act”) for the purpose of providing funds to refund certain obligations of the District issued under the District’s Clean Water State Revolving Fund Program and Drinking Water State Revolving Fund Program. The Bonds are to be issued pursuant to a Fifth Amended and Restated Master Trust Indenture dated as of September 1, 2010, as amended (the “Master Trust Indenture”) between the District and The First National Bank in Sioux Falls, as Trustee (the “Trustee”) and a resolution adopted by the South Dakota Board of Water and Natural Resources (the “Board”), as governing body of the District, on April 9, 2012 (the “Series Resolution”). The Bonds consist of \$_____ Taxable Revenue Bonds, Series 2012A (the “Series 2012A Bonds”) and \$_____ Revenue Bonds, Series 2012B (the “Series 2012B Bonds”). The District will execute a Continuing Disclosure Agreement relating to information to be provided under Rule 15c2-12 of the Securities and Exchange Commission.

The Bonds will be sold by us pursuant to the Official Statement.

2. Representations and Warranties of the District. The District, by its acceptance hereof, represents, warrants and covenants to the Underwriters that:

(a) The Series Resolution was duly adopted by the Board and the District has, and at the date of the Closing will have, full legal right, power and authority (i) to enter into this Bond Purchase Agreement, the Continuing Disclosure Agreement and the Master Trust Indenture, (ii) to sell and cause the Bonds to be issued and delivered

to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions contemplated by this Bond Purchase Agreement, the Continuing Disclosure Agreement and the Official Statement; and the District has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and with the obligations on its part contained in this Bond Purchase Agreement.

(b) The District hereby ratifies and approves the Preliminary Official Statement, and hereby authorizes and approves the Official Statement substantially in the form of the Preliminary Official Statement; this Bond Purchase Agreement constitutes a legal, valid and binding obligation of the District; and the Bonds, when executed and delivered to the Underwriters, will constitute legal, valid and binding obligations of the District.

(c) The adoption of the Series Resolution and execution and delivery by the District of this Bond Purchase Agreement, the Continuing Disclosure Agreement and the Master Trust Indenture (or any other instrument to which the District is a party used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement, the Series Resolution or the Master Trust Indenture), and compliance with the provisions of each such instrument, has not constituted and will not conflict with or constitute a breach of, or default under, any other resolution, indenture, commitment, agreement or other instrument to which the District is a party or by which it is bound, or under any provision of the South Dakota Constitution or any existing law, rule, regulation, ordinance, judgment, order or decree to which the District or its properties is subject.

(d) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties contained in this paragraph (d) shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing by or on behalf of the Underwriters expressly for use in the Preliminary Official Statement.

(e) At the time of the District's acceptance hereof and (unless an event occurs of the nature described in subparagraph (f) of this paragraph 2) at all times subsequent thereto up to and including the Closing Date, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) If, after the date of this Bond Purchase Agreement and during the period up to a date twenty-five (25) days following the End of the Underwriting Period (hereinafter defined), any event shall occur to the knowledge of the District which might cause the Official Statement to contain any untrue statement of a

material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriters, and if in the opinion of the District or the Underwriters such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District shall at its expense supplement or amend the Official Statement in a form and manner approved by the Underwriters and its counsel and furnish to the Underwriters a reasonable number of copies of such supplement or amendment. For purposes of this Bond Purchase Agreement, “End of the Underwriting Period” shall mean the date on which the End of the Underwriting Period for the Bonds has occurred under SEC Rule 15c2-12.

(g) If the Official Statement is supplemented or amended, at the time of each such supplement or amendment, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(h) The District shall furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriters may designate, and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and the District shall use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the District shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(i) Any certificate signed by an official of the District and delivered to the Underwriters shall be deemed to be a representation and warranty by the District to the Underwriters as to the statements made therein.

(j) The District acknowledges and agrees that: (i) the transactions contemplated by this Bond Purchase Agreement are arm’s length, commercial transactions between the District and the Underwriters in which the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the District, irrespective of whether any Underwriters or any of its affiliates have provided other services or is currently providing other services to the District on other matters; (ii) the only obligations the Underwriters have to the District with respect to the transactions contemplated hereby expressly are set forth in this Bond Purchase Agreement and any other additional agreements that the Underwriters are a party to in connection with the transaction; and (iii) the District

has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

3. Purchase, Sale and Delivery of the Bonds. On the basis of the representations and warranties of the District and subject to the terms and conditions set forth herein, we agree to purchase, and the District agrees to sell to us, the total principal amount of the Series 2012A Bonds at a purchase price of \$_____ which purchase price reflects an Underwriters' discount of \$_____ and the total principal amount of the Series 2012B Bonds at a purchase price of \$_____, which purchase price reflects a net original issue premium of \$_____ and an Underwriters' discount of \$_____. Payment of the purchase price for the Bonds shall be made to the District or its order by wire transfer to the office of the Trustee in Sioux Falls, South Dakota, at 10:00 a.m., Central Time, on May 9, 2012, or on such later date as may be agreed upon by an appropriate officer of the District and us, against delivery of the Bonds to The Depository Trust Company, New York, New York ("DTC") for the account of the Underwriters and confirmation from DTC acceptable to the Underwriters that the Bonds have been received and are held for account of the Underwriters. Payment of the Underwriters' commission shall be by wire transfer to such account as we may designate. The date and time of such payment and delivery are herein called the "Closing Date".

4. Conditions of Underwriters' Obligations. The obligations of the Underwriters hereunder shall be subject to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date, to the accuracy of and compliance with the representations, warranties, and covenants of the District herein, as of the time of delivery of this Bond Purchase Agreement and as of the Closing Date, and are also subject, in the discretion of the Underwriters, to the following further conditions:

(a) The representations and warranties of the District contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date.

(b) At the Closing Date, the Master Trust Indenture, the Series Resolution and the Continuing Disclosure Agreement shall be in full force and effect and shall not have been amended, modified or supplemented, except in connection with the transactions contemplated by the Official Statement, and the Official Statement shall not have been supplemented or amended, except as may have been agreed to by the Underwriters.

(c) The District shall have performed and complied with all agreements and conditions contained herein and in the instruments contemplated hereby that are required to be performed or complied with by the District prior to or at the Closing Date.

(d) At or prior to the Closing Date, the Underwriters shall have received the following documents:

(i) The Official Statement, and each supplement or amendment, if any, thereto, executed on behalf of the District by the Chairman;

(ii) Certified copies of the Master Trust Indenture, Series Resolution and the Continuing Disclosure Agreement and all assignments, amendments, supplements and other instruments delivered pursuant thereto;

(iii) An opinion of Perkins Coie LLP, Chicago, Illinois, Bond Counsel, dated the date of the Closing, in substantially the form included in the Official Statement as Appendix E, and (if the foregoing opinion is not addressed to the Underwriters) a letter of such counsel, dated the Closing Date and addressed to the Underwriters, to the effect that the foregoing opinion may be relied upon by the Underwriters to the same extent as if such opinion were addressed to the Underwriters;

(iv) An opinion of the South Dakota Attorney General or Assistant or Deputy Attorney General, dated the Closing Date and addressed to the Underwriters, in form satisfactory to the Underwriters;

(v) A supplemental opinion of Perkins Coie LLP, Bond Counsel, dated the Closing Date and addressed to the Underwriters, in form satisfactory to the Underwriters;

(vi) An opinion of Faegre Baker Daniels LLP, Minneapolis, Minnesota, counsel to the Underwriters, dated the Closing Date and addressed to the Underwriters, addressing such matters as may be requested by the Underwriters;

(vii) A certificate, dated the Closing Date, signed by the Chairman of the District, confirming that the representations and warranties of the District set forth herein are true and correct as of the Closing Date;

(viii) A certificate of an authorized officer of the District, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder, setting forth the expectations of the District on the date of authentication and delivery of the Bonds as to future events, and such certification shall set forth the facts and estimates on which such expectations are based and shall state that to the best of the knowledge and belief of such officer of the District, the District's expectations are reasonable;

(ix) Such additional legal opinions, certificates, instruments and other documents as the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the District's representation and warranties contained herein, and of the statements and information contained in the Official Statement and the due performance

or satisfaction by the District on or prior to the Closing Date of all respective agreements then to be performed and conditions then to be satisfied by it; and

(x) Evidence satisfactory to the Underwriters that the Bonds have received ratings of “Aaa” from Moody’s Investors Service, Inc. and “AAA” from Standard & Poor’s Public Finance Ratings and that such ratings are in effect on the Closing Date.

All such opinions, certificates, letters and documents will be in compliance with the provisions hereof only if they are in all material respects satisfactory to us, as to which we shall act reasonably.

If any condition of our obligation hereunder to be satisfied prior to the Closing Date is not so satisfied, this Agreement may be terminated by us by notice in writing or by telegram to the District.

We may waive in writing compliance by the District with any one or more of the foregoing conditions or extend the time for their performance.

5. Offering by Underwriters; Official Statement. We shall offer the Bonds for sale to the public in such States as we may determine and in compliance under any applicable registration requirements in the states in which the Bonds will be reoffered. Concessions from the offering price may be allowed to selected dealers and special purchasers. The initial offering price and concessions set forth in the Official Statement may vary after the initial offering. The Bonds may be offered at prices other than the par value thereof. The District hereby consents to the circulation by the Underwriters of the Official Statement. The District deems the Preliminary Official Statement to have been final (for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934) as of the date thereof (except the information permitted to be omitted by such Rule). Promptly upon execution hereof, and in any event within seven business days (excluding Saturdays, Sundays and national holidays) of the date hereof, the District will deliver or cause to be delivered to the Underwriters such number of copies of the final Official Statement as the Underwriters may reasonably request in order for the Underwriters to comply with the rules of the Municipal Securities Rulemaking Board and Rule 15c2-12(b)(4). The Official Statement, including any amendments thereto, shall be in word-searchable PDF format as described in the MSRB’s Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriters no later than one (1) business day prior to the Closing Date to enable the Underwriters to comply with MSRB Rule G-32. The District agrees to provide the Underwriters with the advance refunding documents (as defined in MSRB Rule G-32) in a word-searchable PDF format as described in the MSRB’s rule G-32 and shall provide such electronic copy of the word-searchable PDF format of the advance refunding documents to the Underwriters no later than four (4) business days after the Closing Date to enable the Underwriters to comply with MSRB Rule G-32.

6. Representations, Warranties and Agreements to Survive Delivery. The representations, warranties, indemnities, agreements and other statements of the District and

the Underwriters set forth in or made pursuant to this Agreement will remain operative and in full force and effect and will survive delivery of and payment for the Bonds.

7. Payment of Costs and Expenses.

(a) Except as set forth in paragraph 7(b), all costs and expenses incident to the execution and performance of this Bond Purchase Agreement and to the sale and delivery of the Bonds to the Underwriters, including, but not limited to, the fees and expenses of Bond Counsel, District's counsel, all fees and expenses of the Trustee, all costs and expenses of preparing, printing and distributing the Official Statement, the Bonds, this Agreement, the Series Resolution, the Master Trust Indenture and related documents, rating agency fees and all governmental filing and recording fees and expenses, shall be payable by the District.

(b) The Underwriters shall pay all out-of-pocket expenses incurred by the Underwriters in connection with this financing, including travel, communication expenses, all fees and expenses in connection with the registration of the Bonds under the "Blue Sky" laws of any state, the fees and expenses of Underwriters' counsel, and CUSIP and PSA fees.

8. Termination of Agreement. This Bond Purchase Agreement may be terminated at any time prior to the Closing Date by us by written notice to the District if in our reasonable judgment it is impracticable to offer for sale or to enforce contracts made by the Underwriters for the resale of the Bonds agreed to be purchased hereunder by reason of (i) trading in securities on the New York Stock Exchange, Inc. or the American Stock Exchange having been suspended or limited or minimum prices having been established on either such Exchange, (ii) a banking moratorium having been declared by either federal or applicable state authorities, (iii) an outbreak of major hostilities or escalation of existing hostilities or other national or international calamity having occurred, (iv) any action having been taken by any government in respect of its monetary affairs which, in our reasonable opinion, has a material adverse effect on the United States securities markets, (v) legislation having been introduced, by amendment or otherwise, in, or having been enacted by, the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States or a decision by a court established under Article III of the Constitution of the United States, having been rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service having been made or proposed having the purpose or effect of imposing federal income taxation, or any other event having occurred which results in the imposition of federal income taxation, upon revenues or other income of the general character to be derived by the District or by any similar body or upon interest received on obligations of the general character of the Bonds, or the Bonds, or which, in fact, materially adversely affects the market price of the Bonds, (vi) legislation having been introduced, by amendment or otherwise, in, or having been enacted by the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States having been rendered, or a stop order, ruling, regulation or official statement, by, or on behalf of, the

Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then effect, or with the purpose or effect of otherwise prohibiting the issuance, offering or sale of obligations of the general character of the Bonds, or the Bonds, as contemplated hereby or by the Official Statement, or (vii) any event having occurred, or information having become known, which makes untrue, incorrect or misleading in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains an untrue, incorrect or misleading statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

If this Bond Purchase Agreement shall be terminated pursuant to Section 4 or this Section 8, or if the purchase provided for herein is not consummated because any condition to our obligation hereunder is not satisfied or because of any refusal, inability or failure on the part of the District to comply with any of the terms or to fulfill any of the conditions of this Bond Purchase Agreement, or if for any reason the District shall be unable to perform all of its obligations under this Bond Purchase Agreement, the District shall not be liable to us for damages on account of loss of anticipated profits or other damages arising out of the transactions covered by this Bond Purchase Agreement, but the District shall remain liable for all costs and expenses related to this Bond Purchase Agreement and the Bonds to the extent provided in Section 7 hereof, and the District shall pay all out-of-pocket expenses incurred by us in contemplation of the purchase and sale of the Bonds.

9. Notices and Governing Law. All communications hereunder shall be in writing and, except as otherwise provided, shall be delivered at, or mailed or telegraphed to, the following addresses: if to the Underwriters, to Wells Fargo Bank, National Association at 375 Park Avenue, New York, New York 10152, Attention: Craig Hrinkevich; if to the District, addressed to it at 523 East Capitol Avenue, Joe Foss Building-Lower Level, Pierre, South Dakota 57501-3181, Attention: James F. Feeney. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota.

10. Parties in Interest. This Agreement shall be binding upon and shall inure to the benefit of the Underwriters and the District, and, to the extent expressed, any person controlling the District, the Underwriters and their respective executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. The term “successors and assigns” shall not include any purchaser of the Bonds, as such purchaser, from the Underwriters.

11. Time. Time shall be of the essence of this Bond Purchase Agreement.

12. Counterparts. This Bond Purchase Agreement may be executed in any number of counterparts.

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If the foregoing is in accordance with your understanding of the Agreement, kindly sign and return to us the enclosed duplicate copies hereof, whereupon it will become a binding agreement between the District and the Underwriters in accordance with its terms.

Very truly yours,

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By _____
Its Executive Director

Executed April 26, 2012,
at _____ o'clock P.M. CDT

Confirmed and accepted by the District adopted
as of the date first above written.

SOUTH DAKOTA CONSERVANCY DISTRICT

By _____
Its _____

APPENDIX I

SUMMARY OF TERMS OF THE SERIES 2012 BONDS

**South Dakota Conservancy District
State Revolving Fund Program Bonds, Series 2012
Taxable Revenue Bonds, Series 2012A**

1. Principal Amount: \$ _____
2. Dated: _____, 2012
3. Maturity (August 1), Principal Amounts Maturing on such Date, and Interest Rates and Prices:

Bond Component	Maturity Date	Amount	Rate	Yield
Serial Bonds:				
Term Bond:				

4. The Series 2012A Bonds are subject to redemption prior to maturity at any time at the price described at page _____ in the Preliminary Official Statement, with _____ basis points added to the Treasury Rate. The Series 2012A Bonds are subject to redemption prior to their stated maturity dates at the option of the District, at the Treasury Rate plus _____ basis points, as further described on page _____ and _____ of the POS.
5. Underwriting Fee or Underwriting Discount: \$ _____ or _____%.
6. Net Original Issue Premium: \$ _____.
7. Purchase Price: \$ _____, such price representing the aggregate principal amount of Series 2012A Bonds less an underwriting discount of \$ _____.

**South Dakota Conservancy District
 State Revolving Fund Program Bonds, Series 2012
 Revenue Bonds, Series 2012B**

1. Principal Amount: \$_____
2. Dated: _____, 2012
3. Maturity (August 1), Principal Amounts Maturing on such Date, and Interest Rates and Prices:

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					

Serial Bonds - 2:

Serial Bonds - 3:

Term Bond:

Term Bond Mandatory Redemption

Date	Amount
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4. The Series 2012B Bonds having a stated maturity of August 1, _____, are subject to redemption prior to maturity on or after August 1, _____, at a redemption price of 100% of the principal amount plus accrued interest.

5. Underwriting Fee or Underwriting Discount: \$ _____ or _____%.

6. Net Original Issue Premium: \$ _____.

7. Purchase Price: \$ _____, such price representing the aggregate principal amount of Series 2012B Bonds less an underwriting discount of \$ _____ and plus a net original issue premium of \$ _____.

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