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any time, there shall exist any default in making any periodic transfer to the System Debt Service Account, the City Council shall authorize the City Finance Officer to rectify such default so far as possible by the transfer of money from the General Surplus Account. If any such default shall exist as to more than one account or fund at any time, then such transfer shall be made in the order such funds and accounts are listed above.

When not required to restore a current deficiency in the System Debt Service Account, monies in the General Surplus Account, from time to time, may be used for any of the following purposes and not otherwise:

- i. To redeem and prepay the Revenue Bond when and as such Revenue Bond becomes pre-payable according to its terms;
- ii. To pay for repairs of or for the construction and installation of improvements or additions to the System and, if the City agrees, not to sell or otherwise dispose of the System, the Project, or any substantial part thereof, except as provided in the Loan Agreement and shall not establish, authorize or grant a franchise for the operation of any other utility supplying like products or services in competition therewith, or permit any person, firm or corporation to compete with it in the landfill disposal of solid waste within the City;
- iii. To be held as a reserve for redemption and prepayment of any bonds of the System which are not then but will later be pre-payable according to their terms; or
- iv. To be used for any other authorized municipal purpose designated by the City Council.

No monies shall, at any time, be transferred from the General Surplus Account or any other account of the Fund to any other fund of the City, nor shall such monies at any time be loaned to other municipal funds or invested in warrants, special improvements bonds or other obligations payable from other funds, except as provided in this Section.

7. Pledge of Revenues. The Revenue Bond, together with the interest thereon, shall not constitute a charge against the City's general credit or taxing power, but shall be a limited obligation of the City payable solely out of the System Debt Service Account, which payments, revenues and receipts are hereby and in the Loan Agreement pledged and assigned for the equal and ratable payments of the Revenue Bond and shall be used for no other purpose than to pay the principal and interest on the Revenue Bond, except as may be otherwise expressly authorized in the Loan Agreement (including the purpose of securing Additional Bonds issued as permitted by the terms thereof). The City covenants and agrees to charge rates for all services from the System or establish special charges or surcharges which will be sufficient to provide for the payments upon the Revenue Bond issued hereunder as and when the same become due, and as may be necessary to provide for the operation and maintenance and repairs of the System, and depreciation, and the Rate Ordinance shall be revised from time to time so as to produce these amounts. The City hereby reserves the right to determine, on a periodic basis, the appropriate allocation of operation and maintenance expenses, depreciation, repair and reserves associated with the facilities financed with the Revenue Bond, provided that such determination of allocable operation and maintenance expenses shall, in no event, abrogate, abridge or otherwise contravene the covenant of the City set forth in this Section 7 or any other covenant or agreement in the Loan Agreement.

8. Additional Bonds. As permitted by SDCL 9-40-8 and SDCL 9-40-9, additional Bonds payable from revenues and income of the System may be issued, as permitted in the Loan Agreement and no provision of this Resolution shall have the effect of restricting the issuance of, or impairing the lien of, such additional parity bonds with respect to the net revenues or income from the extensions, additions or improvements. The City shall have the right to issue additional bonds secured by a lien subordinate to the lien from the Revenue Bond pursuant to the Loan Agreement.

9. General Covenants. (a) The City hereby covenants and agrees with the District, and other owners of the Revenue Bond, that it will punctually perform all duties with reference to the Project, the System and the Revenue Bond required by the constitution and laws of the State of South Dakota and by this Resolution.

(b) The City agrees and covenants that it will promptly construct the improvements included in the Project.

(c) The City covenants and agrees that pursuant to SDCL 9-40-28 and SDCL 9-40-29, the lawful holders of the Revenue Bond shall have a statutory mortgage lien upon the System and the City agrees not to sell or otherwise dispose of the System, the Project, or any substantial part thereof, except as provided in the Loan Agreement and shall not establish, authorize or grant a franchise for the operation of any other utility supplying like products or services in competition therewith, or permit any person, firm or corporation to compete with it in the landfill disposal of solid waste within the City.

(d) The City covenants and agrees with the District, and other owners of the Revenue Bond, that it will maintain the System in good condition and operate the same in an efficient manner and at a reasonable cost, so long as any portion of the Revenue Bond remains outstanding; that it will maintain insurance on the System for the benefit of the holders of the Revenue Bond in an amount which usually would be carried by private companies in a similar type of business; that it will prepare, keep and file records, statements and accounts as provided for in this Resolution and the Loan Agreement. The Revenue Bond shall refer expressly to this Resolution and the Act shall state that it is subject to all provisions and limitations thereof pursuant to SDCL 9-40-19.

(e) The Finance Officer shall cause all monies pertaining to the Funds and Accounts to be deposited as received with one or more banks which are duly qualified public depositories under the provisions of SDCL Ch. 4-6A, in a deposit account or accounts, which shall be maintained separate and apart from all other accounts of the City, so long as any portion of the Revenue Bond remains outstanding. Any such monies not necessary for immediate use may be deposited with such depositories in savings or time deposits. No money shall, at any time, be withdrawn from such deposit accounts, except for the purposes of the Funds and Accounts as authorized in this Resolution, except that monies, from time to time, on hand in the Funds and Accounts may at any time, in the discretion of the City's governing body, be invested in securities permitted by the provisions of SDCL 4-5-5 provided, however, that the Depreciation Fund 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 monies shall be credited to the Fund or Account from whose monies the deposit was made or the investment was purchased, and handled and accounted for in the same manner as other monies therein.

(f) In the event of mismanagement of the System, a default in the payment of the principal or interest of the Revenue Bond, or in any other condition that materially affecting the lawful holder of the Revenue Bond, or if the revenues of the System are dissipated, wasted or diverted from their proper application, as set forth in the Loan Agreement, Revenue Bond, or herein, the City hereby consents to the appointment of a receiver

pursuant to SDCL 9-40-33, and agrees that the receiver will have the powers set forth therein, and in SDCL 9-40-34 and SDCL 9-40-35 to operate and administer the System, and charge and collect rates as described therein.

10. Severability. If any section, paragraph, clause or provision of this Resolution, the Loan Agreement, the Revenue Bond, or any other Loan Document shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Resolution or said Loan Agreement, Revenue Bond, or any other Loan Document.

11. Authorization of City Officials. The Mayor, Finance Officer, City Attorney and City officials shall be and they are hereby authorized to execute and deliver for and on behalf of the City any and all other certificates, documents or other papers and to perform such other acts as they may deem necessary or appropriate in order to implement and carry out the act authorized herein.

12. Definitions. All terms used in this Resolution which are not defined herein shall have the meanings assigned to them in the Loan Agreement unless the context clearly provides otherwise.

Effective Date. This Resolution shall take effect on the 20th day following its publication, unless suspended by a referendum.

Adopted at City of Vermillion, South Dakota, this 16th day of February, 2010.

THE GOVERNING BODY OF THE CITY OF VERMILLION, SOUTH DAKOTA

BY **Dan Christopherson, Mayor**
ATTEST:

BY **Michael D. Carlson, Finance Officer**

The motion was seconded by Alderman Willson. 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 Christopherson declared that the Resolution was adopted.

9. Bid Openings

A. 2010 Mill and Overlay Project
Jose Dominguez, City Engineer, reported that bids were opened February 11th for the mill and overlay project for 2010 as part of the annual street maintenance. He reported that the streets include Main Street from Austin Street to Dakota Street, National Street from Prospect Street to Dakota Street, Elm Street from Main Street to 600 feet south of Cedar Street, Center Street from Main Street to Dartmouth Street and the new parking lot at the corner of Kidder and Market Streets. Jose recommended the low bid of SealPro, Inc for the mill and overlay project including the alternate for the parking lot. He noted that this bid was under his estimate and the amount budgeted. Discussion followed with Jose noting that the parking lot will be constructed.

Bids: Barkley Asphalt \$511,275.40; Knife River \$454,263.39; Myrol & Roy's Paving, Inc \$410,551.15; SealPro, Inc \$357,451.09; Double H Paving \$499,574.00; Six Falls Construction \$461,093.44; ASCO \$378,074.30

Alderman Osborne moved approval of the low bid of SealPro, Inc for the mill and overlay project including the alternate for the parking lot total \$357,451.09. Alderman Edelen seconded the motion.

B. 2010 Chip Seal Project

Jose Dominguez, City Engineer, reported that bids were opened February 10th for the 2010 chip seal project as part of the annual street maintenance. Chip-sealing is a cost-effective way to extend the life of asphalt streets between more expensive overlays. The process consists of the application of rapid curing polymerized asphalt oil that seals small cracks and voids that is covered by quartzite chips to reduce the sun's UV affects on the surface. Jose recommended the low bid of The Road

Guy construction, Inc of \$38,495.38.
Bids: The Road Guy \$38,495.38; Tipkote, Inc \$39,764.79

Alderman Willson moved approval of the low bid of The Road Guy of \$38,495.38 for the chip seal contract for 2010. Alderman French seconded the motion.

10. City Manager's Report
A. John reported that he had approved two raffle requests from the Native American Law Student Association. They will be raffling a Star Quilt and a framed print between February 15th and 20th with the proceeds to help NALSA members attending the Federal Bar conference.

B. John reminded citizens of their responsibility to clear their sidewalks following a snow or after the wind drifted snow over the sidewalk. He said that the City will be out inspecting to make sure sidewalks are passable over the next couple of days.

C. John reported that FEMA will be having a public meeting on flood information on Tuesday, February 23rd at 7:00 pm in the City Council Chambers.

D. John reported that the Friends of the Library will be holding a book sale February 25-28 during library hours.

E. John reported that a contractor for Midcontinent hit a water main on Friday that caused water to be off in the area until the damage was repaired by the Water Department.

At the request of a Council member, Phyllis Packard, Solid Waste Director, reported that the landfill baler is scheduled to arrive mid March and the department is coordinating the electrical upgrade work to be done when it arrives.

PAYROLL ADDITIONS AND CHANGES

Police: James Walker \$24,370/hr; Ambulance: Bjordson \$6.00/call-\$6.00/shift; Patrick Farrens \$6.00/call-\$6.00/shift; Lauryn Hower \$6.00/call-\$6.00/shift; Neil Melby \$6.00/call-\$6.00/shift; Collin Michals \$6.00/call-\$6.00/shift; Brittany Parish \$6.00/call-\$6.00/shift; Electric: Austin Anderson \$21.07/hr

11. Invoices Payable

Alderman Edelen moved approval of the following bills: ANDY COLVIN, MEAL REIMBURSEMENT, 26.00; ART MABRY, MEAL REIMBURSEMENT, 78.00; BROADCASTER PRESS, ADVERTISING, 1,350.31; BUREAU OF ADMINISTRATION, TELEPHONE, 528.91; BUTCH'S PROPANE INC, PROPANE, 1,111.89; CLAY UNION FINANCIAL SERVICES, INC, COPIER LEASE, 56.16

CLAY CO REGISTER OF DEED, EASEMENT FILING FEES, 458.00; BROADCASTER PRESS, ADVERTISING, 1,350.31; BUTCH'S PROPANE INC, PROPANE, 1,111.89; CLAY UNION FINANCIAL SERVICES, INC, COPIER LEASE, 56.16

CRAIG D. & CHRISTINE C. JOHNSON, 2 EASEMENTS, 1,500.00; DARYL R. & ARLIS E. JOHNSON, 2 EASEMENTS, 2,000.00; DEPT. ENVIRONMENT NATL. RESOURCES, LANDFILL OPER. FEE, 2,272.80; DIVISION OF MOTOR VEHICLE REGISTRATION, 20.00; DUANE ANDERSEN, EASEMENT, 1,500.00; EAST RIVER, WHEELING, 4,875.00; ERNEST A. & DORIS E. SCHMIDT, EASEMENT, 1,000.00; EUGENE R. & BLANCHE M. ASHMORE REV TRUST, EASEMENT, 1,000.00; GREGG PETERS, MANAGERS FEE, 5,375.00; HAROLD HOLOCH, MEAL REIMBURSEMENT, 30.00; HARRY L. SCHOLTEN, 3 EASEMENTS, 1,800.00; HELEN L. BERNSTON, EASEMENT, 1,000.00; JAY R/KRISTINA A/MARK R/BETH A. BOTTOLFSO, 4 EASEMENTS, 4,250.00; JOHN C. PRESCOTT, MEAL REIMBURSEMENT, 26.00; JOSE DOMINGUEZ, MEAL REIMBURSEMENT, 30.00; KNOLOGY, DIAL-UP INTERNET SERV, 49.95

13. Adjourn

Alderman Hofman moved to adjourn the Council Meeting at 8:20 p.m. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Christopherson declared the motion adopted.

Dated at Vermillion, South Dakota this 16th day of February, 2010.

THE GOVERNING BODY OF THE CITY OF VERMILLION, SOUTH DAKOTA

BY **Dan Christopherson, Mayor**
ATTEST:

BY **Michael D. Carlson, Finance Officer**

Published twice at the approximate cost of \$511.49
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Publish: February 26, 2010

LEGGETTE, BRASHEARS & GRAHAM, PROFESSIONAL SERVICES, 326.40; LINWELD, CYLINDER RENTAL, 98.39; MARTIN L. & JULIA N. CHANEY EASEMENT, 500.00; MICHELE D. & JUDITH E. MARSH, EASEMENT, 300.00; MIDAMERICAN, GAS USAGE, 12,326.05; MIDCONTINENT COMMUNICATIONS, CABLE/INTERNET SERV, 89.65; MIDWEST ALARM CO, ALARM MONITORING, 70.20; MILLS DISTRIBUTING, DEICING SALT-STREET, 1,349.40; NICHOLAS J. & MARY C. MERRIGAN, 2 EASEMENTS, 600.00; QWEST, TELEPHONE, 1,498.25; RESERVE ACCOUNT, POSTAGE FOR METER, 950.00; RICHARD E. & DARLENE D. BOTTOLFSO, EASEMENT, 1,000.00; RICHARD W. OSTERKAMP ESTATE, EASEMENT, 1,000.00; ROBERT L. & PATRICIA A. MACY, 2 EASEMENTS, 1,620.00; ROSE MARIE OSMANSON, EASEMENT, 500.00; RUTH C. ALNE, EASEMENT, 350.00; STERN OIL CO., FUEL, 16,314.40; SPRINT, CELL PHONE, 955.58; THORNE LTD. PARTNERSHIP, EASEMENT, 1,000.00; TODD POLING, EASEMENT, 1,000.00; US POSTMASTER, POSTAGE FOR UTIL BILL, 975.00; VERMILLION POLICE DEPT, OPERATIONS FUND, 1,000.00; VERMILLION RADIO, ADVERTISING, 118.50; VISA/FIRST BANK & TRUST, FUEL/LOADING/SUPPLIES, 965.79; WAYNE & MARY M. MERRIGAN TRUST, 2 EASEMENTS, 850.00; WILFRED J. SCHMIDT, EASEMENT, 500.00; MICHAEL ALLGRUNN, BRIGHT ENERBY REBATE, 25.00; HOWARD MELSTAD, BRIGHT ENERBY REBATE, 150.00

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

12. Consensus Agenda

A. Set a bid opening date of March 30, 2010 for existing electric substation improvements.

B. Set a bid opening date of March 9, 2010 for track-type tractor dozer.

Alderman Osborne moved approval of the consensus agenda. Alderman Hofman seconded the motion. Motion carried 9 to 0. Mayor Christopherson declared the motion adopted.

13. Adjourn

Alderman Hofman moved to adjourn the Council Meeting at 8:20 p.m. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Christopherson declared the motion adopted.

Dated at Vermillion, South Dakota this 16th day of February, 2010.

THE GOVERNING BODY OF THE CITY OF VERMILLION, SOUTH DAKOTA

BY **Dan Christopherson, Mayor**
ATTEST:

BY **Michael D. Carlson, Finance Officer**

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Publish: February 26, 2010

AL REPRESENTATIVE
Notice is given that on the 3rd day of February, 2010, SANDRA LEA DICKENSON, 230 South Yale Street, Vermillion, South Dakota 57069 was appointed as Personal Representative of the estate of BETTY LOU GROOM a/k/a ELIZABETH GROOM.

Creditors of decedent must file their claims within four months after the date of the first publication of this notice or their claims may be barred.

Claims may be filed with the personal representative or may be filed with the clerk and a copy of the claim mailed to the personal representative.

Dated this 3rd day of February, 2010.

SANDRA LEA DICKENSON
230 SOUTH YALE STREET
VERMILLION, SD 57069
605-624-6670

Clay County Clerk of Courts
211 West Main Street
P.O. Box 377
Vermillion, SD 57069-0377
605-677-6756

Linda Kogel
Kogel Law Office
P.O. Box 493
Vermillion, SD 57069
605-624-2667

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Publish: February 12, 19, 26 & March 5, 2010

STATE OF SOUTH DAKOTA COUNTY OF CLAY: SS IN CIRCUIT COURT FIRST JUDICIAL CIRCUIT

Pro. 10-
IN THE MATTER OF THE ESTATE OF GRACE M. OUELLETTE, Deceased.

NOTICE TO CREDITORS
Notice is given that on the 9 day of February, 2010, Loren A. Ouellette and Sharon A. McVeigh, whose addresses are 31765 468th Ave., Burbank, South Dakota, 57010, and 2755 Avalanche Heights, Colorado Springs, Colorado, 80918, respectively, were appointed as co-personal representatives of the estate of GRACE M. OUELLETTE, Deceased.

Creditors of decedent must file their claims within four (4) months after the date of the first publication of this notice or their claims may be barred.

Claims may be filed with the co-personal representatives or may be filed with the clerk, and a copy of the claim mailed to the co-personal representatives.

Loren A. Ouellette
31765 468th Ave.
Burbank, SD 57010
(605) 624-2538
Sharon A. McVeigh
2755 Avalanche Heights
Colorado Springs, CO 80918
(719) 531-7326

ROBIN IVERSON
CLERK OF COURTS
PO BOX 377
VERMILLION, SD 57069
(605) 677-6756
CRAIG K. THOMPSON LAW OFFICES
P.O. BOX 295
VERMILLION, SD 57069
(605) 624-2097

Published three weeks at the total approximate cost of \$42.18
Estimated publishing cost per circulated copy: \$0.1
Publish: February 12, 19 & 26, 2010

NOTICE OF VACANCY MUNICIPALITY OF VERMILLION, SOUTH DAKOTA

The following offices will become vacant due to the expiration of the present term of office of the elective officer:

Mayor
Alderman Central Ward
Alderman Northeast Ward
Alderman Northwest Ward
Alderman Southeast Ward

Circulation of nominating petitions may begin on March 1, 2010 and petitions may be filed in the office of the finance officer located at 25 Center Street between the hours of 8:00 a.m. and 5:00 p.m., central standard time not later

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EXHIBIT 2

CITY OF VERMILLION STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2009						
Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Governmental Activities	Primary Government Business-Type Activities	Component Unit Housing & Redevelopment
Primary government						
Governmental Activities:						
General Government	\$ 1,185,168	\$ 253,922	\$ 1,539	\$ -	\$ (929,707)	\$ (929,707)
Public Safety	2,026,733	43,573	21,736	63,557	(1,897,867)	(1,897,867)
Public Works	1,594,182	402,603	-	3,050,651	1,859,072	1,859,072
Health & Welfare	415,740	344,652	-	-	(71,088)	(71,088)
Culture & Recreation	1,203,636	63,524	6,921	563,677	(569,514)	(569,514)
Conservation & Development	708,482	-	32,820	-	(675,662)	(675,662)
Interest on Long-term debt	301,118	-	-	-	(301,118)	(301,118)
Total Governmental Activities	7,435,059	1,108,274	63,016	3,677,885	(2,585,884)	(2,585,884)
Business-type activities:						
Electric	4,003,251	5,295,324	-	-	1,292,073	1,292,073
Water	1,334,767	1,514,565	-	26,178	205,976	205,976
Wastewater	1,335,879	1,420,454	-	1,043,395	1,127,970	1,127,970
Liquor	1,000,533	1,165,625	-	-	165,092	165,092
Golf	640,240	663,709	-	-	(156,531)	(156,531)
Joint Powers Landfill	1,050,493	1,068,622	-	55,954	94,083	94,083
Curbside Recycling	33,407	29,944	-	9,091	5,625	5,625
Total business-type activities	9,598,570	11,198,240	-	1,134,618	2,734,288	2,734,288
Total primary government	\$ 17,033,629	\$ 12,306,514	\$ 63,016	\$ 4,812,503	\$ (2,585,884)	\$ 148,404
Component Unit						
Housing & Redevelopment	930,774	-	847,758	-	-	(83,016)
Total Component Unit	\$ 930,774	\$ -	\$ 847,758	\$ -	\$ -	\$ (83,016)
General Revenues:						
Taxes:						
Property Taxes - levied for general purposes				1,563,383	-	1,563,383
Property Taxes - levied for debt service				264,541	435,805	700,346
Sales Taxes				2,964,317	-	2,964,317
Sales Taxes for special revenues				260,909	-	260,909
Unrestricted State/County Shared Revenue				74,396	-	74,396
Unrestricted Investment Earnings				257,100	164,057	421,157
Miscellaneous Revenue				58,729	44,012	102,741
Gain on sale of capital assets				11,951	1,073	13,024
Transfers				937,412	(937,412)	-
Total General Revenues & Transfers				6,392,738	(292,465)	6,100,273
Change in Net Assets				3,806,854	2,441,823	6,248,677
Net Assets - Beginning				24,847,646	26,863,572	51,711,218
Net Assets - Ending				\$ 28,654,500	\$ 29,305,395	\$ 57,959,895

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