

PUBLIC NOTICES

Protect your right to know • www.sdpublishing.com

Utility 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 Utility 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 Parity Obligations, 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.

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:

Any matured Bonds may be refunded if moneys available for the payment thereof at maturity, within the limitation prescribed in Section 5.1 hereof, should at any time be insufficient to make such payment in full.

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

Provision may be made for the payment and refunding of any un-matured 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.

Any refunding revenue bonds issued for the above purposes may be made payable from the Net Revenues of the Utility on a parity as to interest with all then outstanding Parity Obligations, provided that (1) the maturity of each refunding revenue bond shall be subsequent to the last maturity of any then outstanding Parity Obligations 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.

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.

Other Parity Bonds.
The City reserves the right to issue additional bonds, payable from the Revenue Bond Account of the Fund, on a parity as to both principal and interest with the Prior Obligations and the Series 2012 Bonds (the "Additional Bonds"), if (i) no default has occurred and is continuing under this Resolution, and (ii) the Net Income of the Utility, as defined herein, 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 Account in any subsequent calendar year during the term of the outstanding Parity Obligations, on all Bonds then outstanding and on the Additional Bonds proposed to be issued.

The Net Income of the Utility is hereby defined to mean, for any fiscal year, the total operating revenues of the Utility, less the total operating expenses thereof, to which shall be added investment income, depreciation and interest expense, all as determined in accordance with generally accepted accounting principles. For the purpose of the foregoing computation, the Net Income for the fiscal year preceding the issuance of Additional Bonds shall be the Net Income shown by the official books and records of the City, except that if the rates and charges for services provided by the Utility 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 Income 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 Utility 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 Account 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 accounts of the Fund. Notwithstanding the provisions of Section 7 hereof requiring consent of the registered owners of all Outstanding Parity Obligations, 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 Parity Obligations.

Subordinate Lien Bonds.
Notwithstanding the above provisions of Section 5, nothing contained in this Resolution or in the Series 2012 Bonds shall be construed to preclude the City from issuing bonds when necessary for the enlargement, improvement or extension of the Utility, provided such bonds, whether constituting a general obligation of the City or payable solely from wastewater revenues, are expressly made a charge on and are payable only from the Surplus Net Revenues of the Utility as defined in Section 4.6 of this Resolution, and are not superior to or on a parity with the Prior Obligations and the Series 2012 Bonds.

COVENANTS.
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 Fund and the several accounts 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 Utility 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.

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.

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 South Dakota, 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 Account 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 Parity Obligations 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 Fund. 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 Account and the Surplus Account, 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 6.3.

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 Fund 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 6.4 and Section 6.3 constitute part of the Operating Expenses of the Utility, 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 Account. Such insurance may be obtained through a qualified municipal insurance pool.

Disposition of Property.
The City will not mortgage, lease, sell or otherwise dispose of any real or personal properties of the Improvements, unless:
Prior to or simultaneous with such mortgage, lease, sale or other disposition, all of the outstanding Parity Obligations shall be discharged as provided in Section 8; or
The properties to be mortgaged, leased sold or otherwise disposed of are unseizable, inadequate, obsolete or no longer required for use in connection with the Improvements, and all proceeds of the mortgage, lease, sale or other disposition of such properties are deposited into the Fund.

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 Utility as a part thereof, the gross revenues derived from the operation of the Utility, 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 1 and ending December 31, or such other period as this Council may determine, and to be audited annually.

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 water utility rates, charges and rentals, with respect to the Utility, shall be payable from the Operating Account.

Handling of Funds.
The employees of the City, under the direction and control of the City 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 Util-

ity 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 non-compliance 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 Utility, with the power and responsibility to operate the Utility 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 he shall in all things so operate the Utility 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.

Rules and Regulations.
The rules and regulations for operation of the Utility and the use of Utility service from the Utility shall be as provided in the existing resolutions and resolutions of the City, and any resolutions and resolutions subsequently adopted amendatory thereof or supplemental thereto.

Billings.
The charges for wastewater 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, the City shall take all appropriate legal action to collect the unpaid charges.
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 Parity Obligations 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 Utility 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 Utility, and to apply the gross revenues in conformity with this Resolution and the laws of the State of South Dakota.

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 Utility, 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 Utility, and all principal and interest on the Outstanding Parity Obligations, to provide for the establishment and maintenance of adequate reserves therefore, and to provide an allowance adequate for recurring renewals and replacements of the Utility, 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 (i) 100% of the principal of and interest on the Outstanding Parity Obligations coming due in such fiscal year, and (ii) together with the balance in the Surplus Account carried over from the preceding fiscal year, 115% of the principal of and interest on the Bonds coming due in the fiscal year.

AMENDMENTS.
Amendments Without Bondholder Consent.
The City may amend this Resolution, if such amendment is required by a bond rating agency as a condition to its re-release of a rating on the Series 2012 Bonds, or by a municipal bond policy insurer as a condition of its issuance of a bond insurance policy with respect to the Series 2012 Bonds.

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 Parity Obligations, or (iii) adding to the covenants and agreements herein con-

tained, or to the gross revenues herein pledged, other covenants and agreements thereafter to be observed and additional gross revenues thereafter appropriated to the Fund, 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 5. Any such amendment may be adopted without the consent of the registered owners of any of the Bonds.
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 Fund, would authorize the creation of a pledge of said gross revenues prior to or on a parity with the Outstanding Parity Obligations (except as authorized by Section 5), or would reduce the percentage in principal amount of such Bonds required to authorize or consent to any such amendment.

Notice and Consent.
Any amendment adopted pursuant to Section 7.2 shall be mailed to each registered owner of a Bond affected thereby, and shall become effective only upon the filing of written consents with the City 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 Parity Obligations, 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 City 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 City 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 City 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.

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 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 this Council may deem sufficient; but this Council may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable.

DEFEASANCE.
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.

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.

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.

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 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 defeasance shall be made pursuant to this Section 8.4 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 defeasance shall not cause the interest on any outstanding Parity Obligations to be included in the gross income of the registered owners thereof for federal income tax purposes.

TAX MATTERS.
The Utility.
The Utility refinanced in whole or in part with proceeds of the Series 2012 Bonds is and will be owned and operated by the City and used by the City to provide wastewater system services to members of the general public. No user of the Utility or the Improvements is granted any concession, license or special arrangement with respect to the Utility or the Improvements. The City shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Utility or the Improvements or security for the payment of the Series 2012 Bonds which might cause the Series 2012 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").

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, if the interest were intended to be tax-exempt, on the Series 2012 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, if the interest were intended to be tax-exempt, on the Series 2012 Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

Certification.
The Mayor and the Finance Officer, being the officers of the City charged with the responsibility for issuing the Series 2012 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 Series 2012 Bonds, it is reasonably expected that the proceeds of the Series 2012 Bonds will be used in a manner that would not cause the Series 2012 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

Arbitrage Rebate Exemption.
It is hereby determined that the Series 2012 Bonds qualify for the "small issuer" exemption from arbitrage rebate set forth in Section 148(f)(4)(D) of the Code, as modified by Section 148(f)(4)(D)(v) of the Code since:

- the Refunded Bonds qualified for the exception from arbitrage rebate provided by Section 148(f)(4)(D)(i) of the Code;
 - the aggregate face amount of the Bonds does not exceed \$5,000,000;
 - the average maturity of the Bonds will not exceed the remaining average maturity of the Refunded Bonds; and
 - no Bond has a maturity date which is later than 30 years after the date the Refunded Bonds were issued.
- Qualified Tax-Exempt Obligation.**
The Board hereby designates the Series 2012 Tax-Exempt Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and hereby finds that the reasonably anticipated amount of qualified tax-exempt obligations (within the meaning of Section 265(b)(3) of the Code) which will be issued by the Issuer and all subordinate entities during calendar year 2012 does not exceed \$10,000,000.

CONTINUING DISCLOSURE.
The City acknowledges that the Series 2012 Bonds are subject to the continuing disclosure requirements of Rule 15c-12 promulgated by the Securities and Exchange Council 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 enter in to a Continuing Disclosure Agreement (the "Disclosure Agreement") with the Registrar, under which the City agrees to provide such information to the Registrar, as disclosure agent. The City hereby covenants and agrees to observe and perform the covenants and agreements contained in the Disclosure 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 Disclosure Agreement.

Escrow.
The City may also at any time 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.

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 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 defeasance shall be made pursuant to this Section 8.4 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 defeasance shall not cause the interest on any outstanding Parity Obligations to be included in the gross income of the registered owners thereof for federal income tax purposes.

TAX MATTERS.
The Utility.
The Utility refinanced in whole or in part with proceeds of the Series 2012 Bonds is and will be owned and operated by the City and used by the City to provide wastewater system services to members of the general public. No user of the Utility or the Improvements is granted any concession, license or special arrangement with respect to the Utility or the Improvements. The City shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Utility or the Improvements or security for the payment of the Series 2012 Bonds which might cause the Series 2012 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").

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, if the interest were intended to be tax-exempt, on the Series 2012 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, if the interest were intended to be tax-exempt, on the Series 2012 Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

Certification.
The Mayor and the Finance Officer, being the officers of the City charged with the responsibility for issuing the Series 2012 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 Series 2012 Bonds, it is reasonably expected that the proceeds of the Series 2012 Bonds will be used in a manner that would not cause the Series 2012 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

Arbitrage Rebate Exemption.
It is hereby determined that the Series 2012 Bonds qualify for the "small issuer" exemption from arbitrage rebate set forth in Section 148(f)(4)(D) of the Code, as modified by Section 148(f)(4)(D)(v) of the Code since:

- the Refunded Bonds qualified for the exception from arbitrage rebate provided by Section 148(f)(4)(D)(i) of the Code;
 - the aggregate face amount of the Bonds does not exceed \$5,000,000;
 - the average maturity of the Bonds will not exceed the remaining average maturity of the Refunded Bonds; and
 - no Bond has a maturity date which is later than 30 years after the date the Refunded Bonds were issued.
- Qualified Tax-Exempt Obligation.**
The Board hereby designates the Series 2012 Tax-Exempt Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and hereby finds that the reasonably anticipated amount of qualified tax-exempt obligations (within the meaning of Section 265(b)(3) of the Code) which will be issued by the Issuer and all subordinate entities during calendar year 2012 does not exceed \$10,000,000.

CONTINUING DISCLOSURE.
The City acknowledges that the Series 2012 Bonds are subject to the continuing disclosure requirements of Rule 15c-12 promulgated by the Securities and Exchange Council 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 enter in to a Continuing Disclosure Agreement (the "Disclosure Agreement") with the Registrar, under which the City agrees to provide such information to the Registrar, as disclosure agent. The City hereby covenants and agrees to observe and perform the covenants and agreements contained in the Disclosure 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 Disclosure Agreement.

Escrow.
The City may also at any time 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.

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 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 defeasance shall be made pursuant to this Section 8.4 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 defeasance shall not cause the interest on any outstanding Parity Obligations to be included in the gross income of the registered owners thereof for federal income tax purposes.

TAX MATTERS.
The Utility.
The Utility refinanced in whole or in part with proceeds of the Series 2012 Bonds is and will be owned and operated by the City and used by the City to provide wastewater system services to members of the general public. No user of the Utility or the Improvements is granted any concession, license or special arrangement with respect to the Utility or the Improvements. The City shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Utility or the Improvements or security for the payment of the Series 2012 Bonds which might cause the Series 2012 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").

REDEMPTION OF REFUNDED OBLIGATIONS.

The Finance Officer is hereby directed to obtain written consent from the District authorizing the refunding of the Refunded Obligation on December 1, 2012, or such other date as the Finance Officer may determine (the "Redemption Date").

EFFECTIVE DATE; REPEALS.
This Resolution shall become effective upon passage and all provisions of resolutions, resolutions and other actions and proceedings of the City which are in any way inconsistent with the terms and provisions of this Resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this Resolution.

CITY OF VERMILLION, SOUTH DAKOTA

By _____
John E. (Jack) Powell, Mayor
Attest: _____

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. 6 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

E. Request to close Prentiss Avenue parking stalls from E. Clark Street to E. Main Street on Saturday, October 6, 2012 from 7:00 a.m. to 1:00 p.m. for high school band parking

John Prescott, City Manager, reported that a request was received from the Dakota Day's Executive Board to restrict parking on Prentiss Avenue from East Clark Street to East Main Street on October 6th from 7:00 a.m. to 1:00 p.m. This request is to allow the Dakota Day's marching band buses to park for pick up of the band members after the parade. John noted that the organizers will be contacting the adjoining property owners explaining the parking restrictions.

363-12
Alderman Ward moved approval of the removal of parking on Prentiss Avenue from East Clark Street to East Main Street on October 6th from 7:00 a.m. to 1:00 p.m. to allow for parade bus parking. Alderman Willson seconded the motion. Motion carried 6 to 0. Mayor Powell declared the motion adopted.

F. Resolution to purchase a Golf Course Greens Mower and a Fairway Mower off Intergovernmental Bid

Jason Anderson, Assistant City Engineer, reported that the City has budgeted to replace the golf course fairway and greens mowers in 2013. Jason stated that the resolution, included in the packet, is to take advantage of the bid price of the National Intergovernmental Purchasing Alliance in conjunction with the City of Tucson, Arizona bid with Toro Company. The total bid for a 2012 Toro Reelmaster 5210 is \$38,352 and the 2012 Toro Triflex 3300 is \$28,587. The purchase will be made from the Toro Company participating distributor Midwest Turf & Irrigation of Omaha with delivery and payment to be after January 1, 2013. Discussion followed.

364-12
After reading the same once, Alderman Zimmerman moved adoption of the following:

AUTHORIZING THE PURCHASE OF FAIRWAY & GREENS MOWER

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 the National Intergovernmental Purchasing Alliance, in conjunction with the City of Tucson, Arizona, for a fairway mower and greens mower from Toro Company's participating distributor, Midwest Turf & Irrigation, for the total amount of \$66,939.00 offers an advantageous price to the City for said item, and;

WHEREAS, the City has contacted Midwest Turf & Irrigation and they have agreed to allow the City to purchase a fairway mower and greens mower for the awarded price and terms as they have contracted with City of Tucson, Arizona.

NOW, THEREFORE, BE IT RESOLVED, by the Governing Body of the City of Vermillion, that the City Finance Officer is hereby authorized to purchase a new 2012 Toro Reelmaster 5210 fairway mower and a new 2012 Toro Triflex 3300 greens mower from Midwest Turf & Irrigation of Omaha, Nebraska at the above stated price and under the same terms as the City of Tucson, Arizona.

Dated at Vermillion, South Dakota this 1st day of October, 2012.

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 Meins. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 6 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.