

Powell declared that the Resolution was adopted.

7. Old Business

A. Second Reading of Ordinance 1323 – 2014 Supplemental Budget Appropriations Ordinance

Mike Carlson, Finance Officer, reported that the supplemental appropriations ordinance is needed to adjust the budget for items that have changed since the budget was adopted in September 2014. Mike noted that there have been no changes since first reading and reviewed the funds contained in the changes proposed. Discussion followed.

410-14

Second reading of title to Ordinance No 1323 entitled 2014 Budget Supplemental Appropriations Ordinance

of the City of Vermillion, South Dakota.

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

BE IT RESOLVED that the minutes of this meeting shall show that the title to the proposed Ordinance No. 1323 entitled 2014 Budget Supplemental Appropriations Ordinance of the City of Vermillion, South Dakota was first read and the Ordinance considered substantially in its present form and content at a regularly called meeting of the Governing Body on the 1st day of December, 2014 and that the title was again read at this meeting, being a regularly called meeting of the Governing Body on this 15th day of December, 2014 at the City Hall Council Chambers

in the manner prescribed by SDCL 9-19-7 as amended.

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

ORDINANCE NO. 1323
2014 SUPPLEMENTAL APPROPRIATIONS ORDINANCE

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

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

	2014 Budget	Proposed Budget	Amount of Supplemental Budget
General Fund:			
Revenues:			
Appropriation from Reserve	252,097	258,097	(6,000)
Expenditures:			
Finance Office			
Publishing & Advertising	16,000	18,000	2,000
Snow Removal			
Equipment Repair & Maint	11,000	15,000	4,000
Second Penny Sales Tax Fund			
Revenues:			
Interfund Loan repayment	-0-	22,000	22,000
Expenditures:			
Advance to TIF #6	267,862	286,412	18,550
Appropriation to Reserve	137,354	40,804	3,450
Parks Capital			
Revenue:			
Contribution & Donation	950	3,700	2,750
Expenditures:			
Capital Expenditures	9,000	11,750	2,750
Golf Course Fund			
Revenues:			
Appropriation from Reserve	19,545	41,545	22,000
Expenditures			
Interfund Loan Repayment	-0-	22,000	22,000
Water Fund			
Revenues:			
Appropriation from Reserve	264,342	264,692	350
Expenditures:			
Transfer to TIF #6	9,400	9,750	350
Liquor Fund			
Revenues:			
Appropriation from Reserve	23,616	33,338	9,722
Expenditures:			
Manager Profit	73,751	53,751	(20,000)
Furniture & Equipment	2,000	11,722	9,722
Leasehold Improvements	-0-	20,000	20,000
Capital Projects TIF #6			
Revenues:			
Advance from Sales Tax	232,500	251,050	18,550
Advance from VCDC	-0-	136,500	136,500
Transfer from Water	9,400	9,750	350
Expenditures:			
Professional Services	80,000	196,500	116,500
Street & Infrastructure	1,947,000	1,985,900	38,900
Copier Fax Postage Fund			
Revenues:			
Appropriation from Reserve	-0-	6,900	6,900
Expenditures:			
Equipment Copier	-0-	9,000	9,000
Appropriation to Reserve	2,100	-0-	(2,100)

Christol Addition to the City of Vermillion, Clay County, South Dakota for approval.

BE IT RESOLVED that the attached and foregoing plat has been submitted to and a report and recommendations thereon made by the Vermillion Planning Commission to the City Council of Vermillion which has approved the same.

BE IT FURTHER RESOLVED that the attached and foregoing plat has been submitted to the Governing Body of the City of Vermillion which has examined the same, and it appears that the systems of streets and alleys set forth therein conforms to the system of streets and alleys of the existing plat of such city, and that all taxes and special assessments, if any, upon the tract or subdivision have been fully paid and that such plat and survey thereof have been executed according to law, and the same is hereby accordingly approved.

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

B. Resolution amending electric rates

John Prescott, City Manager, reported that the City receives approximately 60% of our electric supply in a fixed allotment from Western Area Power Administration (WAPA) and the balance from Missouri River Energy Services (MRES). John reported at the MRES area meetings in October it was reported that WAPA will not be increasing its rates for 2015 but that MRES will be increasing their rates 8.5%. John stated that this will be about \$135,000 increase in the City power supply costs for 2015. John stated that to recover this increased cost a 2.5% rate increase is being proposed. John stated that the proposed rate will adjust customer charges, kWh and Kw in the different rate classes. John reported that the Utility Committee met on November 25th and after review recommended the rate increase. The Utility Committee report was made to the City Council at the December 1st meeting. John stated that the increase will be with utility bills sent in January and due in February. Discussion followed.

412-14

After reading the same once, Alderman

Willson moved adoption of the following:

RESOLUTION REVISING ELECTRICAL RATES

WHEREAS Chapter 51 of the 2008 Revised Ordinances of the City of Vermillion allows the City Council to establish and change electrical rates, and;

WHEREAS, the City of Vermillion Light & Power utility receives a fixed power allotment of power from the Western Area Power Administration and the remaining power allotment is from Missouri River Energy Services, our supplemental power supplier, and;

WHEREAS, our supplemental power supplier has raised the cost of supplemental power due to increased operating costs and, debt service and;

WHEREAS, to recover the increased power costs a rate adjustment of 2.5% is included in the service rates listed below to be effective for electric billing after January 16, 2015, and;

NOW THEREFORE BE IT RESOLVED by the Governing Body of the City of Vermillion, South Dakota, at a regular meeting thereof in the Council Chambers of said City at 7:00 p.m. on the 15th day of December, 2014, that rates be changed or established as follows:

Sec. 51.22 Residential service rates.

For billing made after January 16, 2015 seasonal residential rates will be:

Rate: All KWH per month per KWH at 9.0 cents for October – June billing and at 9.6 cents for July – September billing.

The rate includes a surcharge fee per KWH at .011 cents defined below

Customer charge: \$9.85 per month

Sec. 51.23 Small commercial power secondary service rate.

For billing made after January 16, 2015 seasonal small commercial secondary rates will be:

Rate: All KWH per month per KWH at 9.4 cents for October – June billing and at 10.0 cents for July – September billing.

The rate includes a surcharge fee per KWH at .011 cents defined below

Customer charge: \$16.50 per month for single phase services and \$26.50

per month for three phase services.

Sec. 51.24 Large commercial power secondary service rate.

For billing made after January 16, 2015 seasonal large commercial secondary service rates will be:

Rate: All KWH per month per KWH at 3.9 cents.

Maximum KW demand at \$11.80 per KW for October – June billing and at \$14.10 per KW for July – September billing.

The rate includes a surcharge fee per KWH at .011 cents defined below

Customer charge: \$36.00 per month.

Sec. 51.27 City Street Lighting

For billing made after January 16, 2015 city street lighting service rates will be:

Rate: All KWH per month per KWH at 12.5 cents.

The rate includes a surcharge fee per KWH at .011 cents defined below

Surcharge Fee:

There is hereby established and imposed, pursuant to the authority of SDCL 9-40, a surcharge upon the electric service served by the City of Vermillion electric utility. The surcharge shall apply to all classes of electric customers listed above. The surcharge is a special charge for the use of the electric system improvements financed with the proceeds of the City's 2009 Electric Revenue Bonds, and is pledged for the payment of the costs of operating and maintaining said improvements, and the debt service and other charges as may become due and owing on the 2009 Electric Revenue Bonds. The City hereby finds that the said improvements benefit all customers of its electric System and therefore imposes the surcharge fees on each customer of its System. The surcharge shall at all times be sufficient to produce net revenues for each fiscal year at least equal to one hundred twenty (125) percent of the principal and interest on the bonds coming due in such fiscal year. The charges shall be reviewed annually by city personnel and administratively adjusted, upwards or downwards, pursuant to SDCL 9-40-15.1 and 9-40-15 to such amounts as may be necessary to pay principal, interest and other charges as may become due and owing on the bonds. The surcharge fee per monthly billing shall be as follows:

For billing made after January 16, 2015 the surcharge fee shall be .011 cents per KWH.

The Surcharge may be combined with the electric KWH charge on the monthly billing for ease of reporting.

Dated at Vermillion, South Dakota this 15th day of December, 2014.

THE GOVERNING BODY OF THE CITY OF VERMILLION, SOUTH DAKOTA

By: John E. (Jack) Powell, Mayor

Attest:

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.

C. Resolution authorizing issuance of General Obligation Bonds, Series 2015

Mike Carlson, Finance Officer, reported that the voters approved the General Obligation Bond for up to \$3.1 million on November 4th for improvements to Prentis Park. Mike stated that the next steps will be the "Resolution authorizing issuance, prescribing the form and details and providing for the payment of general obligation bonds, Series 2015". Mike stated that the resolution authorizes the sale of up to \$3.1 million of bonds at an interest rate not to exceed 4.5 percent. The resolution authorizes the Mayor, Finance Officer and City Attorney to execute the necessary documents for the issuance of the bonds, account for the use of the funds and requires an ordinance for the collections of funds for the repayment. The resolution also addressed the form of the bonds and tax issues. The ordinance creating the bond fund and levying taxes for payment of the general obligation bonds is next on the agenda. Mike stated the resolution was prepared by Dorsey & Whitney, LLP, Bond Counsel and has been reviewed by Jim McCulloch, City Attorney. Discussion followed.

413-14

After reading the same once, Alderman Collier-Wise moved adoption of the following:

RESOLUTION AUTHORIZING ISSUANCE, PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE PAYMENT OF GENERAL OBLIGATION BONDS, SERIES 2015

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

SECTION 1. RECITALS, AUTHORIZATION AND SALE.

1.01. Authorization and Election. This Council hereby determines that it is in the best interests of the Issuer to authorize the issuance and sale of its General Obligation Bonds, Series 2015, in a principal amount not to exceed \$3,100,000 (the Bonds), pursuant to Chapters 9-26 and 6-8B, South Dakota Codified Laws, the proceeds of which will be used, together with Issuer funds on hand as may be re-

quired, to finance the acquisition and construction of Prentis Park Improvements to consist of a new swimming pool to replace the existing pool, parking lot, basketball courts and related improvements (the Project). Issuance of the Bonds was approved by the electors of the Issuer at an election held on November 4, 2014.

1.02. Sale and Bond Purchase Agreement. The Bonds shall be issued in an aggregate principal amount not to exceed \$3,100,000 for the purpose of financing the Project, paying the costs of issuing the Bonds (including underwriter's discount and the costs of bond insurance, if recommended by the Purchaser) and providing for an original issue discount not exceeding 2% of the principal amount of the Bonds. The Bonds shall be sold to Dougherty & Company LLC, of Minneapolis, Minnesota (the Purchaser) at a purchase price (exclusive of original issue discount) of not less than 98.5% of par, plus accrued interest, the Bonds to bear interest at a rate or rates per annum resulting in an average interest rate not greater than 4.5% per annum and to mature over a period not to exceed 20 years. The Mayor and Finance Officer are hereby authorized and directed to agree with the Purchaser upon the exact purchase price, principal amount, maturities, redemption provisions and interest rate or rates for the Bonds, within the parameters set forth in this section. 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 Issuer. The provisions of the Bond Purchase Agreement as so executed, including all Exhibits and Appendices thereto, are incorporated herein by reference. The law firm of Dorsey & Whitney LLP, in Minneapolis, Minnesota, is hereby appointed as bond counsel and disclosure counsel for purposes of this issue of Bonds.

1.03. Officials Authorized to Execute Documents. The Mayor and Finance Officer 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, including an insurance policy for all or a portion of the Bonds if deemed advisable by the Purchaser. Execution and delivery of such documents by the Mayor and Finance Officer shall constitute evidence that such items are consistent with the terms of this resolution and have been duly authorized, executed and delivered by the Issuer and are enforceable against the Issuer 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 Assistant City Attorney are 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.

1.04. Official Statement. The Mayor, Finance Officer and City Attorney are authorized, in cooperation with the Purchaser, to prepare an Official Statement to be distributed to prospective purchasers of the Bonds. The Mayor and the Finance Officer are hereby authorized and directed to approve the Official Statement.

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

2.01. 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 Issuer 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. All signatures may be printed, lithographed 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 Purchaser on receipt of the purchase price heretofore agreed upon, and the Purchaser shall not be required to see to the application thereof. Upon delivery of the Bonds to the Purchaser the Finance Officer shall file with the Secretary of State, on the form provided by the Secretary of State, the information required by S.D.C.L., Section 6-8B-19.

2.02. Maturities, Interest Rates and Forms. 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 date of original issue until paid or duly called for redemption at the respective annual rates stated opposite such maturity years as shown on Exhibit A to the Bond Purchase Agreement. The Bonds shall be issuable only in fully registered 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 describes herein; provided if the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.08 hereof principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.03. Dates and Interest Payment Dates. Each Bond shall bear a date of original issue as of the date on which the Bonds are delivered to the Purchaser. Upon the initial delivery of the Bonds pursuant to Section 2.01 and upon any subsequent transfer or exchange pursuant to Section 2.06, 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 or 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.

2.04. Redemption. The Bonds shall be subject to redemption prior to maturity, at the option of the Issuer, in the years and at the redemption price set forth in Exhibit A to the Bond Purchase Agreement in such order of maturities as may be designated by the Issuer 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 2.06 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 an after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portion 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.

2.05. Appointment of Registrar and Registration. The Issuer shall appoint an initial bond registrar, transfer agent and paying agent (the Registrar) pursuant to the Bond Purchase Agreement. The Mayor and the Finance Officer are authorized to execute and deliver, on behalf of the Issuer, a contract with the Registrar. Upon merge 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 Issuer agrees to pay the reasonable and customary charges of the Registrar for the services performed. The Issuer reserves the right to remove any 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. No resignation or removal of the Registrar shall become effective until a successor Registrar has been appointed and has accepted such appointment. Any Bond insured shall be furnished prompt written notice of the resignation or removal of the Registrar and the appointment of a successor.

2.06. Registration. The effect of registration and the rights and duties of the Issuer 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 or 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 to the Registrar 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 Bond is surrendered to the Registrar by the registered owner for exchange the Registrar shall authenticate and deliver one or more new Bonds of like aggregate principal amount, interest rate and maturity, as requested by the registered owner or the owner's attorney duly authorized 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 Issuer.