

Unapproved Minutes  
Council Special Session  
September 16, 2013  
Monday 12:00 noon

The special session of the City Council, City of Vermillion, South Dakota was held on Monday, September 16, 2013 at 12:00 noon at the City Hall large conference room.

1. Roll Call

Present: Collier-Wise, Grayson, Meins, Osborne, Willson, Zimmerman, Mayor Powell

Absent: Davies, Ward

2. Informational Session -Egress window standards - Farrel Christensen

John Prescott, City Manager, stated that City staff has been meeting with Harlow Hatle regarding egress window requirements.

Farrel Christensen, Building Official, reported that Code Enforcement continues to review health, safety and welfare concerns while inspecting rental housing. In 2011, with this safety concern in mind, a new rental housing code was adopted by the City Council. This ordinance was the first major change in the Rental Housing Code in over 30 years. The new ordinance incorporated the International Property Maintenance Code as the minimum requirements and standards for premises, structures, equipment and facilities for light, ventilation, space, heating, sanitation, protection from the elements, life, safety, safety from fire and other hazards. This new code will require alterations to bring all rental housing units up to the minimum standards for health, safety and welfare. Major health, safety and welfare items that are being addressed include decks, stairs, guards and handrails; hard wired smoke detectors; return air limitations and egress windows. As to egress windows, Farrel reviewed the residential building fire fatalities, as reported by FEMA, noting that thirty-six percent of fire victims in residential buildings were trying to escape at the time of their death with an additional thirty-five percent sleeping.

As has been done with other improvements, Farrel stated that notice will be provided to the property owners giving them a time period to comply and also providing a method by which an extension can be provided based upon hardship.

Farrel reviewed the egress window size requirements noting that there is currently no permit required to replace windows and they are finding that some windows are being replaced that do not meet the code. Farrel stated that currently there are 66 structures where the windows do not meet the egress window code.

Discussion followed on the egress window requirements with Harlow Hatle explaining the cost of installing new windows stating it would require an increase in rents. Harlow noted that he had replaced the windows and the City did not tell him they were the wrong size windows.

John Prescott, City Manager, stated that the building permit ordinance could be amended to require permits for all window replacement thus ensuring that replacement windows meet the property maintenance requirements.

Discussion followed on property maintenance requirements with Roger Jeck asking if additional property maintenance standards will be coming forward from the City. It was noted that the City Council cannot promise that requirements will not change in the future.

### 3. Budget meeting follow-up discussion - Fire Inspector - Shannon Draper

John Prescott, City Manager, stated that this is a follow up on the August budget session where an additional fire inspection was discussed.

Richard Draper, Fire Chief, reviewed the fire/life safety program in use by the Fire Department along with the state statutes on property inspection. Richard stated that he estimated that currently he would be able to complete 20% of the annual inspections. Richard reviewed some of the violations that he has found during inspections noting that most of the violations were from a lack of education of the owners or managers. Richard noted that, for more inspections to be completed, additional staffing will be required in the Fire Department. Discussion followed on full time staff, part time staff and shared staff.

### 4. Briefing on the September 16, 2013 City Council Regular Meeting

Council reviewed items on the agenda with City staff. No action was taken.

### 5. Adjourn

286-13

Alderman Osborne moved to adjourn the Council special session at 12:56 p.m. Alderman Meins seconded the motion. Motion carried 7 to 0. Mayor Powell declared the motion adopted.

Dated at Vermillion, South Dakota this 16<sup>th</sup> day of September, 2013.

THE GOVERNING BODY OF THE CITY  
OF VERMILLION, SOUTH DAKOTA  
BY \_\_\_\_\_  
John E. (Jack) Powell, Mayor

ATTEST:

BY \_\_\_\_\_  
Michael D. Carlson, Finance Officer

Unapproved Minutes  
City Council Regular Session  
September 16, 2013  
Monday 7:00 p.m.

The regular session of the City Council, City of Vermillion, South Dakota was called to order on Monday, September 16, 2013 at 7:00 p.m. by Mayor Powell.

1. Roll Call

Present: Collier-Wise, Davies, Grayson, Meins, Osborne, Ward, Willson, Zimmerman, Mayor Powell

Mayor Powell requested a moment of silence for the people of Washington DC.

2. Pledge of Allegiance

3. Minutes

A. Minutes of September 3, 2013 Special Session; September 3, 2013 Regular Session

287-13

Alderman Osborne moved approval of the September 3, 2013 Special Session and September 3, 2013 Regular Session minutes. Alderman Willson

seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

#### 4. Adoption of Agenda

288-13

Alderman Zimmerman moved approval of the agenda. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

#### 5. Visitors to be Heard

##### A. United Way Week Proclamation

Alderman Collier-Wise read the proclamation recognizing September 23-29, 2013 as United Way of Vermillion Week and encouraged all citizens to join together with the United Way to build a stronger community. Mayor Powell presented the proclamation to representatives of the United Way of Vermillion Board. Deb Christenson representing the Vermillion United Way thanked the City Council for the proclamation noting that next week is the United Way kickoff in Vermillion and to watch for your pledge card.

##### B. Lori Kober Proclamation

Alderman Meins read the proclamation recognizing Lori Kober as an outstanding citizen with a disability and proclaimed September 16, 2013 as Lori Kober Day in Vermillion. Mayor Powell presented the Proclamation to Lori Kober. Lori thanked the City Council for the proclamation.

#### 6. Public Hearings - None

#### 7. Old Business

##### A. Resolution approving Special Assessment Roll for Nuisance Abatement at 23 N Harvard Street.

Mike Carlson, Finance Officer, reported that on August 5th the City Council adopted a resolution setting a public hearing date of September 3<sup>rd</sup> for nuisance abatement special assessments. At the September 3<sup>rd</sup> public hearing, the City Council adopted the special assessment roll for three of the four properties listed and recessed the hearing on the Apostolic Faith Church assessment until a future meeting in order to review the costs associated with the removal of the dangerous structure. Mike reviewed the costs incurred by the City with the dangerous structure removal noting that a complete list is included in

the packet. Mike provided background on the project that started with the Court upholding the nuisance abatement of a dangerous structure in January 2013. Mike noted that the special assessments approved on September 3<sup>rd</sup> included an assessment for the removal of a dangerous structure (garage) at 15 Linden that was done by the Street Department at a cost of \$1,145.11. This structure was removed by the City because the property owner did not take action to abate the nuisance. There were also dangerous structures removed in prior years on Cottage, University Street, Center Street and Maple Street when the owners did not abate the nuisance forcing the City to take action. In three of these cases, the City reduced the special assessment amounts, in future years, when presented with a plan to sell the property to a new owner who agrees to make improvements and/or maintain the property.

Mike stated that the adjustment of a portion of this special assessment without a plan to improve the site may set a precedent where others may decline to abate a nuisance only to have the work done by the City and then request the costs be reduced. The property owner failing to abate the nuisance would then receive the benefit of a reduced cost to abate nuisances paid by the City.

Mike stated that Administration recommends adoption of the resolution assessing the Apostolic Faith Church \$11,321.99 for abatement of the dangerous structure at 23 N Harvard and when the owner presents an acceptable plan for the property, the City Council could consider a resolution to reduce the outstanding special assessment in exchange for the improvements to the property.

289-13

After reading the same once, Alderman Zimmerman moved adoption of the following:

RESOLUTION APPROVING THE SPECIAL ASSESSMENT ROLL  
AND NOTICE OF SPECIAL ASSESSMENTS  
FOR NUISANCE ABATEMENT  
IN THE CITY OF VERMILLION, SOUTH DAKOTA

WHEREAS, the Governing Body of the City of Vermillion, Clay County, South Dakota has established a special assessment roll for defraying the cost of nuisance abatement against the several tracts of real property upon:

NUISANCE ABATEMENT as listed at the end of this Resolution

in the City of Vermillion, Clay County, South Dakota. The assessment roll was filed in the office of the City Finance Officer of the City of Vermillion, South Dakota on the 5th day of August, 2013.

WHEREAS, said Governing Body, by resolution, fixed this time and place for hearing upon the assessment roll for the 3rd day of September, 2013 and directed the City Finance Officer of the City of Vermillion, Clay County, South Dakota to publish a Resolution and Notice for such hearing in the official newspaper of Vermillion, South Dakota, one week prior to the date set for said hearing. Said Resolution and Notice described, in general terms, the improvement for which the special assessment is levied, the date of filing of the assessment roll, the time and place for the hearing, that the assessment roll would be open for public inspection at the office of the City Finance Officer of Vermillion, South Dakota, and referred to the assessment roll for further particulars. The Finance Officer was further directed to mail a copy of the Resolution and Notice by first-class mail, postage thereon fully prepaid, addressed to the property owners of any property to be assessed for such improvement at their address, as shown by the records of the Director of Equalization, at least one week prior to the date set for the hearing; and

WHEREAS, it now appears that the Finance Officer has caused notice of the hearing to be given in the manner provided by the aforementioned Resolution and Notice, and by law; and

WHEREAS, at the September 3rd public hearing the City Council moved to recess the public hearing until a future meeting to allow time to review the nuance abatement costs for the property at 23 N. Harvard; and

WHEREAS, all persons interested have been given an opportunity to appear and show cause why the Governing Body should not approve the assessment roll, and the assessments against the respective premises of the owners, and the Governing Body has determined that the assessment roll is in all respects true and correct, and according to law.

NOW, THEREFORE, IT IS RESOLVED, by the Governing Body of the City of Vermillion, Clay County, South Dakota that the special assessment roll is hereby approved without amendment or change.

BE IT FURTHER RESOLVED, that the approved assessment roll be filed in the office of the City Finance Officer the day after approval of the assessment roll. The City Finance Officer shall publish once in the official newspaper of Vermillion, South Dakota, a copy of this Resolution and Notice, along with the approved assessment roll.

BE IT FURTHER RESOLVED, that the City Finance Officer shall immediately mail to the owner, or owners, of each lot, parcel or piece of ground as shown by the assessment roll, a copy of this Resolution and Notice along with the approved assessment roll.

NOTICE IS HEREBY GIVEN, that the assessments mentioned in the assessment roll will be payable according to the provisions of Plan One as set forth in SDCL Sections 9-43-102 to 9-43-113.

NOTICE IS FURTHER GIVEN, that any assessment under Plan One, or any installment thereof, may be paid without interest to the City Finance Officer whose office is located in the Municipal Building at 25 Center Street in the City of Vermillion, South Dakota, at any time within thirty (30) days after the filing of the approved assessment roll in the office of said City Finance Officer. Thereafter and prior to the due date of the first installment, the entire assessment remaining, plus interest thereon from the filing date to the date of payment may be paid to the said City Finance Officer. No installment under Plan One shall be paid to the said City Finance Officer on or after its due date, and on and after said date such installment shall be paid only to the County Treasurer with interest.

NOTICE IS FURTHER GIVEN, that the approved assessment roll will be filed with the City Finance Officer on 17th day of September, 2013. The assessment is payable in one (1) installment at ten percent (10%) per annum interest on unpaid installments. The first installment due date is January 1, 2014.

The assessment roll herein referred to is as follows.

Lot: W 71' of N ½ of Lots 8 & W 71' of Lot 9 Block 62 Bigelows Addition  
Parcel Number: 15050-06200-090-00  
Owner: Apostolic Faith Church contract for deed with Dennis A. Klein  
Service: removal of dangerous structure  
Total: \$11,321.99

Dated at Vermillion, South Dakota, this 16th day of September 2013.

THE GOVERNING BODY OF THE CITY OF  
VERMILLION, CLAY COUNTY, SOUTH DAKOTA

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John E. Jack Powell, Mayor

ATTEST:

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Michael D. Carlson, Finance Officer

The motion was seconded by Alderman Willson. Discussion followed with Alderman Ward requesting to reduce the special assessment as the Church had good intentions but does not have the financial ability to pay this

large of an assessment. Jim McCulloch, City Attorney, noted that the property is being purchased on a contract for deed and, as such, the Church would not be the owner until the contract is satisfied and the deed is transferred by Dennis Klein to the Church. Jim also reviewed the process used by the City in the past to abate special assessments when requested and presented with an improvement plan. Discussion followed on ownership of the property, special assessment process and abatement of assessments.

The question of the adoption of the Resolution was presented for a roll call vote of the Governing Body was as follows: Collier-Wise- N, Davies-Y, Grayson-N, Meins-N, Osborne-Y, Ward-N, Willson-Y, Zimmerman-Y, Mayor Powell-Y. Motion carried 5 to 4. Mayor Powell declared that the Resolution was adopted.

B. Second Reading of Ordinance 1304 - Amending Chapter 155.074 of the 2008 revised ordinances of the City of Vermillion, adding guidelines for the installation of fences

Ted Cherry, Administrative Intern, reported that this is second reading of the ordinance to add guidelines for installation of fences that will require the smooth/finished sides facing a street/alleyway or public property. Discussion followed on fence requirements.

290-13

Mayor Powell read the title to the above named Ordinance, and Alderman Davies moved adoption of the following:

BE IT RESOLVED, that the minutes of this meeting shall show that the title to the proposed Ordinance No. 1304 entitled An Ordinance Amending Chapter 155.074, to add guidelines for fence installation of the City of Vermillion, South Dakota was first read and the Ordinance considered substantially in its present form and content at a regularly called meeting of the Governing Body on the 3rd day of September, 2013 and that the title was again read at this meeting, being a regularly called meeting of the Governing Body on this 16th day of September, 2013 at the City Hall Council Chambers in the manner prescribed by SDCL 9-19-7 as amended.

BE IT RESOLVED, and ordained, that said Ordinance be adopted to read as follows:

ORDINANCE NO. 1304

AN ORDINANCE AMENDING CHAPTER 155 SECTION 155.074, OF THE REVISED ORDINANCES OF THE CITY OF VERMILLION, SOUTH DAKOTA, TO ADD GUIDELINES FOR FENCE INSTALLATION.

BE IT ORDAINED, by the Governing Body of the City of Vermillion, South Dakota, that Chapter 155 Section 155.074 is amended to add the following:

155.074 FENCES

(I) All exterior fences constructed, which are parallel to and/or face the street/alley or public property, shall have the smooth/finished side, the side without the support bracings or frame, of the fence facing toward the outside when there is only one smooth/finished side.

Dated at Vermillion, South Dakota this 16th day of September, 2013.

THE GOVERNING BODY OF THE CITY  
OF VERMILLION, SOUTH DAKOTA  
BY \_\_\_\_\_  
John E. (Jack) Powell, Mayor

ATTEST:

BY: \_\_\_\_\_  
Michael D. Carlson, Finance Officer

Adoption of the Ordinance was seconded by Alderman Ward. Discussion followed. Thereafter, the question of the adoption of the Ordinance was put to a roll call vote of the Governing Body, and the members voted as follows: Collier-Wise-Y, Davies-Y, Grayson-Y, Meins-Y, Osborne-Y, Ward -Y, Willson-Y, Zimmerman-Y, Mayor Powell-Y. Motion carried 9 to 0. Mayor Powell declared that the Ordinance has been adopted and directed publication thereof as required by law.

C. Second Reading of Ordinance 1305 - 2014 Appropriations

John Prescott, City Manager, reported that this was the second reading of the 2014 Appropriations Ordinance that had first reading on September 3, 2013. John noted that this process started with the budget presentation at the first meeting in August followed by the budget hearings to finalize the documents that are being considered tonight. Discussion followed.

291-13

Mayor Powell read the title to the above named Ordinance, and Alderman Willson moved adoption of the following:

BE IT RESOLVED, that the minutes of this meeting shall show that the title to the proposed Ordinance No. 1305 entitled 2014 Budget Ordinance was first read and the Ordinance considered substantially in its present form and content at a regularly called meeting of the Governing Body on the 3rd day of September, 2013 and that the title was again

read at this meeting, being a regularly called meeting of the Governing Body on this 16th day of September, 2013 at the City Hall Council Chambers in the manner prescribed by SDCL 9-19-7 as amended.

BE IT RESOLVED, and ordained, that said Ordinance be adopted to read as follows:

ORDINANCE NO. 1305  
2014 APPROPRIATION ORDINANCE

AN ORDINANCE ADOPTING the 2014 Appropriations Ordinance for the City of Vermillion, South Dakota.

BE IT ORDAINED BY THE GOVERNING BODY of the City of Vermillion that the following sums are appropriated to meet the obligations of the municipality.

	<u>2014 Budget</u>	
GENERAL FUND		
<u>REVENUES:</u>		
General Property Taxes	2,037,500	
Sales Tax	1,600,000	
Penalties &		
Interest	4,000	
Licenses &		
Permits	135,150	
Cable TV		
Franchise	110,000	
State Intergovernmental	254,950	
County Intergovernmental	104,200	
Charges for Goods & Services	548,540	
Fines & Forfeits	41,050	
Miscellaneous Revenues	87,800	
TOTAL GENERAL FUND REVENUES	4,923,190	
<u>EXPENDITURES:</u>		
<u>Policy &amp; Administration:</u>		
General		
Government	549,853	
Finance Office	172,861	
Engineering	297,459	
Planning & Zoning	800	
Code Compliance	197,819	
Community Promotion	47,000	
Total Policy & Administration	1,265,792	
<u>Public Safety &amp; Security:</u>		
Police Administration & Invest.	446,493	
Police Patrol	1,242,625	
Fire & Rescue	207,530	

Emergency Management	3,300	
Ambulance	<u>323,166</u>	
Total Public Safety & Security		2,223,114

Maintenance & Transportation:

Municipal Garage	136,467	
Municipal Service Center	33,750	
Street Department	707,444	
Snow Removal	70,628	
Sweeping & Mowing	109,697	
Carpentry	32,614	
City Hall Maintenance	70,500	
Old Library Maintenance	5,000	
Old Landfill Maintenance	12,000	
Airport	<u>123,423</u>	
Total Maintenance & Transportation		1,301,523

Human Development & Leisure Services:

Library	567,380	
Parks & Forestry	286,652	
Swimming Pool	110,154	
Recreation	177,222	
Mosquito Control	20,756	
National Guard Armory Center	<u>59,661</u>	
Total Human Development & Leisure		<u>1,221,825</u>
TOTAL GENERAL FUND EXPENDITURES		<u>6,012,254</u>

GENERAL FUND NEEDS (1,089,064)

Transfer from Electric Fund	803,117	
Transfer from Water Fund	2,306	
Transfer from Sewer Fund	1,402	
Transfer from Liquor Fund	194,200	
Transfer from Capital Projects	8,800	
Transfer from Utilities Engineering Fees	136,387	
Transfer to 911 Fund - Communications	(267,430)	
Appropriation from Reserve	<u>210,282</u>	
GENERAL FUND BALANCE		<u><u>0</u></u>

SPECIAL REVENUE FUNDS

SECOND CENT SALES TAX FUND

Revenues		1,612,500
Expenditures - Second Cent Sales Tax	789,100	
Transfer in Airport Capital Projects	(7,500)	
Transfer to Bike Path	(42,557)	
Transfer to TIF #6	(362,300)	
Transfer to City Hall Debt Service Fund	(344,934)	
Appropriation from Reserve	<u>(66,109)</u>	

SECOND CENT SALES TAX FUND BALANCE 0

PARKS IMPROVEMENT  
FUND

Revenues-Recreation Fees 4,020  
  
Expenditures - Parks Improvements 4,020  
PARKS IMPROVEMENT FUND BALANCE 0

BBB SALES TAX FUND

Revenues 323,500  
  
Expenditures 272,400  
Appropriation to Reserve (51,100)  
BBB SALES TAX FUND BALANCE 0

911 FUND -  
COMMUNICATIONS

Revenues 292,929  
  
Expenditures 560,359  
Transfer in General Fund 267,430  
911FUND FUND BALANCE 0

STORMWATER MAINTENANCE FUND

Revenues - Stormwater Fees 202,500  
  
Expenditures: 114,499  
Transfer to TIF #6 (125,501)  
Appropriation from Reserve 37,500  
STORMWATER FEE FUND BALANCE 0

LIBRARY FINE AND GIFT  
FUND

Revenues- Library Fine & Gifts 11,700  
  
Expenditures - Library 9,000  
Appropriation to Reserve (2,700)  
LIBRARY FINE AND GIFT FUND BALANCE 0

DEBT SERVICE FUNDS

DEBT SERVICE--SPECIAL ASSESSMENT  
FUND

Revenues 66,898  
  
Expenditures 66,898  
Interfund Loan 118,800  
Transfer to Capital Projects (118,800)

DS SPECIAL ASSESSMENT FUND BALANCE 0

DEBT SERVICE-- TIF District No. 6

Expenditures 43,300  
Transfer from Sales Tax 43,300  
DEBT SERVICE - TIF 6 FUND BALANCE 0

DEBT SERVICE - CITY HALL

Revenues 7,000  
  
Expenditures 351,934  
Transfer in Sales Tax Fund 344,934  
DEBT SERVICE - CITY HALL FUND  
BALANCE 0

CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUND - SPECIAL ASSESSMENT

Expenditures 110,000  
Transfer to General Fund (8,800)  
Transfer from Debt Service 118,800  
CP SPECIAL ASSESSMENT FUND BALANCE 0

CAPITAL PROJECTS FUND - AIRPORT

Revenues 142,500  
  
Expenditures 150,000  
Transfer from Second Cent Sales Tax 7,500  
CP AIRPORT FUND  
BALANCE 0

CAPITAL PROJECTS FUND - BIKE PATH

Revenues 162,443  
  
Expenditures 205,000  
Transfer from Second Cent Sales Tax 42,557  
CP BIKE PATH FUND BALANCE 0

CAPITAL PROJECTS FUND - W MAIN MILL & OVERLAY

Revenues 19,540  
  
Expenditures 19,540  
CP W MAIN MILL & OVERLAY FUND BALANCE 0

CAPITAL PROJECTS FUND - BLISS POINTE TIF 6

Expenditures 813,936  
Transfer from Stormwater Fund 125,501  
Transfer from Sales Tax 319,000  
Appropriation from Reserve 369,435

CP BLISS POINTE TIF 6 FUND BALANCE

0

INTERNAL SERVICE FUNDS (Information Only)

	Unemployment Fund	Copier - Fax- Postage Fund	Custodial Fund	Equipment Replacement Fund
<u>Revenues</u>				
Internal Dept Charges		18,650	84,520	418,330
Interest on Investments	80			2,000
Other Revenues				283,000
Total Revenues	80	18,650	84,520	703,330
<u>Expenditures</u>				
Personnel			81,423	
Operating Expenses	80	18,500	3,200	
Capital			500	649,700
Total Expenditures	80	18,500	85,123	649,700
Transfer Out (In) (To) From Reserve		(150)	603	(53,630)
Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

UTILITY AND ENTERPRISE FUNDS (Information Only)

	Electric Fund	Water Fund	Wastewater Fund	Joint Powers Fund	Liquor Fund	Curbside Golf Course Fund	Recycling Fund
<u>Revenues</u>							
Sales	5,723,900	1,400,000	1,470,000	1,257,825	1,238,000	702,790	114,000
Surcharge	783,000	260,000	321,000				
Other Revenue	78,000	50,500	22,600	15,000		72,700	300
Interest	171,600	7,566	7,082	6,000	1,500	3,750	
Bond Proceeds		225,000		746,900			
Grants		25,000		213,100			
Total Revenues	6,756,500	1,968,066	1,820,682	2,238,825	1,239,500	779,240	114,300
<u>Expenditures</u>							
Personnel	978,432	580,211	488,220	497,840		362,498	90,609
Operating Expenses	3,853,952	577,819	618,348	1,022,770	1,062,944	410,022	14,600

Capital	1,314,004	356,316	314,940	1,253,500	2,000		30,250
Debt Service		139,490	254,849	187,577			8,408
Debt Service Surcharge	<u>575,050</u>	<u>235,669</u>	<u>291,013</u>				
Total Expenditures	6,721,438	1,889,505	1,967,370	2,961,687	1,064,944	772,520	143,867
Transfers Out	(884,950)	(38,583)	(28,679)		(194,200)		
Transfers In	9,000						
(To) From Reserve	<u>840,888</u>	<u>(39,978)</u>	<u>175,367</u>	<u>722,862</u>	<u>19,644</u>	<u>(6,720)</u>	<u>29,567</u>
Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The City Manager is directed to certify the following dollar amount of tax levies in ordinance to the Clay County Auditor: \$2,075,000

Dated at Vermillion, South Dakota this 16th day of September, 2013.

THE GOVERNING BODY OF THE CITY OF  
VERMILLION, SOUTH DAKOTA

BY \_\_\_\_\_  
John E. (Jack) Powell, Mayor

ATTEST:

BY \_\_\_\_\_  
Michael D. Carlson, Finance Officer

Adoption of the Ordinance was seconded by Alderman Zimmerman. Thereafter, the question of the adoption of the Ordinance was put to a roll call vote of the Governing Body, and the members voted as follows: Collier-Wise-Y, Davies-Y, Grayson-Y, Meins-Y, Osborne-Y, Ward-Y, Willson-Y, Zimmerman-Y, Mayor Powell-Y. Motion carried 9 to 0. Mayor Powell declared that the Ordinance has been adopted and directed publication thereof as required by law.

D. Second Reading of Ordinance 1306 - 2013 Revised Appropriations

John Prescott, City Manager, reported that this was the second reading of the 2013 Revised Appropriations Ordinance. John noted that the 2013 Budget was adopted in September 2012 and the revised budget is based upon actual financial information obtained thus far in 2013 and includes the revisions for such items as the French East Addition (Mickelson Street), Bliss Pointe project, repairs to the hike/bike path, West Main Street mill & overlay project and the impacts of the

landfill fire that were not anticipated or included in the original budget. Discussion followed.

292-13

Mayor Powell read the title to the above named Ordinance, and Alderman Zimmerman moved adoption of the following:

BE IT RESOLVED, that the minutes of this meeting shall show that the title to the proposed Ordinance No. 1306 entitled 2013 Revised Budget Ordinance was first read and the Ordinance considered substantially in its present form and content at a regularly called meeting of the Governing Body on the 3rd day of September, 2013 and that the title was again read at this meeting, being a regularly called meeting of the Governing Body on this 16th day of September, 2013 at the City Hall Council Chambers in the manner prescribed by SDCL 9-19-7 as amended.

BE IT RESOLVED, and ordained, that said Ordinance be adopted to read as follows:

ORDINANCE NO. 1306  
2013 REVISED APPROPRIATION  
ORDINANCE

AN ORDINANCE ADOPTING the 2013 Revised Appropriations Ordinance for the City of Vermillion, South Dakota.

BE IT ORDAINED BY THE GOVERNING BODY of the City of Vermillion that the following sums are appropriated to meet the obligations of the municipality.

	<u>2013 Revised Budget</u>	
GENERAL FUND		
<u>REVENUES:</u>		
General Property Taxes	1,775,350	
Sales Tax	1,568,000	
Penalties & Interest	4,000	
Licenses & Permits	132,650	
Cable TV Franchise	105,000	
State Intergovernmental	290,935	
County Intergovernmental	93,200	
Charges for Goods & Services	521,040	
Fines & Forfeits	41,050	
Miscellaneous Revenues	87,614	
TOTAL GENERAL FUND REVENUES	4,618,839	
<u>EXPENDITURES:</u>		
<u>Policy &amp; Administration:</u>		
General Government	526,337	

Finance Office	164,268	
Engineering	315,557	
Planning and Zoning	800	
Code Compliance	191,442	
Community Promotion	56,750	
Total Policy & Administration		1,255,154

Public Safety & Security:

Police Administration & Invest.	431,994	
Police Patrol	1,136,758	
Fire & Rescue	208,384	
Emergency Management	3,900	
Ambulance	303,320	
Total Public Safety & Security		2,084,356

Maintenance & Transportation:

Municipal Garage	131,051	
Municipal Service Center	35,750	
Street Department	677,676	
Snow Removal	70,432	
Sweeping & Mowing	106,894	
Carpentry	31,564	
City Hall Maintenance	76,800	
Old Library Maintenance	10,000	
Old Landfill Maintenance	12,000	
Airport	78,360	
Total Maintenance & Transportation		1,230,527

Human Development & Leisure Services:

Library	548,569	
Parks & Forestry	263,850	
Swimming Pool	106,620	
Recreation	138,295	
Mosquito Control	19,814	
National Guard Armory Center	57,750	
Total Human Development & Leisure		1,134,898
TOTAL GENERAL FUND EXPENDITURES		5,704,935

GENERAL FUND NEEDS (1,086,096)

Transfer to 911 Fund	(280,336)
Transfer from Electric Fund	803,117
Transfer from Water Fund	2,306
Transfer from Sewer Fund	1,402
Transfer from Liquor Fund	194,200
Transfer from Capital Projects	13,735
Transfer from Sales Tax - Communications	27,500
Transfer from Utilities Engineering Fees	136,387

Appropriation from Reserve	187,785
GENERAL FUND BALANCE	<u>0</u>

SPECIAL REVENUE FUNDS

SECOND CENT SALES TAX FUND

Revenues	1,581,100
Expenditures - Second Cent Sales Tax	594,000
Transfer to Bike Path Capital Projects	(49,600)
Transfer to Bluff Enterprise Fund	(200,000)
Transfer to Library Capital Projects	(547,900)
Transfer to Airport Capital Projects	(9,125)
Transfer to City Hall Debt Service Fund	(344,134)
Transfer to TIF #6	(18,523)
Transfer to General Fund Communications	(27,500)
Appropriation From Reserve	209,682
SECOND CENT SALES TAX FUND BALANCE	<u>0</u>

PARKS IMPROVEMENT FUND

Revenues-Recreation Fees	11,670
Expenditures - Parks Improvements	17,000
Appropriation from Reserve	5,330
PARKS IMPROVEMENT FUND BALANCE	<u>0</u>

BBB SALES TAX FUND

Revenues	314,100
Expenditures	279,000
Appropriation to Reserve	(35,100)
BBB SALES TAX FUND BALANCE	<u>0</u>

911 FUND -COMMUNICATIONS

Revenues	300,335
Expenditures	580,671
Transfer in General Fund	280,336
911FUND- FUND BALANCE	<u>0</u>

STORMWATER MAINTENANCE FUND

Revenues - Stormwater Fees	190,575
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Expenditures:	192,000
Appropriation from Reserve	<u>1,425</u>
STORMWATER FEE FUND BALANCE	<u><u>0</u></u>

LIBRARY FINE AND GIFT FUND

Revenues- Library Fine & Gifts	13,500
Expenditures - Library	14,000
Transfer to Library Capital Projects	(5,000)
Appropriation From Reserve	<u>5,500</u>
LIBRARY FINE AND GIFT FUND BALANCE	<u><u>0</u></u>

STREETSCAPE FUND

Expenditures	364
Appropriation from Reserve	<u>364</u>
STREETSCAPE FUND BALANCE	<u><u>0</u></u>

DEBT SERVICE FUNDS

DEBT SERVICE--SPECIAL ASSESSMENT FUND

Revenues	70,186
Expenditures	70,186
Interfund Loan	131,000
Transfer to Capital Projects	<u>(131,000)</u>
SPECIAL ASSESSMENT FUND BALANCE	<u><u>0</u></u>

DEBT SERVICE-- TIF District No. 3

Revenues	151,912
Repayment of Electric Fund & Refund	<u>(151,912)</u>
DEBT SERVICE - TIF 3 FUND BALANCE	<u><u>0</u></u>

DEBT SERVICE - TIF District No. 4

Revenues	126,065
Expenditures	397,300
Appropriation from Reserve	<u>271,235</u>
DEBT SERVICE - TIF 4 FUND BALANCE	<u><u>0</u></u>

DEBT SERVICE - TIF District No. 6

Revenues	0
Expenditures	18,523
Transfer in Second Penny	18,523
DEBT SERVICE - TIF 6 FUND BALANCE	<u>0</u>

DEBT SERVICE - City Hall

Revenues	10,500
Expenditures	354,634
Transfer In Sales Tax Fund	344,134
DEBT SERVICE - CITY HALL FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUND - SPECIAL ASSESSMENT

Revenues	18,950
Expenditures	110,000
Transfer to General Fund	(13,735)
Transfer from Debt Service	131,000
Appropriation to Reserve	(26,215)
CP SPECIAL ASSESSMENT FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUND - BIKE PATH

Revenues	25,400
Expenditures	75,000
Transfer from Second Cent Sales Tax	49,600
CP BIKE PATH FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUND - AIRPORT

Revenues	173,375
Expenditures	182,500
Transfer From Second Cent Sales Tax	9,125
CP AIRPORT FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUND - BLISS POINTE TIF 6

Revenues	1,732,000
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Expenditures	1,378,565
Appropriation to Reserve	369,435
Transfer from water fund	16,000
CP LIBRARY FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUND - LIBRARY

Revenues	223,330
Expenditures	477,615
Appropriation to Reserve	(298,615)
Transfer from Second Cent Sales	
Tax	547,900
Transfer From Library SR Fund	5,000
CP LIBRARY FUND BALANCE	<u>0</u>

CAPITAL PROJECTS FUND - WEST MAIN MILL & OVERLAY

Revenues	24,000
Expenditures	24,000
CP STANFORD STREET FUND BALANCE	<u>0</u>

INTERNAL SERVICE FUNDS (Information Only)

	Unemployment Fund	Copier - Fax- Postage Fund	Custodial Fund	Equipment Replacement Fund
<u>Revenues</u>				
Internal Dept Charges		18,350	83,020	407,947
Interest on Investments	80			2,000
Contributed Capital				119,837
Other Revenues				14,252
Total Revenues	<u>80</u>	<u>18,350</u>	<u>83,020</u>	<u>544,036</u>
<u>Expenditures</u>				
Personnel			76,989	
Operating Expenses	80	18,200	2,937	
Capital				1,056,800
Total Expenditures	<u>80</u>	<u>18,200</u>	<u>79,926</u>	<u>1,056,800</u>
Transfer (Out) In (To) From Reserve		(150)	(3,094)	100,000
	<u>0</u>	<u>0</u>	<u>0</u>	<u>412,764</u>
Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

UTILITY AND ENTERPRISE FUNDS (Information Only)

	Electric <u>Fund</u>	Water <u>Fund</u>	Wastewater <u>Fund</u>	Joint Powers <u>Fund</u>	Liquor <u>Fund</u>	Golf Course <u>Fund</u>	Curbside Recycling <u>Fund</u>
<u>Revenues</u>							
Sales	5,540,600	1,350,000	1,430,000	1,201,450	1,224,000	688,040	113,000
Surcharge	775,300	263,000	323,000				
Other Revenue	77,000	50,500	28,200	1,397,555		71,690	300
Interest	177,200	7,665	7,135	8,000	1,500	3,000	
Bond Proceeds		1,108,500		830,025			
Grants		79,200		236,800			
Tax Increment						498,280	
Total							
Revenues	<u>6,570,100</u>	<u>2,858,865</u>	<u>1,788,335</u>	<u>3,673,830</u>	<u>1,225,500</u>	<u>1,261,010</u>	<u>113,300</u>
<u>Expenditures</u>							
Personnel	945,832	556,830	465,319	494,740		353,930	71,472
Operating							
Expenses	3,645,693	586,612	641,831	836,855	1,051,352	399,390	14,600
Capital	560,350	905,100	357,300	3,276,825	2,000	27,610	23,000
Debt Service		127,089	222,645	157,699		663,688	8,408
Surcharge							
Debt Service	<u>573,850</u>	<u>235,668</u>	<u>291,013</u>				
Total							
Expenditures	<u>5,725,725</u>	<u>2,411,299</u>	<u>1,978,108</u>	<u>4,766,119</u>	<u>1,053,352</u>	<u>1,444,618</u>	<u>117,480</u>
Transfers Out	(984,950)	(54,583)	(28,679)		(194,200)		
Transfers In	9,000					200,000	
Advance from							
TIF	108,537						
(To) From							
Reserve	<u>23,038</u>	<u>(392,983)</u>	<u>218,452</u>	<u>1,092,289</u>	<u>22,052</u>	<u>(16,392)</u>	<u>4,180</u>
Fund Balance	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

Dated at Vermillion, South Dakota this 16th day of September, 2013.

THE GOVERNING BODY OF THE CITY OF  
VERMILLION, SOUTH DAKOTA

BY \_\_\_\_\_  
John E. (Jack) Powell, Mayor

ATTEST:

BY \_\_\_\_\_  
Michael D. Carlson, Finance Officer

Adoption of the Ordinance was seconded by Alderman Meins. Thereafter, the question of the adoption of the Ordinance was put to a roll call vote of the Governing Body, and the members voted as follows: Collier-Wise-Y, Davies-Y, Grayson-Y, Meins-Y, Osborne-Y, Ward-Y, Willson-Y, Zimmerman-Y, Mayor Powell-Y. Motion carried 9 to 0. Mayor Powell declared that the Ordinance has been adopted and directed publication thereof as required by law.

8. New Business

A. Resolution designating \$500,000 of General Fund reserves for swimming pool replacement capital outlay accumulation

Mike Carlson, Finance Officer, reported that the City Council discussed the pool replacement project during the budget sessions and at subsequent noon meetings. Mike noted that, while the financing package for the pool project has not been determined, discussion has included using several sources of financing such as reserve funds, private donations, and bond proceeds. State statutes provide that a City Council may, by resolution, provide for capital accumulation for funds for a capital project. The resolution presented is to provide for the accumulation of \$500,000 of general fund reserves for the pool project. The resolution requires a two thirds vote of the Council. Discussion followed.

293-13

After reading the same once, Alderman Davies moved adoption of the following:

RESOLUTION FOR CAPITAL OUTLAY ACCUMULATION FOR  
PRENTIS PARK SWIMMING POOL PROJECT

WHEREAS, the Prentis Park swimming pool has served the summer recreational swimming needs for citizens and guests of the community for almost fifty years and is reaching the end of its useful life; and

WHEREAS, in planning for the replacement of the Prentis Park swimming pool a Pool Committee was established that through public input and a community survey developed a conceptual plan for a new pool facility; and

WHEREAS, the conceptual plan developed by the Pool Committee was projected, by the Consultant, to cost over \$6 million in 2012; and

WHEREAS, to determine the optimal configuration of the recreation facilities in Prentis Park, TSP was contracted, to develop a master plan for the park; and

WHEREAS, the final financing package has not been determined but is anticipated to include a combination City reserve funds, private donations and bond proceeds; and

WHEREAS, SDCL 9-21-14.1 authorized the Governing Body of a municipality to, by resolution, accumulate funds for a period longer than one year for specific capital outlay purposes.

NOW THEREFORE BE IT RESOLVED, by the Vermillion City Council that \$500,000 of general fund reserve be committed to the Prentis Park swimming pool project.

Dated at Vermillion, South Dakota this 16th day of September, 2013

THE GOVERNING BODY OF THE CITY  
OF VERMILLION, SOUTH DAKOTA

BY \_\_\_\_\_  
John E. (Jack) Powell, Mayor

ATTEST:

BY \_\_\_\_\_  
Michael D Carlson, Finance Officer

The motion was seconded by Alderman Collier-Wise. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 9 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

B. Resolution designating boundaries of a business improvement district

John Prescott, City Manager, reported that the Vermillion Chamber of Commerce and Development Company (VCDC) and the VCDC Tourism Committee have recommended the creation of a business improvement district to

collect a per night lodging fee. John reported the state statute allows municipalities to create business improvement districts (BID). John stated a BID can be funded by special assessments and/or an occupation tax. Special assessments are generally used for brick and mortar type projects. An occupation tax can be imposed against users of space within a district or upon rooms rented by a lodging establishment to transient guests. State law allows up to \$2.00 per room, per night lodging fee through the creation of a business improvement district. John reported that some of the South Dakota communities that have a business improvement district with lodging fee are Aberdeen, Brookings, Custer, Hot Springs, Mitchell, Rapid City, Sioux Falls, Spearfish, Watertown and Yankton. The lodging fee is imposed unless the room is provided on a complimentary basis and no fee or rent was charged. John noted that there are several steps in the process of establishing a district, the uses of any revenue that is collected, establishing the uses of the revenue, and in implementing the authorization to collect revenue. The steps include:

1. City Council adopts resolution designating boundaries of business improvement district.
2. City Council adopts resolution establishing a business improvement board of directors.
3. Mayor with approval of City Council appoints business improvement district board of directors.
4. Board of Directors recommends plan for improvements in the district to City Council.
5. City Council adopts resolution of intent to create business improvement district.
6. Notice of Hearing is mailed 30 days prior to the hearing to each owner of taxable property for the proposed district as well as to the occupant of the property along with a copy of the resolution of intent to create the business improvement district.
7. Public Hearing and adoption of ordinance establishing the business improvement district.
8. Publish Notice of Adoption of Ordinance.
9. Effective Date of Ordinance.

John stated that this is the first step to set the boundaries that would be the city limits. The next item on the agenda is the resolution providing for the BID board of directors. John noted that the goal is to better promote the community to encourage more visitors and longer visitor stays in the community along with more dollars expended in the community.

Steve Howe, Executive Director of the VCDC, stated that a Visit Vermillion Committee was created with one of the goals being how to

create new visitor dollars. The committee's recommendation was to establish the lodging fee to generate additional revenues to promote the community. Steve reported on contacts made with the local motels noting that Best Western, Holiday Inn Express and Prairie Inn wanted to know where the funds are going to be spent before making a decision. Super 8 and Westside Inn are opposed to the lodging fee.

Joe Eckert, owner of the Best Western motel, stated that he was not opposed to the lodging fee but wanted to know how the funds would be spent before a final decision. Joe wanted to know if there were other options to broaden the base that funds are raised from instead of just the motels.

Steve Howe stated that there have been discussions on possible use of the funds, but the process would require the board to present the plan to the City Council.

Discussion followed on the resolution.

294-13

After reading the same once, Alderman Grayson moved adoption of the following:

RESOLUTION DESIGNATING BOUNDARIES  
FOR BUSINESS IMPROVEMENT DISTRICT #1

WHEREAS, SDCL Ch. 9-55 authorizes the City of Vermillion to create a business improvement district for the purposes of raising revenue through an occupation tax on business with the revenue to fund the enhancement, expansion, marketing and promotion of visitor facilities, events, attractions and activities benefiting the city and its hotels and motels located within the district; and

WHEREAS, SDCL 9-55-4 requires that the business improvement district must be within the boundaries of the municipality, which may include noncontiguous property within the municipality; and

WHEREAS, SDCL 9-55-4 requires that prior to the creation of a business improvement district the Vermillion City Council shall designate by resolution the boundaries of the area to be improved and within which a business improvement district would be located; and

WHEREAS, the City Council of the City of Vermillion, South Dakota considers it appropriate that a plan be developed for the improvement of public facilities and activities in certain areas of the municipality; and

WHEREAS, the boundaries of a proposed Business Improvement District must be established before a district can be created; and

WHEREAS, the method of raising revenue shall be fair and equitable.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Vermillion, South Dakota that the boundaries of a proposed Business Improvement District #1 are hereby established as non-contiguous properties to include all hotels/motels situated within the corporate limits of the City of Vermillion.

Dated at Vermillion, South Dakota, this 16th day of September, 2013.

THE GOVERNING BODY OF THE  
CITY OF VERMILLION, SOUTH DAKOTA

By \_\_\_\_\_  
John E. (Jack) Powell, Mayor

ATTEST:

By \_\_\_\_\_  
Michael D. Carlson, Finance Officer

The motion was seconded by Alderman Ward. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 9 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

C. Resolution establishing a business improvement district board of directors

John Prescott, City Manager, reported that the next step in the business improvement district would be for the City Council to establish the business improvement district #1 board. John noted that the resolution proposed established the board with five members with three year terms with the first board member's terms staggered. The number and term was taken from what other cities have done. Discussion followed on if other cities had City Council representation or a staff liaison to the board.

295-13

After reading the same once, Alderman Davies moved adoption of the following:

RESOLUTION ESTABLISHING BUSINESS IMPROVEMENT DISTRICT #1 BOARD

WHEREAS, the City Council of the City of Vermillion, South Dakota considers it appropriate that a plan be developed for the improvement of public facilities and activities in certain areas of the municipality; and

WHEREAS, one method of providing for the plan is the creation of a Business Improvement District; and

WHEREAS, a Business Improvement District Board shall make recommendations to the City Council for the establishment of a plan or plans for improvements within the District; and

WHEREAS, the method of raising revenue shall be fair and equitable.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Vermillion, South Dakota that: 1) there is hereby created a Business Improvement District No. 1 Board which shall have the powers established in SDCL 9-55-5 and 9-55-6. The Board shall be appointed by the Mayor with the approval of the City Council, and 2) the Board shall consist of five (5) members. The term of office shall be three years, except at time of establishment, in which, two members shall serve for a one year term, two members for a two year term, and one member for a three year term.

Dated in Vermillion, South Dakota this 16th day of September 2013.

FOR THE GOVERNING BODY OF THE  
CITY OF VERMILLION, SOUTH DAKOTA

By \_\_\_\_\_  
John E. (Jack) Powell, Mayor

ATTEST:

By \_\_\_\_\_  
Michael D. Carlson, Finance Officer

The motion was seconded by Alderman Zimmerman. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 9 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

D. Request from the VCDC to retain lot sale proceeds for business park development

Steve Howe, Executive Director, stated that he provided a letter to the City requesting to retain the net proceeds from the sale of Lot 7,

Block 6 in the Riverbend Business Park. Steve reported that the Memorandum of Understanding between the City and VCDC dated October 2011 which set the terms of the transfer of the Riverbend Business Park from the City to the VCDC, upon the sale of lots the VCDC will remit the net proceeds of the sale to the city. Steve requested that the City Council waive the payment of \$29,047.49, net proceeds from the sale of Lot 7, Block 6, and allow the funds to be reinvested into further development of the Riverbend Business Park. Discussion followed on the request.

296-13

Alderman Grayson moved approval of waiving the payment of the net proceeds of Lot 7, Block 6 Riverbend Business Park from the VCDC to the City as outlined in the MOU dated October 2011 to allow the VCDC to reinvest the funds for further development in the Riverbend Business Park. Alderman Ward seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

#### E. Street Closure Request-Fraternal Order of Eagles-Child Advocacy Day

John Prescott, City Manager, reported that a street closing request was received from the Fraternal Order of Eagles for West Main Street from Market Street to Austin Street for Child Advocacy Day activities from 8:00 a.m. to 2:00 p.m. on Saturday October 12<sup>th</sup>. John noted that the request was included in the packet and that emergency services have been contacted without any objections to the street closing.

297-13

Alderman Osborne moved approval of the street closing request from the Fraternal Order of Eagles for West Main Street from Market Street to Austin Street for Child Advocacy Day activities on Saturday, October 12<sup>th</sup> from 8:00 a.m. to 2:00 p.m. Alderman Zimmerman seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

#### F. Resolution approving the issuance of sale of Tax Incremental Revenue bonds for TIF 6

John Prescott, City Manager, reported that the City and VCDC have been working together in the planning for the development in the Bliss Pointe Planned Development. John noted that Tax Incremental District No. 6 was created for Blocks 1-6 and the tax incremental financing plan for the project was adopted by the Council for the improvements to be financed by the issuance of a tax incremental revenue bond. John noted that the City and VCDC have been working with four to six financial organizations/institutions to purchase up to \$1,732,000 of TIF bonds. John noted that the bonds would be repaid from the tax increment

created from the increase in value of the property in the district and that the City is not guaranteeing the bonds. John stated that the plan proposes that the City Council annually consider, during the budget process, making advances to the TIF fund for interest only payments to the bond holders until the TIF revenues are sufficient to make the payment. John stated that the resolution is to authorize the issuance of up to \$1,732,000 of Tax Incremental Revenue Bonds. Discussion followed.

298-13

After reading the same once, Alderman Ward moved adoption of the following:

RESOLUTION GIVING APPROVAL TO THE ISSUANCE AND SALE OF  
TAX INCREMENTAL REVENUE BONDS IN AN AMOUNT NOT TO EXCEED  
\$1,732,000, TO FINANCE PROJECT COSTS, AUTHORIZING THE  
EXECUTION OF RELATED DOCUMENTS AND DECLARING OFFICIAL  
INTENT TO REIMBURSE

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Vermillion as follows:

1. Declaration of Necessity. The City of Vermillion (the "City") finds and declares a necessity to issue tax increment revenue bonds in connection with Tax Increment District Number 6 and use the proceeds therewith to pay for project costs with regard to Bliss Pointe Planned Development District as defined in the project plan (the "Project") which Project has been approved and copies of project plan are on file with the Finance Officer open to public inspection.
2. Authority. The City is authorized to issue its tax increment revenue bonds to finance project costs pursuant to Section 11-9-33 of the South Dakota Codified Laws. Pursuant to Chapter 11-9 of the South Dakota Codified Laws (the "Act") the City proposes to issue municipal tax incremental revenue bonds (as herein authorized, the Tax Incremental Revenue Bonds, or the "Bonds") to finance all or a portion of the Project costs. The City is authorized by the Tax Incremental Act to pledge a special fund into which the City will deposit the tax increment (as defined by the Act).
3. Authorization to issue the Bonds. The City does hereby authorize the issuance of the tax increment revenue bonds in an amount not to exceed \$1,732,000, (the "Bonds") in one

or more series upon such terms and in such amounts as are negotiated with the purchasers of the Bonds.

4. Negotiation and Sale of the Bonds. It is hereby determined to be necessary and in the best interests of the City and its inhabitants that the City Council authorize, issue and sell the Bonds (the "Bonds") to in order to finance a portion of the cost of the Project. The Mayor, City Manager and Finance Officer are authorized to negotiate the sale and terms of the Bonds subject to the limitations of the law and this resolution.
5. No Election Required. The Bonds may be issued by the City without an election pursuant to SDCL 11-9-34.
6. Terms of Bonds. The City Council hereby authorizes the issuance of the Bonds. The principal amount of the Bonds shall not exceed any statutory or constitutional debt limitation and be in such amounts as will be retired with the tax increment revenues. The Bonds shall have maturities and interest rates as negotiated by the Mayor, City Manager, and Finance Officer. The Bonds shall be prepared under the direction of the Finance Officer and shall be executed on behalf of the City by the facsimile or manual signatures of the Mayor, City Manager, and the Finance Officer and countersigned by the facsimile or manual signature of an attorney actually residing in the State of South Dakota and duly licensed to practice therein.
7. Form of Bonds. The Bonds shall be prepared in substantially the form filed with the Finance Officer and open to public inspection.
8. Registration. The City hereby appoints its Finance Officer as paying agent, registrar and transfer agent (the "Registrar") for the Bonds. The City reserves the right to appoint a financial institution as Registrar upon thirty (30) days' notice. The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:
  - a. Register. The Registrar shall keep at its office a register (the "Register") in which the Registrar shall provide for the registration of ownership of the Bonds and the registration of transfers and exchanges of the Bonds entitled to be registered, transferred or exchanged.
  - b. Transfer of Bonds. When a Bond is surrendered for transfer it shall be duly endorsed by the registered

owner thereof or accompanied by a written instrument of transfer in form satisfactory to the Registrar; duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner thereof. If the Bond is properly surrendered as provided above, the Registrar shall authenticate and deliver, in the name of the designated transferee, a new Bond of a like aggregate principal amount and maturity. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until such interest payment date.

- c. Exchange of Bonds. Whenever a Bond is surrendered by the registered owner for exchange the Registrar shall authenticate and deliver the new Bond of a like aggregate principal amount and maturity, as required by the registered owner or the owner's attorney in writing.
- d. Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the City.
- e. Improper or Unauthorized Transfer. When any Bond is presented the Registrar may refuse to transfer the same until satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfer which, in their judgment, are deemed improper or unauthorized.
- f. Persons Deemed Owners. The City, Paying Agent and Registrar may treat the person whose name is on any Bond is at any time registered in the Register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

- g. Taxes, Fees and Charges. For every transfer or exchange of Bond, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.
- h. Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory that such Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to the Registrar, in which the City and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by him and evidence of such cancellation shall be given to the City. If the mutilated, destroyed, stolen or lost certificate has already matured or has been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.
9. Security Provisions; Funds and Accounts and Other Covenants and Determinations.
- a. Pledge Tax Increments. Pursuant to the Act, the City shall receive Tax increments as defined by the Act. All Tax Increments shall be placed in the Tax Incremental Revenue Bond Fund Number 6 (the "Bond Fund"). The Bond Fund is irrevocably pledged and appropriated to, and shall be deposited to the Bond Fund. For purposes of this Resolution, "Outstanding Bonds" shall mean these Bonds and any parity lien bonds herebefore or hereafter issued pursuant to this Resolution. The Bond Fund shall be used and applied only in the manner and order hereinafter set forth. The holders of the Outstanding Bonds shall have a lien against the Bond Fund for payment of the principal and interest and may either at law or in equity protect and enforce the lien.

b. Bond Fund. The Finance Officer is hereby authorized and directed to establish and shall maintain a special account, the Bond 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 Tax Increments, as hereinafter defined, shall be credited, as received, to the Bond Fund. Within the Bond Fund are various separate accounts to be maintained by the City.

i. Project Account. There is hereby created and established as an account of the Bond Fund, a "Project Account". There shall be credited to the Project Account the proceeds from the sale of the Bonds remaining after payment of the expenses of issuing the Bonds. All moneys credited to the Project Account shall be applied solely to the payment of the costs of the Project. For the purposes of this Resolution, "costs of the Project" shall include costs of acquiring, construction, and installing the Project including cost of labor, services, materials and supplies, financial, architectural, engineering, legal, accounting and other professional expenses relating to the Project, the costs of acquisition or properties, rights, easements, or other interest in properties, insurance premiums, and the costs of publishing, posting or mailing notices in connection with the Project. All sums derived from the investment of moneys in the Project Account shall remain in and become part of such account. Upon completion of the Project and when all costs of the Project have been paid, any balance remaining in the Project Account shall be credited to the Principal and Interest Account hereinafter established.

ii. Principal and Interest Account. There is hereby created and established as an account of the Bond 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 any accrued interest received from the Purchaser. Periodically, as needed there shall be withdrawn from the Bond Fund Number 6 and credited to the Principal and Interest Account an amount which will equal at least the next principal and interest payment. 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 Tax Increment shall be used for the payment of the principal of and interest on any additional Tax Incremental 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. Deposit and Investment of Funds. The Finance Officer shall cause all moneys pertaining to the Fund to be deposited as received with one or more banks which are duly qualified public depositories under the provisions of Chapter 4-6A, South Dakota Codified Laws, in a deposit account or accounts, which shall be maintained separate and apart from all other accounts of the City, so long as any of the Bonds and the interest thereon shall remain unpaid. Any of such moneys not necessary for immediate use may be deposited with such depository banks in savings or time deposits. No moneys shall at any time be withdrawn from such deposit accounts except for the purposes of the Fund as authorized in this Resolution; except that moneys from time to time on hand in the Fund may at any time, in the discretion of this Council, be invested in securities permitted by the provisions of Section 4-5-6, South Dakota Codified Laws, maturing and bearing interest at the times and in the amounts estimated to be required to provide cash when needed for the purposes of the respective accounts. Income received from the deposit or investment of moneys shall be credited to the account from whose moneys the deposit was made or the investment was purchased, and handled and accounted for in the same manner as other moneys in that account.
10. Defeasance. When all the Bonds issued have been discharged as provided in this section, all pledges, covenants, and other rights granted by this resolution to the registered owners of the Bonds shall cease. The City may discharge its obligations with respect to any Bonds which are due on any date by providing to the Paying Agent on or before that date a sum sufficient for the payment thereof in full; or, if any Bond should not be paid when due, it may nevertheless be discharged by providing to the Paying Agent a sum sufficient for the payment thereof in

full with interest accrued to the date of such deposit. The City may also discharge its liability with reference to all Bonds which are called for redemption on any date in accordance with their terms by depositing funds with the Paying Agent on or before that date in accordance with their terms by depositing funds with the Paying Agent on or before that date, in an amount equal to the principal, interest, and premium, if any, which are then due thereon, provided that notice of such redemption has been duly given. The City may also at any time discharge this issue of Bonds in its entirety, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or United States Government obligations which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required to provide funds (without an reinvestment) sufficient to pay all principal, interest and premiums, if any, to become due on all Bonds on and before maturity, or, if a Bond has been duly called for redemption, on or before the designated redemption date.

11. Pledge of State of South Dakota. Pursuant to SDCL 11-9-39.1, the State of South Dakota does pledge to and agree with the holders of any obligations issued under 11-9 that the state will not alter the rights vested in the bond holders until such bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

12. Certification of Proceedings. The officers of the City are authorized and directed to prepare and furnish to the purchasers of the Bonds certified copies of all proceedings and records of the City relating to the authorization and issuance of the Bonds and such other affidavits and certificates as may reasonably be required to show the facts relating to the legality and marketability of the Bonds as such facts appear from the officer's books and records or are otherwise known to them. All such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the City as to the correctness of the facts recited therein and the action stated therein to have been taken. The City does hereby declare its official intent to reimburse the

capital expenditures made with respect to the Project with proceeds of the Bonds.

13. Retention of Bond Council. Meierhenry Sargent LLP is hereby retained as bond counsel for the Tax Increment Bonds and the Mayor, City Manager and Finance Officer are authorized to enter into an engagement letter with the firm.

14. Declaration of Official Intent. This Resolution is also intended to be the declaration of official intent under 26 CFR § 1.150-2. The reimbursement shall relate to the Project above mentioned. The maximum principal amount Bonds expected to be issued for reimbursement is not to exceed \$1,732,000.

Dated in Vermillion, South Dakota this 16th day of September 2013.

FOR THE GOVERNING BODY OF THE  
CITY OF VERMILLION, SOUTH DAKOTA

By \_\_\_\_\_  
John E. (Jack) Powell, Mayor

ATTEST:

By \_\_\_\_\_  
Michael D. Carlson, Finance Officer

The motion was seconded by Alderman Collier-Wise. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 9 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

G. Resolution authorizing the purchase of two skid loaders

Jason Anderson, Assistant City Engineer, reported that the 2014 budget included the replacement of a 2001 Bobcat 773G skid loader used by the Street Department. Jason noted that additionally the Joint Powers Solid Waste Department had money budgeted in the 2013 budget for the replacement of its 2010 Bobcat S205 skid loader that is utilized indoors at the recycling facility. The Solid Waste Department was hoping to delay the purchase of the skid loader until 2014 but a replacement is needed sooner than planned due to increased repairs. Jason stated that to replace these two skid loaders the City may purchase from the National Joint Purchasing Alliance (NJPA) contract with Bobcat Company. Jason noted that, with Council authorization, the

City may purchase two interim Tier 4 S590 Bobcat skid loaders for the NJPA contract base price of \$32,972.61. If we elect to wait until 2014, the new Tier 4 emissions standards take effect and push the base purchase price to \$37,576.39 (NJPA contract price). Jason noted that the price with options for the Street Department machine is \$43,765.32 and the Joint Powers machine is \$39,619.16. The Joint Powers machine would be delivered in 2013 and the Street Department will not take delivery until 2014. Upon receipt of the new machines, the old machines will be declared surplus to be sold by sealed bids. Discussion followed.

299-13

After reading the same once, Alderman Willson moved adoption of the following:

WHEREAS, SDCL 5-18A-37 authorizes a governmental entity to participate in cooperative purchasing agreements and conduct purchasing transactions under a joint agreement in this or any other state; and

WHEREAS, the City of Vermillion has reviewed and determined that the National Joint Purchasing Alliance (NJPA) contract base price of \$32,972.61 for a Bobcat S590 skid loader offers an advantageous price to the City for said item; and

WHEREAS, the City has contacted Bobcat Company Government Sales and they have agreed to allow the City to purchase two skid loaders for the awarded price and terms as they have contracted with the NJPA; and

WHEREAS, the Solid Waste Department skid loader will include attachments that bring the purchase price to \$39,617.16; and

WHEREAS, the Street Department skid loader will include attachments that bring the purchase price to \$43,765.32; and

WHEREAS, the City will take delivery and make payment for the Joint Powers Solid Waste Department skid loader in 2013; and

WHEREAS, the City will not take delivery or make payment for the Street Department skid loader until after January 1, 2014.

NOW, THEREFORE BE IT RESOLVED, by the Governing Body of the City of Vermillion, that the City Finance Officer is hereby authorized to purchase two new 2013 Bobcat S590 skid loaders for the total price of \$83,382.48.

Dated at Vermillion, South Dakota this 16th day of September, 2013.

THE GOVERNING BODY OF THE  
CITY OF VERMILLION, SOUTH DAKOTA

By \_\_\_\_\_  
John E. (Jack) Powell, Mayor

ATTEST:

By \_\_\_\_\_  
Michael D. Carlson, Finance Officer

The motion was seconded by Alderman Zimmerman. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 9 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

9. Bid Openings - None

10. City Manager's Report

A. John reported on the receipt of the following two raffle requests:

- St Agnes Youth Group - \$1 tickets 1998 Chevy Malibu; proceeds go to the Youth Group; drawing is October 20, 2013
- St. Agnes Fall Festival \$1 tickets, different prizes with top valued prize being \$1,000; proceeds are split between the church and the school

B. John reminded Council members of the special meeting at noon on September 27th for the Resolution of Necessity for the Kennedy Street paving project.

C. John reminded Council Members and Citizens of the upcoming open houses:

Light & Power Open House is Tuesday, October 8<sup>th</sup> from  
11 a.m. - 1 p.m.

Fire / EMS Open House is Wednesday, October 9<sup>th</sup> starting  
At 5:30 p.m.

Public Safety Open House is October 26<sup>th</sup> from 10 a.m. to  
1:00 p.m.

PAYROLL ADDITIONS AND CHANGES

Police Administration: Vikki Eilts \$13.69/hr; Ambulance (Interim duties): Patrick Farrens \$15.00/hr, Joe Kyte \$12.00/hr, Lisa Wood \$15.00/hr, Laura Wiemers \$12.00/hr; Recreation: Anna Hammond \$7.75/hr; Parks: Jim Goblirsch \$30.09/hr; Communications: Jessica Standley \$16.37/hr; Golf Maintenance: Blake Dunfee \$7.75/hr; Curbside Recycling: Dan Hanson \$15.10/hr

11. Invoices Payable

300-13

Alderman Zimmerman moved approval of the following invoices:

BUREAU OF ADMINISTRATION	TELEPHONE	248.66
CANON FINANCIAL SERVICES	COPIER LEASE	196.27
CENTURYLINK	TELEPHONE	1,487.97
CITY OF VERMILLION	LANDFILL VOUCHERS	600.00
CLAY RURAL WATER SYSTEM	WATER USAGE	93.80
CLAY-UNION ELECTRIC CORP	ELECTRICITY	482.43
DEPT. ENVIRONMENT NATL RESOURCES	LANDFILL OPERATIONS FEE	3,301.75
GREGG PETERS	MANAGERS FEE	5,375.00
LOREN FISCHER DISPOSAL	HAUL CARDBOARD	140.00
MATHESON TRI-GAS, INC	OXYGEN	237.96
MIDAMERICAN	GAS USAGE	1,462.33
MIDCONTINENT COMMUNICATION	CABLE/INTERNET SERVICE	118.55
MIDWESTERN MECHANICAL, INC	FIRE SPRINKLER INSPECTION	325.00
OFFICE SYSTEMS CO	COPIES	209.02
QUILL	SUPPLIES	357.90
RESERVE ACCOUNT	POSTAGE FOR METER	950.00
SD MUNICIPAL LEAGUE	REGISTRATION	400.00
SD PARKS & RECREATION ASSOC.	REGISTRATION	375.00
SPRINT	CELL PHONES	1,280.68
STERN OIL CO.	FUEL	15,023.23
THE EQUALIZER	ADVERTISING	122.00
US POSTMASTER	POSTAGE FOR UTILITY BILLS	1,050.00
VERMILLION ACE HARDWARE	SUPPLIES	225.89
WOW! BUSINESS	DIAL UP SERVICE	49.95
JOHN JORDE	BRIGHT ENERGY REBATE	250.00
BILL SETTLES	BRIGHT ENERGY REBATE	275.00

Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

12. Consensus Agenda

A. Set a bid opening date of October 29, 2013 for the sale of a surplus digger derrick truck

B. Set a bid opening date of September 25, 2013 for the construction of the Landfill Baler Building

301-13

Alderman Osborne moved approval of the consensus agenda. Alderman Collier-Wise seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

13. Adjourn

302-13

Alderman Osborne moved to adjourn the Council Meeting at 8:16 p.m. Alderman Ward seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

Dated at Vermillion, South Dakota this 16<sup>th</sup> day of September, 2013.

THE GOVERNING BODY OF THE CITY  
OF VERMILLION, SOUTH DAKOTA  
BY \_\_\_\_\_  
John E. (Jack) Powell, Mayor

ATTEST:

BY \_\_\_\_\_  
Michael D. Carlson, Finance Officer

Published once at the approximate cost of \_\_\_\_\_.