

**CONTINUING DISCLOSURE AGREEMENT
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (B)(5) OF RULE 15C2-12**

This Continuing Disclosure Agreement (the "Agreement") is executed and delivered by the South Dakota Conservancy District (the "District") in connection with the issuance of \$94,600,000 State Revolving Fund Program Bonds, Series 2017 (the "Series 2017 Bonds") consisting of \$16,730,000 principal amount of Taxable Revenue Bonds, Series 2017A (the "Series 2017A Bonds") and \$77,870,000 principal amount Revenue Bonds, Series 2017B (the "Series 2017B Bonds"). The Series 2017 Bonds are being executed and delivered pursuant to a Fifth Amended and Restated Master Trust Indenture dated as of September 1, 2010 (as now or hereafter amended or supplemented, the "Master Indenture") between the District and U. S. Bank National Association, as successor trustee to The First National Bank in Sioux Falls (the "Trustee"), and a Series Resolution (as now or hereafter amended or supplemented, the "Series Resolution") adopted by the South Dakota Board of Water and Natural Resources (the "Board"). The Master Indenture and Series Resolution are collectively referred to as the "Indenture."

In consideration of the issuance of the Series 2017 Bonds by the District and the purchase of such Series 2017 Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

Section 1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Series 2017 Bonds and to assist the Underwriter in complying with the requirements of the Rule (as defined below).

Section 2. DEFINITIONS. The terms set forth below shall have the following meanings in the Agreement, unless the context clearly otherwise requires. Terms not defined herein shall have the meanings given thereto in the Master Indenture, the Series Resolution which authorized the Series 2017 Bonds or any notification of sale or bond order relating thereto.

Annual Financial Information Disclosure means the dissemination of disclosure concerning District Annual Financial Information and Obligated Person Annual Financial Information, and the dissemination of the District Audited Financial Statements and Obligated Person Audited Financial Statements as set forth in Section 4.

District Annual Financial Information means the financial information and operating data described in Exhibit I.

District Audited Financial Statements means the audited financial statements of the District prepared pursuant to the standards and as described in Exhibit I.

EMMA means the MSRB's Electronic Municipal Market System.

Material Event means the occurrence of any of the events with respect to the Series 2017 Bonds set forth in Exhibit II.

Material Events Disclosure means dissemination of a notice of a Material Event as set forth in Section 5.

MSRB means the Municipal Securities Rulemaking Board.

1934 Act means the Securities Exchange Act of 1934, as amended.

Obligated Person means for each District fiscal year, each Borrower (as defined in the Final Official Statement) which, as of the most recent calendar year for which such information is available to the District: (i) has executed and delivered one or more Loan Agreements (as defined in the Final Official Statement); and (ii) is obligated to the District for repayment of a sum which exceeds 20% of the principal amount of the unpaid principal the outstanding Loan Obligations under the Clean Water Program or the Drinking Water Program (as such terms are defined in the Official Statement). The amount that a Borrower is obligated to repay to the District as described in clause (ii) of the preceding sentence shall be calculated as the sum of (A) the unpaid principal amount of all outstanding Loan Obligations of such Borrower (as defined in the Official Statement) issued under any Loan Agreements or in connection therewith, plus (B) the principal amount of funds authorized but not yet disbursed to such Borrower under any such Loan Agreement.

Obligated Person Annual Financial Information means the financial information and operating data described in Exhibit I.

Obligated Person Financial Statements means the financial statements of any Obligated Person prepared pursuant to the standards and as described in Exhibit I.

Official Statement means the Official Statement dated August 4, 2017 relating to the Series 2017 Bonds.

Prescribed Form means, with regard to the filing of Annual Financial Information Disclosure, District Audited Financial Statements, Obligated Person Audited Financial Statements and notices of Material Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

Rule means Rule 15c2-12 adopted by the SEC under the 1934 Act, as the same may be amended from time to time.

SEC means the Securities and Exchange Commission.

State means the state of South Dakota.

Undertaking means the obligations of the District pursuant to Sections 4 and 5.

Underwriter means each broker, dealer or municipal securities dealer acting as an Underwriter in the primary offering of the Series 2017 Bonds.

Section 3. CUSIP NUMBER. The CUSIP Numbers of the Series 2017 Bonds are as set forth on Exhibit III.

Section 4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Agreement, District hereby covenants that it will disseminate: (i) the District Annual Financial Information and District Audited Financial Statements (in the form and by the dates set forth in Exhibit I) to the MSRB and (ii) that it will use its best efforts to cause any Obligated Person to provide the District with the Obligated Person Annual Financial Information and Obligated Person Financial Statements for dissemination together with the District Annual Financial Information and the District Audited Financial Statements in accordance with this Section 4 (i). The District is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

The District assumes no responsibility for the accuracy or completeness of the Obligated Person Annual Financial Information and Obligated Person Financial Statements.

The District covenants that, if necessary to comply with this Section 4, it will enforce the provisions of the Loan Agreements that require an Obligated Person to provide the District with certain financial and operational information in connection with the issuance of any District bonds.

If any part of the District Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the District shall disseminate a statement to such effect as part of the District Annual Financial Information for the year in which such event first occurs. For any fiscal year in which there is no Obligated Person, the District shall disseminate a statement to such effect as part of the District Annual Financial Information.

If any amendment is made to this Agreement, the District Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

Section 5. EVENTS NOTIFICATION; MATERIAL EVENTS DISCLOSURE. Subject to Section 9 of this Agreement, the District hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2017 Bonds or defeasance of any Series 2017 Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the registered owners pursuant to the Master Indenture.

Section 6. DUTY TO UPDATE. The District shall determine, in the manner it deems appropriate, whether there has been a change in the MSRB's email address or filing procedures under EMMA each time it is required to file information with the MSRB.

Section 7. CONSEQUENCES OF FAILURE OF DISTRICT TO PROVIDE INFORMATION. The District shall give notice in a timely manner, not in excess of 10 business days after the due date, to MSRB in Prescribed Form, of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the District to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under this Agreement. Any court action to enforce this Agreement must be commenced in the Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota. A default under this Agreement shall not be deemed a default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance.

Section 8. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Chairman of the District, pursuant to authorization granted in the Series Resolution and the Indenture, may amend this Agreement, and any provision of this Agreement may be waived, if:

- (a) (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the District or type of business conducted;
- (ii) this Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking

into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2017 Bonds, as determined by a party unaffiliated with the District (such as Bond Counsel) at the time of the amendment; or

(b) the amendment or waiver is otherwise permitted by the rule.

Section 9. TERMINATION OF UNDERTAKING. The Undertaking of the District shall be terminated hereunder if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Series 2017 Bonds under the Indenture. If this Section is applicable, the District shall give notice in a timely manner and in Prescribed Form to MSRB.

Section 10. DISSEMINATION AGENT. The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the District chooses to include any other information in any Annual Financial Information Disclosure or Material Event Disclosure in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information Disclosure or Material Event Disclosure.

Section 12. BENEFICIARIES. This Agreement has been executed to assist the Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District and the beneficial owners of the Series 2017 Bonds, and shall create no rights in any other person or entity.

Section 13. ASSIGNMENT. The District shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking under the Rule.

Section 14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

SOUTH DAKOTA CONSERVANCY
DISTRICT

By: _____
Its: Chairman
South Dakota Conservancy District
c/o South Dakota Department of Environment
and Natural Resources —SRF Programs
Joe Foss Building
523 East Capitol
Pierre, South Dakota 57501
Attention: SRF Section
Telephone: (605) 773-4216
Telecopy: (605) 773-4068

Attest:

Secretary

Date: August __, 2017