

Unapproved Minutes  
Council Special Session  
February 4, 2019  
Monday 12:00 noon

The special session of the City Council, City of Vermillion, South Dakota was held on Monday, February 4, 2019 at 12:00 noon at the City Hall large conference room.

1. Roll Call

Present: Hellwege, Holland, Humphrey, Price, Sorensen, Ward, Willson, Mayor Powell

Absent: Collier-Wise

2. Visitors to be Heard - None

3. Informational Session - Potential changes to Bed, Board and Booze code language - Howard Willson

Alderman Willson provided history of the BBB sales tax noting that a group of citizens circulated a initiated petition to put on the ballot the establishment of the BBB sales tax ordinance which the citizens approved on the February 5, 1985 election. Howard stated that the group who circulated the petition were wanting to raise funds to assist the Development Company with economic development. Howard noted that over the years the use of the BBB sales tax funds has expanded into more than the Economic Development Company. Howard proposed that an ordinance be adopted that would have 75% of the BBB revenues go to the Development Company, 6% go to a reserve fund for use for large economic development projects and the balance to other agencies that promote or advertise the community. Howard stated that he would propose that, in May of each year prior to receiving applications for funding, the City Council will review the history of usage and determine the approximate percentage of the anticipated revenue in the next budget year to be allocated to other permissible uses of the revenue. Howard stated that the City needs to invest in economic development to keep up with other cities. Howard asked Nate Welch, Executive Director of the VCDC, to address the local funding for his organization.

Nate Welch, Executive Director of the VCDC, stated that changing the ordinance to a percentage would allow the VCDC to know what funding would be available and plan for operations as well as economic development items. Nate reviewed the VCDC budget comparing to other development company budgets as it applies to personnel, overhead and programs.

Discussion followed on the proposed changes to the ordinance noting the need to annually review the VCDC budget request instead of just adopting a percentage. Nate Welch answered questions of the City Council on the current budget. The discussion questioned if having the percentages set by ordinance would be binding on future Councils. The consensus of the City Council was to have both the Labor and Finance Committee and Policies and Procedures Committee review and report on the proposal.

4. Informational Session - Highway 50 Storm Drainage Study - Jose Dominguez

The consensus of the City Council was to continue this report until the February 19th noon meeting due to the time.

5. Briefing on the February 4, 2019 City Council Regular Meeting

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

6. Adjourn

24-19

Alderman Ward moved to adjourn the Council special session at 12:55 p.m. Alderman Sorensen seconded the motion. Motion carried 8 to 0. Mayor Powell declared the motion adopted.

Dated at Vermillion, South Dakota this 4th day of February, 2019.

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  
February 4, 2019  
Monday 7:00 p.m.

The regular session of the City Council, City of Vermillion, South Dakota was called to order on Monday, February 4, 2019 at 7:00 p.m. by Mayor Powell.

1. Roll Call

Present: Collier-Wise, Hellwege, Holland, Humphrey, Price, Sorensen, Ward, Willson, Mayor Powell, Student Representative Skunk

2. Pledge of Allegiance

3. Minutes

A. January 21, 2019 Special Meeting; January 21, 2019 Regular Meeting; January 28, 2019 Special Meeting

25-19

Alderman Sorensen moved approval of the January 21, 2019 Special Meeting, January 21, 2019 Regular Meeting and January 28, 2019 Special Meeting minutes. Alderman Price seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

4. Adoption of Agenda

26-19

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

5. Visitors to be Heard

A. LOVermillion Day Proclamation

Alderman read the proclamation recognizing February 10, 2019 as #LOVermillion Day in Vermillion. Mayor Powell presented the proclamation to Nate Welch. Nate Welch, Executive Director of the VCDC, thanked the Mayor and City Council for the proclamation. Nate thanked the community for using the #LOVermillion as it has created a lot of positive recognition for the community.

Alderman Sorensen reported that the month of February is Black History Month with the USD Union of African American Students hosting a number of events during the month.

Alderman Sorensen stated the City Council at the noon meeting today started discussions on the use of the Bed Board and Booze Sales tax

receipts for funding the Vermillion Chamber of Commerce and Development Company noting that more discussions will follow.

6. Public Hearings - None

7. Old Business

A. Second reading of Ordinance 1397 to Rezone Lot 11 in Block 1, LaCroix Addition to the City of Vermillion, Clay County, South Dakota from GB - General Business to R-2 Residential District (property located at the southeast corner of E. Cherry Street and N. Crawford Road)

James Purdy, Assistant City Manager, reported that Mr. Archimedes Plutonium submitted an application to rezone 609 North Crawford Road from the General Business (GB) to the R-2 Residential zone. James noted that the petition included the required signatures from 45% of the aggregate area surrounding property owners. James reviewed the location of the property as well as the zoning adjoining the lot. James reported that the Planning Commission recommended approval of the zone change at their January 14th meeting. James reported that first reading of the ordinance was approved on January 21, 2019 and no comments have been received.

27-19

Second reading of title to Ordinance No. 1397 entitled an Ordinance Amending Title XV Land Usage; Chapter 155, Zoning Regulations; Section 155.026 Entitled Adoption Of Official Zoning Map, Rezoning Lot 11, Block 1, LaCroix Addition to the City Of Vermillion from the GB General Business District to the R-2 Residential District for the City of Vermillion, South Dakota.

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

BE IT RESOLVED that the minutes of this meeting shall show that the title to the proposed Ordinance No. 1397 entitled an Ordinance Amending Title XV Land Usage; Chapter 155, Zoning Regulations; Section 155.026 Entitled Adoption Of Official Zoning Map, Rezoning Lot 11, Block 1, LaCroix Addition to the City Of Vermillion from the GB General Business District to the R-2 Residential District 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 21st day of January, 2019 and that the title was again read at this meeting, being a regularly called meeting of the Governing Body on this 4th day of February, 2019 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 1397

AN ORDINANCE AMENDING CITY OF VERMILLION CODE OF ORDINANCES TITLE XV LAND USAGE; CHAPTER 155, ZONING REGULATIONS; SECTION 155.026 ENTITLED ADOPTION OF OFFICIAL ZONING MAP, REZONING LOT 11, BLOCK 1, LACROIX ADDITION TO THE CITY OF VERMILLION, CITY OF VERMILLION, CLAY COUNTY, SOUTH DAKOTA FROM THE GB GENERAL BUSINESS DISTRICT TO THE R-2 RESIDENTIAL DISTRICT.

BE IT ORDAINED, by the Governing Body of the City of Vermillion, South Dakota that the Code of Ordinances Section 155.026, Adoption of Official Zoning Map, be amended as follows:

That Lot 11, Block 1, LaCroix Addition to the City of Vermillion, City of Vermillion, Clay County, South Dakota be hereby excluded from the GB General Business District and included in the R-2 Residential District (also known as 609 N. Crawford Road).

Dated at Vermillion, South Dakota this 4th day of February, 2019.

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 Holland. 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, Hellwege-Y, Holland-Y, Humphrey-Y, Price-Y, Sorensen-Y, Ward-Y, Willson-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 to support legislative review of commercial aerial spraying statutes

Glenn Pulse, rural resident, thanked the City Council for considering his request to ask the state to review the process of commercial aerial spraying as well as ground applicators. Mr. Pulse stated that his research has found a number of aerial and ground pesticide applicators do not have liability insurance. Mr. Pulse stated that he has worked with local legislators to get SB 147 introduced this legislative session. Mr. Pulse requested that the City Council consider supporting his effort and that of others to have the 2019 legislature and South Dakota Department of Agriculture review and strengthen where necessary the state regulations related to commercial pesticide aerial applicators. Mr. Pulse stated that a resolution was drafted to demonstrate that the City supports certification, licensing, and insurance requirements for commercial aerial applicators. Discussion followed.

28-19

Alderman Sorensen moved approval of the resolution supporting a legislative review of commercial pesticide aerial and ground applicator status. Alderman Collier-Wise seconded the motion. Mr. Pulse answered questions of the City Council on the resolution. Mark Sweeney reported that the Sierra Club supports the proposed legislation. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

B. First Reading of Ordinance 1398 to amend Title XI, Chapter 114, Sections 114.01 through 114.05, 114.08 and 114.10 to amend the regulations governing Transportation Network Drivers and Companies

James Purdy, Assistant City Manager, reported that at last meeting an update was presented on proposed changes to the Transportation Network Drivers and Companies following information being provided by representatives of Lyft. James stated that this proposed ordinance would remove the provision in section 114.08 of the TNC ordinance requiring TNC drivers to submit to a DCI fingerprint background check every third year, and add language to section 114.10(F), which would require TNCs to conduct a "City approved" local and national criminal background check "capable of ensuring compliance with SDCL 32-40-5". James noted that the proposed ordinance in section 114.10 would require a TNC to provide a copy of its active South Dakota sales tax license. James stated that the City Attorney during his review added definitions and language clarifications to the proposed ordinance. Discussion followed

29-19

Mayor Powell read the title to the above mentioned Ordinance and Alderman Hellwege moved adoption of the following Resolution:

BE IT RESOLVED that the minutes of this meeting shall show that the title to proposed Ordinance No. 1398 entitled an Ordinance to amend Title XI, Chapter 114, Sections 114.01 through 114.05, 114.08 and 114.10 to amend the regulations governing Transportation Network Drivers and Companies of the City of Vermillion, South Dakota has been read and the Ordinance has been considered for the first time in its present form and content at this meeting being a regularly called meeting of the Governing Body of the City on this 4th day of February, 2019 at the Council Chambers in City Hall in the manner prescribed by SDCL 9-19-7 as amended.

The motion was seconded by Alderman Sorensen. After discussion, the question of adoption of the Resolution was put to a vote of the Governing Body and 9 members voted in favor of and 0 members voted in opposition to the motion. Mayor Powell declared the motion adopted.

#### C. Transfer of library furniture to the Vermillion Public School District

Daniel Burniston, Library Director, reported that the Library has received two new regular height study tables and chairs for the youth room with a Navigant Community Connection grant. Daniel reported that the Library previously had two café style tables and six chair stools in the Youth Room that were acquired in 2013 during the renovation project. Daniel stated that the two tables and six chairs have been removed from the youth room and are no longer needed. Daniel noted that the Vermillion Public School District has expressed an interest in acquiring the two tables and six chairs for use at the High School. Daniel requested the City Council declare the two tables and six chairs as surplus and authorize the transfer of from the Edith B. Siegrist Vermillion Public Library to the Vermillion Public School District.

30-19

Alderman Ward moved approval of declaring the two tables and six chairs as surplus and authorizing the transfer to the Vermillion Public School District. Alderman Price seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

#### D. Engineering agreement for Ground Storage Reservoir Coating project

Shane Griese, Utilities Manager, reported that the 2019 budget for the Water Department included recoating the 1.5 million gallon ground storage reservoir. Shane noted that the interior walls and floor were recoated in 1987 and the interior roof still has the original coating. Shane reported that, in 2017, staff drained and cleaned the reservoir for inspection and found the roof to be experiencing a substantial amount of deterioration. Shane stated that Banner Associates Inc. was

hired to perform a structural and coating assessment with a recommendation that the City at a minimum blast and recoat the interior of the roof. Shane stated that the assessment also noted the age and blistering on the walls of the reservoir and that the walls and floor are not as critical as the ceiling but it is beneficial to have the entire interior coated at this time. Shane reported that staff agrees with the recommendation and sees benefits in moving forward with recoating the entire interior of the ground storage reservoir. Shane stated that Banner has prepared an engineering agreement for the interior coating of the ground storage reservoir. Shane noted that the Engineering Agreement has been broken down into two tasks. The first task includes design, bid and construction administration services at a cost of \$12,500. The second task is for on-site inspections performed by a NACE certified coating inspector at an hourly rate not to exceed the price of \$33,500. Shane recommended approval of the agreement with Banner Associates for \$46,000 for engineering services on the ground storage reservoir. Discussion followed on the contract amount as well as the project estimated cost.

31-19

Alderman Collier-Wise moved approval of the engineering services agreement with Banner Associates for the ground storage reservoir coating total not to exceed of \$46,000. Alderman Hellwege seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

#### E. Resolution Authorizing the Issuance of Electric Revenue Refunding Bonds

Mike Carlson, Finance Officer, reported that the City issued electric revenue bonds in 2009 to provide the funding for the transmission line. The bonds will be callable on December 1, 2019 with outstanding principal of \$5,400,000. Mike noted that he has been in contact with Dougherty & Company, LLC about the possibility of refunding the bonds to reduce the future interest costs to the City. Mike noted that, based upon December 2018 interest rates, it was projected by Dougherty & Company a savings in interest costs over the remaining 17 years of \$335,439 for a net present value savings of \$253,614. Mike noted that this information was presented at the January 7, 2019 noon meeting at which time it was also noted that there would be an option of applying the SPP funds to reduce the outstanding principal thus increasing the interest savings. Mike noted that the timing on the refunding is that we cannot close more than 90 days before December 1, 2019 or September 1, 2019 but interest rates can be locked in 60 days prior to that which would be July 1, 2019 and to get the paperwork ready usually takes about another 60 days which brings us to May 1, 2019. Mike stated that by adopting the resolution tonight it will become effective 20 days



after publication which will be March 18, 2019. Discussion followed on the refunding and amount of repayment to be made noting that this amount can be determined at a later date.

32-19

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

A RESOLUTION AUTHORIZING THE ISSUANCE OF ELECTRIC REVENUE REFUNDING BONDS; PLEDGING CERTAIN REVENUES OF THE CITY TO THE PAYMENT OF SAID BONDS; AUTHORIZING OFFICERS OF THE CITY TO APPROVE, EXECUTE AND DELIVER CERTAIN AGREEMENTS AND DOCUMENTS RELATING TO THE BONDS

BE IT RESOLVED by the City Council (the "Council") of the City of Vermillion, South Dakota (the "City"), as follows:

Section 1. Recitals, Authorization and Findings.

1.1. Recitals. The City is a political subdivision of the State of South Dakota and a body corporate and politic. Under the laws of the State of South Dakota, the City is possessed of all powers which are necessary, requisite or proper for the government and administration of its local and municipal matters, and all rights and powers that now or hereafter may be granted to municipalities by the laws of the State of South Dakota. The City currently operates a municipal electric utility (the "Utility"), consisting of a system or part of system for the purpose of providing electricity for municipal, industrial and domestic purposes.

1.2. Authorization. Pursuant to Chapter 9 40 of the South Dakota Codified Laws (the "Act"), a Resolution adopted by this Council on October 6, 2008, as amended, and an Indenture of Trust dated as of December 1, 2009, between the City and The First National Bank in Sioux Falls, South Dakota (the "Trustee"), the City has previously issued its Electric Revenue Bonds, Series 2009A, in the original principal amount of \$760,000 (the "Series 2009A Bonds"), finally maturing December 1, 2014 and its Electric Revenue Bonds, Series 2009B, in the original principal amount of \$6,460,000 (the "Refunded Bonds") which were issued to defray the cost of acquiring and constructing improvements to the electrical facilities of the Utility, consisting of the construction of approximately twenty (20) miles of 115 kV electric transmission line, the expansion of the Western Area Power Administration Spirit Mound 115 kV substation buswork, modification of the City of Vermillion substation 115 kV buswork, and related improvements (the "Improvements"). The City expects to achieve debt service savings by issuing electric revenue bonds (the "Bonds"), the proceeds of which will be used, together with such other available funds of the Utility

as may be required, to refund the Refunded Bonds in advance of their maturities, pursuant to South Dakota Codified Laws, Chapter 6-8B. The City is authorized to refund the Refunded Bonds, to issue the Bonds in order to defray the cost thereof and to make all pledges, covenants and agreements authorized by law for the protection of the owners of the Bonds, including, without limitation, those covenants set forth in Sections 9 40 16 and 9 40 17 of the Act.

The City has imposed, by resolution adopted October 19, 2009, as amended, a separate surcharge for the availability, benefit and use of the Improvements as a part of the Utility and shall aggregate the gross revenues derived from such surcharge and the Improvements, together with the expenses of operation and maintenance of the Improvements. All gross revenues derived from the operation of the Improvements are irrevocably set aside, pledged and appropriated to a special fund within the Utility as received. The Bonds, together with any other electric revenue bonds issued in accordance with this resolution on parity therewith are payable solely from the revenue or income derived from the operation of the Improvements and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations.

1.3. Findings. It is hereby found, determined and declared to be in the best interests of the City to issue the Bonds, in accordance with the Act and under the terms and conditions set forth in this resolution. The Bonds may be issued in one or more series, as tax-exempt bonds, taxable bonds or both.

1.4. Sale and Bond Purchase Agreement. The City hereby retains Dougherty & Company LLC of Minneapolis, Minnesota, as underwriter for the Bonds (the "Underwriter"), and the Underwriter proposes to purchase the Bonds at a purchase price of not less than 98.5% of par (exclusive of original issue discount not to exceed 2% of the par amount of the Bonds), plus accrued interest, if any. The Bonds will mature over a period not to exceed 20 years. The principal amount of the Bonds shall not exceed the amount necessary for payment of principal of and interest on the Refunded Bonds, plus such amounts as are necessary to pay costs of issuance of the Bonds, including underwriter's discount, any original issue discount and any bond insurance premium. The Mayor and Finance Officer are hereby authorized and directed to agree with the Underwriter upon the exact purchase price, principal amount, maturities, interest rate or rates, payment dates and redemption provisions for the Bonds, within the parameters set forth in this section. The law firm of Dorsey & Whitney LLP, of Minneapolis, Minnesota, is hereby appointed as bond counsel and disclosure counsel for the Bonds. The execution of a Bond Purchase Agreement setting forth such final terms by the Mayor and Finance Officer is hereby

approved and authorized and such execution shall be conclusive evidence of such agreement and shall be binding upon the City. The provisions of the Bond Purchase Agreement as so executed, including all Exhibits and Appendices thereto, are incorporated herein by reference.

1.5 City Officers Authorized to Execute Documents. The Mayor, Finance Officer and City Attorney are hereby authorized and directed to execute and deliver the Bond Purchase Agreement and the documents required thereunder, the Official Statement, the Bonds and any other documents required to complete the financing contemplated hereby. Execution and delivery of such documents by the Mayor, Finance Officer and City Attorney shall constitute evidence that such items are consistent with the terms of this resolution and have been duly authorized, executed and delivered by the City and are enforceable against the City in accordance with their terms, subject to customary exceptions relating to bankruptcy, reorganization, insolvency and other laws affecting creditors' rights. The Mayor, Finance Officer and City Attorney are further authorized to take such other actions as may be required to effectuate the terms and intent of this resolution. In the event of the absence or disability of the Mayor, Finance Officer or City Attorney, the acting Mayor, the acting Finance Officer or the acting City Attorney is hereby authorized to act in the place and stead of the Mayor, Finance Officer and City Attorney, and to take all actions and execute all documents approved hereby.

1.6. Official Statement. The Mayor, Finance Officer and City Attorney are authorized, in cooperation with the Underwriter, to prepare an Official Statement to be distributed to potential purchasers of the Bonds. The Mayor and Finance Officer are hereby authorized and directed to approve and, if requested, to execute the Final Official Statement.

## SECTION 2. BOND TERMS, EXECUTION AND DELIVERY.

2.1. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the Finance Officer and shall be executed and authenticated on behalf of the City by the signatures of the Mayor and the Finance Officer and countersigned by an attorney resident and licensed to practice in the State of South Dakota (the "State"). All signatures may be printed, lithographed, photocopied or engraved facsimiles of the original. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the

Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. After the Bonds have been so prepared and executed, the Finance Officer shall deliver them to the Registrar for delivery to the Underwriter on receipt of the purchase price heretofore agreed upon, and the Underwriter shall not be required to see to the application thereof.

2.2. Maturities and Interest Rates. The Bonds shall be issued in the denomination of \$5,000 each, or any integral multiple thereof, shall mature on the dates and in the respective years and amounts, and shall bear interest from their date of original issue until paid or duly called for redemption at the respective annual rates stated opposite such maturity years on Exhibit A to the Bond Purchase Agreement. The Bonds shall be issuable only in fully registered form and may be issued either in book-entry only form or in physical form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, shall be payable by check or draft issued by the Registrar described herein, provided that if the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.7 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.3. Dates and Interest Payment Dates. Each Bond shall bear a date of original issue of the date of delivery thereof. Upon the initial delivery of the Bonds pursuant to Section 2.1 and upon any subsequent transfer or exchange pursuant to Section 2.6, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. The interest on the Bonds shall be payable on the dates shown on Exhibit A to the Bond Purchase Agreement, to the owner of record thereof as the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.4. Redemption. The Bonds shall be subject to redemption prior to maturity, at the option of the City, in the years and at the redemption prices set forth in Exhibit A to the Bond Purchase Agreement in such order of maturities as may be designated by the City and, within any maturity, in \$5,000 principal amounts selected by the Registrar by lot, assigned in proportion to their principal amounts. The Finance Officer shall cause notice of the call for redemption thereof to be published as and if required by law, and, at least thirty days prior to the designated redemption date, shall cause notice of the call thereof for

redemption to be mailed, by first class mail (or, if applicable, by the bond depository in accordance with its customary procedures), to the registered owners of any Bonds to be redeemed at their addresses as they appear on the bond register described in Section 2.6 hereof, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. The notice of redemption shall specify the redemption date, redemption price, the numbers, interest rates and CUSIP numbers of the Bonds to be redeemed and the place at which the Bonds are to be surrendered for payment, which is the principal office of the Registrar. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

2.5. Appointment of Initial Registrar. The City hereby appoints The First National Bank in Sioux Falls, Sioux Falls, South Dakota, as bond registrar, transfer agent and paying agent (together with any successor thereto, the Registrar). The Mayor and the Finance Officer are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon thirty (30) days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of the Council, the Finance Officer shall transmit to the Registrar, from the accounts described in Section 3, moneys sufficient for the payment of all principal and interest then due. No resignation or removal of the Registrar shall become effective until a successor Registrar has been appointed and has accepted such appointment.

2.6. Registration. 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 principal corporate trust office a bond register in which the Registrar shall provide for

the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of any Bond 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 in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. 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 any Bonds are surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity, as requested 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 to the Registrar for transfer, the Registrar may refuse to transfer the same until it is 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 transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name any Bond is at any time registered in the bond 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 Bonds, 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 to it 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 it, in which both the City and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

2.7. Securities Depository. The Bonds shall be issued in book-entry only form and the following provisions shall apply:

(a) For purposes of this section the following terms shall have the following meanings:

"Beneficial Owner" shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person's subrogee.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

"DTC" shall mean The Depository Trust Company of New York, New York.

"Participant" shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

"Representation Letter" shall mean the Representation Letter pursuant to which the sender agrees to comply with DTC's Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the

ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.



(d) The execution and delivery of the Representation Letter to DTC by the Mayor or Finance Officer is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

2.8. Form of Bonds. The Bonds shall be prepared in substantially the form presented to and approved by this Council and on file in the office of the Finance Officer.

SECTION 3. USE OF PROCEEDS. The Finance Officer is hereby authorized and directed, simultaneously with the delivery of the Bonds, to deposit with a bank or trust company proceeds of the Bonds sufficient to pay, together with any other funds required, the principal of and interest due on the Refunded Bonds to the date of redemption. The remaining proceeds of the Bonds shall be applied to pay issuance expenses and to fund the Reserve Subaccount described below, and any remaining amounts shall be deposited in the Revenue Bond Subaccount described herein below.

#### SECTION 4. 2019 ELECTRIC UTILITY ACCOUNT.

4.1. Bond Proceeds and Revenues Pledged and Appropriated. There is hereby established a 2019 Electric Utility Account (the "Account") within the City's Electric Utility Fund (the "Fund"). The Account is established and shall be maintained as a separate and special bookkeeping account on the official books of the City until all Bonds payable from the Net Revenues of the Improvements, as provided in Section 4.3 hereof, have been fully paid, or the City's obligation with reference to the Bonds has been discharged as provided in this Resolution. All proceeds of the Bonds and all other funds hereafter received or appropriated for purposes of the Improvements are appropriated to the Account. All gross revenues derived from the operation of the Improvements are irrevocably pledged and appropriated and shall be credited to the Account as received. The City has imposed a separate surcharge for the availability, benefit and use of the

Improvements as part of the Utility and shall aggregate the gross revenues derived from such surcharge and the Improvements, together with the expenses of operation and maintenance of the Improvements and shall account for them as provided in this Resolution. Except as expressly stated in this Resolution, the pledges, appropriations, covenants and agreements of the City and the Subaccounts established within the Account by the Resolution apply only to the Improvements, their operations, revenues and expenses. Such gross revenues shall include all gross income and receipts from rates, fees, charges and rentals imposed for the availability, benefit and use of the Improvements as now constituted and of all replacements and improvements thereof and additions thereto, and from penalties and interest thereon, and from any sales of property acquired for the Improvements and all income received from the investment of such gross revenues; but not any taxes levied or amounts borrowed or received as grants for construction of any part of the Improvements. The Account shall be subdivided into separate subaccounts as designated and described in Sections 4.2 to 4.7, to segregate income and expenses received, paid and accrued for the respective purposes described in those sections. The gross revenues received in the Account shall be apportioned monthly or as soon as possible after the first day of each month, commencing the first calendar month following the delivery of the Bonds, which apportionment is hereinafter referred to as the "monthly apportionment."

4.2. Construction Subaccount. The Construction Subaccount shall be used only to pay as incurred and allowed costs which under generally accepted accounting principles are capital costs of such future acquisitions, reconstructions, improvements, betterments or extensions of the Improvements as may be authorized in accordance with law; including but not limited to payments due for work and materials performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of lands, easements and rights, interest accruing on obligations to finance improvements to the Improvements during the first year following the date of their delivery, if and to the extent that the Revenue Bond Subaccount is not sufficient for payment of such interest, reimbursement of advances made from other City funds, and all other expenses incurred in connection with the construction and financing of any such undertaking. To the Construction Subaccount shall be credited all income received from any claim with respect to the Improvements received pursuant to Section 6.3 hereof and applied to repair, replace and restoration of the Improvements; any proceeds in excess of the amount necessary for that purpose shall be transferred to the Revenue Bond Subaccount.

4.3. Operating Subaccount. On each monthly apportionment there shall first be set aside and credited to the Operating Subaccount, as a first charge on the gross revenues of the Improvements, such amount as may be required over and above the balance then held in the Operating Subaccount to pay the reasonable and necessary operating expenses of the Improvements which are then due and payable, or are to be paid prior to the next monthly apportionment and to maintain a reasonable operating reserve, not less than the estimated operating expenses for the next succeeding month, within the Operating Subaccount. The term "operating expenses" shall mean the current expenses, paid or accrued, of operation, maintenance and current repair of the Improvements, calculated in accordance with generally accepted accounting principles, and shall include, without limitation, administrative expenses of the City relating solely to the Improvements, premiums for insurance on the properties thereof, labor and the cost of materials and supplies used for current operation and for maintenance, and charges for the accumulation of appropriate reserves for current expenses which are not recurrent monthly but may reasonably be expected to be incurred in accordance with generally accepted accounting principles. Such operating expenses shall not include any allowance for depreciation or renewals or replacements of capital assets of the Improvements and shall not include any portion of the salaries or wages paid to any officer or employee of the City, except such portion as shall represent reasonable compensation for the performance of duties necessary to the operation of the Improvements, nor any amount properly payable from any other subaccount of the Account. Moneys in the Operation Subaccount shall be used solely for the payment of current operation expenses of the Improvements. The Net Revenues of the Improvements, as referred to in this Resolution, are hereby defined to include the entire amount of such gross revenues remaining after each such monthly apportionment, after crediting to the Operating Subaccount the amount required hereby.

4.4. Revenue Bond Subaccount. Upon each monthly apportionment there shall be set aside and credited to the Revenue Bond Subaccount, out of the Net Revenues of the Improvements, an amount equal to not less than one-twelfth of the total sum of the principal and interest to become due within the then next succeeding twelve months on all Bonds and any Additional Bonds issued on a parity therewith. Moneys from time to time held in the Revenue Bond Subaccount shall be disbursed only to meet payments of principal and interest on Bonds and any Additional Bonds issued on a parity therewith as such payments become due; provided, that on any date when all outstanding Bonds payable from the Revenue Bond Subaccount are due or pre-payable by their terms, if the amount then on hand in the Revenue Bond Subaccount, together with the balance then on hand in the Reserve Subaccount, is sufficient, with other moneys available for the purpose, to pay all Bonds payable from the Revenue Bond Subaccount and the interest accrued thereon in full, it

may be used for that purpose. If any payment of principal or interest becomes due when moneys in the Revenue Bond Subaccount are temporarily insufficient therefore, such payment shall be advanced out of any Net Revenues theretofore segregated and then on hand in the Reserve Subaccount, the Replacement and Depreciation Subaccount or the Surplus Subaccount. In the event that sufficient moneys are not available from the aforementioned sources, the City, to the extent it may at the time legally do so, may, but shall not be required to, temporarily advance moneys to the Revenue Bond Subaccount either from other revenues of the Utility or from other funds of the City on hand and legally available for the purpose, but any such advance shall be repaid from Net Revenues of the Improvements within 24 months.

4.5. Reserve Subaccount. From the proceeds of the Bonds, or from money on hand from funds of the City, there shall be credited to the Reserve Subaccount, and thereafter maintained, a balance in the Reserve Subaccount equal to the lesser of (i) 10% of the proceeds of, (ii) 125% of average annual debt service on or (iii) maximum debt service due in any future calendar year on the Bonds. Said balance shall be maintained by such additional credits to the Reserve Subaccount as may be necessary. Moneys on hand in the Reserve Subaccount shall be used only to pay maturing principal and interest when other moneys in the Revenue Bond Subaccount are insufficient therefore. In the event of the issuance of Additional Bonds on a parity with the Bonds, the balance on hand in the Reserve Subaccount shall be increased, on the date of issuance of such Additional Bonds, through the deposit of bond proceeds or Net Revenues or a combination thereof, to an amount equal to the lesser of (i) 10% of the proceeds of, (ii) 125% of average annual debt service or (iii) the maximum annual debt service due in any future calendar year (during the term of the outstanding bonds), on, all bonds (including the Additional Bonds) payable from the Revenue Bond Subaccount (the "Reserve Requirement").

4.6. Replacement and Depreciation Subaccount. There shall next be set aside and credited, upon each monthly apportionment, to the Replacement and Depreciation Subaccount such portion of the Net Revenues, in excess of the current requirements of the Revenue Bond Subaccount and the Reserve Subaccount (which portion of the Net Revenues is referred to herein as Surplus Net Revenues), as the City Council shall determine to be required for the accumulation of a reasonable reserve for renewal of worn out, obsolete or damaged properties and equipment of the Utility, which reserve shall be accumulated and maintained in an amount not less than 10% of the Operating Expenses for the preceding Fiscal Year. Moneys in this subaccount shall be used only for the purposes above stated or, if so directed by the City Council, to redeem Bonds which are prepayable according to their terms, to pay principal or interest when due thereon as required in Section 4.4 hereof, or to pay the cost

of improvements to the Improvements; provided, that in the event that the City shall hereafter issue bonds for the purpose of financing the construction and installation of additional improvements or additions to the Improvements, but which additional bonds cannot, upon the terms and conditions provided in Section 5, be payable from the Revenue Bond Subaccount, Surplus Net Revenues from time to time received may be segregated and paid into one or more separate and additional accounts from the payment of such bonds and interest thereon, in advance of payments required to be made into the Replacement and Depreciation Subaccount.

4.7. Surplus Subaccount. Any amount of the Surplus Net Revenues from time to time remaining after the above required applications thereof shall be credited to the Surplus Subaccount, and the moneys from time to time in that subaccount, when not required to restore a current deficiency in the Revenue Bond Subaccount as provided in Section 4.4 hereof or to pay debt service on subordinate bonds issued pursuant to Section 5.4 hereof, may be used for any of the following purposes and not otherwise:

(a) To redeem and prepay Bonds when and as such Bonds become pre-payable according to their terms;

(b) To purchase Bonds on the open market, whether or not the Bonds so purchased or other such Bonds may then be pre-payable according to their terms; and, if the Reserve Subaccount is then funded to the full amount required to be maintained therein, and the balances in the Revenue Bond Subaccount and the Replacement and Depreciation Subaccount are sufficient to meet all payments required or reasonably anticipated to be made therefrom prior to the end of the current fiscal year, then;

(c) To pay for repairs of or for the construction and installation of improvements or additions to the Improvements; and, if the Reserve Subaccount is then funded to the full amount required to be maintained therein, and the balances in the Revenue Bond Subaccount and the Replacement and Depreciation Subaccount are sufficient to meet all payments required or reasonably anticipated to be made therefrom prior to the end of the then current fiscal year, then:

(d) To be held as a reserve for redemption and prepayment of the Bonds which are not then but will later be pre-payable according to their terms; or

(e) To be used for any other authorized municipal purpose designated by the City Council.

No moneys shall at any time be transferred from the Surplus Subaccount or any other subaccount of the Account to any other fund of the City, nor shall such moneys at any time be loaned to other municipal funds or invested in warrants, special assessment bonds or other obligations payable from other funds, except as provided in this section.

4.8. Deposit and Investment of Funds. The Finance Officer shall cause all moneys pertaining to the Account to be deposited as received with one or more banks which are duly qualified public depositories under the provisions of Chapter 4 6A, SDCL, in a deposit account or accounts, which shall be maintained separate and apart from all other account 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 Account as authorized in this Resolution; except that moneys from time to time on hand in the Account may at any time, in the discretion of the City Council, be invested in securities permitted by the provisions of State Law; provided that moneys on hand in the Reserve Subaccount may be invested only in permitted investments 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, further provided, that the Replacement and Depreciation Subaccount and the Surplus Subaccount may be invested in such securities maturing not later than ten years from the date of the investment. Income received from the deposit or investment of moneys shall be credited to the account from whose moneys and deposit was made or the investment was purchased, and handled and accounted for in the same manner as other moneys in that account. The investment of the moneys on deposit in the Revenue Bond Subaccount is further restricted by the provisions of Section 9.1 hereof.

4.9. Additional Revenues or Collateral. The City reserves the right at any time to pledge additional moneys, revenues or collateral as security for the Bonds. Such pledge shall not be effective unless and until the City receives, and provides to the Registrar an opinion of, nationally recognized bond counsel stating that such pledge will not adversely affect the validity or tax exemption of any Bonds then outstanding.

## SECTION 5. PRIORITIES AND ADDITIONAL BONDS.

5.1. Priority of Bond Payments. Each and all of the Bonds shall be equally and ratably secured by and payable out of the Net Revenues of the Improvements without preference or priority of any one Bond over any other by reason of serial number or otherwise; provided, that if at any time the Net Revenues of the Improvements are insufficient to pay

principal and interest then due on all Bonds, any and all moneys then on hand shall be first used to pay the interest accrued on all outstanding Bonds, and the balance shall be applied toward payment of the maturing principal of Bonds in order of their maturities, the earliest maturing Bonds to be paid first, and pro rata in payment of Bonds maturing on the same date.

5.2. Refunding Revenue Bonds. The City reserves the right and privilege of refunding any or all of the Bonds, but only subject to the following terms and conditions:

(a) Any matured Bonds may be refunded if moneys available for the payment thereof at maturity, within the limitation prescribed in Section 6.1 hereof, should at any time be insufficient to make such payment in full.

(b) Any Bonds may be refunded prior to maturity, as and when they become pre-payable according to their terms.

(c) Provision may be made for the payment and refunding of any unmatured Bonds by the deposit with a duly qualified depository bank, as escrow agent, of a sufficient amount of cash, or of Bonds or other general obligations of the United States, or of securities whose principal and interest payments are guaranteed by the United States, to pay the principal amount of such outstanding Bonds with interest to the earliest subsequent date, if any, upon which the same may be called for redemption and prepayment, and with interest to the maturity of any such Bonds which are not subsequently pre-payable.

(d) Any refunding revenue bonds issued for the above purposes may be made payable from the Net Revenues of the Improvements on a parity as to interest with all then outstanding Bonds, provided that (1) the maturity of each refunding revenue bond shall be subsequent to the last maturity of any then outstanding Bonds which are not refunded or to be refunded out of moneys on deposit with such escrow agent, and (2) no bondholder shall be required to accept a refunding revenue bond in exchange for any Bond owned by him.

(e) So long as (i) the final maturity of the refunding bonds does not exceed the final maturity of the bonds being refunded, and (ii) maximum annual debt service on the refunding bonds is not more than 125% of the maximum annual debt service on the bonds being refunded, the refunding bonds need not meet the Net Income test for Additional Bonds set forth in Section 5.3.

5.3. Other Parity Bonds. The City reserves the right to issue Additional Bonds, payable from the Revenue Bond Subaccount of the

Account, on a parity as to both principal and interest with the outstanding Bonds, if (i) no default has occurred and is continuing under this Resolution, and (ii) the Net Revenues of the Improvements for the last complete fiscal year of the City preceding the issuance of such Additional Bonds has equaled at least 125% of the average annual principal and interest payable from the Revenue Bond Subaccount in any subsequent calendar year during the term of the outstanding Bonds, on all Bonds then outstanding and on the Additional Bonds proposed to be issued. For the purpose of the foregoing computation, the Net Revenues for the fiscal year preceding the issuance of Additional Bonds shall be the Net Revenues shown by the official books and records of the City, except that if the rates and charges for services provided by the Improvements have been changed since the beginning of such preceding fiscal year, then the rates and charges in effect at the time of issuance of the Additional Bonds shall be applied to the quantities of service actually rendered and made available during such preceding fiscal year to ascertain the gross revenues, from which there shall be deducted to determine the Net Revenues the actual operation and maintenance cost for the last complete fiscal year as shown by the official books and records of the City plus any additional annual costs of operation and maintenance which the engineer for the City estimates will be incurred because of the improvement or extension of the Improvements to be constructed from the proceeds of the Additional Bonds proposed to be issued. In no event shall any Additional Bonds be issued and made payable from the Revenue Bond Subaccount if the City is then in default in any payment of principal or interest deficiency in the balances required by this Resolution to be maintained in any of the subaccounts of the Account. Notwithstanding the provisions of Section 7 hereof requiring consent of the registered owners of all outstanding Bonds, the provisions of this section may, with respect to the issuance of Additional Bonds, be waived or amended with the written consent of the registered owners of not less than three quarters in principal amount of the outstanding Bonds.

5.4. Subordinate Lien Bonds. Notwithstanding the above provisions of this Section 5, nothing contained in this Resolution or in the Bonds shall be construed to preclude the City from issuing bonds when necessary for the enlargement, improvement or extension of the Improvements, provided such bonds, whether constituting a general obligation of the City or payable solely from electric revenues, are expressly made a charge on and are payable only from the Surplus Net Revenues of the Improvements as defined in Section 4.7 hereof and are not superior to or on a parity with the Bonds.

#### SECTION 6. COVENANTS.



6.1. General. The City covenants and agrees with the registered owners from time to time of all Bonds that the recitals contained in Section 1 are correct; and that, subject to Section 6.5 hereof, until all Bonds are fully discharged as provided in this Resolution, it will continue to hold, maintain and operate the Utility, and the Improvements as a part thereof, as a public utility and convenience, free from all liens thereon or on the income therefrom other than the liens herein granted or provided for, will observe prudent utility practices, and will maintain, expend and account for the Account and the several subaccounts therein as provided in Section 4, and will issue no Additional Bonds or other obligations constituting a lien or charge on the Net Revenues of the Improvements except upon the conditions and in the manner prescribed in Section 5, and will perform and cause all officers and employees of the City to perform and enforce each and all of the additional covenants and agreements set forth in this section.

6.2. Competing Service. The City will not establish or authorize the establishment of any other system for the public supply of service or services in competition with any or all of the services supplied by the facilities of the Utility or the Improvements.

6.3. Property Insurance. The City will cause all buildings, properties, fixtures and equipment constituting a part of the Utility or the Improvements to be kept insured with a reputable insurance carrier or carriers, qualified under the laws of the State, or a qualified municipal insurance pool, in such amounts as are ordinarily carried, and against loss or damage by such hazards and risks as are ordinarily insured against by public utilities owning and operating properties of a similar character and size; provided that if at any time the City is unable to obtain insurance, it will obtain insurance in such amounts and against risks as are reasonably obtainable. The proceeds of all such insurance shall be available for the repair, replacement or reconstruction of damaged or destroyed property, and any proceeds attributable to the Improvements shall be deposited in the Construction Subaccount and applied as provided in Section 4.2 hereof, and until paid out in making good such loss or damage, are pledged as security for the outstanding Bonds issued hereunder. All insurance proceeds received with respect to the Improvements in excess of the amount required for restoration of the loss or damage compensated thereby shall be and become part of the revenues appropriated to the Account. If for any reason insurance proceeds are insufficient for the repair, replacement and reconstruction of the insured property constituting a part of the Improvements, the City shall supply the deficiency from revenues on hand in the Replacement and Depreciation Subaccount and the Surplus Subaccount, and may supply it from any other City funds, but is not obligated to the registered owners so to do unless the deficiency results from breach of the covenant in this section.

6.4. Liability Insurance and Surety Bonds. The City will carry insurance against liability of the City and its employees for damage to persons and property resulting from the operation of the Utility, and the Improvements as a part thereof, in amounts the City determines from time to time to be necessary or advisable by reason of the character and extent of such operation. It will also cause all persons handling money and other assets of the Utility and the Account to be adequately bonded for the faithful performance of their duties and to account for and pay over such money to the City. All amounts received under such insurance and bonds shall be applied to the payment of the loss or damage covered thereby. The premiums for all insurance and bonds required by this section and by Section 6.3 constitute part of the Operating Expenses of the Improvements, but no insurance liabilities of the City in excess of amounts received under such insurance and bonds shall constitute a lien or charge on revenues or any other assets herein or otherwise pledged to the Revenue Bond Subaccount. Such insurance may be obtained through a qualified municipal insurance pool.

6.5. Disposition of Property. The City will not mortgage, lease, sell or otherwise dispose of any real or personal properties of the Improvements, unless:

(a) Prior to or simultaneous with such mortgage, lease, sale or other disposition, all of the outstanding Bonds shall be discharged as provided in Section 8; or

(b) The properties to be mortgaged, leased sold or otherwise disposed of are unserviceable, inadequate, obsolete or no longer required for use in connection with the Utility, and all proceeds of the mortgage, lease, sale or other disposition of such properties are deposited into the Account.

6.6. Books and Records. The City will cause proper and adequate books of record and account to be kept showing complete and correct entries of all receipts, disbursements and other transactions relating to the Utility, and the Improvements as a part thereof, the gross revenues derived from the operation of the Improvements, and the segregation and application of the gross revenues in accordance with this Resolution, in such reasonable detail as may be determined by the City in accordance with generally accepted accounting practice and principles. It will cause such books to be maintained on the basis of a fiscal year commencing January 1st and ending December 31st, or such other period as the City Council may determine, and to be audited annually. The audit will be completed within 365 days after the close of each alternate fiscal year by the Department of Legislative Audit or by an independent certified public accountant, who shall be an accountant or firm of such accountants duly licensed, registered and entitled to

practice and practicing as such under the laws of the State, appointed and paid by the City, who or which is in fact independent and not under the domination of the City, does not have any substantial interest, direct or indirect, within the City, and is not connected with the City as an officer or employee but may be regularly retained to make annual or other periodic reports to the City.

6.7. Cost of Insurance and Accounting. The insurance and fidelity bond premiums and the cost of the bookkeeping and audits herein provided for and of the billings and collection of the electric utility rates, charges and rentals, with respect to the Utility, shall be payable from the Operating Subaccount.

6.8. Handling of Funds. The employees of the City, under the direction and control of the Finance Officer, shall keep books of accounts, issue statements and collect bills for the rates, charges and rentals for the services and facilities provided by the Utility and the Improvements and for other money currently receivable on account thereof and shall, to the extent required by Section 6.10, provide for the discontinuance of service in case of nonpayment for services or noncompliance with regulations. All money collected with respect to the Utility shall be deposited daily with the Finance Officer. In the event of default on the part of the City in the payment of principal of or interest on any Bond promptly as each falls due, or in the keeping of any covenants herein contained, and if such default shall continue for a period of ninety days the Council will appoint a special superintendent for the Improvements, with the power and responsibility to operate the Improvements for the City, and to recommend to the Council such revisions of the rates and charges and operating policies as may be necessary to comply with this Resolution, and to assure that the Net Revenues will be sufficient to pay all principal of and interest on Bonds, and the special superintendent shall in all things so operate the Improvements as to comply fully with all the requirements and provisions of this Resolution. The right of the registered owners of the Bonds to require employment of such a superintendent shall not be exclusive, and in the event of a default as herein outlined, such registered owner or owners shall have the right to proceed at law or in equity to require the performance of the covenants herein contained, in any form of action which shall to them seem appropriate. The rights and obligations of this section shall be subject to the provisions of Section 9 40 33 of the Act.

6.9. Rules and Regulations. The rules and regulations for operation of the Utility and the Improvements and the use of electric utility service from the Improvements shall be as provided in the existing ordinances and resolutions of the City, and any ordinances and

resolutions subsequently adopted amendatory thereof or supplemental thereto.

6.10. Billings. The charges for electric utility services will be billed at least monthly, and if the bill is not paid within sixty days of the date of billing, or if the customer fails to comply with all rules and regulations established for the Utility within sixty days after notice of violation thereof (which notice shall be given promptly upon discovery of any such violation), the service to the premises involved shall be discontinued and shall not be resumed until payment of all past due bills for electric utility service and compliance with all such rules and regulations, all subject to applicable State law with respect to utility disconnection. The City shall take all appropriate legal action to collect the unpaid charges.

6.11. Remedies. Any registered owner of any Bond shall have the right, either at law or in equity, by suit, action or other proceedings, to protect and enforce the rights of all registered owners of the Bonds and to compel the performance of any and all of the covenants required herein to be performed by the City, and its officers and employees, including but not limited to the fixing and maintaining of rates, fees and charges and the collection and proper segregation of gross revenues and the application and use thereof. The registered owners of a majority in principal amount of outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the bondholders or the exercise of any power conferred on them, and the right to waive a default in the performance of any such covenant, and its consequences, except a default in the payment of the principal of or interest on any Bond when due. However, nothing herein shall impair the absolute and unconditional right of the registered owner of each Bond to receive payment of the principal of and interest on the Bond as such principal and interest respectively become due, and to institute suit for any such payment, any court having jurisdiction of the action may appoint a receiver to administer the Improvements on behalf of the City with power to charge and collect rates, fees and charges sufficient to provide for the payment of the operating expenses and for the payment of any bonds or obligations outstanding against the Improvements, and to apply the gross revenues in conformity with this Resolution and the laws of the State.

6.12. Rates and Charges. The City through the City Council will maintain, revise, charge and collect rates and other charges for service furnished and made available by the Improvements, according to schedules such that the gross revenues derived therefrom will be sufficient, when combined with other available funds, to pay when due all expenses of the operation and maintenance of the Improvements, and all principal of and interest on Bonds, to provide for the

establishment and maintenance of adequate reserves therefore, and to provide an allowance adequate for recurring renewals and replacements of the Improvements, and to fulfill the terms of all other agreements with registered owners of the City's bonds. Such rates and charges shall at all times be sufficient to produce Net Revenues (as defined in Section 4.3) for each fiscal year at least equal to, together with the balance in the Surplus Subaccount carried over from the preceding Fiscal Year, 115% of the principal of and interest on the Bonds (including any parity lien Bonds hereafter issued) coming due in the fiscal year. The rates and charges with respect to the Improvements shall be in the form of a separately stated surcharge on the municipal utilities rate schedule; in calculating the surcharge the City and the Council shall allocate to the Improvements its share of the expenses of operation and maintenance and allowances for renewal and replacement as well as the requirements to pay principal of and interest on the Bonds to maintain the Reserve Subaccount, and to repay the Utility or any other funds of the City for moneys advanced in accordance with Section 5.4 hereof.

#### SECTION 7. AMENDMENTS.

7.1. Amendments Without Bondholder Consent. The City may, by administrative resolution adopted prior to the delivery of the Bonds to the Underwriter, amend this Resolution. The City reserves the right to amend this Resolution, from time to time and at any time, for the purpose of (i) curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein, or (ii) making such provisions with regard to matters or questions arising hereunder as the City may deem necessary or desirable and not inconsistent with this Resolution, and which shall not adversely affect the interests or security of the registered owners of outstanding Bonds, or (iii) adding to the covenants and agreements herein contained, or to the gross revenues herein pledged, other covenants and agreements thereafter to be observed and additional gross revenues thereafter appropriated to the Account, or (iv) surrendering any right or power herein reserved to or conferred upon the City, or (v) authorizing the issuance of Additional Bonds in the manner and subject to the terms and conditions prescribed in Section 6. Any such amendment may be adopted by resolution, without the consent of the registered owners of any of the Bonds.

7.2. Amendments With Bondholder Consent. With the consent of the registered owners of Bonds as provided in Section 7.3, the City may from time to time and at any time amend this Resolution by adding any provisions hereto or changing in any manner or eliminating any of the provisions hereof or of any amending resolution; provided, however, that no amending resolution shall be adopted at any time without the

consent of the registered owners of all Bonds which are then outstanding, if it would extend the maturities of any Bonds, would reduce the rate or extend the time of payment of interest thereon, would reduce the amount or extend the time of payment of the principal or redemption premium thereof, would give to any Bond or Bonds any privileges over any other Bond or Bonds, would reduce the sources of gross revenues appropriated to the Account, would authorize the creation of a pledge of said gross revenues prior to or on a parity with the Bonds (except as is authorized by Section 6), or would reduce the percentage in principal amount of such Bonds required to authorize or consent to any such amendment.

7.3. Notice and Consent. Any amendment adopted pursuant to Section 7.2 shall be made by resolution, mailed to each registered owner of a Bond affected thereby, and shall become effective only upon the filing of written consents with the Finance Officer, signed by the registered owners of not less than two thirds in principal amount of the Bonds which are then outstanding or, in the case of an amendment not equally affecting all outstanding Bonds, by the registered owners of not less than two thirds in principal amount of the Bonds adversely affected by such amendment. Any written consent to an amendment may be embodied in and evidenced by one or any number of concurrent written instruments of substantially similar tenor signed by registered owners in person or by agent duly appointed in writing, and shall become effective when delivered to the Finance Officer. Any consent by the registered owner of any Bond shall bind him and every future registered owner of the same Bond with respect to any amendment adopted by the City pursuant to such consent; provided that any registered owner may revoke his consent with reference to any Bond by written notice received by the Finance Officer before the amendment has become effective. In the event that unrevoked consents of the registered owners of the required amount of Bonds have not been received by the Finance Officer within one year after the mailing of notice of the amendment, the amendment and all consents theretofore received shall be of no further force and effect.

7.4. Proof. Proof of the execution of any consent, or of a writing appointing any agent to execute the same, or of the ownership by any person of Bonds, shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the City if made in the manner provided in this section. The fact and date of the execution by any person of any such consent or appointment may be proved by the affidavit of a witness of such execution or by the certification of any notary public or other officer authorized by law to take acknowledgment, certifying that the person signing it acknowledged to him the execution thereof. The amount of Bonds held by any person by or for whom a consent is given, and the distinguishing numbers of such Bonds, and the date of his holding the same, shall be proved by the

bond register. The fact and date of execution of any such consent may also be proved in any other manner which the City Council may deem sufficient; but the City Council may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable.

## SECTION 8. DEFEASANCE.

8.1. General. When the liability of the City on all Bonds issued under and secured by this Resolution and all interest thereon has been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the registered owners of such Bonds shall cease.

8.2. Payment. The City may discharge its liability with reference to any Bonds which are due on any date by depositing with the Registrar for such Bonds on or before the date a sum sufficient for the payment thereof in full; or if any Bond shall not be paid when due, the City may nevertheless discharge its liability with reference thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

8.3. Redemption. The City may also discharge its liability with reference to any Bonds which are called for redemption on any date in accordance with their terms, by depositing with the Registrar on or before that date an amount equal to the principal, interest and redemption premium, if any, which are then due thereon, provided that notice of such redemption has been duly given as provided in this Resolution.

8.4. Escrow. The City may also at any time discharge its liability in its entirety with reference to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by calling such Bonds for redemption on the next date when they may be prepaid in accordance with their terms, by giving the notice required for such redemption or giving irrevocable instructions to the escrow agent described below to give such notice, and by depositing irrevocably in escrow, with a bank or trust company qualified by law as an escrow agent for this purpose, cash or securities which are direct non callable obligations of the United States and 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, without reinvestment, to provide funds sufficient to pay all principal, interest and redemption premiums, if any, to become due on such Bonds on or before said redemption date. No deposit shall be made pursuant to this section unless there has first been presented to the escrow agent (i) a verification report as to the adequacy of the escrow prepared by an independent nationally recognized certified public

accountant and (ii) a written opinion of nationally recognized bond counsel that such deposit shall not cause the interest on any outstanding Bonds to be included in the gross income of the registered owners thereof for federal income tax purposes.

## SECTION 9. TAX MATTERS.

9.1. The Improvements. The Utility is and will be owned and operated by the City and used by the City to provide electric services to members of the general public. No user of the Utility is granted any concession, license or special arrangement. The City shall not enter into any lease, use or other agreement with any nongovernmental person relating to the use of the Utility or the Improvements or security for the payment of the Bonds which might cause the Bonds to be considered "private activity bonds" or "private loan bonds" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the Code).

9.2. General Covenant. The City covenants and agrees with the registered owners from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become includable in gross income for federal income tax purposes under the Code and applicable Treasury Regulations (the Regulations), and covenants to take any and all actions within its powers to ensure that the basic interest on the Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

9.3. Certification. The Mayor and the Finance Officer, being the officers of the City charged with the responsibility for issuing the Bonds pursuant to this Resolution are hereby authorized and directed to execute and deliver to the Underwriter thereof a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148 2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds, it is reasonably expected that the proceeds of the Bonds will be used in a manner that would not cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

9.4. Arbitrage Rebate. The City acknowledges that the Bonds are subject to the rebate requirements of Section 148(f) of the Code. The City covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under Section 148(f) and applicable Regulations to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes, unless the Bonds qualify for an exception



from the rebate requirement pursuant to one of the spending exceptions set forth in Section 1.148-7 of the Regulations and no "gross proceeds" of the Bonds (other than amounts constituting a "bona fide debt service fund") arise during or after the expenditure of the original proceeds thereof.

9.5. Qualified Tax Exempt Obligations. The Finance Officer is authorized to designate any series of the Bonds as "qualified tax exempt obligations" for purposes of Section 265(b) of the Code if Bond Counsel determines that such designation is appropriate.

SECTION 10. CONTINUING DISCLOSURE. The City acknowledges that the Bonds are subject to the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (as in effect and interpreted from time to time, the Rule). The Rule governs the obligations of certain underwriters to require that issuers of municipal obligations enter into agreements for the benefit of the holders of the obligations to provide continuing disclosure with respect to the obligations. To provide for the public availability of certain information relating to the Bonds and the security therefore and to permit participating underwriters in the primary offering of the Bonds to comply with the Rule, which will enhance the marketability of the Bonds, the Mayor and Finance Officer are hereby authorized and directed to execute a continuing disclosure agreement or undertaking (the "Agreement"), by which the City agrees to provide such information, either directly or through a disclosure agent. The City hereby covenants and agrees to observe and perform the covenants and agreements contained in the Agreement, unless amended or terminated in accordance with the provisions thereof, for the benefit of the registered owners or beneficial owners from time to time of the Outstanding Bonds as provided in the Agreement.

SECTION 11. CERTIFICATION OF PROCEEDINGS. The officers of the City are authorized and directed to prepare and furnish to the Underwriter and to Dorsey & Whitney LLP, Bond Counsel, 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 officers' books and records or as 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 actions stated therein have been taken.

Upon vote being taken thereon, the following voted in favor thereof: Collier-Wise, Hellwege, Holland, Humphrey, Price, Sorensen, Ward, Willson, Mayor Powell

and the following voted against the same: None

whereupon the resolution was declared duly passed and adopted and was approved and signed by the Mayor and attested by the City Finance Officer.

THE GOVERNING BODY OF THE CITY  
OF VERMILLION, SOUTH DAKOTA

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

ATTEST:

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

F. Resolution to Designate Disabled Parking along Kidder Street

Jose Dominguez, City Engineer, stated that he was contacted by the United Way of Vermillion to see if the City would designate a parking stall at the intersection of Kidder and Court Streets for disabled parking. Jose reported that the United Way of Vermillion will be opening the Community Connection Center which will provide services currently housed in different locations of the community. Jose reported that staff is proposing that the first stall on the north side of Kidder Street west of the intersection with Court Street be designated as disabled parking. Jose explained that the location provided access to the sidewalk ramp. Jose noted that the disabled parking space would be a public space and not reserved for customers of United Way. Discussion followed.

33-19

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

RESOLUTION  
TO DESIGNATE DISABLED PARKING SPACE ALONG KIDDER STREET

WHEREAS, pursuant to the City of Vermillion Code of Ordinances, section 70.071, the City Council may establish, and cause to be designated and marked, streets, and parts thereof, where vehicles may be parked for limited periods of time only or similarly may establish no-parking areas; and

WHEREAS, the City is responsible for the safety, security, and general welfare of drivers along City streets; and

WHEREAS, there is need for some of the parking along Kidder Street to be designated to serve persons with disabilities.

NOW, THEREFORE, BE IT RESOLVED, by the Governing Body of the City of Vermillion, South Dakota that the first parking stall on the north side of Kidder Street west of Court Street be designated as a disabled parking space.

Dated at Vermillion, South Dakota this 4th day of February, 2019.

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 Price. 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 to Designate a Loading Zone along Court Street

Jose Dominguez, City Engineer, stated that the City has been contacted by United Way of Vermillion to see if the City could designate a parking stall along the west side of Court Street between Main Street and Kidder Street as a loading zone. Jose reported that soon the United Way of Vermillion will be opening the Community Connection Center (CCC) along the west side of Court Street. Jose reported that one of the services that will be available at the CCC will be the Vermillion Food Pantry. Jose noted that the proposed loading zone would be utilized for deliveries and pick-ups by patrons of the Vermillion Food Pantry. Jose stated that for ease of use, staff recommends designating the closest parking stall to the north of the CCC's main door as a loading zone. Jose noted that the loading zone would not be reserved for the United Way of Vermillion and may be used by any one making deliveries or picking up items in the downtown area. Discussion followed on if the loading should have time restrictions to allow the space to be used for other businesses located in the area. It was noted that the hours of operation for the CCC are not known at this time.

34-19

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

RESOLUTION  
TO DESIGNATE A LOADING ZONE ALONG COURT STREET

WHEREAS, pursuant to the City of Vermillion Code of Ordinances, section 70.071, the City Council may establish, and cause to be designated and marked, streets, and parts thereof, where vehicles may be parked for limited periods of time only or similarly may establish no-parking areas; and

WHEREAS, the City is responsible for the safety, security, and general welfare of drivers along City streets; and

WHEREAS, there is need for some of the parking along Court Street to be designated to serve as a loading zone for the adjoining businesses.

NOW, THEREFORE, BE IT RESOLVED, by the Governing Body of the City of Vermillion, South Dakota that the fourth parking stall on the west side of Court Street south of the east to west alley be designated as a loading zone.

Dated at Vermillion, South Dakota this 4th day of February, 2019.

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 Hellwege. 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.

H. Resolution Authorizing the Purchase of a Street Department Vibratory Compactor

Jose Dominguez, City Engineer, reported that the City Council budgeted for the purchase of a vibratory compactor for the Street Department in 2019. Jose reported that the vibratory compactor is used by the Street Department to compact material placed for street repairs. Jose stated that Administration would like to take advantage of an attractive Sourcewell bid. Jose noted that Sourcewell has over 7,000 governmental agencies that participate in their purchasing program. Jose reported that the City received two bids. The first bid was from Butler Machinery for a 2019 Caterpillar CB24 Utility Compactor net of trade in of existing 1994 Bomag BW120AD-2 compactor for \$39,109.90. The second bid was from Diesel Machinery, Inc. (DMI) for a 2019 Bomag BW120AD-5 net of trade in of 1994 Bomag for \$40,990.00. Jose recommended approving the Resolution to purchase a 2019 Caterpillar CB24 Utility Compactor and trading in the City's 1994 Bomag BW120AD-2 compactor to Butler Machinery for a net price of \$39,109.90 and allowing the City Manager or City's Finance Officer to sign the purchase agreement. Discussion followed.

35-19

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

RESOLUTION AUTHORIZING THE PURCHASE OF  
A VIBRATORY COMPACTOR

WHEREAS, SDCL 5-18A-37 authorizes a governmental entity to enter into agreements with purchasing agents in any other state for purchases under a joint agreement or contract at the accepted bid price and the concurrence of said bidder; and

WHEREAS, the City of Vermillion has reviewed and determined that the bid awarded by Sourcewell (formerly known as the National Joint Powers Alliance) for a vibratory compactor from Butler Machinery for the net after trade amount of \$39,109.90 offers an advantageous price to the City for said item; and

WHEREAS, the bid offered by Butler Machinery also includes a trade-in value for the City's 1994 Bomag BW120AD-2 compactor of \$4,000.

NOW, THEREFORE, BE IT RESOLVED, by the Governing Body of the City of Vermillion, South Dakota that the City Manager or the City's Finance Officer is hereby authorized to purchase a new 2019 Caterpillar CB24 Utility Compactor from Butler Machinery, of Sioux Falls, South Dakota for a price of \$39,109.90 after trade-in.

Dated at Vermillion, South Dakota this 4th day of February, 2019.

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 Price. 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

##### A. Fuel Quotes

Mike Carlson, Finance Officer, read the monthly fuel quotes and recommended the low quote of Stern Oil on all items.

Item 1 - 4,350 gal unleaded 10% ethanol: Stern Oil \$1.8660, Brunick's Service \$1.90; Item 2 - 3,000 gal No. 1&2 Diesel fuel dyed: Stern Oil \$2.2225, Brunick's Service \$2.27; Item 3 - 1,000 gal No. 1&2 diesel fuel-clear: Stern Oil \$2.519, Brunick's Service \$2.53

36-19

Alderman Price moved approval of the low quote of Stern Oil on all items. Alderman Holland seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

#### 10. City Manager's Report

A. John reminded citizens of the second opportunity to participate in the Heroes Behind the Badge Blood Drive on Saturday, February 9th from 8:00 a.m. to 1:00 p.m. at the USD/Sanford Health Fair. Donors can vote for the Police Department or Fire Department in this friendly competition.

B. John reported that City Intern, Cody Senn, recently issued a press release about the recycling numbers for 2018. John thanked residents and businesses participating in the curbside program and citizens using the four recycling trailers for continuing to increase the pounds

recycled. John noted that over 2.2 million pounds of recycled material were processed through the Recycling Center in 2018. John reported that residential curbside participants averaged 138 lbs. of recycled material per household.

C. John reported that the next City Council meeting is on Tuesday, February 19th due to the Presidents Day holiday on Monday, February 18th.

D. John reminded the Labor and Finance Committee of the committee meeting following this meeting.

#### PAYROLL ADDITIONS AND CHANGES

Ambulance: Nicholas Henchal \$12.00/hr-\$12.00/training hr-\$18.00/holiday hr, Nathan Steussy \$10.00/hr-\$10.00/training hr-\$15.00/holiday hr; Recreation: Parker Goblirsch \$9.50/hr; Golf Clubhouse: Curt Cameron \$9.25/hr

#### 11. Invoices Payable

37-19

Alderman Price moved approval of the following invoices:

Accent Wire - Tie	parts	536.14
Adidas America	merchandise	82.80
Amy Hofer	refund parking tckt overpmt	5.00
Andrew Eidem	meals reimbursement	37.00
Appeara	shop towels	45.00
Aramark Uniform Services	uniform cleaning	298.07
Argus Leader Media #1085	subscription	25.00
Austin Anderson	meals reimbursement	37.00
Avera Occupational Medicine	testing	148.50
Best Western Plus Ramkota	lodging	629.94
Big State Industrial Supply	supplies	718.56
Blick Art Materials	supplies	101.68
Bluetarp Financial, Inc	steel ladder	757.03
Bomgaars	tools/supplies	754.92
Book Systems, Inc	subscription	4,165.00
Bookpage	subscription	348.00
Border States Elec Supply	uniform pants	248.00
Bound Tree Medical, LLC	supplies	3,449.86
Butch's Propane Inc	propane	1,828.08
Butler Machinery Co.	parts/repairs	8,192.30
Callaway Golf	merchandise	320.57

Campbell Supply	supplies	1,371.88
Central States Wire Products	wire coils	2,126.50
Century Business Products	copier contract/copies	187.20
Centurylink	telephone	696.87
City Of Vermillion	copies/postage	1,168.61
City Of Vermillion	utility bills	36,570.81
Cleveland Golf	merchandise	50.38
Coast To Coast Solutions	supplies	275.81
Colonial Life Acc Ins.	insurance	1,430.30
Core & Main LP	meters/parts	1,485.27
Cornhusker International Truck	parts	126.14
Cory Moore	meals reimbursement	101.00
Coyote Chemical Company	supplies	74.00
Custom Conveyor Corp.	parts	4,256.16
Custom Truck Equipment Inc	parts	200.90
D-P Tools	tools/supplies	931.75
Dakota Beverage	merchandise	6,650.70
Dakota Pc Warehouse	computer/supplies/repairs	2,204.83
Dan's Drain & Duct Cleaning	repairs	125.00
Danielle Thu	refund parking tckt overpmt	15.00
Danko Emergency Equipment	firefighter equipment	4,035.10
Delta Dental Plan	insurance	6,197.40
Dennis Chandler	merchandise	124.00
Dennis Martens	maintenance	833.34
Derek Ronning	gym membership renewal	250.00
Division Of Motor Vehicle	title/plates	42.40
DLT Solutions, Inc	annual subscription	1,146.60
Doreen Cooper	refund parking tckt overpmt	15.00
Echo Electric Supply	supplies	1,265.14
Electronic Engineering	install watchguards	332.50
Environmental Systems Research	GIS maintenance/license	3,802.27
ERIC McPherson	meals reimbursement	89.00
Farmer Brothers Co.	supplies	200.32
Farrel Christensen	safety boots reimbursement	100.00
Fast Auto Glass	repairs	75.00
Fastenal Company	supplies	61.13
Fedex.	shipping	30.82
Fields Outdoor Adventures	supplies	4,680.00
Findaway World LLC	supplies	28.73
Foreman Media	council mtg	100.00
Frontier Precision, Inc	software maintenance	1,506.00
Global Dist.	merchandise	220.46
Graham Tire Co.	tires	1,982.88



Graybar Electric	parts	75.00
Graymont Capital Inc	chemicals	4,066.20
Gregg Peters	freight	1,000.80
Gregg Peters	rent	937.50
Hansen Locksmithing	repairs	1,783.00
Iacp Net	software maintenance	525.00
Independence Waste	waste hauling	881.46
Ingram	books	2,869.42
Intelli Track	inventory software license	1,989.00
Intersport Group, Inc	uniform	2,909.12
Interstate Power Systems	maintenance/inspection	537.00
Jim Balleweg	safety glasses & boots reimb	239.46
John A Conkling Dist.	merchandise	2,707.95
Johnsen Heating & Cooling	repairs	1,761.80
Johnson Brothers Of Sd	merchandise	12,387.27
Jones Food Center	supplies	128.47
JSA Consulting Engineers	professional services	3,600.00
Karen Harris	safety glasses reimbursement	150.00
Kenny Wapniarski	safety glasses reimbursement	150.00
Kyle Brouwer	refund parking tckt overpmt	15.00
Kyle Hoisington	safety glasses reimbursement	150.00
Lessman Elec. Supply Co	supplies	192.10
Library Furniture International	study tables	1,360.00
Locators And Supplies, Inc	supplies	298.00
Mark Cotter	refund parking tckt overpmt	5.00
Mart Auto Body	towing	1,000.00
Matheson Tri-Gas, Inc	medical oxygen/cylinder rental	127.41
McCulloch Law Office	professional services	1,165.60
MD Enterprises LLC	uniform shirts	784.00
Michael Todd & Co.	mini light bar	348.40
Micro Marketing LLC	books	119.98
Mid-States Org. Crime	membership	150.00
Midwest Alarm Co	alarm monitoring	66.00
Midwest Wheel Companies	part	48.34
Minn Municipal Utility Ass	safety mgmt program	6,600.00
MSC Industrial Supply Co	supplies	322.20
Municipal Elec. Assoc.	registration	200.00
Murphs Appliance & TV Inc	refrigerator	1,249.00
NCL Of Wisconsin, Inc	supplies	1,160.55
Nebraska Salt & Grain Co	salt	1,763.08
Netsys+	professional services	737.50
Northern Truck Eqpt Corp	parts	25.00
O'Reilly Auto Parts	parts	60.20

Office Systems Co	repairs	141.75
Overdrive Inc	subscription/maintenance fee	3,000.00
Overhead Door Of Sioux City	repairs	717.70
Penguin Management Inc	subscription	1,747.00
Penworthy Company	books	113.76
Petrochoice	oil	857.68
PKG Contracting, Inc	wwtf digester improvements	20,268.00
Presto-X-Company	inspection/treatment	59.00
Prime Paint Pros	refund parking tckt overpmt	5.00
Prochem Dynamics	supplies	45.89
Quality Motors	alignment	154.50
Quill	supplies	453.11
Racom Corporation	maintenance	465.96
Ramkota Hotel	lodging	111.00
Randy Bertram	refund parking tckt overpmt	15.00
Recorded Books, Inc	books	156.40
Relab Software, LLC	annual maintenance	2,920.00
Reporting Systems Inc	subscription	29.58
Republic National Distributing	merchandise	11,363.57
Riverside Hydraulics & Lab	parts	235.89
Sanford Clinic Vermillion	supplies	626.40
Sanford Health Plan	participation fee	60.00
Sanitation Products Inc	parts	42.44
Schaeffer Mfg. Co	supplies	448.00
Schindler Elevator Corp	maintenance	2,054.52
SD Arborists Association	registration	130.00
SD City Mgmt Association	membership dues	225.00
SD Dept Of Health	testing	75.00
SD Fire Instructors Association	registration/dues	485.00
SD Humanities Council	books	50.00
SD Municipal League	membership dues	5,107.02
SD One Call	locates	292.11
SD Retirement System	contributions	39,956.03
SD Shakespeare Festival	sponsorship	4,000.00
SDGCSA	registration	725.00
SECOG	dues	12,002.00
Security Shredding Service	shredding	35.00
Service Master Of Se Sd	custodial	4,459.16
SESDAC, Inc	transit funding	7,500.00
Shane Griese	meals reimbursement	89.00
Sioux City Foundry Co	supplies	171.53
Skarshaug Testing Lab.	testing	136.78
Sooland Bobcat	parts	622.50

Southern Glazer's Of SD	merchandise	2,109.63
Stuart C. Irby Co.	supplies	1,125.40
Sturdevants Auto Parts	parts	1,024.84
Syncb/Amazon	books/supplies	1,166.09
Titleist Drawer Cs	merchandise	363.21
Todd Halverson	meals reimbursement	37.00
Tractor Supply Credit Plan	supplies	72.98
Turner Plumbing	repairs	85.20
Twin City Hardware	locks	950.19
Two Way Solutions	supplies	79.98
Tyler Technologies	maintenance	25,929.57
United Accounts Inc	garnishment	1,794.98
United Way	contributions	344.00
Unum Life Insurance Company	insurance	1,486.15
Utility Equipment Co.	tools	889.20
Vast Broadband	911 circuit/dialup service	1,415.45
Verizon Wireless	ipad access/cell phones	2,162.70
Vermillion Ace Hardware	supplies/parts	1,140.40
Vermillion Chamber Of Commerce	bid/membership	14,262.78
Vermillion Housing Authority	support-bond coverage	1,000.00
Visa/First Bank & Trust	fuel/lodging/supplies	8,171.17
Wade Mount	meals reimbursement	69.00
Wal-Mart Community	supplies	632.20
Walker Construction	cotton park bathrooms	5,900.46
Watchguard Video	wearable cameras	11,895.00
Wesco Distribution, Inc	supplies	8,297.24
WSP Us	professional services	505.24
Yankton Janitorial Supply	supplies	749.55
Zep Sales & Service	supplies	83.12
Ziegler Inc	repairs	2,916.58
Frank Pommersheim	Bright Energy Rebate	250.00
Harold Holoch	Bright Energy Rebate	25.00
Toben Archer	Bright Energy Rebate	25.00
Todd's Electric	Bright Energy Rebate	300.26

Alderman Collier-Wise seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

12. Consensus Agenda - None

13. Adjourn

38-19

Alderman Ward moved to adjourn the Council Meeting at 7:52 p.m. Alderman Price seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

Dated at Vermillion, South Dakota this 4th day of February, 2019.

THE GOVERNING BODY OF THE CITY  
OF VERMILLION, SOUTH DAKOTA

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

ATTEST:

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

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